Social legitimacy versus distinctiveness: Mapping the place of consumers in the mental representations of managers in an institutionalized environment

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A B S T R A C T

Arts festivals in general, and music festivals in particular, struggle to formulate strategy in the face of the often-conflicting demands of the commercial marketplace and the sponsors, who are typically state organizations. Commercialization and profit motivations demand differentiation, but recognition and acceptance by society often requires conformity to a set of rules that often conflict with these aims. This struggle is said to be between distinctiveness (in the marketplace) and legitimacy (in the eyes of the society as represented by sponsoring institutions). This research uses cognitive mapping techniques to uncover the role that consumers have within the representations of strategists within two music festival organizations. One festival operates in an open, commercial market while the other in an institutionalized environment. Centrality of consumers within the thought-maps of strategists and the mental associations they have to their consumers, reveal how managers struggle with this strategic dichotomy.

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1. Introduction

The political and social issues facing many organizations are becoming more complex; both the number of stakeholders to consider and the list of those to whom status as a legitimate organization must be proven has grown significantly (Child & Rodrigues, 2011). Organizations must now cope with the heterogeneous demands of environmental groups, local community groups, multiple competitors, governments, international institutions, consumer associations and even the media (Maignan, Ferrell, & Ferrell, 2005). The modern business environment is complex and often turbulent.

This situation is particularly salient in the case of music festivals and, more generally, in the marketing of cultural activities (Andersson & Getz, 2008). Organizing an event such as a cultural festival needs the participation of many different actors with multiple interests (Larson & Wikström, 2001); within this context Holbrook and Zirlin (1985) raise the dichotomy between the institutional acceptance of the festival and the willingness, or profit-driven need, of the festival to meet public demand. The marketing strategy of a cultural organization is thus strongly influenced by the often-opposed forces of financial backers and paying consumers. The central question addressed by this research concerns the role of the general consuming public in the mental representations of festival managers. The neo-institutionalism work, that provides the theoretical background of this research (DiMaggio & Powell, 1983; Meyer & Rowan, 1997), suggests that managers are content to adopt the structures and practices prevailing in their environment at any point in time. An alternative approach suggests that, in the face of the pressure from the variety of actors the business must strive to satisfy, the public and their demands become central to the strategic concerns of managers (Deshpandé, Farley, & Webster, 1993).

On a more formal and strategic level, these two alternative approaches raise the debate around the strategic balance between social legitimacy and distinctiveness (Deephouse, 1999; King & Whetten, 2008) and the impact of the institutional environment on this balance (Van Halderen, Van Riel, & Brown, 2011). Legitimacy enables the company to gain acceptance within its environment and that, in turn, often leads to financial support from stakeholders (Elsbach, 1994). On the other hand, the need to make profits sometimes leads the firm to consider its competitive position more strongly and to consider the public as customers in the same way as any competitive business. Here lies a major challenge; the research explores the balance held by cultural festival organizers between the need to be perceived distinctive from competitors and the need to gain social legitimacy (Deephouse, 1999). The question of the strategic balance between legitimacy and distinctiveness has already been studied in institutionalized contexts (Van Halderen et al., 2011), but these studies focus on companies in the same sector and/or operating in the same environment. The major contribution of this research is that it is a comparative study of two organizations in the same industry, but facing very different institutional environments. One festival is in a highly institutionalized environment, due to the presence of

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public funders; the other is in a little-institutionalized environment that evolved in a private context.

Focusing on the representations of managers is central; a firm typically cannot be reduced to a single actor (Barr & Huff, 1997). These representations color the way managers perceive their environment, and decode and respond to signals from the environment. The research question here is of an exploratory nature, and leads to the examination of the role of consumers within the mental representations of managers operating in the institutionalized arts festival sector. Cognitive mapping is used to capture and compare the mental representations of the relevant managers (Axelrod, 1976).

The paper first considers the theoretical background in greater depth, and consequently refines the research proposition. A description of the cognitive mapping methods used to address this question is followed by a summary and discussion of the results.

2. Theoretical background

2.1. New institutionalism

The New Institutional Theory in sociology focuses on the social and cultural demands in the environment. It is the latter that shapes organizations (Meyer & Rowan, 1997); many organizational dynamics do not come from technological imperatives but the cultural norms and beliefs developed in society (Suchman, 1995). Reasoning not in terms of appropriate behavior but according to sanctioned practices, New Institutional Theory seeks to determine how social and cultural values constrain organizations, but also how organizations can act on these environmental values (Lawrence, Suddaby, & Leca, 2011). The neo-institutionalists start with the observation that organizations exist within structures consisting of similar firms, designated as an organizational field; meaning a recognized field of institutional life with a system of common understandings (Scott, 2001). There are observable similarities between the organizations in each field. The concept that best captures this homogenization is the concept of isomorphism, that Hawley (1968) describes as a strict procedure which forces one unit of a population, perhaps a business organization, to resemble other units that experience the same environmental conditions.

Three sources of isomorphism lead organizations to resemble each other (DiMaggio & Powell, 1983). First, coercive forces relate to legal and political influences that are binding on all political organizations. Second, managers often mimic other organizations that perform well under uncertainty and, finally, normative pressures that spread ideas and transmit norms and standards among professionals in the same industry using the same, or similar, networks. Isomorphism with environmental actors has a major consequence, according to Meyer and Rowan (1997), relating to the legitimacy of the organization. Suchman (1995, p. 574) defines legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions," and explains that firms obtaining the status of a legitimate organization benefit from easier access to sponsorship because potential sponsors are more willing to support an organization they deem appropriate.

For such legitimate firms the environment is more stable and survival prospects are enhanced (Meyer & Rowan, 1997). The incorporation of institutionalized elements, that is to say those complying with environmental standards, makes the company immune from questioning about the reasons for its existence or its activity (Humphreys, 2010; Meyer & Scott, 1992). Different stakeholders will then accept and endorse the means and purposes of the organization (Baum & Oliver, 1991), thus providing some support to the firm (Elsbach, 1994; Handelman & Arnold, 1999). However, some actors have more power than others in conferring legitimacy (Deephouse, 1996; Meyer & Scott, 1992). State

institutions number among these; actively participating in financing activities concerning the arts.

2.2. Music festivals: between social legitimacy and distinctiveness

Because of their origins, it seems that non-commercial or highly institutionalized sectors, such as the cultural sector, are an ideal investment for the neo-institutionalist. Music festivals are steadily becoming more common, due in part to their role in place and destination marketing (Allen, O'Toole, McDonnell, & Harris, 2002; Crompton & McKay, 1994). Music festivals must, then, comply with social environmental standards to gain legitimacy in the eyes of various stakeholders, but must also differentiate in order to compete (Andersson & Getz, 2008). Music festivals search for social legitimacy for the sake of their financial stability, and for economic performance resulting from an effective positioning with regard to the target audience. This tension between economic and institutional forces weighing on cultural organizations is the subject of recurring debate in the literature. The marketing strategy of cultural institutions is strongly affected by the juxtaposition of these opposing forces. Organizing an event such as a festival needs the participation of very different participants with very different interests (Larson & Wikström, 2001). Holbrook and Zirlin (1985) show that expectations and values of cultural organizations and the actors in their environment often lead to conflict.

Legitimacy and distinctiveness are both perceptions of an organization's acceptance (King & Whetten, 2008). Legitimacy is a perception of the social and institutional acceptance of a firm, and distinctiveness is a perception that a firm is positively different from its competitors. By differentiating, organizations reduce competition while by conforming to institutional pressures, organizations demonstrate their legitimacy (Deephouse, 1996). The strategic balance between legitimacy and distinctiveness is an important issue in the literature and a major concern for professionals. Indeed, success in a market demands both conformity with a number of criteria in order not to be removed from the product category in which the firm operates, and differentiation vis-à-vis other offers (Zuckerman, 1999). According to Deephouse (1999), the ideal position is to be within a range of strategically acceptable positions—organizations have to be as different as it is legitimate to be (Desreumaux, 2004). This strategic balance depends on the institutional pressures of the environment (Van Halderen et al., 2011); a highly institutionalized environment imposes important norms that firms will have to take into account.

To evaluate the strategic balance between social legitimacy and distinctiveness, studying the place of consumers in the mental representations of managers is interesting because it is an indicator of the strategic thinking of firms (Crittenden & Woodside, 2006; Dickson, Farris, & Verbeke, 2001). A central place given to the consumers in the mental models of managers will indicate a distinctiveness orientation, while a central place given to institutional actors will indicate a legitimacy orientation. This discussion leads to the research proposition:

> A private festival, whose resources come mainly from consumers, puts the consumer more at the center of its strategic thinking than a subsidized festival, which has part of its funding provided by grants and which has conflicting obligations to its subsidizers.

3. Method

3.1. Overview

The aim of this research is to observe the role of consumers in the thinking of managers operating in a highly institutionalized environment. Cognitive mapping is the technique chosen to address the aim (Axelrod, 1976). Nath and Newell (1998) explain that cognitive