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Alex Bitektine, Patrick Haack

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## **The macro and the micro of legitimacy: Towards a multi-level theory of the legitimacy process**

Bitektine, Alex ; Haack, Patrick

**Abstract:** The distinction of macro- and microfoundations of institutions implies a multilevel conceptualization of institutional processes. We adopt the evaluators' perspective on legitimacy to develop a multilevel theory of the legitimacy process under ideal-type conditions of institutional stability and institutional change, and we explore the dynamics of institutional change-from destabilization of the institutional order to return to stability in legitimacy judgments expressed by evaluators. We argue that through the process of institutionalization, legitimacy judgments of evaluators are subjected to social control and describe an institutional stability loop—a cross-level positive-feedback process that ensures persistence of legitimacy judgments and stability of the institutional order. Viewing institutional stability as a state of suppressed microlevel diversity, we draw researchers' attention to "silenced" legitimacy judgments and to judgment suppressor factors that induce evaluators to abstain from making their deviant judgments public. The removal of such factors leads to the (re)emergence of competing judgments in public communications and creates an opportunity for institutional change. We explore competitive strategies that address propriety or validity components of legitimacy and describe the process through which organizational fields return to a state of institutional stability.

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# Review

## **The macro and the micro of legitimacy: Towards a multi-level theory of the legitimacy process**

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3                   **THE “MACRO” AND THE “MICRO” OF LEGITIMACY:**  
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5                   **TOWARDS A MULTI-LEVEL THEORY OF THE LEGITIMACY PROCESS**  
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8  
9  
10  
11  
12                   Alex Bitektine

13  
14                   HEC Montréal

15  
16                   [alex.bitektine@hec.ca](mailto:alex.bitektine@hec.ca)  
17

18  
19  
20  
21                   Patrick Haack

22  
23                   University of Zurich

24  
25                   [patrick.haack@uzh.ch](mailto:patrick.haack@uzh.ch)  
26  
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## THE “MACRO” AND THE “MICRO” OF LEGITIMACY: TOWARDS A MULTI-LEVEL THEORY OF THE LEGITIMACY PROCESS

### ABSTRACT

The distinction of macro- and micro-foundations of institutions implies a multi-level conceptualisation of institutional processes. We adopt the evaluators’ perspective on legitimacy to develop a multi-level theory of the legitimacy process under ideal-type conditions of institutional stability and institutional change, and explore the dynamics of institutional change – from destabilization of the institutional order to return to stability in legitimacy judgments expressed by evaluators. We argue that through the process of institutionalization, legitimacy judgments of evaluators are subjected to social control and describe an institutional stability loop – a cross-level positive-feedback process that ensures persistence of legitimacy judgments and stability of the institutional order. Viewing institutional stability as a state of suppressed micro-level diversity, we draw researchers’ attention to “silenced” legitimacy judgments and to judgment suppressor factors that induce evaluators to abstain from making their deviant judgments public. The removal of such factors leads to the (re-)emergence of competing judgments in public communications and creates an opportunity for institutional change. We explore competitive strategies that address propriety or validity components of legitimacy and describe the process through which organizational fields return into a state of institutional stability.

**Keywords:** organizational legitimacy, social judgments, multi-level theory, evaluator perspective, propriety, validity, institutionalization, judgment suppressor factors

## INTRODUCTION

The attention to micro-foundations of institutions (Jepperson, 1991; Powell & Colyvas, 2008) implies a multilevel conceptualization of institutional processes and thus requires “specifying relationships among variables at different levels” (Rousseau, 1985: 8). It has been observed that “levels issues pervade organizational theory and research. No construct is level free” (Klein, Dansereau, & Hall, 1994) and that a “comprehensive explanation of organizational phenomena must, necessarily, include concepts from multiple levels of analysis” (Kozlowski & Klein, 2000). Despite attention of early institutional theory scholars to micro-level psychological and socio-cognitive aspects of institutions (Berger & Luckmann, 1966; Zucker, 1977), the organizational research of the last two decades has focused primarily on organization- and field-level units of analysis (Powell & Colyvas, 2008; Schneiberg & Clemens, 2006). The researchers addressed organizations’ efforts to establish and protect their legitimacy (Suchman, 1995; Suddaby & Greenwood, 2005), institutionalization and diffusion of new practices (Greenwood & Suddaby, 2006; Tolbert & Zucker, 1983) or deinstitutionalization of old ones (Maguire, Hardy, & Lawrence, 2004; Sine & David, 2003).

The little attention that institutional theorists have paid to level issues is particularly striking, given that the key questions of institutional theory – the questions about sources of institutional stability and change (DiMaggio & Powell, 1983; Scott, 1995; Suddaby & Greenwood, 2005) – are essentially questions of cross-level interactions within the social system (Barley, 2011). The exploration of level interactions is critical for understanding the duality of macro-level institutional processes, which are enacted by individuals (Powell & Colyvas, 2008), and micro-level processes, through which actors create, alter, and destroy institutions. The issue

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3 of levels and level interactions is thus fundamental to institutional theory, and both conceptual  
4 and empirical research are required to explore cross-level interactions within the social system.  
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8 In this paper we seek to develop a multi-level theory of organizational legitimacy, one of  
9 the key concepts of institutional theory (Suchman, 1995; Suddaby & Greenwood, 2005; Tost,  
10 2011). We approach organizational legitimacy from the evaluator's perspective, i.e., we  
11 approach it not as a property or an asset owned by an organization, but as a judgment with  
12 respect to that organization rendered by individuals at the micro level and by collective actors at  
13 the macro level (Bitektine, 2011; Tost, 2011; Walker, Thomas, & Zelditch, 1986; Zelditch &  
14 Walker, 1984). The approach focused on legitimacy judgment formation requires attention to  
15 evaluators' cognition, which manifests itself in the communication and the non-verbal actions of  
16 these actors. We regard cognition and communication among evaluators as essential elements of  
17 the cross-level legitimacy process and thus extend discursive and rhetorical approaches to  
18 legitimacy (Green, 2004; Suddaby & Greenwood, 2005; Vaara & Tienari, 2008) to the  
19 exploration of social influence and institutional strategies that competing actors use to change  
20 legitimacy judgments of individual evaluators.  
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38 In the sections that follow, we address questions of how a multi-level approach can explain  
39 why actors at the micro level are still capable of changing institutions, despite the "iron cage" of  
40 institutional norms and collective beliefs, and how competition among judgments in an unstable  
41 institutional environment leads to judgment institutionalization, suppression of "deviant"  
42 legitimacy judgments<sup>1</sup>, and eventual stabilization of the institutional order. First, we draw  
43 attention to fairly distinct processes that unfold at the macro and micro levels. We then develop a  
44 multilevel theory of the legitimacy process under conditions of institutional stability and  
45 institutional change and describe the social dynamics of institutional change – from  
46 destabilisation of the institutional order to return to stability in evaluators' legitimacy judgments.  
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## Organizational Legitimacy at Individual and Collective Levels

*Organizational legitimacy.* The definition of legitimacy has been the subject of many debates in organizational theory (Berger, Ridgeway, Fisek, & Norman, 1998; Hannan, Carroll, Dundon, & Torres, 1995; Suchman, 1995). The extant literature converges on Suchman's (1995) definition of legitimacy 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" (574). An important aspect of legitimacy is that it is a "generalized", collective perception, which, although composed of subjective legitimacy judgments of individuals (Bitektine, 2011; Tost, 2011), is aggregated and objectified (Berger & Luckmann, 1966) at the collective level. Since it reflects the degree of collective approval of an organization (Johnson, 2004; Johnson, Dowd, & Ridgeway, 2006; Suchman, 1995), legitimacy is often regarded as an objective organizational resource or attribute independent of the endorsement of single individuals (Golant & Sillince, 2007; Zimmerman & Zeitz, 2002).

*Legitimacy evaluators.* Nevertheless, although legitimacy can be viewed as an asset "owned" by a certain actor – an individual, organization or category of organizations, legitimacy still remains a social evaluation made by others. Those actors that confer legitimacy (hereafter *evaluators*) can be individuals or collective actors, namely groups, organizations, or field-level actors, such as the media or regulators. Evaluators make judgments about the social properties of an organization or a category and, through their actions, generate positive (or negative) social, political, and economic outcomes.

Although ontologically it is individual evaluators who perceive, analyze and make judgments (Jepperson & Meyer, 2011; Watkins, 1952), it is often collective actors (organizations, associations, interest groups, governments, etc.) who act upon some "collective" legitimacy judgment. For instance, by entering into exchange relations with another actor or by



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3 establishing an alliance or partnership, an organization (as a collective actor) renders a judgment  
4 about the appropriateness of such a relationship, given the legitimacy of the prospective partner.  
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6 Similarly, government and judicial authorities arrive, through a set of internal procedures, to a  
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8 legitimacy judgment with respect to the focal organization or category, and then disseminate  
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10 their judgment as an official verdict. Thus, legitimacy evaluation does not exclusively take place  
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12 at the *micro level*, i.e., within the bounds of the mental operations of individuals (Tost, 2011), but  
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14 also encompasses sensemaking of collective actors (Daft & Weick, 1984), who act upon some  
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16 “collective”, *macro-level* legitimacy judgment.  
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### 22 **Propriety and Validity**

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24 Since both individual and collective actors render legitimacy judgments and interact with  
25 each other, it is important to recognize that legitimacy is a fundamentally cross-level construct  
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27 consisting of two components present at different levels – individual-level *propriety* and collec-  
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29 tive-level *validity* (Dornbusch & Scott, 1975; Johnson et al., 2006; Tost, 2011; Zelditch, 2011).  
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34 The first, individual-level component, termed *propriety*, represents an evaluator’s approval  
35 of the organization, its actions or practices as desirable and appropriate (Dornbusch & Scott  
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37 1975; Johnson et al. 2006). The second component, *validity* refers to “the extent to which there  
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39 appears to be a general consensus within a collectivity that the entity is appropriate for its social  
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41 context” (Tost, 2011: 689). Thus, propriety is an individual evaluator’s own judgment of social  
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43 acceptability – a micro-level construct, while validity represents a collective consensus about  
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45 legitimacy that is present at some higher level, such as the group, organization, organizational  
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47 field, or society.  
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52 As individual evaluators observe other actors and receive messages from them conveying  
53 the validity judgment, they form a *validity belief*, or judgment on what the validated “consensus”  
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55 is. Thus, legitimacy is present at the macro level in a form of validity, while at the micro level,  
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3 evaluators use two perceptual inputs to form their legitimacy judgments: (1) they assess  
4 propriety based on perceptions of the organization, its behaviors and characteristics, and (2) they  
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6 form validity beliefs, which are based on their perception of the macro-level validity, i.e., on the  
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8 perception of consensus opinion about that organization that exists at the collective level  
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10 (Dornbusch & Scott, 1975; Tost, 2011; Zelditch & Walker, 2000).  
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14 The construct of validity describes the primary mechanism through which collective  
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16 legitimacy judgments at the society, field, or organization level influence individual evaluators.  
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18 As noted by Weber (1978 [1924]), evaluators comply with rules, values, and beliefs that they  
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20 consider valid, even if they privately disagree with them. Social psychology has accumulated  
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22 strong evidence that subjective judgments are profoundly influenced by authority and majority  
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24 opinion (Asch, 1956; Erb, Bohner, Hewstone, Werth, & Reinhard, 2006; Gould, 2002; Milgram,  
25  
26 1974; Muchnik, Aral, & Taylor, 2013). Validity thus represents one of the most powerful  
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28 legitimacy judgment heuristics, as individuals rely heavily on the collective “validity” opinion in  
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30 making their own propriety assessments. There is also experimental evidence of the effect of  
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32 validity not only on the evaluators’ assessments of propriety, but also on their propensity to  
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34 protest, or seek change to the existing social structure (Walker, Rogers, & Zelditch, 1988).  
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41 **Sources of validity.** As multiple evaluators express the same propriety judgment and ob-  
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43 serve others expressing it too, they gain greater reassurance in the validity of their judgment, in  
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45 that it represents a consensus opinion shared by others. The opinion of majority is thus one of the  
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47 basic sources of validity cues for evaluators. Validity is affected not only by the majority opin-  
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49 ion. Some institutions of society - *media*, *government*, and the *judicial system* - have evolved into  
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51 critical sources of validity that fundamentally influence other evaluators’ judgments. Each of  
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53 these judgment validation institutions provides some form of a forum for debates over legitimacy  
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55 and a mechanism for debate resolution. They process multiple, often conflicting legitimacy  
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3 judgments of evaluators, select and codify in written texts the most “appropriate” judgment, and  
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5 by communicating it back to evaluators, provide them with an important validity cue that guides  
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7 evaluators’ future judgments and behaviors.  
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10 Judgment validation by the media, the government, or the judicial system is usually a com-  
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12 petitive process. Each of these three judgment validation institutions has its own rules of compe-  
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14 tition and practices of contest resolution, as well as its own genres of judgment validation texts,  
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16 that is, written documents in which the validated judgment is recorded. Thus, in the media, it is  
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18 the share of voice that determines the evaluator’s perception of validity; with the government, it  
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20 is the regulators’ and legislators’ decisions that confer validity to the winning judgment, while in  
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22 the legal domain it is the judgments of judges or juries (the “delivered law” - LoPucki &  
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24 Weyrauch, 2000) that set precedents and thus establish validity for future judgments on similar  
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26 cases. These judgments are then communicated to other actors in legal opinions and other texts  
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28 that constitute the body of “written law” (LoPucki & Weyrauch, 2000).  
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34 It should be noted that it is individuals who participate in the judgment formation process  
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36 within these institutions – journalists, bureaucrats, elected officials, jury members or judges.  
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38 Hence, the observations on legitimacy judgment formation by individual evaluators (see below)  
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40 will also apply to these individuals. However, collective decision-making within these judgment  
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42 validation institutions adds additional complexity to the judgment validation process that they  
43  
44 perform. The research on power, politics, and decision-making processes (Daft & Weick, 1984;  
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46 Hardy & Clegg, 1996; Kaplan, 2008) can inform our understanding of legitimacy judgment for-  
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48 mation in organizations and other types of collective actors.  
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52 In addition to the media, the government, and the judicial system, some validation func-  
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54 tions are also assumed by trade associations (Barnett, 2006; Lawrence, 1999; Rao, 2004), watch-  
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56 dog organizations (Rao, 1998), and actors in subject positions with the “right to speak” (Maguire  
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3 et al., 2004; Phillips, Lawrence, & Hardy, 2004), such as representatives of interest groups, ex-  
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6 perts, opinion leaders (Pollock & Rindova, 2003), or stock analysts (Certo, 2003). However, the-  
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9 se actors influence judgments of others through one of the three judgment validation institutions:  
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11 the media, the government, and the judicial system.

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13 The sections that follow present a multi-level model of the legitimacy process and describe  
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15 how macro-level validity influences evaluators' propriety judgments and how, in turn,  
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17 evaluators' judgments of propriety together create macro-level validity.  
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## 20 21 22 **A MULTI-LEVEL THEORY OF THE LEGITIMACY PROCESS**

### 23 24 **Institutional Stability and Change**

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27 Institutional theory emphasises the enduring nature of institutions: once established, they  
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29 tend to last (Berger & Luckmann, 1966; DiMaggio & Powell, 1983; Zucker, 1977).  
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31 Nevertheless, they do not exist forever. Old institutions decline and new ones are created through  
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33 the efforts of individual and collective actors. The literature on institutional entrepreneurship  
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35 (David, Sine, & Haveman, 2013; Greenwood & Suddaby, 2006; Maguire et al., 2004) and  
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37 institutional work (Lawrence & Suddaby, 2006; Lawrence, Suddaby, & Leca, 2009; Maguire &  
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39 Phillips, 2008) has explored how institutions, organizations and categories gain or lose their  
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41 legitimacy and how new practices and organizational forms are legitimated and diffused. The  
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43 concepts of legitimation (Ashforth & Gibbs, 1990; Pollock & Rindova, 2003; Vaara & Tienari,  
44  
45 2008), delegitimation (Sine & David, 2003; Suddaby & Greenwood, 2005) or relegitimation  
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47 (Vaara & Tienari, 2011) refer to periods of high instability of legitimacy judgments and  
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49 contestation of the social worth of the organization. Therefore, it is analytically important to  
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51 distinguish between the legitimacy process under conditions of institutional stability and under  
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53 conditions of institutional change. This distinction affects not only theory, but also methods and  
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3 measures that can be meaningfully used in exploration of relationships in the legitimacy process.  
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6 Following the logic of institutional theory development over the past three decades, in the  
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8 sections below we proceed from the exploration of sources of stability and isomorphism in  
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10 legitimacy judgments to the exploration of legitimacy construction and contestation in unstable  
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12 institutional environments. We then address the dynamics of institutional change – from  
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14 destabilization of the institutional order and the legitimacy judgments that it prescribes to the  
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16 return to stability – and explore the role of communication in stabilizing and destabilizing  
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18 legitimacy judgments.  
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### 22 23 **The Legitimacy Process under Conditions of Institutional Stability** 24

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26 Berger and Luckmann (1966) observed that institutions, once created, tend to persist even  
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28 when they have lost their functionality. By rendering organizations and practices widely  
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30 accepted and even taken for granted, institutionalization plays a crucial role in transmission of  
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32 social order to a new generation (Berger & Luckmann, 1966; Zucker, 1977) and in ensuring  
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34 isomorphism and conformance in individual actors' judgments and actions (Zucker, 1977). "To  
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36 say that a segment of human activity has been institutionalized is already to say that this segment  
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38 of human activity has been subsumed under social control" (Berger & Luckmann, 1966: 55). We  
39  
40 argue here that evaluators' activity of rendering legitimacy judgments is subject to institutional  
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42 pressures, as any other form of social activity. Below we explore the mechanisms of social  
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44 control of legitimacy judgments through validity and propriety.  
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50 ***Institutionalization effects on validity.*** While propriety assessment is performed by  
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52 individual evaluators (Dornbusch & Scott, 1975; Suchman, 1995; Tost, 2011; Zelditch &  
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54 Walker, 1984), validity is the result of a process of aggregation of individual propriety judgments  
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56 to some "collective" judgment. As propriety judgments are "externalized" through actions and  
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3 discourse of evaluators, the repeated judgments are habitualized, or “cast into a pattern, which  
4 can then be reproduced with an economy of effort...” (Berger & Luckmann, 1966: 53). In other  
5 words, they become a part of objective reality, they become *institutionalized*. Since  
6 institutionalization subsumes judgments under social control, in highly institutionalized  
7 environments there are judgments that are appropriate to express and there are judgments that are  
8 suppressed as socially unacceptable.  
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17 The institutionalization of a legitimacy judgment implies that the stability of the social  
18 order is protected by two separate mechanisms: (1) by the institutionalization of an organization,  
19 structure or practice, and (2) by the institutionalization of the legitimacy judgment about it. In  
20 other words, under conditions of institutional stability, the evaluated entity is legitimate not only  
21 because it is perceived as congruent with social norms (i.e., has *propriety*), but also because the  
22 institutionalized collective legitimacy judgment (i.e., *validity*) pressures individual evaluators to  
23 express a positive legitimacy evaluation and suppress the public expression of negative  
24 judgments about it. For example, in local hockey fan subcultures it is often inappropriate to  
25 express a negative judgment with respect to the local team, even if the team chronically  
26 underperforms and is plagued with scandals. As a result, an organization can remain legitimate  
27 even if it deviates from individual evaluators’ expectations (Elsbach & Sutton, 1992; Suchman,  
28 1995). Thus, as is the case with other institutional processes (DiMaggio & Powell, 1983; Meyer  
29 & Rowan, 1977), the more institutionalized the legitimacy judgment (i.e., the greater the  
30 validity), the greater the conformity and isomorphism in legitimacy judgments openly expressed  
31 by evaluators.  
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52 This double protection of the existing social order suggests that institutionalization of a  
53 positive legitimacy judgment about an entity confers substantial social benefits. In effect, it is  
54 validity, the institutionalized part of the legitimacy judgment that gives legitimacy its “resource”  
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3 properties. It is this part of the legitimacy judgment that organizations “own”, preserve, and use  
4 as an “asset” to facilitate the mobilization of resources, reduce resistance, and ensure the stability  
5 of their social and economic ties (Dowling & Pfeffer, 1975; Meyer & Rowan, 1977; Pfeffer &  
6 Salancik, 1978; Suchman, 1995). By contrast, the institutionalization of a negative legitimacy  
7 judgment, or illegitimacy, may become an important liability for an organization, as is the case  
8 with tobacco, fast food, or arms companies (Vergne, 2012).  
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18 *Institutionalization effects on propriety.* Individual evaluators assess *propriety*, or  
19 normative acceptability of an organization, by benchmarking the organization’s perceived  
20 properties and behaviors against a set of social norms (Dornbusch & Scott, 1975; Suchman,  
21 1995; Tost, 2011; Zelditch & Walker, 1984). Thus, one of the cognitive operations that an  
22 evaluator needs to perform to assess propriety is to select the appropriate set of social norms to  
23 be applied in the evaluation of the organization.  
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32 The propriety judgment outcome heavily depends on the set of norms against which the  
33 evaluator chooses to benchmark the organization. In macro-institutional research, Ruef and Scott  
34 (1998) were among the first to draw attention to different sets of norms (managerial and  
35 technical) that can be used in legitimacy assessments. Micro-level evidence corroborates their  
36 findings: Lamin and Zaheer (2012) showed that in judging organizational legitimacy, different  
37 types of stakeholders (termed “Wall Street” and “Main Street”) use different sets of norms  
38 (drawn respectively from economics and ethics) and arrive to different judgments about the  
39 legitimacy of a firm. Also, the research on framing and media effects (Scheufele, 1999) shows  
40 that in public debates over social issues, opponents promote competing sets of norms in their  
41 discourses, such as “environmental protection” vs. “economic development”, “free trade” vs.  
42 “job protection”, “cost-effectiveness” vs. “quality of care”, etc. Depending on which set of  
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3 norms is selected, an evaluator can arrive to different legitimacy judgments about an  
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5 organization.  
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8 As opposed to unstable institutional environments, where multiple sets of norms advanced  
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10 by their proponents compete for minds of evaluators (see discussion below), in a stable  
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12 institutional environment the choice of norms is “obvious”, since it is “taken for granted” that a  
13  
14 particular set of norms (for example, an established technological or environmental standard)  
15  
16 applies to a given type of organization. Thus, under conditions of institutional stability,  
17  
18 evaluators’ legitimacy judgment activity is subject to social control through the process of  
19  
20 institutionalization of the practice of applying a particular set of norms to a given type of  
21  
22 organization (see link E in Figure 1 below). This, in turn, implies that the more institutionalized  
23  
24 the legitimacy judgment (i.e., the greater the validity), the greater the conformity and  
25  
26 isomorphism in the selection of norms to be used in propriety judgments about a given  
27  
28 organization.  
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33  
34 The effects described above suggest that institutions are socially constructed templates not  
35  
36 only for action (Barley & Tolbert, 1997; Meyer & Rowan, 1977), but also for legitimacy  
37  
38 judgments. Institutions control both which norms evaluators should apply in judging propriety  
39  
40 and what the final expressed judgment should be (validity). Thus, under conditions of stability  
41  
42 the DiMaggio and Powell’s (1983) “iron cage” of institutional constraints extends to legitimacy  
43  
44 judgments made by evaluators.  
45  
46

47 ***The legitimacy process model under conditions of stability.*** The discussion above suggests  
48  
49 that, under conditions of institutional stability, there is a substantial isomorphism in evaluators’  
50  
51 publicly communicated propriety judgments. The legitimacy judgment institutionalized at the  
52  
53 organization or field level (i.e., validity) creates a conformity pressure on individual evaluators.  
54  
55 Those evaluators who, due to their professional obligations (e.g., auditors, rating agencies, stock  
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3 analysts, some government regulators) or social vocation (e.g., consumer watchdogs and activists  
4  
5 - (Rao, 1998)), still rely on their own propriety judgments are cognitively bound to apply the  
6  
7 “taken-for-granted” set of norms that yields the same, already institutionalized judgment. And  
8  
9 those who make a different, independent legitimacy judgment are a small minority and are often  
10  
11 under social pressure to suppress the expression of their deviant opinion (Centola, Willer &  
12  
13 Macy, 2005; Zhu & Westphal, 2011). Thus, under conditions of institutional stability, the  
14  
15 legitimacy process is dominated by top-down influences – from higher levels down to the level  
16  
17 of individual evaluators (links D, E, and K in Figure 1). The expressed judgments and actions of  
18  
19 evaluators at all levels only reinforce the “consensus” and contribute to perpetuation of the  
20  
21 institutionalized legitimacy judgment (i.e., validity), as other evaluators receive stronger and  
22  
23 more consistent validity cues about the “socially approved” judgment.  
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30 Insert Figure 1 about here  
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33 The legitimacy process described above is illustrated in Figure 1, which presents a  
34  
35 multilevel model of legitimacy judgment formation and reproduction. Given that legitimacy is a  
36  
37 latent construct, the multi-level model reflects the social mechanism through which macro-  
38  
39 organizational antecedents of legitimacy translate into its macro-organizational outcomes and  
40  
41 highlights the role and effect of lower-level, micro-organizational processes that interact with  
42  
43 macro-level antecedents and outcomes. While the model presented in Figure 1 can be applied to  
44  
45 the legitimacy process both under conditions of stability and under conditions of institutional  
46  
47 change, the importance of causal effects outlined in the model differ for the two conditions. The  
48  
49 bold arrows in Figure 1 highlight the most important elements of the legitimacy process under  
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51 conditions of institutional stability.  
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56  
57 **Perceptions.** Individual evaluators at the micro level receive two perceptual inputs:  
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3 perceptions of the entity's properties / behaviors (link A in Figure 1) and perceptions of validity  
4 (link D), which they form from observations over judgments aggregated and communicated by  
5 the media, regulations and judicial opinions, as well as from observations over actions and  
6 communications of other evaluators in their immediate social surrounding. The evaluator uses  
7 those inputs (links A and D) to make a propriety judgment (links B and C). However, under  
8 conditions of institutional stability, perceived validity (link C) has an overwhelming effect on the  
9 individual evaluator's propriety assessment, and the evaluation path going through link B plays a  
10 minor role or is inactive.

11  
12  
13 *Judgments.* The adoption of the validity judgment (link C) requires little mental effort (cf.  
14 "passive mode" of judgment formation in Tost, 2011) and amounts to a conformity with the  
15 judgment that the evaluator perceives as the most widely accepted. By contrast, the formation of  
16 an independent propriety judgment based on observed properties and behaviors of the  
17 organization (link B) requires greater mental effort (cf. active, or "evaluative" mode in Tost,  
18 2011). In this evaluation, the available information on properties and behaviors of the  
19 organization is benchmarked against some set of social norms (link H) in order to determine  
20 whether the organization is "desirable, proper, or appropriate within some socially constructed  
21 system of norms, values, beliefs, and definitions" (Suchman, 1995: 574).

22  
23  
24 Since multiple sets of applicable norms may co-exist in an organizational field (Kaplan,  
25 2008; Lamin & Zaheer, 2012; Ruef & Scott, 1998), evaluators in the active, "evaluative" mode  
26 may face the task of selecting among several sets of norms that can be applied in a propriety  
27 judgment (link H). However, under conditions of institutional stability, institutionalization  
28 affects not only the judgment that evaluators are expected to make (link D), but also the set of  
29 norms that they should use if they were to do an independent propriety evaluation (link E). Often  
30 such norms are institutionalized in a form of certification programs established by governments  
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3 or industry associations (AACSB, ISO, etc.) and standards created by private and public actors  
4  
5 (GAAP, GRI, UN Global Compact, etc.). These programs and standards specify normative  
6  
7 expectations and ensure organizations' formal compliance with them.  
8  
9

10 Thus, under conditions of institutional stability, even if the evaluator makes an independent  
11  
12 propriety assessment based on his/her own observations (link B), his/her bounded cognition  
13  
14 dictates the application of the same institutionalized set of norms that are suggested by the  
15  
16 media, regulators, judges or other actors (link E). Under conditions of stability, these two  
17  
18 evaluation paths - through links D-C and through links E-H - are equifinal (Fiss, 2007;  
19  
20 Kozlowski & Klein, 2000), since the perceived validity (link D) and the suggested set of  
21  
22 applicable norms for propriety evaluation (link E) lead the evaluator to the same, already  
23  
24 institutionalized legitimacy judgment.  
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28  
29 *Actions.* Not all judgments are necessarily publicly expressed in the discourse and actions  
30  
31 of evaluators. Individuals are capable of anticipating the social and personal consequences of  
32  
33 public expression of their judgment (link G) and may have important reasons to suppress the  
34  
35 expression of their opinion (link M). This may occur especially if their opinion is different from  
36  
37 the institutionalized judgment, the validity (Zelditch & Walker, 1984), and they have reasons to  
38  
39 anticipate social sanctions for deviant judgment expression (link K). The fear of sanctions is  
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41 particularly present in countries with totalitarian regimes (Kuran, 1995), where any criticism of  
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43 the government's actions may lead to accusations of lack of patriotism, questionable moral  
44  
45 values, and even treason (see the following section for a detailed discussion of judgment  
46  
47 suppression). Thus, before a judgment is expressed in actions, evaluators assess the degree of  
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49 perceived deviance of their judgment, as well as the probability and severity of sanctions that  
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51 they may be subjected to for openly expressing their independent opinion.  
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57 As multiple individual evaluators proceed to express the conforming legitimacy judgment  
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3 in discourse and actions (link L), they produce macro-organizational effects: a *direct effect* on  
4 the organization (e.g., formation of exchange ties – see link J) and/or an *indirect effect* through  
5  
6 discursive influence on the media, regulators and/or judges (link I), as well as on other  
7  
8 individuals in the evaluators' immediate social surrounding (link F). However, under conditions  
9  
10 of stability, the evaluators' expressed judgments are isomorphic and will only reinforce the  
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12 institutionalized “consensus” judgment (validity) and further contribute to stability of the social  
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14 order in the organizational field.  
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20 As a result, the evaluators' influence on judgment validation institutions (link I) is not  
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22 significant under conditions of institutional stability: In the absence of contestation and  
23  
24 controversy, the media, regulators and the judicial system do not require constant reaffirmation  
25  
26 of their validated judgment and, as long as the institutional environment is stable, they are not  
27  
28 subjected to challenges by individual evaluators. The media attention is low, as there is nothing  
29  
30 “interesting” or “media-worthy” about something that is already routinely acceptable. The  
31  
32 attention of regulators is also low, since the regulations pertaining to the issue have already been  
33  
34 adopted and are not contested by anyone. The judicial system does not have to intervene much  
35  
36 either, since most members of society routinely conform to the institutionalized norm, and  
37  
38 judicial decisions, if any, are routine in a sense that they do not require any revisions to the  
39  
40 institutionalized norm established in the written law and set legal precedents. Thus, under  
41  
42 conditions of stability, the judgment validation institutions are still present to communicate the  
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44 validity judgment (link D), to prescribe which set of norms should be used in evaluation (link E)  
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46 or to apply sanctions for deviant judgment expression (link K), but micro-level actors do not  
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48 produce any significant bottom-up impact on these institutions.  
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55 By contrast, link F under conditions of institutional stability remains active, since  
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57 individuals expressing the institutionalized norms in their actions and discourse continue to  
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3 influence other people around them. Such influence plays an important role in the socialization  
4  
5 of new members of society, who learn by observing others. It is primarily through this link that  
6  
7 institutionalized social norms are transferred to a new generation (Berger & Luckmann, 1966).  
8  
9

10 ***Judgment validation institutions.*** An organization's validity is not directly observable,  
11  
12 since there is rarely a single measure or authority that can pronounce the validity judgment for  
13  
14 the whole society or an organizational field. Validity is inferred by individual evaluators  
15  
16 (including researchers) from judgments "aggregated" and communicated by macro-level  
17  
18 judgment validation institutions (media, regulators, and judicial system) and from observable  
19  
20 behavior and discourse of other actors. This macro-to-micro influence process is represented by  
21  
22 link D in Figure 1. Under conditions of institutional stability, the three judgment validation  
23  
24 institutions are usually in agreement with each other: In the absence of a controversy, the media  
25  
26 coverage of a legitimate organization tends to be low in volume and positive in tone (Green,  
27  
28 2004; Green, Li, and Nohria, 2009), the organization's properties and behaviors are recognized  
29  
30 by authorities as conforming to the existing regulations (Deephouse, 1996), and attempts of  
31  
32 litigation against it are less likely (Edelman & Suchman, 1997; Koh, Qian, & Wang, 2013).  
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39 In summary, the judgment validation institutions and collective actors in evaluators'  
40  
41 immediate environment produce effects on perceptions, judgments, and actions of individual  
42  
43 evaluators. They play a major role in shaping perceptions of validity (link D), they affect  
44  
45 independent propriety judgments by prescribing which set of norms should be applied in  
46  
47 evaluation (link E), and, finally, if the evaluator still performs an independent assessment and  
48  
49 renders a deviant judgment, they are ready to apply sanctions (link K) to discourage the  
50  
51 expression of the deviant opinion (see discussion below).  
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55 ***The institutional stability loop.*** The bold arrows in Figure 1, which highlight the dominant  
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3 effects under conditions of institutional stability, form a loop that circles between micro and  
4  
5 macro levels. This loop has a positive feedback mechanism that produces stability in the  
6  
7 legitimacy process: The greater the institutionalization of a legitimacy judgment (validity – link  
8  
9 D), the more the norms applied in propriety judgments made by individual evaluators are taken-  
10  
11 for-granted (link E), and the more the deviant judgments are suppressed (link K), the more  
12  
13 isomorphic the expressed legitimacy judgments are. The more isomorphic the judgment  
14  
15 expressed by multiple evaluators, the greater the perception of validity of that judgment (link D).  
16  
17 Hereafter we refer to this circular legitimacy process as the *institutional stability loop*.  
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22 We can further discern three macro-to-micro influence paths within the institutional  
23  
24 stability loop. Along the *passive-processing path* (links D-C), evaluators operate in the passive  
25  
26 mode of judgment formation and draw on validity cues to reduce mental effort (Tost, 2011).  
27  
28 Along the *active-processing path* (links E-H), evaluators operate in the active, “evaluative”  
29  
30 (Tost, 2011) mode of judgment formation and invest mental effort to reach a judgment. The  
31  
32 active-processing path is engaged if the influence through *passive-processing* path has failed to  
33  
34 control the evaluator’s propriety judgment, and the evaluator has chosen to make an independent  
35  
36 judgment based on the observed properties and behaviors of the organization (link B). The cross-  
37  
38 level influence through the *active-processing path* ensures that the evaluator selects the  
39  
40 institutionally prescribed set of norms, which drives his/her independent propriety assessment to  
41  
42 the same, already institutionalized legitimacy judgment. Finally, if a deviant judgment is formed  
43  
44 despite the social influence through links D and E, the *coercive* path (through link K) penalizes  
45  
46 the public expression of the deviant judgment. The more severe and regular are the sanctions for  
47  
48 deviance (link K), the greater the evaluators’ fear and the greater the probability that they will  
49  
50 suppress the deviant judgment expression (link M).  
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57 It should be noted that the ability to impose sanctions on other actors is not the exclusive  
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3 prerogative of regulators or the judicial system: Media attacks, ostracism by peers, or terrorism  
4  
5 by individuals or groups are just a few examples of sanctions by actors with no authority that can  
6  
7 be used to silence an unwanted judgment expression. The intensity of coercive path utilization by  
8  
9 judgment validation institutions and other actors reflects the degree of instability of the  
10  
11 institutional order. In particularly stable institutional environments where the institutionalization  
12  
13 has reached a taken-for-grantedness state (Sine & David, 2003; Suchman, 1995), most of the  
14  
15 social influence occurs through the passive-processing path, with minimal involvement of active-  
16  
17 processing and coercive paths. On the other hand, the more individual evaluators privately  
18  
19 disagree and are forced through the coercive path to suppress the expression of their deviant  
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21 judgment, the more the social environment is prone to destabilization, such as sudden revolutions  
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23 (Kuran, 1995) or other forms of disruptive institutional change (Maguire & Hardy, 2009).  
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### 29 30 **The Legitimacy Process under Conditions of Institutional Change**

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32 While in some time periods the legitimacy process can be stable and the stable social order  
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34 recursively reproduces itself (Giddens, 1984), in periods characterized by major environmental  
35  
36 jolts (Greenwood, Suddaby, & Hinings, 2002; Sine & David, 2003) or successful institutional  
37  
38 entrepreneurship by some actors (Maguire et al., 2004; Rao, Morrill, & Zald, 2000), the  
39  
40 institutional environment can be in turmoil caused by changes in social norms, values, and  
41  
42 judgments. In the Figure 2 below we present a model of the legitimacy process under conditions  
43  
44 of institutional change.  
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49 Insert Figure 2 about here  
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52 Under conditions of institutional change, multilevel relationships, such as the ones  
53  
54 outlined in the process model above, may prove bidirectional (Kozlowski & Klein, 2000), and a  
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3 different set of causal relationships may dominate the legitimacy process. The bold arrows  
4  
5 highlight the most influential effects under conditions of institutional change.  
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8 In these conditions, the influence of the passive-processing path of the institutional stability  
9  
10 loop (links D-C), which further reinforces validity, is weakened or suppressed. The perception of  
11  
12 validity (link D) is particularly weak in the presence of conflicting legitimacy judgments at the  
13  
14 macro level. This occurs when there is a major debate over issue interpretation in the media  
15  
16 (Hoffman, 1999) or when there is a disagreement between judgments validated by the media,  
17  
18 regulators, and/or the legal system. Common to these contexts is that more critical legitimacy  
19  
20 judgments openly contradict the status quo and thus create a sense of illegitimacy of the  
21  
22 institutionalized order. In the absence of a perceived “consensus” in the field, evaluators are less  
23  
24 trusting of the contradictory validity cues that they receive from the environment (link D) and are  
25  
26 therefore more likely to rely on their own, independent propriety assessment (cf. the evaluative  
27  
28 mode of judgment in Tost, 2011). As these independent propriety judgments are less affected by  
29  
30 the validity, they can become a major driver of institutional change: they can problematize the  
31  
32 *status quo*, create the sense of illegitimacy of the old validity judgment, and offer a more  
33  
34 legitimate alternative to the established institutional order. It has been observed that perceptions  
35  
36 of illegitimacy can motivate evaluators to actively resist a social order and engage in institutional  
37  
38 change efforts (Haack, Pfarrer, Scherer, 2014; Tost, 2011).  
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45 Thus, under conditions of institutional change, the institutional stability loop that circles  
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47 through link D in the model is inactive or substantially weakened by the presence of deviant  
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49 judgments, while the path encompassing an individual evaluator’s own perceptions (link A) and  
50  
51 a propriety judgment based on the assessment of those perceptions (link B) against a selected set  
52  
53 of applicable norms (link H) becomes more prominent and influential.  
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3 While in laboratory experiments (e.g., Walker et al., 1988; Zelditch & Walker, 1984)  
4 evaluators are usually exposed to a single validity cue, the real-world social environment  
5  
6 undergoing change comprises multiple collective actors (organizations, interest groups, trade  
7  
8 associations, etc.), each advancing a particular perspective formed through aggregation of  
9  
10 interests and judgments of lower-level actors. In the case of a controversy, or contestation of an  
11  
12 organization's legitimacy in society, evaluators are exposed to multiple, often conflicting validity  
13  
14 cues. Thus, the multi-level theory of legitimacy needs to account for the existence of multiple  
15  
16 "validities" and describe socio-cognitive mechanisms for resolution of conflicting validity  
17  
18 signals from the environment.  
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24 ***Changes in perceptions.*** At the micro level, a particularly large incongruence between the  
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26 new information about the organization (coming through link A) and the established validity  
27  
28 (link D) prompts evaluators to attend more to their own propriety judgments (link B). In a study  
29  
30 of evaluations of political candidates, Redlawsk and colleagues (Redlawsk, Civettini, &  
31  
32 Emmerson, 2010) identified a "tipping point" at which increased anxiety caused by negative  
33  
34 information about a candidate prompts an evaluator to revise the initially favorable judgment. At  
35  
36 this point, the mismatch between the established collective validity and the incoming information  
37  
38 triggers a "mental alarm" (Tost, 2011) that cannot be dismissed on the strength of the entrenched  
39  
40 validity judgment. As multiple evaluators approach this "tipping point" and render independent  
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42 propriety judgments based on the new information, the accumulation and diffusion of divergent  
43  
44 propriety judgments erodes the perception of consensus around validity.  
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50 At the macro level, the perception of "consensus" can be manipulated by creating an  
51  
52 additional "independent" public voice that expresses the desired opinion. This strategy is known  
53  
54 as *constituency-building* (Barley, 2010; Keim & Zeithaml, 1986). The voice consistent with the  
55  
56 institutionalized legitimacy judgment creates a perception of greater consensus, and thereby  
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3 strengthens the effect of the institutional stability loop that perpetuates the status quo. By  
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5 contrast, a contradicting voice, especially a prominent one, weakens the perception of consensus,  
6  
7 reduces the effect of validity on individual evaluators' judgments (link C), and stimulates  
8  
9 evaluators to perform their own, independent propriety assessments (links B). The disruption  
10  
11 caused by the contradicting voice creates an opportunity for changing the institutionalized  
12  
13 legitimacy judgment.  
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16  
17 ***Changes in judgments.*** Another process that is activated in the absence of institutional  
18  
19 stability is the selection of a set of social norms to be used as a benchmark in propriety  
20  
21 judgments (link H). Under conditions of institutional stability, it is largely a "taken-for-granted"  
22  
23 practice (see link E) that a certain norm (such as an industry standard – Garud, Jain, &  
24  
25 Kumaraswamy, 2002) applies to a given type of organization or practice. However, in  
26  
27 institutionally unstable contexts, evaluators tend to be less constrained in their selection of the  
28  
29 sets of norms to apply, and several sets of norms may be in competition for the evaluator's mind.  
30  
31 Thus, as firms sponsoring different technological standards compete for dominance in an  
32  
33 industry (e.g., Sony's Betamax vs. JVC's VHS) and other firms choose which of the two  
34  
35 standards to follow, interest groups promoting application of different sets of norms to the issue  
36  
37 (e.g., "environmental protection" vs. "economic development") compete for minds of individual  
38  
39 evaluators and the evaluators choose which set of norms to use in their propriety judgments. The  
40  
41 presence of an alternative, competing set of norms weakens the effect of the institutional stability  
42  
43 loop since the evaluators have a choice among several sets of norms, and depending on the set  
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45 they choose, they may render and express a "deviant" propriety judgment that can undermine the  
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47 established validity.  
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55 Since application of different sets of norms (link H) can yield substantially different  
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3 legitimacy judgments, competing actors opportunistically promote the sets of norms that, when  
4 applied to the focal entity, yield the desired judgments. Thus, by suggesting which set of norms  
5 should be applied to an entity as a benchmark in propriety assessments, actors can lead an  
6 evaluator to a judgment that reflects their own preference or interest.  
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12 ***Changes in actions.*** The legitimacy judgments formed by evaluators become consequential  
13 to the organization when they are expressed in evaluators' discourse and actions (link L). The  
14 actions of evaluators can have direct consequences for the organization (link J), such as changes  
15 in availability of resources provided by evaluators, employee motivation, or investor support.  
16 Evaluators' actions can also have indirect consequences, which are associated with the  
17 evaluator's influence on the judgments of other actors and on judgment validation institutions –  
18 the media, regulators and the judicial system (link I).  
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29 While under conditions of institutional stability the evaluators' influence on judgment  
30 validation institutions (link I) is not significant (see discussion above), under conditions of  
31 institutional turmoil the expression of individuals' judgments at the micro-level can produce a  
32 major effect on judgment validation institutions. The public controversy attracts media coverage,  
33 and the media coverage, in turn, attracts attention of an even greater number of individual  
34 evaluators. These evaluators become more informed and are more likely to make their own  
35 propriety judgment (link B), since the presence of competing judgments in the media weakens  
36 the focal organization's perceived validity (link D) and creates a sense of illegitimacy. The  
37 attention of regulators rises as well, since open public questioning of the judgment validated in  
38 laws and regulations may warrant regulatory change. Regulators in such situations are subjected  
39 to influence by multiple competing interests (see discussion below). The judicial system under  
40 conditions of turmoil can also become an important battleground for competing legitimacy  
41 judgments. It has been observed that "the outcomes of cases in which the applicable norms differ  
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3 from the written law demonstrate that the norms, not the written law, are the driving force”  
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5 (LoPucki & Weyrauch, 2000: 1435). Thus, when the validity of the written law is openly  
6  
7 questioned, judges’ subjective perceptions of what judgment is the most valid may change,  
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9 leading to new legal precedents.  
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## 12 13 14 **THE DYNAMICS OF INSTITUTIONAL CHANGE: DESTABILISATION** 15

16  
17 The two multi-level models of legitimacy process presented above describe ideal-type  
18  
19 conditions of institutional stability and institutional change. However, of particular interest to  
20  
21 institutional theory are also the social dynamics that leads to the destabilization of an established  
22  
23 institutional order (Maguire & Hardy, 2009; Sine & David, 2003) or to the stabilization of an  
24  
25 institutional environment in turmoil (Maguire et al., 2004; Rao et al., 2000).  
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### 28 29 **The Paradox of Embedded Agency** 30

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32 As explained above, under ideal-type conditions of institutional stability, the evaluators’  
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34 publicly expressed judgments are isomorphic and tend to reinforce the institutionalized “consen-  
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36 sus” judgment, which further contributes to stability of the social order. The presence of institu-  
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38 tionalization implies that the legitimacy process under conditions of stability is subject to the  
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40 paradox of embedded agency: “If our norms and collective beliefs are institutionally determined,  
41  
42 how can human agency be a factor in institutional change?” (Battilana, Leca, & Boxenbaum,  
43  
44 2009: 67). While this paradox presents an important challenge for macro-institutional research,  
45  
46 the multi-level approach can help us reveal the micro-level assumptions behind this paradox and  
47  
48 identify the factors that enable change in legitimacy judgments.  
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52 From the multi-level perspective, the critical assumption of the paradox of embedded agen-  
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54 cy is the existence of isomorphism in propriety judgments at the lower, individual level. Never-  
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56 theless, the observed macro-level “unanimity” does not necessarily imply that everyone at the  
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3 micro level agrees: While some individuals may willingly agree with the institutionalized judgment (validity), others, for various reasons (see Table 1 below), may have to suppress the expression of their “deviant” opinions. Similarly, it has been observed that actors may adopt institutionalized practices for different reasons (Tolbert & Zucker, 1983), and may hold the same attitudes for different reasons too (Cameron, 2009). As a result, the observed macro-level consensus around the institutionalized judgment may conceal not only the diversity of privately held yet suppressed propriety judgments, but also the diversity of motives for why those judgments were not publicly communicated.

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22 This concealed diversity suggests that the paradox of embedded agency exhibits properties of what multi-level theory describes as *ecological fallacy*, or a situation where a researcher “wrongly infers relationships at the lower level based on either observations or analysis only at the higher level” (Slater, Snyder, & Hayes, 2006: 378). In relation to legitimacy judgments, this means that observations over macro-level validity cannot be used to infer that evaluators actually judge that entity as proper: their *private* propriety judgments may differ, as do the reasons for why these judgments are not expressed. Below we explore both judgment suppression and judgment communication processes under conditions of stability and change.

### 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 **Suppression of Legitimacy Judgment Expression**

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44 As mentioned earlier, not all legitimacy judgments are openly expressed by evaluators (Asch, 1956; Kuran, 1987; Noelle-Neumann & Petersen, 2004). The understanding of factors that suppress evaluators’ expression of deviant propriety judgments is important both for explaining the stable state of the social order and for describing the process of social order destabilization. The social science literature has identified a number of factors that can prevent the expression of a deviant opinion. Table 1 provides examples of commonly encountered suppressor

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3 factors.  
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7 Insert Table 1 about here  
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10 The suppressor factors work either by maintaining the “passive mode” (Tost, 2011) in  
11 evaluators’ judgments (link C), and thus preventing active cognitive processing in propriety  
12 judgments (link B), or by discouraging the expression of an already formed deviant judgment  
13 (link M).  
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20 ***Preventing active cognitive processing.*** As discussed above, in the passive mode, evalua-  
21 tors avoid mental effort and rely on validity cues (link D) and other heuristics to render a legiti-  
22 macy judgment. The passive mode has been found to constitute the baseline mode of mental op-  
23 erations (Kahneman, 2011). By contrast, in the evaluative mode (link B), evaluators put forth an  
24 effort to actively deliberate and reassess their previous legitimacy judgment (Tost, 2011). Con-  
25 textual factors, such as public discussion (Druckman & Nelson, 2003), evaluator’s accountability  
26 (Lerner & Tetlock, 1999), and absence of time pressure (Svenson & Maule, 1993) increase the  
27 likelihood that evaluators will form their judgments in the evaluative mode (link B), whereas in  
28 the absence of these factors, the independent, evaluative-mode propriety judgment is less likely  
29 (Haack et al., 2014). Furthermore, evaluator-specific characteristics, such as personal interest and  
30 previous knowledge, increase the likelihood that evaluators engage in active processing (Zaller,  
31 1992).  
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48 As mentioned earlier, the more individuals are kept in the passive mode of judgment for-  
49 mation (through the path D-C), the more stable is the institutional order. Therefore, efforts di-  
50 rected at maintaining the passive mode, which prompts evaluators to adopt the institutionalized  
51 judgment (i.e., validity), play an important role in preventing institutional change. Such a preven-  
52 tion is accomplished through interventions at link A: either by withholding critical pieces of in-  
53 formation (link A), or by providing information that is consistent with the institutionalized  
54 judgment (link A).  
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3 formation that can trigger the “mental alarm” (Tost, 2011) in multiple evaluators, or by distract-  
4 ing the evaluators’ attention with unrelated “sensational” news, by creating “noise” in the evalua-  
5 tors’ information channels.  
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11 ***Discouraging the public expression of deviant judgments.*** The public expression of devi-  
12 ant judgments (links F and I) diminishes the validity of the dominant, institutionalized judgment,  
13 which, in turn, may lead to the destabilization of the existing institutional order and thus create  
14 an opportunity for institutional change. If the prevention of active cognitive processing has  
15 failed, and the evaluator has formed a deviant judgment (through link B), the maintenance of the  
16 *status quo* requires recourse to suppressor factors to prevent the public expression of this judg-  
17 ment. Table 1 shows a wide variety of suppressor factors that prevent deviant judgment expres-  
18 sion, as well as the diversity of events, environmental changes and individuals’ actions that can  
19 weaken or remove these factors.  
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32 Given that most evaluators are motivated more by the anxiety of a loss than by the hope for  
33 a potential gain (Kahneman & Tversky, 1979), most suppressor factors present a prospect of a  
34 substantial loss to the evaluator for having expressed a deviant judgment. Such suppressor fac-  
35 tors create a situation where the expected private benefits of judgment expression are much  
36 smaller than the private costs or punishments that the evaluators will have to sustain. As evalua-  
37 tors can anticipate the negative outcomes of judgment expression (link G), such suppressor fac-  
38 tors reduce the likelihood that evaluators choose to express their deviant judgment in public.  
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48 Judgment suppression can work not only through sanctions, but also through incentives.  
49 The silence of influential actors can sometimes be “bought” with economic rewards, as was the  
50 case between Enron and its auditor, Andersen Consulting, or with social rewards, such as en-  
51 hanced reputation, high-status affiliation, or improved career prospects. Judgment suppression  
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3 with rewards is often accomplished through “cooptation” (Selznick, 1949). This arrangement  
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5 improves validity by silencing the opposition and also benefits the co-opted individuals.  
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8 It is important to note that not all evaluators are equally sensitive to each of the suppressor  
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10 factors. Therefore, in the population of silenced evaluators, one can discern segments on the ba-  
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12 sis of the factor that motivated them to suppress the expression of their deviant propriety judg-  
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14 ment. These segments may overlap as an evaluator may have more than one reason to suppress  
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16 his/her propriety judgment. The simultaneous presence of several suppressor factors that an  
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18 evaluator is sensitive to provides even greater incentive to keep silence or to pretend to adopt the  
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20 institutionalized judgment. Thus, institutional stability can be described as a state of suppressed  
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22 diversity where one or several suppressor factors create a selective pressure on evaluators’ judg-  
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24 ments, silencing deviant opinions and encouraging the expression of the institutionalized one.  
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29 From time to time, the dissemination of new information (e.g., scandals, crises, accidents,  
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31 etc.), cultural or political changes (e.g., liberalization, transition to a democracy, or removal of  
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33 censorship) and micro-level changes in actors’ circumstances (changes in economic interests,  
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35 social ties, or power dependencies) may remove one or more suppressor factors, freeing these  
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37 actors to openly express their private propriety judgment. As different types of events remove  
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39 different types of constraints on the judgment expression (see Table 1), they free up different  
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41 segments of the suppressed evaluators’ population to publically express their deviant judgments.  
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44 The emergence of an alternative judgment in public communications signifies the beginning of  
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46 competition among judgments, and hence the emergence of contradictions (Tost, 2011) and de-  
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48 stabilization of the institutional order, which, in turn, may result in institutional change.  
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52 Thus, under conditions of stability evaluators are under a strong influence of the estab-  
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54 lished validity, and judgment suppression factors are sufficiently effective to deter deviant judg-  
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56 ment expression, which helps maintain the illusion of “unanimity” and isomorphism. By con-  
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trast, under conditions of institutional change, validity is eroded by the public presence of competing judgments, suppression factors are weakened or removed, and agency and strategic behaviours of individuals and collective actors play a prominent role in the legitimacy process.

### **THE DYNAMICS OF INSTITUTIONAL CHANGE: RETURN TO STABILITY**

It should be noted, however, that not all debates and turmoil result in institutional change. On the one hand, the positive-feedback institutional stability loop described above favors the *status quo*, as it gives an advantage to the most valid (i.e., most widely accepted) judgment. On the other hand, evaluators may lose interest in the issue in question as time passes or as new unrelated events draw away their attention (Mahon & Waddock, 1992). In this case they are likely to automatically revert to the judgment that has the greatest perceived validity, i.e., to the same old institutionalized judgment. As a result, at the macro level there is a number of recurring issues that from time to time become controversial, but this does not lead to any significant changes in institutionalized judgments or practices (Alford, 1975; Mahon & Waddock, 1992).

Yet, despite these macro-level factors promoting institutional stability, changes in judgments and institutions do occur and micro-level behaviors of individual evaluators can give rise to new macro-level validity. As we describe below, micro-level influences on the macro-level validity are realized through a non-deterministic competitive process where the proponents of two or more judgments on the issue compete for social influence, for diffusion and institutionalization of their judgment using a diverse array of institutional strategies.

#### **Strategies Influencing Legitimacy Judgments**

For an evaluator, each message that he or she receives serves as a cue suggesting the validity of the judgment that it conveys (Rao, Greve, & Davis, 2001; Tost, 2011). The greater the relative number and credibility of such cues that an evaluator receives and the greater the diversity of

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3 message sources that communicate the same judgment, the greater the probability that he or she  
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5 infers validity of this judgment. As mentioned earlier, it is not the overall “abstract” validity that  
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7 every evaluator is exposed to, it is the perceived validity, or validity belief, that influences the  
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9 evaluator’s own propriety judgment.  
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12       Micro-level validity beliefs naturally exhibit substantial diversity, since not all evaluators  
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14 are equally exposed to the messages of a given source and, as studies in persuasion research sug-  
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16 gest (Crano & Prislin, 2006), messages can produce different effect on different evaluators. The  
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18 perceptual nature of validity cues, together with the strong effect of validity on propriety  
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20 (Johnson, 2004; Tost, 2011; Walker et al., 1986; Zelditch, 2006), creates opportunities for strate-  
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22 gic manipulations of actors’ judgments. One can distinguish strategies that influence evaluators’  
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24 validity beliefs and propriety judgments (1) by means of rhetoric, (2) by increasing the credibil-  
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26 ity of speakers, (3) by “staging” a consensus for the targeted evaluator, as well as (4) by recourse  
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28 to coercion and inducement.  
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33       *Rhetorical strategies* address the content of messages used for persuasion. The literature on  
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35 discourse and framing has identified multiple rhetorical strategies that can be divided into those  
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37 addressing validity beliefs (link D in Figures 1 and 2) and those addressing propriety, or more  
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39 precisely, the selection of norms used in rendering the propriety judgments (link E in Figures 1  
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41 and 2).  
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45       Rhetorical strategies influencing *validity beliefs* (see examples in Table 2) are used by  
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47 judgment proponents to inform the evaluator that many other actors have adopted their preferred  
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49 judgment or to persuade the evaluator that there are no alternatives to this judgment, that it is the  
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51 only valid choice available. By relying on validity cues, evaluators can save mental effort  
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53 (Rosch, 1978) and remain in a passive mode of judgment formation (Tost, 2011). While some  
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55 strategies promote validity by emphasizing judgment adoption by multiple peers (cf. endorse-  
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3 ment - Tost, 2011; Zelditch, 2006), others emphasize judgment adoption by actors in positions of  
4 authority (cf. authorization - Tost, 2011; Zelditch, 2006). A set of validity-promoting strategies  
5 also make reference to authorizations that the judgment received in the past. This is accom-  
6 plished by appeals to the tradition and creation of historical or mythological narratives (Golant &  
7 Sillince, 2007; Suddaby & Greenwood, 2005). The set of validity-promoting strategies also in-  
8 cludes strategies that encourage the evaluator to infer the judgment's validity from the lack of  
9 conceivable alternatives to it (e.g., cosmological and teleological theorizations in Suddaby &  
10 Greenwood, 2005), or from analogy with already familiar valid categories (Etzion & Ferraro,  
11 2010; Lakoff, 2004).

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26 Insert Tables 2 and 3 about here  
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29 Rhetorical strategies that directly influence the *propriety judgments* of individual evalua-  
30 tors (see examples in Table 2) appeal to emotions, normative beliefs, and rational calculus of  
31 evaluators to promote the appropriateness of applying a given set of norms to the issue in ques-  
32 tion. Such strategies emphasize the positive outcomes of adopting a given judgment (Haack,  
33 Schoeneborn & Wickert, 2012; Vaara, 2002; Zbaracki, 1998) or negative aspects of the compet-  
34 ing alternatives, such as the *status quo* (Maguire & Hardy, 2009; Hardy & Maguire, 2010). The  
35 positive outcomes of advocated judgment adoption can be both pragmatic, i.e., providing greater  
36 utility to the evaluator(s) (Green, 2004; Vaara & Tienari, 2008; Vaara, Tienari & Laurila, 2006;  
37 Zbaracki, 1998) or moral, i.e., ensuring fairness or better congruence with social norms and be-  
38 lief systems (Elsbach, 1994; Ruef & Scott, 1998; Suddaby & Greenwood, 2005).

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53 ***Credibility strategies.*** Not all message sources are equally credible and influential  
54 (Cameron, 2009; Hardy & Clegg, 1996). Individuals occupying particular *subject positions*  
55 (Maguire et al., 2004; Mantere & Vaara, 2008), such as a position of authority (regulators, legis-  
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lators, and judges) or positions with greater access to communication distribution channels (journalists, media companies' executives), as well as experts (Bonardi & Keim, 2005), celebrities (Rindova, Pollock, & Hayward, 2006), and high-status actors (Gould, 2002; Ridgeway, Boyle, Kuipers, & Robinson, 1998), have a disproportionately large influence on other evaluators' perceptions of judgment validity. The more influential these actors are, the stronger the validity cue their messages convey. For this reason, an important part of institutional competition is the competition for occupation of such influential "subject positions" (Maguire et al., 2004) and competition for creation of expertise and authority (Lefsrud & Meyer, 2012) that allows actors to increase their credibility and influence on the judgments of others.

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*"Staging" a consensus for influential actors.* The effects of credibility described above imply that the more influential the evaluator, the harder the proponents of competing discourses will strive to win his or her mind. Although some influential actors, such as celebrities, can sometimes be paid to promote a specific judgment, most actors in influential subject positions are expected to form their own independent propriety judgments, and therefore require persuasion. Since validity has a strong effect on individual evaluators' propriety judgments (Zelditch & Walker, 2000), the persuasion of a single influential actor can be accomplished by creating a perception of validity of a given judgment by means of focused communication to this actor through multiple channels and on behalf of different sources. Regulators and legislators, who are among the most important grantors of validity in society, often find themselves targeted with communications by competing interest groups (Baron & Diermeier, 2007). The political strategies literature (Bonardi & Keim, 2005; Hillman & Hitt, 1999; Keim & Zeithaml, 1986) has described a number of specific strategies of such validity "staging" that are used to manipulate a regulator's perception of the majority's preferences on a given issue. Lobbying, or direct communication to a regulator (often by multiple lobbyists), constituency building (i.e., communica-

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3 tion through mobilized third parties to create an appearance of an “independent voice”), advoca-  
4 cy advertizing (discourse communication through mass media), as well as petitions, demonstra-  
5 tions and mail campaigns, have been identified as means to influence regulator’s judgments  
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10 (Bonardi & Keim, 2005; Hillman & Hitt, 1999; Keim & Zeithaml, 1986).  
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There is some evidence that judgments of other actors in influential subject positions are also affected by such validity staging strategies. Thus, it has been observed that judges are sensitive to media coverage, which prompts some lawyers to argue their cases in the media before courtroom hearings (LoPucki & Weyrauch, 2000). Similarly, judgments of stock analysts and investors were shown to be influenced by the media (Pollock & Rindova, 2003; Tetlock, 2007; Zhu and Westphal, 2011).

If successful, these validity staging strategies create a bias in how an influential evaluator perceives the normative preferences of other constituents (Keim & Zeithaml, 1986) and this, in turn, can influence his or her own propriety judgment on the issue. When an influential evaluator communicates his or her strategically manipulated propriety judgment through discourse and actions (link D), other actors receive a strong signal of validity of that judgment. As this signal prompts evaluators to accept the validity judgment (link C) and thus follow the passive-processing path (Tost, 2011), the institutional stability loop creates a cascading effect of this judgment adoption by others. As more and more actors adopt the judgment and express it in their discourse, the validity of this judgment grows, until the opposition to it ceases to exist or is coerced (link K) to suppress the expression of their opinion (link M).

***Coercion and inducement.*** Persuasion works not only through the quality and quantity of communication as described above, but also through coercion and inducement. There are costs and benefits associated with public expression of a particular judgment, since expressed opinions create positive or negative reputational effects and other social consequences for those who ex-

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3 press them (Bonardi & Keim, 2005; Kuran, 1987). While the use of coercive means is mostly  
4 associated with authorities, minority activists promoting their discourse also find ways to punish  
5 their opponents and reward supporters (Kuran, 1987) by creating judgment suppressor factors  
6 (see Table 1 above) for those who publicly disagree with them. Public shaming and media at-  
7 tacks to cause reputational damage, legal action (such as SLAPP – see Table 1), and even terror-  
8 ist threats are sometimes used by minority judgment proponents to suppress the opposition.  
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11 It should be noted that all actors, including the government, are vulnerable to coercive in-  
12 fluence. Even for the government the costs associated with judgment expression (and hence vali-  
13 dation of it) can be prohibitive. Validation of an unpopular judgment erodes the legitimacy of the  
14 government's authority and makes it vulnerable to attacks and criticism from other actors in so-  
15 ciety (including the media and the legal system). This is the reason why politicians often avoid  
16 expressing judgments on issues that strongly divide the electorate (Downs, 1957). And this is the  
17 reason why regulators, even if they are very friendly with the companies they regulate, are lim-  
18 ited in what they can do to serve industry interests on widely salient issues (Bonardi & Keim,  
19 2005).  
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### 38 **Stabilization of the Legitimacy Process**

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40 The instability of the legitimacy process does not last forever. Once one judgment,  
41 propelled by the support of the majority or by the strategies described above, takes the  
42 substantial lead in validity, the positive feedback mechanism built into the institutional stability  
43 loop creates further and further advantage to this judgment. The perception of its greater validity  
44 (link D) translates, in turn, into its increasingly stronger influence on the evaluators' propriety  
45 judgments. As a result, controversies over legitimacy of a given organization or organizational  
46 category subside over time and one judgment emerges as the "consensus" opinion of most  
47 members of society. Thus, the positive feedback mechanism of the institutional stability loop  
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3 returns the legitimacy process to the state of stability.  
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6 As we have mentioned earlier, validity can be created not only by persuading the majority,  
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8 but also by obtaining validation from influential actors, especially those in subject positions  
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10 associated with the media, regulators and the legal system. The deployment of influence  
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12 strategies described above to target those influential actors may lead to a situation where the  
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14 judgment that is perceived as most valid is not the judgment of the majority, but the judgment  
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16 advanced by a well-organized and/or well-financed minority group. In other words, the judgment  
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18 advanced by such a minority can dominate the unorganized majority's judgment. The literature  
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20 on collective action (Olson, 1965) and political strategies (Bonardi, Hillman, & Keim, 2005;  
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22 Hillman & Hitt, 1999) described multiple situations where the policy preferences of a minority  
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24 group dominate the interests of the unorganized majority. In the domain of legitimacy  
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26 judgments, such domination creates "preference falsification" (Bonardi & Keim, 2005; Kuran,  
27  
28 1987) or "pluralistic ignorance" (Zhu & Westphal, 2011) as the majority of evaluators suppress  
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30 the expression of their propriety judgment on the false assumption that it represents a minority  
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32 opinion (see also Centola et al., 2005). Although this process results in institutional stability and  
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34 in the institutionalization of the minority's judgment, suppressed judgments do not disappear  
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36 completely: Like seeds in the soil they remain invisible until an opportune moment arises when  
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38 the suppressor factor(s) silencing evaluators are removed, and a new period of institutional  
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40 turmoil and contestation begins. Thus, an institutionalized order exerts a powerful influence on  
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42 evaluators' judgments, yet it is inherently fragile as it is "inhabited" by evaluators that have the  
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44 capacity to reassess and eventually change this social order (Hallett & Ventresca, 2006;  
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46 Stinchcombe, 1997).  
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## DISCUSSION AND CONCLUSION

### **The Multi-Level Nature of Institutional Processes**

The theoretical framework proposed here emphasizes the multi-level nature of institutional processes. Although the recent call of institutional theorists to explore the micro-foundations of institutions implies a multi-level conceptualisation of institutional processes (Jepperson, 1991; Powell & Colyvas, 2008), the issue of levels has received surprisingly little attention in institutional research. Yet, the processes of institutionalization, maintenance, and demise of the institutional order cannot be fully understood without attention to communication and cognition of individuals at the micro level and without exploration of interactions between individuals and macro-level institutions.

An important contribution of this paper to the advancement of research on social judgments (Bitektine, 2011; Tost, 2011) is the development of a multi-level theory of the legitimacy process. The process model presented in Figures 1 and 2 illustrates the cross-level mechanisms that maintain stability and isomorphism in legitimacy judgments and the mechanisms that promote legitimacy change. Recognizing that institutions are socially constructed templates not only for action (Barley & Tolbert, 1997; Meyer & Rowan, 1977), but also for legitimacy judgments, we have shown how under conditions of stability DiMaggio and Powell's (1983) "iron cage" extends to legitimacy judgments made by evaluators. We have described a cross-level institutional stability loop, which, through a positive feedback mechanism, ensures the stability and persistence of the institutional order.

### **The Legitimacy Process under Conditions of Institutional Stability and Change**

We have drawn researchers' attention to fundamentally different social processes that unfold under conditions of institutional stability and change. Under conditions of stability, the legit-



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3 imacy process is dominated by top-down, macro-to-micro influences that reinforce validity, the  
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5 institutionalized legitimacy judgment, and inhibit the development and public expression of de-  
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imacy process is dominated by top-down, macro-to-micro influences that reinforce validity, the institutionalized legitimacy judgment, and inhibit the development and public expression of deviant propriety judgments by individual evaluators. By contrast, under conditions of institutional change, validity is weakened by the presence of competing judgments and micro-level processes play a prominent role in reshaping the social order.

The distinction of these two conditions affects not only theory, but also methods and measures that can be meaningfully used in exploration of relationships in the legitimacy process. Thus, the top-down, macro-to-micro influence processes, which prevail under conditions of stability, are amenable to quantification, and a number of measures, such as media tone (Deephouse, 1996; Deephouse & Carter, 2005; Vergne, 2011), regulator's certifications (Baum & Oliver, 1991; Deephouse, 1996; Deephouse & Carter, 2005), or ties with other actors (Bitektine, 2011; Singh, Tucker, & House, 1986), can be used to capture the validity component of legitimacy at the macro level. However, under conditions of institutional change, these measures may reflect outdated social norms and falsified preferences (Kuran, 1995), which may not provide an adequate representation of the diversity of competing judgments held by members of society. In exploration of the legitimacy process under conditions of institutional change, qualitative case studies can shed light on the process of social construction of a new validity and experimental research can establish factors and conditions that prompt evaluators to openly express their deviant judgments. Furthermore, agent-based modeling, or the computer simulation of "the behaviors of adaptive actors who make up a social system and who influence one another through their interactions" (Harrison, Carroll, & Carley, 2007: 1237), can help explore the complexity of interactions between actors that leads to the institutionalization of a new judgment, the creation of a new validity.

## The Dynamics of Institutional Change

The explanation of the dynamics of institutional change poses an important challenge to institutional theory. This challenge was summarized in the paradox of embedded agency (Battilana et al., 2009; Green & Li, 2011; Seo & Creed, 2002): How can actors conditioned by institutions enact change to those institutions? We have argued that from the multi-level theory perspective, the paradox of embedded agency is grounded in the assumption of isomorphism at the micro level. However, the observed macro-level consensus around the institutionalized norms may conceal a large diversity of suppressed judgments, unobserved actions and clandestine practices. An important implication of the proposed multi-level approach to the paradox of embedded agency is that, in order to avoid ecological fallacy (Slater et al., 2006) in institutional theory research, observations over macro-level homogeneity should not be used to automatically infer homogeneity in individual actors' judgments and actions.

Our observations on legitimacy judgment expression by individual evaluators suggest that even if individuals conform to the institutionalized norm (such as the validity judgment), their privately held propriety judgments may vary substantially, as do the reasons for suppressing the expression of these judgments (see Table 1). Furthermore, as soon as the factors preventing deviant judgment expression are sufficiently weakened, the evaluators will publicly express their deviant judgments, thereby contributing to the destabilisation of the institutional order. Our observations over judgment suppression and suppressor factor removal lay the ground for the development of a *theory of institutional suppression*. Approaching institutional order as a state of suppressed diversity, researchers can explore factors that induce individual evaluators to suppress the public expression of their private propriety judgments (or abstain from actions), as well as ways to remove or mitigate the effect of those factors and thereby encourage deviant judgment expression.

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3 Our conceptualization of judgment suppression also draws attention to the coercive nature  
4 of institutions. Through the process of institutionalization, legitimacy judgments of evaluators  
5 are subjected to social control. We suggest that institutionalization of legitimacy judgments (i.e.,  
6 the formation of macro-level validity) operates not only through rhetoric (Suddaby &  
7 Greenwood, 2005) and discursive construction (Vaara & Tienari, 2011), but also through coer-  
8 cion (by punishing evaluators for deviant judgment expression - see Table 1), inducement (by  
9 rewarding conformance), and through selective diffusion of information (by withholding infor-  
10 mation that can negatively affect evaluators' propriety judgments). Thus, the macro-level "con-  
11 sensus" around the institutionalized validity judgment is driven not only by evaluators' cultural  
12 beliefs and value systems (Berger & Luckmann, 1966; Suchman, 1995), but also by their fear,  
13 greed and ignorance. These overlooked factors play an important role in both the maintenance of  
14 a stable institutional order, and in the competition among judgments in the periods of institution-  
15 al turmoil, when different interest groups use multiple strategies and coercive means to advance  
16 their preferred judgment and silence the opponents.

### 36 **Propriety, Validity and Institutional Strategies**

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38 While the extant institutional theory literature is concerned primarily with the effect of  
39 institutional strategies on macro-level institutions and organizational outcomes (Battilana et al.,  
40 2009; Greenwood & Suddaby, 2006; Maguire & Hardy, 2009; Phillips et al., 2004), the multi-  
41 level approach to institutional processes, which we propose here, calls for attention to the effects  
42 of institutional strategies on individual evaluators and their legitimacy judgments, which, in turn,  
43 affect the observed macro-level outcomes.

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45 Our theory adds important insights to previous works on legitimation and institutional  
46 agency by distinguishing institutional strategies that influence individual evaluators' validity  
47 beliefs and propriety judgments – the two fundamental elements of legitimacy judgments  
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3 (Dornbusch & Scott, 1975; Tost, 2011; Zelditch & Walker, 2000). We have described how  
4 rhetorical strategies, validity staging, as well as coercion and inducement are used to create a  
5 perception of a judgment's greater validity and, through the effect of validity on propriety, to  
6 manipulate an evaluator's propriety judgment. We also showed how multiple rhetorical strategies  
7 identified in the literature on discourse and framing (Green & Li, 2011; Kaplan 2008; Suddaby &  
8 Greenwood, 2005; Vaara & Tienari, 2008) affect validity beliefs and propriety judgments of  
9 evaluators (see Tables 2 and 3).  
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### 21 **Future Research Directions**

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24 The theory presented here opens up important avenues for future research. We have  
25 identified a number of cross-level interactions in the legitimacy process that can be explored in  
26 empirical research using both qualitative and quantitative methods. More specifically, future  
27 qualitative research on social judgments could explore the competitive processes of judgment  
28 validation, where micro-level communication and action yield macro-level outcomes reflected in  
29 judgments expressed by the media, government authorities, and judges.  
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38 The cross-level social dynamics can also be explored using quantitative methods. The  
39 macro-level measures of legitimacy judgments validated by the media (Barron, 1998;  
40 Deephouse, 1996; Deephouse & Carter, 2005; Lamertz & Baum, 1998; Vergne, 2011),  
41 government agencies (Baum & Oliver, 1991; Deephouse, 1996; Deephouse & Carter, 2005;  
42 Singh et al., 1986) and self-regulatory bodies, such as industry and professional associations  
43 (Ruef & Scott, 1998; Westphal, Gulati, & Shortell, 1997), can be complemented with micro-  
44 level measures of individual legitimacy judgments obtained through surveys and experimental  
45 studies. Such studies can provide important insights into the interactions between propriety and  
46 validity and build the empirical foundation for the multi-level theory of the legitimacy process.  
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Of particular interest for future research is the exploration of discourse suppressor factors that discourage the expression of deviant judgments and create the impression of “consensus” in the organizational field. The processes of deployment and removal of such factors have received little attention of researchers. Yet, understanding these factors is essential not only for maintaining the social order, but also for creating favorable conditions for institutional change. Our conceptualization of suppressor factors opens up interesting research opportunities at micro and macro levels. More specifically, at the *macro level*, there is a question of “*What do institutional entrepreneurs, regulators and other actors do to remove the suppressor factors from the social environment?*” At the *micro level*, fundamental questions for conceptual and empirical research are “*How do evaluators assess the degree of deviance of their judgments? How do they interpret environmental signals as a suppressor factor removal? How do they make a decision to speak up?*” The psychology research on positive anticipation and trust (Colquitt, Scott, & LePine, 2007; McKnight, Cummings, & Chervany, 1998; Rousseau, Sitkin, Burt, & Camerer, 1998), research on issue framing (Kennedy & Fiss, 2009), as well as research in economics on preference falsification (Kuran, 1995) can inform our understanding of the socio-cognitive processes that prompt individual evaluators to speak up and express their deviant judgments. Future research in this direction should examine mental and behavioral thresholds of individual evaluators, i.e. the points at which evaluators switch from passive-mode to active-mode processing (Tost, 2011) and the points at which they decide to engage in action and express their privately held judgments. Another point that merits further scrutiny refers to the question of generalizability of our theory to different cultural contexts. Future research should explore whether actors in collectivist and individualist societies (Hofstede, 2010) react differently to suppressor factors. Comparative, cross-cultural studies will shed light on this important issue.

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3 Finally, while we focus here on processes driving stability and change in micro-level legit-  
4 imacy judgments and in macro-level organizational legitimacy, the proposed multilevel theory  
5 has broader implications for institutional theory and communications, as similar cross-level pro-  
6 cesses control stability and change of other types of institutions in society. Exploration of other  
7 institutional processes, such as institutional work and institutional entrepreneurship, using a mul-  
8 tilevel approach and the conceptual framework developed here offers another important avenue  
9 for future research stemming from this paper.  
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## NOTES

<sup>1</sup> It is important to note that while we treat conformity vs. deviance as a categorical distinction throughout this paper, such an assumption represents an analytical simplification. The degree of a judgment's deviance is also determined by perceptions and may vary across evaluators and across contexts.

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5 **Alex Bitektine** ([alex.bitektine@hec.ca](mailto:alex.bitektine@hec.ca)) is an Associate Professor at HEC Montreal, Canada. His  
6 research interests include social judgments, institutional theory, non-market strategies, as well as  
7 application of experimental methods in organizational research. He serves on editorial boards of  
8 the Academy of Management Review, the Journal of Management Studies and Organization  
9 Studies.  
10

11 **Patrick Haack** ([patrick.haack@uzh.ch](mailto:patrick.haack@uzh.ch)) is a Senior Researcher (“Oberassistent”) at the Institute  
12 of Business Administration at the University of Zurich. His current research focuses on micro-  
13 foundations of legitimacy and institutions. He has a particular interest in advancing experimental  
14 research in institutional theory.  
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Table 1. Some Examples of Factors Preventing Expression of Deviant Judgments

Factor	Mode of action	Observations in the literature	How the factor can be removed
<b>Lack of interest / know-ledge</b>	- Prevents active, evaluative (Tost, 2011) mode of judgment formation (links A-B) - Increases the influence of perceptions of macro-level validity (links D-C), thereby promoting the <i>status quo</i> .	- Voters in a democracy may have little incentive to become informed about most policy-making issues and therefore may follow the opinions of others (Bonardi & Keim, 2005; Kuran, 1987).	- Wide dissemination of information: media attention (Pollock & Rindova, 2003), vocal issue champions (Maguire & Hardy, 2009); use of agenda setting strategies (Kingdon, 1984), creation of crises (Alford, 1975)
<b>Censorship of communication channels</b>	- Prevents evaluative (Tost, 2011) mode of judgment formation (links A and B) by withholding important information and - Limits opponents' access to the media (link I) and thereby constrains the diffusion of competing judgments, creates a perception of their low validity (D).	- Cascades of false enforcement of an unpopular norm depend on the spread of misinformation about the distribution of support for the norm (Centola et al., 2005).	- Democratization and liberalization of society, abolition of censorship, - Emergence of new uncensored communication channels (e.g., Internet and social media).
<b>Threat of sanctions by an authority</b>	- Suppresses deviant judgment expression (link M) as the cost of sanctions to the evaluator exceeds the benefit that can be expected from judgment expression.	- "Social sanctions are aimed not just at actions against the system but also at expressions of disagreement" (Kuran, 1987: 662), see also Milgram, 1974).	- Democratization and liberalization of society, international support for dissidents.
<b>Peer pressure / threat of social disapproval</b>	- As actors in the evaluator's immediate surrounding uniformly express a particular "valid" judgment (link F), they create social pressure on the evaluator (link D) to conform to their opinion. Ostracism and other forms of social disapproval can be regarded as "sanctions" imposed by these actors on those who express a deviant judgment. This causes a suppression of a deviant judgment expression (link M) by individual evaluators.	- "People who believe that they hold a minority opinion tend to conceal their views in public" (Noelle-Neumann & Petersen, 2004: 541) - Experiments reported by Asch (1956) show that subjects conform to a consensus judgment they know to be false rather than risk social isolation. - Unpopular norms diffuse because actors, while privately disapproving of these norms, publically endorse and enforce these norms to signal conformance (Centola et al., 2005; Willer, Kuwabara & Macy, 2009)	- Cultural shifts towards greater tolerance of diversity and non-conformity. - Establishing strong ties: Cascades of self-reinforcing support for a highly unpopular norm cannot occur in a fully connected social network (Centola et al., 2005).
<b>Threat of legal action by affected actors</b>	- Causes suppression of deviant judgment expression (link M) as the cost of litigation and potential legal sanctions exceeds the benefit that evaluators can expect from judgment expression.	- Legal action to suppress individual's public discourse has been termed SLAPP (Selective Litigation Against Public Participation). Such litigation loads vocal activists with costs of legal defence. This tactic is used by many corporations to silence opponents (Abrams, 1989).	- Media coverage of violations of the right to free speech by SLAPP plaintiffs discourages SLAPPs and/or predisposes judges in favour of the defendants. - Anti-SLAPP laws: in California a defendant to file a motion to strike a complaint when it arises from conduct that falls within the rights of petition or free speech.
<b>Threat of criminal attacks</b>	- Causes suppression of deviant judgment expression (link M) as the private cost to a victim of a politically-motivated crime exceeds the benefit that he/she can expect from the deviant judgment expression.	- Actors expressing a particular discourse may get targeted by criminal attacks of their opponents: death threats, crimes against property, murder attempts, etc.	Reduced crime, antiterrorist measures, witness protection, restraining orders, law enforcement.
<b>Reputational concerns</b>	Causes suppression of deviant judgment expression (link M) as the expression of a deviant judgment creates an opportunity cost of foregone career opportunities, acceptance into a higher status group, or lost respect by peers.	- Individuals who occupy (or seek to occupy) a certain subject position (e.g., experts, regulators, or reporters) may follow other influential actors, going against their private preference, not as a result of ignorance, but rather to earn professional and social approval or to avoid disapproval (Bonardi & Keim, 2005).	- Actors with low or high status (as opposed to those with middle status) may have a lesser incentive to conform (Phillips & Zuckerman, 2001) and hence are more likely to express deviant opinions. For this reason, it is usually high-status actors (Greenwood & Suddaby, 2006) or peripheral players (Leblebici, Salancik, Copay, & King, 1991) who initiate institutional change.
<b>Perception of futility</b>	Suppresses deviant judgment expression (link M). When probability of success is perceived as low, the invested effort and the personal costs of sustained sanctions exceed the expected benefits from judgment expression.	Individuals who do not believe that their action can produce the desired change will likely abstain from futile action. "Numeric strength" is required to attain change (Kuran, 1995).	- Establishing strong ties: people are more informed of the judgments of others in a fully connected social network (Centola et al., 2005; Zhu & Westphal, 2011).

Table 2. Rhetorical Strategies Promoting Propriety

Strategies promoting propriety	Subtypes and examples
<p><b>Strategies stressing the success of a specific entity, e.g. that a practice offers an appropriate and efficient solution to a problem of societal concern or that it fails to offer such a solution (theorization)</b></p>	<ul style="list-style-type: none"> <li>- <u>Success and failure narratives</u> – e.g., to make sense of the spread of management practices (Haack et al., 2012; Zbaracki, 1998) or of post-merger integration (Vaara, 2002).</li> <li>- <u>Problem discourse and solution discourse</u> - e.g., in the spread of quality circles in the United States (Abrahamson &amp; Fairchild, 1999).</li> <li>- <u>Problematising</u> the ineffectiveness and injustice of existing practices (Maguire &amp; Hardy, 2009; Hardy &amp; Maguire, 2010).</li> <li>- <u>Rationalization</u> - providing rational arguments and references to utility to establish propriety (Green, 2004; Vaara &amp; Tienari, 2008; Vaara, Tienari &amp; Laurila, 2006; Zbaracki, 1998).</li> </ul>
<p><b>Strategies that create resonance with normative beliefs of evaluators</b></p>	<ul style="list-style-type: none"> <li>- <u>Frame alignment</u> - the process to make issue interpretations congruent with the prevalent local accounts (Benford &amp; Snow, 2000; Creed, Scully &amp; Austin, 2002; Gamson, 1992; Meyer &amp; Hoellerer, 2010). Frames in communication need to match frames in thought (Chong &amp; Druckman, 2007), to recognize commonsense categories or scripts to rationalize collective experience (Golant &amp; Sillince, 2007; Lakoff, 2004; Scott, 1995).</li> <li>- <u>Value-based theorization</u> drawing on appeals to norms drawn from wider belief systems (Suddaby &amp; Greenwood, 2005), reference to institutional norms and logics (Elsbach, 1994; Ruef &amp; Scott, 1998), linking discourse to orders of worth, or higher-order principles that define appropriate forms of behavior (Patriotta, Gond &amp; Schultz, 2011).</li> </ul>
<p><b>Strategies constructing identities to confer or destroy the propriety of an entity</b></p>	<ul style="list-style-type: none"> <li>- <u>Valorizing and demonizing</u> actors (Hardy &amp; Maguire, 2010; Lawrence &amp; Suddaby, 2006).</li> <li>- <u>Idealizing</u> as construction of an actor's identity as conditional on carrying out ideal behaviors (Hardy &amp; Maguire, 2010).</li> </ul>
<p><b>Strategies emphasizing the moral value of the focal entity</b></p>	<ul style="list-style-type: none"> <li>- <u>Ethos justification</u> stressing the importance of considering the important role of justice and ethics in judgments (Green, 2004).</li> <li>- <u>Moralization</u> as strategy establishing propriety by moral arguments (Vaara &amp; Monin, 2010).</li> </ul>
<p><b>Strategies addressing emotions</b></p>	<ul style="list-style-type: none"> <li>- <u>Pathos justifications</u> characterized by passionate appeals (Green, 2004; Sillince, 1999).</li> </ul>

Table 3. Rhetorical Strategies Promoting Validity

Strategies promoting validity	Subtypes and examples
<b>Strategies emphasizing endorsement, i.e., stressing that a majority or an increasing number of actors approve of the entity</b>	<ul style="list-style-type: none"> <li>- <u>Bandwagon discourse</u> - supporting the material spread of management techniques (Abrahamson &amp; Fairchild, 1999, Kieser, 1997; Zbaracki, 1998).</li> <li>- <u>Commitment discourse</u> - emphasizing the strong support of the entity by the evaluator, e.g., announcing the future implementation of management practices in financial institutions (Haack, Schoeneborn &amp; Wickert, 2012).</li> </ul>
<b>Strategies emphasizing authorization, i.e., stressing that the entity is approved and supported by regulators or other influential actors</b>	<ul style="list-style-type: none"> <li>- <u>Authorizing</u> actors to speak on behalf of less powerful actors (Hardy &amp; Maguire, 2010).</li> <li>- <u>Authorization</u> as referring to the authority of law, regulations, or persons holding expertise or power (Vaara &amp; Monin, 2010; Vaara &amp; Tienari, 2008; Vaara, Tienari &amp; Laurila, 2006; Elsbach, 1994).</li> </ul>
<b>Strategies stressing that a development or an entity is inevitable and natural</b>	<ul style="list-style-type: none"> <li>- <u>Cosmological theorization</u> - presenting change as a natural (and hence valid) development (Suddaby &amp; Greenwood, 2005), rendering something natural by discursive means (Vaara &amp; Monin, 2010). For example, an antenarrative stressing the inevitability of globalization (Vaara &amp; Tienari, 2011).</li> <li>- <u>Teleological theorization</u> - suggesting that certain events must occur within the context of some ultimate valid objective (Suddaby &amp; Greenwood, 2005).</li> </ul>
<b>Strategies promoting favourable categorization</b>	<ul style="list-style-type: none"> <li>- <u>Ontological theorization</u> - stressing what an entity is vs. what an entity is not and which entities can or cannot co-exist (Suddaby &amp; Greenwood, 2005). This theorization enables entities to position themselves in favourable categories and benefit from legitimacy spill-over from the category to the individual member.</li> </ul>
<b>Strategies centered on storytelling and historical narrative</b>	<ul style="list-style-type: none"> <li>- <u>Historical theorization</u> - appealing to history and tradition as a source of validity (Suddaby &amp; Greenwood, 2005).</li> <li>- <u>Mythopoesis / Narrativization</u> - increasing validity through storytelling, creation of myths and histories (Golant &amp; Sillince, 2007); Lounsbury &amp; Glynn, 2001; van Leeuwen &amp; Wodak, 1999; Suddaby, Foster &amp; Mills, 2014; Vaara, Tienari &amp; Laurila, 2006).</li> </ul>
<b>Strategies based on tropes (mostly on metaphor)</b>	<ul style="list-style-type: none"> <li>- <u>Analogical reasoning</u> as legitimizing unknown entities by connecting them to a familiar source domain (Sillince &amp; Barker, 2012; Cornelissen &amp; Clarke, 2010; Etzion &amp; Ferraro, 2010; Lakoff, 2004; Suddaby &amp; Greenwood, 2005).</li> <li>- <u>Framing the new in terms of the familiar</u> (Aldrich &amp; Fiol, 1994; Navis &amp; Glynn, 2010).</li> </ul>

Figure 1. A Multi-level Model of Legitimacy under Conditions of Institutional Stability

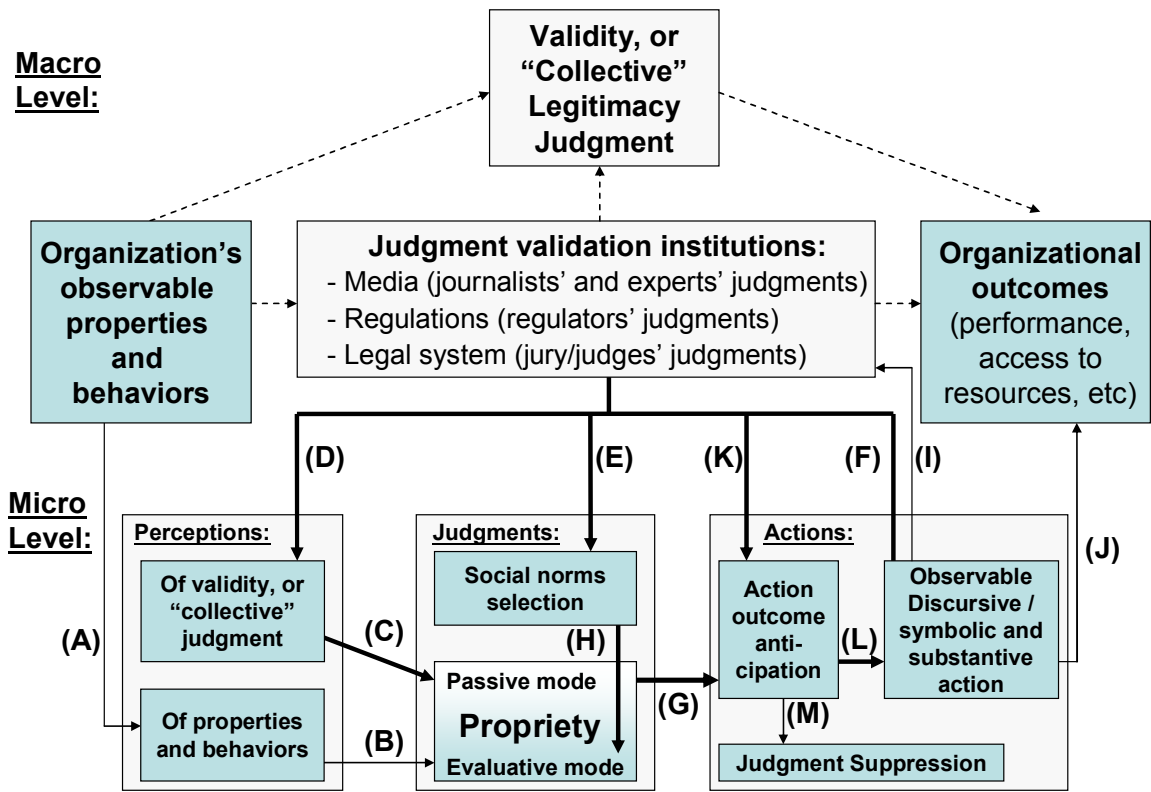


Figure 2. A Multi-level Model of Legitimacy under Conditions of Institutional Change

