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Legitimation in practice: A new digital publishing business model[☆]Amira Laïfi^{a,*}, Emmanuel Jossierand^{b,**}^a Normandy Business School, France^b CMOS, University of Technology Sydney, Australia

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ABSTRACT

This research studies the legitimation practices at Cyberlibris, a company introducing the innovative business model of a digital library to the field of publishing. The objective is to better understand how innovative actors deploy proactive strategies in order to acquire the legitimacy which is vital to their success. We conducted a longitudinal investigation of the practices of legitimation with particular focus on the sequence of the process and the role played by the dimensions of legitimation at each stage. The results propose an integrative framework of legitimation strategies based on four dimensions: the nature of legitimacy, and three key aspects of practice, namely, the subject of legitimation, the context, and the target audience. The study also captures the iterative and non-linear nature of the bricolage that characterises legitimation in practice, thus furthering our understanding of how the process of legitimation unfolds. Finally, we provide an account of how digitalisation can lead to innovation in the creative industries.

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1. Introduction

Digital technologies have radically transformed the business models of creative industries (Øiestad & Bugge, 2014; Mangematin, Sapsed, & Schüßler, 2014). The publishing industry in particular has been impacted at various levels, from the production of books to the traditional channels of distribution. A key change has been the shift from paper to the digital book, facilitated by the convergence of hardware and software technologies. In parallel with e-Reader technology, the thin client model has developed, incorporating Internet technology that allows for the elaboration of digital libraries. Key Internet players have capitalised on the opportunity to aggregate digital books, leading to a plethora of offerings in what is still a fast-growing field. Our detailed study of the legitimation process for Cyberlibris, an aggregator offering an electronic library for business schools, provides a unique account of the innovative and institutional forces at play, as emerging actors construct their legitimacy within a highly institutionalised and long-standing creative industry.

Indeed, extant research highlights the paradox of creative industries: that is, that creative industries demonstrate a real lack of creativity in their business model development. In particular, they note the tendency of incumbent actors to exhaust their creative forces in pursuing problematic strategies (Rothman & Koch, 2014; Mangematin et al.,

2014) for marginal efficiency gains (Øiestad & Bugge, 2014). This is evident where innovative actors are faced with cognitive lock-ins and maintenance strategies from incumbent actors (Mangematin et al., 2014). Cognitive lock-ins prevent them from making sense of the potential for value creation resulting from digitalisation (Rothman & Koch, 2014; Hadida & Paris, 2014). Maintenance strategies aim to preserve institutions favourable to the incumbent actors (Mangematin et al., 2014). In the music industry for instance, incumbent actors fought to sustain property rights (Blanc & Huault, 2014; Dobusch & Schüßler, 2014), leading to discursive struggle for legitimacy between incumbent and innovative actors (Mangematin et al., 2014; Dobusch & Schüßler, 2014). While the impetus for status quo and maintenance strategies is well documented (Mangematin et al., 2014; Dobusch & Schüßler, 2014), we know very little about the strategies deployed by innovative actors to establish their legitimacy.

The question of legitimacy is important in such a context. Indeed, from a neo-institutional perspective, legitimacy is at least as important for an organisation as other resources such as capital, technology, staff, customer satisfaction, and networks (Meyer & Rowan, 1977; Deephouse & Suchman, 2008). “Legitimacy” is a desirable model of action undertaken by a given entity (Berger & Luckmann, 1967; Brown, 1998; Zelditch, 2001; Walker, 2004).

Legitimacy is the consequence of a process and the result of either a strategy or a set of actions implemented by organisations (Boyd, 2000). As legitimacy is determined by the extent to which an organisation complies with the rules and standards already in force (DiMaggio & Powell, 1983, 1991; Meyer & Scott, 1983; Zucker, 1988), new ventures must prove legitimate (Starr & MacMillan, 1990), making a lack of legitimacy a higher risk for a young organisation conducting emergent activities (Dobrev & Gotsopoulos, 2010).

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* Corresponding author.

** Correspondence to: UTS Business School, Sydney, Australia.

E-mail addresses: a.laifi@em-normandie.fr (A. Laïfi), Emmanuel.Jossierand@uts.edu.au (E. Jossierand).

Legitimation is a process whereby the acceptability of an object increases over time (Deephouse & Suchman, 2008; Ashforth & Gibbs, 1990). While many studies on legitimacy focus on the consequences of legitimation (Aldrich & Fiol, 1994; Fligstein, 1997; Lawrence, 1999; Zimmerman & Zeitz, 2002), understanding the overall legitimation process remains a continuing and complex problem (Johnson, Dowd, & Ridgeway, 2006: 53). A small number of studies (Tolbert & Zucker, 1996; Greenwood, Suddaby, & Hinings, 2002; Johnson et al., 2006; Drori & Honig, 2013) have investigated the legitimation process. While Drori and Honig (2013) underline the evolving connection between internal and external legitimacy, the three other studies emphasise the sequential aspect of legitimacy acquisition. While they cover common ground, these three studies do not reach convergent conclusions about the actual sequence and relative role played by the three dimensions of legitimacy at each stage.

Accordingly, this study aims to further explore how innovative actors deploy proactive legitimation strategies, which is vital for the success of their innovation. This in turn will contribute to a better understanding of the process of legitimation. The research objective implies a longitudinal design closely investigating the practices of legitimation with a special focus on the sequence of the process. The study details the practices of legitimation observable at Cyberlibris, an SME attempting to introduce an innovative business model in the publishing industry.

The research contribution is threefold. First, we propose an integrative framework that allows for the analysis of legitimation strategies. This framework is composed of 4 dimensions—the nature of legitimacy, the aspect(s) of a practice being subject to legitimation, the context where legitimacy is sought, and the audience targeted. Second, we capture the iterative and non-linear nature of the bricolage that characterises legitimation in practice, thus enriching understanding of the legitimation process. Thirdly, in doing so, we shed light on changes currently taking place in creative industries.

2. The sequences which form the legitimation process

This section reviews three salient longitudinal studies on legitimation (Tolbert & Zucker, 1996; Greenwood et al., 2002; Johnson et al., 2006). While using the same framework, these three pieces draw different conclusions regarding the sequences of legitimation and the relative importance of the three dimensions of legitimacy (Suchman, 1995) at the various stages.

The three studies use the three-dimensional framework of Suchman (1995) and distinguish between pragmatic, moral, and cognitive legitimacy. Pragmatic legitimacy “is based on calculating the individual interests of the organization’s immediate audiences. This immediacy means that direct exchanges take place between the organization and its audience” (Suchman, 1995: 578). Moral legitimacy rests on a judgment by stakeholders regarding “whether the activity is the right thing to do” (Suchman 1995: 574). Such judgments generally reflect beliefs, allowing for the evaluation of whether an activity is prosocial (Suchman, 1995: 579). Cognitive legitimacy is based on naturally present cultural models which become social realities. These models have become so deeply assimilated and widespread that the question of not submitting to them or of transgressing them does not even arise (Berger & Luckmann, 1967).

Tolbert and Zucker (1996) have identified three stages in the institutionalisation process which they liken to a process of legitimation. The theorisation stage – also referred to as institutionalisation stage – comprises two major tasks. The starting point for the theorisation phase is a pragmatic legitimacy that involves recognising the utility, technical characteristics, and economic viability of the innovation (p.181). The second task consists of justifying the appropriateness of the solution offered. This appropriateness reflects a moral legitimacy (p.183).

The second key stage is the diffusion of innovation. This implies the development of a certain degree of social consensus around innovation, specifically as regards its value. This consensus results from an increased application of innovation and may emerge via the media or from the support of influential actors, concrete institutions, the State, etc. Such endorsement bestows moral legitimacy on the innovation. Decision makers evaluate the costs and benefits of the innovation by observing the organisations that have pre-tested it. Pragmatic legitimacy as a social consensus and the moral legitimacy to which it is closely related are thus decisive in this phase.

In the third phase, the innovation is deeply embedded in the social system and has become a social reality. A cognitive legitimacy is acquired. Complete institutionalisation is characterised by an absence of opposition and sets in as time goes on.

Tolbert and Zucker (1996) found that the first stage of the legitimation process is one of pragmatic and moral legitimacy, that the second is one of moral and pragmatic legitimacy, and that in the third, cognitive legitimacy dominates.

Greenwood et al. (2002) pay particular interest to the role that regulatory agencies, and specifically professional associations, play in the institutionalisation of new practices. They describe a three-phase process. In the phase of theorisation, the goal is to present the innovation as entirely appropriate, whereby it gains moral legitimacy. Associations and professional bodies are the vehicles for promoting this moral legitimacy.

In a second phase, diffusion is likely to occur where actors perceive pragmatic legitimacy. A social consensus grows around the pragmatic value of the innovation. As new routines become accepted, cognitive legitimacy is progressively acquired. Complete institutionalisation occurs during a third phase, when the innovation is adopted on a large scale and the new ideas become taken for granted.

Greenwood et al. (2002) emphasise the importance of moral dimensions in both the first stage of a legitimation process and more briefly in the second phase of diffusion, leading to a third phase in which cognitive legitimacy is established.

In contrast, Johnson et al. (2006) have identified four stages of legitimation. The authors state that during the first stage, the innovation must gain pragmatic legitimacy in an initial local context. The second stage of the process concerns local validation, where acceptability rests on moral (normative) legitimacy in the local context. Influential actors play an important role in promoting the innovation, as do the State and/or regulatory or professional institutions which support it. This lends the innovation a valid social reality, which confers cognitive legitimacy and in turn facilitates its adoption in other local contexts. The third stage entails the diffusion of the social innovation in other local contexts and is based primarily on the moral legitimacy of the innovation. The fourth stage is that of general acceptance, in which cognitive legitimacy is acquired in relation to a broader context.

To date, there is no consensus for a sequential model of legitimation (see Table 1 for a summary of the process described above), except for the common view that cognitive legitimacy comes in the final stage. Deephouse and Suchman (2008) urge further study of the way in which the various dimensions of legitimacy are granted and acquired. One key consideration is whether, as Zimmerman and Zeitz (2002: 426) advocate, the dimensions of legitimacy must come into play in a particular order and follow a specific sequence.

In all three studies, innovations benefit from the early support of a group of influential stakeholders. There is no reason to believe that this would be the case for all or even most innovative actors. This “providential stakeholder” effect, where one influential figure bestows moral legitimacy upon an innovation, is not universal. In many cases of innovation or entrepreneurship, the trajectory is somewhat more erratic and less linear. Entrepreneurs and innovators often evolve in conditions that are far from ideal and have to make do with imperfect solutions and resources (Stinchcombe, 1965).

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