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Toward Research for Process of Institutional Change:
-Focus on The Concept of Legitimacy-

Shunsuke Furuta

Waseda University, Graduate School of Commerce's Doctoral Student, 1-6-1,
Nishiwaseda, Shinjyuku-ku, Tokyo, 169-8050, Japan.

E-mail: sw2014-w@akane.waseda.jp

Summary

Institutional change is a research theme that attracts attention by institutional theory. There are many researches focusing on institutional logic and institutional entrepreneurship. However, there are few studies that focus on the process of institutional change. The purpose of this paper is to present research subjects in the process research of institutional change that focuses on the concept of legitimacy. In the study of institutional change, institutional logic explores the transition of institution. Institutional entrepreneurship describes the ideas and motivations of organizations transforming institution through organizational positioning in institution. However, institutional change remains vague about the process of how the organization will change institution. In order to overcome this problem, process research focusing on legitimacy is required.

1. Introduction

Since DiMaggio's (1988) Research, research on institutional change has become a major trend in developing institutional theory. The literature at that time assumed organizations that were defined unilaterally by environment. Therefore, theorists began by reflecting on the lack of explanation of the diversity of organizations and the change and transformation of institution itself (Greenwood et al., 2008). On the one hand, many researches pertaining to institutional change has been accumulated by considering the problem of "how or why organization can change existing institution "(Greenwood and Suddaby, 2006). Consequently, Institution has changed from being static to dynamic (Alvesson and Spicer, 2018). In addition, many concepts such as institutional logic and institutional entrepreneurship have been increasingly developed and evolved theoretically.

On the other hand, these studies have not gone without criticism. Alvesson and Spicer (2018) pointed out that new institutional theory, which includes institutional change, is similar to the concepts studied in other fields. In the research of institutional change, there are many researches of institutional entrepreneurship. But the process of institutional change has not been clarified.

Compared with the 1988 research, the significance of the research on institutional change has increased more and more. In the first place, institutional change has a background that began with a theoretical problem in new institutional theory. According to DiMaggio (1988), the new institutional theory cannot explain agency of organization because it insists on the influence of institution on organization. The research that began to explain the influence of Organization on institution is a research of institutional change.

The significance of institutional change research is in the following two. First, the transition of institutional logic is occurring. As a result of the economic crisis and the financial crisis, there has been a change in institution so far. In addition, we cannot overlook the influence of the development of information technology and the progress of globalization. The transition of institutional logic refers to institutional change. For example, university field is changing from the logic of science to the logic of commerce. In this way, it is important to research institutional change because it is an environment in which institutional logic is changing.

Secondarily, organization is requested to construct institution in institutional change. Organization does not only imitate acts of successful organizations (DiMaggio and Powell, 1983). It is necessary for institution to be cognized by multiple organizations. It is necessary to clarify not only the imitation but also organizational phenomenon that institution is constructed by multiple organizations because it is the age when institution is changing.

Therefore, in this paper, we examine the problems of institutional change by organizing and examining prior related study. This article consists of three sections. First, we look back at Selznick (1949; 1957), Meyer and Rowan (1977), and DiMaggio and Powell (1983) to clarify the background of new institutional theory. Next, the preliminary research is arranged centering on the concepts of institutional logic and institutional entrepreneurship, and a limit point is presented. Finally, we present the concept of legitimacy and present the direction of the process of research for institutional change.

2. Development of Institutional Theory

2.1 Old Institutional Theory

In this paper, we study institutional theory within framework of sociology. This paradigm is divided into two parts: The first is old institutional organization theory (Selznick, 1949; 1957). The second is new institutional organization theory (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). Old institutional theory and new institutional theory are based on technical efficiency. But they analyze the impacts of institutions on organizations.

In old institutional theory, it is important to change from organization to institution as a means of achieving the target of organizations. Organizations don't exist alone, but are embedded in societies, such as other organizations and regions (Selznick, 1957:7). Organizations interact with them and cannot escape their impact of society. An organization's interaction with society changes its goals and internal structure. By interacting with society, organizations continue to adapt to it. Therefore, the theory insists on analyzing institutions such interaction (Selznick, 1957:7). In addition, the institution in question is not a law or a standard. Selznick envisions an institution that embodies the value of organization's member that transcends its technical requirements. The members of organization include stakeholders outside organizations not just its internal members. In other words, it is necessary for organizations to establish itself as institution Moreover, it focuses on the role of organization's leader in the process of institutionalization that settles as this institution. Importantly, the leader induces a value injection from society to embody the desired goals and standards in organization and presents the role of the leader in the process of institutionalization. In old institutional theory, a major feature is technological efficiency is taken as a given.

2.2 New Institutional Theory

New institutional theory developed institution sect theory in a different way than old institutional theory did. It argues that organizations acquire not only technical efficiency but also legitimacy to survive. organizations insist that legitimacy exists in technical efficiency itself. Furthermore, the official bureaucratic organization coming with technical efficiency has been reduced to a myth. Moreover, according to this myth, the official organization is formed Meyer and Rowan (1977) endures. organizations don't adopt a technically efficient official organization to solve a problem before the eyes. The organizations obey the procedures and rules represented by the official organization because its incorporation is essentially self-evident. organizations have two effects on its own survival through acquiring legitimacy. The first is the acquisition of resources. It is self-explanatory for such organizations to follow the official organization. Therefore, for the external organization, one criterion serves to determine whether it is trustworthy. Organizations adopting the official model are deemed to have achieved technical efficiency, resulting in business relationships. Consequently, they can acquire resources, such as the funds needed to survive. The second is avoidance of evacuation due to failure. Even if an organization adopts the official model, the potential for a performance decline and scandals will remain. In the event of a decline for these reasons, criticism from outside may be minimized. Since Meyer and Rowan (1977), some research has focused on

legitimacy. For example, Meyer, et al. (1981) focused on the differences between organizational structure and actual technical activity in educational institutions. They point out that the actual organizational operation (educational method) is different, although organizations such as educational institutions have introduced an organizational structure that is granted the right to acquire legitimacy. Scott and Meyer (1991) also advocate dividing the environment into technical and institutional aspects. The former emphasizes technical efficiency; the latter values legitimacy. Yet, it is possible that the technical and institutional environments have different impacts on industry. For example, because banks are required to comply with legislation, the institutional environment's impact is strong.

DiMaggio and Powell (1983) have also had considerable influence on the theory's development. After presenting the concept of isomorphism, they describe its two types: competitive and institutional. The former is primarily technical and efficiency-based, looking at an organization's decision making. Organizations are in the process of competing with one another, and they are similar because improvements in performance and rational decision making are employed. However, since many organizations interact with each other, organizational fields are formed. That formation, arguably, makes the organization similar to the institutional isomorphic rather than the competitive one. The latter does not concern itself with whether it has some required technical efficiency. Rather, it focuses on whether legitimacy has been given to certain initiatives. In a word, the isomorphism of organizations change from technical efficiency to one based on legitimacy. DiMaggio and Powell (1983) presented three institutional isomorphisms: forced, normative, and imitation. According to Mizruch and Fein (1999), studies like Meyer and Rowan (1977), DiMaggio and Powell (1983), and others later on have all pointed out that there are many studies of institutional isomorphism. In particular, research is concentrated on the imitation isomorphism of institutional isomorphic in an uncertain environment.

The composition of environmental decision theory where many organizations converge has been assumed to be a premise. Because environmental decision theory has been assumed, the theory of the new institutional organization has had a theoretical problem. It is not to be able to draw institutional reform or its reproduction and decline (DiMaggio, 1988). Because the composition of the environmental decision theory was assumed, new institutional theory is depicted as having an overly passive existence with respect to the institution. Therefore, the theory tends to obscure the interest and agency of organization in explaining the very act of organizations (DiMaggio, 1988). Similarly, Phillips, et al. (2004) state that new institutional organization theory only emphasizes the

impact the system has on organizations. It does not refer to the process whereby the system changes due to the influence of pressure on the system from both the organization and the existing system. Therefore, DiMaggio (1988) tried to explain system reform by introducing the agency of organizations that actively approaches the system and the organization's interests.

In the following section, we will focus on the two concepts of institutional logic and institutional entrepreneurship, presenting research on institutional change.

2.3. Similarity and Difference between two theories

There are similarity and difference between old institutional theory and new institutional theory. The common point is that it focuses on the relationship between the environment and Organization (DiMaggio and Powell, 1991:12). In particular, two theories stand skeptical about the rational model of organization. Two theories emphasize the effects of institutions and societies that organization are embedded in. For example, in old institutional theory, organization is institutionalized by the society (many organizations) in which organization is embedded (Selznick, 1957). In addition, the theory of new institutional theory discusses the impact of organization's embedded systems and organizational fields.

Old institutional theory and new institutional theory might be able to be caught as a continuous research area given the common point.

However, there is one difference. One big difference can be mentioned. It is a difference of Conception of institution. Old institutional theory belongs to the normative approach (DiMaggio and Powell, 1991:14). Selznick claims that organization will be injected value into organization through interaction with local organization (1957:17). When an organization is linked to value, it transforms from an organization as a tool to an organization as institution. Organizations connect with common values and norms. Therefore, values are important in old institutional theory. Moreover, norm to judge the quality of things based on the values is emphasized. On the other hand, the new institutional theory captures institutionalization as a cognitive process (Zucker, 1983:25). Therefore, it belongs to the cognitive approach (Scott, 2014:67). Cognitive approach is important for organizations to perceive environment. And, in new institutional theory, it is important to emphasize that cognition of Organization is influenced by the culture in which organization is embedded. Cultural influence is reflected in the social context in which organization is embedded. Fligstein (1990) insists that organizational field is important in helping organizations judge things. Cognition of organization is influenced by the cultural framework shared in Organization field.

In other words, old institutional theory and new institutional theory are common in the point that it focuses on the relation between environment and organization. However, conception of institution is different. Therefore, old institutional theory and new institutional theory can be presented as different research fields.

3. Prior Research on Institutional Change

3.1. Institutional Logic

In institutional change, there are many studies that used the concept of institutional logic around the year 2000. Its research focus is particularly on the transition of institutional logic. The concept of institutional logic is defined as “socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Friedland and Alford, 1991; Thornton and Ocasio, 1999; Thornton et al., 2017). More specifically, institutional logic represents the method of interpreting Institutional reality, what is appropriate for an organization, and how to succeed (Friedland and Alford, 1991; Thornton, 2004:70). Organizations are influenced by institutional logic, which forms the structure and behavior of organizations. The transition of institutional logic leads to changes in organization’s behavior, leading to institutional change. Thornton and Ocasio (1999) focus on the transition of institutional logic. Thornton and Ocasio (1999) questioned resource dependence theory assuming resources as a source of leadership power in organizations and captured historical conditional dependence as the source of the leader’s power. Therefore, we assumed the concept of institutional logic. In other words, as the institutional logic governing the organizational field changes, the meaning of the organization’s identity, actions, and the succession of leaders is changes along with it. In a sense, it can be said that it explains the institutional change of environmental decision theory. To clarify the transition of the dominant institutional logic, Thornton and Ocasio (1999) studied the higher education industry and set up two of the experts’ logic and market logic as dominant institutional logic. As a result of the changes in institutional logic from expert to market logic, the reader changes his identity as an editor writing good books, such as academic publications, to be a manager who sells them. What is clarified is the succession of the act and the leader of the organization is changed accordingly. For example, expert logic emphasizes the intimate network of authors and leaders, but the logic of the market is to be aware of the resource competition in the book market, claiming that management-oriented leaders may be inherited. In other words, it was clarified that modifying institutional logic greatly changed the identity of the leader and the actions of organizations. Since this research,

studies have increased focusing on changes in institutional logic. There are several similar studies. Thornton (2004) is analyzing the transition of institutional logic targeted at academic publishing in the United States. It has been converted from revering the logic of the editor to be an act of an appropriate organization to send out a good publication, and to obtain respect among the same people in the market logic cohort, which in turn becomes the basis for organizational act to attain profits by publishing. Lounsbury and Pollack (2001) emphasize the transition from closed logic, which emphasizes the production and dissemination of new knowledge, to open logic that emphasizes new education, targeting higher education in the United States. Lounsbury (2002) targets finance, where dividing the business sector of financial institutions is the logic of regulation by the division of industry. Changing to market logic enhances competitiveness by improving service at the counter. In this way, the focus is on the transition of dominant institutional logic in institutional change.

3.2 Institutional Entrepreneurship

Institutional entrepreneurship is a concept that attracts the attention of many researchers in the study of institutional change (Dacin et al., 2002). Since DiMaggio presented the concept of the institutional entrepreneurship in 1988, a lot of research has accumulated centering on the concept of institutional entrepreneurship in institutional change. These entrepreneurs are also studied with respect to endogenous institutional change, with problems defined as the “paradox of embedded agency” (Holm, 1995; Seo and Creed, 2002). The focus is on how organizations that are embedded in an institution can change it. Institutional entrepreneurship is envisioned as an organization to alter an institution. Institutional entrepreneurship is defined as “use resources to create a new institution or to transform existing institution” (DiMaggio, 1988; Maguire et al., 2004). Prior studies have focused on how institutional entrepreneurship can garner awareness of existing institutions and how motivations for changing it arise. To do so, institutional entrepreneurship discusses positioning, where institutional entrepreneurs are located in or around the center of institution (Hardy and Maguire, 2017). The difference in their positioning has been discussed, especially whether they have access to motivational implements, ideas, and capacity to mobilize resources, which are the sources necessary for the transformation of existing institution (Hardy and Maguire, 2017).

At first, institutional entrepreneurship was positioned around institution, aware of the existing institution precisely because they are around them. It also leads to the transformation of the existing institution because it does not benefit from the existing institution. Leblebici, et al. (1991) discuss institutional entrepreneurship positioned

around institution, allowing them to gain motivation and ideas for change. Leblebici, et al. (1991) is targeting changes in management practices from the generation period of the American commercial radio broadcasting industry in the 1930s to the 1960s until the maturity period. They explain that new management practices were brought in by broadcasters without a nationwide network, which was located in the surrounding area in organizational field. From the 1930s to the 1950s, radio broadcasts were conducted by broadcasting stations (NBC, CBS, MBS), which had nationwide networks. However, when program production costs became problematic, advertisements by spot contract through the broadcasting station that did not belong to the broadcasting station with a nationwide network became a widespread solution. There are two reasons why institutional change occurred. The first was that the system was largely unaffected. Broadcasters without a nationwide network were positioned around institution. Consequently, we were able to get new ideas without being affected by it. The second was not having enough of a network, and stations without a nationwide network were able to broadcast prohibited game shows. Consequently, program production centering on spot contract advertisement was established as a system because the sponsor's support was collected. Thus, the system was changed by the institutional entrepreneurship being located within the circumference of institution.

Greenwood and Suddaby (2006) discussed institutional entrepreneurship at the center of institution to attain it's a position surrounding it. Greenwood and Suddaby (2006) are targeting the establishment of the multidisciplinary practice (MDP), which is why the five largest accounting firms in Canada are new organizations. As a backdrop for MDP, Greenwood and Suddaby (2006) stated that it was because institutional entrepreneurship could retain the capacity to mobilize resources necessary to change institution. The five major accounting firms have business relations with many client companies. The internationalization of the client company resulted in the necessity to expand the business from conventional accounting services to consulting services related to mergers and acquisitions. The accounting firm is deeply involved in the qualification institution of the profession. Consequently, the five major accounting firms were able to influence the professional qualification institution in accordance with the expansion of the business, and foster specialists for new business categories. Thus, with the development of new specialists, organizations are able to introduce MDP and, as a consequence, point out that the institution has changed. Greenwood and Suddaby (2006) explained how the necessary resources were mobilized to reform institution precisely because institutional entrepreneurs are positioned at the center of institution. Thus, Greenwood and Suddaby tried to explain that institution would be transformed by institutional entrepreneurship

located at the center of institution.

By capturing both the center and the periphery of institution's positioning, it is possible to gain access to greater motivation, better ideas, and increased capacity to mobilize resources. This study is expected to overcome the disadvantages of the surrounding and the center in the positioning of institution. Maguire, et al. (2004) conducting research on Canadian HIV/AIDS treatment business and has set up homosexual and institutional entrepreneurship that have knowledge of HIV/AIDS. At the time, the HIV/AIDS treatment project had a hostile relationship between the medical industry and the patient community, being distrusted by the healthcare industry, which assumed that HIV/AIDS was only a homosexual infection. Institutional entrepreneurship located itself around the system rather than being embedded in both the medical industry and the patient community. Therefore, the idea of establishing a treatment business via the cooperation of both the medical industry and the patient community was recalled, and institutional entrepreneurship acquired the necessary legitimacy from the medical industry and the patient community to mobilize resources. In other words, institutional entrepreneurship was initially positioned around institution to gain motivation and ideas for change. However, institutional entrepreneurship was positioned to be the center of the system to mobilize resources. Maguire, et al. (2004) stated that institutional positions are subjective, suggesting institutional entrepreneurship may be able to change institutional positioning, depending on the situation.

3.3 The problem of early research on institutional change

In a prior study on institutional change, we explained the following items, centering our attention on institutional logic and institutional entrepreneurship. One is the dynamic relationship between institutions and organizations. New institutional theory emphasizes the impact of institutions on organizations (Phillips et al., 2004). Therefore, the agency of organizations by which it approaches institution remained vague. Institutional logic and institutional entrepreneurship studies argue that the relationship between organizations and institutions is dynamic. Organizations are not only affected by institutions. On the one hand, it presents the possibility that organizations can change institution by working on institutions. On the other hand, prior studies on institutional logic and institutional entrepreneurship remain vague regarding the process of institutional change (Vaccaro and Palazzo, 2015). Institutional change is a complex process involving multiple organizations (Delbridge and Edwards, 2009). Therefore, it is worth considering whether the process in institutional change is clear.

Delbridge and Edwards (2009), Battilana, et al. (2009), and Lok (2010) point out

that institutional entrepreneurship is portrayed as heroes to transform an existing institution. In addition, Meyer (2006) criticizes institutional entrepreneurship as being overly rational and depicts it as a special existence that is not embedded in an existing institution. Certainly, the existence of the organization which notices the problem of an existing institution and hence may recall a new idea is important for institutional change. However, institutional change cannot be accomplished only by systemic entrepreneurship. Institutions are organized within an organizational field, which includes organizations, suppliers, and regulators (DiMaggio and Powell, 1983) presenting similar services. Changing one's institution is painful for organizations benefiting from existing arrangements (Battilana et al., 2009). Therefore, the existence of institutional entrepreneurship does not necessarily lead to the achievement of institutional change.

Institutional logic focuses on the transition of two institutional logics. However, in the preceding study, organizations were intent on using institutional logic to achieve its purpose, with such logic being defined as a "vehicle" (Beckert, 1999). Therefore, it is not possible to clarify why the change in institutional logic happened. In the first place, The institutional logic is based on pluralism, and research is progressing (Greenwood et al., 2011). Therefore, the change in institutional logic is set as organizations event, and the question arises whether to study it. To develop institutional change research, the next section describes the three research topics.

4. The Prospect of Institutional Change

4.1 Research Issue

In institutional change studies, it is necessary to examine the reform of institution by the interaction of multiple organizations. In the preceding study, the reform of institution by the actions of several organizations was less often described. In institutional logic, there is a focus on organizational events called the transition of institutional logic. Therefore, it is unclear how the actions of multiple organizations interacted. It remains unclear how the organization was able to notice the transition in institutional logic, too. In the early studies of institutional entrepreneurship, many studies focused on positioning how organization could conceive of ideas and motivations for change, as well as achieve resource mobilization. Battilana, et al. (2009) point out that institutional entrepreneurship roles can be recalled and executed. In particular, the focus is on recall, and it is said that it is a problem to clarify how to cooperate with several organizations in the future (Battilana et al., 2009). Additionally, according to DiMaggio and Powell (1983), the system stated that it was constituted by an organizational field. Such fields include organizations that provide similar services and products, and many ancillary

organizations, such as consumers, regulators, and accreditation organizations. In terms of institutional change, it is theoretically natural to focus on multiple organizations.

Reflecting on this situation, in recent years, research focusing on the act of multiple organizations as a micro process has been increasing.¹ Vaccaro and Palazzo (2015) set up a Sicilian Mafia society as a research subject for institutional transformation, where Addiopizzo studies how to change the Mafia society while involving students and customers looking to use value. Vaccaro and Palazzo (2015) point out that organizations and individuals who aim for change use value strategically. In addition, Smets, Morris and Greenwood (2012) focused on the concept of practice, revealing how the daily interactions and actions of organizations and individuals change the system. Their research suggests that the practice would change organization, and eventually could lead to a major institutional change. The difference in the level in the spread of the system that was not seen in previous studies has been found. In this way, the micro process points out that there is a possibility that institution may change from a different viewpoint than the institutional logic of multiple organizations and practices, and institutional entrepreneurship.

Nevertheless, the interaction of multiple organizations isn't often mentioned in studies pertaining to micro-processes. Vaccaro and Palazzo (2015) presented the possibility of involving multiple organizations by strategically using value; however, it is a viewpoint of environmental determinism. Therefore, the study of Meyer and Rowan (1977) and DiMaggio and Powell (1983) remains essentially unchanged. Moreover, it is considered to be one of the studies of institutional entrepreneurship that assumes organization and individual aim at such a revolution. And while Smets, Morris and Greenwood (2012) present institutional reforms from undertaking better practices, they present a practice change through multiple institutional logic. This research can be regarded as environmental decision theory. In a word, it does not exceed the category of the environmental decision theory though the micro process is oriented to it.

Thus, the critical point of institutional change research is that it has yet to clarify how the interaction of multiple organizations is linked to reform institution. A similar limit point in institutional logic and institutional entrepreneurship may be noted. Therefore, it is necessary to set the organizational event change agent or how institution will change by the interaction of multiple organizations.

4.2 Institutional Change and Legitimacy

¹ Although it is not a study of institutional change, there is Zucker (1977) as a study referring to the micro-process of institutionalization.

It is necessary to incorporate legitimacy as a concept that unites the interaction of multiple organizations with change of institution. In particular, a process in which legitimacy is constituted by the interaction of a plurality of tissues needs to be explored. Process of institutional change can be broadly divided into the following two categories. The first category is a revolutionary process. A revolutionary process refers to a major change from existing institution to new institution. A revolutionary process assumes a top-down process (Lawrence and Suddaby, 2006). In other words, the act of organization that changes institution is accepted to other organizations as it is. Institution is expected to change in a relatively short period of time. Therefore, institutional entrepreneur and the transition of institutional logic is regarded as a revolutionary process.

The second category is an evolutionary process. An evolutionary process points to a change from the existing institution to new institution along with stacking up small changes. An evolutionary process assumes a bottom-up process. It is more focused on multiple organizations that make up institution than organization that are trying to change institution. Because multiple organizations are involved in the change of institution, institution will gradually change over time.

Why is legitimacy necessary for institutional change? Legitimacy is the desirability and appropriateness of certain acts and ideas (Ashforth and Gibbs, 1990). It is necessary to establish legitimacy of acts and ideas which should become new institution. Even if institutional entrepreneurs present some actions or ideas to change institution, it is necessary for multiple organizations to recognize legitimacy such as desirability and appropriateness for their actions and ideas. In a sense, legitimacy plays an important role in the maintenance and change of organizations and institutions (Scott, 2014). In recent years, many researchers have discussed the strategy for Organization to communicate legitimacy. (Suddaby and Greenwood, 2006; Harmon, Green and Goodnight, 2015). Also, the process of institutional change necessarily involves shifts in individuals' judgements of the legitimacy of existing social entities and, consequently, shifts in individuals' behaviors with respect to those entities (Tost,2011) . In other words, there is a need for legitimacy to be constituted by multiple organizations in acts or ideas to be institutionalized. Therefore, it is important to discuss legitimacy in the institutional change. And there is a significance theoretically.

In the first place, legitimacy is regarded as a given. Organization is focused on acquiring legitimacy for survival (Meyer and Rowan, 1977). According to Suchman (1995) , Legitimacy is defined as “Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.” But in Suchman (1995) 's

definition of legitimacy, legitimacy is regarded as a given. In recent years, there are a lot of researches which focus on the perception of organization and individual as represented by Bitektine (2011) and Tost (2011) . Based on recent research, Deephouse et al (2017) define legitimacy as “ Organizational Legitimacy is the perceived appropriateness of an organization to a social system in terms of rules, values, norms, and definitions.” Their definition of legitimacy means that legitimacy is constituted by the perception of organization and individual. This paper focuses on the process of institutional change. In the process of institutional change, there is process in which multiple organizations constitute legitimacy. Therefore, in this paper, we use the definition of legitimacy by Deephouse et al (2017) .

Therefore, research on how to manage the legitimacy acquired by organization (Ashforth and Gibbs, 1990, et al.) Often, the configuration process of legitimacy remains uncertain. The reason for this section is that institutional change aims to clarify the dynamic relationship between organizations and the institution, to show that there is a need for the process of legitimacy to be explored. In Meyer and Rowan (1977) and DiMaggio and Powell (1983), the relationship between organizations and institution is perceived as a static relationship. DiMaggio (1988) argues that the theoretical task of the new institutional theory is that it is necessary to study institutional reforms because it has not drawn out the subjectivity and interests of organizations. Based on the premise of the organizational level, stakeholders who are potentially autonomous and legitimate may be negotiated (Ashforth and Gibbs, 1990; Bitektine, 2011, Deephouse et al., 2017). Additionally, in the organizational field, which is the level of analysis in new institutional theory, a collection of diverse, interdependent organizations that participate in a common meaning system (DiMaggio and Powell, 1983; Scott and Meyer, 1983; Scott, 2014:106) are also characterized by analysis. In this way, the organizational phenomena handled by institutional change are different. Therefore, when explaining an organizational event such as institutional change, taking legitimacy as a given can't be applied in its raw form. In the future, the process of constructing legitimacy by the interaction of multiple organizations in institutional change should be explored.

4.3 Organizational Cognition in Institutional Change

In third, institutional change requires the search for changes in organization's behavior and cognition in the process of building legitimacy. In particular, there has not been much research into how the organization evaluates new institutions (Suddaby et al., 2017). Suddaby, Bitektine and Haack (2017) have classified legitimacy into the following three. The first is property as property, which focuses on things. Second, legitimacy as

process that focuses on the processes in which legitimacy is constructed. Third, legitimacy as perception focused on a form of sociocognitive perception and evaluation. In particular, the research subjects in this section find legitimacy as perception. In the process where legitimacy is constituted, the change in the role of organizations is also important as well as interaction with it. As legitimacy is constructed, new institution will be institutionalized. And organization is required to act with a new institution. At that time, it is necessary to clarify the change of the cognition of the organization. According to Scott (2014:66-67), the pillar of the culture-cognitive pillar is a major feature of new institutional theory. Bitektine and Haack (2015) stated that if the organization does not evaluate the institution, the former will not follow the latter, while agreeing that the latter will affect the former. Therefore, it is worthwhile to explore the timing of the organization's configuration of legitimacy in any institutional change, or what factors change the evaluation of institution.

Several studies explore changes in legitimacy and organizational cognition. In the first place, the scheme that organizations act strategically against institution was studied by Oliver (1991). He presented five strategies: acquiescence, compromise, avoidance, defiance, and manipulation employed when an organization is not in accord with an institution. However, Oliver (1991) does not refer to the recognition of organization. Accordingly, research interest has shifted to the change in the management of legitimacy in organizations. Greenwood, Suddaby and Hinings (2002) presented the stages of the institutional transformation process. Greenwood, Suddaby and Hinings (2002) showed that the management of legitimacy by organization changes according to the stage of institutionalization: stage 4: theorization and the stages of a new practice, stage 5: diffusion. Pragmatic legitimacy and morality, showing the effectiveness of new practice, is how legitimacy is sought. Organizations use negotiations and influence based on direct interests to embed new practices into existing institutions. Additionally, at the re-institutionalization stage, he presents cognitive and legitimacy processes. Unlike practical legitimacy and normative legitimacy, it refers to changing the cognition of the organization according to the institutional situation (Suchman, 1995). The change of institution is a new practice has obtained legitimacy. In other words, it shows the recognition of an institution.

Ashford and Gibbs (1990) presented three others: extending, maintaining and defending, because the management of legitimacy on purpose is different. In addition, Suchman (1995) claimed that the management of legitimacy is differentiated by three others: practical legitimacy, normative legitimacy, and cognitive legitimacy. Three others are mentioned, too: gaining, maintaining, and repairing. In both Ashford and Gibbs (1990)

and Suchman (1995), according to the context of institution, the organization is required to change the management of legitimacy to sustain the legitimacy of organizations once changed.

However, Ashford and Gibbs (1990) and Suchman (1995) state that the agency of organizations hasn't been emphasized. This fact is due to the fact that organizations are focused on acquiring legitimacy and sustaining it. Therefore, it hasn't been clarified how organizations change legitimacy in institutional change. Considering this situation, Deephouse, et al. (2017) studied Ashford and Gibbs (1990) and Suchman (1995), finding that gaining and maintaining are organizing and adds that, responding, challenged by, and institutionally innovating also bear some weight. They presented five scenarios: gaining, maintaining, challenging, responding, and institutionally innovating. In each scenario, the organization has four types: legal legitimacy, normative legitimacy, cognitive legitimacy, and regulatory legitimacy, wherein the specific actions of the organization differ. In Deephouse, et al. (2017)'s scenarios, interaction with multiple organizations claims that management of legitimacy of organization is different. organizations interact with multiple organizations, such as organizations, consumers, and regulators who provide similar services and products, and legitimacy is exposed to objections and criticisms. The organization is presented with the possibility of reconstructing legitimacy by corresponding. In addition, organization can increase its legitimacy by strategically building new institution. Thus, research has been accumulated for the change in the management of legitimacy in organizations. However, in the process of legitimacy in institutional change, cognitive change in organization has yet to be clarified.

There are also many qualitative studies on institutional change. To develop qualitative research become a more universal theory, it is necessary to analyze it using quantitative analysis. However, in institutional change, each researcher defines institutional change according to their own way of understanding. Therefore, there is a vague study about whether the system is able to change. For example, the Sicilian Mafia society study by Vaccaro and Palazzo (2015) left unclear whether Addiopizzo could change the Mafia society. Since Scott (2014:96) has defined an institution itself as being a variety of laws, standards, norms, and frameworks, institutional change is the mainstream analysis of concepts and, as such, cannot be verified. It is necessary to clarify the components related to the cognition of organization and to clarify whether an institution is changing or not.

5. Conclusion

This paper explores future research issues through organizing and examining prior research on institutional change. First, in the second section, the research background of

institutional organization theory was reviewed through the work of Selznick (1949, 1957), Meyer and Rowan (1977), DiMaggio and Powell (1983). In the third section, preliminary research on institutional logic and the institutional entrepreneur are depicted, and a limit point was set in considering it.

Section 4 points out the need to study the process of institutional change. The necessity to clarify change within the composition process of legitimacy is necessary, along with the recognition of organizations accompanying it.

The contribution point of this paper is to clarify the problem of institutional change. In institutional change, many studies use the concept of institutional logic and institutional entrepreneurship. Therefore, the process of establishing a new system is unclear. In this paper, we present the need to study the configuration of legitimacy based on the process (Delbridge and Edwards, 2009) involving multiple organizations in institutional change. The changed institution is granted legitimacy through new institution. Therefore, it is significant that the process of configuring legitimacy by the interaction of multiple tissues is a key research subject. They also pointed out that organization's cognitive changes in the process of legitimacy need to be explored. According to Scott (2014:66-67), the culture-cognitive pillar is a major theoretical feature of new institutional organization theory. It is necessary to examine change in the recognition of the organization in institutional change, and to verify the success or failure of reforming it.

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