

Organizational Legitimacy Measure: The Case of Spanish Mutual Guarantee Societies

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ABSTRACT

In order to understand an organizations' survival and growth, legitimacy plays a key role. Credibility, convenience and adjustment to social norms, values and beliefs make organizations more predictable, trustworthy and balanced. Institutional Theory identifies legitimacy as a critical success factor that all organizations must consider. In this sense, there is little empirical research in this field, essentially because of the hurdle of quantifying the concept of legitimacy. This study shows a step forward in the effort to establish a methodology for measuring organizational legitimacy. Our research has been developed over the Spanish Mutual Guarantee Societies. We have evaluated their legitimacy and ranked them according to his criterion. Furthermore, we have analyzed the relative importance of the different aspects of legitimacy in MGS and established a legitimacy profile for the sector. Results suggest that there is a widespread perception in society regarding internal and external organizations validation. The findings also show that it is possible to achieve high levels of legitimacy regardless of their source. In other words, two organizations may have the same level of legitimacy, where one of them has only pragmatic legitimacy and the other moral legitimacy.

KEY WORDS: Legitimacy, organizational legitimacy, Institutional Theory, Spanish Mutual Guarantee Societies, Analytic Hierarchy Process.