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# Legitimacy-Based Entry Deterrence in Inter-Population Competition

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## ABSTRACT

*Integrating institutional theory with research on competitive entry deterrence strategies, I develop a theory of competitive social norm manipulations and explore the strategies that well-established organizational populations use to build legitimacy-based barriers to entry into their domain. The study shows that, through social norm manipulations, organizational populations can influence not only their own legitimacy but also the legitimacy of their competitors. I develop a typology of legitimacy manipulation strategies that established organizational populations use to prevent, eradicate or palliate the new entrants' impact by: (1) changing the relative importance of legitimacy dimensions, (2) raising the legitimacy threshold and (3) altering perceptions of competitors' performance. Successful legitimacy manipulations are shown to lead to institutional immunization of the incumbents against similar competitive challenges in the future.*

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**KEYWORDS:** *institutional theory; legitimacy manipulations; competitive strategies*

## INTRODUCTION

Social norms, understood as 'widely shared sets of behavioural expectations' (Pfeffer and Salancik, 1978: 147), guide both the behavior of social actors and the evaluation of this behavior by external audiences. These audiences, and in particular, industry stakeholders, who have a special interest in an

industry and control over resources critical to its survival, judge the behavior of the actors and, ultimately, determine whether they are willing to support or, at least, tolerate a given activity and/or the social actors that perform it (DiMaggio and Powell, 1983; Meyer and Rowan, 1977).

It has been recognized that organizations not only conform to prevailing social norms but also exert substantial efforts to transform the existing norms in their domain to fit their needs (Aldrich and Fiol, 1994; Lawrence, 1999; Pfeffer and Salancik, 1978). While the efforts of emergent organizational populations to legitimate their new organizational forms were extensively described in the institutional entrepreneurship literature (Dacin *et al.*, 2002; DiMaggio, 1988; Maguire *et al.*, 2004; Rao, 1994), the collective institutional strategies of well-established, 'mature' organizational populations seeking to manipulate social norms in their favor have only recently attracted the attention of organizational researchers (Barnett, 2006; Greenwood *et al.*, 2002; Lawrence, 1999). Still missing in the extant literature, however, is the integrative theory that ties competitive entry deterrence strategies with the ability of members of incumbent organizational populations to influence their institutional environment.

Several observations of competitive social norm manipulation attempts have already been documented in management literature. For example, Rao (1994) observed that when automobile threatened to displace horse-drawn carriage, horse breeders, livery

stable owners and horse-drawn vehicle driver associations were actively urging authorities to ban the automobile on public roads because it 'jeopardized safety and was a plaything of the rich' (Rao, 1994: 34). Aldrich and Fiol (1994) described how similar 'public good' claims were deployed in Europe by corner stores resisting the development of hypermarkets in suburban areas. They argued that the long working hours and weekend operations of hypermarkets threatened traditional values and were disrupting family life. Despite these observations, a comprehensive theory explaining the motivation, mechanisms and outcomes of such competitive behavior of incumbent organizational populations has not emerged yet. The development of such a theory through a combination of deductive and inductive research represents the primary focus of this study.

The analysis presented here, therefore, is conducted at the organizational population level and addresses interactions between competing organizational populations. Following Hannan (2005), an *organizational population* can be defined as 'a set of organisations with a common form ⟨...⟩ at a particular place and time' (p. 52). While no generally accepted definition of organizational form has emerged so far (Hsu and Hannan, 2005), in this study I adopt the view of *organizational form* as a specific kind of collective organizational identity (Pólos *et al.*, 2002) derived from a set of observable organizational dimensions by means of abstraction from the attributes of individual organizations and typification of commonality (Hsu and Hannan, 2005). Domain stakeholders<sup>1</sup> use organizational forms as criteria for differentiating members of a population from non-members (Hannan, 2005; Hsu and Hannan, 2005).

This study attempts the integration of institutional theory and research on competitive entry deterrence strategies. I argue here that, while competition among indivi-

dual organizations evolves primarily around tangible organizational resources, major battles between competing organizational populations unfold in the domain of social norms, values and regulations. As opposed to most biological species, organizational populations are capable of organized and coordinated deliberate action (Aldrich and Fiol, 1994; Greenwood *et al.*, 2002; Lawrence, 1999). Such deliberate action is usually carried out by the populations through trade or professional associations, which provide the primary means of coordination of industry-wide intentional efforts (Barnett, 2006). I argue that, through coordinated intentional efforts prompted by a competitive threat from another organizational population, populations of incumbent organizations can and often do manipulate social norms and rules in order to create entry deterrence barriers against new entrants that possess a different organizational form. The successfully modified social norms then act as operational constraints that impose a selective pressure on the population of new entrants. Depending on the specificity and strength of this pressure, the new entrants are either forced out of the incumbents' domain (ie 'eradicated'), or induced to operate under inhibiting constraints that 'palliate' the competitive impact of the new entrants on the domain incumbents. Successful 'eradication' (or forced exit) of the competing organizational population in the incumbents' domain leads to *institutional immunization* of the incumbents against future entry attempts by members of that new entrant population: Modified social norms and precedents set by the outcome of the first encounter protect the incumbents from similar competitive challenges in the future.

This paper consists of three parts, reflecting the three stages of this research project. In the first stage, legitimacy-based entry deterrence strategies were deductively inferred from the analysis of properties of sociopolitical legitimacy outlined in the

literature. This theory development stage was followed by an extensive screening of media records to empirically determine whether these theorized strategies are indeed being used by organizational populations to deter competitive challenges. In the final stage of the project, in line with Eisenhardt's (1989) proposition that 'accumulation of knowledge involves a continual cycling between theory and data' (p. 549), rich qualitative observations collected on over 40 domain entry attempts were used to advance understanding of inter-population rivalry through inductive theory development.

## PART I: THEORY DEVELOPMENT

### The Role of Stakeholder Perceptions and Judgment

Social norms play the central role in stakeholder judgments. Domain stakeholders – from the general public to employees and regulators – perceive different aspects, or dimensions, of organization(s) (eg environmental impact, quality, social responsibility, etc) (Ruef and Scott, 1998; Wartick, 2002). Building upon Neisser's (1967) research in cognitive psychology, I argue that these dimensions are then subjected to different cognitive processing, which results in a number of different types of judgment that can be rendered by these stakeholders in respect to the organization or entire population of organizations.

For example, in a *status* judgment, an organization is regarded as a member of a certain group of organizations (usually within the same organizational population) and is characterized by a similar performance on a set of relevant dimensions, such as quality or price, but different from the performance of organizations belonging to other status groups (Podolny, 1993; Wejnert, 2002). The status judgment captures differences in actors' social rank that generate privilege or discrimination (Washington and Zajac, 2005). In a *cognitive legitimacy* judgment, the

organization is categorized as belonging to a certain known organizational form, which is defined by a particular set of recognizable organizational features (Hannan and Freeman, 1977; Meyer and Rowan, 1977; Scott, 1995; Suchman, 1995). On the other hand, in *reputation* judgment, stakeholders' perceptions and past experiences with the organization are used to identify the unique organizational features (Deephouse and Carter, 2005; Weigelt and Camerer, 1988; Whetten and Mackey, 2002), and to anticipate the likely future behavior of that organization (eg reliability of its products, honesty, the vigor of its potential competitive response, etc).

The type of judgment most relevant for this study is a *sociopolitical legitimacy* judgment, where the observed organizational features and performance on a set of relevant dimensions are benchmarked against the prevailing social norms: the stakeholder renders a judgment as to whether the organization, its form, processes and outcomes are socially acceptable, and hence should be encouraged (or at least tolerated), or unacceptable, and the organization should be sanctioned, dismantled or forced to change the way it conducts its business (Aldrich and Fiol, 1994; Meyer and Rowan, 1977; Scott and Meyer, 1991; Suchman, 1995). This type of judgment is associated with the greatest downside risks to the organization, should the stakeholders find the organization and its actions incompatible with the prevailing social norms.

Since in the sociopolitical legitimacy (hereafter 'legitimacy') judgment, organizational features and performance are benchmarked against social norms, the change in these norms can not only legitimate a certain new organizational form or *modus operandi* (Lounsbury and Glynn, 2001; Zimmerman and Zeitz, 2002) but also de-legitimate some organizations and their activities (DiMaggio, 1988; Ruef and Scott, 1998). The lack of legitimacy, in turn, may trigger sanctions



or prompt the stakeholders to withdraw their support to the organization or the entire organizational population (Pfeffer and Salancik, 1978; Suchman, 1995).

### Legitimacy-Based Deterrents to Competitive Entry

Entry deterrence strategies usually work to reduce the expected rewards to the entrant either by raising the cost of success or by increasing the perceived threat of post-entry retaliation (Friedman, 1979; Porter, 1985). While it has been recognized in the institutional theory literature that institutional norms can function as barriers to entry (Kostova and Zaheer, 1999; Oliver, 1997), the capability of organizational populations to build legitimacy-based deterrents of competitive entry through a purposeful action remains to be described.

I argue that, in addition to well-studied barriers to competitive entry, such as economies of scale and scope, predatory pricing, exclusivity contracts with suppliers and customers, threats of retaliation, or patent-protection strategies (Friedman, 1979; Gruca and Sudharshan, 1995; Lieberman and Montgomery, 1988; Porter, 1985; Smiley, 1988), domain incumbents often employ less tangible and less visible deterrence strategies aimed at changing the institutional norms in their domain, in such a way that the new entrants' organizational form, operating practices or outcomes are no longer regarded by the stakeholders as acceptable in the contested domain. This purposefully created deficiency of new entrants' legitimacy then acts as a powerful deterrent that can prevent the entry, force the exit, or inhibit the competitive impact of the new entrant population. Thus, the forces of Schumpeterian 'creative destruction' (Schumpeter, 1961) brought about by the entrepreneurial efforts of new entrants are often forestalled by legitimacy-based deterrence strategies of the incumbents. Such strategies can be regarded as a subset of a broader category

of *institutional strategies*, that is, 'patterns of action that are concerned with managing the institutional structures within which firms compete for resources' (Lawrence, 1999: 162).

### Ideal-Type Legitimacy-Based Strategies for Competitive Entry Deterrence

In sociopolitical legitimacy judgment, social norms often act as threshold values or behavioral boundaries, separating what is considered socially acceptable from what is not. The presence of some critical value of conformance with stakeholder expectations at which the stakeholder starts judging the organization(s) as appropriate and acceptable is reflected in the concept of a *legitimacy threshold* (Lamertz and Baum, 1998; Suchman, 1995; Zimmerman and Zeitz, 2002). For the purposes of this study, the legitimacy threshold is defined as the minimal level of organizations' performance on legitimacy-defining dimensions sufficient to secure the organizations' access to the basic combination of resources required for its survival. The dimensions of legitimacy are conceptualized as a set of organizational features that are relevant to the domain stakeholders.

As the society evolves over time, four factors can change, affecting the overall legitimacy of an organization or entire organizational population with a given stakeholder group:

- a set of legitimacy dimensions  $D_{(1,2,\dots,j)}$  derived from environmental constraints
- organizations' performance  $P_{Di}$  on these dimensions as perceived by the stakeholders
- a threshold level of acceptable performance  $T_{Di}$  on each of these dimensions and
- the relative importance  $I_{Di}$  of each of these dimensions to the stakeholder ( $I_{Di}$  values represent weights applied to the respective legitimacy dimensions such that  $\sum_i(I_{Di}) = 100$  per cent).

The overall legitimacy  $L$  of an actor with a given stakeholder can then be expressed as the sum of weighted performance on multiple dimensions, given threshold performance values established for each of these dimensions:

$$L = \sum_i I_{Di} \times (P_{Di} / T_{Di} - 1),$$

where positive  $L$  values reflect the strength of organizational legitimacy, while negative  $L$  values would suggest a legitimacy crisis of a given organization or organizational population.<sup>2</sup>

The structural elements of the legitimacy assessment outlined above allow the deduction of the following three ideal-type (Weber, 1968) competitive legitimacy manipulation strategies:

*Strategy 1: Raise the importance of those legitimacy dimensions ( $I_{Di}$ ) where the population of new entrants does not perform well.* This strategy follows from the legitimacy formula presented above, which suggests that

**Proposition 1:** *The increase in  $I_{Di}$  would lower the competitor's legitimacy  $L$  if  $P_{Di} < T_{Di}$ .*

*Strategy 2: Raise the legitimacy threshold ( $T_{Di}$ ) on a given dimension (to make the current level of a competitors' performance unacceptable to domain stakeholders).* If socio-political processes lead to the establishment of a higher threshold of acceptable performance, some formerly legitimate organizational forms and practices may fall below this normative threshold level, and thus be no longer acceptable to domain stakeholders. Therefore, according to the legitimacy formula above,

**Proposition 2:** *All else equal, an increase in  $T_{Di}$  would lower the competitor's legitimacy  $L$ .*

*Strategy 3: Change stakeholder perceptions of competitors' performance ( $P_{Di}$ ) on a given dimension (discrediting).* This strategy also follows from the legitimacy formula above, since, according to that formula,

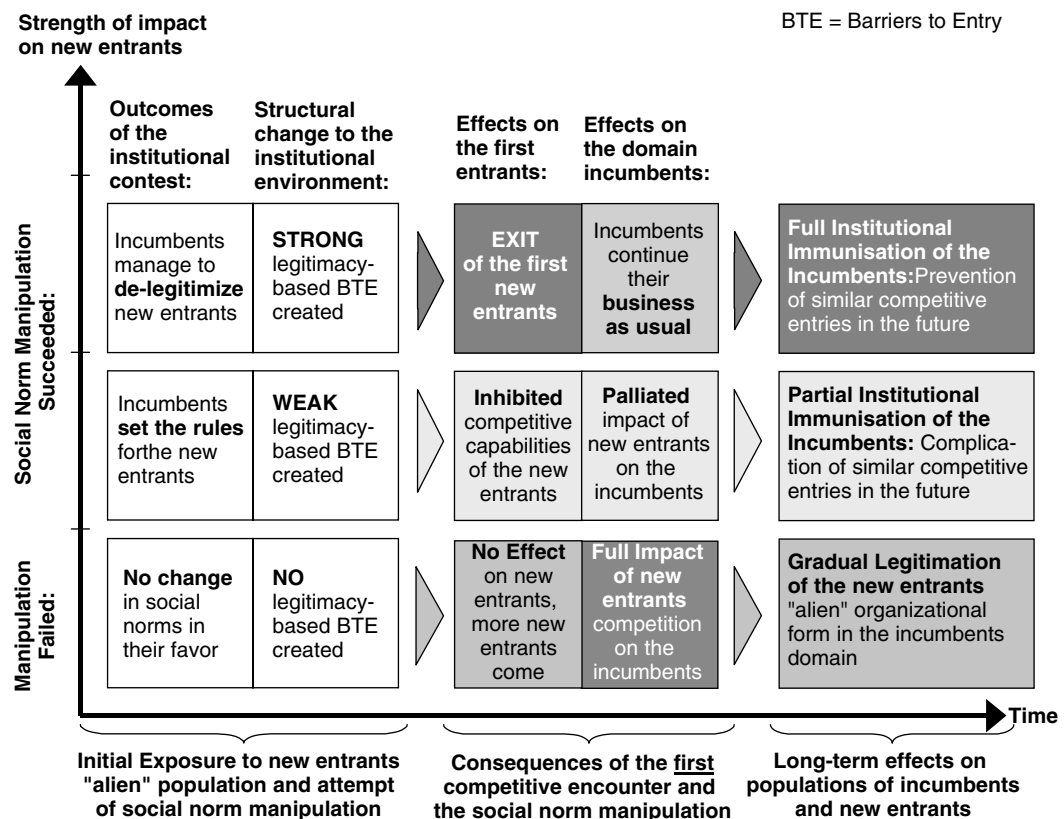
**Proposition 3:** *All else equal, a perceived decrease in competitor's performance  $P_{Di}$  would lower its legitimacy  $L$ .*

Propositions 1–3, which follow from the suggested conceptualization of legitimacy, outline the hypothesized social mechanisms that make the competitive legitimacy manipulation strategies possible.

### The Outcomes of Competitive Legitimacy Manipulations

The deterrence literature (Gruca and Sudharshan, 1995; Porter, 1985; Smiley, 1988) suggests that the deployment of deterrence strategies may lead to different outcomes. A successful deterrence strategy would *prevent the entry* or *force the exit of/eradicate* the new competitors. If the strategy fails to stop the entry of the 'alien' population, consequences for the incumbents would vary depending on which deterrence strategy was chosen (Gruca and Sudharshan, 1995). The deterrence strategy may still strengthen the incumbents' position vs the new competition, and thus, *palliate* the impact of new entrants with 'alien' organizational form. Alternatively, it may leave the incumbents in a weakened competitive position, or have a neutral effect.

The same possible outcomes can be discerned for the three legitimacy manipulation strategies described above. In most situations where new entrants have a well-established organizational form that emerged and matured in some other domain, the process of legitimacy-based deterrence comprises more than one encounter between the incumbents and the 'alien' organizational population that



**Figure 1:** The process of competitive social norm manipulations

seeks entry into the incumbents' field. A conceptualization of relations between the possible outcomes of legitimacy-based deterrence in the context of multiple competitive encounters is presented in Figure 1.

According to this model, the competitive interactions around social norms commence with the first attempt of member(s) of an 'alien' organizational population to enter into the focal domain. This first entry is followed by an intense competitive reaction from the domain incumbents as soon as they become aware of the threat posed by the new entrant(s). Such a reaction may be delayed if the new entrants are relatively small fringe players that are not on the 'radar screen' of the incumbents, or immediate if the field entrant is a prominent and

powerful organization well established in some other domain and an obvious threat to the incumbents. Once the incumbent organizational population realizes the threat, it responds to the new competitive challenge by manipulating social norms in the domain and, by changing the norms, it undermines the legitimacy of the new entrants' organizational form.<sup>3</sup> If successful, this social norm manipulation forces the 'alien' new entrant population to exit the field and produces the effect of *institutional immunization*: modified social norms and set precedents provide a lasting protection to the incumbents, preventing or substantially complicating subsequent challenges from actors with the same institutional characteristics as the first, unsuccessful entrant (eg same organizational form, same geographic origin, etc). Extensive

new entrants' efforts are required to overcome these institutional defenses and ensure healthy competition in the focal domain.

Finally, if all legitimacy manipulation attempts fail, the domain incumbents are exposed to the full competitive impact of the 'alien' organizational population. The lack of socially imposed operational constraints or legitimacy-based barriers to entry makes the domain more attractive to subsequent entrants with the 'alien' organizational form. As the number of such 'alien' competitors entering the domain grows, so does the cognitive legitimacy of their organizational form (Hannan *et al.*, 1995): it becomes recognized by stakeholders as acceptable and appropriate in the incumbents' domain. This in turn creates even more favorable institutional conditions for subsequent competitive entries by the 'alien' population members.

#### **METHOD AND DATA COLLECTION**

The empirical part of this study sought to validate Propositions 1–3 and collect evidence on the existence of legitimacy manipulation strategies deduced in the previous section. Since the deductively developed typology of legitimacy manipulations only postulate the existence of certain strategic behavioral patterns in competitive encounters of different organizational populations, the required empirical validation was focused on the search for real-world cases where such patterns occur. The primary unit of analysis in this study was thus a competitive encounter between two organizational populations. Such encounters are captured in two main sources of publicly available information: media records and court proceedings. Since institutional disputes do not necessarily reach the courtrooms, media records were believed to be a more appropriate source of information about institutional contests of organizational populations. Moreover, the content analysis of print media was shown to be an important measure of *public endorsement* and

*legitimacy* of a particular industry or organization, since the media reflects and influences the cultural values of a society (Deephouse, 1996; Dowling and Pfeffer, 1975). The media not only performs a monitoring service by reporting illegitimate activities (Hybels, 1995) but also provides an important 'battleground' where de-legitimizing attacks on institutions and organizations are mounted and disputes around social norms and regulations are played out.

The cases of such disputes were collected over three-year period through extensive literature and media scanning. The search for mentions of potential social norm manipulations was conducted on the Canadian News Stand database using 225 queries. The media search methodology is described in greater detail in the appendix. Over 55,000 documents were retrieved, and the first 100 documents from each query were manually screened by two annotators for the cases where some interested party attempted to change an existing social norm to gain advantage over its competitors. A total of 4,785 documents were reviewed<sup>4</sup> and only those events that both annotators unambiguously flagged as attempts of deliberate social norm manipulation were selected for further analysis.

The total of 42 cases of confirmed social norm manipulations were identified by the consensus of two annotators. Where the information from media sources and academic papers was not sufficient to exclude possible alternative explanations, the author's interpretation of the actions of domain incumbents was validated through interviews with industry experts. Twenty-one such interviews were conducted face to face or by telephone in 2004–2007. The interviews lasted from 10 to 60 min, depending on the number of questions that required clarification. The respondents were also asked to provide their interpretation of the events and were specifically prompted for



the incumbents' motives that, in their opinion, prompted these actions.

Since the focus of this study was to establish the existence and describe the social norm manipulation strategies employed by the incumbents against a population of new entrants, the sample of 42 collected events (including idiosyncratic observations excluded in the presented typology) was deemed to be sufficient to achieve this objective. As with the discovery of a new biological species, the empirical work of identification of a new organizational strategy can be accomplished even with a single observation (cf. 'a sample of one' – Mintzberg and Rose, 2003). A sample of 24 (at least five for each strategy) improves the generalizability of the findings (Leonard-Barton, 1990), as our confidence that we are not dealing with a single idiosyncratic or misinterpreted observation grows. This study, thus, followed a dual methodology method, where external validity (generalizability) was ascertained through multiple observations of each of the strategies, and the discriminant validity was established through in-depth case analysis.

Eight of the documented legitimacy manipulations are presented in this paper as illustrations.<sup>5</sup> The selection of these cases from the available sample followed the criteria suggested by Yin (1994) and Leonard-Barton (1990): each additional case was selected to address some aspect of the theory inadequately addressed in the previous cases. The selected cases cover each of the three deductively derived types of strategies for each of the three outcomes (see Table 1), suggesting that the theoretical saturation for the proposed conceptual model has been reached (Eisenhardt, 1989).

## RESULTS

Within the set of 42 observations, the occurrences of all three theoretically deduced

legitimacy manipulation strategies have been identified:

- 12 for Strategy 1 (changing relative importance of the selected legitimacy dimensions)
- 5 for Strategy 2 (raising the legitimacy threshold) and
- 7 for Strategy 3 (changing perceptions of the organizations' performance).

Other observations in the data set describe events that represent other, possibly unique, strategies that at this point still have to be considered idiosyncratic. Table 1 enumerates the manipulation strategies and their possible outcomes, and provides a brief description of the events that are presented in the following section as illustrations of legitimacy manipulations.

### **Eradication: Challenging Legitimacy of the New Entrants' Existence**

According to the conceptualization of the competitive legitimacy manipulations presented in Figure 1, the initial exposure to a new population of competitors provokes a reaction from the field incumbents that seek to restore the *status quo* in their field and eradicate the new competition. Pfeffer and Salancik (1978) have pointed out that 'an organisation which can convince relevant publics that its competitors are not legitimate can eliminate some competition' (p. 201). The loss of legitimacy, in turn, may provoke regulatory action against the new entrant or put the targeted organization into a situation of legitimacy crisis, which may lead to organization's isolation from important social networks and constrain its access to critical resources. As Suchman (1995) has noted, 'legitimation crises tend to become self-reinforcing feedback loops, as social networks recoil to avoid guilt by association' (p. 597).

#### *Eradication by changing the relative importance of legitimacy dimensions*

The incumbents' efforts to de-legitimize the population of new entrants by changing the

**Table 1: Strategies for competitive institutional manipulations**

<i>Outcomes</i>	<i>Eradication: Challenging the legitimacy of new entrants' existence</i>	<i>Prevention: Creating legitimacy barriers to entry</i>	<i>Palliation: Constraining the operational efficiency of 'alien' new entrants</i>
<i>Strategies</i>			
1. Changing relative importance of a particular legitimacy dimension	Emphasizing the importance of face-to-face contact and consultation in a pharmacy (failed)	In-office examination requirement for drug prescribing (succeeded)	Cultivation of protectionist sentiment in the domestic market (succeeded)
2. Raising the legitimacy threshold	US farmers' efforts to raise beef safety standards (ongoing) →	Higher beef safety standards (will move here, if successful – 'immunization effect')	Stricter limits on payload for trucking companies (succeeded)
3. Changing perceptions of performance on a given dimension	Towing/roadside assistance companies in Montreal claiming taxi operators are not qualified to jumpstart engines or jimmy-open locked doors (succeeded)	N/A <sup>a</sup>	Efforts of pharmaceutical companies to link internet pharmacies with terrorist threat to US drug supply (succeeded)

<sup>a</sup>As mentioned earlier, the discrediting strategy, or 'changing stakeholder perceptions of competitors' performance', is not applicable in preventive legitimacy manipulations

relative importance of certain legitimacy dimensions can be illustrated by the actions of professional associations representing community-based retail pharmacies in their struggle against mail-order pharmacies in the US in the 1990s. When the independent retail pharmacies started losing business to a more cost-efficient mail-order channel, the National Community Pharmacists Association and National Association of Chain Drug Stores started active lobbying to emphasize the importance of face-to-face contact and pharmacist consultation as a crucial component of the acceptable standard of care (NACDC and NCPA, 2002). On this dimension, the mail-order pharmacy organizational form had naturally a very low score. Strong support from insurers and HMOs, however, helped mail-order pharmacies

survive this attack and prevent the adverse changes in social norms. In addition, mail-order pharmacies achieved minimal and essentially symbolic (Meyer and Rowan, 1977) compliance with the norm of pharmacist counseling by dispensing patient drug information sheets along with the medications.

Similar observations are reported from other industries. The aforementioned contest between early automobile manufacturers and the proponents of horse-drawn transportation would fall into this category, as the horse breeders and horse-drawn vehicle associations lobbied authorities to ban automobile on public roads for 'safety' and 'social fairness' reasons (Rao, 1994). In this case, the transport safety dimension was exploited in an attempt to stop the growing competition.



### *Eradication by raising the legitimacy threshold*

This strategy is employed when the incumbent organization (or organizational form) that performs well on a particular dimension of legitimacy attempts to raise the normatively acceptable level of performance on this dimension to a level that cannot be reached by the potential new entrants. The use of this strategy is particularly visible when it is applied on the regulative (Scott, 1995) dimensions of legitimacy.

This strategy, for example, has been employed recently by US beef farmers seeking to eliminate Canadian competition in their home market. Following the discovery of the first case of BSE, or 'mad cow' disease, in Canada, the United States closed its border to Canadian beef and cattle, which temporarily eliminated competition from the Canadian producers. In April 2004, however, the US Department of Agriculture announced the removal of restrictions on imported beef from cattle less than 30 months old, thereby exposing domestic beef producers to Canadian competition again. The US beef farmers' strategy was then to advocate for stricter safety regulations and higher safety standards. Thus, soon after the ban was lifted, a group representing US beef farmers filed a law suit against the Agriculture department alleging that the department was ignoring public safety by re-introducing Canadian beef products into the US market (McCormick, 2005; Paraskevas, 2004).

This ongoing political contest shows that changes in institutional environment can change organizational legitimacy even if the organization continues to perform at a constant level on its legitimacy-defining dimensions. The legitimation (and hence, access to the market) of the Canadian beef imports depends on where the threshold level of minimum acceptable product safety is set by the Department of Agriculture safety norms and regulations: the risk associated with Canadian beef can be found acceptable

relative to the established normative threshold or it can be deemed unacceptable for the US market if the threshold is raised.

Some interesting comparisons between Strategies 1 and 2 can be drawn here. While Strategy 1 (ie changing the importance of a particular legitimacy dimension) requires that the attacker and the targeted organizations differ in terms of form, structure or processes, Strategy 2, which is based on raising the legitimacy threshold to make the current level of targeted organizations' performance unacceptable to its stakeholders, can be used also in institutional challenges to structurally similar organizational populations. The only precondition for the use of this strategy is that on the focal dimension of legitimacy, the attackers are perceived as performing better than the targeted competitor population.

### *Eradication by changing perceptions of organizations' performance (discrediting)*

Direct discrediting attacks on a competing organizational form are relatively rare. A successful attempt of institutional manipulation using this strategy for eradication of competitors occurred in 2004 in Montreal, Canada, where taxi drivers, who used to help stranded motorists jumpstart engines or jimmy-open locked doors for a fee, came under attack from towing/road assistance operators. The main claim of the towing operators was that taxi drivers are 'not qualified' to perform such roadside assistance, since they do not have specialized tools and insurance. This caused resentment from taxi drivers who had been providing such services in Montreal for years and were still providing this service outside of the Montreal municipality. Moreover, as a director of one of Montreal's taxi companies pointed out, 'When a neighbour can get his cables out and help jumpstart your car, you realise you don't need a professional' (Carroll, 2004). Nevertheless, the municipal authority that regulates both taxi and towing/road

assistance operators in Montreal sided with the towing firms claiming that the safety and service for motorists will be improved if the competition from taxi drivers in the roadside assistance market is eliminated.

### **Prevention: Erecting Legitimacy-Based Barriers to Entry**

As is the case with more ‘materialistic’ forms of resources (Barney, 1986, 1991), lack of legitimacy can make entry into a new market more difficult or even impossible (Kostova and Zaheer, 1999). Following Oliver (1997), it is useful to discern *endogenous* and *exogenous* institutional isolating mechanisms, or barriers to imitation (p. 704). While endogenous imitability barriers stem from firms’ reluctance to imitate or acquire politically or culturally incompatible resources, the exogenous barriers are grounded in perceptions of organization’s external stakeholders. The research on *endogenous factors* that act as institutional barriers to imitation suggests that a firm’s sustainable competitive advantage depends on its ability to ‘manage the institutional context of its resource decisions’ (*ibid.*: 697). The *exogenous factors* that act as barriers to imitation are predicated on organizations’ success in satisfying (and managing) the demands and expectations of its multiple stakeholders. The stakeholders render judgments in respect to organizational form/structure, outcomes, and procedures within some socially constructed system of norms and, based on these evaluations, they extend or withdraw their support to the organizations. Such exogenous institutional factors that cause stakeholders to withhold their support to an organizational population entering a new domain are referred to hereafter as ‘legitimacy-based barriers to entry’ (or ‘legitimacy barriers’).

*Legitimacy-based barriers* usually exist as constraints imposed on new entrants by means of institutionalization of strict field entry rules and/or operating criteria. These

criteria may span from local presence in the market and voluntary membership in a professional organization, which may be required to facilitate access to customers, to compulsory licensing in highly regulated domains (cf. the discussion of ‘membership strategies’ in Lawrence, 1999). Such legitimacy barriers can become fairly sophisticated and ‘technical’ if the potential entrant is already a well-established organization seeking to expand its domain.

### *Prevention by changing the relative importance of legitimacy dimensions*

A long-lasting rivalry between physicians and pharmacists over prescribing privileges provides a good example of how the legitimacy-based entry barriers are built, institutionalized and challenged.

In most developed countries, physicians control over 70 per cent of all healthcare costs (E-Care News, 1999), which gives them enormous power within the healthcare system. Such a concentration of power in a multibillion sector of the economy has not gone unchallenged. The physicians–pharmacists standoff over prescribing privileges has a long history (cf. court cases in Japan in 1913 – see Isobe and Amano, 2002). In some regions (eg Florida, British Columbia (Canada), the United Kingdom, Australia), pharmacists have had some success in gaining limited prescribing privileges, and secured the right to prescribe without consultation with physician certain types of drugs: birth control pills, heartburn drugs, etc. Colleges of physicians across North America have been vigorously supporting the principle that patient therapy decisions can be made only after a patient examination (including the necessary laboratory tests, X-rays, etc), and that treatment without physical examination or a prior physician–patient relationship is unethical even when the diagnosis is apparent:

...every state medical board agrees that prescribing drugs without physically

examining a patient or personally reviewing his/her medical records is, in most cases, practicing medicine at a level far below the acceptable standard of medical care. (Daugherty, 1999: A-99)

By establishing in-office physical examinations as an ethical standard of care, physicians could successfully fend off the challenge from pharmacists that do not have the capability to perform patient examinations and tests and, therefore, to diagnose patients. In this case, by successfully institutionalizing a particular healthcare delivery model, physicians have erected the barriers that protect their prescribing privileges from outsiders that do not have access to the diagnostic information. While this practice would appear to be a natural choice, it is mostly due to the fact that over decades this belief has become our cognitive norm (cf. 'cognitive legitimacy' in Scott, 1995; Suchman, 1995). Nevertheless, this is by no means the only possible model of healthcare delivery. In Korea, until the recent healthcare reform that mandated the separation of drug prescribing and dispensing, physicians and pharmacists both prescribed and dispensed drugs (Kwon, 2003).

Legitimacy barriers are particularly effective when competing populations are highly heterogeneous and, therefore, can be discriminated by their organizational form (eg physicians vs pharmacists, pharmaceutical companies vs internet pharmacies, super-market chains vs corner stores, etc). While most of the closest rivals within the same market are able to imitate the incumbents' legitimate behavior or organizational form to avoid 'legitimacy disadvantage,' competitors coming from other markets and possessing a different organizational form may be unable to mimic the legitimate behavior or may have to pay much higher price than industry incumbents to earn the legitimacy required for entry and success in the new market.

#### *Prevention by raising the legitimacy threshold*

If successful, the 'eradication' strategies described earlier may result not only in the short-term elimination of a particular competitor, but also in sustained 'institutional immunity' against future competitive threats from other competitors of a given organizational form. By changing the social norms and setting precedents, successful 'eradication' strategies are capable of producing a long-lasting competitive advantage: the modified social norms serve to protect incumbents by preventing recurrent entry attempts by outsiders. For example, the campaign by US beef producers aimed at raising beef safety standards described above, if ultimately successful, would not only have a short-term effect on competition but also would create an entry barrier protecting interests of domestic beef producers in the future.

#### *Prevention by changing perceptions of organizations' performance (discrediting)*

In the data set created for this study, no observation of the use of discrediting strategy to prevent market entry has been found. While null findings cannot be conclusive, it is possible that before the competitive entry occurs, there is no performance to observe and, thus, there is nothing to discredit. Further research is required to confirm whether the discrediting strategy can be used to deter competitive entry.

#### **Palliation: Legitimacy-Based Constraints on Operational Efficiency**

The activities of gaining, maintaining and transferring legitimacy may also be associated with substantial direct and indirect costs to the organizations – from cash outlays to opportunity costs of foregone illegitimate behaviors, increased competition (Deephouse, 1999) or loss of governance control (Selznick, 1949). Organizations often have to expend other resources or forego

certain operational, marketing and other efficiencies to ensure that stakeholders perceive organizations' behavior, practices and processes as appropriate and legitimate. If the domain incumbents or local actors threatened by new entrants cannot prevent the entry or destroy the new entrant population, they sometimes still have an opportunity and power to define the terms on which members of this population have to operate in their domain. They attempt to re-define the social norms in a way that would maximize the costs to the new entrants and make their operations as inefficient as possible (cf. 'forced selection perspective' in Abrahamson, 1991: 594). In this way, well-established incumbent organizational populations sometimes manage to minimize the competitive impact of new entrants.

#### *Palliation by changing the relative importance of legitimacy dimensions*

A fairly prevalent form of legitimacy manipulation used to minimize competitive impact consists of instilling protectionist sentiment among the key stakeholders of the industry. As long as the stakeholders (usually customers and industry regulators) are responsive to 'buy local' claims, incumbent manufacturers can enjoy a substantial competitive advantage over competitors from other regions and jurisdictions (cf. trade disputes in automotive, dairy, or lumber industries, 'local content' requirements in broadcasting, etc). Besides the common use of this strategy in international trade disputes, it has been employed, for example, by organic farmers seeking to curb large-scale organic food distribution by big grocery chains. To overcome such constraints, outsiders often have to incur substantial costs establishing a 'local' presence: relocating manufacturing operations, using more expensive parts and materials from local suppliers, etc. In this way, local industry often manages to level off the cost advantage enjoyed by outsider competitors from

regions with cheaper labor or other resource advantages. Thus, some resource advantages of the new entrant(s) may be to some degree offset by the legitimacy advantage of the incumbent organization(s).

#### *Palliation by raising the legitimacy threshold*

Constraints on operational efficiency of the targeted organizations can also be achieved by raising the threshold of legitimacy on a selected dimension. Domain incumbents often develop certain aspects of the new entrants' operations into a prominent legitimacy dimension and then use it to impose operational constraints on that organization.

An interesting example of this nature was documented by Stigler (1971), who described how in the early 1930s in Texas and Louisiana, railroad companies actively and successfully lobbied for stricter regulations limiting the allowed payload for trucking companies. The argument they used was the need to protect the state roads from damage by overloaded trucks. The resulting law substantially limited the weight the cargo trucks could carry and, thus, reduced the operational efficiency of trucking companies, which were in competition with the railroads. Interestingly, the new rules were designed in such a way that the greatest restrictions on truck payloads were applied on the routes where trucks were in direct competition with the railroads.

#### *Palliation by changing perceptions of organizations' performance (discrediting)*

Generally, direct discrediting attacks are not regarded as a legitimate behavior. Indeed, blatant use of this tactic may hurt the attackers more than the victims. The required 'subtlety' in such attacks is often achieved by exploiting the property of legitimacy described as 'legitimacy by association' (Baum and Oliver, 1991; Galaskiewicz, 1985), legitimacy 'contagion' (Zucker, 1988: 38), or

'legitimacy spillover' (Kostova and Zaheer, 1999): when two organizations are linked through a transaction, partnership or public endorsement, the legitimacy 'flows' through such a link from the more legitimate to a less legitimate organization. In empirical studies (Baum and Oliver, 1991), endorsements from and affiliations to highly regarded institutions were shown to provide a survival advantage to organizations. There is also evidence that this 'spillover' effect works both ways: as the linkages with more legitimate institutions benefit social actors, the association with illegitimate practices or organizations may hurt even well-established social actors (Certo, 2003; Finkelstein and Hambrick, 1996) and lead to their demise.

This negative 'legitimacy spillover' effect is actively exploited in legitimacy manipulations designed by industry incumbents. As new entrants strive to establish links to prominent institutions to gain legitimacy, the industry incumbents actively seek to 'drain' the new entrants' legitimacy by linking them and their organizational form to illegitimate or even illegal practices. For example, in the efforts to stop cross-border shipments of prescription drugs, the American pharmaceutical industry put substantial efforts into lobbying and media campaigns to link cross-border internet pharmacy shipments with drug tampering and a terrorist threat to the national pharmaceutical drug supply (Blair, 2004; Matthews and Frogue, 2004; Telegram, 2004). Owing to active resistance of local state authorities and patient advocacy groups, these efforts fell short of precipitating a regulatory ban on drug re-importation. Nevertheless, these efforts affected consumer perceptions of the safety of internet pharmacies. This resulted in a 'palliative' effect on the pharmaceutical industry's losses due to cross-border prescription drug trade, as some consumers avoided internet pharmacies for fear of drug tampering.

## DISCUSSION AND THEORY DEVELOPMENT

The empirical part of this study sought to achieve two objectives: (1) to verify the existence of social norm manipulation strategies that were deductively formulated in the first part of this paper and (2) to provide rich qualitative data for further inductive theory development presented in the second and third subsections below.

### Legitimacy-Based Entry Deterrence Strategies

Instances of all three theoretically deduced legitimacy manipulation strategies have been identified in this study. The documented existence of these strategies and the review of outcomes of their implementation suggest that the social mechanisms of legitimacy change outlined in Propositions 1–3 were not falsified (Popper, 1968) by the findings in this study. This attests to the explanatory power of the proposed conceptualization of sociopolitical legitimacy as the sum of actors' performance  $P_{Di}$  on multiple legitimacy dimensions  $D_{(1,2,\dots,i)}$ , where this performance is benchmarked against the threshold of socially acceptable performance  $T_{Di}$  and weighted by the relative importance  $I_{Di}$  of these dimensions to the stakeholder:

$$L = \sum_i I_{Di} \times (P_{Di} / T_{Di} - 1)$$

The observed legitimacy-based entry deterrence strategies affected the populations of new entrants in a way predicted by Propositions 1–3. According to these propositions, an increase in importance of a given dimension  $I_{Di}$  would lower the overall competitors' legitimacy, if  $P_{Di} < T_{Di}$  (Proposition 1) and, all other factors unchanged, an increase in the legitimacy threshold  $T_{Di}$  or decrease in competitors' performance  $P_{Di}$  would lower their legitimacy (Propositions 2 and 3).

### Factors Affecting the Outcomes of Legitimacy-Based Deterrence Strategies

Not all the observed attempts to delegitimize new entrants through social norm manipulations were uniformly successful. The observations over multiple cases of competitive legitimacy manipulations suggest that several factors significantly affect the outcomes:

- *Active support of powerful external stakeholders* can forestall the incumbents' efforts to manipulate social norms against new entrants from an 'alien' population. For example, active support from US patient groups and state governments interested in cheap drugs blocked the regulatory sanctions against internet pharmacies and practically neutralized the pharmaceutical industry's delegitimizing attacks on this new organizational population.
- *The degree of population coordination* is important in determining the final outcome of institutional contests. The populations' ability to mobilize for collective action through industry associations (Barnett, 2006) improves their ability to execute institutional strategies and secure a more favorable institutional environment for themselves. For this reason, highly fragmented industries experiencing difficulties in coordination and mobilization are expected to be more vulnerable to institutional attacks and are less likely to effectively use social norm manipulations against competing populations.
- *The specificity of the institutional attack.* When the attackers are not significantly different from the targeted organizational population, an institutional attack can backfire. For example, in 2004, attacks on the pricing of Canadian branded pharmaceuticals from the association of generic drug manufacturers succeeded in attracting public attention to the issue.

The unintended consequence of this challenge was that the pricing of generic drugs came under scrutiny as well, resulting in serious damage to the generic drug industry, after the Fraser Institute report (Skinner, 2004: 4) showed that, while patented drugs in Canada were priced close to international median patented drug prices, generics were much more expensive relative to generics in other countries. The insufficient differentiation between these two competing populations on pricing dimension has caused substantial damage not only to the targeted population but also to the attackers.

- *Targeting the technological core* (Meyer and Rowan, 1977; Thompson, 1967) of the new entrants' organizational form produces the most damaging institutional attacks, while attacks on non-core elements of new entrants' form create only transient effects. When traditional corner-store pharmacies tried to block the growth of mail-order distribution, their claim that mail-order pharmacies do not fulfill their duties of patient counseling was easily 'worked around' by mail-order outlets that started including patient information leaflets with drug information in every package shipped to patients. On the other hand, when physicians managed to establish in-office patient examinations and diagnosis as a prerequisite for drug prescribing, pharmacists could not work around this barrier to get prescribing rights without fundamentally changing their organizational form.

### Consequences for the Incumbents:

#### *Institutional Immunization*

The deterrence literature suggests that different deterrence strategies lead to different consequences for the incumbents (Gruca and Sudharshan, 1995). I would submit that competitive legitimacy manipulations as an





entry deterrence strategy have some special properties that set them apart from other deterrence strategies. Legitimacy-based strategies involve changes to social norms, and, if the change is successful, modified social norms persist beyond a single competitive encounter. This produces an effect of *institutional immunization* of incumbents against similar competitive threats in the future.

The 'immunizing' effect of accomplished social norm changes can be seen, for example, from the outcomes of the physicians-pharmacists contest around prescribing privileges: once the early confrontations between the two groups of healthcare providers were over and the standard of care was set, subsequent pharmacists' attempts to challenge physician control over prescribing privileges were fairly unsuccessful (until recent legitimization of cost-driven managed care logic, which opened a window of opportunity for less costly non-medical prescribers).

Palliative social norm manipulations, where incumbents manage to set the rules for the newcomers to maximize their operating costs, limit market access or reduce their legitimacy with key stakeholders, produce effects similar to the effects of more conventional deterrence strategies. For example, once the railroad lobby in Louisiana succeeded in limiting truck payloads (Aldrich and Fiol, 1994; Stigler, 1971), the profitability of trucking companies was reduced, making trucking operations in the state less attractive for the potential new entrants.

Finally, failure of a legitimacy manipulation strategy is likely to leave the incumbents in a weakened competitive position: such a failure would set a precedent that would precipitate legitimization of the new entrant's organizational form in the incumbents' domain (cf. the current legitimacy of mail-order pharmacies). Thus, the competitive legitimacy manipulations described here

would belong to the group of deterrence strategies that, if unsuccessful, would weaken the competitive position of industry incumbents vs the new entrants (Gruca and Sudharshan, 1995).

### **Consequences for the New Entrants:**

#### *Organizational Form Mutations*

A new entrants' victory over incumbents in an institutional contest leads to further growth of the new entrant population in the incumbents' domain. This growth may be constrained if the incumbents manage to 'palliate' the new entrant's impact through social norm manipulations. Little research, however, has been done on what happens to new entrant populations when they lose institutional battles<sup>6</sup> and are subjected to adverse selective pressures of modified social norms. The collected observations allow us to induce three possible outcomes of such a defeat:

- (1) *Complete extinction* would occur if the new entrant population has no other domain that can support its organizational population (eg, 'jitneys' – a precursor of current taxis, extinct in most jurisdictions).
- (2) If the new entrant population came from another domain, where it has an established position, it would continue to *exist outside of the incumbents' domain* and every now and then would re-challenge the incumbents to test if the social norms and rules that provide immunity to the incumbents are still in force (cf. Canadian beef farmers denied access to the US market).
- (3) Finally, the new entrants' organizational population may 'mutate,' attempting to escape the selective pressure of unfavorable social norms through modifications to its organizational form. Such mutations increase populations' fitness in the adverse institutional environment. 'Mutant' organizational forms, for example, were more successful in winning prescribing rights from physicians, for example, 'medical

psychologists' in Louisiana and New Mexico, 'nurse independent prescribers' and 'pharmacist independent prescribers' in the UK, etc. Through an analogy with microbiology, one can expect that the probability of emergence of such mutant forms increases when the targeted 'alien' population manages to survive long enough to adapt to the selective pressures imposed on it by the modified social norms.

### Population-Level Social Responsibility

The results of this study raise important questions in respect to the social desirability of the described social norm manipulations and the social responsibility of individual organizations and industry associations that engage in such practices to advance their interest. Since most of these actions are intended to reduce the competition in their domain, the new social order and new regulatory environment that results from such actions may have an adverse effect on consumers' choice and the society in general. Given the social consequences of such strategies, competitive social norm manipulations deserve much scrutiny by the general public and regulators.

### CONCLUSION

This paper contributes to organizational theory and strategic management literatures in several respects. First, it provides extensive evidence on the effects of social norm manipulations on the legitimacy of organizational populations. It demonstrates that, through norm manipulations, organizational populations influence not only their own legitimacy but also the legitimacy of competitors. The collected observations confirm that institutional entrepreneurship activities are not limited to legitimation of a new organizational form or organization. Social norm manipulations are also actively used by well-established organizational populations that seek to *prevent*, *eradicate* or *palliate* the impact of new entrants.

Second, the conceptualization of legitimacy as a multidimensional construct has been extended here to include the *legitimacy threshold*. This paper departs from the conceptualization of legitimacy threshold in extant literature by regarding it as applicable to each legitimacy dimension individually. The relations among different factors affecting legitimacy were formalized and then used to deductively develop a typology of competitive social norm manipulation strategies. Three such strategies were identified and documented: (1) changing the relative importance of selected legitimacy dimensions, (2) raising the legitimacy threshold on key legitimacy-defining dimensions, and (3) changing perceptions of competitors' performance on a given dimension. The use of these strategies was illustrated with multiple examples drawn from competitive interactions between organizational populations.

The typology of competitive social norm manipulation strategies developed in this paper has important implications not only for management theory but also for management practice and public policy. Since these strategies are used to reduce competition, rather than to promote healthy market rivalry and consumer choice, the social benefits of such strategies should be closely scrutinized by the society. Entrepreneurs, regulators and other domain stakeholders should be educated about the 'institutional warfare' used by domain incumbents against new competition from 'alien' organizational populations. Further research should address counter-strategies that can be used to neutralize the negative effects of such competitive strategies.

Another important contribution of this study was the development of the concepts of *institutional immunization* and *organizational form mutations*. Successful social norm manipulations can produce the effect of full or partial institutional immunization of domain incumbents against similar competitive threats in the future: modified institutional norms and set precedents provide protection



to the insiders, preventing or substantially complicating subsequent challenges from competitors that possess same institutional characteristics as the first, unsuccessful entrant (eg same organizational form, same geographic origin, etc). The adverse selective pressure of modified social norms may lead to an adaptive *mutation* of the new entrants' organizational form, making the new entrant population more fit for survival in the incumbents' domain.

The limitations of this study stem from the limited number of documented observations. While even a single case observation is sufficient to confirm the existence of a phenomenon (such as a particular strategy), further research is required to describe the pre-conditions, moderating factors and outcomes of such strategies. Among promising directions for further research building on this study, one can mention the application of qualitative comparative analysis (QCA) (Fiss, 2007; Ragin, 2000) and similar techniques for elicitation of causality relationships and moderating factors that determine the outcome of the described social norm manipulation strategies.

It should also be noted that the results presented here do not exhaust the full spectrum of institutional strategies deployed in inter-population competition. While the scope of this paper primarily focused on the strategies of incumbent organizational populations intended to prevent, palliate or eradicate a competitive threat from 'alien' organizational populations, the defense strategies that new entrants use when they come under attack from the incumbents remain to be described. A particularly promising approach to such a study would be an exploration of institutional strategies and counter-strategies in 'attack-response' dyads, which would allow researchers to capture the dynamics of collective competitive behavior of organizational populations. Further data collection and data set development is required for implementation of this research agenda.

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## NOTES

- 1 It should be noted that the relative importance of different stakeholder groups (customers, government, etc) not only varies from one organizational population to another but also changes over time. Since the exploration of stakeholder dynamics is beyond the scope of this paper, no distinctions among different stakeholder groups are drawn.
- 2 In the proposed conceptualization of the overall sociopolitical legitimacy, the organizations' performance in a given dimension is normalized by dividing it by the value of legitimacy threshold on that dimension:  $P_{Di}/T_{Di} - 1$ .
- 3 While proactive erection of legitimacy-based barriers to entry in anticipation of a competitive challenge is theoretically plausible, all of the available cases, where such barriers were built, suggest that these barriers usually emerge as a result of some initial exposure of the domain incumbents to a given type of a competitive threat, rather than as a result of their proactive efforts to build legitimacy-based barriers in advance.
- 4 The number of reviewed documents is less than 22,500 ( $= 225 \times 100$ ), since many queries produced less than 100 results.
- 5 For some of these observations, case studies have already been developed in strategic management/OT literature (Stigler, 1971; Selznick, 1949, Rao, 1994). The results of these case studies were included and further validated through the alternative data sources.
- 6 Some observations on this can be found in Aldrich and Fiol (1994).

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## APPENDIX

The data on competitive social norm manipulations attempts was collected using a systematic media database search using 225 queries. The formulation of query strings was theory-based: I sought to retrieve the documents where the words from four semantic groups were found in close proximity:

The *first group* was composed of words denoting an institutional or political action that can be undertaken by an interest group: *(lobby OR lobbied OR lobbying OR solicit OR soliciting OR request\*OR beg OR begging OR demand\*OR 'seek to' OR 'sought to' OR appeal\*OR contest OR promote\*OR advocate\*OR influence\*OR 'act upon' OR insist\*OR attempt\*OR support\*)*. The synonyms of each of these words were identified from WordNet dictionary and then screened for their potential to identify institutional or political action.

The *second group* was composed of words denoting a set of relevant changes or effects

that the actions listed in Group 1 can produce: *(change\*OR alter\*OR modif\*OR affect\*OR impact\*OR influence\*OR 'bear on' OR 'bears upon' OR adjust\*OR correct\*OR set OR impose\*OR regulate\*OR regulating\*)*. As with Group 1 words, the list of key words was then expanded using WordNet synonyms.

The *third group* consisted of words associated with social norms and institutional practices: *(rule\*OR regulation\*OR norm\*OR practice\*OR tradition OR requirement\* OR value\*OR endorsement\*OR 'the support' OR operat\*OR procedure\*OR market OR behavior OR conduct\*OR standard\*OR value\*OR model\*OR ideal\*)*. As with previous groups, Group 3 was then expanded by adding relevant WordNet synonyms.

Finally, the *fourth group* included a list of business domain markers: *(company\*OR business\*OR firm\*OR industry\*)*.

The resulting queries were thus composed of the words from Group 1 located within three words from a word from Group 2, within ten words a word from Group 3, and within ten words a word from Group 4: *(Group 1) W/3 (Group 2) W/10 (Group 3) W/10 (Group 4)*. Since the list of all possible word combinations exceeded ProQuest's limitation on query length, this query was broken down into 225 smaller queries, which retrieved the total of 55,189 documents (an insignificant proportion of these documents were duplicates). The first 100 documents from each query were then manually screened by two annotators for cases where an interested party attempted to change existing social norms or regulations to gain advantage over its competitors. A total of 4,785 documents were reviewed and only those where both annotators were in agreement on the interpretation of the described events as social norm manipulation attempts, were selected for further analysis. It should be noted that the number of reviewed documents is less than 22,500 (= 225×100), since many queries produced less than 100 results.