A Discursive Perspective on Legitimation and Delegitimation Strategies between Business and Government

Abstract
The purpose of this paper is to analyze legitimation and delegitimation processes in business-government relations by using a discourse analysis, one of qualitative research methods, which is drawing attention of the IMP researchers recently. Legitimation or sensemaking processes of ideas, things, and practices are influenced by discursive strategies and struggles of actors. Simultaneously, those processes also proceed in relation to situational and institutional contexts in which actors are embedded. We are interested in such complex and entwined relations between legitimation, discourses, and contexts. From a critical discursive perspective, we examined the delegitimation process triggered by the Tokyo Metropolitan Government (TMG). Our research contributes to a stream of studies on legitimation or sensemaking processes in industrial networks, which are conducted less than network structural analyses in IMP. Our findings show dynamics of legitimation struggles between business and government. We also examine the potential of discursive analysis as a research method for industrial network studies.

Keywords: Legitimation and Delegitimation Strategies, Discursive Perspective, Institutional Entrepreneurship

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INTRODUCTION

Institutionalization has been one of the key concepts in the Industrial Marketing and Purchasing (IMP) research (Håkansson and Snehota, 1995; Ford et al, 1998). Institutionalization in business networks generates stable situations in which routine and practices are established. With regard to institutionalization, the concept of “legitimacy” or “legitimation” has been a research topic for IMP researchers.

Institutional theory assumes that actors have to gain their legitimacy to survive in societies (DiMaggio & Powell, 1983). In order to receive legitimacy, actors also have to conform to institutional environments (Scott, 1995). That is why differences of institutions between societies generate differences of actors’ strategies and activities. For instance, there is an interesting phenomenon, which is a large conceptual difference of diesel vehicles between Europe and Japan. Diesel vehicles are strongly associated with the vehicles emitting gasses harmful to human beings in Japan. As a reflection of it, the ratio of diesel vehicles in new passenger car registrations accounts for less than one percent in Japan while the ratio in Europe is more than 40%. Engineers and marketers of Japanese automakers have considered that Japanese people have a strongly negative image of diesel vehicles, and abandoned providing diesel passenger cars. Instead, Japanese automakers have concentrated their resources on developing hybrid cars.

This paper focuses on the delegitimation process of diesel vehicles in Japan. Legitimation or sensemaking processes of ideas, things, and practices are influenced by discursive strategies and struggles of actors. Why does a particular discourse become more influential than others? Consequently, why does a particular set of practices underpinned by that discourse become delegitimated or legitimated? How do institutional environments influence those legitimation and delegitimation processes? We are interested in such complex and entwined relations between legitimation, discourses, and institutional contexts.

For the purpose of our study, critical discourse analysis could be a useful methodological approach (Vaara, Tienari, and Laurila, 2006; Vaara and Tienari, 2008). Discourse analysis was already introduced to IMP researchers for examining business networks (Ellis and Hopkinson, 2010; Ellis, Lowe, and Purchase, 2006; Ellis, Rod, Beal, and Lindsay, 2012).

In this paper, we will clarify theoretical background of our research in the next
section. It is followed by the method utilized in this paper and the essential findings of our research. Finally, we will discuss contributions of this paper.

THE RELATIONSHIPS BETWEEN ACTORS, INSTITUTIONS, AND DISCOURSE

The institutional perspective in organizational analysis has focused on how institutions condition organizational structures and activities, and how institutions are created, maintained, and changed. Dimaggio and Powell (1983) and the researchers following their work addressed the issue of isomorphic processes that make organizations increasingly similar within an institutional environment. In the early new institutionalism, it was also argued that organizations had to increase their legitimacy to survive in a society by conforming to institutional environments (DiMaggio and Powell, 1983). The early institutional research highlighted actors’ conformity to institutional environments when it examined the processes in which organizational practices were legitimated (DiMaggio and Powell, 1983; Meyer and Rowan, 1977; Scott, 1995; Suchman, 1995).

Meanwhile, critics indicated that this line of research assumed overly passive actors’ model (Oliver, 1991). Actors were often assumed to be conditioned by institutions and have a limited degree of agency. The concept of “paradox of embedded agency” refers to the contradiction between actors’ agency and institutional determinism (Seo and Greed, 2002). The early institutional studies did not account well for institutional changes although they contributed to the explanation of organizational isomorphism and the reproduction of institutionalized practices (Battilana and D’Aunno, 2009). In fact, actors embedded in institutions create, maintain, and change those institutions.

Then, how can actors change the institutions? To examine it, there are two key concepts: “institutional entrepreneurship” and “institutional work”. The concept of institutional entrepreneurship describes “the activities of actors who have an interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones” (Maguire, Hardy and Lawrence, 2004, p.657). The concept of “institutional work” refers to “the purposive action of individuals and organizations aimed at creating, maintaining, and disrupting institutions” (Lawrence and Suddaby, 2006, p.215), and “the practices of individual and collective actors aimed at creating, maintaining, and disrupting institutions” (Lawrence, Suddaby, and Leca, 2011, p.53).
We draw upon institutional perspective in organizational studies in examining how institutions change, and how power relations are maintained and transformed. This perspective has broadened the scope of organizational analysis by modifying the assumption of actors' model. Institutional entrepreneurship and institutional work in institutional studies are the concepts to shed light on agency of actors embedded in institutions. In this perspective, actors are not merely embedded in societies, but also those societies themselves can be influenced by actors’ strategic behavior to some extent. Therefore, more and more organizational studies come to address the issue of the links between institutional environments as macro-phenomena and strategic actions as micro-phenomena.

In addition, we use discourse analysis for our research, which is drawing attention of researchers of not only organizational studies but also IMP recently (Ellis and Hopkinson, 2010; Ellis, Lowe, and Purchase, 2006; Ellis, Rod, Beal, and Lindsay, 2012). This paper follows the notion of Philips, Lawrence, and Hardy, (2004) that institutions are constituted through discourse and that it provides the basis for institutionalization, whereas institutional theorists have tend to define the concept of institution in terms of patterns of action. Through practices mainly related to the dissemination and creation of persuasive language, actors could manipulate legitimacy regarding a certain set of organizational practices by actively changing the configuration of discourses (Erkama and Vaara, 2010; Vaara and Tienari, 2011). The existing research emphasizes that actors actively utilize persuasive language in manipulating the configuration of discourses. Contents of persuasive language have been investigated by the existing studies (Erkama and Vaara, 2010; Vaara et al., 2006; Vaara and Tienari, 2011).

People produce and distribute discursive texts to gain their legitimacy in societies. Even governments would need to increase legitimacy in order to legislate laws and regulations. For example, through our case study, we identified that a local government tried to gain the legitimacy of a regulation the government tried to legislate, by producing and distributing discursive texts repeatedly. Legitimation processes of ideas, things, and practices are influenced by discursive strategies and struggles of actors as institutional entrepreneurs. Those processes also proceed in relation to situational and institutional contexts in which actors are embedded. We focus on the role of institutional entrepreneurs in producing and distributing discursive texts in order to create, maintain, and change institutions.

As mentioned above, the concept of diesel vehicles people hold in Japan seems to be
contrastingly different from the one in European countries. Perhaps, diesel engines may be associated with fuel efficiency and less CO2 emission in European countries. In Japan, however, diesel vehicles are usually considered to be the root of air pollution and harmful to health of human beings.

Why are diesel vehicles delegitimated in Japan? We focus on a series of delegitimation strategies carried out by the Tokyo Metropolitan Government (TMG) to legitimate its introducing diesel vehicle regulations, which accelerated the delegitimation of diesel vehicles in Japan. Through our case study of the diesel vehicle delegitimation, we examine the role of institutional entrepreneurs and the institutional works in legitimation and delegitimation processes. In conducting our research, we follow Vaara, Tienari, and Laurila’s (2006) clarification of legitimation strategies: rationalization, moralization, normalization, authorization and narrativisation.

**METHOD**

Our research focuses on the delegitimation process of diesel vehicles in Japan. This process is well documented in TMG official documents as well as newspaper coverage. We assumed that there is a large difference in the concept of diesel vehicles between Europe and Japan, which results from not only technological and economic issues but also discursive issues. To put it more precisely, the concept of diesel vehicles in Japan is considered to result from discursive activities and struggles between government and business. Owing to the complexity of the nature of the phenomena, qualitative research is considered to be best suited to our study.

Our data collection and analysis was two folded. Firstly, we conducted comparative research on the disseminations of diesel vehicles in Europe and Japan mainly based on statistical data. Our data sources consist of archival data including industrial reports and documents issued by automakers and research institutes. Additionally, the sources include some reports TMG issued when it introduced the diesel vehicle regulations.

Secondly, in order to capture how discursive struggles in relation to diesel vehicles were developed in Japan, we collected textual data that could be associated with the delegitimation initiated by TMG. The data included newspaper articles for the past two decades that were collected from *Nikkei Shinbun*, the leading economic newspaper in Japan, and TMG official documents released by TMG over the past ten
years since the delegitimation campaign started in 1999.

THE CONCEPTUAL DIFFERENCE OF DIESEL VEHICLE BETWEEN EUROPE AND JAPAN

In European countries, the number of diesel new car registrations has been largely increasing after the end of 1990s. In sharp contrast, in Japan, diesel new car registrations have been decreasing since around 1990. Now, the ratio of diesel vehicles in new passenger car registrations accounts for less than one percent in Japan, while the ratio in Europe is more than 40%.

Actually, as illustrated in Figure 1, there was not such a large difference in the ratio between in Japan and in European countries except France in the beginning of 1990s. However, the ratio of diesel new car registrations has continued to decrease after in Japan, while the ratio in Europe has continued to increase.

![Figure 1. The ratio of diesel new car registrations in European Countries and Japan](image)

Why the ratio has been increasing after the end of 1990s in Europe? Firstly, one of the main reasons is that an innovation that is called the common rail system was introduced in diesel engines. It featured a high-pressure fuel rail feeding engine valves. The technological innovation enabled diesel engines to exceed or equal gasoline engines in performance.

Secondly, the other reason is related to their lower upkeep costs. Diesel vehicles have an advantage over gasoline vehicles in fuel efficiency. Although diesel vehicles are expensive compared to gasoline vehicles, users of diesel vehicles can enjoy lower fuel cost. According to a survey, diesel vehicle users could recover their purchase cost exceeding gasoline vehicles’ purchase cost within a few years in Europe because of their fuel efficiency and tax benefits.

Thirdly, the problem with global warming has caused diesel vehicles to attract people’s attention. It has been often pointed out that diesel engines emit less CO2 causing global warming than gasoline vehicles. The Kyoto Protocol initially adopted in December 1997 under which countries committed themselves to a reduction of four greenhouse gasses including CO2 was considered to influence the increasing sales of diesel vehicles in Europe.

Meanwhile, Japanese people tend to exaggerate the negative characteristic of diesel vehicles that they generate more PM (particulate matter) and NOx (nitrogen oxides) harmful to human beings. Of course, the technological innovation mentioned above considerably decreased diesel vehicles’ PM and NOx emission. The image firmly established among people, however, does not disappear easily. The strong negative image established once has endured for long term even after the technological innovation of diesel engines. Engineers and marketers of Japanese automakers have considered that Japanese people have a strongly negative image of diesel vehicles. In the Japanese automobile market, thus, most of automobile manufacturers abandoned providing diesel passenger cars while diesel vehicle sales was increasing in Europe. Instead, Japanese automakers concentrated their resources on developing hybrid cars.

The strongly negative image of diesel vehicles is assumed to cause the fact that diesel vehicle sales have not increased at all in Japan even after the technological innovation of diesel engines. So, why and how was such a strongly negative image of diesel vehicles established in Japan? It had been witnessed a drastic change in the conceptualization of diesel engines. The change was brought about by what was
called “Say No to Diesel Vehicles” campaign launched by TMG in the end of 1990s. The negative campaign led to delegitimation of diesel vehicles in Japan. As a result, Japanese automakers downsized their diesel vehicle businesses and European automakers had great difficulty of introducing their diesel vehicles into the Japanese market.

The negative campaign by TMG was a particular trigger event, which brought not only institutional changes but also discourse changes with reference to diesel vehicles in Japan. Our interest is in the discursive processes whereby the event led to delegitimation of diesel vehicles in Japan. Our study therefore examines how texts are produced, distributed, and consumed through the event.

THE DELEGITIMATION OF DIESEL VEHICLES IN JAPAN

In 1999, Tokyo citizens elected Shintaro Ishihara as a new governor. In the same year, TMG launched the campaign aiming to delegitimate diesel energy. TMG tried to introduce its own diesel vehicle regulation while the Japanese government was unwilling to tighten PM and NOx emission. TMG adopted a strategy of discursive delegitimation of diesel vehicles to increase the legitimacy of the regulation.

TMG utilized persuasive language in order to delegitimate diesel vehicles. Here, we illustrate persuasive language found in the TGM’s leaflet that summarizes the delegitimation campaign by the TMG since August 1999\(^1\). According to Vaara et al. (2006), we will illustrate rationalization, moralization, normalization, authorization and narrativization.

**Rationalization (emphasizing benefits)**

TMG illustrated benefits of delegitimating diesel vehicles, for instance, in relation to diesel vehicles’ detrimental impact on the natural environment as follows.

> One of the major reasons regarding Tokyo’s air-pollution is caused by increasing number of diesel vehicles. Decreasing that number therefore would be of essential (p. 9).

**Moralization (specific values)**

\(^1\) http://www.kankyo.metro.tokyo.jp/vehicle/air_pollution/diesel/plan/results/list.html
Particularly, they emphasized diesel trucks’ detrimental negative impact upon human bodies especially in relation to PM and NOx emission. This can be contrasting with European countries that tend to emphasize the emission of CO2 as crucial focus in relation to diesel/gasoline debate. TMG emphasized importance of controlling the number of diesel vehicles in association with NOx/PM. As seen already, this indicates that NOx/PM needs to be prioritized as follows.

TMG has long demanded that the vehicle registration system cover PM / NOx concentrations and tighten emission tests on pre-regulation vehicles, so as to ensure their emission performance remains unchanged from the time of new-car registration. (p. 8).

Normalization (normality of practice)
TMG also highlighted that their campaign is not an anomaly project as follows.

The first problem of Japan's automotive emission control is that, despite lingering air pollution of grave severity in Tokyo and other large cities, the government acted slowly and leniently in controlling particulate matter (PM), which have been linked to serious health problems including lung cancer, chronic respiratory illnesses and hay fever.

In the United States, diesel PM's carcinogenic property and effects on the respiratory system came to light in the early 80s. PM regulations started in 1988, and have since been tightened gradually. In Europe, EU-wide control on PM began in 1992 (p.1).

Authorization (highlighting authority)
TMG also highlighted that their campaign is based on authority. For instance, the campaign highlighted authority of medical institute:

Particulate matter (PM) in diesel emission mainly consists of soot, SOF (soluble organic fraction) and sulfur oxides, but also contains small amounts of harmful substances, such as carcinogenic PAH (polycyclic aromatic hydrocarbon). In addition, PM particulates are extremely small and can reach deep inside human lungs, thereby triggering respiratory illnesses.

(1) Carcinogenic property
The Japanese Environment Ministry set up a study group on the risk of diesel emission particulates (DEP). Its report, compiled in March 2002, points to strong indications that DEP, contained in diesel emission, is carcinogenic. According to a study by Germany's Federal Environment Ministry (1999), the carcinogenic risk of diesel emission is more than 10 times that of gasoline vehicle emission.

The Harvard Six Cities Study (1993) indicated a very strong correlation between DEP (PM 2.5) concentration in long-term exposure and the rate of lung cancer mortality. Also, the City of Los Angeles reported that diesel PM accounts for 70% of cancer risks posed by all air pollution substances (1995 – 1997).

(2) Asthma and hay fever
According to the National Institute for Environmental Studies in Japan (1999), inhaling DEP or diesel emission plus allergens (allergy-causing substances) causes symptoms of asthma and hay fever.

A Dutch study (1997) shows that the more children are exposed to automotive emission (at motorways, for example), the lower their lung functions become (p.13).

Narrativisation (framing from heroes, losers, winners, enemies etc)
The leaflet begins with TMG governor’s picture. Ishihara, the TMG governor, played a central role in the campaign and succeeded in presenting himself as a brave fighter for the sake of citizens. On 30th, November 1999, Ishihara, the governor of TMG, at a meeting with Japanese diesel vehicle makers, claimed that PM discharged from diesel vehicles a day in Tokyo district was equivalent to 120,000 units of 500ml PET bottles and damaged Tokyo citizens’ health while showing a PET bottle containing black PM emitted form diesel vehicles. The meeting was opened to mass media. After that, the governor continued to clamed it with a PET bottle containing black PM in a variety of settings.

Most importantly, the persuasive language mentioned above was complemented by the PET bottle containing PM emitted from diesel vehicles as an artefact. The video and picture of the governor having the PET bottle was broadcasted repeatedly and still remains in Japanese people’s memory. It is assumed that the negative campaign by TMG caused diesel vehicles to be tightly associated with air pollution. The PET bottle containing PM played a significant role as an important “logo” of the
campaign. Indeed, previously, Japanese people had not necessarily had extremely negative images of diesel vehicles. Particularly after the campaign, however, the conception of diesel vehicles has been more tightly associated with the root of air pollution while the conception has hardly been associated with their positive characters of emitting less CO2 and fuel efficiency. A PET bottle containing dirty black dust (PM) had a significant impact on conceptualization of diesel vehicles among Japanese people.

CONCLUSION AND FUTURE RESEARCH

We believe that our study has some theoretical contributions. Firstly, the findings highlight legitimation and delegitimation strategies and the role of institutional entrepreneurs in legitimation and delegitimation processes. We have found that key actors aimed to persuade the audience by drawing upon persuasive language, which was complemented by an artefact. It may be the case that the artefacts itself may not inform the delegitimation process, but with the persuasive language, it can enhance the delegitimation.

Secondly, this paper follows the notion of Philips, Lawrence, and Hardy, (2004) that institutions are constituted through discourse and that it provides the basis for institutionalization. We examine how concepts and images of things are formed through the processes of production, distribution, and consumption of discursive texts in order to capture the link between institutionalization and conceptualization as macro-phenomena and strategic actions as micro-phenomena.

This paper is at a fairly preliminary stage. Our collected text data has not been analyzed fully. According to Phillips and Hardy (2002), there are four different forms of discourse analysis: interpretive structuralism, social linguistic analysis, critical linguistic analysis, critical discourse analysis. We meant to conduct a critical discourse analysis that focuses on the role of discursive activity in the process in which power relations were constructed. We need to analyze discursive struggles of not only the local government but also the truckload transportation industry and the automobile manufacturing industry in Japan. Those limitations remain as challenges for future research.

BIBLIOGRAPHIES


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