

The Organizational Legitimacy as an Entry Barrier in Large International Contracts

Emilio Díez-de-Castro

Professor. Universidad de Sevilla. Spain. ORCID: [0000-0002-4938-9104](https://orcid.org/0000-0002-4938-9104).

Francisco Díez-Martín

Associate Professor. Universidad Rey Juan Carlos. Spain. ORCID: [0000-0002-9888-833X](https://orcid.org/0000-0002-9888-833X).

Martin Madrid-Sanz

Lecturer. Universidad Rey Juan Carlos. Spain. ORCID: [0000-0002-1059-0978](https://orcid.org/0000-0002-1059-0978).

diez@us.es, francisco.diez@urjc.es, martin.madrid@urjc.es

Received: April, 2018.

Accepted: February, 2019.

Published: July, 2019.

Abstract

In the public tender processes of large international contracts, the organizational legitimacy is considered a prerequisite to limit the risk of engagement with companies that do not have it. The instrument usually used by the contracting parties is the Pre-qualification Questionnaire, which acts as a real entry barrier for contractors to participate in subsequent tenders. In this research we analyze the legitimacy requirement in tender processes. We focus on large contracts, mainly for the public sector but not limited to, based on documents accessible through public digital media. The research defines and provides content to the variables that shape the different legitimacy sorts required to the organizations to participate in large construction and trade tenders. The results suggest that the legitimacy requirements to the bidders are multidimensional, which entails that to participate in public tenders several legitimacy dimensions are evaluated. The weight of the different kinds of legitimacy in relation to the legitimacy global requirements is also analyzed.

Keywords

Organizational legitimacy; pre-qualification questionnaire; legitimacy measures; contract management; indicators of legitimacy.

How to cite this article

Díez-de-Castro, E., Díez-Martín, F., & Madrid-Sanz, M. (2019). The Organizational Legitimacy as an Entry Barrier in Large International Contracts. *Harvard Deusto Business Research*, VIII(2), Special Issue, 175-188. <https://doi.org/10.3926/hdbr.247>.

.....

Most tenders use the bidder legitimacy as a first selection filter

1. Introduction

One of the most common procedures to contract projects and/or building works, as well as products and services acquisition, is a tender system. Different requirements are established in the rules of tender to bring companies to compete and offer their best. These requirements act as filters used by the contracting party to ensure that the bidders have the resources and capabilities needed to perform the works tendered. As an example, at European Union (EU) level there is a specific regulation, the Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and criteria for qualitative selection for the award of works, supply and services. If any administration of an EU Member were to award contracts to an economic operator that do not comply with the regulations, it would concur in case of nullity as of administrative law.

Since most tenders use the bidder legitimacy as a first selection filter, organizational legitimacy is an excellent theoretical framework to improve our understanding about this process. In this sense, the objectives of the State or private contracting organizations are multiple. First, to contract with organizations with certain level of legitimacy reduces the uncertainty about the tenderer and, consequently, the risk to make a wrong decision award. Several studies have shown the relationship between legitimacy and risk (Bansal & Clelland, 2004; Cohen & Dean, 2005; Cruz-Suárez, Prado-Román & Escamilla-Solano, 2015; Desai, 2008). Secondly, obtaining companies assessment as members of a familiar and non-problematic category of organizations. This way to proceed is aligned with the principle of cognitive economy (Rosch, 1978). This principle considers that people begin their evaluations through categories-based judgments, and then develop more complex evaluations. It has been suggested recently that the first step to evaluate an organization is to analyze its legitimacy degree and then, once the filter is overcome, more technical requirements should be evaluated (Bitektine, 2011). In this way, the decision-making process is simplified. Evaluators would initially classify organizations based on certain key characteristics, such as legitimacy, and then should select the most attractive organization (e.g., that one with the best technical conditions) of that group (Zuckerman, 1999).

Researchers of institutional theory believe that organizations should create an image of viability and legitimacy before being able to receive any kind of support (Starr & MacMillan, 1990). Legitimacy has become a necessary resource to survive and succeed (Zimmerman & Zeitz, 2002). In this regard, research has shown the benefits of legitimacy on:

- access to resources needed for organizations development (Cruz-Suárez, Prado-Román & Prado-Román, 2014; Payne, Cruz-Suárez & Prado-Román, 2018; Pollack, Rutherford & Nagy, 2012);
- the corporate results (Deephouse, 1996; Díez-Martín, Prado-Román & Blanco-González, 2013; Gómez-Martínez, Andreu & Díez-Martín, 2018);
- the multiple practices to better manage the legitimacy of organizations (Cachón Rodríguez, Prado Román & Zúñiga Vicente, 2019; Orozco, Vargas & Galindo-Dorado, 2018; Suchman, 1995; Überbacher, 2014).

The precedent requirements of legitimacy to contractors, the potential bidders, represent entry barriers. If the organizations need the legitimization of their activities to participate in tenders, they voluntarily adjust to the requirements looking for the contracting party approval. In addition, for these organizations, the lack of legitimacy level requested to participate in the tenders could bring collateral effects, such as to be excluded from other activities and opportunities in their correspondent business sector (Cruz-Suárez, Prado-Román & Díez-Martín, 2014).

The precedent requirements of legitimacy to contractors, the potential bidders, represent entry barriers

Legitimacy, rather than an inherent characteristic of the organization under scrutiny, is function of interpretations and evaluations (Díez-de-Castro, Peris-Ortiz & Díez-Martín, 2018; Tyler, 2006). This may have important consequences for the organizations that aim to participate in public tenders. For example, for any contracting party the judgments of legitimacy based on ethical aspects could be more significant than those based on cognitive aspects. In this way, understanding how legitimacy is evaluated and to know which elements the key ones are to acquire greater legitimacy would help managers to prepare their organization to be recognized as legitimate.

The objectives of this research are linked to the answers to different issues of concern for the contracting party side:

- The first issue rises as a question. Can we trust that the contracted company is the appropriate one for the work, supply or service to be carried out? Are the contractor actions correct, fair and according to an organization that offers to perform the activity we plan to hire? These questions drive directly to the concept of legitimacy, which serves to specify the answers and even to establish gradations between them. The managers and administrators cannot get wrong awarding big deals. If the company awarded does not comply, or present a delivery delay, or generates ethical social problems or does not have the capacity to fulfill its contractual obligations, the managers who signed the contracts will receive many criticisms and, at the end, they will have to give explanations to the Boards of Directors. The large contractors have a significant impact on the organizations they serve and, in many cases, also have a relevant economic and social significance. Succeeding with the right contractor is essential and identifying previously which organizations are eligible to bid based on their organizational legitimacy is a key issue for a successful contract development.
- The second issue is related to the content of the contractor legitimacy. This is key for several reasons. The first one, because legitimacy is not based on perceptions but on the fulfillment of certain objective topics or facts. Consequently, the overall organizational legitimacy is granted over the fulfillment of topics that represent organizational approaches. These key topics refer to the soundness of the organization itself, based on issues that are fundamental for the corporate image to be judged as appropriate. The ethical behavior is considered important since facilitates acceptance by society and, of course, compliance with the country regulation in which the contractor operates is also essential. Finally, to develop a good management from both governance and technical perspectives. Define which are the basic approaches of legitimacy and the essential content that are considered by the contracting parties will provide signals to the contractor organizations about what are the issues to be met if they want to participate in large public international tenders.
- The third issue of the research has been to check whether there are any relationship between the different legitimacy approaches. This issue has been little investigated, but there are some studies that have identified certain linkages between approaches that reinforce their weight and relevance in the construction of the organizational global legitimacy.
- The fourth issue is about to find the extent to which different legitimacy approaches have a greater or lesser weight in the origination of the organizational legitimacy. Some studies investigate the organizational legitimacy based on a single approach (especially the cognitive one) considering that, if the importance of this approach could be demonstrated, only based on this approach would the organization present legitimacy, not considering other approaches probably because of lack of relevance for the cases studied.

Initially, we describe the kinds of legitimacy that are taken into account in the public tenders, as well as we specify the variables that really shape and define each of the required legitimacies. A multidimensional approach can bring to light aspects of the organizational legitimacy that would be ignored if only one dimension were considered, namely: cognitive, regulative, ethical, managerial and technical. Next, we set out the hypotheses whose validity is going to be proved. Once the above is done, we explain the research methodology. Then the results achieved are presented and the most recurrent kinds of legitimacy in the tenders are detailed, as well as their variables. In the last part of the work the main implications of the research are stated, the limitations are listed and future lines of research are proposed.

2. Research background and hypotheses

Regulatory legitimacy is one of the first issues that draw the attention of the contracting party. In addition to obligation and commitment aspects, regulation has another that does not exist in other kinds of legitimacy: coercion. If any organization does not comply with the regulation of the Public Administration, it immediately generates doubts about its legitimacy. How are we going to work with an organization that does not pay taxes? To what extent would we be able to justify that we made a contract with a company that does not pay Social Security or does not comply with health and safety standards at work? How are we going to think that a contractor will comply with us if he evades their fiscal liabilities and their responsibilities to the Public Administration?

Hypothesis 1. The regulatory legitimacy deploys the greatest influence in the construction of the organizational legitimacy.

Ethical or moral legitimacy represents everything the company does for its milieu and society in general, but without obligation since there are no rules in this regard. It means that the organization has high values and is always responsible to society. It also means that the organization considers that it must add value to society, beyond its technical contributions. These behaviors and actions that express generosity and commitment are important for organizations, but they are not the most concern issues for them.

Hypothesis 2. The moral legitimacy has a significant role in the formation of the organizational legitimacy.

Managerial legitimacy appears when the actions of the organization are carried out in the best possible way. Namely, when the best managers and staff are in place, new management techniques are developed, the existing ones are updated and smart strategies are adopted (Ruef & Scott, 1998). Asking audiences can identify this kind of legitimacy: do you think the organization is led and managed properly, uses innovations and improves its performance over time? (Thomas, 2005).

An organization demonstrates its desirability and acceptance by engaging and developing methods, models, practices, assumptions, knowledge, ideas, realities, concepts, thoughts and

Cognitive legitimacy is attained when audiences assume that the image they have from the organization corresponds to what the organization really is

others, which are widely accepted and considered useful and desirable by the body of professionals where it operates. It develops activities that help simplify decision making processes, getting better and more rational decisions. Under this kind of legitimacy, the activity of the organization will be predictable, significant and attractive (Díez-Martín, Blanco-González & Prado-Román, 2010). Ruef and Scott (1998) split managerial legitimacy in two levels: technical and executive (or specifically managerial). Managerial legitimacy includes issues such as personnel management, client management, rules of conduct and personnel structure. The technical legitimacy focuses on aspects such as technology, personnel qualification, personnel training programs, work procedures and mechanisms of quality assurance. In our work we consider managerial legitimacy based on the two levels indicated by the authors, technical and executive-managerial levels.

Hypothesis 3. Managerial and technical legitimacies are variables of great influence, key for the construction of the organizational legitimacy.

Cognitive legitimacy is based on the comprehensibility of the organization by the audiences and on the assumption that the organization has forms and functions in accordance with what audiences consider to be correct and adequate (Suchman, 1995; Treviño, Den Nieuwenboer, Kreiner & Bishop, 2014). Cognitive legitimacy is attained when audiences assume that the image they have from the organization corresponds to what the organization really is. Legitimacy, according to this point of view, is due mainly to existing cultural models that provide plausible explanations of the organization and its efforts (Scott, 1991).

Hypothesis 4. Cognitive legitimacy shape the legitimacy of the organization, but to a lesser extent than other types of legitimacy.

3. Methodology

Our measurement of legitimacy is based on the assessment of the information available about the organization. We have used the answers to the questions contained in the Pre-qualification Questionnaires that the contractors submit to the contracting parties, as a step prior to the evaluation and presentation of their economic proposals. In this way, the measurement of the legitimacy of a candidate is not measured by a general question about its legitimacy but is established based on questions and criteria contained in the Questionnaires.

3.1. Data collection

The data were obtained from three sources: The Pre-Qualification Questionnaires (PQQ); The Supplier Classification System (SCP); The Tender Documents or Specific Administrative Clauses (PCAP). In total, 193 documents prepared by contractors from all continents were selected, belonging to Public Administrations, State owned autonomous organizations and private organizations, whose activities was clustered into 11 large economic sectors.

The greater the number of requirements demanded, the greater the demands of legitimacy

3.2. Measures

Regulative legitimacy

A legitimacy aspect of special interest to contracting parties is ensuring that contractors comply with their legal and regulatory obligations. Firstly, the fulfillment of norms and laws demonstrates a clear commitment of the organization with society. On the other hand, the lack of compliance can become a huge source of problems for the contracting party as well. If an organization does not comply with the laws under coercion, what could be its behavior with the contracting party who cannot directly exercise coercion? We found 5 concepts especially sought by the contracting parties.

Moral legitimacy

Moral legitimacy is achieved when the organization under analysis presents actions based on moral or ethical values. Actions and behaviors to which the organization is not obliged, since they are not legally or regulatory requested, but it does so due to social awareness, moral beliefs or the desire to serve others and do good. We find three aspects that are of special interest to contracting parties: Doing the right thing; Actions on issues related to health and safety; Wide dissemination of truthful information to stakeholders.

Managerial legitimacy

For this topic, the information requested was related to the strategic direction of the company, the development of the firm over time and the quality of current senior managers.

Technical legitimacy

The technical aspects are those that are linked to the material realization of the works. Here the contracting parties request information about: Certifications; Operations; Documentation and effective communications; Reliability and integrity.

Cognitive legitimacy

What is it that makes a company understandable, allowing to assign an identity? We found in the Pre-Qualification Questionnaire (PQQ) four major issues that together help to get a general image of the organization: Financial soundness; Industry associations and partner firms; products and services Quality; Brand. Each one is considered as a shaping item of reflected cognitive legitimacy.

Organizational legitimacy

The measure of legitimacy, as it has been developed in our work, has levels; it is not fixed threshold that is reached or exceeded. In this way, our discourse does not consist in indicating whether the contractor will be legitimate or not, it will have legitimacy or not, but in the degree of legitimacy manifested by their answers to the information requirements. The contracting parties will choose those organizations with higher levels of legitimacy, which are achieved by the compliance with the requirements and through the assessment of such compliance by the contracting parties.

We will understand that the greater the number of requirements demanded, the greater the demands of legitimacy. In this way, we define the legitimacy of the organization as a whole based on the intensity of legitimacy required. We start from the documentation units. Each document used requesting information from contractors constitutes a documentation unit. A widely used comparative measure of legitimacy is based on the Janis-Fadner coefficient of imbalance.

3.2. Data analysis

We test the research model using the partial least squares (PLS) technique, a variance-based structural equation modelling approach (Roldán & Sánchez-Franco, 2012) to analyze the data. The reasons that led us to choose this technique were the characteristics of the constructs included in our investigation model that, as mentioned above corresponded to a composite measurement model (Henseler, Ringle & Sarstedt, 2016).

Common Method Bias (CMB) should be considered when the data on the independent and dependent variables, as happens in our study, are obtained from the same source (Podsakoff, MacKenzie, Lee & Podsakoff, 2003). The existence of CMB might introduce systematic errors in the findings. We conducted a full collinearity test based on Variance Inflation Factors (VIFs), in order to detect potential CMB (Kock, 2017). These authors proposed the aforementioned test to evaluate both vertical and lateral collinearity. If the VIF presents values of over 3.3, it could be an indicator of pathological collinearity and the model might present CMB. As shown in table 1, our model is free from CMB, because the VIF of each construct was below the limit of 3.3.

Table 1
Full collinearity VIFs

Variables	Cognitive legitimacy	Managerial legitimacy	Moral legitimacy	Regulative legitimacy	Technical legitimacy
VIF	1,943	2,135	1,674	2,570	1,972

4. Results

4.1. Assessment of global model fit

According to Henseler et al. (2016), the first step in the evaluation of a model should be the evaluation of the fit of the global model because, if the initial model does not fit the data, the data would contain more information than would be transmitted through the model. To do so, we analyzed the estimated model in table 2, explicitly described by the proposed hypotheses through various fitness tests: The Standardized Root Mean Square Residual (SRMR).

Henseler et al. (2016) recommended the use of SRMR as an approximate model fit criterion in PLS-SEM. Our hypothesized model presents a value of 0,084, below the limit value of 0.10. Another positive trend among management researchers is the increased use of the standardized root mean residual (SRMR), which has risen in popularity and for which a value less than 0.10 is considered to reflect a good model and the Geodesic discrepancy (dG). If the bootstrapping (HI95) in any of these tests is over 95% and if the percentiles (HI99) are over 99%, the model is quite unlikely to be true. As shown in table 2, the three tests of fit of the model were under HI95 and HI99; results that mean the model cannot be rejected (Henseler et al., 2016).

Table 2
Estimated model fit evaluation

Discrepancy	Value	HI95	HI99	Conclusion
dG	0.408	0.367	0.718	Supported

4.2. Measurement model

A Variance Inflation Factor (VIF) of over 3.3 would indicate high collinearity. No such problem was found in our model, because the VIF values fluctuated between 1.001 and 2.138. And finally, in relation to the weights, both their magnitude and their importance are shown in table 3 and 4. Those values provide information on how each indicator contributes to its respective composite (Chin, 1998) thereby classifying the indicators in accordance with their contribution. Likewise, a significance of at least 5% suggests that the measurement is relevant to the composite construction (Roldán & Sánchez-Franco, 2012).

Table 3
Measurement model

Construct/Indicator		VIF	Outer weights
TECH	Technical legitimacy		
11	Certification	1,226	0,474
12	Operation	1,427	0,349
13	Documentation and effective communications	1,134	0,326
14	Reliability and integrity	1,185	0,347
MAN	Managerial legitimacy		
21	Ability to act and react	1,194	0,426
22	Financial structure	1,109	0,4
23	Experiences	1,18	0,28
24	Leadership	1,178	0,445
COG	Cognitive legitimacy		
31	Financial solvency	1,038	0,27
32	Industry associations and partner firms	1,112	0,433
33	Product and service quality	1,072	0,323
34	Brand	1,219	0,439
MOR	Moral legitimacy		
41	Actions on issues related to health and safety	1,135	0,554
42	Doing the right thing	1,131	0,726
43	Wide dissemination of truthful information to stakeholders	1,381	0,415
REG	Regulative legitimacy		
51	Compliance with the laws and rules to operate	1,383	0,228
52	Environmental management	1,142	0,398
53	Health and safety	1,102	0,3
54	Tax & Social Security mandatories	1,247	0,339
55	Penalties to organization or directors	1,189	0,301

Support was found for hypotheses H1, H2, H3, and H4

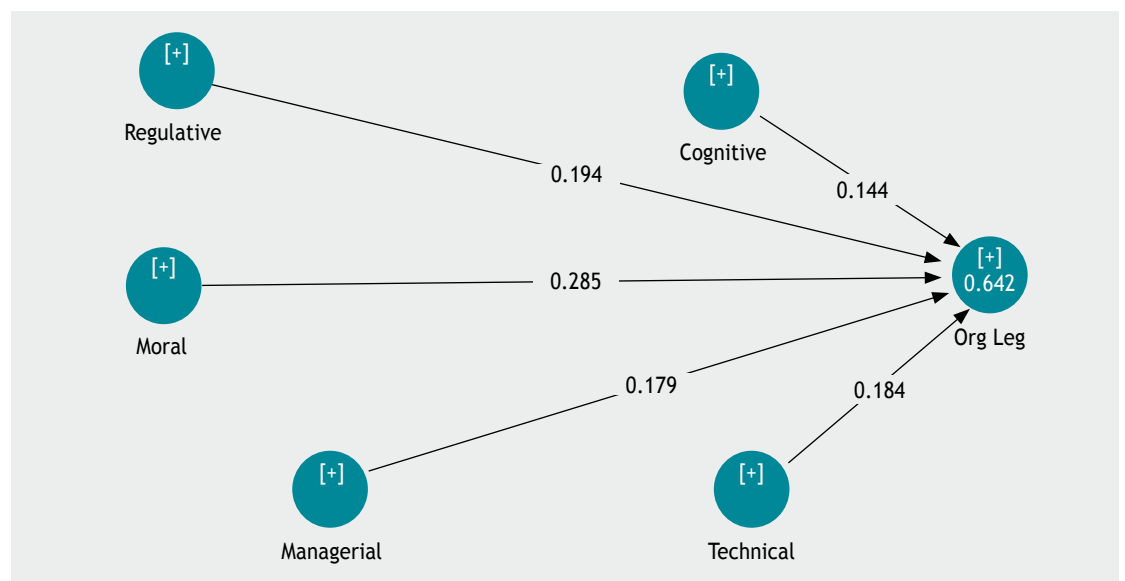
Table 4
Mean, standard deviation, T statistics and values

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T Statistics (O/STDEV)	P values
Managerial → Cognitive	0,565	0,570	0,045	12,565	0,000
Moral → Cognitive	0,461	0,471	0,059	7,759	0,000
Moral → Managerial	0,558	0,559	0,050	11,075	0,000
Org Leg → Cognitive	0,605	0,651	0,099	6,096	0,000
Org Leg → Managerial	0,658	0,706	0,108	6,080	0,000
Org Leg → Moral	0,657	0,690	0,053	12,433	0,000
Regulative → Cognitive	0,678	0,682	0,037	18,393	0,000
Regulative → Managerial	0,648	0,654	0,046	14,109	0,000
Regulative → Moral	0,575	0,580	0,047	12,139	0,000
Regulative → Org Leg	0,686	0,734	0,099	6,935	0,000
Technical → Cognitive	0,530	0,536	0,046	11,528	0,000
Technical → Managerial	0,615	0,623	0,044	14,015	0,000
Technical → Moral	0,510	0,516	0,049	10,446	0,000
Technical → Org Leg	0,637	0,687	0,116	5,506	0,000
Technical → Regulative	0,628	0,634	0,043	14,589	0,000

4.3. Structural model

Based on Bootstrapping (5000 samples), *t*-values and confidence intervals were obtained that determine the statistical significance of the relations. As may be observed in Figure 1, support was found for hypotheses H1, H2, H3, and H4, as the coefficients were both significant and positive.

Figure 1
Structural model results



The most commonly used measure to evaluate the structural model is the coefficient of determination (value R²). This coefficient is a measure of the predictive accuracy of the model and is calculated as the squared correlation between the actual and predicted values of a specific endogenous construct. In academic research that focuses on marketing issues, R² values of 0.75, 0.50 or 0.25 for endogenous latent variables can, as a general rule, be described respectively as substantial, moderate or weak (Hair, Ringle & Sarstedt, 2011). R² of the study is 0.642 and the adjusted R² is 0.633. The R² values show mean predictive accuracy of the model (between 0.25 and 0.75). In addition, the impact of the effect (f²) of the different variables on global legitimacy is weak, with all f² values between 0.02-0.15.

5. Discussion and conclusions

Based on the theoretical support of the theory of legitimacy of organizations, this article emphasizes the concern to give theoretical content and scientific support to the trend of organizations to pre-select their partners, suppliers and contractors, on legitimacy criteria.

We provide evidence that the contracting organizations requirements are authentic factual elements or items that shape the constructs of legitimacy typologies. These items are based on real data from the organizations, instead of judgments or perceptions that are usually used as elements of measurement of the legitimacy of the organizations. This evaluation of the organizational legitimacy by means of data instead of judgments or perceptions is not new in the literature. The novelty of our contribution is to give evidence that the incumbent contracting organizations are who set up the questions and determine which are the issues to be consider essential to grant their trust to counterparts with which they will be engaged for long periods of time.

The findings of this article contribute to a deeper understanding of the effects of different types of legitimacy on the global legitimacy of the organization, in case of tenders with international characteristics and high volume.

First, this article has shown empirically that the influence of the different kinds of legitimacy is not homogeneous. The cognitive, that is, what is linked to the image of the organization, is precisely the least important as shown by a weight of 0.144 on total legitimacy. This result set a remarkable distance with affirmations of studies that tend to point out the cognitive as the most important type of legitimacy. The weights of the relations of the kinds of legitimacy clearly mark their influence on total legitimacy. Surprisingly, it is moral legitimacy that presents the greatest weight 0.285. Usually the great works and large contracts are looked with suspicion as a possible source of corruption, and it is true that sometimes this happens, but it must be emphasized that all development in the search for legitimacy of contractors goes in a direction of transparency in relationships, guarantee of enough management skills and regulatory compliance, seeking the predominance of ethics. The moral legitimacy has enough weight to understand that somehow drives and suffuse the whole set of legitimacy search. Behind this type of legitimacy is the concern for compliance with the regulation (weight 0.194), the demonstration of the technical capacity of the contractors (weight 0.184) and the requirements on the superior management of the organization (weight 0.179).

Secondly, the essential elements that integrate the constructs of cognitive legitimacy, technical legitimacy, managerial legitimacy, moral legitimacy and regulatory legitimacy have been defined. There are few studies that establish legitimacy measurements based on data. On the other hand, these elements of legitimacy are used according to their coherence with the theory, they arise from the researcher and not from those who try to solve a practical problem. That is why

Organizations are demanding that the counterparts have to demonstrate they have legitimacy enough to be accepted to work with

we understand that our work makes a significant contribution to all those who wish to work in the future with variables that reflect the kinds of legitimacy based on data. At least they will have one more reference of the elements that build up the constructs, a reference that is supported by their weights and their statistical significance.

5.1. Implications for practitioners

Some experienced management professors recommend brand new students to look for their first job just in large companies. The reason is that these companies have become so large and profitable because they have been able to apply cutting-edge management tools and to integrate excellent management teams while developing efficient organizational structures. You learn a lot from the winners because they teach what is important and, mainly, how to do things and make decisions. This reflection drives us to the results of the study we conducted. The organizations we took as a base group, whether private or state owned, are demanding that the counterparts have to demonstrate they have legitimacy enough to be accepted to work with. These requirements of legitimacy are high and do not refer to a single dimension of legitimacy but to all. They are organizations that, because of their size and the high level of the tenders they launch, are teaching other organizations the way they should take if they want to participate in such large contracts. This teaching is chain replicated downwards since those who want to opt for these important contracts, to play with the big ones, will also be demanding legitimacy to their suppliers and subcontractors. For two reasons, firstly because if they work with organizations without legitimacy enough, they may find that this lack could have an impact on their own legitimation upwards when it comes to demonstrate that they all (the main contractor and its subcontractors) meet the requirements. Secondly, by legitimacy culture, learning to be able to appraise the interest and usefulness of working with legitimated organizations.

With this study the managers should be clearer about the way forward to organization improvement. It is clear that meeting the legitimacy requirements outlined above is a challenge that needs a long time of preparation and continuous learning of the organization, and it cannot be resolved immediately. Therefore, knowing what to do, what remains now is the will to develop those issues that provide confidence, security and stability in the relationship with other organizations.

6. Limitations and future research

This study has limitations. The legitimacy of the whole organization has been measured from the information provided by the documents used for the pre-qualification processes. This information is what we have used to measure the different items that shape each of the typologies of legitimacy considered relevant by the contracting parties. In such a way, we found that the measurement of the legitimacy of the organization as a whole is not independent of the measurement of each of the types of legitimacy. This lack of independence is due not only to the origin of the data but also to the fact that there is a link between them. This question is also present in other studies where respondents are asked about various issues of the legitimacy of the organization and, finally, they are asked for an overall assessment of the organizational legitimacy. Even so, thinking that this is a situation accepted in the analysis developed in other studies, we point out our opinion on this subject as a weakness of the present work.

Another limitation is the origin of the documents, since their selection was not random. Initially we considered the documents that could be found through the Internet and, although it was not a personal selection of the researchers because they followed the order of appearance as a criterion, later some documents were excluded for several reasons such as simplicity or low level of the bid volume.

In future research, the two issues mentioned above could be corrected by asking to the contracting organizations their direct collaboration in the research, in order to get the final assessment they give to each of the bidders they considered qualified to participate in the works, services or supplies tenders. This will allow to tune and to give accuracy to the study of legitimacy of organizations. Another issue that should be addressed in the future is the delimitation of red lines because there are aspects that, in case of not fulfill the requirement of the contracting party, exclude directly the candidate under qualification process. Checking if there is a pattern in these direct exclusions and defining which types of legitimacy are involved is a question that has not yet been addressed. Finally, the analysis developed did not take into account control variables such as the type of organization, private or state owned, the contractor's sectors, or the geographical area of the contracting parties. The control variables can provide relevant information but, according to some studies about large international organizations, these variables may not have significance because these large international organizations may think and act in a very similar way when they require the legitimacy of their contractors.

7. Declaration of Conflicting Interests

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

8. Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

9. References

- Bansal, P., & Clelland, I. (2004). Talking trash: legitimacy, impression management, and unsystematic risk in the context of the natural environment. *Academy of Management Journal*, 47(1), 93-103.
<https://doi.org/10.2307/20159562>
- Bitektine, A. (2011). Toward a theory of social judgments of organizations: The case of legitimacy, reputation, and status. *Academy of Management Review*, 36(1), 151-179.
<https://doi.org/10.5465/amr.2009.0382>
- Cachón Rodríguez, G., Prado Román, C., & Zúñiga Vicente, J. A. (2019). The relationship between identification and loyalty in a public university: Are there differences between (the perceptions) professors and graduates? *European Research on Management and Business Economics*, 25(2), 87-92.
<https://doi.org/10.1016/j.iedeen.2019.04.005>
- Chin, W. W. (1998). The partial least squares approach to structural equation modeling. In G. A. Marcoulides (ed.), *Modern methods for business research* (pp. 295-336). New York: Psychology Pres.
- Cohen, B., & Dean, T. (2005). Information asymmetry and investor valuation of IPOs: Top management team legitimacy as a capital market signal. *Strategic Management Journal*, 26(7), 683-690.
<https://doi.org/10.1002/smj.463>
- Cruz-Suárez, A., Prado-Román, C., & Díez-Martín, F. (2014). Por qué se institucionalizan las organizaciones. *Revista Europea de Dirección y Economía de la Empresa*, 23(1), 22-30.
<https://doi.org/10.1016/j.reddee.2013.09.003>
- Cruz-Suárez, A., Prado-Román, A., & Prado-Román, M. (2014). Cognitive legitimacy, resource access, and organizational outcomes. *RAE – Revista de Administração de Empresas*, 54(5), 575-584.
<https://doi.org/10.1590/S0034-759020140510>
- Cruz-Suárez, A., Prado-Román, C., & Escamilla-Solano, S. (2015). Nations of Entrepreneurs: A Legitimacy Perspective. In M. Peris-Ortiz & J.-M. Sahut (eds.), *New Challenges in Entrepreneurship and Finance* (pp. 157-168). Cham: Springer International Publishing.
https://doi.org/10.1007/978-3-319-08888-4_11

- Deephouse, D. L. (1996). Does isomorphism legitimate? *Academy of Management Journal*, 39(4), 1024-1039. <https://doi.org/10.2307/256722>
- Desai, V. M. (2008). Constrained Growth: How Experience, Legitimacy, and Age Influence Risk Taking in Organizations. *Organization Science*, 19(4), 594-608. <https://doi.org/10.1287/orsc.1070.0335>
- Díez-de-Castro, E., Peris-Ortiz, M., & Díez-Martín, F. (2018). Criteria for Evaluating the Organizational Legitimacy: A Typology for Legitimacy Jungle. In E. Díez-de-Castro & M. Peris-Ortiz (eds.), *Organizational Legitimacy* (pp. 1-21). Cham: Springer International Publishing. <https://doi.org/10.1007/978-3-319-75990-6>
- Díez-Martín, F., Blanco-González, A., & Prado-Román, C. (2010). Measuring organizational legitimacy: the case of Mutual Guarantee Societies. *Cuadernos de Economía y Dirección de la Empresa*, 43, 115-144. [https://doi.org/10.1016/S1138-5758\(10\)70012-8](https://doi.org/10.1016/S1138-5758(10)70012-8)
- Díez-Martín, F., Prado-Román, C., & Blanco-González, A. (2013). Beyond legitimacy: legitimacy types and organizational success. *Management Decision*, 51(10), 1954-1969. <https://doi.org/10.1108/MD-08-2012-0561>
- Gómez-Martínez, R., Andreu, L., & Díez-Martín, F. (2018). Explanation of the Relation Between Organizational Legitimacy and Firms' Price. In E. Díez-de-Castro & M. Peris-Ortiz (eds.), *Organizational Legitimacy* (pp. 271-281). Cham: Springer International Publishing. https://doi.org/10.1007/978-3-319-75990-6_17
- Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a Silver Bullet. *The Journal of Marketing Theory and Practice*, 19(2), 139-152. <https://doi.org/10.2753/MTP1069-6679190202>
- Henseler, J., Ringle, C. M., & Sarstedt, M. (2016). Testing measurement invariance of composites using partial least squares. *International Marketing Review*, 33(3), 405-431. <https://doi.org/10.1108/IMR-09-2014-0304>
- Kock, N. (2017). Common Method Bias: A Full Collinearity Assessment Method for PLS-SEM. In H. Latan & R. Noonan (eds.), *Partial Least Squares Path Modeling* (pp. 245-257). Cham: Springer International Publishing. https://doi.org/10.1007/978-3-319-64069-3_11
- Orozco, L. A., Vargas, J., & Galindo-Dorado, R. (2018). Trends on the relationship between board size and financial and reputational corporate performance: The Colombian case. *European Journal of Management and Business Economics*, 27(2), 183-197. <https://doi.org/10.1108/EJMBE-02-2018-0029>
- Payne, G., Cruz-Suárez, A., & Prado-Román, A. (2018). Legitimacy as Competitive Advantage: A US Airline Case Study. In E. Díez-de-Castro & M. Peris-Ortiz (Eds.), *Organizational Legitimacy* (pp. 121-140). Cham: Springer International Publishing. https://doi.org/10.1007/978-3-319-75990-6_8
- Podsakoff, P. M., MacKenzie, S. B., Lee, J.-Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879-903. <https://doi.org/10.1037/0021-9010.88.5.879>
- Pollack, J. M., Rutherford, M. W., & Nagy, B. G. (2012). Preparedness and cognitive legitimacy as antecedents of new venture funding in televised business pitches. *Entrepreneurship Theory and Practice*, 36(5), 915-939. <https://doi.org/10.1111/j.1540-6520.2012.00531.x>
- Roldán, J. L., & Sánchez-Franco, M. J. (2012). Variance-Based Structural Equation Modeling: Guidelines for Using Partial Least Squares in Information Systems Research. In M. Mora, O. Gelman, A. Steenkamp & M. Raisinghami (eds.), *Research Methodologies, Innovations and Philosophies in Software Systems Engineering and Information Systems* (pp. 193-221). Hershey: Information Science Reference IGI Global. <https://doi.org/10.4018/978-1-4666-0179-6.ch010>
- Rosch, E. (1978). Principles of Categorization. In E. Rosch & B. B. Lloyd (eds.), *Cognition and Categorization* (pp. 27-48). Hillsdale, NJ: Erlbaum.
- Ruef, M., & Scott, W. R. (1998). A multidimensional model of organizational legitimacy: Hospital survival in changing institutional environments. *Administrative Science Quarterly*, 43(4), 877-904. <https://doi.org/10.2307/2393619>
- Scott, W. R. (1991). Unpacking institutional arguments. In W. W. Powell & P. J. DiMaggio (eds.), *The New Institutionalism in Organizational Analysis* (pp. 164-182). Chicago, IL: University of Chicago Press.

- Starr, J. A., & MacMillan, I. C. (1990). Resource cooptation via social contracting: Resource acquisition strategies for new ventures. *Strategic Management Journal*, 11(4), 79-92.
- Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *The Academy of Management Review*, 20(3), 571-610.
<https://doi.org/10.5465/amr.1995.9508080331>
- Thomas, T. E. (2005). Are business students buying it? A theoretical framework for measuring attitudes toward the legitimacy of environmental sustainability. *Business Strategy and the Environment*, 14(3), 186-197.
<https://doi.org/10.1002/bse.446>
- Treviño, L. K., Den Nieuwenboer, N. A., Kreiner, G. E., & Bishop, D. G. (2014). Legitimizing the legitimate: A grounded theory study of legitimacy work among Ethics and Compliance Officers. *Organizational Behavior and Human Decision Processes*, 123(2), 186-205.
<https://doi.org/10.1016/j.obhdp.2013.10.009>
- Tyler, T. R. (2006). Psychological perspectives on legitimacy and legitimation. *Annual Review of Psychology*, 57(1), 375-400.
<https://doi.org/10.1146/annurev.psych.57.102904.190038>
- Überbacher, F. (2014). Legitimation of New Ventures: A Review and Research Programme. *Journal of Management Studies*, 51(4), 667-698.
<https://doi.org/10.1111/joms.12077>
- Zimmerman, M. A., & Zeitz, G. J. (2002). Beyond Survival: Achieving New Venture Growth by Building Legitimacy. *Academy of Management Review*, 27(3), 414-431.
<https://doi.org/10.5465/amr.2002.7389921>
- Zuckerman, E. W. (1999). The categorical imperative: securities analysts and the illegitimacy discount. *American Journal of Sociology*, 104(5), 1398-1438.
<https://doi.org/10.1086/210178> 