Legitimacy-driven organisations: How can we manage them for better results?

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SUMMARY

- Sociological neo-institutionalism asserts that aid-recipient and development organisations need to demonstrate their legitimacy in their institutional environment to survive. Because this legitimacy-driven nature is hard to change, development cooperation practitioners would be wise to do their work based on this assertion.

- Although aid recipients need to follow the guidelines and regulations of aid providers, complying with them may violate their own rules. Recipients may unavoidably adopt them merely ceremonially (or superficially) to balance them. In such cases, development cooperation practitioners should not uncritically blame their ceremonial (or superficial) actions.

- Forms of practices are transferable. However, their meanings are not because they are influenced by the culture and norms of the recipient society. Development cooperation practitioners should accept the changing meanings of transferred practices.

- Development cooperation practitioners should consider using a decoupling strategy to circumvent the adverse effects of their organisations' legitimacy-driven behaviour. For example, they may decouple their activities from those prescribed in a logframe to produce better outcomes.

- Foreign reginal offices of development cooperation agencies cover multiple host countries and are placed in conditions of 'institutional multiplicity'. Development cooperation practitioners of these offices need to rely on qualified local representatives to demonstrate organisational legitimacy in these countries.

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1. Introduction: Legitimacy and organisations

One technique that facilitates persistent failure, we argue, is 'isomorphic mimicry': the ability of organisations to sustain legitimacy through the imitation of the forms of modern institutions but without functionality.
(Pritchett, Woolcock, and Andrews 2013, 9)

There is too much emphasis within aid agencies on strong procedures and guidelines, which leads to a culture of 'accountability for results' and of little attention to 'managing for results'.
(Ika 2012, 33)

Scholars criticise the legitimacy-driven behaviour of aid-recipient and development organisations. However, when viewed from a sociological neo-institutionalist perspective, their behaviour does not appear entirely unacceptable (Fushimi 2019). According to sociological neo-institutionalism, organisations must demonstrate their legitimacy in their institutional environment to survive, and aid-recipient and development organisations are no exception. Based on this assumption, this policy note offers four recommendations to the practitioners engaged in development cooperation activities, derived from the findings of the JICA Ogata Research Institute research project *Countermeasures to Institutional Duality: Cases of Bilateral Development Cooperation Agency's Overseas Offices.*

2. Sociological neo-institutionalist account

Sociological neo-institutionalism emphasises the complexity of organisational behaviour and refutes simplistic functional explanations of social action. It asserts that organisations are embedded in institutional environments, which represent 'the elaboration of rules and requirements to which individual organisations must conform if they are to receive support and legitimacy' (Scott 1987, 498). If organisations fail to demonstrate legitimacy in their institutional environment, they will not survive. Owing to their legitimacy-driven nature, organisations become isomorphic—that is, increasingly similar in structure and behaviour—when placed in the same institutional environment (DiMaggio and Powell 1983). Since organisational survival depends on their legitimacy, organisations attempt to maintain it even when legitimate actions could damage their functional efficiency (Meyer and Rowan 1977; Zucker 1987). 'Decoupling' is a strategy that organisations adopt to circumvent this harmful effect by separating the actual implementation of organisational practices from formal policy (Meyer and Rowan 1977). A decoupling strategy 'enables organizations to maintain standardized, legitimating, formal structures while their activities vary in response to practical considerations' (Meyer and Rowan 1977, 357).

The above sociological neo-institutionalist account applies to aid-recipient and development organisations, which are typically public sector organisations. Although sociological neo-institutionalism does not differentiate between private and public entities, public organisations may be more legitimacy-driven than private ones. This is because they face powerful institutional

pressures resulting from tightly regulated mandates, strict accountability requirements, strong political and bureaucratic pressures, and ambiguous goals (Fushimi 2022a, 2022c, 2024b). Hence, rather than trying to change the legitimacy-driven nature of aid-recipient and development organisations, development cooperation practitioners would be wise to base their development work on this assertion and find ways to do so effectively.

3. Recommendations for development cooperation practitioners

3.1 Do not uncritically blame aid recipients' ceremonial implementation

One of the essential tasks of development organisations is the transfer of widely used good practices and best practices to organisations in developing countries. However, such practices are seldom transferred as they are. Aid-recipient organisations often engage in ceremonial implementation, which refers to 'an action in which organisations superficially adopt organisational practices initially and then implement them with or without internalisation' (Fushimi 2024a, 47). Development cooperation scholars and practitioners consider this organisational behaviour problematic.

However, aid-recipients' ceremonial implementation looks different when viewed from a sociological neo-institutionalist perspective (Fushimi 2019, 2024a). Aid-recipient organisations must comply with development organisations' guidelines and regulations when implementing projects supported by these organisations, even though the projects are carried out in their own country. In this context, recipients operate under conditions of what Kostova and Roth (2002, 216) refer to as 'institutional duality'. Specifically, they are embedded in both the institutional environment of their own country and that of development organisations.

Managing institutional duality is not easy. Being legitimate in one institutional environment can mean being illegitimate in the other. For example, complying with aid-providers' guidelines and regulations may violate their own rules. Aid recipients may inevitably implement the guidelines and regulations merely formally to ensure legitimacy in both institutional environments (Fushimi 2019, 2024a).

Development organisations sometimes impose conditionality, such as policy changes, on recipient governments in exchange for providing further aid, typically financial assistance. If the recipients disagree, this aid will be suspended. Such demands enhance the chance of recipients' superficial behaviour, and development organisations should be held responsible (Fushimi 2022c, 2024b).

3.2 Accept the changing meanings of transferred practices

Forms (tangible parts) of practices are transferable to organisations in developing countries, especially when detailed in manuals. However, their meanings (intangible parts) are not necessarily so. This is because the meanings of transferred practices are strongly influenced by the culture and norms of the recipient society. Hence, although the visible forms of practices that aid recipients perform can be identical to those that development organisations do, the invisible meanings of the

practice may differ considerably. If development cooperation practitioners adhere too closely to the original meanings, the chances of success may be slim (Fushimi 2022b; Oda and Fushimi 2024).

As an example, in the 1990s, Japanese experts attempted to introduce Quality Control (QC) Circles to public and private sector organisations in Burkina Faso. In Japan, a QC Circle is a small group of first-line employees who work to improve the quality of their products and services, participating voluntarily in QC activities after work hours. However, this work style did not align with Burkina Faso's culture. Organisations that adhered strictly to the Japanese philosophy of QC Circles failed. Meanwhile, those that incorporated QC Circles activities into regular work hours and abandoned this philosophy succeeded (Uesu 2011). Development cooperation practitioners should accept such adaptations by aid recipients so that transferred practices remain consistent with the local culture.

3.3 Use decoupling strategies wisely

Development organisations' legitimacy-driven behaviour may hinder their functional efficiency. Fortunately, by adopting a decoupling strategy, development cooperation practitioners can maintain functional efficiency even when organisations must prioritise their legitimacy (Meyer and Rowan 1977). For example, when implementing a project based on a logical framework—commonly known as a 'logframe'—development cooperation practitioners may decouple their activities from those prescribed in the logframe.

A logframe is typically a four-by-four matrix that sets out the key elements of a project, including inputs, activities, outputs, purposes, and overall goals. The logframe approach is a method for managing the entire cycle—planning, monitoring, and evaluation—of a development project using this matrix. A key advantage of the approach is its ability to demonstrate accountability and transparency requirements. By providing a concise summary of a project, the logframe enables development organisations to explain the project concept logically; the links among budgets, actions and expected outcomes; and the project's progress and achievements to sponsors and stakeholders.

While the logframe approach is useful for managing simple and complicated projects, it is less suitable for complex or unpredictable ones. This is because pre-planned activities cannot accommodate the fluid and messy reality of complex projects. Development cooperation practitioners should not adhere rigidly to a pre-designed blueprint but should consider decoupling (or separating) their activities from those prescribed in a logframe to adapt to the fluidity and produce results (Fushimi 2018; Oizumi, Yamagishi, and Fushimi 2020). This strategy allows practitioners to navigate the messy reality of projects by flexibly adjusting activities while visibly preserving pre-designed scenarios.

3.4 Utilise qualified local representatives

Development organisations establish overseas offices to manage their activities abroad. These offices are embedded in the institutional environments of their host country and parent organisations. In

other words, they are placed under conditions of 'institutional duality'. For their survival, they need to concurrently demonstrate legitimacy to both sides' regulative, normative, and cultural-cognitive requirements.

Overseas offices face dilemmas when managing institutional duality. However, the challenge is even greater when it comes to regional offices that operate across multiple countries. These offices are embedded in the institutional environments of multiple host countries and parent organisations. This condition of 'institutional multiplicity' is far more complex than that of institutional duality as offices must demonstrate their legitimacy across numerous, possibly incompatible, institutional environments simultaneously (Fushimi 2025).

One way to cope with this complex situation is to decompose 'institutional multiplicity' into more manageable forms of 'multiple institutional dualities' by deploying local representatives in host countries. In this arrangement, each local representative manages the institutional duality that comprises the institutional environments of her/his deployed country and the parent organisation. Development cooperation practitioners should utilise local representatives to adapt to institutional multiplicity. They are indispensable not only for regional offices but also for development organisations as a whole to manage development activities across multiple countries and achieve better results (Fushimi 2025).

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