Chapter 10
Legitimizing and Delegitimizing Factors of Firms in Society: Is It a Problem of Communication or Strategic? An Approach Based on the Distributed Social Value as the Key Factor for the Organizations' Social Legitimacy

Jose Luis Retolaza, Leire San-Jose, and José Torres Pruñonosa

Abstract There is an increasing concern about the value contributed by firms to the society as a whole. Transnational companies are particularly being questioned; therefore, legitimation for this kind of corporations is demanded. This chapter analyses four delegitimizing factors: negative added value, negative equity, tax evasion and moral hazard associated to potential situations of bankruptcy. Three legitimizing factors will also be analysed: added value distributed to stakeholders, value distributed by "non-market" mechanisms and emotional value generated to different stakeholders of the entity. Since the lack of legitimation affects large companies to a greater degree, two hypotheses related to the size of the firms have been tested. The first has to do with a larger presence of delegitimizing factors in large firms. The second analyses a smaller distribution in this sort of firms of value generated to stakeholders that are not shareholders assessed by means of the social efficiency ratio (SER). The obtained results allow for identifying whether the criticism towards large firms is supported by objective factors (confirmed hypothesis) or subjective ones (rejected hypothesis) and consequently whether the transnational companies should base their action plans of social legitimation on strategy or on communication.

J. L. Retolaza (✉)
Deusto Business School, Bilbao, Spain
e-mail: joseluis.retolaza@deusto.es

L. San-Jose
Universidad del País Vasco (UPV/EHU), Bilbao, Spain

J. T. Pruñonosa
EAE Business School, Barcelona, Spain

© Springer International Publishing AG, part of Springer Nature 2018

E. Díez-De-Castro, M. Peris-Ortiz (eds.), *Organizational Legitimacy*,
https://doi.org/10.1007/978-3-319-75990-6_10

Keywords Legitimizing Factors · Negative Effects · Social Efficiency Ratio · Negative Equity · Tax Evasion · Moral Hazard · Social Legitimation · Social Contract · Social Value · Stakeholders' Theory · Transnational Companies · SMEs · Distributed Value · Added Value

10.1 Introduction

According to the neoclassical economic paradigm, economic results are a good indicator of the value contributed by companies to the society[1] (Colander, Holt, & Rosser, 2004; Weintraub, 2002). This approach has had full force in the last decade of the twentieth century and in the early years of the twenty-first century. However, the crisis of 2008 has led many citizens to question the legitimacy of companies, especially TNCs (Korten, 2015) which are often associated with financial engineering and tax avoidance (Dowling, 2014; Hasseldine & Morris, 2013; Sikka & Willmott, 2010). The change that technological innovation is having in the productive models with the consequent reduction of employment, for example, the "Internet of things" (Manyika, 2015) and "fintech" (Shaikh, 2016; Waupsh, 2016), seems to go even deeper into the divergence between economic and social outcomes.

In this context, classical financial indicators may not be adequate to capture the value that a company generates or destroys for the whole of the society. So it is not surprising that large companies announce an increase in profits in parallel with a reduction in employment or that the increase of its stock market value is perfectly compatible with a reduction of the taxes paid. We even come across indicators that seem to evolve in opposite directions. In line with this dual directionality, the objective of the present study is directed towards a dual objective, on the one hand, to identify the delegitimizing factors of companies, among which three highly significant ones have been selected: (1) negative equity (Urionabarrenetxea, San-Jose, & Retolaza, 2016), (2) tax evasion (Donohoe, 2015) and (3) moral risk associated with potential bankruptcy situations (Retolaza, San-Jose, Urionabarrenetxea, & Garcia-Merino, 2016b). In this line, the study analyses the impact of these factors on the set of companies with registered offices in Spain and makes a proposal on the ratios from which these variables begin to act as delegitimizing factors. On the other hand, the article identifies three complementary mechanisms of a positive nature that can contribute to the legitimacy of companies: (1) the value added and distributed to the different stakeholders that make up both the concrete ecosystem of each company and society in which they are integrated, (2) the value distributed through "non-market" mechanisms and (3) the emotional value generated to the various stake-

[1] In the economy of well-being, there are two essential theorems: the first one declares that any competitive balance (Walsarian) leads to an efficient situation in Pareto's sense. This theorem is generally considered as the analytic confirmation to Adam Smith hypothesis of the "invisible hand". The second one, less important in our case, is counter-reciprocal to the first one and declares that any efficient assignation (optimal Paretian) can be obtained by means of a competitive balance.

holders of the entity (Retolaza, San-Jose, & Ruíz-Roqueñi, 2015a, 2016a). Given the complexity of accessing non-market data, the empirical work has been centred on the first of the three delegitimizing factors, since the other two require additional information as secondary data but cannot be obtained at this time.

On the other hand, it seems that the lack of legitimation affects the large companies to a greater extent especially those that are listed. Therefore, based on the obtained indicators, two hypotheses related to the size of the companies have been contrasted. The first one makes reference to a greater presence of delegitimizing factors in listed companies. It could be formulated as: (H1) The delegitimizing factors are significantly higher in listed companies subdivided into three sub-hypotheses (H1.1, H1.2 and H1.3) dependent on the three identified delegitimizing factors. The second refers to a lesser distribution of value by the listed companies to the stakeholders that are not shareholders, mainly employees and public administrations (Retolaza, San-Jose, & Pruñonosa, 2015b). Taking that the comprehension of the added value demands a certain correlation with variables related to the size and sector, we have opted to use efficiency measures taken from previous studies (Gutierrez-Goiria, San-Jose, & Retolaza, 2017; San-Jose, Retolaza, & Pruñonosa, 2014). It can be formulated as follows: (H2) The listed companies are less efficient in the distribution of social value among stakeholders that are not shareholders which in turn would be decided on two sub-hypotheses (H2.1 and H2.2) relative to the generation and distribution of value.

The results obtained allow us to identify the extent to which criticism of listed companies is based on objective or subjective factors and consequently what the strategies of these types of companies should be in order to advance in social legitimation. If the assumptions (H1 or H2) were confirmed in whole or in part, it would appear that companies should focus their search for legitimacy on objective factors and should therefore incorporate it into their strategy. On the contrary, if the established hypotheses (H1 and H2) were totally rejected, that is to say, if they were at least as efficient as the rest of the companies in relation to the distribution of value to society as a whole and that there were no more or less delegitimizing factors, it would seem that the problem of delegitimating would be primarily of communication and that this would be the priority area of response on the part of the companies.

10.2 Theoretical Framework

Until the end of the twentieth century, legitimacy was exclusively studied from organizational theories; however, at that time the interest in this concept and its diffusion on the part of the social sciences increased exponentially (Deephouse & Suchman, 2008). At this point Suchman (1995, 574) defines legitimacy as follows: “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”. And Scott (1995: 45) points out: “Legitimacy is not a commodity to be possessed or exchanged but a condition reflecting cultural alignment, normative support, or consonance with relevant rules or laws”. Both defend the more normative position of the theory of legitimacy. Some authors such as Nicholls (2010) analyse the legitimacy of

social enterprises as such highlighting the latent isomorphism, and Martín, González, and Román (2010) describe in this line legitimacy as a key factor for its success.

However, all the studies are based on theories (stakeholder, institutional, agency and social, among others) that defend the existence of companies moving away from the understanding of the firm as a body of transformation of inputs into outputs as if it were a machine. Among them we have the theory of business legitimacy that consists in arguing the existence of a contract between society and the company which benefits both parties, even when the activity of the company or organizations in general must be legitimized by society as a whole making it subject to limits and constraints Magness (2006). "Contrary to the economic postulates that circumscribe the role of the associated companies exclusively to obtain the maximum benefit for the shareholder, there is a doctrine that envisages an alternative vision: they operate in society by virtue of a social contract" (Pahlen, Campo, & Romano, 2014: 10). Which means that they owe society and therefore, they must respond to its needs and take into account the norms and behaviours that society itself considers appropriate at that time (Martín et al., 2010).

Thus, the theory of legitimacy focuses on the type of externalized information and the message that the organization intends to transmit to society. However, despite its concern for social interests, the stakeholder theory is mainly based on integrating the groups of interest and on taking into account each and every one of their interests that affect and are affected by the organization (Freeman, 1984). Hence, the company can be analysed under the legitimacy taking into account the information that it transmits such as financial-accounting information or social reporting.

Particularly, although the studies have focused on different characteristics from purely informative subjects (socio-economic and environmental) (O'Donovan, 2002) to reputation-related behaviour (Bitektine, 2011), some legitimating factors are detected as keys. Among them are those related to its characteristics and its actions as its financial structure, its market or the regulation that protects them (Kostova & Zaheer, 1999). It is what has been named as conforming legitimacy (Tornikoski & Newbert, 2007).

10.3 Hypotheses

In order to test it empirically, the distinguishing degree in which both the delegitimizing and the legitimating factors occur in relation to smaller companies, as an alternative hypothesis, we have established the assumption of their lower efficiency even though this assumption is based to a greater extent on social perception more than on theoretical reflection (Kostova & Zaheer, 1999; among others).

In relation to the proposed delegitimizing factors, the following sub-hypotheses can be formulated:

(H1.1) *Listed companies have more negative equity than small firms* (Urionabarrenetxea et al., 2016).

Given that listed companies are required to have a high degree of transparency and of standardization in management, together with the fact that the mechanism of the stock market allows the direct visualization of investors' confidence or distrust, it would be expected that such companies could coexist with a situation of negative equity. Thus it would be expected that among the listed companies we would find a significantly lower number of entities with negative equity.

(H1.2) *Listed companies implement tax evasion strategies to a greater extent than small firms* (Donohoe, 2015).

The pressure to generate better results for shareholders along with the size synergies would seem to suggest that tax evasion significantly affects larger companies in comparison with small ones. However, the fact that small companies have a lower demand for transparency and management and a particular less visibility, it could lead them to a higher tax evasion. As a consequence, the expected results of the empirical contrast are not clear in this sub-hypothesis.

(H1.3) *The listed companies generate moral risk associated with potential bankruptcies to a greater extent than small companies* (Retolaza, San-Jose, Urionabarrenetxea, & Garcia-Merino, 2016b).

Given the transparency (transparency of information) and control required in the stock market, it would be expected that the number of bankruptcies would be smaller and so the moral hazard associated with them.

If most of the alternative hypotheses were confirmed, we could accept (H1), that is, that *the delegitimizing factors are significantly higher in the large companies*; although based on the current theoretical framework, this should not happen since the only sub-hypothesis for which there is not a clear prediction is the H1.2.

In relation to the legitimating factors, we could state the following hypothesis:

(H2) *Listed companies are more efficient in the creation of economic value in comparison with small companies.*

This second hypothesis could be subdivided into two sub-hypotheses: one relative to the generation of value and another to its distribution.

(H2.1) Listed companies are more efficient in generating economic value in comparison with small companies.

The whole theory about volume synergies points out that listed companies should be much more efficient in relation to the generation of added value.

(H2.2) Listed companies are more efficient in the distribution of economic value to the whole of stakeholders that are not shareholders in comparison with small companies.

If the previous hypothesis is confirmed, it would be expected as a result that the listed companies would distribute greater value among their stakeholders: mainly shareholders, employees and public administration.

Consequently it would be expected that the hypothesis (H2) would be falsifiable. *Listed companies are less efficient in the distribution of social value among stakeholders that are not shareholders* since the theoretical reasoning leads us to consider that they should be more efficient in the distribution of value to all stakeholders.

10.4 Methodology and Empirical Contrast

In relation to empirical contrast, the companies listed on the stock exchange have been considered as an *experimental group*. Of the 3041 companies listed and active in Spain (SABI database: revised on February 3, 2017), those mainly financial companies of which there were no data relating to the staff or of less than ten employees were omitted. An additional requirement was that companies have data from the last 5 years (2010–2015) in the Commercial Register, leaving a total of 104 companies.

As a *control group*, SMEs which meet two of the following criteria have been taken as reference (see European Commission Regulation (EU) No 651/2014):

1. Less than 250 employees
2. Less than 43 million of assets according to their balance sheets
3. Less than 50 million of revenues

Additionally, there must have data from the last 5 years (2010–2015) in the Commercial Register. A clean-up has been carried out to eliminate those companies with errors, after which the total number of companies identified was 19,499. The data was taken from the last financial year 2015.

On the other hand, the empirical contrast of the variables to be analysed has been made based on the following indicators:

1. H1.1. Number of companies with negative equity[2]/volume of negative equity of the set of companies of each group, both divided by the number of companies in each group
2. H1.2. Average volume of accrued tax in each of the groups[3]
3. H1.3. Equity divided by total liabilities

The contrasts related to results (legitimating factors) cannot be absolute given the difference in size of the organizations requiring an efficiency analysis. In this case we have chosen to consider the efficiency per worker which is widely used in literature (Blomström & Persson, 1983). Complementarily, in the cases we thought it would be appropriate, we have also resorted to efficiency based on equity, sales or assets.

In relation to the considered outputs, the sum of the accrued taxes plus the personnel cost, which in turn includes payments to social security, the consequent tax and the generation of purchasing power by the employees, has been taken into account (Retolaza, San-Jose, & Ruíz-Roqueñi, 2016a). Since we wanted to focus on the added value by the companies and not simply on the value by means of revenues, the impact generated by the purchase from suppliers has not been taken into account. This could be one of the limitations of the work.

[2] Number of companies with negative equity/volume of negative equity (Urionabarrenetxea et al., 2016).

[3] Taxes/number of companies (Gutierrez-Goiria et al., 2017).

4. H2.1. Added value, divided by the number of employees
5. H2.2. Generated social value as the sum of taxes directly paid and the personnel cost divided by the number of employees

To test whether the score difference between the two groups is significant, we resorted to a hypothesis using the non-parametric Mann-Whitney U Test. The adequacy of this statistical is given by the important difference in the number of subjects of both populations.

10.5 Results

In relation to the first delegitimizing factor (H1.1), the percentage of companies with negative equity in companies with more than ten employees is 2.88%, while in SMEs this percentage is 4.83%. So regardless of whether this difference is significant or not, it is clear that the percentage of companies listed with negative equity does not exceed that of SMEs in the same situation. Thus, we should at least maintain the null hypothesis and consider that this variable does not justify the delegitimization of the listed companies against the SMEs.

Regarding the second delegitimizing factor, the sum of taxes paid by listed companies is 635,424 (thousands of euros), while SMEs pay a total of 1,071,802. Although the number of SMEs is much higher, they seem to contribute more fully to the payment of taxes. If the tax credit is taken into account, both groups are negative: −3,024,907 and −298,229, respectively. As can be seen, the contribution of listed companies is significantly lower. These data, without being conclusive, lead us to question that listed companies make a correlative tax contribution to their volume. In this sense, tax evasion, regardless of whether the reasons are economic or fiscal, seems to be a clear delegitimizing factor of listed companies. This is reinforced by the fact that 46.15% of the listed companies have a negative corporate income tax, compared to 11.73% in the case of the SMEs. Since larger firms are synergistic in size, it seems difficult to understand the previous descriptive data (see Table 10.1).

If we perform a hypothesis test as shown in the above table (Table 10.1), the difference in means in favour of SMEs is significant ($0.002 < 0.05$). So it can be concluded that relatively SMEs contribute more taxes than listed companies. This can also be seen intuitively bearing in mind that in the listed companies, the mean is negative. Undoubtedly, we can confirm that there are significant differences in the

Table 10.1 Tax analysis on the number of employees as a factor of legitimacy: means comparison between listed vs. SMEs

		N	Mean	Standard deviation	Sig.
Taxes/number of employees	Listed	104	−74.756735	499.367052	
	SMEs	19.499	3.31777793	9.15848910	0.002
	Total	19.603	2.90356840	37.7613543	

Table 10.2 Determinants of value creation as legitimating factors: listed companies vs. SMEs

		N	Mean	Standard deviation	Sig.	Decision
Added value/employees	Listed	104	809.5238	3069.94075		
	SMEs	19,499	58.2002	45.39621	0.000	Reject Ho
	Total	19,603	62.1862	233.56107		
Added value/total assets	Listed	104	0.1577	0.28112		
	SMEs	19,499	0.3611	0.26946	0.000	Reject Ho
	Total	19,603	0.3600	0.26992		
Added value/equity	Listed	104	0.8384	3.98709		
	SMEs	19,499	1.3232	13.46679	0.000	Reject Ho
	Total	19,603	1.3206	13.43417		

tax payment between listed companies and SMEs in favour of the latter, an aspect that can easily act to delegitimize from a social standpoint.

In relation to the third delegitimizing factor, we can see that there is no difference between listed companies and small companies in relation to the equity percentage or, in other words, to the debt in relation to the asset. Thus, with a significance level of 0.072 (Mann-Whitney U Test), we can determine that the distribution of equity over total assets is the same for type 1 companies (listed on the stock exchange) as for type 2 companies (SMEs).

Therefore, we must dismiss the idea that it can be an objective factor of delegitimization of listed companies in relation to SMEs.

As regards hypothesis H2.1 referred to the added value and taking as reference the value added per worker, we can see that the average value creation in listed companies is much higher: € 809,524 compared to € 58,200 and that this difference is significant. We should then reject the null hypothesis, concluding that the added value generated by each worker of the large companies is much higher than the one generated by the small ones. The obtained result falsifies hypothesis H2.1 (see Table 10.2). On the other hand, the efficiency ratio of the added value in relation to the total assets is coherent with the synergies of volume or size. However, the lower efficiency (36,63%) of equity in relation to value adding, which is hardly an expected value, opens an interesting line of research.

In relation to the verified hypothesis H2.2, as can be seen in Table 10.3, the distribution of value through taxes and personnel cost is significantly higher in small companies than in listed companies which confirms Hypothesis H2.2 in relation to large companies distributing less value than the small ones among the group of its stakeholders.

Other complementary data seem to corroborate the amplitude of Hypothesis H2, that is, that the listed companies distribute less value than the small companies. Thus, as can be seen in Table 10.4, there are significant differences in favour of small companies both in the efficiency of the social distribution of added value and in relation to the payment of taxes per worker as well as per added value. In both cases, we find that the listed companies generate negative values, that is, as a whole they not only pay taxes but also generate tax debt, should they ever be required to pay.

Table 10.3 Distribution of economic value through taxes and personnel costs: comparison of means of listed companies vs. SMEs

		N	Mean	Standard deviation	Sig.	Decision
Social value (tax+personnel cost)/no. employees	Listed	104	30.0106	475.82229		
	SMEs	19,499	39.4591	21.35594	0.000	Reject Ho
	Total	19,603	39.409	40.54377		
Social value (tax+personnel cost)/total assets	Listed	104	0.0953138	0.15693965		
	SMEs	19,499	0.2727171	0.23851699	0.000	Reject Ho
	Total	19,603	0.2717759	0.23850373		
Social value (tax+personnel cost)/equity	Listed	104	0.4080895	1.53722796		
	SMEs	19,499	1.0661354	11.34835742	0.000	Reject Ho
	Total	19,603	1.0626442	11.31886204		

Table 10.4 Distribution of economic value to shareholders that are stakeholders: comparison of means

		N	Mean	Standard deviation	Sig.
Social value (tax + personnel cost)/added value	Listed	104	0.5138368	3.3860291	
	SMEs	19,499	0.7595941	1.70130067	0.000
	Total	19,603	0.7582903	1.71453513	
Taxes/added value	Listed	104	−0.0394208	0.89539367	
	SMEs	19,499	0.0280346	0.80283512	0.000
	Total	19,603	0.0276767	0.80334383	
Taxes/number of. employees	Listed	104	−74.75673518	499.3670522	
	SMEs	19,499	3.317777937	9.15848911	0.000
	Total	19,603	2.90356840	37.7613543	

10.6 Conclusions, Limitations and Future Research Lines

Table 10.5 synthesizes the results obtained in relation to the hypothesis tested

From the data obtained, we can conclude that in two of the hypotheses, there is a significant difference against listed companies: the one related to the payment of taxes and the one related to the distribution of value for the group of stakeholders that are not shareholders. Based on these data, we can objectively consider that listed companies do not pose a greater risk neither to the economy nor to the group of stakeholders – society – and that they optimize synergies as far as value generation is concerned. However, the refund of that generated value to society by the payment of direct taxes or of salaries and indirect taxes connected to them is lower than the refund made by SMEs.

Table 10.5 Significance of hypotheses

Hypothesis	Contrast	Significance
H1.1	False	The listed companies having negative equity are smaller than SMEs in a similar situation
H1.2	True	The listed companies significantly pay less taxes than SMEs
H1.3	False	The risk with third parties against any insolvency situation is similar in listed companies to SMEs
H2.1	False	The listed companies are more efficient in value addition than the small ones
H2.2	True	The listed companies distribute less value among the group of stakeholders that are not shareholders than the SMEs

In this sense, it can be concluded that the possible delegitimization of listed companies in relation to their financial structure and risk to society is not based on objective factors and could, therefore, be considered as a communication problem. On the other hand, the delegitimization related to the low social refund of the generated value would be justified in objective data, which are both delegitimizing: tax evasion as well as negativity in the legitimizers and distribution of less added value to the group of stakeholders in particular and to society in general. The delegitimization based on these factors cannot be solved by means of communication policies but need to be solved strategically by increasing the percentage of added value distributed through the payment of taxes and salaries. Thus, a contribution to the criteria used as legitimizers that allow to understand the existing social contract with organizations is made, including them in the organizational legalization analysis used.

The work has two fundamental limitations which, in a positive note should be transformed into future lines of research. On the one hand, the fact that there are only listed companies and SMEs reflected in this work, leaving aside the rest of the companies. On the other hand, that only data from one exercise has been used, when it would have been interesting to integrate data from several other years.

Likewise, with regard to future lines of research, it would be interesting to test whether the relative situation between listed companies and SMEs has changed since the crisis and inquire about the unexpected result obtained in relation to the fact that the profitability of equity is greater in the SMEs than in the listed companies.

Acknowledgements The authors are grateful to reviewers of Springer. This work is part of the research group ECRI "Ethics in Finance and Social Value" at UPV/EHU(GIU15_10 and US17/24) and it is supported by FESIDE.

References

Bitektine, A. (2011). Toward a theory of social judgments of organizations: The case of legitimacy, reputation, and status. *Academy of Management Review, 36*(1), 151–179.

Blomström, M., & Persson, H. (1983). Foreign investment and spillover efficiency in an underdeveloped economy: Evidence from the Mexican manufacturing industry. *World Development, 11*(6), 493–501.

Colander, D. C., Holt, R. P., & Rosser, J. B. (2004). The changing face of economics: Conversations with cutting edge economists. Ann Harbor, MI: University of Michigan Press.
Deephouse, D. L., & Suchman, M. (2008). Legitimacy in organizational institutionalism. The Sage handbook of organizational institutionalism, 49, 77.
Donohoe, M. P. (2015). The economic effects of financial derivatives on corporate tax avoidance. *Journal of Accounting and Economics, 59*(1), 1–24.
Dowling, G. R. (2014). The curious case of corporate tax avoidance: Is it socially irresponsible? *Journal of Business Ethics, 124*(1), 173–184.
Freeman, R. E. (1984). *Strategic management: a stakeholder approach.* Boston, MA: Pitman.
Gutierrez-Goiria, J., San-Jose, L., & Retolaza, J. L. (2017). Social efficiency in microfinance institutions: Identifying how to improve it. *Journal of International Development*, *29*(2), 259–280.
Hasseldine, J., & Morris, G. (2013). Corporate social responsibility and tax avoidance: A comment and reflection. In Accounting Forum (Vol. 37, No. 1, pp. 1–14). Elsevier.
Korten, D. C. (2015). *Change the story, change the future: a living economy for a living Earth*. Oakland, CA: Berrett-Koehler Publishers.
Kostova, T., & Zaheer, S. (1999). Organizational legitimacy under conditions of complexity: The case of the multinational enterprise. *Academy of Management Review, 24*(1), 64–81.
Magness, V. (2006). Strategic posture, financial performance and environmental disclosure: An empirical test of legitimacy theory. *Accounting, Auditing & Accountability Journal, 19*(4), 540–563.
Manyika, J., Chui, M., Bughin, J., Dobbs, R., Bisson, P., & Marrs, A. (2013). *Disruptive technologies: Advances that will transform life, business, and the global economy* (Vol. 12). San Francisco, CA: McKinsey Global Institute.
Manyika, J. (2015). *The Internet of Thing: mappin the value beyond the hype.* San Francisco, CA: McKinsey Global Institute.
Martín, F. D., González, A. B., & Román, C. P. (2010). Legitimidad como factor clave del éxito organizativo. *Investigaciones Europeas de Dirección y Economía de la Empresa, 16*(3), 127–143.
Nicholls, A. (2010). The legitimacy of social entrepreneurship: Reflexive isomorphism in a preparadigmatic field. *Entrepreneurship Theory and Practice, 34*(4), 611–633.
O'Donovan, G. (2002). Environmental disclosures in the annual report: Extending the applicability and predictive power of legitimacy theory. *Accounting, Auditing & Accountability Journal, 15*(3), 344–371.
Pahlen, R. J. M., Campo, A. M., & Romano, F. (2014). *La teoría de la legitimidad y su impacto en la información contable social-ambiental*. Panamá: ALFEC.
Retolaza, J. L., San-Jose, L., & Ruiz-Roqueñi, M. (2015a). Monetarizing the social value: theory and evidence. *CIRIEC-Espana* (83), 43.
Retolaza, J. L., San-Jose, L., & Pruñonosa, J. T. (2015b). Socio-economic return of start-up companies: An advantage of entrepreneurship. In New challenges in entrepreneurship and finance (pp. 259–271). Cham, Switzerland: Springer International Publishing.
Retolaza, J. L., San-Jose, L., & Ruíz-Roqueñi, M. (2016a). *Social accounting for sustainability: Monetizing the social value*. Cham: Springer.
Retolaza, J. L., San-Jose, L., Urionabarrenetxea, S., & Garcia-Merino, D. (2016b). Linking the moral hazard and leverage in companies. *Ramon Llull Journal of Applied Ethics*., 2016*, 144*(7), 143–166.
San-Jose, L., Retolaza, J. L., & Pruñonosa, J. T. (2014). Efficiency in Spanish banking: A multistakeholder approach analysis. *Journal of International Financial Markets, Institutions and Money, 32*, 240–255.
Scott, W. R. (1995). *Institutions and organizations*. Thousand Oaks, CA: Sage.
Shaikh, F. (2016). The benefits of new online (Digital) technologies on business: Understanding the impact of digital. Digital Entrepreneurship and Global Innovation, 1.
Sikka, P., & Willmott, H. (2010). The dark side of transfer pricing: Its role in tax avoidance and wealth retentiveness. *Critical Perspectives on Accounting, 21*(4), 342–356.
Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review, 20*(3), 571–610.

Tornikoski, E. T., & Newbert, S. L. (2007). Exploring the determinants of organizational emergence: A legitimacy perspective. *Journal of Business Venturing, 22*(2), 311–335.

Urionabarrenetxea, S., San-Jose, L., & Retolaza, J. L. (2016). Negative equity companies in Europe: theory and evidence. *Business: Theory and Practice, 17*(4.) 2016), 307–316.

Waupsh, J. (2016). Bankruption: How community banking can survive Fintech. Hoboken, NJ: Wiley.

Weintraub, E. R. (2002). Neoclassical economics. The concise encyclopedia of economics, 1, 1.