Chapter 2
Refocusing Isomorphism to Explain Organizational Legitimacy: A New Approach

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Abstract Isomorphism is the process by which organizations adopt similar structures, routines, or even strategies. Through this process, organizations obtain legitimacy and become institutionalized. This paper criticizes the traditional definition of isomorphism by suggesting that the idea of similarity has been used to imply that organizations are static, which is only true in a small number of cases. In reality, most organizations change according to internal or external contingency factors. The authors note that isomorphism is at the same time a process as well as a state that is reached by sharing essential organizational characteristics. Through this redefined approach to isomorphism, common characteristics are studied, and new propositions are put forth to improve our understanding on how organizational structures are built while also acknowledging and explaining differences among them.

Keywords Isomorphism · Legitimacy · Institutional theory · Routines · Structure · Strategy · Attributes of organizational legitimacy · Mission · Public interest · Stakeholder satisfaction · Ethical leadership · Information transparency · Added value

2.1 Introduction

Organizations seek legitimacy: "organizations compete not just for resources and customers, but for political power and institutional legitimacy, for social as well as economic fitness" (DiMaggio & Powell, 1983: 150). Its importance is due to the fact that it is a key factor for organizational survival and success (Díez-Martín, Prado-Roman, & Blanco-González, 2013; Meyer & Rowan, 1977; Yang, Su, &

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E. Díez-De-Castro, M. Peris-Ortiz (eds.), *Organizational Legitimacy*,
https://doi.org/10.1007/978-3-319-75990-6_2

Fam, 2012; Zimmerman & Zeitz, 2002; Zucker, 1987). Brown (1998: 35) states that "legitimate status is a sine qua non for easy access to resources, unrestricted access to markets, and long term survival."

Legitimacy does not happen overnight; it requires time and intentional actions—in other words, a process. In institutional theory, the process that allows an institution to acquire legitimacy is called institutionalization (Cruz-Suárez, Prado-Román, & Díez-Martín, 2014). The elevated status for an organization was first defined by Selznick (1957) as an "institution." This idea is coherent with research showing that entrepreneurs contemplate goals linked to public, social, or moral causes as well as the more commonly shared business principles (Clarke & Holt, 2010; Miles, 2011). Even then, recent economic upheaval has brought forward voices looking to place limits on the exclusive maximization of benefits without regard to societal costs (Munir, 2011).

Starting with the foundational work of Meyer and Rowan (1977), the study of organizational institutionalization has examined multiple aspects of this process (Haveman & David, 2008). Nevertheless, some authors identify a need to reconsider institutional theory in order to better explain differences among organizations (Greenwood, Hinings, & Whetten, 2014).

To answer this question, new institutionalists developed the concept of isomorphism. "The concept of legitimacy was once seen as a key mechanism of isomorphism in new institutional theory" (Anderson et al., 2006: 107). Isomorphism is based on the following axiom: once an organization in a certain field has been accepted by society because its actions are desirable, proper, or appropriate, it becomes legitimated. At this time, all other organizations in that field sharing those characteristics will also become legitimated (DiMaggio & Powell, 1983). Clegg (2010) points out that when organizations become isomorphic they obtain legitimacy and other benefits like survival. This axiom suggests that for an organization to become legitimated it must adapt itself to the structure of others in its field, thereby gaining access to the general legitimacy acquired by the field. From this axiom, a general proposition evolves: in a legitimated field, every organization that shares the characteristics of the others is seen as legitimate.

The idea of isomorphism arises from considering the institution as a cultural model (Greenwood & Suddaby, 2006) based on organizations that follow their environment's societal rules without questioning them, changing them, or disrupting them (Zimmerman & Zeitz, 2002). An institution's audience will thus perceive it to be more meaningful, predictable, and trustable.

Isomorphism arises from the institutional theory developed in the field of sociology; however its study has been expanded to social psychology of organizations (Baron & Pfeffer, 1994; Katz & Kahn, 1978), management (Warren, 2003), engineering and technology management (Chen & Tsou, 2012), marketing (Mudie, 2003), accounting and finance (Broadbent, Jacobs, & Laughlin, 2001), and business ethics (Donaldson & Dunfee, 1994). Institutional theory is an approach in which different areas of knowledge and research converge, favoring its enrichment.

The traditional concept of isomorphism is limited to the idea of organizations adopting similar forms to the ones considered as traditional in their field. These forms can consist of the way they perform business or their organizational routines (Meyer & Rowan, 1977), how they organize the chain of command and their hierarchical decision-making (their structure), or what goals and actions that they use to interact with their environment (their strategy) (Deephouse, 1996). This approach indicates that there are cause-effect relationships between institutional pressures (causes) and the characteristics of the organization, which upon receiving these pressures are transformed to obtain legitimacy. The consequence of this cause-effect relationship is that organizations are considered legitimate.

One of the most suggestive aspects of the study of isomorphism is that organizations may possess features that legitimize it. No other conceptual approach developed by institutional theory asserts that there are features that legitimize the organization. Although, at the individual level, there are authors who have expressed that legitimacy is initially earned by adopting "normative and widely endorsed organizational characteristics" (Kimberly, 1994: 58). To gain legitimacy and survive, the organizations will tend to incorporate features that are consistent with institutionalized myths (Meyer & Rowan, 1977; Selznick, 1996).

These characteristics, in the approach of the isomorphism, were initially the structure and the routines, to which later the strategy was added. We ask whether, in addition to the three characteristics mentioned above, there are others that could be considered with a similar weight or with the same legitimating capacity as the previous three, already accepted by the literature. Our work tries to integrate characteristics of the organizations that had already been pointed out in the field of institutional theory in the study of isomorphism. Our work tries to integrate into the study of isomorphism organizations' characteristics that had already been identified in the field of institutional theory but had not been considered as characteristics to be investigated in the isomorphism approach.

For example, Deephouse and Carter (2005: 333) stated that "organizational level research found that isomorphism on different attributes (e.g. strategies, missions, TQM practices) has a positive effect on different types of legitimacy." Other authors have insisted on the value generation and stakeholders satisfaction (Selznick, 1957), the essential role of leaders when they receive institutional pressures (Liang, Saraf, Hu, & Xue, 2007), or the information transparency role as an additional source of legitimacy (De Fine Licht, Naurin, Esaiasson, & Gilljam, 2014; Mitchell, 1997).

A second question, which seems transcendental, is related to the interpretation of the concept of isomorphism. Isomorphism means that an organization has the same form, in its basic characteristics (structure, routines, and strategy), than those others that are already recognized for their legitimacy. All of these lead to similar characteristics being developed across different organizations. Being similar to each other helps them live longer and be seen as more legitimate by their constituents (Clegg, 2010). Traditionally, this concept has been interpreted as a similar behavior among organizations in the same field (DiMaggio & Powell, 1983).

In an economic sector, strategies may have a common background in some aspects, but in fact they always demonstrate remarkable practical differences, partly because of the existence of strategic groups and partly because differences are what mark survival. Legitimacy arises not so much from the similarity of strategies as from the fact that they have strategies, with common aspects and with different aspects.

During much of the twentieth century, it was argued that the best way to develop large corporations was through a multidivisional form (M-form). This structural form is common in firms that grow through acquisition because it was more efficient than its predecessors. The M-form has several unique features, including (1) establishment of a division for each distinct business, (2) decentralization for operating each division, and (3) centralization of strategic, financial controls and resource allocations. Maintaining the characteristics pointed out, the real structures present great differences by the intensity with which they apply these characteristics. The origin of these differences lies in the internationalization of organizations, their age, the economic sector in which they operate, the management teams, and a large number of contingent factors. Institutionalized myths, such as the multidivisional structure of corporations, are respected, but actual structures possess enormous differences. And the point is, if the theory stays at this point, strong constraints will emerge.

Another similar issue occurs with practices that become routines. The implementation of practices derived from institutional pressures depends on specific aspects to each organization such as its history, dimension, etc. Townley's (1997) research shows that organizations can have similar characteristics but do things differently. This author examines the implementation of an obligatory rule at universities: teacher evaluation. The rule is common, but its application varies substantively depending on the type of university (humanities or technology), the history of the university, or the resistance of individual actors. After applying this norm, the final result is vastly different among institutions, although the norm has been accepted and followed by all of them. We can ask ourselves: Can the development of new routines or the variations produced in the structure of organizations be defined as similar using a very broad concept that encompasses everything? Should we not evolve in the use of concepts, since the current ones really do not allow us to sufficiently approximate what happens in organizations?

In this state, certain characteristics or attributes are adopted among all legitimated organization in the same field. This is a wider concept of isomorphism than the traditional version. In this sense, isomorphism would be a conceptual construct that goes beyond imitation to reference essential characteristics in organizations that are acquired in the institutionalization process.

The authors understand institutional isomorphism as a set of socially accepted common requirements and characteristics shared by members of a collective. These are the characteristics that define the process by which an organization turns into an institution. Identifying these common characteristics in legitimated organizations is the basis of our work.

Our proposal is that due to institutional pressures organizations adopt structures, routines, and strategies consistent with their position, history, dimension, and other contingent factors. These responses cause them to acquire similar characteristics in their expression but, at the same time, characteristics that may be very different in their contents. In turn, arise complementary strategies, structures, or complementary routines that are different. We understand that what is common in isomorphism is that organizations respond to institutional pressures by generating structures, routines, and strategies. What is common is the existence of a response to pressures, causing changes consistent with what the organization represents and its position in the market and its environment—changes that will be reflected in its basic characteristics.

The goal of the present investigation is an improved understanding of institutional structures and the differences between them (Greenwood et al., 2014) while noting the limitations and possible broadening of the isomorphism concept through the consideration of both cultural and cognitive components of each field as well as structural elements (Hinings, 2012). This is an essential step toward future research on how organizations become institutionalized (Peng, Sun, Pinkham, & Chen, 2009). The authors suggest that isomorphism is not only a process but also a condition that is reached when certain characteristics are acquired. Following this, they explore the condition-like aspects of isomorphism where common characteristics are shared among a group of organizations. A holistic perspective is applied to this analysis, which allows the exploration of subjects such as the unity of institutional characteristics, the existence of negative characteristics, and different degrees of institutionalization. Finally, the investigation's limits and future areas of research are explored.

2.2 Common Institutional Characteristics

The following section reviews those characteristics that differentiate institutions from organizations. Each characteristic is described in a way that facilitates empirical research. These characteristics make them one of the main mechanisms for social stability (Scott, 1987).

Isomorphism is a constraining process that forces one unit in a population to resemble other units (Hawley, 1968). The use of this definition has effects on two issues. Firstly, the need to test homogenization between organizations forces the study sample to be defined, that is, the population that will serve as a reference for establishing similarities. Secondly, it is necessary to specify what is meant by similarity. Third, it is essential to establish which variables are going to verify the similarity between organizations.

The study population was defined by DiMaggio and Powell (1983) as organizational field. Those authors state "By organizational field, we mean those organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products" (DiMaggio & Powell, 1983: 148). This choice was justified by the observation that, within an organizational field, rational actors make their organizations increasingly similar. In other cases, the field of study has focused on a particular economic sector (Deephouse, 1996). And, as we see, the field of study is limited to seek the homogenization of organizations. The question is whether the homogenization of organizations occurs only in an organizational field or in an economic sector. Looking at the current situation of the organizations' responses to institutional pressures, it is easy to see that sometimes some pressures occur specifically in a sector. But usually, these pressures are directed to all the organizations without particularizing the sectors to which they belong. This is something that is totally evident to the regulatory pressures, whether of professional or cultural origin. This is also evident when we observe coercive pressures, with the establishment of norms that are almost always directed at all organizations. It is even valid for mimetic pressures, although in this case membership in a sector or an organizational field may have greater value and importance in establishing similarities.

The second question concerns the concept of similarity. This concept is based on the idea that two organizations are equivalent if they have ties of the same kind. Therefore, organizations can be considered as equivalent when they have similar characteristics.

The key question is to determine which features define similarity. We have two approaches. The traditional neo-institutional approach focuses on the similarity of what is done in organizations. For example, let's take the case of similarity strategies. To establish equivalence between strategies, the traditional approach would seek to verify that the strategy of an entity is defined in its basic objectives and is based on the same parameters and priorities as the organizations within its sector. The second approach is to verify that both organizations have strategies that have been defined based on professional requirements and that such strategy is adequate within the competitive framework of each organization. Thus, one can speak of similarity between two organizations when their strategies are properly developed and consistent with their environment. What is essential is that the organization has adequately defined its strategy following professional criteria and that the characteristic sought in the two organizations is that whether its implementation has followed the parameters admitted as essential in a good management, parameters that can be found in excellence models in management such as that developed by EFQM.

Finally, we have to identify which variables are going to verify the similarity between organizations. Many organizations that share a similar environment do not conform to the same patterns (Suddaby, 2010). What are the variables that can be identified to define a model of legitimacy based on isomorphism? We review the literature, and based on the three traditional variables (routines, structure, strategy), we add: organizational mission in the public interest, stakeholder satisfaction, ethical leadership, and information transparency. In total there are seven variables to define the organizational isomorphism model.

Routines

Routines are a term derived from institutional theory that encompasses a number of organizational management issues. In fact, management theory uses more specific terms to refer to routines such as processes, norms, rules, procedures, protocols, etc.

Routines are linked to the process of rationalization, in which we define the way of doing things, the order tasks are performed, appropriate behaviors, and other rules derived from experience or analysis.

Institutions are characterized by these types of taken-for-granted repetitive social behaviors that originate in both formal and informal norms. Institutional theory considers that norms and socialization processes are of central importance. This alludes to the following definition of institutions as "collections of stable rules and roles and corresponding sets of meanings and interpretations" (Czarniawska, 2008: 771).

Modern institutions are rationalized, and these rationalized elements act as myths, creating formal organizations (Scott, 1995). "Especially important is the fact that they are organized, that is, established, regularized, chartered, endorsed, and enforced, and hence made predictable and effective in all of the common or recurrent relational-functional situations." (Scott, 1987: 499). Meyer and Rowan (1977) highlighted that the growth of rationalized institutional elements or "rationalized myths" is an essential driver in the development of modern societies.

Firms adopt norms and rules that adjust to social expectations in order to acquire respect and legitimacy (Meyer & Rowan, 1977). Among these, we find professional development, auditing protocols, evaluations, and basic management systems (Weaver, Treviño, & Cochran, 1999). These norms and rules constitute the organization's rules. Routines are management tools found in all institutions that provide security to the stakeholders by defining processes, procedures, and behaviors that are dependable, secure, fair, and flexible. The greater the number of these formalized processes, the greater their utility as a source of isomorphism.

Routines have two types of positive effects, toward internal constituents and toward external stakeholders. With routines, institutional elements are easily communicated to new arrivals. In addition, routines are typically long-lasting and resist change (Zucker, 1977). Having a predefined way of behaving and working provides security to internal groups. From an external point of view, routines also provide security. External stakeholders know what to expect from an organization and how it will react in its interaction with external groups.

Benchmarking can be a way to acquire routines from the best organizations in a field. This is an efficient process that reduces search and analysis costs. Other organizations establish their own routines, without looking to match others in the field or best practices. In these organizations, the institutionalizing effect of routines originates in their alignment with the organization's mission and goals.

For Aguilera, Rupp, Williams, and Ganapathi (2007) isomorphism manifests itself as an adaptation of processes to local conditions, not only as a literal copy. Organizations may establish routines and still adapt to their individual circumstances and environment. Even if they share the same field, environmental variables such as organizational age, size, location, and market type may vary.

Our interpretation of the concept of isomorphism is similar to the one in ISO quality standards where certification is achieved not by simply copying another organization's norms but by having implemented norms and procedures with specific common requirements in certain fundamental areas. The fact that these routines are copied (or not) does not affect the ISO standards. Rather, what is important is that these norms exist and that they are designed and applied correctly.

Structure

As previously interpreted, isomorphism leads to "an inexorable push towards homogenization." (DiMaggio & Powell, 1983: 148). Organizations that incorporate structural elements from their field are legitimated. Those that do not risk their legitimacy (Arndt & Bigelow, 2000).

Institutional theory maintains that organizational structures are created to gain legitimacy from their stakeholders, instead of just to be more efficient (Drori & Honig, 2013; Kent & Zunker, 2013; Yang & Su, 2013). This happens both with internal structures (Griffin & Dunn, 2004) and external ones (Treviño, den Nieuwenboer, Kreiner, & Bishop, 2014). Departmental and divisional areas within organizations in the same field are often the same, precisely because they have copied each other. This movement toward structural imitation is not solely based on rationality or efficiency considerations.

Whatever the cause (mimicry, regulation, or cognitive factors), organizational structures have a tendency to converge by field into what is considered normal, accepted, and correct. In these structures, isomorphism is evident in the number of divisions or departments that must make an organization, the division of tasks among them, the names they receive, their relative importance within an organization, and how they are grouped (by function, by market, etc.). The creation of divisions and departments—with whatever labels are used—reflects highly rationalized myths concerning functional specialization and hierarchy. For example, at a practical level if organizations in a field typically have a maintenance department, other organizations in the same field must adopt a similarly named department.

Formal structures in the current postindustrial society are a reflection of institutional myths regarding the requirements of each work activity. Ruebottom (2013) noted that even organizational leaders are not cognizant of the cultural myths they create to legitimize their organizations. Isomorphic structures are not necessarily more efficient, but they are highly persistent. This provides stakeholders with the necessary security and stability. In consequence, structural institutionalization is a strong component of organizational institutionalization. The fact that similar departments exist in many organizations does not mean that they always have the same functions, way of working, or influence in the decision-making process. Organizations adopt heterogeneous practices and structures in response to the institutional competitive dynamics in their respective fields (Choi & Bhakoo, 2013). Zucker (1977) highlights the importance of having a clearly defined line of command. He shows that individual actor's behavior will be more stable and according to rules if the actor occupies a specific position within the organization.

Other choices must be made through a group decision-making process. Organizations usually encompass varying ways of thinking that originate in its different units, geographic areas, stakeholder groups, strategic vision discrepancies, and the behavior and way of understanding things of its members. Unifying these visions and sensibilities is key to create stability within the organization. It is therefore necessary to define how collective decision-making processes work, along with their components and functions. As Mintzberg (1992) states in his study of organizational power, large organizations are best understood as a coalition of different interests, each with a negotiated level of authority.

As applied in this paper, the concept of institutional structure is a model that includes the hierarchical organization of formal power among its executives, the degree of centralization, and the way collective decision-making entities are defined with both external or internal participants. In reality, the way these structures originate in institutionalized organizations is a process in which compounds of conventions around decision-making rules and other organizational routines have fossilized into structural entities (Palmer, Biggart, & Dick, 2008). Once these structures have become institutionalized, their capacity to survive and prosper can be a function of how stable these structures appear to be rather than a measure of their performance. As structural isomorphism develops in an organization, it acquires greater legitimacy.

Strategy

Even though isomorphism studies initially analyzed organizational structures and routines, in time institutional theory practitioners incorporated organizational theory into their field (DiMaggio & Powell, 1991; Scott, 2014). Numerous empirical studies show how institutional forces influence the adoption of certain strategies (Dhalla & Oliver, 2013; Peng, 2002). In a variety of fields, organizations deploy similar strategies. Researchers that notice this phenomenon dub it strategic isomorphism.

Deephouse (1996) examines the link between strategic isomorphism and organizational legitimacy. He studies banking organizations and defines strategic isomorphism as the way in which these entities distribute their resources and operations. According to his definition, isomorphism exists when resources are distributed in a similar way and when products offered by them were distributed in similar proportions. For this author, strategic isomorphism exists when strategies in an organization are similar to those of other organizations in its field. Organizations in the field benefit from following similar strategies because it helps them become more legitimate. If they behave according to these rules of strategic behavior, their actions will be seen as more acceptable, and societal actors will consider them to be legitimate (Meyer & Rowan, 1977).

There are three main causes of strategic isomorphism. The first is environmental uncertainty and ambiguity. Since it is not easy to know what the best strategy is, executives try to mitigate the risk of introducing new strategies and thus avoid their possible failure. By following the group, they avoid potential criticism and find support. Peloza (2006) finds that when certain key businesses set the bar by involving themselves in social initiatives, others follow suit even though the efficiency of such measures may not have been proven. Second, certain public and private regulatory entities establish norms that imply the use of certain strategies (DiMaggio & Powell, 1983; Reid & Toffel, 2009). In some fields such as healthcare or education, this phenomenon is especially salient. Third, organizations naturally align their strategies with other organizations in the same field by virtue of being in contact with each other. This connection among them occurs through professional networks or association as well as through the use of benchmarking. With it, organizations strive to learn from the best in their fields and approximate their strategies (Oliver, 1991).

Furthermore, another comprehensive interpretation of strategic isomorphism is based on how a strategy is developed and implemented. A link has been shown to exist between how developed an organization's strategies are and how legitimate it is (Díez-Martín, Prado-Román, & Blanco-González, 2013). A strategy requires the following conditions: (a) a written mission, vision, and values statement, (b) a strategic plan, and (c) measurement and evaluation of its execution (Ruef & Scott, 1998).

Organizational Mission in the Public Interest

Institutions are best understood as a set of actions oriented to fulfilling a mission in the public interest (Evans, 1995). In the context of this work, public interest is defined as a set of practices and strategies that defend common interests and promote human rights and social justice. Thus, an institution is an organization that has a positive effect on the "common good" or "social well-being." As a consequence, its existence and continuity benefit its environment and society as a whole.

Oliver (1991) states that an institution is an entity that performs a function that is in the public interest or is seen as greatly prestigious within a social group. The distinction between private or public ownership of the entity or legal structure would not be relevant considerations.

The term "business" is sometimes used as a placeholder for an organization that is opposed to an "institution." In business, ownership interests have priority over moral, ethical, or historic considerations. Traditionally, a business is defined as an occupation or entity whose primary goal is to obtain profits. Its survival depends on the opportunities that it meets over time. Over time, the assertion that businesses were free of moral restrictions originated a conceptual divide between them and other organizations that did have a mission oriented toward the public interest: institutions. It is obvious that the public interest is not met when an organization's actions are oriented toward fraud, security violations, corruptions, or speculation or when they only satisfy the needs of a single person or its owners.

Alternatively, the moral unity theory of business asserts that businesses are part of an all-encompassing social environment and are subjected to the some moral norms that affect social institutions (Sud, VanSandt, & Baugous, 2009). In this sense, businesses are undeveloped institutions or organizations at the initial end of the institutionalization continuum. When a business defines a mission that is in the public interest, it starts a process of institutionalization.

While public interest can encompass numerous aspects, an organization may be deemed to defend it when its existence and continuity are in the interest of society as a whole or of its immediate environment. A business that provides employment in a distressed area is in the public interest—similarly, if it develops new technologies or simply provides neighborhood supplies. Public interest can be seen in these and other organizations that provide added value and are socially legitimated. In consequence, there is a close link between implementing activities in the public interest and social recognition of an institution.

Stakeholder Satisfaction

When services or goods are produced, resources are utilized to convert inputs into outputs. In the process, value is added or created. All organizations create value, but when they are institutionalized, there is an "infusion with value beyond the technical requirements of the task at hand" (Selznick, 1957: 17).

Stakeholders pressure administrators to define the organization's social obligations and its interactions with each respective stakeholder group (Driscoll & Starik, 2004).

Influence on an organization by stakeholders can be direct or indirect, depending on the dependence relationship between the firm and stakeholders (Frooman, 1999). Stakeholders that do not control critical or valued resources (Sharma & Henriques, 2005) may only influence indirectly through other stakeholder groups. Notwithstanding the type of influence, institutions must satisfy their needs.

Identifying the most significant stakeholder groups is an important process. Different groups may have different aspirations and ways of valuing things (Bitektine, 2011). For instance, Lamin and Zaheer (2012) studied two different interest groups: the public at large and the investor community. For each group, the actions that would develop an organization's legitimacy were very different. This suggests that each group operates by a different set of moral rules: the public seemed to value fairness above all, while investors valued profits.

Ethical Leadership

The impact of leadership on organizational legitimacy has not yet been the focus of much study. Nevertheless, management excellence models (i.e., European Foundation for Quality Management (EFQM) Model) have paid much attention to these matters. One of the EFQM's eight principles is "Leading with vision, inspiration and integrity." It states that organizations that aspire for excellence have leaders that are models in performance, values, and ethics. "Legitimacy contributes to a leader's ability to gain voluntary compliance and support for decisions, contributing to perceptions of leader efectiveness" (Brown, Treviño, & Harrison, 2005: 123).

Even though researchers of isomorphism have not identified leadership as an attribute for legitimacy, it seems evident that an institution's public image and that of its leaders are related. When it is known that a leader uses his or her institution for self-benefit or crime, the institution's credibility crumbles. If the organization's employees feel unjustly treated, the leadership team's legitimacy disappears and with it institutional legitimacy (Drori & Honig, 2013). An organization's image is highly related to that of its leader.

Any institution, public or private, can be delegitimized by the behavior of its executive team. For example, in 2005 consulting firm Arthur Andersen—then an auditor of Enron—was accused of collaborating in covering up its client's tax fraud. It was publicly accused of purposefully being lax in its auditing capacity to benefit its consulting branch. Andersen was convicted of destroying documents as the government began investigating Enron's accounting. As a consequence, Andersen dissolved under the pressure of public opinion.

There are two essential components of leadership: (a) internal and external leadership recognition and (b) ethical behavior.

Institutions count on leaders to inspire others with their vision, to communicate a clear path for their organization, and to unite and motivate other organizational leaders to inspire their collaborators in pursuit of a common goal (EFQM, 2012). Leaders also represent an outward-facing image that should inspire confidence in the management of the organization and provide stability and security to those that interact with it.

They must exhibit a commitment to follow currently applicable rules and accept government policy. Their personal behavior must be exemplary. Inversely, when organizations engage in less than exemplary behaviors, these are commonly interpreted as being inspired or consented by its leaders. An organization cannot acquire legitimacy if its leaders are seen as ineffective (Schyns & Schilling, 2011), unhelpful (Stein, 2013), or corrupt.

Information Transparency

Times are long past when shareholders, society at large, and other stakeholders would not ask questions, request information, or be satisfied with superficial or incomplete answers. From approximately the 1970s, scholars have anticipated these changes (Toffler, 1980) by considering information and communication an integral part of organizational management.

The growing significance of supranational governance organizations has spurred demands for greater transparency of organizations and institution, indicating the potential for transparency to improve the legitimacy and accountability (Auld & Gulbrandsen, 2010).

Information has evolved from a weak demand to a right and necessity in the decision-making process. Relationships and trust between organizations and stakeholders are built on information and communication (Kent & Zunker, 2013). Numerous certification processes value communicativeness as a central value, i.e., in ISO standards, RECU accreditation, or EFQM excellence models. The implementation of these models has paralleled the increasing importance of true and accurate information across an organization.

Curtin and Meijer (2006) asked "Does transparency strengthen legitimacy?" They argued that transparency is a key element, but assumptions about the relation between transparency and legitimacy can and should be avoided. Moreover, De Fine Licht et al. (2014) analyzed causal mechanisms that may drive a link between transparency and legitimacy.

Increasing interest in transparency and its relationship to organizational legitimacy is contributing to new and better theoretical foundations. For example, the observation that information transparency has three attributes, one of which is legitimacy but must be accompanied by salience and credibility (Cash et al., 2003). From our point of view, legitimacy already includes salience and credibility, but it is convenient to check how these issues stand out in any studies on the subject. Other studies on transparency distinguish between two types, procedural and outcome transparency, whose impact on the goals sought can be differentiated (Auld & Gulbrandsen, 2010). It has even been revealed "the potentially negative effect of transparency in decision making on perceived legitimacy" (de Fine Licht, 2011: 183).

Etzion and Ferraro (2010) emphasize the importance of reporting in an organization's institutionalization process. If an organization hides information or excessively limits communication channels, it closes opportunities for interaction and alienates stakeholders. It will be hard for these organizations to become legitimized since not enough is known about them.

2.3 Discussion

In the current study, isomorphism has been presented as a state that is achieved when organizations complete a process of institutionalization (DiMaggio & Powell, 1983). At this stage, organizations exhibit practices, processes, strategies, structures, and other characteristics that are similar to other organizations in their field. Originally, the study of isomorphism erroneously concluded that organizations would become identical (Suddaby, 2010). We consider that this concept should mature into the concept that organizations differentiate themselves but maintain identical principles related to structure, strategy, mission, stakeholders, leadership, and transparency.

There are multiple paths for an organization to become institutionalized, but evidence is scant as to which is most effective. This is related to the concept of "equifinality by interpreting fit as feasible sets of equally effective alternative designs, with each design internally consistent in its structural pattern and with each set matched to a configuration of contingencies facing the organization" (Drazin & Van de Ven, 1985:

520). In fact, institutions have developed differently, with alternative strategies and with widely varying processes, norms, and policies. Katz and Kahn (1978) suggest that different systems can reach a similar final state even if they have different initial conditions and evolutionary paths. Therefore, in interpreting the process of isomorphism, we view defining the final state as more important than how an organization gets there. The final state is when an organization is seen as an institution.

Certain problems are ignored by the traditional view of isomorphism, such as optimal adjustment to environmental changes or the variety of possible environments for different organizations belonging to the same field. Different organizational forms (routines and structures) correspond with different environments (Filatotchev & Nakajima, 2014; Hannan & Freeman, 1977). Ruef and Scott (1998) point out that the saliency of each effect (institutional characteristics or forms) varies depending on the nature of the institutional environment. Therefore, traditional isomorphism can only be applied in a small—and most probably, diminishing—number of situations. “One might examine whether, and the extent to which, different users are interested in different types of content” (Golden-Biddle, Locke, & Reay, 2006: 250).

Some researchers are trying to break those barriers. For example, they investigate how institutional pressures motivate the firm to adopt a strategy and how such effects are moderated by organizational culture suggesting that the dimensions of institutional pressures (normative, mimetic, and coercive pressures) have differential effects on the strategy. The work of Liang et al. (2007) suggest that mimetic pressures positively affect top management beliefs, which then positively affects top management participation in the ERP assimilation process. This introduces mediating variables in the creation of routines, as a consequence of institutional pressures. In this line, other works, such as by Slack and Hinings (1994) who study the pressures from a state agency to adopt a more professional and bureaucratic design, highlight the role of the resistance to institutional pressures, proving that certain elements of structure do not change as much as others.

We also strove to identify the common characteristics that define institutions, despite their differences, and how isomorphism occurs in each of these characteristics. After this process, it is still necessary to examine institutions from a holistic point of view. To do this, three main questions must be examined. The first is whether institutional characteristics form a unified whole. In other words, must every characteristic be present in every case? The second question looks at whether negative characteristics imply a loss of legitimacy. The third studies if institutionalization can be seen as a continuum with different degrees of institutionalization.

To study these questions, the authors define three propositions. While propositions are statements that can be demonstrated as true or false, this confirmation process is out of the scope of the current study.

By defining the attributes of isomorphism differently from the traditional, we broaden the field of inquiry and generate new questions. With the consideration of attributes of legitimacy that were found in the literature but which were not valued as attributes of isomorphism, we improved the understanding of the consequences of institutional pressures on the legitimacy of organizations.

Institutions achieve legitimacy by communication of a perception of stability, security, credibility, utility, and trust. Institutions are seen by society at large and its stakeholders as being "stable" (Bromley, 2001; Czarniawska, 2008; Huy, 2001; Leaptrott, 2005; Meyer & Rowan, 1977) since they trust their continuity in time; "secure" (Arndt & Bigelow, 2000; Choi & Bhakoo, 2013; Oliver, 1991) because they know what to expect from them; "credible" (Certo, 2003; Huy, 2001) because they will not try to mislead them; "useful" (Selznick, 1996) because they provide employment, modernization, economic activity, and added value; and "trustworthy" (Boxenbaum & Jonsson, 2008; Contardo & Wensley, 2004; Ruef & Scott, 1998) because institutional values are solid and socially accepted.

Achieving these characteristics is not an easy task. An institution must orient its actions and policies toward achieving these goals. Over time, these actions will transform the way it functions, its effectiveness and efficiency, as well as its capacity for innovation. When an organization develops and defines its structure by making visible its individual and group decision-making organs, it provides stability and security for its stakeholders. Similarly, defining processes and routines also communicates stability and security. Defining an institutional strategy meets these goals and provides value to its stakeholders. When organizations have a mission that is in the public interest they become trustworthy. A strong, ethical leadership provides security, credibility, and trust. Satisfying the needs of its stakeholders provides value and trust. Finally, an organization with clear and transparent communications gives its stakeholders security, credibility, value, and trust.

In this way, the previously identified organizational characteristics are closely related to the factors that legitimize an organization. Institutions are organizations that serve their stakeholder groups, have exemplary leaders, have a mission and social function that goes beyond providing profits to its owners, and communicate in a truthful and transparent way.

Proposition 1. Legitimized organizations share common attributes or isomorphic characteristics.

An essential question is whether legitimacy should be studied independently or as part of a whole. Could an organization be legitimate for one group and illegitimate for another? If an organization has resource legitimacy (Ahlstrom & Bruton, 2001) but not moral legitimacy, is it still legitimate? Our approach has been to consider the whole rather than the parts, rejecting the idea that legitimacy can be seen as a partial component of an organization (Deephouse & Suchman, 2008). An organization is either legitimate or not. In our view, an eclectic posture that accepts legitimacy in one aspect but not others should be rejected as a distortion of the concept.

Legitimacy is, in its essence, a holistic concept. When an institution becomes legitimized, it acquires certain attributes that differentiate it from other organizations. This is how isomorphism occurs.

Knowing the characteristics of an institution also allows us to examine situations in which institutional trust is lost (Maguire & Phillips, 2008). Professor Velarde (Principe de Asturias Prize for Economics) explained that countries sometimes commit economic suicide by destroying their means of sustenance. This can happen with institutions as well if any of the seven characteristics is destroyed.

As a consequence, new research proposals emerge. In order to consider the isomorphism of organizations, it is enough to evaluate the isomorphism of one of the attributes like the strategy (Deephouse, 1996), or is it necessary to confluence all the attributes?

Every institution displays these characteristics in varying degrees according to their level of institutionalization, but, in order to be considered as an institution, they must all be there.

Proposition 2. An organization cannot be considered to be an institution if it lacks any one of the isomorphic institutional characteristics.

Legitimacy is what makes organizations into institutions (Meyer & Rowan, 1977). Until now, legitimacy has been interpreted as a dichotomous variable: an organization has it or not (Zimmerman & Zeitz, 2002). While this may sometimes be the case, we have noted that the tools for determining different levels of institutionalization do not exist. If as we propose varying levels of institutionalization are possible, the process of institutionalization would not end when a certain level of legitimacy is reached. It would rather be a process of continuous development.

Institutions cannot be seen as something static and fixed. They are organizations that change and evolve to adapt to their environment. Denying change is contrary to the concept of institution. As Clegg (2010, p. 5) points out "ideal types tend to reification, and institutional isomorphism mechanisms are no exception." Institutions are stable systems and at the same time generate change and new behaviors (Czarniawska, 2008). An essential institutional characteristic is their capacity for change and adaptation (Greenwood, Suddaby, & Hinings, 2002). Selznick's (1957) vision of organizational structure as an adaptive mechanism that reacts to the characteristics of its participants and environment is an inductive piece of evidence toward the importance of change in the institutionalization process. Institutions are lasting precisely because they are able to change and adapt.

Legitimacy is not a permanent characteristic either. It is a dynamic concept that evolves with society's values and beliefs. The long-lasting characteristic of institutions implies that change must be a constant. Therefore, being able to measure the degree of institutionalization of an organization is crucial in order to compare it with other institutions.

Proposition 3. The degree or level of institutionalization depends on the individual level of each of the institutional attributes and what is deemed as socially desirable. These levels are not permanent, since they evolve in parallel with social change.

The weakness of this approach is that it does not permit for valid speculation on the relative importance of these isomorphic characteristics. We have defined a way to describe institutions through their characteristic elements but have not established levels that would identify differences in excellence or institutional quality. In general, intensity in each of these characteristics would be seen as positive, but they cannot in and of themselves determine institutional excellence. This study does not seek to model the level or degree of institutionalization. To do so would require defining a scale and empirical studies that use the abovementioned characteristics to determine organizational levels of institutionalization.

Second, this investigation does not offer a general model. We assumed that excellent institutions show certain equilibrium in their characteristics and that none is over or underrepresented. Even though we identified seven characteristics, it is possible that others exist. Future research should examine the existence of other dimensions.

Third, we attempted to describe the final state of institutional isomorphism. We identified the key variables that characterize such institutions. At the same time, an institution is an organization that has been legitimized. Therefore, the model requires a bridge between institutionalization as defined by organizational characteristics and organizational legitimacy.

"Institutional theory is rather like a flu virus, constantly mutating as it diffuses" (Greenwood, 2008: 153). Empirical analysis is necessary to confirm all the above statements. Hypotheses need to be laid out that propose a link between isomorphic variables and institutionalization. "The question of which aspects/dimensions of the organization's activities, structure, or outcomes the audiences use in legitimacy judgment is critical for determining the overall legitimacy of the organization" (Bitektine, 2011: 156). Future research should test the existence of these dimensions of isomorphism and their relationship with legitimacy.

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