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Between cause and control

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LEGITIMACY BY EXCEPTIONALISM. HOW NONPROFIT ORGANIZATIONS CAN BE CONTROVERSIAL YET LEGITIMATE¹⁶

Abstract

This article investigates how nonprofit organizations can act in an ethically controversial way without losing their legitimacy. We add to existing insights of stigmatization theory and impression management processes by presenting the phenomenon of *legitimacy by exceptionalism*. This refers to organizations that take a controversial and disputed position in moral dilemma situations and by doing so either remain legitimate or even generate legitimacy. We develop a two-step theoretical argument. First, we elaborate how strong social actors – with a strong identity, hierarchy and rationality – are able to behave exceptionally. Second, we argue how specific impression management techniques tailored to reframe controversial acts in terms of alternative, yet legitimate means or goals facilitate legitimacy generation. We illustrate our argument by analyzing the antecedents and effects of the exceptional behavior of the international non-governmental organization *Médecins Sans Frontières* (MSF) in the humanitarian sector.

¹⁶ This chapter is co-authored with Liesbet Heyse, Rafael Wittek and Melinda Mills and currently under review. Data was collected in collaboration with Liesbet Heyse at MSF Holland. Sincere thanks to the organization for enabling and supporting the research. Special thanks to Ramon Bajens, formerly of MSF Holland, for reading and commenting on an earlier version of this paper.

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5.1 Introduction: Understanding Controversial Organizational Behavior

Ethically controversial actions of organizations are commonly understood to be risky endeavors due to the likelihood of legitimacy loss (cf. Meyer & Scott, 1983). If crucial external stakeholders such as the media, customers or shareholders, perceive certain actions of an organization as inappropriate or illegitimate, the organization runs the risk of losing the material and moral support of these stakeholders (Suchman, 1995). As a result, organizational survival might be at stake.

However, some organizations purposefully act controversially without losing their legitimacy (Kraatz & Zajac, 1996). Utilizing the fact that scandal implies attention (Turner, 1974) radical social movement organizations such as “Earth First!” and “ACT UP” have been observed to at times engage in controversial and even unlawful acts in order to create publicity. Public attention is then redirected to the organizations’ socially accepted goals, which in turn facilitates accruing support and prevents legitimacy loss (Elsbach & Sutton, 1992). In this article, we aim to answer the question of why controversial acts of some organizations do not involve the loss of legitimacy or on the contrary may even promote legitimacy. We do this for a specific type of controversial organizational behavior that we label “organizational exceptionalism”, which we define as the purposeful, proactive and public defiance of common operational standards and conventions of an organizational field. More specifically, we ask:

- 1) *What is exceptional organizational behavior?*
- 2) *What enables an organization to act exceptionally?*
- 3) *How can exceptional organizational behavior be legitimized?*

We answer these questions for a particular domain of organizational life: the nonprofit sector and the humanitarian system in particular. By doing so, we aim to contribute to the business ethics literature about moral problems, controversial organizational acts and legitimacy loss in three ways.

First, current research in business ethics predominantly focuses on clear acts of wrongdoing, such as fraud, bribery, or sexual harassment (Geva, 2006; Hudson, 2008; Reuber & Fischer, 2010). We add a different type of controversial act, namely organizational behavior that purposefully challenges fundamental principles of a sector. Hence, the moral problem that is the focus here pertains to the question how to do the right thing, as opposed to what is the right thing to do. Such questions are key to the work of organizations in the nonprofit sector, in which organizations strive to achieve widely accepted normative goals such as environmental protection or social justice, but where the manner in which to achieve these goals can be subject to controversy (Kanter & Summer, 1987; Stone & Brush, 1996). The humanitarian sector is, as we will show, exemplary of such ambiguity (Slim, 1997).

Second, we study the conditions that enable organizations to act exceptionally. Previous research on controversial organizational acts and scandals focuses primarily on organizational capacities for damage control (De Maria, 2010; Elsbach & Sutton, 1992; Pfarrer, Decelles, Smith, & Taylor, 2008; Sims, 2009) rather than on the conditions that

facilitate controversial, exceptional behavior, which is the focus of this article. We argue that organizational exceptionalism presupposes organizational agency and that organizations can achieve this by having the features of a strong social actor, namely a clear identity, a strong hierarchy and rationality (Brunsson & Sahlin-Andersson, 2000).

Third, we develop additional explanations for understanding the relationship between controversial organizational acts and legitimacy gain or loss. Traditionally, this relationship is studied with help of stigmatization theory and impression management processes (Allen & Caillouet, 1994; Jones, Farina, Hastorf, Markus, Miller, & Scott, 1984; Sutton & Callahan, 1987). This literature suggests that not all controversial acts are noticed and therefore are not a threat to an organization's legitimacy. Controversial acts only pose a threat to legitimacy if they are considered a fundamental violation of industry norms, if their occurrence is unambiguously proven and negatively publicized in the media, and if stakeholders experience it as a high risk and potentially costly (Reuber & Fischer, 2010). Where controversial acts threaten legitimacy, organizations can apply impression management techniques, such as excuses and justifications, to mitigate potential negative effects (Bansal & Clelland, 2004; Elsbach & Sutton, 1992; Sims, 2009). We add to these explanations the notion of *legitimacy by exceptionalism*. This refers to organizations that act controversially in moral dilemma situations, yet portray their actions as either an alternative means to achieve the common goals or as motivated by a different prioritization of core goals. In this constellation, the exceptional and controversial approach of the organization becomes the basis for legitimacy generation. By elaborating on this specific type of impression management required for such a legitimation strategy, we add to previous research that focuses on how organizations mitigate or reduce legitimacy loss as a result of controversial acts.

In this study we develop a theoretical framework of organizational exceptionalism and its relation to legitimacy. This framework is illustrated through the revelatory case of organizational exceptionalism displayed by one renowned organization in the humanitarian aid sector: *Médecins Sans Frontières* (MSF).

The next section introduces the humanitarian sector and the case study organization, and discusses the methods of data collection. This is followed by three sections, each of which presents and operationalizes a part of the theoretical framework - the concept of organizational exceptionalism, the enabling conditions of organizational exceptionalism, and the related legitimization strategies - and then immediately illustrates this with case study material. These three sections are followed by an analysis of MSF's legitimacy to establish whether the organization's exceptional behavior and impression management tactics have contributed to or damaged legitimacy. In the conclusion, we discuss the merits of the newly developed framework and its applicability to other organizations.

5.2 Research Design and Data

5.2.1 The context: The humanitarian sector and its contested principles

The ultimate goals of nonprofit organizations are often widely accepted, whether these pertain to reducing poverty, improving literacy, or battling diseases. However, the ways to implement these goals can be the subject of controversy. The humanitarian sector is exemplary of such controversy since the implementation of the sector's principles has been a recurring topic of debate (Slim, 1997). We therefore chose the humanitarian sector as the subdomain of the nonprofit sector to further study controversies about core principles of a sector. Below the sector's guiding principles, which are commonly subject to controversy, are introduced.

The humanitarian sector comprises a variety of organizations which are involved in the provision of emergency relief to victims of disaster, such as international non-governmental organizations (INGOs) and their grassroots partners, United Nations agencies, and official donors funding aid programs (Harvey, Stoddard, Harmer, & Taylor, 2010). The fundamental purpose of all humanitarian activity is the global prevention and alleviation of human suffering (Calhoun, 2008). In fact, this is considered a duty and therefore also referred to as the *humanitarian imperative*. A number of *humanitarian principles* qualify and facilitate this ultimate goal and obligation. The most basic ones are outlined in the International Committee of the Red Cross Code of Conduct (ICRC, 1994). Among these, the concept of *impartiality* refers to the allocation of aid based on need alone, irrespective of nationality, race, political affiliation, religion, etc. Secondly, *independence* relates to humanitarian organizations' ability to revise and implement activities without being influenced by governments. Third, *neutrality* refers to the refusal of taking sides in a conflict, whereas *accountability* relates to the responsibility of providers of humanitarian aid towards their donors and their beneficiaries.¹⁷ Closely related to this are ideas of *efficiency* and *effectiveness*, which concern the sensible and transparent usage of available funds in relation to the outcomes of humanitarian responses. Finally, borrowing the words of the Hippocratic Oath, Anderson (1999) formulated an overarching dictum of all relief efforts: *do no harm*.

5.2.2 The case study organization: *Médecins Sans Frontières*

The theoretical framework developed in this paper is illustrated by means of a single case study of *Médecins Sans Frontières* (MSF). Case studies are appropriate to study the *how* or *why* of (new) processes or phenomenon in their real-life context (Meyer, 2001; Yin, 1984), which in this article is the phenomenon of organizational exceptionalism. MSF was selected because it represents a revelatory case of organizational exceptionalism in so far as MSF repeatedly engaged in controversial acts without losing legitimacy. As such it constitutes a unique case, i.e. a distinctive phenomenon that is worth analyzing separately to establish patterns of its determinants and characteristics (Flyvberg, 2006; Patton, 1990; Yin, 1984).

¹⁷ The concept of accountability was elaborated in detail by the Sphere Project, which created a Humanitarian Charter outlining minimum standards of disaster response (Buchanan-Smith, 2003).

MSF operates worldwide to provide direct medical emergency relief. The Dutch section, MSF Holland, which provided the majority of data for the research at hand, was initiated in 1984 as a small branch of the larger umbrella association. Since then MSF Holland has developed into an organization of its own standing with a workforce exceeding 7,000 employees (expatriate and national staff), responsible for more than 70 aid projects worldwide and with an annual income of over 121 million Euros (Annual Report, 2009). MSF Holland closely cooperates with sections in Germany, the UK and Canada, with which it forms an Operational Center - located in Amsterdam - that has full discretion over how to raise funds, recruit staff and conduct aid projects.

MSF's "exceptionalism" becomes evident in the fact that it is regarded as a nonconformist, yet respected member of its field (Bortolotti, 2004; Reijn, 2007; Rieff, 2002). It is generally seen as a "special kind of organization" that is willing to break new ground, whose integrity is based on its independence, and whose culture is an expression of the fierce autonomy of its members. MSF has proposed and enacted distinct and often controversial interpretations of the humanitarian principles as we will show in more detail later. The fact that MSF represents a revelatory case of the phenomenon we theorize on, combined with the extensive access granted to the research team by the organization to collect data, offers a unique opportunity to illustrate the phenomenon and antecedents of organizational exceptionalism in detail.

5.2.3 Data and analysis

Data collection was conducted by several researchers; primarily at MSF Holland's Amsterdam headquarters in the period from January 2008 until July 2009. This process focused on four main sources: 1) organizational documents addressing governance policies and procedures, 2) reports and strategic plans prepared by the organization, 3) secondary material such as published research papers, documentaries and employee accounts on MSF, and 4) participation in MSF's introduction course for newcomers.

Organizational documents on governance

Documents on governance in the organization were collected by means of a thorough search of MSF Holland's human resource department's administrative hard drive, its intranet and annually updated policy compilation CD ROMs. This approach produced a total of 575 documents, including policy papers, procedural guidelines, memos and briefing papers, information material, and policy proposals. Among these, we differentiated between formal and informal documents. 151 unfinished drafts of policies and guidelines, letters and emails, as well as memos and discussion papers were defined as informal. The remaining 424 formal documents include all policy papers, procedural guidelines, official information material, brochures and handbooks, as well as standard forms.

The collected documents were published between 1992 and 2008, thus providing an overview of 16 years of organizational history. The analysis of the 424 formal documents provides an illustration of the formalization and standardization process in the organization.

Reports and strategy papers provide accounts of MSF Holland's reflections on its situation and future plans and prospects. Annual reports outline the organization's operational activities of the past year as well as provide detailed information on staffing and budget. Strategic plans, which MSF refers to as "Medium Term Policies", in turn provide an account of future prospects. They are prepared about every three years and specify MSF Holland's main goals, operational and organizational foci and envisioned means of implementation. Annual reports could be obtained from MSF Holland for the years 2000, 2007, 2008, 2009, 2010, whereas the strategic plans cover the complete period between 1996 and 2010. Providing information on the organization's structure, policies, objectives, self-portrayal and its financial resource base, these documents allowed for the analysis of instances of exceptionalism, the conditions that facilitated such behavior and the reasons motivating it.

Secondary sources provided additional information on the organization, its actions and rationales. Academic publications that focus on MSF as a case study, such as those of Bortolotti (2004), Heyse (2007), Hilhorst and Schiemann (2002) and Reijn (2007) were of value to gain further insight into the organization's behavior, decisions, objectives and structure and its reputation in the sector. Expert accounts of humanitarian workers were used to further analyze MSF's exceptionalism and reputation in the field and its internal work processes over time (see for example De Milliano, 1991; Rieff, 2002; Terry, 2002).

Participation in introduction course. In addition to the analysis of written documents, participation in MSF Holland's eight-day introduction program for new recruits provided information about MSF's history, its understanding of humanitarianism, and the way the organization portrays its identity to newcomers.

5.3 Theoretical Approach and Case Illustration: Exceptionalism, Strong Social Actorhood, and Legitimation Strategies

The following three sections separately address each of the three research questions guiding this study: 1) What is exceptional organizational behavior?; 2) What enables an organization to act exceptionally?; and 3) How can exceptional organizational behavior be legitimized? For each research question, we first develop a theoretical answer, followed by an operationalization of the theoretical ideas developed, which we then illustrate by means of our case study organization. A fourth section analyzes to what extent MSF's exceptional behavior and legitimizing strategies have contributed to or damaged its legitimacy.

5.3.1 What is organizational exceptionalism? Defiance of conventions

We define exceptional organizational behavior as the purposeful, proactive and public defiance of common operational standards and conventions of an organizational field. As such, it differs from accidental or involuntary controversial acts or those that were intended to remain secret or that are unlawful.

Exceptional behavior can be identified by the presence of instances of organizational acts that generate public attention and are discussed as breaches of social norms in the media,

academic resources and expert accounts. In other words, in these accounts, the organization is portrayed as a deviator, breaking the rules of engagement in the sector.

MSF Holland has shown exceptional behavior throughout its history. This is illustrated by several examples that either exhibit active defiance of existing humanitarian principles or exemplify the introduction of new and controversial interpretations of these principles.

Witnessing

A primary example is MSF's introduction of the concept of *témoignage* or *witnessing*. Witnessing refers to the act of speaking out about experiences and observations during aid operations in order to bring abuses and atrocities to public attention, thus advocating on behalf of the aid recipients. MSF argued that it is part of the responsibility of humanitarian actors to advocate on behalf of their beneficiaries and draw public attention to intolerable situations, even if consequences are harsh (Captier, 2005). This willingness to publicly incriminate (governmental) actors involved in humanitarian crises is unconventional since it is often regarded as defying the humanitarian principle of neutrality that implies not taking sides in hostilities or to “engage at any time in controversies of a political, racial, religious or ideological nature” (ICRC, 1994).

Withdrawal during the Great Lakes crisis

MSF also dared to challenge the most fundamental of all humanitarian principles – the humanitarian imperative – when it withdrew from the refugee crisis in the Great Lakes region in 1995. Faced with the dilemma that aid was abused by perpetrators of the Rwandan genocide, who used the refugee camps as bases to reassemble and launch further attacks, MSF, together with 15 other humanitarian organizations formulated an appeal to the UN Security Council to separate known war criminals from actual refugees. This appeal was ignored and the UN High Commissioner for Refugees continued treating criminals as refugees, which led to the situation as described by Rony Brauman, former president of MSF, in an interview with Carnegie Council (2004):

“The reaction of those who had signed the letter of protest was surprising. They were revolted by the attitudes of the UNHCR, the Security Council, and the international community at large. But when our request was dismissed, most NGOs behaved as though nothing had happened. [...] So the fourteen other NGOs resumed their operations. MSF found itself alone in refusing to return to the camps.”

As the only humanitarian organization MSF made the controversial decision to terminate their activities in the region (Passant, 2009). Claiming a “right of abstention” from crises in which effective relief cannot be implemented, MSF de facto qualified the universality of the humanitarian imperative (Rieff, 2002). Eventually, some other humanitarian organizations such as CARE Canada came to follow MSF's example, whereas others like Oxfam and the UNHCR contended that “the rights of refugees to receive aid superseded the problems derived from supplying it” (Terry, 2002, p. 201).

Discouragement of tsunami donations

MSF exhibits a particularly fierce interpretation of the independence principle as became apparent in the aftermath of the December 2004 tsunami. Within days, millions of Euros in funds were raised to support the emergency response in the affected areas. Numerous humanitarian organizations encouraged and accepted the contributions (Telford & Cosgrave, 2007). MSF in contrast took a perplexing step: after receiving sufficient funds for the foreseen emergency response within days, a statement was issued on the international MSF homepage dis-encouraging further donations earmarked for the tsunami affected regions. The humanitarian community and the media met this action with disapproval. MSF was accused of undercutting the flow of donations by giving the impression that further funds were superfluous (Bennhold, 2005). Instead of conceding to such criticism, MSF proceeded by contacting private donors to request their approval to make the allocated funds available for less prominent and underfunded crises, such as Darfur. This approach was unprecedented in the humanitarian field and constituted a highly controversial move, which was understood as implicit criticism of the donor dependency of other humanitarian organizations.

Rejection of sector-wide coordination

The principle of independence is also the reason for MSF's refusal to participate in sector-wide efforts of coordination, standardization and fundraising. To the dismay of other humanitarian organizations, MSF has not signed up to common operational standard agreements of the humanitarian sector such as the Sphere Project's "Humanitarian Charter and Minimum Standards in Disaster Response" and has rejected the idea of conceding control to collective coordination efforts like the "Inter-Agency Standing Committee" or the "Steering Committee for Humanitarian Response" (Tong, 2004; Stobbaerts, 2007). It also does not participate in the "Consolidated Appeals Process", a collective fundraising mechanism (OCHA, 2010). Generally, MSF states that, while willing to share expertise and cooperate, they will not submit to the authority of other humanitarian agencies. In large-scale emergencies involving various humanitarian actors, MSF "will coordinate, but won't be coordinated" as one presenter put it during MSF's introduction course. Therefore, MSF Holland also decided to withdraw from the national humanitarian fundraising mechanism in the Netherlands.

In conclusion, throughout its history MSF has repeatedly and purposefully acted controversially, thereby challenging common interpretations of the humanitarian sector's moral principles. The empirical accounts thus indicate that MSF is indeed exemplary for what we termed "organizational exceptionalism".

5.3.2 What enables organizational exceptionalism? A strong social actor approach

Exceptional organizational behavior presupposes agency, which is the result of an organization that is a particularly strong social actor. As a strong social actor, an organization possesses a distinctive identity, is autonomous and has focused goals, which it pursues with

rational means and strategies (Brunsson & Sahlin-Anderson, 2000). This requires independent resources and clear organizational boundaries and structures. Having such a strong identity, hierarchy and rationality provides an organization with the sources for its exceptional behavior as well as the autonomy to act accordingly. In addition, it facilitates that organizational exceptionalism is exercised collectively, and not individually, thereby mitigating the risk of anarchy and conflict.

Strong social actors are thus characterized by the full realization of three constitutive elements: a distinctive and autonomous organizational identity, a strong hierarchy, and rationality in organizational processes (Brunsson & Sahlin-Anderson, 2000). These elements are not just realized, but operate in a specific way that enhances an organization's capacity for exceptionalism.

Organizational identity: The role of distinctiveness, membership and autonomy

Organizational identity refers to a shared understanding of the central organizational features that distinguish the organization from others (Albert & Whetten, 1985). If this shared understanding encompasses a strong element of distinctiveness based on particularities of an organization's purpose, history or culture, the organization can act as a strong social actor (Brunsson & Sahlin-Anderson, 2000). If this distinctive organizational identity is combined with a strong professional identity of the workforce and a strong independent resource base, exceptionalism is likely to occur.

Distinctiveness: Nonconformity as a founding principle

The distinctiveness of exceptional organizations is hypothesized to originate in their founding history and the resulting organizational imprinting processes. The founding conditions of an organization are known to shape the management and administration structures and practices (Baron, Hannan, & Burton, 1999; Stinchcombe, 1965). The resulting organizational imprinting processes can make organizations less susceptible to external pressures (Carpenter & Feroz, 2001). Combining these two insights leads to the expectation that imprinting processes can be a source of exceptionalism if an organization was introduced into an existing organizational field as a novel type of organization or as an organization that breached conventions in its organizational field to begin with. Hence, if nonconformity is part of the roots of an organization, we expect exceptionalism to be more likely to emerge.

In the case of MSF, this is illustrated by the way the organization's founding history is conveyed through the organization's website, introduction course and documents. The motivation to found MSF derived from frustration felt by several French doctors, with the established humanitarian system in general and the International Committee of the Red Cross, their employing organization, in particular. This frustration was caused by witnessing severe atrocities among civilians during the late 1960s Nigerian civil war and being forced to remain silent about these under the principle of "neutrality". Keen to "speak out about the plight of victims, and seeking an independent, impartial way to provide care where they saw

the greatest need” (MSF UK website), these doctors, together with a group of journalists, formed the first MSF section, MSF France, in 1971. MSF thus emerged from a fundamental break with the most prominent and central humanitarian organization (Dijkzeul, 2004, p. 219) and the principles it represented. Re-evaluating the old (neutrality) and devising new principles (witnessing), MSF from the very start developed and applied its own interpretation of humanitarianism. This “revolution” constitutes the founding myth of the organization and as such is prominently featured for example in the “About us” sections of the homepages of different national MSF sections (see for example www.msf.org.uk/about_history.aspx). James Orbinski also emphasized this origin in his lecture given upon reception of the Nobel peace prize in December 1999:

“The honor you give us today could so easily go to so many organizations, or worthy individuals, who struggle in their own society. But clearly, you have made a choice to recognize MSF. We began formally in 1971 as a group of French doctors and journalists who decided to make themselves available to assist. This meant sometimes a rejection of the practices of states that directly assault the dignity of people. Silence has long been confused with neutrality, and has been presented as a necessary condition for humanitarian action. From its beginning, MSF was created in opposition to this assumption. We are not sure that words can always save lives, but we know that silence can certainly kill.”

Membership: Dominance of autonomy-conscious professionals

If an organization’s distinctive identity is aligned with the professional identity of its workers, it is expected that organizational exceptionalism has even more chance to develop. Three interlinked arguments lead to this expectation. First, whereas an organization’s identity has a reality independent of its individual members, it is at the same time mutually and reciprocally linked to the individual identity of its members. This implies that “just as organizational identities can influence individual behavior; individual behavior can influence organizational identities” (Pratt & Foreman, 2000, p. 21). Second, the particularities of the professions common within an organization can mediate this relationship between individual and organizational identity (Scott & Lane, 2000), meaning that the identity that professionals develop as a group also influences an organization’s identity. Third, since professionals are known to define autonomy and self-reliance as important professional values (Hall, 1968; Freidson & Rhea, 1972), it can be expected that these values further foster an organizational identity of independence and nonconformity. Given their reciprocal relation, members’ professional identities can be expected to influence organizational identity.

The influence of professional identity in MSF is illustrated by the type of employees the organization hires and the professional backgrounds these employees have. Founded by a group of doctors, MSF always had a pronounced focus on medical aid, which still reflects in the prominent role of medical staff. Even though employing a highly diverse workforce (Reijn, 2007), medical staff is a prominent group in the organization. Thus, their professional identity is likely to affect MSF’s identity as an organization. As Ritzer (1975) argues, physicians, even more than other professionals, are characterized by a high degree of

autonomy. They rely on self-regulation and display confidence in their own judgment, especially in stressful or difficult situations. MSF's standard operating procedures and operational guidelines specify indicators for decision-making and possible action alternatives, yet rely on their professional staff's expertise and responsibility in terms of implementation, thus allowing for relative autonomy. This is illustrated by the following quote from a health advisor of MSF, when discussing the decision whether or not to address an outbreak of meningitis (Heyse, 2007, p.80). In the case of such a disease, specific prevalence rates are used in order to determine whether an epidemic was evolving. The health advisor used these indicators to make an independent judgment:

“A team wanted to do a meningitis intervention....I asked them if they had enough information that proved that the number of cases was increasing. There are always more cases in that season and we only want to intervene at the beginning of an epidemic because if it is already decreasing we are wasting our money, so to speak. The team collected the information...I analyzed it and concluded that there was no epidemic. At the same time the number of cases decreased, so we did not continue our plans.”

We therefore reason that medical staff's autonomy translates into exceptional organizational behavior, thus offering an additional explanation for MSF's inclination to engage in nonconformist behavior.

Autonomy: A diversified resource base

A major factor shaping an organization's identity as an autonomous actor is its relation to providers of vital resources. According to resource dependency theory, organizations are prone to the influence of external stakeholders if their resource dependency is asymmetrical, meaning that one or a few external stakeholders control the majority of resources. A strategy to diminish such asymmetrical resource dependency is diversification in the sense of extending the resource base and including a variety of stakeholders (Pfeffer & Salancik, 1978). Accordingly, organizational exceptionalism, which requires organizational discretion as well as a strong sense of autonomy, presupposes low resource dependence.

Compared to other humanitarian non-governmental organizations, MSF in fact exhibits a high degree of financial independence (Dijkzeul, 2004). This condition is not coincidental, but the result of an elaborate diversification strategy, which MSF has pursued for more than a decade. As stated in the Strategic Plan, 1996 – 2000 (p. 4): “If we are to be able to continue to make independent decisions, we need to keep on diversifying our institutional donor base.” Diversification refers to the reliance on several institutional donors, none of which can provide more than one third of the entire institutional project fund.

The financial sections of the annual reports indicate that such diversification could largely be achieved. In 2009, for example, MSF Holland received substantial contributions from the European Union, the Swedish, British, Norwegian and German governments and the United Nations. Although the EU's contribution exceeds the envisioned one third (€

7.996 million out of € 18.728 million), the share of institutional funds in the entire annual budget of € 121,573 million remained low at only 15% (Annual Report, 2009).

Another strategy to limit the influence of institutional donors is the insistence not to accept any funds from the host country and the transfer of funds between national MSF sections. MSF Holland, for example, does not accept funds from the Dutch government, yet receives substantial (in 2009 amounting to almost € 49 million) contributions from its sister sections. Furthermore, MSF does not accept earmarked funds from institutional donors and on the international homepage specifically discourages them for private donors.

Such private donors are also a crucial resource base and contributed a total of € 38 million to MSF Holland in 2009. Participation in the Dutch National Lottery provided another € 15 million. Overall, MSF Holland disposes of a healthy and vastly consistent budget, provided by a variety of donors. This diverse, yet reliable resource base facilitates the realization of one of MSF Holland's long-standing objectives: “[W]e want to be able to continue to select our projects purely on humanitarian grounds and decide for ourselves how to implement them” (Strategic Plan, 1996 – 2000, p. 37).

Hierarchy: The role of standardization and formalization

In addition to a strong identity, exceptional organizations also need to be characterized by a strong hierarchy, which implies a high degree of formalization and standardization (Brunsson & Sahlin-Anderson, 2000). This strong hierarchy is needed to prevent conflict, effectively coordinate the realization of organizational objectives, and ensure that the organization's exceptionalism is a collective effort, and not an individual one in which autonomy-seeking professionals do as they please.

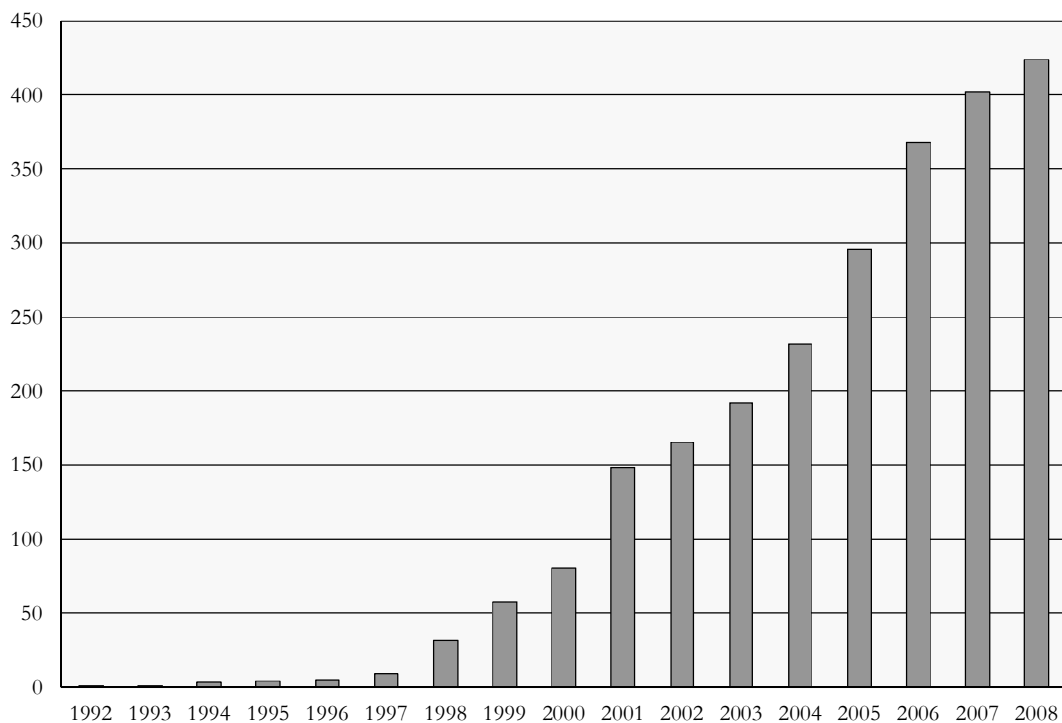
Particularly standardization of organizational procedures is important to establish a workable hierarchy since the specification of procedures reduces the amount of communication and eliminates repeated decision making over similar situations (Galbraith, 1973). The continuity and predictability this creates allows for better coordination and planning of activities. Formalizing rules and procedures also facilitates that employees perceive organizational rules as consistent and equally applicable to all members (Walsh & Dewar, 1987). Altogether, having functioning procedures and an established formal policy system creates unity. In addition, it facilitates an internal focus on rule following behavior, which limits the extent to which an organization and its members are susceptible to solutions proposed by external actors. This tendency is enhanced by the reduction of decision-making instances: the occasions during which an organization might consider external input diminish. A high degree of standardization thus fosters the organization's autonomy to act exceptionally but collectively, and as such is a prerequisite of organizational exceptionalism. Hence, one way to become an exceptional organization is by coordinating activities by means of formal rules and procedural regulations created by management.

Taking the example of the Dutch section of MSF, the impact of a strong hierarchy is clearly reflected in our case study. Starting out in 1984 as a very informal organization situated in an Amsterdam cellar (De Milliano, 1991), MSF Holland underwent increasing

standardization over the last 25 years. The development of HRM policies illustrates this process. The compilation of the “Handboek Uitzending”, a manual outlining regulations applicable to volunteers in the field, in 1988, was one of the first documents that formalized the employment relation, followed by the publication of MSF’s first edition of the “Terms and Conditions of Employment” in 1992. This compilation of rules specified the legal rights and obligations of both employer and employee regarding issues such as holidays, pension schemes, insurances as well as training opportunities.

Figure 5.1 depicts the ensuing standardization trend by indicating the accumulation of formal governance documents over time.

Figure 5.1 Accumulation of Formal HRM Documents over Time



It becomes apparent that from the mid-1990s onwards, MSF Holland increasingly engaged in the formalization of the governance system. At the last moment of policy data collection in July 2008, a total of 424 formal documents addressed various aspects of the employment relationship (for further detail, see Chapter 2 on MSF’s governance system). Among these are 83 “procedural guidelines” that specify the implementation of HRM policies such as briefing, salary payment, and insurances. These guidelines list the concerned policy, the involved organizational actors and their respective responsibilities and provide a step by step guide for implementation. Such procedural documents foster transparency and consistency through the detailed elaboration of the implementation of policies. This reduces employees’, and especially personnel administrators’ discretion concerning the interpretation of policies. It enhances organizational control and coordination and increases internal acceptance as employees can rely on being treated equally.

Standardization is also high in the domain of logistics, which is a crucial field of organizational activity that involves the administration of all material resources needed for medical operations. Logisticians need to adhere to highly formalized procedures, which are outlined in the MSF Supply Guidelines. Precise guidelines also exist for digital administration of information as well as for evaluation and reporting.

The majority of regulations pertaining to employee governance are created by the HRM department of MSF Holland/Operational Center Amsterdam directly. These policies pertain to the staff recruited and employed by the associated national sections in the UK, Germany and Canada, but are no general regulations applicable for all of MSF's members. However, while the Operational Centers are relatively independent in creating policies, certain basic standards are set by MSF's International Council and are directive for all MSF sections worldwide. This includes the organizational mission and core humanitarian principles as outlined in MSF's *Charter* and the *Chantilly Agreement*, as well as its international governance structure, which is specified in the *La Mancha Agreement*.

Altogether, MSF exhibits a high degree of standardization and formalization pertaining to various domains of organizational life. This facilitates an internal focus on rule following behavior and thus limits the extent to which the organization is agreeable to suggestions proposed by external actors.

Rationality in decision making

Rationality is an important prerequisite of organizational exceptionalism. Rationality is realized in an organization's intentions and strategic efforts to achieve specific goals. It is fostered by focusing on a limited number or even one abstract focal goal (Brunsson & Sahlin-Andersson, 2000). Rationality enables organizations to focus on their own goals, instead of those of external actors, and as such, can contribute to organizational exceptionalism.

Rationality can be established by studying the way organizations make decisions. A rational decision-making process is characterized by sequential decision-making on the basis of preferences and goals that organizations try to maximize (Allison & Zelikow, 1999; March, 1994). First, a problem is formulated then alternatives are explored, before a decision is finally made. After a problem is formulated, the organization generates various alternatives for action that are evaluated in terms of the organizational goals and the costs associated with each alternative. The alternative with the best cost-benefits ratio is chosen.

MSF decision-making processes on humanitarian projects are characterized by such rationality (Heyse, 2007).¹⁸ The following example – in which an operational director described the decision to go to an Asian country – illustrates this (Heyse, 2007, p. 79):

“The team went in.... They did an assessment in the camps and based on these findings they identified water and sanitation needs as priority needs, as well as a few medical needs. There were no other organizations. So I had a discussion with the Head of Mission and we decided to go ahead.”

¹⁸ For a detailed description of rational decision-making processes in MSF Holland, see Heyse (2007).

Various policies and plans guide the decision-making process in MSF by specifying the organizational goals and activities. *Strategic plans* reflect the organization's long-term objectives. In addition, there is an *annual plan* in which an estimate of expected project expenditures is made and plans for the future are formulated. In order to decide on the allocation of resources in the annual plan, *country policies* are used, which summarize the project activities, plans and budget per country. For each project that MSF aims to start, a *project proposal* needs to be written, with the exception of very urgent projects. In such a proposal a problem analysis is required, in addition to a description of the target population, project objectives and monitoring indicators.

When MSF Holland learns of a possible humanitarian need, the situation is often studied by means of assessment missions or other information collection activities. This data collection process produces information about morbidity and mortality, the food and nutritional situation, and the presence of other aid agencies, as well as alternatives for actions. The recommendation to intervene is made if the data shows evidence of a clear need to do so. If there is a clear connection to the strategic plan, the country policy and other policies, project proposals are duly approved. If the proposed activities do not fall within MSF's plans or objectives, the chance of the proposal being rejected increases. Future consequences of projects are also taken into account: MSF often ends projects if the need for intervention has disappeared or diminished, for example, because the context of aid provision has changed for the better. Another important reason to end projects is when project activities no longer match the organization's policies or a cost benefit analysis shows that a project is ineffective or too expensive (Heyse, 2007).

In summary, MSF's decision-making process concerning emergency interventions is characterized by rationality due to its goal-directed action on the basis of organizational policies, information collection and data analysis. The organization tries to maximize its efforts by making cost-benefit analyses of alternatives for action. By displaying such strong rationality in decision making, MSF is able to resist external pressures to act, since there are strong internal guidelines for emergency interventions.

Summary

In conclusion, we have elaborated how strong organizational identity, hierarchy and rationality are important antecedents of organizational exceptionalism. The sources of organizational exceptionalism can be found in an organization's controversial founding principles and the presence of autonomy-seeking professionals, who are not afraid to act controversially. Exceptional behavior only becomes possible if an organization is autonomous and independent from external pressures. This can be achieved by means of a diversified resource base and a clear hierarchy, of which the latter is also necessary to prevent anarchy and conflict. In addition, a clear hierarchy and strong rationality add to the creation of an internal rather than external focus in the organization, which, in turn, fosters exceptional behavior. It is this complex interplay of the above mentioned factors that generates the sources for exceptionalism as well as the room to maneuver as an exceptional organization.

5.3.3 How can exceptionalism be legitimized? Evoking alternative goals and means

The above-mentioned antecedents of organizational exceptionalism do not automatically generate legitimacy. Organizational exceptionalism will not damage legitimacy only if the organization succeeds in reframing controversial acts as legitimate alternative means to achieve an overall aim, or as an alternative but legitimate prioritization of a set of overall aims. In order to achieve this, adequate impression management strategies are needed.

We extend on the insights of Elsbach and Sutton (1992) who showed that controversial actions by social movement organizations, if properly managed, can enhance legitimacy. Such actions can be justified by emphasizing potentially beneficial outcomes and by broadcasting the general merits of the organization. As such, controversies and the publicity they generate can provide opportunities for generating legitimacy if effectively exploited by means of careful impression management (Schlenker, 1980).

We add to this reasoning by contending that in the nonprofit sector exceptional actions can only be successfully legitimized if an organization commits to and identifies with the core goals of the sector it is working in (Scott, 1995). Accordingly, organizational exceptionalism in nonprofit organizations does not include deviations from these fundamental aims, but pertains to nonconformity in terms of operational practices and strategies, i.e. concerning the *means* considered viable in pursuit of shared goals. The reason for this is that the core goals of the nonprofit sector tend to be relatively stable and uncontested. However, these goals can be uncertain in terms of their relative hierarchy and with regard to means of implementation (Kanter & Summers, 1987; Slim, 1997). The success of exceptional organizations depends on their ability to exploit this ambiguity. Hence, controversial operational practices and strategies can be legitimized either by presenting them as alternative means or as related to alternative goals. The first approach involves creation of novel means-end frames (Borum, 2004) and depends primarily on an organization's ability to represent nonconformist practices as promising alternative strategies. The second approach utilizes variations in the hierarchy of ultimate goals by referring to alternative aspirations or ethical principles in order to legitimize controversial practices. Rather than presenting organizational behavior as an alternative means, this approach evokes an alternative interpretation of goals, thereby initiating a discussion of priorities. Such a strategy has two advantages: first, attention is diverted from the controversial organizational behavior to a general debate of goal rankings. Rather than having to justify and rationalize their controversial behavior, organizations can focus their reasoning on the relative importance of goals, which as a topic involves less legitimacy threats. Second, the reference to alternative, yet equally accepted goals deters criticism. Turning defense into attack, criticism of exceptional behavior can be utilized as an expression of a competitor's inability to implement the evoked goal.

Both approaches divert attention from the controversial act to a more basic discussion of means-end frames within the organizational field. The exceptional organization thereby emerges as a reflective and critical actor, eager to examine and improve the standards of the field. Perceived as such, organizational exceptionalism is no longer considered an expression of maladjustment, but becomes a respectable and legitimate feature.

MSF's impression management techniques illustrated

Although MSF's controversial actions were initially perceived as questionable or objectionable, none of them effectively damaged MSF's legitimacy as a humanitarian organization. On the contrary, eventually, they in fact sustained and benefited MSF's positive reputation. We argue that this was due to the successful application of impression management techniques that focused on framing the controversial acts as alternative means to relieve suffering or as a different prioritization of the humanitarian principles.

Witnessing

The introduction of the witnessing concept, for example, challenged the neutrality principle by reasoning that "silence [can] kill", thus "making those that [watch] complicit in the atrocities" (MSF UK website). In other words, MSF argued that adhering to the neutrality principle could increase suffering, whereas reporting about observed atrocities might reduce suffering. Hence, MSF presented an alternative means to achieve the humanitarian imperative that they argued to be more effective. While this alternative means is not widely shared among humanitarian organizations, it is accepted as a prominent and distinguishing feature of MSF (Hilhorst & Schmiemann, 2002).

Withdrawal during Great Lakes crisis

With regard to the example of the Great Lakes crisis, terminating their presence in the refugee camps earned MSF much criticism for having abandoned their humanitarian mandate. However, MSF argued that any engagement in the camps would in fact do more harm than good, since their humanitarian assistance helped the perpetrators of the genocide to recover and continue with the violence. They argued that by ending their activities, they would stop facilitating the continuation of violence, which in the end would outweigh the imperative to remain (Passant, 2009). Referring to the principle of "do no harm", MSF applied a strategy of evoking alternative goals and principles to legitimize actions contrary to the most central convention of its field: the humanitarian imperative.

In the context of the Great Lakes crisis, MSF also came under criticism for having reported inflated refugee numbers, which was interpreted as a deceptive act to raise funds and private donations. Responding to this accusation, Jacques De Milliano, former director of MSF Holland, applied a similar legitimation strategy. Acknowledging that numbers were inflated, he asserted that the motivation for this pretense did not emerge from economic considerations, but was an effort to generate publicity for a conflict in which the ignorance of Western regimes caused a million deaths (Wetering, 2001). Portrayed as such, the inflation of refugee numbers became an unfortunate means for a higher end, namely to draw attention to the plight of the affected population.

Discouragement of tsunami donations

Concerning the third instance of exceptional behavior, MSF's rejection of tsunami-earmarked funds was justified by efficiency and accountability concerns. Seeing their emergency response plans sufficiently funded, MSF argued that in order to honor donor intentions as well as maintain an exclusively needs driven approach, forestalling further donations was a necessary move. Accepting additional earmarked funds would compromise either their mandate or their accountability toward their financiers. By this act, MSF indirectly criticized other humanitarian organizations for being dependent on their donors and for not following a needs driven approach. By explicitly adhering to the independence principle and by connecting it to accountability and effectiveness concerns, this argumentation not only legitimized the rejection of funds, but also deterred further criticism as this framing pressured objectors to expose own funding requirements. The evaluation of the tsunami response lent support to this reasoning (Telford & Cosgrave, 2007). Revealing the arbitrary nature of emergency funding and the lack of needs assessment in the humanitarian response, it echoed the concerns MSF used to legitimize the controversial act. While drawing criticism within the field, this controversial move was actually applauded by other important audiences - such as private donors, thus legitimizing it (Barbagallo, 2005). As a result, MSF's own post-tsunami financial overview (2005) showed that the rejection of earmarked funds did not decrease the overall budget.

Rejection of sector-wide coordination

Finally, MSF's reluctance to cooperate in coordination and fundraising initiatives is legitimized in a similar way. It emerges from the conviction that, as Stobbaerts (2007) argues, "the best service for populations in need will come as a result of independence of action rather than participation in an integrated effort". MSF connects the independence principle with effectiveness concerns, which legitimizes nonconformity with sector-wide initiatives by evoking a very broad interpretation of the principle of independence of humanitarian action.

5.3.4 Médecins Sans Frontières – Exceptional, yet legitimate

Though sometimes criticized for being arrogant, MSF has not been punished for being controversial. On the contrary, the organization can be considered a legitimate actor in the sector in view of ongoing support of its stakeholders and its wider environment.

In order to establish MSF's legitimacy we analyzed the material and moral support of stakeholders and the wider environment for MSF. Material support was analyzed in terms of the size of and growth in the annual budget of the organization compared to other humanitarian organizations. Moral support was analyzed in terms of examples of public praise and support for and willingness to cooperate with the organization by others actors, both in and outside the sector.

In his critique of humanitarianism, David Rieff, a well-known humanitarian aid expert, describes MSF as "the most important humanitarian [organization]" and, precisely due to their critical approach to normative standards, as the "conscience of the humanitarian world"

(Rieff, 2002, p. 83). MSF's legitimacy as an exceptional organization also becomes evident in the fact that it was awarded the Nobel Peace Prize in 1999, "in recognition of the organization's *pioneering* humanitarian work on several continents [italics added]" (The Nobel Peace Prize, 1999). Furthermore, several national MSF sections including MSF Holland entered a Framework Partnership Agreement (FPA) with the Humanitarian Department of the European Union, which presupposes that the partner organizations meet quality standards concerning their "internal control mechanisms and risk management, financial strength and procurement rules" (ECHO, 2008a, p.1; 2008b).

MSF's legitimacy is also reflected in its sound financial resource base. It is not only relatively independent of donor influences (Dijkzeul, 2004), but is in fact the humanitarian INGO with the largest annual expenditures. In 2009, it spent US \$ 847 million on humanitarian assistance, followed by the Caritas network with 140 million dollars. With this budget, MSF is not only a major provider compared to other humanitarian INGOs but also spends more than the vast majority of the national governments that give humanitarian aid (GHA, 2010).

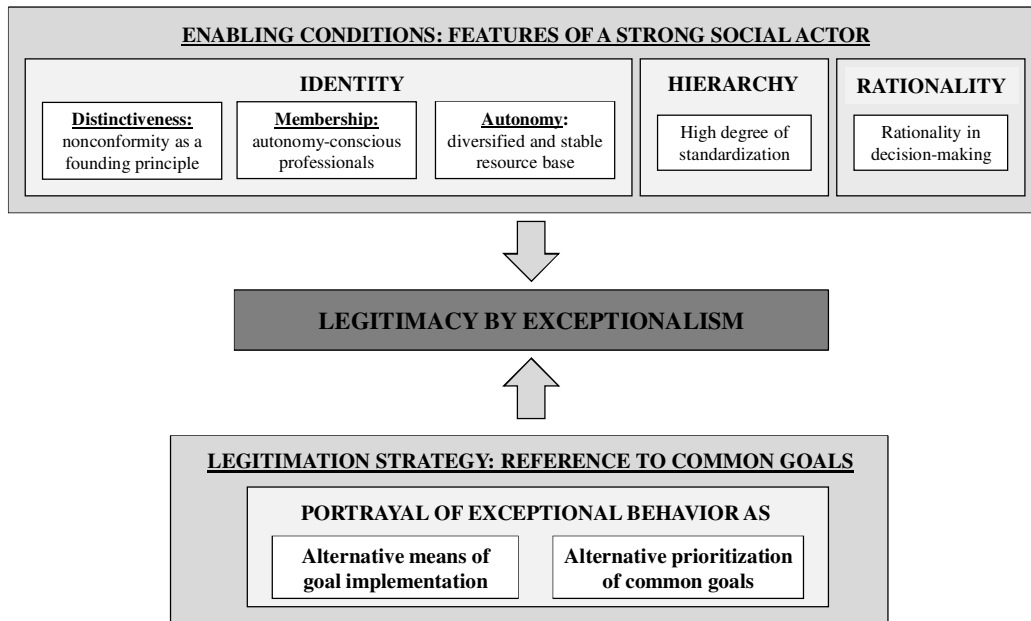
MSF's global reputation is also reflected in the large support enjoyed by the specific branch of MSF Holland: it is the most well-known humanitarian organization in the Netherlands (Venema, 2009), one in seven Dutch adults has at one point made a donation (Dijkzeul, 2004) and its annual budget has steadily increased from € 2,3 million in 1985 to € 121 million in 2009 (Heyse, 2007; Annual Report, 2009).

In conclusion, throughout its history MSF has often acted controversially, thereby challenging the humanitarian sector's moral principles. This frequently resulted in criticism and disapproval, and yet the organization can be regarded as a respected and legitimate actor in the humanitarian arena. MSF's specific legitimization strategies have contributed, at the very least, in preventing legitimacy loss.

5.4 Discussion and Conclusion – Generating *Legitimacy by Exceptionalism*

In this article we contribute to the business ethics literature about moral problems, controversial acts and legitimacy loss by focusing on a specific type of controversial organizational acts – organizational exceptionalism – which we defined as behavior that fundamentally challenges the moral principles of an organizational field. The nonprofit sector and the humanitarian sector in particular are regularly confronted with such challenges, which led us to focus on this sector. Through this focus we complement existing theoretical frameworks in business ethics, which mainly focus on clear acts of wrong-doing.

We answered three questions: 1) What is exceptional organizational behavior?; 2) What enables an organization to act exceptionally?; and 3) How can exceptional organizational behavior be legitimized? A theoretical framework was developed that outlines which conditions foster organizational exceptionalism and through what specific impression management techniques this exceptionalism can be legitimized. This framework rests on two pillars and is summarized in figure 5.2.

Figure 5.2 Legitimacy by Exceptionalism: Theoretical Model

First, organizations need to meet the structural requirements necessary to constitute them as a strong social actor as defined by Brunsson and Sahlin-Andersson (2000). This requires a fine balance between an organizational identity emphasizing distinctiveness from other organizations, a professional workforce comfortable to act autonomously and controversially, as well as a strong hierarchy and rationality providing sufficient structure and clarity so that anarchy and conflict is prevented. Together with a diversified resource base, an organization is then able to act independently from external pressures in an exceptional way. This approach implies a strong focus on the governance structure of an organization, whereas previous research is more concerned with formulating the external conditions, for example, in terms of competitiveness of the field that facilitate exceptionality of organizations (see e.g., Baum & Singh, 1994; Deephouse, 1999).

Second, the organization needs to actively engage in impression management tactics, which convincingly demonstrate that it does not violate fundamental core values or goals in the sector, but instead employs new - and potentially better - means to realize these goals. Of vital importance here is that it is not “any” impression management strategy, but a very specific one that keeps the goals intact and succeeds in emphasizing that alternative means are better instruments to achieve them.

We illustrated our framework with the case study of the Dutch branch of *Médecins Sans Frontières* (MSF). This illustration provided empirical support that MSF is indeed an exceptional organization successful in legitimizing its controversial behavior. Moreover, our analysis hints at the conclusion that given MSF’s exceptionalism, conformist and conventional organizational behavior would in fact constitute a rupture in MSF’s image: MSF is expected to be nonconformist, to be critical and purposefully trigger controversies. Organizational exceptionalism has become the norm. For MSF, as an organization with a

positive reputation of being critical, original and unconventional, this implies that rather than being responsive, being exceptional is the basis of its legitimacy.

Based on the above, we derive an alternative source of legitimacy: *legitimacy by exceptionalism*. This refers to a specific kind of legitimacy, namely the external acceptance of an organization, not despite of, but *because* of its nonconformity. As such, it transcends previous contributions to the literature on organizational deviance and legitimacy, which see organizations as able to avert or overcome negative effects of controversial behavior (De Maria, 2010; Reuber & Fischer, 2010; Sims, 2009) or as capable of exploiting the publicity generated by scandalous actions (Elsbach & Sutton, 1992). In addition, it complements neo-institutional explanations of legitimacy, which emphasize imitation, conformity and external power as sources of legitimacy (DiMaggio & Powell, 1983; 1991). In the case of *legitimacy by exceptionalism*, organizations' deviation from norms constitutes a strategic effort to generate a reputation as critical, independent and original. Hence, it is a positive quality that differs from evaluations of controversial organizational behavior as maladjusted, irrational, incompetent and in effect, illegitimate (Ashforth & Gibbs, 1990).

However, the strategy of *legitimacy by exceptionalism* is only viable for a happy few in an organizational field. By definition, one can only be exceptional if a majority of the organizational field is not. Organizations that are legitimate due to their exceptionalism run the risk of being mimicked by other organizations and can thus quite easily become less exceptional (Reed & DeFillippi, 1990). In fact, if other organizations follow the exceptional organization, this may leave the organization in a catch-22 situation: whereas imitation provides evidence for the support for the organization's quest for using alternative means to achieve moral goals, it requires the organization at the same time to think over new ways of staying the exceptional actor in the field. D'Aveni (1994) discusses this condition for highly competitive for profit firms, yet it appears that the perpetual challenge to stay ahead of the field by re-establishing a distinct position also applies to nonprofit organizations.

This newly developed notion of *legitimacy by exceptionalism* requires further research into instances of exceptional organizational behavior that did not result in legitimacy gains. By investigating these instances, one can determine whether the absence of the requirements of a strong social actor and of a particular type of impression management practice lead to legitimacy loss, as we would expect. In the case of MSF, we did not come across such instances, which is likely due to the fact that such instances are easily forgotten by employees, not recorded in the organization's institutional memory or not easily talked about. This can be considered an omission in our empirical work.

Notwithstanding, organizational exceptionalism can be observed in other nonprofit domains. For example, the activities of the international nonprofit, marine wildlife conservation organization *Sea Shepherd* – that proactively and some even say aggressively attempts to prevent Japanese ships from hunting whales – has been the subject of controversy in the international arena and therefore is an interesting case study. Moreover, we expect the framework to also be applicable to business organizations since it could be argued that for profit organizations are equally part of discussions about how to do the right

thing. For example: how to be a proper banker, energy provider, or producer of clothing or mobile phones? However, the question is to what extent there will be similar controversy about these issues, since in the nonprofit sector the organizations' goals are ultimately normative in nature. Nevertheless, the increased attention to corporate social responsibility and the growing public debates about the moral dimensions of entrepreneurship indicate that business firms could be enlightened by the way nonprofit organizations such as MSF manage to gain legitimacy by being exceptional.