From innovation to legitimacy

Innovative Nonprofit Organizations and Institutional Expectations

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Today nonprofit organizations (NPOs) are faced with increasing environmental change and dynamics. Innovation has often been seen as a must for the survival of an organization in this emerging and dynamic field. New solutions should overcome the growing complexity of the task environment. Furthermore innovations constitute competitive advantages for civil society organizations. Organizations compete for donors, volunteers and members. In this case innovations help to attract attention and rivals can therefore be outcompeted (Schüller 2007). Particularly, financially attractive innovation awards (for example The Drucker Foundation’s “Innovation of the week” Award) boost the development of innovative practices in CSOs. But more than this innovative activity is a strategy to gain or maintain organisational legitimacy (Senge 2006). Osborne (1998) for example explored the innovative capacity of voluntary organisations in his study and found out that:

“Innovation is (.) a tactic to gain legitimacy with these organizations [voluntary nonprofit organizations], rather than, necessarily, an end in itself.” (Osborne 1998: 52)

In this paper I explore the relationship between innovative activity and legitimacy. Legitimacy is a key concept of New Institutional Theory (NIT). Consequently, organizations derive their legitimacy from having structures, procedures, techniques etc. that are seen as appropriate, rational, adequate and necessary (Suchman 1995; Meyer, John W./Rowan 1977). The “strategic view” of the perception of legitimacy (Suchman 1995) assumes that organizations are able to influence their institutional environment. They can formulate and accomplish strategies to gain or maintain their organisational legitimacy (Senge 2006). These strategies reach from conform behaviour to proactive manipulation (Oliver 1991). Being innovative or having the label of “innovativeness” can therefore be seen as a legitimation strategy for nonprofit organisations. Or as a guidebook for practioners put it in the regard of innovation management: „Do you roll your eyes and perhaps think about a time when you have had to ‘sex-up’ an existing programme to look ‘innovative’ to funders?” (Evans et al. 2005: 4).

Following the strategic approach of NIT the research question in this paper is:

How do nonprofit organizations engage in innovative activity to gain or maintain organizational legitimacy?

Legitimation rests on communicative practices between the CSO and its internal and external stakeholders (Suchman 1995; Elsbach 1994). This communication is mainly done by organizational accounts. Accounts are "specific mechanisms organizations use to communicate or advertise their legitimating characteristics to audiences capable of granting legitimacy" (Elsbach 1994: 59). The existence, the form and the content of accounts show the status of an organization. The language used in accounts is the key analysis of innovation and legitimation processes (Meyer, Renate E. 2004).

By focusing on organizational accounts, the empirical analysis of innovation as legitimation strategy in nonprofit organisations will be based on discourse analysis (Wodak/Meyer 2008;
Potter/Wetherell 1987; Wetherell/Potter 1988). Organizational documents (annual reports, brochures, web pages and proposals) of 20 Austrian nonprofit organisations, which are engaged in poverty prevention and poverty combat will be deconstructed to recognize patterns across organizational communication. Organizations are sampled on the basis of theoretical considerations.

The aim of this paper is to explore the relation between innovative activity and legitimacy. Therefore I draw on the strategic and the institutional approach of legitimacy research. By doing this we perceive at the one hand the organisation as an actor, which applies intentionally innovative activity as a tool of legitimation management. On the other hand we consider that the organisation is strongly affected by the dynamics of the institutional field and the management has only limited latitude. The expected findings of this paper will have implications for the legitimation management of nonprofit organizations and will give deeper insights into how innovative activities are used as legitimation strategies.

**Literature**


