ISTANBUL UNIVERSITY PRESS

Journal of Economy Culture and Society,
JECS 2025, (71): 292–303

https://doi.org/10.26650/JECS2024-1555154

Submitted: 24.09.2024
Revision Requested: 04.02.2025
Last Revision Received: 08.03.2025
Accepted: 12.03.2025
Published Online 11.06.2025

Journal of Economy Culture and Society

Theoretical Article

Open Access

Necessary Conditions for the Existence of Organizational Legitimacy

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Abstract

Organizational legitimacy is a crucial factor for ensuring survival, securing resources, facilitating growth, and stabilizing the work environment. To achieve this, an organization must determine whether it currently possesses legitimacy or needs to take steps to attain it. This requires the use of measurement tools that enable effective evaluation. When scholars assess organizational legitimacy, they typically base their evaluation on audience perceptions. However, we argue that an organization either possesses or lacks legitimacy as an objective fact, grounded in its inherent properties. In this study, we propose a legitimacy framework that aligns with what a legitimate organization should exhibit. We analyze the foundational premises of organizational legitimacy and provide a roadmap for achieving it. Our position is that perceptions or sentiments are not the most reliable means of assessing an organization's legitimacy, as they are inherently subjective and shaped by multiple variables that are difficult to quantify. We emphasize the need for a strong connection between intrinsic legitimacy—defined by its properties—and perceived legitimacy. We argue that the former constitutes a necessary condition, while the latter serves as a sufficient condition to ensure the coherence of organizational legitimacy.

Keywords Organizational legitimacy · consistent legitimacy · legitimacy as a property · legitimacy as a perception · congruence

Citation: Diez-Martin, F., Diez-de-Castro, E., Cruz-Suárez, A. & Prado-Roman, C. (2025). Necessary conditions for the existence of organizational legitimacy. *Journal of Economy Culture and Society*, (71), 292-303. https://doi.org/10.26650/JECS2024-1555154

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Necessary Conditions for the Existence of Organizational Legitimacy

Organizational legitimacy is a fundamental concept in various scientific disciplines, including sociology, social psychology, management, agency theory, marketing, and finance (Díez-Martín, et al. 2021). Despite its importance, legitimacy remains a nebulous and difficult-to-define concept. "In contemporary social research, legitimacy is an indeterminate concept—widely used but empirically nebulous" (Schoon et al., 2020: 478). The evaluation of organizational legitimacy varies significantly across industries and situations, further complicating its understanding and measurement (Ruef & Scott, 1998; Chung et al., 2016).

The research problem lies in the lack of a unified theoretical framework that allows for an objective and consistent evaluation of organizational legitimacy. The current literature is divided into two main approaches: one based on the intrinsic characteristics of the organization and the other based on audience perceptions. These complementary approaches have been studied separately, resulting in inconsistent findings and a fragmented understanding of legitimacy. The disconnect between the two approaches originates from the proliferation of studies that develop their own methodologies while either creating new definitions or partially adopting existing ones. Bitektine (2011) identified the existence of 18 types of legitimacy, while Díez-de-Castro et al. (2018) found 19 types, but if we conducted an updated analysis, we would find many more. The measurement of legitimacy used by researchers is rarely measured using the same attributes as other authors, and it is common to find the same terms defined differently than how other researchers use them.

The large number of existing empirical studies might lead us to believe that a good level of consistency in measuring organizational legitimacy has been achieved. In our opinion, this is not the case. The proof is the increase in the types of legitimacy, the enormous variety of evaluation systems, and the different audiences used in the studies. As Van der Steen et al. (2021) indicate, legitimacy is held by an organization in a measurable way, yet the specific extent and the fundamental factors that determine its position remain undefined.

The objective of this research is to develop a theoretical framework that integrates both approaches to measuring organizational legitimacy, providing a more comprehensive and coherent evaluation. We propose a legitimacy framework that aligns with what a legitimate organization should exhibit, analyzing the foundations of organizational legitimacy and providing a roadmap to achieve it. Our position is that perceptions or feelings are not the most reliable means to evaluate an organization's legitimacy, as they are inherently subjective and influenced by multiple variables that are difficult to quantify. We emphasize the need for a strong connection between intrinsic legitimacy—defined by its properties—and perceived legitimacy.

This research contributes to the legitimacy theory by integrating measurement approaches based on characteristics and perception, providing a more comprehensive and coherent understanding of organizational legitimacy. The implications of this research are significant. By providing a unified theoretical framework, we facilitate a more accurate and consistent evaluation of organizational legitimacy, allowing organizations to identify and address areas that require improvement more effectively. Additionally, this framework can serve as a valuable tool for scholars and practitioners in evaluating and developing strategies to improve organizational legitimacy.

The following sections examine the concept of organizational legitimacy and explore the relationship between legitimacy as a property and as a perception. Next, we identify the key characteristics of legitimate organizations. We then introduce the concept of consistent legitimacy, integrating legitimacy based on both characteristics and perceptions. Finally, we present our conclusions and suggest directions for future research.

Organizational Legitimacy: Legitimacy as a Property Versus Legitimacy as a Perception

Legitimacy is a term traditionally associated with the legal field, where something is considered legitimate if it complies with established legal norms. However, organizational legitimacy is a term widely used in the social sphere, making it a much more complex concept. Legitimacy is linked to issues such as adherence to management standards related to economic activity, executive commitment to work, compliance with the law, and, most importantly, commitment to and observance of society's moral norms.

There are multiple definitions of legitimacy (Deephouse & Haack, 2025) that include terms such as: acceptance or compliance by audiences (Dowling & Pfeffer, 1975); acceptance of the organization by its environment (Kostova & Zaheer 1999); social acceptability granted to a set of activities or actors (Washington & Zajac 2005); social acceptance by constituents (Randrianasolo & Arnold 2020); endorsement of an organization by social actors (Deephouse 1996); congruence with the cultural environment (Dowling & Pfeffer 1975); and consistency or congruence with cultural models (Ruef & Scott 1998). The breadth of the term and its diversity complicate its generalized definition.

These definitions can be considered under at least two perspectives (Suddaby et al., 2017): legitimacy as a property and legitimacy as a perception. Scholars have attempted to evaluate legitimacy using various direct or indirect measures related to sources of legitimacy (Loos & Spraul, 2024). In this line, they developed the term legitimacy as a property. The idea is that legitimacy is not in the eye of the beholder but in the reality of its facts and behaviors, in its characteristics as long as they are congruent with the culture and values of its environment. On the other hand, a large number of researchers support the idea that legitimacy is based on perceptions (Haack et al., 2021), and even on the feeling one has about the organization (Haack et al., 2014). Legitimacy is not directly observable. Ultimately, it resides in the psyche of social actors, who may be aware of the role of legitimacy in their thinking and decision-making. In fact, researchers often argue that legitimacy has its greatest influence on social actors when its source is not reflected upon (Powell & Dimaggio, 1991).

However, perceptions or feelings are not the best way to judge an organization; they are laden with subjectivity and influenced by multiple variables that are very difficult to include in quantitative studies. If legitimacy were based solely on perception or sentiment, an organization could be considered legitimate simply because audiences accept it, even if that acceptance is founded on false beliefs, deception, or flawed communication practices.

Essential Characteristics of the Legitimate Organizations

From a philosophical perspective, consistency refers to the necessity that all premises be true, necessarily and simultaneously. To achieve consistent legitimacy, the premises on which legitimacy is based must be exclusive; if any premise is negatively evaluated, the organization cannot be considered legitimate. Legitimacy is not attained merely by paying taxes, being legally established, or functioning as a public entity

—much more is required. It demands the identification of the fundamental aspects that constitute legitimacy within an organization. An organization may be deemed legitimate under one type of legitimacy while failing to meet the criteria for another (Chung et al., 2016). Siraz et al. (2023) identified different states of legitimacy, including conditional legitimacy. From our perspective, an organization lacks legitimacy if the answer to any of the essential questions is not positive. Considering only certain dimensions of legitimacy undermines its multidimensional nature (Suddaby et al., 2017). Consequently, all essential questions must be positively assessed for an organization to be deemed legitimate; organizational legitimacy requires alignment with its core elements.

Organizational legitimacy is a multifaceted construct, with each facet highlighting the specific characteristics of an organization. Legitimate organizations stand out because they share distinct attributes that differentiate them from others (e.g., Cruz-Suárez et al., 2020; Rivero-Gutierrez et al., 2024). These characteristics refer to the attributes that influence an organization's legitimacy (Ivanova & Castellano, 2011). Legitimacy is initially earned by adopting widely accepted organizational characteristics (Elsbach, 1994). The literature identifies key characteristics that organizations must possess, including a mission aligned with the public interest (Roper & Schoenberger-Orgad, 2011); identifiable routines (Deephouse, 1996); a recognizable strategy (Haveman, 1993); a clear organizational structure (Chan & Makino, 2007); inspiring leadership; and transparency in information (Aerts & Cormier, 2009). Some scholars have made significant efforts to systematically identify these properties (Schoon, 2022). Jeong and Kim (2019) stated that there are a series of generic variables found in all organizations. Lee and Raschke (2023) point out the specific elements that must be present in an organization to consider it legitimate, based on the legitimacy of Glassdoor stakeholders.

A key criticism of measuring legitimacy is the potential infinity of the attributes or characteristics that define it. As Deephouse and Suchman (2008) observed, theorists continually propose new traits or components of legitimacy, yet few are empirically tested. Another criticism concerns the challenge of identifying appropriate empirical measures of the construct (Tornikoski & Newbert, 2007). Given its multifaceted nature, most empirical studies tend to focus narrowly on one or two attributes, overlooking others that might provide competitive explanations. However, significant efforts have been made to address these issues. Schoon (2022: 479) states, "My goal is to discern the common characteristics of existing definitions of legitimacy and use them to identify properties of the construct that (1) are measurable and (2) distinguish legitimacy from related constructs". For instance, a widely used instrument to assess the legitimacy of a supplier is the Prequalification Questionnaire (PQQ). Before hiring a supplier, the contracting organization must ensure the contractor's suitability, which translates into verifying their degree of legitimacy for acceptance. To determine this, a list of questions based on the company's requirements is sent to suppliers. The contracting organization then uses this information to decide whether the contractor can be considered legitimate and, therefore, a valid supplier.

We consider that an organization's legitimacy is a function of the degree to which its key identifying characteristics align with the surrounding institutional environment, the norms, and the expectations of its audiences (Foreman & Whetten, 2002). A review of the literature has allowed us to identify six common traits shared by legitimate organizations: (i) the organization's existence is useful and/or necessary to its audiences; (ii) the organization's behavior is fair and aligns with the values and ethics of society; (iii) the organization achieves its objectives through efficient management; (iv) the organization complies with regulations set by public authorities and professional bodies; (v) the organization adapts to the environment; and (vi) the organization is transparent in its information.

(i) The social utility of the organization. Legitimacy is essentially linked to the normative notion of "public good," whether applied to corporate or governmental organizations (Roper & Schoenberger-Orgad, 2011). Utility is understood as the quality that the organization possesses through its goods and services to meet the desires and needs of stakeholders. Both private and public organizations must benefit society in some way. The organization must act to create utility and value for those interested or related to it. Selznick (1996) points out that perhaps the most significant aspect of institutionalization is the infusion of value beyond the technical requirements of the task at hand. Organizations are not born legitimate. Legitimacy is built. Regarding the benefits provided by the organization, Bitektine (2011:163) reflects them in the following questions: "Is the organization beneficial or dangerous for (a) me, (b) the social groups I belong to, and (c) the society I live in?" In summary, utility is not just a matter of interest to the organization's owners, but it must reach and have a positive impact on stakeholders. The organization legitimizes itself because it is a project that genuinely increases well-being, meets a need, and provides new facilities.

There are at least four aspects that identify a useful organization. Two related to economic sustainability, and two focused on social sustainability. The legitimate organization: a) Offers quality products or services. An organization must design and produce goods or provide services that meet stakeholders' needs efficiently and effectively. By providing quality solutions, the company adds value by meeting stakeholders' demands and expectations; b) it innovates and differentiates itself. An organization's ability to innovate and differentiate itself from other organizations can be key to adding value (Phillips, et al. 2024). Trapido and Koppman (2023) consider creativity as the generation of results that are both novel and useful. Thus, innovation is considered the implementation of creativity within organizations. By developing new products, adopting innovative technologies, or implementing more efficient processes, an organization can stand out and satisfy stakeholders (Peeters et al., 2014); c) Creates advantages for stakeholders without generating imbalances or unequal behaviors. These advantages can be of various natures: lower costs, job creation, generating economic activity in places where it is needed, offering goods and services close to those who can use them, etc.; d) Maintains relationships with stakeholders. Fostering a strong relationship with stakeholders is important for creating long-term value. By understanding stakeholders' needs and desires, maintaining constant communication, offering excellent after-sales service, and personalizing the stakeholder experience, an organization can differentiate itself and foster a lasting bond with its stakeholders.

(ii) The organization's behavior is fair and appropriate to society's values and ethics. Organizations can build and reinforce their legitimacy if they are socially responsible (Blanco-Gonzalez et al. 2023), adopt sustainable practices, respect labor rights, contribute to the community, and have ethical management (Blanco-Gonzalez et al., 2023; Díez-Martín, et al. 2025). Researchers on moral legitimacy have studied various essential factors in the organizational context that contribute to ethical behavior. We know that moral norms and values are instilled in organizations, and this contributes to the acceptance of ethical behavior. People prefer following the norm of behavior embedded in a given context. Norms clearly define what is right in a given context, which refers to legitimate behavior. Specifically, we assume that people prefer complying with this legitimate behavior beyond the material benefits caused by their behavior. The degree to which behaviors and actions align with social values and beliefs serves to judge the organization as appropriate and correct according to those values.

(iii) The organization achieves its objectives with efficient management. From a management perspective, organizations develop processes for planning, organizing, coordinating, and controlling resources to achieve their objectives efficiently and effectively. Beyond that, they undertake actions, react to difficulties, and behave according to norms and values to achieve success. Organizations gain legitimacy from good leadership and the efficient achievement of objectives.

Leadership is a set of managerial skills that an individual must influence how people behave or act within a group. Leadership is partially linked to authority within the organization and partially to managerial skills. Legitimacy refers to the acceptance of authority by individuals and groups within a society (Beetham, 1991). It is a fundamental component of effective governance, as it provides a basis for social order and stability. Legitimacy depends not only on legal and institutional frameworks but also on the perception of those affected about the fairness and effectiveness of these frameworks (Tyler, 1990). This perception can be influenced by the leadership styles of political leaders (Mexhuani & Mexhuani, 2023). Individuals' feelings toward institutions are a key predictor of their commitment. An organization's legitimacy is closely linked to the efficient achievement of its objectives (Lounsbury & Glynn, 2001; Yu et al., 2019). This means that the organization must have objectives, achieve them, and do so with the greatest efficiency, using resources in such a way that tasks are accomplished with minimal resource use. Efficiency and process optimization are crucial for adding value. By reducing costs and improving productivity and quality, a company can offer competitive prices and provide better service to customers or users.

(iv) The organization complies with regulations established by public administrations and professional bodies. Compliance with regulations seems an obvious factor for achieving legitimacy, but it is also a factor often considered indispensable. Organizations have commitments to society; in some cases, these are exclusively moral, while in others, they are legal due to government regulations. In addition to regulations and procedures established by governments, organizations must comply with stipulations established by relevant professional organizations or business associations. Organizations lose their legitimacy if they do not meet the expectations set by certain non-governmental regulatory bodies.

(v) The organization adapts to the environment. The organization adapts by balancing its stage of evolution with the new environment. Organizations adapt to their social environment to gain legitimacy, just as they adapt to their economic environment to obtain material resources. Organizations need to develop their capacity to adapt to adverse situations, that is, to be resilient, which implies the ability to handle adverse situations flexibly and recover from them despite destabilizing events. Fisher et al. (2017) suggest that new companies face multiple legitimacy thresholds because they need to attract different audiences to obtain resources at various stages of development. These audiences have varied and generally stricter criteria for evaluating companies as they develop. Agile organizations are flexible, allowing them to respond effectively to market demands and emerging challenges. These aspects directly influence the organization's legitimacy because, as the theory of "multiple legitimacy thresholds" indicates, legitimacy is not achieved at one point and lasts forever; it must be maintained and continuously adapted to its environment.

(vi) The organization is transparent in its information. Organizational transparency allows all interested people or groups to understand what decisions are being made, why, and where (Drew & Nyerges, 2004). Transparency in information increases the understanding of an organization's actions or decisions (Rawlins, 2008). This implies that an organization's real information can be consulted by audiences, allowing them to make informed decisions. Transparency can reduce uncertainty about managerial behavior in situations characterized by moral hazard, leading audiences to gain more trust (de Fine Licht et al., 2014; Díez-Martín, et al., 2022). Transparency strengthens stakeholders' trust and understanding of an organization's actions and decisions as long as it is consistent (Christensen & Langer, 2009). Transparency provides transparency (Aggerholm & Thomsen, 2024; Argenti, 2017) and should encompass both results and procedures (Auld

& Gulbrandsen, 2010). "Transparency can contribute to a better understanding of the reasons behind a decision and, therefore, to higher levels of legitimacy for both decisions and decision-makers" (de Fine Licht et al., 2014:114). As a reference, researchers Escamilla-Solano et al. (2023) detailed 35 indicators in their work, based on the 149 indicators of the Spanish Association for Transparency Accreditation (Acreditra).

Consistent Legitimacy. Linking Characteristics And Perceptions

To explore how evaluators form their judgments about organizational legitimacy, Tost (2011) introduces three underlying dimensions of these judgments: instrumental, relational, and moral. An organization is perceived as instrumentally legitimate when it is seen as supporting individuals or groups in achieving their internally defined goals. Relational legitimacy is achieved when individuals and groups perceive that their dignity is respected by the organization. Moral legitimacy results when evaluators perceive compatibility between the organization and its moral and ethical values.

Thus, legitimacy judgments are based on facts. Legitimacy is a fact although perception or feelings serve as good indicators. Perception or feelings reflect how information has reached the audiences and how they have processed it to form a judgment. This judgment is subjective and not objective.

We reject the notion that legitimacy is purely in the eye of the beholder; in other words, we do not accept that legitimacy is solely a perception or feeling held by audiences. Legitimacy is something that is either possessed or lacking and must be demonstrated. A person is not guilty of a crime simply because others believe so, but because their guilt can be proven. Why should this be different for organizations? Perceptions or feelings are manipulable, and such manipulation can be highly beneficial for organizations, especially in the short term. However, this undermines the essence of legitimacy, where normativity is crucial and survival is the primary expected outcome.

There is a gap between legitimacy based on characteristics and legitimacy based on perception. Managers must develop strategies to reduce or eliminate this gap through the accurate dissemination of legitimacy and the use of media. Closing the gap between the organization's characteristics and audience perception requires additional effort by organizations to communicate and adequately disseminate that they possess legitimacy (Gordo-Molina et al., 2022). The greater the dissemination and use of appropriate communication tools, the closer the alignment between consistent legitimacy and perception.

Van der Steen et al. (2021) argued that legitimacy is a property of organizations that can be accumulated by establishing an alignment between the organization's attributes and audience expectations. This alignment involves not only a connection between the organization's structural attributes and audience expectations but also adherence to widely accepted standards and beliefs. From this perspective, legitimacy can be generated at the nexus between organizations and their audiences.

The concept of consistent legitimacy emerges here. Consistency refers to the coherence among elements within a set; in this case, it highlights the need for alignment between an organization's characteristics and audience perceptions. We propose that there are a set of unquestionable elements or characteristics that provide legitimacy beyond mere perceptions. We term this type of legitimacy measurement *consistent legitimacy*, as it is grounded in pillars representing the essential characteristics of organizational legitimacy. Consistent legitimacy is a necessary condition for legitimacy. Not having consistent legitimacy implies not having legitimacy. Therefore, perceived legitimacy is a sufficient condition to have legitimacy.

Consistent legitimacy is largely built through actions that bring facts closer to the audience. However, audiences may not perceive these facts unless they are communicated and disseminated. A significant part of perceptions originates from limited information. Thus, many stakeholder judgments are based on sensations, intuitions, or feelings that can lead to evaluations that are quite distant from the organization's objective facts. Scholars working from this perspective have suggested that legitimacy can be obtained not only by following regulations but also by strategically using communication tactics (Chung et al., 2016). The media act as propagators of organizational legitimacy and examine its impact on the degree to which audiences perceive the organization's actions and behaviors as desirable and appropriate (Jeong & Kim, 2019). Thus, to achieve legitimacy, an organization needs to have consistent legitimacy and then communicate it.

Conclusions

In this research, we have addressed the existence of two approaches to legitimacy. We emphasize the recognition that organizations possess legitimacy, acquiring it objectively through their characteristics. However, we acknowledge that much of the research and literature focuses on organizational legitimacy as an external perception acquired through audience perception. Our approach is normative, based on what should be, which leads us to support a concept of legitimacy where the objective evaluation of the organization is not only the first step but also a necessary condition for granting legitimacy. This approach aligns with the concept of "legitimacy as a property," which states: "legitimacy as a thing—that is, a property, a resource, or a capacity of an entity" (Suddaby et al., 2017:451).

We have argued that the perception-based legitimacy approach is laden with feelings and sensations. Organizations cannot lose sight of the fact that they depend on their environment and the perception that audiences have of them. We do not reject this approach; on the contrary, we consider perception a sufficient condition. However, every sufficient condition requires prior fulfillment of the necessary condition. This implies that, although audiences may consider an organization legitimate, if it does not objectively meet the necessary characteristics according to our study, it cannot be considered legitimate. Furthermore, evidently, an organization that meets the necessary conditions does not guarantee its survival if it is not perceived as legitimate. This leads to two concepts of legitimacy that must be consistent with each other. This implies that using a single evaluation approach can obscure situations for organizations that cannot be considered legitimate. This also highlights the need for a practical connection between both concepts, which, as we indicate, can only be achieved by the organization through the dissemination and communication of the essential characteristics linked to legitimacy.

We have also developed the concept of consistent legitimacy. After asserting that legitimacy is possessed, not a belief, feeling, or perception, we affirm that legitimacy must be demonstrated to exist. The elements that constitute legitimacy are identified as exclusive; that is, the absence of any of them indicates that legitimacy has not been achieved. Legitimacy is based on organizational characteristics that must align with the local culture where it operates, the accepted values in that society, social expectations and needs, and its economic environment, forcing organizations to make changes over time to maintain their legitimacy.

We have identified the characteristics of a legitimate organization and defined them as necessary conditions for the existence of organizational legitimacy. The way these necessary characteristics have been described allows their use in evaluating all types of organizations, whether public or private, new or mature, small or large. The advantage of this approach is its universal application.

The lesson for managers is that it is not enough to have legitimacy; it must be demonstrated and disseminated through the media using communication. Audiences must perceive the organization's reality, and this is only possible when the organization strives to convey organizational knowledge to audiences, which can be improved and perceived equally or even more favorably than reality, but it should never be perceived below its levels of legitimacy or ignore any of the necessary characteristics. Can we train new entrepreneurs with communication skills aimed at improving their legitimacy? (Llorente et al., 2023)

Currently, research on organizational legitimacy has been conducted using a characteristics-based approach and a perception-based approach. These studies have always been conducted as two independent streams of work without connection. We indicate that the two approaches to evaluating legitimacy are connected, and it would be a mistake to overlook that one is a necessary condition and the other a sufficient condition. Accepting this approach requires new studies on the connection between them and the influence of the media. What are the means used by organizations that yield the best results in disseminating organizational legitimacy? Answering this question will allow managers to act with greater confidence in their decisions and scholars to develop models that more accurately indicate the variables to consider for disseminating the legitimacy that the organization possesses.

It is evident that the study we present lacks empirical verification. Although we have relied on theoretical works and articles that conduct quantitative analyses, all these studies refer to partial approaches concerning what we present here. We know that studies using only some variables and partial concepts of legitimacy provide indicative and guiding results, but they are not sufficient when considering the complete content and relationships between organizational legitimacy approaches.

Some additional questions that researchers could develop in the future are as follows: Do organizations benefit from better access, survival, and growth to resources when they do not have complete legitimacy? What benefits does consistent legitimacy produce? Do organizations' outcomes differ when there are differences between consistent and perceived legitimacy?

Ethics Committee Approval: This study was conducted in accordance with the ethical principles outlined in the Declaration of Helsinki. The article is a theoretical investigation and therefore does not include a methodology section. The manuscript does not report any studies involving human participants.

Peer Review: Externally peer-reviewed.

Author Contributions: Conception/Design of Study- F.D.M., E.D.C.; Data Acquisition- F.D.M., E.D.C., A.C.S.; Data Analysis/Interpretation- F.D.M., E.D.C., A.C.S.; Drafting Manuscript- A.C.S., E.D.C.; Critical Revision of Manuscript- F.D.M., E.D.C., A.C.S., C.P.R.; Final Approval and Accountability- F.D.M., E.D.C., A.C.S., C.P.R.

Conflict of Interest: The authors have no conflict of interest to declare.

Grant Support: The authors declared that this study has received no financial support.

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