Harvard Deusto

Business Research

Special Issue
Legitimacy in organizations

Vol. 8, No. 2 (2019)

Harvard Deusto

Business Research

Vol. 8, No. 2 (2019)
Special Issue

Contents

https://doi.org/10.3926/hdbr.249

Letter from the Managing Editor

Josep Maria Altarriba
Managing Editor

hdbresearch@pmp.es

This special issue of *Harvard Deusto Business Research* includes a series of research projects that have been carried out on legitimacy in organizations and groups. The articles in this issue analyze different aspects of legitimacy in consumer attitude towards boycotts, in the actions by the states and in public tenders, as well as the effect of gender equality and the management of intangible assets in the legitimacy of organizations, the relationship between image and legitimacy in higher education or the relationship between corporate social responsibility and social legitimacy.

In the article that opens this special issue, Professors Beatriz Palacios Florencio, M. Ángeles Revilla-Camacho and Lola Garzón-Benítez analyze and explain the principles that determine human behavior towards boycotts. They understand that consumer attitude towards boycotts depends on a number of factors: the perceived legitimacy of the behavior, the ethical idealism towards said behavior and the ethical relativism towards the boycott behavior. They stress legitimacy, since the relevance of legitimacy processes in the business-client relationship lies in the recognition of the validity of the actions that permit their subjective recognition, and therefore, set them apart from the legal nature of the acts.

In the second article, Professors Alicia Blanco-González, Gregory Payne and Camilo Prado-Román focus on the legitimacy of the state, which is a measure of support by citizens for its institutions and also a source of sustainable competitive advantage that protects the states by making them less vulnerable to social, economic and political turbulence. The level of support varies according to political variables such as national identity, political interest, the representativeness of the political elites and political ideology. The results of their investigation show that political representativeness and national identity are the most influential factors in terms of state legitimacy.

The following article, by Professors Giorgia Miotto and Sandra Vilajoana-Alejandre, focuses on gender equality in the fast fashion industry, a sector that targets primarily the female population and that is facing important challenges related to the wellbeing of women, labor rights and the professional and personal development of employees. Their aim is to analyze how three leading fast fashion companies include gender equality in their sustainability reports as part of their communications strategy and as a tool for generating legitimacy.

The aim of the article by Professors Cristina Del-Castillo-Feito, Encarnación González-Vázquez and Jaime Gil Lafuente is to analyze the relationship between image and legitimacy in the context of higher education in Spanish public universities, given that the proper management of intangible assets like image and legitimacy can be crucial for the survival and success of organizations in today's competitive environment. They conduct a review of the literature on image and legitimacy and analyze the results obtained through a survey distributed to different interested parties from the universities (students, professors, administrative personnel, pupils and managers).

The fifth article, by Professors Tatiana Cuervo Carabel and Natalia Orviz Martínez, focuses on the management of intangible assets, a key matter for the survival of organizations, since the perceived quality and brand value are two such assets. The objective of their work is to answer the question "Are a precedent of quality and a brand value of legitimacy perceived in the organization?". A quantitative analysis is carried out, using structural modeling, and it is confirmed that the management of both intangible assets is fundamental to ensure good social results in organizations, increasing their legitimacy.

In their article, Emilio Díez-de-Castro, Francisco Díez-Martín and Martin Madrid-Sanz observe that in public bidding processes for large international contracts, the legitimacy of the organization is considered a prerequisite to limit the risk of commitment with companies that do not have it. The authors analyze the legitimacy requirement in the bidding processes and focus on large contracts, primarily for the public sector, based on documents that are accessible through public digital media. The results of their investigation suggest that the requirements for legitimacy by bidders are multidimensional, which implies that in order to take part in public bidding processes, various dimensions of legitimacy are evaluated.

The aim of the article closing this special issue, by Sandra Escamilla Solano, Paola Plaza Casado, Evaristo Galeana Figueroa and Dora Aguilasocho Montoya, is to analyze the relationship between corporate social responsibility and social legitimacy, since the consideration of corporate social responsibility within the company's strategy can be considered a vehicle to legitimate it in the view of society. Their research into three Spanish and one Mexican company reveals the existence of a positive relationship between both social legitimacy and corporate social responsibility and business results. Their conclusion is that legitimacy represents a key intangible resource within the company and one that must be managed so that it is not lost.

Obviously, I cannot finish presenting this special issue of *Harvard Deusto Business Research* without expressly thanking all the authors and editorial committee members who have made it possible through their effort, professionalism and collaboration. I would also like to express my appreciation for the warm reception that readers have given to our publication. Thank you very much to everyone.

https://doi.org/10.3926/hdbr.242

The Attitude Towards Boycotts: Determining Factors

Beatriz Palacios Florencio
Associate Professor. Universidad Pablo de Olavide. Spain. ORCID: 0000-0003-2789-7914.

M. Ángeles Revilla-Camacho
Associate Professor. Universidad de Sevilla. Spain. ORCID: 0000-0002-4887-5979.

Lola Garzón-Benítez
Associate Professor. Universidad de Valencia. Spain. ORCID: 0000-0002-3593-4378.

bpalacios@upo.es, arevilla@us.es, lola.garzon@uv.es

Received: February, 2018.
Accepted: December, 2018.
Published: July, 2019.

Abstract
According to the theories of reasoned action and planned behavior, the precedent to any human conduct is the intention to display such conduct. People's attitudes are one of those precedents. Our work is framed within this line of research, as it seeks to analyze and explain the main determinants of attitudes towards boycotts. Thus, we understand that consumers' attitudes towards boycott behavior depend on three fundamental beliefs: perceived legitimacy of the behavior, ethical idealism towards such behavior, and finally, ethical relativism towards boycott behavior. We emphasize legitimacy since the relevance of legitimacy processes in the business-client relationship lies in the validation of actions that allows their subjective recognition and, therefore, differentiates them from the legal nature of the acts. The research is carried out with 371 people and the hypotheses presented are verified through structural equation models. Discussion of the results and their implications contribute to a better understanding of the factors that determine the attitudes towards customer boycotts by business managers and academics.

Keywords
Legitimacy, boycott, ethical idealism, ethical relativism.

How to cite this article
Palacios Florencio, B., Revilla-Camacho, M. Á., & Garzón-Benítez, L. (2019). The Attitude Towards Boycotts: Determining Factors. *Harvard Deusto Business Research,* VIII(2), Special Issue, 111-122. https://doi.org/10.3926/hdbr.242.

It is necessary to develop conceptual models and empirical research that attempt to identify the causes that condition different determining aspects of boycott behavior

1. Introduction

Local, national and international campaigns aimed at boycotting the purchase of certain products can have significant effects on outcomes for companies, including a reduction in sales volume, a loss of market share, a reduction in profits, adverse effects on image and reputation, etc. (Cossío-Silva, Revilla-Camacho, Palacios-Florencio & Garzón-Benítez, 2019). The final effect of such campaigns ultimately depends on the personal decisions of consumers. In other words, the effect depends on how willing each consumer is to engage in conduct that involves the avoidance of buying certain products.

The willingness of the consumer to display a certain type of behavior has been addressed in marketing literature according to two theoretical approaches: the theory of reasoned action (Fishbein & Ajzen, 1975) and the theory of planned behavior (Ajzen, 1988). According to these theoretical approaches, human behavior is explained by the intention of the individual to carry it out. In addition, the intention of an individual to adopt a certain behavior may depend on different antecedents; one of the most relevant is the individual's attitude towards the behavior itself.

Studies related to consumer behavior focusing on the desire to stop buying certain products (boycott) have emphasized several aspects. First, there is some research that has attempted to explain boycott behavior and its different typologies (Friedman, 1991, 1999; Koku, 2011; Cruz & Botelho, 2015; Cruz, 2017). A second line of research has focused on identifying and describing the background of boycott behavior (Klein, Smith & John, 2004; Rose, Rose & Shoham, 2009; Cruz, Pires & Ross, 2013; Abdul-Latif & Abdul-Talib, 2015; Feng & Yu, 2016). Finally, research that has focused on determining the effectiveness of boycott campaigns should be noted (Ashenfelter, Ciccarella & Shatz, 2007; Chavis & Leslie, 2009; Heilmann, 2015; Pandya & Venkatesan, 2015).

One deficient aspect of the literature on consumer boycott behavior lies, in our belief, in the absence of research attempting to identify and explain the triggers of boycott behavior and their antecedents. In other words, we believe that it is necessary to develop conceptual models and empirical research that, on the basis of the theories of reasoned action and planned behavior, attempt to identify the causes that influence different determinants of boycott behavior. For us, it is a matter of explaining and identifying the determining factors of a person's attitude towards the boycott of certain products.

This paper pursues two objectives. One of them is to offer a theoretical model that explains the attitude of consumers towards the boycott of certain products. The second goal is to determine the degree of validity and generate predictions from the proposed theoretical model. To this end, the article is structured as follows. The first section deals with the review of the scientific literature related to the subject of this paper with the aim of proposing a conceptual model. The following section presents the methodology used in our research. Next, the most important results derived from the empirical analysis are presented. Finally, we present the main conclusions and implications derived from our work.

2. Literature analysis

2.1. Boycott intention and background

In the introduction to this paper, we have indicated the relevance of the theories of reasoned action (Fishbein & Ajzen, 1975) and planned behavior (Ajzen, 1988) as scientific approaches

What are the factors that ultimately determine whether or not consumers choose to boycott certain products or services?

focused on trying to explain consumer boycott behavior. Such theories indicate the intention to display a human behavior as a basic antecedent of that behavior. Thus, studies of consumer boycott behavior have tried to identify and explain the causes, reasons, and antecedents of an individual's intention to engage in a boycott of a certain product, country, region, organization, etc.

The various studies have considered different aspects as antecedents to the intention to stop buying certain products:

a) animosity towards a country, region, religion, ideology or brand (Sirgy, Grewal, Mangleburg, Park, Chon, Claiborne, Johar & Berkman, 1997; Rose et al., 2009; Al Ganideh & Elahee, 2014; Abdul-Latif & Abdul-Talib, 2015; Feng & Yu, 2016; Duman & Ozgen, 2018);
b) consumer preferences for certain products, both for their characteristics and image (Hellier, Geursen, Carr & Rickard, 2003; Abosag & Farah, 2014) and for the place of origin (De Nisco, Mainolfi, Marino & Napolitano, 2013);
c) the consequences or effects of the boycott action (Cissé-Depardon & N'Goala, 2009; Klein et al., 2004);
d) social pressures (Klein et al., 2004);
e) the consumer's purchase history (Klein et al., 2004).

However, what are the factors that ultimately determine whether or not consumers choose to boycott certain products or services? The authors of this paper have not identified any research that has addressed this issue to date. Therefore, this article attempts to answer that question.

2.2. The attitude towards the boycott of products or services

Based on the theories of reasoned action and planned behavior (Ajzen, 1988; Fishbein & Ajzen, 1975) it can be stated that a person's attitude towards a given behavior is based on a limited set of beliefs relevant to the object towards which that behavior is directed. Such a repertoire or set of beliefs is limited, ranging from five to nine beliefs; although only the first two or three (those with the greatest strength) are truly important in transmitting valid, peremptory and nonredundant information. The consideration of those beliefs is made on the basis of the consequences and effects that can be derived from the behavior concerned. These effects and consequences are evaluated on the basis of two essential elements: the expectation or subjective probability that the effects and consequences will take place, and the value or importance (valence) of the effects and consequences for the individual. These concepts clearly evoke the ideas of expectation and valence of the theory of expectations (Vroom, 1964).

In this article, we propose three beliefs of people as determinants of their attitudes towards boycotts: the first coming from the theory of organizational legitimacy (Cruz-Suárez, 2012; Cruz-Suárez, Díez-Martín, Blanco-González & Prado-Román, 2014); the other two derived from the approach of personal moral philosophies (Forsyth, 1980) and their relations with consumers' ethical behaviors (Lu & Lu, 2010; Culiberg, 2015).

The discussion of organizational legitimacy began with the contributions of the sociologist Max Weber, who suggested that the origin of legitimacy lies in the realm of social and legal norms (Cruz-Suárez, 2012). These initial contributions have been extended during the last years of the 20th century and throughout the current century. The most classical definition of the term legitimacy has been posed by Suchman: "the generalized perception or assumption that the activities of an entity are desirable, correct or appropriate within some

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 111-122. ISSN: 2254-6235

Consumers' beliefs about the legitimacy of the boycott may determine their attitude towards the boycott by evaluating the consequences and effects of the boycott: usefulness, desirability, and morality

socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995, p. 574). According to Cruz-Suárez (2012), who supports the ideas of Deephouse and Suchman (2008), the legitimacy of a behavior is composed of three dimensions: pragmatic, moral and cognitive. Pragmatism responds to the interests of the specific environment in which the individual operates, emphasizing the degree to which the actions considered will be useful and effective. Morality, on the other hand, starts from the existence of a positive normative evaluation (negative in the case of illegitimacy) with respect to the considered behavior: is the action undertaken correct or not? Finally, cognitive behavior focuses on evaluating the conduct to be displayed in terms of its convenience or efficacy, that is, whether such behavior represents the best way to put the individual's strategy into practice.

In relation to consumer boycott behavior, these three aspects of legitimacy could be described in the following terms. Pragmatic legitimacy would take into consideration its usefulness; moral legitimacy, if the conduct to be displayed is correct; and cognitive legitimacy, if its realization and effectiveness are appropriate. In other words, these aspects are composed of the desirability, appropriateness and effectiveness of boycott behavior towards a product or service. Therefore, consumers' beliefs about the legitimacy of the boycott may determine their attitude towards the boycott by evaluating the consequences and effects of the boycott: usefulness, desirability, and morality.

Derived from this theory of legitimacy, we propose the first hypothesis of our model.

Hypothesis 1 (H1). The perception of the boycott's legitimacy has a positive effect on the willingness to boycott.

We may think that the decision to boycott the purchase of a product or service is a way of practicing ethical consumer behavior (Hunt & Vitell, 1986, 2006) and that, consequently, it will be conditioned by ethical and moral considerations. The decision to stop purchasing a product can have pernicious effects on other people or entities and could therefore be in conflict with the moral beliefs of the consumer. Both the approach to consumers' ethical decisions (Hunt & Vitell, 1986; Thong & Yap, 1998) and personal moral philosophies (Forsyth, 1980, 1992; Forsyth & Nye, 1990; Forsyth, O'Boyle & McDaniel, 2008) hold that individuals' moral conduct depends on moral judgment. This moral judgment of the behavior or the formation of the individual's ethical philosophy is based on two, nondichotomous dimensions of ethical behavior: the deontological dimension (or idealism) and teleological dimension (or relativism).

In the case of the deontological dimension (or idealism), the individuals are concerned with respecting universal moral principles (Revilla & Gallego, 2007). In other words, the individual, when evaluating a certain behavior, tends to consider the effects of his actions on the well-being of other people (Revilla & Gallego, 2007). In terms of the attitude towards boycott, the idealism dimension reflects the concern of the consumer towards the possible adverse effects that such conduct may have on others, conditioning, in sum, the value given to such attitude. Studies on the relationships between idealism and consumer moral behaviors seem to indicate that people with strong scores in idealism try to avoid behaviors harmful to others (Culiberg, 2015; Lu & Lu, 2010). We, therefore, propose the following hypothesis in our model.

The decision to boycott the purchase of a product or service is a way of ethical consumer behavior, and it will be conditioned by ethical and moral considerations

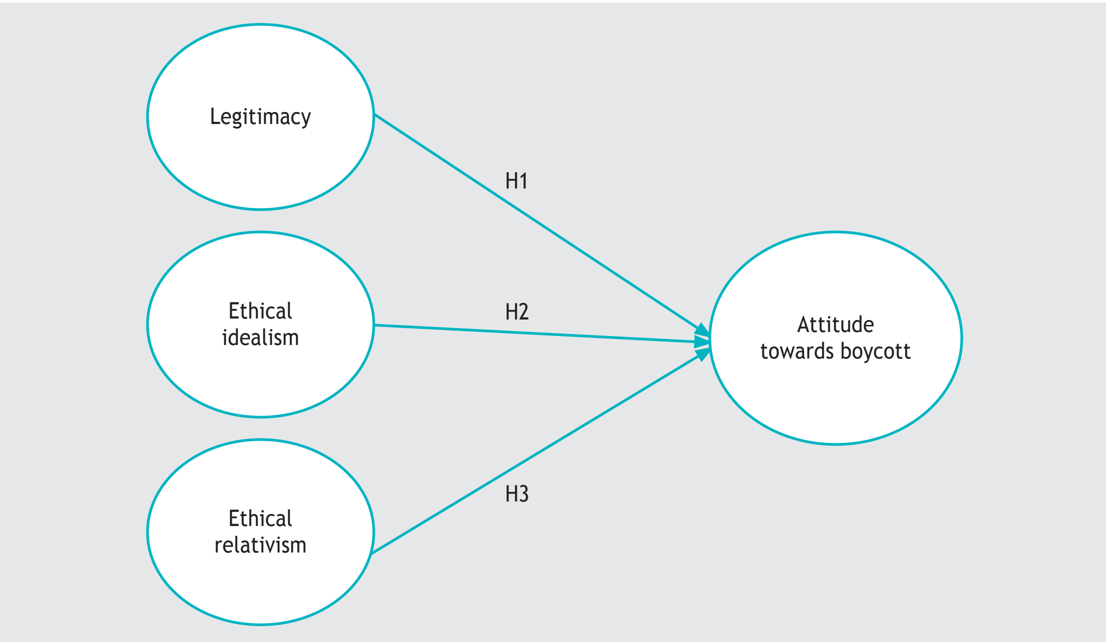
Hypothesis 2 (H2). The more idealistic a person is, the lower the predisposition to boycott.

On the other hand, the relativism (teleological) dimension implies the rejection of universal moral principles or rules when moral judgments are made (Forsyth, 1992). In this case, individuals tend to display a more flexible attitude, taking into consideration the situation and consequently establishing exceptions to the universal norms. This dimension, from the perspective of the boycott attitude, can affect both the subjective probability of unwanted effects of the boycott behavior and the value attributed to such effects. The results of various studies (Singhapakdi, Vitell & Franke, 1999; Steenhaut & Van Kenhove, 2006; Lu & Lu, 2010; Culiberg, 2015) seem to indicate that people with higher scores in the relativism dimension tend to engage in a greater number of behaviors that could be cataloged as unethical (piracy, product theft, seller error, etc.). The third and last hypothesis of our model is posed as follows.

Hypothesis 3 (H3). The more relativistic a person is, the greater the predisposition to boycott.

For all these reasons, the model proposed to explain the attitude of subjects towards the boycott of a product or service is shown in Figure 1.

Figure 1
Proposed model



Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 111-122. ISSN: 2254-6235

The proposed model contemplates four variables: attitude towards boycotts, ethical idealism, ethical relativism and boycott perceived legitimacy

3. Empirical study

Next, we present the empirical study's main characteristics, with a focus on the methods of information collection, the design of the measurement instrument and the statistical techniques used in the data analysis.

3.1. Data collection and research instrument

The proposed research hypotheses have been verified from the data obtained after the electronic administration of a questionnaire designed to this effect and focused on a specific political boycott: the boycott of products and services made and/or commercialized by firms established in the region of Catalonia (Spain). For the choice of the sample, given that there were no special requirements as to the characteristics of the individuals, we opted for a convenience sampling system, following the guidelines of Martín-Crespo and Salamanca (2007). The field study was done in January 2018, obtaining a total of 351 valid questionnaires.

All the measures of the variables contemplated in the study were previously validated and extracted from the theoretical review. The variables were measured using a 7-point Likert scale (1 = strongly disagree; 7 = strongly agree). To measure the boycott's perceived legitimacy, we followed the scale of four indicators recommended by Cruz-Suárez (2012) and based on the three dimensions proposed by Suchman (1995). The measurements of ethical idealism and ethical relativism are an adaptation for our study of the Ethics Position Questionnaire or EPQ, developed by Forsyth in 1980 (Forsyth, 1980). Finally, to measure the attitude towards boycotts we used a scale made up of three indicators, which is an adaptation of the scale used by Klein et al. (2004), Rose et al. (2009), Abosag and Farah (2014), and Abdul-Talib Abd-Latif and Abd-Razak (2016).

3.2. Data analysis techniques

In this work, we opted for the statistical technique based on Partial Least Squares (PLS) variance since it neglects to impose any assumptions on the specific distribution for the indicators and it does not require the observations to be independent of each other (Chin, 2010). The hypotheses of the proposed model have been tested using Smart-PLS 3.2.4 software (Ringle, Wende & Becker, 2015). The minimum size of the sample required for a correct analysis of regressions, a power of 0.80 and an alpha of 0.05 is 84 observations (Green, 1991). Given that we had 351 observations, we can accept the suitability of the analysis technique.

3.3. Measurement model

The proposed model contemplates four variables: attitude towards boycotts, ethical idealism, ethical relativism and perceived legitimacy of the boycott. The variables are modeled as composite factors with a reflective design (Mode A). To evaluate the constructs, we have valued each item's individual reliability, the constructs' reliability, the convergent validity and the discriminant validity.

To evaluate the item's individual reliability, we studied the loadings of the indicators with their respective construct. Table 1 shows the items contemplated after the depuration process. The constructs' reliability has been evaluated via composite reliability. As can be noted in Table 1, the composite reliability surpasses the value 0.80 in all the cases, and therefore, all the constructs are considered reliable. The convergent validity is examined through the average variance extracted (AVE). In accordance with the recommendations of Fornell and Larcker (1981), this indicator must be over 0.5, a condition that is met in all the constructs considered in the research.

The study is focused on a specific political boycott: the boycott of products and services made and/or commercialized by firms established in the region of Catalonia (Spain)

Table 1
Reliability measures

	Loading	Composite reliability	AVE
Ethical idealism		0.935	0.674
People should make certain that their actions never intentionally harm another even to a small degree.	0.797		
Risks to another should never be tolerated, irrespective of how small the risks might be.	0.781		
The existence of potential harm to others is always wrong, irrespective of the benefits to be gained.	0.865		
One should never psychologically or physically harm another person.	0.779		
One should not perform an action that might in any way threaten the dignity and welfare of another individual.	0.830		
If an action could harm an innocent other, then it should not be done.	0.861		
It is never necessary to sacrifice the welfare of others.	0.830		
Ethical relativism		0.907	0.662
Moral standards should be seen as being individualistic; what one person considers to be moral may be judged to be immoral by another person.	0.802		
Different types of morality cannot be compared to “rightness.”	0.829		
Questions of what is ethical for everyone can never be resolved since what is moral or immoral is up to the individual.	0.860		
Moral standards are simply personal rules that indicate how a person should behave and are not be applied in making judgments of others.	0.671		
The determination of right and wrong is a personal matter, which is a function of the value system of each one of us.	0.889		
Legitimacy		0.884	0.656
The boycott of Catalonian products is useful.	0.706		
The boycott of Catalonian products must be done, even if it is useless.	0.845		
The boycott of Catalonian products could have been proposed more efficiently.	0.829		
The boycott of Catalonian products is desirable, proper and appropriate.	0.850		
Boycott attitude		0.922	0.798
I do not like the idea of participating in a boycott.	0.840		
I would feel guilty if I participated in a boycott.	0.917		
I would never take part in a boycott.	0.921		

Last, the existence of discriminant validity can be concluded since the correlations between the constructs are lower than the square root of the average variance extracted (Fornell & Larcker, 1981). Likewise, we have checked the discriminant validity through the heterotrait-monotrait (HTMT) ratio (Henseler, Ringle & Sarstedt, 2016). All the values are below 0.9 (Gold, Malhotra & Segars, 2001) (see Table 2).

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 111-122. ISSN: 2254-6235

The perception of boycott's legitimacy explains 34.05% of the variance of the attitude towards boycotts

Table 2
Discriminant validity

Fornell-Larcker*	(1)	(2)	(3)	(4)
(1) Ethical idealism	0.821			
(2) Ethical relativism	–0.026	0.814		
(3) Legitimacy	–0.296	0.166	0.810	
(4) Boycott attitude	–0.371	0.114	0.617	0.894
Heterotrait-Monotrait Ratio. HTMT	**(1)**	**(2)**	**(3)**	**(4)**
(1) Ethical idealism				
(2) Ethical relativism	0.061			
(3) Legitimacy	0.333	0.146		
(4) Boycott attitude	0.404	0.092	0.724	

* Diagonal elements (bold) are the square root of variance shared between the constructs and their measures (AVE). Off-diagonal elements are the correlations between constructs.

3.4. Structural Model

First, we have tested the possible existence of multicollinearity between the antecedent variables of the endogenous construct. According to Hair, Hult, Ringle and Sarstedt (2014), signs of multicollinearity will exist when the VIF indicator is over 5. In the structural model, potential problems of multicollinearity do not exist. Via bootstrapping (5000 resamples, one-tailed Student's t distribution with (n-1) degrees of freedom), standard errors, t-statistics, and 95% confidence intervals were generated (Table 3).

Table 3
Hypotheses test

Hypotheses	Suggested effect	Path coefficient (β)	T value	Confidence interval	
				5.0%	95.0%
H1: Legitimacy → Boycott attitude	(+)	0.552***	11.501	0.470	0.628 Sig
H2: Ethical idealism → Boycott attitude	(–)	0.207***	4.783	–0.279	–0.137 Sig.
H3: Ethical relativism → Boycott attitude	(+)	0.022^{ns}	0.311	–0.088	0.091 No Sig.

***p<0.001
**p<0.01
*p<0.05
ns: not significant
t (0.05; 4999) = 1.64791345; t (0.01; 4999) = 2.333843952; t (0.001; 4999) = 3.106644601
Sig. denotes a significant direct effect at 0.05

The coefficient of determination (R^2) represents a measure of predictive power. It indicates the construct's quantity of variance that is explained in the model by this endogenous construct's predictor variables (Table 4). In the model proposed, ethical idealism explains 7.7% of the

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 111-122. ISSN: 2254-6235

If consumers consider that the boycott is legitimate, useful and morally acceptable, then their participation in the boycott will be more likely than in the case in which they question that legitimacy

variance in the attitude towards boycotts, while ethical relativism only explains 0.25%. The explanatory power of the perception of boycott legitimacy also stands out. This explains 34.05% of the variance in the attitude towards boycotts.

Table 4
Effect on the endogenous variables

	R^2	Q^2	Direct effect	Correlation	Variance explained
Boycott Attitude	0.420	0.311			
H1: Legitimacy			0.552	0.617	34.05%
H2: Ethical idealism			−0.207	−0.371	7.7%
H3: Ethical relativism			0.022	0.114	0.25%

The f2 statistic represents the degree to which an exogenous construct contributes to explaining a specific construct in terms of R2. According to this indicator, the effect of the variable legitimacy on the attitude towards boycotts can be considered large (0.469). The rest of the effects are small since they fall below the threshold of 0.15.

The Stone-Geisser test (Q2) is used as a criterion to measure the predictive relevance of the reflective dependent constructs. Given that Q2 is greater than zero for the endogenous construct, it can be concluded that the model has predictive relevance. The SRMR fit index is 0.063, which is less than the maximum recommended value, 0.08. This confirms the global model's good fit.

4. Discussion

This work deals with the analysis of the antecedents of attitudes towards boycotts, i.e., the decision to forego specific products for the mere fact of their production in a specific region. According to the results obtained, it appears that the perception of legitimacy has a positive and significant effect on the attitude towards engaging in this kind of protest or punishment. In particular, ethical idealism has a significant and negative effect on this attitude.

The effect of ethical idealism in the attitude towards a boycott is in line with other investigations about consumer moral behaviors (Lu & Lu, 2010; Culiberg, 2015) and confirms hypothesis H2. This variable explains 7.7% of the variance of the attitude towards boycotts. It can therefore be stated that people with strong scores in idealism try to avoid behaviors harmful to others, so they will probably have a negative attitude towards boycott and will prefer not to participate in them.

Legitimacy, for its part, has contributed to explaining 34.05% of the variance in the attitude towards boycotts (hypothesis H1). This implies that if consumers consider a boycott to be legitimate, they are more likely to view it as useful and morally acceptable to participate in the boycott than they would be in the case in which they question that legitimacy.

The main theoretical implications of this study relate to the variable of legitimacy as a key construct for understanding attitudes towards the boycott behavior. It is important to point out that social acceptance of a boycott gives it legitimacy. This legitimacy can be moral when the individual understands that the boycott is morally correct. It must also be pragmatic; that is to

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 111-122. ISSN: 2254-6235

The boycott, therefore, must be delegitimized; the idea must be transmitted that it is not morally correct and that it has negative effects on real people

say, it must be useful. In this case, a boycott is legitimate if it manages to influence the decisions of organizations or hold back political movements, as is the case. Obviously, it must also be well proposed; that is, it must have cognitive legitimacy. If the boycott is considered morally appropriate, some usefulness is perceived and it is organized appropriately, the individual will grant it legitimacy, and this legitimacy will act as a driving factor of the boycott behavior. The boycott, therefore, must be delegitimized. The idea must be transmitted that it is not morally correct and that it has negative effects on real people. Emotional marketing must here play a leading role. On the other hand, it is necessary to question the boycott's usefulness. If the boycott does not serve to counter the political decisions that brought it about, it will not be legitimate from the pragmatic point of view and, probably, many consumers will decide to abandon it and again buy those products that they decided to stop consuming and that were their first choice before the boycott (Cossío-Silva et al., 2019).

5. Declaration of conflicting interests

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

6. Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

7. References

Abdul-Latif, S. A., & Abdul-Talib, A. N. (2015). *An examination of the effects of consumer racism and consumer ethnocentrism on willingness to buy products associated with ethnic Chinese.* Australia New Zealand International Business Academy Conference: Melbourne, Anziba.

Abdul-Talib, A. N., Abd-Latif, S. A., & Abd-Razak, I. S. (2016). A study on the boycott motivations of Malaysian non-Muslims. *Journal of Islamic Marketing,* 7(3), 264-287. https://doi.org/10.1108/JIMA-11-2014-0071

Abosag, I., & Farah, M. F. (2014). The influence of religiously motivated consumer boycotts on Brand image, loyalty and product judgment. *European Journal of Marketing,* 48 (11/12), 2262-2283. https://doi.org/10.1108/EJM-12-2013-0737

Ajzen, I. (1988). *Attitudes, personality and behaviour.* Chicago: Dorsey.

Al Ganideh, S. F., & Elahee, M. N. (2014). Understanding Anti-Americanism among Arab Consumers: The Case of Jordan. *Journal of Competitiveness Studies,* 22(1/2), 71-87.

Ashenfelter, O., Ciccarella, S., & Shatz, H. J. (2007). French Wine and the U.S. Boycott of 2003: Does Politics Really Affect Commerce? *Journal of Wine Economics*, 2(1), 55-74. https://doi.org/10.1017/S1931436100000298

Chavis, L., & Leslie, P. (2009). Consumer Boycotts. The Impact of the Iraq War on French Wine Sales in the U.S. *Quantitative Marketing & Economics,* 7 (1), 37-67. https://doi.org/10.1007/s11129-008-9043-y

Chin, W. W. (2010). How to write up and report PLS analyses. In Esposito Vinzi, V., Chin, W. W., Henseler, J., & Wang, H. *Handbook of partial least squares: Concepts, methods and applications.* Berlin, Germany: Springer-Verlag.

Cissé-Depardon, K., & N'Goala, G. (2009). The Effects of Satisfaction, Trust and Brand Commitment on Consumers' Decision to Boycott. *Recherche et Applications en Marketing,* 24(1), 43-66. https://doi.org/10.1177/205157070902400104

Cossío-Silva, F. J., Revilla-Camacho, M. A., Palacios-Florencio, B., & Garzón-Benítez, D. (2019). How to a face a political boycott: the relevance of entrepreneurs' awareness. *International Entrepreneurship and Management Journal,* 15(2), 321-339. https://doi.org/10.1007/s11365-019-00579-4

Cruz, B. P. A. (2017). Social boycott. *Review of Business Management,* 19 (63), 5-29. https://doi.org/10.7819/rbgn.v0i0.2868

Cruz, B. P. A., & Botelho, D. (2015). Proposition of relational boycott. *The Journal of the Iberoamerican Academy of Management,* 13(3), 315-333. https://doi.org/10.1108/MRJIAM-05-2015-0593

Cruz, B. P. A., Pires, R. J. M., Jr., & Ross, S. D. (2013). Gender difference in the perception of guilt in consumer boycott. *Review of Business Management,* 15(49), 504-523. https://doi.org/10.7819/rbgn.v15i49.1357

Cruz-Suárez, A. (2012). *La legitimidad de las universidades en el Espacio Europeo de Educación Superior. El caso de las universidades públicas de la comunidad de Madrid*. Dissertation: Madrid.

Cruz-Suárez, A., Díez-Martín, F., Blanco-González, A., & Prado-Román, C. (2014). Análisis de las relaciones entre la legitimidad organizativa, sus fuentes y dimensiones. *Revista Venezolana de Gerencia,* 19 (65), 9-22.

Culiberg, B. (2015). The role of moral philosophies and value orientations in consumer ethics: A post-transitional European country perspective. *Journal of Consumer Policy,* 38(3), 211-228. https://doi.org/10.1007/s10603-015-9295-3

De Nisco, A., Mainolfi, G., Marino, V., & Napolitano, M. R. (2013). *The influence of animosity, consumer ethnocentrism and country image perception on product receptivity. A survey on Italian consumers. Service dominant logic, network and systems theory and service science: Integrating three perspectives for a new service agenda*. Napoli: Giannini.

Deephouse, D., & Suchman, M. (2008). Legitimacy in Organizational Institutionalism. In Greenwood, R., Oliver, C., Suddaby, R. & Sahlin-Andersson, K. (eds.), *The Sage Handbook of Organizational Institutionalism.* London: Sage.

Duman, S., & Ozgen, O. (2018). Willingness to punish and reward brands associated to a political ideology (BAPI). *Journal of Business Research,* 86, 468-478. https://doi.org/10.1016/j.jbusres.2017.05.026

Feng, Z., & Yu, G. (2016). Animosity and Purchase Intention: How Perceived Quality Impacts Consumers' Willingness to Buy, As A Moderating Factor. *Journal of International Business and Law,* 15(2), 197-216.

Fishbein, M., & Ajzen, I. (1975). *Belief, attitude, intention and behavior: An introduction to theory and research.* Reading, MA: Addison Wesley.

Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research,* 18(1), 39-50. https://doi.org/10.1177/002224378101800104

Forsyth, D. R. (1980). A taxonomy of ethical ideologies. *Journal of Personality and Social Psychology,* 39(1), 175-184. https://doi.org/10.1037/0022-3514.39.1.175

Forsyth, D. R. (1992). Judging the Morality of Business Practices: The Influence of Personal Moral Philosophies. *Journal of Business Ethics,* 11, 461-470. https://doi.org/10.1007/BF00870557

Forsyth, D. R., & Nye, J. L. (1990). Personal Moral Philosophies and Moral Choice. *Journal of Research in Personality,* 24, 398-414. https://doi.org/10.1016/0092-6566(90)90030-A

Forsyth, D. R., O'Boyle, E. H., & McDaniel, M. A. (2008). East meets west: A meta-analytic investigation of cultural variations in idealism and relativism. *Journal of Business Ethics,* 83(4), 813-833. https://doi.org/10.1007/s10551-008-9667-6

Friedman, M. (1991). Consumer Boycotts: A Conceptual Framework and Research Agenda. *Journal of Social Issues,* 47(1), 149-168. https://doi.org/10.1111/j.1540-4560.1991.tb01817.x

Friedman, M. (1999). *Consumer boycotts: Effecting change trough the marketplace and the media.* New York: Routledge.

Gold, A. H., Malhotra, A., & Segars, A. H. (2001). Knowledge management: an organizational capabilities perspective. *Journal of Management Information Systems,* 18(1), 185-214. https://doi.org/10.1080/07421222.2001.11045669

Green, S. (1991). How Many Subjects Does It Take To Do A Regression Analysis. *Multivariate Behavioral Research,* 26 (3), 499-510. https://doi.org/10.1207/s15327906mbr2603_7

Hair, J. F., Hult, G. T. M., Ringle, C. & Sarstedt, M. (2014). *A primer on partial least squares structural equation modelling (PLS-SEM).* Thousand Oaks, CA: SAGE Publications.

Heilmann, K. (2015). Does political conflict hurt trade? Evidence from consumer boycotts. *Journal of International Economics,* 99, 179-191.

Hellier, P. K., Geursen, G. M., Carr, R. A., & Rickard, J. A. (2003). Customer repurchase intention: a general structural equation model. *European Journal of Marketing,* 37 (11), 1762-1800. https://doi.org/10.1108/03090560310495456

Henseler, J., Ringle, C. M., & Sarstedt, M. (2016). Testing measurement invariance of composites using partial least squares. *International Marketing Review,* 33(3), 405-431. https://doi.org/10.1108/IMR-09-2014-0304

Hunt, S. D., & Vitell, S. (1986). A general theory of marketing ethics. *Journal of Macromarketing,* 6(1), 5-16. https://doi.org/10.1177/027614678600600103

Hunt, S. D., & Vitell, S. J. (2006). The general theory of marketing ethics: A revision and three questions. *Journal of Macromarketing,* 26(2), 143-153. https://doi.org/10.1177/0276146706290923

Klein, J. G., Smith, N. C., & John, A. (2004). Why we boycott: Consumer motivations for boycott participation. *Journal of Marketing,* 68(3), 92-109. https://doi.org/10.1509/jmkg.68.3.92.34770

Koku, P. S. (2011). On boycotts organized through the internet. *Journal of Marketing Development and Competitiveness,* 5(6), 82-93.

Lu, L. C., & Lu, C. J. (2010). Moral philosophy, materialism, and consumer ethics: An exploratory study in Indonesia. *Journal of Business Ethics,* 94(2), 193-210. https://doi.org/10.1007/s10551-009-0256-0

Martín-Crespo Blanco, C., & Salamanca Castro, A. (2007). El muestreo en la investigación cualitativa. *Nure Investigación,* 27, 12-16.

Pandya, S., & Venkatesan, R. (2015). French Roast: Consumer Response to International Conflict – Evidence from Supermarket Scanner Data. *The Review of Economics and Statistics,* 98 (1), 42-56. https://doi.org/10.1162/REST_a_00526

Revilla Camacho, M. A., & Gallego Águeda, M. A. (2007). La importancia de la ética en la venta desde el punto de vista del consumidor. *Investigaciones Europeas de Dirección y Economía de la Empresa,* 13(1), 209-230.

Ringle, C. M., Wende, S., & Becker, J.-M. (2015). *SmartPLS 3*. Bönningstedt: SmartPLS GmbH.

Rose, M., Rose, G., & Shoham, A. (2009). The impact of consumer animosity on attitudes towards foreign goods: a study of Jewish and Arab Israelis. *Journal of Consumer Marketing,* 26(5), 330-339. https://doi.org/10.1108/07363760910976583

Singhapakdi, A., Vitell, S. J., & Franke, G. R. (1999). Antecedents, consequences, and mediating effects of perceived moral intensity and personal moral philosophies. *Journal of the Academy of Marketing Science,* 27(1), 19-36. https://doi.org/10.1177/0092070399271002

Sirgy, M. J., Grewal, D., Mangleburg, T. F., Park, J., Chon, K., Claiborne, C. B., Johar, J. S., & Berkman, H. (1997). Assessing the predictive validity of two methods of measuring self-image congruence. *Journal of the Academy of Marketing Science,* 25(3), 229-241. https://doi.org/10.1177/0092070397253004

Steenhaut, S., & Van Kenhove, P. (2006). An empirical investigation of the relationships among a consumer's personal values, ethical ideology and ethical beliefs. *Journal of Business Ethics,* 64(2), 137-155. https://doi.org/10.1007/s10551-005-5905-3

Suchman M. (1995). Managing legitimacy: strategic and institutional approaches. *Academy of Management Review,* 20(3), 571-610. https://doi.org/10.5465/amr.1995.9508080331

Thong, J. Y., & Yap, C. S. (1998). Testing an ethical decision-making theory: The case of softlifting. *Journal of Management Information Systems,* 15(1), 213-237. https://doi.org/10.1080/07421222.1998.11518203

Vroom, V. (1964). *Work and motivation*. New York: Wiley.

https://doi.org/10.3926/hdbr.243

Political Variables and State Legitimacy

Alicia Blanco-González
Associate Professor. Rey Juan Carlos University. Spain. ORCID: 0000-0002-8509-7993.

Gregory Payne
Professor. Emerson College. Unites States of America. ORCID: 0000-0001-6638-9459.

Camilo Prado-Román
Associate Professor. Rey Juan Carlos University. Spain. ORCID: 0000-0002-1540-0643.

alicia.blanco@urjc.es, gregory_payne@emerson.edu, camilo.prado.roman@urjc.es

Received: April, 2018.
Accepted: February, 2019.
Published: July, 2019.

Abstract

State legitimacy is a measure of citizen's support for their institutions. Legitimacy is also a source of sustainable competitive advantage that protects states by making them less vulnerable to social, economic, and political turbulence. The level of support varies as a function of political variables such as national identity, political interest, representativeness of political elites, and political ideology. Our data was derived from the 2014 European Social Survey (ESS) on France, Germany, Spain, and the UK. Based on a sample of 9,151 citizens, the results show that political representativeness and national identity are the greatest influencers of state legitimacy. Political variables also tend to have similar effects on legitimacy across different states.

Keywords

Legitimacy, state, segmentation, public institutions, communication, comparative analysis.

How to cite this article

Blanco-González, A., Payne, G., & Prado-Román, C. (2019). Political Variables and State Legitimacy. *Harvard Deusto Business Research,* VIII(2), Special Issue, 123-133.
https://doi.org/10.3926/hdbr.243.

State legitimacy is a measure of the level of citizen's support for those that wield political power

1. Introduction

Income inequality is on the rise. Consequently, and following the 2007 economic crisis, structural changes were set in motion by the electoral pressure of individuals on their political leaders. This has caused change processes that, in some cases, have impacted the integrity of the states themselves (i.e. Brexit; independence of Catalonia).

Institutional Theory (DiMaggio & Powell, 1983; Meyer & Rowan, 1977) helps us understand these processes by establishing that the survival of organizations depends on their legitimacy. When organizations stop performing activities that are considered appropriate and desirable by their environment, they lose its support. In this view, one of the consequences of the crisis was the delegitimization of the states because of their inability to carry out initiatives to prevent or mitigate the economic downturn.

State legitimacy is a measure of the level of citizen's support for those that wield political power (Beetham, 1991; Easton, 1975; Gilley, 2006). It is important because legitimate states obtain better results (Díez-Martín, Prado-Román & Blanco-González, 2013) through increased access to essential resources (Cruz-Suárez, Prado-Román & Prado-Román, 2014; Pollack, Rutherford & Nagy, 2012). This happens because legitimate organizations are better able to influence individuals' behaviors (Choi & Shepherd, 2005; Grigoli & Mills, 2014). On the other hand, less legitimate states are vulnerable to citizen mobilization as well as social, economic, and political turbulence (Baum & Oliver, 1991; Blanco-González, Prado-Román & Díez-Martín, 2017). Even further, when states lose legitimacy, they tend to focus their actions on staying in power rather than effectively managing its institutions (Gilley, 2012).

Legitimacy is a sustainable competitive advantage (Oliver, 1997) that can be used by states to survive and grow (Díez-Martín et al., 2013; Grigoli & Mills, 2014; Prado-Román, Blanco-González, Díez-Martín & Payne, 2016). Understanding the factors that make up legitimacy is important in order to promote social equilibrium, economic robustness, competitiveness, and growth. Analyzing legitimacy allows states to design and implement effective political strategies, develop efficient social initiatives, and communicate in relevant ways. It is a robust information system on which political managers can base their decision-making (Blanco-González et al., 2017). States should pay attention to their legitimacy as a source of competitive advantage and use it as a mechanism to adapt to changes in the international arena (Prado-Román et al., 2016).

Previous research has explored in detail the measurement of state legitimacy, identifying its primary determinants (Gilley, 2006, 2012) and creating models that measure legitimacy in states with similar environments (Blanco-González et al., 2017). These studies have led the way to the analysis of new challenges in our understanding of state legitimacy. Previously, state legitimacy has been measured in aggregate form, interpreting each state's population as a homogeneous whole. We know this is not the case. In fact, during the crisis years heterogeneous social groups have risen to prominence within individual states. Individual social characteristics influence their legitimacy evaluations (Bitektine & Haack, 2015). What social profile characteristics promote positive evaluations of state legitimacy? Are there groups within a population that react more sensitively in their state legitimacy assessments? To answer these questions, one must segment the population under study. This way, we can generate indicators that will anticipate social, political, and/or economic change.

Academics find political factors to be the main determinants in situations similar to the study of state stability (Anderson & Guillory, 1997; Evans & Whitefield, 1995; Lillbacka, 1999; Miller

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 123-133. ISSN: 2254-6235

The goal of the current study is to determine the influence of different social groups on state legitimacy

& Listhaug, 1999; Mishler & Rose, 1997, 2001a, 2001b, 2002; Norris, 1999; Vassilev, 2004). The literature mentions political factors such as political support, institutional trust, or participation in the public sphere. From these results, one may infer parallel influencing elements for state legitimacy. Therefore, the goal of the current study is to determine the influence of different social groups on state legitimacy. More specifically, we aim to: (i) identify how different social groups—as segmented by variables that are political in nature—influence perceptions of state legitimacy; (ii) contrast whether influencing factors impact legitimacy in the same way across different countries.

To achieve these goals, we structured the paper in the following manner. First, we define the concept of state legitimacy. Second, we describe the variables used to segment social groups and how they impact state legitimacy. These variables are: political interest, political representativeness, political ideology, and national identity. Third, we lay out the sample details and methodology. The study focuses on four countries that operate within the common economic, political, and social framework of the European Union (Germany, France, Spain, and UK), which enables us to perform a cross-national analysis of the effect of influencing variables on legitimacy. Finally, we interpret the results and explain what they mean for understanding the influence of social variables on state stability as well as their importance as an indicator in the formulation of national policies.

2. State Legitimacy and Political Variables

The relationship between political variables and stability is of great importance for states. Various studies have shown the effect of political factors on indicators of country stability (Anderson & Guillory, 1997; Evans & Whitefield, 1995; Lillbacka, 1999; Miller & Listhaug, 1999; Mishler & Rose, 1997, 2001a, 2001b, 2002; Norris, 1999; Vassilev, 2004). At a basic level, political effectiveness can be conceptualized as the state's ability to keep working, in other words, to generate political stability. Fukuyama (2005) argues that one of the state's greatest strengths is its capacity to have a cohesive political system that will keep functioning or prevail over competing social structures amid socioeconomic change. Other scholars such as Anderson and Tverdova (2003), Henderson and Arzaghi (2005), Huntington (1968), or Seligson and Booth (2009) analyze the effect of governance quality, corruption control, rule of law, decentralization, federalism, or perceived representativeness on indicators of stability and/or trust such as legitimacy.

Academics studying Institutional Theory note that stability is one of the main characteristics of institutions. Achieving it depends in great measure on legitimacy (Díez-de-Castro, Díez-Martín & Vázquez-Sánchez, 2015). In this line of thought, the academic literature has also explored the influence of political variables on legitimacy. Baines, Worcester, Jarrett & Mortimore (2003) establish a way of developing political messages based on identifying segments within the population and quantifying the influence of political actions on state legitimacy. Gilley (2006, 2012) analyzes differences among legitimacy levels in countries with different levels of development in order to quantify the influence of macro variables on state legitimacy.

Previous research has identified political variables that have an effect on state legitimacy: political interest, political representativeness, political ideology, and national identity. A subset of this body of literature looks at the influence of specific political attitudes on state legitimacy. These academics argue that state legitimacy is determined by underlying individual attitudes related to political interest, degree of ease of participation in the public sphere, and efficacy (Baines, Harris & Lewis, 2002). In other words, the more involved someone is in politics, the more they are likely to view the state as legitimate. Similarly, Weatherford (1992)

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 123-133. ISSN: 2254-6235

We extract public data from the ESS for the year 2014 in Germany, France, Spain, and the UK

shows that in the US political interest and civic duty are strong influencers of individuals' interest in participating in the political system, which is a close predictor for legitimacy.

With respect to political representativeness, state and government legitimacy do not always overlap in democratic countries (as opposed to authoritarian states where they are one and the same). In some situations, state legitimacy appears to correlate with level of support for the government (Rose, 1994; Weatherford, 1987). In other cases, citizens seem to make a distinction in their legitimacy assessments (Lillbacka, 1999; Muller, Jukam & Seligson, 1982). Nonetheless, a global political evaluation still makes sense since state legitimacy depends on how well the state measures up to its obligations (Pogge, 2002; Frickel & Davidson, 2004).

Blanco-González et al. (2017) show that political ideology causes differences in state legitimacy evaluations. Citizens who support a political party that is in power see the state as more legitimate than those whose chosen party is in the opposition. In a similar vein, Gilley (2006) maintains that evaluations of legitimacy reflect support for ideological hegemony.

Finally, with respect to national identity, Snyder (2000) adds that a greater sense of national pride can help states become more legitimate as they become surrounded by a national halo. A significant portion of the literature on ethnic conflict notes the difficulties in building legitimate political systems for all constituents in "pluralistic" or "divided" societies. This makes them more prone to instability and conflict (Horowitz, 2000). This may explain why some regions have a greater propensity for highly legitimate states. Huntington (1996) proposes that, in countries within the Western culture area, certain regions inherit cultural values that instill perceptions of state legitimacy.

On the contrary, other regions may have deep-rooted divisions between state and society that impact legitimacy perceptions. Examples of this type of situation have been observed in the Middle East (Hudson, 1977), Latin America (Nolan-Ferrell, 2004), Africa (Englebert, 2000), Eastern Europe (Ramet, 1999), China (Zhong, 1996), or Asia (Compton, 2000). In consequence, the sense of national identity among different citizens of the same country is not homogeneous.

3. Sample and methodology

To measure legitimacy, we build an index following guidelines from highly-respected indexes that are utilized in academic research and publications, such as the University of Michigan's Consumer Sentiment Index (Vosen & Schmidt, 2011) or the Consumer Confidence Index (Kwan & Cotsomitis, 2006; Tsalikis & Seaton, 2007). The index has positive, negative, and neutral indicators and allows for longitudinal analysis (Prado-Román et al., 2016).

As indicators for state legitimacy, we adapt those proposed by Blanco-González et al. (2017) and Gilley (2006) along with the confirmation—based on Gilley (2006), Grimes (2008), and Rothstein (2010)—that results from social surveys can be used to measure state legitimacy since they contain social and political indicators.

Following Blanco-González et al. (2017), the data must first be homogenized to account for different measurement scales. All items are transformed into a 0-100 scale by applying base 10 logarithms (0 = minimum legitimacy, 100 = maximum legitimacy) or inverting their values (2 = no legitimacy, 1 = total legitimacy). The ratings are then weighted, averaged, and applied by dimension to create a weighted measure of state legitimacy. This allows for comparison between items and creates a robust index (Hair, Black, Babin & Anderson, 2009).

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 123-133. ISSN: 2254-6235

The sample used is part of the bi-annual European Social Survey (ESS) carried out by the Standing Committee for the Social Sciences of the European Science Foundation. The ESS aims to measure changes in attitudes and behavior patterns of European citizens over time, improve the quality of quantitative measurements, and establish solid social indicators that reflect the well-being of European countries. Samples are representative of all persons aged 15 and over resident within private households in each country, regardless of their nationality, citizenship, or language. Individuals are selected by strict random probability methods at every stage. Therefore, data quality is ideal for the construction of a legitimacy index.

To this end, we extract public data from the ESS for the year 2014 in Germany, France, Spain, and the UK. From this data, we select 20 items (Table 1) related to citizens' perceptions of legality, justification, and consent (2 items measure legality, 8 of them relate to justification, and 10 to acts of consent).

Table 1

Sample and Methodology for the State Legitimacy

Dimensions	Item	Initial scale	Final scale
Legality	Trust in the legal system	1 - 10	0 - 100
	Trust in justice	1 - 10	0 - 100
Justification	Satisfaction with your country's democracy	1 - 10	0 - 100
	Satisfaction with your country's economic situation	1 - 10	0 - 100
	State of education in your country	1 - 10	0 - 100
	Satisfaction with your country' government	1 - 10	0 - 100
	Trust in parliament	1 - 10	0 - 100
	Trust in political parties	1 - 10	0 - 100
	Trust in politicians	1 - 10	0 - 100
	State of health services	1 - 10	0 - 100
Consent	Participation in an election in the last 12 months	1 - 2	0 - 100
	Boycotted a product in the last 12 months	1 - 2	0 - 100
	Feeling of closeness with a specific political party	1 - 2	0 - 100
	Contact with public administration in the last 12 months	1 - 2	0 - 100
	Member of a political party	1 - 10	0 - 100
	Participated in a lawful public demonstration in the last 12 months	1 - 2	0 - 100
	Signed a petition in the last 12 months	1 - 2	0 - 100
	Voted during the last general elections	1 - 2	0 - 100
	Worked in an organization or association in the last 12 months	1 - 2	0 - 100
	Worked in a political party or action group in the last 12 months	1 - 2	0 - 100
SAMPLE 2014: France = 1917; Germany = 3045; Spain = 1925; United Kingdom = 2.264			

Source: Own elaboration by Blanco-González et al. (2017) and European Social Survey (2014).

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 123-133. ISSN: 2254-6235

We see that political interest, representativeness of the governing class, ideology, and national identity all have an impact on perceptions of state legitimacy

Common-sense segmentation requires the investigator to choose the most relevant variables and then classify them (Pulido-Fernández & Sánchez-Rivero, 2010). In this case, we based the choice of political variables on factors identified in the literature as possible influencers of legitimacy. The value of each of these variables was extracted from the ESS (Table 2).

Table 2
Segmentation Criteria for the State Legitimacy

Political Variables	Item
Political Interest	INTPOL. How interested in politics
Representativeness	REPR. The political system allows citizens to have a voice in government REPR. The political system allows people to influence politics REPR. Politicians worry about what people think
Ideology	IDEOL. Closeness to a political party IDEOL. Situation in left-right spectrum
National Identity	IDENT. Closeness to one's country

4. Results

Anova analysis of the state legitimacy variable showed the differing impact of the four political variables under study (political interest, representativeness, political ideology, and national identity) (Table 3). If the significance level is less than 0.05 the differences observed are dependent on the segmentation criteria.

Table 3
Anova Analysis of Legitimacy by Country

Type	FRANCE	GERMANY	SPAIN	UK
INTPOL. Interest in politics	0,000***	0,000***	0,000***	0,000***
REPR. Representativeness	0,000***	0,000***	0,000***	0,000***
IDEOL. Ideology	0,000***	0,000***	0,000***	0,000***
IDENT. Identity	0,000***	0,000***	0,000***	0,000***
*p<0.05, **p<0.01, ***p<0.001				

Legitimacy scores for each of the countries as a function of the selected variables show that some groups are more sensitive than others to the actions of the state. Table 4 breaks up the results and indicates the level of impact for each variable in that specific segment. When the specific legitimacy impact is less than 5% of the global legitimacy impact we consider it to be stable; when it varies between 6% and 10% we add an arrow pointing up (increases legitimacy) or down (decreases legitimacy); when it varies between 11% and 25% we add two arrows; and when it varies more than 25% we add three arrows to denote the highest level of segment sensitivity.

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 123-133. ISSN: 2254-6235

Table 4

Results for Global Legitimacy Vs. Specific Legitimacy

VBLES	ITEMS	FRANCE			GERMANY			SPAIN			UK		
	LEGITIMACY	55.3	Variation		63.9	Variation		49.7	Variation		60.2	Variation	
INTPOL.	Very close	56.0	1%	↑	66.6	4%	↑	47.1	−5%	↓	57.1	−5%	↓
	Quite close	56.8	3%	↑	66.6	4%	↑	50.8	2%	↑	61.9	3%	↑
	Not close	54.3	−2%	↓	63.1	−1%	↓	51.6	4%	↑	61.1	1%	↑
	Not at all close	50.9	−8%	↓	57.8	−10%	↓	39.4	−21%	↓↓	55.2	−8%	↓
REPRES.	Strongly Disagree	42.5	−23%	↓↓	51.3	−20%	↓↓	38.5	−22%	↓↓	45.6	−24%	↓↓
	Disagree	57.3	4%	↑	64.4	1%	↑	51.8	4%	↑	58.7	−2%	↓
	Neutral	65.8	19%	↑↑	71.8	12%	↑↑	61.5	24%	↑↑	67.9	13%	↑↑
	Agree	69.9	26%	↑↑↑	75.3	18%	↑↑	68.3	38%	↑↑↑	72.9	21%	↑↑
	Strongly Agree	64.8	17%	↑↑	73.7	15%	↑↑	65.9	33%	↑↑↑	75.0	25%	↑↑
IDEOL	Left	49.8	−10%	↓	57.4	−10%	↓	36.8	−26%	↓↓↓	47	−22%	↓↓
	Left - Moderate	58.4	5%	↑	62.6	−2%	↓	43.8	−12%	↓↓	57.6	−4%	↓
	Neutral	56.0	1%	↑	64.9	1%	↑	51.8	4%	↑	60.4	0%	≈
	Right - Moderate	55.6	0%	≈	65.8	3%	↑	60.8	23%	↑↑	65.6	9%	↑
	Right	48.8	−12%	↓↓	60.7	−5%	↓	57.9	17%	↑↑	61.0	1%	↑
IDENT.	Very close	56.0	1%	↑	66.5	4%	↑	54.0	9%	↑	63.4	5%	↑
	Close	56.2	2%	↑	63.9	0%	≈	48.4	−2%	↓	62.0	3%	↑
	Not very close	45.8	−17%	↓↓	57.9	−9%	↓	39.6	−20%	↓↓	51.8	−14%	↓↓
	Not close at all	24.3	−56%	↓↓↓	48.3	−24%	↓↓	17.1	−66%	↓↓↓	35.2	−42%	↓↓↓

LEG.: State Legitimacy; VAR.: Variation of legitimacy as a function of the VS group of overall legitimacy.
↑↑↑ = VAR. > 25%; ↑↑ = VAR. > 10 %; ↑↑ = VAR. > 5 %;
↓↓↓= VAR. > -25%; ↓↓= VAR. > -10 %; ↓= VAR. > -5 %;

If we look at results in terms of political variables, we see that political interest, representativeness of the governing class, ideology, and national identity all have an impact on perceptions of state legitimacy. Political interest has a moderate impact in all countries except Spain, where individuals that are not interested in politics show 21% lower legitimacy scores. In other words, Spaniards with little interest in politics consider their state institutions to be markedly less legitimate than those surveyed in other countries.

Representativeness of the political elites is a critical variable in the four countries. The greater the disconnect between politicians and a country's inhabitants, the lower its legitimacy (France: -23%; Germany: -20%; Spain: -22%; UK: -24%). On the contrary, the more they feel listened to, the greater their country's legitimacy (France: 17%; Germany: 15%; Spain: 33%; UK: 25%). These results show that the inhabitants of these countries do not really distinguish between the state and their political representatives, which in a way reflects democratic immaturity. Political decisions are going to be reflected in the country's legitimacy score.

Political ideology (left - right) does not have a great impact on legitimacy in France and Germany. In the UK, those that view themselves on the left of the political spectrum have 22% lower perceptions of legitimacy. Similarly, in Spain left-leaning citizens have 26% lower views of their state's legitimacy while right-leaning citizens have 17% higher legitimacy rankings. These results coincide with the political ideology of the governing parties in each of

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 123-133. ISSN: 2254-6235

State legitimacy—the level of support granted by a country's citizens to those that exercise political power—has proven to be an effective indicator for economic, social, and/or political instability

the two countries. In 2014, UK and Spain had conservative governments. As with the previous results, this relationship is also a sign of political immaturity.

National identity is a critical variable for legitimacy rankings. A high level of identification with one's country does not increase legitimacy in any of the four countries, but a lack of national identity does have a notable negative effect. In France, legitimacy falls by 56% to 24.3; in Germany it falls by 24% to 48.3; in Spain it falls by 66% to 17.1; and in the UK it falls by 42% to 35.2. In all the countries under study, a lack of national identity causes destabilizing reductions of legitimacy. Once again, the results show a lack of differentiation between institutions and nation which could be a symptom of lack of political maturity.

5. Conclusions and implications

According to Credit Suisse (2017) increased inequality and frustration with politicians who are unable to react to social change is causing middle-class voters to demand solutions in Western countries. Austerity measures and loose monetary policies have been particularly onerous on specific segments of the population. This has led to government turnover, a reduction of state legitimacy, and even to economic measures geared to satisfying the demands of a society that is unhappy and critical of the state.

Political phenomena such as the Donald Trump presidency in the US, Brexit, or increased voter turnout for extreme right or extreme left parties across Europe have been interpreted as a reflection of citizen's needs for different answers to their problems (aging population, low productivity, increased household debt). The political impact of this situation has created a new scenario where indicators of stability, such as state legitimacy, are of increasing importance.

State legitimacy—the level of support granted by a country's citizens to those that exercise political power—has proven to be an effective indicator for economic, social, and/or political instability (Gilley, 2012). The present study takes this idea even further by analyzing the influence of both political and sociodemographic, socioeconomic, and psychographic variables on state legitimacy. In addition, we perform a cross-country analysis to measure differences in the effect of differentiating variables across countries (specifically: France, Germany, Spain, and the UK).

This analysis shows that the representativeness of political elites and national identity are the most impactful political variables on legitimacy in all the countries under study. Representativeness can increase or decrease legitimacy. Those that do not see their political leaders as being representative register legitimacy losses of more than 20% in all four countries. When they do, legitimacy increases by over 15%. In this case, a global view of legitimacy would obscure these extreme variations which prove that residents of these countries do not differentiate between political and state institutions. In line with Rose (1994) or Weatherford (1987), this could be seen as a lack of democratic maturity.

National identity is another political variable that impacts state legitimacy. Across all four countries, those who do not feel close to their nation show lower legitimacy scores: with drops of 56% in France and 66% in Spain. These results highlight the importance of managing territorial conflict (for example, the Catalan conflict in Spain) and the emergence of nationalistic electoral agendas (for example, Angela Merkel's recent emphasis on messaging that positions Germany as a strong nation).

Ideology (left – right) is not a critical variable for France or Germany, but it is in Spain and the UK. In Spain, left-leaning survey respondents are linked to 26% lower legitimacy scores while right-leaning residents view their states legitimacy as 17% higher. In the UK, political orientation on the left of the spectrum implies 22% more negative legitimacy views. Cross-country analysis of these differences shows that in France or Germany the ideology is not a determinant for legitimacy, in the UK only for left-leaning residents, while in Spain there is a left-right gap. This divide in Spain could be a signal that explains the emergence of new political parties that have achieved parliamentary representation.

The influence of political interest is moderate and only impacts state legitimacy in Spain where the legitimacy index for individuals with no political interest is 21% lower. Once again, these results seem to indicate that measuring legitimacy globally could lead to important oversights.

This research study is limited by the number of countries in the sample. It would be necessary to widen the cross-country analysis and increase the time horizon to see whether these results are stable over time. Different methodologies or political variables could be used to measure the impact of additional issues on state legitimacy such as attitudes toward immigration, change of government, the influence of regions, or economic situation.

6. References

Anderson, C. J., & Guillory, C. A. (1997). Political Institutions and Satisfaction with Democracy: A Cross-National Analysis of Consensus and Majoritarian Systems. *American Political Science Review,* 91(1), 66-81. https://doi.org/10.2307/2952259

Anderson, C. J., & Tverdova, Y. V. (2003). Corruption, Political Allegiances, and Attitudes toward Government in Contemporary Democracies. *American Journal of Political Science,* 47(1), 91-109. https://doi.org/10.1111/1540-5907.00007

Baines, P. R., Harris, P., & Lewis, B. R. (2002). The political marketing planning process: improving image and message in strategic target areas. *Marketing Intelligence & Planning,* 20(1), 6-14. https://doi.org/10.1108/02634500210414710

Baines, P. R., Worcester, R. M., Jarrett, D., & Mortimore, R. (2003). Market segmentation and product differentiation in political campaigns: a technical feature perspective. *Journal of Marketing Management,* 19(1/2), 223-249. https://doi.org/10.1080/0267257X.2003.9728208

Baum, J. A. C., & Oliver, C. (1991). Institutional linkages and organizational mortality. *Administrative Science Quarterly,* 36(2), 187-218. https://doi.org/10.2307/2393353

Beetham, D. (1991). *The Legitimation of Power*. London: Macmillan. https://doi.org/10.1007/978-1-349-21599-7

Bitektine, A., & Haack, P. (2015). The macro and the micro of legitimacy: Towards a multi-level theory of the legitimacy process. *Academy of Management Review,* 40(1), 49-75. https://doi.org/10.5465/amr.2013.0318

Blanco-González, A., Prado-Román, C., & Díez-Martín, F. (2017). Building a European Legitimacy Index. *American Behavioral Scientist,* 61(5), 509-525. https://doi.org/10.1177/0002764217693282

Choi, Y. R., & Shepherd, D. A. (2005). Stakeholder perceptions of age and other dimensions of newness. *Journal of Management,* 31(4), 573-596. https://doi.org/10.1177/0149206304272294

Compton, R. (2000). Reconstructing Political Legitimacy in Asia: Globalization and Political Development. *World Peace,* 17(4), 19-40.

Cruz-Suárez, A., Prado-Román, M., & Prado-Román, A. (2014). Cognitive Legitimacy, Resource Access, and Organizational Outcomes. *RAE – Revista de Administração de Empresas*, 54(5), 575-584. https://doi.org/10.1590/S0034-759020140510

Díez-de-Castro, E. P., Díez-Martín, F., & Vázquez-Sánchez, A. (2015). Antecedentes de la institucionalización de las organizaciones. *Cuadernos de gestión,* 15(1), 15-38. https://doi.org/10.5295/cdg.130416ed

Díez-Martín, F., Prado-Román, C., & Blanco-González, A. (2013). Beyond legitimacy: legitimacy types and organizational success. *Management Decision,* 51 (10), 1954-1969.
DiMaggio, P., & Powell, W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review,* 48(2), 147-160. https://doi.org/10.2307/2095101
Easton, D. (1975). A Reassessment of the Concept of Political Support. *British Journal of Political Science*, 55, 435-457. https://doi.org/10.1017/S0007123400008309
Englebert, P. (2000). *State Legitimacy and Development in Africa.* Boulder, CO: Lynne Rienner.
European Social Survey (2014). Retrieved from www.europeansocialsurvey.org
Evans, G., & Whitefield, S. (1995). The Politics and Economics of Democratic Commitment: Support for Democracy in Transition Societies. *British Journal of Political Science,* 25(4), 485-514. https://doi.org/10.1017/S0007123400007328
Frickel, S., & Davidson, D. J. (2004). Building Environmental States: Legitimacy and Rationalization in Sustainable Governance. *International Sociology,* 1, 89-110.
Fukuyama, F. (2005). "Stateness" First. *Journal of Democracy,* 16(1), 84-88. https://doi.org/10.1353/jod.2005.0006
Gilley, B. (2006). The Determinants of State Legitimacy: Results for 72 Countries. *International Political Science Review,* 27(1), 47-71. https://doi.org/10.1177/0192512106058634
Gilley, B. (2012). State legitimacy: An updated dataset for 52 countries. *European Journal of Political Research,* 51(5), 693-699. https://doi.org/10.1111/j.1475-6765.2012.02059.x
Grigoli, F., & Mills, Z. (2014). Institutions and public investment: an empirical analysis. *Economics of Governance*, 15(2), 131-153. https://doi.org/10.1007/s10101-013-0137-y
Grimes, M. (2008). Consent, political trust and compliance: Rejoinder to Kaina's remarks on "Organizing consent". *European Journal of Political Research,* 47(4), 522-535. https://doi.org/10.1111/j.1475-6765.2008.00774.x
Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2009). *Multivariate data analysis.* Upper Saddle River, NJ: Prentice Hall.
Henderson, V., & Arzaghi, M. (2005). Why Countries are Fiscally Decentralizing. *Journal of Public Economics,* 89(7), 1157-1189. https://doi.org/10.1016/j.jpubeco.2003.10.009
Horowitz, D. (2000). *Ethnic Groups in Conflict.* Berkeley: University of California Press.
Hudson, M. (1977). *Arab Politics: The Search for Legitimacy.* New Haven, CT: Yale University Press.
Huntington, S. (1968). *Political Order in Changing Societies.* New Haven, CT: Yale University Press.
Huntington, S. (1996). *The Clash of Civilizations and the Remaking of World Order.* New York: Simon and Schuster.
Kwan, A. C. C., & Cotsomitis, J. A. (2006). The usefulness of consumer confidence in forecasting household spending in Canada: a national and regional analysis. *Economic Inquiry,* 44(1), 185-197. https://doi.org/10.1093/ei/cbi064
Lillbacka, R. (1999). *The legitimacy of the political system: The case of Finland.* Abo: Abo Akademi University Press.
Meyer, J., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology,* 83(2), 340-363. https://doi.org/10.1086/226550
Miller, A., & Listhaug, O. (1999). Political Performance and Institutional Trust. In P. Norris (ed.), *Critical Citizens: Global Support for Democratic Government.* New York: Oxford University Press. https://doi.org/10.1093/0198295685.003.0010
Mishler, W., & Rose, R. (1997). Trust, Distrust and Skepticism: Popular Evaluations of Civil and Political Institutions in Post-Communist Societies. *Journal of Politics,* 59(2), 418-451. https://doi.org/10.1017/S0022381600053512
Mishler, W., & Rose, R. (2001a). Political Support for Incomplete Democracies: Realist vs. Idealist Theories and Measures. *International Political Science Review,* 22(4), 303-321. https://doi.org/10.1177/0192512101022004002

Mishler, W., & Rose, R. (2001b). What are the Origins of Political Trust? Testing Institutional and Cultural Theories in Post-Communist Societies. *Comparative Political Studies,* 34(1), 30-62. https://doi.org/10.1177/0010414001034001002

Mishler, W., & Rose, R. (2002). Learning and Re-Learning Regime Support: The Dynamics of Post-Communist Regimes. *European Journal of Political Research,* 41(1), 5-37. https://doi.org/10.1111/1475-6765.00002

Muller, E. N., Jukam, T. O., & Seligson, M. A. (1982). Diffuse political support and antisystem political behaviour. *American Journal of Political Science,* 26(2), 240-265. https://doi.org/10.2307/2111038

Nolan-Ferrell, C. (2004). The State, Civil Society, and Revolutions: Building Political Legitimacy in Twentieth-Century Latin America. *Latin American Research Review,* 39(3), 294-305. https://doi.org/10.1353/lar.2004.0055

Norris, P. (1999). *Critical Citizens: Global Support for Democratic Governance.* New York: Oxford University Press. https://doi.org/10.1093/0198295685.001.0001

Oliver, C. (1997). Sustainable competitive advantage: combining institutional and resource-based views. *Strategic Management Journal,* 18(9), 697-713. https://doi.org/10.1002/(SICI)1097-0266(199710)18:9<697::AID-SMJ909>3.0.CO;2-C

Pogge, T. (2002). Moral Universalism and Global Economic Justice. *Politics, Philosophy and Economics,* 1(1), 29-58. https://doi.org/10.1177/1470594X02001001002

Pollack, J. M., Rutherford, M. W., & Nagy, B. G. (2012). Preparedness and cognitive legitimacy as antecedents of new venture funding in televised business pitches. *Entrepreneurship Theory and Practice,* 36(5), 915-939. https://doi.org/10.1111/j.1540-6520.2012.00531.x

Prado-Román, C., Blanco-González, A., Díez-Martín, F., & Payne, G. (2016). Building the index of state legitimacy in Baltic and Nordic countries. *Esic Market Economics and Business Journal,* 47(3), 37-45.

Pulido-Fernández, J. I., & Sánchez-Rivero, M. (2010). Attitudes of the cultural tourist: a latent segmentation approach. *Journal of Cultural Economics,* 34(2), 111-129. https://doi.org/10.1007/s10824-010-9115-1

Ramet, S. P. (1999). Eastern Europe's Unfinished Business. *East European Politics and Societies,* 13(2), 345-53. https://doi.org/10.1177/0888325499013002015

Rose, R. (1994). Support for Parliaments and Regimes in the Transition Toward Democracy in Eastern Europe. *Legislative Studies Quarterly,* 19(1), 5-32. https://doi.org/10.2307/439797

Rothstein, B. (2010). Happiness and the welfare state. *Social Research,* 77, 441-468.

Seligson, M., & Booth, J. (2009). *The legitimacy puzzle: Political support and democracy in Latin America.* New York: Cambridge University Press.

Snyder, J. (2000). *From Voting to Violence: Democratization and Nationalist Conflict.* New York: W. W. Norton. https://doi.org/10.1353/imp.2000.0026

Tsalikis, J., & Seaton, B. (2007). Business Ethics Index: USA 2006. *Journal of Business Ethics,* 72(2), 163-175. https://doi.org/10.1007/s10551-006-9163-9

Vassilev, R. (2004). Economic Performance and Regime Legitimacy in Post-Communist Bulgaria. *Politics,* 24(2), 113-121. https://doi.org/10.1111/j.1467-9256.2004.00212.x

Vosen, S., & Schmidt, T. (2011). Forecasting private consumption: survey-based indicators vs. Google trends. *Journal of Forecasting,* 30(6), 565-578. https://doi.org/10.1002/for.1213

Weatherford, M. S. (1987). How Does Government Performance Influence Political Support? *Political Behavior,* 9(1), 5-28. https://doi.org/10.1007/BF00987276

Weatherford, M. S. (1992). Measuring Political Legitimacy. *American Political Science Review,* 86(1), 149-166. https://doi.org/10.2307/1964021

Zhong, Y. (1996). Legitimacy Crisis and Legitimation in China. *Journal of Contemporary Asia,* 26(2), 201-220. https://doi.org/10.1080/00472339680000131

https://doi.org/10.3926/hdbr.244

Gender equality: a tool for legitimacy in the fast fashion industry

Giorgia Miotto
Associate Professor. Ramon Llull University. Blanquerna School of Communication and International Relations.
ORCID: 0000-0002-0973-6597.

Sandra Vilajoana-Alejandre
Associate Professor. Ramon Llull University. Blanquerna School of Communication and International Relations.
ORCID: 0000-0001-6231-1021.

giorgiam@blanquerna.url.edu, sandrava@blanquerna.url.edu

Received: February, 2018.
Accepted: December, 2018.
Published: July, 2019.

Abstract
Gender equality is an extremely important issue for all businesses, nevertheless the fast fashion industry, which targets mainly the female population, faces major challenges related to women wellbeing and labor rights, employees professional and personal development. The objective of this paper is to analyse how three leading fast fashion companies include gender equality in their sustainability reports as part of their communication strategy and as a tool for legitimations. The main findings show that fast fashion industry focuses the communication based on gender equality issues explaining the improved working conditions and professional development opportunities for the female employees from all around the world along the entire Supply Chain Management.

Keywords
Legitimacy; fast fashion; gender equality; sustainability reports; CSR; communication strategy.

How to cite this article
Miotto, G., & Vilajoana-Alejandre, S. (2019). Gender equality: a tool for legitimacy in the fast fashion industry. *Harvard Deusto Business Research,* VIII(2), Special Issue, 134-147.
https://doi.org/10.3926/hdbr.244.

According to the 'Global Gender Report 2017' published by the World Economic Forum, despite the fact that women represent half of the world's population, they do not have access to the same level of health assistance, education, economic participation, potential earning and political power

1. Introduction

According to the *Global Gender Report 2017* published by the World Economic Forum, despite the fact that women represent half of the world's population, they do not have access to the same level of health assistance, education, economic participation, potential earning and political decision making power (Bruggeman & Chan, 2016). The "Economic Participation and Opportunity gap" represents the 42% of the population, stressing the great differences that gender still makes in the potential achievement of wealth and happiness (Schwab, Smans, Zahidi, Leopold, Ratcheva, Haussman & Tyson, 2017).

Through the Sustainable Development Goals (SDGs) and the Sustainable Agenda 2030, the United Nations made a strong call to action to all kind of companies in order to foster the accomplishment of the 17 Goals. Goal 5 is dedicated to promote Gender Equality to "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life and to adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels" (United Nations, 2019). More than 100 countries committed to this Agenda and companies from all around the world are creating strategies and policies for improving a better and more equal world. These strategies and policies are managed under the CSR and Sustainability framework.

Gender equality is an extremely important issue for all businesses, nevertheless the fast fashion industry faces major challenges related to women wellbeing, employees professional and personal development and, at the same time, may represents an opportunity for the biggest consumer target: women for all around the world.

The majority of the academic literature related to gender equality is focused on women's inclusion into boards or executive teams (Cucari, Esposito De Falco & Orlando, 2018; Furlotti, Mazza, Tibiletti & Triani, 2019; Setó-Pamies, 2015).

This paper is aimed to analyse how gender equality related topics may be used as a resource for corporate sustainable communication and legitimation strategy.

The objective of this paper is to analyse how three leading fast fashion companies include gender equality in their sustainability reports as part of their communication strategy and as a tool for legitimations. We identify which topics related to gender equality have more protagonist in this companies' socially responsible and sustainable storytelling. In fact, through sustainability reports organizations voluntary communicate their values and impacts to the economic, social and environmental sustainable development and they are an important communication and legitimation tool (Hartman, Rubin & Dhanda, 2007; Kolk, 2010; Kozlowski, Searcy & Bardecki, 2015).

The paper is organized as follow: first we define a theoretical framework about the concept of gender equality as part of the Social Corporate Responsibility and sustainability strategies and as a tool for corporate legitimacy. Afterward, we describe the state of the fast fashion industry, mainly from a CSR and sustainability point of view. Then, we explain the research methodology based on the sustainability reports' content analysis of three leading fast fashion companies. Finally, we outline the research's results, conclusions and managerial implications.

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 134-147. ISSN: 2254-6235

Gender equality is an important dimension of the corporate ethics, affecting directly the decision-making process and the corporate governance at a whole, being related with: transparency, accountability, fair opportunities for human personal and professional development and, finally, economic profitability

2. Theoretical framework

2.1. Gender equality as a tool for corporate legitimacy

Gender equality is an important dimension of the corporate ethics, affecting directly the decision-making process and the corporate governance at a whole, being related with: transparency, accountability, fair opportunities for human personal and professional development and, finally, economic profitability (Commission for Justice Consumers and Gender Equality, 2018; Guijarro & Poyatos, 2018; Setó-Pamies, 2015; Windscheid, Bowes-Sperry, Jonsen & Morner, 2018).

According to the United Nations approach (United Nations, 2019) and the model defined by Nancy Fraser (Fraser, 1997), we consider gender equality as a multifactorial concept based on distinct normative principles as: anti-poverty, anti- exploitation, income equality, leisure time equality, equality of respect, anti-marginalization, anti- androcentrism, equal access to education, anti-violence, equal access to health care and equal access to economic, politic and professional power.

Following this approach, the term gender equality in this article refers to all these concepts applied to the work environment, corporate governance and companies' stakeholders impacts and management.

Gender diversity and inclusion in board of directors is of vital importance for good corporate governance (Furlotti et al., 2019), assuring responsible behaviors and strategic decision making (Michelon & Parbonetti, 2012), increasing effectiveness and performance (Rao & Tilt, 2016) and reducing the legitimacy gap thanks to a transparent and accountable information management (Mio, Venturelli & Leopizzi, 2015).

Actually, recent researches show that companies with an higher rate of female participation in the Board of Directors develop better CSR strategies and manage stakeholders' relationship in a more profitable and responsive manner (Furlotti et al., 2019; Harjoto, Laksmana & Lee, 2015) since they focus on accountability and ethical behavior (Galbreath, 2018). Recent literature states that companies with more women in the BOD are more determined on disclosing information about environmental and social impact (Kassinis, Panayiotou, Dimou & Katsifaraki, 2016; Liao, Luo & Tang, 2015).

Nevertheless, access to top corporate positions is still a big issue for the female population (Setó-Pamies, 2015) and, especially in the developing countries, women labor rights and conditions do not respect the correct standards, affecting their health, independency and opportunities to personal and professional development (Commission for Justice Consumers and Gender Equality, 2018; Plantenga, Remery, Figueiredo & Smith, 2009; United Nations, 2019).

From a corporate point of view, the lack of gender equality, besides being a management failure through all the different dimensions, it also may cause a lack of legitimacy and affect negatively the brand perception and reputation (Miotto, Polo López & Rom Rodríguez, 2019).

According to Suchman (1995), corporate legitimacy is: "a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructive system of norms, values, believes and definitions" (Suchman, 1995). Legitimacy depends on the stakeholders' perception and is grounded

From a corporate point of view, the lack of gender equality, besides being a management failure through all the different dimensions, it also may cause a lack of legitimacy and affect negatively the brand perception and reputation

on shared values and beliefs (Díez Martín, Blanco González, Cruz Suárez & Prado Román, 2014).

Corporate legitimacy depends on the capability to fulfil stakeholders' expectations, developing Corporate Social Responsible and Sustainable strategies and policies which provide companies with credibility and trust (Beddewela & Fairbrass, 2016; Deephouse & Carter, 2005; Du & Vieira, 2012; Khurana & Nohria, 2008; Lamberti & Lettieri, 2011; Luo & Bhattacharya, 2006; Palazzo & Scherer, 2006).

Legitimacy is necessary to get the vital resources to survive (Alajoutsijarvi, Juusola, & Siltaoja, 2015; Bitektine & Haack, 2015; Deephouse & Carter, 2005; Díez-Martín, Prado-Román & Blanco-González, 2013; Díez Martín, Blanco González, Cruz Suárez & Prado Román, 2014; Patriotta, Gond & Schultz, 2011; Suchman, 1995; Zimmerman & Zeitz, 2002).

Legitimacy improves firm reputation and positive reputation enhances legitimacy providing brand awareness and stakeholders' trustful perception and organization's sustainable competitive advantages based on firm's growth and future performance (Deephouse, Bundy, Tost & Suchman, 2017; Li, Chen & Ma, 2016; Rindova, Williamson, Petkova & Sever, 2005).

According to several recent researches, CSR is a fundamental tool for legitimation (Davis, 1973; Díez Martín, Blanco González, Cruz Suárez & Prado Román, 2014; Du & Vieira, 2012; Green & Peloza, 2011; Maxfield, 2008; Porter & Kramer, 2006, 2011; Simcic Brønn & Vidaver-Cohen, 2009) and, therefore, corporate social performance leads to competitive advantages (Furlotti et al., 2019; McWilliams, Siegel & Wright, 2006; Porter & Kramer, 2006), since it contributes to improve financial performances and contributes to firms' financial performance, cost and risk reduction (Orlitzky, Schmidt & Rynes, 2003).

Through sustainability reports organizations voluntary communicate their values and impacts to the economic, social and environmental sustainable development and they are an important communication and legitimation tool (Hartman et al., 2007; Kolk, 2010; Kozlowski et al., 2015). Actually, disclosing non-financial information, as socially responsible activities or environmental impacts, affects positively the market performance and may improve the relationship with stakeholders (Cucari et al., 2018). Non-financial disclosures generate more trust for investors (Del Bosco & Misani, 2016) and legitimase the corporate performance and improve stakeholders management (Michelon, Pilonato & Ricceri, 2015).

2.2. The fast fashion industry and ethical brands

Nowadays, consumers built their relationships with brands also based on ethics and shared values. Products and services quality is given for grant, and brand's election is based on the customer identification with the brand ethical values (Barile, 2009; Kotler, Hessekiel & Lee, 2012; Kotler, Kartajaya & Setiewan, 2010; Porter & Kramer, 2006; Szmigin, Carrigan & O'Loughlin, 2007).

Consumers are increasingly asking to their favorite brands to behave ethically and include ethical commitment in their positioning (Iglesias, Markovic, Singh & Sierra, 2019). Brands are facing a crisis of trust and legitimacy and public opinion often considers multinational corporations as guilty of unsustainable economic, social and environmental development (Scherer, Palazzo & Seidl, 2013).

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 134-147. ISSN: 2254-6235

CSR practices are key factors for consumers' ethical brand perceptions, positive reputation and, therefore, for corporate legitimacy, but at the same time, companies need to deal with the gap between consumers' ethical attitude and real buying decision

Brands with an higher ethical commitment, possess a stronger competitive advantage (Kotler et al., 2010, 2012; Porter & Kramer, 2006), increase customer trust (Swaen & Chumpitaz, 2008), improve financial performance (Luo & Bhattacharya, 2006) and purchase intention (Bhattacharya & Sen, 2004; Szmigin et al., 2007).

The millennial generation has high expectations regarding the brands' purpose (Amed, Berg & Kappelmark, 2017). According to Nielsen, the 73% of global consumers would change their consumption habits to reduce their impact on the environment and up to the 90% of the millennials say that they're highly willing to pay more for not polluting products Nielsen (2019).

Nevertheless, we are living in a complex environment, where consumers have ambidextrous behavior in their purchase election: they want easy access to all kind of goods, but at the same time they expect brands behaving ethically, environmental sustainably and social responsibly (Brunk, 2010; Iglesias et al., 2019). Attitudes and behaviors are often not consistent, and even if consumers declare a preference for ethical brands, afterward their buying decisions do not fit with this believes (Govind, Singh, Garg & D'Silva, 2017).

CSR practices are key factors for consumers' ethical brand perceptions (Brunk, 2012), positive reputation (Blombäck & Scandelius, 2013) and, therefore, for corporate legitimacy (Deephouse et al., 2017), but at the same time, companies need to deal with the gap between consumers' ethical attitude and real buying decision (Govind et al., 2017). Sharing information and communicating corporate positive and negative impacts creates a feeling of trust and influence positively the consumer's attitudes towards the brand (Govind et al., 2017).

In recent years, fast fashion retailers, like Zara, H&M and Mango, have transformed the fashion industry, democratizing access to fashion and providing trendy and affordable garments for everybody, imitating current luxury fashion trends but with extremely accessible prices (Joy, Sherry, Venkatesh, Wang & Chan, 2012). Sustainability and ethical concerns have begun to be relevant in the fashion industry, especially in the low cost segment (Aspers & Skov, 2006).

Fast fashion business is particularly under public opinion scrutiny, since consumers consider that this industry produces an excess of pollution and waste, boosts an exaggerated consumerism of not long-lasting goods, does not respect labor right, especially outsourcing the major part of the production in developing countries and competes fiercely with traditional small businesses (Abrahamson, 2011).

Actually this industry is ranked among the most polluting and it most of the labor-intensive part of their Supply Chain Management is outsourced in the less-developed countries (Garcia-Torres, Rey-Garcia & Albareda-Vivo, 2017). These negative perceptions affect the brands' reputation (Shahryari Nia, Olfat, Esmaili, Rostamzadeh & Antucheviciene˙, 2016). For example, Zara was recently accused to do not respect labor rights in their Argentina's factories and this information influences negatively the brand perception (Govind et al., 2017).

Therefore, fast fashion brands are implementing ambitious CSR strategies and they are communicating them through their sustainability reports, which are considered very important tool for improving positive reputation and gain legitimacy (Garcia-Torres et al., 2017).

In recent years, fast fashion retailers have transformed the fashion industry, democratizing access to fashion and providing trendy and affordable garments for everybody, imitating current luxury fashion trends but with extremely accessible prices; sustainability and ethical concerns have begun to be relevant in the fashion industry, especially in the low-cost segment

3. Methodology and data collection

The focus of interest of this paper is in the area of sustainability reporting, communication and corporate legitimacy. The main objective of this research is to explore how the most important fast fashion brands build their gender equality's storytelling in their sustainability reports and in order to gain legitimacy and manage the different stakeholders.

For this research we applied a comparative exploration based on a content analysis of the sustainability reports published by three of the most important fast fashion brands: Zara, H&M and Mango (Özlen & Handukic, 2013; Tokatli, 2008). We use a case study approach because it is suited to our objective to deeply explore the communication strategy related to gender equality of the fast fashion industry represented by these three very worldwide relevant brands (Creswell, 2003; Gummesson, 1991; Muñoz Torres, Fernández Izquierdo & Escrig Olmedo, 2013; Yin, 2003). We adopted a synchronic, qualitative and interpretative semantic content analysis based on text coding (Friese, 2011; Olabuénaga, 2012).

The sustainability reports are a voluntary tool for stakeholders' engagement and, at the same time, an instrument for sustainable and responsible management development (Lahbil & Wahabi, 2017). The analysed documents have different formats, lengths and structures. They were retrieved from the brands webpages. They all refer to the years 2017-2018.

To perform the content analysis and to systematically manage the collected data, we used the CADQAS software Atlas.ti (Abela, García-Nieto, & Pérez Corbacho, 2007; Piñuel Raigada, 2002; Silver & Lewins, 2014; Trinidad Requena, Carrero Planes & Soriano Miras, 2006; Valles, 2001).

The first step of the content analysis was encoding the content of the sustainability reports. Text encoding is necessary to reduce the large number of words included in the analysed documents in a much smaller number of categories which will be later the subject of the semantic analysis (Friese, 2011; Olabuénaga, 2012).

The framework used for the content analysis is based on the "UN 2030 Sustainable Agenda" (General Assembly of United Nations, 2015; Red Española del Pacto Mundial de Naciones Unidas, n. d.) and, specifically, the "Sustainable Development Goal 5 gender equality: achieve gender equality and empower all women and girls" (General Assembly of United Nations, 2015; United Nations, 2019).

The codes for the content analysis have been defined taking into consideration previous research on gender equality (Furlotti et al., 2019; Galbreath, 2018) and the items included in the "SDG 5" indicators (United Nations, 2019), in the "Gender-related Development Index", the "Development Index and Gender Empowerment Measure" and the "Gender Gap Index" (GGI) (Demetriades, 2007; Dijkstra & Hanmer, 2000).

Each text's quote could be assigned to more than one code, because the mentioned topic could refer to different indicators.

The effect or result variable used is the number of times which each fast fashion brand, directly or indirectly, in its sustainable report, mention a concept or topic or project related to gender equality. These results are collected in a "Codes Frequency Report". Table 1 show the collected data for the research.

Table 1
Data collection: Codes Frequency Report

	Zara (Inditex)			H&M			MANGO			Totals
	Absolute	Comparison with the other brands	Comparison with the others Gender Equality Codes	Absolute	Comparison with the other brands	Comparison with the others Gender Equality Codes	Absolute	Comparison with the other brands	Comparison with the others Gender Equality Codes	Absolute
Access to education	3	60.00%	6.38%	1	20.00%	11.11%	1	20.00%	5.88%	5
Equal oportunities for professional development	6	46.15%	12.77%	1	7.69%	11.11%	6	46.15%	35.29%	13
Female employment access	3	75.00%	6.38%	0	0.00%	0.00%	1	25.00%	5.88%	4
Salary gap information	1	20.00%	2.13%	0	0.00%	0.00%	4	80.00%	23.53%	5
Sexual arrassment protocols	6	100.00%	12.77%	0	0.00%	0.00%	0	0.00%	0.00%	6
Social Action for Women's Communities	0	0.00%	0.00%	2	50.00%	22.22%	2	50.00%	11.76%	4
Women health and working condition	14	87.50%	29.79%	0	0.00%	0.00%	2	12.50%	11.76%w	16
Women image	0	0.00%	0.00%	2	100.00%	22.22%	0	0.00%	0.00%	2
Women on Board of Directors	7	70.00%	14.89%	2	20.00%	22.22%	1	10.00%	5.88%	10
Work-life balance	7	87.50%	14.89%	1	12.50%	11.11%	0	0.00%	0.00%	8
Totals	47		100.00%	9		100.00%	17		100.00%	73

Source: author's elaboration.

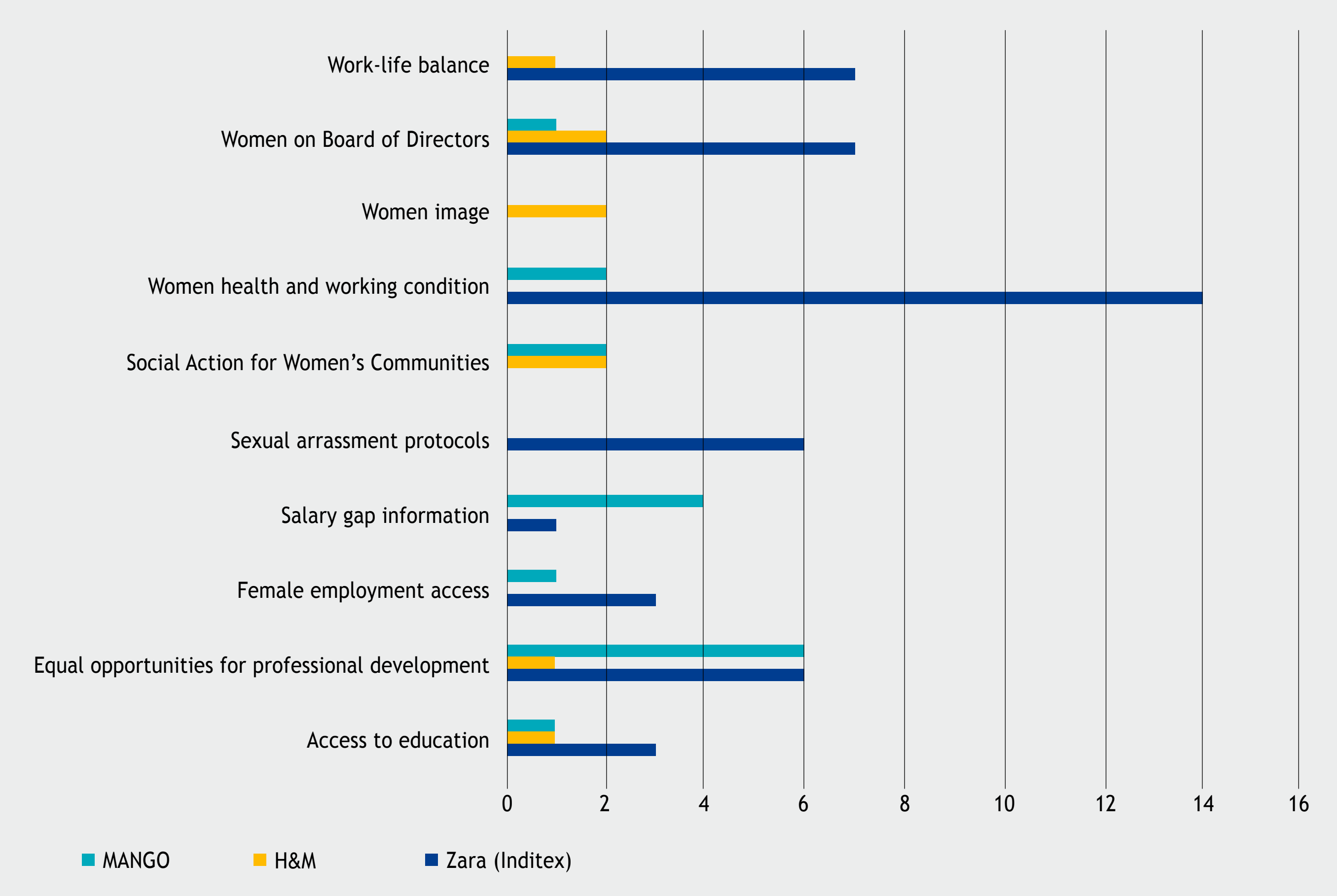
4. Results

Figure 1 shows that "gender equality" is present in all the three analysed sustainability reports storytelling, nevertheless it has a different weight and the narrative is defined by different indicators.

Zara is the brand that mention more often topics related with gender equality, followed by Mango and, lastly, by H&M. If we take into consideration the overall results, the most important topic is "Women health and working condition", followed by "Equal opportunities for professional development" and "Women on Boards of Directors".

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 134-147. ISSN: 2254-6235

Figure 1
Code frequency results



Source: author's elaboration.

At the other side, "Women image" is considered not so important and neither "Social Actions for women's communities" nor "Female Employment Access".

Considering each brand, Zara concentrates its communication mainly on topics related to "Women health and working condition", while Mango "Equal opportunities for professional development" and, H&M has a more fragmented narrative, reporting mostly information about "Women image", "Women on Boards of Directors" and "Social Actions for women's communities".

5. Conclusions and implications

The aim of this paper is to contribute and enrich the understanding of the gender equality related topics narrative for the fast fashion industry through the analysis of three case studies. Through the content analysis of the sustainability reports of three main and most paradigmatic fast fashion brands, we focus on the projects and information related to gender equality matters.

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 134-147. ISSN: 2254-6235

The main concern and the main topic for seeking legitimacy by the fast fashion analysed brands is assuring the improvement of women work conditions, labor rights, professional development opportunities and equal access to promotions and remuneration

Considering the sustainability reports as tool for corporate legitimation (Garcia-Torres et al., 2017; Hartman et al., 2007; Kolk, 2010; Kozlowski et al., 2015) we may affirm that gender equality related topics are part of the communication and legitimation strategy for the fast fashion industry. Nevertheless, we found some differences in the three analysed cases.

Zara (Inditex) focuses their communication reporting projects and information about women health and working condition. According to the theoretical framework, fast fashion industry is facing a lack of trust and a lot of criticism for the low labor conditions and scarce respect for human rights especially in the factories based in the less developing countries (Abrahamson, 2011; Garcia-Torres et al., 2017; Govind et al., 2017). Zara clearly replies to these critics (Govind et al., 2017) providing extent information about the improved labor conditions and the projects developed to preserve women health in the factories.

The majority of the academic literature related to gender equality is focused on women's inclusion into boards or executive teams (Cucari et al., 2018; Furlotti et al., 2019; Setó-Pamies, 2015), stating that a diverse and inclusive management team provide better financial results and improve intangible assets as reputation and legitimacy. The three brands provide information about the absolute number and percentage of women in their Board of Directors. Even if the vast majority of the executive team members are men, we found interesting that the brands communicate this data in a positive way, focusing the issue of lack of equality with a large set of information about new policies and project to foster equal opportunity for women professional development, salary gap decreasing and work-life balance. Mango is the most transparent brand in disclosure information about their equal salary policy.

At the other side, since the majority of the fast fashion industry workforce is formed by women, especially along the Supply Chain Management all around the world (Garcia-Torres et al., 2017; Joy et al., 2012; Özlen & Handukic, 2013), female access to employment is not a topic that brands use as a tool for legitimacy.

Analysing the results, we found surprising that the brands communicate very few projects related to women access to education since training and schooling are considered the best solutions for the gender gap closing (Miotto, Rom & Ordeix, 2017; World Economic Forum, 2018).

We also identified a missed opportunity in the brands communication and legitimacy strategy. Besides the critics for unsustainable Supply Chain Management, the fast fashion industry is accused to be not inclusive for large sizing and different female body shapes (Aagerup, 2011). Only H&M makes a brief reference about broad sizing and women body respect and inclusiveness.

Finally, we concluded that the main concern and, at the same time, the main topic for seeking legitimacy by the fast fashion analysed brands is assuring the improvement of women work conditions, labor rights, professional development opportunities and equal access to promotions and remuneration.

Following research will be conducted in order to understand the effectiveness of the legitimation strategy based on gender equality's issues and if communicating projects related with these matters improve brand legitimacy, reputation and purchase intention and action.

6. Declaration of Conflicting Interests

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

7. Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

8. References

Aagerup, U. (2011). The influence of real women in advertising on mass market fashion brand perception. *Journal of Fashion Marketing and Management: An International Journal,* 15(4), 486-502. https://doi.org/10.1108/13612021111169960

Abela, J. A., García-Nieto, A., & Pérez Corbacho, A. M. (2007). *Evolución de la teoría fundamentada como técnica de análisis cualitativo.* Madrid: Cuadernos Metodológicos.

Abrahamson, E. (2011). The Iron Cage: Ugly, Cool and Unfashionable. *Organization Studies,* (32), 615-629. https://doi.org/10.1177/0170840611405425

Alajoutsijarvi, K., Juusola, K., & Siltaoja, M. (2015). The Legitimacy Paradox of Business Schools: Losing by Gaining? *Academy of Management Learning & Education*, 14(2), 277-291. https://doi.org/10.5465/amle.2013.0106

Amed, I., Berg, A., & Kappelmark, S. (2017). *The State of Fashion 2018. The Business of Fashion and McKinsey & Company.* Retrieved from https://cdn.businessoffashion.com/reports/The_State_of_Fashion_2018_v2.pdf

Aspers, P., & Skov, L. (2006). Encounters in the Global Fashion Business. *Current Sociology,* 54(5), 802-813. https://doi.org/10.1177/0011392106066817

Barile, N. (2009). *Brand new world: il consumo delle marche come forma di rappresentazione del mondo. Linguaggi virali.* Milano: Lupetti.

Beddewela, E., & Fairbrass, J. (2016). Seeking Legitimacy Through CSR: Institutional Pressures and Corporate Responses of Multinationals in Sri Lanka. *Journal of Business Ethics,* 136(3), 503-522. https://doi.org/10.1007/s10551-014-2478-z

Bhattacharya, C. B., & Sen, S. (2004). Doing Better at Doing Good: When, Why, and How Consumers Respond to Corporate Social Initiatives. *California Management Review,* 47(1), 9-24. https://doi.org/10.2307/41166284

Bitektine, A., & Haack, P. (2015). The "Macro" and the "Micro" of Legitimacy : Toward a Multilevel Theory of the Legitimacy Process. *Academy of Management Review,* 40(1), 49-75. https://doi.org/10.5465/amr.2013.0318

Blombäck, A., & Scandelius, C. (2013). Corporate heritage in CSR communication: a means to responsible brand image? *Corporate Communications: An International Journal,* 18(3), 362-382. https://doi.org/10.1108/CCIJ-07-2012-0048

Bruggeman, P., & Chan, H. (2016). *Minding the Gap: Tapping the Potential of Women to Transform Business.* GMAC® Research Report RR-16-01. Graduate Management Admission Council. Retrieved from https://files.eric.ed.gov/fulltext/ED569970.pdf

Brunk, K. H. (2010). Exploring origins of ethical company/brand perceptions — A consumer perspective of corporate ethics. *Journal of Business Research,* 63(3), 255-262. https://doi.org/10.1016/j.jbusres.2009.03.011

Brunk, K. H. (2012). Un/ethical Company and Brand Perceptions: Conceptualising and Operationalising Consumer Meanings. *Journal of Business Ethics,* 111(4), 551-565. https://doi.org/10.1007/s10551-012-1339-x

Commission for Justice Consumers and Gender Equality (2018). *2018 report on equality between women and men in the European Union.* Retrieved from https://ec.europa.eu/newsroom/just/document.cfm?doc_id=50074

Creswell, J. W. (2003). *Research design: Qualitative, quantitative and mixed methods approaches.* London: SAGE Publications.

Cucari, N., Esposito De Falco, S., & Orlando, B. (2018). Diversity of Board of Directors and Environmental Social Governance: Evidence from Italian Listed Companies. *Corporate Social Responsibility and Environmental Management*, 25(3), 250-266. https://doi.org/10.1002/csr.1452

Davis, K. (1973). The case for and against business assumption of social responsibilities. *Academy of Management Journal* (Pre-1986), 16(2), 312-322. https://doi.org/10.5465/255331

Deephouse, D., & Carter, S. (2005). An Examination of Differences Between Organizational Legitimacy and Organizational Reputation. *Journal of Management Studies,* 6(March), 3-23. https://doi.org/10.1111/j.1467-6486.2005.00499.x

Deephouse, D. L., Bundy, J., Tost, L. P., & Suchman, M. C. (2017). Organizational Legitimacy: Six Key Questions. In R. Greenwood, C. Oliver, T. Lawrence & R. Meyer (eds.), *The SAGE Handbook of Organizational Institutionalism* (2nd ed., pp. 27-52). 1 Oliver's Yard, 55 City Road London EC1Y 1SP: SAGE Publications Ltd. https://doi.org/10.4135/9781446280669.n2

Del Bosco, B., & Misani, N. (2016). The effect of cross-listing on the environmental, social, and governance performance of firms. *Journal of World Business,* 51(6), 977-990. https://doi.org/10.1016/j.jwb.2016.08.002

Demetriades, J. (2007). *Gender Indicators: What, Why and How?* Retrieved from http://www.oecd.org/dac/gender-development/43041409.pdf

Díez Martín, F., Blanco González, A., Cruz Suárez, A., & Prado Román, C. (2014). Efecto de la Responsabilidad Social Empresarial sobre la Legitimidad de las Empresas. *Anuario Jurídico y Económico Esculiarense,* XLVII, 325-348.

Díez-Martín, F., Prado-Román, C., & Blanco-González, A. (2013). Beyond legitimacy: legitimacy types and organizational success. *Management Decision,* 51(10), 1954-1969. https://doi.org/10.1108/MD-08-2012-0561

Dijkstra, A. G., & Hanmer, L. C. (2000). Measuring Socio-Economic GENDER Inequality: Toward an Alternative to the UNDP Gender-Related Development Index. *Feminist Economics,* 6(2), 41-75. https://doi.org/10.1080/13545700050076106

Du, S., & Vieira, E. T. (2012). Striving for Legitimacy Through Corporate Social Responsibility: Insights from Oil Companies. *Journal of Business Ethics,* 110(4), 413-427. https://doi.org/10.1007/s10551-012-1490-4

Fraser, N. (1997). After the Family Wage: a Postindustrial Thought Experiment. In B. Hobson & A. M. Berggren (eds.), *Crossing Boarder. Gender and Citizenship in Transition* (pp. 21-55). Stockolm: Swedish Council for Planning and Coordination of Research.

Friese, S. (2011). Using ATLAS.ti for Analyzing the Financial Crisis Data 1. Introduction and Underlying Assumptions. *Forum: Qualitative Social Research,* 12(1), 1-24.

Furlotti, K., Mazza, T., Tibiletti, V., & Triani, S. (2019). Women in top positions on boards of directors: Gender policies disclosed in Italian sustainability reporting. *Corporate Social Responsibility and Environmental Management, 26*(1), 57-70. https://doi.org/10.1002/csr.1657

Galbreath, J. (2018). Is Board Gender Diversity Linked to Financial Performance? The Mediating Mechanism of CSR. *Business & Society,* 57(5), 863-889. https://doi.org/10.1177/0007650316647967

Garcia-Torres, S., Rey-Garcia, M., & Albareda-Vivo, L. (2017). Effective disclosure in the fast-fashion industry: From sustainability reporting to action. *Sustainability,* 9(12), 2256. https://doi.org/10.3390/su9122256

General Assembly of United Nations (2015). Transforming our world: the 2030 Agenda for Sustainable Development. In *Resolution adopted by the General Assembly on 25 September 2015*. New York. Retrieved from https://sustainabledevelopment.un.org/post2015/transformingourworld

Govind, R., Singh, J. J., Garg, N., & D'Silva, S. (2017). Not Walking the Walk: How Dual Attitudes Influence Behavioral Outcomes in Ethical Consumption. *Journal of Business Ethics,* 155(4), 1-20. https://doi.org/10.1007/s10551-017-3545-z

Green, T., & Peloza, J. (2011). How does corporate social responsibility create value for consumers? *The Journal of Consumer Marketing,* 28(1), 48-56. https://doi.org/10.1108/07363761111101949

Guijarro, F., & Poyatos, J. A. (2018). Designing a sustainable development goal index through a goal programming model: The case of EU-28 countries. *Sustainability,* 10(9), 1-17. https://doi.org/10.3390/su10093167

Gummesson, E. (1991). *Qualitative Methods in Management Research.* Newbury Park: SAGE Publications Ltd.

Harjoto, M., Laksmana, I., & Lee, R. (2015). Board Diversity and Corporate Social Responsibility. *Journal of Business Ethics,* 132(4), 641-660. https://doi.org/10.1007/s10551-014-2343-0

Hartman, L. P., Rubin, R. S., & Dhanda, K. K. (2007). The communication of corporate social responsibility: United States and European Union multinational corporations. *Journal of Business Ethics,* 74(4), 373-389. https://doi.org/10.1007/s10551-007-9513-2

Iglesias, O., Markovic, S., Singh, J. J., & Sierra, V. (2019). Do Customer Perceptions of Corporate Services Brand Ethicality Improve Brand Equity? Considering the Roles of Brand Heritage, Brand Image, and Recognition Benefits. *Journal of Business Ethics,* 154(2), 441-459. https://doi.org/10.1007/s10551-017-3455-0

Joy, A., Sherry, J. F., Venkatesh, A., Wang, J., & Chan, R. (2012). Fast Fashion, Sustainability, and the Ethical Appeal of Luxury Brands. *Fashion Theory,* 16(3), 273-295. https://doi.org/10.2752/175174112X13340749707123

Kassinis, G., Panayiotou, A., Dimou, A., & Katsifaraki, G. (2016). Gender and Environmental Sustainability: A Longitudinal Analysis. *Corporate Social Responsibility and Environmental Management*, 23(6), 399-412. https://doi.org/10.1002/csr.1386

Khurana, R., & Nohria, N. (2008). It's Time to Make Management a True Profession. *Harvard Business Review,* 86(10), 70-77.

Kolk, A. (2010). Trajectories of Sustainability Reporting by MNCs. *Journal of World Business,* 45(4), 367-374. https://doi.org/10.1016/j.jwb.2009.08.001

Kotler, P., Hessekiel, D., & Lee, N. (2012). *Good Works!: Marketing and Corporate Initiatives that Build a Better World... and the Bottom Line.* Hoboken, NJ, USA: John Wiley & Sons. https://doi.org/10.1002/9781119205210

Kotler, P., Kartajaya, H., & Setiewan, I. (2010). *Marketing 3.0.* New Jersey: John Wiley and Sons, Inc. https://doi.org/10.1002/9781118257883

Kozlowski, A., Searcy, C., & Bardecki, M. (2015). Corporate sustainability reporting in the apparel industry. *International Journal of Productivity and Performance Management,* 64(3), 377-397. https://doi.org/10.1108/IJPPM-10-2014-0152

Lahbil, R., & Wahabi, R. (2017). Reporting Corporate Social Responsibility: At the pursuit of Legitimacy – A Literature Review. *Eurasian Journal of Business and Management,* 5(3), 68-81. https://doi.org/10.15604/ejbm.2017.05.03.007

Lamberti, L., & Lettieri, E. (2011). Gaining legitimacy in converging industries: Evidence from the emerging market of functional food. *European Management Journal,* 29(6), 462-475. https://doi.org/10.1016/j.emj.2011.08.002

Li, H. G., Chen, Z. W., & Ma, G. X. (2016). Corporate Reputation and Performance: A Legitimacy Perspective. *Entrepreneurial Business and Economics Review,* 4(43), 181-193. https://doi.org/10.15678/EBER.2016.040313

Liao, L., Luo, L., & Tang, Q. (2015). Gender diversity, board independence, environmental committee and greenhouse gas disclosure. *The British Accounting Review*, 47(4), 409-424. https://doi.org/10.1016/j.bar.2014.01.002

Luo, X., & Bhattacharya, C. B. (2006). Corporate Social Responsibility , Customer and Satisfaction, and Market Value. *Journal of Marketing,* 70(4), 1-18. https://doi.org/10.1509/jmkg.70.4.001

Maxfield, S. (2008). Reconciling Corporate Citizenship and Competitive Strategy: Insights from Economic Theory. *Journal of Business Ethics,* 80(2), 367-377. https://doi.org/10.1007/s10551-007-9425-1

McWilliams, A., Siegel, D. S., & Wright, P. M. (2006). Guest Editors' Introduction. Corporate Social Responsibility : Strategic Implications. *Journal of Management Studies,* 43(1), 1-18. https://doi.org/10.1111/j.1467-6486.2006.00580.x

Michelon, G., & Parbonetti, A. (2012). The effect of corporate governance on sustainability disclosure. *Journal of Management & Governance,* 16(3), 477-509. https://doi.org/10.1007/s10997-010-9160-3

Michelon, G., Pilonato, S., & Ricceri, F. (2015). CSR reporting practices and the quality of disclosure: An empirical analysis. *Critical Perspectives on Accounting,* 33(3), 59-78. https://doi.org/10.1016/j.cpa.2014.10.003

Mio, C., Venturelli, A., & Leopizzi, R. (2015). Management by objectives and corporate social responsibility disclosure. *Accounting, Auditing & Accountability Journal,* 28(3), 325-364. https://doi.org/10.1108/AAAJ-09-2013-1480

Miotto, G., Polo López, M., & Rom Rodríguez, J. (2019). Gender Equality and UN Sustainable Development Goals: Priorities and Correlations in the Top Business Schools' Communication and Legitimation Strategies. *Sustainability,* 11(2), 302. https://doi.org/10.3390/su11020302

Miotto, G., Rom, J., & Ordeix, E. (2017). The UN Sustainable Development Goals as Codes of Analysis of the Top Business Schools' Sustainability Reports. In *The International Academy of Business Disciplines, 29th Annual Conference.* New Orleans: IABD.

Muñoz Torres, M. J., Fernández Izquierdo, M. A., & Escrig Olmedo, E. (2013). Responsabilidad social corporativa e internacionalización bancaria: el caso de la banca española en Argentina, Brasil y Chile. *Harvard Deusto Business Research,* II(2), 143-164. https://doi.org/10.3926/hdbr.18

Nielsen (2019). *Was 2018 the Year of the Influential Sustainable Consumer?* Retrieved from https://www.nielsen.com/us/en/insights/article/2018/was-2018-the-year-of-the-influential-sustainable-consumer/

Olabuénaga, J. I. R. (2012). *Metodología de la investigación* (5th ed.). Bilbao: Universidad de Deusto.

Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate Social and Financial Performance: A Meta-analysis. *Organization Studies,* 24(3), 403-441. https://doi.org/10.1177/0170840603024003910

Özlen, M. K., & Handukic, I. (2013). Fashion Industry Supply Chain Issues: Zara (Azel France). *European Researcher,* 47(4-3), 999-1008.

Palazzo, G., & Scherer, A. G. (2006). Corporate Legitimacy as Deliberation: A Communicative Framework. *Journal of Business Ethics,* 66(1), 71-88. https://doi.org/10.1007/s10551-006-9044-2

Patriotta, G., Gond, J.-P., & Schultz, F. (2011). Maintaining legitimacy: Controversies, orders of worth, and public justifications. *Journal of Management Studies,* 48(8), 1804-1836. https://doi.org/10.1111/j.1467-6486.2010.00990.x

Piñuel Raigada, J. L. (2002). Epistemología , metodología y técnicas del análisis de contenido. *Estudios de Sociolingüística,* 3(1), 1-42.

Plantenga, J., Remery, C., Figueiredo, H., & Smith, M. (2009). Towards a European Union Gender Equality Index. *Journal of European Social Policy,* 19(1), 19-33. https://doi.org/10.1177/0958928708098521

Porter, M. E., & Kramer, M. R. (2006). Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review,* 84(12), 78-92.

Porter, M. E., & Kramer, M. R. (2011). Creating shared value. *Harvard Business Review,* 89(1-2), 1-17.

Rao, K., & Tilt, C. (2016). Board Composition and Corporate Social Responsibility: The Role of Diversity, Gender, Strategy and Decision Making. *Journal of Business Ethics,* 138(2), 327-347. https://doi.org/10.1007/s10551-015-2613-5

Red Española del Pacto Mundial de Naciones Unidas (n. d.). *Agenda 2030.*

Rindova, V., Williamson, I. O., Petkova, A. P., & Sever, J. M. (2005). Being Good or Being Known: An Empirical Examination of the Dimensions, Antecedents, and Consequences of Organizational Reputation. *Academy of Management Journal,* 48(6), 1033-1049. https://doi.org/10.5465/amj.2005.19573108

Scherer, A. G., Palazzo, G., & Seidl, D. (2013). Managing Legitimacy in Complex and Heterogeneous Environments: Sustainable Development in a Globalized World. *Journal of Management Studies,* 50(2), 259-284. https://doi.org/10.1111/joms.12014

Schwab, K., Smans, R., Zahidi, S., Leopold, T. A., Ratcheva, V., Haussman, R., & Tyson, L. D. (2017). *Insight Report: The Global Gender Gap Report 2017.* Retrieved from http://www3.weforum.org/docs/WEF_GGGR_2017.pdf

Setó-Pamies, D. (2015). The Relationship between Women Directors and Corporate Social Responsibility. *Corporate Social Responsibility and Environmental Management,* 22(6), 334-345. https://doi.org/10.1002/csr.1349

Shahryari Nia, A., Olfat, L., Esmaili, A., Rostamzadeh, R., & Antuchevicienė, J. (2016). Using fuzzy choquet integral operator for supplier selection with environmental considerations. *Journal of Business Economics and Management,* 17(4), 503-526. https://doi.org/10.3846/16111699.2016.1194315

Silver, C., & Lewins, A. (2014). *Using Software in Qualitative Research a step by step guide*. London: SAGE Publications Ltd. https://doi.org/10.4135/9781473906907

Simcic Brønn, P., & Vidaver-Cohen, D. (2009). Corporate motives for social initiative: Legitimacy, sustainability, or the bottom line? *Journal of Business Ethics,* 87(SUPPL. 1), 91-109. https://doi.org/10.1007/s10551-008-9795-z

Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *Academy of Management Review,* 20(3), 571-610. https://doi.org/10.5465/amr.1995.9508080331

Swaen, V., & Chumpitaz, R. C. (2008). Impact of Corporate Social Responsibility on Consumer Trust. *Recherche et Applications en Marketing* (English Edition), 23(4), 7-34. https://doi.org/10.1177/205157070802300402

Szmigin, I., Carrigan, M., & O'Loughlin, D. (2007). Integrating ethical brands into our consumption lives. *Journal of Brand Management,* 14(5), 396-409. https://doi.org/10.1057/palgrave.bm.2550084

Tokatli, N. (2008). Global sourcing: Insights from the global clothing industry – The case of Zara, a fast fashion retailer. *Journal of Economic Geography,* 8(1), 21-38. https://doi.org/10.1093/jeg/lbm035

Trinidad Requena, A., Carrero Planes, V., & Soriano Miras, R. M. (2006). *Teoría fundamentada «Grounded Theory». La construcción de la teoría a través del análisis interpretacional.* Madrid: Cuadernos Metodológicos.

United Nations (2019). *Sustainable Development Goal 5: Achieve gender equality and empower all women and girls.* Retrieved from https://sustainabledevelopment.un.org/sdg5

Valles, M. S. (2001). Ventajas y desafíos del uso de programas informáticos (e.g. ATLAS.ti y MAXqda) en el análisis cualitativo. Una reflexión metodológica desde la grounded theory y el contexto de la investigación social española. *Seminario sobre Investigación Avanzada Cualitativa Asistida por Ordenador;* Gradada, November 22-23. *Documentos de Trabajo Serie Sociología* (S2001/05), Fundación Centro de Estudios Andaluces, 2002.

Windscheid, L., Bowes-Sperry, L., Jonsen, K., & Morner, M. (2018). Managing Organizational Gender Diversity Images: A Content Analysis of German Corporate Websites. *Journal of Business Ethics,* 152(4), 997-1013. https://doi.org/10.1007/s10551-016-3292-6

World Economic Forum (2018). *The Global Gender Gap Report 2018*. World Economic Forum. Retrieved from http://www3.weforum.org/docs/WEF_GGGR_2018.pdf

Yin, R. K. (2003). *Case study research: Design and methods* (3rd ed.). Thousand Oaks. Retrieved from SAGE.

Zimmerman, M. A., & Zeitz, G. J. (2002). Beyond survival: Achieving new venture growth by building legitimacy. *Academy of Management Review, 27*(3), 414-431. https://doi.org/10.5465/amr.2002.7389921

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 134-147. ISSN: 2254-6235

https://doi.org/10.3926/hdbr.245

The Relationship between Image and Legitimacy in the Spanish Public University

Cristina Del-Castillo-Feito
Lecturer. University of Vigo and Rey Juan Carlos University. Spain. ORCID: 0000-0002-7903-1365.

Encarnación González-Vázquez
Professor. University of Vigo. Spain. ORCID: 0000-0002-3447-4875.

Jaime Gil Lafuente
Associate Professor. University of Barcelona. Spain. ORCID: 0000-0002-4003-2870.

cristina.delcastillo@urjc.es, egzlez@uvigo.es, j.gil@ub.edu

Received: February, 2018.
Accepted: January, 2019.
Published: July, 2019.

Abstract
The correct management of intangible assets such as image and legitimacy can be crucial for the survival and success of organizations given the current competitive landscape. These variables have been analyzed in the literature due to their importance. However, additional research is still needed in order to clarify the way in which they are related. Spanish public universities operate in a complex environment, competing for economic resources from the government as well as for talented students, prestigious professors and competent employees at the national and international level. The aim of this paper is to analyze the relationship between image and legitimacy in the higher education context. For this purpose, a review of the literature regarding image and legitimacy will be carried out, followed by an analysis of the results obtained through a survey distributed to a variety of universities' stakeholders (students, professors, administrative personnel, alumni and managers). To analyze the data, PLS SEM was used. The results confirm the proposed hypothesis regarding the influence that image has on legitimacy.

Keywords
Image, legitimacy, higher education, universities, stakeholders.

How to cite this article
Del-Castillo-Feito, C., González-Vázquez, E., & Gil Lafuente, J. (2019). The Relationship between Image and Legitimacy in the Spanish Public University. *Harvard Deusto Business Research,* VIII(2), Special Issue, 148-162. https://doi.org/10.3926/hdbr.245

Competition has increased in the higher education sector, motivating the need for intangible asset management

1. Introduction

The higher education sector has been experimenting with relevant changes over the last decades. Universities operate in highly competitive markets (Lafuente-Ruiz-de-Sabando, Zorrilla & Forcada, 2017), where attracting resources has become a complicated task. Globalization has expanded the pressure and competition to international levels since universities need to compete globally to attract talented students, prestigious professors and employees (Altbach, Reisberg & Rumbley, 2010; Christensen & Gornitzka, 2017; Hemsley-Brown, Melewar, Nguyen & Wilson, 2016; Plewa, Ho, Conduit & Karpen, 2016; Verčič, Verčič & Žnidar, 2016). Furthermore, despite existing criticisms (Barron, 2017), stakeholder' expectations regarding universities' rankings are increasing, augmenting the pressure in the sector.

In addition, the decrease in government funding has motivated an increase in private institutions, which has resulted in a loss of students attending public universities in favor of private ones (Lafuente-Ruiz-de-Sabando et al., 2017). Under these circumstances, Spanish Public Universities are facing a complicated situation in the higher education sector.

Image and legitimacy are considered to be relevant variables for organizations' survival and success (Gray & Balmer, 1998; Suchman, 1995; Andreassen & Lindestad, 1998; Zimmerman & Zeitz, 2002). Scholars have shown in their research that legitimacy increases organizations' access to resources (Czinkota, Kaufmann & Basile, 2014) and that stakeholders are willing to engage with legitimated institutions. Moreover, having a positive image improves the loyalty and satisfaction level of stakeholders (Andreassen & Lindestad, 1998) as well as the overall perception of the organization. Despite the clear relevance that both variables can provide organizations, the interaction between image and legitimacy has yet to be fully elucidated; therefore, further research on this matter remains important.

Under these circumstances, the aim of this paper is to analyze the existing relationship between legitimacy and image as well as the importance of both constructs in Spanish Public Universities. This evaluation will be made considering different stakeholders (students, alumni, professors, support personnel and managers), since the literature has shown that each stakeholder group can have different perceptions and experiences towards the same organization.

To meet this objective, a review on the literature on image and legitimacy as well as on their differences and relationships will be carried out in the higher education sector, followed by an empirical analysis using survey data distributed among Spanish Public Universities. Finally, the main conclusions, limitations and future lines of research will be presented.

2. Theoretical framework

2.1. Image in the Higher Education Sector

Corporate image is classified as a crucial resource for organizations (Gray & Balmer, 1998). When evaluating an organization, corporate image represents a sign of quality and has the ability to affect the degree of stakeholders' loyalty (Andreassen & Lindestad, 1998; Fornell, Rust & Dekimpe, 2010; Tran, Nguyen, Melewar & Bodoh, 2015). A strong corporate image can help an entity to differentiate itself from its competitors through the development of competitive advantages, which can improve its position in the market (Melewar & Karaosmanoglu, 2006).

Universities are assigning more resources to manage their image and improve their relationship with their stakeholders

The higher education sector has been experimenting with important changes over recent decades. Increases in demand have motivated the expansion of the supply in terms of the number and variety of offers (Maringe, 2009). Globalization has expanded this competition to international levels (Altbach et al., 2010). Furthermore, the existing competitive scenario has also increased the pressure for higher education institutions to hold high a position in rankings, since stakeholders consider these positions to be relevant factors when they decide with which university to engage (Barron, 2017).

Higher education institutions have understood the importance of managing intangible assets, such as image, to differentiate themselves from competitors and to improve their relationship with their stakeholders (Alves & Raposo, 2010; Nguyen & LeBlanc, 2001). Universities are assigning more resources to manage their image and improve it in their stakeholders' eyes (Curtis, Abratt & Minor, 2009), since in the higher education sector, intangible perceptions may be more relevant than measurable outcomes to stakeholders.

Despite the relevance that holding a positive image has for higher education institutions, there is still a lack of empirical research for understanding to a deeper degree which elements and strategies might be crucial for managing it in an efficient manner (Aghaz, Hashemi & Sharifi Atashgah, 2015; Duarte, Alves & Raposo, 2010; Wilkins & Huisman, 2015).

Image is considered to be a multidimensional and formative construct in the higher education context (Lafuente-Ruiz-de-Sabando et al., 2017). Higher education image formation can vary between different stakeholder groups (Arpan, Raney & Zivnuska, 2003), since they are affected by different stimuli and have different interests in the organization. Therefore, analyzing different audiences' perceptions and identifying these differences is an interesting aspect to examine (Aghaz et al., 2015).

2.2. Legitimacy in the Higher Education Sector

Legitimacy is a crucial factor for the survival and success of organizations (Suchman, 1995; Zimmerman & Zeitz, 2002). Legitimate organizations are able to pursue their activities without being questioned and can avoid challenges from society (Meyer & Rowan, 1977).

Organizations that are perceived as legitimate are in a better position to compete for resources and have unrestricted access to markets (Suchman, 1995). Deephouse, Bundy, Tost and Suchman (2017) viewed legitimacy as an important factor because it has a defined effect on organizations' social and economic exchanges. Most stakeholders are willing to engage only with legitimate organizations and will avoid maintaining relationships with those that are questioned by the social system (Deephouse et al., 2017). Therefore, organizations seeking continuity and success in the market need to prove their viability and legitimacy to receive support from stakeholders.

Higher education institutions have faced numerous challenges over the last few decades in terms of a decrease in government funding, globalization (Altbach, 2013; Burnett & Huisman, 2010; Dodds, 2008), an increase in international competitiveness, as well as a greater demand for quality and effectiveness in the opportunities provided by universities (Stensaker & Norgård, 2001). These institutions have had to experiment with relevant changes in order to respond to several threats such as changes in governance, the academic profession, quality, innovations as well as internationalization (Altbach et al., 2010).

Universities are facing pressure from stakeholders and their environments to adopt certain structures and follow specific procedures in order to be considered legitimate and thus survive

Higher education institutions need to renovate their legitimacy since their behavior has been questioned lately by stakeholders

and succeed in the market (Stensaker & Norgård, 2001). This adjustment remains a complex matter for higher education institutions, since external demands require adopting specific standards within the higher education "industry" while at the same time offering relevant innovations.

The current situation faced by higher education institutions whereby the sector has been affected by marketization (Fairclough, 1993) and its reconfiguration has been viewed by groups in the academic field as controversial, yet they understand that these institutions need to promote their legitimacy to gain the right to exist (Rodriguez-Pomeda & Casani, 2016).

Moreover, some authors have considered that higher education institutions and, more specifically, business schools have been developing actions that harm their identity and legitimacy since they have been straying from their original mission of serving the public good (Bennis & O'Toole, 2005; Khurana & Nohria, 2008). Due to this behavior, they have raised questions about their legitimacy and whether their actions and activities continue to be acceptable and desirable within the social system (Suchman, 1995).

Despite the relevance of legitimacy for higher education institutions, few empirical papers exist within the literature. In fact, most of the research on measuring legitimacy in the higher education field appears to be related to specific practices more so than to institutions, apart from the work developed by Alajoutsijärvi, Juusola and Siltaoja (2015), Farrugia and Lane (2013) and Rodriguez-Pomeda and Casani (2016) among others. Therefore, additional research is still needed.

2.3. Relationships and differences between image and legitimacy

The relevance of intangible assets such as image and legitimacy for organizations, due to the highly competitive environments in which they operate, have been highlighted in the literature. However, a lack of clarity still exists in defining the differences and relationship between these variables. Despite their relevance, there has not been enough empirical research identifying whether there is a clear relationship between the two. It is clear that, within some of the common traits between image and legitimacy, the benefits that they provide to those organizations holding positive levels of both variables as well as the consideration of stakeholders' perceptions for their formation can be highlighted (Foreman, Whetten & Mackey, 2012).

Some authors such as Tran et al. (2015) have defined image as the execution of corporate strategy aimed at stimulating and establishing a positive corporate image, which is obtained by delivering ethically and socially acceptable outcomes. Based on this definition of the concept, a relationship between legitimacy and image can be identified, since image is achieved by the delivery of ethically and socially acceptable outcomes, which is similar to the definition of legitimacy provided by Suchman (1995).

In the research developed by MacLean and Behnam (2010), they analyzed the relationship between the compliance programs developed by the company Acme and legitimacy perceptions. They showed how Acme's compliance program was able to project an acceptable and appropriate image for external stakeholders, which allowed Acme to maintain organizational legitimacy. Therefore, this empirical research supports the effect that image has on legitimacy. Metzler (2001) tried to analyze the effect that repair image campaigns have had on the legitimacy of tobacco company Philip Morris. They viewed organizational legitimacy and image repair as complementary theories, since both focus on issues of understanding and addressing norms, values and concerns of the organizational public to succeed and survive. The objective pursued by Philip Morris' image repair campaign was to show stakeholders the

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 148-162. ISSN: 2254-6235

Lack of clarity still exists in defining the differences and relationships between image and legitimacy. Thus, further research is needed

positive aspects and good corporate character of the organization, since providing benefits to society is a crucial aspect of legitimacy. In this empirical research, the author suggested that image repair can be viewed as a correct response to the legitimacy challenges that organizations face. Under these circumstances, it can be said that an improvement in an organization's image can have a positive impact on its legitimacy as well.

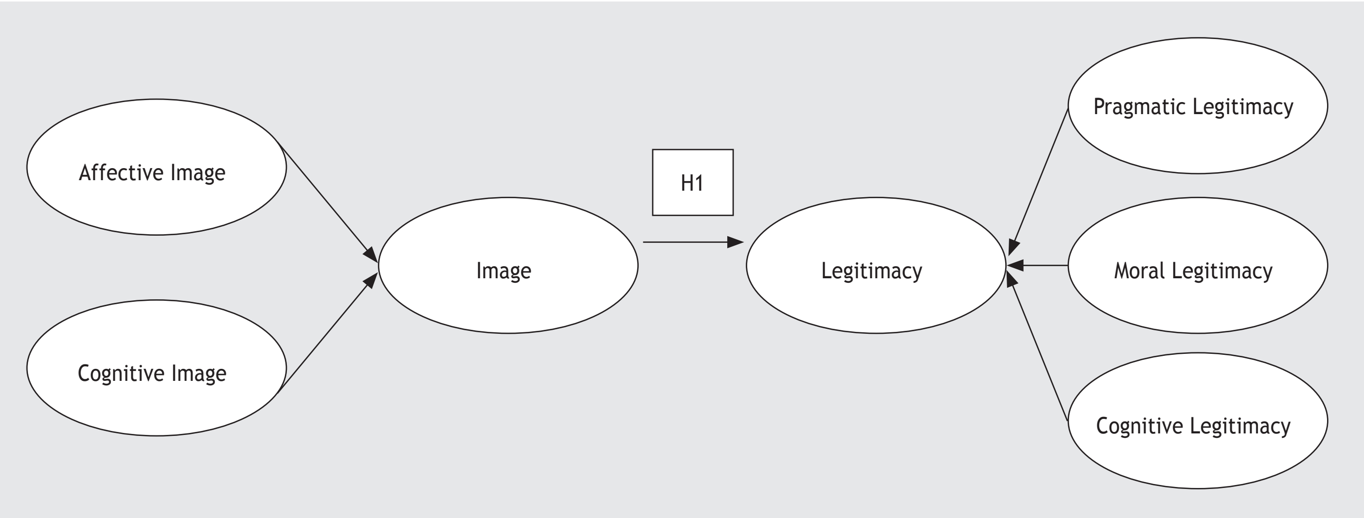
Furthermore, Rao (1994) established a relationship between image, reputation and legitimacy in his research. Following this approach and due to the bidirectional relationships between image and reputation and between legitimacy and reputation, it can be assumed that a relationship between legitimacy and image exists through these variables' relationship with reputation. If image affects reputation (Bromley, 1993; Fombrun & Van Riel, 1997; Fombrun & Shanley, 1990; Gray & Balmer, 1998; Tran et al., 2015) and reputation has an effect on legitimacy (Czinkota et al., 2014; Deephouse & Suchman, 2008; Rindova, Williamson, Petkova & Sever, 2005), it can be argued that an organization's image will have an impact on its legitimacy. On the other hand, if legitimacy affects reputation (Bansal & Roth, 2000; Czinkota et al., 2014; Deephouse & Suchman, 2008; Doh, Howton, Howton & Siegel, 2010; Fan, 2005; Rao, 1994; Reimann, Ehrgott, Kaufmann & Carter, 2012; Thomas, 2007) and image is influenced by reputation (Harvey, Morris & Müller Santos, 2017; Nguyen & LeBlanc, 2001; Zineldin, Akdag & Vasicheva, 2011), it is possible to consider an existing effect of an institution's legitimacy on its image.

Under these circumstances and considering the previous mentioned arguments, the following hypothesis is established for the Spanish Public Universities' context:

> Hypothesis 1: Universities with a better image will have a higher legitimacy.

Figure 1 shows the model to be tested as well as the established hypothesis for this chapter.

Figure 1
Proposed model and hypothesis



A Spanish Public University was selected as the sampling site, where online surveys were distributed to different university stakeholders

3. Sample and methodology

3.1. Research setting

The selected research setting was within the Spanish Public Universities, since, as is apparent in other countries, these institutions need to identify the best manner of managing their intangible assets, such as image and legitimacy, to improve their situation in their sector. Within the Spanish Public Universities, Rey Juan Carlos University of Madrid was chosen to develop the analysis of this paper, such that information from different stakeholders (professors, current students and alumni, administrative personnel and managers) was gathered. Rey Juan Carlos University is a Public University that was founded 20 years ago and currently has 38,085 students and 1,543 professors.

3.2. Data collection

To collect data for this research paper, a questionnaire was developed. In an initial stage, a pretest was developed with 300 online students to verify the scale that was used and to adapt the survey questions if necessary. After analyzing the results of the pretest, several questions were changed, and a number of questions were taken out of the final version of the survey. In the final stage, a total of 844 effective surveys were answered, of which were 73% were completed by students, 0.6% by alumni, 16% by professors, 0.3% by administrative personnel and 0.1% by managers.

3.3. Measurement

All constructs were measured using items adapted from existing scales and were scored using an 11-point Likert scale, with 0 indicating "strongly disagree" and 10 "strongly agree." The items used to measure legitimacy across three dimensions were taken from Suchman's (1995) definitions and adapted from the research developed by Thomas (2005), Chung, Berger and DeCoster (2016), and Chaney, Lunardo and Bressolles (2016). The items and dimensions used to measure image were taken from Beerli Palacio, Díaz Meneses and Pérez (2002). Figure 2 presents the measurement model.

Figure 2
Measurement model

Factor	Item	Description
Pragmatic Legitimacy	LEGP1	My university offers me personal benefit
	LEGP2	It helps me to grow
	LEGP3	My university satisfies my needs
Moral Legitimacy	LEGM1	My university follows the law
	LEGM2	It behaves in an honest manner
	LEGM3	It is socially responsible
Cognitive Legitimacy	LEGCOG1	I know the activities in which my university is involved
	LEGCOG2	I consider these activities and actions to be performed in the best possible manner
	LEGCOG3	My university is well-managed
Cognitive Image	IMAGCOG1	My university has good facilities
	IMAGCOG2	It offers a good range of courses
	IMAGCOG3	It is orientated and concerned with its stakeholders' interests
	IMAGCOG4	It is a prestigious university
Affective Image	IMAF1	My university is pleasant
	IMAF2	It is stimulating
	IMAF3	It is dynamic

Source: Own elaboration based on the research of Beerli Palacio et al. (2002), Suchman (1995), Thomas (2005), Chung et al. (2016), Chaney et al. (2016).

The descriptive analysis shows that the stakeholders evaluated their university's legitimacy and image as 5,66 and 6,22, respectively, on a scale of 0 to 10

4. Data analysis and results

4.1. Descriptive analysis

First, in order to understand the values of the variables representing image and legitimacy for the sample, a descriptive analysis was carried out. Figure 3 presents the results of this descriptive analysis, showing the means and standard deviations for the different factors as well as their corresponding items based on the results of the survey.

As indicated in Figure 3, the average value for legitimacy is 5.66 and 6.22 for image. Among the averages for the three different dimensions of legitimacy, it appears that the moral legitimacy represents the lowest values, while the pragmatic dimension represents the highest numbers. In the case of image, both the affective and cognitive dimension present similar values. However, the affective one is slightly higher.

Figure 3
Descriptive analysis

Factor	Item	Mean	Standard deviation	Average factor value
Pragmatic Legitimacy	LEGP1	6.604	2.580	6.463
	LEGP2	6.595	2.623	
	LEGP3	6.190	2.577	
Moral Legitimacy	LEGM1	4.822	3.370	4.972
	LEGM2	4.501	3.297	
	LEGM3	5.592	2.995	
Cognitive Legitimacy	LEGCOG1	5.880	2.637	5.544
	LEGCOG2	5.858	2.637	
	LEGCOG3	4.895	3.009	
LEGITIMACY				**5.660**
Cognitive Image	IMAGCOG1	7.172	2.018	6.176
	IMAGCOG2	7.358	2.066	
	IMAGCOG3	5.533	2.861	
	IMAGCOG4	4.641	2.748	
Affective Image	IMAF1	6.991	2.179	6.266
	IMAF2	5.732	2.688	
	IMAF3	6.074	2.560	
IMAGE				**6.221**

4.2. Reliability and validity evaluation

To analyze the established hypothesis and relationships, structural equation modeling was applied using SmartPLS, system version 3. This technique was chosen because it is a powerful method of analysis (Chin, Marcolin & Newsted, 2003) that presents some advantages for carrying out the specified research (Hair, Sarstedt, Hopkins & Kuppelwieser, 2014).

The first step in managing the data was to verify the reliability and validity of the proposed model shown in Figure 1. In Figure 4, the information regarding the model's reliability and validity is presented.

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 148-162. ISSN: 2254-6235

The proposed hypothesis was confirmed, showing a positive and significant relationship between image and legitimacy

For legitimacy's reflective items, all Cronbach's alphas surpassed the recommended level of 0.70 (Cronbach, 1951; Nunnally & Bernstein, 1994). A composite reliability over 0.60 can be considered appropriate (Bagozzi & Yi, 1988). Therefore, all items are within this scope, since they all appear to be greater than this value. In addition, the average variance extracted (AVE) was calculated, and all values were greater than 0.50, which is considered acceptable (Fornell & Larcker, 1981). Furthermore, in Figure 4, the standardized loadings for the reflective items are presented as well as their significance level ($p<0.01$), which shows that they were meaningfully linked to their respective dimensions and constructs. In Figure 5, aspects related to discriminant validity are presented. The HTMT ratio method, recently proposed by Henseler, Ringle and Sarstedt (2015), was also applied to assess discriminant validity. Since every ratio was lower than 0.85 (Clark & Watson, 1995), no problems appear in the model.

For the formative constructs, image and legitimacy's second-order items, the collinearity (VIF) values are presented, showing that every item had an appropriate level of VIF<5 (Hair, Ringle & Sarstedt, 2011). In addition, the standardized weights are shown in Figure 4 as well as their significance levels ($p<0.01$), showing that all formative values were significantly associated with their dimension or second-order construct.

Figure 4
Measurement model reliability and validity

Factor	Item	Weights/ loadings	t-value	VIF	CA	CR	AVE
Pragmatic Legitimacy	LEGP1	0.934	110.990		0.929	0.955	0.875
	LEGP2	0.945	128.745				
	LEGP3	0.927	111.702				
Moral Legitimacy	LEGM1	0.944	157.516		0.927	0.954	0.873
	LEGM2	0.960	280.667				
	LEGM3	0.898	99.701				
Cognitive Legitimacy	LEGCOG1	0.822	43.927		0.839	0.903	0.756
	LEGCOG2	0.922	141.541				
	LEGCOG3	0.862	74.645				
Cognitive Image	IMAGCOG1	0.195	5.492	1.639			
	IMAGCOG2	0.177	4.859	1.689			
	IMAGCOG3	0.578	17.793	1.447			
	IMAGCOG4	0.320	8.796	1.579			
Affective Image	IMAF1	0.276	4.654	2.483			
	IMAF2	0.467	6.290	4.557			
	IMAF3	0.334	4.816	3.863			
Image	Cognitive Image	0.750	18.582	2.496			
	Affective Image	0.299	6.559	2.496			
Legitimacy	Pragmatic Legitimacy	0.444	11.286	1.979			
	Moral Legitimacy	0.346	8.964	2.613			
	Cognitive Legitimacy	0.334	8.406	2.611			

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 148-162. ISSN: 2254-6235

Figure 5
Measurement model discriminant validity (HTMT)

Factor	Cognitive Legitimacy	Moral Legitimacy	Pragmatic Legitimacy
Cognitive Legitimacy			
Moral Legitimacy	0.845		
Pragmatic Legitimacy	0.740	0.709	

Under these circumstances, it was concluded that the proposed model offered appropriate evidence of reliability and convergent and discriminant validity in the case of the reflective constructs forming legitimacy dimensions as well as in terms of collinearity and weight-loading relationship and significance levels.

4.3. Hypothesis testing

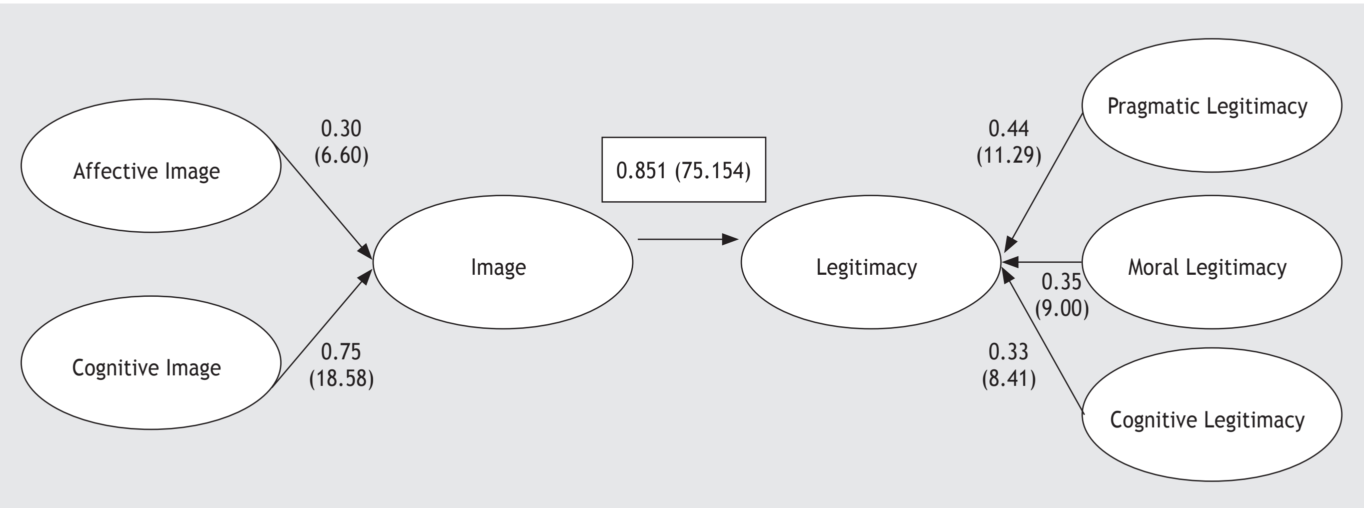
The results obtained through the model show that image positively and significantly affected legitimacy (H 1; B=0.851; p<0.01). Therefore, the hypothesis established through the literature review can be confirmed. Figure 6 and Figure 7 show the results.

Figure 6
Hypothesis testing

Hypothesis	Beta	t-value
H 1 Image-Legitimacy	0.851	75.174

*R Square (Legitimacy)= 0.723
*Q Square (Legitimacy)= 0.542

Figure 7
Estimation of the proposed model



Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 148-162. ISSN: 2254-6235

University's managers could benefit from synergies when managing their intangible assets since resources are currently limited

5. Discussion and conclusions

Due to the current competitive scenario faced by higher education institutions, the introduction of intangible assets management has become a crucial aspect for universities. These institutions have understood the multiple benefits that holding a positive image and legitimacy can provide. Despite the relevance that image and legitimacy have for organizations, there is still a lack of empirical evidence to clarify the possible relationships that could exist between them.

Under these circumstances, the objective of this research was to empirically demonstrate the proposed hypothesis based on the literature review, whereby several references have supported the idea that image has an effect on legitimacy. This hypothesis was tested in the higher education field since, due to the current competition faced in this sector, evaluating the relationship between these two intangible assets can be considered a relevant matter.

As a first step, a descriptive analysis was carried out in order to understand the levels of perceived image and legitimacy. The obtained results show that the levels of legitimacy and image at Rey Juan Carlos University were 5.66 and 6.22, respectively, out of 10. Due to the relevance of these variables in the higher education context, these values could be considered to be relatively low since, even though they are past the midpoint, they are far from ideal.

When considering the different dimensions for legitimacy and image, the following elements were discovered. In the case of the pragmatic, moral and cognitive dimensions considered for the construct of legitimacy, our findings confirm the significance of all three factors for measuring the overall legitimacy of the university, and the weights for each of them were similar. Therefore, the dimensions proposed by Suchman (1995) could be confirmed through this research. In the case of image, both the affective and cognitive components were significant for the overall measurement of the construct, which is in line with authors such as Kennedy (1997) and Beerli Palacio et al. (2002).

Our findings confirm the proposed hypothesis regarding the effect that image has on legitimacy, since a positive and significant relationship exists between the given constructs. This confirmation has already been supported by authors such as Tran et al. (2015), MacLean and Behnam (2010) and Metzler (2001). Moreover, and based on the arguments suggested previously, in a less explicit manner, our findings are in line with the existing relationship that both variables, image and legitimacy, have with another intangible asset: reputation (Rao, 1994).

The relevance of identifying the influence that image has on legitimacy is related, first of all, with presenting additional empirical evidence within a relatively innovative field, and, second of all, this relationship can serve to guide university managers who are trying to manage their legitimacy and image, since managers can develop actions to improve their image, which, as a result, will also have a positive impact on the legitimacy of the given university. Considering that resources are limited, it is interesting to identify these types of relationships in order for universities to benefit from synergies when applying strategies to increase their competitive position in the sector.

Regarding the implications and recommendations for university managers based on the results obtained from this research, the following points can be highlighted. First, the results regarding the values of legitimacy and image for Rey Juan Carlos University are relatively pedestrian. Therefore, it is important that they start developing actions to try and improve these levels, since, given the competitive landscape in which they operate, obtaining high levels of intangible assets could determine their survival in the sector. In the case of legitimacy, since the moral dimension was the lowest one, they should develop actions that relate more to improving their right to exists as well as their behavior in order to be considered trustworthy. When analyzing the results for the image variable, the average value obtained in the descriptive numbers for the affective and cognitive components was similar. Therefore, actions and strategies aimed at increasing the overall variable should be related to affecting both dimensions. However, in the literature, many authors have highlighted the fact that the cognitive component is a predecessor of the affective one (Kennedy, 1997). Therefore, university managers should initially focus more on the cognitive aspect, and, with time, it could have an effect on the affective dimension. Finally, in relation to the confirmed effect that image has on legitimacy, managers should take advantage and optimize their resources when managing these intangible assets, since, due to how closely related they are, almost any action or strategy aimed at increasing the image level will have an impact on the legitimacy level of their university.

Within the limitations and future lines of research of this paper, two main points can be highlighted. First, the sample was drawn from a unique Spanish Public University. Even though the number of participants sampled was large enough, a deeper understanding could be reached through an analysis of a greater number of universities in the Spanish higher education context. Second, although different stakeholders were sampled to capture a wider scope of perception of the university, differences in the perceptions between each of these groups was not analyzed. Therefore, future lines of research regarding the analysis of the relationships between image and legitimacy in the Spanish higher education context relate to meeting these two points: 1) Consider sampling a greater number of public universities, and 2) compare the obtained results by stakeholder group.

6. Declaration of Conflicting Interests

The authors declare no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

7. Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

8. References

Aghaz, A., Hashemi, A., & Sharifi Atashgah, M. S. (2015). Factors contributing to university image: the postgraduate students' points of view. *Journal of Marketing for Higher Education,* 25(1), 104-126. https://doi.org/10.1080/08841241.2015.1031314

Alajoutsijärvi, K., Juusola, K., & Siltaoja, M. (2015). The legitimacy paradox of business schools: losing by gaining? *Academy of Management Learning & Education,* 14(2), 277-291. https://doi.org/10.5465/amle.2013.0106

Altbach, P. G. (2013). *The international imperative in higher education.* Springer Science & Business Media. https://doi.org/10.1007/978-94-6209-338-6

Altbach, P. G., Reisberg, L., & Rumbley, L. E. (2010). Tracking a global academic revolution. *Change: The Magazine of Higher Learning,* 42(2), 30-39. https://doi.org/10.1080/00091381003590845

Alves, H., & Raposo, M. (2010). The influence of university image on student behaviour. *International Journal of Educational Management,* 24(1), 73-85. https://doi.org/10.1108/09513541011013060

Andreassen, T., & Lindestad, B. (1998). Customer loyalty and complex services: The impact of corporate image on quality, customer satisfaction and loyalty for customers with varying degrees of service expertise. *International Journal of Service Industry Management,* 9(1), 7-23. https://doi.org/10.1108/09564239810199923

Arpan, L. M., Raney, A. A., & Zivnuska, S. (2003). A cognitive approach to understanding university image. *Corporate Communications: An International Journal,* 8(2), 97-113. https://doi.org/10.1108/1356328031047535

Bagozzi, R. P., & Yi, Y. (1988). On the evaluation of structural equation models. *Journal of the Academy of Marketing Science,* 16(1), 74-94. https://doi.org/10.1007/BF02723327

Bansal, P., & Roth, K. (2000). Why companies go green: A model of ecological responsiveness. *Academy of Management Journal,* 43(4), 717-736. https://doi.org/10.5465/1556363

Barron, G. R. S. (2017). The Berlin Principles on Ranking Higher Education Institutions: limitations, legitimacy, and value conflict. *Higher Education,* 73(2), 317-333. https://doi.org/10.1007/s10734-016-0022-z

Beerli Palacio, A., Díaz Meneses, G., & Pérez, P. J. (2002). The configuration of the university image and its relationship with the satisfaction of students. *Journal of Educational Administration,* 40(5), 486-505. https://doi.org/10.1108/09578230210440311

Bennis, W. G., & O'Toole, J. (2005). How business schools lost their way. *Harvard Business Review,* 83(5), 96-104.

Bromley, D. B. (1993). *Reputation, image and impression management.* John Wiley & Sons.

Burnett, S., & Huisman, J. (2010). Universities' responses to globalisation: The influence of organisational culture. *Journal of Studies in International Education,* 14(2), 117-142. https://doi.org/10.1177/1028315309350717

Chaney, D., Lunardo, R., & Bressolles, G. (2016). Making the store a place of learning: The effects of in-store educational activities on retailer legitimacy and shopping intentions. *Journal of Business Research,* 69(12), 5886-5893. https://doi.org/10.1016/j.jbusres.2016.04.104

Chin, W. W., Marcolin, B. L., & Newsted, P. R. (2003). A partial least squares latent variable modeling approach for measuring interaction effects: Results from a Monte Carlo simulation study and an electronic-mail emotion/adoption study. *Information Systems Research,* 14(2), 189-217. https://doi.org/10.1287/isre.14.2.189.16018

Christensen, T., & Gornitzka, Å. (2017). Reputation Management in Complex Environments—A Comparative Study of University Organizations. *Higher Education Policy,* 30(1), 123-140. https://doi.org/10.1057/s41307-016-0010-z

Chung, J. Y., Berger, B. K., & DeCoster, J. (2016). Developing measurement scales of organizational and issue legitimacy: A case of direct-to-consumer advertising in the pharmaceutical industry. *Journal of Business Ethics,* 137(2), 405-413. https://doi.org/10.1007/s10551-014-2498-8

Clark, L. A., & Watson, D. (1995). Constructing validity: Basic issues in objective scale development. *Psychological Assessment,* 7(3), 309. https://doi.org/10.1037/1040-3590.7.3.309

Cronbach, L. J. (1951). Coefficient alpha and the internal structure of tests. *Psychometrika,* 16(3), 297-334. https://doi.org/10.1007/BF02310555

Curtis, T., Abratt, R., & Minor, W. (2009). Corporate brand management in higher education: the case of ERAU. *Journal of Product & Brand Management,* 18(6), 404-413. https://doi.org/10.1108/10610420910989721

Czinkota, M., Kaufmann, H., & Basile, G. (2014). The relationship between legitimacy, reputation, sustainability and branding for companies and their supply chains. *Industrial Marketing Management,* 43(1), 91-101. https://doi.org/10.1016/j.indmarman.2013.10.005

Deephouse, D. L., Bundy, J., Tost, L., & Suchman, M. (2017). Organizational legitimacy: Six key questions. *The SAGE Handbook of Organizational Institutionalism,* 27-54. https://doi.org/10.4135/9781446280669.n2

Deephouse, D. L., & Suchman, M. (2008). Legitimacy in organizational institutionalism. *The SAGE Handbook of Organizational Institutionalism,* 49-77. https://doi.org/10.4135/9781849200387.n2

Dodds, A. (2008). How does globalisation interact with higher education? The continuing lack of consensus. *Comparative Education,* 44(4), 505-517. https://doi.org/10.1080/03050060802481538

Doh, J. P., Howton, S. D., Howton, S. W., & Siegel, D. S. (2010). Does the market respond to an endorsement of social responsibility? The role of institutions, information, and legitimacy. *Journal of Management,* 36(6), 1461-1485. https://doi.org/10.1177/0149206309337896

Duarte, P. O., Alves, H. B., & Raposo, M. B. (2010). Understanding university image: a structural equation model approach. *International Review on Public and Nonprofit Marketing,* 7(1), 21-36. https://doi.org/10.1007/s12208-009-0042-9

Fairclough, N. (1993). Critical discourse analysis and the marketization of public discourse: The universities. *Discourse and Society,* 4(2), 133-168. https://doi.org/10.1177/0957926593004002002

Fan, Y. (2005). Ethical branding and corporate reputation. *Corporate Communications: An International Journal,* 10(4), 341-350. https://doi.org/10.1108/13563280510630133

Farrugia, C. A., & Lane, J. E. (2013). Legitimacy in Cross-Border Higher Education: Identifying Stakeholders of International Branch Campuses. *Journal of Studies in International Education,* 17(4), 414-432. https://doi.org/10.1177/1028315312464379

Fombrun, C., & Shanley, M. (1990). What's in a Name? Reputation Building and Corporate Strategy. *Academy of Management Journal,* 33(2), 233-258. https://doi.org/10.5465/256324

Fombrun, C., & Van Riel, C. B. (1997). The Reputational Landscape. *Corporate Reputation Review,* 1(1), 5-13. https://doi.org/10.1057/palgrave.crr.1540008

Foreman, P. O., Whetten, D. A., & Mackey, A. (2012). An identity-based view of reputation, image, and legitimacy: Clarifications and distinctions among related constructs. *Oxford Handbook of Corporate Reputation.* https://doi.org/10.1093/oxfordhb/9780199596706.013.0009

Fornell, C., & Larcker, D. F. (1981). Structural Equation Models with Unobservable Variables and Measurement Error: Algebra and Statistics. *Journal of Marketing Research,* 18(3), 382-388. https://doi.org/10.1177/002224378101800313

Fornell, C., Rust, R. T., & Dekimpe, M. G. (2010). The effect of customer satisfaction on consumer spending growth. *Journal of Marketing Research,* 47(1), 28-35. https://doi.org/10.1509/jmkr.47.1.28

Gray, E. R., & Balmer, J. M. (1998). Managing corporate image and corporate reputation. *Long Range Planning,* 31(5), 695-702. https://doi.org/10.1016/S0024-6301(98)00074-0

Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. *Journal of Marketing Theory and Practice,* 19(2), 139-152. https://doi.org/10.2753/MTP1069-6679190202

Hair, J. F., Sarstedt, M., Hopkins, L., & G. Kuppelwieser, V. (2014). Partial least squares structural equation modeling (PLS-SEM): An emerging tool in business research. *European Business Review,* 26(2), 106-121. https://doi.org/10.1108/EBR-10-2013-0128

Harvey, W. S., Morris, T., & Müller Santos, M. (2017). Reputation and identity conflict in management consulting. *Human Relations,* 70(1), 92-118. https://doi.org/10.1177/0018726716641747

Hemsley-Brown, J., Melewar, T. C., Nguyen, B., & Wilson, E. J. (2016). Exploring brand identity, meaning, image, and reputation (BIMIR) in higher education: A special section. *Journal of Business Research,* 69(8), 3019-3022. https://doi.org/10.1016/j.jbusres.2016.01.016

Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science,* 43(1), 115-135. https://doi.org/10.1007/s11747-014-0403-8

Kennedy, S. H. (1977). Nurturing corporate images. *Journal of Marketing,* 11(3), 119-164. https://doi.org/10.1108/EUM0000000005007

Khurana, R., & Nohria, N. (2008). It's time to make management a true profession. *Harvard Business Review,* 86(10), 70-77.

Lafuente-Ruiz-de-Sabando, A., Zorrilla, P., & Forcada, J. (2017). A review of higher education image and reputation literature: Knowledge gaps and a research agenda. *European Research on Management and Business Economics,* 24(1), 8-16.
https://doi.org/10.1016/j.iedeen.2017.06.005

MacLean, T. L., & Behnam, M. (2010). The dangers of decoupling: The relationship between compliance programs, legitimacy perceptions, and institutionalized misconduct. *Academy of Management Journal,* 53(6), 1499-1520.
https://doi.org/10.5465/amj.2010.57319198

Maringe, F. (2009). Strategies and challenges of internationalisation in HE: An exploratory study of UK universities. *International Journal of Educational Management,* 23(7), 553-563.
https://doi.org/10.1108/09513540910990799

Melewar, T. C., & Karaosmanoglu, E. (2006). Seven dimensions of corporate identity: A categorisation from the practitioners' perspectives. *European Journal of Marketing,* 40(7/8), 846-869.
https://doi.org/10.1108/03090560610670025

Metzler, M. S. (2001). Responding to the legitimacy problems of big tobacco: an analysis of the "people of Philip Morris" image advertising campaign. *Communication Quarterly,* 49(4), 366-381.
https://doi.org/10.1080/01463370109385636

Meyer, J., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology,* 83(2), 340-363.
https://doi.org/10.1086/226550

Nguyen, N., & LeBlanc, G. (2001). Image and reputation of higher education institutions in students' retention decisions. *International Journal of Educational Management,* 15(6), 303-311.

Nunnally, J. C., & Bernstein, I. H. (1994). *Psychometric Theory* (3rd ed.). New York: McGraw-Hill.

Plewa, C., Ho, J., Conduit, J., & Karpen, I. O. (2016). Reputation in higher education: A fuzzy set analysis of resource configurations. *Journal of Business Research,* 69(8), 3087-3095.
https://doi.org/10.1016/j.jbusres.2016.01.024

Rao, H. (1994). The Social Construction of Reputation: Certification Contests, Legitimation, and the Survival of Organizations in the American Automobile Industry: 1895-1912. *Strategic Management Journal,* 15(S1), 29-44.
https://doi.org/10.1002/smj.4250150904

Reimann, F., Ehrgott, M., Kaufmann, L., & Carter, C. R. (2012). Local stakeholders and local legitimacy: MNEs' social strategies in emerging economies. *Journal of International Management,* 18(1), 1-17.
https://doi.org/10.1016/j.intman.2011.06.002

Rindova, V. P., Williamson, I. O., Petkova, A. P. & Sever, J. M. (2005). Being Good or Being Known : An Empirical Examination of the Dimensions, Antecedents, and Consequences of Organizational Reputation. *The Academy of Management Journal,* 48(6), 1033-1049.
https://doi.org/10.5465/amj.2005.19573108

Rodriguez-Pomeda, J., & Casani, F. (2016). Legitimating the world-class university concept through the discourse of elite universities' presidents. *Higher Education Research & Development,* 35(6), 1269-1283.
https://doi.org/10.1080/07294360.2016.1160877

Stensaker, B., & Norgård, J. D. (2001). Innovation and isomorphism: A case-study of university identity struggle 1969-1999. *Higher Education,* 42(4), 473-492.
https://doi.org/10.1023/A:1012212026597

Suchman, M. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review,* 20(3), 571-610.
https://doi.org/10.5465/amr.1995.9508080331

Thomas, D. E. (2007). How do reputation and legitimacy affect organizational performance? *International Journal of Management,* 24(1), 108-116.

Thomas, T. E. (2005). Are business students buying it? A theoretical framework for measuring attitudes toward the legitimacy of environmental sustainability. *Business Strategy and the Environment,* 14(3), 186-197.
https://doi.org/10.1002/bse.446

Tran, M. A., Nguyen, B., Melewar, T. C., & Bodoh, J. (2015). Exploring the corporate image formation process. *Qualitative Market Research: An International Journal,* 18(1), 86-114.
https://doi.org/10.1108/QMR-05-2014-0046

Verčič, A. T., Verčič, D., & Žnidar, K. (2016). Exploring academic reputation – is it a multidimensional construct? *Corporate Communications: An International Journal,* 21(2), 160-176.
https://doi.org/10.1108/CCIJ-01-2015-0003

Wilkins, S., & Huisman, J. (2015). Factors affecting university image formation among prospective higher education students: The case of international branch campuses. *Studies in Higher Education,* 40(7), 1256-1272. https://doi.org/10.1080/03075079.2014.881347

Zimmerman, M. A., & Zeitz, G. J. (2002). Beyond survival: Achieving new venture growth by building legitimacy. *Academy of Management Review,* 27(3), 414-431. https://doi.org/10.5465/amr.2002.7389921

Zineldin, M., Akdag, H. C., & Vasicheva, V. (2011). Assessing quality in higher education: New criteria for evaluating students' satisfaction. *Quality in Higher Education,* 17(2), 231-243. https://doi.org/10.1080/13538322.2011.582796

https://doi.org/10.3926/hdbr.246

Influence of perceived quality and brand equity on legitimacy

Tatiana Cuervo Carabel
Associate Professor. International University of La Rioja (UNIR). College of Engineering and Technology (ESIT). Spain.
ORCID: 0000-0002-9548-6212.

Natalia Orviz Martínez
Associate Professor. International University of La Rioja (UNIR). College of Engineering and Technology (ESIT). Spain.
ORCID: 0000-0002-8999-6179.

tatiana.cuervo@unir.net, natalia.orviz@unir.net

Received: March, 2018.
Accepted: January, 2019.
Published: July, 2019.

Abstract

The management of intangible assets is fundamental for the survival of organizations, with the perceived quality and brand equity being two of these assets. This work seeks to answer the question: are perceived quality and brand equity antecedents of legitimacy in the organization? A quantitative analysis is developed, making use of structural modeling. It is confirmed that the management of both intangible assets is fundamental to ensure good social results in organizations, by increasing their legitimacy. The main limitation of the work is associated with the characteristics of the companies that make up the sample, which constitutes a future line of research that allows us to continue delving into the relationships analyzed.

Keywords

Intangible assets, legitimacy, brand, perceived quality.

How to cite this article

Cuervo Carabel, T. & Orviz Martínez, N. (2019). Influence of perceived quality and brand equity on legitimacy. *Harvard Deusto Business Research,* VIII(2), Special Issue, 163-174.
https://doi.org/10.3926/hdbr.246.

The management of intangible assets is essential for the sustainability of companies

1. Introduction

The study and analysis of intangible assets has attracted great interest from both the business and academic points of view. Globalization has brought that the expansion of business activities is increasingly important for the survival, growth and success of companies (Spyropoulou, Skarmeas & Katsikeas, 2011). The increase of competitiveness in a globalized economy has promoted the identification of drivers of sustainable competitive advantages (Schwaiger, 2004) and the exploitation of resources is what allows companies to obtain a competitive advantage (Peteraf, 1993). However, according to Barney (1991), not all resources are capable of creating such an advantage. This author calls the resources capable of generating a competitive advantage "strategic resources" indicating that they must fulfill a series of characteristics: valuable, unique and inimitable. The emphasis of the business strategy has been transferred from the machine to the expression of the idea (Nomen, 1996), or what is the same, from tangible assets to intangible assets. Two of the intangible assets that organizations have are: perceived quality (Cho & Pucik, 2005) and brand equity (Ludvík, Michal & Petr, 2018).

If perceived quality is considered as a source of social benefits, which brings legitimacy to organizations, there are different works that relate quality management practices, such as TQM or ISO 9001, and legitimacy (Heras-Saizarbitoria & Boiral, 2013; Díez-Martín, Prado-Román & Blanco-González, 2013). However, no work has been found that directly analyzes the relationship between perceived quality and legitimacy.

On the other hand, Czinkota, Kaufmann and Basile (2014) and Liu, Eng and Sekhon (2014) analyze the brand equity as a precursor of legitimacy, concluding in both cases, that the management of brand equity can generate legitimacy in organizations.

Regarding the relationship between perceived quality and brand equity, although it has been studied, the conclusions are not clear. Most authors analyze perceived quality as a precursor of brand equity, considering it one of its dimensions (Kim & Kim, 2005; Buil, De Chernatony & Martínez, 2013; Severi & Ling, 2013), although there are also studies that analyze the brand equity as a precursor of perceived quality (Kim & Kim, 2004; Calvo & Montes, 2012) and others, that do not find a relationship between both variables (Kimpakorn & Tocquer, 2010; Dib & Alhaddad, 2014; Subramaniam, Mamun, Permarupan & Noor, 2014).

As a consequence of the relevance of intangible assets and their management when it comes to guaranteeing the sustainability of companies, and the limited literature found, the objectives of this work emerge: to analyze the intangible assets, perceived quality and brand equity, as generators of social benefits measure as legitimacy; to study the relationships that exist between the intangible assets analyzed.

2. Conceptual framework

2.1. Perceived quality and legitimacy

One of the most widespread definitions of the concept of perceived quality is "consumer's judgment on a product as superior or excellent" (Zeithaml, 1988, p. 3), which considers the consumer as a key element when talking about this asset. Quality helps organizations to gain a competitive advantage, as long as the products and/or services meet customer's expectations (Forker, Vickery & Droge, 1996).

Perceived quality and brand equity are intangible assets

On the other hand, Zimmerman and Zeitz (2002) define legitimacy as a social judgment of acceptance, convenience, and desirability that allows organizations to access other resources necessary to survive and grow. One of the sources of legitimacy identified by literature is society in general (Díez-Martín, Blanco-González, Cruz-Suárez & Prado-Román, 2014). Suchman (1995) points out that one of the ways to increase organizational legitimacy is adopting socially accepted techniques, which include the fulfillment of the expectations of the interested parties, it is therefore necessary to look for the easiest way to satisfy the needs of the groups of interest taking into account that "winning legitimacy implies generalized actions to align processes, practices, and behaviors to what the interested parties require" (Lettieri & Lamberti, 2011, p. 473), that is, meet their needs and expectations.

If the stakeholders feel that a product is superior or excellent, the perceived quality of the same will increase, and their expectations will be satisfied, so if the organization works to increase the perceived quality, it will be able to influence the perception of its stakeholders, and increase the legitimacy, making them perceive that the objectives of the organization are what they seek.

Proposition 1: Perceived quality directly and positively influences legitimacy.

2.2. Brand equity and legitimacy

According to Keller (2001), from the perspective of the consumer, the power of a brand is related to what the consumer has learned, felt, seen, and heard about the brand over time. Considering the definition of legitimacy given by Zimmerman and Zeitz (2002) it is established that the fact that a consumer has learned, felt, seen, and heard positive things about a certain brand, can create a judgment of acceptance, convenience and desirability towards that brand, increasing its legitimacy.

Cruz-Suárez, Díez-Martín, Blanco-González and Prado-Román (2014) point out that organizations can actively work to influence and modify the perceptions of the environment. Therefore, it is affirmed that if brand equity is increased, through, for example, marketing or advertising actions (Huang & Sarigollu, 2014), the perception of the consumers is influenced and, therefore, legitimacy increases.

Proposition 2: Brand equity directly and positively influences legitimacy.

2.3. Perceived quality and brand equity

Perceived quality is conceived as one of the main factors in the creation of brand equity by a large part of the authors, being one of the dimensions or components of said asset (Kim & Kim, 2005; Buil et al., 2013; Severi & Ling, 2013; Šerić, Gil-Saura & Mikulić, 2017). In addition, perceived quality generates value to consumers by providing them with a reason to buy and a differentiation of the brand with respect to its competitors (Loureiro, 2013).

According to Calvo and Montes "a high perceived quality takes place when consumers recognize the differentiation and superiority of a brand in relation to other competing brands.

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 163-174. ISSN: 2254-6235

The diversity of the sample has been sought taking into account different sectors

This perceived quality will influence their purchasing decisions and their brand choice, choosing those in which they perceive a higher quality" (Calvo & Montes, 2012, p. 7). Taking into account the perspective of the consumer to analyze the brand equity (Severi & Ling, 2013), if a consumer considers a product or a brand as superior or excellent, his reaction to said product or brand will be positive.

Proposition 3: Perceived quality directly and positively influences brand equity.

3. Sample and methodology

3.1. Sample

To develop this work, a sample of companies included in two databases is used: Fortune-World's Most Admired Companies and Interbrand. Following Díez-Martín, Blanco-González and Prado-Román (2016) and Cho and Pucik (2005) the sampling is not focused on a specific sector and the information is selected for three years (2011, 2012 and 2013). Likewise, the control variable "study period" is identified and it is concluded, after applying the Wilcoxon nonparametric test, that none of the variables, perceived quality, brand equity, and legitimacy, depends on the period under study. Therefore, it is understood that increasing the number of years would not affect the results. In addition, it has been taken into account that other authors such as Cho and Pucik (2005) have done their work taking into account a period of three years.

The sample is limited to US companies. Following the established by Díez-Martín et al. (2014) the work focuses on these companies due to three main reasons: to use homogeneous, reliable and accessible indexes to measure the perceived quality and brand equity for US companies; a similar competitive macroeconomic environment; and that they are companies with business models and strategies developed in different sectors. The sample consists of the twenty-one companies listed below: Apple, Amazon, Google, Coca-Cola, Starbucks, General Electric, McDonald's, Microsoft, Nike, J.P. Morgan Chase, Ups, PepsiCo, eBay, Johnson & Johnson, Goldman Sachs Group, IBM, 3M, Walt Disney, American Express, Intel and Caterpillar.

Table 1 shows a summary of the characteristics of the companies, taking into account their size, calculated as the average of the total income in the three years under study (2011-2013) published on the Fortune 500 website. Only one of the companies would have an income of less than $ 20,000 million, while four of them would obtain more than $ 100,000 million.

Table 1

Summary characteristics by size of company

Company size by income ($ millions)	Number of companies	% Total of the sample
Less than 20.000	1	4,76 %
20.000-30.000	2	9,52 %
30.000-40.000	4	19,05 %
40.000-50.000	2	9,52 %
50.000-60.000	4	19,05 %
60.000-70.000	4	19,05 %
More than 100.000	4	19,05 %
Total	**21**	**100 %**

The news published in Google.com allows evaluating legitimacy

According to World Bank data, the average US GDP for the period 2010-2014 was $ 17.42 billion. The average of the total income of the companies in the sample in the three years of the study, $1,3 trillion, constitute 7.46% of the total US GDP, so it is established that it is a representation of the main US organizations. In addition, following Blair and Zinkhan (2006), the diversity of the sample has been sought, taking into account different sectors, since one of the objectives is to analyze the relationships between the variables and avoid sample biases.

3.2. Methodology

Fortune is used to measure perceived quality, as did Cho and Pucik (2005), and specifically, one of the criteria of the World's Most Admired Companies list: quality of products/services. There are several authors who affirm that it is one of the most recognized and reliable classifications at international level (McGuire, Schneeweis & Branch, 1990; Díez-Martín et al., 2014). Cho and Pucik (2005) also analyzed the reliability and validity of the data, confirming both. McGuire et al. (1990, p. 170) point out that "Fortune is one of the surveys on attributes with broadest reputation and higher circulation available. Both the quality and the number of respondents are comparable or superior to the group of experts" that usually met for that purpose. Following Cho and Pucik (2005), since the results of Fortune take a year to be published; the data from Fortune Web was used for the criteria of quality of products and services, published in March 2012, 2013, and 2014, corresponding to the years 2011, 2012 and 2013. The scale used is from 1 to 10 points, so that 10 means the company in the sector with the worst index of perceived quality and 1 the best.

To measure the brand equity, Interbrand is used as a data source, as did Madden, Fehle and Fournier (2006). Following Barth, Clement, Foster and Kasznik (1998), Interbrand's valuations are sufficiently relevant and reliable for their use and there is no evidence of bias between said value and the market value of the companies. In addition to Madden et al. (2006), Interbrand is one of the most used data bases when the brand equity is analyzed, being also recognized throughout the world.

Lastly, an analysis of the legitimacy has been carried out through the news published on Google.com, following what was established by Deephouse, Bundy, Tost and Suchman (2016), who point out that the rapid change associated with the development of information and communication technologies (ICT), has made the mass media, such as the written press, see their "authority" affected on the influence of the legitimacy of organizations. In addition, Xiang, Schwartz, Gerdes and Uysal (2015) point out that the analysis of large analytical data allows to generate new knowledge about variables widely studied in the literature previously from another perspective. To do this, through Google.com, a search is made of the news generated in the US for the companies in the sample during 2011, 2012 and 2013. The search terms are: name of the company, year, and news generated in the US. Each piece of news is coded according to its impact on the legitimacy of the company (0 = neutral, 1 = negative, and 2 = positive). To calculate legitimacy, the Janis-Fadner coefficient is used, as did Deephouse (1996).

Finally, a quantitative analysis is developed, making use of structural modeling with PLS. During the 1980s, the so-called first-generation statistical techniques such as variance analysis or multiple regressions were used in most of the investigations. However, since the 1990s, the so-called second-generation statistical techniques, such as the PLS, have acquired a strong relevance in empirical research (Hair, Hult, Ringle & Sarstedt, 2014). At this point it should be mentioned that taking into account the established by Díez-Martín et al. (2014) variations are used in each indicator, var (2012-2011) and var (2013-2012), considering differently two periods for the study 2012-2011 and 2013-2012 to carry out a comparative analysis between the companies in the sample and homogenize the results (not all companies have the same

A positive and significant influence of perceived quality and brand equity on legitimacy is confirmed

resources). It should also be noted that for the perceived quality index the variation will change sign, since as previously mentioned, 1 implies the best index, while 10 implies the worst, that is, unlike the other variables , the lower the value, the better perceived quality.

4. Results

The first step has been to evaluate the collinearity of the constructs, determining the VIF parameter and taking tolerance levels, established by Hair et al. (2014), lower than 0.20 (VIF > 5.00) in the predictor construct, as an indication that there is collinearity that can affect the results, altering the signs. As shown in Table 2, there are no problems of collinearity, in no case exceeding the established value.

Table 2
Results collinearity (VIF)

VIF		2012-2011			2013-2012		
		Quality	Legitimacy	Brand	Quality	Legitimacy	Brand
2012-2011	Quality		1,000	1,000			
	Legitimacy						
	Brand		1,000				
2013-2012	Quality					1,002	1,000
	Legitimacy						
	Brand					1,002	

Next, the results obtained using PLS, were analyzed considering the considerations gathered below. The criteria for the determination of the significance of the parameters was established by means of a bootstrap resampling procedure of 5000 subsamples of a size equal to the original sample (Hair et al., 2014). To assess the predictive capacity of the structural model, the criteria proposed by Falk and Miller (1992) was followed, which establishes that the R^2 of each of the dependent constructs must be higher than 0.10 to be accepted.

In addition, the acceptance or rejection of the proposed propositions was evaluated, taking into account the significance or insignificance of the standardized regression coefficients. Following Hair et al. (2014) it can be affirmed that the coefficients close to +1 and –1 represent a strong relationship and, generally, statistically significant in the structural model. On the contrary, very small values, close to zero, are generally non-significant. Lastly, the T-Statistic value was analyzed, establishing a level of 5% significance taken therefore as a critical value to determine the significance of said parameter 1.96 (Hair et al., 2014).

The data collected in Table 3 show that the R^2 of the dependent factor legitimacy ($R^2 = 0.28$) exceeds the aforementioned critical level. The value obtained for the brand equity ($R^2 = 0.00$) is not significant. This allows evaluating the acceptance or rejection of the proposed P2 and P3, taking into account the significance or otherwise of the regression coefficients.

A positive and significant influence of perceived quality on legitimacy is confirmed for a significance value of 10% ($\beta = 0.33$, T = 1.79, P2). This relationship would show how the perceived quality influences the social results of the company. On the other hand, it is observed a relationship between brand equity and legitimacy. Brand equity directly and positively

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 163-174. ISSN: 2254-6235

Inadequate management of perceived quality can lead to loss of legitimacy

influences the legitimacy for a significance value of 5% (β = 0.42, T = 2.46, P3). This result would give an account of the importance of brand equity as an intangible asset, due to its influence on the social results of organizations.

Table 3
Propositions 2012-2011

Propositions	ß standardized	T Value	Contrast
P1: Quality-Value Brand	−0,02	0,14	Rejected
P2: Quality-Legitimacy	0,33	1,79[a]	Accepted
P3: Brand-Value-Legitimacy	0,42	2,46[b]	Accepted
R^2 (Brand) = 0,00; R^2 (Legitimacy) = 0,28 [a] p<0,01; [b] p<0,05			

The data collected in Table 4 shows that the R^2 of the dependent factor legitimacy ($R^2 = 0.13$) exceeds the critical level mentioned (criteria Falk & Miller (1992), R^2 greater than 0.10). The value obtained for the brand equity ($R^2 = 0.00$) is not significant. This allows the evaluation of the acceptance or rejection of the proposed P2 and P3, taking into account the significance or otherwise of the estimated standardized coefficients of regression.

The relationship between perceived quality and legitimacy is again observed in this period, for a level of significance of 5% (β = 0.33, T = 2.03, P2), however in this case the model has not allowed to confirm the relationship between brand equity and legitimacy (β = 0.16, T = 1.00, P3).

Table 4
Propositions 2013-2012

Propositions	ß standardized	T Value	Contrast
P1: Quality-Value Brand	−0,05	0,49	Rejected
P2: Quality-Legitimacy	0,33	2,03[b]	Accepted
P3: Brand-Value-Legitimacy	0,16	1,00	Rejected
R^2 (Brand) = 0,00; R^2 (Legitimacy) = 0,13; [a] p<0,01; [b] p<0,05			

5. Conclusions, implications for management and limitations

Intangible assets have become a strategic resource for organizations that cannot focus solely on their tangible assets if they want to guarantee their sustainability. According to Dobre (2013), intangible assets have replaced tangible assets, becoming the greatest source of added value for companies. Its management is essential for the organization to be able to maintain itself in an increasingly competitive environment.

Starting from this context, the objectives of this work are two. On the one hand, analyze perceived quality and brand equity as sources of competitive advantage that provide social benefits to organizations by increasing their legitimacy. On the other hand, delving into the existing relationship between both intangible assets. From these objectives, we proceed to the presentation of the results and confirmation of the proposals formulated.

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 163-174. ISSN: 2254-6235

Marketing and advertising strategies to manage brand equity will be fundamental to maintain and improve the legitimacy

Proposition 1 establishes a direct and positive relationship between perceived quality and legitimacy. The results have confirmed this relationship in both periods under study. Suchman (1995) points out three strategies for managing legitimacy: strategies to win and maintain legitimacy and strategies to recover lost legitimacy. The results of the study conclude that the management of perceived quality constitutes a strategy to gain and maintain legitimacy. Organizations should not lose sight of this intangible asset, since as established by authors such as Scott (2014), once the company has legitimacy; the importance of it becomes evident when it is lost.

The implications of these results for the managers of the organizations are clear. Inadequate management of their perceived quality can cause the organization to go against its already legitimated principles, which can lead to a loss of confidence and, therefore, of legitimacy, as established by Scott (2014), which can prove fatal to the interests of any company. The institutionalization of organizations represents progress in the management of the same, as pointed out by Díez-De-Castro, Díez-Martín and Vázquez-Sánchez (2015).

Proposition 2 establishes a direct and positive relationship between brand equity and legitimacy. The results have confirmed this relationship for the period 2012-2011, so the proposal is partially confirmed. The companies that make up the sample, large multinational companies, with strong roots in the market and a high degree of institutionalization, are fully legitimized. This means that they are accepted by society, preventing fluctuations in brand equity from directly affecting social results, and preventing, in some cases, the budgeted relationship between brand equity and legitimacy.

As established by Liu et al. (2014) when the brand is identified to achieve legitimacy, it is necessary to align the socio-cultural meanings of the brand with that of its audiences. Companies can actively work to influence and modify the perceptions of the environment (Cruz-Suárez et al., 2014). In this case, the companies in the sample are settled in the market and have been able to align the brand they represent with their environment. However, although it is true that these types of companies register small variations of the brand equity and that this does not affect the legitimacy; we must not forget the importance of its correct management to avoid a loss of it. According to Czinkota et al. (2014) legitimacy is the effect of an adequate management of the brand by the organization. Marketing and advertising actions can be vital for organizations when managing, not only their financial performance (Mesa, Martínez, Mas & Uribe, 2013), but their brand equity (Huang & Sarigollu, 2014) and, therefore, to maintain its legitimacy. It can be affirmed that within the organizational management, the establishment of adequate marketing and advertising strategies to manage the brand equity will be fundamental to maintain and improve the legitimacy, thus increasing the competitiveness in the market.

Finally, proposition 3 establishes a direct and significant relationship between perceived quality and brand equity. The results of the analysis of the structural model have not allowed validating the relationship between perceived quality and brand equity. The perceived quality is confirmed as one of the assets of the brand equity, but it will not be the only one. Most of the works analyze this variable taking into account its dimensions. For example, Kim and Kim (2004) mention brand awareness, brand image, loyalty, and perceived quality as antecedents of brand equity. For Kim and Kim (2005), loyalty, perception of quality, and brand image are the precursors of brand equity. On the other hand, Buil et al. (2013) point out that in addition to the perceived quality, the brand equity is also influenced by loyalty, notoriety and brand associations. Finally, Chang and Chen (2013) find perceived quality and brand awareness as the antecedents of brand equity. In this study, brand equity is analyzed, without taking into account its dimensions. Consequently, the results conclude that perceived quality alone does not serve to improve brand equity, but that there are other dimensions that make up this asset that must be taken into account.

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 163-174. ISSN: 2254-6235

The management of intangible assets guarantees the progression and continuous improvement in the market

In addition, we must not lose sight of the fact that there are several authors who, although they have analyzed the brand equity taking into account its dimensions, have not found a relationship between perceived quality and said value. For Kimpakorn and Tocquer (2010), the variables that most influence brand equity are brand differentiation and brand trust, and not perceived quality. Neither Dib and Alhaddad (2014) and Subramaniam et al. (2014) find influence of the perceived quality on the brand equity. For Dib and Alhaddad (2014) the brand equity is influenced by brand awareness, brand confidence and loyalty, while for Subramaniam et al. (2014) are loyalty and brand image that have a positive and significant influence on the brand equity. Therefore, it is considered important to broaden this work analyzing the brand equity, taking into account its dimensions, and discerning if the results are a consequence of the existence of other dimensions that affect the brand equity, in addition to the perceived quality, and that have masked this relationship, or on the contrary, as Kimpakorn and Tocquer (2010), Dib and Alhaddad (2014) and Subramaniam et al. (2014) there is no such relationship.

As a final management conclusion, highlight the importance of intangible assets and their management for organizations. Managers should bear in mind that inadequate management of perceived quality or brand equity can lead to a loss of legitimacy, which would endanger the sustainability of the company. The management of intangible assets is therefore fundamental to guarantee not only the survival of the organization, but its progression and continuous improvement in the market, as has been demonstrated in this work.

The main limitation of this study would be associated with the characteristics of the companies that make up the sample. To solve this limitation, future research could expand the sample, including other types of companies, with fewer resources and a lower degree of institutionalization and roots in the market, such as start-ups.

On the other hand, taking into account the established by Castelló, Etter and Årup Nielsen (2016), which indicate how social networks are changing in recent times the complexity of the relationships developed between organizations and society, is considered, as pointed out by Deephouse et al. (2016), the importance of the analysis of legitimacy through the presence of companies in social networks, as another future line of research. Some authors, such as Colleoni (2013), or Bonsón and Ratkai (2013), have already assessed legitimacy through presence on Twitter and Facebook, respectively.

6. Declaration of Conflicting Interests

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

7. Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

8. References

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management,* 17(1), 99-120. https://doi.org/10.1177/014920639101700108

Barth, M. E., Clement, M. B., Foster, G., & Kasznik, R. (1998). Brand values and capital market valuation. *Review of Accounting Studies,* 3(1), 41-68. https://doi.org/10.1023/A:1009620132177

Blair, E., & Zinkhan, G. M. (2006). Nonresponse and generalizability in academic research. *Journal of the Academy of Marketing Science,* 34(1), 4-7. https://doi.org/10.1177/0092070305283778

Bonsón, E., & Ratkai, M. (2013). A set of metrics to assess stakeholder engagement and social legitimacy on a corporate Facebook page. *Online Information Review,* 37(5), 787-803. https://doi.org/10.1108/OIR-03-2012-0054

Buil, I., De Chernatony, L., & Martínez, E. (2013). La importancia de medir el valor de marca desde la perspectiva del consumidor: Evidencia empírica en España y el Reino Unido. *Revista de Ciencias Sociales,* 19(2), 226-237.

Calvo, C., & Montes, P. (2012). Mahou y Coronita: Análisis comparado del valor de marca para el consumidor español. *Redmarka: Revista Académica de Marketing Aplicado,* 2(9), 3-28. https://doi.org/10.17979/redma.2012.02.09.4752

Castelló, I., Etter, M., & Årup Nielsen, F. (2016). Strategies of legitimacy through social media: The networked strategy. *Journal of Management Studies,* 53(3), 402-434. https://doi.org/10.1111/joms.12145

Chang, C., & Chen, Y. (2013). Managing green brand equity: The perspective of perceived risk theory. *Quality & Quantity,* 48(3), 1753-1768. https://doi.org/10.1007/s11135-013-9872-y

Cho, H., & Pucik, V. (2005). Relationship between innovativeness, quality, growth, profitability, and market value. *Strategic Management Journal,* 26(6), 555-575. https://doi.org/10.1002/smj.461

Colleoni, E. (2013). CSR communication strategies for organizational legitimacy in social media. *Corporate Communications: An International Journal,* 18(2), 228-248. https://doi.org/10.1108/13563281311319508

Cruz-Suárez, A., Díez-Martín, F., Blanco-González, A., & Prado-Román, C. (2014). Análisis de las relaciones entre la legitimidad organizativa, sus fuentes y dimensiones. *Revista Venezolana de Gerencia,* 19(65), 9-22.

Czinkota, M., Kaufmann, H. R., & Basile, G. (2014). The relationship between legitimacy, reputation, sustainability and branding for companies and their supply chains. *Industrial Marketing Management,* 43(1), 91-101. https://doi.org/10.1016/j.indmarman.2013.10.005

Deephouse, D. L. (1996). Does isomorphism legitimate? *The Academy of Management Journal,* 39(4), 1024-1039. https://doi.org/10.2307/256722

Deephouse, D. L., Bundy, J., Tost, L. P., & Suchman, M. C. (2016). Organizational legitimacy: Six key questions. *University of Alberta School of Business Research Paper No. 2016-901.*

Dib, H., & Alhaddad, A. (2014). The hierarchical relationship between brand equity dimensions. *European Scientific Journal,* 10(28).

Díez-De-Castro, E., Díez-Martín, F., & Vázquez-Sánchez, A. (2015). Antecedentes de la institucionalización de las organizaciones / Antecedents of institutional process. *Cuadernos de Gestión,* 15(1), 15-38. https://doi.org/10.5295/cdg.130416ed

Díez-Martín, F., Blanco-González, A., Cruz-Suárez, A., & Prado-Román, C. (2014). Efecto de la responsabilidad social empresarial sobre la legitimidad de las empresas. *Anuario Jurídico y Económico Escurialense,* 47, 325-348.

Díez-Martín, F., Blanco-González, A., & Prado-Román, C. (2016). Explaining nation-wide differences in entrepreneurial activity: a legitimacy perspective. *International Entrepreneurship and Management Journal,* 12(4), 1079-1102. https://doi.org/10.1007/s11365-015-0381-4

Díez-Martín, F., Prado-Román, C., & Blanco-González, A. (2013). Efecto del plazo de ejecución estratégica sobre la obtención de legitimidad organizativa. *Investigaciones Europeas de Dirección y Economía de la Empresa,* 19(2), 120-125. https://doi.org/10.1016/j.iedee.2013.01.001

Dobre, A. M. (2013). Intangible assets as a source of competitiveness in the post-crisis economy: The role of brands. *Theoretical and Applied Economics,* 20(12), 127-138.

Falk, R. F., & Miller, N. B. (1992). *A primer for soft modeling.* OH: University of Akron Press.

Forker, L. B., Vickery, S. K., & Droge, C. L. M. (1996). The contribution of quality to business performance. *International Journal of Operations & Production Management,* 16(8), 44-62. https://doi.org/10.1108/01443579610125778

Hair, J. P., Hult, G. T., Ringle, C. M., & Sarstedt, M. (2014). *A primer on partial least squares structural equations modeling (PLS-SEM).* California: SAGE.

Heras-Saizarbitoria, I., & Boiral, O. (2013). ISO 9001 and ISO 14001: Towards a research agenda on management system standards. *International Journal of Management Reviews,* 15(1), 47-65. https://doi.org/10.1111/j.1468-2370.2012.00334.x

Huang, R., & Sarigollu, E. (2014). Assessment of brand equity measures. *International Journal of Market Research,* 56(6), 783-806. https://doi.org/10.2501/IJMR-2014-037

Keller, K. L. (2001). *Building customer-based brand equity: A blueprint for creating strong brands.* USA: Marketing Science Institute.

Kim, H.-B., & Kim, W. G. (2005). The relationship between brand equity and firms' performance in luxury hotels and chain restaurants. *Tourism Management,* 26(4), 549-560. https://doi.org/10.1016/j.tourman.2004.03.010

Kim, W. G., & Kim, H.-B. (2004). Measuring customer-based restaurant brand equity. *Cornell Hotel and Restaurant Administration Quarterly,* 45(2), 115-131. https://doi.org/10.1177/0010880404264507

Kimpakorn, N., & Tocquer, G. (2010). Service brand equity and employee brand commitment. *Journal of Services Marketing,* 24(5), 378-388. https://doi.org/10.1108/08876041011060486

Lettieri, E., & Lamberti, L. (2011). Gaining legitimacy in converging industries: Evidence from the emerging market of functional food. *European Management Journal,* 29(6), 462-475. https://doi.org/10.1016/j.emj.2011.08.002

Liu, G., Eng, T., & Sekhon, Y. (2014). Managing branding and legitimacy: A study of charity retail sector. *Nonprofit and Voluntary Sector Quarterly,* 43(4), 629-651. https://doi.org/10.1177/0899764012474722

Loureiro, S. M. (2013). The effect of perceived benefits, trust, quality, brand awareness/associations and brand loyalty on internet banking brand equity. *International Journal of Electronic Commerce Studies,* 4(2), 139-158. https://doi.org/10.7903/ijecs.1000

Ludvík, E., Michal, M., & Petr, R. (2018). Employer Branding on social media and recruitment websites: Symbolic traits of an ideal employer. *E&M Economics & Management,* 21(1), 224-237. https://doi.org/10.15240/tul/001/2018-1-015

Madden, T. J., Fehle, F., & Fournier, S. (2006). Brands matter: An empirical demonstration of the creation of shareholder value through branding. *Journal of the Academy of Marketing Science,* 34(2), 224-235. https://doi.org/10.1177/0092070305283356

McGuire, J., Schneeweis, T., & Branch, B. (1990). Perceptions of firm quality: A cause or result of firm performance. *Journal of Management,* 16(1), 167-180. https://doi.org/10.1177/014920639001600112

Mesa, D., Martínez, C., Mas, M., & Uribe, F. (2013). Marketing en períodos de crisis: La influencia del marketing proactivo en el desempeño empresarial. *Cuadernos de Administración,* 26(47), 233-257.

Nomen, E. (1996). Activos intangibles y política de empresa. *Gerencia de Riesgos,* 55, 20-26.

Peteraf, M. A. (1993). The cornerstones of competitive advantage: A resource-based view. *Strategic Management Journal,* 14(3), 179-191. https://doi.org/10.1002/smj.4250140303

Schwaiger, M. (2004). Components and parameters of corporate reputation: An empirical study. *Schmalenbach Business Review,* 56(1), 46-71. https://doi.org/10.1007/BF03396685

Scott, W. R. (2014). *Institutions and organizations. Ideas, interests and identities* (4th ed.). California: SAGE.

Šerić, M., Gil-Saura, I., & Mikulić, J. (2017). Customer-based brand equity building: Empirical evidence from Croatian upscale hotels. *Journal of Vacation Marketing,* 23(2), 133-144. https://doi.org/10.1177/1356766716634151

Severi, E., & Ling, K. C. (2013). The mediating effects of brand association, brand loyalty, brand image and perceived quality on brand equity. *Asian Social Science,* 9(3), 125-137. https://doi.org/10.5539/ass.v9n3p125

Spyropoulou, S., Skarmeas, D., & Katsikeas, C. S. (2011). An examination of branding advantage in export ventures. *European Journal of Marketing,* 45(6), 910-935. https://doi.org/10.1108/03090561111119967

Subramaniam, A., Mamun, A. A., Permarupan, P. Y., & Noor, R. B. Z. (2014). Effects of Brand Loyalty, Image and Quality on Brand Equity: A Study among Bank Islam Consumers in Kelantan, Malaysia. *Asian Social Science,* 10(14). https://doi.org/10.5539/ass.v10n14p67

Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *The Academy of Management Review,* 20(3), 571-610. https://doi.org/10.5465/amr.1995.9508080331

Xiang, Z., Schwartz, Z., Gerdes, J. H., & Uysal, M. (2015). What can big data and text analytics tell us about hotel guest experience and satisfaction? *International Journal of Hospitality Management,* 44, 120-130. https://doi.org/10.1016/j.ijhm.2014.10.013

Zeithaml, V. A. (1988). Consumer perceptions of price, quality, and value: A means. *Journal of Marketing,* 52(3), 2. https://doi.org/10.1177/002224298805200302

Zimmerman, M., & Zeitz, G. (2002). Beyond survival: Achieving new venture growth by building legitimacy. *The Academy of Management Review,* 27(3), 414-431. https://doi.org/10.5465/amr.2002.7389921

https://doi.org/10.3926/hdbr.247

The Organizational Legitimacy as an Entry Barrier in Large International Contracts

Emilio Díez-de-Castro
Professor. Universidad de Sevilla. Spain. ORCID: 0000-0002-4938-9104.

Francisco Díez-Martín
Associate Professor. Universidad Rey Juan Carlos. Spain. ORCID: 0000-0002-9888-833X.

Martin Madrid-Sanz
Lecturer. Universidad Rey Juan Carlos. Spain. ORCID: 0000-0002-1059-0978.

diez@us.es, francisco.diez@urjc.es, martin.madrid@urjc.es

Received: April, 2018.
Accepted: February, 2019.
Published: July, 2019.

Abstract

In the public tender processes of large international contracts, the organizational legitimacy is considered a prerequisite to limit the risk of engagement with companies that do not have it. The instrument usually used by the contracting parties is the Pre-qualification Questionnaire, which acts as a real entry barrier for contractors to participate in subsequent tenders. In this research we analyze the legitimacy requirement in tender processes. We focus on large contracts, mainly for the public sector but not limited to, based on documents accessible through public digital media. The research defines and provides content to the variables that shape the different legitimacy sorts required to the organizations to participate in large construction and trade tenders. The results suggest that the legitimacy requirements to the bidders are multidimensional, which entails that to participate in public tenders several legitimacy dimensions are evaluated. The weight of the different kinds of legitimacy in relation to the legitimacy global requirements is also analyzed.

Keywords

Organizational legitimacy; pre-qualification questionnaire; legitimacy measures; contract management; indicators of legitimacy.

How to cite this article

Díez-de-Castro, E., Díez-Martín, F., & Madrid-Sanz, M. (2019). The Organizational Legitimacy as an Entry Barrier in Large International Contracts. *Harvard Deusto Business Research,* VIII(2), Special Issue, 175-188. https://doi.org/10.3926/hdbr.247.

Most tenders use the bidder legitimacy as a first selection filter

1. Introduction

One of the most common procedures to contract projects and/or building works, as well as products and services acquisition, is a tender system. Different requirements are established in the rules of tender to bring companies to compete and offer their best. These requirements act as filters used by the contracting party to ensure that the bidders have the resources and capabilities needed to perform the works tendered. As an example, at European Union (EU) level there is a specific regulation, the Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and criteria for qualitative selection for the award of works, supply and services. If any administration of an EU Member were to award contracts to an economic operator that do not comply with the regulations, it would concur in case of nullity as of administrative law.

Since most tenders use the bidder legitimacy as a first selection filter, organizational legitimacy is an excellent theoretical framework to improve our understanding about this process. In this sense, the objectives of the State or private contracting organizations are multiple. First, to contract with organizations with certain level of legitimacy reduces the uncertainty about the tenderer and, consequently, the risk to make a wrong decision award. Several studies have shown the relationship between legitimacy and risk (Bansal & Clelland, 2004; Cohen & Dean, 2005; Cruz-Suárez, Prado-Román & Escamilla-Solano, 2015; Desai, 2008). Secondly, obtaining companies assessment as members of a familiar and non-problematic category of organizations. This way to proceed is aligned with the principle of cognitive economy (Rosch, 1978). This principle considers that people begin their evaluations through categories-based judgments, and then develop more complex evaluations. It has been suggested recently that the first step to evaluate an organization is to analyze its legitimacy degree and then, once the filter is overcome, more technical requirements should be evaluated (Bitektine, 2011). In this way, the decision-making process is simplified. Evaluators would initially classify organizations based on certain key characteristics, such as legitimacy, and then should select the most attractive organization (e.g., that one with the best technical conditions) of that group (Zuckerman, 1999).

Researchers of institutional theory believe that organizations should create an image of viability and legitimacy before being able to receive any kind of support (Starr & MacMillan, 1990). Legitimacy has become a necessary resource to survive and succeed (Zimmerman & Zeitz, 2002). In this regard, research has shown the benefits of legitimacy on:

- access to resources needed for organizations development (Cruz-Suárez, Prado-Román & Prado-Román, 2014; Payne, Cruz-Suárez & Prado-Román, 2018; Pollack, Rutherford & Nagy, 2012);
- the corporate results (Deephouse, 1996; Díez-Martín, Prado-Román & Blanco-González, 2013; Gómez-Martínez, Andreu & Díez-Martín, 2018);
- the multiple practices to better manage the legitimacy of organizations (Cachón Rodríguez, Prado Román & Zúñiga Vicente, 2019; Orozco, Vargas & Galindo-Dorado, 2018; Suchman, 1995; Überbacher, 2014).

The precedent requirements of legitimacy to contractors, the potential bidders, represent entry barriers. If the organizations need the legitimization of their activities to participate in tenders, they voluntarily adjust to the requirements looking for the contracting party approval. In addition, for these organizations, the lack of legitimacy level requested to participate in the tenders could bring collateral effects, such as to be excluded from other activities and opportunities in their correspondent business sector (Cruz-Suárez, Prado-Román & Díez-Martín, 2014).

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 175-188. ISSN: 2254-6235

The precedent requirements of legitimacy to contractors, the potential bidders, represent entry barriers

Legitimacy, rather than an inherent characteristic of the organization under scrutiny, is function of interpretations and evaluations (Díez-de-Castro, Peris-Ortiz & Díez-Martín, 2018; Tyler, 2006). This may have important consequences for the organizations that aim to participate in public tenders. For example, for any contracting party the judgments of legitimacy based on ethical aspects could be more significant than those based on cognitive aspects. In this way, understanding how legitimacy is evaluated and to know which elements the key ones are to acquire greater legitimacy would help managers to prepare their organization to be recognized as legitimate.

The objectives of this research are linked to the answers to different issues of concern for the contracting party side:

- The first issue rises as a question. Can we trust that the contracted company is the appropriate one for the work, supply or service to be carried out? Are the contractor actions correct, fair and according to an organization that offers to perform the activity we plan to hire? These questions drive directly to the concept of legitimacy, which serves to specify the answers and even to establish gradations between them. The managers and administrators cannot get wrong awarding big deals. If the company awarded does not comply, or present a delivery delay, or generates ethical social problems or does not have the capacity to fulfill its contractual obligations, the managers who signed the contracts will receive many criticisms and, at the end, they will have to give explanations to the Boards of Directors. The large contractors have a significant impact on the organizations they serve and, in many cases, also have a relevant economic and social significance. Succeeding with the right contractor is essential and identifying previously which organizations are eligible to bid based on their organizational legitimacy is a key issue for a successful contract development.

- The second issue is related to the content of the contractor legitimacy. This is key for several reasons. The first one, because legitimacy is not based on perceptions but on the fulfillment of certain objective topics or facts. Consequently, the overall organizational legitimacy is granted over the fulfillment of topics that represent organizational approaches. These key topics refer to the soundness of the organization itself, based on issues that are fundamental for the corporate image to be judged as appropriate. The ethical behavior is considered important since facilitates acceptance by society and, of course, compliance with the country regulation in which the contractor operates is also essential. Finally, to develop a good management from both governance and technical perspectives. Define which are the basic approaches of legitimacy and the essential content that are considered by the contracting parties will provide signals to the contractor organizations about what are the issues to be met if they want to participate in large public international tenders.

- The third issue of the research has been to check whether there are any relationship between the different legitimacy approaches. This issue has been little investigated, but there are some studies that have identified certain linkages between approaches that reinforce their weight and relevance in the construction of the organizational global legitimacy.

- The fourth issue is about to find the extent to which different legitimacy approaches have a greater or lesser weight in the origination of the organizational legitimacy. Some studies investigate the organizational legitimacy based on a single approach (especially the cognitive one) considering that, if the importance of this approach could be demonstrated, only based on this approach would the organization present legitimacy, not considering other approaches probably because of lack of relevance for the cases studied.

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 175-188. ISSN: 2254-6235

Initially, we describe the kinds of legitimacy that are taken into account in the public tenders, as well as we specify the variables that really shape and define each of the required legitimacies. A multidimensional approach can bring to light aspects of the organizational legitimacy that would be ignored if only one dimension were considered, namely: cognitive, regulative, ethical, managerial and technical. Next, we set out the hypotheses whose validity is going to be proved. Once the above is done, we explain the research methodology. Then the results achieved are presented and the most recurrent kinds of legitimacy in the tenders are detailed, as well as their variables. In the last part of the work the main implications of the research are stated, the limitations are listed and future lines of research are proposed.

2. Research background and hypotheses

Regulatory legitimacy is one of the first issues that draw the attention of the contracting party. In addition to obligation and commitment aspects, regulation has another that does not exist in other kinds of legitimacy: coercion. If any organization does not comply with the regulation of the Public Administration, it immediately generates doubts about its legitimacy. How are we going to work with an organization that does not pay taxes? To what extent would we be able to justify that we made a contract with a company that does not pay Social Security or does not comply with health and safety standards at work? How are we going to think that a contractor will comply with us if he evades their fiscal liabilities and their responsibilities to the Public Administration?

Hypothesis 1. The regulatory legitimacy deploys the greatest influence in the construction of the organizational legitimacy.

Ethical or moral legitimacy represents everything the company does for its milieu and society in general, but without obligation since there are no rules in this regard. It means that the organization has high values and is always responsible to society. It also means that the organization considers that it must add value to society, beyond its technical contributions. These behaviors and actions that express generosity and commitment are important for organizations, but they are not the most concern issues for them.

Hypothesis 2. The moral legitimacy has a significant role in the formation of the organizational legitimacy.

Managerial legitimacy appears when the actions of the organization are carried out in the best possible way. Namely, when the best managers and staff are in place, new management techniques are developed, the existing ones are updated and smart strategies are adopted (Ruef & Scott, 1998). Asking audiences can identify this kind of legitimacy: do you think the organization is led and managed properly, uses innovations and improves its performance over time? (Thomas, 2005).

An organization demonstrates its desirability and acceptance by engaging and developing methods, models, practices, assumptions, knowledge, ideas, realities, concepts, thoughts and

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 175-188. ISSN: 2254-6235

Cognitive legitimacy is attained when audiences assume that the image they have from the organization corresponds to what the organization really is

others, which are widely accepted and considered useful and desirable by the body of professionals where it operates. It develops activities that help simplify decision making processes, getting better and more rational decisions. Under this kind of legitimacy, the activity of the organization will be predictable, significant and attractive (Díez-Martín, Blanco-González & Prado-Román, 2010). Ruef and Scott (1998) split managerial legitimacy in two levels: technical and executive (or specifically managerial). Managerial legitimacy includes issues such as personnel management, client management, rules of conduct and personnel structure. The technical legitimacy focuses on aspects such as technology, personnel qualification, personnel training programs, work procedures and mechanisms of quality assurance. In our work we consider managerial legitimacy based on the two levels indicated by the authors, technical and executive-managerial levels.

Hypothesis 3. Managerial and technical legitimacies are variables of great influence, key for the construction of the organizational legitimacy.

Cognitive legitimacy is based on the comprehensibility of the organization by the audiences and on the assumption that the organization has forms and functions in accordance with what audiences consider to be correct and adequate (Suchman, 1995; Treviño, Den Nieuwenboer, Kreiner & Bishop, 2014). Cognitive legitimacy is attained when audiences assume that the image they have from the organization corresponds to what the organization really is. Legitimacy, according to this point of view, is due mainly to existing cultural models that provide plausible explanations of the organization and its efforts (Scott, 1991).

Hypothesis 4. Cognitive legitimacy shape the legitimacy of the organization, but to a lesser extent than other types of legitimacy.

3. Methodology

Our measurement of legitimacy is based on the assessment of the information available about the organization. We have used the answers to the questions contained in the Pre-qualification Questionnaires that the contractors submit to the contracting parties, as a step prior to the evaluation and presentation of their economic proposals. In this way, the measurement of the legitimacy of a candidate is not measured by a general question about its legitimacy but is established based on questions and criteria contained in the Questionnaires.

3.1. Data collection

The data were obtained from three sources: The Pre-Qualification Questionnaires (PQQ); The Supplier Classification System (SCP); The Tender Documents or Specific Administrative Clauses (PCAP). In total, 193 documents prepared by contractors from all continents were selected, belonging to Public Administrations, State owned autonomous organizations and private organizations, whose activities was clustered into 11 large economic sectors.

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 175-188. ISSN: 2254-6235

The greater the number of requirements demanded, the greater the demands of legitimacy

3.2. Measures

Regulative legitimacy

A legitimacy aspect of special interest to contracting parties is ensuring that contractors comply with their legal and regulatory obligations. Firstly, the fulfillment of norms and laws demonstrates a clear commitment of the organization with society. On the other hand, the lack of compliance can become a huge source of problems for the contracting party as well. If an organization does not comply with the laws under coercion, what could be its behavior with the contracting party who cannot directly exercise coercion? We found 5 concepts especially sought by the contracting parties.

Moral legitimacy

Moral legitimacy is achieved when the organization under analysis presents actions based on moral or ethical values. Actions and behaviors to which the organization is not obliged, since they are not legally or regulatory requested, but it does so due to social awareness, moral beliefs or the desire to serve others and do good. We find three aspects that are of special interest to contracting parties: Doing the right thing; Actions on issues related to health and safety; Wide dissemination of truthful information to stakeholders.

Managerial legitimacy

For this topic, the information requested was related to the strategic direction of the company, the development of the firm over time and the quality of current senior managers.

Technical legitimacy

The technical aspects are those that are linked to the material realization of the works. Here the contracting parties request information about: Certifications; Operations; Documentation and effective communications; Reliability and integrity.

Cognitive legitimacy

What is it that makes a company understandable, allowing to assign an identity? We found in the Pre-Qualification Questionnaire (PQQ) four major issues that together help to get a general image of the organization: Financial soundness; Industry associations and partner firms; products and services Quality; Brand. Each one is considered as a shaping item of reflected cognitive legitimacy.

Organizational legitimacy

The measure of legitimacy, as it has been developed in our work, has levels; it is not fixed threshold that is reached or exceeded. In this way, our discourse does not consist in indicating whether the contractor will be legitimate or not, it will have legitimacy or not, but in the degree of legitimacy manifested by their answers to the information requirements. The contracting parties will choose those organizations with higher levels of legitimacy, which are achieved by the compliance with the requirements and through the assessment of such compliance by the contracting parties.

We will understand that the greater the number of requirements demanded, the greater the demands of legitimacy. In this way, we define the legitimacy of the organization as a whole based on the intensity of legitimacy required. We start from the documentation units. Each document used requesting information from contractors constitutes a documentation unit. A widely used comparative measure of legitimacy is based on the Janis-Fadner coefficient of imbalance.

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 175-188. ISSN: 2254-6235

3.2. Data analysis

We test the research model using the partial least squares (PLS) technique, a variance-based structural equation modelling approach (Roldán & Sánchez-Franco, 2012) to analyze the data. The reasons that led us to choose this technique were the characteristics of the constructs included in our investigation model that, as mentioned above corresponded to a composite measurement model (Henseler, Ringle & Sarstedt, 2016).

Common Method Bias (CMB) should be considered when the data on the independent and dependent variables, as happens in our study, are obtained from the same source (Podsakoff, MacKenzie, Lee & Podsakoff, 2003). The existence of CMB might introduce systematic errors in the findings. We conducted a full collinearity test based on Variance Inflation Factors (VIFs), in order to detect potential CMB (Kock, 2017). These authors proposed the aforementioned test to evaluate both vertical and lateral collinearity. If the VIF presents values of over 3.3, it could be an indicator of pathological collinearity and the model might present CMB. As shown in table 1, our model is free from CMB, because the VIF of each construct was below the limit of 3.3.

Table 1
Full collinearity VIFs

Variables	Cognitive legitimacy	Managerial legitimacy	Moral legitimacy	Regulative legitimacy	Technical legitimacy
VIF	1,943	2,135	1,674	2,570	1,972

4. Results

4.1. Assessment of global model fit

According to Henseler et al. (2016), the first step in the evaluation of a model should be the evaluation of the fit of the global model because, if the initial model does not fit the data, the data would contain more information than would be transmitted through the model. To do so, we analyzed the estimated model in table 2, explicitly described by the proposed hypotheses through various fitness tests: The Standardized Root Mean Square Residual (SRMR).

Henseler et al. (2016) recommended the use of SRMR as an approximate model fit criterion in PLS-SEM. Our hypothesized model presents a value of 0,084, below the limit value of 0.10. Another positive trend among management researchers is the increased use of the standardized root mean residual (SRMR), which has risen in popularity and for which a value less than 0.10 is considered to reflect a good model and the Geodesic discrepancy (dG). If the bootstrapping (HI95) in any of these tests is over 95% and if the percentiles (HI99) are over 99%, the model is quite unlikely to be true. As shown in table 2, the three tests of fit of the model were under HI95 and HI99; results that mean the model cannot be rejected (Henseler et al., 2016).

Table 2
Estimated model fit evaluation

Discrepancy	Value	HI95	HI99	Conclusion
dG	0.408	0.367	0.718	Supported

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 175-188. ISSN: 2254-6235

4.2. Measurement model

A Variance Inflation Factor (VIF) of over 3.3 would indicate high collinearity. No such problem was found in our model, because the VIF values fluctuated between 1.001 and 2.138. And finally, in relation to the weights, both their magnitude and their importance are shown in table 3 and 4. Those values provide information on how each indicator contributes to its respective composite (Chin, 1998) thereby classifying the indicators in accordance with their contribution. Likewise, a significance of at least 5% suggests that the measurement is relevant to the composite construction (Roldán & Sánchez-Franco, 2012).

Table 3
Measurement model

Construct/Indicator		VIF	Outer weights
TECH	**Technical legitimacy**		
11	Certification	1,226	0,474
12	Operation	1,427	0,349
13	Documentation and effective communications	1,134	0,326
14	Reliability and integrity	1,185	0,347
MAN	**Managerial legitimacy**		
21	Ability to act and react	1,194	0,426
22	Financial structure	1,109	0,4
23	Experiences	1,18	0,28
24	**Leadership**	1,178	0,445
COG	Cognitive legitimacy		
31	Financial solvency	1,038	0,27
32	Industry associations and partner firms	1,112	0,433
33	Product and service quality	1,072	0,323
34	Brand	1,219	0,439
MOR	**Moral legitimacy**		
41	Actions on issues related to health and safety	1,135	0,554
42	Doing the right thing	1,131	0,726
43	Wide dissemination of truthful information to stakeholders	1,381	0,415
REG	**Regulative legitimacy**		
51	Compliance with the laws and rules to operate	1,383	0,228
52	Environmental management	1,142	0,398
53	Health and safety	1,102	0,3
54	Tax & Social Security mandatories	1,247	0,339
55	Penalties to organization or directors	1,189	0,301

Support was found for hypotheses H1, H2, H3, and H4

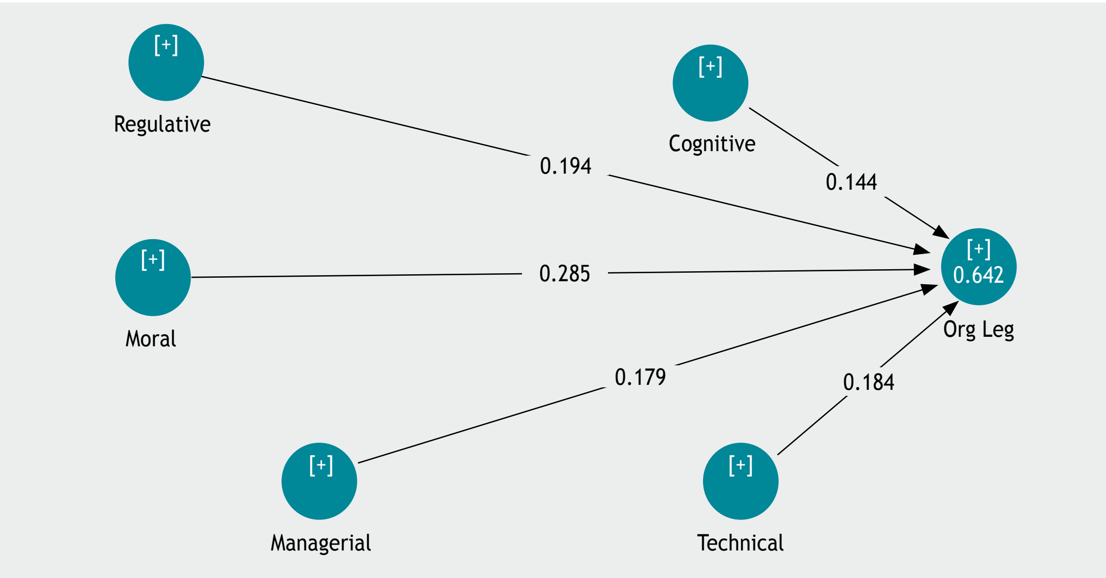
Table 4
Mean, standard deviation, T statistics and values

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T Statistics (|O/STDEV|)	P values
Managerial -> Cognitive	0,565	0,570	0,045	12,565	0,000
Moral -> Cognitive	0,461	0,471	0,059	7,759	0,000
Moral -> Managerial	0,558	0,559	0,050	11,075	0,000
Org Leg -> Cognitive	0,605	0,651	0,099	6,096	0,000
Org Leg -> Managerial	0,658	0,706	0,108	6,080	0,000
Org Leg -> Moral	0,657	0,690	0,053	12,433	0,000
Regulative -> Cognitive	0,678	0,682	0,037	18,393	0,000
Regulative -> Managerial	0,648	0,654	0,046	14,109	0,000
Regulative -> Moral	0,575	0,580	0,047	12,139	0,000
Regulative -> Org Leg	0,686	0,734	0,099	6,935	0,000
Technical -> Cognitive	0,530	0,536	0,046	11,528	0,000
Technical -> Managerial	0,615	0,623	0,044	14,015	0,000
Technical -> Moral	0,510	0,516	0,049	10,446	0,000
Technical -> Org Leg	0,637	0,687	0,116	5,506	0,000
Technical -> Regulative	0,628	0,634	0,043	14,589	0,000

4.3. Structural model

Based on Bootstrapping (5000 samples), *t – values* and confidence intervals were obtained that determine the statistical significance of the relations. As may be observed in Figure 1, support was found for hypotheses H1, H2, H3, and H4, as the coefficients were both significant and positive.

Figure 1
Structural model results



Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 175-188. ISSN: 2254-6235

The most commonly used measure to evaluate the structural model is the coefficient of determination (value R2). This coefficient is a measure of the predictive accuracy of the model and is calculated as the squared correlation between the actual and predicted values of a specific endogenous construct. In academic research that focuses on marketing issues, R2 values of 0.75, 0.50 or 0.25 for endogenous latent variables can, as a general rule, be described respectively as substantial, moderate or weak (Hair, Ringle & Sarstedt, 2011). R2 of the study is 0.642 and the adjusted R2 is 0.633. The R2 values show mean predictive accuracy of the model (between 0.25 and 0.75). In addition, the impact of the effect (f2) of the different variables on global legitimacy is weak, with all f2 values between 0.02-0.15.

5. Discussion and conclusions

Based on the theoretical support of the theory of legitimacy of organizations, this article emphasizes the concern to give theoretical content and scientific support to the trend of organizations to pre-select their partners, suppliers and contractors, on legitimacy criteria.

We provide evidence that the contracting organizations requirements are authentic factual elements or items that shape the constructs of legitimacy typologies. These items are based on real data from the organizations, instead of judgments or perceptions that are usually used as elements of measurement of the legitimacy of the organizations. This evaluation of the organizational legitimacy by means of data instead of judgments or perceptions is not new in the literature. The novelty of our contribution is to give evidence that the incumbent contracting organizations are who set up the questions and determine which are the issues to be consider essential to grant their trust to counterparts with which they will be engaged for long periods of time.

The findings of this article contribute to a deeper understanding of the effects of different types of legitimacy on the global legitimacy of the organization, in case of tenders with international characteristics and high volume.

First, this article has shown empirically that the influence of the different kinds of legitimacy is not homogeneous. The cognitive, that is, what is linked to the image of the organization, is precisely the least important as shown by a weight of 0.144 on total legitimacy. This result set a remarkable distance with affirmations of studies that tend to point out the cognitive as the most important type of legitimacy. The weights of the relations of the kinds of legitimacy clearly mark their influence on total legitimacy. Surprisingly, it is moral legitimacy that presents the greatest weight 0.285. Usually the great works and large contracts are looked with suspicion as a possible source of corruption, and it is true that sometimes this happens, but it must be emphasized that all development in the search for legitimacy of contractors goes in a direction of transparency in relationships, guarantee of enough management skills and regulatory compliance, seeking the predominance of ethics. The moral legitimacy has enough weight to understand that somehow drives and suffuse the whole set of legitimacy search. Behind this type of legitimacy is the concern for compliance with the regulation (weight 0.194), the demonstration of the technical capacity of the contractors (weight 0.184) and the requirements on the superior management of the organization (weight 0.179).

Secondly, the essential elements that integrate the constructs of cognitive legitimacy, technical legitimacy, managerial legitimacy, moral legitimacy and regulatory legitimacy have been defined. There are few studies that establish legitimacy measurements based on data. On the other hand, these elements of legitimacy are used according to their coherence with the theory, they arise from the researcher and not from those who try to solve a practical problem. That is why

Organizations are demanding that the counterparts have to demonstrate they have legitimacy enough to be accepted to work with

we understand that our work makes a significant contribution to all those who wish to work in the future with variables that reflect the kinds of legitimacy based on data. At least they will have one more reference of the elements that build up the constructs, a reference that is supported by their weights and their statistical significance.

5.1. Implications for practitioners

Some experienced management professors recommend brand new students to look for their first job just in large companies. The reason is that these companies have become so large and profitable because they have been able to apply cutting-edge management tools and to integrate excellent management teams while developing efficient organizational structures. You learn a lot from the winners because they teach what is important and, mainly, how to do things and make decisions. This reflection drives us to the results of the study we conducted. The organizations we took as a base group, whether private or state owned, are demanding that the counterparts have to demonstrate they have legitimacy enough to be accepted to work with. These requirements of legitimacy are high and do not refer to a single dimension of legitimacy but to all. They are organizations that, because of their size and the high level of the tenders they launch, are teaching other organizations the way they should take if they want to participate in such large contracts. This teaching is chain replicated downwards since those who want to opt for these important contracts, to play with the big ones, will also be demanding legitimacy to their suppliers and subcontractors. For two reasons, firstly because if they work with organizations without legitimacy enough, they may find that this lack could have an impact on their own legitimation upwards when it comes to demonstrate that they all (the main contractor and its subcontractors) meet the requirements. Secondly, by legitimacy culture, learning to be able to appraise the interest and usefulness of working with legitimated organizations.

With this study the managers should be clearer about the way forward to organization improvement. It is clear that meeting the legitimacy requirements outlined above is a challenge that needs a long time of preparation and continuous learning of the organization, and it cannot be resolved immediately. Therefore, knowing what to do, what remains now is the will to develop those issues that provide confidence, security and stability in the relationship with other organizations.

6. Limitations and future research

This study has limitations. The legitimacy of the whole organization has been measured from the information provided by the documents used for the pre-qualification processes. This information is what we have used to measure the different items that shape each of the typologies of legitimacy considered relevant by the contracting parties. In such a way, we found that the measurement of the legitimacy of the organization as a whole is not independent of the measurement of each of the types of legitimacy. This lack of independence is due not only to the origin of the data but also to the fact that there is a link between them. This question is also present in other studies where respondents are asked about various issues of the legitimacy of the organization and, finally, they are asked for an overall assessment of the organizational legitimacy. Even so, thinking that this is a situation accepted in the analysis developed in other studies, we point out our opinion on this subject as a weakness of the present work.

Another limitation is the origin of the documents, since their selection was not random. Initially we considered the documents that could be found through the Internet and, although it was not a personal selection of the researchers because they followed the order of appearance as a criterion, later some documents were excluded for several reasons such as simplicity or low level of the bid volume.

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 175-188. ISSN: 2254-6235

In future research, the two issues mentioned above could be corrected by asking to the contracting organizations their direct collaboration in the research, in order to get the final assessment they give to each of the bidders they considered qualified to participate in the works, services or supplies tenders. This will allow to tune and to give accuracy to the study of legitimacy of organizations. Another issue that should be addressed in the future is the delimitation of red lines because there are aspects that, in case of not fulfill the requirement of the contracting party, exclude directly the candidate under qualification process. Checking if there is a pattern in these direct exclusions and defining which types of legitimacy are involved is a question that has not yet been addressed. Finally, the analysis developed did not take into account control variables such as the type of organization, private or state owned, the contractor's sectors, or the geographical area of the contracting parties. The control variables can provide relevant information but, according to some studies about large international organizations, these variables may not have significance because these large international organizations may think and act in a very similar way when they require the legitimacy of their contractors.

7. Declaration of Conflicting Interests

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

8. Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

9. References

Bansal, P., & Clelland, I. (2004). Talking trash: legitimacy, impression management, and unsystematic risk in the context of the natural environment. *Academy of Management Journal,* 47(1), 93-103. https://doi.org/10.2307/20159562

Bitektine, A. (2011). Toward a theory of social judgments of organizations: The case of legitimacy, reputation, and status. *Academy of Management Review,* 36(1), 151-179. https://doi.org/10.5465/amr.2009.0382

Cachón Rodríguez, G., Prado Román, C., & Zúñiga Vicente, J. A. (2019). The relationship between identification and loyalty in a public university: Are there differences between (the perceptions) professors and graduates? *European Research on Management and Business Economics,* 25(2), 87-92. https://doi.org/10.1016/j.iedeen.2019.04.005

Chin, W. W. (1998). The partial least squares approach to structural equation modeling. In G. A. Marcoulides (ed.), *Modern methods for business research* (pp. 295-336). New York: Psychology Pres.

Cohen, B., & Dean, T. (2005). Information asymmetry and investor valuation of IPOs: Top management team legitimacy as a capital market signal. *Strategic Management Journal*, 26(7), 683-690. https://doi.org/10.1002/smj.463

Cruz-Suárez, A., Prado-Román, C., & Díez-Martín, F. (2014). Por qué se institucionalizan las organizaciones. *Revista Europea de Dirección y Economía de la Empresa*, 23(1), 22-30. https://doi.org/10.1016/j.redee.2013.09.003

Cruz-Suárez, A., Prado-Román, A., & Prado-Román, M. (2014). Cognitive legitimacy, resource access, and organizational outcomes. *RAE – Revista de Administração de Empresas,* 54(5), 575-584. https://doi.org/10.1590/S0034-759020140510

Cruz-Suárez, A., Prado-Román, C., & Escamilla-Solano, S. (2015). Nations of Entrepreneurs: A Legitimacy Perspective. In M. Peris-Ortiz & J.-M. Sahut (eds.), *New Challenges in Entrepreneurship and Finance* (pp. 157-168). Cham: Springer International Publishing. https://doi.org/10.1007/978-3-319-08888-4_11

Deephouse, D. L. (1996). Does isomorphism legitimate? *Academy of Management Journal,* 39(4), 1024-1039. https://doi.org/10.2307/256722

Desai, V. M. (2008). Constrained Growth: How Experience, Legitimacy, and Age Influence Risk Taking in Organizations. *Organization Science,* 19(4), 594-608. https://doi.org/10.1287/orsc.1070.0335

Díez-de-Castro, E., Peris-Ortiz, M., & Díez-Martín, F. (2018). Criteria for Evaluating the Organizational Legitimacy: A Typology for Legitimacy Jungle. In E. Díez-de-Castro & M. Peris-Ortiz (eds.), *Organizational Legitimacy* (pp. 1-21). Cham: Springer International Publishing. https://doi.org/10.1007/978-3-319-75990-6

Díez-Martín, F., Blanco-González, A., & Prado-Román, C. (2010). Measuring organizational legitimacy: the case of Mutual Guarantee Societies. *Cuadernos de Economía y Dirección de la Empresa,* 43, 115-144. https://doi.org/10.1016/S1138-5758(10)70012-8

Díez-Martín, F., Prado-Román, C., & Blanco-González, A. (2013). Beyond legitimacy: legitimacy types and organizational success. *Management Decision,* 51(10), 1954-1969. https://doi.org/10.1108/MD-08-2012-0561

Gómez-Martínez, R., Andreu, L., & Díez-Martín, F. (2018). Explanation of the Relation Between Organizational Legitimacy and Firms' Price. In E. Díez-de-Castro & M. Peris-Ortiz (eds.), *Organizational Legitimacy* (pp. 271-281). Cham: Springer International Publishing. https://doi.org/10.1007/978-3-319-75990-6_17

Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a Silver Bullet. *The Journal of Marketing Theory and Practice,* 19(2), 139-152. https://doi.org/10.2753/MTP1069-6679190202

Henseler, J., Ringle, C. M., & Sarstedt, M. (2016). Testing measurement invariance of composites using partial least squares. *International Marketing Review,* 33(3), 405-431. https://doi.org/10.1108/IMR-09-2014-0304

Kock, N. (2017). Common Method Bias: A Full Collinearity Assessment Method for PLS-SEM. In H. Latan & R. Noonan (eds.), *Partial Least Squares Path Modeling* (pp. 245-257). Cham: Springer International Publishing. https://doi.org/10.1007/978-3-319-64069-3_11

Orozco, L. A., Vargas, J., & Galindo-Dorado, R. (2018). Trends on the relationship between board size and financial and reputational corporate performance: The Colombian case. *European Journal of Management and Business Economics,* 27(2), 183-197. https://doi.org/10.1108/EJMBE-02-2018-0029

Payne, G., Cruz-Suárez, A., & Prado-Román, A. (2018). Legitimacy as Competitive Advantage: A US Airline Case Study. In E. Díez-de-Castro & M. Peris-Ortiz (Eds.), *Organizational Legitimacy* (pp. 121-140). Cham: Springer International Publishing. https://doi.org/10.1007/978-3-319-75990-6_8

Podsakoff, P. M., MacKenzie, S. B., Lee, J.-Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology,* 88(5), 879-903. https://doi.org/10.1037/0021-9010.88.5.879

Pollack, J. M., Rutherford, M. W., & Nagy, B. G. (2012). Preparedness and cognitive legitimacy as antecedents of new venture funding in televised business pitches. *Entrepreneurship Theory and Practice,* 36(5), 915-939. https://doi.org/10.1111/j.1540-6520.2012.00531.x

Roldán, J. L., & Sánchez-Franco, M. J. (2012). Variance-Based Structural Equation Modeling: Guidelines for Using Partial Least Squares in Information Systems Research. In M. Mora, O. Gelman, A. Steenkamp & M. Raisinghani (eds.), *Research Methodologies, Innovations and Philosophies in Software Systems Engineering and Information Systems* (pp. 193-221). Hershey: Information Science Reference IGI Global. https://doi.org/10.4018/978-1-4666-0179-6.ch010

Rosch, E. (1978). Principles of Categorization. In E. Rosch & B. B. Lloyd (eds.), *Cognition and Categorization* (pp. 27-48). Hillsdale, NJ: Erlbaum.

Ruef, M., & Scott, W. R. (1998). A multidimensional model of organizational legitimacy: Hospital survival in changing institutional environments. *Administrative Science Quarterly,* 43(4), 877-904. https://doi.org/10.2307/2393619

Scott, W. R. (1991). Unpacking institutional arguments. In W. W. Powell & P. J. DiMaggio (eds.), *The New Institutionalism in Organizational Analysis* (pp. 164-182). Chicago, IL: University of Chicago Press.

Starr, J. A., & MacMillan, I. C. (1990). Resource cooptation via social contracting: Resource acquisition strategies for new ventures. *Strategic Management Journal,* 11(4), 79-92.

Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *The Academy of Management Review,* 20(3), 571-610. https://doi.org/10.5465/amr.1995.9508080331

Thomas, T. E. (2005). Are business students buying it? A theoretical framework for measuring attitudes toward the legitimacy of environmental sustainability. *Business Strategy and the Environment,* 14(3), 186-197. https://doi.org/10.1002/bse.446

Treviño, L. K., Den Nieuwenboer, N. A., Kreiner, G. E., & Bishop, D. G. (2014). Legitimating the legitimate: A grounded theory study of legitimacy work among Ethics and Compliance Officers. *Organizational Behavior and Human Decision Processes,* 123(2), 186-205. https://doi.org/10.1016/j.obhdp.2013.10.009

Tyler, T. R. (2006). Psychological perspectives on legitimacy and legitimation. *Annual Review of Psychology,* 57(1), 375-400. https://doi.org/10.1146/annurev.psych.57.102904.190038

Überbacher, F. (2014). Legitimation of New Ventures: A Review and Research Programme. *Journal of Management Studies,* 51(4), 667-698. https://doi.org/10.1111/joms.12077

Zimmerman, M. A., & Zeitz, G. J. (2002). Beyond Survival: Achieving New Venture Growth by Building Legitimacy. *Academy of Management Review,* 27(3), 414-431. https://doi.org/10.5465/amr.2002.7389921

Zuckerman, E. W. (1999). The categorical imperative: securities analysts and the illegitimacy discount. *American Journal of Sociology,* 104(5), 1398-1438. https://doi.org/10.1086/210178

https://doi.org/10.3926/hdbr.248

Does Corporate Social Responsibility Affect to Legitimacy of the Companies? Analysis of Spain and Mexico through the Case Method

Sandra Escamilla Solano
Lecturer. Rey Juan Carlos University. Spain. ORCID: 0000-0001-9150-9467.

Paola Plaza Casado
Lecturer. Rey Juan Carlos University. Spain. ORCID: 0000-0002-8869-6123.

Evaristo Galeana Figueroa
Associate Professor. Universidad Michoacana de San Nicolás de Hidalgo. Mexico. ORCID: 0000-0002-6365-9975.

Dora Aguilasocho Montoya
Associate Professor. Universidad Michoacana de San Nicolás de Hidalgo. Mexico.

sandra.escamilla@urjc.es, paola.plaza@urjc.es, egaleana@umich.mx, amontoya@umich.mx

Received: April, 2018.
Accepted: February, 2019.
Published: July, 2019.

Abstract
The highly competitive environment in which companies move means that they are constantly searching for initiatives that increase their legitimacy. The consideration of corporate social responsibility within the strategy of the company, means that it can be considered as a vehicle to legitimize companies in the face of society. Therefore, this research aims to analyze the relationship between corporate social responsibility and social legitimacy. For this, a case study will be carried out on 4 companies (three Spanish and one Mexican) included in the MERCO Responsibility and Corporate Governance Ranking, Fortune World's Most Admired Companies and Fortune Global 500 for the period 2017-2018. The research reveals the existence of a positive relationship between social legitimacy and corporate social responsibility with business results, obtaining as a main conclusion that legitimacy represents within the company an intangible and key resource that must be managed so as not to lose it.

Keywords
Legitimacy, Corporate Social Responsibility, Market Value, Spain, Mexico, Case Method.

How to cite this article
Escamilla Solano, S., Plaza Casado, P., Galeana Figueroa, E., & Aguilasocho Montoya, D. (2019). Does Corporate Social Responsibility Affect to Legitimacy of the Companies? Analysis of Spain and Mexico through the Case Method. *Harvard Deusto Business Research,* VIII(2), Special Issue, 189-205. https://doi.org/10.3926/hdbr.248.

The objective of this research to fill an existing gap in the literature of legitimacy about empirical studies that relate CSR with legitimacy

1. Introduction

Companies move in a highly dynamic and competitive environment. Surviving implies finding a competitive advantage (Porter, 1985), which allows them to obtain better business results (Newbert, 2008). This search has become one of the reasons that lead to the institutionalization of organizations. In recent years, it has been shown that numerous companies are developing legitimacy initiatives with corporate social responsibility programs, because they believe that it can be a key factor in achieving a competitive advantage, creating new business opportunities, protecting the company from the complex regulations, or getting the company to comply with the demands of its shareholders (Brønn & Vidaver-Cohen, 2008). Manifesting a real commitment on the part of the company towards society is increasingly important for organizations, because they achieve greater access to resources.

Resource exploitation is what allows companies to gain competitive advantage (Barney, 1991). Starr and MacMillan (1990) point out that organizations must create an image of viability and legitimacy before they receive any support. In this way, an institutionalized organization can gain greater support from its stakeholders (Choi & Shepherd, 2005), establish relationships with suppliers, gain better access to investors (Cohen & Dean, 2005; Deeds, Mang & Frandsen, 2004), and clients (Higgins & Gulati, 2006). In summary, increasing access to resources critical to success (Baum & Oliver, 1991).

Nowadays companies can institutionalize through legitimacy. Legitimacy consists of a state that reflects cultural alignment, normative support, or consonance with relevant rules and laws (Scott, 1995). Its importance lies in the fact that the acceptance and desirability of the activities of an organization by its environment and social groups will allow it to access the resources necessary to survive and grow (Zimmerman & Zeitz, 2002). Many organizations have failed not because their products were bad or lacking resources, but because of their lack or deterioration of legitimacy (Ahlstrom & Bruton, 2001; Chen, Cotsakos, Griffith & Hu, 2006).

Porter and Kramer (2011) argue that the legitimacy of firms has fallen to levels not seen in recent history. To do so, they describe a paradoxical phenomenon "at the same time that more companies are beginning to adopt socially responsible practices, they are also accused of failing society" (Porter & Kramer, 2011: 64). This observation emphasizes an aspect that, so far, has not received much attention from the academic world: How does corporate social responsibility (CSR) affect the legitimacy of companies? Although it is commonly agreed that CSR engagement has a positive influence on the legitimacy of companies, there are only a few empirical studies to demonstrate this relationship (Claasen & Roloff, 2012; Rao, Chandy & Prabhu, 2008). Therefore, the objective of this research has a double contribution, on one hand to fill an existing gap in the literature of legitimacy about empirical studies that relate CSR with legitimacy, and on the other, the lack of business studies that analyzes the relationship between CSR and social legitimacy that allows business managers to see the importance of legitimacy management. For this, a case study will be carried out on 4 companies (3 Spanish and 1 Mexican companies) included in the MERCO Responsibility and Corporate Governance Ranking, Fortune World's Most Admired Companies and Fortune Global 500 for the period 2017-2018.

2. Social legitimacy and business results

2.1. Concept

In the field of business, the concept of legitimacy began to take shape from the mid-1990s, when the most precise definitions of the concept of legitimacy began to appear. Scott (1995:

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 189-205. ISSN: 2254-6235

A central theme about the concept of legitimacy is to identify where the legitimacy of an organization comes from.

45) published that "legitimacy is not a commodity that can be exchanged but a state that reflects cultural alignment, normative support, or consonance with relevant rules and laws." Suchman (1995: 574) published one of the most widespread definitions of the concept of legitimacy "the generalized perception or assumption that an entity's activities are desirable, right, or appropriate within a socially constructed system of norms, values, beliefs, and definitions". From these two publications began the interest on the legitimacy. Aldrich and Fiol (1994) had already pointed out the importance of legitimacy for entrepreneurs, and something later Kostova and Zaheer (1999) analysed legitimacy in the context of multinational corporations. Oliver (1991) also used the legitimacy to integrate institutional theory with the theory of resource dependence. All of this contributes to a series of significant improvements for the understanding of the dimensions and sources of legitimacy, as well as the process of legitimation.

2.2. Sources of legitimacy

A central theme about the concept of legitimacy is to identify where the legitimacy of an organization comes from. Suchman (1995) considers that the possible sources of legitimacy are not restricted to a group of people. The answer depends on the focus of the research.

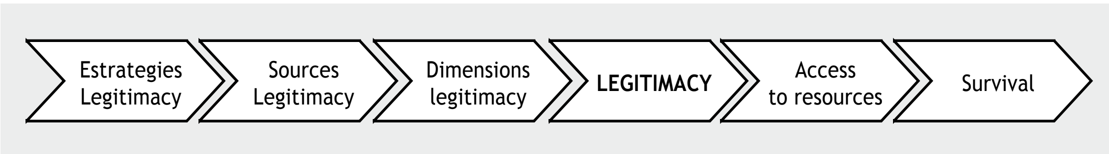
For some researchers the main source of legitimacy has been society in general (Hannan & Carroll, 1995). Others have considered the media, used data from them to measure legitimacy in organizations (Abrahamson & Fairchild, 1999; Bansal & Clelland, 2004; Deephouse, 1996; Lamertz & Baum, 2009; Pollock & Rindova, 2003).

Perhaps they are (Ruef & Scott, 1998: 880) one of the most complete approaches to distinguishing the sources of legitimacy of an organization: "The legitimacy of an organization will be determined by those who observe it and evaluate its conformity with respect to some Standards or specific models".

2.3. The process of legitimation and its impact on organizations

Legitimation is the process by which the legitimacy of an object changes over time (Ashforth & Gibbs, 1990). Zimmerman and Zeitz (2002) point out that the process of legitimacy can be defined as the set of actions whose development allows for the attainment and maintenance of legitimacy (Figure 1). This process would favor the access to strategic resources, indispensable for the organizations, allowing their growth and survival.

Figure 1
Legitimation process



Source: Díez-Martín, Blanco-González, Cruz-Suárez & Prado-Román (2014).

Some authors consider legitimacy as a key success factor for organizational survival (Meyer & Rowan, 1977; Zimmerman & Zeitz, 2002; Zucker, 1987). Brown (1998: 35) suggests that having legitimacy is "the status of legitimacy is a sine qua non for easy access to resources, restricted markets and long-term survival." Several researches support this relationship (Baum & Oliver, 1991; Hannan & Carroll, 1992; Ruef & Scott, 1998; Singh, Tucker & House, 1986).

In addition, legitimacy may affect other measures of performance, such as the value of Public Offerings of Securities (Cohen & Dean, 2005; Deeds et al., 2004; Higgins & Gulati, 2006; Pollock & Rindova, 2003). Stock prices (Zuckerman, 2000), stock market risk (Bansal & Clelland, 2004), or stakeholder support (Choi & Shepherd, 2005). Table 1 summarizes the results analyzed by researchers in recent decades on the effect of legitimacy on business results.

Table 1
The effect of legitimacy on business results

Author	Effects of legitimacy
Singh et al. (1986)	Survival non-governmental organizations
Hannan & Carroll (1992)	Survival companies
Deephouse (1996)	On the ROA of the banks from the perspective of the regulative legitimacy
Zuckerman (1999, 2000)	It reduces the probability of suffering the "discount of illegitimacy" in the stock price
Ahlstrom & Bruton (2001)	Improves success in demanding environments
Pollock & Rindova (2003) Higgins & Gulati (2003, 2006) Deeds et al. (2004)	Attraction Resources for Initial Public Offering (IPO)
Shepherd & Zacharakis (2003)	Influences consumer choice of purchase
Bansal & Clelland (2004) Cohen & Dean (2005)	Reduces a company's specific risk
Choi & Shepherd (2005)	Increase stakeholder support
Deephouse & Carter (2005)	Improves ROA of the company
Barreto & Baden-Fuller (2006)	If legitimacy is based on imitation, it can reduce the profits of the company
Alcantara et al. (2006)	Facilitates the penetration of foreign companies into new local markets
Chen et al. (2006)	Affects the strategy of entering a new market
Bianchi & Ostale (2006)	Improves the internationalization of retail companies
Halgin (2006)	Improves the likelihood of career advancement
Tornikoski & Newbert (2007)	Promotes the survival of emerging companies Promotes to obtain the first sale Promotes employee recruitment Promotes the obtaining of external financial resources Promotes the perception of an operating business
Lin, Lin & Lin (2010)	Helps overcoming the initial obstacles faced by new organizations
Pollack, Rutherford & Nagy (2012)	Increases the possibilities of financing for New Venture

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 189-205. ISSN: 2254-6235

A key point to be considered by organizations, is to demonstrate consistency with the social system where they operate

The lack or insufficiency of legitimacy means that one does not act according to social norms and values, which can lead to organizational failure. In this way, a key point to be considered by organizations, especially SMEs, is to demonstrate consistency with the social system where they operate. Organizations cannot be consistent with all the social systems they face, so they must be clear about the social factors relevant to their survival (Zimmerman & Zeitz, 2002). Adjusting to social expectations is becoming increasingly important for organizations to gain and maintain their legitimacy in the eyes of the public (Brønn & Vidaver-Cohen, 2008). When the objectives pursued by organizations are congruent with the values of society, they are legitimizing themselves to access scarce resources. The organizations that survive the longest are those that best fit the pressures of the environment acting according to socially established norms and values. Organizations that do not fit the environment do not survive (Zaheer, 1995).

H1: Business legitimacy is positively related to business results.

2.4. Corporate social responsibility and business results

In today's competitive environment, corporate social responsibility (CSR) has become a strategic issue for many companies. In fact, most Fortune 500 companies develop CSR activities. Thus, some researchers have observed that companies consider CSR as a business strategy because it contributes to financial results (Barnett, 2007; Orlitzky, Schmidt & Rynes, 2003) or to market value (Mackey, Mackey & Barney, 2007). Thus, if it is incorporated into the company's decision-making process, it can become a competitive advantage (Maxfield, 2008; Escamilla, Plaza & Flores, 2016).

The study of CSR can be divided into two main points of view: stakeholder orientation and economic orientation (Driver, 2006; Godfrey & Hatch, 2007). The first of these orientations is manifested in Freeman's stakeholder theory (1984), which suggests that interest groups are allies of the firm (Godfrey & Hatch, 2007; Kleinrichert, 2008). Under this approach, CSR would represent an act of reciprocity, between business and stakeholders, based on going beyond what is legally required (Kleinrichert, 2008). That is, CSR actions would be a response of the company to the demands of stakeholders. Without such actions, these groups could withdraw support from the company (Freeman, 1984; McWilliams, Siegel & Wright, 2006).

Economic orientation considers the relationship between CSR and business performance. In this sense, the literature has developed different models to measure the relationship between CSR and economic performance as shown in Table 2 (Godfrey, 2005; McWilliams & Siegel, 2001).

Table 2
Researchs on CSR - Results

Author	Result
Porter & Kramer (2006)	+
Bhattacharya & Sen (2004)	+
Margolis & Walsh (2003)	No relation
Orlitzky et al. (2003)	+
McWilliams & Siegel (2001)	Neutral
Varadarajan & Menon (1988)	+

Source: Own elaboration.

CSR can play a key role in business legitimacy

It has also been observed that CSR helps to differentiate the products and services of a company, creating a positive brand image, safeguarding its reputation (Fombrun, 2005). Brickley, Smithjr and Zimmerman (2002) and Lai, Chiu, Yang and Pai (2010) demonstrated the existence of a relationship between CSR activities, the company's reputation, and even the value of the brand. Barnett (2007) demonstrated that CSR was related to improving stakeholder relationships. Mackey et al. (2007) developed a mathematical model demonstrating how CSR can improve the market value of a company. It has also been demonstrated that CSR helps customer adaptation to negative information (Bhattacharya & Sen, 2004) and risk management (Husted, 2005).

H2: CSR is positively related to business results.

2.5. Legitimacy relationship and corporate social responsibility

Although legitimacy is not a good that can be bought, it is possible to manage it. Hence his interest in the field of strategic management. Studies such as Alcantara, Mitsuhashi and Hoshino (2006) and Tornikoski and Newbert (2007) demonstrated the existence of a positive relationship between strategic actions aimed at gaining legitimacy and organizational success. From these studies it is clear that organizations with greater legitimacy are more likely to succeed. Thus, the first to study Institutional Theory suggested that organizations achieved legitimacy by complying with norms, beliefs and general rules (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Scott, 1995).

However, a new approach to legitimacy suggests that organizations can develop strategies to modify the type and amount of legitimacy they possess (Scott, 1995; Suchman, 1995). There are several authors who have identified strategic actions that improve the legitimacy of organizations (Beelitz & Merkl-Davies, 2011; Deephouse, 1996; Díez-Martín, Prado-Román & Blanco-González, 2013; Lamberti & Lettieri, 2011; Suchman, 1995; Zimmerman & Zeitz, 2002). Those strategies were grouped by Suchman (1995) in three lines of action: a) strategies to gain legitimacy, b) strategies to maintain legitimacy and c) strategies to recover lost legitimacy. From this perspective, we assume that organizations can take proactive steps to acquire, preserve or even repair their legitimacy, for example: by modifying the business model according to new social beliefs, by using advertising to pressure and change regulations or by monitoring and assimilating changes in the environment.

CSR can play a key role in business legitimacy. Johnson and Smith (1999) believe that companies must develop CSR activities to earn the right to exist. In fact, interest groups grant legitimacy to firms when they believe that they will maintain certain standards of behaviour (Kostova & Zaheer, 1999). For this reason, Lamberti and Lettieri (2011) recommend to the executives the development of plans that mix activities of legitimacy, CSR and corporate strategy.

H3: CSR is positively related to business legitimacy.

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 189-205. ISSN: 2254-6235

To evaluate legitimacy we use news from the digital press, as a source of information we used newspapers of economic disclosure.

3. Methodology

To analyse the relations proposed, we use an inductive methodology (Yin, 2009). Like Lamberti and Lettieri (2011), who analyse strategies of legitimacy in convergent industries, our study also adopts an explanatory approach. So, we will carry out a multiple case analysis.

3.1. Sample

It was decided to analyze the relationship between legitimacy and CSR between companies included in the MERCO Responsibility and Corporate Governance list, Fortune World's Most Admired Companies and Fortune Global 500 due to the global relevance of the companies included in this ranking. Among them, the research did not take into account a single sector of activity, but those Spanish and Mexican companies that were part of this list for the period 2017 and 2018, getting to ensure that the organizations under study were legitimate organizations. The sample includes 1 Mexican and 3 Spanish companies. The study focused on these companies due to several reasons: a) being able to use an index, to measure CSR, homogeneous, reliable and accessible, and b) They collect business models and strategies developed in different sectors. The selected companies were, on the part of Mexico América Móvil, and on the part of Spain Telefónica, Banco Santander, BBVA, being the first three with presence in the rankings.

3.2. Obtaining data and measuring the variables

Legitimacy

To evaluate legitimacy, we use news from the digital press. Dowling and Pfeffer (1975) mention that the media report on the comments and attacks received by illegitimate organizations, reflecting the values of society. This way of assessing legitimacy has been used previously (Deephouse, 1996; Bansal & Clelland, 2004).

As a source of information, we used the newspaper *El Economista* for Mexico and the newspaper *Expansión* for Spain. A single source is used in order to avoid duplication of news. They are newspapers of economic disclosure. The election of the newspapers responds to the one that has a greater diffusion of copies according to OJD (2019) for the Spanish case and greater number of readers (SCT) for the Mexican case.

The analysis of the articles was made through the database, provided on the newspapers' website through its search engine. The search terms were the name of each company, filtered by section "companies" and "sector of activity". For Mexican companies the search for news has been made through the Google search engine through the following search: economista.com.mx (name of the company).

There were 3,221 news items with more than 80% were relevant, during the years 2017 and 2018. After the application of the "companies" and "activity sector" filters, 1029 news items were analyzed for the four companies. Of the 1029 news, 193 were discarded. Some consisted of duplicate news (12 news) and others were news unrelated to the companies in the sample (181 news). The final number of news analyzed was 836 (Table 3).

Each new item was coded according to the methodology used by Bansal and Clelland (2004). That is, the coding was performed according to its impact on the legitimacy of the company (0 = neutral, 1 = negative and 2 = positive). In addition, a check was carried out by three external investigators on the coding of a random selection of 60 news items. The three coders agreed on 56 of the 60 cases analysed (93.33%), suggesting a high degree of reliability (Weber, 1990).

Table 3
Sample of news analyzed

	Type of new						
	Year	Neutral	Negative	Positive	Duplicate	Other company	N
Telefónica	2018	24	18	41	3	30	83
	2017	22	18	38	1	22	78
Santander	2018	29	35	79	2	15	143
	2017	25	17	74	0	43	116
BBVA	2018	36	31	62	5	26	129
	2017	21	21	44	1	32	86
América Móvil	2018	22	18	65	0	3	105
	2017	25	21	50	0	10	96
	Total	**204**	**179**	**453**	**12**	**181**	**836**

Like Deephouse (1996), we calculate legitimacy by means of the Janis-Fadner coefficient.

Janis-Fadner coefficient =
$(e^2 – ec) / t^2$ if $e > c$
$(ec – c^2) / t^2$ if $c > e$
0 if $e = c$

Where e is the annual number of favorable legitimacy news, c is the annual number of unfavorable legitimacy news, and t is e + c.

Corporate social responsibility

One way to measure a company's CSR is to analyse CSR investments announced in the company's annual report. However, there are several doubts about the reliability of ads for this type of investments. For example, the lack of consensus on what should be included or excluded as an investment in CSR (Margolis & Walsh, 2003; Orlitzky et al., 2003). Thus, some companies may exaggerate their investments in CSR, while others may stop announcing some investments considered as such initiatives.

One of the classifications on CSR, more recognized and internationally trusted, is that offered by the Corporate Reputation Monitor (MERCO), specifically the corporate responsibility and governance monitor. They use a sample of more than 7,000 managers, CSR experts, members of NGO unions, associations, journalists, analysts, etc. It analyzes the position held in 2017 and 2018 and the number of positions that each company has risen or decreased in the ranking.

Business result

One of the indicators historically used to measure business performance has been the return on investment (Staw & Epstein, 2000). However, this is a retrospective measure. That is, it analyses the historical results of a company (Kaplan & Norton, 1996). On the contrary, "the market value of a company depends on the expectations of growth and sustainability of the profits, or the expected future results" (Rust, Lemon & Zeithaml, 2004: 79). Therefore, in this article the business result is analysed by market value (Fornell, Mithas, Morgeson & Krishnan, 2006; Ngobo, Casta & Ramond, 2011). The market value was taken as reference to date 12/31/2018 published quotations in Spanish Stock Exchange and the Mexico IPC Index, published on the Mexican Stock Exchange.

The results of the study show that the variation of the market value is negative for all the companies in the sample during the study

4. Results

Table 4 shows the results of CSR, legitimacy and market value of the five companies under study, during the years 2017 and 2018. In addition, it shows the variation (var) obtained by each company, in each indicator analyzed, among these years. This last indicator is the one that has been used to develop a comparative analysis between companies. An indicator allows homogenizing the results of different companies with different resources.

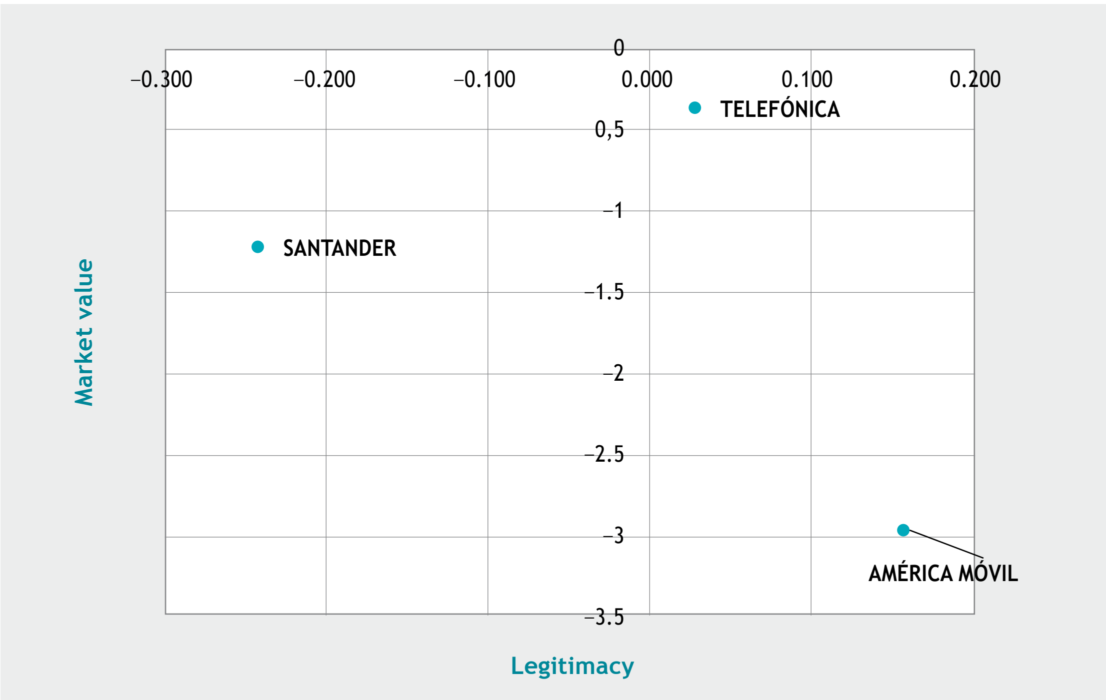
Table 4
CSR results, legitimacy and market value

	CSR			Legitimacy				Market value			
	2018	2017	var	2018	2017	var	var %	2018	2017	var	var %
Telefónica	7	6	−1	0,271	0,242	0,029	12%	7,339	7,711	−0,372	−24%
Santander	11	14	3	0,267	0,509	−0,242	−47%	3,857	5,094	−1,237	20%
BBVA	9	13	4	0,222	0,240	−0,017	−7%	4,501	6,617	−2,116	2%
América Móvil	57		−57	0,443	0,288	0,156	54%	13,99	16,95	−2,96	−53%
Media	21	11	−10	0,301	0,320	−0,019	2,81%	7,4218	9,093	−1,67	−0,137
S.d.	4,58	3,32	−1,26	0,549	0,565		0,17	2,72	3,02		

4.1. Legitimacy, CSR and business result

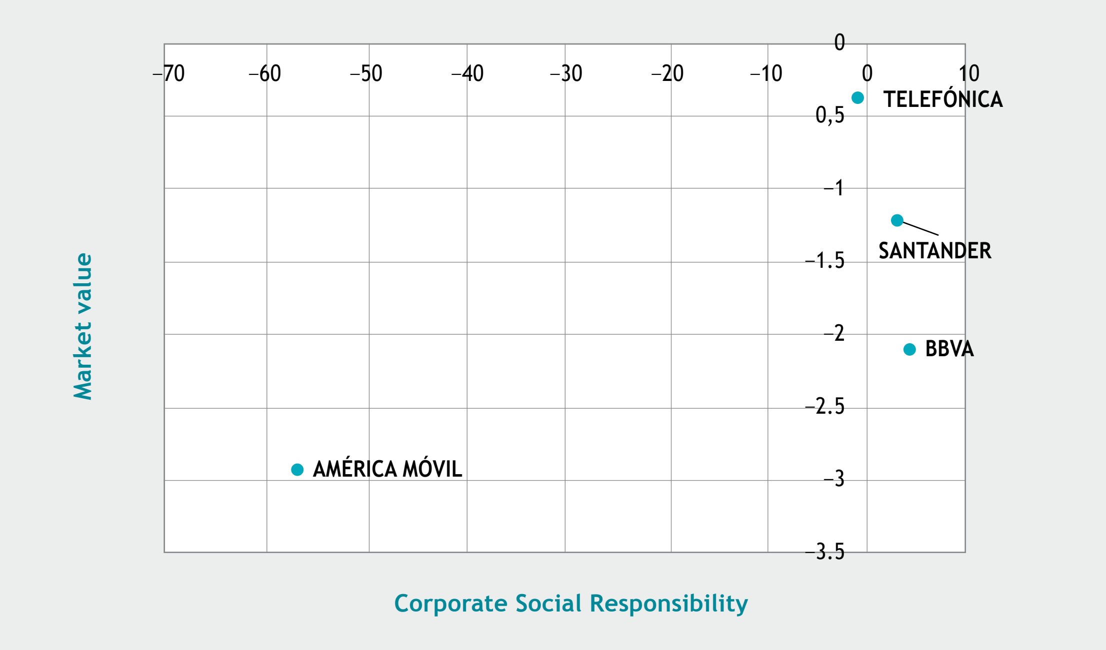
Hypotheses 1 and 2 relate legitimacy and CSR to business results. The results show that the variation of the market value, during the two years of is a negative variation for all the companies in the sample. Figures 2 and 3 show the relationship between legitimacy, CSR and

Figure 2
Relation between legitimacy and market value



Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 189-205. ISSN: 2254-6235

Figure 3
Relation between CSR and market value



market value, observing that in the analyzed companies, hypothesis 1 is fulfilled. In this way, Telefónica and América Móvil experience positive variations in legitimacy and negative in value market, while Santander and BBVA have negative variations, both in terms of legitimacy and market value. These results confirm hypothesis 1.

At the same time, it can also be observed that hypothesis 2 is fulfilled in the 4 companies. In the analyzed companies, a positive relationship appears between the CSR variation experienced during 2017-2018 and the variation in the market value of the company. In this way, Santander and BBVA experience positive variations, while Telefónica and América Móvil experience negative variations, both in terms of CSR and market value. These results confirm hypothesis 2.

4.2. CSR and legitimacy

The data obtained indicate that BBVA is the company with the greatest positive variation in CSR, between 2017-2018. This company has managed to move from position 13 (2017), to become the company number 9 (2018) with the best CSR in its sector, obtaining a positive variation of 4 posts, compared to the previous year. Likewise, in the case of Banco Santander, it also experienced a positive variation, going from position 14 (2017) to position 11 (2018). Indicate that in the case of América Móvil in 2017 it was not in the ranking, moving directly to position 57 in the MERCO Mexico ranking. On the contrary, the variation obtained by Telefónica has been negative, which only lost one position in the global ranking, although at the sectorial level it still holds the number 1 position.

Regarding the results obtained in legitimacy, Telefónica and América Móvil have been the companies that have obtained a positive variation between 2017-2018. The rest of the companies have seen their degree of legitimacy worsened during this period. The reduction of

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 189-205. ISSN: 2254-6235

Regarding the results obtained in legitimacy, Telefónica and América Móvil have been the companies that have obtained a positive variation between 2017-2018

legitimacy of Banco Santander was linked to the problems derived from the Banco Popular absorption by Banco Santander, and from the relationships with investors. Perhaps its loss of legitimacy is more related with the loss of cognitive legitimacy, because the way of doing things, by this company, was not correct. As for BBVA, its legitimacy was adversely affected, as it had to allocate large amounts to provision the returns that should be made to customers due to the judgment of the supreme court on the ground clauses. These companies were faced a loss of pragmatic legitimacy (Díez-Martín, Blanco-González & Prado-Román, 2010; Suchman, 1995, for a better clarification on the types of legitimacy).

Figure 4 shows the relationship between legitimacy and CSR, with a positive relationship between both variables of the companies analyzed. It is necessary to mention that the companies who have suffered negative variations, with respect to their legitimacy between 2017-2018, show positive variations with respect to the CSR, for the same period. Telefónica and América Móvil experienced positive variations with respect to legitimacy and negatives in relation to CSR, considering that the latter went from not being in the ranking to having a presence in it. These results confirm hypothesis 3.

Figure 4
Relation between legitimacy and CSR

5. Implications, limitations and future research

The purpose of this study has been to contribute to the literature on the relationship between CSR and social legitimacy. In turn, the impact of both variables on business results has also been studied. For this, the Spanish and Mexican companies that were included in the Fortune World's Most Admired Companies and Fortune Global 500 and MERCO rankings during 2017 and 2018 were analyzed.

Harvard Deusto Business Research. Volume VIII. Issue 2 (Special Issue). Pages 189-205. ISSN: 2254-6235

The results have confirmed the existence between a positive relationship between social legitimacy and CSR business results

The results have confirmed hypotheses 1 and 2, which suggest the existence of a positive relationship between social legitimacy and CSR with business results. The results obtained are like those achieved by previous research in the field of legitimacy (Cohen & Dean, 2005; Luo & Bhattacharya, 2006; Zuckerman, 2000) as well as in the CSR field (Luo & Bhattacharya, 2006; Mackey et al., 2007; Orlitzky et al., 2003). However, few studies have been able to demonstrate these hypotheses about Spanish companies. Most studies in this area have been conducted on US companies. In this research, we have verified that Spanish companies also support these relationships. Thus, it seems that both social legitimacy and CSR contribute value to companies that makes them improve their results, possibly because that added value is perceived by their users, allowing them to enjoy a competitive advantage (Woodruff, 1997). At the same time, the results have shown a positive relationship between CSR and social legitimacy. Those organizations that obtain positive variations of CSR also manage to improve their legitimacy. That is, organizations can develop strategies to alter the type and amount of legitimacy they possess (Deeds et al., 2004; Scott, 1995; Suchman, 1995). One strategy that positively influences legitimacy is CSR. This result is an advance in the field of legitimacy management, since it has been directly related to a type of action that can represent a key element of competitive advantage (Porter & Kramer, 2006; Smith, 2003). In this way, the existing gap in the legitimization process, between initiatives of legitimacy and business results, is beginning to be filled. In addition, this study also confirms previous studies such as Oliver (1991), Alcantara et al. (2006), Díez-Martín et al. (2013), Elsbach and Sutton (1992),Tornikoski and Newbert (2007), who assert that organizations are not simply passive elements in the process of legitimation, but can actively work to influence and manipulate the perceptions of their environment.

The managerial implications of this research show managers that the management of legitimacy is fundamental if they do not want to lose it. Still, as the study shows, legitimacy represents an intangible and key resource that must be managed. From a strategic point of view, managers could consider legitimacy within their strategic objectives. The management of legitimacy could be developed taking into account the proposals of Suchman (1995), who establishes a set of strategies to win, maintain and recover lost legitimacy. The benefits of these strategies have been proven in the Italian probiotic food market (Lamberti & Lettieri, 2011) and among newly created companies (Tornikoski & Newbert, 2007). Also, they could use CSR as an indicator to guide legitimacy. Niven (2005: 105) suggests that proper organizational management should contain a mix of outcome and guidance indicators.

Future research could begin by expanding the sample to a greater number of national and international companies. In this way, the data could be analyzed using quantitative research techniques such as regression analysis. In turn, the measurement of legitimacy could be improved by expanding the data obtained from the media with those of other sources of information, internal and external, among others; the personnel of the company and the consumers (Díez-Martín et al., 2010). In this sense, the analysis of legitimacy could be completed taking into account the different dimensions that make up legitimacy (Deephouse & Suchman, 2008) and its link with the dimensions of CSR.

6. Declaration of Conflicting Interests

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

7. Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

8. References

Abrahamson, E., & Fairchild, G. (1999). Management fashion: lifecycles, triggers, and collective learning processes. *Administrative Science Quarterly,* 44(4), 708-740. https://doi.org/10.2307/2667053

Ahlstrom, D., & Bruton, G. D. (2001). Learning from successful local private firms in China: Establishing legitimacy. *Academy of Management Executive,* 15(4), 72-83. https://doi.org/10.5465/ame.2001.5897661

Alcantara, L., Mitsuhashi, H., & Hoshino, Y. (2006). Legitimacy in international joint ventures: It is still needed. *Journal of International Management,* 12(4), 389-407. https://doi.org/10.1016/j.intman.2006.08.002

Aldrich, H. E., & Fiol, C. M. (1994). Fools rush in? The institutional context of industry creation. *Academy of Management Review,* 19(4), 645-670. https://doi.org/10.5465/amr.1994.9412190214

Ashforth, B. E., & Gibbs, B. W. (1990). The double-edge of organizational legitimation. *Organization Science,* 1(2), 177-194. https://doi.org/10.1287/orsc.1.2.177

Bansal, P., & Clelland, I. (2004). Talking trash: legitimacy, impression management, and unsystematic risk in the context of the natural environment. *Academy of Management Journal,* 47(1), 93-103. https://doi.org/10.2307/20159562

Barnett, M. L. (2007). Tarred and untarred by the same brush: exploring interdependence in the volatility of stock returns. *Corporate Reputation Review,* 10(1), 3-21. https://doi.org/10.1057/palgrave.crr.1550035

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management,* 17(1), 99-120. https://doi.org/10.1177/014920639101700108

Barreto, I., & Baden-Fuller, C. (2006). To conform or to perform? Mimetic behaviour, legitimacy-based groups and performance consequences. *Journal of Management Studies,* 43(7), 1559-1581. https://doi.org/10.1111/j.1467-6486.2006.00620.x

Baum, J. A. C, & Oliver, C. (1991). Institutional linkages and organizational mortal. *Administrative Science Quarterly,* 36(2), 187-218.

Beelitz, A., & Merkl-Davies, D. M. (2011). Using Discourse to Restore Organisational Legitimacy: "CEO-Speak" after an Incident in a German Nuclear Power Plant. *Journal of Business Ethics,* 108(1), 101-120. https://doi.org/10.1007/s10551-011-1065-9

Bhattacharya, C., & Sen, S. (2004). Doing better at doing good: when, why, and how consumers respond to corporate social initiatives. *California Management Review,* 47(1), 9-25. https://doi.org/10.2307/41166284

Bianchi, C. C., & Ostale, E. (2006). Lessons learned from unsuccessful internationalization attempts: Examples of multinational retailers in Chile. *Journal of Business Research,* 59(1), 140-147. https://doi.org/10.1016/j.jbusres.2005.01.002

Brickley, J., Smithjr, C., & Zimmerman, J. (2002). Business ethics and organizational architecture. *Journal of Banking & Finance,* 26(9), 1821-1835. https://doi.org/10.1016/S0378-4266(02)00193-0

Brønn, P. S., & Vidaver-Cohen, D. (2008). Corporate motives for social initiative: legitimacy, sustainability, or the bottom line? *Journal of Business Ethics,* 87(S1), 91-109. https://doi.org/10.1007/s10551-008-9795-z

Brown, A. D. (1998). Narrative, politics and legitimacy in an IT implementation. *Journal of Management Studies,* 35(1), 35-58. https://doi.org/10.1111/1467-6486.00083

Chen, H., Cotsakos, C. M., Griffith, D. A., & Hu, M. Y. (2006). The influence of liability of foreignness on market entry strategies: An illustration of market entry in China. *International Marketing Review,* 23(6), 636-649. https://doi.org/10.1108/02651330610712148

Choi, Y. R., & Shepherd, D. A. (2005). Stakeholder perceptions of age and other dimensions of newness. *Journal of Management,* 31(4), 573-596. https://doi.org/10.1177/0149206304272294

Claasen, C., & Roloff, J. (2012). The Link Between Responsibility and Legitimacy: The Case of De Beers in Namibia. *Journal of Business Ethics*, 107(3), 379-398. https://doi.org/10.1007/s10551-011-1045-0

Cohen, B., & Dean, T. (2005). Information asymmetry and investor valuation of IPOs: Top management team legitimacy as a capital market signal. *Strategic Management Journal,* 26(7), 683-690. https://doi.org/10.1002/smj.463

Deeds, D. L., Mang, P. Y., & Frandsen, M. L. (2004). The influence of firms' and industries' legitimacy on the flow of capital into high-technology ventures. *Strategic Organization,* 2(1), 9-34. https://doi.org/10.1177/1476127004040913

Deephouse, D. L. (1996). Does isomorphism legitimate? *Academy of Management Journal,* 39(4), 1024-1039. https://doi.org/10.2307/256722

Deephouse, D., & Carter, S. (2005). An examination of differences between organizational legitimacy and organizational reputation. *Journal of Management Studies,* 42(2), 329-360. https://doi.org/10.1111/j.1467-6486.2005.00499.x

Deephouse, D., & Suchman, M. (2008). Legitimacy in organizational institutionalism. In R. Greenwood, C. Oliver, R. Suddaby & K. Sahlin (eds.), *The Sage Handbook of Organizational Institutionalism* (pp. 49-77). London: Sage Publications. https://doi.org/10.4135/9781849200387.n2

Díez-Martín, F., Blanco-González, A., Cruz-Suárez, A., & Prado-Román, C. (2014). Efecto de la responsabilidad social empresarial sobre la legitimidad de las empresas. *Anuario Jurídico y Económico Esculiarense,* 4, 325-348.

Díez-Martín, F., Blanco-González, A., & Prado-Román, C. (2010). Medición de la legitimidad organizativa: el caso de las Sociedades de Garantía Recíproca. *Cuadernos de Economía y Dirección de la Empresa,* 43, 115-144. https://doi.org/10.1016/S1138-5758(10)70012-8

Díez-Martín, F., Prado-Román, C., & Blanco-González, A. (2013). Efecto del plazo de ejecución estratégica sobre la obtención de legitimidad organizativa. *Investigaciones Europeas de Dirección y Economía de la Empresa,* 19(2), 120-125. https://doi.org/10.1016/j.iedee.2013.01.001

DiMaggio, P., & Powell, W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review,* 48(2), 147-160. https://doi.org/10.2307/2095101

Dowling, J., & Pfeffer, J. (1975). Organizational legitimacy: social values and organizational behavior. *The Pacific Sociological Review,* 18(1), 122-136. https://doi.org/10.2307/1388226

Driver, M. (2006). Beyond the stalemate of economics versus ethics: corporate social responsibility and the discourse of the organizational self. *Journal of Business Ethics,* 66(4), 337-356. https://doi.org/10.1007/s10551-006-0012-7

Elsbach, K. D., & Sutton, R. I. (1992). Acquiring organizational legitimacy through illegitimate actions: a marriage of institutional and impression management theories. *Academy of Management Journal,* 35(4), 699-738. https://doi.org/10.2307/256313

Escamilla, S., Plaza, P., & Flores, S. (2016). Análisis de la divulgación de la información sobre la responsabilidad social corporativa en las empresas de transporte público urbano en España. *Revista de Contabilidad – Spanish Accounting Review,* 19(2), 195-203. https://doi.org/10.1016/j.rcsar.2015.05.002

Fombrun, C. J. (2005). The leadership challenge: Building resilient corporate reputations. In J. P. Doh & S. A. Stumpf (eds.), *Handbook on responsible leadership and governance in global business* (pp. 54-68). Cheltenham: Edward Elgar.

Fornell, C., Mithas, S., Morgeson, F. V., & Krishnan, M. S. (2006). Customer satisfaction and stock prices: high returns, low risk. *Journal of Marketing,* 70(1), 3-14. https://doi.org/10.1509/jmkg.2006.70.1.3

Freeman, R. E. (1984). *Strategic management. A stakeholder approach.* Boston: Pitman.

Godfrey, P. C. (2005). The relationship between corporate philanthropy and shareholder wealth : a risk management perspective. *Academy of Management Review,* 30(4), 777-798. https://doi.org/10.5465/amr.2005.18378878

Godfrey, P. C., & Hatch, N. W. (2007). Researching corporate social responsibility: an agenda for the 21st century. *Journal of Business Ethics,* 70(1), 87-98. https://doi.org/10.1007/s10551-006-9080-y

Halgin, D. S. (2006). The influence of legitimacy on career trajectories of individuals in leadership positions: NCAA basketball. *Academy of Management Best Conference Paper 2006*, 1-7. https://doi.org/10.5465/ambpp.2006.22897221

Hannan, M. T., & Carroll, G. (1992). *Dynamics of organizational populations: density, legitimation, and competition.* (J. J. Boonstra, ed.). Oxford University Press.

Hannan, M., & Carroll, G. (1995). Organizational evolution in a multinational context: Entries of automobile manufacturers in Belgium, Britain, France, Germany, and Italy. *American Sociological Review,* 60(4), 509-528. https://doi.org/10.2307/2096291

Higgins, M., & Gulati, R. (2003). Getting off to a good start: The effects of upper echelon affiliations on underwriter prestige. *Organization Science,* 14(3), 244-263. https://doi.org/10.1287/orsc.14.2.244.15160

Higgins, M., & Gulati, R. (2006). Stacking the deck: The effects of top management backgrounds on investor decisions. *Strategic Management Journal,* 27(1), 1-25. https://doi.org/10.1002/smj.495

Husted, B. W. (2005). Risk management, real options, corporate social responsibility. *Journal of Business Ethics,* 60(2), 175-183. https://doi.org/10.1007/s10551-005-3777-1

Johnson, P., & Smith, K. (1999). Contextualizing business ethics: anomie and social life. *Human Relations,* 52(11), 1351-1375. https://doi.org/10.1177/001872679905201101

Kaplan, R. S., & Norton, D. P. (1996). *The balanced scorecard translating strategy in action.* Harvard Business School Press.

Kleinrichert, D. (2008). Ethics, power and communities: corporate social responsibility revisited. *Journal of Business Ethics,* 78(3), 475-485. https://doi.org/10.1007/s10551-006-9339-3

Kostova, T., & Zaheer, S. (1999). Organizational legitimacy under conditions of complexity: The case of the multinational enterprise. *Academy of Management Review,* 24(1), 64-81. https://doi.org/10.5465/amr.1999.1580441

Lai, C.-S., Chiu, C.-J., Yang, C.-F., & Pai, D.-C. (2010). The effects of corporate social responsibility on brand performance: the mediating effect of industrial brand equity and corporate reputation. *Journal of Business Ethics,* 95(3), 457-469. https://doi.org/10.1007/s10551-010-0433-1

Lamberti, L., & Lettieri, E. (2011). Gaining legitimacy in converging industries: Evidence from the emerging market of functional food. *European Management Journal,* 29(6), 462-475. https://doi.org/10.1016/j.emj.2011.08.002

Lamertz, K., & Baum, J. A. C. (2009). The Legitimacy of Organizational Downsizing in Canada: An Analysis of Explanatory Media Accounts. *Canadian Journal of Administrative Sciences,* 15(1), 93-107. https://doi.org/10.1111/j.1936-4490.1998.tb00154.x

Lin, E., Lin, T. M. Y., & Lin, B.-W. (2010). New high-tech venturing as process of resource accumulation. *Management Decision,* 48(8), 1230-1246. https://doi.org/10.1108/00251741011076762

Luo, X., & Bhattacharya, C. (2006). Corporate social responsibility, customer satisfaction, and market value. *Journal of Marketing,* 70(4), 1-18. https://doi.org/10.1509/jmkg.70.4.001

Mackey, A., Mackey, T. B., & Barney, J. A. Y. B. (2007). Corporate social responsibility and firm performance: investor preferences and corporate strategies. *Academy of Management Review,* 32(3), 817-835. https://doi.org/10.5465/amr.2007.25275676

Margolis, J. D., & Walsh, J. P. (2003). Misery loves companies: rethinking social initiatives by business. *Administrative Science Quarterly,* 48(2), 268-305. https://doi.org/10.2307/3556659

Maxfield, S. (2008). Reconciling corporate citizenship and competitive strategy: insights from economic theory. *Journal of Business Ethics,* 80(2), 367-377. https://doi.org/10.1007/s10551-007-9425-1

McWilliams, A., & Siegel, D. (2001). Corporate Social Responsibility: A Theory of the Firm Perspective. *Academy of Management Review,* 26(1), 117-127. https://doi.org/10.5465/amr.2001.4011987

McWilliams, A., Siegel, D. S., & Wright, P. M. (2006). Guest Editors' Introduction – Corporate Social Responsibility: Strategic Implications. *Journal of Management Studies*, 43(January), 1-18. https://doi.org/10.1111/j.1467-6486.2006.00580.x

Meyer, J., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology,* 83(2), 340-363. https://doi.org/10.1086/226550

Newbert, S. L. (2008). Value, rareness, competitive advantage, and performance: a conceptual-level empirical investigation of the resource-based view of the firm. *Strategic Management Journal,* 29(7), 745-768. https://doi.org/10.1002/smj.686

Ngobo, P.-V., Casta, J.-F., & Ramond, O. (2011). Is customer satisfaction a relevant metric for financial analysts? *Journal of the Academy of Marketing Science,* 40(3), 480-508. https://doi.org/10.1007/s11747-010-0242-1

Niven, P. R. (2005). *Balanced Scorecard Diagnostics: Maintaining Maximum Performance*. J. W. & Sons (ed.). Hoboken, NJ, USA: John Wiley & Sons, Inc.

OJD (2019). *Medios controlados.* Retrieved March 27, 2009, from http://www.introl.es/medios-controlados/

Oliver, C. (1991). Strategic responses to institutional processes. *Academy of Management Review,* 16(1), 145-179. https://doi.org/10.5465/amr.1991.4279002

Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate social and financial performance: a meta-analysis. *Organization Studies,* 24(3), 403-441. https://doi.org/10.1177/0170840603024003910

Pollack, J. M., Rutherford, M. W., & Nagy, B. G. (2012). Preparedness and cognitive legitimacy as antecedents of new venture funding in televised business pitches. *Entrepreneurship Theory and Practice,* 36(5), 915-939. https://doi.org/10.1111/j.1540-6520.2012.00531.x

Pollock, T., & Rindova, V. (2003). Media legitimation effects in the market for initial public offerings. *The Academy of Management Journal,* 46(5), 631-642. https://doi.org/10.2307/30040654

Porter, M. E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance.* Free Press.

Porter, M. E., & Kramer, M. R. (2006). Strategy and society: the link between competitive advantage and corporate social responsibility. *Harvard Business Review,* 84(12), 78-92.

Porter, M. E., & Kramer, M. R. (2011). Creating Shared Value. *Harvard Business Review,* 89(February), 62-77.

Rao, R. S., Chandy, R. K., & Prabhu, J. C. (2008). The fruits of legitimacy: why some new ventures gain more from innovation than others. *Journal of Marketing,* 72(4), 58-75. https://doi.org/10.1509/jmkg.72.4.058

Ruef, M., & Scott, W.R. (1998). A Multidimensional Model of Organizational Legitimacy: Hospital Survival in Changing Institutional Environments. *Administrative Science Quarterly,* 43 (4),877-904.

Rust, R. T., Lemon, K. N., & Zeithaml, V. A. (2004). Return on marketing: using customer equity to focus marketing strategy. *Journal of Marketing,* 68(1), 109-127.

Scott, W. R. (1995). *Institutions and organizations.* SAGE Publications.

Shepherd, D., & Zacharakis, A. (2003). A new venture's cognitive legitimacy: an assessment by customers. *Journal of Small Business Management,* 41(2), 148-167. https://doi.org/10.1111/1540-627X.00073

Singh, J., Tucker, D., & House, R. (1986). Organizational legitimacy and the liability of newness. *Administrative Science Quarterly,* 31(2), 171-193. https://doi.org/10.2307/2392787

Smith, N. C. (2003). Corporate social responsibility: whether or how? *California Management Review,* 45(4), 52-77. https://doi.org/10.2307/41166188

Starr, J. A., & MacMillan, I. C. (1990). Resource cooptation via social contracting: Resource acquisition strategies for new ventures. *Strategic Management Journal,* 11(4), 79-92.

Staw, B. M., & Epstein, L. D. (2000). What Bandwagons Bring: Effects of Popular Management Techniques on Corporate Performance, Reputation, and CEO Pay. *Administrative Science Quarterly,* 45(3), 523-556. https://doi.org/10.2307/2667108

Suchman, M. C. (1995). Managing legitimacy: strategic and institutional approaches. *The Academy of Management Review,* 20(3), 571-610. https://doi.org/10.5465/amr.1995.9508080331

Tornikoski, E. T., & Newbert, S. L. (2007). Exploring the determinants of organizational emergence: A legitimacy perspective. *Journal of Business Venturing,* 22(2), 311-335. https://doi.org/10.1016/j.jbusvent.2005.12.003

Varadarajan, P. R., & Menon, A. (1988). Cause-related marketing: a coalignment of marketing strategy and corporate philanthropy. *Journal of Marketing,* 52(3), 58-74. https://doi.org/10.1177/002224298805200306

Weber, R. P. (1990). *Basic content analysis.* SAGE Publications. https://doi.org/10.4135/9781412983488

Woodruff, R. B. (1997). Customer value: the next source for competitive advantage. *Academy of Marketing Science,* 25(2), 139-153. https://doi.org/10.1007/BF02894350

Yin, R. K. (2009). *Case Study Research: Design and Methods.* (L. Bickman & D. J. Rog, eds.). Sage Publications.

Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management Journal,* 38(2), 341-363. https://doi.org/10.2307/256683

Zimmerman, M. A., & Zeitz, G. J. (2002). Beyond Survival: Achieving New Venture Growth by Building Legitimacy. *The Academy of Management Review,* 27(3), 414-431. https://doi.org/10.5465/amr.2002.7389921

Zucker, L. (1987). Institutional theories of organization. *Annual Review of Sociology,* 13, 443-464. https://doi.org/10.1146/annurev.so.13.080187.002303

Zuckerman, E. (1999). The categorical imperative: securities analysts and the illegitimacy discount. *American Journal of Sociology,* 104(5), 1398-1438. https://doi.org/10.1086/210178

Zuckerman, E. (2000). Focusing the corporate product: Securities analysts and de-diversification. *Administrative Science Quarterly,* 45(3), 591-619. https://doi.org/10.2307/2667110