

Research Summary
OMT Doctoral Student Consortium
Emily S. Block

Institutional research has drawn attention to external, higher order structures and processes that govern organizational actions and choices (eg. DiMaggio & Powell, 1983; Meyer & Rowan, 1977). This research has generally focused on the diffusion of practices in a field, with research exploring the process through which environmental changes are incorporated into organizational frameworks (Meyer & Rowan, 1977; DiMaggio & Powell, 1983; Tolbert & Zucker, 1983). Much of this research examines the factors that lead organizations to adopt similar structures, strategies, and processes (DiMaggio & Powell, 1983; Tolbert & Zucker, 1983; Leblebici et al., 1991; Kraatz, 1998).

This research is grounded in the assumption is that there is implicit agreement upon the structure or practice to be adopted. Few organizational scholars have considered what happens when there are competing alternatives for adoption in institutional contexts. These are conditions that arise when there is agreement among actors as to the norms prescribed by the institutional environment, but disagreement regarding the manner in which they interpret and internalize these norms (Lounsbury, 2001). This research is focused on such conditions, where there exists multiple “versions” or “alternatives” of the same institutional practice, and competition exists among field level participants as to the appropriateness of these alternatives. This research seeks to better understand this understudied form of competition, when alternative structures aimed at performing the same general function vie for dominance and legitimacy in an industry (Strang & Soule, 1998).

One context in which competition between alternative practices may occur is when the practices are internally developed by industry participants. This is likely to occur when

industries attempt to self regulate. Industry self regulation is “a regulatory process whereby an industry-level, as opposed to a governmental – or firm level, organization (such as a trade association or a professional society) sets and enforces rules and standards relating to the conduct of firms in the industry,” (Gupta & Lad, 1983, p. 418). Self regulatory mechanisms may replace or preempt direct government intervention or may supplement government standards by taking on primary responsibility for development and enforcement of standards (Gupta & Lad, 1983). Industries are increasingly involved in the development of self-regulatory standards in order to independently influence their regulatory environments (Gupta & Lad, 1983; King & Lenox, 2000; Hoffman, 1999). However, scholarly research has provided few insights as to how these self directed governance mechanisms arise and how they are developed. In addition, in fields where multiple industry level actors exist, with divergent interests and priorities, each may offer alternative rules and standards for industry conduct.

This research examines the creation of self regulatory standards and explores how they gain support in their field. In particular, I focus on self regulation as a competitive process, where two standard bodies vie for the ability to determine the content of standards for industry self governance. I seek to understand first how advocates gain support for their standard by exploring which organizations are targeted by standard setting bodies and what strategies and tactics they use to influence stakeholder perceptions and, second, why members choose to conform to a particular standard. Using perspectives on the management of legitimacy (Oliver, 1991; Suchman, 1995; Aldrich & Fiol, 1994) and social movement theory (McCarthy & Zald, 1977), I model the tactics used by advocacy groups in convincing their various stakeholders of the legitimacy of their standard.

The context for this study is the forest products industry. Over the past 20 years this context is characterized by the increased awareness and concern with the preservation and conservation of forests. Beginning in the early 1990's, two competing certification systems emerged, attempting to provide a self-regulatory mechanism to address both the economic and environmental concerns of forest products organizations. Although these competing systems share the common goal of providing non-governmental solutions to industry governance and regulation regarding sustainable forestry practices, the organizations differ in ideology, the values they represent, the content of their standards, and the degree to which they are supported by different external constituencies.

One standard, promoted by the Forest Stewardship Council, is characterized by an environmentalist ideology, supported by numerous environmental groups and promotes industry governance that involves rigorous reporting and monitoring of forestry activities to ensure environmentally sound practices are being employed by certified organizations. The competing standard, promoted by the Sustainable Forestry Initiative, is widely supported by large industry players and is less substantive in the measures required for certification by this standard. Thus, although each of these standards is positioned to fulfill the institutional requirement of 'promoting sustainable forestry,' each offers a substantially different approach through their certification standard.

This context provides a compelling opportunity to explore an ongoing competition between existing incongruent standards aimed at performing the same general industry self-regulatory function. Using archival data and interviews, I trace the emergence and the evolution of these certification standards, exploring the process through which they pursue legitimacy and

generate a model of competition between competing values in the development of self-regulatory standards.

These research makes several contributions to organizational theory. First, it adds to theorizing with respect to legitimacy by exploring legitimation tactics vary by target stakeholder in influencing industry level structures. Research on legitimacy has noted the importance of divergent stakeholder interests in the acquisition of legitimacy, but has yet to systematically address the identification of those supporters who are willing and capable of providing judgments of legitimacy (Elsbach, 1994; Fombrun & Shanley, 1990). In addition, research in this tradition has largely treated legitimacy as a holistic, where the divergent stakeholder needs and potential conflicts in their requirements are not explicitly addressed (e.g., Kostova & Zaheer, 1999). This research addresses these gaps directly by explicitly exploring how divergent interests are considered by endorsers in the development of legitimating tactics.

Second, this research adds to the literature on change by focusing on the process through which new ideas and practices are selected. Research on change suggest that industries are characterized by revolutionary changes, where new information acts to readjust the values and structures in an industry, followed by periods of gradual evolution (e.g., Tushman & Romanelli, 1985; Greenwood & Hinings, 1996; Tolbert & Zucker, 1996). Despite these developed models of change, empirical work has generally emphasized the outcome of change rather than the process of change (e.g., Tolbert & Zucker, 1983). These studies start with a set of structures and practices that are considered legitimate and then exploring the mechanisms promoting the diffusion of these structures and the consequences for organizations if they do not meet those standards (e.g., Tolbert & Zucker, 1983; Fligstein, 1987; Kraatz & Zajac, 1996). Work on the change process has focused on origin of new practices (Leblebici et al, 1991; Clemens & Cook,

1999; Thornton & Ocasio, 1999; DiMaggio, 1988), and the conditions under which internal actors may be in a position to forward these new practices (Sherer & Lee, 2002). Therefore, change research's focus has been aimed primarily at discerning the antecedents and consequences of change rather than exploring the process through which change occurs. This research addresses this gap by looking more closely at the stage of change where new dominant models are selected, and modeling the processes that occur that lead to selection.

Finally, by looking at the competition between values, this research addresses a prominent criticism in institutional theory that the perspective is over-socialized and lacks consideration of agency and choice (eg., Dacin et al, 2002). As "legitimacy and institutionalism are virtually synonymous" (Suchman, 1995 p. 576), the creation of legitimacy is analogous to the creation of institutions. This notion of *creation* responds to recent criticisms that suggest that institutional theory is over-socialized and insufficiently attentive to the realities of conflict, agency, variation, and change (Selznick, 1996; Dacin et al., 2002). As a result, the manner in which the actions by organizations within a field shape institutions is an emergent theme in the study of institutions (Dacin et al, 2002), providing congruence with perspectives that suggest that firms have an active role in shaping their environments (e.g., Weick, 1979). How organizations and other field level actors take an active posture with respect their institutional environments, through the theorization and creation of legitimacy surrounding new ideas, structures, and practices, may be instrumental in understanding change in these environments.

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