



## **Impact of Change on Organizational Legitimacy: Application to the Bulgarian Wine Sector**

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### **ABSTRACT**

Organizational legitimacy can be viewed as conformity to broadly-accepted standards, or institutions. The main question we are looking to answer with the present study is what happens if these standards change? Which legitimacy strategy will organizations adopt? This paper analyzes how institutional changes affect organizational strategies. A framework was designed to take into consideration the types of changes based on the different levels of the institutional environment of a company. A typology of organizational legitimacy strategies was developed based on a qualitative study carried out on the Bulgarian wine sector. The latter represents the perfect setting for the present study since both the country as well as the industry encountered major transformations over the last several years. The results show that the type of strategy adopted depends on the type of change as well as the specific organizational characteristics such as organizational size, and also the management style initiated by the CEO. First, regarding their regulatory environment, organizations respond to change either by conforming to the new law, or by creating their own standards in order to conform also to standards established on a global basis. Furthermore, we found that institutional change influences the type of varieties grown. As for the normative aspect, organizations adopt an 'inside-out strategy', hence creating the basis for local reputation before expanding and looking for a global presence. Finally, in the context of institutional change, organizations are looking for the most 'embedded' anchor-point, represented by the cognitive dimension of legitimacy.

**Key words:** organizational legitimacy, institutional change, strategy, wine.