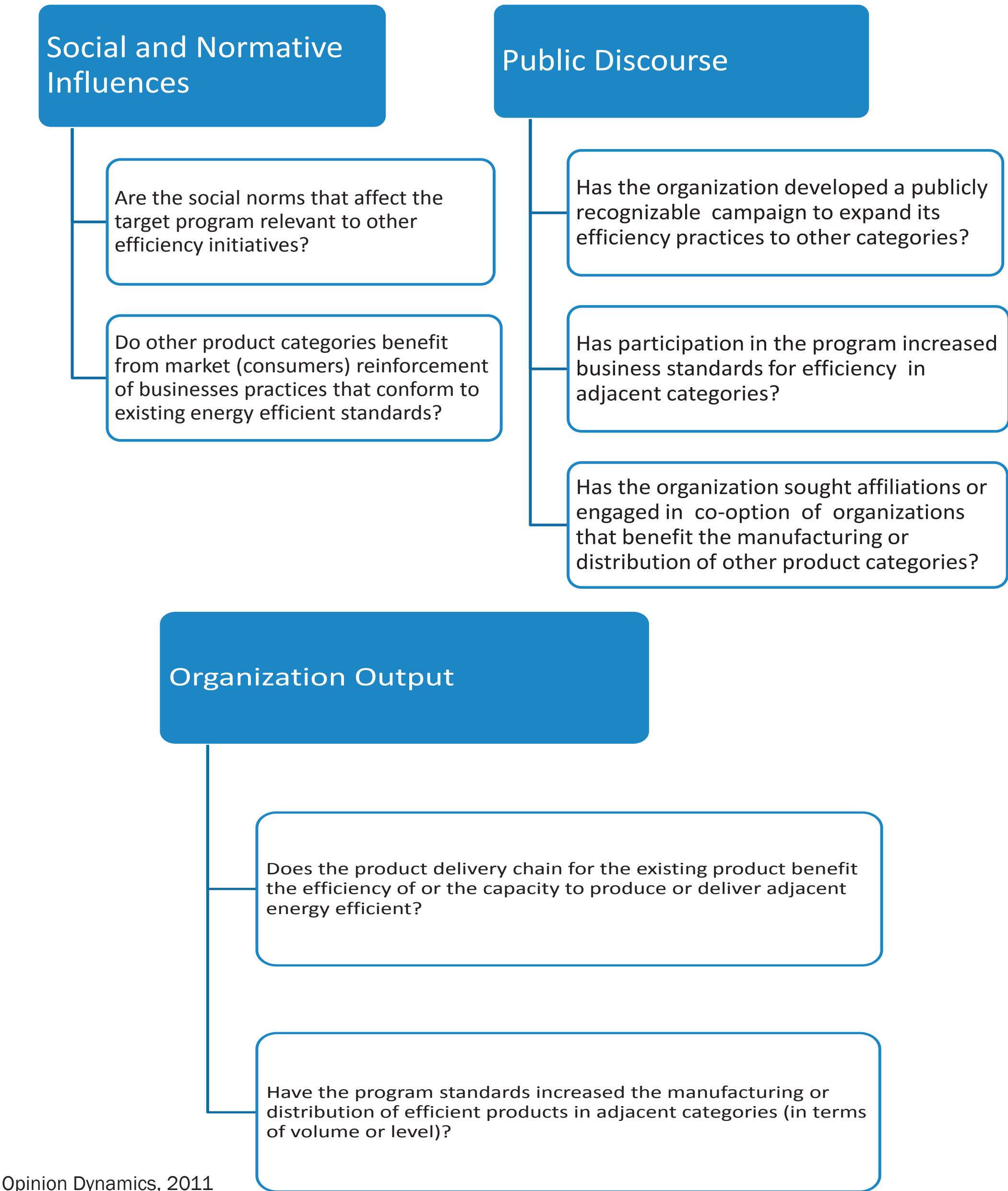


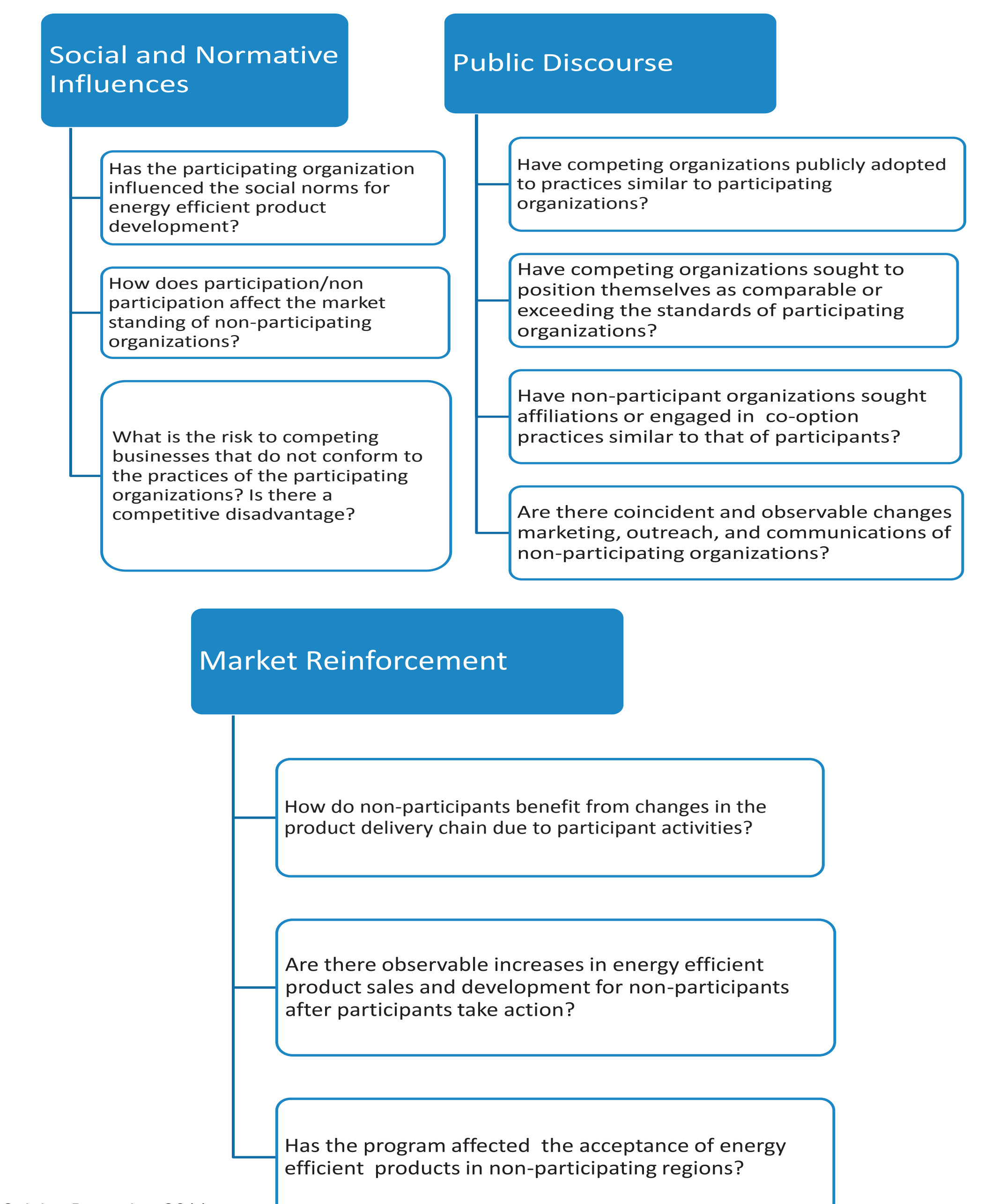
Role of Legitimation in Multinational Corporation Decision Making

By
Anne Dougherty

Participant Spillover Considerations



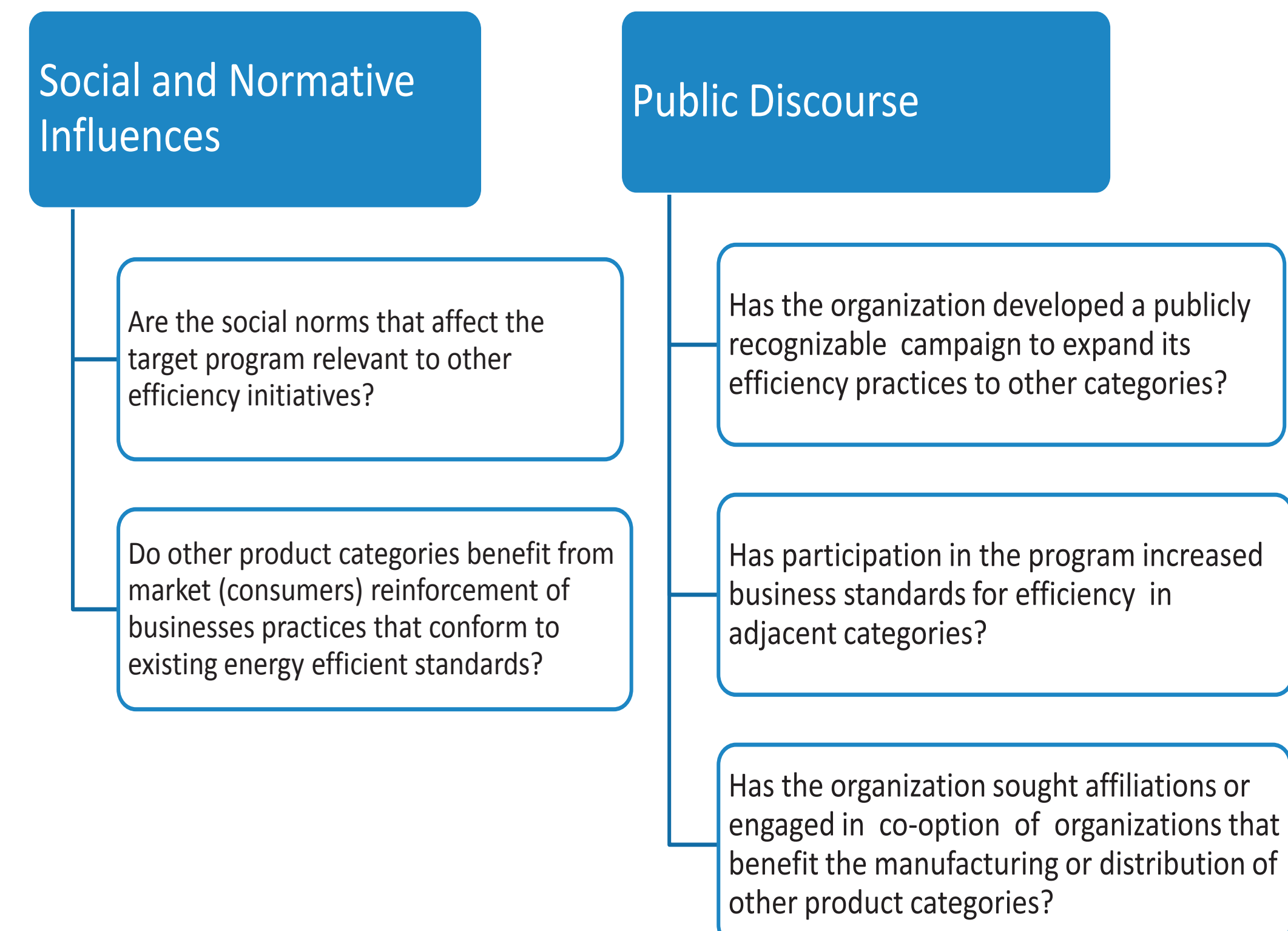
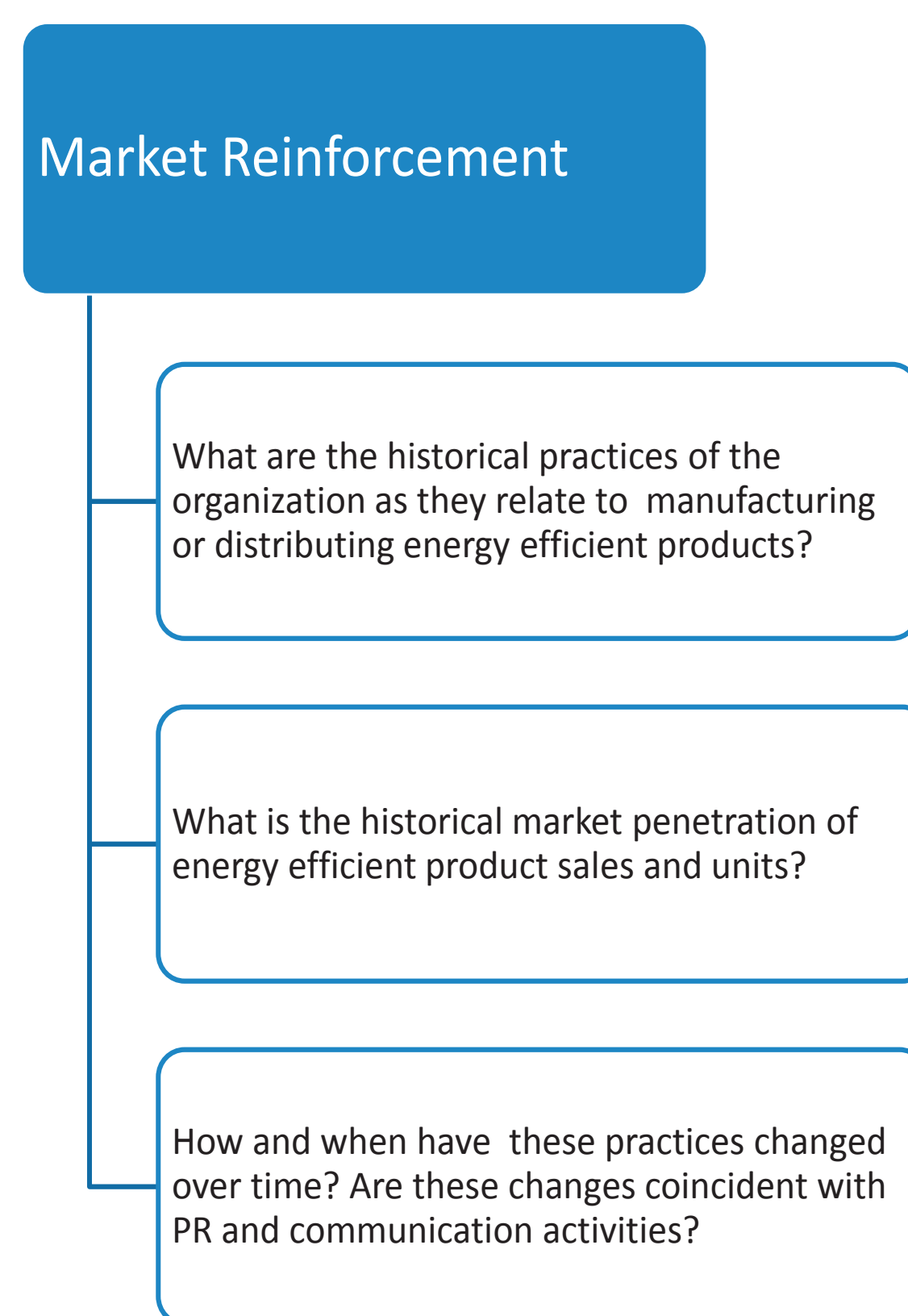
Non-Participant Spillover Considerations



Why Should Evaluators Care?

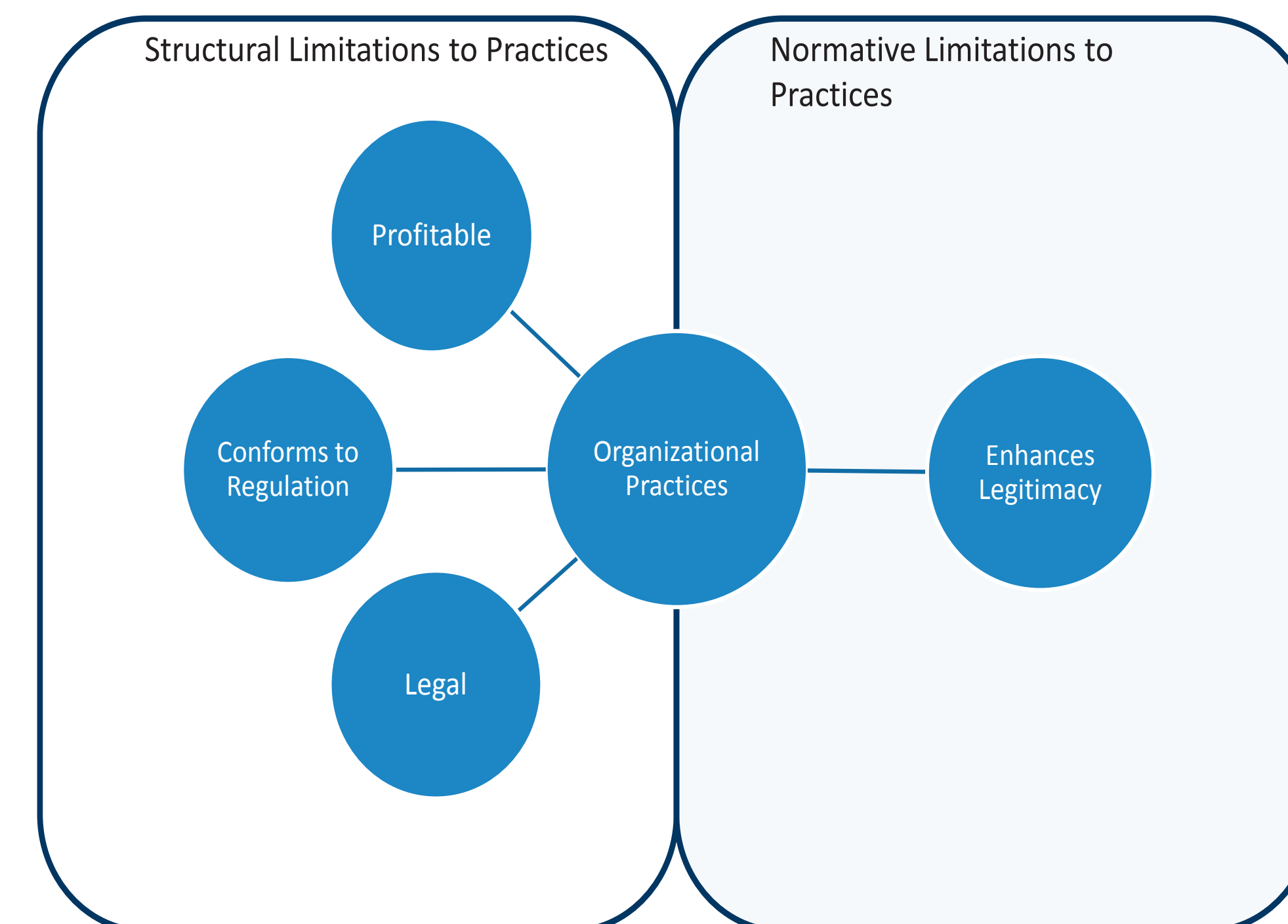
- In a highly competitive marketplace where similar good and services are provided across organizations, legitimation is a resource for differentiation
- As a resource, legitimacy is enhanced by adopting practices that are socially desirable, which can include efficiency as part of environmentally responsible choices
- Evaluators should carefully examine the role of legitimation in organizational decision-making on energy efficiency, wherein market actors may be responding to social norms and the practices of competitors rather than program drivers

Free Ridership Considerations



For energy efficiency practices of Multinational Corporations, we draw on evaluative and cultural definitions (Suchman, 1995) of “Organizational Legitimation,” to identify a definition for mid and upstream program evaluators: Organizational Legitimation is the process that requires “congruence between the social values associated with or implied by [organizational] activities and the norms of acceptable behavior in the larger social system” (Dowling and Pfeffer, 1975) to successfully to generate, maintain, and reproduce product markets and the organizations’ position within those markets (market share).

Role of Legitimation in Decision Making



In the context of energy efficiency, we build on Dowling and Pfeffer (1975) to examine the placement of Legitimation in organizational decision-making in energy.

Drivers to Legitimation Process



Expanded on Dowling & Pfeffer, 1975

Legitimation Process

Value Systems that Integrate or Affect Energy Efficiency: Organizations conform their practices to existing social norms or attempt to influence norms to secure or enhance their market position

Organizations work within existing norms to gain legitimacy:

- Inter and Intra organizational norms
- Business norms
- Market and or consumer norms
- Moral norms

Organizations influence & create norms to gain competitive advantage

Organizations engage in public practices to gain their own legitimacy or deny the legitimacy of other organizations

Initiate PR, ads & comm.

Develop alliances and affiliations

Obtain accreditations or certification

Market Acceptance & Reinforcement: Social structure and/or the market accept or deny legitimacy and organization output

Meet consumer product expectations

Consumers accept or reject market position

Consumers repeat /do not repeat purchase

Image illustrates Legitimation process drawing on the literature (Parsons, 1960; Dowling & Pfeffer, 1975; Suchman, 1995; Kostova, 1999; Deephouse & Carter, 2005; Phillippe, 2007; Golant 2007)