INSTITUTIONAL PRESSURES, LEGITIMACY, AND PERFORMANCE
IN THE US TOBACCO INDUSTRY

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Abstract
This study investigates the relationship among institutional pressures, legitimacy, and performance. Using data from a contested industry yielded four major findings. First, the results show that coercive institutional pressures that are aligned with normative expectations decrease performance. Second, the results indicate that coercive institutional pressures aligned with normative expectations negatively impact legitimacy. Third, the results suggest that legitimacy is positively related to performance. Finally, the results show that legitimacy mediates the effect of coercive institutional pressures on performance when institutional pressures are in line with normative expectations. All together, the results of this study extend our understanding on how institutional pressures influence legitimacy and in turn impact the performance of the organizational field. This paper's contribution to the institutional theory literature is fourth-fold. First, we revisit the concept of institutional pressures and suggest that an undifferentiated usage of this concept limits both its theoretical as well as its empirical usefulness. Second, we empirically test a core argument from institutional theory that has received much theoretical attention but only little empirical support. Third, it contributes to the conceptualization of contested industry legitimacy. Lastly, it extends previous work by testing the performance consequences of (il)legitimacy in an established contested industry.

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