



Reflection

Organisational legitimacy, capacity and capacity development

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Study of Capacity, Change and Performance

Notes on the methodology

The lack of capacity in low-income countries is one of the main constraints to achieving the Millennium Development Goals. Even practitioners confess to having only a limited understanding of how capacity actually develops. In 2002, the chair of Govnet, the Network on Governance and Capacity Development of the OECD, asked the European Centre for Development Policy Management (ECDPM) in Maastricht, the Netherlands to undertake a study of how organisations and systems, mainly in developing countries, have succeeded in building their capacity and improving performance. The resulting study focuses on the endogenous process of capacity development - the process of change from the perspective of those undergoing the change. The study examines the factors that encourage it, how it differs from one context to another, and why efforts to develop capacity have been more successful in some contexts than in others.

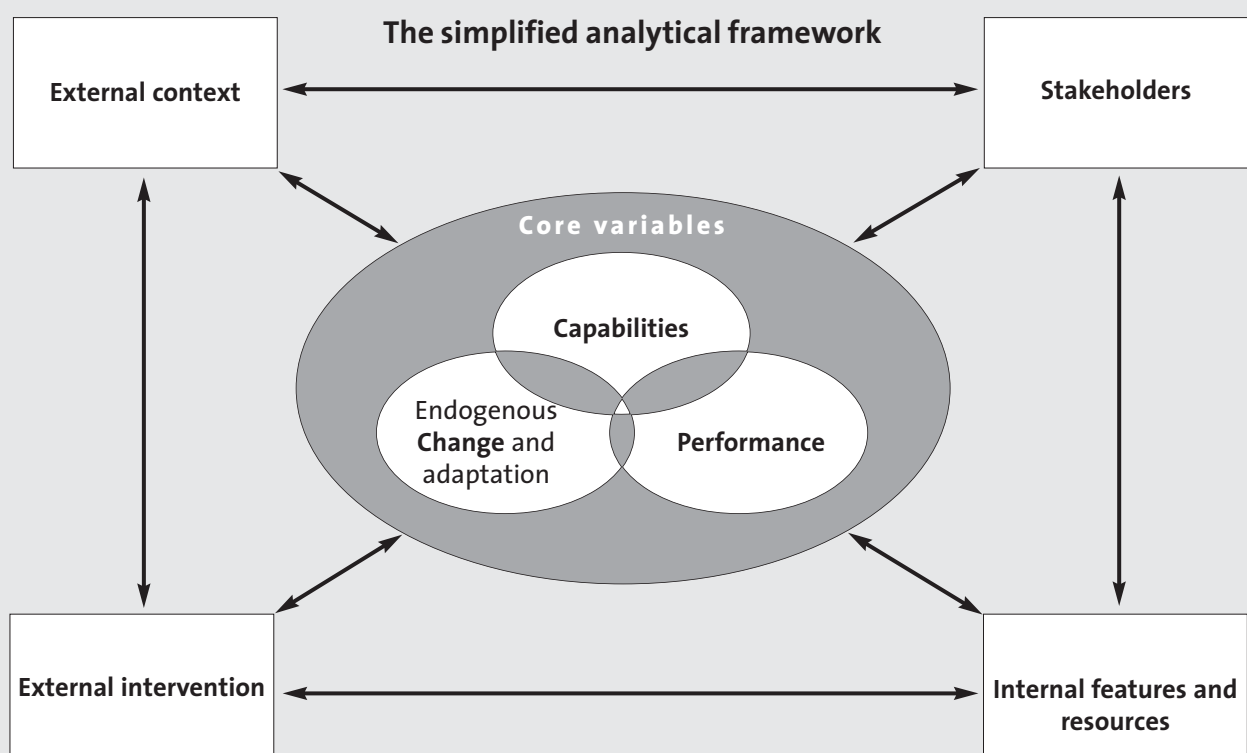
The study consists of about 20 field cases carried out according to a methodological framework with seven components, as follows:

- **Capabilities:** *How do the capabilities of a group, organisation or network feed into organisational capacity?*
- **Endogenous change and adaptation:** *How do processes of change take place within an organisation or system?*
- **Performance:** *What has the organisation or system accomplished or is it now able to deliver? The focus here is on assessing the effectiveness of the process of capacity development rather than on impact, which will be apparent only in the long term.*

- **External context:** *How has the external context - the historical, cultural, political and institutional environment, and the constraints and opportunities they create - influenced the capacity and performance of the organisation or system?*
- **Stakeholders:** *What has been the influence of stakeholders such as beneficiaries, suppliers and supporters, and their different interests, expectations, modes of behaviour, resources, interrelationships and intensity of involvement?*
- **External interventions:** *How have outsiders influenced the process of change?*
- **Internal features and key resources:** *What are the patterns of internal features such as formal and informal roles, structures, resources, culture, strategies and values, and what influence have they had at both the organisational and multi-organisational levels?*

The outputs of the study will include about 20 case study reports, an annotated review of the literature, a set of assessment tools, and various thematic papers to stimulate new thinking and practices about capacity development. The synthesis report summarising the results of the case studies will be published in 2005.

The results of the study, interim reports and an elaborated methodology can be consulted at www.capacity.org or www.ecdpm.org. For further information, please contact Ms Heather Baser (hb@ecdpm.org).



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A case study prepared for the project 'Capacity, Change and Performance'

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Acronyms

COEP	Comitê de Entidades no Combate à Fome e pela Vida (Committee of Entities in the Struggle against Hunger and for a Full Life)
DfID	Department for International Development (UK)
ECDPM	European Centre for Development Policy Management
ESDU	Environment and Sustainable Development Unit (of the OECS)
GAAP	generally accepted accounting principles
JICA	Japanese International Cooperation Agency
NGO	non-governmental organisation
OECD	Organisation for Economic Cooperation and Development
OECS	Organisation of Eastern Caribbean States
PNG	Papua New Guinea
RRA	Rwanda Revenue Authority
SISDUK	Sistem Dukungan - Local Village Community Development Support System

1 Introduction

Issues of capacity and performance remain at the heart of debate in the field of international development and cooperation. What constitutes capacity, how to build it and make it last, with whom and where capacity resides, and how capacity translates into performance are all questions that continue to engage both academics and practitioners (see, for example, Brinkerhoff and Goldsmith, 1992; Eade, 1997; Fukuda-Parr *et al.*, 2002; Morgan and Qualman, 1996; Bhatta, 2003; Potter and Brough, 2004).

The European Centre for Development Policy Management (ECDPM) has undertaken a study of capacity development, with a focus on organisational change and performance enhancement. Both individual organisations and networks of organisations have been studied with the aim of identifying important relationships among endogenous change factors (e.g. ownership, commitment and managerial style), key internal organisation variables (e.g. structures, procedures, staffing and management systems), performance and sustainability outcomes, and external environmental factors (e.g. policy frameworks, resource availability, politics, stakeholders, governance regimes, etc.).¹

To date, the ECDPM study team has conducted 16 case studies (see Appendix). Among the findings that have emerged from several of the cases is the presence of an organisation's legitimacy as a factor contributing to successful capacity and performance. To delve in more detail into the concept of legitimacy, and to identify the implications for capacity building, ECDPM commissioned a working paper on the topic. This exploratory paper reviews the relevant literature and examines: differing definitions, types and sources of legitimacy; the links between legitimacy and organisational capacity, performance and sustainability; and management strategies for building and maintaining legitimacy. It discusses a selected set of the ECDPM cases in terms of the legitimacy concept.

2 What is legitimacy?

The concept of legitimacy encompasses normative, legal, sociological and cultural meanings. Legitimacy has long been recognised as a core element in political and governance regimes, dealing with the relationship between societal acceptance of regimes and institutions and their ability to exercise power and authority effectively.² The focus of this paper is on organisational legitimacy, rather than on legitimacy in the realm of politics and regime types. It follows several disciplinary streams of research and analysis that examine the forces that impact upon organisational actors: organisational population ecology (Hannan and Freeman, 1989; see also Zucker, 1989), resource dependency theory (Pfeffer and Salancik, 1978), and neo-institutional approaches (Powell and DiMaggio, 1991). In the field of international development, legitimacy surfaces in two discourses. First, it has been addressed, more or less explicitly, in treatments of institutional development and systems approaches to sustainability (see Brinkerhoff, 1986; Brinkerhoff and Goldsmith, 1992). Second, more recently, legitimacy has emerged as an area of concern and inquiry for non-governmental organisations (NGOs), linked to questions of representation and accountability (Hudson, 2000; Lister, 2003; Saxby and Schachter, 2003).

Definitions of organisational legitimacy are relatively broad, and tend toward vague assertions about legitimation arising from consistency with socio-cultural values. Frequently cited definitions of the term include:

'Legitimacy is a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions' (Suchman, 1995: 574).

'Organisational legitimacy refers to the degree of cultural support for an organisation - the extent to which the array of established cultural accounts provide explanations for its existence, functioning, and jurisdiction ...' (Meyer and Scott, 1983: 201).

Legitimate organisations meet and conform to societal expectations, and as a result are accepted, valued and taken for granted as right, fitting and good (Aldrich and Fiol, 1994; Meyer and Scott, 1983).

Notes

- 1 For more information about the study and capacity building see www.capacity.org.
- 2 The classic reference is Weber (1947).

Legitimacy and legitimation are conceptually close to institutionalisation. Selznick refers to institutions as having become 'infused with value beyond the technical requirements at hand' (1957: 17; see also Scott, 1995). Institutions, by definition, have a high degree of legitimacy, so that assessments of legitimacy can be used as one measure of institutionalisation. Theoretical approaches differ in the extent to which the forces pushing for institutionalisation and legitimacy derive from features of the institutional environment, or from intentionality and action on the part of organisational actors (Zucker, 1989, 1991). Perspectives converge, however, in seeing institutionalisation as a continuous variable - that is, as a process - rather than as a binary state variable (where an organisation is either institutionalised or not).

In the international context, this values-infusing process is associated with the concepts of institution building and institutional development, which have a long history (see, for example, Esman, 1972). Institutional development combines 'links to the underlying principles that define and support a society's ongoing configuration of norms and values; and actions designed to induce changed activity and behaviour patterns in the society' (Brinkerhoff, 1986: 15). In practice, the distinction between institutions and organisations is often blurred, but the focus on grounding them solidly in the social fabric incorporates legitimation as a key element in the process.

Other related concepts are trust, reliability and reputation (see Boin and Kofman-Bos, 2003; Deephouse and Carter, 2005). Organisations that adhere to societal expectations (regarding mission, actions, structure, performance, and so on), and that build an ongoing reputation for their appropriateness and correctness, are viewed as trustworthy and reliable, which contribute to being accorded legitimacy. These expectations can be either explicit and formal, established by governments and legal frameworks, or informal and implicit, emerging from deep and widely diffused shared meanings within societies. An example of formal and explicit expectations is the set of cost accounting standards embodied in generally accepted accounting principles (GAAP).³ Organisations that follow these principles are seen as trustworthy managers of the financial resources they handle. An example of informal, deeply embedded expectations is the widely accepted norms around what constitutes an educational organisation; for

example, students grouped by age-cohorts and receiving instruction in classrooms, a formal curriculum divided by subject areas, and teachers-as-authority-figures managing the education process. Schools that conform to these norms garner acceptance and legitimacy (see Meyer and Scott, 1983).⁴ Deephouse and Carter (2005) differentiate reputation from legitimacy by characterising reputation as the standing of one organisation relative to others, which can be assessed on a wide variety of organisational attributes, including the extent to which they are perceived to be legitimate.

As the extensive literature on the defining features of organisational legitimacy suggests, it is a term of widely accepted yet ultimately vague and uncertain meaning.⁵ Yet, legitimacy is important because many analyses point out the organisational benefits accruing from some degree of shared agreement among societal constituencies that an organisation is aligned with accepted notions of purpose, endeavour and outcomes. To move beyond general treatments of legitimacy, several questions need to be asked. These include: (a) What types of legitimacy and what related aspect(s) of organisations are of interest? (b) What are the various sources of legitimacy and which of legitimacy's types/dimensions do they target? (c) How can organisation-environment relationships be managed in order to enhance legitimacy?

Notes

- 3 Standard-setting, enforcement and oversight bodies for GAAP in the US include: the Financial Accounting and Standards Board, the American Institute of Certified Public Accountants, the Public Company Accounting Oversight Board, the Securities and Exchange Commission, and the International Accounting and Standards Board.
- 4 In the US, the alternative schooling movements of the 19th and 20th centuries faced legitimacy challenges because they violated many of the norms popularly associated with 'real' education.
- 5 See the numerous sources cited in Boin and Kofman-Bos (2003), Deephouse and Carter (2005), Powell and DiMaggio (1991), Myer and Scott (1983), Ruef and Scott (1998), Suchman (1995), and Thirkell-White (2003).

3 Types of legitimacy

The literature distinguishes broadly among three types of legitimacy. The first is normative, or what Suchman (1995) calls moral legitimacy, the second is pragmatic legitimacy, and the third is cognitive legitimacy. These are summarised in Table 1 and discussed below.

3.1 Normative legitimacy

Normative (or moral) legitimacy is accorded to an organisation when it reflects socially acceptable/desirable norms, standards and values. Constituencies assess the organisation in terms of its social correctness and desirability, not whether they derive benefits from it. Suchman (1995: 579-582) identifies four variants of normative legitimacy in the literature: judgements about outputs and consequences, evaluations of procedures and techniques, assessments of categories and structures, and evaluations of leaders and personnel. The first relates to organisational accomplishments as judged against criteria and output measures specific to the type of organisation, for example, student graduation rates or test scores for schools, or patient mortality rates for hospitals. Clearly, achieving this form of normative legitimacy is easier for organisations that generate tangible and measurable outputs. For those whose outcome measures are difficult to quantify or are subject to debate, their legitimacy is sometimes hotly contested.

If the first category of normative legitimacy can be summarised as 'doing the right things,' then the second category can be encapsulated as 'doing things right'. In addition to achieving desired and valued results, and particularly in cases where results are hard to detect or measure, organisations can garner normative legitimacy by following societally valued, validated and/or mandated practices and procedures. In many countries, this type of normative legitimacy is formalised in accreditation, regulatory oversight and licensure, as for example in the health, education, and social welfare sectors.

The third variant refers to normative legitimacy that results from constituents' perceptions of the organisation as valued due to its structural characteristics, which place it within a category of organisations widely recognised as 'right' for the job. A good example is a social service organisation that, because it is a non-profit voluntary organisation, is validated for its membership in a category of organisations recognised for pursuit of socially beneficial objectives rather than for any specific results it has achieved. In international development, the 'pseudo-NGO' is a well recognised entity that seeks to capitalise on the legitimacy accorded to the non-profit and voluntary sector to garner resources.⁶

The fourth form of normative legitimacy derives from the personal status, reputation and charisma of individual organisational leaders and staff. While less commonly found in industrialised societies, this type of legitimacy is more prevalent in developing and transition countries where traditions of paternalism,

Table 1. Types of organisational legitimacy.

Type	Definition	Relationship with constituents
Normative legitimacy	Organisation reflects acceptable and desirable norms, standards and values.	Organisation meets normative judgments about outputs/results, procedures and technologies, structures, leaders and personnel.
Pragmatic legitimacy	Organisation fulfils needs and interests of its stakeholders and constituents.	Organisation exchanges goods and services that constituents want, and receives support and legitimacy.
Cognitive legitimacy	Organisation pursues goals and activities that fit with broad social understandings of what is appropriate, proper and desirable.	Organisation 'makes sense' and/or is 'taken for granted' according to socially constructed 'realities'.

Notes

⁶ Lister (2003) explores in depth issues of legitimacy facing NGOs in international development.

'personalismo,' and (in Africa) the 'big man' syndrome define organisations directly in terms of the characteristics of those who lead them. Constituents attribute legitimacy to an organisation not because of what it does or how it does it, but as a function of the perceived legitimacy of the representative and titular head of the organisation.

3.2 Pragmatic legitimacy

Pragmatic legitimacy relates to the instrumental value of the organisation for its stakeholders in terms of how it fulfils their self-interest. Here legitimacy is assessed in terms of the extent to which the organisation can act to serve the needs and interests of its stakeholders and constituents. Most directly, pragmatic legitimacy emerges as a function of exchange relationships between an organisation and its immediate stakeholders. The organisation produces outputs (goods and/or services) that stakeholders value, who in return proffer their support. One form that support can take is the accord of legitimacy. Conceptually, this type of legitimacy closely resembles resource/power dependence models of organisation-environment interaction, where outcomes relate to survival and sustainability (see Pfeffer and Salancik 1978; Brinkerhoff and Goldsmith, 1992). The ability to offer (or withhold) legitimacy is one resource that stakeholders possess, which may contribute to organisational survival and long-term sustainability.

A second variant in this category is what Suchman (1995) terms influence legitimacy. In this case, the exchange relationship between an organisation and its constituents results less in specific benefits for an individual stakeholder, and more in responsiveness to the constituent's larger interests. Examples include environmental advocacy organisations, such as the Sierra Club or Greenpeace, which in the eyes of their constituents strive to achieve policy outcomes that reflect the general commitment to environmental principles and practices that their members value.

Influence legitimacy can be important for organisations whose outputs are hard to measure and whose intended outcomes are difficult to attribute to particular actions. Thus stakeholders may have difficulty in assuring themselves that the organisation is contributing to their interests. In this case, the organisa-

tion may incorporate some form of stakeholder participation in its procedures, which serves to demonstrate responsiveness, and may increase the legitimacy of the organisation with that category of stakeholder. An example would be a local government that establishes neighbourhood advisory committees in order to incorporate citizen inputs into local development plans and decisions.

3.3 Cognitive legitimacy

Cognitive legitimacy is produced when an organisation pursues objectives and activities that society understands and values as appropriate, proper and desirable. Such understanding on the part of societal actors, and the legitimacy that results, derives from the extent to which what the organisation does is perceived as 'making sense'. This sense making operates in two ways, according to Suchman's review of the literature (1995).

If societal actors have a cultural framework that allows them to explain the organisation as engaged in comprehensible behaviour that produces acceptable and meaningful results, then that organisation will achieve cognitive legitimacy based on comprehensibility. For example, in the United States, businesses that innovate with new products, actively seek out new markets and exploit opportunities, and pursue profit-making aggressively are categorised and understood as engaging in entrepreneurial behaviour. US society generally accepts and values entrepreneurs. North American social cognitive maps both recognise and accord legitimacy to entities that act in an entrepreneurial way. In contrast, in the countries of the former Soviet Union and Central and Eastern Europe immediately after the collapse of communism, societal understanding of entrepreneurial behaviour was low, and, at least initially, organisations and individuals labelled as entrepreneurs were seen as illegitimate and even criminal. Suspicion of what in the West is seen as legitimate and desirable business behaviour remains widespread in former communist countries. This example also illustrates how experience influences cognitive maps, which in turn contributes to perceptions of legitimacy. In many countries of the former Soviet Union poorly managed privatisation did in fact lead to corruption and profiteering in the guise of promoting private sector development, further tarnishing the image of entrepreneurship.

The second way that an organisation can 'make sense' is that if society accepts the organisation, its structures, procedures and activities as so completely understandable and appropriate that no other option is imaginable, then such an organisation enjoys legitimacy based on being taken for granted. The organisation's legitimacy is embedded in the social construction of reality, where knowing and understanding are shared widely among societal actors. The appropriateness of the behaviour of an organisational actor that exhibits 'taken-for-grantedness' becomes what Zucker (1991: 86) calls a reflection of 'a fact of life'. This shared social reality has been described at various levels of analysis, including single organisations, organisational fields (multiple organisations that operate from a common meaning system), and society-wide (Fiol and O'Connor, 2005). Examples include so-called faith-based organisations and educational institutions.

Clearly, in cross-cultural settings, shared assumptions about taken-for-grantedness regarding the acceptance of new and/or externally introduced organisations, structures, systems or procedures are unlikely to hold, as much international institutional development and capacity building history reveals. For example, the literature on rural development and technology transfer notes that in many cases, project-introduced administrative and organisational changes failed to last beyond the donors' project lifecycles. Among the reasons often cited is a lack of embedding in the socio-cultural fabric of the country (see, for example, Lele 1975). Another example concerns state enterprises. In many developing countries, public sector enterprises for services such as electricity, health, water, transportation infrastructure, environmental management and telecommunications were assumed to be the only desirable form of organisation. The introduction of private-sector provision had to combat perceptions that private organisations were not a legitimate organisational form for such services (see Henisz and Zelner, 2003; Cashore, 2002). Over time, such perceptions have changed, to a greater or lesser degree depending upon the country, indicating that taken-for-grantedness is not immutable.

3.4 Sources of legitimacy

There are several answers to the question of what the sources of legitimacy are, and where they are located. The overarching answer is that legitimacy and processes of legitimation are phenomena that originate and operate external to the intent and actions of an individual organisation. The neo-institutionalism school of thought conceives of the sources of legitimacy and legitimisation as deriving from the dynamics and characteristics of an organisation's environment. These environmental forces operate at the level of the sector, organisational population or society. It is not so much individual organisations that are legitimised, but rather organisational forms, structural elements, technical procedures and rules (see Powell and DiMaggio, 1991; Meyer and Scott 1983). For neo-institutionalists, the major forces at work relating to legitimacy in an organisation's environment have to do largely with symbolic factors, both normative and cognitive, although as Suchman (1995) points out, some analysts link legitimacy to pragmatic exchange relationships.

Neo-institutionalism could be interpreted as diminishing or even eliminating managerial discretion in terms of legitimacy, since many if not most of the relevant environmental characteristics that neo-institutionalists identify as impinging upon an individual organisation's success in legitimation are often not amenable to influence, much less control by individual organisational actors. However, these models and analytic approaches still argue for a strong strategic management capacity in order to align the organisation with its environment. To achieve legitimacy, an organisation needs what Meyer and Rowan (1991: 53) call 'sagacious conformity' to societal 'myths', e.g. about cause and effect, and 'ceremonies', e.g. about appropriate procedures and practices. These authors go on to state that 'organisations fail when they deviate from the prescriptions of institutionalising myths: quite apart from technical efficiency, organisations which innovate in important structural ways bear considerable costs in legitimacy'.

The image of myth and ceremony conjures up notions of broadly shared societal conceptions - such as the appropriate role of the state, the nature of public goods, or the balance between collective versus individual rights - as the core forces for legitimation that exert pressures on an organisation. For example, as a class of organisations, non-profit social service and humanitarian organisations derive legiti-

macy from social 'ceremonial' norms regarding how they behave, e.g. values-driven, selflessness, moral rectitude, honesty, and so forth. As the scandals in the United States with the United Way and Nature Conservancy reveal, when expectations about non-profit behaviour were violated, the delegitimising 'fallout' affected not just the offending organisations, but the non-profit sector as a whole.

In addition to these general sources, some specific technical/operational sources of legitimacy have been identified. Legitimacy is conferred when organisational actors are perceived by influential constituencies as being consistent or in alignment with:

Law, including constitutional frameworks, as well as enabling legislation, statutory law, and regulations. Clearly, an organisation that operates in accordance with the law and legal principles is, at some fundamental level, accorded legitimacy. Such behaviour demonstrates accountability, which reinforces attributions of legitimacy. Regulatory entities and so-called agencies of restraint are sources of legitimacy in that they apply 'explicit regulative processes: rule-setting, monitoring, and sanctioning activities' (Scott, 1995: 35). For example, in many countries, NGOs acquire a minimum degree of legitimacy through registration, which certifies them as entities engaged in providing some type of public good. Further legitimacy is conferred to the extent that NGOs are perceived to act accountably to represent the interests of their beneficiaries and/or members (Hudson, 2000; Lister, 2003).

Standards, codes and licensing. For many organisations, such as schools, hospitals, social welfare agencies, etc., conformity with standards, codes and licensed practices yields legitimacy gains. Licensing boards, professional accreditation bodies, oversight commissions and funding agencies are examples of entities whose assessments can determine an organisation's legitimacy (Ruef and Scott, 1998). A slightly fuzzier variant of standards is 'best practices,' where organisations gain legitimacy by conforming to widely accepted professional judgements about how they should operate.⁷ Responsiveness and accountability to standards and codes are in many cases legally mandated, thus linking to the first source of legitimacy. In some cases, however, conformity to standards is self-policing, carried out by associations of professionals (e.g. doctors, financial planners) or of organisations of a particular type (e.g. associations of manufacturers, city administrators, or watchdog NGOs).

Performance expectations. Organisations that meet stakeholders' expectations for effectiveness and efficiency are generally assessed as legitimate. The huge literatures on organisational performance, effectiveness and sustainability discuss the difficulties in measurement, particularly in sectors where outputs and outcomes are hard to detect and quantify, and the problem of multiple stakeholders with differing or conflicting expectations. Thus organisations face the challenge of which sources of legitimacy to attend to. As discussed above, the cause and effect connections implied in performance may be more or less discernable, so in some cases meeting performance expectations may be more related to Meyer and Rowan's (1991) myth management than straightforward production of goods and services.

Notes

- 7 'Best practices' are fuzzy standards in the sense that the term is often applied without clear definition, or systematic determination of in what sense and under what circumstances a particular practice is deemed 'best'.

4 Managing legitimacy

As the discussion has shown, legitimacy in its various types (normative, pragmatic and cognitive) derives from the judgements of observers of an organisation's attributes, qualities and achievements. The sources of those assessments cover a wide range, and coupled with the number and variation in observers, create a complex environment for any organisation to pursue legitimation. Dependence on predominant environmental forces notwithstanding, the multiplicity and variability of legitimacy dynamics create managerial 'space' for individual organisations to manoeuvre within for those sources of legitimacy that they can control or influence.

What can managers do to increase/maintain legitimacy? Managerial actions related to legitimacy fall within the dynamic of aligning the organisation with its environment. To oversimplify, alignment strategies to increase/maintain legitimacy can be divided into three categories of action, as illustrated in Table 2: (a) conforming, (b) informing and (c) manipulating (see Suchman, 1995; Cashore, 2002). Conforming actions relate to fitting the organisation to socially accepted forms and practices, and are reflected in isomorphic strategies (see below). Informing actions concern communicating with constituents in ways that connect to selected terminology, images, beliefs and symbols that confer legitimacy on the organisation. Manipulating actions reach beyond choosing from among an existing array of socio-cultural norms

and cognitive maps to encompass efforts to influence constituents' perceptions - sometimes to the point of reframing social reality - using a variety of tools associated with social marketing, advertising and advocacy and influence campaigns. It should be noted that while analytically informing can be separated from manipulating, the empirical distinction between them is not always clear.

Cross-cutting these three broad action categories are issues such as stakeholders and constituents, the importance of reputation, and the links among the various types of legitimacy. Whichever action strategy is employed, these issues are relevant in helping organisations both to build legitimacy and to maintain it over time. The literature offers some guidance, as summarised in the discussion below.

4.1 Conforming: look like other organisations

One of the strongest threads in the literature relates to what the neo-institutionalists refer to as institutional isomorphism, where environmental pressures and/or decisions by organisational actors lead the organisation to adopt structures, procedures, systems and terminology shared by other organisations of the same type. Since these structures, procedures, systems and terminology enjoy normative and cognitive legitimacy, organisations that adopt them increase their chances of success and survival. As Meyer and Rowan (1983: 30) note, 'incorporating externally legiti-

Table 2. Managing organisational legitimacy.

Legitimacy strategy	Actions
Conforming - look like other organisations (isomorphism)	Organisation adopts structures, procedures, and systems found in organisations of the same type or category that are already perceived as legitimate.
Informing - communicate in 'legitimated vocabularies'	Organisation communicates with stakeholders using terminology associated with socially legitimate goals, activities, and outcomes.
Manipulating - exploit myths and ceremonies	Organisation manages myths (e.g. socially determined sense-making about cause and effect), ceremonies (e.g. socially appropriate procedures and practices), and symbols to create new beliefs and values through manipulation of cognitive legitimacy.

mated formal structures increases the commitment of internal participants and external constituents. And the use of external assessment criteria ... can enable the organisation to remain successful by social definition, buffering it from failure'.

DiMaggio and Powell (1991: 67) identify three mechanisms, which in practice have some overlap, that induce isomorphic change: '(1) *coercive* isomorphism that stems from political influence and the problem of legitimacy; (2) *mimetic* isomorphism resulting from standard responses to uncertainty; and (3) *normative* isomorphism, associated with professionalisation'. Coercive isomorphism arises from pressures that result when one organisation is dependent upon others, informally or formally, for resources of various kinds. Clear examples are the pressures for conformity that derive from funding requirements and legal and regulatory restrictions. For instance, NGOs that depend upon government funds and that seek to demonstrate legitimacy to constituents make choices that lead to isomorphism (Brinkerhoff and Brinkerhoff, 2002). When organisations are looking for ways to address new tasks, they face uncertainty, and a common strategy is to imitate how other organisations have operated; this is the essence of mimetic isomorphism. Normative isomorphism, as DiMaggio and Powell define it, results from the power of professionals in organisations to exert control over how the organisation operates such that it conforms to professionally determined norms, standards and practices (see Fiol and O'Connor, 2005). While pressures toward isomorphism have usually been analysed in organisations in the private and non-profit sectors, these forces are operative in the public sector as well (Frumkin, 2004).

4.2 Informing: communicate in 'legitimated vocabularies'

Informing actions relate to communication strategies that appeal to pragmatic, normative, and/or cognitive legitimacy drivers. Such strategies employ terminology that connects the organisation in the eyes of stakeholders to socially legitimate goals and activities. 'Organisations described in legitimated vocabularies are assumed to be oriented to collectively defined, and often collectively mandated, ends' (Meyer and Rowan 1983: 31). This strategy can be pursued in a relatively targeted way, where it relates most closely to pragmatic legitimacy, addressing the

expectations and needs of those with a direct self-interest in the organisation. Or it can aim for normative and cognitive legitimacy, communicating to constituencies using terms and symbols that appeal to broader societal standards, values and cognitive maps.⁸

In some situations, particularly where new organisations are seeking to innovate, their actions risk being seen as contrary to normative legitimacy, e.g. they are going against accepted standards or practices (see Aldrich and Fiol, 1994). In such cases organisations can seek to innovate in ways that reinforce cognitive legitimacy by developing communications strategies that explain the rationale for their innovations (connecting to sense-making) and/or linking innovations to established societal values (connecting to taken-for-grantedness).

4.3 Manipulating: exploit myths and ceremony

Manipulative legitimacy strategies aim to manage myths, ceremonies and symbols so as to create new beliefs. Using legitimated vocabularies to describe who the organisation is and what it does can become a segue to manipulating so as to create legitimacy. Manipulation illustrates the interdependence among different types of legitimacy. By definition, manipulation addresses cognitive legitimacy only, but it is through the manipulation of normative myths and symbols that it is achieved.

Symbol management can mean engaging in activities that allow or encourage constituents to associate the organisation with valued activities. For example, regarding the relationship between an NGO and its funders, monitoring and reporting tasks are useful not so much in terms of the actual information that they contain, but because they legitimate the NGO's activities. 'What counts is that the [monitoring] studies are produced' (Ebrahim, 2003: 97). This example illustrates the fuzzy boundary between informing and manipulating. While the NGOs are providing reports - a classic informing action - they are also engaged in a subtle form of manipulation, demonstrating their responsiveness to funders and their commitment to monitoring and being monitored, quite apart from the utility of the information provided. In short, this monitoring activity creates the belief that the NGOs are well-managed and effective in producing results, whether or not there is

any empirical evidence to support this belief. A clear illustration of managerial action intended to manipulate is reframing issues, problems, procedures and activities to evolve new understandings, cognitive maps and symbols. Rather than seeking simply to select among myths and ceremonies for those that will garner the highest legitimacy returns, this strategy actively intervenes to try to change myths, ceremonies and socially constructed models, thereby creating new avenues to legitimacy for the organisation. An interesting example comes from the local family planning association in the village of Koppa, India, where to increase legitimacy for the association's services, staff created a new goddess of family welfare, Kalyaneshwari, to inspire women to limit family size (Jung, 1987).

Within the organisational change literature, perhaps the leading proponents of reframing as a management and leadership strategy are Bolman and Deal (1991). The policy literature also addresses reframing in terms of adjusting policy objectives and programmes so as to manipulate constituency perceptions and attract support for change (see Brinkerhoff and Crosby, 2002; Stone, 1996). As noted above, among the resources that constituencies have to offer is legitimisation.

4.4 Stakeholder dynamics

Given the complexity of the various types of legitimacy, an organisation is unlikely to be in a position to satisfy all actual and potential constituents who may confer or withhold legitimacy. Managers will need to choose key environmental stakeholders to respond to, and avoid temptations to try to please everyone. The ability to legitimise (or delegitimise) can be seen as one among a variety of resources that organisational stakeholders possess, thus the determination of which stakeholders to pay attention to, from the manager's perspective, becomes an exercise in stakeholder analysis, and the crafting of strategies and visions that will enlist stakeholders to allocate their legitimising resources in favour of the organisation.

How much effort should be put into such strategies depends to some extent on what the organisation seeks to accomplish. If the good or service that the organisation produces is well recognised as valued and desirable, then it is likely that a heavy invest-

ment in actions intended to promote legitimacy are not necessary. If, on the other hand, the organisation is engaged in activities that are contentious or depart sharply from past practice, legitimisation from key stakeholders will become much more important (Brinkerhoff and Crosby, 2002).

From the perspective of the stakeholders, which ones the organisation courts for their legitimising resources becomes an issue of power. Whose legitimisation matters is determined by relative social, political, and economic power. As Lister (2003) indicates, the organisation theory literature has not delved in much detail into power questions, although Ruef and Scott (1998) argue that examining features of those doing the legitimating is important to getting specific about legitimacy. Lukes (1974) sheds light on how power is socially constructed in that more powerful actors are able to shape the views and needs of other, less powerful actors. This dynamic means that the nature of power in inter-organisational relationships leads actors to believe that acting in the interests of more powerful partners is consistent with their own interests.

4.5 The importance of reputation

Although, as previously mentioned, some analysts argue for a conceptual separation between reputation and legitimacy, these are closely connected (Deephouse and Carter, 2005). Building a reputation for performance can contribute to pragmatic legitimacy. Building a reputation for accountability and responsiveness also contributes to pragmatic legitimacy, particularly when organisations face pressures to deviate attention from their primary constituents (e.g. mission creep, chasing funding) (see Ebrahim, 2003). Accountability and responsiveness also link to normative and cognitive legitimacy, which extends their reputational value beyond the organisation's immediate constituents. As Deephouse and Carter (2005) note, an organisation with a strong reputation is able to deviate from standard practices and still maintain its status and legitimacy; thus reputation enhances strategic managerial space and room to manoeuvre.

Strategic options for reputation enhancement regarding the various forms of legitimacy include: (a) building those reputations within the organisation, or (b) partnering with other organisations that

already possess the desired forms of legitimacy. Partnership, done effectively, can engage a wider range of organisational capacities in the service of achieving shared goals than would be possible through independent organisational effort. This can increase reputation and legitimacy for all partners.

4.6 Links among types of legitimacy

As the discussion has made clear, legitimacy is both multi-faceted and complex. While analytic distinctions among types of legitimacy can be made, in practice they tend to merge with one another, particularly for organisations operating in the social sectors. Recognising the fuzzy boundaries among the types of legitimacy and their connections allows for management strategies that build legitimacy through combinations of efforts to develop pragmatic, normative and cognitive legitimacy that creatively blend conforming, informing and manipulation. 'Legitimacy is always a matter of degree but strengths in one area can compensate for weaknesses in another' (Thirkell-White, 2003: 7). For example, a reputation for transparency and accountability, which confers normative legitimacy, may enable an organisation to weather occasional performance problems. Conversely, when good performance fulfils expectations, and leads to pragmatic legitimacy, constituents may be less likely to raise questions about organisational 'quality' issues.

4.7 Legitimacy and capacity

The literature suggests that organisations need legitimacy for long-term survival and sustainability. A key factor in achieving sustained impact in international development settings is the legitimacy of often externally introduced innovations or reforms. The ECDPM study's focus on endogenous capacity factors raises the salience of legitimacy. Legitimacy is in essence a relationship between an organisation and its constituents. The perspective that says that legitimacy can be managed implies that there are capacities associated with increasing legitimacy. Legitimacy is mentioned as a capacity indicator in Morgan (1997). Proactive strategic management skills can be identified and taught. The close links among legitimacy, institutionalisation and sustainability suggest that legitimacy is worth paying attention to as an element of capacity building. While inclusion of legit-

imacy in capacity building recognises the importance of symbols, beliefs and socially constructed realities that organisations need to deal with, it is equally important not to treat the legitimacy concept so broadly that it subsumes the majority of the analytic territory in organisation-environment interactions. Suchman's (1995) comprehensive and in-depth treatment of legitimacy runs this risk, where many aspects usually discussed under organisational performance are conflated with the notion of pragmatic legitimacy.

Nonetheless, two key dimensions of the legitimacy literature stand out as having implications for analysing organisational capacity and capacity building. The first of these is the isomorphism dynamic. These dynamics (coercive, mimetic and normative isomorphism) highlight the extent to which efforts to increase and maintain legitimacy are circumscribed by environmental factors that constrain individual organisations to varying degrees. Thus capacity and capacity building are not solely functions of what happens relative to the organisation targeted for strengthening. Isomorphism dynamics push organisations (and their capacity builders) in the direction of developing those capacities that are deemed necessary and desirable by (a) other organisations in the same category (e.g. NGOs, public service delivery agencies, private sector entities), (b) those environmental actors on which the organisation is dependent for resources (e.g. funders), and (c) users of the goods and services the organisation produces. Thus what looks like 'cookie cutter' capacity building in the aggregate (across several organisations) may be less a mindless blueprint than a functional response to organisation-environment interactions that confer legitimacy.

The second perspective that a legitimacy focus brings is the socially constructed nature of legitimacy, and by extension, accompanying attributions of capacity. Organisational capabilities are not simply a question of technical effectiveness and efficiency, but are socially validated attributions of performance and capacity. Thus an essential element of capacity development may in fact relate to normative and cognitive legitimacy, where constituents assess an organisation not so much in terms of its 'real' capacities, but in terms of the extent to which what the organisation does, and what it looks like, fulfil socially shared notions of what is appropriate and desirable. Thus, capacity building strategies need to

pay attention not just to technical capabilities (e.g. systems, procedures) but to the softer side as well, including conformity with societal 'myths' (e.g. socially determined sense-making about cause and effect), and 'ceremonies' (e.g. about socially appropriate procedures and practices). This may be the critical value-added of a legitimacy perspective on capacity building. This suggests that not just what an organisation does, but how it frames and communicates what it does, is important for legitimacy. An added significant factor is the power dimension: who is attributing legitimacy, who is judging capacity and whose assessments count.

5 Legitimacy and the ECDPM cases

Several of the ECDPM case studies mention legitimacy. However, the level of detail provided is minimal, which does not allow for much substantive application of the analytical framework related to legitimacy and legitimation. What follows is a suggestive classification of the 'snapshots' of legitimacy from seven ECDPM cases (see Appendix for details).

5.1 Lacor Hospital, Uganda

Lacor Hospital is located in northern Uganda where for years Ugandans, particularly children, have been subjected to cross-border depredations from the Sudanese rebel group, the Lord's Resistance Army. The hospital was founded by Catholic missionaries in 1961; its high levels of medical professionalism and service delivery performance led to legitimacy for the hospital among the patients it serves and members of the government health service. Museveni's government has recognised the value of the services provided in a region where violence and conflict are ongoing, and has integrated the hospital into the national health system, along with other missionary health facilities in the country.

In the Uganda case, Lacor Hospital, as a function of delivering medical care according to established professional standards and norms, and serving beneficiaries in a part of the country where services have been scarce, benefited from pragmatic and norma-

tive legitimacy. Cognitive legitimacy played a role in that health care is a well recognised and appreciated service across all societies, including Uganda; Lacor Hospital's activities, services, and capacities meshed completely with societal expectations about how health providers should behave. The hospital received additional legitimacy through its enactment of values of religious principles of service and self-sacrifice (e.g. the death of one of the founders from HIV/AIDS).

5.2 COEP, Brazil

COEP (Comitê de Entidades no Combate à Fome e pela Vida) is a network in Brazil devoted to combating hunger and poverty. It is a voluntary inter-organisational structure that combines actors from the public, civil society and private sectors. It began in 1993, and has grown to more than 800 members in all of the country's 27 states. Four factors emerge as important in explaining COEP's success. First, the network has a strong self-definition, including mission, objectives and core values. Second, it has creative leadership, where the individuals involved have a high degree of legitimacy and have been able to build on that to create organisational legitimacy for the network and its goals. Third, COEP's governance and management structures have allowed it to adapt to changing circumstances flexibly and rapidly. And fourth, the network has been able to expand, both in numbers and geographic scope, thus increasing its visibility, performance and impact.

The COEP case demonstrates how the network's legitimacy and reputation as a central actor in public advocacy have contributed to its capacity and performance. Personal legitimacy, embodied in the network's leaders, has been critical. As COEP's advocacy efforts generated results for members, pragmatic legitimacy increased, and as the network has grown in stature it has been able to tap into normative legitimacy as well.

5.3 SISDUK, Indonesia

During the period 1997-2002, Takalar district in Indonesia introduced a participatory district development system intended to engage local populations in community planning and development, with assistance from the Japanese International Cooperation

Agency (JICA). The system was called SISDUK, and besides participatory planning, it also had a small grants component to provide communities with resources to undertake the activities that they had planned. SISDUK field officers were the links between communities and local government structures. The project was not a replacement for local government planning but was seen as a complement to facilitate the engagement of excluded populations.

At the end of the JICA assistance, SISDUK was transformed from a donor project to a formal district programme. This meant that SISDUK was incorporated into the local development budget and was subject to oversight by the district parliament. This integration accorded more legitimacy to SISDUK. SISDUK procedures and systems were integrated into local government structures.

The SISDUK case illustrates the dynamics of isomorphism; as SISDUK took on the features of a standard set of local government planning and resource allocation practices it acquired more normative and cognitive legitimacy. SISDUK looked and was treated like other routine and accepted programmes, and as such 'made sense' to local actors. Its incorporation into the budget system suggests that it achieved taken-for-grantedness.

5.4 ESDU, Eastern Caribbean

The Environment and Sustainable Development Unit (ESDU) of the Organisation of Eastern Caribbean States (OECS) is located on St Lucia. A small unit with 13 staff, ESDU was born from a series of donor-funded projects to support natural resources management and environmental protection, beginning in 1986. Stakeholders are member states, donors and local environmental NGOs. The St George's Declaration on the Principles of Environmental Sustainability, signed by OECS Member States in 2001, provided a stronger mandate and legitimacy to national environment ministries and ESDU than they had had previously, and translated into more support from finance ministries and international agencies. ESDU was able to manage the transition from donor project funding to Member State support for its staff in 2005. Legitimacy and good performance contributed to this outcome.

ESDU appears to have been able to translate its initial pragmatic legitimacy, gained by responding to its immediate stakeholders into cognitive legitimacy (some degree of taken-for-grantedness) and sustainability. The mandate and standards created by the St George's Declaration were a useful source of normative legitimacy that ESDU was able to tap into. As the unit developed a reputation for its capabilities and performance, its constituents accorded it increased legitimacy, which has assisted ESDU in aligning itself successfully with its environment in ways that appear to assure ongoing support, despite some of the internal weaknesses it has had to confront.

5.5 Church organisations, Papua New Guinea

Christian church organisations in Papua New Guinea (PNG) have been active in delivering services, particularly health and education, advocating for social justice and against corruption, encouraging citizen participation in policy debates, and facilitating conflict resolution, mediation and peace-building. PNG is a diverse country with many ethnic groups, persistent poverty, a relatively weak governance system with limited service delivery capacity, ongoing inter-tribal conflict and violence, geographically isolated islands and densely forested highlands, and high population growth rates. Church organisations, whose presence in PNG dates from the arrival of missionaries in the late 19th century, play an important role in civil society. They enjoy broad-based support among the populace, and operate about half of the country's health facilities as well as a substantial number of schools. Church leaders are well respected and speak out on a range of social and political issues.

These church organisations benefit from all three types of legitimacy, which contribute to their performance capacities. PNG is a country with a strong Christian tradition, with up to 99% of the population identifying themselves as Christian. Church organisations are accorded strong normative and cognitive legitimacy in a society where Christian religious values are both widespread and looked up to. These forms of legitimacy are recognised as important contributors to the churches' capacity to reach across tribal divisions to mediate disputes and promote reconciliation, and to serve as an effective interlocutor with government on social issues, good governance, political reform, anti-corruption, and so on. In addition, church organisations have pragmatic legitimacy

that derives from their service delivery functions. Church-managed health facilities and schools are recognised as being of superior quality in many cases to government ones, and are widely appreciated by citizens. In the PNG case, the links between legitimacy and capacity are clear.

5.6 Rwanda Revenue Authority, Rwanda

Post-conflict Rwanda is engaged in a long process of recovery, reconciliation and rebuilding. Among the tasks facing the government as it re-establishes the nation's administrative capacity and rehabilitates basic facilities, is rebuilding the fiscal and financial foundation for socioeconomic development and poverty reduction. An organisation central to accomplishing this task is the Rwanda Revenue Authority (RRA), created in 1997 with assistance from the Department for International Development (DfID, UK). In its short lifespan, the RRA has emerged as a capable and effective organisation that has built a strong performance record, increasing revenue collection from 9% of GDP in 1998 to 13% in 2003.

DfID's financial and technical assistance have been critical to building the RRA's performance capacity through skills training, organisational structuring and systems and procedures development. A mandate from the president at the time the RRA was created gave the organisation normative legitimacy and personal political support that observers credit with helping the RRA to become established and recognised by key stakeholders. Normative legitimacy was further strengthened by the legal and regulatory framework supporting tax collection. The RRA's culture of performance and integrity, and its growing reputation for competence and honesty, contributed to its pragmatic legitimacy. The organisation's senior leadership and staff have taken a strategic orientation to building relations with citizens and private industry (a major source of tax revenue) in ways that have increased societal acceptance of the need to pay taxes and the benefits to the country of doing so. For example, the RRA conducted public relations and information dissemination campaigns. It has developed business processes specific to various customer groups that not only increase tax collection efficiency, but enhance transparency and accountability as well. Through these measures, the RRA has generated cognitive legitimacy through its embodiment of good governance and its influence on societal values.

5.7 Decentralised education services, Pakistan

The government of Pakistan introduced an ambitious decentralisation plan in 2001, which aimed to devolve a variety of functions and service delivery responsibilities to sub-national levels, and to introduce new elected governments at district and sub-district levels. Among the anticipated outcomes were increased accountability of local governments to citizens, and improved service delivery performance. International donors have been supporting capacity building and policy reform to assist Pakistan with implementing the decentralisation plan. The performance of the education system is critically weak; education indicators reveal low enrolment rates (especially among girls), poor retention and high drop-out rates, rural-urban inequities, low teacher qualifications, high teacher absenteeism, and inadequate school infrastructure.

Government efforts to improve education services, heavily supported by donors, have yet to yield the results anticipated, and a variety of analyses have noted factors that have constrained achievements. These include an entrenched and hierarchical public sector bureaucracy, confusion and contradiction in devolution of responsibilities and resources to sub-national levels, weak and perverse performance incentives, inadequate budgeting systems, political power of teachers to resist reform, feeble voice mechanisms to incorporate community inputs, and the lack of citizen awareness of education service delivery, leading to low expectations.

Although the case does not explicitly raise issues of legitimacy, some organisation-environment dynamics related to legitimacy can nonetheless be discerned. Two main points emerge. First, it would appear that underlying cultural patterns in Pakistan related to the role and status of the public sector bureaucracy, and traditional relations between the state and citizens, accord normative and cognitive legitimacy to autocratic organisational behaviours that reinforce existing bureaucratic practices. Predictably, capacity building focused on technical and management skills through formal training, has made little headway in the face of this widely shared socio-cultural mindset.

Second, since the development and maintenance of legitimacy depends upon links between an organisation and its constituents, in situations where such

links are weak or attenuated, the pressures for change and adaptation that legitimation can in principle bring to bear on the organisation do not play out in practice. Pakistan's education bureaucracy appears to be relatively impervious to such pressures. Accountability and governance reforms that have been undertaken in many developing countries seek precisely to create these links, so that governments and service providers are subject to performance pressures, and citizens have the means to withdraw their support (including attributions of normative or pragmatic legitimacy) to non-performers. Thus, this case confirms that, in the absence of accountability links between service providers and users - without which the potential enhancements that legitimacy can bring will fall short - capacity building is unlikely to be successful.

Appendix: The ECDPM case studies

Reports published by ECDPM related to the study of Capacity, Change and Performance are as follows:

Case studies

Bolger, J. Mandie-Filer, A. and Hauck, V. 2005. *Papua New Guinea's Health Sector: A review of capacity, change and performance issues*. Discussion Paper 57F. Maastricht: ECDPM.

Hauck, V. 2004. *Resilience and High Performance amidst Conflict, Epidemics and Extreme Poverty: The Lacor Hospital, Northern Uganda*. Discussion Paper 57A. Maastricht: ECDPM.

Hauck, V., Mandie-Filer, A. and Bolger, J. 2005. *Ringing the Church Bell: The role of churches in governance and public performance in Papua New Guinea*. Discussion Paper 57E. Maastricht: ECDPM.

Land, T. 2004. *Developing Capacity for Participatory Development in the context of Decentralisation: Takalar district, South Sulawesi province, Indonesia*. Discussion Paper 57B. Maastricht: ECDPM.

Land, T. 2004. *Developing Capacity for Tax Administration: The Rwanda Revenue Authority*. Discussion Paper 57D. Maastricht: ECDPM.

Morgan, P. 2005. *Organising for Large-scale System Change: The Environmental Action (ENACT) programme, Jamaica*. Discussion Paper 57J. Maastricht: ECDPM.

Morgan, P. 2005. *Building Capabilities for Performance: The Environment and Sustainable Development Unit (ESDU) of the Organisation of Eastern Caribbean States (OECS)*. Discussion Paper 57K. Maastricht: ECDPM.

Saxby, J. 2004. *COEP - Comitê de Entidades no Combate à Fome e pela Vida - Mobilising against Hunger and for Life: An analysis of capacity and change in a Brazilian network*. Discussion Paper 57C. Maastricht: ECDPM.

Watson, D. and Khan, A.Q. 2005. *Capacity Building for Decentralised Education Service Delivery in Pakistan*. Discussion Paper 57G. Maastricht: ECDPM.

Watson, D. and Yohannes, L. 2005. *Capacity Building for Decentralised Education Service Delivery in Ethiopia*. Discussion Paper 57H. Maastricht: ECDPM.

Watson, D., Yohannes, L. and Khan, A.Q. 2005. *Capacity Building for Decentralised Education Service Delivery in Ethiopia and Pakistan: A comparative analysis*. Discussion Paper 57I. Maastricht: ECDPM.

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The results of the study, interim reports and an elaborated methodology can be consulted at www.capacity.org or www.ecdpm.org. For further information, please contact Ms Heather Baser (hb@ecdpm.org).

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