



# Organisational legitimacy of private providers: Regulators' ratings and perspectives

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## Abstract

This study was conducted to gauge the nature and level of organizational legitimacy of private higher education institutions (PHEIs) in Ethiopia through the perspectives of regulators involved in accrediting and auditing private institutions. The study adopted a mixed-methods approach, particularly the explanatory sequential design, and used questionnaire, documentary evidence, and interview as principal means of data collection. One hundred and twenty-one regulators were involved in the survey and ten regulators participated in the in-depth interview. The findings revealed that both the overall rating of PHEIs and the various categories of legitimacy identified as procedural, consequential, structural, personal, and linkage received average ratings by regulators. This denotes a threshold level of acceptance suggesting the need for a more substantial legitimacy level that the Ethiopian private higher education sector should attain if it seeks to earn heightened credibility and active support from stakeholders. Conclusions and implications of the study at the nexus of theory, policy, and practice are discussed.

**Keywords** Organizational legitimacy · Legitimacy · Regulators · Private higher education · Legitimacy threshold

## Introduction

Consideration of educational institutions as organizations runs across the whole gamut of institutional theories on which this study is based. Scott (2003: 11) defines organizations as “social structures created by individuals to support the collaborative pursuit of specified goals.” While the purpose of an organization is accomplishing collective goals, its nature requires the presence of certain components such as “a set of social actors or participants, a social structure by which they interrelate goals or a mission, and a set of technologies or tasks it performs in order to render inputs into desired outputs”

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(McFarland & Gomez, 2013, p. 6). By virtue of these features, education is regarded as a highly institutionalized activity in modern society (Meyer & Rowan, 1977). However, educational institutions are known to have distinctive features that may not be necessarily shared with other forms of bureaucracies. Although educational organizations have a great deal of control of the ritual classifications of schools, curriculum, student classification, teacher classification, and topic classification that are institutionalized in the legal and normative rules of the wider society, they are often distinguished from other forms of organizations due to the absence of close internal coordination in some critical areas of their operations suggesting little control of instructional activities or outputs (Meyer & Rowan, 1977). These unique characteristics have led March and Olsen (1984) and Weick (1976) to describe educational institutions as “loosely coupled” systems.

Organizational legitimacy (OL) has been widely regarded as a mechanism of understanding and analyzing the relationship between organizations and their environments. Organizations seek requisite acceptance and support from a variety of constituencies, groups, and individuals that are valuable, and even critical, for their survival, sustained competitiveness, and sustainability. Viewed as a phenomenon of this process of acceptance by external entities, organizational legitimacy has been defined as “a generalized assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions” (Suchman, 1995, p. 574).

If legitimacy is considered to be critical to organizational livelihood and sustenance, it is more so in the context of private higher education (PHE) where acceptance of the sector in the wider legal and social milieu is often questioned. Unlike public higher education institutions whose legitimacy is rarely questioned, private higher education institutions require various forms of recognition and acceptance from their environment and constituencies. Historically, the public norm with regard to education has been linked with secularism based on service to broad national public interests (Slantcheva, 2007), which helps public institutions to have the implicit legitimacy of their nation-states, but this is not always true with PHEIs. The effort of PHEIs in attaining legitimacy is particularly affected by their profit motive, which is inherently viewed as less legitimate. Often associated with business, the very idea of private can be suspect and regarded as an intrusion into higher education (Levy, 2005). PHEIs, thus, have a significant burden (perhaps much greater than their public counterparts) of addressing the concerns of stakeholders in maintaining their quality, integrity, and legitimacy (Teferra, 2005). Despite the rich conceptual discussions on the different aspects of legitimacy, there is a dearth of empirical studies on this subject across many disciplines. The concept has especially received scant attention in the higher education sector with the exception of the limited research available on the legitimacy of business schools in general and the PHE sector in Central and Eastern Europe in particular (Cf. Slantcheva & Levy, 2007; Spender, 2014; Pettigrew & Starkey, 2016). The latter are limited not only in terms of quantity but also spatial distribution and depth.

There are currently over 320 accredited private higher education institutions in Ethiopia. Most of them are for-profit institutions owned by families and operating within the framework of a higher education proclamation issued by the government and accreditation guidelines set by the Higher Education Relevance and Quality Agency (HERQA). The dynamics of organizational legitimacy among these institutions remains poorly understood due to the limited investigation in the area. A closer examination of the organizational legitimacy of these institutions not only helps to bridge the existing gap in the area but can also shed light on the broader question of the organizational legitimacy of PHEIs around the world.

This article is divided into four major sections. Following the introduction of the study given above, the conceptual and theoretical underpinnings and the research context are described in the next section. The third section of the article offers a discussion on the objectives and design of the study. This is followed by discussion of findings and conclusions of the study.

## Organizational legitimacy: Conceptual and theoretical underpinnings

As a theoretical construct, organizational legitimacy has a relatively long history in the realms of politics, governance, and sociology (Brinkerhoff, 2005; Dowling & Pfeffer, 1975). Over time, its influence has made inroads into many other disciplines making it an important subject of research in organizational studies (Suddaby et al., 2017).

Organizations can attain legitimacy when their stakeholders—both internal and external—support their goals and activities (Elsbach & Sutton, 1992). If the behavior and values of an organization are congruent with socially accepted norms, it is expected that this can enhance stability, credibility, continuity, and the easy acquisition of resources (Suchman, 1995; Vergne, 2011). Conversely, an organization may witness a decline in legitimacy if its reputation suffers frequently or when critical risks are not properly and timeously addressed. An increased legitimacy may thus mean a high degree of acceptance and trust that paves the way for further growth. Conversely, a low level of legitimacy conjures the image of a private sector prone to a host of weaknesses, diminished trust, and possible extinction.

Organizational legitimacy is defined in the form of communally implicit and morally defined responsibilities that emerge from deep and widely diffused shared meanings within societies and/or formal contractual accountability, often legally defined or established by governments and legal frameworks (Woodward et al., 1996; Brinkerhoff, 2005). This means legitimacy can be obtained from the wider society or influential constituencies such as accreditation bodies, funding agencies, and licensing authorities when organizations align their behavior with the “law, including constitutional frameworks, as well as enabling legislation, statutory law and regulations” Brinkerhoff, 2005, p. 7). The latter dimension which is often referred to as “moral/normative legitimacy” is the focus of this particular study since it is concerned with the role of regulators in determining the OL of PHEIs due to their authority, which emanates from the explicit regulative processes or the rule setting, monitoring, and sanctioning activities they are engaged in (Scott, 1995, p. 35). Normative legitimacy assumes that conformity with standards, codes, and licensing is considered to be one major source of legitimacy (Brinkerhoff, 2005).

## Attaining and maintaining organizational legitimacy

Organizations can align themselves with their environment through a conscious deployment of a diverse arsenal of techniques and awareness of situations that merit appropriate responses (Brinkerhoff, 2005; Suchman, 1995). In fact, advancing legitimacy involves not only intentional engagement of social actors in specific acts and practices that can eventually lead to achievement of the desired goal but also an extended period of time for the strategies to take effect (Drori & Honig, 2013). That is why gaining legitimacy is regarded as a lengthy and challenging task requiring the use of a variety of strategies such as conformity, selectivity and manipulating external environments through a variety of planned

efforts that portray or create a positive image of the organization (Brinkerhoff, 2005; Dowling & Pfeffer, 1975; Elsbach & Sutton, 1992; Suchman, 1995). Within the context of PHE, this process demands passing through a continuum ranging from demonstration of effectiveness to acquiring an improved level of legitimacy at the end (Giesecke, 2007).

The limited studies conducted on the organizational legitimacy of PHEIs suggest the use of a variety of strategies to achieve the desired legitimacy level. Nicolescu's (2007) study on Romanian PHEIs indicated that PHEIs use replicate the characteristics of public institutions as a strategy (imposed/coercive mimetic isomorphism) to boost their legitimacy. Suspitsin's (2007) study in Russia showed that PHEIs adopt major strategies such as diversifying their support base, collaborating with state universities for resources and legitimacy, and exploiting the market to their advantage in order to earn legitimacy. Reisz's (2007) examination of Romanian PHEIs' similarly indicated that mission statements replete with neologisms were used as a major strategy to establish and gain legitimacy.

## Research context

In Ethiopia, a private institution is identified as a “non-public higher education institution established by one or more individual owners or by nonprofit making associations, founded as a cooperative society or commercial association, or higher education institution established abroad and operating in Ethiopia” (Federal Democratic Republic of Ethiopia, FDRE, 2019, p. 11,447). Despite a long history of religious education, modern higher education in Ethiopia is a relatively new phenomenon that started with the founding of the University College of Addis Ababa (now Addis Ababa University) in 1950. The origin of a fully-fledged PHE sector is traced back to 1998 when the first such institution was established. At present, there are more than 320 PHEIs enrolling around 17% of the national student population. While the majority are family-owned, the rest are not-for-profit institutions owned by churches of different denominations, charitable organizations, foundations, and NGOs (Tamrat, 2020). Due to their lack of access to public resources, student fees remain the major source of income for these institutions. The majority of PHEIs run undergraduate programs with more than 50% of them offering business-related programmes followed by medical and health sciences (MoE, 2017). The past few years have seen substantial growth in the number of institutions that run postgraduate programs.

Ethiopia's successive higher education proclamations (FDRE, 2003, 2009, 2019) serve as the major regulatory frameworks that legislate the establishment, governance, and regulation of PHEIs. The chief national regulatory body, Higher Education Relevance and Quality Authority, HERQA (now Education Training Authority, ETA), was set up through the 2003 proclamation as a semi-autonomous agency accountable to the Ministry of Education and having the mission of “ensuring a high quality and relevant higher education system in Ethiopia”. HERQA is responsible for steering, defining and enforcing the rules and regulations that pertain to HEIs (FDRE, 2019).

The higher education proclamation sets rules that all HEIs must comply with and distinct regulatory expectations for the private sector. The directions set in the proclamation are often translated into specific accreditation guidelines and disciplinary codes developed by HERQA. Accordingly, PHEIs are required to adhere to wide-ranging values, principles, and requirements addressing issues such as accountability, honesty, transparency, and improved performance in areas such as governance and organization, infrastructure

and facilities, curricula and assessment, faculty qualification, admission and accreditation, information and reporting, and research engagement (FDRE, 2019; HERQA, 2019).

## The study

### Research objectives

The major objective of this study is to gauge and critically analyze the nature and level of organizational legitimacy of Ethiopian PHEIs through the perspectives of regulators. To this end, it seeks to identify factors that influence the organizational legitimacy of PHEIs and assess the extent of their legitimacy on the account of regulators. The following questions drive the study:

- (1) What are the major factors that influence the organizational legitimacy of Ethiopian PHEIs and how do these factors vary in terms of priority and importance?
- (2) What is the level of organizational legitimacy currently attributed to Ethiopian PHEIs by regulators and what factors contribute to attaining this level of legitimacy?

## Study design

### Respondent selection

The choice of regulators (i.e., all individuals listed as HERQA's accreditation and quality audit experts/reviewers) in this study was purposive and targeted the most influential actors in shaping the organizational legitimacy of PHE providers in the Ethiopian context. Regulators were chosen because they fulfill the criteria of what is called "relevant social actors" due to their capacity to mobilize and confront PHEIs and their perceived potential authority in determining the legal operation and sanctioning of these institutions (Bitektine & Haack, 2015; Deephouse, 1996; Meyer & Scott, 1983). Accordingly, 200 questionnaires were distributed to all experts listed as HERQA's regulators involved in accreditation and quality audit tasks. One hundred twenty-one of them (60%) completed and returned the survey.

### Data collection methods, instruments, and procedures

This study adopted a mixed-methods approach, particularly the explanatory sequential design. This is considered to be a useful approach to draw on the strengths of both quantitative and qualitative data and especially when one type of data is not sufficient to address the research problem and more is needed to extend, elaborate on, or explain the research questions (Creswell, 2013). Data was drawn from three major sources: documentary analysis, survey, and in-depth interviews. Relevant documents, including government policies, proclamations, annual education statistical abstracts, Education Sector Development Plans, and publications and directives from HERQA, and the Ministry of Education.

The research process involved three major operational steps, namely identification of legitimacy factors, rating the organizational legitimacy of Ethiopian PHEIs, and identifying factors with a significant role in determining the organizational legitimacy of Ethiopian PHEIs. The first step involved identification of anticipated factors in determining the

legitimacy of PHEIs and developing a survey instrument based on the findings. This was guided by the scoping interviews held at the beginning of the study and Suchman's (1995) and Bitektine's (2011) classification of the various forms of legitimacy under five major categories:

- (a) *Procedural legitimacy*: The PHE sector's adherence of procedures and processes related to various government rules and regulations such as student admission, curriculum, assessment, and graduation requirements.
- (b) *Consequential (outcome) legitimacy*: The PHE sector's contribution to society, local economy, and development and its capacity to produce knowledgeable and employable graduates.
- (c) *Structural legitimacy*: The motives of the PHE sector and its capacity in terms of infrastructural facilities, finance, human resources, program diversity, research, and concern for quality.
- (d) *Personal legitimacy*: The motive, knowledge, qualification, influence/charisma, and credibility of leaders in the PHE sector.
- (e) *Linkage*: The relationship that the PHE sector has with legitimate actors such as the government, the accreditation agency, employers, and society.

The survey instrument was set with a five-point Likert scale that rates the level of importance of variables that determine OL from least important (1) to extremely important (5). Respondents were first asked to assign a weight using a scale from 1 to 5 ( $w_i$ ). Next, they were asked to assess how well PHEIs meet each criterion under step one ( $r_i$ ) using a 5-point scale (1 = very low satisfaction to 5 = very high satisfaction). This is in line with the conceptualization in the wider literature that organizational legitimacy cannot simply be regarded as a dichotomous concept (one that is legitimate or not) attained at a given moment, but should be rather regarded as a continuous variable ranging in value from an initial to a higher position and built through proactive steps (Zimmerman & Zeitz, 2002). Finally, the weighted score was calculated by multiplying the weight with the rating using the formula:  $\sum w_i r_i$ . The ordered logit model was adopted to identify the variables that determine level of legitimacy of PHEIs once the level of legitimacy was rated by the respondents using a five-point scale ranging from 1 (very low legitimacy) to 5 (very high legitimacy). Since the dependent variable (i.e., organizational legitimacy) has an ordered nature (measured using ordinal scale measurement) the regression model was found appropriate in identifying factors that significantly determine it. Hence, the reason for adopting the ordered logit model.

The qualitative dimension of the study involved in-depth interviews with ten volunteer regulators. Each interview lasted an hour. While the quantitative aspect of the research showed the magnitude of trends in the legitimacy of PHEIs and offered elements of generalizability, the qualitative dimension accommodated the various perspectives that respondents brought to the phenomenon, offering a complex picture of organizational legitimacy. With respondents' informed consent, the discussions were tape-recorded and fully transcribed. The transcripts were reviewed repeatedly to identify the major themes and observations that were used as major input for the qualitative analysis and discussion. The inclusion of in-depth interviews provided greater insight into the important elements of OL through triangulation of data.

## Data presentation and analyses

Specific procedures were employed to present and discuss the results obtained from the survey and in-depth interviews. Descriptive and inferential statistics (ordered logit) were used to analyze the survey data. SPSS was used to compute all the statistical information. The analysis of the qualitative data was guided by Creswell’s model which comprises the major steps of organizing the data for analysis (including transcribing the interviews); reading or scanning all the data to establish the “tone” of the results; coding the data by segmenting the interview transcripts into well-defined categories; using the coding to generate a description of the themes for analysis; and interpreting the identified themes (2013: 197–200).

## Major findings and discussion

### Respondents’ demographic profile

All regulators who participated in the study were drawn from a comprehensive list of reviewers available in the archives of the HERQA.

The respondents’ profile demonstrates that most of them satisfy the requisite experience and qualification within the sector. They are overwhelmingly male, which is a typical feature of the sector. A large number of them served HERQA for up to 5 years; and as many served for 6 years and more. In terms of educational background, the majority hold Masters and PhD degrees. The academic rank comprised lecturers, assistant and associate professors, and a full professor (Table 1).

**Table 1** Demographic characteristics of respondents

	Categories	Number	%
Gender	Male	126	93.3
	Female	8	5.9
Work experience in years	5 and below	53	39.3
	6–10	25	18.5
	Above 10	34	25.2
Service at HERQA in years	Up to 5	62	45.9
	6–10	28	20.7
	11–15	22	16.3
	Above 15	22	16.3
Qualification	Bachelors	6	4.4
	Masters	99	72.6
	PhD	29	21.5
Academic rank	Graduate Assistant/Lecturer	52	38.6
	Assistant/Associate Professor	54	40.0
	Full Professor	1	0.70

## Factors affecting legitimacy

As noted earlier, one objective of the study was to establish the overall rating of factors that determine the organizational legitimacy of PHEIs in general ( $\sum w_i/n$ ) and regulators' rating of Ethiopian PHEIs ( $\sum r_i/n$ ) in particular. The weight ( $w$ ) in  $\sum w_i/n$  represents the contribution of a specific variable toward attaining a given level of legitimacy.  $\sum w_i/n$  refers to the mean value of respondents' individual weight ratings divided by the number of respondents who participated in the study. As regards respondents' rating ( $r$ ), it indicates the specific variable/s that contribute/s to the actual performance (i.e., OL) of Ethiopian HEIs as appraised by regulators.  $\sum r_i/n$  thus refers to the mean value of respondents' actual ratings of the OL of PHEIs divided by the number of respondents in the study. The weighted score ( $\sum w_i/n$ ) which is used to rank the variables is computed by multiplying the weight and actual ratings of the variables and dividing them by the number of respondents. Since the dimensions have different contributions to the actual performance, a Relative Importance Index method has been used for the purpose of ranking. The weighted score indicates the ranks of each of the variables identified and reflects only the perception of respondents for this particular study. It is to be remembered that respondents were provided with the five operational definitions given earlier above about each category prior to the actual rating exercise. The findings are reported in the tables that follow.

The results in Table 2 indicate that personal factors received the highest rating in terms of determining the organizational legitimacy of PHEIs, followed by procedural, outcome, linkage, and structural factors. This is perhaps an indication that both personal qualities of institutional leaders and regard for procedural matters—that mostly allude to the various sets of requirements stipulated by the government—are issues that regulators care most about in determining the organizational legitimacy of PHEIs. The rating in column two of Table 2 shows that personal and linkage factors (followed by outcome, structural, and procedural factors) have a significant role to play in the acquisition of organizational legitimacy. A further analysis was made to examine regulators' legitimacy ratings of each of the five major categories identified.

## Procedural factors

As demonstrated in Table 3, the lowest rating within procedural factors was given to implementing acceptable grading and evaluation mechanisms (statement 6) and compliance with the accreditation guidelines of the national regulatory agency (statement 3).

**Table 2** Variables influencing the organizational legitimacy of Ethiopian PHEIs

Legitimacy dimensions	Weight given to each variable $\sum /$	Rating of each variable $\sum /$	Weighted score $\sum /$
Procedural	3.89	3.67	14.48
Consequential (outcome)	3.82	3.88	14.93
Structural	3.62	3.77	13.72
Personal	3.92	3.99	15.75
Linkage	3.79	3.99	14.91



**Table 3** PHEIs' legitimacy in terms of procedural factors

Statement	N	Mode	Median	Mean	St. D
Institutional systems and structures	118	3	3	2.7966	1.07464
Rules and procedures in administering staff & students	118	3	3	2.7881	1.06900
Respect toward the accreditation requirements of the national regulatory agency	118	2	2	2.4746	.91251
Respect toward admission requirements set by the government	119	2	2	2.5126	.96433
Commitment toward meeting standards in curriculum and teaching materials	120	2	3	2.6000	1.00753
Commitment toward assessment standards and acceptable grading and evaluation mechanisms	120	2	2	2.2667	.94142
Respect toward requirements set for graduation of their students	120	3	3	2.5917	.99996

The lowest rating given to assessment standards and grading and evaluation mechanisms appears to be in line with general observations made about the lenient grading schemes PHEIs are accused of using. The same is true about accreditation requirements, which are often flouted by a significant number of PHEIs (Tamrat & Teferra, 2019). The interview session provided information about regulators' understanding of the importance of accreditation in providing initial recognition. However, their emphasis was more on actions taken following accreditation or the need to follow public norms predicated on the accountability of the scheme. Interviewees emphasized that the distinguishing factor for institutions should not be earning initial accreditation but compliance to rules set within the national framework after securing accreditation. One interviewee observes,

It is very difficult to talk about legitimacy in an environment where rules and regulations set at a national level are not complied consistently. Legitimacy goes beyond achieving accreditation and requires subscribing to nationally set rules and regulations on a continuous basis. Compromising basic value systems and stated regulations could determine the fate of an institution (Regulator 01).

For interviewees, a substantial number of PHEIs accredited in the private sector are not often responsive to the major legitimacy factors identified in the study, i.e., procedural, structural, personal, consequential, and linkage. Another interviewee notes,

The most important aspect of organizational legitimacy is compliance to the law. However, there are only very few institutions within the private sector that comply with government rules and regulations and have a high level of acceptance from society and public authorities (Regulator 05).

### **Consequential (outcome) factors**

The finding regarding the significance of outcome related factors is particularly salient for PHE because many institutions often seek to emphasize the market-focused aspects of their programs. Success in the labor market is often regarded as a strong measure of legitimacy for PHEIs since they are better known for responding to this dimension, at least in terms of the types of marketable programs or curricular alternatives that they offer compared to their public counterparts that often do not cater to such needs (Suspitsin, 2007).

The findings indicate that while PHEIs appear to have been recognized, to some extent, for their contribution toward addressing societal needs, they are rated least on their ability to produce employable graduates. Interviewees recognize the importance of attending to such needs. One of the interviewees observes,

Knowledge of an institution's performance and credibility plays a role in creating confidence and employability opportunities. The output of institutions can be measured in terms of their graduates' employability which may have an impact in creating the needed confidence and credibility (Regulator 01).

While maintaining their relative choice for graduates from the public sector, interviewed regulators ascribed the deficiency of the PHE sector in student recruitment, assessment, and preparation for the job market, which they thought accounted for poor institutional output (Table 4).

**Table 4** PHEIs' legitimacy in terms of consequential (outcome) factors

Statements	N	Mode	Median	Mean	StD
Contribution in addressing the higher education needs of the society	120	3	3	3.0500	1.05201
Capacity to produce employable graduates that have the needed knowledge, attributes, and skills	119	2	2	2.3109	.91825
Acceptability of graduates on the job market	120	3	2.5	2.4833	.97000
Contribution to local economy and development through investment on higher education	120	3	3	2.8083	.90094
Capacity to respond to government development agenda	120	3	3	2.6917	.86768
Contribution and support to surrounding community	120	2	2	2.4917	.90745

## Structural factors

Structural factors, as noted earlier, relate to the motives of the PHE sector and its capability in terms of infrastructural facilities, financial capacity, human resources, program diversity, research, and concern for quality, which are critical in the delivery of educational services.

While most of the statements in Table 5 received an average rating, the lowest rating went to the issue of quality (statement 4), which remains a recurrent theme across the extant literature (Levy, 2006, 2015). In general, the great majority of private institutions are widely viewed as relying too much on tuition and fees; narrowly concentrating on market oriented and inexpensive fields of studies; not selective in their admission of students; reliant on part time staff; and devoid of the needed infrastructure and facilities which account for their quality decline (Altbach & Levy, 2005; Levy, 2002, 2013; Bernasconi, 2013; Giesecke, 2006).

The poor ratings given to research (statement 8) also align with the global observation about the lack of research culture in most PHEIs (Bernasconi, 2013; Bjarnason et al., 2009; Levy, 2003; Altbach & Levy, 2005; Tamrat & Teferra, 2019). However, despite its absence, interviewees emphasized the importance of such an engagement in terms of earning legitimacy:

**Table 5** PHEIs' legitimacy in terms of structural factors

Statements	N	Mode	Median	Mean	StD
Value systems (e.g., profit motives)	120	3	3	3.4333	1.20735
Student profile	120	2	2	2.4083	.86477
Program diversity and level (e.g., BA, Masters, PhD)	120	3	3	2.5833	.90362
Quality of education	120	2	2	2.1500	.89490
Infrastructure and facilities	120	3	3	2.6000	.88308
Financial capacity	120	3	3	2.9667	.92521
Quality of instructors	120	3	3	2.6667	.93784
Commitment toward research, technology and innovation	120	2	2	2.0500	.93350

PHEIs need to be visionary about what they do and anticipate what tomorrow requires of them. They should aspire to become internationally competitive and involve [themselves] in tasks such as research and international cooperation. They should diversify their programs [rather] than simply duplicate what exists already. Success would surely follow such efforts (Regulator 02).

Interviewees used the public sector as a benchmark for observations on most of the structural factors identified. This tends to be quite common in many contexts where the dominant public sector is regarded as a barometer of the legitimacy of private institutions (Altbach & Levy, 2005; Boyadjieva & Slantcheva, 2007; Nicolescu, 2007). Among the major factors considered as points of comparison between public and private institutions were motives, organizational structure, resources (financial, material, and human), and compliance with government regulations. Respondents particularly registered considerable differences between the two sectors in terms of motives that they think mostly accounted for the low level of legitimacy of the private sector. Interviewees noted that while providing HE as a public good is a central motive of public providers, generating profit is described as the most distinguishing mark of private providers—with tremendous implication for their legitimacy. This behavior is often manifested in the form of poorly organized systems, lack of transparency, excessive commercialization, high staff turnover, blatant abuse of power, and divulging income to other businesses (Tamrat, 2020). Interviewees felt that when predominantly driven by a profit motive, the private sector may be a subject of unscrupulous undertakings that would cost its reputation. The challenge for the PHE sector is thus how to reconcile its market orientation with meeting broad public expectations or searching for a proper balance between these two ostensibly conflicting interests.

Interviewees further rated Ethiopian PHEIs as small sized and under resourced compared to their public counterparts. Without completely refuting their still relative preference, regulators noted the excessive expansion of the public sector over the past two decades and its implications for quality. In spite of the ascribed differences in facilities and organizational set up, the regulators did not rate the quality of training in the public sector as significantly different from the private sector. They noted that this has created a condition whereby society has begun gauging the two sectors somewhat comparably, excepting a few thriving public institutions. Arguably, this concurs with Deephouse's (1996) argument that although the organizational attributes of age, size, and performance are potentially important determinants of legitimacy, this may not always be the case depending on the efforts exerted by new institutions toward a particular task such as the effort to earn legitimacy.

Some misgivings on noncompliance of public institutions were also expressed by interviewees, though not widely shared by all. Interviewees felt that public institutions are no longer fully compliant with government regulations and reckon that the steady decline in rigor and quality is impacting their image. These reflections suggest that the level of legitimacy attained by Ethiopian PHEIs may not have come solely from their steady improvement over the past 20 years but could be partly attributed to the ineptitude of public institutions that are often taken as legitimacy benchmarks. This presumed, and yet curious, sectoral relationship in establishing legitimacy is a rarely studied phenomenon within the field of OL and calls for further investigation.

## Personal factors

In the context of a given institution, the major role of leaders is to legitimize the organization in the social system of which it is an element (Dowling & Pfeffer, 1975). The findings shown in Table 6 corroborate the fact that the PHE sector in Ethiopia has been characterized by the shortage of qualified and charismatic leaders (Tamrat, 2012).

The qualitative results obtained in this study support the same observation. According to interviewees, PHEIs' lack of compliance with the law is influenced not only by their profit motive but also by the persona of their owners and leaders. The nature of personalities of leaders/owners in influencing institutional character is a common phenomenon across the wider literature. It is observed that managerial initiatives can make a substantial difference in the extent to which organizational activities are perceived as desirable, proper, and appropriate within any given cultural context and the intensity and mix of legitimation practices are likely to vary with management's attempt to extend, maintain, or defend the organization's legitimacy (Ashforth & Gibbs, 1990; Suchman, 1995).

The nature of leaders in PHEIs could be a double-edged sword. Achieving OL may be comparatively easier with dedicated leaders who have altruistic motives, good academic background, and commitment since they can go beyond chasing profits and use their freedom, risk taking, and innovative behavior to lead the institution in the needed direction. However, when there are leaders who, with limited qualification and experience, assume positions that do not necessarily commensurate with their capacities, they may end up meddling into almost every institutional matter, with little regard to the contribution of other organs and members of the institution, threatening organizational legitimacy (Tamrat, 2020). In their reflection on this specific factor, interviewees made a distinction between two types of leaders/owners in the sector: those with genuine interest to contribute to society and others that regard the sector primarily as a source of income. It is usually the latter who are mainly attributed to tarnishing the image of the PHE sector in general. One of the interviewees argues,

What private higher education institutions stand for starts from who their owners or leaders are. There are owners and leaders who are less informed about the education sector and merely motivated by the profit the sector generates. There are others who are well-educated and are passionate about what they do. Those who consider private higher education as a business have limited loyalty to the sector and hence may worry less about its legitimacy (Regulator 07).

Interviewees acknowledged that leaders and owners of PHEIs at the initial development phase of the sector were more knowledgeable, conscientious, and law-abiding citizens and

**Table 6** PHEIs' legitimacy in terms of personal factors

Statements	N	Mode	Median	Mean	StD
Academic qualification and professional credentials of leaders	120	3	3	2.6083	.85303
Leaders knowledge in providing the needed institutional direction	120	3	3	2.6000	8.1375
Credibility	119	3	3	2.6387	.84102
Charisma/influential nature	119	3	3	2.6471	.89810

able to build a respectable level of legitimacy in a short period of time. They, however, feel that this has drastically changed to a point where the overwhelming majority of PHEIs these days no longer exhibit a similar level of commitment.

### Linkage factors

Linkage factors are related to the relationship between the PHE sector and relevant actors such as the government, the accreditation agency, employers, and society (Table 7).

In terms of linkage, the highest rating is given to HERQA which works closely with the sector due to the legal responsibilities bestowed on it. However, the lowest ratings given to relations with the surrounding community (statement 1) and industry (statement 2) is a source of worry given the critical role of these stakeholders in earning improved legitimacy. Concurrently, interviewees emphasized the need for a robust link with relevant stakeholders in the interest of advancing the OL of private providers but feel that this has been lacking in the context of Ethiopian PHEIs.

The involvement of external stakeholders in the enhancement of the legitimacy of PHEIs is non-existent. Their role in improving the quality of education has been limited which is evident in the absence of improvements within the sector. This is a missing link. More needs to be done (Regulator 04).

### Overall rating of the legitimacy of PHEIs

The second objective of the study required regulators to provide an overall rating of the OL of Ethiopian PHEIs. The mean result obtained indicates a value of 2.7, while the median and mode stand at 3, respectively. This is indicative of an average legitimacy threshold level despite the fact that the sector has been in operation over the past two decades.

### Determinants of organizational legitimacy of PHEIs

The third and final objective of the study was to identify which of the five categories accounted most in terms of determining the legitimacy of Ethiopian PHEIs. This required computing an ordered-logit model test whose results are indicated in Table 8.

The standard interpretation of the ordered-logit coefficient indicates that only outcome related factors have a significant impact in terms of determining the legitimacy of Ethiopian PHEIs. The figures in the ordered logit computation indicate that for a one unit increase in the predictor (i.e., outcome related factors), the response variable level (i.e., legitimacy level of PHEIs) is expected to change by its respective regression

**Table 7** PHEIs' legitimacy in terms of linkage factors

Statements	N	Mode	Median	Mean	StD
Relation with surrounding community	119	2	2	2.4286	.79800
Relation with industry and employers	119	2	2	2.2689	.85070
Relation with the regulatory agency (HERQA)	120	3	3	2.9250	1.02213
Relation with government	120	3	3	2.7417	.93031

**Table 8** Descriptive statistics of dependent and independent variables

Variables	N	Minimum	Maximum	Mean	Std deviation
Legitimacy (dependent variable)	132	1.00	5.00	2.6894	.75293
Procedural–Mean	122	1.33	4.57	2.6339	.64110
Outcome–Mean	122	1.17	4.50	2.7248	.71348
Structural– Mean	121	1.00	4.50	2.7675	.68502
Personal–Mean	119	1.00	4.50	2.7178	.78673
Linkage–Mean	120	1.00	4.50	2.6570	.79808
Valid N (listwise)	117				

coefficient in the ordered log-odds scale while the other variables in the model are held constant. More specifically, a one-unit increase in outcome (consequential) related factors, which are found to be statistically significant at  $p < 0.05$ , is expected to improve the level of legitimacy of PHEIs by about one level (0.99). As noted earlier, consequential (outcome) factors relate to PHEIs' capacity to address the higher education needs of the society, local community, and above all the ability to produce employable graduates that have the needed knowledge, attributes, and skills to meet the demands of the job market.

There is an increasing recognition in the extant literature about the critical nature of organizational outputs and outcomes as they can determine the contribution and “publicness” of PHEIs (Lee, 2017). It is assumed that private higher education institutions can contribute to both public and private good and build reputation by strengthening the human and social capital of a given society (Jamshidi et al., 2012). However, the findings in this study suggest that as long as PHEIs fail to contribute to the economic development of the community and serve the society through various community engagement activities, their level of legitimacy will continue to be questioned. Arguably, this suggests the need for Ethiopian PHEIs to work more toward improving consequential factors if they wish to improve their current legitimacy level (Table 9).

**Table 9** Determinants of legitimacy levels of private higher education institutions: ordered-logit regression estimation

Legitimacy_ regulators	Coef.	Std. Err.	z	P> z	[95% Conf. interval]	
Mean_Procedural	-0.21	0.44	-0.47	0.64	-1.07	0.65
Mean_Outcome	1.00	0.41	2.46**	0.014	0.20	1.79
Mean_Structural	-0.73	0.51	-1.43	0.15	-1.72	0.27
Mean_Personal	0.14	0.40	0.37	0.71	-0.63	0.92
Mean_Linkage	-0.24	0.34	-0.70	0.48	-0.91	0.43
/Cut1	-2.23	0.83			-3.86	-0.60
/Cut2	-0.17	0.80			-1.74	1.40
/Cut3	2.94	0.88			1.21	4.67
/Cut4	4.78	1.27			2.29	7.26

\*\*Significant at  $p < 0.05$

## Conclusion

The aim of this study was to identify, determine, and measure the factors that account for and the level of organizational legitimacy of Ethiopian PHEIs as perceived by regulators involved in accreditation and quality audit tasks. The findings revealed that both the overall level of organizational legitimacy of Ethiopian PHEIs and the various categories of legitimacy identified as procedural, consequential/outcome, structural, personal, and linkage factors were similarly rated as average, standing at a mean score of 3. This denotes only a threshold level of acceptance of the Ethiopian PHE sector after two decades of its existence. It signifies the need for sustained efforts for a more substantial legitimacy to earn the sector heightened credibility and support from the external environment.

The study also identified a variety of factors that can affect the rating of PHEIs and the temporal nature of organizational legitimacy, implying possible variations with time. In addition to establishing the importance of legitimacy both in the creation of viable and reputable institutions and recognition from their stakeholders, the study shows that building organizational legitimacy is a lengthy and onerous task that requires acknowledging a combination of many factors and actors with a multitude of needs and interests. The research has demonstrated the significant role that the government, PHEIs, and stakeholders such as regulators play when OL is sought as a goal to ensure organizational success (Meyer & Rowan, 1977; Zucker, 1987). Foremost among such players is the government, which needs to set up the right mechanisms for supporting and regulating the quality endeavor of PHEIs. This requires vitalizing the existing quality assurance system to curb the impact of illicit providers and advance the legitimate ones. When it comes to “legitimacy granting authorities,” the findings imply that legitimacy is not the sole purview of HERQA/ETA. Hence the need for PHEIs to seek legitimacy not only from regulators whose role is significant but also from other stakeholders such as employers and the public at large who can have a significant role in granting legitimacy.

At the level of institutions, the findings can inform institutional leaders and their communities to identify the most critical areas of their organizational image and the need to make appropriate interventions to enhance it. As a proactive enterprise, legitimacy building requires institutions to protect their accomplishments in the past and perceive future changes since generating and sustaining trusting relationships with the external environment are at the heart of overcoming a low level of legitimacy (Aldrich & Fiol, 1994; Suchman, 1995). PHEIs should continue to take responsibility for creating a viable sector that is viewed with confidence and certainty rather than suspicion and mistrust (Tamrat, 2019). As aptly noted by Giesecke, (2006, p. 3), establishment of an aura of legitimacy through demonstrations of both effectiveness and viability can and should lead to greater public recognition that the outcomes and institutional products of the private sector are essential and necessary components of higher education offerings in a given country’s marketplace of universities and postsecondary educational entities. Perhaps the primary areas of focus for Ethiopian PHEIs, in this regard, can be in the areas where their legitimacy has been found to be deficient (Giesecke, 2006).

The study also carries several implications at the level of theory, policy, and practice. Among others, beyond establishing the soundness of several theoretical assumptions ascribed to organizational legitimacy, the study has particularly challenged the validity of the direct link between OL and business success and survival. Among others, the extant literature on organizational theory assumes that obtaining endorsement and support could be difficult for organizations that intend to defy widely accepted standards for performance



and behavior with implications of withdrawal and rejection from their constituencies, endangering their very survival in the process (Elsbach & Sutton, 1992; Woodward et al., 1996; Deephouse & Carter, 2005; Vergne, 2011). However, contrary to this assumption, this study indicated that if survival and success of private institutions is to be measured by their proliferation, then this happens to be the case in Ethiopia despite the low level of legitimacy achieved by the sector and the transgressions of the norms and regulations set by the government as recounted by study participants. It is not inconceivable that the supply–demand market dynamics or illicit practices may have contributed to this anomaly, but the finding calls for tangible explanations on how institutional survival can be mediated not only through sound performance but also through a variety of *la contraire* acts that could impinge on organizational legitimacy. The theory of organizational legitimacy appears to be rather thin or mute on this subject, suggesting the need for further exploration in the area.

In conclusion, we maintain that this study contributes to create the requisite understanding on the organizational legitimacy of Ethiopian PHEIs with considerable significance for Africa and the rest of the world. However, more empirical study is needed to push further the frontiers of knowledge in this rarely investigated higher education theme due to its critical role in the advancement of the reputation and image of institutions in general and the PHE sector in particular.

## Declarations

**Conflict of interest** The authors declare that there exists no competing financial interest or personal relationships that could have appeared to influence the work reported in this paper.

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