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TESIS DOCTORAL / DOCTORAL DISSERTATION

DESENREDANDO LEGITIMIDAD: TRES ENSAYOS SOBRE LA PERCEPTIÓN DE LEGITIMIDAD

DISENTANGLING LEGITIMACY: THREE ESSAYS ON LEGITIMACY PERCEPTIONS

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Resumen

Esta tesis busca contribuir al entendimiento general de la legitimidad, así como a las literaturas sobre legitimidad organizacional y emprendimiento. Para ello, adopta un enfoque de percepción basado en la legitimidad desde la perspectiva de evaluadores de la misma en dos niveles de análisis de juicios: individual o micro y colectivo o macro. Los objetivos que se pretenden alcanzar son varios a lo largo de los tres capítulos que conforman la presente tesis doctoral. En primer lugar, el capitulo uno pretende clarificar conceptualmente el alcance de los juicios de legitimidad a nivel colectivo o macro. Los capítulos dos y tres analizan empíricamente los procesos de formación de juicios de legitimidad a nivel individual o micro. Mas concretamente, el primer capitulo redefine el continuo entre legitimidad e ilegitimidad y clarifica la falta de legitimidad a nivel macro proponiendo una tipología de cinco estados de legitimidad a lo largo de dicho continuo además de especificar las estrategias de legitimación asociadas. El segundo capitulo explora los procesos de formación de juicios de legitimidad de evaluadores individuales investigando como el peso relativo de una serie de señales de validez afecta a los juicios de legitimidad y como dicha relación es moderada por los valores esenciales de los evaluadores en el contexto de una nueva empresa. El tercer capitulo examina los procesos de formación de juicios de legitimidad de evaluadores individuales investigando como señales de validez en forma de estereotipos de genero y nacionalidad afecta a los juicios de legitimidad sobre emprendedores fallidos y como esa relación es moderada por las creencias de los evaluadores en un mundo justo.

Abstract

This dissertation seeks to add to the understanding of legitimacy and contributes to the organizational legitimacy and entrepreneurship literatures. To do so, this doctoral thesis adopts a legitimacy-as-perception approach from the perspective of evaluators within a multilevel framework of individual or micro level, and collective or macro level judgments. This work first seeks to clarify conceptually the range of legitimacy judgments at collective or macro-level in its first chapter before empirically examining the legitimacy judgment formation processes at individual or micro-level in the next two chapters. More specifically, the first chapter refines the continuum between legitimacy and illegitimacy and clarifies lack of legitimacy at macro level by proposing a typology of five legitimacy states along that continuum as well as indicates associated legitimation strategies. The second chapter explores the process of legitimacy judgment formation of evaluators by investigating how the relative weight of a series of validity cues affects legitimacy judgments and how that relationship is moderated by evaluators' basic values in the context of a new venture. The third chapter further examines the process of legitimacy judgment formation of evaluators by investigating how validity cues in the form of stereotypes about gender and nationality affect legitimacy judgments about failed entrepreneurs and how that relationship is moderated by evaluators' beliefs in a just world.

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Dedicated to my daughter, Maéva

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DESENREDANDO LA LEGITIMIDAD: TRES ENSAYOS SOBRE LA PERCEPCIÓN DE LA LEGITIMIDAD

Introducción general

Esta tesis es parte de un programa de investigación sobre legitimidad y emprendimiento. La legitimidad es un concepto complejo construido en base a tres perspectivas, cada una con actores concretos implicados en diferentes roles (Suddaby, Bitektine y Haack, 2017). En primer lugar, una perspectiva de "propiedad como legitimidad" donde una entidad, un actor o su representado – el objeto de legimitidad (OL) – "posee" legitimidad, la cual está siendo evaluada por otros. Segundo, la perspectiva del "proceso como legitimidad", donde "un agente de cambio, es decir, un actor que busca implementar un cambio social sobre como el objeto de legitimidad es evaluado por audiencias relevantes" (Suddaby et al., 2017: 452). Tercero, la perspectiva de "percepción como legitimidad", donde el evaluador da los juicios de legitimidad sobre el objeto de legitimidad (OL). Este trabajo adopta el enfoque de la percepción como legitimidad desde la perspectiva de evaluadores dentro de un marco multinivel de juicios individuales y colectivos.

La legitimidad ha sido definida como "la percepción generalizada o reconocimiento de que las acciones de una entidad son deseables, propias o apropiadas dentro de un sistema socialmente establecido de normas, valores, creencias y definiciones" (Suchman, 1995: 574). Un trabajo reciente llevado a cabo para clarificar el concepto de legitimidad ha establecido que "la legitimidad es esencialmente un proceso social complicado que implica tres componentes conceptuales: validez, creencias validadas y creencias poseídas" (Haack y

Sieweke, 2018: 491). Validez se refiere a la legitimidad a nivel macro, es decir, legitimidad a nivel colectivo (como se recoge en la definición de Suchman). Una creencia validada puede ser descrita “como el juicio de un individuo de que un objeto de legitimidad es percibido como apropiado por otros en una colectividad de individuos, con independencia de si el individuo en cuestión ve el objeto como legítimo” (Haack y Sieweke, 2018: 491). El término creencias poseídas se refiere a los juicios de legitimidad que poseen los individuos sobre un objeto de legitimidad. Las creencias validadas y creencias poseídas describen la legitimidad a nivel individual o micro.

Este trabajo busca clarificar, en primer lugar, el alcance de los juicios de legitimidad a nivel colectivo o macro en el capítulo uno para posteriormente, en los capítulos dos y tres, analizar los procesos de formación de juicios de legitimidad a nivel individual o micro como se describe a continuación:

Capítulo 1: Ni Dr. Jekyll ni Mr. Hyde: Hacia una tipología de los estados de legitimidad.

El primer capítulo es un estudio conceptual y busca ampliar la teoría de legitimidad proporcionando un marco conceptual para el análisis del continuo legitimidad-ilegitimidad a través de una tipología de cinco estados de legitimidad a nivel colectivo (nivel macro): legitimidad, legitimidad condicional, legitimidad desconocida, ilegitimidad condicional e ilegitimidad. Teorizar por qué y como estos estados son cualitativamente diferentes, contribuye a una mejor comprensión de cómo éstos pueden ser abordados. Segundo, el capítulo ilustra cómo estrategias discursivas específicas abordan aspectos concretos de cada estado para cambiar la percepción de los evaluadores sobre la legitimidad del

objeto de manera que la legitimidad es mayor. Tercero, la tipología de estados de legitimidad y las estrategias asociadas crea un "puente natural" entre la literatura que clarifica cómo se forma un juicio de legitimidad y la literatura que explora cómo se cambian los juicios.

Los siguientes dos capítulos son estudios empíricos y usan experimentos para investigar los procesos de formación de juicios de legitimidad individual a nivel individual o micro.

Capítulo 2: Legítimo o ilegítimo- Cómo juzgan? Percepciones de la formación de juicios de legitimidad, señales de validez y valores.

El segundo capítulo trata de entender los procesos de formación de legitimidad a nivel micro investigando la interacción entre señales de validez y propiedad. Este estudio contribuye empíricamente a investigar cómo y en qué medida, diferentes señales de validez afectan a los procesos de formación de legitimidad de evaluadores individuales en el contexto de una nueva tecnología de *fracking*. Concretamente, se consideran señales derivadas de la opinión pública, marco normativo, impacto económico y "longevidad" de la organización que desarrolla y usa la nueva tecnología (por ejemplo, si la nueva tecnología es desarrollada y usada por una empresa establecida o por una nueva empresa).

Asimismo, se establece que los valores individuales esenciales juegan un papel importante en la formación de juicios de legitimidad y, por tanto, busca una mayor comprensión de los procesos de formación de juicios de legitimidad a nivel micro a través de la simultánea consideración de los valores y las señales de validez, más que considerar esas variables de forma independiente. El modelo "legitimidad-señales de validez-valor" que se propone y testea en este capítulo a

través de una serie de experimentos a partir de 5,928 evaluaciones hechas por 247 evaluadores, muestra como señales de validez influyen en las evaluaciones de legitimidad y cómo esa relación es moderada por los valores de los evaluadores individuales (valores medioambientales y de independencia). Los resultados arrojan luz sobre el hecho de que la varianza en las evaluaciones de legitimidad depende de ambos, las señales de validez de las instituciones que reconocen la legitimidad sobre los valores básicos de los individuos, y la interacción entre ambos. Concretamente, se observa que el apoyo público, el impacto económico, las regulaciones y la longevidad son usadas simultáneamente y tienen importantes efectos sobre los juicios de legitimidad y además esas regulaciones refuerzan los efectos de las otras señales. Esto subraya la necesidad de reconocer que los juicios de legitimidad se forman al interpretar un conjunto de señales de validez tomadas en conjunto, y que considerarlas de forma individual puede llevar a conclusiones inexactas sobre el peso y la relevancia de señales específicas. Se observa también que las diferencias en los valores básicos de los evaluadores moderan el efecto de las señales de validez sobre los juicios de legitimidad. Concretamente, mayores valores pro-medioambientales sugieren unas percepciones menos favorables de alto impacto económico; mayores valores pro-medioambiente sugiere percepciones más favorables cuando el apoyo público es alto. Curiosamente, cuanto mayores son los valores pro-medioambientales y mayor es el nivel de independencia, una empresa establecida es percibida más legítima que una nueva empresa.

Capítulo 3: Todos los emprendedores son iguales…pero algunos son mujeres e inmigrantes: Percepciones de legitimidad de emprendedores fallidos.

El tercer capítulo busca analizar las percepciones de legitimidad en un entorno emprendedor. Tiene como objetivo arrojar luz sobre cómo las señales de validez en forma de estereotipos impactan en la percepción de legitimidad de emprendedores fallidos. Más concretamente, este trabajo investiga cómo los estereotipos de género y nacionalidad afectan a la evaluación de legitimidad de emprendedores fallidos basado en una serie de experimentos conjuntos de 2,368 evaluaciones llevadas a cabo por 74 evaluadores. Asimismo, este estudio analiza cómo las creencias de los evaluadores en un mundo justo moderan la relación entre estereotipos y juicios de legitimidad para contribuir a una mejor comprensión de cómo un sistema de desigualdad y los estereotipos perjudiciales perduran. Los resultados muestran que los evaluadores atribuyen una menor legitimidad a emprendedores fallidos que sea mujeres e inmigrantes en comparación con sus homólogos hombres y nativos. El efecto de la inmigración sobre la pérdida de legitimidad es, más fuerte que el efecto de género. Además, se observa que un mayor nivel educativo, el cual debería incrementar el estatus y la legitimidad de grupos minoritarios, no nivela los prejuicios asociados al género y al origen. Hombres con un mayor nivel educativo siguen siendo percibidos como más legítimos que las mujeres con también mayor nivel educativo y los nativos emprendedores fallidos con mayor nivel educativo son percibidos como más legítimos que sus homólogos inmigrantes. Además, el estudio establece que los evaluadores que tienen mayores CMJ atribuyen una

menor legitimidad a grupos minoritarios que aquellos que tienen unas menores CMJ.

DISENTANGLING LEGITIMACY: THREE ESSAYS ON LEGITIMACY PERCEPTIONS

General introduction

This dissertation is part of a research program about legitimacy and entrepreneurship. Legitimacy is a complex concept construed through three perspectives, each with specific actors involved in different roles (Suddaby, Bitektine, & Haack, 2017). First, a “legitimacy as-property” perspective, where an entity or an actor or its representative - the object of legitimacy (OL) - “owns” or “possesses” legitimacy, which is being evaluated by others. Second, the “legitimacy-as-process” perspective, where “a change agent, that is, an actor seeks to implement social change about how the object of legitimacy is evaluated by relevant audiences” (Suddaby et al., 2017: 452). Third, the “legitimacy-as-perception” perspective, where an evaluator, renders legitimacy judgments about the object of legitimacy (OL). This work takes the legitimacy as perception approach from the perspective of evaluators within a multilevel framework of individual and collective level judgments.

Legitimacy has been defined as the “generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions” (Suchman,

1995: 574). Recent work to clarify the concept of legitimacy has established that legitimacy is essentially “an intricate social process comprising three perceptual components: validity, validity beliefs and propriety beliefs” (Haack & Sieweke, 2018: 491). Validity refers to macro-level legitimacy, that is, legitimacy at the collective level (as described in the definition by Suchman). A validity belief can be described as “an individual’s judgment that an object of legitimacy is perceived as appropriate by others in a collectivity of individuals, independently of whether the focal individual regards that object as legitimate” (Haack & Sieweke, 2018: 491). The term propriety belief refers to the individual’s own legitimacy judgment about an object of legitimacy. Validity beliefs and propriety beliefs describe legitimacy at the individual or micro-level.

This work seeks to clarify the range of legitimacy judgments at collective or macro- level in its first chapter before examining the legitimacy judgment formation processes at individual or micro-level in the next two chapters as described below:

Chapter 1: Neither Dr. Jekyll nor Mr. Hyde: Toward a typology of legitimacy states

This first chapter is conceptual. First, it seeks to extend legitimacy theory by providing a conceptual framework for the analysis of the legitimacy-illegitimacy continuum through a typology of five legitimacy states at collective level (macro-level): legitimacy, conditional legitimacy, unknown legitimacy, conditional illegitimacy, and illegitimacy. By theorizing why and how these states are qualitatively distinct, with unique implications for the legitimation strategies of objects of legitimacy, it contributes to a better understanding of how to address

these states. Second, the chapter illustrates how specific discursive strategies address particular aspects of each state to change the evaluators' perception of the OL so that legitimacy is enhanced. Third, the typology of legitimacy states and associated strategies creates a "natural bridge" between the literature that clarifies how a legitimacy judgment is formed and the literature that explores how judgments are changed.

The next two chapters are empirical and use conjoint experiments to investigate individual legitimacy judgment formation processes at micro-level.

Chapter 2: Legitimate or illegitimate – how do they judge? Insights into legitimacy judgment formation, validity cues and values

The second chapter endeavors to understand better the legitimacy formation processes at micro-level by investigating the interplay between validity cues and propriety. It contributes to investigate empirically how, and to what extent, different validity cues affect the legitimacy formation process of individual evaluators in the context of a new technology of fracking. Specifically, we consider cues derived from public opinion, regulatory framework, economic impact, and 'longevity' of the organization that develops and uses the new technology (i.e., whether the new technology is developed and used by an established or a new venture).

We also theorize that basic individual values play a significant role in the legitimacy judgment formation and thus seek a deeper understanding of the micro-level process of legitimacy judgment formation through the concomitant consideration of values and validity cues, rather than considering these variables

independently. The *"legitimacy-validity cue-value"* model that we propose and test through a series of conjoint experiments on 5,928 assessments made by 247 observers, shows how validity cues influence legitimacy assessments and how that relationship is moderated by individual evaluators' values (environmental and independence values). We find that variance in legitimacy evaluations depends both on the validity cues from legitimacy awarding institutions, on evaluators' basic values, and the interaction between the two. Specifically, we observe that four validity cues - public support, economic impact, regulations, and longevity - are used simultaneously and have significant effects on the legitimacy judgment but also that regulations bolster the effects of the other cues. Lastly, we find that differences in evaluators' basic values moderate the effect of the validity cues on legitimacy judgments. Particularly, higher pro-environmental values of evaluators suggest less favorable perceptions of high economic impact; higher pro-environmental values suggest more favorable perceptions when public support is high. Intriguingly, the higher the pro-environmental values as well as the higher the level of independence, an established venture is perceived as more legitimate than a new venture.

Chapter 3: All entrepreneurs are equal … but some are women, and some are immigrants: Legitimacy perceptions of entrepreneurial failures

The third chapter specifically seeks to examine legitimacy perceptions in an entrepreneurial environment. It aims to shed light on how validity cues in the form of stereotypes impact the legitimacy perception of failed entrepreneurs. More specifically, this work investigates how gender and nationality stereotypes affect the legitimacy evaluation of failed entrepreneurs

based on a series of conjoint experiments on 2,368 assessments nested in 74 evaluators. Additionally, this study examines how evaluators' beliefs in a just world moderate the relationship between stereotypes and legitimacy judgments, to contribute to a better understanding of how system inequality and prejudicial stereotypes endure. The study establishes that prejudices linked to stereotypes participate in female and immigrant failed entrepreneurs being judged less legitimate than male and native failed entrepreneurs. Moreover, while a higher education level increases the legitimacy perception of failed entrepreneurs, the effect is less for failed female entrepreneurs than for failed male entrepreneurs and less as well for failed immigrant entrepreneurs than for failed native entrepreneurs. Finally, the findings establish that evaluators who hold higher in beliefs in a just world attribute lower legitimacy to failed female entrepreneurs and to failed immigrant entrepreneurs than to failed male and failed native entrepreneurs compared to evaluators who hold lower in beliefs in a just world.

CHAPTER ONE

NEITHER DR. JEKYLL NOR MR. HYDE: TOWARD A TYPOLOGY OF LEGITIMACY STATES

ABSTRACT

Recent literature has made important strides in advancing the understanding of two aspects of legitimacy: judgment formation and change, and, legitimation strategies. While these studies clarify how legitimacy judgments are formed or changed, the specifics of the different outcomes that result from the judgment formation process in the “grey” area between legitimacy and illegitimacy remain underemphasized. Responding to calls for further research, we extend legitimacy theory, first by providing a conceptual framework for the analysis of the legitimacy-illegitimacy continuum through a typology of five legitimacy states at collective level: legitimacy, conditional legitimacy, unknown legitimacy, conditional illegitimacy, and illegitimacy. By theorizing why and how these states are qualitatively distinct, with unique implications for OLs’ legitimation strategies, we contribute to a better understanding of how these states can be addressed. Second, we illustrate how specific discursive strategies address particular aspects of each state to change the evaluators’ perception of the OL so that legitimacy is enhanced. Third, our typology of legitimacy states and associated strategies creates a "natural bridge" between the literature that clarifies how a legitimacy judgment is formed and the literature that explores how judgments are changed.

Keywords: Legitimacy, Legitimation Strategies, Illegitimacy, Typology

NEITHER DR. JEKYLL NOR MR. HYDE: TOWARD A TYPOLOGY OF LEGITIMACY STATES

Stephen Sackur, BBC HARDtalk host on fracking:
"The uncertainty for you is that most people in Britain, certainly in the communities where you want to frack, do not want you there, and that's a big problem for you."

Francis Egan, Chief Executive, Cuadrilla Resources:
"Well, it would be if it were true, but it's not the case. I mean I spend a lot of time as you might imagine in Lancashire ... and certainly I don't deny that there are people opposed to it but I talk to a lot of people who are for it, I talk to a lot of business people who are for it, I talk to a lot of unemployed people in Blackpool who are for it, and if you look at the actual data ... if you look at the polling, what you'll find is that there is a small group of vociferously opposed people ... about 20%, there is an equally sized group of people vociferously in favor, the vast majority of people in the UK have yet to make up their minds..."

In the above interview excerpt about fracking in Lancashire, United Kingdom (BBC HARDtalk, January 25, 2016)[1], Francis Egan claims that some evaluators view fracking as desirable, and others view it as equally undesirable, but that many remain undecided. So, is fracking legitimate, illegitimate, or non-legitimate? More generally, does lack of legitimacy equate to illegitimacy?

Legitimacy is a key concept in management scholarship. The level of legitimacy reflects the extent to which evaluators consider an actor, or object of legitimacy (OL), acceptable, desirable, or appropriate within some socially constructed system of norms, values, beliefs, and definitions (Ashforth & Gibbs, 1990; Dowling & Pfeffer, 1975; Suchman, 1995). It is well established that actors with higher legitimacy survive longer and have fewer constraints in acquiring resources than those with lower legitimacy (Aldrich & Fiol, 1994; Suchman, 1995). To obtain, maintain, and repair legitimacy efficiently, an OL must thoroughly understand the perceptions that evaluators hold about the state of its

legitimacy in a particular context and at a specific point in time (Hampel & Tracey, 2016).

Yet, the very idea of legitimacy is controversial; some scholars continue to stress its importance and refine the concept (Hoefer & Green Jr, 2016; Suddaby et al., 2017), while other scholars argue that the concept is too general to be relevant for cases other than in which an OL is fully legitimate (Devers, Dewett, Mishina, & Belsito, 2009; Hudson, 2008). Recent literature has made important strides in advancing the understanding of two aspects of legitimacy: judgment formation and change (e.g.: Bitektine, 2011; Bitektine & Haack, 2015; Tost, 2011), and, legitimation strategies (Golant & Sillince, 2007; Hoefer & Green Jr, 2016; Vaara, Tienari, & Laurila, 2006). While these studies clarify how legitimacy judgments are formed or changed, the specifics of the different outcomes that result from the judgment formation process in the "grey" area between legitimacy and illegitimacy remain underemphasized. Although a number of researchers acknowledge that legitimacy is not a dichotomous concept (Kostova & Zaheer, 1999; Rutherford & Buller, 2007; Tost, 2011), revealing what lies between legitimacy and illegitimacy, and on what constitutes lack of legitimacy remains to be done (Elsbach, 1994; Haack, Pfarrer, & Scherer, 2014; Hudson, 2008). And we need to understand the possible outcomes along that continuum in order to define the most appropriate legitimation strategies.

We argue, then, that it is necessary to explore what lies between legitimacy and illegitimacy and to distinguish lack of legitimacy from illegitimacy. A lack of approval does not equate to outright disapproval. Rather, it could also mean partial approval, partial disapproval, or evaluators' inability to cast a

judgment, as in the fracking example above. These various outcomes have specific characteristics – for instance, negative perceptions tend to be stickier than positive perceptions (Baumeister, Bratslavsky, Finkenauer, & Vohs, 2001) – each with distinct implications that go well beyond a mere difference in degrees of legitimacy on a continuum.

Since having a sufficient level of legitimacy is critical for the OL's survival, a better insight into the possible outcomes along the continuum is imperative to define strategies for gaining, maintaining and repairing legitimacy. Doing so accurately ensures congruence between the message communicated to evaluators and the state of legitimacy in which evaluators perceive the OL to be in (Ashforth & Gibbs, 1990; Dowling & Pfeffer, 1975; Vaara & Monin, 2010). Failing to take the state of legitimacy of the OL into account increases the risk of adopting misguided strategies (Oliver, 1991; Suchman, 1995). Like physicians, who need to know the exact state of a patient's wellbeing before they can make a correct diagnosis and prescribe the most suitable treatment, OLs need to accurately detect their state of legitimacy before devising an appropriate strategy. In this paper, we seek to fill the void in literature by examining the following research questions: first, what are the different states of legitimacy in which evaluators perceive an OL to be in on the legitimacy-illegitimacy continuum? Second, which discursive legitimation strategies can an OL employ to address particular states of legitimacy? To answer these questions, we first introduce a typology of five legitimacy states: legitimacy, conditional legitimacy, unknown legitimacy, conditional illegitimacy, and illegitimacy. A *state of legitimacy* refers to the legitimacy judgments on this continuum that have similar characteristics

indicative of evaluators' perception of the OL. Second, to illustrate how these states can be managed, we examine suitable discursive legitimation strategies for each state that should resonate with the expectations of evaluators.

With our typology, we respond to calls for further research on refining the legitimacy-illegitimacy continuum and exploring lack of legitimacy (Haack et al., 2014; Hudson, 2008). First, this paper provides a conceptual framework for the analysis of this continuum through a typology of five distinct legitimacy states at collective level. By theorizing why and how these states are qualitatively distinct, with unique implications for OLs' legitimation strategies, we contribute to a better understanding of how these states can be addressed. Second, we illustrate how specific discursive strategies address particular aspects of each state to change the evaluators' perception of the OL so that legitimacy is enhanced. Third, our typology of legitimacy states and associated strategies creates a "natural bridge" between the literature that clarifies how a legitimacy judgment is formed and the literature that explores how judgments are changed. We draw from and link these streams of legitimacy research by focusing on the outcomes rather than on the processes of the legitimacy assessments, and by relating them to the appropriate discursive strategies that OLs can adopt.

In the next section, "Legitimacy - how and by whom" we elaborate on legitimacy, legitimation strategies, evaluators, and legitimacy types. We then introduce and discuss the five different states of legitimacy and their associated strategies. We finish with a series of conclusions, discuss their implications, and suggest avenues for further research.

LEGITIMACY – HOW AND BY WHOM?

Legitimacy

Drawing from the work of Weber (1978) and Parsons (1960), a long tradition in management research has examined the concept of legitimacy, its properties, and the processes of its social construction (e.g.: Aldrich & Fiol, 1994; Dacin, Oliver, & Roy, 2007; Deephouse & Suchman, 2008; Johnson, Dowd, Ridgeway, Cook, & Massey, 2006; Suchman, 1995). Legitimacy is the generalized perception that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs (NVB), and definitions (Ashforth & Gibbs, 1990; Dowling & Pfeffer, 1975; Suchman, 1995).

Much has been written about the consequences that legitimacy judgments have for those about whom they are made. In some studies the object of legitimacy (OL) is an individual, for example, a CEO (Elhagrasey, Harrison, & Buchholz, 1998; Walsh, 2008) ; in others it is a specific activity such as salmon aquaculture (Young & Liston, 2010) or genetic modification of organisms (Hiatt & Sangchan, 2013), or a particular setting such as men's bathhouses (Hudson & Okhuysen, 2009). Many authors study organizations (Ashforth & Gibbs, 1990; Ruef & Scott, 1998), such as De Beers in Namibia (Claasen, 2012), while others discuss the legitimacy of whole industries, such as the global arms industry (Durand & Vergne, 2015; Vergne, 2012), the oil industry (Du & Vieira, 2012), or the online gambling industry (Miller & Michelson, 2013). Because the legitimacy that is attributed to the OL changes over time, an OL or its representative (when the OL represents a product, activity or process) needs to understand the

prevailing perception of its legitimacy to best align its discourse to the expectations of the environment. In the remainder of the paper we refer to the OL or its representative/agent simply as OL.

To be legitimate, OLs “seek to establish congruence between the social values associated with or implied by their activities and the norms of acceptable behavior in the larger social system of which they are a part” (Dowling & Pfeffer, 1975: 122). Thus, legitimacy is a reflection of the congruence of the OL with the NVB prevalent in a collective. Conversely, when there is a disparity, an OL will be perceived as lacking legitimacy or even illegitimate (Haack et al., 2014). Such disparities occur when the actions, behaviors, or characteristics of an OL are not perceived to be in line with the NVB, whether because NVB evolve, or because evaluators interpret multiple NVB differently, or that the OL has changed (e.g., Deephouse, Bundy, Tost, & Suchman, 2017; Dowling & Pfeffer, 1975; Meyer & Rowan, 1977; Parsons, 1960; Weber, 1978).

Increasingly, researchers have come to recognize legitimacy as a continuum rather than as a dichotomy (Elsbach, 1994; Haack et al., 2014; Suddaby et al., 2017). Scholars refer to the continuum either explicitly (Haack et al., 2014; Hudson, 2008; Hudson & Okhuysen, 2009; Kostova & Zaheer, 1999; Tost, 2011) or implicitly by referring to “varying levels” of legitimacy (Gardberg & Fombrun, 2006), “greater degrees of legitimacy” (Dacin, Goodstein, & Scott, 2002), “thresholds of legitimacy” (Rutherford & Buller, 2007) or legitimacy as something that can be “enhanced” (Elsbach, 1994), “gained” (Suchman, 1995) or “facilitated” (Castelló, Etter, & Nielsen, 2016). This implies that in principle "legitimacy" and "illegitimacy" refer only to the two extremes. Any judgment

located elsewhere on the continuum would express something that is neither legitimacy nor illegitimacy, but rather contains elements of the two.

Legitimacy judgment formation has been studied from the evaluator's perspective through the investigation of the content that underlies the judgments and the process by which these develop and change (Bitektine, 2011; Tost, 2011). Bitektine and Haack (2015) also adopt the evaluators' perspective to develop a multilevel theory of legitimacy process and explore the dynamics of institutional change (e.g.: Bitektine & Haack, 2015; Dornbusch & Scott, 1975; Finch, Deephouse, & Varella, 2015; Tost, 2011).

Thus, while extant literature elucidates the process of legitimacy judgment formation and points out the continuous nature of legitimacy, it leaves the question of clarifying the nature of the different outcomes on the legitimacy-illegitimacy continuum open. Moreover, it does not provide OLs with the appropriate tools that help address their position within this continuum. Given the pivotal role that legitimacy plays in the survival of OLs, it needs to be addressed effectively. The following section introduces the notion of legitimation strategies as tools for managing the legitimacy of an OL.

Legitimation Strategies

An important body of literature discusses legitimation strategies to gain, maintain and repair legitimacy (e.g., Ashforth & Gibbs, 1990; Oliver, 1991; Suchman, 1995; Suddaby & Greenwood, 2005; Vaara & Tienari, 2008). To do so, according to Dowling and Pfeffer (1975), OLs can do three things. First, they can adapt their actions, behaviors, and characteristics to conform to the prevailing NVB. Second, they can attempt, through communication, to alter

evaluators' interpretations of the NVB so that they align with the OLs' present actions, behaviors, and characteristics. Third, also through communication, OLs may seek to be associated with symbols, values, or institutions that are perceived to be legitimate.

Oliver (1991), in turn, classified various categories of strategic responses to institutional pressures that OLs may take, highlighting that the theoretical motivation underlying the different responses are conformity and resistance to the environment. Her typology of strategic responses to institutional pressures comprises five types of strategic responses that vary in active agency by the OL from passivity to increasing active resistance: acquiescence, compromise, avoidance, defiance, and manipulation. Suchman (1995) subsequently relates specific legitimation strategies with different types of legitimacy (pragmatic, moral, and cognitive) arguing that each type of legitimacy rests on different logics. He contends that legitimation rests heavily on discourses between OLs and evaluators and examines how legitimacy can be gained, maintained, and repaired.

Recent studies have highlighted the discursive aspects of legitimation and how they affect evaluators' perceptions (e.g., Joutsenvirta & Vaara, 2015; Lok & Willmott, 2006; Phillips, Lawrence, & Hardy, 2006; Vaara & Monin, 2010; Vaara & Tienari, 2008). In particular, scholars discuss how discourses play a major role in the legitimation of institutional change and specify types of discursive and rhetorical strategy that OLs can use in the legitimation of organizational and institutional change (Bitektine & Haack, 2015; Harmon, Green, & Goodnight, 2015; Hoefer & Green Jr, 2016; Suddaby & Greenwood, 2005)

Evaluators of Legitimacy

From an extensive review of the legitimacy literature, Suddaby et al. (2017) advance that legitimacy has been construed through three main perspectives. First, legitimacy is a property or asset possessed by an actor, or object of legitimacy (OL). Second, legitimacy is an interactive process of social construction involving multiple stakeholders. Third, legitimacy as perception puts in center stage individual evaluators' assessments about an OL within a multilevel framework of individual and collective level judgments.

Recent work to clarify the concept of legitimacy has established that legitimacy is essentially a cross-level construct combining individual-level propriety and collective level validity (Bitektine & Haack, 2015). Legitimacy is conferred by evaluators who observe the OL, and passively or actively judge its legitimacy against a benchmark set of norms, values, and beliefs (Aldrich & Fiol, 1994; Ruef & Scott, 1998; Zelditch, 2006). Individual evaluators form a favorable judgment (propriety) when they judge the OL as proper or appropriate (Dornbusch & Scott, 1975), and an unfavorable judgment (impropriety) when the OL is considered improper and inappropriate (Zelditch, 2001). Collective-level legitimacy, or validity, refers to the general consensus "at some higher level, such as the group, organization, organizational field, or society" (Bitektine & Haack, 2015: 51) about the extent to which an entity is appropriate for its social context (Berger & Zelditch Jr, 1998; Dornbusch & Scott, 1975; Tost, 2011; Weber, 1947). However, validity does not *per se* give an indication of the direction of the judgment (whether it is favorable or unfavorable). Weber's (1947: 125), notes that the judgment "thieving is *illegitimate*" has validity and so does the judgment that

sending the thief to jail is legitimate (Dornbush & Scott, 1975: 38). Validity, therefore, may convey approval (legitimacy) or disapproval (illegitimacy). In cases where there is collective dissensus about the appropriateness of an OL (Zelditch & Floyd, 1998), or when a "collective" judgment has not been reached yet, as with the creation of new institutions (Deephouse et al., 2017), validity is either weak (Bitektine & Haack, 2015) or absent altogether.

At the collective level, a plethora of research has highlighted a number of legitimacy-conferring institutions, such as trade and professional associations, investors, social movement groups, the government and judiciary, the media, and public opinion (Deephouse et al., 2017). Some of these institutions have the power and authority to impose their legitimacy judgments within the social order and make compliance compulsory. Of these, some have authority or legitimate power (Dornbusch & Scott, 1975) to enforce judgments (e.g., legislators in nation States, CEOs in organizations); others have the power to coerce subjects into compliance despite lacking the legitimate authority to do so (e.g., the Mafia in Italy). Lastly, some legitimacy-conferring "institutions" (e.g., celebrities, high profile entrepreneurs, thought leaders, or outspoken social, political and business mavericks) exert power through their ability to rally endorsement from individual evaluators and even from other legitimacy-conferring institutions. Even though these lack the power to enforce their legitimacy judgments, they can influence both other evaluators and OLs (Dornbusch & Scott, 1975; Walker & Zelditch Jr, 1993).

Legitimacy Types

Evaluators use different cues to cast legitimacy judgments. According to Tost's (2011) specification of the content of legitimacy judgments, evaluators' efforts to cast a judgment differ depending on the legitimacy types. Their assessments are either passive and routine-based, taking the OL's legitimacy taken for granted (cognitive legitimacy), or active, involving a purposeful scrutiny. In the latter case, evaluators can either be guided by compliance to a given set of rules and regulations (regulatory legitimacy), by self-interest (pragmatic/instrumental legitimacy), or by values and beliefs (moral/normative legitimacy) (Suchman, 1995; Tost, 2011).

We agree with Deephouse and colleagues (2017) that even if legitimacy types can be examined separately in an abstract way, they are more likely to form an intricate system best described as a bundle. The applicability of each legitimacy type in a judgment is contingent on the characteristics of the evaluator (e.g., passive or active evaluation) and of the environment (e.g., stable or unstable). For example, judging the legitimacy of gun ownership, on the foundation of the Second Amendment of the U.S. Constitution, gun control would be evaluated using regulatory legitimacy, whereas for other evaluators might take these rights for granted and appeal to cognitive legitimacy. For others still, the right to bear arms has to be balanced against some form of control based on normative legitimacy. Some evaluators may take a more pragmatic approach to the issue of gun ownership by arguing that the best defense against armed threats is arming those who are threatened. An evaluator will often consider one or several of these types of legitimacy (consciously or not) in reaching a final

judgment, as these considerations are not necessarily mutually exclusive (Bitektine, 2011; Deephouse et al., 2017). Consequently, the legitimation strategies that OLs take should consider the underlying nature of these different types of legitimacy (Suchman, 1995).

In sum, extant literature has focused less on the outcomes of legitimacy assessments and more on the process by which evaluators make judgments at individual and collective levels, or how various tactics, in particular rhetoric, and discourses are used to influence change in legitimacy outcomes. In doing so, it has considered legitimacy as a continuum but without specifying the different outcomes. In other words, research has not examined the different outcomes that result from the judgment formation process in the “grey” area between legitimacy and illegitimacy, or which specific legitimation discourses would be more appropriate for each state of legitimacy on this continuum. Addressing this void is important considering that each outcome is likely to have different characteristics and hence different motives for specific strategies.

In the sections that follow we introduce a typology of legitimacy states and explain how associated legitimation strategies address each specific state.

THE STATES OF LEGITIMACY: A TYPOLOGY

The typology of legitimacy states identifies five distinct states of legitimacy representing a unique combination of attributes that characterizes the different outcomes on the legitimacy continuum at collective level. To improve construct clarity, we develop the notion of *states of legitimacy*. A *state of legitimacy* refers

to the legitimacy judgments on this continuum that have similar characteristics indicative of evaluators' perception of the OL.

States of legitimacy arise because of the nature of legitimacy itself. In their seminal paper, Dowling and Pfeffer (1975) regard legitimacy as a dynamic constraint on OLs, which fluctuates as OLs' actions, behaviors, and characteristics evolve, and as the social values, that delineate legitimacy change. They assert that legitimacy can be assessed by examining the NVB prevalent in a society. We derive our states from three main considerations: that NVB evolve, that legitimacy types may conflict, and that there may be opposition by dissenting evaluators.

Evolving NVB. Changes in the states of legitimacy are driven by either changes in prevailing NVB (e.g., when new or alternative NVB gain traction) - in particular, when evaluators differ in their intensities of adherence to the same norms or when they differ in the norms to which they subscribe (Rossi & Berk, 1985) - or changes in the actions, behaviors, or characteristics of the OL, so that its congruence with prevailing or alternative NVB needs to be (re)assessed (Dowling & Pfeffer, 1975; Greenwood, Suddaby, & Hinings, 2002).

Conflicting legitimacy types. There are four main legitimacy types (regulatory, normative, pragmatic, and cognitive) which can be viewed as a bundle of legitimacy (Deephouse et al., 2017). However, even if the different types of legitimacy coexist and strengthen each other at times, they can also clash because they appeal to different underlying logics, for example when regulatory and normative legitimacy are at odds (Webb, Tihanyi, Ireland, & Sirmon, 2009). Suchman (1995) contends that these conflicts are likely to occur when legitimacy-

conferring institutions either are not well aligned with one another, or are undergoing transitions.

Opposition by dissenting evaluators. It is likely that at least a minimal level of opposition exists in most institutional environments, but acknowledging the claims of pockets of opposition is neither always possible (Ashforth & Gibbs, 1990; Suchman, 1995) nor necessarily desirable for institutional stability. Pockets of opposition have the following characteristics: (1) they are composed of a variety of "deviant voices" in the collective that are out of line with the legitimacy outcome about the OL (Bitektine & Haack, 2015; Dornbusch & Scott, 1975), (2) they are not in a position to challenge the prevailing perception such that it upsets the valid established judgment (Mouw & Sobel, 2001), and (3) these "deviant voices" lack the influence or coordinated structure to consolidate into a recognized valid opposition (Zald, 2004). Such pockets of opposition represent a form of passive resistance, as they do not have the endorsement of other evaluators or legitimacy-conferring institutions. However, when such institutions validate their claims, opposition shifts from passive to active resistance capable of challenging the OL's state of legitimacy (e.g.: conditional states), as we will discuss in the next section.

In the following section, we clarify the legitimacy-illegitimacy continuum by characterizing each of the five states of legitimacy.

The State of Legitimacy

Legitimacy is the state in which evaluators judge an OL to have social desirability, properness, and appropriateness within a socially constructed system of norms, values, and beliefs (Suchman, 1995). Under this scenario,

society and the OL are aligned, and uncertainty levels for the OL are low (Burchell & Cook, 2013). Being considered legitimate, however, implies neither that the OL is without flaws, nor that *all* evaluators are in line with the dominant perception. Rather, it suggests that the OL complies "sufficiently" with the prevalent NVB — that there is a general consensus that it is desirable, proper, and appropriate even in the presence of evaluators which oppose the prevailing legitimacy outcome (Dornbusch & Scott, 1975). Contingencies that are not considered in the prevalent NVB keep dissidents from endorsing the OL (Dowling & Pfeffer, 1975). That is, these evaluators represent pockets of opposition rooted in alternative NVB or in different interpretations of the same set of NVB used to assess of the OL (Rossi & Berk, 1985). Full legitimacy can thus exist even in the presence of pockets of opposition. Said differently, the claims expressed in the pockets of opposition lack validity, that is, they do not express a sufficiently significant argument illustrative of a clash of NVB to be validated by legitimacy-conferring institutions. Take for example a traditional village bakery, an OL typically perceived as legitimate, which receives objections from its immediate neighbors. While they may claim that the bakery is illegitimate because it generates noise or odors, their opposition may not gain sufficient validity to challenge its legitimacy at the collective level.

The State of Illegitimacy

When an OL is considered illegitimate, evaluators express unfavorable judgments about the desirability, properness, and appropriateness of its actions or omissions (Durand & Vergne, 2015; Evans & Forsyth, 1997; Galvin, Ventresca,

& Hudson, 2004; Hudson, 2008; Vergne, 2012). That is, illegitimacy is the true opposite of legitimacy.

Illegitimacy implies a consensus that the OL is incongruent with NVB. Being considered illegitimate, however, implies neither that the OL is entirely without merits, nor that all evaluators agree with the dominant perception (McVeigh, Welch, & Bjarnason, 2003). Rather it suggests that the OL complies "insufficiently" with the prevalent NVB. Hence, like legitimacy, illegitimacy can exist despite pockets of opposition, yet, as in the case of legitimacy, their claims lack validity. Unless an OL addresses this negative evaluation, it may face considerable threats to survival. For example, regulators (public policy makers and governments) may intervene to align the legal environment with social disapproval by making a business activity illegal, imposing a "death penalty" on that activity (of course, many illegal activities persist over time[2]) (Baker & Zhang, 2006; Dahan, Doh, & Raelin, 2015). Consider the case of foie gras, a product obtained by force-feeding ducks and geese to fatten their livers. Following intensive debates about animal welfare, governmental authorities have moved to ban the production of foie gras in Israel, California, the United States, and several countries of the European Union (Baker & Zhang, 2006; DeSoucey, 2010; Gille, 2011; Grant, 2009).

At other times, despite maintaining the legality of the activity, the regulator may try to increase perceptions of its illegitimacy (e.g.: Ashforth & Gibbs, 1990: 180 about tobacco in the U.S). The same process occurred in the case of tobacco in many European countries, such as the United Kingdom or France, where governments and regulators have actively worked to increase perceptions of

illegitimacy by proscribing tobacco indoors and in public places, as well as regulating its packaging to include explicit statements of the dangers involved, and even pictures of the consequences of tobacco consumption (Mackey, Liang, & Novotny, 2013). Prostitution is another example of an activity that is generally perceived as illegitimate, whether it is legal to sell sexual services[3], such as in Germany, France, the Netherlands, India, and Japan, or illegal to do so, as in China, the United States (except Nevada), or the Republic of Ireland (Cho, Dreher, & Neumayer, 2013; Farmer & Horowitz, 2013).

Commonalities and differences. The states of legitimacy and illegitimacy have in common that these are the states in our typology where cognitive legitimacy has the greatest bearing on evaluators' judgments. Thus, they are associated with the characteristic of taken for grantedness where no questions would be raised about the OL implying a passive support on the part of evaluators (Meyer, Rowan, & Scott, 1983; Suchman, 1995; Tost, 2011).

Both states are indicative of general clarity and consensus about (1) which NVB are applicable and how they are used to interpret the actions, behaviors, or characteristics of the OL and (2) what these actions, behaviors and characteristics actually are. Of course, while legitimate OLs seek to preserve taken for grantedness to maintain positive evaluations, illegitimate ones will seek to challenge it to trigger active evaluations in an attempt to reduce negative evaluations to reach a more favorable outcome.

The States of Conditional Legitimacy and Conditional Illegitimacy

Conditional legitimacy is a concept that is used in other academic fields, including medicine (Dingwall & Hobson-West, 1994), law (Leander, 2002), and

social psychology (Schönbach, 1980). We characterize it as the state in which evaluators, in principle, cast a positive legitimacy judgment on the OL but do so in the explicit presence of one or more constraining factors (Mouw & Sobel, 2001). As long as the OL demonstrates that it is complying with the stated condition(s) it will maintain its legitimacy; otherwise, its legitimacy will be questioned up to the point that it may even be considered illegitimate.

Conditional legitimacy is most likely present where conflicts between legitimacy types occur (Suchman, 1995) – specifically, in instances where an OL obtains regulatory legitimacy (it acts within a given set of explicit rules such as the law), but will be perceived as having normative or pragmatic legitimacy only as long as it demonstrates that it complies with one or several expectations (the conditions). For these expectations to become recognized conditions, they must have gained validity through the endorsement of legitimacy-conferring institutions, or, in their absence, through that of a substantial number of individual evaluators aggregated in some form of collective (Bitektine & Haack, 2015). It is the validity of the conditions that distinguishes them from just any concern or objection expressed by evaluators in pockets of opposition.

Take for example the uproar in the Netherlands between 2012 and 2016 about the legitimacy of meat from *Plofkippen* or “exploding chickens”, fast-growing breeds whose accelerated growth causes animal health and welfare issues (Morris, 2009). While retailing meat from broiler chickens has regulatory legitimacy[4], its normative legitimacy is challenged by animal welfare NGOs. Following successful campaigns, the values and beliefs of these NGOs regarding the rearing of this type of broiler chicken gained validity in Dutch society. While

retailing of chicken meat (the OL in this example) in principle remains a legitimate activity, the condition imposed on retailers was that it should not be meat from this specific type of broiler chicken or risk losing legitimacy. Hence, retailing chicken meat was hit with a restricting condition. Many retailers acknowledged this new valid condition and complied voluntarily by removing this particular type of meat from their shelves even if they were not required to do so by law.

Conditions arise either when alternative NVB gain traction and validity, or when the actions, behaviors, and characteristics of the OL cannot be fully assessed using the prevailing NVB, putting in question the appropriateness of the otherwise legitimate or illegitimate judgment. Freedom of speech, for example, is a key value in many democratic countries. However, freedom of speech that advocates Neo-Nazi ideas is restricted to protect people against discrimination and incitation to hate, another key value (Weiss, 1994). Other examples of emerging conditions on legitimacy include limitations on the use wild animals in circus performances (Bell, 2015), on the use of trans-fats in Oreo cookies (Unnevehr & Jagmanaite, 2008), and on the use of the chemical Bisphenol A (BPA) in household products such as plastic bottles (Howdeshell, Hotchkiss, Thayer, Vandenbergh, & Vom Saal, 1999).

Conditional illegitimacy is the state in which an OL is, in principle, deemed illegitimate but gains a certain level of acceptance in the light of some mitigating factors (Mouw & Sobel, 2001). For these factors to be recognized as conditions that transcend the presumption of illegitimacy of the OL, they need to be specific and have validity from either regulatory, pragmatic, or normative perspectives. In instances where moral values are in question, legitimacy is “sociotropic”, and

rests on what the “right thing ought to be”, reflecting normative legitimacy (Suchman, 1995: 579). We distinguish three types of conditional illegitimacy:

1. *Authorized exceptions* are instances in which the regulator makes an explicit exception for an otherwise illegitimate OL. For example, internationally, whaling is mostly considered illegitimate. However, exceptions are made when it is carried out either for scientific purposes, as in the case of Japan (Gales, Kasuya, Clapham, & Brownell, 2005), or for historic cultural reasons, as in the case of certain Inuit communities in the Canadian Arctic and other communities in Iceland, Norway, and the Faroe Islands (Davies, 2011; Davies, 1994; Gambell, 1993). Another trade that can be considered conditionally illegitimate is the production, selling, and consumption of cannabis. While cannabis is still considered illegitimate and is even illegal in many parts of the world, the social debate about its acceptability is gaining momentum. Increasing scientific evidence about its potential health benefits motivates a growing number of evaluators to endorse the controlled use of cannabis for medical purposes (Hayry, 2004; Washburn, Washburn, Klein, & Klein, 2016). Both whaling and the cannabis trade continue to be considered illegitimate in most societies, yet under certain specific conditions, they have gained some degree of acceptance (Henderson, 2004; Reuter, 2010).
2. *Unauthorized exceptions* are instances in which the regulator has classified the OL as illegitimate but other legitimacy-conferring institutions tacitly deem the OL legitimate without explicitly challenging the regulators’ judgment. Unauthorized exceptions are particularly common in the informal

economy whereby a significant number of evaluators view certain activities as at least somewhat acceptable (Godfrey, 2011; Webb et al., 2009). In their paper about informal enterprises in the Dominican Republic, De Castro, Khavul, and Bruton (2014) find that legitimacy-conferring institutions such as banks, suppliers, and customers accept and disregard street vendors' informal status, judging them normatively and pragmatically legitimate even when they lack regulatory legitimacy.

3. *Exceptions driven by a higher social good* are instances in which an OL, while deemed illegitimate, acts in such a way that imposing the illegitimacy judgment would go against a higher purpose. This higher purpose is not explicitly catered for by the regulator but is endorsed by a majority of evaluators with the tacit support of some legitimacy-conferring institutions. In cases where the pursuit of a higher social good or a just cause justifies a deviation from the general perception of illegitimacy, the exception becomes a sufficient moral justification to curb the illegitimacy presumption [as in “just war” theory in international law (McMahan, 2005)]. For example, the hacker organization "Anonymous" lacks regulatory legitimacy and is repeatedly condemned by legitimacy-conferring institutions such as governments or the judiciary. But since it publicly declared a cyber war against the so-called Islamic State terrorist group, ISIS (Colarik & Ball, 2016), individual evaluators seem to have judged that Anonymous is engaging in “ethical” hacking (Rezazadehsaber, 2015) for the greater social good of fighting terrorism. This collective judgment is attested by social media platforms and to a certain extent by media (Brooking, 2015; Colton, Holmes, & Walwema,

2017).

Commonalities and differences. Conditional legitimacy and conditional illegitimacy have in common that (1) evaluators are not undecided but remain unwilling or unable to award an unreserved judgment about the (il)legitimacy of the OL, (2) this unwillingness is linked to explicit and verifiable conditions, and (3) the number of conditions is limited. The latter is important because a conditional legitimacy judgment with too many constraining conditions could ultimately turn into a conditional illegitimacy judgment with a limited number of mitigating factors, and *vice versa*. Because of the presence of these conditions, evaluators can no longer take OLs for granted (as they would in the cases of (il)legitimacy) and will have to engage in active evaluations when driven by the stated condition. Conditional legitimacy and conditional illegitimacy differ in that conditions on legitimacy represent constraints on particular OLs whereas conditions on illegitimacy represent latitudes for otherwise illegitimate OLs.

Lastly, the conditional states differ from the states of legitimacy and illegitimacy in that in the latter two, the prevailing NVB and the actions, behaviors, and characteristics of the OL are clear and pockets of opposition are passive. In contrast, the conditional states are generally indicative of conflicts between legitimacy types (e.g.: pragmatic vs. normative) based on alternative NVBs gaining traction, and more active opposition. When the condition is validated, there is consensus about the appropriateness of the constraint imposed or latitude triggered by the alternative NVB or actions, behaviors, or characteristics of the OL. Over time, the condition is taken for granted, acquires cognitive legitimacy as it is used, and is fully assimilated into the prevailing NVB.

The State of Unknown Legitimacy

Until an OL's legitimacy is assessed - whether cognitively in a passive process or actively through conscious evaluation - it remains *undetermined* (Bitektine, 2011; Haack et al., 2014) and therefore unknown (Bitektine & Haack, 2015; Jerit, 2008; Tost, 2011). But even when a scrutiny of any kind takes place, there are various reasons why evaluators may express an inability to cast a judgment, a situation that we term *undecided legitimacy*.

Undecided legitimacy exists either when there is consensus that information-related constraints make it impossible to judge legitimacy, or when there is no consensus because of opposing judgments (polarized legitimacy). Opposing judgments results when evaluators differ in their intensities of adherence to the same norms or when they subscribe to different norms (Rossi & Berk, 1985), or when OL's actions, behaviors, or characteristics change so that its congruence with prevailing or alternative NVB cannot be assessed.

In some cases, undecidedness can be observed when evaluators perceive a *lack of (credible) information* on which to base an adequate judgment. Take for example the case of fracking in France. In 2013, its Constitutional Court judged the legitimacy of the activity as unknown, given the uncertainty about the risk factors and lack of scientific data, and therefore as justifying the application of the principle of precaution (Conseil Constitutionnel, Decision no. 2013-346 QPC of 11 October 2013).

A perceived *excess of information* may be equally unsettling and prevent consensus from emerging, as it may complicate scrutiny through cognitive overload (Fox, Park, & Lang, 2007) which makes it harder to identify and assess

the arguments in favor or against the OL (Ariely & Norton, 2011). For example, evaluators “Google-ing” information about a particular OL are “flooded” with thousands of conflicting search results (Bawden & Robinson, 2009).

Some evaluators overcome information scarcity or excess by using cognitive shortcuts and heuristics to cast a judgment by analogy (i.e., by relating the OL to its closest familiar proxy) (Bitektine, 2011). For evaluators that are more affected by the OL (Mitchell, Agle, & Wood, 1997), and more generally in times institutional instability (Bitektine & Haack, 2015), this passive evaluation mode may no longer be sufficient, satisfying or relevant (Kahneman & Tversky, 1979). In those cases, evaluators are likely to enter a more active evaluation mode and dedicate more time and resources to gathering and processing information (Berger & Zelditch Jr, 1998; Bitektine & Haack, 2015; Tost, 2011; Tversky & Kahneman, 1975). While the assessment is ongoing, evaluators are likely to express undecidedness about the legitimacy of the OL. For example, legitimacy-conferring institutions are currently assessing the appropriateness of "body-hacking” (a technique that pushes the boundaries of implantable technology to improve the human body). This new practice brings up safety and ethical concerns as well as freedom of choice and life improvement justifications (Duarte, 2014) and no outcome has yet been reached.

Lastly, legitimacy can also remain unknown when no generalized consensus can be established about the legitimacy of an OL. The latter may be indicative of polarization in the collective, where two or more (groups of) evaluators with analogous authority reach opposing judgments — a variant that we term *polarized legitimacy.* Dissensus between legitimacy-conferring

institutions may occur when their judgments are based on different sets of NVB, or when their judgments are increasingly challenged by vocal and organized groups, such as NGOs (DiMaggio, Evans, & Bryson, 1996; Evans, Bryson, & DiMaggio, 2001; Mouw & Sobel, 2001). *Polarized legitimacy* is characterized, first, by an approximately equal and significant split between positive and negative legitimacy judgments; second, by significant heterogeneity between opposing groups of evaluators; and third, by a significant homogeneity within each group of evaluators (DiMaggio et al., 1996).

Polarized legitimacy is distinct from the other variants of unknown legitimacy in that evaluators have made up their minds about the legitimacy of an OL, but in the process, two sub-collectives (Bitektine & Haack, 2015) with opposing views have emerged, as on abortion in the United States (with arguments relating to freedom of choice or sanctity of life) (Mouw & Sobel, 2001; Sharma, Saha, Ernala, Ghoshal, & De Choudhury, 2017). As such, polarized legitimacy is not characterized by validity, but rather by weak validity as two (or more) deviating validities have emerged in different sub-collectives (Hoffman, 1999).

Commonalities and differences. Unknown legitimacy and conditional (il)legitimacy have in common that both states are generally based on active evaluations (one unsuccessful and one successful in yielding a clear legitimacy outcome). Unknown legitimacy differs from (il)legitimacy and conditional (il)legitimacy in that (1) no general consensus exists among evaluators about which NVB prevail for assessing the OL, (2) the prevailing NVB provide insufficient foundation to guide the assessment, (3) there is a lack of clarity about

the actions, behaviors, or characteristics of the OL, or (4) too many validated conditions have arisen, so that evaluators are unsure which has primacy.

Below we provide a table summarizing the characteristics of the states of legitimacy before discussing which legitimation strategies are best suited for each state.

Table 1: Overview of the characteristics of the states of legitimacy

	Legitimacy	Conditional legitimacy	Unknown Legitimacy	Conditional illegitimacy	Illegitimacy
Description of the state	The state in which evaluators express favorable judgments about the desirability, properness, and appropriateness of an OL within a socially constructed system of NVB	The state in which evaluators, in principle, deem an OL legitimate, but do so in the explicit presence of one or more constraining factors (conditions)	The state in which: The legitimacy of an OL remains unassessed and hence undetermined or There is consensus that information-related constraints make it impossible to judge legitimacy, or There is no consensus on legitimacy of the OL because of opposing judgments in the collective (polarized legitimacy)	The state in which evaluators, in principle, deem an OL illegitimate but the OL gains a certain level of acceptance in the light of some mitigating factors (conditions)	The state in which evaluators express unfavorable judgments about the desirability, properness, and appropriateness of an OL within a socially constructed system of NVB
Congruence between OL and norms, values and beliefs	The actions, behaviors, or characteristics of the OL are congruent with the prevailing NVB in the collective so that legitimacy is conferred	Congruence between OL and NVB can only occur when the OL also complies with validated conditions. Conditions arise when alternative NVB gain traction, or when the actions, behaviors, and characteristics of the OL cannot be fully assessed using the prevailing NVB, putting in question the appropriateness of the otherwise legitimate judgment	Congruence between OL and prevalent NVB has not emerged, because: There is an absence of evaluation due to a lack of engagement of evaluators There are information-related constraints due to which a clear assessment is problematic There are opposing NVB of which no prevalent NVB has emerged	Congruence between OL and NVB can only occur when the OL operates within the validated conditions. Conditions arise when alternative NVB gain traction, or when the actions, behaviors, and characteristics of the OL cannot be fully assessed using the prevailing NVB, or when the implications of the judgment lead to undesirable consequences	The actions, behaviors, and characteristics of the OL is incongruent with prevailing NVB in the collective so that illegitimacy is conferred
Opposition by dissenting evaluators	Pockets of opposition exist that are not in a position to bring forward any validated challenges to the legitimacy of the OL. Passive resistance	Opposition capable of bringing forward a validated counterpoint that challenges the OL's state of legitimacy. Opposition shifts from passive to a more active form of resistance	Either there is/are: No clear opposition given that evaluators have not cast a judgement, or No clear opposition given that evaluators are unable to assess the OL due to information-related constraints, or At least two opposing sub-collectives are present representing an approximately equal and significant split between positive and negative legitimacy judgments. Active resistance to the opposing sub-collective	Opposition capable of bringing forward a validated counterpoint that challenges the OL's state of illegitimacy. Opposition shifts from passive to a more active form of resistance	Pockets of opposition exist that are not in a position to bring forward any validated challenges to the illegitimacy of the OL. Passive resistance
Conflict of legitimacy types	No conflict. Harmony between legitimacy types. Cognitive legitimacy is high giving rise to taken for grantedness and a passive evaluation mode once legitimacy is established	Conflicts of legitimacy types between regulatory, normative, or pragmatic legitimacy. Therefore, the evaluation mode is active and cognitive legitimacy is low.	No conflict of legitimacy types for lack of engagement Possible conflicts of legitimacy types due to information-related constraints Little or no conflict of legitimacy types within sub-collectives, conflicts of legitimacy types between sub-collectives	Conflicts of legitimacy types between regulatory, normative, or pragmatic legitimacy. Therefore, the evaluation mode is active and cognitive legitimacy is low.	No conflict. Harmony between legitimacy types. Cognitive legitimacy is high giving rise to taken for grantedness and a passive evaluation mode once illegitimacy is established

LEGITIMATION STRATEGIES

An accurate understanding of where the OL is positioned on the legitimacy-illegitimacy continuum is imperative for formulating strategies that (re)aligns the OL with its social context. Said differently, the OL needs to determine its state of legitimacy and identify its distinctive characteristics. It can subsequently define a course of action. Oliver (1991) and Suchman (1995) suggest what the OL can do to maintain, gain and repair their legitimacy by, for example, using tactics of acquiescence, conformity, stockpiling goodwill and support, compromise, defiance, or manipulation. The latter argues that legitimation rests heavily on discourses between the OL and its evaluators, since “most challenges ultimately rest on failures of meaning” (Suchman, 1995: 597). Consequently, the OL needs to convey meaning to evaluators about its actions, behaviors, and characteristics, and exhibit its alignment with NVB. Meaning arises and is conveyed through a form of "language," which can be verbal or non-verbal, e.g., text, speech, symbol, image, sounds (Berger & Luckmann, 1991; Phillips, Lawrence, & Hardy, 2004). To devise an appropriate legitimation strategy, the OL will have to establish, verify, or change the meaning associated with its actions. Thus, legitimation depends on how OLs tactically employ discourses (Suchman, 1995; Van Leeuwen, 2007).

In the following sections, we detail specific discursive legitimation strategies for each state of legitimacy.

Strategies for the State of Legitimacy

If the OL is congruent with the prevailing NVB, it needs to concentrate on maintaining that state. In that case, legitimacy is often no longer being questioned, and is taken for granted (Suchman, 1995). Being taken for granted however does not mean that the OL no longer needs to address its legitimacy. While the OL may acquiesce passively (Oliver, 1991), as Perrow (1970) observes, OLs that take their legitimacy for granted do so at their own peril. The context in which an OL operates, even when stable, can be shaken by sudden jolts (such as technological changes, social upheaval, actions of competitors, or natural and human-caused accidents and disruptions) may affect evaluators' perception at any time, even if only temporarily. When a (re)assessment is prompted, the legitimacy perception of the OL should be strong enough to withstand such periods of upheaval. It is therefore important that the OL pro-actively maintains or even increases its buffer of legitimacy to meet potential challenges, for example from pockets of opposition.

However, not all strategies are equally appropriate because when legitimacy is even partly cognitive in nature, "any overt attention — including supportive attention — may have the detrimental side effect of problematizing comprehensibility and disrupting taken for grantedness" (Suchman, 1995: 596). Preserving legitimacy is best achieved by strategies that maintain identification with audiences and/or maintain taken for grantedness (see Table 2). These are specifically indicated because they strengthen the cognitive legitimacy of the OL while they do not risk triggering active evaluations related to pragmatic or normative dimensions since such (re)assessments may backfire (Ashforth &

Gibbs, 1990). Upholding the OL's perceived alignment with the prevailing NVB (Cornelissen, Haslam, & Balmer, 2007) enhances evaluators' shared meaning, goodwill, and feeling of relatedness to the OL, thereby preserving or even increasing the favorable judgment. For example, framing a discourse to maintain a reservoir of legitimacy becomes key in this case (Fisher, Kotha, & Lahiri, 2015). Taken for grantedness can be maintained by enhancing conformity; for example, Glynn and Abzug (2002) find that "isomorphic organizational names (e.g., "First National Bank") are more understandable, less ambiguous, more taken for granted, and thus more legitimate as identities" (Glynn & Marquis, 2007: 6). Appealing to a common historical past and tradition also increases taken for grantedness. For example, human consumption of cow's milk is generally perceived as legitimate even if pockets of opponents argue that it is neither beneficial for human welfare nor natural for noninfants. Milk producers and public policy makers have not only appealed to scientific evidence that cow's milk is no more harmful than other kinds of milk but also argued that humans have consumed cow milk historically without being harmed (Savaiano, Boushey, & McCabe, 2006; Wiley, 2004).

In sum, to maintain their legitimacy, OLs must remain vigilant about emerging factors that may change the evaluators' perceptions, and therefore must thoroughly understand the motivations that drive their judgments. By actively employing discursive strategies, the OL maintains its taken for grantedness and also seeks to weaken or suppress arguments originating from any pocket of opposition. Table 2 provides examples of discursive strategies pertinent to the state of legitimacy.

Table 2: Discursive Strategies Pertinent to the State of Legitimacy

Discursive legitimation strategies	Examples
Maintaining identification with audiences	*Framing*: Shaping the discourse regarding legitimacy evaluation factors of audiences and of the organization's life cycle to maintain a legitimacy buffer and adapt to varying legitimacy thresholds (Fisher et al., 2015)
Maintaining or increasing taken for grantedness	*Narrativization or mythopoesis*: using isomorphic vocabularies to provide prudent, rational, and legitimate accounts (Meyer & Rowan, 1977); storytelling to emphasize the persuasiveness and the taken for granted structure of the OL's discourse (Golant & Sillince, 2007; Vaara et al., 2006)
	Normalization: render something legitimate by exemplarity and establishing conformity and continuity (Vaara et al., 2006), e.g.: adopting standards and publicizing them; Westphal, Gulati, and Shortell (1997) find that conformity to TQM practices enhanced the likelihood that a hospital would earn endorsement from the JCAHO, a major legitimacy conferring institution in the US healthcare sector; Glynn and Abzug (2002) find that conformity in organizational names increased their understandability to a wide range of business and non-business audiences.
	Historical theorization: appeal to history and tradition by providing a sense of continuity between the past and future behaviors Suddaby and Greenwood (2005) study multidisciplinary practices and find that references to "tradition" and to names of prominent and successful historical figures who were also lawyers seek to legitimate a claim. It also tries to evoke an emotional response, relating the history of the profession to nationalistic sentiment through liberal references to "Americans."

Strategies for the State of Illegitimacy

When an OL is incongruent with prevailing NVBs, oftentimes its illegitimacy becomes taken for granted. So, for a change to occur in evaluators' judgments, the OL will have to trigger their cognitive efforts and appeal to non-cognitive legitimacy types to incite (re)assessment (Tost, 2011). OLs facing illegitimacy may focus either on (re)gaining or repairing legitimacy or *a minima* on preventing the disapproval from increasing (Aldrich & Fiol, 1994; Bitektine, 2011; Johnson et al., 2006; Suchman, 1995; Vergne, 2012). Defying the basis of illegitimacy directly (Oliver, 1991) may not be the optimal strategy because the arguments that underlie the judgment are usually well anchored. Since, negative perceptions tend to be stickier than positive perceptions (Baumeister et al., 2001), a move from illegitimacy towards legitimacy should be more difficult to accomplish than the other way round. Hence, OLs should frame their discourses in terms of gains or positive aspects rather than bringing more attention to their

existing negatives ones. They should use strategies that deviate attention away from their contentious actions, behaviors, and characteristics and rather emphasize their legitimate aspects (Elsbach, 1994; Ashforth & Gibbs, 1991). Using impression management, arguments about cannabis could emphasize its use to manage pain alleviation (Carter, Javaher, Nguyen, Garret, & Carlini, 2015).

When an OL considers that the illegitimacy judgment is unduly based on a particular set of NVB, it may emphasize the importance of another. The OL could propose alternative NVB as the basis for (re)assessment by explaining or manipulating its negative and positive attributes. For example, arguments for same-sex marriage could stay within a normalization discourse but appeal to justice, fairness, or equality instead of religion or morality (Hagai & Crosby, 2016). In both these examples, the arguments shift attention to positive aspects of the OL (Elsbach & Sutton, 1992; Suchman, 1995). When the OL needs to increase its perceptions of regulatory legitimacy, it can use justification and manipulation tactics (Oliver, 1991; Suchman, 1995) emphasizing its contentious attributes to highlight that it has been validated by an authoritative evaluator; this strategy avoid an increase in disapproval or even trigger a more positive (re)assessment (Vaara & Monin, 2010). That is, demonstrating authorization promotes “legitimacy” validity cues to other evaluators and influences (re)assessment of the OL (Hiatt & Sangchan, 2013; Lashley, 2015). Table 3 provides examples of discursive strategies pertinent to the state of illegitimacy.

Table 3: Discursive Strategies Pertinent to the State of Illegitimacy

Discursive legitimation strategies for illegitimacy	Examples
Deviating attention away from contentious behavior/ activities but emphasizing the legitimate aspects or goals	*Impression management*: use of verbal accounts to defend, excuse or justify the OLs behaviors or actions. These tactics can serve to alter the audience's perception of the OL's image by magnifying the positive aspects of the issue and attenuating the negative aspects (Bansal & Clelland, 2004; Elsbach, 1994; McDonnell & King, 2013) *Decoupling*: separation of legitimate structures and practices from OLs illegitimate actions (Ashforth & Gibbs, 1990; Elsbach & Sutton, 1992; Fiss & Zajac, 2006). Elsbach and Sutton (1992) investigate how radical social movement organizations shifted attention away from controversial actions toward socially desirable goals that were endorsed by broader constituents.
Emphasizing that the OL is mandated by an entity exercising authority thus challenging the perceived illegitimacy	*Authorization*: Bring to attention that the law, regulator or a legitimacy conferring body approve of the OL (Hiatt & Sangchan, 2013; Vaara & Monin, 2010; Vaara & Tienari, 2008; Vaara et al., 2006)
Explanation and manipulation of negative and positive attributes	*Argumentation*: Justification and questioning of claims of truth and normative rightness using topoi and fallacies (Kwon, Clarke, & Wodak, 2014; Reisigl & Wodak, 2015) *Normalization accounts*: formulate a normalizing account that separates the threatening revelation from larger assessments of the OL as a whole through denials, excuses, explanations, and justifications (Suchman, 1995).

Strategies for the State of Conditional Legitimacy

Conditions on legitimacy arise when alternative NVB gain traction or when new information about the OL becomes available. Once the conditions have been validated, the OL will be expected by the collective to adhere to them or risk losing legitimacy. In conditional legitimacy, OLs are likely to have regulatory legitimacy, but the condition(s) are rooted in normative or pragmatic arguments. The OL will maintain its legitimacy as long as it demonstrates that it fulfills the conditions. They are key to maintaining legitimacy; the OL can seek to (1) invalidate it (2) redefine the condition(s) to minimize their implications, or (3) embrace and even transcend the condition(s), and use them to strengthen its legitimacy.

The first strategy, involves, for example, a discourse emphasizing authorization. By underscoring that the regulator approves "unconditionally" of the OL (Elsbach, 1994; Hiatt & Sangchan, 2013; Vaara & Monin, 2010; Vaara & Tienari, 2008; Vaara et al., 2006) and stressing that it operates in accordance with the letter and the spirit of the law, the OL can argue that it is a "good citizen"

(Zimmerman & Zeitz, 2002). The OL will need to keep defying the condition until it weakens the validity of the condition and restores its own legitimacy (Oliver, 1991). If it fails to achieve this and persists in challenging the condition without fulfilling it, the OL risks losing its legitimacy.

An OL can reframe the conditions on its legitimacy by using compromise and avoidance tactics. This can be done by mitigating the aggravating factor to redefine the condition in a way that makes it more manageable (compromise tactic) or perceived as more consistent with the existing actions, behaviors, and characteristics of the OL (avoidance tactic) (Oliver, 1991; Suchman, 1995; Ashforth and Gibbs, 1991). The OL can rationalize the condition by emphasizing its utility and seek to maintain legitimacy whilst fulfilling minimal yet necessary adjustments imposed by the condition (Joutsenvirta, 2011; Vaara & Tienari, 2008; Vaara et al., 2006). For example, a circus may highlight that its keeping wild animals also serves the purpose of protection and conservation of endangered species (Bell, 2015).

OLs can also proactively shield their legitimacy by explicitly recognizing and incorporating the condition(s) in their discourse. In doing so, they can embrace and even go beyond the constraint imposed by the condition(s) turning them into opportunities and boosting their legitimacy concomitantly, for example by self-regulation (Barnett & King, 2008; King & Lenox, 2000; Short & Toffel, 2010). Commitment narratives (Haack, Schoeneborn, & Wickert, 2012), for example, have been used by alcohol sellers to shield their legitimacy — by launching and leading “Don’t Drink and Drive”, and “Responsible Drinking”

campaigns — in recognition of validated concerns.(Smith, Cukier, & Jernigan, 2014).

When OLs conform to the condition(s), over time these become institutionalized and taken for granted. When this happens, these condition(s) become incorporated in the prevailing NVB and cease to exist. OLs that have embraced the condition will henceforth be considered legitimate; those that have not will lose legitimacy, and will be perceived as illegitimate, or at best as having unknown legitimacy. Table 4 provides examples of discursive strategies pertinent to the state of conditional legitimacy.

Table 4: Discursive Strategies Pertinent to the State of Conditional Legitimacy

Discursive legitimation strategies for conditional legitimacy	Examples
Addressing the condition by claiming its inappropriateness using regulatory arguments	*Authorization*: Bring to attention that the law, regulator or a legitimacy conferring body approve of the OL (Elsbach, 1994; Hiatt & Sangchan, 2013; Vaara & Monin, 2010; Vaara & Tienari, 2008; Vaara et al., 2006)
Mitigating the aggravating factor	*Rationalization*: reference to the utility or function of specific actions or practices (Joutsenvirta, 2011; Vaara & Tienari, 2008; Vaara et al., 2006). *Redefining Means and Ends*. Recasting the meaning of the OLs ends or means (Ashforth & Gibbs, 1990)
Proactively shielding the OL's legitimacy by recognizing the objection and incorporating it in the OL's discourse.	*Self-regulation:* self-regulating actions to avoid a common threat or to provide a common good by establishing a standard code of conduct. (Barnett & King, 2008; King & Lenox, 2000; Short & Toffel, 2010). These actions may counter threats of increased regulation or confine the boundaries of what the normative expectations should be by setting standards pro-actively. *Commitment narrative:* emphasis on the strong support of the OL by evaluators, when there is a full commitment of the OL to address the condition, e.g.: the promises of banks to fully implement formal prescriptions (Haack et al., 2012)

Strategies for the State of Conditional Illegitimacy

In conditional legitimacy, since the OL is in principle legitimate, if it manages to demonstrate that the condition is inappropriate, the OL maintains its legitimacy. However, in conditional illegitimacy, it is the conditions that give the OL "some chance" of legitimacy. Hence the OL must not only demonstrate its adherence to the conditions, but also uphold the conditions themselves as justified and valid. If possible, it should expand them or create additional

conditions so as to reduce the breadth of the illegitimacy and perhaps ultimately question its principal basis (Ashforth & Gibbs, 1990).

Whether the condition is an authorized exception, a non-authorized exception, or an exception for a higher social good, the OL must advocate its appropriateness. When the condition(s) reflect an authorized exception, an OL can demonstrate its compliance by underscoring its alignment with the regulatory arguments that underlie the exception, a discourse referred to as “authorization.” Doing so lets the OL broaden other evaluators’ validation of the exception, by signaling that the condition has been gauged extensively and deemed appropriate by legitimacy-conferring institutions whose judgment about “what is supposed to be right” is respected. The OL can also appeal to history and tradition (historical theorization; (Suddaby & Greenwood, 2005), as in the case of bullfighting in Spain. Moreover, it can refer to the utility or function of specific actions or practices, and point out that the exception has a limited scope or a specific purpose rendering it acceptable, a discourse also referred to as “rationalization” (Joutsenvirta, 2011; Vaara & Tienari, 2008; Vaara et al., 2006).

In unauthorized exceptions, the regulator has classified the OL as illegitimate but other legitimacy-conferring institutions deem the OL legitimate based on normative and pragmatic arguments without explicitly challenging the regulators’ judgment. Since the evaluators need to support an OL without regulatory legitimacy, they need to have motives for support driven by a “certain rightfulness” to go beyond or against what is required by legal compliance (Webb et al., 2009). So, it is important for the OL to garner and maintain its endorsement by evaluators by demonstrating that they fulfill conditions about “what is the right

thing to do or what ought to be" rather than judging the OL favorably because of an imposed rule (compliance) (Tyler, 2006b).

Upholding the OL's legitimacy therefore requires emphasizing its alignment with the "normative or pragmatic rightness" through for example, arguments appealing to logos, pathos, or ethos, or a combination thereof (Green, 2004; Hoefer & Green Jr, 2016). Appeals to logos usually involve methodical calculation of means and ends to achieve efficiency or effectiveness; appeals to pathos, evoke evaluators' emotions, such as fear, greed, empathy, etc., and appeals to ethos, mention of the beliefs or ideals that guide a community, nation, or ideology. For example, defenders of the informal economy would appeal to pathos by acknowledging the contribution of informal workers to economic development, to logos on the grounds that informality provides a livelihood to individuals who lack alternatives, and to ethos by highlighting the hard conditions and work of informal workers as well as the absence of fair access to employment.

Lastly, exceptions driven by higher social good occur when an OL, while deemed illegitimate, acts in a context whereby imposing the illegitimacy judgment would go against a higher purpose. In such instances, evaluators confer the OL with conditional illegitimacy where the latitude (the exception is a latitude since it extends legitimacy) given represents the "lesser of two evils". To justify the appropriateness of the conditions the OL might emphasize that its actions, behaviors, and characteristics result in a higher good for society (Suddaby & Greenwood, 2005). Take the example of "unlimited espionage", which violates certain privacy rights within a certain context for an ultimate higher motive to

prevent an act of terrorism *(teleological theorization).* Table 5 provides examples of discursive strategies pertinent to the state of conditional illegitimacy.

Table 5: Discursive Strategies Pertinent to the State of Conditional Illegitimacy

Discursive legitimation strategies for conditional illegitimacy	Examples
Authorized exception: Emphasizing the alignment with the regulatory exception by underscoring the arguments that underlie that judgment	*Authorization*: Bring to attention that the law, regulator, or a legitimacy conferring body approve of the OL (Hiatt & Sangchan, 2013; Vaara & Monin, 2010; Vaara & Tienari, 2008; Vaara et al., 2006) thereby accentuating the rightness of the regulative exception. *Historical theorization*: Referring to history and traditions as a foundational source for the authorized exception (Suddaby & Greenwood, 2005) *Rationalization*: reference to the utility or function of specific actions or practices (Joutsenvirta, 2011; Vaara & Tienari, 2008; Vaara et al., 2006) pointing that the exception has a limited scope or a specific purpose rendering it acceptable.
Non-authorized exception: Emphasizing the alignment with the normative and pragmatic legitimacy judgments by underscoring the arguments that underlie that judgment	*Framing and perspectivation*: Making the conditions' interpretations congruent with acceptable attitudes (Webb et al., 2009) using devices such as reporting, description, narration or quotation of events and utterances (Reisigl & Wodak, 2015) *Logos, pathos, and ethos*: a combination of these is used in shaping the strength of presumptions that extends and builds on the understanding of how OLs might procedurally bind rationality to encompass and incorporate the way they substantively bind rationality. OLs' use of pathos appeals usually relates to the production of pragmatic or emotional legitimacy judgments. In contrast, ethos usually relates to and produces normative or moral legitimacy judgments. Logos appeals affect the logical part of the mind; they tend to elicit methodical calculation of means and ends to achieve efficiency or effectiveness (Green, 2004; Hoefer & Green Jr, 2016). *Rhetorical Tropes*: Use of a range of tropes such as metaphors, synecdoches, metonymies, and personifications to establish legitimacy of the OL and to persuade evaluators by rooting the OL in the familiar (Reisigl & Wodak, 2015) *Mythopoesis/Narrativization:* how storytelling provides evidence of acceptable, appropriate, or preferential behavior (Golant & Sillince, 2007; Vaara et al., 2006; Van Leeuwen, 2007)
Exception of higher social good: Emphasizing the moral value and higher good for society of the OL	*Moralization*: explicit and implicit references to a higher purpose, presenting moral arguments to highlight the appropriateness of the OL (Vaara & Monin, 2010; Vaara et al., 2006) *Teleological theorization*: Some events must occur within a certain context for an ultimate higher motive (Suddaby & Greenwood, 2005)

Strategies for the State of Unknown Legitimacy

Unknown legitimacy is characterized by disengagement, consensus that a lack of clarity prevents an unequivocal outcome, or an outright dissensus about a collective outcome. In the first case, evaluators have not scrutinized the OL for "lack of interest". Because judgments are formed not only on the basis of content information but also on the basis of cognitive and affective feelings (Greifeneder, Bless, & Pham, 2011), OLs can push disengaged evaluators' to make a judgment

by using mechanisms that trigger engagement, either by stimulating or eliciting interest or provoking emotional reactions using for example, shocking images or unusual statements. By using framing strategies, OLs can incite different patterns of emotional responses (Gross & D'Ambrosio, 2004) such as enthusiasm or fear (Brader, 2005).

When evaluators are engaged, yet unable to reach an outcome, they may have a shortage or an excess of information. OLs can facilitate a favorable outcome by manipulating the information provided. In cases of information scarcity, OLs can increase the comprehensibility or credibility of information can be achieved by framing the unknown or hard to understand elements to make them familiar to evaluators, for example through the use of media and advertisements (Kostova & Zaheer, 1999; Pollock & Rindova, 2003). Information that is readily available, understandable, and easy to relate to tends to produce a favorable judgment (Aldrich & Fiol, 1994).

In cases of information excess or ambiguity, OLs can focus on simplifying information by promoting the primacy of one argument over the other by using experts, role models, power-invested intermediaries or other legitimacy-conferring institutions to convey what is most acceptable or credible (Bitektine & Haack, 2015; Bonardi & Keim, 2005; Elsbach & Sutton, 1992; Hiatt & Sangchan, 2013). OLs can also align symbols, messages, procedures, or behaviors to appear more consistent and coherent across different audiences (Castelló, Morsing, & Schultz, 2013; Thøger Christensen & Cornelissen, 2011), reducing the mental efforts evaluators must make to overcome the information overload and making it easier for them to cast a judgment. By reducing the level of

processing intensity through enhancing the ease-of-retrieval of information (Tversky & Kahneman, 1973) and reinforcing feelings of familiarity (Jacoby & Dallas, 1981), these strategies facilitate a (re)assessment of the OL that increases the likelihood of a favorable legitimacy outcome.

Addressing polarized legitimacy is more complex because it entails addressing significant and persistent opposing judgments. Polarized legitimacy forces OLs to choose between trying to win over opponents at the potential cost of losing proponents' support, and persisting in their present orientation in order to retain current proponents, without the certainty that the proponents' arguments will ultimately prevail in the collective (Evans, 2013). For example, evaluators remain split about using nuclear energy. They underwent a sense-making process again after the nuclear accident at the Fukushima Daiichi plant in Japan. Nuclear energy arouses some apprehensions because of its historical links to warfare, waste disposal problems, and environmental hazards. At the same time, it offers an alternative, greener way of producing energy than fossil fuels do. Evaluators must juggle the risks and the implications of accidents against the continued use of fossil fuels (Ferstl, Utz, & Wimmer, 2012).

Because legitimacy is important for the OL's performance and survival (Ashforth & Gibbs, 1990; Zott & Huy, 2007), and because implementing and maintaining legitimation strategies require resources (Aldrich & Fiol, 1994), it is important to gauge to which side of the legitimacy scale the evaluators are leaning, and how far, but also how unanimous the evaluators are. In the presence of opposing opinions, the OL needs to choose one of the following courses:

Find a compromise or adjust itself to fit both parties' claims. The OL can opt for nuanced discourses that seek to appeal to proponents and opponents concomitantly. In doing so, OLs attempt to demonstrate that the opposing parties have more in common than they think, thereby increasing the likelihood of consensus (Harmon et al., 2015).

Challenge opponents by dividing the opposition from within. In these instances, OLs also deploy different strategies seeking to confirm their legitimacy to proponents while trying to sway opponents. They can accomplish this by creating rifts among opponents using arguments that will lead some evaluators to perceive the OL more favorably. For example, ontological theorization strategies — that is, accounts based on logical assumptions about the OLs attributes that can or cannot mutually co-exist (Suddaby & Greenwood, 2005) — can divide the opposition from within. Consider arguments about animal experimentation: proponents perceive vivisection as legitimate, whereas opponents perceive it as illegitimate. However, among those perceiving it as illegitimate, some may move from to considering it as conditionally illegitimate if animals are killed using strict protocols that minimize suffering, while at the same time, stressing the learning aspects of vivisection.

Focus on confirming its legitimacy with proponents. This strategy is indicated in instances of "belief polarization", which occurs when evaluators with opposing prior beliefs strengthen their respective convictions when presented with similar information, arguments or justifications (Iyengar, Sood, & Lelkes, 2012). In such cases, strategies to sway opponents' beliefs are rarely effective and may even deepen the divide between the opposing sub-collectives. In such cases OLs

protect the scope of their support base rather than influencing opponents, for instance through “us” versus “them” narratives (Reisigl & Wodak, 2015)

Lastly, though in many cases simultaneously, use *manipulation tactics* (Oliver, 1991) to influence policy makers to assure a favorable macro-environment. OLs seek to change the regulatory environment to weaken the base of validity of opponents, through lobbying, building political capital through campaign contributions, sponsoring, and so on (Doh, Lawton, & Rajwani, 2012; Henisz & Zelner, 2012).

While these strategies may not sway all critics to verdicts of legitimacy, they nevertheless help the OL move enough of them to provide at least conditional support. For example, same-sex marriage in the United States has moved over time from illegitimacy, to polarized legitimacy, to at least conditionally legitimacy in the view of a plurality (Hackl, Boyer, & Galupo, 2013). When polarization starts to fade, it is unlikely that OLs will immediately be deemed legitimate. Rather, evaluators most likely will attach conditions based on the NVB of “weakening” faction. Table 6 provides examples of discursive strategies pertinent to the state of unknown legitimacy.

Table 6: Discursive strategies pertinent to the state of unknown legitimacy

Discursive legitimation strategies for unknown legitimacy	Examples
Engagement related (undetermined)	
Eliciting interest/emotional reactions to foster engagement	Framing to provoke different patterns of emotional responses (Gross & D'Ambrosio, 2004) such as fear or enthusiasm (Brader, 2005) or interest (Bitektine & Haack, 2015; Tost, 2011), are likely to prompt engagement on the part of evaluators (Castelló et al., 2016; Jerit, 2008)
Information related (undecided)	
Decreasing shortage of information/knowledge, increasing its comprehensibility or credibility	Framing the unknown to aspects familiar to evaluators, for example through use of media and advertisement (Kostova & Zaheer, 1999; Pollock & Rindova, 2003) or symbolic language and behaviors (Aldrich & Fiol, 1994)
Simplification of information, fashioning coherence of the information or primacy building (promoting primacy of one argument over the other) to address information excess or ambiguity	Integrated communications: Aligning symbols, messages, procedures, and behaviors, to appear consistent and coherent across different audiences and different media (Thøger Christensen & Cornelissen, 2011) Use of communication and symbolic representations to interactively construct worlds, symbolic forms, narrations, myths and ceremonies about the OL and its legitimacy (Castelló et al., 2013) Use of experts, "role models," power invested intermediaries or other legitimacy conferring institutions to convey what is most acceptable or credible (Bitektine & Haack, 2015; Bonardi & Keim, 2005; Elsbach & Sutton, 1992; Hiatt & Sangchan, 2013)
Crafting an identification of evaluators with the OLs preferred arguments	Offering rational arguments to promote identification: arguments based on inferential moves and deliberation; narration works by suggestion and identification (Aldrich & Fiol, 1994; Fisher et al., 2015). Use of analogical reasoning to legitimize unknown OLs by connecting them to the familiar (Cornelissen & Clarke, 2010; Suddaby & Greenwood, 2005)
Polarized related	
Focusing on one side	*Predication to foster belief polarization*: Labeling proponents and opponents positively or negatively through stereotypical, evaluative attributions of negative or positive traits, or implicit and explicit predicates (Reisigl & Wodak, 2015) to enhance belief polarization (DiFonzo et al., 2013; Lord, Ross, & Lepper, 1979) thereby ensuring a strong support base.
Decreasing opposition by convincing opponents, by dividing the opposition from within	*Justification of deserved legality/Authorization*: explaining why opponents are "wrong" using authority arguments stressing the presence of regulative legitimacy (Dornbusch & Scott, 1975; Vaara et al., 2006) *Ontological theorization:* accounts based on logical assumptions about the OLs attributes that can or cannot mutually co-exist (Suddaby & Greenwood, 2005). *Challenging the opponent's arguments:* Use of power mechanisms such as delegation (letting another entity or person engage in justification and speak in the name of the common good) and/or multiplication (enrolment of actors from different segments of society who can extend the repertoire of normative orders of worth); use of justification mechanisms (reshaping perceived uncertainty and recovering institution). For an OL, delegation means another entity engaging in justification in the name of the common good (Gond, Cruz, Raufflet, & Charron, 2016)
Introducing nuances allowing different messages to opponents and proponents	*Historical theorization*: Referring to history and traditions as a foundational source to appeal to opponents or proponents (Suddaby & Greenwood, 2005) *Divide-and-conquer tactics* to undermine coalitions both within opponent groups as well as between them. (Fairclough, 2001; Greene, 2009; Thomas & Turnbull, 2016) *Intensification or mitigation*: Modifying of the epistemic status of the "for or against" arguments by intensifying/mitigating the illocutionary force (or discriminatory) utterances (Reisigl & Wodak, 2015) *Demonizing opponents and valorizing proponents* (Lawrence & Suddaby, 2006) e.g.: rumor clustering (DiFonzo et al., 2013); presenting us versus them narratives (Reisigl & Wodak, 2015)
Building multiple identities by addressing multiple audiences	*Intra-field and inter-field discourses*: Use of intra-field rhetoric by OLs to argue about ideas and issues within an agreed upon argument field or backing, and use of inter-field rhetoric to argue between argument fields or backings to determine which shared understanding of the context should apply in the present case (Harmon et al., 2015) *Metaphor*: The use of language in which a 'target' term or idea is compared to another 'source' term that originates in a field or domain of discursive practice not typically associated with the target (Kwon et al., 2014)
Managing the legal and regulatory environment to influence policy makers	*Non-market strategies*: Shifting or maintaining a favorable balance through lobbying, building political capital through campaign contributions, sponsoring (Doh et al., 2012; Henisz & Zelner, 2012)

Next, in table 7, we provide a summary of strategy predictors, the corresponding aims, and strategies by state of legitimacy that we have discussed in this section that guide OLs in the choice of legitimation strategies.

Table 7 – Summary of Strategy Predictors, Aims, and Strategies by State of Legitimacy

STATE	STRATEGY PREDICTORS	AIMS	STRATEGIES
Legitimacy	Taken for grantedness	Acquiesce/ Conform	Maintaining or increasing taken for grantedness Maintaining identification with audiences
Conditional Legitimacy	Conditions bring restrictions, failure to recognize these will lead to illegitimacy	Challenge the condition	Addressing the condition by claiming its inappropriateness using regulatory arguments
	Validity of the conditions	Reframe the condition	Mitigating the aggravating factor
		Embrace the condition	Proactively shielding the OL's legitimacy by recognizing the condition and incorporating it in the OL's discourse.
Unknown legitimacy	Lack of engagement	Provoke engagement	Eliciting interest/emotional reactions to foster engagement
	Consensus about unclear outcome	Increase ease of information retrieval	Decrease shortage of information Increase comprehensibility, credibility, familiarity of information
	Lack of consensus due to equally significant and opposing demands	Focus on proponents	Comfort belief polarization
		Build consensus	Decreasing opposition by convincing opponents, by dividing the opposition from within
		Reduce opposition	Introducing nuances allowing different messages to opponents and proponents or building multiple identities by addressing multiple audiences Managing the legal and regulatory environment to influence policy makers
Conditional illegitimacy	Conditions bring latitudes or exceptions rendering the OL legitimate, if not illegitimate	Maintain /Justify appropriateness of conditions	*Authorized exception:* Emphasizing the alignment with the regulatory exception by underscoring the arguments that underlie that judgment
	Validity of the conditions	Expand/Create conditions	*Non-authorized exception:* Emphasizing the alignment with the normative and pragmatic legitimacy judgments by underscoring the arguments that underlie that judgment *Exception of higher social good:* Emphasizing the moral value and higher good for society of the OL
Illegitimacy	Taken for grantedness	Challenge/Incite (re)assessment	Emphasizing that the OL is mandated by an entity exercising authority thus challenging the perceived illegitimacy
		Defend/Justify	Explanation and manipulation of negative and positive attributes
		Conceal/ Manipulate	Deviating attention away from contentious behavior/ activities but emphasizing the legitimate aspects or goals

DISCUSSION, CONTRIBUTIONS, AND AVENUES FOR FURTHER RESEARCH

Discussion and Contributions

If legitimacy is important, even vital for the survival of OLs, how can legitimacy be addressed more accurately if the outcomes on the legitimacy-illegitimacy continuum are not clarified? In this paper, we propose a typology of legitimacy states that responds to recent scholarly calls to refine that continuum. Specifically, we build on the suggestions made by scholars such as Hudson (2008), Hudson and Okhuysen (2009), Devers et al. (2009), and Haack et al. (2014) that illegitimacy is more than the absence of legitimacy. The five states of legitimacy that we propose - legitimacy, conditional legitimacy, unknown legitimacy, conditional illegitimacy and illegitimacy - and their associated strategies permit a deeper understanding of the implications of legitimacy judgments cast on an OL.

Our typology identifies distinct ways in which an OL can lack legitimacy and helps differentiating lack of legitimacy from illegitimacy conceptually. By theorizing why and how these states are qualitatively distinct, with unique implications that go well beyond a mere difference in degrees of legitimacy on a continuum, we contribute to a better understanding of how these states can be addressed.

Our typology allows thus for a more nuanced understanding of the legitimacy continuum, clarifies the nature of legitimacy and illegitimacy, and characterizes conditional legitimacy, conditional illegitimacy, and unknown

legitimacy. It offers a way to move past the “unresolved puzzle” (Haack et al., 2014: 656) or “theoretical vagueness and confusion” (Hampel & Tracey, 2016: 6) of the construct. By incorporating the important roles of unknown legitimacy and conditional (il)legitimacy, this paper also contributes to the efforts of organizational scholars to clarify the state and the legitimation processes of controversial OLs (Baumann-Pauly, Scherer, & Palazzo, 2016; Durand & Vergne, 2015; Reast, Maon, Lindgreen, & Vanhamme, 2013). It is likely that controversial OLs would face legitimation or delegitimation under specific conditions. We believe our typology will provide impulse for the examination of that phenomenon.

Evaluators use different cues to cast legitimacy judgments, these are somewhat dependent on what legitimacy types (e.g., cognitive, normative) are more prominent in assessing the OL and on the nature of the evaluation mode (passive or active). Even if there are no hierarchies between the legitimacy types, evaluators will often consider one or several of these types of legitimacy in reaching a final judgment (Bitektine, 2011; Deephouse et al., 2017). Consequently, the legitimation strategies that OLs take should consider the underlying nature of these different types of legitimacy (Suchman, 1995). We take this interplay into account in our typology, for example in the conditional states as well as in our legitimation strategies.

Second, we illustrate how specific discursive strategies address particular aspects of each state to change the evaluators’ perception of the OL so that legitimacy can be enhanced. By linking our typology to pertinent discursive legitimation strategies, we (1) enhance the scholarly conversation on legitimation strategies by carving out the qualitative characteristics of each state that function

as “diagnostic elements” to what the most appropriate strategies or “cure” would be to address the “symptoms” of the state under diagnosis, but (2) we also illustrate the dynamic nature of legitimacy itself. For each state and its related strategies we consider how they can best be aligned to address: (a) the changing congruency between an OL’s action, behaviors and characteristics and the NVB of the social context in which the OL operates; (b) potential conflicts between legitimacy types (regulatory, cognitive, normative or pragmatic) as evaluators will often consider one or several of these types of legitimacy (consciously or not) in reaching a final judgment, and (c) opposition of various levels by dissenting evaluators. As a consequence, we illustrate how OLs tactically employ discourses and provide initial suggestions on how legitimacy states can move (dynamics).

The typology of legitimacy states that we introduce in this paper creates a “natural bridge” between two streams of literature. One that conceptualizes the legitimacy judgment formation and change (e.g.: Bitektine & Haack, 2015; Dornbusch & Scott, 1975; Finch et al., 2015; Tost, 2011), that discusses the process from the evaluator’s perspective, but does not detail the specifics of the outcome (i.e. state of legitimacy). A second one, which investigates legitimation discourses, that implicitly uses the state of legitimacy as the focal point, and explains how certain strategies may be effective for legitimation (e.g.: Golant & Sillince, 2007; Hoefer & Green Jr, 2016; Phillips et al., 2004; Vaara et al., 2006; Van Leeuwen, 2007). The former stream focuses on the legitimacy judgment as a concept on itself, but not on the states of legitimacy along the legitimacy-illegitimacy continuum. Thus, while these studies clarify how a legitimacy

judgment is formed or changed, this paper strives to add nuance about the judgments that are cast. The latter stream, which explores discursive legitimation strategies, allows for an understanding of how legitimation can take place. Linking states of legitimacy and legitimation will allow researchers to more accurately answer the question of how to deal with the legitimacy struggles of OLs. Hence, jointly these three streams of research help provide a more comprehensive analysis of legitimacy.

Limitations and Future Research Directions

Because typologies reduce the complexity of the "real world," these "ideal states" are essential for theory development, explanation, and comprehensiveness (Doty & Glick, 1994). Our typology is a first step toward a more fine-grained explanation of legitimacy. Future research should refine it or even conceptualize alternative typologies. In particular, we call for further research into the drivers of conditional (il)legitimacy and unknown legitimacy. While conditional (il)legitimacy may be related to dimensions of the object under scrutiny, undecided legitimacy may be more related to the salience of information available about specific OLs or how much pressure is put on the evaluator to decide.

At this point, we should make a note of caution with regards to the use of the typology. To make the appropriate inferences when using the typology, it is imperative to delineate precisely who or what the OL is. Indeed, if the OL is defined as a particular industry that is judged illegitimate, it cannot be inferred that every CEO, or firm in that industry is also illegitimate. Rather, these CEOs or firms would need to be assessed separately as OLs in their own right. While the

resulting judgment of that assessment may deviate from the abovementioned judgment of the industry, the typology used to clarify and contrast the states remains generic. The context and characteristics of evaluators should also be taken into account to be able to compare (1) the judgments of two or more evaluators about a specific OL, or (2) two distinct OLs, e.g.: an industry and an organization within that industry, or CEOs of two or more organizations. Future research should look in those directions.

We also urge researchers to elucidate whether a single type of legitimacy (cognitive, pragmatic, regulatory or normative) is more prominent than others or whether a bundle of legitimacy types forms the basis of a state. This would require experimental psychology investigation. In the conditional state, for example, it would be more likely that the bases of legitimacy types would be a bundle involving pragmatic, normative and regulative.

Future research should also examine empirically whether any conditions attached to legitimacy taint the legitimate perception of an OL. Negative perceptions might be stickier than positive perceptions (Baumeister et al., 2001) so that the move from illegitimacy to legitimacy might be harder than the other way round. Conditional (il)legitimacy could also provide interesting clues about this process, as the characteristics of the conditions attached could be very different in the move from illegitimacy to conditional (il) than the opposite. For illegitimate OLs aiming to gain legitimacy, this could be a crucial concern. Longitudinal content analysis could be an indicated method to investigate the conditional states.

Increasingly, power struggles occur among evaluators, and between evaluators and OLs. And power differences can be addressed through discursive strategies. According to Reisigl & Wodak, (2015: 89), power is legitimized or delegitimized in discourses. Texts are often the sites of social struggle in that they manifest traces of differing ideological fights for dominance and hegemony. Power is discursively exerted not only by grammatical forms, but also by a person's control of the social occasion by means of the genre of a text, or by the regulation of access to certain public spheres. Therefore, a better understanding of legitimation outcomes in turn clarifies the basis of judgment formation and change. Oxfam, an aid association dealing with poverty alleviation and disaster relief, provides an interesting case of the role that discursive strategies can (or cannot) play in organizational legitimacy and survival. The organization has seen its legitimacy eroded by a series of scandals involving treatment of women and use of prostitutes by its managers. Discursive strategies aimed at highlighting the work of the organization with poverty and disaster relief will do very little, at least initially, to counteract donors' perceptions of the organization's legitimacy, since the legitimacy concerns center elsewhere, on the treatment of women. Instead, discursive strategies need to address immediately what the firm is doing to eradicate those behaviors. Case studies or critical discourse analysis could help research further understand how legitimation and power struggles result in moving from one state of legitimacy to another beyond theorization.

Lastly, by highlighting the differences and similarities between states as well as by providing cues to how the states could move from one to another, we have laid the ground for future empirical research. Moreover, drawing from the

stream of literature about judgment formation processes, scholars could assess each of the legitimacy states through the lens of the judgment formation processes and investigate how judgments may change. This would further open the field for an understanding of how OLs can move between states. For example, is it likely for an OL to move directly from illegitimacy to legitimacy? Alternatively, does a move between the two necessarily involve going through intermediate states? It is also likely that legitimacy without conditions might not ever be granted to an OL, which means that the OL could be wasting valuable resources trying to gain unfettered legitimacy when a better strategic approach would be to work toward making the conditions as palatable as possible. The outlining of these intermediate states provides the field with a map to examine the full spectrum of legitimacy. Any situation in which OLs try to improve their legitimacy state should entail an understanding of the dynamics that underscore the process.

In sum, for theoretical reasons it is important to understand how the clarification of the continuum with five different states of legitimacy influence the repertoire as well as the choice of possible legitimating strategic responses. For practical reasons, it is also important because a more informed understanding could help managers and policymakers devise and implement more appropriate policies and regulations to address some of the world's most pressing challenges (e.g.: environmental sustainability, poverty alleviation and base of pyramid entrepreneurship, energy management.)

We believe that our typology and the associated legitimation strategies should be relevant in academic fields well beyond management - in all those where questions of legitimacy are important.

Footnotes:

http://www.bbc.co.uk/programmes/n3csy4vw accessed on June 30th, 2017

Legitimacy is not defined solely by what is legal or illegal (an OL may or not have regulatory legitimacy yet it may maintain (or lose) other types of legitimacy). See Dowling & Pfeffer, 1975: 124

It is legal to sell sexual services but illegal to buy sexual services (the client commits a crime, but not the prostitute)

Production facilities generally complied with under European Council Directive 2007/43/EC of 28 June 2007, and chicken meat were considered within the Sanitary and Phytosanitary (SPS) measures put in place by the WTO for protecting humans, animals, and plants from diseases, pests, or contaminants.

CHAPTER TWO

LEGITIMATE OR ILLEGITIMATE – HOW DO THEY JUDGE? INSIGHTS INTO LEGITIMACY JUDGMENT FORMATION, VALIDITY CUES AND VALUES

ABSTRACT

The literature on legitimacy has established that to form legitimacy judgments, individual evaluators process two perceptual inputs. They interpret the behavior of the entity under scrutiny and benchmark it to their personal sets of norms, values, and beliefs, and they interpret the judgments of legitimacy awarding institutions through the validity cues that these institutions convey. Building on the literatures on legitimacy perception, on independence and pro-environmental values, we propose an evaluation model of legitimacy judgment formation and test this model on 5,928 assessments about the use of a new technology of fracking made by 247 observers. We find that variance in legitimacy evaluations depends both on the validity cues from legitimacy awarding institutions, on evaluators' basic values, and the interaction between the two. Specifically, we observe that four validity cues - public support, economic impact, regulations, and longevity - are used simultaneously and have significant effects on the legitimacy judgment but also that regulations bolster the effects of the other cues. Lastly, we find that differences in evaluators' basic values moderate the effect of the validity cues on legitimacy judgments. Particularly, higher pro-environmental values of evaluators suggest less favorable perceptions of high economic impact; higher pro-environmental values suggest more favorable perceptions when public

support is high. Intriguingly, the higher the pro-environmental values as well as the higher the level of independence, an established venture is perceived as more legitimate than a new venture.

Keywords: legitimacy judgments, validity beliefs, evaluator perceptions, conjoint experiments, pro-environmental values, independence

LEGITIMATE OR ILLEGITIMATE – HOW DO THEY JUDGE? INSIGHTS INTO LEGITIMACY JUDGMENT FORMATION, VALIDITY CUES AND VALUES

"Unconventional oil and natural gas extraction enabled by […] fracking is driving an economic boom, with consequences described from "revolutionary" to "disastrous." Reality lies somewhere in between. Unconventional energy generates income and, done well, can reduce air pollution and even water use compared with other fossil fuels. Alternatively, […] done poorly, release toxic chemicals into water and air. Primary threats to water resources include surface spills, wastewater disposal, and drinking-water contamination […]. An increase in […] air toxics locally are potential health threats but the switch from coal to natural gas for electricity generation will reduce […] air pollution."

Thomas H. Darrah, Francis O'Sullivan, and Gabrielle Pétron
(Annual Review of Environment and Resources in 2014)

Amidst the numerous, often opposing, signals that people receive from their environment, it can be challenging to form an opinion about what is desirable, proper and appropriate. Take for instance the above example about fracking, described from *"revolutionary to disastrous,"* yet *"reality lies somewhere in between."* Legitimacy reflects the extent to which evaluators consider an object of legitimacy (e.g. a particular technology, a sector, an organization, a business activity or an entrepreneur) acceptable, desirable, or appropriate within some socially constructed system of norms, values, beliefs, and definitions (Suchman, 1995). One explanation for the multitude of opinions in the example above and the complexity of judgment formation, is the multilevel nature of legitimacy, as conceptualized by Bitektine and Haack (2015). In this, propriety refers to micro level legitimacy or an individual's own judgment of the appropriateness of that object of legitimacy. Validity refers to macro level legitimacy, or legitimacy at the collective level. Validity permeates the cognition of individuals in the form of validity cues, which they use to form a validity belief. These validity beliefs refer to individual's recognition of the appropriateness of an object of legitimacy by

other evaluators in a collective, independently of whether that individual agrees with that judgment or not (Haack & Sieweke, 2018).

Ample research efforts have been dedicated to understanding the macro-level aspects of legitimacy (Deephouse et al., 2017; Suchman, 1995). Nevertheless, more work needs to be done to fully comprehend legitimacy at micro-level. To open the legitimacy black box, a better insight into the elements that shape individual legitimacy judgments and the interplay between them is imperative. Evaluators rarely use only a single cue to cast a legitimacy judgment (Deephouse et al., 2017). Therefore, research needs to consider not only the effect of specific validity cues, but also the joint effects that these have on judgment formation and the relative weight of each. Considering validity cues concomitantly, however, provides merely a partial understanding of the legitimacy judgment formation. We argue that legitimacy judgments are also shaped by evaluators' basic individual values which are likely to moderate the effect that these cues have on their judgment formation (Finch et al., 2015; Schwartz et al., 2012). Individuals' judgments drive their behavior (Powell & Colyvas, 2008), but also influence the dynamics between them, which, in turn, coalesce to constitute macro-level legitimacy (Tost, 2011). In recent years, the literature has reported important progress on the theorization of legitimacy judgment formation from the perspective of evaluators. Yet despite these important conceptual strides it is critical to develop a more systematic theoretical and empirical explanation of micro-level legitimacy processes for legitimacy to function as a meaningful construct within the organizational literature.

In this paper, we endeavor to extend the literature on microlevel legitimacy judgment formation by answering two research questions: first, what are the relative weights of validity cues in the legitimacy assessments of individual evaluators, and second, what is the moderating influence of basic values on the effects that validity cues have on the legitimacy judgment formation? By linking the literatures on legitimacy perceptions (see Suddaby et al. (2017) for a review), and on basic individual values (Schwartz, 1994; Schwartz et al., 2012) relating to independence (Wrightsman, 1964, 1992) and environmentalism (e.g.: Dietz, Fitzgerald, & Shwom, 2005), we investigate these questions using a data set comprising 5,928 legitimacy assessments about the use of a new technology of fracking nested in 247 individuals. This paper's novelty rests on three contributions.

First, the literature on micro level legitimacy remains under-researched (Suddaby et al., 2017; Tost, 2011). This study contributes to addressing this gap empirically by investigating how, and to what extent, different validity cues affect the legitimacy formation process of individual evaluators. Moreover, given that multiple cues are available to individual evaluators, we extend previous work by demonstrating the relative weights that different validity cues carry in the judgments of individual evaluators, and that multiple validity cues are considered simultaneously. Our study suggests that some cues may not only be validity cues in their own right, but also bolster the effect of the other cues. This underscores the need to recognize that legitimacy judgments are formed by interpreting a bundle of validity cues taken altogether, and that considering cues individually

may lead to inaccurate conclusions about the weight and relevance of specific cues.

Second, scholars have sought to identify the mechanisms of legitimacy judgment formation (Bitektine, 2011; Bitektine & Haack, 2015; Tost, 2011). Although progress toward this goal has been made (e.g. Finch et al., 2015; Haack & Sieweke, 2018), past research has not yet investigated the impactful role of basic individual values in the legitimacy judgment formation at the micro level. According to Schwartz's theory of basic individual values (1994; 2012), values influence evaluations as they serve as "guiding principles in the life of a person". And, such values have been shown in numerous studies to influence decision making (e.g. Judge & Bretz, 1992). In the present research, we theorize that basic individual values play a significant role in the legitimacy judgment formation and thus seek a deeper understanding of the micro-level legitimacy judgment formation process through the concomitant consideration of values and validity cues, rather than considering these variables independently. The *"legitimacy-validity cue-value"* model that we propose and test, shows how validity cues influence legitimacy assessments and how that relationship is moderated by individual evaluators' values.

Third, we offer a different approach to measuring legitimacy. Current research uses methods such as content analysis, archival data, case studies or interviews. While these methods work very well to capture the legitimacy assigned to an entity, it is difficult to shed light on the cognitive processes of evaluators with such methods. Recent calls for further research on legitimacy suggest experimental studies to capture these processes (Suddaby et al., 2017).

Using a series of conjoint experiments and a within-person design, allows us to investigate real-time judgment formation and focus on the relationship between legitimacy and basic values through the weights assigned to four validity cues. We are able to capture the legitimacy formation process at the individual level, the relative weight of validity cues and the moderating effect of values. Specifically, we find that the greater the increase in the impact of evaluators' values on the weight of the validity cues, the lesser the influence of validity cues on the legitimacy outcome. We are confident that this novel approach opens up additional research opportunities for exploring the process of legitimacy judgment formation.

VALIDITY CUES, VALUES AND LEGITIMACY JUDGMENTS

Legitimacy is a multilevel construct reflecting a complex interaction of micro and macro level influences (Bitektine & Haack, 2015), comprising three perceptual components: propriety (Dornbusch & Scott, 1975; Zelditch, 2001), validity, and validity beliefs (Berger & Zelditch Jr, 1998; Dornbusch & Scott, 1975; Tost, 2011; Weber, 1947). According to Haack and Sieweke (2018: 491), "an important aspect of validity is that it exists objectively as a social fact and independently of the opinion of a single individual. This objectified part of legitimacy enters the cognition of individuals as a 'validity cue', which they use to form a validity belief". In their seminal work Bitektine and Haack (2015), and Tost (2011) conceptualize that individuals perceive signals from legitimacy awarding institutions that serve as cues signifying the validity of the judgment about an object of legitimacy. The greater the consistency of cues from diverse legitimacy

awarding institutions, the greater the likelihood that an evaluator will infer validity of the judgments that these institutions cast (Bitektine & Haack, 2015). Individual evaluators take that perceived legitimacy as validity cues which influence their propriety judgments (Zelditch, 2006).

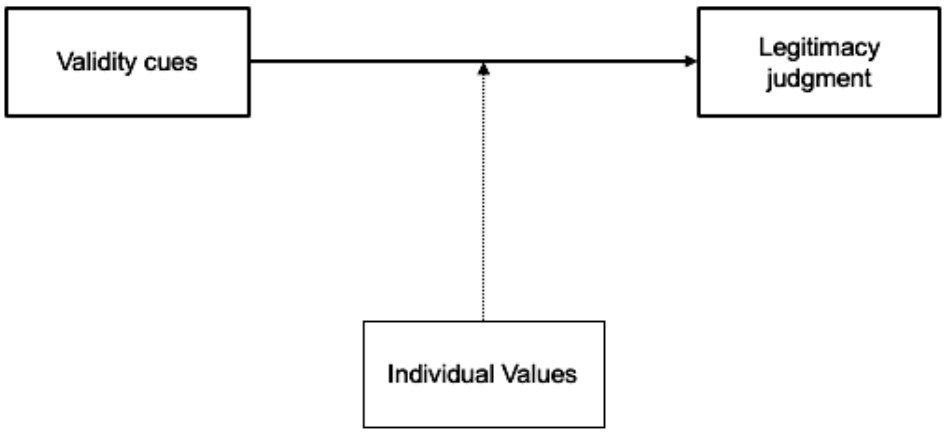
Validity cues provide information to evaluators when it is costly to collect all the required information to cast an accurate judgment about the appropriateness of an entity, or when its characteristics or behavior is hard to observe and assess. Thus, taking validity cues as the "opinion to follow" enhances the accurateness of the evaluators' judgment (Banerjee, 1992; Cialdini & Goldstein, 2004). Individual evaluators use a variety of validity cues to form a judgment. Because these judgments drive behavior (Powell & Colyvas, 2008) and influence the dynamics among evaluators, it is important for those who seek to change or reinforce a particular judgment (e.g. organizations, public policy makers, activist groups) to get a better understanding which cue(s), if any, dominates. In this study, we investigate the relative weights of validity cues in the legitimacy assessments of individual evaluators. We focus on the influence that validity cues have on the legitimacy assessment of the use of a new technology of fracking. Specifically, we consider cues derived from public opinion, the regulatory framework, the economic impact of the activity, and the longevity of the venture that carries out the activity (i.e. by an established or new venture), which we detail in the next section.

Although multiple validity cues provide guidance to evaluators, the relative importance of each in the legitimacy assessment of individual evaluators will be different depending, at least in part, on basic values that an evaluator holds. It

has long been established that values are key considerations in evaluation processes (e.g. Bandura, 1986; Rokeach, 1973; Schwartz, 1994; Schwartz et al., 2012) and explain individual decision making, attitudes, and behavior [e.g.: decision making in entrepreneurship: Hannafey (2003); Shepherd, Patzelt, and Baron (2013); in organizational behavior in the workplace: Judge and Bretz (1992); in consumer decisions in marketing: Manchiraju and Sadachar (2014)]. When assessing the legitimacy of an entity, evaluators mix the perceptions based on their own values with those filtered through the interpretations of legitimacy awarding institutions (Noelle-Neumann, 1995). Understanding the processes underlying evaluators' assessments require, therefore, a concomitant consideration of validity cues as well as of basic individual values.

Figure 1A below depicts the research model discussed above that we elaborate on in more details in the next section.

Figure 1A: The Basic Research Model



In this study, we propose and test an evaluation model which shows how validity cues derived from *public support*, *economic impact*, *regulations*, and *longevity* influence legitimacy assessments and how that relationship is moderated by individual evaluators' *independence* and *pro-environmental* values.

Validity cues influencing legitimacy judgments

A large number of legitimacy awarding institutions (e.g. trade and professional associations, investors, social movement groups, the government and judiciary institutions, the media and public opinion) convey validity cues to evaluators (Deephouse et al., 2017; Suddaby et al., 2017). To test our model, we consider two general and two contextual validity cues. The general cues are *public opinion* (including media) and *regulations* (including the government and the judiciary). These two are regarded as the main sources from which individual evaluators derive validity cues (Bitektine & Haack, 2015; Deephouse et al., 2017; Tost, 2011) for legitimacy assessments. However, in the context of organizational legitimacy and/or commercial activities, individuals utilize as validity cues evidence about actual or prospective *economic impact,* and whether an activity is carried out by a new or established venture, which we refer to as *longevity* (Aldrich & Fiol, 1994; Finch et al., 2015; Lipset, 1959; Wiklund, Baker, & Shepherd, 2010; Zimmerman & Zeitz, 2002).

Public Opinion. Among the elements that convey validity cues to evaluators, public opinion is key as it provides information about prevailing sentiment with regards to the legitimacy of an entity (Elsbach, 1994; Meyer & Rowan, 1977). Public opinion reflects the extent of public endorsement, in other words, it signals

the degree of acceptance of an entity by the general public (Scott, 1995). Considering the ongoing resources that evaluators would have to dedicate to scrutinize the legitimacy of entities that affect them, but also the difficulty of form an objective opinion about these entities, the public opinion provides a critical cue of what position to take. Said differently, “the opinion of the majority appears to be the ‘right’ way to think and eventually shapes individuals’ perceptions when they seek to make sense of their environments” (Clemente & Roulet, 2015: 100).

In some instances, public opinion even goes as far as exerting pressure on individual evaluators to conform to prevailing views (McLeod & Hertog, 1992) so that they obtain or maintain social approval in the eyes of the general public. Since the public perceives and judges behaviors (and subsequently penalizes deviant individuals), it contributes to dictate what constitute the most natural ways to act (Clemente & Roulet, 2015; Glynn, Herbst, O’Keefe, Shapiro, & Lindeman, 2005). According to Deephouse et al. (2017), media is the prevailing source of information for the general public, making it a key driver in legitimacy assessments (Schneiberg & Clemens, 2006).

Early work on legitimacy assumed that media reports reflected public opinion in the larger social system (Dowling & Pfeffer, 1975; Hybels, Ryan, & Barley, 1994). Later research recognized that media also influence public opinion (Deephouse, 1996). Indeed, because legitimacy is essentially a reflection of the perceptions of appropriateness of organizations, activities, or people, the very actors that are reported, discussed and commented upon in the media, media both reflects and shapes perceptions of evaluators (Pollock & Rindova, 2003), and it does so through two mechanisms. First, it facilitates the creation of

common knowledge (Adut, 2008; Scheufele, 2008) by establishing and increasing the interactions between members of an otherwise fragmented audience. In the words of Adut, we "all read the same thing in the newspaper, knowing that others are reading the same thing, creating common knowledge about events" (2008: 79). Second, once this common knowledge is established, the media provides authority and saliency through the belief that what is presented in the media is worthy of being told and, in being told, acquires relevance (Roulet, 2015). We, therefore, argue that:

> ***Hypothesis 1a:*** *When assessing the legitimacy of an activity, evaluators will attribute higher legitimacy when validity cues indicate high public support rather than low public support.*

Regulations. From the cues that evaluators process for casting a legitimacy judgment, the regulatory validity cues are the most explicit. An entity is attributed regulatory legitimacy when it complies with the written rules and regulations of the context in which it is present. Regulatory legitimacy thus emerges from conformity with law or other forms of collective regulation, rather than from the degree to which it is perceived to behave in line cultural expectations of that environment (Greenwood et al., 2002; Greve, 2005; Scott, 1995; Tost, 2011). Regulatory legitimacy is furthermore distinct from other types of legitimacy because it generally requires the active external validation by some agent (e.g., a government agency or a professional association). Hence, the more transparently an entity complies with an existing set of recognized rules, the easier it is for an individual evaluator to interpret its actions and behavior favorably, or in the least to benchmark it to some standard or reference. For

example, while legal approval is relevant to virtually every sector, for regulated industries such as biotechnology, telecommunications, electricity, and indeed the extraction of natural resources, including gas through fracking, explicit compliance with regulations is a particularly important benchmark for individual evaluators to attribute legitimacy (Davis, 2012). Once an entity (or the context in which it operates) is being regulated and that entity sustains itself over time, its presence or actions in that environment have gained a seal of legitimacy.

If individual evaluators view compliance with the law as appropriate owing to their inherent attitudes of how they should behave, they will voluntarily assume the obligation to follow the legal rule. Consequently, such individual evaluators would feel that the authority enforcing the law has the right to dictate behavior. Regulations, therefore, are an important validity cue, particularly so in relatively stable democratic environments for the fact that evaluators perceived these regulations to stem from a just and moral, and hence legitimate authority (Tyler, 2006a; Weber, 1947). Even in the absence of voluntary compliance, regulations are particularly powerful validity cues for the fact the regulator can impose a sanction upon violation of those rules (Deephouse, 1996; Scott, 1995; Singh, Tucker, & Meinhard, 1991). When regulatory legitimacy is attributed to an entity, it indicates to evaluators that this entity is acceptable to the various regulatory agencies, even when little is known about how effective the rules, regulations, and standards are (Zimmerman & Zeitz, 2002). We, therefore, posit that:

> ***Hypothesis 1b:*** *When assessing the legitimacy of an activity, evaluators will attribute higher legitimacy when validity cues indicate that it takes place within a regulated setting rather than in an unregulated setting.*

Economic impact. Through their policies, legislators and governmental organizations aim for economic development as a means of peace, preservation, empowerment, and enhancement of living standards, goals that – at a higher level – are echoed in the UN Millennium Goals. These goals are generally considered as a matter of greater good and social justice for populations (Lipset, 1959; Schumpeter, 1961; Way, 2015). Individual evaluators are likely to acknowledge the importance of economic development, as it is in the pragmatic interest of the individuals themselves, and nations as a whole (Finch et al., 2015). Hence, when an entity serves the greater good by enhancing economic development for society, it is likely to be perceived as being more legitimate. However, even when evaluators do not interpret the contribution of an entity to the greater good, economists consider individuals and organizations as pursuing their self-interests as behaving instrumentally and expediently (Dowling & Pfeffer, 1975; Scott, 1995). Therefore, at least for some evaluators, the assessment of the extent to which economic impact is legitimate will depend on the direct benefits it yields for the evaluator, such as direct employment or higher income. For example, in the controversial case of fracking, individual evaluators (even those who oppose to the practice) have benefitted from lower gas prices, and indirectly lower taxes, better infrastructure or enhanced services (Finch et al., 2015). Thus, we posit that,

> ***Hypothesis 1c:*** *When assessing the legitimacy of an activity, evaluators will attribute higher legitimacy when validity cues indicate that it has a high economic impact rather than a low economic impact.*

Longevity. Often individual evaluators do not necessarily have clear and complete evidence that a given action is the best or the only way to accomplish a goal, or that one goal is better than another. According to Zimmerman and Zeitz (2002), one factor that motivates evaluators to attribute legitimacy is their belief that an organization is competent, efficient, effective, worthy, appropriate, and needed. To assess that, evaluators judge an entity partly on its past performance and behavior.

Established ventures can use their track record (e.g., historical financials, reliability, size, reviews, past successes (Singh, Tucker, & House, 1986; Wiklund et al., 2010)) to acquire legitimacy and access resources. New ventures are much less able to do this, because of their limited or nonexistent record of performance. Hence the attributes typically used to assess legitimacy are often limited as there is no entity *per se* prior to founding (Delacroix & Carroll, 1983). For new ventures to survive, they must be perceived as legitimate in a cognitive sense - that is, they must gain a degree of familiarity or taken for grantedness to be accepted by evaluators (e.g., customers, suppliers, potential employees). Moreover, they must also be perceived legitimate in a normative and in a regulatory sense. That is, they must be perceived as engaging in appropriate activities (Aldrich & Fiol, 1994; Tornikoski & Newbert, 2007). Lack of familiarity implies that individual evaluators are not sufficiently aware of such new ventures. Hence, they will be less likely to legitimize them. Thus, as these ventures grow older, they are more likely to develop stronger relationships with the evaluating audience, and have their actions endorsed by powerful collective actors (Singh et al., 1986; Stinchcombe, 1965). Therefore, longevity, which we define as the degree to

which a venture has overcome any liabilities of newness (Freeman, Carroll, & Hannan, 1983; Singh et al., 1986; Stinchcombe, 1965), and endured in the presence ongoing scrutiny and pressures to change (DiMaggio & Powell, 1983) from the environment in which it exists. Longevity is therefore an important cue for legitimacy, and we predict that:

> ***Hypothesis 1d:*** *When assessing the legitimacy of an activity, evaluators will attribute higher legitimacy when validity cues indicate that it is carried out by an established venture rather than by a new venture.*

Besides the validity cues, evaluators also include elements from their own individual independent propriety assessment by interpreting the actions and behaviors of that object of legitimacy (or its representative) and benchmark them to their personal values (Schwartz, 1994; Schwartz et al., 2012). Thus, we also expect the effect of the validity cues on the legitimacy judgment to be affected by their basic individual values.

Individual values affecting legitimacy assessments

Much of the research carried out on individual processes of legitimacy judgments focus on rational efforts to make sense of an object of legitimacy (e.g.: Bitektine, 2011; Bitektine & Haack, 2015; Tost, 2011). Although these studies have paved the way for investigating individual legitimacy processes, we still know little about the effect that basic values have on individual assessments of legitimacy. Values are “an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence” (Rokeach, 1973: 5). As such, they

represent guiding principles (Schwartz, 1994) for evaluation and subsequent action (Ajzen & Fishbein, 2005; Shepherd, Kuskova, & Patzelt, 2009). Because values are acquired through a process extending over many years (Grusec, 2011). We assume that in our model, these values are relatively stable during assessments of legitimacy. In this research, we specifically focus on values related to independence and the natural environment.

Independence. Independence refers to the extent to which evaluators can maintain their convictions in the face of pressures toward conformity from a group, from some authority, or from society in general (Wrightsman, 1964, 1992). When validity cues do not fully reflect individuals' own values, independence could explain why heterogeneous judgments about the same "assessment task" are found among evaluators, despite pressures to conformity (Asch, 1956). Individuals' judgments are principally driven by two perceptual inputs, (1) the independent assessment of the actions, behavior and characteristics of an entity according to their own perceptions and values, (2) any validity beliefs, which are based on their perception of the prevailing opinion amongst other evaluators about the legitimacy of the that entity (Dornbusch & Scott, 1975; Tost, 2011; Zelditch & Walker, 2003). According to Tost (2011), the main distinction is the effortful attempt at judgment formation in the first or active mode of evaluation. The passive mode is likely to predominate in the judgment formation stage unless the individual deems it necessary or desirable to use more effort in the judgment process. There are therefore two factors likely to impact which of the two modes predominates in the judgment formation stage: the availability of validity cues and the extent to which these cues conform to, or are in line with, the basic values of

the evaluator (Bitektine & Haack, 2015; Tost, 2011). In this study, we use independence as a measure of the degree to which evaluators will form a judgment independent from validity cues. We argue that evaluators with a lower degree of independence will rely more on validity cues to reach a judgment. When the level of independence increases, evaluators will more likely take validity cues as just another consideration for guiding their legitimacy assessments, along with other aspects (Wrightsman, 1992). We, therefore, predict that the weight of validity cues will be lesser for evaluators who demonstrate higher levels of independence:

> ***Hypothesis 2:*** *When assessing the legitimacy of an activity, evaluators will attribute higher legitimacy when they validity cues indicate that it has high public support, high economic impact, takes place within a regulated setting, or is carried out by an established venture, but the effects will be less for evaluators with a higher degree of independence than for those with a lower degree of independence.*

Environmental values. Prior research has documented the negative environmental consequences of resource extraction for energy production, including deterioration in local air and water quality around extraction and production sites (Du & Vieira, 2012; Gond, Cruz, Raufflet, & Charron, 2016). Over the past several decades, energy companies have been harshly criticized by media, governmental organizations, and non-governmental organizations for environmental violations and the detrimental impact on local communities, or breaches of safety standards. Challenges to the legitimacy of energy exploitation have been evident in protests, media reports, and regulatory hearings about for example the Keystone XL pipeline for transporting oil (Finch et al., 2015). Pro-

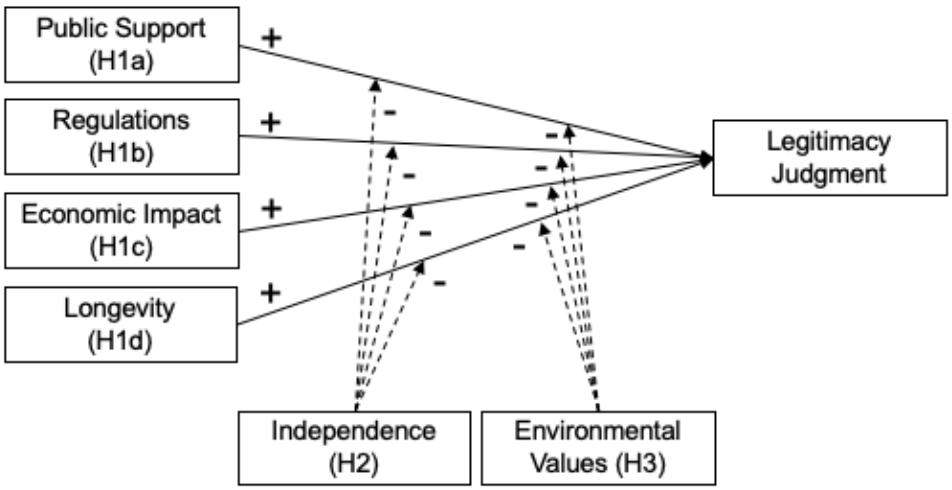
environmental values, or environmentalism, identified by Schwartz (1994) as one of the nineteen core human values, are the values that an individual places on protecting nature and ecosystems (Dunlap, Van Liere, Mertig, & Jones, 2000; Shepherd et al., 2013; Stern, Common, & Barbier, 1996). It is considered an altruistic value about what is good for society and hence legitimate (Finch et al., 2015). Thus, the impact of pro-environmental values in decision making transcends the context of energy production. For example, as established by Shepherd and Patzelt (2015), these values even play a role in moderating the harshness of evaluation of failed homosexual entrepreneurs thereby showing the broad scope of use of such values for evaluations. Moreover, pro-environmental values influence beliefs and attitudes regarding entities and actions that protect or harm the environment (Schwartz et al., 2012; Stern et al., 1996; Vinson, Scott, & Lamont, 1977). As such evaluators that consider such values highly are likely to attribute primacy to them over validity cues. With this in mind, in our study, we predict that, as evaluators' pro-environmental values increase in strength (all else being equal), the weight assigned to validity cues will decrease when they assess the legitimacy of using a technology. Specifically:

> ***Hypothesis 3:*** *When assessing the legitimacy of an activity, evaluators will attribute higher legitimacy when there is high public support, high economic impact, takes place within a regulated setting or is carried out by an established venture, but these effects will be less for evaluators who hold higher pro-environmental values than those holding lower pro-environmental values.*

We bring together the factors above in a model that we term *legitimacy-validity cue-value* model (LVV) illustrated in Figure 1B. In essence, our model

suggests that the impact of validity cues on the legitimacy judgment formation depends on the extent to which evaluators are guided by basic individual values. Specifically, the LVV model shows how validity cues influence legitimacy assessments and how that relationship is moderated by individual evaluators' independence and pro-environmental values.

Figure 1B: The Legitimacy Validity-Cue Value (LVV) Model



DATA AND METHOD

Research Design

Given the complex nature of legitimacy judgments, empirical research has often been difficult to conduct. Previous research has provided insight into legitimacy measured from media, regulations, IPO signals, or general public perceptions using archival data, content analysis, surveys and interviews. However, few studies have examined the process of legitimacy judgment formation despite the acknowledged importance of clarifying its underpinnings for management research (Bitektine & Haack, 2015; Deephouse et al., 2017; Finch

et al., 2015; Haack & Sieweke, 2018; Suddaby et al., 2017; Tost, 2011). For this study, and in order to capture the decision-making cues, we use conjoint analysis to measure the legitimacy that individual evaluators attribute to a new activity. This experimental approach is particularly well suited for disentangling explanations linked to different validity cues and fundamental values that guide the formation of legitimacy judgments as it captures the complexity of the considerations that they take into account.

We used a set of metric conjoint experiments, a within-person manipulations design, and a post-experimental questionnaire. Conjoint analysis has been used in numerous judgment and decision-making studies throughout a variety of disciplines (Green, Krieger, & Wind, 2001), including marketing (Carroll & Green, 1995) strategy (e.g.: Pablo, 1994), entrepreneurship (for a review, see Lohrke, Holloway, & Woolley, 2010), and economic psychology (e.g.: Poortinga, Steg, Vlek, & Wiersma, 2003).

Conjoint experiments require participants to assess a series of profiles and make a judgment about each profile. A profile is a combination of theoretically justified attributes of a decision task in which each attribute is represented by a level. Attributes are typically represented by one of two levels (high or low). An experimental design is used to determine which attribute level is used for a specific profile and how many profiles are needed to test the hypotheses (typically, more profiles are required for a greater number of attributes and for a greater number of two-way interactions between attributes to be tested).

For metric conjoint analysis, the experimental design is typically orthogonal (i.e., there is zero correlation between attributes, so all combinations

of levels across attributes are possible) and fractional (i.e., not all possible attribute level combinations are presented to respondents). This technique generates real-time data (i.e., data are generated and collected as judgments are made). From the series of judgments made by an individual, analysis can decompose the “captured” judgments into their underlying structure (i.e., which attributes are significantly used in forming the judgments). Furthermore, analysis of a sample of participants must acknowledge and account for the nested nature of the data - namely, decisions nested in individuals. Hierarchical linear modeling (HLM) is well suited for dealing with nested data.

The current study involves data at two levels: assessments nested in individuals. With HLM 7.03, we captured the decision policy of the sample as a whole (from the decision at level 1), how that decision policy is influenced by higher-level variables (level 2). In this case, the participants made judgments regarding the legitimacy of a new technology for extracting shale gas (fracking) while being presented with four validity cues at Level 1 and were presented with Level 2 variables in the post-experiment questionnaire.

We used a “pen and paper” instrument to administer the experiments and post-experiment questionnaire. The participants took about 30 minutes on average to complete the whole task (experimental task: 25 profiles; see details below, and the post-experimental questionnaire). The profiles consisted of four attributes about the validity cues: public support, economic impact, regulations and longevity (discussed in greater detail in the next section, level 1 variables). Each attribute varied on two levels; consequently, there were sixteen (2^4) possible profile combinations. With replication and the use of four sets of conjoint

experiments for each participant, the total number of profiles could have become burdensome for participants.

To make the assessment task more manageable for participants, we used the orthogonal fractional factorial design by Hahn and Shapiro (1966) to decrease the number of different attribute level combinations to sixteen. “In choosing an orthogonal fractional factorial design, we followed the general rule of confounding the effects of greatest interest with effects that are unlikely to be significant or cause much bias in the estimated parameters (Green & Srinivasan, 1990). A practice profile was provided to familiarize the participants with the conjoint procedure” (Holland & Shepherd, 2013: 342). This design allowed us to control for all the main effects and two-way interactions in calculating the overall legitimacy assessment before and after the manipulation.

To test for order effects, we created four unique versions of the experiment that differed in order of attributes (two versions), and order of profiles (two versions). We used HLM to test for order effects for each of the order of attributes and the order of profiles (each was entered as level 2 variables). The results indicated no significant order effects ($p<0.05$). In the section that follows, we first detail the sample, then the variables at Level 1, and then those at Level 2.

Sample

To test our hypotheses, we conducted our experiment with subjects with varied education levels (high school, bachelor, and master students, and executives) and age groups (16-24 and over 55). We conducted our experiments with populations in Spain and France. These neighboring countries are culturally

close enough regarding values, freedoms, and education. Moreover, France and Spain have faced comparable debates about fracking in the recent years. Data collection in two countries allowed for geographical cross-generalization. We collected data face to face and by mail. Subjects were mainly from educational institutions (universities and high schools). Executives were contacted through the universities' networks. We explained the purpose of the study to potential subjects and asked if they would be willing to participate. Participation was voluntary. For face to face data collection, the subjects were requested to present themselves at given dates and times. The co-authors explained the research instrument, the context, and performed one test profile with the subjects to ensure that subjects understood the task. The subjects then proceeded with the assigned task. Those unable to attend face to face sessions, were mailed the instrument. We then followed up either in person or by phone to explain the instrument, answer any queries and do a test profile.

Our sample yielded 5,928 decisions nested in 247 usable responses. Age was reported as a categorical variable with a majority (59.9%) of the evaluators' age group between 16-24 and 25-34 years, and 44.1 % of the sample consisted of women. Further, 15.0 % was engaged in high school education, 21.5 % at bachelor's degree level, 48.6% at master's degree level, and 15.0% executives who held a completed master degree or a doctoral degree. On average, 11.7 % had founded a firm.

Variables and Measures

Dependent Variable: Legitimacy judgment. Subjects were asked to assess the legitimacy of each profile. The assessment was captured on a 7-point Likert scales anchored at 1: *very low legitimacy* to 7: *very high legitimacy*. Specifically, we asked *"Based on the description of the situation above, how do you rate the extent to which the activity should be perceived as legitimate?*". The description of the situation refers to the profile presented to the subject.

Level 1: Validity Cues. An evaluator's assessment was decomposed into a coefficient for each of the assessment attributes and an intercept. The intercept indicates the evaluator's assessment of the legitimacy of the new activity over and above the influence of the validity cue attributes - public support, economic impact, regulations, and longevity. We characterized each attribute as either high or low (Hahn & Shapiro, 1966; Shepherd & Patzelt, 2015):

(1) When *public support is* high, the use of the new technology is largely consistent with people's established values and beliefs. In other words, it is generally aligned with long-held ideas or perceptions of what can or should be done in the country. At this moment, many people are in favor of using the new technology and media reports are generally positive. When public support is low, the use of the new technology is largely inconsistent with people's established values and beliefs. In other words, it challenges long-held ideas or perceptions of what can or should be done in the country. At this moment, many people are against using this new technology and media reports are generally negative.

(2) When *economic impact* is high, the use of this new technology will have considerable positive impact on the economic development of the country: it will

likely create many new jobs and increase energy independence according to economic experts and the National Office for Statistics. When economic impact is low, the use of this new technology will have minimal positive impact on the economic development of the country: it will likely create few new jobs and have no impact on energy independence according to economic experts and the National Office for Statistics.

(3) When the context is *regulated* (high), the use of the technology is regulated by the government, trade associations, unions or other regulatory bodies. In other words, regulatory authorities provide formal directions to what is permissible. When the context is *unregulated* (low), the use of the new technology is not yet regulated by the government, trade associations, unions or other regulatory bodies. In other words, regulatory authorities do not provide formal directions to what is permissible or not.

(4) *Longevity*: When it is an *established venture* (high), the new technology is developed by an established firm already operating in the sector. This firm has a track record in the sector in which the new technology is used and is considered a respectable member of the business community. When it is a *start-up* (low), the new technology is developed by a start-up new to the sector. This firm has no history in the sector in which the new technology is used but is considered a respectable member of the business community.

Level 2: Basic Values. Evaluators' basic values with regards to pro-environmental and independence values were measured using validated multi-item scales included in the post-experimental questionnaire.

Level 2 (1): Independence. The independence scale (Wrightsman, 1964) includes 14 items and measures the extent to which individuals can maintain their convictions in the face of society's pressures toward conformity. The scale comprised of items presenting a commonly held opinion. On a six-point Likert-type scale, participants were asked indicate the extent to which they agreed or disagreed with such matters of opinion. Respondents rated their agreement from 1 _ "strongly disagree," to 6 _ "strongly agree." Examples of these items include "Most people can make their own decisions, uninfluenced by public opinion"; "Most people have to rely on someone else to make their important decisions for them"; "The average person will stick to his opinion if he thinks he's right, even if others disagree." Our calculation of the scale's internal reliability for the analyses that followed yielded a Cronbach's alpha of 0.726.

Level 2 (2): Pro-environmental values. The sustainable development values scale (Shepherd et al., 2009) includes a subscale for "respect for nature" (four items). On a seven-point Likert-type scale, participants were asked to choose between two alternative statements: "Sometimes, some natural resources need to be sacrificed for important developments" and "All precautions must be taken to protect natural resources in our development efforts"; "Current patterns of production only require minor adjustments to protect the welfare of the natural environment" and "Current patterns of production must be substantially changed to protect the welfare of the natural environment"; "People only need to make minor changes to their current consumption out of respect for nature" and "People must make major changes to their current consumption out of respect for nature"; and "To a certain extent, the natural environment will look after itself to the benefit

of future generations" and "It is the obligation of a society to vigorously protect the natural environment for the benefit of future generations." The internal reliability of the scale used to test the hypotheses had a Cronbach's alpha of 0.79.

Control Variables. We recognize that the way people make sense and assess organizations is affected by more factors than the validity cues, and basic values that we used in our study. Therefore, in the post experiment questionnaire, we controlled for a number of factors that may bias the results of our analysis. Specifically, we controlled for age, gender, country of residence, number of years of schooling, and entrepreneurial experience. As previous research has found, age, gender and education level affect the way individuals make decisions or how they strongly they hold on to certain values (e.g. females have higher pro-environmental values (Konisky, Milyo, & Richardson, 2008)). As we collected data in two countries, we also controlled for any potential country effect (Kriesky, Goldstein, Zell, & Beach, 2013). Finally, to control for any bias that participants with entrepreneurial experience may have towards the validity cue, longevity, we controlled for this in our analysis by asking subjects if they had created a venture or not.

ANALYSIS AND RESULTS

Our conjoint experiment consisted of a total of 5,928 usable observations nested in 247 individuals. Of the 269 subjects who started the experiment, 10 did not complete it and were dropped from the study. The conjoint profiles were fully replicated, allowing for a test of correlation between each individual's answers for the original profiles and his or her answers for the replicated profiles. A test-retest correlation for each respondent indicated that 12 respondents had very low

reliability (less than 0.30). Consistent with other studies using conjoint analysis (Shepherd et al., 2013) we dropped these 12 non-reliable responses from the study. The final sample of 247 evaluators had a mean test-retest correlation of 0.87. The design of our conjoint experiment resulted in 24 assessment observations per individual or 5,928 observations in total. Since the data was nested, HLM is particularly effective as it controls for the autocorrelation and heteroskedasticity that may be characteristic in such data (Raudenbush & Bryk, 2002).

In Table 1, we report the means, standard deviations, and correlations of the control variables and level 2 variables. For robustness, and to ensure that multicollinearity among the independent variables is not a potential problem, we mean centered the independent variables and calculated the variance inflation factors (VIF). All VIFs were below 2, well below the generally accepted limit of 10.0 (Kutner, Nachtsheim, & Neter, 2004).

Table 1
Means, Standard Deviations, and Correlations

Variables	Mean	s.d.	1	2	3	4	5	6
1) Age	1,580	0,747						
2) Gender	0,580	0,494	0,022					
3) Average number of years of schooling	4,020	1,216	0,648 **	-0,014				
4) Entrepreneurial experience	1,890	0,398	-0,160 *	-0,089	-0,118			
5) Country	0,340	0,476	-0,261 **	-0,007	0,127	0,101		
6) Independence	3,318	0,554	-0,005	-0,137 *	0,027	0,021	0,048	
7) Pro-environmental values	5,560	1,099	-0,015	-0,190 **	0,118	0,046	0,077	0,094

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table 2 summarizes the results of the HLM analysis. We first report Model 1 with the controls only; then we add the level 2 main effects; and finally, we add level 1 and eight two-way interactions. In addition to testing the hypotheses (see below), three additional findings reported in Table 2 support the validity of our

results and experimental approach. In all models reported, the average coefficients for public support (1.48, p<.001), regulations (1.37, p<.001), economic impact (1.46, p<.001), and longevity (0.30, p<.001) are positive and significant. These coefficients represent the average effect of the validity cues attributes on participants' assessments of legitimacy of the new technology of fracking. The purpose of our model is to explain variance in the weight assigned to a specified validity cue in assessments of legitimacy.

Table 2
Results of HLM on the effects of Independence and Pro-Environmental Values on the weight of validity cues in legitimacy assessments[a]

Variables	Model 1		Model 2		Model 3	
1. Intercept for overall model	4,16 ***	(.04)	4,156 ***	(.04)	4,158 ***	(.04)
2. Age	0,06	(.07)	0,046	(.07)	0,044	(.07)
3. Gender	0,21 †	(.04)	0,192 †	(.08)	0,192 *	(.08)
4. Average number of years of schooling	-0	(.46)	-0,163	(.46)	-0,155	(.45)
5. Entrepreneurial experience	0,08	(.11)	0,088	(.11)	0,085	(.11)
6. Country	-0,1	(.09)	-0,138	(.09)	-0,142	(.09)
7. Public Support			1,491 ***	(.05)	1,483 ***	(.05)
8. Regulations			1,306 ***	(.07)	1,307 ***	(.07)
9. Economic Impact			1,445 ***	(.07)	1,443 ***	(.07)
10. Longevity			0,288 ***	(.04)	0,267 ***	(.04)
11. Independence			0,004	(.07)	0,005	(.07)
12. Pro-environmental values			-0,047	(.04)	-0,046	(.04)
13. Independence x Public Support					-0,086	(.18)
14. Independence x Economic Impact					-0,121	(.11)
15. Independence x Regulations					0,157	(.12)
16. Independence x Longevity					0,208 ***	(.06)
17. Pro-environmental values x Public Support					0,089 †	(.05)
18. Pro-environmental values x Economic Impact					-0,168 **	(.06)
19. Pro-environmental values x Regulations					0,042	(.06)
20. Pro-environmental values x Longevity					0,058 **	(.03)
21. Regulations x Public support					0,231 ***	(.05)
22. Regulations x Economic Impact					0,227 ***	(.06)
23. Regulations x Longevity					0,122 **	(.05)

a. Over and above validity cues of the legitimacy judgment.
†. p < 0.10
*. p < 0.05
**. p < 0.01
***. p < 0.001

First, we hypothesized that in assessing the legitimacy of a new technology of fracking; evaluators would attribute higher legitimacy when their validity cues are based on the perception of high public support rather than low public support. To test this hypothesis, we turn to Model 2 in Table 2. In this model, the coefficient of public support is positive and significant (1.479, p<.001), thereby supporting Hypothesis 1a. We hypothesized in hypotheses 1b to 1d that evaluators will attribute higher legitimacy when their validity cues are based on the perception of high economic impact, highly regulated context and longevity rather than validity cues perceived as attributing lower legitimacy. From Model 2 in Table 2, the coefficients for regulations (1.370, p<.001), economic impact (1.455, p<.001), and longevity (0.309, p<.001) are positive and significant. Thus, we also find support for Hypotheses 1b to 1d.

The next step was to add the interaction terms at level 2 to test Hypotheses 2 and 3. We hypothesized that when assessing the legitimacy of a new activity, evaluators will attribute higher legitimacy when they hold validity beliefs that are based on the perception that it has high public support, high economic impact, takes place in a regulated setting, or is carried out by an established venture, but that these effects will be less for evaluators with a higher degree of independence than for those with a lower degree of independence. In Model 3, Table 2, the coefficient of the interaction between independence and the aforementioned validity cues is only significant for independence with longevity (0.117, p<.001), however contrary to our prediction the coefficient is positive rather than negative. We had expected that the positive influence of each of the validity cues including longevity on the weight assigned to the legitimacy judgment to be greater when

independence is low than when it is high (Hypothesis 2), yet we find that there is no significant effect for public support, economic impact and regulations. Rather, we find that the positive influence of longevity on the legitimacy judgment is less when independence is low than when it is high. We elaborate on these intriguing findings in the discussion.

We also hypothesized that when assessing the legitimacy of a new activity, evaluators will attribute higher legitimacy when they hold validity beliefs that are based on the perception that it has high public support, high economic impact, takes place in a regulated setting, or is carried out by an established venture, but these effects will be less for evaluators who hold higher pro-environmental values than those holding lower pro-environmental values. Thus, when evaluators assess the legitimacy of the new technology of fracking, the positive influence of public support, economic impact, regulations and longevity on the weight assigned to the legitimacy judgment is greater when pro-environmental value is low than when it is high (Hypothesis 3). In Table 2, the coefficient of the interaction between pro-environmental values and perceived economic impact is negative and significant (-0.135, $p<.05$). We found that pro-environmental values in addition to economic impact as hypothesized is Hypothesis 3 also interacted with public support (0.088**,** $p < .1$) and with longevity (0.056, $p < .1$), however not in the predicted direction (the coefficients are positive). We found no significant interaction with regulations. In sum, we find partial support for Hypothesis 3.

Besides the hypotheses' findings, we observe additional interesting results at level 1. Specifically, we found that regulations interacted positively and significantly with public support (0.272, $p<.001$), economic impact (0.217, $p<.001$)

and longevity (0.112, p<.01). Thus, a regulated context (regulations=high) appears to add strength to the validity cues of public support, economic impact, and longevity such that the resulting legitimacy judgment is higher.

To illustrate the nature of these interactions and interpret them in the context of our hypotheses, we turn to Figures 2A - 2G.

Figure 2A indicates that the weight assigned to longevity on legitimacy assessment changes only marginally (it increases from 3.924 to 4.258) when independence is low but increases visibly from 3.736 to 4.538 when independence is high.

Figure 2A: **The interaction between Longevity and Independence**

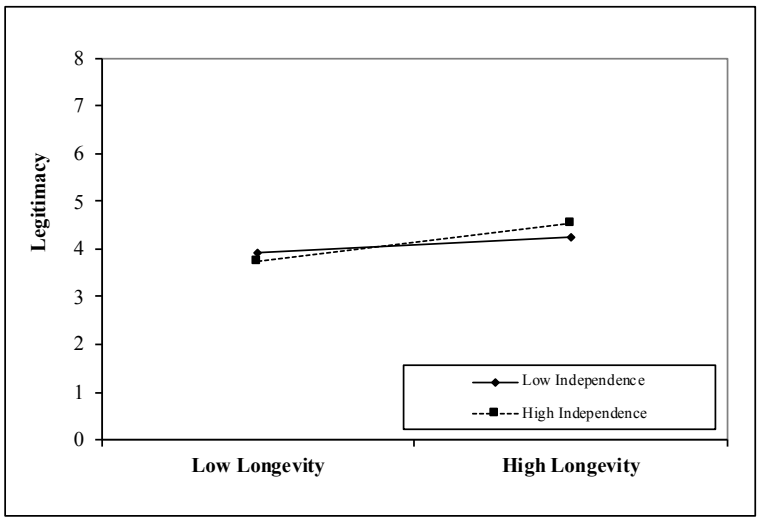


Figure 2B indicates that the weight assigned to public support on legitimacy assessment increases from 2.782 to 5.550 when pro-environmental values are low and increases from 2.502 to 5.622 when pro-environmental values are high.

Figure 2B: **The interaction between Public support and Pro-Environmental Values**

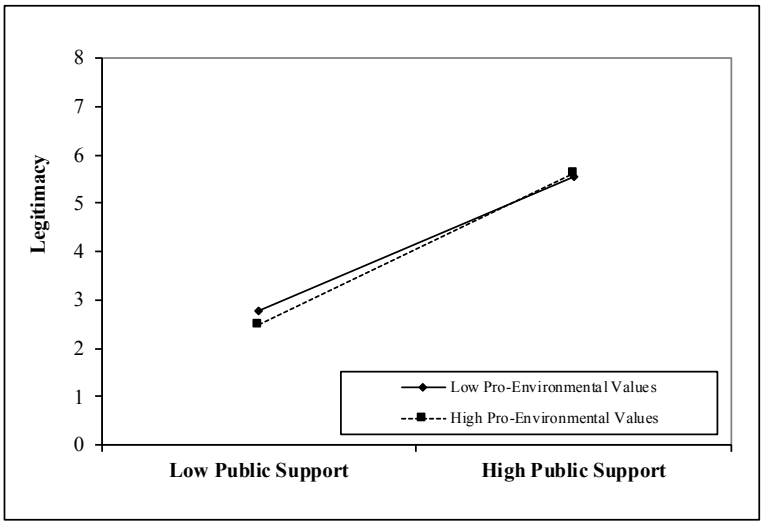


Figure 2C indicates that the weight assigned to economic impact on legitimacy assessment increases from 2.577 to 5.755 when pro-environmental values are low and increases from 2.743 to 5.381 when pro-environmental values are high. The interaction is negative as the higher the pro-environmental values, the lower the increase in legitimacy.

Figure 2C: **The interaction between Economic Impact and Pro-Environmental Values**

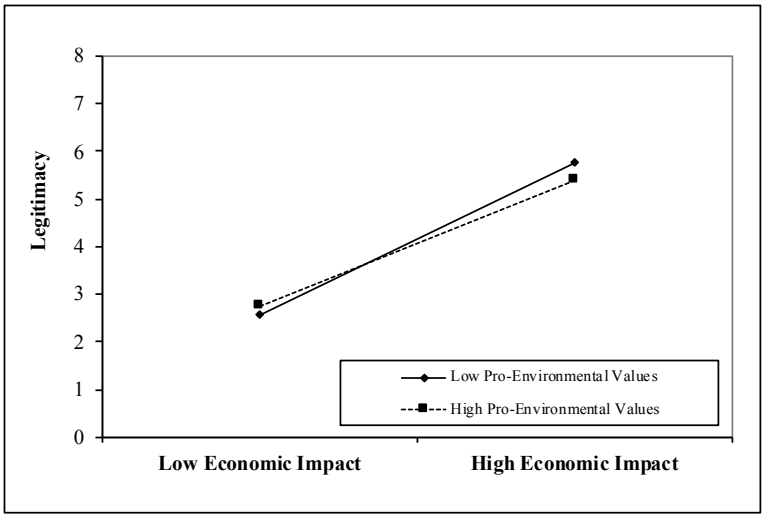


Figure 2D indicates that the weight assigned to longevity on legitimacy assessment remains virtually unchanged (it increases from 4.090 to 4.242) when pro-environmental values are low but increases visibly from 3.570 to 4.554 when pro-environmental values are high.

Figure 2D: **The interaction between Longevity and Pro-Environmental Values**

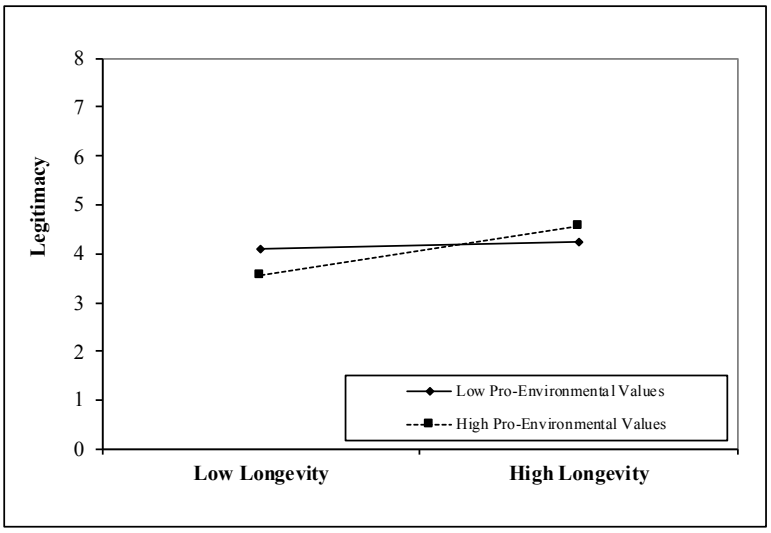


Figure 2E indicates that the weight assigned to public support on legitimacy assessment increases from 4.114 to 5.585 when unregulated and increases noticeably from 5.483 to 7.227 when regulations are high. Figure 2F indicates that the weight assigned to economic impact on legitimacy assessment increases from 4.114 to 5.568 when unregulated and increases visibly from 5.483 to 7.154 when regulations are high. Finally, Figure 2G indicates that the weight assigned to longevity on legitimacy assessment increases from 4.114 to 4.398 when unregulated and increases slightly from 5.483 to 5.879 when regulations are high.

Figure 2E: **The Interaction between Public Support and Regulations**

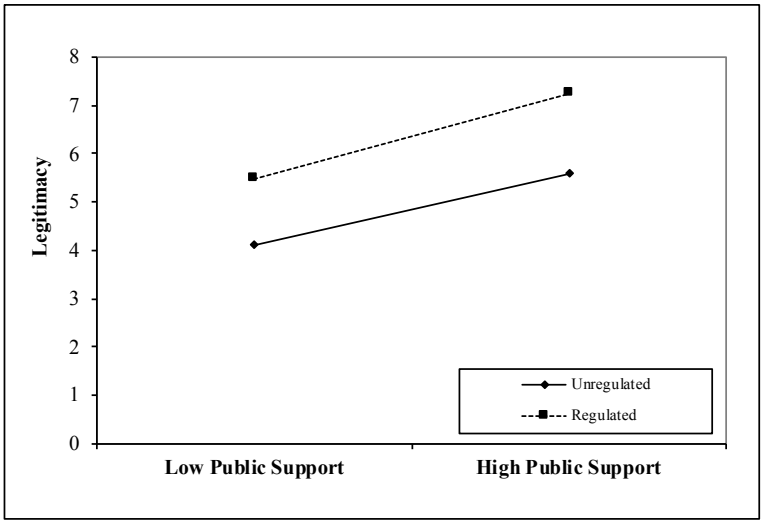


Figure 2F: **The interaction between Economic Impact and Regulations**

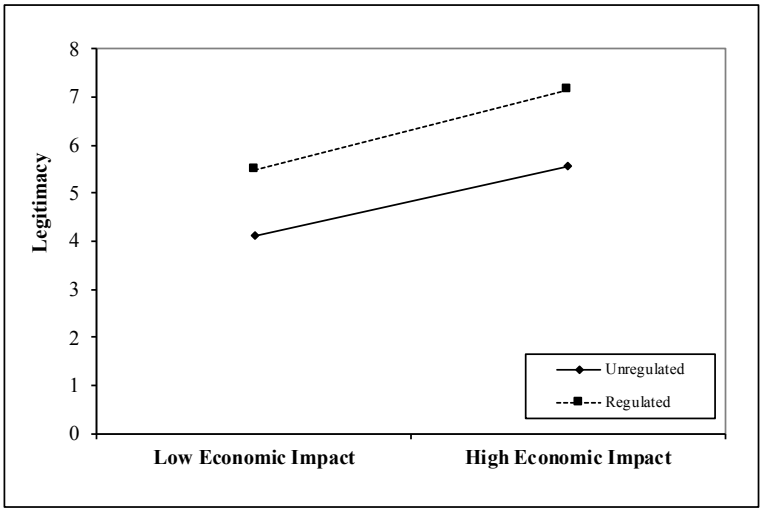
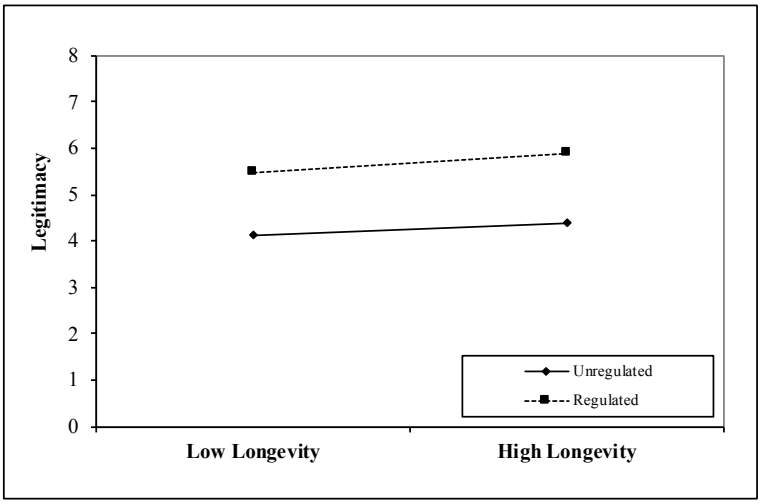


Figure 2G: **The interaction between Longevity and Regulations**



We discuss these interesting findings in the next section.

DISCUSSION

Traditionally, research has focused on defining the concept on the strategic and institutional approaches for managing legitimacy, yet despite these important strides, some have gone as far as arguing that legitimacy remains a theoretical concept too vague to be useful (Hampel & Tracey, 2016; Hudson, 2008). Research has recently rekindled the conversation about the concept to reduce its vagueness and better explain the processes that underlie legitimacy judgments.

In the current article, we develop a theoretical framework, for understanding the relative weights of validity cues (public support, economic impact, regulations, longevity) in the legitimacy assessments of individual evaluators. The framework also includes the moderating influence of independence and pro-environmental values on the effects of the validity cues

on the legitimacy judgments. We test this model, which we will refer to as the legitimacy-validity cue-value (LVV) model, in the context of a new technology of fracking.

We find that public support, economic impact, regulations, and longevity have significant main effects on the weight evaluators' attribute to them in their legitimacy assessments. In other words, we observe that evaluators make simultaneous use of different validity cues in their judgment that appeal to different types of legitimacy. These findings are consistent with our reasoning. Previous research has suggested that legitimacy is constituted of a bundle of legitimacy types (Deephouse et al., 2017). Other scholars implicitly recognize that legitimation tending towards the increase of regulatory legitimacy also increases pragmatic and normative legitimacy (Castelló et al., 2016; Scott, 1995) thereby inferring that legitimacy types, and by extension validity cues, are not mutually exclusive.

Our findings provide empirical evidence that validity cues can indeed not be interpreted accurately in a separate manner. Moreover, we observe clear differences in the weights that specific validity cues have in the judgment formation. Of the four validity cues that we investigate in this study, *public opinion* (which signals the degree of acceptance of an entity by the general public (Scott, 1995)) has been attributed the highest weight. *Public opinion* is closely followed by the cues indicating *Economic Impact* [reflecting general importance that is placed on having a healthy economic situation over the long term (Finch et al., 2015)] and *Regulations* [reflecting the degree conformity with law or other forms of collective regulation as established by some authority (Greenwood et al., 2002;

Greve, 2005)]. Least weight, though still significant, was attributed to *Longevity* [which we defined as the degree to which an entity has overcome any liabilities of newness (Freeman et al., 1983; Singh et al., 1986; Stinchcombe, 1965) and endured in the presence on-going scrutiny and pressures to change (DiMaggio & Powell, 1983) from the environment in which it exists]. An explanation for this could be that the implications of *Longevity*, in the eyes of evaluators, are less apparent than those of *Public Support*, *Economic Impact* or *Regulations.* To make sense of *Longevity* cue, evaluators need to dedicate more cognitive effort and they must be able and willing to do this. This argument is supported by the highly significant interaction between *Longevity* and the moderator variables *Independence* (the extent to which one believes that evaluators can maintain their convictions in the face of pressures toward conformity from a group, from society in general, or from some authority), and *Pro-environmental values* (the values that evaluators place on protecting nature and ecosystems (Dunlap et al., 2000; Shepherd et al., 2013).

Specifically, with low moderator values, we observe a negligible increase in legitimacy perceptions when organizations' longevity increased from low to high. When, however, moderator values were high, we observed considerably higher legitimacy perceptions with longevity increase. In the case of *Independence,* we attribute this to the fact that evaluators indeed appear to make broader sense of *Longevity* (and its implications for the legitimacy of the organization), rather than to take longevity at face value. Our data does not allow us to make any inferences about whether this broader sense is derived from additional perceptual inputs from experience, inference and deductions from

observations, analogy or extrapolation from specific encounters, or acceptance of ideas from others as suggested by Sarbin, Taft, and Bailey (1960), Furham (1988) and Wrightsman (1992) or a blend thereof.

Interesting prospects for future research exist in further exploring the moderating effects that other values have on the weight that validity cues have on the legitimacy perception. The effect of *Pro-Environmental Values*, though by appearance similar to *Independence*, has likely a different explanation. The lower legitimacy perceptions of organizations with low longevity by evaluators with low *Pro-Environmental Values* and the higher legitimacy perceptions of organizations with high longevity by evaluators with high values hint towards a certain conservatism or risk-avoiding attitudes where it concerns the environment. Considering that no information with regards to the prior environmental performance of established ventures was provided to the respondents, new ventures clearly appeared to suffer from liability of newness driven by the fact that any performance record on the environmental performance (hypothetical or not), would be unavailable. In those instances, it is conceivable that evaluators have based their judgments on the notion that it would be less uncertain to go by what they known or what could be assessed rather than by what may be.

Pro-Environmental Values also turned out to significantly moderate the effect that the *Public Support* and *Economic Impact* cues have on the legitimacy perception of evaluators. The effects, though relatively small, are largely in line with our predictions, albeit not fully. In the case of the *Public Support* cue we observe that when support is low, evaluators with high *Pro-Environmental Value*s hold lower legitimacy perceptions of the new activity than those who have lower

*Pro-Environmental Value*s. One explanation for this may be that high environmental expectations may be an aggravating factor when public support is already low resulting in a lower legitimacy perception. The effect is only partially in line with our expectations for that fact that we found it much harder to explain that legitimacy perceptions were observed to be greater for evaluators with higher *Pro-Environmental Value*s when *Public Support* was high than they were for evaluators with lower *Pro-Environmental Value*s.

An explanation could be found in the possibility that evaluators with higher *Pro-Environmental Value*s may have assumed that high *Public Support* would imply that environmental values have been taken already into consideration, leading to higher legitimacy perception compared to those evaluators for whom environmental concerns were less prominent who would have focused exclusively on public support (without making further inferences). Our data does not allow us to propose more explanations at this point. Further research should explore this further.

The results from our analysis of the moderating effect that *Pro-Environmental Values* have on *Economic Impact* hints towards prejudices that become apparent when environment performance and economic performance are contrasted. Previous studies have found a negative relationship between high pro-environmental values and economic impact (Finch et al., 2015; Margolis & Walsh, 2003). Our data also demonstrates that when the *Economic Impact* of the new activity is high, evaluators with high *Pro-Environmental Values* hold a lower legitimacy perception of the activity than evaluators with lower *Pro-Environmental Values.* It appears thus that evaluators with high *Pro-Environmental Values*

perceive that the environment is at risk when the *Economic Impact* is high and that even when no additional information is available about whether economic impact harms the environment.

This suggests that there is a widely held belief that high economic impact is incompatible with environmental respect (Margolis & Walsh, 2003; Munasinghe, 1999), even if notions of corporate social responsibility and sustainable development reflect compatibility between economic impact and environmental values (Gardiner & Portney, 1999). Yet, this compatibility is not widely acknowledged, it seems, by evaluators from the general public. More surprising was the observation that the perceived incompatibility of environmental and economic performance appeared to have the opposite effect when Economic Impact was low. In this scenario, we observed that evaluators with high *Pro-Environmental Values* attributed higher legitimacy to the new activity than evaluators with low *Pro-Environmental Values.* This suggests that those with high Pro-Environmental Values have a perception that when the Economic Impact of the new activity is low, the impact on the environment is likely to be low too (despite not being any information in our experiment that would support such a conclusion). This suggests that stereotypes linking economic impact and environmental respect have two faces. The reverse side of *high Pro-Environmental Values* on higher legitimacy attributions to organizations that have a low economic impact, has received little attention. Future research should explore this intriguing issue further.

Additionally, we observed significant contingent relationships for regulations with public support, economic impact and longevity respectively.

Consistently, the presence of a regulated context appeared to increase the legitimacy perception that individual evaluators hold with regards to the new activity when assessing it in combination with cues about 1) public support, 2) the economic impact that it has on the society, and 3) the nature of the organization (new or established venture) carrying out the activity. A plausible explanation for this effect could be that the presence of a regulatory framework leads evaluators to believe that the decisions made, and rules enacted by the legitimate authorities are right or proper and ought to be followed (Zelditch, 2001). Consequently, the presence of the *Regulations* cue magnifies the influence of the validity cues that it moderates. Additionally, the presence of regulations may create a perception that society will be protected from negative consequences caused by the application of the new technology. Indeed, Kelman and Hamilton (1989: 16) argue that "when an authority is legitimate, 'the duty to obey superior orders' replaces personal morality, with people allowing legitimate authorities to define the boundaries of appropriate behavior in a given situation". These findings extend our understanding of the conditions under which the presence of a regulatory framework is likely to reinforce the legitimacy perception of individual evaluators.

Lastly, we offer a different approach to measuring legitimacy. Rather than asking individuals to self-report how and to what degree they find an entity acceptable, we captured the relationship between legitimacy and core values through the weight assigned to four validity cues recognized as legitimacy drivers. Specifically, the greater the increase in the impact of values on the weight of the validity cues, the lesser the influence of validity cues on the legitimacy outcome.

This novel approach captures the process of legitimacy judgment formation as it happens and provides researchers the opportunity to manipulate decision contexts to explore what triggers various outcomes on the legitimacy-illegitimacy continuum.

LIMITATIONS AND FUTURE RESEARCH

In this study, we used conjoint analysis because it reduces the social desirability and retrospective reporting biases associated with self-reports of judgments (Lohrke, 2010; Shepherd & Zacharakis, 1999). Nevertheless, conjoint analysis similar to other experimental methods also has important limitations that we develop further in the conclusion of this dissertation.

We recognize that our sample contains individuals with different education attainment levels as well as students. However, studies involving students have been validly used method wise in research investigating cognitive processes (Shepherd et al., 2009), for example on values and other psychological phenomena (e.g. Bain, Kashima, & Haslam, 2006; Judge & Bretz, 1992; Korsgaard, Meglino, & Lester, 1996) and in behavioral phenomena (e.g. Cooper & Kagel, 2008; Gneezy, List, & Wu, 2006; Thaler, Tversky, Kahneman, & Schwartz, 1997), and environmental economics (Kroll, Cherry, & Shogren, 2007; Murphy & Stranlund, 2007).

Finally, although our theorizing was general in scope and not linked to any particular culture, it is possible that participants in this research differ with respect to environmental issues from populations in other regions (Franzen, 2003) or about other contexts beyond fracking. Future research, therefore, should be

conducted in cultures that differ (e.g.: individualistic or collectivist), in contexts beyond the energy sector (e.g. genetically modified food for human consumption), and also consider different basic individual values to fully assess generalization.

CHAPTER THREE

ALL ENTREPRENEURS ARE EQUAL … BUT SOME ARE WOMEN AND SOME ARE IMMIGRANTS: LEGITIMACY PERCEPTIONS OF ENTREPRENEURIAL FAILURES

ABSTRACT

The third chapter specifically seeks to examine legitimacy perceptions in an entrepreneurial environment. It aims to shed light on how validity cues in the form of stereotypes impact the legitimacy perception of failed entrepreneurs. More specifically, this work investigates how gender and nationality stereotypes affect the legitimacy evaluation of failed entrepreneurs based on a series of conjoint experiments on 2,368 assessments nested in 74 evaluators. Additionally, this study examines how evaluators' beliefs in a just world moderate the relationship between stereotypes and legitimacy judgments, to contribute to a better understanding of how system inequality and prejudicial stereotypes endure. The study establishes that prejudices linked to stereotypes participate in female and immigrant failed entrepreneurs being judged less legitimate than male and native failed entrepreneurs. Moreover, while a higher education level increases the legitimacy perception of failed entrepreneurs, the effect is less for failed female entrepreneurs than for failed male entrepreneurs and less as well for failed immigrant entrepreneurs than for failed native entrepreneurs. Finally, the findings establish that evaluators who hold higher in beliefs in a just world attribute lower legitimacy to failed female entrepreneurs and to failed immigrant entrepreneurs

than to failed male and failed native entrepreneurs compared to evaluators who hold lower in beliefs in a just world.

Keywords: legitimacy, validity beliefs, entrepreneurial failure, stereotypes, gender, immigrant, beliefs in a just world

ALL ENTREPRENEURS ARE EQUAL … BUT SOME ARE WOMEN AND SOME ARE IMMIGRANTS: LEGITIMACY PERCEPTIONS OF ENTREPRENEURIAL FAILURES

"All human beings are born free and equal in dignity and rights…
… Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status…"

(Excerpts of articles 1 and 2 of the Universal Declaration of Human Rights of 1948)

Over the recent years, the global conversation on immigration and its integration challenges has amplified, especially in Europe[1]. Simultaneously, albeit unrelated, there has also been an increased global awareness about gender[2] issues as attested by the "#Me Too" movement. Ensuring equal economic independence for women and men without distinction of origin, ending gender-based violence, promoting gender equality, and enabling immigrant integration have been elevated as primary socio-economic goals by policymakers, throughout the European Union, with the aim of decreasing prejudice. However, despite the fact that "anti-discrimination and equal opportunity acts have become an integral part of legal systems" (Guillaume et al., 2014: 793), prejudice linked to stereotypes, conducive of inequality, are pervasive

[1] There were an estimated 4.3 million immigrants during 2016 of which 2.0 million citizens of non-EU countries, and 2.3 million people with citizenship of a different EU Member State. The number of people residing in an EU Member State with citizenship of a non-member country on 1 January 2017 was 21.6 million, representing 7.5 % of the EU-28 population. (Source: Eurostat)

[2] In this paper, the words gender and sex are used as synonyms, however in more specific streams of research, the words gender and sex do not have the exact same meaning. Sex refers to the biological physical state of the body based on the X and Y chromosomes and genitalia; whereas the word gender refers to socialized behaviors and identifications, such as gendered divisions of labor (Mead, 1935) or gender identities.

and enduring. Women and immigrant-owned businesses are key actors in socio-economic development as they are among the fastest growing entrepreneurial populations in the world (Aliaga-Isla & Rialp, 2013; Edelman & Brush, 2018). Understanding the underlying factors that enhance or assuage such entrepreneurial activities remains a significant concern for national and international policy-makers and researchers alike. This explains why gender and immigrant entrepreneurship are growing interests in the entrepreneurship literature (Aliaga-Isla & Rialp, 2013; Balachandra, Briggs, Eddleston, & Brush, 2017; Chreim, Spence, Crick, & Liao, 2018; Jennings & Brush, 2013).

Scholars have acknowledged the importance of stereotypes on many decisions throughout the entrepreneurial process (Poblete, 2018; Sexton & Bowman-Upton, 1990) such as the impact of gender or nationality stereotypes on entrepreneurial initiatives, on access to financing, or on how performance is construed amongst others (Edelman, Donnelly, Manolova, & Brush, 2018; Gupta, Turban, Wasti, & Sikdar, 2009; Robb, 2002; Saxenian, 2002). Despite these important advancements, research remains underdeveloped about the effects of stereotypes on other phases of the entrepreneurial process, namely entrepreneurial failure (Watson, 2003). Failure is a key feature of entrepreneurship (Aldrich & Martinez, 2001; Shepherd, 2003) as a large proportion of new ventures fail - including women and immigrant-owned ventures (Baù, Sieger, Eddleston, & Chirico, 2017; Hsu, Wiklund, & Cotton, 2017; Robb, 2002). Despite entrepreneurial failure being a common phenomenon, it remains a painful experience for the entrepreneur (Shepherd, 2003). The impact of the experience is further heightened by the fact that failure is associated with

negative legitimacy perceptions and is judged harshly by society (Kibler, Mandl, Kautonen, & Berger, 2017).

Obtaining, maintaining, and repairing legitimacy in the eyes of stakeholders is critical for survival and overcoming failures in the institutional environment (Aldrich & Fiol, 1994; Fisher, Kuratko, Bloodgood, & Hornsby, 2017; Kibler et al., 2017; Überbacher, 2014). A low legitimacy judgment for failed entrepreneurs implies more difficult access to new equity, a higher emotional and psychological toll (Cope, 2011) and, subsequently, decreased new entrepreneurial activity (Shepherd & Patzelt, 2015). However, not all entrepreneurs are judged similarly. In this paper, I argue that the extent of legitimacy attributed to a failed entrepreneur also depends on the entrepreneur's attributes, especially if these failed entrepreneurs are associated with stereotypical attributes that predispose those judging to negative biases. It is well established that stereotypes and associated biases about women and immigrants create additional challenges for entrepreneurs that can hamper resource access (Brush, de Bruin, & Welter, 2014; Kanze, Huang, Conley, & Higgins, 2018; Teixeira, Lo, & Truelove, 2007). I contend that stereotypes would equally play an important role when assessing the extent to which a failed entrepreneur is perceived legitimate. Therefore, it is essential that failed entrepreneurs understand how they are perceived so that they can adopt appropriate legitimation strategies to manage their post failure actions (Cardon, Stevens, & Potter, 2011; Kibler et al., 2017). This study aims to shed light on how stereotypes impact the legitimacy perception of failed entrepreneurs. More specifically, how

do gender and nationality stereotypes affect the legitimacy evaluation of failed entrepreneurs?

The prejudices associated with stereotypes are well documented (Amodio & Devine, 2006; Eagly & Steffen, 1984; Hudson & Okhuysen, 2009) and many societies are even guarded against them by their legal system, as illustrated in the excerpt from the Universal Declaration of Human Rights dating already from 1948 at the beginning of this paper. Despite this, stereotypes and associated prejudices are present, and worse, are perpetuated. How is it possible that such systems of inequality are endorsed by evaluators? One compelling and intriguing explanation for endorsement is provided by evaluators' beliefs in a just world. Lerner (1980: 512) defined beliefs in a just world (BJW) as "a theory of justice that has as its basic premise the notion that people get what they deserve and deserve what they get". The BJW framework derives from system justification theory (Jost & Banaji, 1994). According to this theory, evaluators are generally motivated to endorse stereotypes and other social judgments to maintain ideological support for the prevailing social system by justifying and rationalizing inequality (Jost, Banaji, & Nosek, 2004). Therefore, to better explain the influence of stereotypes on the legitimacy evaluation of failed entrepreneurs, I also investigate how that relationship is moderated by individual differences in evaluators' beliefs in a just world. Focusing on these dynamics is crucial to understand how stereotypes affect behavior and legitimacy perceptions, and subsequently how they are maintained, evolve or possibly change (Collins & Clément, 2012; Haines, Deaux, & Lofaro, 2016; Jost & Hamilton, 2005).

I investigate these research questions using a series of conjoint experiments, a within-person manipulation design and a post-experimental questionnaire comprising a measure of the validated BJW scale by Lucas and colleagues (Lucas, Alexander, Firestone, & LeBreton, 2007; Lucas, Zhdanova, & Alexander, 2011) in the context of an entrepreneurial failure where members of the general public will be asked to evaluate the failed entrepreneur's legitimacy depending on attributes related to gender and nationality. Entrepreneurs are embedded in a community which means that, first of all, they are judged in their everyday lives by ordinary citizens. Consequently, to recover from failures and be able to eventually re-enter entrepreneurship, they must cope with judgments emanating from the citizens and communities in the society in which they live in too. Hence, I investigate legitimacy judgments made by members of the public.

This study aims to contribute to the legitimacy as perception (Bitektine & Haack, 2015) and entrepreneurial failure literatures (Kibler et al., 2017; Shepherd & Patzelt, 2015) by generating new insights into how stereotypes of gender and nationality influence the legitimacy judgments of failed entrepreneurs. Additionally, by investigating how evaluators' BJW moderate the relationship between stereotypes and legitimacy judgments, this study also seeks to contribute to a better understanding of how system inequality and prejudicial stereotypes endure.

THEORY AND HYPOTHESES

Entrepreneurial failures are not generally perceived as being proper, desirable or appropriate (Kibler et al., 2017). However, failures may be judged

even less legitimate depending on the existence of aggravating factors linked to the attributes of the failed entrepreneur. Unless evaluators have a concrete understanding of the causes of the failure (which is not usually the case), they are likely to be influenced by legitimacy cues that they perceive from the social system about attributes of the entrepreneur, such as stereotypes, that are not directly related to the failure (Shepherd & Patzelt, 2015).

Stereotypes provide cognitive shortcuts for people as they allow them to quickly and efficiently make sense of the complex social environment. Stereotypes that exhibit positivity towards members of certain groups are likely to have a mitigating effect on the severity of the legitimacy evaluation of the failed entrepreneur (Jost, Kivetz, Rubini, Guermandi, & Mosso, 2005). However, if the stereotypes infer prejudice, they are likely to aggravate the severity of the legitimacy evaluation of the failed entrepreneur (Ahl, 2004). Stereotypes are particularly consequential because they are socially shared across large groups of people. That is, evaluators in the same context or (sub-) cultures appear to hold similar beliefs and expectancies about ingroup and outgroup members, about their attributes and expected roles (Hogg & Reid, 2006; Oakes, Haslam, & Turner, 1993). Thus, widely shared stereotypes may be endorsed and considered legitimate even if they express prejudice. According to Haack & Sieweke (2018: 492) “beliefs about the legitimacy of inequalities can become institutionalized among the members of a social system over time, in the sense that they constitute a widely accepted and unquestioned feature of “how things are” and “how things are done” (Berger & Luckmann, 1991; Haack & Sieweke, 2018)”. When this happens, evaluators believe that the system despite its inequalities is

just and fair, and hence legitimate. The support for these beliefs can be explained by system justification motivations known as beliefs in a just world (BJW) in which evaluators believe the world is a fair and just place (Furnham, 2003; Lerner, 1980) and that individuals get what they deserve (Lucas et al., 2011). Therefore, evaluators' BJW would moderate the relationship between stereotypes and the legitimacy judgment of the failed entrepreneur.

Legitimacy, Stereotypes, and Perceptions of Failed Entrepreneurs

Legitimacy*:* Legitimacy is defined as a 'generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions' (Suchman, 1995: 574). In other words, the legitimacy of an entrepreneur conceptualized as a perceptual phenomenon lies in 'the eye of the beholder' (Ashforth & Gibbs, 1990: 177; Suchman, 1995). However, recent developments from a social judgment perspective have established that legitimacy perceptions are essentially multifaceted in nature comprising three components: validity, validity beliefs and propriety (Bitektine & Haack, 2015). To accurately understand how a legitimacy perception is formed at the micro-level about a failed entrepreneur and the influence of stereotypes in that process, we need to consider the interplay of these perceptual components. In this, propriety refers to micro-level legitimacy or the individual's own judgment of the appropriateness of the failed entrepreneur being evaluated (Dornbusch, Scott, & Busching, 1975; Walker, Thomas, & Zelditch Jr, 1986). Validity refers to macro-level legitimacy, or legitimacy at collective level (i.e.: by a group as a whole) (Dornbusch et al., 1975; Zelditch, 2006), that is, how the social system in which the evaluator is embedded

perceives the failed entrepreneur. While the social system might not judge a particular failed entrepreneur, the system comprises social norms, values or beliefs about what ought to be appropriate for failed entrepreneurs. These validated norms, values, and beliefs also incorporate taken for granted beliefs such as stereotypes, that will, in turn, be perceived by the individual evaluator as what ought to be (il)legitimate (Bitektine & Haack, 2015; Suchman, 1995).

An important aspect of validity is that "it exists as a social fact and independently of the opinion of a single individual" (Haack & Sieweke, 2018: 491). Validity (including stereotypical attributes) permeates the cognition of individuals in the form of validity cues, that is in turned used to shape a validity belief. From a social judgment lens, the entity or the actor that is under scrutiny is seen as valid if it recognizably endorses the perceptions and actions of the authorities and of its peers within the social system (Johnson et al., 2006). Individuals who do not privately endorse that entity or actor as proper may nevertheless believe that others perceive it as appropriate and therefore implicitly approve its behavioral prescriptions. This may explain why some prejudices are endorsed even if the evaluator does not necessarily approve them. "If an individual's propriety beliefs are incongruent with his or her validity beliefs, that individual may suppress the former and act upon the latter (Bitektine and Haack, 2015). Over time, individuals tend to adjust their propriety beliefs so that they are congruent with the prevalent validity beliefs of the broader group to which they belong, for example, by viewing or accepting the system as fair and legitimate through system justification mechanism (Jost & Major, 2001)" (Haack & Sieweke, 2018: 491). In other words, validity beliefs influence propriety beliefs (Walker et al., 1986; Zelditch, 2006). As

such, the individual's own assessment of the legitimacy (propriety) of the failed entrepreneur will reflect these validity beliefs to a certain extent (Zelditch, 2006).

Stereotypes: Stereotypes refer to the cognitive representations that people hold about members of a social group, consisting of beliefs and expectancies about their probable behaviors, features, and attributes (Dovidio, Hewstone, Glick, & Esses, 2010; Hilton & Von Hippel, 1996). Stereotypical attributes are derived from assumed or expected information about the status and role of individuals within groups (Eagly & Steffen, 1984). Social group members who have high status usually exhibit positive attributes and higher legitimacy compared to social group members who are perceived to have low status (Jost & Major, 2001). Stereotypes are particularly consequential because they are socially shared across large groups of people, and as such contribute to reproducing at collective level which attributes are perceived as taken for granted or as being cognitively legitimate. A wealth of research has demonstrated the pervasive and fundamental role that stereotypes play in social perception, interaction, and multiple types of decision-making and judgments about members of such social groups (Allport, Clark, & Pettigrew, 1954; Dovidio et al., 2010). Thoughts, feelings, and behavior are affected by stereotypes even in the absence of conscious endorsement (Chen & Bargh, 1997).

Stereotypes are thus powerful environmental cues that individuals integrate into their validity beliefs when forming a legitimacy judgment. Simultaneously, however, reliance on stereotypes often promotes prejudice, discrimination and intergroup conflict when people pre-judge groups of individuals on the basis of generalized (negative) stereotypic attributes (Fiske,

1998). Prejudices are negative evaluations of members of a group, such as conferring lower legitimacy to members of that group. This, in turn, induces discriminatory behaviors, such as lower financing or patronizing behaviors (Amodio & Devine, 2006). Stereotypes, however, can also promote positive biases toward the high-status group and infer more positive judgments compared to those cast over lower status groups. Stereotypes play a fundamental role in many current business-society problems caused by (or driven by) perceptions of race and sex, or by intergroup tensions and inequality ranging from funding for entrepreneurs, employee performance assessments, job promotion to discrimination about sexual orientation or physical appearance (Amodio & Devine, 2006; Heilman, 2001; Heilman, 2012; Hodges & Budig, 2010; Jost & Hamilton, 2005; Peabody, 1999) .

Gender and National Stereotyping of Entrepreneurs*:* Gender stereotypes are defined as generalizations about the characteristics, attributes, and behaviors of men and women (Eagly & Mladinic, 1989). Nationality stereotypes are defined as generalizations about the characteristics, attributes, and behaviors of individuals belonging to particular nationalities (Eagly & Kite, 1987).

Gender Stereotypes. Scholars have recognized that entrepreneurship is not a gender-neutral phenomenon and have acknowledged the effect that gender and associated stereotypes (Sexton & Bowman-Upton, 1990) have on various decisions throughout the entrepreneurial process. Gender stereotypes are "widely shared, automatically activated, and very impactful, and thus are highly likely to dominate the impressions formed of men and women" (Heilman, 2012: 115). Past research has found that evaluators consider males as more confident,

less sensitive, more influential, more analytical, less warm, and somewhat more deserving of respect than equally performing women. Even when females demonstrated identical behavior, it was, in contrast, still interpreted in female stereotyped terms (Taylor, Fiske, Etcoff, & Ruderman, 1978). In their review, Jennings and Brush (2013) report studies showing that women and men differ in their propensity to engage in entrepreneurship worldwide: females are much less likely than males to be involved in various forms of entrepreneurial activity. Scholars have established that due to gender stereotypes, females take less entrepreneurial initiatives (Gupta et al., 2009) and opportunities (Gupta, Goktan, & Gunay, 2014), but also that gender has an influence on how performance is construed (Justo, DeTienne, & Sieger, 2015). It has also been demonstrated that gender stereotypes can have negative impacts on financial resource acquisition where exhibiting female stereotypical attitudes and language is detrimental for both males and females (Balachandra et al., 2017), or on the content of questions that investors ask men and women resulting in prejudices (Kanze et al., 2018), and on the amount of financial capital acquired. Women tend to launch firms with lower levels of initial financing (Carter, Brush, Greene, Gatewood, & Hart, 2003) and female entrepreneurs tend to operate with lower levels of both debt and equity beyond the startup stage (Alsos, Isaksen, & Ljunggren, 2006). Further findings reveal that female entrepreneurs are less likely than male entrepreneurs to utilize financing provided by formal, external sources during start-up (Coleman & Robb, 2009). Given the established pattern by previous research about the prejudicial effects of gender stereotypes within entrepreneurship, I posit that:

Hypothesis 1*: Failed female entrepreneurs will be judged less legitimate than failed male entrepreneurs.*

Nationality Stereotypes. When evaluators identify a new individual as a member of a group, they draw on knowledge, experiences or established inferences about similar individuals from that group that go "beyond the information given" (Allport et al., 1954). This often happens when evaluators are confronted with "foreigners" or immigrants about whom they have little direct interactions or real familiarity. The use of nationality or origin stereotypes may have serious downsides. When relying on group characteristics, evaluators both exaggerate similarities between individuals within similar nationalities (in other words, they are seen as all alike) and differences between them (Allport et al., 1954; Jost & Hamilton, 2005; Lee & Fiske, 2006). Discrimination occurs when individuals or groups are treated, described and/or judged based on generic social category associations, rather than on available individuating information. Evaluators tend to agree on stereotypes of different nationalities (Peabody, 1985), due to their reliance on certain features of the nation ranging from politics and economics (Poppe, 2001) to religion (Peabody, 1999), to geography (Linssen & Hagendoorn, ,1994), and relational status or conflicts between one's ingroup and outgroup (Lee & Fiske, 2006). Immigrants' national origin will guide majority members' perceptions of them. Each immigrant nationality has its own unique economic and social history with regard to its host country. The increase in immigration in developed countries and the contribution of immigrants to economic growth has spawned numerous studies on immigrants as entrepreneurs (Achidi Ndofor & Priem, 2011; Robertson & Grant, 2016; Sanders & Nee, 1996). Immigrant status provides a variety of

perceived advantages, such as information and easy access to their country of origin, but also disadvantages, such as network scarcity, language and cultural barriers to new immigrant entrepreneurs[3] (Poblete, 2018; Sanders & Nee, 1996). Saxenian (2002) reports in her study that many of her female immigrant respondents perceived that their "outsider" status led them to start their own firms. Thus, this perception leads many immigrants to the conclusion that entrepreneurship provides them with the best career opportunities. However, immigrant status is also perceived to be a barrier to entrepreneurs in obtaining the necessary capital to start their ventures, especially for visible minorities compared to non-visible minorities (Teixeira et al., 2007). I therefore argue that:

> ***Hypothesis 2****: Failed immigrant entrepreneurs will be judged less legitimate than failed native entrepreneurs.*

Moreover, given the above arguments, I posit that among failed entrepreneurs, gender will have a moderating effect such that female immigrants would be attributed lower legitimacy compared to male immigrants and female natives owing to the double prejudice linked to their belonging to lower-status groups within gender, that is, female and within origin, that is immigrant. Moreover, male natives would likely be perceived by evaluators as having the highest legitimacy due to their belonging to double high-status groups. Thus,

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[3] In this study we refer to immigrant entrepreneurs as those belonging to a first generation, implying that their socialization process and characteristics have been acquired in other contexts, which is different from that for co-ethnics, who are born in the host country (Achidi and Priem 2011).

Hypothesis 3*: Failed native entrepreneurs will be perceived as more legitimate than failed immigrant entrepreneurs, but the effect will be stronger for failed male entrepreneurs than for failed female entrepreneurs.*

The moderating effect of education on the status of group members. The content of gender stereotypes in society has been studied extensively and researchers have identified the basic dimensions of the male and female stereotype as “agency” and “communality” respectively[4] (Eagly & Mladinic, 1989; Haines et al., 2016; Rudman & Glick, 2001). Also, high-status group members (e.g.: males, leaders, nationals of a host country) are conceived as exhibiting agentic attributes and low-status group members as exhibiting communal attributes (e.g.: females, immigrants). In general, people seem to believe (and also believe that others believe) that high-status actors are competent and that low-status actors are less competent (Jost et al., 2005). Each immigrant nationality has its own unique economic and social history with regard to its host country. When immigrants of certain social configurations move to their host country, status and competition relations are created in the host country with natives. Lee and Fiske (2006) posit that status buys respect (perceived competence) and competition costs liking (perceived lack of warmth). Thus, a higher status immigrant will be perceived as more legitimate

[4] Communal attributes include for example being "kind", "obedient", "passive", "understanding", or "emotional" and in contrast, agentic attributes include for example being "competent", "ambitious", "task-focused", "assertive", "decisive", "self-sufficient", "self-confident" (Abele & Wojciszke, 2007; Bem, 1974; Eagly & Karau, 1991, 2002, Heilman, 2001, 2012; Spence & Helmreich, 1979).

in terms of competence but less likable because high status is not congruent with expected traditional immigrant low status stereotypes (Lee & Fiske, 2006). An individual's status will increase when associated to agentic attributes such as competence. Education is one such way by which immigrants or females are perceived as more competent and consequently more legitimate. Higher educated entrepreneurs are perceived as more competent through knowledge about how to manage a business and as having a higher socio-economic status, which in turn should reduce the level of prejudice from stereotype (Bates, 1990; Robinson & Sexton, 1994). Therefore, I hypothesize that,

> ***Hypothesis 4a****: A higher education level increases the legitimacy perception of failed entrepreneurs, but the effect will be less for failed female entrepreneurs than for failed male entrepreneurs.*
>
> ***Hypothesis 4b****: A higher education level increases the legitimacy perception of failed entrepreneurs, but the effect will be less for failed immigrant entrepreneurs than for failed native entrepreneurs.*

Because stereotypes drive behavior and influence the dynamics among evaluators and evaluees (Gupta et al., 2009), it is important for those who seek to change or reinforce a particular legitimacy judgment (e.g. entrepreneurs, employees, firms, public policy makers) to get a better understanding of how these stereotypes operate but also how evaluators' individual differences can enhance or mitigate their effects (Kanze et al., 2018). System justification is a mechanism whereby evaluators justify stereotypes and their associated

prejudices as being a legitimate system - this can also explain why certain stereotypes are so difficult to change.

Beliefs In A Just World and Perceptions of Failed Entrepreneurs

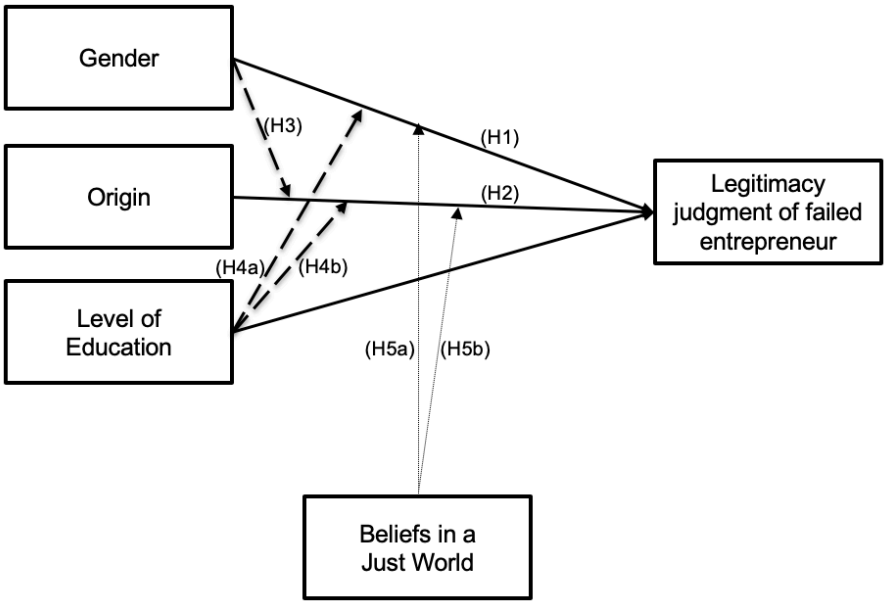
According to system justification theory (Jost & Banaji, 1994), evaluators are generally motivated to endorse stereotypes and other social judgments to maintain ideological support for the prevailing social system by justifying and rationalizing inequality. Doing so involves a **"**complex process of balancing needs for self, for the group and to view the system as fair and legitimate. Evaluators are most likely to endorse such stereotypes when doing so provides legitimacy for themselves, for their ingroup, and for society simultaneously" (Oldmeadow & Fiske, 2007: 1137). One way of investigating the likelihood of endorsement of such stereotypes as fair and legitimate is through the extent to which evaluators believe in a just world (Lerner, 1980). The "Belief in a Just World" (BJW) scale developed by Lucas and co-authors (2007) can be used to measure whether evaluators believe the world is a fair and just place and that individuals get what they deserve (Furnham, 2003; Lerner, 1980; Lucas et al., 2011). BJW thus provides hints about how individual differences in ideological beliefs relate to group inequality due to stereotypes, and subsequent system justification (Jost & Burgess, 2000). According to Oldmeadow and Fiske (2007), evaluators who rate high in BJW are likely to be motivated to view social inequalities as fair and legitimate. Hence, they may be more likely to endorse stereotypes and judge prejudiced categories of failed entrepreneurs with more severity than those who rate lower in BJW. Thus, I hypothesize that:

***Hypothesis 5a**: Evaluators who hold higher in beliefs in a just world attribute lower legitimacy to failed female entrepreneurs than to failed male entrepreneurs compared to evaluators who hold lower in beliefs in a just world.*

***Hypothesis 5b**: Evaluators who hold higher in beliefs in a just world attribute lower legitimacy to failed immigrant entrepreneurs than to failed native entrepreneurs compared to evaluators who hold lower in beliefs in a just world.*

Figure 1 below depicts the model described above.

Figure 1: The "Stereotype - BJW - Legitimacy Evaluation" model



In the next section, the method and data to test the above model and hypotheses are detailed.

METHOD AND DATA

Method

The method chosen is a set of metric conjoint experiments because the study focuses concomitantly on the evaluation of dispositional attributes (gender and nationality) of the failed entrepreneur and on the beliefs in just world of the evaluator, it is necessary to carry out nested evaluations. Moreover, the method allows to evaluate failure independent of situational attributes such as level of debt and to control for potentially confounding variables. Owing to responses geared toward social desirability, research is often difficult to conduct with sensitive topics related to potential discrimination and negative biases resulting from stereotypes and system justification. For this additional reason, a conjoint experiment approach is suitable, as it allows to capture 'real-time' evaluations instead of retrospective evaluations. Although previous research has provided insights into numerous cognitive processes used to explain or rationalize such behaviors, it has nevertheless been difficult to disentangle several possible motives and determine direct causal explanations. Thus, this methodological approach seems suited to examine variations in evaluators' assessments of legitimacy based on gender and origin in business failures moderated by individual differences in the evaluator's BJW.

Conjoint analysis has been used in numerous judgment and decision-making studies throughout a variety of disciplines (Green et al., 2001), including marketing (Carroll & Green, 1995) strategy (e.g.: Pablo, 1994), entrepreneurship (for a review, see Lohrke et al., 2010), and economic psychology (e.g.: Poortinga et al., 2003). Specifically, conjoint analyses similar to the one used in this study

has successfully been used to investigate complex decisions and evaluations, such as entrepreneurs' decisions to persist with poorly performing firms (DeTienne, Shepherd, & De Castro, 2008) but also the harshness of evaluation of failed entrepreneurs (Kibler et al., 2017; Shepherd & Patzelt, 2015).

Conjoint experiments require subjects to evaluate a series of profiles so as to make a judgment about each profile. A profile is a combination of theoretically justified attributes of a decision task in which each attribute is generally represented by one or two levels (high or low). An experimental design is used to determine which attribute level is used for a specific profile and how many profiles are needed to test the hypotheses (more profiles are required with a greater number of attributes, and a greater number of two-way interactions to be tested between attributes). For metric conjoint analysis, the experimental design is typically orthogonal (there is zero correlation between attributes, so all combinations of levels across attributes are possible) and fractional (not all possible attribute level combinations are presented to the subjects to avoid cognitive burdening). This technique generates real-time data (that is, data is generated and collected as judgments are made). From the series of judgments made by an individual, the analysis can decompose the "captured" judgments into their underlying structure (i.e. which attributes are significantly used in forming the judgments). Moreover, the analysis of a sample of participants accounts for the nested nature of the data: decisions nested in individuals. Given the nature of the nested data, hierarchical linear modeling (HLM 7.03 software) is well suited to analyze the data.

Research Design

The tool is a pen and paper questionnaire comprising a set of metric conjoint experiments, a within-person manipulation design, and a post-experimental questionnaire (Lohrke et al., 2010; Shepherd et al., 2013). To control for order effects, four unique versions of the experiment differing in the order of attributes (two versions), and in the order of profiles (two versions) were administered to respondents. For level 1 variables (main and control variables), each profile comprises five attributes (gender, origin, industry sector, level of debt, and education level of the failed entrepreneur) at two levels. Using an orthogonal factorial fractional design (Hahn & Shapiro, 1966), I created 33 profiles including one test profile, 16 original profiles, and 16 replications that each respondent evaluated. The study further examines how evaluators' beliefs in a just world moderate the relationship between the gender and origin attributes of entrepreneurs and the legitimacy judgment (level 2). Thus, the resulting data has a hierarchical structure where multiple judgments of failure profiles (level 1) are nested within an individual participant (level 2).

Sample

I test the hypotheses in the French context. France is an interesting and appropriate context for this study for several reasons: First, France is considered relatively gender equal, ranking 5th out of 28 within the European Union, thus no significant differences in terms of legitimacy perceptions of gender would be expected unless pervasive stereotypes about gender are well anchored in the country. Second, with the immigrant movements of the recent years, also in France, immigrant entrepreneurship is widespread. Third, while France actively

promotes entrepreneurship, its society tends to harshly judge bankruptcies. Data was collected by the author in public areas in the city of Bordeaux and its surrounding suburbs. Passers-by were asked if they would volunteer to participate in a research study and were told that the study aimed to investigate the extent of financing failed entrepreneurs should get access to. When respondents agreed to participate, I provided them the questionnaire, explained the tool, answered any questions as well as oversaw the practice test. On average, respondents took about 35 minutes to complete the questionnaire. No rewards were given to participants.

Variables and Measures

Dependent Variable: Legitimacy evaluation of the failed entrepreneur. I used willingness to finance to operationalize legitimacy as after pilot studies and various discussions to establish the internal validity of the measure, I found that respondents had a very different interpretation of what legitimacy of an individual could be as opposed to clearer answers for legitimacy of a product or activity, such as marijuana or fracking. Consequently, the legitimacy assessment was captured on a 7-point Likert scale anchored at 1 = 'very low financing' to 7 = 'very high financing'. I asked the evaluators to make the following assessment: "To what extent would you finance the failed entrepreneur?"

Level 1: Stereotypical attributes of the entrepreneur

Gender. Whether the entrepreneur is male or female.

Nationality. Whether the entrepreneur is French or Polish.

I used French nationality as the data was collected in France thereby reflecting the nationality of origin of the failed entrepreneur and should be less prone to

prejudices by the local population. I use Polish nationality to test the immigrant variable for several reasons. First, Polish nationals comprise the largest within EU immigrant group. Second, besides stereotypes linked to immigration (Peabody, 1985), a well-documented literature also establishes that stereotypes pervasive to Eastern Europeans, including Polish is widespread in Western Europe (Sztompka, 2004; White, 2016). Third, I control for potential confounding effects linked to ethnicity and religious background since Poles are associated to white ethnicity and catholic background akin to the French.

Education: Whether the entrepreneur has a High school or Master's in business administration degree. Higher educated entrepreneurs are perceived as having more knowledge about how to manage a business and as having a higher socio-economic status, which in turn could affect the level of prejudice from stereotype (Bates, 1990; Robinson & Sexton, 1994).

Level 1: Control variables: Evaluations of entrepreneurs who failed can be influenced amongst others by:

- the failure's debt extent: a higher level of debt is assessed as more unfavorably than a lower level of debt (Ucbasaran, Shepherd, Lockett, & Lyon, 2013)
- the industry's feminine or masculine characteristics: because some sectors are seen as more masculine than others (Garcia-Retamero & López-Zafra, 2006; Gardiner & Tiggemann, 1999). Due to stereotypical characteristics and ascribed roles congruent with gender, clothing industry is more characteristic of female gender and male gender with construction. If the failed entrepreneurs span these ascribed roles, their legitimacy evaluations

may be impacted (Eagly & Steffen, 1984).

Therefore, I include in the profiles an attribute for the entrepreneur's level of debt from the failure, 20 000 € or 500 000 €. I also include an attribute about the gendered characteristic of industry sector of the failed business, 'Clothing' or 'Construction'. All the level 1 attributes used in the experiment are reproduced in Appendix 1a.

Level 2: Beliefs in a Just World. To measure Beliefs in a Just World, I use the validated scale of Lucas et al., (2007) comprising 16 items measuring beliefs in a just world for self and others. The scale is reproduced in Appendix 1b. The calculation of the scale's internal reliability for the analyses that followed yielded a Cronbach's alpha of 0.883.

Level 2 Control Variables: Since people who are more educated, older, of different genders, and of different nationalities may judge legitimacy differently, I control for age (obtained by subtracting the current year from the year of birth), education (coded as 0: No Schooling, 1: High School, 2: Vocational training, 3: Bachelor, 4: Master 5: Doctorate), gender (coded as Female: 0, Male: 1). The control for nationality in the analysis was left out as all the respondents were French nationals. I also control for familiarity with the group of immigrants as an evaluator is less likely to use nationality in assessing entrepreneurs for their failures when they are familiar with this immigrant group, in this case Polish immigrants. Respondents were asked to indicate what percentage of their network was Polish, coded as 0 for none; 1: up to 10%; 2: up to 20%; 3: up to 50%; 4: more than 50%. Exposure to failure may also impact the evaluations of failed entrepreneurs depending on whether evaluators have themselves been

entrepreneurs. I control for these by asking participants, ‘Have you ever experienced business failure?’: never was coded 0; as an employee was coded 1; as an entrepreneur was coded 2; as a family member was coded 4 and as an investor was coded as 5; ‘Have you ever founded or co-founded a venture': no was coded as 0 and yes was coded as 1.

ANALYSIS AND RESULTS

The conjoint experiments consisted of a total of 2,368 usable observations nested in 74 individuals. Out of the 110 respondents who agreed to participate in the study, 7 were removed because they did not complete the task. Using the replications and original profiles, I tested the correlation between each respondent’s answers for the original profiles and his or her answers for the replicated profiles. A test-retest correlation for each respondent indicated that 29 respondents had very low reliability (less than 0.30). Consistent with other studies using conjoint analysis (Shepherd et al., 2013), these 29 non-reliable responses were removed from the study. The final sample of 74 evaluators had a mean test-retest correlation of 0.79. Since the data was nested, HLM is particularly effective as it controls for the autocorrelation and heteroskedasticity that may be characteristic in such data (Raudenbush & Bryk, 2002). The sample comprised 48.6 % women and 51.4% men; age ranged from 19 to 81 years old with a mean of nearly 36 years old. On average, 13% had founded or co-founded a venture; 43.2% had some form of failure experience either as an employee, entrepreneur, family member or investor; 27% had investor experience; 40.5 % had moderate

to high debt, 18.9 % were familiar with Polish people in their network (albeit less than 20% of their network).

Table 1 reports the means, standard deviations, and correlations of all the level 2 variables. For robustness, and to ensure that multicollinearity among the independent variables is not a potential problem, I mean-centered them and calculated the variance inflation factors (VIF). All VIFs are less than 2, below the commonly accepted limit of 10.0 (Kutner et al., 2004). Regarding level 1 variables, there is zero correlation among them since the design is orthogonal. Moreover, to ensure that the population of respondents also perceived as generally theorized the masculine and feminine characteristics of the industry which we used at Level 1 as a control, I also included questions in the post experiments questionnaire to determine the extent to which evaluators perceive the clothing and construction industries as having feminine or masculine attributes on a Likert type scale anchored at 1 for ‘Highly Feminine’ and 7 for ‘Highly Masculine’. Respondents generally attributed feminine characteristics to clothing industry with a mean of 2.95 on the scale, and masculine characteristics to the construction industry with a mean of 6.0 on the scale.

Table 1
Means, Standard Deviations, and Correlations

Variables	Mean	s.d.	1	2	3	4	5	6	7	8	9	10
1. Age	35,910	15,793										
2. Gender control	0,510	0,503	-0,159									
3. Educational attainment	3,570	0,684	0,101	-0,102								
4. Entrepreneurial experience	0,230	0,424	0,184	-0,368 **	0,206							
5. Polish network	0,240	0,544	-0,115	0,038	-0,082	0,230 *						
6. Personal debt	2,090	1,615	0,095	-0,179	-0,248 *	-0,313 **	-0,136					
7. Failure experience	0,950	1,237	0,028	-0,065	-0,093	0,416 **	0,386 **	-0,018				
8. Investor experience	0,270	0,447	0,299 **	-0,138	0,208	0,246 *	-0,049	-0,226	0,250 *			
9. Clothing industry gendered characteristic	2,950	0,905	0,183	-0,299 **	0,117	0,176	-0,195	0,013	0,022	0,172		
10. Construction industry gendered characteristic	6,000	0,702	-0,067	0,155	0,171	0,046	-0,072	-0,060	-0,032	-0,131	-0,216	
11. Beliefs in a just world	4,123	0,612	0,064	-0,086	0,154	0,239 *	0,032	-0,432 **	-0,145	0,221	0,096	-0,135

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 2 summarizes the results of the HLM analysis. Model 1 reports level 1 and level 2 controls; Model 2 reports the main effects; and finally, Model 3 reports all two-way interactions.

Table 2: Results of HLM on the effects of beliefs in a just world on the weight of stereotypes in legitimacy assessments[a]

	Variables	Model 1		Model 2		Model 3	
1	Intercept for overall model	4.283 ***	(.06)	4.283 ***	(.06)	4.283 ***	(.06)
2	Industry Sector	0.279 ***	(.06)	0.279 ***	(.05)	0.279 ***	(.05)
3	Level of debt	1.478 ***	(.15)	1.478 ***	(.16)	1.478 ***	(.16)
4	Age	0.005	(.003)	0.005	(.003)	0.005	(.006)
5	Gender control	0.042	(.14)	0.042	(.14)	0.072	(.14)
6	Educational attainment	-0.011	(.08)	-0.011	(.08)	-0.009	(.09)
7	Entrepreneurial experience	-0.243	(.19)	-0.243	(.19)	-0.303	(.19)
8	Polish network	-0.023	(.12)	-0.023	(.12)	-0.023	(.12)
9	Personal debt	-0.118 **	(.05)	-0.118 **	(.05)	-0.082 **	(.05)
10	Failure experience	0.072	(.06)	0.072	(.06)	0.110 †	(.06)
11	Investor experience	-0.207	(.13)	-0.207	(.13)	-0.266 †	(.16)
12	Gender			0.113 †	(.07)	0.113 †	(.07)
13	Origin			0.242 ***	(.06)	0.242 ***	(.07)
14	Level of education			0.761 ***	(.08)	0.761 ***	(.08)
15	Beliefs in a just world			0.263 *	(.11)	0.263 *	(.11)
16	Gender x Origin					0.253 *	(.12)
17	Gender x Education					0.051 †	(.13)
18	Origin x Education					0.091 *	(.13)
19	Beliefs in a just world x Gender					0.202 *	(.06)
20	Beliefs in a just world x Origin					0.369 **	(.13)

a. Over and above stereotypes of the legitimacy judgment.

†. $p < 0.10$

*. $p < 0.05$

**. $p < 0.01$

***. $p < 0.001$

Positive coefficients indicate a higher legitimacy judgment and negative ones a lower legitimacy judgment. The control variables at Level 1 indicate that entrepreneurs who fail in a more masculine sector, construction (0.279, $p < 0.001$) are perceived as more legitimate than those who fail in a more feminine sector, clothing: and finally, those who have higher level of debt (1.478, $p<0.001$) are judged less legitimate than those with a lower level of debt. I hypothesized that in assessing the legitimacy of a failed entrepreneur, evaluators would attribute higher legitimacy when the entrepreneur is a male rather than a female. To

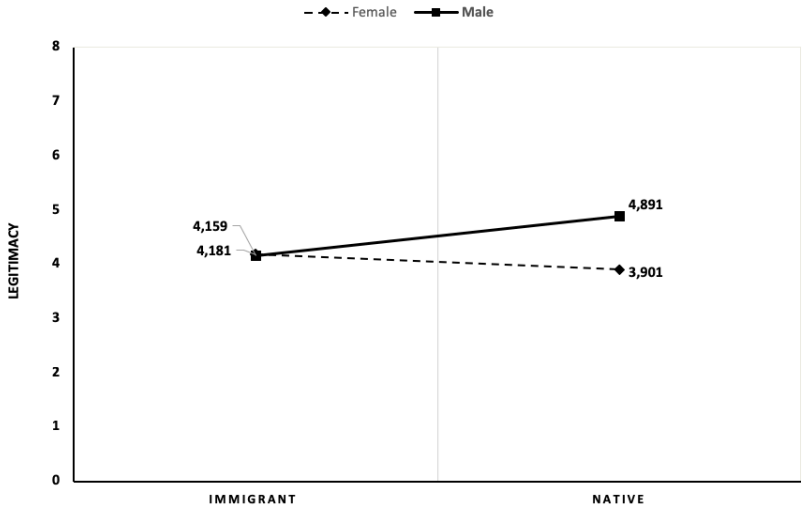
interpret this hypothesis, we turn to Model 2 in Table 2. The coefficient for gender is positive and significant (0.113, $p<0.1$), therefore Hypothesis 1 is supported. Regarding Hypothesis 2, I posited that evaluators will attribute higher legitimacy when the failed entrepreneur is a native rather than an immigrant. From the model in Table 2, the coefficient for origin (0.242, $p<.001$) is positive and highly significant, thus providing support for Hypothesis 2.

The next step was to add the interaction terms to test Hypotheses 3, 4a and 4b as well as 5a and 5b (see Model 3). To illustrate the nature of these interactions and interpret them in the context of our hypotheses, we also turn to the interaction graphs in Figures 2A – 2E.

The argument underlying Hypothesis 3 was that among failed entrepreneurs, gender will have a moderating effect such that female immigrants would be attributed lower legitimacy compared to male immigrants and female natives owing to the double prejudice linked to their belonging to lower-status groups within gender, that is, female and within origin, that is immigrant. Moreover, male natives would likely be perceived by evaluators as having the highest legitimacy due to their belonging to double high-status groups. From Table 2, the interaction between gender and origin is positive and significant (0.263, $p<.05$). Turning now to Figure 2A indicating that the weight assigned to origin on legitimacy assessment changes, decreases from 4.181 (immigrant) to 3.901 (native) when gender is female and increases from 4.159 (immigrant) to 4.891 (native) when gender is male. To determine which side of the interaction is significant, I checked the confidence intervals, they overlap for gender and

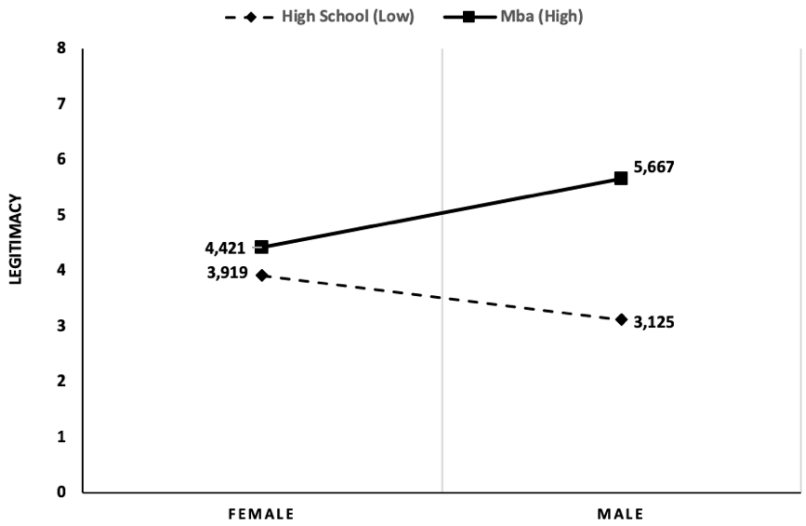
immigrant interaction and only the interaction between gender and native is significant. Thus, the findings show partial support for Hypothesis 3.

Figure 2A: **The interaction between Gender and Origin**



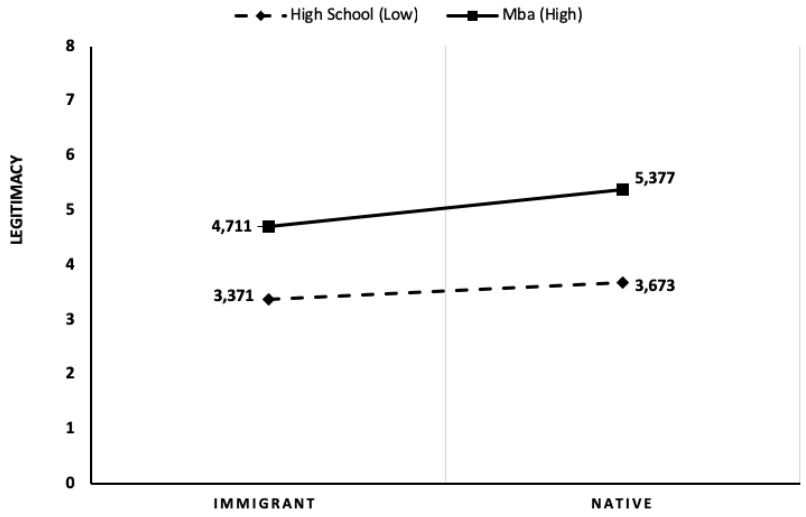
There is a positive and significant coefficient for education as main effect (0.761, p <0.001). This means that entrepreneurs who have a higher level of education are perceived as more legitimate than those with a lower level of education. Regarding the interaction between education and gender, the coefficient is positive and significant (0.051, p<0.1). Figure 2B indicates that the weight assigned to gender on legitimacy assessment increases from 4.421 (female) to 5.667 (male) when level of education is high and decreases from 3.919 (female) to 3.125 (male) when education level is low. Therefore, a higher education level increases the legitimacy perception of failed entrepreneurs, but the effect is less for failed female entrepreneurs than for failed male entrepreneurs, supporting Hypothesis 4a.

Figure 2B: **The interaction between Gender and Education**



Regarding the interaction between education and origin, the coefficient is positive and significant (0.091, $p<.05$). Figure 2C indicates that the weight assigned to origin on legitimacy assessment increases from 4.711 (immigrant) to 5.377 (native) when level of education is high and increases slightly from 3.371 (immigrant) to 3.673 (native) when education level is low. Thus, a higher education level increases the legitimacy perception of failed entrepreneurs, but the effect is less for failed immigrant entrepreneurs than for failed native entrepreneurs. These findings provide support for Hypothesis 4b.

Figure 2C: **The interaction between Origin and Education**



The next step was to check to what extent beliefs in a just world explains the variance at level 2 in the decision policy of the evaluators to test Hypotheses 5a and 5b. We hypothesized that evaluators who hold higher in beliefs in a just world would evaluate the legitimacy of failed entrepreneurs as being higher when the entrepreneur is a male rather than a female, and when the failed entrepreneur is a native rather than an immigrant compared to evaluators who hold lower in beliefs in a just world (BJW). The coefficients for the interactions are positive and significant for gender and BJW (0.202, $p<.05$) as well as for origin and BJW (0.369, $p<.01$). Figure 2D indicates that the weight assigned to gender on legitimacy assessment decreases from 4.109 (females) to 3.931 (males) when BJW are low but increases from 4.231 (females) to 4.861 (males) when BJW are high. Calculating confidence intervals showed that both sides of the interaction are significant.

Figure 2D: **The interaction between Gender and Beliefs in a Just World**

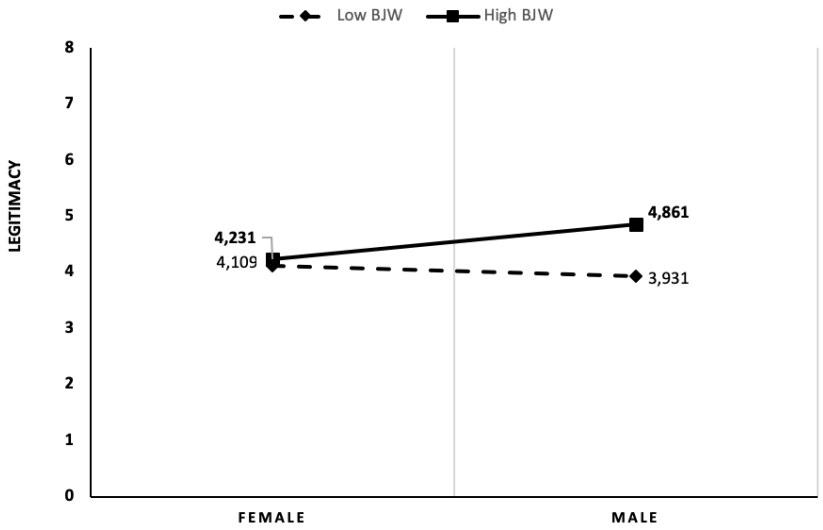
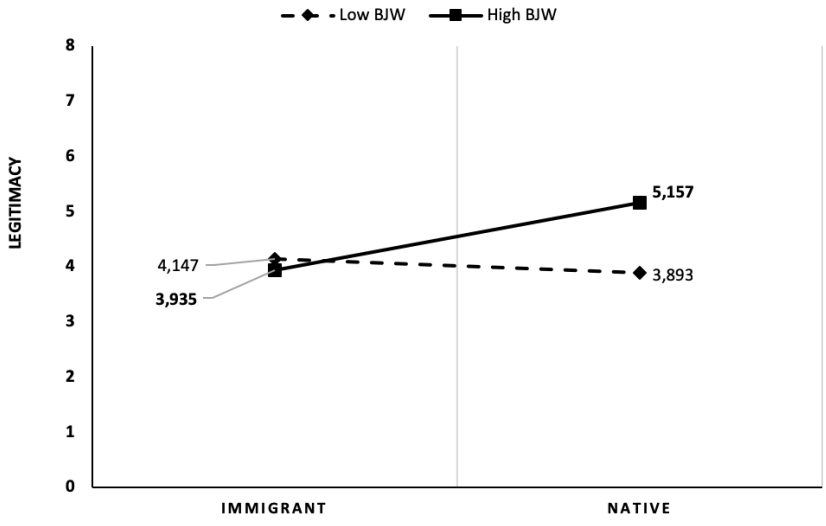


Figure 2E indicates that the weight assigned to origin on legitimacy assessment decreases from 4.147 (immigrant) to 3.893 (native) when BJW are low and increases noticeably from 3.935 (immigrant) to 5.157 (native) when BJW are high.

Figure 2E: **The interaction between Origin and Beliefs in a Just World**



The findings provide support to Hypotheses 5a and 5b. These interesting findings are discussed in the next section.

DISCUSSION

Despite decades of regulations and numerous campaigns to ensure gender equality and non-discrimination based on origin, the study establishes that cognitive biases related to stereotypes about gender and nationality contribute to the persistence of such inequalities. These biases are deep-rooted and endure even if evaluators may be aware of them due to implicit psychological mechanisms such as beliefs in a just world, which are destined to reduce cognitive dissonance between inequalities and perceived fairness of the society (Jost & Banaji, 2004).

The findings are consistent with other streams of entrepreneurship literature about access to funding or new venture creation which show that gender stereotypes contribute to negative biases about female entrepreneurs (Brush et al., 2014; Kanze et al., 2018). This study further demonstrates that these biases also extend to failed female entrepreneurs, and hence are prevalent in other phases of the entrepreneurial process. The same contribution holds regarding biases about failed immigrant entrepreneurs. Female failed entrepreneurs and immigrant failed entrepreneurs are perceived as less legitimate than male failed and native failed entrepreneurs. The findings show that evaluators use situational attributes, such as level of debt, and industry sector to assess the legitimacy of the entrepreneur, yet they also use dispositional attributes gender and origin to assess their legitimacy. This illustrates that even in the presence of more objective features, evaluators still determine the legitimacy of an entrepreneur based on disposition - thereby fully exposing the prejudice that enduring stereotypes can cause for entrepreneurs who are part of

the out-group (Shepherd & Patzelt, 2015). The biases linked to origin were much stronger than those linked to gender in each tested hypothesis considering the significance of the results. Considering that the immigrants in the study were Poles and that they share the same ethnicity and religious background as French, it is somewhat surprising to find such a strong effect especially since previous research seems to point out that non-visible minorities tend to face less prejudice (Teixera et al., 2007). It might be that while Polish immigrants are part of the non-visible immigrants in terms of physical appearance and hence are more visually integrated, this “advantage” collapses when information about the origin is known, as the immigrant is no longer assimilated to an in-group.

The findings did not allow to investigate whether female immigrants would be attributed lower legitimacy compared to male immigrants and female natives owing to the double prejudice of gender and origin. The interaction was significant only for male native failed entrepreneurs compared to female native failed entrepreneurs demonstrating the positive bias that male natives benefit from a double high-status. This opens opportunities for further research.

An entrepreneur’s status increases when associated with agentic attributes such as competence. Education is one such way by which immigrants or females are perceived as more competent and consequently more legitimate. However, even in presence of a status and legitimacy enhancing factor, such as higher education, the findings show that while higher education level increases the legitimacy perception of failed entrepreneurs, the effect is less for failed female entrepreneurs than for failed male entrepreneurs and less for failed immigrant entrepreneurs than for failed native entrepreneurs. Thus, a higher

educated failed entrepreneur will acquire a higher status and will be perceived as more legitimate in terms of competence but will be perceived as less likable because high status is not congruent with expected traditional low-status stereotypes (Lee & Fiske, 2006) for females and immigrants. Since the likeability of the individual is likely to decrease with the increase in competence, this increase in competence may not fully compensate for a decrease in likeability of females or immigrants.

The findings also allow us to contribute to a better understanding of how stereotypes can be institutionalized as part of a legitimate system and why they can be difficult to change. System justification motivations, known as beliefs in a just world (BJW) result in evaluators believing that the world is a fair and just place (Furnham, 2003; Lerner, 1980) and that individuals get what they deserve and deserve what they get (Lucas et al., 2011). Individual-level differences relating to BJW also explain the variance in evaluators' legitimacy assessments. Indeed, the findings clearly establish that evaluators who hold higher in beliefs in a just world attribute lower legitimacy to failed female and failed immigrant entrepreneurs than to failed male and failed native entrepreneurs compared to evaluators who hold lower in beliefs in a just world. However, the findings also seem to indicate that evaluators who hold lower BJW attribute higher legitimacy to outgroups (female and immigrant failed entrepreneurs) and lower legitimacy to ingroups compared to those who hold higher BJW. This is intriguing as it was neither expected nor has it been theorized yet that there could be a converse effect. At best, there could have been an equivalent effect for in-groups. It is possible that those who hold lower BJW are trying to correct the perceived

unfairness of the system by attributing higher legitimacy to outgroups, but it could also mean that the corrective measures have a backlash in the form of lower legitimacy for ingroup members. This opens up interesting prospects for future research.

By bridging the literatures on legitimacy perceptions with that on entrepreneurial failures linked to stereotypes and BJW, this study helps better understand how stereotypes drive behavior and influence the dynamics among evaluators and evaluees (Gupta et al., 2009). The findings from this study have important implications for those who seek to change or reinforce a particular legitimacy judgment (e.g. entrepreneurs, entrepreneurial teams, investors, employees, new ventures, public policy makers) not only to get a better understanding of how these stereotypes operate but also how evaluators' individual differences through BJW can enhance or mitigate their effects (Kanze et al., 2018) in the legitimacy judgment formation.

LIMITATIONS AND AVENUES FOR FURTHER RESEARCH

This study carries the general limitations of experiments which we detail further in the general conclusion of this dissertation.

The results and data did not permit to determine whether female immigrants would be attributed lower legitimacy compared to male immigrants and female natives owing to the double prejudice of gender and origin. Scholars should conduct more research to compare and contrast how these categories of entrepreneurs are perceived. In addition, further research on visible and non-

visible minority entrepreneurs should be carried out by manipulating the scenarios to test if the advantage of non-visibility subsides with knowledge about the origin. This opens up avenues for further research with implications for entrepreneurial teams in particular. The findings in this study also highlighted some interesting aspects of beliefs in a just world. Specifically, what are the implications for legitimacy perceptions of entrepreneurs (or of evaluees in general) when evaluators hold low beliefs in a just world, are out groups favored or judged fairly and are in groups judged fairly or discriminated upon in turn? What type of corrective measures could be taken for enhancing or correcting the consequences of beliefs in a just world?

Researchers should also carry out cross country studies to further establish generalizations and investigate how stereotypes related to entrepreneurs are entrenched in other societies.

Appendix 1A: Attributes Used in the Experiment

Attribute	Level	Description
Gender of the entrepreneur	**Male**	The entrepreneur is a male.
	Female	The entrepreneur is a female
Nationality	**French**	The entrepreneur was born and raised in France. The entrepreneur is French.
	Polish	The entrepreneur was born and raised in Poland. The entrepreneur is Polish.
Industry sector of failed firm	**Clothing**	The business was manufacturing various clothing items.
	Construction	The business was manufacturing materials used in the construction sector.
Education level	**Master**	The entrepreneur has a degree in business administration (e.g. MBA, MSc)
	High School	The entrepreneur has a high school degree (baccalaureate, A-levels).
Entrepreneur's debt from the business failure	**High**	The entrepreneur owes 500,000 Euros to suppliers, employees, banks, and other creditors.
	Low	The entrepreneur owes 20,000 Euros to suppliers, employees, banks, and other creditors.

Appendix 1B: Beliefs in a Just World Scale (Lucas et al., 2007)

To what extent do you agree or disagree?	Strongly disagree						Strongly agree
I feel that other people generally earn the rewards and punishments they get in this world.	1	2	3	4	5	6	7
Other people usually receive the outcomes that they deserve.	1	2	3	4	5	6	7
Other people generally deserve the things that they are accorded.	1	2	3	4	5	6	7
I feel that other people usually receive the outcomes that they are due.	1	2	3	4	5	6	7
Other people usually use fair procedures in dealing with others.	1	2	3	4	5	6	7
I feel that people generally use methods that are fair in their evaluations of others.	1	2	3	4	5	6	7
Regardless of the outcomes they receive, other people are generally subjected to fair procedures.	1	2	3	4	5	6	7
Other people are generally subjected to processes that are fair.	1	2	3	4	5	6	7

To what extent do you agree or disagree?	Strongly disagree						Strongly agree
I feel that I generally earn the rewards and punishments I get in this world.	1	2	3	4	5	6	7
I usually receive the outcomes that I deserve.	1	2	3	4	5	6	7
I generally deserve the things I am accorded.	1	2	3	4	5	6	7
I feel that I usually receive the outcomes that I am due.	1	2	3	4	5	6	7
People usually use fair procedures in dealing with me.	1	2	3	4	5	6	7
I feel that people generally use methods that are fair in their evaluations of me.	1	2	3	4	5	6	7
Regardless of the specific outcomes I receive, I am generally subjected to fair procedures.	1	2	3	4	5	6	7
I am generally subjected to processes that are fair.	1	2	3	4	5	6	7

GENERAL CONCLUSION

This dissertation is part of a research program aiming to further contribute to bridging organization theory and entrepreneurship literatures. While it is undeniable that legitimacy is a key feature of objects of legitimacy (OL) - such as organizations, new ventures, or entrepreneurs, and of their growth and survival - more work is required to explore the underpinnings of the notion of legitimacy construed as either a property, a process or a perception.

Contributions

This work endeavors to advance the “legitimacy as a perception” perspective within a multilevel framework of legitimacy judgments. This research does so by (1) first conceptually offering a typology of five legitimacy judgment outcomes at macro or collective level along the legitimacy-illegitimacy continuum (Chapter 1), and (2) second empirically exploring legitimacy judgment formation processes at micro or individual level by linking theory-based features of legitimacy as a perception with key actors and features of the entrepreneurial process (e.g.: new ventures, failures, entrepreneurs), as well as investigating novel moderators (such as basic individual values and beliefs in a just world) in the legitimacy judgment formation process (Chapter 2 and 3).

In doing so, this dissertation first, seeks to extend legitimacy theory by providing a conceptual framework for the analysis of the legitimacy-illegitimacy continuum through a typology of five legitimacy states at collective level (macro-level): legitimacy, conditional legitimacy, unknown legitimacy, conditional illegitimacy, and illegitimacy, that responds to recent scholarly calls to refine that

continuum. Our typology identifies distinct ways in which an OL can lack legitimacy and helps to differentiate lack of legitimacy from illegitimacy. This has important implications for entrepreneurship literature as new ventures lack legitimacy. By theorizing why and how these states are qualitatively distinct, with unique implications that go well beyond a mere difference in degrees of legitimacy on a continuum, we contribute to a better understanding of how these states can be addressed. By illustrating how specific discursive strategies address particular aspects of each state to change the evaluators' perception of the OL, we provide indications to better manage legitimacy judgments. The typology of legitimacy states and associated strategies additionally contributes to the creation of a "natural bridge" between the literature that clarifies how a legitimacy judgment is formed and the literature that explores how judgments are changed. Linking states of legitimacy and legitimation will allow researchers to more accurately answer the question of how to deal with the legitimacy struggles of OLs. Hence, jointly these three streams of research help provide a more comprehensive analysis of legitimacy.

Individuals' judgments drive evaluators' behavior but also influence the dynamics between them, which, in turn, coalesce to constitute macro-level legitimacy. To open the legitimacy black box, focusing on macrolevel legitimacy is therefore not enough. A better insight into the elements that shape individual legitimacy judgments and the interplay between them is imperative. The next two chapters of this work aim to clarify the latter.

The second chapter endeavors to better understand the legitimacy formation processes at micro-level by investigating the interplay between validity

cues and propriety. It contributes to investigating how, and to what extent, different validity cues affect the legitimacy formation process of individual evaluators in the context of a new technology of fracking. Specifically, we consider cues derived from public opinion, regulatory framework, economic impact, and 'longevity' of the organization that develops and uses the new technology (i.e., whether the new technology is developed and used by an established or a new venture). We thus bridge the literature on legitimacy as a perception to that related to new venture legitimacy. In addition, by linking the literatures on legitimacy perceptions and on basic individual values relating to independence and environmentalism, we investigate how such values moderate the effect that these cues have on evaluators' judgment formation. We theorize that basic individual values play a significant role in the legitimacy judgment formation and thus contribute to a deeper understanding of the micro-level process of legitimacy judgment formation through the concomitant consideration of values and validity cues, rather than considering these variables independently.

The *"legitimacy-validity cue-value"* model that we propose and test through a series of conjoint experiments on 5,928 assessments made by 247 observers, shows how validity cues influence legitimacy assessments and how that relationship is moderated by individual evaluators' values (environmental and independence values). We find that variance in legitimacy evaluations depends both on the validity cues from legitimacy awarding institutions, on evaluators' basic values, and the interaction between the two. Specifically, we observe that public support, economic impact, regulations, and longevity are used

simultaneously and have significant effects on the legitimacy judgment but also that regulations bolster the effects of the other cues. This underscores the need to recognize that legitimacy judgments are formed by interpreting a bundle of validity cues taken altogether, and that considering cues individually may lead to inaccurate conclusions about the weight and relevance of specific cues. We find that differences in evaluators' basic values moderate the effect of the validity cues on legitimacy judgments. Particularly, higher pro-environmental values of evaluators suggest less favorable perceptions of high economic impact; higher pro-environmental values suggest more favorable perceptions when public support is high. Intriguingly, the higher the pro-environmental values as well as the higher the level of independence, an established venture is perceived as more legitimate than a new venture. These findings contribute to the identification of the mechanisms of legitimacy judgment formation and emphasize the need to take into account individual values in the legitimacy judgment formation process to avoid getting only a partial understanding of the process.

The third chapter specifically seeks to examine legitimacy perceptions in an entrepreneurial environment. It aims to shed light on how validity cues in the form of stereotypes impact the legitimacy perception of failed entrepreneurs. More specifically, this work investigates how gender and nationality stereotypes affect the legitimacy evaluation of failed entrepreneurs based on a series of conjoint experiments on 2,368 assessments nested in 74 evaluators. Additionally, this study examines how evaluators' beliefs in a just world (BJW) moderate the relationship between stereotypes and legitimacy judgments. We find that evaluators attribute lower legitimacy to female and to immigrant failed

entrepreneurs compared to male and to native counterparts. The effect of immigration on lower perceptions of legitimacy is, however, stronger than the effect of gender. Moreover, we find that higher education which should increase the status and legitimacy of minority groups does not level out the associated prejudices to gender and to origin. Higher educated males are still perceived as more legitimate than higher educated females and native higher educated failed entrepreneurs are perceived as more legitimate than their immigrant counterparts. Moreover, the study also establishes that evaluators who hold higher BJW attribute lower legitimacy to minority groups than those who hold lower BJW. The holders of higher BJW seem to incorporate the prejudices linked to stereotypes as justified by what failed entrepreneurs deserve and as being institutionalized as components of a fair and just world. This study contributes to bridging the legitimacy as perception and entrepreneurial failure literatures by generating new insights into how stereotypes of gender and nationality influence the legitimacy judgments of failed entrepreneurs. Additionally, by investigating how evaluators' BJW moderate the relationship between stereotypes and legitimacy judgments, this study also contributes to a better understanding of how system inequality and prejudicial stereotypes endure. It consequently raises awareness and allows entrepreneurs, policy-makers, and other actors involved in the entrepreneurial process to reflect and take corrective measures when appropriate and possible.

To conclude this research overall develops a more systematic theoretical and empirical explanation of macro and micro-level legitimacy judgment

processes that contribute to legitimacy functioning as a more meaningful construct within the organizational and entrepreneurship literatures.

Limitations and avenues for further research

Because typologies reduce the complexity of the "real world," these "ideal states" are essential for theory development, explanation, and comprehensiveness (Doty & Glick, 1994). Our typology is a first step toward a more fine-grained explanation of legitimacy. Future research should refine it or even conceptualize alternative typologies. In particular, we call for further research into the drivers of conditional (il)legitimacy and unknown legitimacy. While conditional (il)legitimacy may be related to dimensions of the object under scrutiny, undecided legitimacy may be more related to the salience of information available about specific OLs or how much pressure is put on the evaluator to decide.

In this research, we used conjoint experiments because it reduces the social desirability and retrospective reporting biases associated with self-reports of judgments (Lohrke, 2010; Shepherd & Zacharakis, 1999). Nevertheless, conjoint experiments similar to other experimental methods also has important limitations. Experiments, often, represent an artificial setting, and "skeptics argue that results obtained under such conditions may not necessarily reflect individuals' "real" judgments". Regarding conjoint experiments, they might note that profiles are an abstract approximation of the "real world", and that this "approximation is imperfect and removes emotion as well as other contextual aspects from judgments" (Shepherd & Patzelt, 2015: 275). While fully recognizing this limitation, it is however worth highlighting that there are undeniably some

fundamental benefits of using experimental approaches: “(1) the judgments made in this analysis are made in a relatively controlled environment, (2) they are observed in real time, and hence are not subject to hindsight bias and other retrospective reporting biases, and (3) it is possible to establish causal relationships between the stimulus provided (i.e., the profile) and the judgment outcomes (Shepherd et al., 2013). Past research has shown that “hypothetical” profiles used in judgment tasks produce decisions highly similar to “actual” decisions (Karren & Barringer, 2002; Riquelme & Rickards, 1992)” (Shepherd & Patzelt, 2015: 275).

Finally, although our theorizing was general in scope, it is possible that participants in this research differ with respect to populations in other regions regarding stereotypes or culture (Franzen, 2003) or about other contexts beyond fracking or failed entrepreneurs. Future research, therefore, should be conducted in cultures that differ (e.g.: individualistic or collectivist), in contexts beyond the energy sector (e.g. genetically modified food for human consumption) or other phases of the entrepreneurial process (new venture creation, team creation or access to funding) or with different entrepreneurial populations under investigation (different ethnicity and religion, or positively discriminated entrepreneurs). Future research should also consider different basic individual values as moderators but also investigate how evaluators who hold lower BJW assess legitimacy, do they attribute higher legitimacy to minority groups to correct for the perceived “unfairness”? We believe that addressing the above questions should be relevant well beyond the organizational and entrepreneurship fields - in all those where questions of legitimacy are important.

CONCLUSIÓN GENERAL

Esta tesis es parte de un programa de investigación que tiene como objetivo contribuir a unir las literaturas de teoría organizacional y emprendimiento. Mientras que es innegable que la legitimidad es un factor clave de los objetos de legitimidad (OL) - tales como organizaciones, nuevas empresas o emprendedores y de su crecimiento y supervivencia - más trabajo es necesario para explorar los fundamentos de la noción de legitimidad construida como una propiedad, un proceso o una percepción.

Contribuciones

Este trabajo pretende contribuir a avanzar en la perspectiva de "legitimidad como percepción" dentro de un marco de juicios de legitimidad. Para ello, esta tesis lo aborda 1) primero, conceptualmente ofreciendo una tipología de cinco resultados de juicios de legitimidad a nivel colectivo o macro a lo largo del continuo legitimidad-ilegitimidad (capítulo 1), y 2) segundo, empíricamente explorando los procesos de formación de juicios de legitimidad a nivel individual o micro uniendo las características de legitimidad basadas en la teoría como una percepción con actores y características clave de los procesos emprendedores (por ejemplo; nuevas empresas, empresas fallidas, emprendedores) además de investigar nuevos moderadores (tales como valores y creencias individuales básicos en un mundo justo) en el proceso de formación de juicios de legitimidad (capítulos 2 y 3).

Esta tesis busca, en primer lugar, ampliar la teoría de legitimidad proporcionando un marco conceptual para el análisis del continuo legitimidad-

ilegitimidad a través de una tipología de cinco estados de legitimidad a nivel colectivo (nivel macro): legitimidad, legitimidad condicional, legitimidad desconocida, ilegitimidad condicional, e ilegitimidad que responde a la reciente investigación que aboga por pulir dicho continuo. Nuestra tipología identifica diferentes maneras en las cuales un OL puede carecer de legitimidad y ayuda a diferenciar la falta de legitimidad de la ilegitimidad. Esto tiene importantes implicaciones para la literatura de emprendimiento dado que las nuevas empresas carecen de legitimidad. Teorizando por qué y cuándo esos estados son cualitativamente distintos, con implicaciones únicas que van más allá de la mera diferencia en grados de legitimidad en un continuo, este trabajo contribuye a mejorar la comprensión de cómo se pueden abordar esos estados. Ilustrando cómo estrategias discursivas específicas abordan aspectos particulares de cada estado para cambiar la percepción de los evaluadores sobre el OL, este estudio provee guías para una mejor gestión de los juicios de legitimidad. La tipología de los estados de legitimidad y las estrategias asociadas adicionalmente contribuye a la creación de un “puente natural” entre la literatura que clarifica cómo se forman un juicio de legitimidad y la literatura que explora cómo se cambian los juicios. Vincular estados de legitimidad y legitimización permitirá a los investigadores responder con mayor precisión la pregunta sobre cómo lidiar con las luchas de los OL. Por tanto, conjuntamente estas tres corrientes de investigación ayudan a proveer un análisis más comprensivo de legitimidad.

Los juicios de los individuos impulsan la conducta de los evaluadores, pero influyen además en las dinámicas entre ellos, lo cual a su vez, se une para constituir una legitimidad a nivel macro. No obstante, abrir la caja negra de la

legitimidad, centrándose en un nivel macro, no es suficiente. Se hace necesario una mejor visión de los elementos que dan forma a los juicios de legitimidad individual y la interacción entre ellos. Los siguientes dos capítulos de este trabajo tienen como objetivo clarificar esto último.

El segundo capítulo trata de proveer una mejor comprensión de los procesos de formación de legitimidad a nivel micro examinando la interacción entre señales de validez y propiedad. Este estudio contribuye a investigar cómo, y en qué medida, diferentes señales de validez afectan al proceso de formación de legitimidad de evaluadores individuales en el contexto de una nueva tecnología de fracking. Concretamente, se consideran señales derivadas de la opinión pública, marco regulatorio, impacto económico y "longevidad" de la organización que desarrolla y usa la nueva tecnología (por ejemplo: si la nueva tecnología es desarrollada y usada por una empresa nueva o ya establecida). La base teórico reside en el argumento de que los valores básicos individuales juegan un importante papel en la formación de juicios de legitimidad y, por tanto, contribuyen a una comprensión más profunda del proceso de formación de juicios de legitimidad a nivel micro a través de la consideración simultánea de valores y señales de validez más que considerar esas variables de forma independiente.

El modelo "valor-señales de validez-legitimidad" que proponemos y probamos a través de una serie de experimentos sobre 5.928 evaluaciones hechas por 247 observadores, muestra cómo las señales de validez influyen en las evaluaciones de legitimidad y cómo esa relación está moderada por los valores de los evaluadores individuales (valores medioambientales y de

independencia). Los resultados arrojan luz sobre el hecho de que la varianza en las evaluaciones de legitimidad depende de ambos, las señales de validez de las instituciones que reconocen la legitimidad sobre los valores básicos de los individuos, y la interacción entre ambos. Concretamente, se observa que el apoyo público, el impacto económico, las regulaciones y la longevidad son usadas simultáneamente y tienen importantes efectos sobre los juicios de legitimidad y además esas regulaciones refuerzan los efectos de las otras señales. Esto subraya la necesidad de reconocer que los juicios de legitimidad se forman al interpretar un conjunto de señales de validez tomadas en conjunto, y que considerarlas de forma individual puede llevar a conclusiones inexactas sobre el peso y la relevancia de señales específicas. Se observa también que las diferencias en los valores básicos de los evaluadores moderan el efecto de las señales de validez sobre los juicios de legitimidad. Concretamente, mayores valores pro-medioambientales sugieren unas percepciones menos favorables de alto impacto económico; mayores valores pro-medioambiente sugiere percepciones más favorables cuando el apoyo público es alto. Curiosamente, cuanto mayores son los valores pro-medioambientales y mayor es el nivel de independencia, una empresa establecida es percibida más legítima que una nueva empresa. Estos descubrimientos contribuyen a la identificación de los mecanismos de formación de juicios de legitimidad y enfatizan la necesidad de tener en cuenta los valores individuales en los procesos de formación de juicios de legitimidad para evitar obtener sólo una comprensión parcial del proceso.

El tercer capítulo busca analizar las percepciones de legitimidad en un entorno emprendedor. Este estudio tiene como objetivo arrojar luz sobre cómo

las señales de validez en forma de estereotipos impactan en la percepción de legitimidad de empresas fallidas. Más concretamente, este trabajo investiga cómo los estereotipos de género y nacionalidad afectan a la evaluación de la legitimidad de emprendedores fallidos basado en una serie de experimentos sobre 2,368 evaluaciones llevadas a cabo por en 74 evaluadores. Asimismo, este estudio examina cómo las creencias de los evaluadores en un mundo justo (CMJ) moderan la relación entre estereotipos y juicios de legitimidad. Los resultados muestran que los evaluadores atribuyen una menor legitimidad a emprendedores fallidos que sea mujeres e inmigrantes en comparación con sus homólogos hombres y nativos. El efecto de la inmigración sobre la pérdida de legitimidad es, más fuerte que el efecto de género. Además, se observa que un mayor nivel educativo, el cual debería incrementar el estatus y la legitimidad de grupos minoritarios, no nivela los prejuicios asociados al género y al origen. Hombres con un mayor nivel educativo siguen siendo percibidos como más legítimos que las mujeres con también mayor nivel educativo y los nativos emprendedores fallidos con mayor nivel educativo son percibidos como más legítimos que sus homólogos inmigrantes. Además, el estudio establece que los evaluadores que tienen mayores CMJ atribuyen una menor legitimidad a grupos minoritarios que aquellos que tienen unas menores CMJ. Aquellos que tienen mayores CMJ parecen incorporar los prejuicios vinculados a estereotipos en justificación de lo que los emprendedores fallidos merecen y se institucionalizan como componentes de un mundo justo. Este estudio contribuye a unir las literaturas de legitimidad como percepción y emprendimiento fallido al generar nuevas visiones sobre cómo los estereotipos de género y nacionalidad influyen

en los procesos de juicios de legitimidad de emprendedores fallidos. Asimismo, al investigar como las CMJ de los evaluadores moderan la relación entre estereotipos y juicios de legitimidad, este estudio contribuye a una mejor comprensión de cómo la desigualdad del sistema y prejuicios derivados de estereotipos perduran. En consecuencia, crea conciencia y permite a los emprendedores, políticos y otros actores implicados en el proceso emprendedor reflexionar y tomar medidas correctivas cuando sea conveniente y posible.

Para concluir, esta investigación en su conjunto, desarrolla una más sistemática explicación teórica y empírica de los procesos de juicios de legitimidad a nivel micro y macro que contribuyen a que la legitimidad funcione como un constructo dentro de las literaturas de teoría organizacional y emprendimiento.

Limitaciones y futuras líneas de investigación

Debido a que las tipologías reducen la complejidad del "mundo real", esos "estados ideales" son esenciales para el desarrollo de la teoría, la explicación y la exhaustividad (Doty y Glick, 1994). Nuestra tipología es un primer paso hacia una explicación más detallada de la legitimidad. Futura investigación debería pulirlo o incluso conceptualizar tipologías alternativas. En concreto, este estudio hace una llamada a más investigación que aborde las tipologías de legitimidad y legitimidad desconocida así como ilegitimidad e ilegitimidad desconocida. Mientras que la legitimidad condicional y la ilegitimidad condicional pueden estar relacionadas con las dimensiones del objeto bajo escrutinio, la legitimidad indecisa puede estar más relacionada con la relevancia de la información

disponible sobre los OL específicos o cuánta presión se pone sobre el evaluador que decide.

En esta investigación, usamos experimentos debido a que reduce la conveniencia social y los sesgos de información asociados con autoinformes de juicios (Lohrke, 2010; Shepherd y Zacharakis, 1999). No obstante, los experimentos al igual que otros métodos experimentales, tiene importantes limitaciones. Los experimentos, con frecuencia, representan un contexto artificial y los escépticos argumentan que los resultados obtenidos bajo tales condiciones pueden no necesariamente reflejar los juicios "reales" de los individuos. En relación a los experimentos es posible que tengan en cuentan que los perfiles son una aproximación abstracta del "mundo real", y que dicha aproximación es imperfecta y elimina la emoción así como otros aspectos contextuales de los juicios. Este estudio asume esta limitación. Sin embargo, es importante destacar algunas ventajas inherentes de los enfoques experimentales: "1) los juicios hechos en este análisis se hacen en un entorno relativamente controlado; 2) son observados en tiempo real y, por tanto, no están sujetos a sesgos de retrospectiva y otros sesgos de informes retrospectivos, y 3) es posible establecer relaciones causales entre los estímulos provistos (por ejemplo: el perfil) y los resultados del juicio (Shepherd et al., 2013). Previas investigaciones han mostrado que perfiles "hipotéticos" usados en tareas de juicio producen decisiones muy similares a las decisiones "reales" (Karren & Barringer, 2002; Riquelme & Rickards, 1992)" (Shepherd & Patzelt, 2015: 275)

Por último, aunque la teorización de la presente tesis doctoral fue de alcance general, es posible que los participantes en esta investigación difieran

con respecto a las poblaciones en otras regiones respecto a estereotipos o cultura (Franzen, 2003) o sobre otros contextos más allá del fracking o emprendedores fallidos. Futura investigación debería además llevarse a cabo en culturas que difieren (por ejemplo: individualista versus colectivista), en contextos más allá del sector de la energía (por ejemplo: alimentos genéticamente modificados para consumo humano) u otras fases del proceso emprendedor (creación de nuevas empresas, formación de equipos o acceso a financiación) o con diferentes poblaciones emprendedoras bajo investigación (diferente etnia y religión o emprendedores positivamente discriminados). Futura investigación debería, además, considerar diferentes valores básicos individuales como moderadores, así como investigar cómo los evaluadores que poseen menores CMJ evalúan la legitimidad, atribuyen una mayor legitimidad a grupos minoritarios para corregir la “injusticia percibida”.

Abordar tales cuestiones debería ser relevante más allá de los campos organizacionales y de emprendimiento ampliándose a todos aquellos donde las cuestiones de legitimidad son importantes.

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