

SHAPING ORGANIZATIONAL IDENTITY IN THE LIGHT OF LEGITIMACY CHALLENGES – CONCEPTUAL FRAMEWORK

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Purpose: The paper aims at building the analytical framework which is to enable researchers to combine the notions stemming from both the stream of the literature focused on organizational identity and the stream of the literature focused on legitimacy management when considering the phenomenon of deinstitutionalization. The context proposed for the analysis is the declining industrial sector in case of which chances of organizations operating in this sector for the maintenance of legitimacy and the continuation of their operations are analyzed in the light of different concepts of organizational boundaries with special attention paid to organizational identity and its postulated elasticity.

Design/methodology/approach: Theoretical analysis is conducted in order to build the framework and propose some possible avenues for future research. The papers selected for the analysis are related to three main fields of research, these are organizational identity, legitimacy, and organizational boundaries.

Findings: Three cases are finally discussed when taking into account the time dimension as well. It appears reasonable to argue that in order to understand tensions that are generated when pressures from external evaluators meet with how people working for organizations attempt to maintain the legitimacy of their organizations, the original concept of organizational identity based on features of centrality, endurance, and distinctiveness can be revised. This would enable researchers to stay focused on these processes that cause managers to reshape the identities of their organizations.

Research limitations/implications: Limitations of this paper are related to the range of assumptions that are adopted in order to conduct the analysis. Implications are mainly related to that by showing some details of complex relationships between two main constructs discussed (these are organizational identity and legitimacy) the paper may lead to the increase in stakeholders' awareness as to what are the sources of problems and the paths to overcome them when facing the threat of losing legitimacy in the declining industrial sector.

Originality/value: The main contribution to the debate on how organizations can maintain their legitimacy lies in the fact that the construct of organizational identity elasticity is applied and its importance from the point of view of enriching the discussion on changes in organizational boundaries is proved.

Keywords: identity, organizational boundaries, legitimacy management, deinstitutionalization.

Category of the paper: conceptual.

Introduction

When considering specific organizational outcomes to be achieved by managers, Foster et al. (2017) recognize that organizational identity and legitimacy can be viewed as to be quite different outcomes. This is because for managers to build identity they need to "highlight the uniqueness of the organization for internal audiences" (Foster et al., 2017, p. 1184). At the same time, it is conceptualized that for managers to promote legitimacy, they should "emphasize the similarity of the organization to a given set of standards and expectations of audiences external to the boundaries of the firm" (Foster et al., 2017, p. 1184). It can be noticed that following this conceptualization whereas efforts put into building identity are both aimed at internal audiences and focused on, generally speaking, "uniqueness", efforts put into promoting legitimacy are both aimed at external audiences and focused on "similarity". Among issues on which institutional theory is focused, there are those related to the processes of institutionalization in organizational environments that make organizations want to remain fit to social meanings distributed outside organizational boundaries. This is important for the organization to the extent that when being willing to achieve it, the organization can decide on the implementation of one of the possible strategic responses (Oliver, 1991). From this point of view, it can be assumed that external pressures related to social judgments being formed by the external audience (Bitektine, 2011), with whom the organization needs to negotiate how to be "sufficiently" similar to other accepted organizations, impact how organizations are to think about their uniqueness and the assessment of organizational boundaries more general (Santos, Eisenhardt, 2005).

The question that can be analyzed may relate to what the relations are among, on the one hand, tensions between uniqueness and similarity, and, on the other hand, decisions on the criteria according to which boundaries are shaped. In the case of organizational identity, to build distinctiveness in the eyes of employees, managers can e.g. neutralize effects related to contradictory situations in the company's past or omit some events from the past. In the case of legitimacy, organizations may describe their practices and effects when referring to worldwide standards in a way that the external audience can match those solutions (which otherwise could be questionable) to some pre-existing solutions by perceiving a similarity between them (Foster et al., 2017). Possibly, it may be assumed that the fact that organizations still can meet external standards that are appreciated worldwide may help managers to shape the identity of their organizations, since, for instance, the level to which a given organization meets this standard is exceptionally high. Nevertheless, the situations may appear to be different when there is greater ambiguity related to which standard should be the most appropriate (because over the longer period throughout which the sector operates many standards or, more generally, prescriptions could emerge, or, even worse, due to extremely strong pressure it may be hard to find the appropriate standard by reference to which organizations may attempt to legitimate their

activities). As the taken-for-granted legitimacy of main actors in the industrial sector becomes questionable, those who both form an influential social judgment and are in opposition to how the organization operates may be putting more and more effort into the assessment of the organization (and causing the bases for the legitimacy judgments formation to be changed which is discussed later). When a threat to the continuation of organizational functioning is to arise, the expected outcome may relate to a strategic decision like a takeover or some kind of diversification. The antecedents and consequences of these phenomena can be analyzed theoretically from the point of view of organizational boundaries literature. The above-mentioned issues are assumed to be especially possible to be found in the realm of the declining industrial sector, which is why this kind of context is primarily discussed. By paying attention to declining industrial sectors it is possible to emphasize how those externally located requirements may impact the task of identity building and what conditions should be met if the organization wants to maintain its operations in this kind of environment.

Actually, as the concept of organizational identity is regarded as the important one from the point of view of considerations on specific conditions for the formation of social value judgments resulting in difficulties with the maintenance of legitimacy in declining industrial sectors, in this paper the issue is analyzed from the broader perspective, that is the concept of organizational boundaries (Santos, Eisenhardt, 2005) which refers not only to the issues of organizational identity (e.g. Albert, Whetten, 1985) but also allows for the discussion of the concepts of managerial cognition and cognitive frames (e.g. Prahalad, Bettis, 1986) in a more detailed way. By referring to the recently introduced concept of the elasticity of organizational identity (Kreiner et al., 2015) some additional considerations on individual-level attributes of managers and important insights from social psychology for legitimacy and identity studies are made. What is also important, referring to the concept of organizational boundaries lets introduce some further considerations on relations between legitimacy and power. It is possible especially when postulated special features of the declining industrial sector like the issue of deinstitutionalization and the presence of competing institutional logics (these terms are explained in detail in the next sections) are to be taken into account. When those two concepts – these are identity boundary and power boundary - are combined, it is becoming more evident why the new conceptualizations of legitimacy or identity as processes in addition to those treating them as things are valuable. Those perspectives when combined should make it possible to find the answer to the research question included in this paper, *what makes companies operating in declining industrial sectors not lose their legitimacy even if the industrial sector appears not to be legitimated any longer?* The paper aims at finding the main possible relations among key concepts, which next could be used to build a conceptual framework and to outline the direction in which research propositions can be built. The paper is structured as follows. The next section refers to the conception of organizational boundary focusing mainly on identity boundary which makes it possible to explain why issues related to managerial cognition and organizational identity can be important from the point of view of the discussion on

attempts to maintain the operations of the organization when its industrial sector is to decline. Next, the characteristics of the assumed generic declining industrial sector are developed and it is explained in which way the specific conditions for social (legitimacy) judgment formation may be present. Finally, the framework is developed which shows conditions and requirements under which organizations may have their operations maintained even if the industrial sector declines.

In order to outline the perspective from which aspects will be discussed in the analysis to follow, it appears to be useful to emphasize a few points. It may be assumed that institutions are understood as “historical accretions of past practices and understandings that set conditions on action through how they acquire the status of taken-for-granted facts which, in turn, shape future interactions and negotiations” (Barley, Tolbert, 1997 as cited in Maguire, Hardy, 2009, p. 149). These institutions are believed to govern behavior as three “pillars” - regulative, normative, and cognitive - are to hold in place institutionalized practices (Scott, 2001 as cited in Maguire, Hardy, 2009, p. 149). The above-mentioned pillars are ones through which legitimacy should be established and conformity secured (Maguire, Hardy, 2009). Among the reasons which may be behind the abandonment of existing practices, one should primarily pay attention to the loss of their “original meaning” (Maguire, Hardy, 2008, p. 150). As a consequence, deviations, in general, from institutionalized practices are said to be “costly” (Jepperson, 1991 as cited in Maguire, Hardy, 2009, p. 149). However, they can occur. As it will be analyzed in a more detailed way next, “the process whereby previously institutionalized practices are abandoned” (e.g. Davis, Diekmann, Tinsley, 1994 as cited in Maguire, Hardy 2008, p. 150) is defined as deinstitutionalization. One could ask the question about the mechanisms that cause that despite the decline of the industrial sector the company can operate effectively through a considerable amount of time. The question becomes especially intriguing when taking into account that from the point of view of the approach adopted in this paper, both the identity concept and legitimacy concept can be analyzed as characteristics (attributes) or processes. In the case of the identity concept, the issue is that instead of using characteristic-like language to refer to organizational identity (e.g. like in the statement “we are the most competitive organization”) the approach more focused on “becoming” than being (Schultz et al., 2012 as cited in Kreiner et al., 2015, p. 983) should be adopted. Here, members of the organization are said to experience identity “by negotiating a set of processual tensions” (Kreiner et al., 2015, p. 981). This approach is said to provide “a full motion picture” (Gioia, Pavardhan, 2012 as cited in Kreiner et al., 2015, p. 983) and its importance appears to grow due to the complexity of the environment and the radicality of changes that can be observed (Kreiner et al., 2015). In essence, in the case of the legitimacy concept, the approach focused on attributes relates to the understanding of the concept as a commodity (so it can be possessed or exchanged between organizations, and it is possible to express it in some measurable quantity). On the contrary, a process view is focused on communication thanks to which legitimacy can be constructed when meanings are negotiated (Suddaby, Bitektine, Haack, 2017). What is also

important is that the fact of the importance of the process approach being emphasized does not mean that previously important or even seminal approaches should be abandoned. As in the case of legitimacy studies the view of legitimacy prepared by Suchman is still widely recognized, similarly in the case of identity studies approach presented by Albert and Whetten (1985) who by emphasizing how centrality, endurance, and distinctiveness are to be important for identity created the tripartite definition of organizational identity remains valid¹. Nevertheless, "a new scrutiny and more comprehensive analysis of each of the components of identity" is encouraged (Kreiner et al., 2015, p. 984). Especially, having conducted a deep analysis regarding how original ideas presented by Albert and Whetten were next applied in different fields of research, Knorr and Hein-Pensel (2022) emphasized the importance of conducting future research on the evolution of organizational identity depending on life-cycle of organizations. It should involve consideration of how organizational identity can evolve when the pace of growth in profit or other resources changes. Although this paper focuses mainly on the last stage of the industrial life cycle, the analysis included here is believed to allow for showing the evolving character of organizational identity with comparison to changes in "identity sustaining elements" (Knorr, Hein-Pensel, 2022, p. 22) of cognitive and relational character.

1. Theoretical background

1.1. The issue of organizational identity as a part of the organizational boundary problem. Sectoral context

Some features like a relatively stable industry structure or rather low technological uncertainty² (related to "the possibility of technological obsolescence" – Balakrishnan, Wernerfelt, 1986, p. 348) that may often be related to the declining industrial sector are to be in favor of mechanisms used to shape legal boundary of the company which is one related to the concept of the boundary of efficiency – Santos, Eisenhardt, 2005. Nevertheless, there are still other premises that may cause managers to change their way of thinking about the boundaries of their organization, these are e.g. the arguments provided by the concept of boundaries of identity. Here the task for organization members is to find the answer to the question of who we are as an organization. Coherence should be achieved between the identity of the organization and its activities. It appears to be difficult especially when the awareness among managers is present that the activities which the company has performed for many years are losing their legitimacy (generally acceptance). The perspective of a significant organizational change may emerge (e.g. lw.com.pl). Just here the term cognitive frame is to be important (as well as emphasized "emotional attachment" to these frames – Santos, Eisenhardt, 2005, p. 501). These frames are often said to make ambiguity reduced which is why the process

of decision-making may be facilitated. However, when being unsuited with regard to how challenges are solved by the organization as a whole in the environment, these frames may result in decisions far from being optimal (Hahn et al., 2014, see also Janiszewski, 2021).

Both unconscious character and deep emotional component are features of identity boundaries that cause them to be resistant to change, which is why alternatives considered when deciding on boundaries of the organization are expected to be coherent with organizational identity (Santos, Eisenhardt, 2005, p. 502). It is also possible to say that what constitutes the “building blocks” for the organization’s identity is cognitive frames (Santos, Eisenhardt, 2005, p. 500). Santos & Eisenhardt (2005) see cognitive frames as the result of the crystallization of sensemaking under the conditions of bounded rationality and environmental complexity. The “collective sensemaking” allows for building shared interpretations of past actions and changes and as a result of this courses of new actions can be established (Weick, 1995 as cited in Santos, Eisenhardt, 2005, p. 500). Also, organizational identity may be argued to reflect CEO’s experience and CEO’ perception of the reality in the industry (Santos, Eisenhardt, 2005).

Nevertheless, in the end, the organization (being forced by the perspective of losing all hitherto created legitimacy and presumably not being able to renegotiate this loss) may decide on organizational change that means quite a radical departure from its hitherto activities (<https://www.miningweekly.com/>). However, the issue is about the extent to which what managers say about changes necessary in strategies and business models that allow the organization to gain access to new resources is absorbed by the employees and external evaluators. This also depends on what are the sectoral characteristics described below.

When presenting the concept of a five-stage model for the industry life cycle that includes stages like pioneering development, rapid accelerating growth, mature growth, stabilization, and market maturity as well as deceleration of growth and decline, Reilly & Brown emphasize the usefulness of the concept for predictions of industry sales and trends in profitability (Reilly, Brown, 2009, pp. 415-416). From the point of view of considerations presented in this paper attention is primarily to be paid to the last stage of the industry life cycle which is the deceleration of growth and decline. The analysis focused on sales and profitability shows that during the decline stage demand is lowering, or more and more substitutes appear. What is more, it can be noticed that since the stage of mature growth, the profit margins begin to decrease to normal levels since competitors were attracted to the previously quickly growing industry. In general, those who are still investing in the industry during this last stage may gain only low rates of return on capital (Reilly, Brown, 2009, pp. 415-416). The issue is that before the capital tied in the industry of this kind will be withdrawn by investors due to financial reasons it may be expected that there is a huge pressure directed at the industry and companies operating within it (e.g. https://www.miningweekly.com).

The above-mentioned pressure may be said to consist of different social judgments formulated by the external audience. This may be related to all the previously discussed “pillars” that support institutions depending on how much effort the decision-maker is to put

into the assessment to attempt to undermine one or more of those pillars (Bitektine, 2011; Scott, 1995). Nevertheless, companies may still have their operations accepted by the environment throughout some significant period depending on how they react to the situation. There are many potential reasons why these companies are struggling to maintain their operations in the declining industrial sector (e.g. feeling of responsibility for local communities or the whole region where the company is operating - e.g. Iw.com.pl). The issue is while managerial cognition is shaped gradually (as it occurs when managers are being reinforced by economic success and are focusing their effort on the behavior leading to it – Prahalad, Bettis, 1986), here the situation is that the organization should attempt to introduce changes relatively quickly due to the requirements on the part of a threat of the loss of legitimacy. What is more, due to the existence by a presumably longer period (as the declining industrial sector is expected to go through all stages of the industry life cycle although exceptions are possible) one may expect that there is more than one institutional logic³ present. That is why when referring to some seemingly obvious rules or points of reference members of these organizations may differ from each other.

The above-mentioned conditions may lead to the emergence of reasons why in the declining industrial sector special conditions for making social value (legitimacy) judgments are created. Similarly like in the case of the legitimation of a new market category (Navis, Glynn, 2010), there is the need to take into account the confluence of factors internal to the activity (e.g. views and assessments related to its importance or indispensability) to be deinstitutionalized as well as factors external to the activity (e.g. legitimacy judgments related to its appropriateness and credibility) to be deinstitutionalized. The below-mentioned relations (point 1.3) show how conditions that are present in the sector that deems to be in the last stage of its development may influence social judgments made by evaluators. In addition to an internally generated identity shaped by cognitive frames of managers (point 1.2), these attitudes performed by the external audience are to be the next factor to be taken into account when considering the framework for the analysis of how the companies could maintain their legitimacy when the general context is losing its legitimacy.

1.2. The issue of organizational identity and managerial cognition. Organizational context

As it has been stated the concept of boundaries of identity, in addition to the theoretical strain focused on managerial cognition and cognitive frames (e.g. Prahalad, Bettis, 1986), also draws from the works related to organizational identity and how organizations may gain their distinctive character (e.g. Albert, Whetten, 1985). As being related to each other these two strains are to be discussed below.

It may be said that the proposition according to which central and enduring features of the organization should be regarded as important for organizational identity stems from the concept of the deepest commitment of the organization. Among these features, one is to find distinctive

features of the organization⁴. What has been created as a result of these commitments can be ascribed to the notion of organizational identity. Put differently, when organizing the organization makes choices, and the reminders of these choices that were institutionalized can be treated as "identity referents" (Whetten, 2006, p. 224). By analyzing the deepest commitments of the organization it becomes possible to recognize the most important aspects of the organization since these commitments are not to be changed because of passing time or changing conditions. It is worth noticing that this view relates to "path-dependent conceptions" of how organizations evolve (Stinchcombe, 1965 as cited in Whetten, 2006, p. 224), and in order for processes of organizing and identifying to be considered as "parallel processes" one of the assumptions that are to be shared is that only rarely organizations are successful when introducing "core changes" (Barnett, Carroll, 1995 as cited in Whetten, 2006, p. 230). The next result of the adoption of this view is that the possession of self-defining commitments should result in persistent consequences thanks to which organizations are identifiable and their constitutions as social artifacts occur. These commitments are said to be important to the extent that in addition to being strongly related to emotions, they should play the role of decision guides in "profoundly difficult situations" that are to be used as a kind of a tool of last chance for resolving this situation (Whetten, 2006, p. 222). To sum up, it is especially important that organizational identity is ascribed to those features of the organization that have been institutionalized as a result of the choices made during the process of organizing (Whetten, 2006). From the point of view of the discussed topic, it is important to find whether the organization that both operates in the declining industrial sector and attempts to maintain its legitimacy can introduce necessary changes in a way that does not mean a complete dilution of its organizational identity as it may have serious consequences regarding managers engagement (Dattée et al., 2022). At the same time, the issue is how changes that are to be introduced are transferred (especially in comparison to the intensity of the emergence of the messages that have their source in the group of external evaluators who is in opposition to the organization). At the intersection of real effort put into maintaining the legitimacy and the level of awareness of it on the part of external evaluators, the prospects for the organization are believed to be shaped.

In general, the term organizational identity is said to be a broad one (Cyfert, 2012) as it may include organizational basic values, organizational culture, next also ways in which products are prepared and these products themselves (Dutton, Dukerich, 1991 and Stuart, Whetten, 1985 as cited in Konecki, 2002, p. 82). What is also important, organizational identity could be said to be shaped e.g. by the identity of the industry (Melewar, Karaosmanoglu, 2006 as cited in Zarębska, 2009, p. 40). Although Santos and Eisenhardt (2005, p. 501) regarded organizational identity as mainly immutable due to "deep emotional attachment", research conducted by Kreiner et al. (2015) allow them to argue that the definition created by Albert and Whetten (1985) when being applied to members of contemporary organizations facing more radical changes can be modified since organizational identity is to be experienced not only as

a characteristic but it is also experienced as a process. The core of their argument appears to lie in that thanks to identity work it is possible to expand hitherto identity by interpreting new kinds of situations as being in some way related to (or as ones that can be treated as being the same as) those in the past (Kreiner et al., 2015). At the same time when being performed in such a way that new events are commented as a threat to what has been known from the past, identity could remain static or even be constricted. Hence, Kreiner et al. (2015) pay attention to that organizations, when adjusting to the demands of their environment, may lead their members to renegotiation who they are as a given organization. As a result of this process, organizational identity will be subjected to the above-mentioned processes (of expansion or contraction) that are socially constructed and their presence requires that the concepts of identity centrality, endurance, and distinctiveness need to be revised (Kreiner et al., 2015).

With regard to centrality, how elasticity can be enabled involves prioritizing plurality as being central to identity. This is because then multiple interpretations of identity are allowed. To set the limits on the elasticity of the identity it is also important that there remains a clear symbol of unity present that members agree on. If so, all these aspects that are not said to matter most can be variously defined (Kreiner et al., 2015). So, even if there are some differences in beliefs in order to extend the elasticity it is possible to subordinate them instead of making them problematized and to focus on e.g. this event that is commonly perceived as being important. It is also possible to perceive e.g. the fact that 3% of people have other views on something as relatively not disturbing or even helping the elasticity. Alternatively, this 3% of disagreement can be perceived as an "over-extending the diversity" and as a "deal breaker" of elasticity (Kreiner et al., 2015, p. 999). With regard to endurance, the elasticity is said to be facilitated by positioning objections to contested identity claims as being consistent with identity. The core of the matter is that instead of viewing one change as a big one and as such which is against the past of the organization, this change can be seen as a similar one to some extent to some changes that have already been accepted and in this way, there is not a break in the continuation of the previous identity. What is more, instead of seeing a given change as a catastrophic one, the change may not be problematized and seen as "business as usual". When there is a debate about whether a new social group should be allowed to enter the organization, it can be made compared to the other groups. And despite being in some respect different to these groups that entered earlier as a result of the comparison this new group should be let enter as well. In this way "the notion of inclusion" continues to expand and the identity of the organization as well (Kreiner et al., 2015, pp. 1000-1001). With regard to distinctiveness, the facilitation of elasticity goes through embracing outside trends or social movements because then the degree to which members construct their organizational identity by drawing on outside influences is increasing. Here the issue of a referent to which one compares organizational distinctiveness is of primary importance. For example, a given trend when being accepted by the organization can be perceived to make this organization lose its distinctiveness as this organization becomes to be believed like previously perceived other ones (e.g. Church is to be like a secular organization

as Kreiner et al., 2015 discuss it). But when having the referent changed the same organization can be perceived as having its distinctiveness enhanced when being compared to organizations previously regarded as belonging to the same class (e.g. Church that accepts some trends may become unique with comparison to other Churches again as Kreiner et al., 2015 discuss it). The issue is also even when there are some divisive issues, members can "carve out" a distinctive space within the organization. Put it differently, e.g. when there are camps in the organization although these camps may try to look for optimally distinctive space, this happens still within the organization. Organizational identity work can construct not only gain or loss in the level of distinctiveness because of external trends but also this distinctiveness may be crafted internally. When deciding on leaving the organization due to these issues, then these already former members are to constrict identity since due to incompatible views and failure with the creation of internal distinctiveness these people decided to abandon the organization (Kreiner et al., 2015, pp. 1002-1003).

Hence, it could be emphasized that the term elasticity includes not only changes in relations with the environment as well as changes in structures and processes inside the organization due to the trigger from outside but also includes the role of internal triggers (Krupski, 2006). In general, the term elasticity is said to have a few dimensions (like e.g. the ability to create a few options of operation at the same time or to react to changes that are expansive but destructive as well) (Osbert-Pociecha, Grzesik, 2009) which at least potentially should create much space for coping with difficult situations resulting from the necessity to answer the question of who we are to be posed by organizational members.

In the case of declining industrial sectors, there are now a few points worth considering. Primarily, the issue which needs to be discussed relates to how one should understand the impact which the fact of operating in the industry for a longer period could have on managers (Hahn et al., 2014, see also Janiszewski, 2021). To appropriately assess this issue, it is needed to show how the significance of conditions under which managerial cognition is shaped should be taken into account. While how cognitive frames are built and work is discussed in detail elsewhere⁵ here the main arguments focused on the roots of this discussion on managerial cognition with regard to strategic decisions are presented as these aspects are especially important from the point of view of organizational boundaries. Then it will appear to be clearer what is the extent to which the increasing awareness of the growing demands of legitimacy gaining (<https://tax.thomsonreuters.com>) may allow one to assume that managers even if reluctantly may be able to adjust their operations and, in general, features of the organization to the new demands in the field for gaining further acceptance for their operation in the industrial sector which is under high pressure.

Prahalad, Bettis (1986) defined a "dominant general management logic" as "the way in which managers conceptualize the business and make critical resource allocation decisions - be it in technologies, product development, distribution, advertising, or in human resource management" (Prahalad, Bettis, 1986, p. 490). The term "dominant general management logic"

was used by Prahalad and Bettis when they consider the linkage between diversity and performance. These dominant logics were said to consist of mental maps and such “intimate aspects” like belief structures or frame of references that were being developed by managers (including both the corporate level and business level) through experience in the core business (Bettis, Prahalad, 1995, p. 7; Prahalad, Bettis, 1986, p. 485). The dominant logic can also be viewed as a fundamental aspect of organizational intelligence, that is the ability of the organization to learn (Bettis, Prahalad, 1995, p. 7). As the dominant logic is set to permeate the organization and at this same time it remains invisible, its importance can be shown in such a way that by revolving around some unrecognized assumptions it may embed in e.g., the strategy. The dominant logic was also believed to be one of the emergent properties of the organization in case of which other examples would be “political coalitions, values, informal structure, and suboptimization” (Bettis, Prahalad, 1995, p. 11). What is important here, is the role of the dominant logic in making strategic decisions in industrial sectors doomed to decline.

Following the literature on cognitive psychology (e.g. Norman, 1976 as cited in Prahalad, Bettis, 1986), Prahalad and Bettis (1986) emphasized that instead of approaching the majority of organizational events as unique, these events are processed by managers through preexisting knowledge systems (schemas). The core of the issue here was that managers' personal experiences may be treated as a basis for the development over time of beliefs, theories, and propositions that could be represented by these systems (schemas). These schemes can be said to store a shared dominant general management logic (Prahalad, Bettis, 1986, p. 490). When describing the main role of these schemes, Prahalad and Bettis were initially focused on making it possible for managers to "categorize an event, assess its consequences, and consider appropriate actions (including doing nothing)" (Prahalad, Bettis, 1986, p. 489).

What is important now, by operating over a long period the business is expected to gain legitimacy based on taken-for-grantedness (Suchman, 1995). It may suggest that when making decisions about dealing with the problems to be solved in the declining industrial sector managers are to perceive organizational activities as being taken for granted by external evaluators. Simultaneously, they strongly link the dominant top management logic to the characteristics of the business which was the "historical basis for the firm's growth" (Prahalad, Bettis, 1986, p. 491). Managers are expected to define problems in ways that turned out to be useful from the point of view of tasks of that business. When institutional change occurs, it is especially probable that what Kiesler and Sproul (1982 as cited in Prahalad, Bettis, 1986, p. 490) initially argued that representations over which managers operate are likely to be “historical environments” is true. Nevertheless, it does not happen that all people immediately assess the situation in the exactly same way (Reay, Hinings, 2009). By looking at sources of the dominant logic like linkage to personal experiences and the state of high uncertainty resulting from rules being changed, it appears to be reasonably assumed that some significant differences with regard to how the situations should be assessed emerge among managers.

For example, the extent to which the company should take into account the period to be left for the declining sector can be assessed differently as it may be impacted by the general assessment of a political party or European Union policy. These issues could have quite a different impact on e.g. those industries within which managers operated before they start work for the analyzed organization that operates in the declining industrial sector. As a consequence of this, the above-mentioned product of managers' interpretations of experiences collected when operating within a given company and industry (organizational scheme) is not to give unequivocal suggestions as to the responses.

Indeed, what Kreiner et al. (2015) argued about differences in the assessments of what combinations of old and new practices could be tolerated, which impacted next revised views as to what centrality, endurance, and distinctiveness as features of organizational identity are, may result from the above-mentioned differences. As at the sectoral/field levels, multiple institutional logics are present and permeate organizations engaged in a given field, managers when being faced with challenges resulting from e.g. the necessity of the addition of a new business that is dissimilar from existing businesses, are to decide on how to create the capacity for multiple dominant logics at the organizational level. This is the place where differences may arise again as some managers may have previous experience in this new sector while others could lack it which is to impact which elements of institutional logics they are prone to recognize first and attempt to combine in the dominant logic. It is postulated that when considering the problem as being internally solved by a group of people, it is especially advisable to pay attention to individual differences in managerial cognition that may result in that different organizations may to some extent differently response and deal with complexity at the field level (Prahalad, Bettis, 1996, p. 496). The issue is whether these decisions will be regarded by the external evaluators (as well as to some extent by other members of the organizations) as remaining within the scope of the previously shaped identity.

At the same time, it may be noticed that one of the cognitive biases discussed by Prahalad and Bettis (1986) is the availability heuristic that causes people to make decisions "by using information that can easily be brought to mind" (Prahalad, Bettis, 1986, p. 493). Being unaware of the arising pressure or not treating it in a sufficiently serious way, as it will be discussed further, managers who may believe in a taken-for-granted legitimacy of their organization are not to produce messages that would balance the number of messages produced by those external evaluators who opposed organizational operations. By interfering with both *the coherence* and *the structure* of the messages present at the field/sector level (these messages may be actually treated as discourses that are to constitute which institutional logics are present at the field/sector level) this tendency, as time goes by, is assumed to impact decisions taken by managers which will result in a kind of response to the problem of weakening legitimacy. For example, it is worth mentioning that nowadays one source of the pressure for organizations, which operate in industrial sectors deemed to have problems with the legitimacy of their activities, may be withdrawing by financial institutions from financing (cire.pl) which may push

these managers in these organizations to attempt to gain access to limited resources by the use of mechanisms discussed in the literature on organizational boundaries (ownership ones like acquisitions or nonownership ones like lobbying or alliances). Then it is worth paying attention to that, in addition to the conception of the boundary identity, the issue of the boundary of power is to be taken into account in the analysis as well. Although the power conception is said to apply to environments characterized by rather a high level of ambiguity or dynamism, there is also possible to apply it to environments that are regulated or in markets dominated by influential players (like in the case of oligopoly) (Santos, Eisenhardt, 2005). By the use of the above-mentioned ownership and especially nonownership mechanisms, the organization can have its organizational boundaries - understood by the prism of its "sphere of influence" - extended (Pfeffer, Salancik, 1978 as cited in Santos, Eisenhardt, 2005, p. 496). What is important, even though identity boundary is argued to have in general dominance over power boundary, it is possible to discuss examples of when power considerations can dominate over identity considerations when making decisions on the boundaries of the organization. However, it is not often to be like that, but the appropriate conditions have to be present. This is also why attention is paid to the declining industrial sectors.

It is not until some extreme circumstances occur that power considerations can dominate over identity considerations. For example, when external forces are to make critical resources for the organization inaccessible (like in the discussed example of financial resources for developing projects in the declining industrial sectors), it may trigger sensemaking (Louis, Sutton, 1991 as cited in Santos, Eisenhardt, 2005, p. 502) as a result of which organizational identity can be reevaluated and boundaries adjusted based on this reevaluation (Santos, Eisenhardt, 2005). The power concept of organizational boundaries can be useful to understand the behavior of the organization that in order to avoid being forced to adopt activities that would be divergent in relation to its goal needs to improve its performance by reducing its dependence on external forces or putting it differently, by gaining more and more control over these external forces (Thompson, 1967). Here, by making use of the ownership mechanism (acquisition) or non-ownership mechanism (alliance) the company can gain access to a necessary resource, which although dictated by power boundaries premises has finally impact on how the identity boundary of the company is shaped. What this example suggests and what is next developed is that for the abandonment of practices the previously made reconfiguration of power-knowledge relation in a field/sector is necessary (Maguire, Hardy, 2009). The next point is to show the sources of signals from external evaluators who being first to imagine that a given organization may cease to exist at least indirectly may influence organizational identity changes.

1.3. The issue of organizational identity and deinstitutionalization forces. External evaluators' context

In the beginning, what is worth emphasizing is that researchers in the field of management science are still encouraged to deal with legitimacy issues (Łada, 2016). Considerations presented in this section are conducted from the specific point of view related to the situation when pillars supporting institutions appear to weaken. To begin with, some remarks related to legitimacy and their types in declining industrial sectors are to be made⁶. In general, sociopolitical/moral legitimacy is to rest on the judgment whether the activity of the organization is "the right thing to do" - here the issue of whether this activity benefits or does not benefit external evaluators⁷ actually is not considered (Suchman, 1995, p. 579). It can be argued that sociopolitical/moral judgment is the kind of legitimacy in case of which the organizational form, processes, and outcomes are assessed as to whether they can be socially acceptable, or they rather should be sanctioned (Bitektine, 2011; Suchman, 1995). In addition to sociopolitical/moral legitimacy, Suchman also emphasized in his seminal paper the importance of legitimacy that is not based on interest (like in the case of pragmatic legitimacy not being discussed here) or evaluation (like in the case of moral legitimacy) (Suchman, 1995). As Bitektine (2011, pp. 156-157) argues, in the case of cognitive legitimacy the emphasis is put on a set of organizational characteristics that are recognizable (these could be e.g. structural properties, technical features) and are used to classify a given organization as a member of a "class of organizations". Put differently, Suchman argued that cultural models are available that may make organizational behavior predictable or meaningful and the possibility of "dissent" is submerged as e.g. only one organization is believed to be able to use a given technology or realize a new project (Suchman, 1995, p. 583). It can be argued that cognitive judgment is the kind of legitimacy in case of which the organization is to be classified as a member of a class (e.g. of organizations that are members of a given industrial sector) based on its recognizable organizational characteristics (Bitektine, 2011; Suchman, 1995). What is important is that the effort that needs to be put into building these judgments is greater in the case of sociopolitical legitimacy (Bitektine, 2011). This issue will be next taken into account in the construction of the conceptual framework.

The problem that may appear in the case of declining industrial sectors may be that even if the product offered by the sector can be regarded as valuable by some users, there may be more and more critical messages (opinions) as to e.g. materials used by organizations in operations that are potentially harmful to the environment (put differently, when demands related to the consequential legitimacy appear to be met, however, in case of demands of the procedural legitimacy the matters are not so obvious - Suchman, 1995). The problem then may arise as it turns out that an effort made by organizations so far being assessed as done in good faith now becomes to be considered a sign of poor results or ignorance on the part of managers of organizations that operate in the sector. When describing the institutional environment one can use the term institutional complexity - the issue is that there are many prescriptions for behavior

that can be “divergent” or even “conflicting” with reference to each other (e.g. Martin et al., 2017 as quoted in Regany et al., 2021, pp. 6-7). For example, as there is growing emphasis on water-saving activities as the water should not be wasted during the production process (e.g. jsw.pl), one can assume that the organization should have implemented some solutions and actually has achieved some progress. Throughout some periods it may cause their stakeholders to be more lenient for controversies related to the specificity of the functioning of the organization (that to some extent may be still harmful to the environment in some way). Nevertheless, assuming that it will turn out that the industrial sector which produces substitutes will be able not to waste water at all, then not only results but also hitherto acclaimed procedures used by the organization operating in the declining sector may lose their value in the eyes of stakeholders (Suchman, 1995). The issue to be considered now is what are the conditions under which those unfavorable judgments directed at the whole declining industrial sector may (or may not) outweigh steps made by the organization that attempts to maintain its legitimacy. If so, both (the declining industrial sector and the organization that operates within it) would lose their legitimacy – put differently, it may be said that their all practices would become deinstitutionalized (Maguire, Hardy, 2009). The issue that needs consideration relates to how messages from external evaluators are formed and transferred as in this space the reasons why more and more evaluators may oppose the organization emerge and as a consequence, unfavorable judgments begin to dominate discourse at the field/sector level interfering with hitherto established coherence and structure of this discourse.

In order to refer to the topic of deinstitutionalization Maguire and Hardy (2009) drew on two theoretical streams within institutional theory. The first is the organizational discourse theory (e.g., Phillips, Lawrence, Hardy, 2004). The second is the metaphor of “translation”. To understand it well, it is important to be aware that the general meaning of the message is not unequivocal. When being “negotiated” between the author of the message and the receiver of the message who also interprets it (Czarniawska, 1997 as cited in Maguire, Hardy, 2009, p. 151) the meaning is not passed from one source to another without being changed in some way. In their research, Maguire and Hardy (2009) showed that a process of translating problematizations can influence the discourse about given practices in such a way that, firstly, institutional pillars supporting practices become undermined, and, secondly, the practices become abandoned (Maguire, Hardy, 2009). When being understood as a set of legitimate practices institutions become deinstitutionalized when their “taken-for-grantedness” is called into question and as a consequence, the above-mentioned pillars do not grip those practices any longer (e.g. Douglas, 1986 as cited in Maguire, Hardy, 2008, p. 150). In this way, the status quo may be “delegitimized” and meaning “managed” (Pettigrew, 1979 as cited in Maguire, Hardy, 2008, p. 151).

Due to the fact that meanings of existing institutionalized practices stem from well-entrenched belief systems they are not to be changed easily (Reay, Hinings, 2009). What is more, as Maguire and Hardy (2009) point out, when e.g. considering the transitions from

existing "brown" practices to an ecologically sustainable economy as the example of deinstitutionalization, the effort put by those who demand the change should focus not only on the negative impacts of existing practices, but it must also show why alternative practices can be considered as being acceptable so that the issue of the acceptability of sustainable (green) alternatives needs to be taken into account as well. Although it is difficult to deinstitutionalize legitimated practices (among other reasons why it is like this one can mention those like lacks on the part of centrality, communication networks, or simply legitimacy among those actors who try to lead to changes in the field, e.g. Phillips, Lawrence, Hardy 2004 as cited in Maguire, Hardy, 2008, p. 150) deinstitutionalization may happen. To better understand how it may happens it is necessary to introduce the term disruptive institutional work (Lawrence, Suddaby, 2006).

When actors are to perform actions to "create, maintain or disrupt institutions" (e.g. Dolbec, Fischer, 2015 as cited in Regany et al., 2021, p. 7) they can be said to perform institutional work. More generally, Regany et al. (2021) mention that factors like "contestation between alternative institutions" (e.g. Seo, Creed, 2002 as cited in Regany et al., 2021, p. 5), "disconnecting" individuals on their own from certain sets of practices, technologies, rules, and laws (e.g. Leblebici et al., 1991 as cited in Regany et al., 2021, p. 5) or "coercive work" (e.g. Fligstein, 1990 as cited in Regany et al., 2021, p. 5) may lead to deinstitutionalization. Nevertheless, this issue can be extended when combined with the concept of institutional logic that is said to "infuse institutional work" (Dolbec, Fischer, 2015 as cited in Regany et al., 2021, p. 7). According to the categorization regarding institutional work prepared by Lawrence and Suddaby (2006) the core of the matter relates to how actors are expected to behave with regard to mechanisms that cause others to comply with institutions - they may support these mechanisms or attack them. By referring to this categorization, Regany et al. (2021) pay attention to that in order to introduce disruptive institutional change, people could create sanctions (here through the state apparatus so that the regulative dimension is involved) or they could make the practice inappropriate from a specific context (here the normative dimension is involved as the context may be cultural, political or religious).

What is worth adding in addition to the issue of disruptive institutional work is that other kinds of activities may be performed when organizations attempt to maintain a given institution (like the creation of rules that are to support the institution, this target may also be achieved by the creation of a positive public image or by the creation of a routine, Regany et al., 2021). The organization that operates within the declining industrial sector but attempts to maintain its legitimacy would be expected to perform this kind of institutional work but it finally depends on how managerial cognition has been shaped. The issue of managerial cognition has already been discussed as it was argued that due to the belief in a taken-for-granted legitimacy of their organization managers may not perform necessary activities. The issue of how evaluators are to assess the organization is to be explained in greater detail from the point of view of issues that are next important when trying to understand why as time goes by external evaluators are

to rely more and more on their own judgments and by being more and more focused on the situation of the analyzed organization they are believed to be the first group which starts produce unfavorable judgments (in the form of messages that are to build discourse important from the point of view of supporting institutions).

External evaluators who need to manage uncertainty resulting from simply unknown social properties of organizations are believed to use different “heuristics” (Tversky, Kahneman, 1974 as cited in Bitektine, 2011). Following Tversky and Kahnemann (1986), Bitektine (2011) emphasizes that cognitive heuristics may be replaced by an “extensive evaluation” when contextual characteristics for the process of social judgment formation are to include (in addition to the availability of resources) e.g. the high economic and social stakes for the evaluator or the intensity of social pressure to have and express a judgment (e.g. Kruglanski, 2001 as cited in Bitektine, 2011, p. 170). From the point of view of the discussed topic, it is important to emphasize that having resigned from an extensive evaluation, the external evaluators formulating social judgment are to be focused more on a less “expensive” category-based form of judgment (here cognitive legitimacy may be considered) than on a more complex form of judgment (here sociopolitical legitimacy may be considered). These relations are to stem also from cognitive economy which suggests that people seek to process “maximum information with the least cognitive effort” (Rosch, 1978 as cited in Bitektine, 2011, p. 164).

Depending on the context external evaluators may be more focused on looking for reasons as to why the procedures or results of the organization are to be delegitimized or may simply not perceive a given organization as being taken for granted any longer without any greater effort being put into the assessment. In the case of declining sectors, there are now a few points worth considering. It appears to be reasonable to assume that because of the last stage of its existence, the industry could be expected to include organizations that operate within the sector throughout rather a long period so that their characteristics should be rather known. It is not until problems begin to arise that those characteristics are to entail a considerable interest among people that could lead them to comments, and discussions on the state of things. However, especially when being exposed to pieces of information about global trends (e.g. in the field of environment protection) external evaluators may sooner or later (the consequences of the introduction of time lag to the analysis are to be discussed later) start changing the bases for their evaluation. This could be because the spreading knowledge about trends may cause them to put more effort into how they approach the task of evaluating the organization. This is because at least social stake appears to be high and the perceived necessity to have a judgment as well is increasing. When assuming that (like it occurs e.g., in the case of the mining industry) there are serious technological advancements that are to be more sustainable and possible to be implemented by the organization, one may expect that evaluators would be under strong pressure to express judgments. At last, evaluators then know that expressing a judgment allows them to lead to a form of sanction being imposed on the organization.

Here, the role on the part of other external evaluators' actions with respect to the organization that takes a form of discourse could play a role as well. This is because the dissemination of judgments occurs when the external evaluator's judgment is expressed to other external evaluators' judgments (Bitektine, 2011). When the action in the form of a nondiscursive one may involve e.g. imposing sanctions, the discursive one occurs when social networks, the media, or channels like agency ratings can be used to express given judgment to other evaluators (Bitektine, 2011, p. 164). This results in that validity cues that external evaluators are to obtain from the environment are to have less impact on external evaluators as they would rather use their independent propriety assessment than take into account validity, which is a "collective consensus" about legitimacy (Bitektine, Haack, 2015, p. 50)⁸. It can be assumed that the fact that some external evaluators are believed to perform disruptive institutional work (with differentiated levels of engagement and following prescriptions related to different institutional logics in accordance with the previously introduced term institutional complexity – these factors make the transfer of evaluations exposed to modifications which cause these evaluations to become increasingly unclear) causes collective cues as to how the organization should be assessed become undermined (which is not to be changed even if some external evaluators appear to support the organization). The necessity on the part of external evaluators to refer to their propriety judgments is to result in demands that the organization is to implement many different changes in line with these expectations, which is believed to lead to higher pressure for the organization. As it will be shown in the analysis to follow, the changes in the coherence and the structure of the discourse at the field/sector level are believed finally to make managers aware that they need to introduce some steps as well.

2. Discussion

The above-mentioned aspects are to be outlined especially when the pressure from the institutional environment becomes sufficiently high that the question needs to be posed whether a given organization that introduced changes has still the same identity or its identity broke or is to break. This is because tensions arising from the linkage of the external evaluators' perception of decisions about these changes to validity cues influence whether the organization is to last even though its sector declines. The issue relates to how the extent to which an organizational identity changed or did not change as a result of social judgments formed by external evaluators should be assessed. It might be, as Kreiner et al. (2015) show, that although some significant changes were implemented, the identity of a given organization can be extended rather than lost. However, as it has been postulated in the paper, the consideration of the time dimension on when changes were introduced may interfere with what could be considered a normal course of action. This issue is developed below when discussing the framework. Before some additional interpretative challenges are briefly outlined.

For the adopted way of theorizing in the paper, it is important to consider those factors which primarily may impact the final abandonment or a lack of the abandonment of a given organizational practice or an attribute. From the point of view of the pillars on which institutions are based, on the one hand, it may be said that the shift from considering the practice or the attribute as being taken for granted to allowing for the practice or the attribute to be called into question, is not sufficient for the abandonment of the practice or the attribute. Then it can be noticed that either the practice or attribute is not to be abandoned (deinstitutionalized) when during the translation process the counter positions are to make problematizations related to the practice or the attribute disappear (Maguire, Hardy, 2009). For this phenomenon, it is important to notice that when one hypothetical group of actors can support problematizations, there could be a second hypothetical group of other actors who are to begin to produce more positive messages (assumed counter positions). This is to have an impact on the next issues important from the point of view of analyzing institutional change, that is the level of previously signaled coherence of discourses that constitute logics and the extent to which the structure of these discourses could be recognized. When both coherence and structure turn out to be difficult to be achieved it is possible that some consequences resulting from the complexity of institutional logics are to emerge - lack of predictability (in case of the lack of structure, it means that messages of which the discourse is comprised are not to draw on each other in a predictable way) as well as the presence of strong contradictions that make it impossible to follow a common path (in case of the lack of the coherence, Maguire, Hardy, 2009).

Considerations made so far gave light firstly on the process of creation of the special conditions for making social judgments in the declining sectors and secondly, on the links between the analyzed conditions on the one hand, and (especially) unfavorable social judgments made by evaluators. This knowledge could be made used by managers who should pay more attention to the answer to the question of why external evaluators may be especially prone to formulate unfavorable judgments during the declining stage of the industrial sector life cycle. Then managers being aware e.g. how a given event is expected to influence social judgment may be able to influence this relation and cause it to be weakened. But the issue is that some of these consequences may be difficult to be managed consciously - as it has been stated the change in power boundaries made under the pressure from evaluators next can have an impact on how organizational identity is shaped. Hence, the issue is that the reaction on the part of managers faced with the necessity to gain again access to new resources is first to be reflected in how external evaluators are to behave and secondly is to be reflected in the identities of their organizations. What is more, although some relations may appear to be quite obvious, the task for managers is to try to understand how they possibly participate in bringing about those relations (Weber, Glynn, 2006). It is important because following the main paths along which expectations of stakeholders are formed, managers may not notice the whole spectrum of effects that are caused by their decisions.

When it is the case that power boundary appears to be more important than identity boundary, actually it may also mean that some considerations as to whether a given step is to be legitimate could be of lesser importance. Nevertheless, when taking into account impacts on organizational identity and its role, there is a requirement that possible difficulties that may arise as a consequence of the acquisition of new kinds of resources or forging the alliance (entailing activities to be performed in new fields) be dealt with in internal as well as external dimension. Here some additional possibilities to those next presented in Figure 1 that are based on alternative assumptions could be considered before focusing on Figure 1. It could be mentioned that e.g. it may be that even if a given step is considered problematic from the point of view of centrality argument (Albert, Whetten, 1985) when taking into account the cognitive pillar of one of institutional logics, then the possibility of subordinating it to regulative dimension (due to lack of formal bans) and competitive dimension (due to lack of risk of the bankruptcy) may lead to that what is the deepest commitment of the organization (serving clients, delivering value to shareholders, taking care of poor local communities depending on how the organization defines it) does not change at all. Moreover, triggers related to e.g. the long-term plans of the organization to start operations in the sector in which the organization did not operate in the past, may be too quickly interpreted as the premise of that the existence of the organization otherwise is to be stopped. Hence, the external context can actually be of lesser importance (at least from the point of view of decision-makers). Further, assuming that the organization faced difficulties decided on acquiring the other company, even if this step is to be relatively quickly interpreted as the way for the building of the resources which may be rather less successful, it could turn out that this organization followed prescriptions (related to how to grow) present in this organization from the early years of its existence. Again internal (and not external) context may be more decisive than one could assume. The problems may also arise when paying attention to how one can assess whether some organizational operations meet the requirements on the part of the endurance argument. Due to the long tradition of operating in the industry and the region, it is rather impossible to say that organization that starts operations in this new and unique (from the point of view of this region) field could be still assessed positively from the point of view of the endurance. Similarly, when taking into account the issue that the company is unique because it e.g. combines operations in the declining industrial sector that is harmful to the environment and in the new industrial sector that is not harmful, the issue is whether it can define mutual advantages derived from these operations. Alternatively, the organization may be said to be one of the many organizations that operate in this new sector and its past activities related to the old sector can then be perceived as being a kind of burden. Of course, it is not possible to take into account each possibility that may emerge and that is why only selected issues are to be taken into account next. Further analysis is conducted by reference to the conceptual framework outlined in Figure 1.

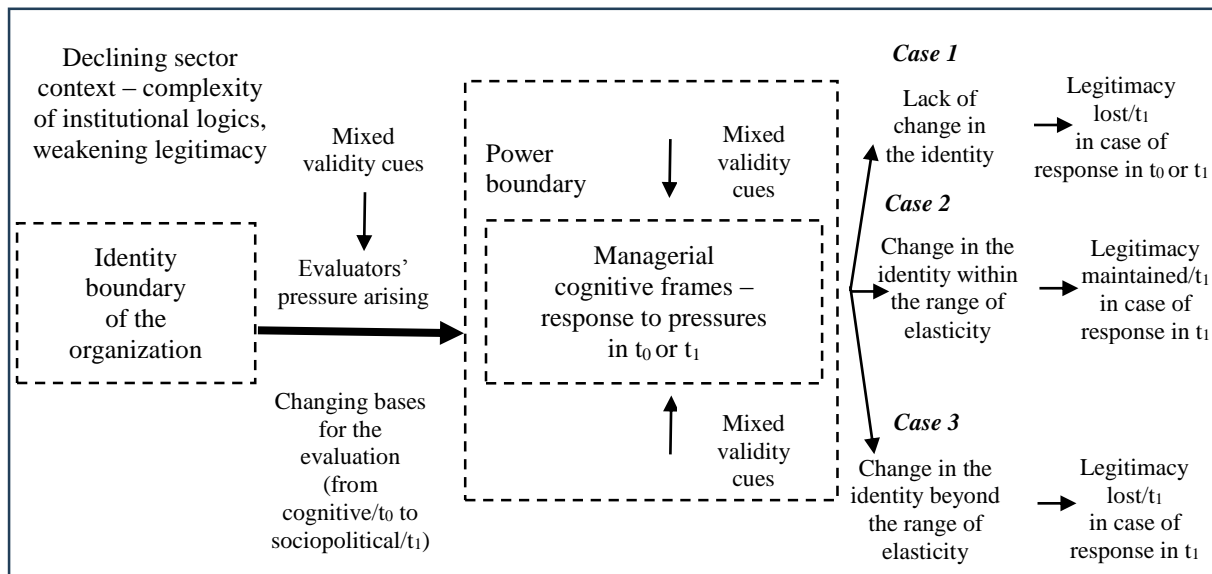


Figure 1. Conceptual framework.

Source: Authors' own.

Taking into account both the difficulties that managers may have with overcoming their viewpoints resulting from how their managerial cognition has been shaped in the industry now being in the declining stage and time lags related to when external evaluators may change their viewpoints on organizational activities (and at the same time to start building their social judgments less on cognitive bases and more on sociopolitical bases) three cases can be analyzed as follows.

When analyzing case 1 it can be noticed that due to previously discussed postulated managerial attachment to logics shaped by managers' long-lasting engagement in a given industrial sector that makes them perceive (at least) initially cognitive bases adopted by external evaluators for their assessment, the lack of change of identity is to result in that the organization has its legitimacy lost. Potentially, when the process of the change of the bases for social judgments formed by external evaluators will be long-lasting due to rather a distant perspective of the final decline of the industrial sector, the organization may operate over a longer period exposing itself to the risk of the accumulation of unfavorable social judgments. This is because when external evaluators are to refer to their (individual) propriety judgments and next inform others in such a way that many translations will be occurring simultaneously, more and more messages will be brought about. Although they do not have to be all unfavorable, due to the lack of sufficient opposition on the part of managers who should create a counter position, the majority of unfavorable messages are expected to emerge, which is why managers will have arising difficulties dealing with the situation.

Case 2 refers to the situation when managers decide to introduce a change in organizational identity that does not lead to the organization becoming perceived as having a new organizational identity (hence, it is argued that the change remains within the range of the elasticity). This kind of change can be conceptualized as e.g. an alliance. Here those attributes

or practices which turned out to be the decisive ones in the past still may be perceived as being the same from the point of view of both groups, these are managers and employees (the first group) and external evaluators (the second group). Hence, it becomes easier to say that those other issues are of lesser importance so that the fact that there are some minor identity conflicts is not important as well. Then those differences by leading to crafting the distinctiveness within the organization (by the creation of some independent groups that differ from each other because of some less important viewpoints) are not to lead to a break in the organization. Although the discourse created by this kind of organization is not to be entirely coherent it may be predictable because in the organization there is a foundational consensus e.g. one related to the belief that the alternative ways of operations that are supported by external evaluators have their value and sooner or later (here could be the issue for minor disagreement) they will be introduced. The fact that there is some predictability introduced to the institutional environment may help external evaluators to regain greater trust toward validity cues. Then due to normative reasons, the organization is to have still its legitimacy. Nevertheless, due to regulative reasons, the sector as a whole is doomed to decline, which could have importance with regard to how the situation is to develop. Generally, the external pressure that is common in the sector when being directed at the organization is alleviated. Then the organization within its new boundaries will gain some additional time to pursue its operations in such a way that its identity boundary is not problematized but it may have still legitimacy. However, this kind of change is especially to take place when there is a distant perspective of the final decline of the industrial sector since it is more probable that decisions on investments regarding new fields of operations are made because these investments are to be useful for the operations in the declining industrial sector as well. If the perceived time to the decline of the industrial sector is close, either the company from the declining industrial sector or the potential alliance partner could not be interested in this form of cooperation. What is also important, the reaction on the part of external evaluators may change sooner than it would be desirable. This is because it may become distressing for everyone that e.g. in the field of potential harms caused by organizational activity nothing may change for an even longer period when the pressure exerted for the organization is not to increase. Hence, the kind of change discussed here is expected to involve a greater intensity of transfer of messages between the organization and external evaluators. This kind of change as resulting from the decisions to introduce not a radical change in response to how to make access to external resources safe shows that the value of non-ownership mechanisms as being analyzed in the power conception of the organizational boundary may become important from the point of view of how quickly the identity of the organization can be shaped.

Now the issue of time lags can be considered. Let's first consider that by admitting problems resulting from new legitimacy requirements more quickly, organizations are more probable not to lead to the situation when legitimacy requirements are to destroy their identities. In order to admit to problems and next to avoid having declarations detached from operations, managers need to be in favor of alliances before problems with legitimacy and identity are to arise.

The possible achievements in this ground are to result from applying mechanisms that can extend the power boundary of organizations but in such a way that the resulting pressure for identity boundary is not to impact central, enduring, and distinctive features of the organization in a way that nobody could see the continuity with the past any longer. However, a different scenario can be considered. When e.g. the organization is to introduce changes that remain within the range of identity elasticity when the bases for evaluation among the majority of external evaluators are still cognitive, then these changes may go unnoticed among external evaluators. However, employees may be satisfied as from their point of view the fact that the organization managed to go beyond fixed managerial cognition in such a way that they can both still be attached to the main practices or attributes and expect that external evaluators' pressure will be more focused on other organizations in the declining industrial sector. But when the change of the bases for the evaluation among external evaluators is completed then it may turn out that these evaluators being unaware of the changes taking place in the organization are starting to withdraw their support for the organization. Nevertheless, employees may be still engaged. Here the issue opens whether it is possible that although the organization is losing its legitimacy it can pursue its operations as if the legitimacy would be untouched.

Case 3 refers to the situation when managers, although believed to be attached to their managerial logic shaped so far, decide on radical change (reasons as to why it may happen are hypothesized later), which can be conceptualized as e.g. diversification, especially one unrelated and made by acquisition. The change beyond the range of the elasticity is the one that makes it less visible what key attributes or practices of the organization cause in a more or less intended way new propositions with this regard to emerging. It may lead to the situation that some combinations of these propositions will begin to be noticed as radical departures from the past. As it may require new competencies, the organization by investing in e.g. new technologies needed in a new field of operations and resigning from the development of its current competencies may lead to the situation that instead of being assessed through the prism of its hitherto innovativeness that is to be continued in the new field, the organization is to be perceived by the prism of the majority of other organizations operating in the declining industrial sector that are less willing to invest. Then the distinctiveness of the organization with regard to how it would like to pursue its operations in both the old (now declining industrial sector) and the new sector may become vanished. Then anxiety may arise among employees because what was regarded as characterized by long endurance and centrality due to being helpful in case of earlier crises now becomes questioned. This is the point when the issue of identity conflicts may gain some additional significance as members will be perceiving the matters of the disputes as impossible to be subordinated. The perceived differences among organizational members may easily become enlarged to the extent that their organization stops being like it was when operating only in one sector and becomes more like those in the new sector or even it would be difficult to say. Under these conditions, it appears to be impossible to find a proper point of departure for crafting internal distinctiveness. Coherence of the

discourse or discourses created in this situation by the organization and next transferred to the environment will be weak. From the point of view of external evaluators, their predictability will be weak as well and these evaluators may not be able to trust in any direction of further operation proposed by the organization. Taking into account that the organization could leave the sector, external evaluators are not expected to maintain their willingness to support this organization any longer. That is why the organization is not to maintain its legitimacy. Because of the lack of validity cues that could have significance for greater collective in addition to problems arising regularly when approaching the time of the final decline of the industrial sector, some further problems are expected in the cognitive dimension of the institutional environment as the effort put into building legitimacy judgments by external evaluators is not to decrease. It is difficult to imagine that the organization when facing this kind of situation is to continue its operations under the same brand, or management team. This kind of change resulting from the decision to introduce new ways of functioning that can be described as radical ones to some extent (discussed unrelated diversification) and implemented in response to the question of how to make access to external resources safer shows that ownership mechanisms as being analyzed in the power conception of organizational boundary may become important from the point of view of a break in organizational identity.

Now the issue of time lags can be considered. It may be assumed that when losing its legitimacy the organization in a hardly to be explained way introduces radical steps in order to meet requirements resulting from unfavorable judgments about its attributes or practices (based on the more demanding bases of sociopolitical legitimacy) and next this organization (its attributes or practices) may be exposed to further problematizations. This is because when attempting to distance itself from its previous operations so much the organization may encourage external evaluators to exchange their doubts and the translation resulting from it may lead to possible deep hesitation among external evaluators as to the intentions of the organization and the way in which the organization creates messages about it. The issue may be that when changes that are to occur beyond the range of elasticity when external evaluators' bases for the evaluation are still cognitive, it may cause firstly that employees leave the organization before the new bases for the evaluation on the part of external evaluators are to be set as sociopolitical ones. At the same time as long as the bases for the evaluation are not turned into sociopolitical ones, external evaluators are not to react to these foundational changes that occur in the organization. At last, when they start evaluating the organization with more emphasis put on the sociopolitical bases, due to new employees and other changes in organizational attributes or practices implemented so far by them, the new identity of the organization may turn out to be more persuasive regarding this foundational need to build new legitimacy. Then, external evaluators could be in favor of changes that took place in the organization that can maintain its legitimacy.

The discussion on conceptual framework lets us consider what different kinds of changes are possible to be recognized when being assessed regarding consequences they have for organizational identity and legitimacy. The perspectives of both organizations whose decisions are led by managerial cognition and external evaluators whose social judgments are formed based on validity cues were presented. The adopted social constructionist view allows the problem to be discussed from the point of view of messages created by companies and their external evaluators and their possible impact on how the organization is assessed. An attempt was made to consider dynamic dimensions related to time lags. The framework is believed to provide some incentives to develop current discussion on legitimacy and identity issues, however, it has some limitations. These are to be discussed in the next section.

3. Conclusions

By drawing on the concept of organizational boundaries with special attention paid to identity boundary and power boundary this paper shed light on the issue of how it happens that despite increasing pressure exerted on the declining industrial sector it may be that some organizations appear to maintain their legitimacy. The point of departure made it possible to take into account both sides that are expected to deal with tensions. On the one hand, external evaluators losing trust in validity cues supporting collective judgments tend to view more and more critically how the organization operates. On the other hand, managers need to introduce some changes simultaneously dealing with their established points of reference which are rather ascribed to the past than to the present. The possible results of how these situations are dealt with were said to depend on decisions on organizational boundaries that in addition to the ability to deal with managerial cognition and the way in which social judgments are formed were shown to be dependent on sectoral context including the issue of institutional complexity and how discourses, which were assumed to be consisted of messages, impacted possible development paths of institutions.

The contribution of this paper rests on the use of the construct organizational identity elasticity (Kreiner et al., 2015) in the context of considerations on organizational boundaries when posing the question of how the organization can maintain its legitimacy when at the industrial sector level deinstitutionalization occurs. It is postulated that in order to understand whether the changes to be implemented by managers will cause positive evaluations to dominate one is to take into account the extent to which these changes make it possible to transfer as soon as possible clear messages among external evaluators. At the same time, following Kreiner et al. (2015) notions about the possibility of organizational identity being extended, it can be assumed that it is some space for significant changes that could satisfy both - external stakeholders (external evaluators) and internal stakeholders. It also means that the

employees' perception of internally implemented changes should not be forced to go beyond what is known for employees at least to some extent if these changes are to succeed in the organization. Here it means that as it has been assumed that managerial cognition under this high pressure is a decisive factor, managers can not avoid thinking about institutional complexity in the environment. The additional aspect of the analysis conducted in the paper is that when taking into account the important issue of the changing bases for making evaluations (or changing assumptions as to what these bases could be) the dynamic dimension was included.

The paper could be thought of as providing some additional notions on relationships between the different conceptions of organizational boundaries. When justifying that the power concept can be sometimes more relevant than the identity concept, it suggests that how consequences of the power concept can influence identity may be related to the use of some mix of ownership and non-ownership mechanisms that causes different kinds of discourses to be transferred to the institutional environment. Next, it extends the way of thinking about how identity can be shaped and what kind of possibly not typical situations may emerge. Based on how the problem was analyzed in the paper and by referring again to Kreiner et al. (2015) it can be noticed that e.g. when the issues of primary importance in the organization are clear, it may turn out that those issues on which members of the organization disagree are not commented as having any importance. Nevertheless, despite this importance being maintained the state of things that members have identity conflict is of lesser significance. Then crafting internal distinctiveness may not be hindered and the question may be posed what are the mechanisms that cause (or even more accurately - why) organizational members to fail to subordinate non-central issues but at the same time to avoid both having open conflicts and possibly quitting the organization? Another possibility is that members are to be disrupted by the identity conflicts even if they see these non-central elements as being subordinated and here it may turn out that there will be some difficulties with crafting internal distinctiveness understood through the prism of the creation of independent groups that still operate within organizational boundaries.

The analysis possesses some limitations that may relate primarily to the assumptions regarding the characteristics of the declining industrial sector. As it has been shown industry life cycles are primarily focused on the assessment of how revenues and costs change. Then searching for additional assumptions related to features like those discussed in this paper may sometimes cause some doubts. Indeed, when being focused on the mining industry to which some references in this paper were made, one may provide arguments for some differences with comparison to a generic model presented in this paper. Nevertheless, the assumed features of the declining industrial sector presented in the paper appear to have sufficient validity.

Other possible limitations may result from the fact that some additional arguments could be introduced to the analysis e.g. the one related to whether external evaluators operate within or beyond the boundary of the sector, which was shown to have significance for occurring

processes (Maguire, Hardy, 2009). What is next, the paper follows suggestions that argue that although the interests, values, and strategies of actors within fields/sectors and professions are present individuals do not have to always "strictly adhere to the dictates" of these institutional logics (e.g. Seo, Creed, 2002 as cited in McPherson, Sauder, 2009, p. 167). Although in the paper there is a departure seen from one-way thinking about how institutional logics providing different cues for both managers and external evaluators can influence decisions, the issue is considered at the level of general propositions and not at the level of detailed activities which are to lead to the postulated results. Nevertheless, the field of research focused on organizational boundaries and strategic decisions related to them is suggested as a valuable one for investigating the impacts of field-level constructs on how decision-makers are to choose their paths for further development.

Conducted analysis provides some inspiration to propose some further paths of investigation, however, due to its conceptual character the paper may only make some minor suggestions. Future analyses may focus on whether postulated difficulties with changing managerial logics due to a long period of operation in a given sector are a real problem for managers when they are faced with the threat of deinstitutionalization. Here it appears to lurk one possible issue that will be especially worth being investigated, however, it may be difficult to be assessed. The core of the matter is that, as it has been observed when there are quite serious changes to be implemented by managers, by deciding on them managers expose their organizations to threats related to the feelings of legitimacy being lost. It is assumed to occur when the change will extend the acceptable range dictated by the elasticity of organizational identity. The question is whether this kind of radical change is the result of the possible awareness among managers of fixed managerial cognitive frames that need to be overcome then. While these frames even if do not prevent the organization from introducing changes, the willingness to overcome them could possibly result in decisions being far away from the optimal one.

Future research may also focus on the question of why it is so difficult to limit the importance of the cognitive pillars of institutions. On the one hand, taking into account the above-mentioned concept of cognitive economy, it may appear to be understandable that there is a reluctance toward changing social judgment. On the other hand, sociopolitical legitimacy by demanding more effort put into the assessment process should give a greater assurance that a given social judgment may be considered as being correct, and, which is postulated by the social psychology perspective on legitimacy studies (Tost, 2011), the possibility of internally generated shock that is to cause the delegitimation is not to happen as the individual is more willing to revise her or his social judgments.

Some interesting paths of future research would be to take into account different stages of the industrial life cycle and to make comparative studies of the implementation of organizational change that would be both perceived as being within the range of the elasticity of organizational identity (as viewed by members of organizations) and perceived as being

incomprehensible (according to dominating external validity cues). In the case of such a research project, a clear demarcation line between new initiatives realized by the organization that can be treated as related to their previous activities and new initiatives that are to be treated as unrelated ones would be useful. Last but not least, with regard to the organizational boundaries concept, the analysis conducted in this paper suggests that a possible interesting line of further argumentation may relate to that before organizational identity is to be changed as a result of external evaluations, the change in organizational boundary understood through the prism of the sphere of influence is necessary. Then this change possibly could be interpreted as a mediator in the analysis of the change in the organizational identity invoked by external pressures. However, to establish what could be the exact conditions under which this relationship could occur further empirical investigation is necessary.

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Footnotes

¹ The approach that treats legitimacy as a property has its roots in functionalism and the literature emphasizes, in this case, the problematic assumption of the stability, the universality, and the endurance of properties being said to be “the component elements of the equation - legitimacy, the organization, the social environment”. However, this view still remains “arguably” a dominant one (Suddaby et al., 2017, pp. 453, 458). With regard to the construct presented by Albert and Whetten, some views appear that it has too much complexity for it to be successfully applied to organizations (Mujib, 2017). But taking into account further attempts to show how it can be done (Knorr, Hein-Pensel, 2022), here it may only be emphasized that the construct should be analyzed with caution to avoid drawing oversimplified conclusions. Primarily, it should be said that in this paper the main emphasis is put on the views adopting a constructivist/interpretivist approach. Especially, these views that are more focused on viewing legitimacy or identity as processes are based on a social constructivist approach to the topic. Both identity and legitimacy can be considered to be relational concepts as well, the consequences of which are discussed next. In general, by emphasizing at the beginning the epistemological position adopted the discussion of relations between identity and legitimacy appears to be correct without making paradigmatic issues problematized.

² Here the issue may turn out to be more complex as the innovativeness of such companies operating in the industrial sector that is doomed to decline may remain reasonably high, especially when it may still be a quite long period before the decline becomes reality (as it is in case of Polish mining industry, e.g. lw.com.pl).

- ³ This phenomenon can be described as the complexity of institutional logics that can compete with each other. While institutional logics are discussed in detail elsewhere, here it may only be added that these logics can be understood as the belief systems that constitute rules that impact the behavior of field-level actors by both providing the organizing principles for this field and creating a sense of common purpose within the field (Reay, Hinings, 2009; Friedland, Alford, 1991; see also Janiszewski, 2022). What is important here is that in a given field (here being viewed through the prism of a community of actors operating in the declining industrial sector) more than one institutional logic may be present at the same time (e.g. Reay, Hinings, 2009). Meanwhile institutional logic is a concept at the field level of analysis, it is further assumed that the decision which is made by a given individual is additionally influenced by managerial logics which are ascribed to individuals and e.g. may result in different decisions as to which mechanisms (Reay, Hinings, 2009) they prefer to deal with competing institutional logics or, putting it differently, how they mediate both the requirements of day-to-day activity in the organization and institutional demands (McPherson, Sauder, 2013).
- ⁴ In general, elements like “organizing principles” introduced by founders and first leaders of the organization that are in some way distinctive for a given organization may be considered as important here (np. Buenstorf, Murmann, 2005 as cited in Whetten, 2006, p. 225). This also explains why, on the one hand, institutional logics can be considered important since these logics being the concept regarded on the field level are to permeate the organization influencing how it is expected to operate (Thornton, 2002). On the other hand, it allows for the understanding of why individuals (especially the above-mentioned leaders or founders) and their individual managerial cognition shaped with the development of their whole professional experience should be considered as being important since interpretations of their experiences are to result in a given organizational schema (Prahalad, Bettis, 1986). It appears that especially when the necessity to choose from competing logics arises as hitherto legitimized practices are to lose their legitimacy, then individual managerial cognition should be regarded as having an impact primarily at the organizational level.
- ⁵ Cognitive frames with their specific contents and structures are conceptualized by the prism of the considerations on strategic responses as their role is to admit some pieces of information for decision-makers while other pieces of information are not available to them (Porac, Thomas, Weick, 1995 as cited in Hahn et al., 2014, p. 18; see also Janiszewski, 2021).
- ⁶ For a more detailed discussion, also from the point of view of other typologies of legitimacy, see Janiszewski, Dziubinska (2022).
- ⁷ The examples of external evaluators cover actors like associations, interest groups, or the government. Their opinions may be especially influential when being supported by judgment validation institutions like the media (Bitektine, Haack, 2015).
- ⁸ While propriety can be defined as “an individual evaluator’s own judgment of social acceptability” (Bitektine, Haack, 2015, p. 51), validity can be named as being “a collective consensus about legitimacy that is present at some higher level” (Bitektine, Haack, 2015, p. 51). These individuals are said to use a validity belief which is a judgment about what the collective consensus is as one of perceptual input while forming their legitimacy judgments. In general, it has been shown that when individuals are to make their own propriety judgment, they are to rely to great extent on the collective opinion that is represented just by validity (Bitektine, Haack, 2015).