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Enacting change through borrowed legitimacy: an institutional perspective

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Abstract

Purpose – This paper aims to offer borrowed legitimacy through coalitions as an explanation for how an organization might successfully deviate from social norms to enact change, yet still gain sufficient cognitive and sociopolitical legitimacy for survival. This paper explains that borrowing legitimacy through a coalition allows an illegitimate organization to impose an alternative future despite institutional pressures for its convergence to social norms, rules and expectations.

Design/methodology/approach – To explore the ability of an organization that lacks legitimacy to borrow legitimacy through a coalition, the authors use a case study and content analysis of interviews, news articles and other publicly available secondary data to examine an environmentalist organization, Sea Shepherds, who openly seek legitimacy and resources, and are engaged in enacting change while using a unique or alternative form.

Findings – The case study here shows how a coalition with another organization that already has legitimacy can help the reference organization gain legitimacy themselves by borrowing legitimacy initially. Specifically, because more constituents are aware of the organization with existing legitimacy, the coalition allows the reference organization to borrow that cognitive legitimacy and constituents become aware of the reference organization as well.

Research limitations/implications – Although this study provides meaningful insights to the phenomena at hand, it is limited in method and scope. As noted by Zucker, the institutional environment is very important to organization form and likelihood of success (Zucker, 1987); however, this paper does not include a parameter that recognizes the environment specifically. Instead, the model includes a parameter, p, to acknowledge that there are exogenous factors that affect the likelihood of a successful outcome that are not considered individually in the model. Also, this study does not empirically test specific hypotheses using a generalizable sample.

Originality/value – This paper contributes to institutional theory by providing a case study of an organization that is enacting change in lieu of the forces that promote institutionalization. The reference organization in the case study demonstrates one form of entrepreneurial organization that successfully deviates from social norms to enact change, yet still gains cognitive and sociopolitical legitimacy. The case study in this paper contributes by providing an example of an organizational form that allows a seemingly illegitimate organization to envision and impose an alternative future despite institutional pressures by forming a coalition with an actor that already has legitimacy.

Keywords Case studies, Organizational theory

Paper type Case study

Introduction

Institutional theory research has shifted from merely focusing on organizations exhibiting conforming behavior in order to gain legitimacy and survive to including a focus on institutions as enactors of change. (Dacin *et al.*, 2002; Greenwood and Suddaby, 2006). Implicit in enacting change is the proposition that change can be planned purposively and executed. Legitimacy is at the heart of an organization's ability to obtain resources, and ultimately achieve its objectives – in this case, enacting change; an organization obtains legitimacy from constituents to the extent that the organization conforms to society's norms, values and expectations (Meyer and Rowan, 1977; Pfeffer and Salancik, 1978). The objective of enacting change is troublesome to institutional theory because it contradicts the notion of conforming to social norms (Scott, 2008). A vast body of research in institutional theory suggests that as a result of organizations conforming to norms and therefore converging, organizational forms and behaviors are more evolutionary than the result of systematic-prescribed efforts (Hannan and Freeman, 1977; Elsbach and Sutton, 1992; Zucker, 1989; Astley, 1985; and Scott, 2008). Greenwood and Suddaby astutely inquire, "if, as institutional theory asserts, behavior is substantially shaped by taken-for-granted institutional prescriptions, how can actors envision and enact changes […]?" (Greenwood and Suddaby, 2006, p. 27). An important phenomenon in institutional research, is how some organizations are able to enact change, which implicitly requires defying some social norms, rules and expectations.

We use a derivation of an economic model primarily used in examining solutions to frictions in principal–agent relationships (Sappington, 1991) to explore how gaining legitimacy empowers actors to enact change. More specifically, the organization under examination does not gain legitimacy by adhering to society's expectations; rather, the organization borrows the legitimacy of another actor through a coalition. Here, "coalition" and "partnership" are used interchangeably. The question under consideration – how do organizations survive and accomplish their change objectives while defying social expectations – lends itself to the study of an organization with extreme objectives related to enacting change. The Sea Shepherds, an environmentalist organization, act as the "principal" and Japanese researchers, who hunt whales as part of their research efforts, act as the "agent" in the model used[1]. Using a derivation of the principal–agent relationship economic model, we explore how the Sea Shepherds – whose objectives, actions and form defy many social norms – are able to borrow legitimacy, through a coalition, from Animal Planet Media Enterprises, and subsequently use that legitimacy to gain resources which help them enact change. We demonstrate that because Animal Planet's objectives, actions and form meet social expectations, Animal Planet has sufficient legitimacy to lend legitimacy to the Sea Shepherds; subsequently, the Sea Shepherds are able to increase their own legitimacy. This process enables the Sea Shepherds to gain resources from constituents and enact change despite their defiance of social norms. Specifically, we find that the expected consequences of low legitimacy and failure to conform to social norms can be mitigated through a coalition with a legitimate organization.

This paper contributes to institutional theory by providing an illustrative explanation and model of how an organization can enact change in lieu of the forces that promote institutionalization; specifically outlining one form that accommodates entrepreneurial organizations who must deviate from social norms to enact change, in gaining cognitive and sociopolitical legitimacy (Aldrich and Fiol, 1994). Researchers

have argued, persuasively, embeddedness as an explanation of institutional change in a world of isomorphism and convergence to society's prescriptions (Granovetter, 1985; Seo and Creed, 2002; and Greenwood and Suddaby, 2006). Furthermore, Greenwood and Suddaby explain that, "institutional entrepreneurship must explain how, and which, embedded actors are able to envision, then impose alternative futures" (Greenwood and Suddaby, 2006, p. 29 referencing Boxenbaum and Battilana, 2004; Holm, 1995; and Seo and Creed, 2002). As an illustration of an organization that envisions and imposes an alternative future among, and in fact despite, institutional pressures, we find a coalition with an embedded actor that already has legitimacy to be a useful form for institutional entrepreneurs. In short, this paper contributes a practical example of borrowed legitimacy enabling a firm to enact change despite institutional forces that promote isomorphism.

The balance of the paper is presented in four sections. We first expand on the theoretical orientation and contribution. Next, we explain the research methods used. Subsequently, we provide an analysis and results of the case study, including the derivation of the principal–agent economic model. Finally, we present conclusions and directions for future research.

Theoretical orientation

Key to understanding the importance placed on legitimacy by intuitional theorists is the concept of dependence. Organizations are dependent on "internal participants" and "external constituents"; receiving legitimacy enables an organization "to strengthen its support and secure its survival" (Meyer and Rowan, 1977, p. 349). It follows that failure to obtain legitimacy weakens support and threatens survival. Organizations do not exist nor act alone; on the contrary, they interact and are interdependent in the social world in which they exist for resources and support (Pfeffer and Salancik, 1978).

Institutional theory posits that organizations need resources and support, and therefore legitimacy, to survive, and that they are legitimate to the extent that their means and ends conform to the norms, values and expectations of society (Meyer and Rowan, 1977). Institutional theorists have explained that an organization's efforts relevant to legitimacy can be viewed in three stages: extending, maintaining and defending legitimacy; research suggests that it is easier to maintain existing legitimacy than it is to extend (earn) legitimacy or defend fading-legitimacy (Ashforth and Gibbs, 1990). The organization under examination in this study, the Sea Shepherds, is in the extending legitimacy stage; extending legitimacy is problematic in that constituents discount intense efforts to gain legitimacy because the constituents are aware of the effort and conclude that the organization is "protesting too much" (Ashforth and Gibbs, 1990). Aggravating the already problematic agenda of extending legitimacy, the Sea Shepherds' objective of enacting change implicitly requires defiance of social norms. According to institutional theory, an organization that fails to conform to social norms, and seeks to extend legitimacy will have great difficulty in obtaining legitimacy (Meyer and Rowan, 1977; Ashforth and Gibbs, 1990).

Cognitive and sociopolitical legitimacy

Researchers suggest that entrepreneurs who start new ventures of new forms have particularly great difficulty in gaining trust and legitimacy; to resolve this friction, researchers propose that the entrepreneurs should use strategies to gain cognitive

legitimacy and sociopolitical legitimacy (Aldrich and Fiol, 1994). Aldrich and Foil explain, referencing Hannan and Freeman's assertion (Hannan and Freeman, 1986), that when an activity becomes very familiar, it is taken-for-granted: "one can assess cognitive legitimation by measuring the level of public knowledge about a new activity" (Aldrich and Fiol, 1994, p. 648); this study views cognitive legitimacy as awareness of organizational activity and performance. Sociopolitical legitimacy, on the other hand, is demonstrated by key constituents accepting the organization as legitimate. If an organization, then, can raise awareness of their activities and gain acceptance from key constituents in society, the entrepreneurial organization will be able to obtain cognitive and sociopolitical legitimacy, respectively (Aldrich and Fiol, 1994).

Entrepreneurial activities and performance are inherently unknown, or less known, to members of society; as such, constituents find it difficult to evaluate entrepreneurial organizations and therefore view the organizations as "risky" and are less likely to grant legitimacy (Dees and Starr, 1992; Aldrich and Fiol, 1994). The more awareness and transparency an organization can provide regarding its activities and performance, the greater its likelihood of gaining approval, cognitive legitimacy, from constituents.

Sociopolitical legitimacy (Aldrich and Fiol, 1994) can be explained simply in an example whereby a constituent gives approval to an organization based on the fact that a third party (or key constituent), who is viewed as legitimate, has already given the organization approval – rather than basing the approval on personal knowledge of the organization's trustworthiness, activities and performance directly. For example, it is easy to imagine a church patron trusting the advice of his/her church leader regarding an auto-mechanic's trustworthiness and ability simply because they trust their church leader's evaluation of the auto-mechanic. Similarly, as organizations gain legitimacy from existing constituents, it becomes easier to gain legitimacy from subsequent constituents (Aldrich and Fiol, 1994).

The proposition that can be derived from the extant literature, then, is that the ability of an organization to accomplish its goals is dependent on its ability to gain cognitive and sociopolitical legitimacy (Aldrich and Fiol, 1994), which allow the organization to obtain necessary resources and support from constituents (Meyer and Rowan, 1977; Hannan and Freeman, 1977; Pfeffer and Salancik, 1978; Seo and Creed, 2002). We extend the literature's proposition, by positing that when the goal of an organization is to enact change, which inherently requires deviation from social norms, rules and expectations (Greenwood and Suddaby, 2006), the organizational form of a coalition with a firm which already holds sufficient legitimacy can greatly assist the organization seeking to enact change. Specifically, because the reference organization must deviate from social norms, the legitimacy of its coalition partner become particularly important to its own efforts of gaining legitimacy and, ultimately, enacting change. We posit that the coalition partner is able to lend its legitimacy to the reference organization, if only temporarily, until the reference organization is able to extend legitimacy on its own. We view the coalition as a very strong form of sociopolitical legitimacy, which – because of the social awareness of the coalition partner's activities and performance inherent in its legitimacy (Aldrich and Fiol, 1994) – creates cognitive legitimacy for the reference organization as well. As potential constituents observe the coalition with the legitimate partner, they are more likely to trust the organization and grant them legitimacy (Aldrich and Fiol, 1994). It follows that as the constituents observe the coalition partner's activities and performance, they will also observe the reference organization's activities

and performance. The increased awareness of the organization will increase the likelihood of achieving cognitive legitimacy.

Methods

Rationale

To explore the ability of an organization that lacks legitimacy to borrow legitimacy through a coalition, we use a case study and content analysis of interviews, news articles and other publicly available secondary data to examine an environmentalist organization, Sea Shepherds, who openly seek legitimacy and resources, and are engaged in enacting change while using a unique or alternative form (The History of Sea Shepherd, 2010). Specifically, we examine the Sea Shepherds' coalition with a profit-seeking, cable-network organization, Animal Planet Media Enterprises, as the Sea Shepherds try to enact change in the actions of a Japanese whaling fleet, the Nisshan Maru (The History of Sea Shepherd, 2010). Although an extreme example, this coalition seemed particularly appropriate for this study because:

- the reference organization fits the criteria of seeking to extend legitimacy and enact change despite deviating from social norms both in action and form;
- the coalition partner has legitimacy ex ante of the coalition and its objectives are not congruent with the Sea Shepherds, which helps control for which organization is in fact enacting the change; and
- the third party to which change is enacted, rejects and fights against the change, further controlling for the originating point of the change (The History of Sea Shepherd, 2010).

Sample

The data in this study are qualitative data obtained from public interviews of key informants from both parties in the coalition as well as other public data, such as agriculture and fishery reports and news articles. Consistent with the advice provided in the extant literature on qualitative research, we followed the following guidelines to establish validity:

- relevant interviews and articles were read several times (Eisenhardt, 1989);
- we used selective coding to integrate and relate categories that emerged from the data (Strauss *et al.*, 1990);
- coding was not constrained to extant literature, allowing for new phenomena to emerge (Eisenhardt, 1989);
- whenever possible two or more sources of data were used to validate the data (Yin, 1994);
- we use a chain of evidence by outlining how the data were obtained and during coding we used a chronological approach; and
- as the public interviews are recorded, all of the data used are publicly available for scrutiny (Kirsch *et al.*, 2010).

Method of analysis

To explore the phenomena of borrowed legitimacy as a resource for building one's own legitimacy, while deviating from social norms to enact change, we borrow from an

economic model in which a principal tries to invoke or induce certain actions from an agent (Sappington, 1991). Although the actors in this study's sample are not in a principal–agent relationship, the model is appropriate because this study's sample includes an organization, the Sea Shepherds, which faces the same dilemma of the principal: how to induce, or enact change in, the Nisshin Maru's behavior (Sappington, 1991).

Analysis and model

Case study data

This section consists of quotes and cites from publicly available sources to demonstrate the Sea Shepherds' efforts to gain legitimacy, despite violating social norms, to enact change, and the enabling ability the partnership with Animal Planet Media Enterprises provides (The History of Sea Shepherd, 2010).

Throughout the Sea Shepherds' autobiographical history on their Web site and during interviews, the Sea Shepherds reference world headlines that refer to the Sea Shepherds "exposing" whalers operations as victories, indicating that the Sea Shepherds are seeking cognitive legitimacy, that is awareness (The History of Sea Shepherd, 2010). As an example of their efforts to gain cognitive publicity early in their history, the Sea Shepherds encountered the Soviet Union hunting gray whales, and rather than directly engage them, they refer to using publicity outlets in Los Angeles and Vancouver to try to "publicize the illegal hunting of Gray Whales" (The History of Sea Shepherd, 2010). After leaving the Soviet Union, the Sea Shepherds report taking their evidence to the US Congress, asking for assistance in ending the gray whale hunting in the Soviet Union; these efforts to gain the assistance of a key constituent in society represent efforts to obtain sociopolitical legitimacy by the Sea Shepherds (The History of Sea Shepherd, 2010). A small selection of other mechanisms and efforts used by the Sea Shepherds to gain cognitive and sociopolitical legitimacy are shown in Table I.

It is evident from the Sea Shepherds' self-proclaimed objectives that their ultimate goal is to enact change:

> The original mandate of [the Sea Shepherds] was marine mammal protection and conservation with an immediate goal of shutting down illegal whaling and sealing operations, but Sea Shepherd later expanded its mission to include all marine wildlife (The History of Sea Shepherd, 2010).

Furthermore, inherit in the Sea Shepherds' objective of enacting change is a requisition of deviation from precedent, which impedes efforts to gain legitimacy.

The Sea Shepherds cite many accounts of constituents displaying disapproval of the Sea Shepherds' efforts, indicating the efforts did not qualify as meeting society's expectations, rules or norms. A few such accounts include:

- two "hired" fishermen sabotaging the Sea Shepherds' ship prior to a mission; municipalities arresting the crew and confiscating the Sea Shepherds' ship;
- the Sea Shepherds receiving banishment from the ice fields, a common location of marine mammal hunting, for three years; and
- a Canadian government official publicly debating Captain Paul Watson on the *Today Show* regarding the Sea Shepherds' efforts to stop the illegal hunting of marine animals (The History of Sea Shepherd, 2010).

Type of legitimacy	Selection of data indicating efforts to gain legitimacy
Cognitive legitimacy	Captain Watson and Tate Landis swim the Georgia Strait to "focus attention on the Canadian seal hunt" (The History of Sea Shepherd, 2010)
	"What made you decide to do a reality show? To make people more aware [. . .] for the most part" (Ross, 2010)
	"[. . .] this show has certainly raised awareness and has strengthened us quite considerably" (Ross, 2010)
	"What effect has the success of the show had? … it certainly has made everybody aware worldwide . . ." (Ross, 2010)
Socio-political legitimacy	Cite the European Parliament voting 550 to 49 to ban seal product exports as a result of 9,000 signature protest sparked by Sea Shepherds (The History of Sea Shepherd, 2010)
	"The Japanese government is facing renewed pressures at home and abroad to drastically scale back is so-called research whaling" (Fackler, 2010)
	Cite seeking help from multiple governments in their autobiographical history (The History of Sea Shepherd, 2010)
	Cite a municipality presented the Coat of Arms and Flag to the Sea Shepherds and requested "the *Steve Irwin* fly the city's colors" as a success story (The History of Sea Shepherd, 2010)

Table I.
Sea Shepherds efforts
to gain cognitive and
sociopolitical
legitimacy

The unique methods used by the Sea Shepherds are probable antecedents, or at least contributors to some degree, to the difficulty in extending legitimacy experienced by the Sea Shepherds early in their history.

Among the norms and rules of society that the Sea Shepherds deviate from include:

- spray-painting marine mammals to render the animals' meat useless – without harming the animals;
- engaging pirates without the aid of any government;
- dropping 16 large light bulbs – full of red paint and bearing messages protesting the illegal killing of whales – onto the deck of a Soviet spy ship;
- throwing bottles full of butyric acid onto whaling ships to render the meat useless;
- using unskilled, unpaid volunteers to run complex ships; and
- escorting sealing ships out of a seal nursery despite government opposition (The History of Sea Shepherd, 2010).

It is easy to imagine the hindering effect of these social norm-violations on efforts to gain legitimacy.

Despite the negating effects of deviating from society's rules while seeking to gain legitimacy and, ultimately, enact change, the Sea Shepherds not only survive today, but are experiencing success in their objective to enact change. It is clear from the data that a great portion of the Sea Shepherds success in gaining some legitimacy, which enables resource acquisition and subsequent success, is their coalition with Animal Planet Media Enterprises.

The Sea Shepherds have existed for over 20 years; during those 20 years, they have pursued over 200 voyages in pursuit of protecting marine mammals, and more recently all marine life, and have recently experienced a noticeable increase in their ability to

enact change in behavior as a result of their partnership with Animal Planet (The History of Sea Shepherd, 2010; Fackler, 2010; Ross, 2010). Throughout their history, the Sea Shepherds have encountered opposition from society, including arrests, ship confiscation and other disapprovals as previously mentioned. In addition to this evidence of limited ability to enact change, quantitative data demonstrate the recent increase in their success in enacting change. In March of 1998, more than 20 years after Paul Watson began his efforts, the "moralities from seal hunt [rose] to 500,000 a year" (The History of Sea Shepherd, 2010), demonstrating a limited amount of change despite 20 years of efforts. Since the partnership with Animal Planet, however, the Sea Shepherds are enjoying much greater success:

> Say what you like about their tactics, but the efforts of Sea Shepherd to harass Japan's whaling fleet in the waters off Antarctica have yielded big results. According to statements made to BBC News, the Japanese fleet returned to port with half as many whales as they set out to catch. The goal was for 50 humpback and 50 fins whales, but the fleet caught no humpback whales and one fin whale; of the 935 targeted Minke whales, 506 were killed. (McDermott, 2010).

The Sea Shepherds, themselves, have acknowledged the increased visibility from their partnership with Animal Planet as a reason for the success. Since the show, "Whale Wars", which documents the experiences of the Sea Shepherds as they try to prevent the Japanese Nisshin Maru from whaling, began airing in 2008 on Animal Planet's cable television network, the Sea Shepherds have reported the following successes:

- Planktos, Inc. cited the Shepherds' efforts as a reason they went out of business;
- voyages saving more and more whales as the show continues each year, reaching over 500 saved whales in 2010 alone – based on the Japanese quota (McDermott, 2010);
- *Whale Wars Season 2* opening with over 1.2 million viewers;
- Sea Shepherds received 38,015 postcard petitions opposing Canadian seal hunting;
- Sea Shepherds are feature in a *South Park* parody episode "Whale Whores";
- Sea Shepherds received generous donations from ECWF, Marcel Wensveen and LUSH Cosmetics; and
- the Sea Shepherds' fleet increases from one ship in the first season of *Whale Wars* to three ships in the most recent season (The History of Sea Shepherd, 2010; Ross, 2010; Fackler, 2010). Captain Paul Watson summarizes the partnership's success:

> Our organization has never spent money to raise money. We're quite proud of the fact that, like, last year, for instance, 87 per cent of our income went towards our campaigns. We don't do direct mail and we don't do door to door solicitation, we're not out on the streets asking for support, so this show has certainly raised awareness and has strengthened us quite considerably. The last season was our most effective yet; we saved more whales than they killed. We're the only television show, really, where the participants are trying to get ourselves off the air, because if we can win this battle, that's the end of the show. (Ross, 2010)

To establish internal validity, that is to demonstrate that it is the Sea Shepherds' increased legitimacy, efforts and ultimate ability to enact change that has resulted in the increased success, and not the efforts of Animal Planet, it is important to consider the

objectives of Animal Planet as well. Animal Planet has made it clear that, in their view, the show is not about saving whales, or even about whales in general. Animal Planet advertises the show with taglines that demonstrate the purpose of the show in their view, including: "Surprisingly Human" and "It's not about whales. It's about 42 die-hards on a mission" (http://popwatch.ew.com/2010/04/08/animal-planets-new-tagline-surprisingly-human/). Animal Planet is owned by Discovery Communications, a for-profit, cable television network (Registration of securities issued in business transactions (S-4), 2008); as such, the coalition provides a product for producing revenues for Animal Planet. *Whale Wars*, as a product, is very successful; Marjorie Kaplan, President and General Manager of Animal Planet, alludes to the success of the show in a recent quote: "it's tremendous television which just gets stronger every year. I'm delighted to announce the next season" (Eley, 2010).

The data from the case analysis clearly demonstrate that although the Sea Shepherds successfully enacted some change throughout their existence, their ability to enact change has greatly increased as a result of increased cognitive and sociopolitical legitimacy that their partnership with Animal Planet Media Enterprises provides them with. Specifically, because Animal Planet had legitimacy prior to the coalition, the Sea Shepherds were, in effect, able to borrow the legitimacy from Animal Planet to get more constituents to listen to their message, and ultimately provide them with resources and legitimacy directly.

Modeling the ability to enact change
The Sea Shepherds are trying to induce the whalers to give no effort (e = 0) in future periods – that is to influence the whalers to decide against proceeding to the whale-hunting seas to hunt whales – by changing the whalers' expected utility. The whalers' expected utility is a function of their wage; for simplicity, we view the whalers' wage as the number of whales they kill. Each whale saved by the Sea Shepherds is reflected by a decrease in the whalers' wage of one unit. Once the whalers' expected utility is known, the whalers can decide whether to proceed to the whale-hunting seas or not. Here, we assume the whalers expect a utility in period $n + 1$ equal to the realized utility in period n if the utility in n is positive and expect zero otherwise. Therefore, the whalers' expected utility in period $n + 1$ is $U_{n+1}(w, e) = f(w_n) - c(e_n)$ when $f(w_n) - (e_n) > 0$, and is zero when $f(w_n) - c(e_n) < 0$; $c(e_n)$ = the whalers' costs of their efforts and w_n equals the number of whales hunted in period n. The Sea Shepherds' objective, then, is to negatively influence the actual number of whales hunted in period n until $f(w_n) < c(w_n)$. A key assumption, which is demonstrated as a reasonable assumption by the collected data outlined previously, is that $w_n = e_n x_1 - l x_2$, where e_n = the effort of the whalers and is either 0 or 1, and l_s = the legitimacy of the Sea Shepherds. Every whale killed by the whalers is a loss to the Sea Shepherds, who are trying to save the whales; as such "w" is, in effect, paid by the Sea Shepherds; every whale saved by the Sea Shepherds is a loss to the whalers, and therefore becomes the decision variable.

The reason the key decision of whether to hunt whales or not takes place in period $n + 1$ rather than period n is that the Sea Shepherds cannot merely inform the whalers ex ante of how many whales they will be able to hunt in period n; the Sea Shepherds try to change the number of whales hunted during the period n by patrolling the waters and engaging the whalers to *signal* to them how many whales they will be able to hunt, "w", in period $n + 1$; this is how the Sea Shepherds declare the *payoffs* that whalers can expect

to receive for their efforts. Once the Sea Shepherds are able to sufficiently change the number of whales killed by the whalers, such that the whalers' expected utility is less than their reservation level – if they ever are able to do so – the whalers will decide to give zero effort (e = 0) in subsequent periods, and the Sea Shepherds will stop patrolling the waters because the whalers will stop whaling; thus, the game is over, otherwise the game will continue indefinitely. The Sea Shepherds have expressed that their ultimate goal is to be out of business because they are no longer needed (Ross, 2010).

Formalized model
l_s = legitimacy or support granted by external players:

$$e = \begin{cases} 0, \text{ when whalers give no effort} \\ 1, \text{ when whalers give effort} \end{cases}$$

S_1 is a good outcome for the Sea Shepherds and is inversely related to the outcome of the whalers, and S_0 is a poor outcome for the Sea Shepherds and is inversely related to the outcome of the whalers.

$$w = \begin{cases} 0, \text{ if } S_1 \text{ is achieved} \\ 1, \text{ if } S_0 \text{ is achieved} \end{cases}$$

$$\Pr(S_1|e = 1) = \pi_1$$
$$\Pr(S_0|e = 0) = \pi_0$$

$U_{n+1}(w,e) = f(w_n) - c(e_n)$ when $f(w_n) - (e_n) > 0$, and is zero when $f(w_n) - c(e_n) < 0$.

The Sea Shepherds, then, are trying to induce the whalers to give effort of 0 in period $n + 1$; if they are successful in inducing the whalers to give e = 0, the Sea Shepherds will also give e = 0, otherwise both give e = 1. Therefore, the Sea Shepherds, who act as the principal, are trying to induce e = 0 (by the whalers) by maximizing:

$$\text{max:} \quad \pi_1(S_1 - w_1) + (1 - \pi_1)(S_0 - w_0)$$
$$(w_0, w_1)$$

s.t.
$$\pi_1(f(w_{1n}) - c(e_{1n})) + (1 - \pi_1)(f(w_{0n}) - c(e_{1n})) \geq 0$$
$$\pi_1(f(w_{1n}) - c(e_{1n})) + (1 - \pi_1)(f(w_{0n}) - c(e_{1n})) \geq \pi_0(f(w_{1n})$$
$$- c(e_{0n})) + (1 - \pi_0)(f(w_{0n}) - c(e_{0n}))$$

As the expected "w" in $n + 1$ is the same as the actual "w" in n, the maxim can be re-written, unconstrained, as:

$$\pi_1(S_1 - w_1) + (1 - \pi_1)(S_0 - w_0) + \lambda[\pi_1(f(w_1) - c(e_1))$$
$$\text{max:} \quad + (1 - \pi_1)(f(w_0) - c(e_1))] + \mu[\pi_1(f(w_1) - c(e_1))$$
$$(w_0, w_1) \quad + (1 - \pi_1)(f(w_0) - c(e_1) - \pi_0(f(w_1) - c(e_0))$$
$$- (1 - \pi_0)(f(w_0) - c(e_0))]$$

For simplicity, c(e) = e, which results in the following first-order conditions:

w.r.t. w_0: $-(1 - \pi_1) + \lambda(1 - \pi_1)f'(w_0) + \mu_1(1 - \pi_1)f'(w_0) + \mu_1(1 - \pi_0)f'(w_0) = 0$
w.r.t. w_1: $-\pi_1 + \lambda\pi_1f'(w_1) - \mu\pi_1f'(w_1) - \mu\pi_0f'(w_1) = 0$

Solving for $f'(w_0)$ and $f'(w_1)$ gives:

$$\frac{\pi_1}{f'(w_1)} = \lambda\pi_1 + \mu(\pi_1 - \pi_0)$$

$$\frac{(1 - \pi_1)}{f'(w_0)} = \lambda(1 - \pi_1) - \mu(\pi_1 - \pi_0)$$

Adding these two equations together yields:

$$\frac{\pi_1}{f'(w_0)} + \frac{(1 - \pi_1)}{f'(w_1)} = \lambda$$

therefore, $\lambda = 0$ iff $f'(w_0) = f'(w_1)$. By this, we know that $\lambda \neq 0$ and the first constraint is binding.

We can similarly show that the second constraint is binding:

$$f'(w_1) = \lambda + \frac{\pi_1}{\mu(\pi_1 - \pi_0)}$$

$$f'(w_0) = \lambda - \frac{(1 - \pi_1)}{\mu(\pi_1 - \pi_0)}$$

Therefore, if we let $\mu = 0$, then $f'(w_1) = \lambda = f'(w_0)$, so $\mu \neq 0$ and we know the second constraint is binding.

Recalling that $w_n = e_n x_1 - lx_2$, that is the number of whales the whalers will be able to kill is a function of their own efforts (increasing as their effort increases) and the legitimacy of the Sea Shepherds (decreasing as the Sea Shepherds' legitimacy increases), it is straightforward to see that if the Sea Shepherds can increase their legitimacy enough, the whalers will have an expected utility of zero and stop whaling.

In other words, because the Sea Shepherds cannot merely choose ex ante the "w" that maximizes the Sea Shepherds' expected utility, the Sea Shepherds must exploit methods to increase their legitimacy enough to result in their chosen "w" level; the chosen "w" level equals the amount for which any positive effort level by the whalers will result in a negative expected utility for the whalers and induce them to give zero effort.

They key mechanism here is the ability of the Sea Shepherds to *choose* and *enforce* the payoff of the whalers. The payoffs here are zero sum; it follows that the Sea Shepherds prefer to retain all of the payoffs for themselves, that is to save all the whales. In the simple model, it is trivial to claim that the Sea Shepherds merely choose the number of whales they must save to induce an effort of zero by the whalers. In reality, many factors complicate the ability of the Sea Shepherds to *choose* the whalers payoff. Among those factors, legitimacy is a powerful determinant of their ability to *enforce* the whalers' payoff. As discussed, the Sea Shepherds cannot merely inform the whalers of their expected payoff, they must signal to the whalers their expected payoff in period $n + 1$ by changing their actual payoff in period n. The greater the Sea Shepherds'

legitimacy, the greater their resources, and the more likely they will be able to actually enforce the payoff (for the whalers) that they have chosen.

The case study of the Sea Shepherds, along with the economic model discussed above, lead to the following propositions:

P1. Forming a coalition with an organization that already has cognitive legitimacy allows an organization seeking cognitive legitimacy to borrow the cognitive legitimacy of the coalition partner, until the organization is able to extend cognitive legitimacy on their own.

P2. Forming a coalition with an organization that already has sociopolitical legitimacy allows an organization seeking sociopolitical legitimacy to borrow the sociopolitical legitimacy of the coalition partner, until the organization is able to extend sociopolitical legitimacy on their own.

As discussed previously, the Sea Shepherds' intention of enacting change inherently requires them to defy some norms, rules and expectations of society both in behavior and form, therefore inhibiting their ability to gain the legitimacy they need to obtain resources. However, they are able to accomplish their goal of obtaining legitimacy through a coalition with an organization that is already deemed legitimate by society and key constituents. Specifically, the coalition provides the Sea Shepherds with both cognitive legitimacy and sociopolitical legitimacy as discussed above[2].

Conclusions
This paper intended to explore the phenomena of entrepreneurial organizations enacting change, while deviating from the expectations of the very constituents that they seek the approval of to obtain resources. The case study here shows how a coalition with another organization that already has legitimacy can help the reference organization gain legitimacy themselves by borrowing legitimacy initially. Specifically, because more constituents are aware of the organization with existing legitimacy, the coalition allows the reference organization to borrow that cognitive legitimacy and constituents become aware of the reference organization as well. Also, the partner's coalition itself demonstrates at least a partial acceptance of the reference organization, thus the partner becomes a key constituent, providing sociopolitical legitimacy, which Aldrich and Foil have posit as important in seeking resources (Aldrich and Fiol, 1994). As the partnership continues, the cognitive legitimacy and sociopolitical legitimacy provided through partnership grow, until, ultimately, the reference organization is able to sustain and expand its legitimacy on its own.

Although this study provides meaningful insights to the phenomena at hand, it is limited in method and scope. As noted by Zucker, the institutional environment is very important to organization form and likelihood of success (Zucker, 1987); however, this paper does not include a parameter that recognizes the environment specifically. Instead, the model includes a parameter, π, to acknowledge that there are exogenous factors that affect the likelihood of a successful outcome that are not considered individually in the model. Also, this study does not empirically test specific hypotheses using a generalizable sample. There is a risk that the case study used in this paper is more representative of an extreme case than the normally expected behavior in the phenomena. As noted by DiMaggio and Powell, most behavior is not at the extremes of purely rational or purely social (DiMaggio and Powell, 1983); this paper ignores some

factors that surely play a role in the decisions of the actors, particularly of the whalers. However, as the reference organization is the Sea Shepherds, this paper focuses on their objectives, decisions and legitimacy. Admittedly, the Sea Shepherds represent an extreme example of an organization trying to enact change; while a limitation of this study, their extremeness is also the precise reason the Sea Shepherds were chosen. The Sea Shepherds are very clear about seeking legitimacy, defying social norms and seeking to enact change, thus providing internal validity. A final limitation of this study worth noting is the lack of exploration into a second phenomenon inherent in the phenomena at hand, that is how the reference organization – who lacks legitimacy – obtains a coalition with a legitimate partner in the first place. While an interesting question, this second phenomenon is beyond the scope of this paper and deserves its own focused attention.

The limitations of this paper provide direction for future research on enacting change despite institutionalization forces. Future research should seek to explore and explain the phenomenon of how a seeker of legitimacy obtains a coalition with a holder of legitimacy. Specifically, what benefits can the seeker of legitimacy provide to the holder of legitimacy in return for the borrowed legitimacy to induce a coalition? Also, future research should formulate specific hypotheses from the propositions provided here, and test them empirically. By providing answers to these interesting questions, future research can build upon the contribution made in this paper.

This paper contributes to institutional theory by providing a case study of an organization that is enacting change in lieu of the forces that promote institutionalization. The reference organization in the case study demonstrates one form of entrepreneurial organization that successfully deviates from social norms to enact change, yet still gains cognitive and sociopolitical legitimacy. The case study in this paper contributes by providing an example of an organizational *form* that allows a seemingly illegitimate organization to envision and impose an alternative future despite institutional pressures by forming a coalition with an actor that already has legitimacy.

Notes

1. We want to emphasize that we do not take a moral position on the objectives or actions of either actor; we merely examine the ability of the Sea Shepherds to enact change despite defiance to social norms, through legitimacy borrowed through a coalition.

2. We do not seek to justify or refute either the actions of the Sea Shepherds or the Nisshin Maru whalers; rather, we seek to exemplify a method that may prove useful to other organizations that seek to enact change which inherently requires deviation from social expectations, rules and norms, and therefore, have difficulty in gaining legitimacy and the subsequent resources they need.

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