Rebuilding Organization's Legitimacy in the Eyes of Local Community; Case Study of Oil and Gas Megaprojects

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Abstract

Local community is the forgotten legitimate stakeholder of megaprojects which can influence the project organization's activities by its support or opposition. However, megaprojects have always been recognized as being unpopular leaving project organizations with the community's dissatisfaction. Understanding the local community's evaluation of the project organization activities would lead organizations to better satisfying them as well as gaining their support and being recognized as legitimate. This research adopts an exploratory case study method to reveal organizations which try to get utmost compatibility with societal norms and values are known as better legitimate compared to those aggressively change the societal values. Additionally it suggests that while a community has a history with an organization over time it considers a stereotype for the organization and limits the further analysis of new information for finding causality of organization's activities. Therefore, organizations which aim as changing their approach should involve local community to actively observe and analyze organization recent behavior to develop a new stereotype for the organization.

Keywords

Local Community, Legitimation, Organizational behavior

1. Introduction and Background

1.1. Megaprojects and Public Opposition

Megaprojects are large set of strategically-aligned public projects (Miller et al. 2001; Jaafari, 2004) with life cycle of decades and a budget of more than US $500 (Sun and Zhang, 2011; Flyvbjerg, 2014; The Federal Highway Administration of United States, 2007). Figures show that there is a common tendency for investing on megaproject by governments and organizations with global spending of more than US $ 3.3 trillion for the period starting from 2016 to 2030 (McKinsey Global Institute, 2016). One of the most important characteristics of megaprojects is their social, economic, political and environmental impacts on a vast range of stakeholders including local community which eventually leads to public opposition against them (Sykes, 1998; Ruuska et al. 2009; Eweje et al. 2012; Turner and Zolin; 2012).

In fact unpopularity and local opposition is a common threat for megaprojects and secondary stakeholders can influence project implementation by their objection. The phenomenon is described by Dear (1992) as "not in my backyard" syndrome indicating the unwelcomed development of projects in community's proximity. Lake (1993) further explained that this syndrome is originated from people expressing their needs and fears. Xue et al. (2015) emphasizes on importance of developing construction plans with minimum negative impact on local communities' daily life.

Considering demands and concerns of all stakeholders was initially introduced by Freeman (1984). It was further explained as management-for-stakeholders (Freeman et al. 2007; 2010) claiming that stakeholders shouldn't be considered as means for achieving organization's aim but they have legitimate rights to receive attention from management regardless of resources or contributions they provide for the organization (Freeman, 1984; Freeman, 2007; Eskerod and Huemann , 2013). This is well aligned with definition of corporate social responsibility which is interchangeably used for management-for-stakeholders in business research: when corporations have a voluntary obligation to constituent groups in society other than stockholders and beyond that prescribed by law or contract (Jones, 1980; McWilliams and Siegel, 2001).

However, a literature exploration performed by Di Maddaloni and Davis (2017) illustrated how megaprojects' influences on local communities have been overlooked in management literature. Their research revealed that megaproject stakeholder management has narrowly focused on managing those stakeholders which have a direct financial transaction with the organization, defined as primary stakeholders, forgetting the social needs around project for those legitimate stakeholders who don't made a legal mandate with the project but can influence the project, called secondary stakeholders (Clarkson, 1995; Mitchell et al. 1997).

1.2. Organization's Legitimacy

Research in the field of organizational legitimacy emphasizes on the importance of social acceptance of organizations. Suchman (1995), who provides a literature review of this field defines legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995, p. 574). Under the light of this definition, external stakeholders transform from passive observers towards active audience who perceive project activities and decide about its legitimacy. We believe that their evaluation works as a driving force to raise them against the project or to make them gain benefits from the project by accepting project activities in their proximity.

An organization needs support and commitment from its external and internal stakeholders and therefore it seeks legitimacy (Pfeffer, 1981). Parsons (1968), explains that a legitimate organization is accepted by the larger society to exist, to continue to import, transform and export energy, material and resources from the surrounding environment. Dowling and Pfeffer (1975) categorize organizational behavior in three groups: Economically viable, legal and legitimate. While legal organizations just obey the law imposed to them by government, legitimate organizations have the privilege of alternative support from surrounding society during scarcity and conflict periods, Tyler (2006) suggests. Additionally, society will be more flexible towards the legitimate organizations about how it deploys society's resources. Therefore we conclude that organizations should try to plan their activities and behaviors in total coherence with the values and norms accepted in their surrounding society (Dowling and Pfeffer, 1975).

1.3. Legitimation

Organizational legitimacy is constructed when the value systems of the performing organization and the surrounding society are well compatible. Sethi (1978) explained that in the lack of such coherence there will be a legitimacy gap existing between society's perception and project organization. We suggest that this gap is one of the reasons leading to local community's dissatisfaction from project organization.

Dowling and Pfeffer, (1975) explain that organizational legitimacy is the output of two parallel processes. On the one hand the focal organization must try to get compatible with values of community and on the other hand organization can shape norms and values of the society. However they speculate that changing social values is a very difficult process hence organizations usually try to adopt their values, output and operation process to those of their larger society in order to be recognized at legitimate.

There are three aspects noted for legitimacy by Suchman (1995). Firstly it is generalized; the evaluation of legitimacy transcends to evaluation of other acts or behaviors of the organization. Therefore, legitimacy is long term rather than short term. On the one hand individual events can impact perceptions of legitimacy, while on the other hand legitimacy transcends the specific. Secondly legitimacy is constructed from the perception of observers to the organization's behavior or act as they see it. And finally legitimacy is made of shared views of society or different groups of society from an organization. These three characteristics emphasize on the social aspects of it. Legitimacy is confounded with society's observations and perceptions.

Research in the field of organizational legitimacy has two branches: strategic and institutional. The strategic stream of legitimacy considers a great managerial role in the process of gaining legitimacy (Tregidga et al. 2007; Long and Driscoll, 2008). They still believe that organizational legitimacy should be constructed by society however the organization's management can manipulate their targets to simply give the appearance of closer alignment to the current values and interests in society (Pfeffer and Salancik, 1978; Ashforth and Gibbs, 1990). Therefore, organization is able to control their legitimacy status through changing observers' perceptions (Aerts and Cormier, 2009).

Therefore we conclude that legitimacy of a project performing organization is closely bonded to the perceptions of local community whose daily life is affected by project activities. On the other hand strategic branch of legitimacy theory shows that this perception can be managed. Hence we suggest that public opposition against megaprojects can be managed by rebuilding organizational legitimacy.

A significant proportion of research about rebuilding legitimacy has focuses on large organizations (Tyler, 2006) and organizations that have been affected by a 'disaster' or 'crisis'(Deegan et al. 2000; Patten, 1992; 2002; Allen and Caillouet, 1994; Elsbach and Sutton, 1992; Elsbach, 1994) to an extent that post-crisis communication as a robust field of research in management (Coombs, 2007). These studies, therefore, tend to focus on the organization attempt to rebuild or repair legitimacy, and investigate legitimation as a reactive and short-term phenomenon.

Rebuilding project organization legitimacy is about changing local community's perception from project activities. Megaprojects have a lifecycle of decades during which project organization can change its policy. In fact worldwide, stakeholders are demanding ever-higher levels of environmental and social performance from the industry (McWilliams et al. 2006). And therefore there is an ascending trend in organizations adopting management-for-stakeholders as their main strategic approach. However, referring back to legitimacy principals we should expect that after long history of jeopardizing local communities' benefit, changing local community's perception shouldn't be an easy task performed in a short period.

Researchers such as Laczniak et al. (2001); Coomb (2007) and Yin et al. (2016) adopt and perform attribution theory in order to understand how observer's perception can be altered after a crisis. The word "attribution" has two meaning in social psychology. The first meaning refers to explanations of behavior and the second one refers to inferring traits from behavior or ascribing blame to a person (Malle, 2011). These two meanings have one common feature: *assigning* a cause to a behavior or *assigning* an attribute to an agent who does a behavior. In fact, human's mind seeking for an explanation for a behavior makes the fundamental principles of attribution theory. Kelley (1973), Jones and Davis (1965) and Weiner (1972) explained that in a rational process individuals consider multiple pieces of information in a conscious attempt to explain situations or understand other individuals' behavior.

Literature about human's perceiving process is stronger in other management areas where attribution theory is widely used to analyze the perception of customers and managers (Martinko et al. 2011) and leadership behaviour (Tyssen et al. 2013). In this research the same theoretical lens is used to understand how local community who live in a short proximity to the project-or "community of place" as defined by Dunham et al. (2006)- perceive project organization activities to decide about organizational legitimacy.

In this article we have drawn together research from variety of sources to develop a set of guidelines megaproject managers should adopt to rebuild organization's legitimacy after they have changed organization's strategy towards a more community oriented one. Founded on the background of stakeholder management and strategic organizational legitimacy and through the lens of attribution theory we will address these two research questions:

RQ1: How local communities perceive organization's legitimacy?
RQ2: How organization's legitimization should be performed after a change in the organization's policy?

2. Theoretical Lens: How Local Community Perceive Legitimacy?

Jones and Davis, (1965) , Weiner (1972), Kelley (1973), Jones (1979) and other psychology researchers explained that attribution is a rational process in which humans draw conclusions about others behavior. As Taylor and Fiske, (1978) explained, individuals get satisfied with the first satisfactory cause that they find. Therefore in the case of availability of different explanations for a behavior, the first salient one should be selected as the cause. These salient sources could be either distinctive qualities of the agent or a particular cause existing in observer's memory. Feldman (1981) suggests that previous categorization of the trait or personality of the agent performing an act is considered as a very salient source of causes for observers. Applying this principal to our research, we suggest that when local community has assigned a level of legitimacy for an organization during years, further judgments of that organization would be colored by that legitimacy. This process is identical to stereotyping (Ashmore and Delboca, 1979), which may result in false evaluations of organization's activities.

Feldman (1981) suggests that assigning characteristics to agents can be controlled. A controlled categorization process is triggered when incoming information reach a threshold of discrepancy. Meaning that when observed behavior makes a sufficient distance from the observer's assumed prototype or expectations, more information should be gathered and a new decision made (Feldman, 1972). Similarly Lord and Smith (1983) explained that the level or amount of information processing is a very important factor in the attribution process. The rule of thumb here is that when level of available information for the observer who aims to make an attribution is high a conscious and controlled attribution is made. While in the lower levels of available information the decision is made automatically without high consciousness. We suggest that in our research the strategic organizational legitimacy should be linked to the conscious perceiving process of local community. This means that controlling local community's evaluation of an organization's legitimacy should be done through adopting means to make a shift from automatic cognitive process (Considering organization's former characteristics) to a more conscious attributing (Considering new information). This shift should make a change in improving organization's legitimacy in the eyes of local community.

Lord and Smith (1983) categorized boundary conditions influencing individual's perceiving process. Under these conditions the perceiving process should be transformed from being effortless and unconscious to being effortful and conscious. Feldman (1981) as well as Wong and Weiner (1981), explain when the evaluated action is not consistent with the former expectations the assessment of causality should be led to conscious level. The second factor considers norms or cues inherent in a situation. Lord and Smith (1985) suggest that a performance evaluation context would probably produce more consciously directed attributions than what happens in a day to day interaction. The third factor was introduced by Lowe and Kassin (1980); when attributionally relevant information is easily available in forms of visual or written documents, more conscious and cognitive modes attributions are proceed. Finally the available intentional capacity can determine controlled or automatic attribution process. Controlled processing involves a limited capacity while automatic processing is free of such constraints. Therefore, when observer's processing capacity is not occupied by other tasks there is enough space left for conscious attribution processing (Hasher and Zacks, 1979). Involvement of observer and perceptions of personal importance or involvement (Jones and Davis, 1965) as well as the need to establish control of the environment will increase the level of consciousness in processing.

In this section we explained different factors which may change human's attribution and trait assigning process. These factors will be used as blueprint in our research to make suggestion about rebuilding organization's legitimacy after the organization has changed its approach towards community.

3. Methodology

A qualitative approach is adopted in this research to reveal how organization legitimacy is built and can be repaired in megaprojects. This may add further empirical evidence from the field of project management to the research performed in other management disciplines. The literature review revealed that there is not much research targeting organization's legitimacy from local community's point of view. Due to the novelty of the topic which calls for descriptive and exploratory research approach the authors take the view that qualitative research is essential to provide the rich context to the study before any quantitative analytical methods can be employed (Clark, 1998).

The two aforementioned research questions reveal the phenomenological orientation of the philosophy and interpretivism epistemological position of this research and therefore it is an exploratory inductive research. The aim of this research is to adopt literature background from organization's legitimacy and attribution theory into the context of megaprojects to expand the knowledge of the local community in stakeholder management. In this research the theory will be modified from observation of empirical reality. Schramm (1971) explains that the essence of case study is explanation of a decision its implementation and result. This research wants to explain how local community decides about an organization's legitimacy and how organization can adopt means to impact it. Therefore a case study is appropriate.

Following Yin (2013)'s suggestion, this research was developed in subsequent steps. Firstly a research protocol was developed, clarifying research objectives, theoretical framework, case selection approach, interview questions and selection of cases and interviewees protocol. A database with a defined format was established to collect all different types of qualitative data gathered for the research.

Difference sources of data include interviews with project organizations and local community representatives or delegates, organization's documents and reports, notes from field observation and newspaper articles and reports from media with a focus on local communities' life. The initial idea was to approach project organizations and do the interviews with project managers as well as stakeholder or communication managers and through them find the way to contact local communities. However, unfortunately in practice it was not possible because in all cases project organizations refused to cooperate in introducing local community representatives to us. Therefore, we tried to find local community representatives in an exhaustive try of looking for them on social network media, news, NGOs, etc. semi-structured interviews were conducted with different set of questions being asked from different interviewee. According to Blumberg et al. (2011), they provide rich data collection, allowing for clarification and expansion of questions and answers during the interview, therefore increasing internal validity. Some interviewees were interviewed twice, because there was a need for gathering additional or missing data. Follow up emails also were send in few cases. In two cases the local community representatives preferred to send us a written response in order to remain anonymous. These interviews cannot be considered as semi-structured.

Interviewees from project organization were questioned for information about how they evaluate their legitimacy from local community's point of view and how they communicate with them. Additional information about organization governance mechanisms and sustainability policies were asked to be used for future researches. Local community representatives, on the other hand, were questioned about the influence of project on their life, and their perceptions from the project and project organization activities.

4. Case Description

In this section a brief description of the cases will be given. Due to the sensitivity of the topic and request of majority of interviewees, all cases are presented anonymous. The data presented are taken from project organizations' documents, reports and article from news, census and other reliable resources. Some of the data are narratives taken from interviews. Table 1 illustrates the overview of the cases.

Table 1. Interviews details

Case Study	Data Sources	Interviewees	Total
Case 1	Direct Interview/ Site visit/ Company documents/ News from Media	PO (5)/ LC (4)	9
Case 2	Direct Interview/ Company Documents	PO(2)/ LC (4)	6
Case 3	Direct Interview/ Company documents/ Website/ News from Media	PO (5)/ LC (4)	9
Case 4	Direct Interview/ Company documents/ Website/ News from Media	PO (3)/ LC (3)	6
		Total	30

5. Discussion

In this section we address two aforementioned research questions through cross case analysis. There are two coming sub sections. The first one will explain how organization's legitimacy is built and the second one will explain in case of lack of legitimacy how organizations manage to repair their legitimacy. In both sections the aim is to explain the process from local community's point of view.

5.1. Financial Viable, Legal or Legitimate

Comparing the four cases we classified them into three aforementioned groups of organizational behavior: financial viable, legal and legitimate organizations (Dowling and Pfeffer, 1975). However our investigations in the four cases revealed that there is no clear cut distinction between organizations in belonging to any of these groups. Organizations can engage in a set of activities that can result in different legitimation levels from community point of view. Therefore this classification can be marginal.

Legitimate organizations have the most compatible norms and values with their surrounding society. This could have been gained by either changes in the norms of society, organization or both. However, several researchers emphasized that although societal norms are not immutable, it would be very difficult for organizations to change them (Dowling and Pfeffer, 1975;Tregidga et al. 2007). Whatever the reason, the result of an organization being legitimate would be supportive local community who are motivated to protect the organization even with the price of forgetting their own demands (Tyler, 2005).

We observed the maximum compatibility between project organization and society's values in case 4 where community were satisfied with project activities and seemed to be supportive of organization's activities. This compatibility was gained through slight changes in societal norms but mainly through organization adopting its methods of operation and goals with the societal norms. Financial figures of the community have changed after ten years of oil extraction activities in the area. Economic situation has boosted and welfare has improved. However, we couldn't spot any aggressive changes in the societal aspects of community's life due to the project performance. Project organization, on the other hand, shows complete respect to societal values of the community. Additionally, we observed that constant communication with local community has resulted in the organization being identified as valid and in just.

It worth noting that in Case 4 the governmental laws about environmental requirements of the project have resulted in the organization being legal in terms of environmental aspects, but being considered as legitimate from local community's point of view. Therefore we consider Case 4 as a legitimate-Legal organization.

Having the same organization with case 4, our initial expectation was that Case 3 should be classifies within the same group as Case 4. However, referring to local community we realized that they don't value project organization as a legitimate in just organization. National government has few rules for protecting the environment and local community's life style while forcing project organization for aggressive development of the project. Project organization has established some inter organizational regulations to protect the society and help the community

development however it seems that aggressive unwilling change in community's daily life paired with lack of governmental regulations for protecting environment have resulted in organization evaluated as not legitimate, but only legal. Additionally, new organizational behavior towards more sustainable activities has been established quite recently but couldn't improve organization's behavior from legal to legitimate. We suggest that organization should adopt specific means to change local community's perception from its legitimacy. These suggestions will be presented in the next section.

Considering cases 2 we notice that project has not changed its surrounding society considerably, especially in terms of social norms. Project organization in few aspects follows some legal rules imposed by local government (recruitment) while environmental considerations are totally neglected in the project. Except the aforementioned aspect, there has been no step taken by project organization in order to establish strong bonds with the community to be legitimate.

In case 1, however, while environmental and social laws almost don't exist. Project organization does not show any considerations for local community's values and therefore we observe that the organization is not supported by local communities and faces several public oppositions and high levels of dissatisfaction.

Table 2 illustrates the organizational behavior's typology of cases as well as the reasons of compatibility or incompatibility of values of society and organization. Comparing the cases we conclude that organizations which try to change societal norms of their surrounding environment achieve less success in being evaluated as legitimate. While on the other hand organizations which align their governance to the values of society and respect the societal norms are considered as more legitimate.

Table 2. Typology of organizational behavior and changes in values of two sides

	Case 1	Case 2	Case 3	Case 4
Organizational Behavior	Financial Viable	Financial Viable-Legal	Legal	Legal-Legitimate
Change in Societal Norms	High	Medium	High	Low
Financial	High	Medium	Medium	Low
Environmental	High	High	High	Low
Societal	High	Low	High	Low
Change in Organizational Norms	Low	Medium	High	High
Change in project deployment method	_	Medium	High	High
Communication	Low	Low	Medium	High
Governmental Laws	_	Low	Low	High

5.2. Legitimization Process

We observed in case three that the organization has changed its approach to be legitimate and receive support from community however despite the changes in organization behavior the legitimacy of organization hasn't improved. Here we describe the legitimation lifecycle based on cross case analysis of four cases. We observed what was done in case 3 and 4 and through understanding the attribution process of human mind we suggest some commands for enhancement of legitimacy.

Legitimization phase 1:

From day 0 of the project, local community is not being considered as vocal and are not involved in project decisions and project scope (case 1,2,3). Environmental issues and social risks are neglected in financial viable organizations or are considered according to national laws in legal organizations. Implementation and enforcement of national law can range from highly rigorous to non-existent. In all three cases they are closer to non existence while in case 4 they are rigorous.

Project development gradually shapes the societal and economic aspects of local community. Environmental influences such as waste water discharges, waste release, impacts on vulnerable species emerge gradually. However, the social impacts of project could be visible much earlier: security issues, community health problems due to gas flares, lack of transparency, weak governance and corruption, obvious wide gap between local community's life style and project immigrants and relations with indigenous people are among social issues brought to the community by project.

All of these changes are observed by local communities while they are constantly seeking for the causes behind these issues to make attributions. If community has no prior history with project organization the consistency is low (no former history of similar negative impacts of project on the society) and distinctiveness is high (no former history of community's relationship with local community in other contexts) (Kelley, 1972) and therefore the community makes attributions based on their observations to develop a category or characteristic for the project organization. When project organization's implemented activities are not well aligned with the values of the surrounding society, community's judgment would be placing project organization in either financially viable or legal category. However in both cases the organization is not accepted as legitimate by the society to have the right to perform the project in their proximity.

Legitimization phase 2:

As soon as the perceivers (Local community) assign the organization to a category, all further judgments of the organization will be colored by this category (Feldman, 1981). The result will be association of general characteristics of the category to the organization in all sectors and activities, regardless of any change in organization's behavior. During this phase, according to Lord and Smith (1983)'s framework, the data analysis in perceiver's cognition process is minimized and attributions are done automatically. It means that local community don't use new information to assign reasons to different behaviors they observe from project organization, but they are constantly referring to their previously developed stereotype for analyzing organization's behavior. According to Kelley's (1972) definition, the community now has a history with project organization and therefore the consistency is high and distinctiveness in low. Project has impacted different aspects of community's life including social, environmental and financial. Therefore any impact on any other aspect would be attributed to the same reasons developed before. In the developed model, this phase continues till project organization changes its behavior towards local community.

Legitimization phase 3:

The third phase of legitimization model starts when project organization implies a change in its behavior towards community in order to be evaluated as legitimate. When an organization is deploying a project in a society the values and norms of both organization and community change in order to be compatible. However, organizations have realized that it is more difficult to change the community therefore it is better that the organization changes to be more aligned with the society's values (Tyler, 2005).

However as we noticed in case 3, even after years of change in organization's behavior, project organization hasn't gained legitimacy from local community. We suggest that's because in the cognitive process of local community's attribution for organization's behavior is made based on the former stereotype of organization developed in local community's mind during the previous years and based on organization's former behavior (Phase 1). As a result, level of information processing is low (Lord and Smith, 1983) which means that community is using the most accessible information (their memory) to evaluate organization's behavior. Recent transformations in project organization's activities towards more sustainable project deployment and better communication with local community are not considered in local community's appraisal process. The appraisal and evaluation of legitimacy, as we suggest, is still effortless and automatic with the minimum level of information processing.

Project organization needs to change the level of conscious awareness of attributional process of local community to move it to a more controllable processing in which new information are used in analyzing organization's behavior. In this way the organization's changed behavior would be consciously observed and processed by local community and organization's legitimacy would be built. Here based on principals of Lord and Smith (1983) and Feldman (1981)'s model we make some suggestions to increase the level of consciousness of local community's attribution. According to Lord and Smith (1983) there are several situational or contextual factors that should increase the level of information processing involved in forming attributions.

The first factor is inconsistency between the new actions and the observer's expectations. Outcomes or actions inconsistent with past impressions of project organization should lead attributors to conscious assessment of causality. When project organizations decide to adopt new approaches in project deployment with the goal of gaining legitimacy, they should try to make the most possible distance from their former approach. The difference should be clearly visible for local community so that induce effortful information processing using the new available information.

Norms inherent in a situation could also influence the level of information processing attributors use. If attributors are asked to do an evaluation, they will put more effort on the information processing while in a day to day observation of project organization, their evaluations are more automatic, constantly referring to their memories. This suggests that after application of a change in organizational behavior, project organizations should involve local communities in organization's activities evaluation procedures. This is doable through direct constant meeting with local community and asking them to appraise the organization's behavior. With this approach they will consciously evaluate the new behavior of project organization and will realize the new approach.

Observer involvement in evaluation process is considered also as a motivational factor which can increase level of information processing. According to Lord and Smith (1983), when observers anticipate future interactions with the organization, they try to remember more about the organization compared to those observers who do not expect any coming interactions. What was missing in case 3 and exists in case 4 is community involvement in organization evaluation. Local community in case 4 was referred regularly and their opinion was asked through surveys and during meeting sessions. However, communications with community representatives in case 3 were not guided similarly and were mostly focused on addressing community's demands. We believe that although addressing community demands is a mandatory duty of project organization, but it cannot activate community's conscious attribution process.

More cognitive attributions are made when the attributionally relevant information are available easily and in the forms relevant to conscious process. Visualizations of information in the form of graphics would help to increase the information processing efforts. Therefore we suggest that project organization should post announcements around the proximate area about the new activities to help local community to use this new information in their organization evaluation process. This is what was observed in case 4 where project announcements were posted all around the town to be visible for all community individuals. Results of air pollution monitoring and calls for individuals participation in organization community meetings were among data shared with local community. Phase 3 of the model ends when local community has developed a new characteristic for project organization based on the new behavior after changing the approach.

Legitimization phase 4:

With newly developed history with organization and reputation results in local community being motivated to interpret their experiences in ways that justify existing conditions, finding reasons for the appropriateness of existing social arrangements. Hence, the existence of legitimacy leads to event interpretations that provide further support for the status quo, whereas an illegitimate system encourages patterns of attribution that further undermine legitimacy. Based on attribution theory basics during this phase local community's attribution process would switch to automatic again. However we suggest that organizations should constantly involve local communities in order to keep them consciously analyze their behavior.

Figure 1 summarizes the four phases of organizational legitimization with the characteristics of community's cognitive analysis.

	Phase 1	Phase 2	Phase 3	Phase 4
Organization's Legitimacy	Low	Low	Building	High
Attribution Process type	Conscious	Automatic	Conscious	Conscious
Consistency	Low	High	Low	Low
Distinctiveness	High	Low	High	High

Level of Information Analysis

Organization's Stereotype is Built

New organization's stereotype is built
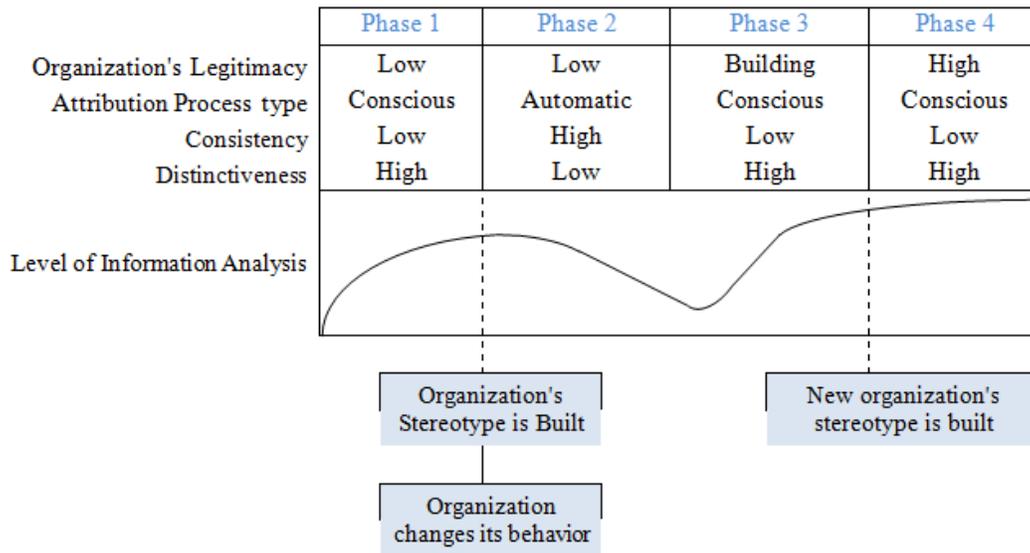
Organization changes its behavior

Figure 1. Organization's legitimization process and important milestones

6. Conclusion

Using an exploratory theory building method in this research we studied how organizational legitimacy is perceived by local communities and how after a change in organizational behavior this legitimacy is built. We concluded that organizations which put effort on getting compatibility with surrounding society's values are perceived as more legitimate compared to those which aggressively change societal norms. Based on attributional processes in human's mind we suggest organizations have to transfer local community's cognitive processes from automatic to conscious so that their newly developed activities and behavior is actively observed and considered in development of new characteristic and legitimacy for the organization. This paper in not addressing how company should change its approach, but it suggests how they can manage local community's analysis from this change to gain legitimacy.

This research contributes to theory by starting to merge different parts of social science, including project stakeholder management, sociology, psychology and organizational behavior in one stream to fulfill and support each other. This research is also innovative in considering local community as the topic of investigation. Practitioners would use the result of this research to have a better understanding of how their behavior is analyzed by local community and how to rebuilt their legitimacy in order to attain local community's support.

Future research of the field may consider longitudinal study of the legitimization process and can address more in detail the compatibility of values of society and organization by investigating both units of analysis and extracting their values. Different means of legitimization can be studied further to reveal how organizational behavior can influence its legitimacy.

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