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## Strategic Venturing as Legitimacy Creation: The Case of Sustainability

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**ABSTRACT** Legitimacy is crucial for the survival and growth of strategic ventures inside larger corporations. Yet, despite much progress, research on the strategic venturing-legitimacy nexus, that is, how internal strategic initiatives gain legitimacy and become part of the corporate strategy, remains underexplored. Drawing on the analysis of a longitudinal case study of the development of a sustainability initiative within a major diversified firm, we identified three core mechanisms of legitimation – seeding, energizing and prospering – that turned the concept of sustainability from an internally widely shared moral obligation into a business case. Our study contributes three distinct mechanisms that facilitate the legitimation and the integration of a strategic initiative within the corporate strategy. Moreover, we show how the sequence of legitimation mechanisms matters and highlight the inherently sequenced nature of strategic venture legitimation.

**Keywords:** strategic venturing, internal corporate venturing, legitimacy, process theory, sustainability, case study

## INTRODUCTION

Large corporations represent complex and dynamic ecologies in which strategic ventures compete for organizational resources and managerial attention (e.g., Bower, 1970; Bower and Gilbert, 2005; Burgelman, 1991, 1994, 2002; Canales, 2015; Mirabeau and Maguire, 2014). We understand a strategic venture as an internal strategic initiative that emerges, evolves, and, when successful, extends the existing corporate strategy (e.g., Burgelman

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et al., 2018). Strategic ventures are risky because they have to overcome liabilities of newness; thus, entrepreneurs have to establish and sustain a positive 'legitimacy-resource-growth relationship' (Zimmerman and Zeitz, 2002, p. 417). Managers as corporate entrepreneurs do so by legitimizing their strategic ventures vis-à-vis a variety of intra- and extra-organizational audiences because 'once this legitimacy is lost, the process halts' (Takeishi et al., 2010, p. 168). Gaining and maintaining legitimacy for an internal strategic venture is therefore vital for its success during the strategy-making process. It ensures the initiative's survival, impetus, and integration into the overall corporate strategy. We define strategic venture legitimacy as the result of the interplay between (a) corporate entrepreneurs engaged in (b) processes and practices (mechanisms) for legitimacy creation, maintenance, and destruction, and (c) powerful resource holding audiences who judge the strategic venture with respect (d) to its properties, such as its moral appropriateness or pragmatic performativity.

But what do entrepreneurs do to legitimize their strategic ventures? Drawing on recent studies on new venture legitimation, we find three dominant answers to this question. Firstly, the legitimacy as a resource view suggests that entrepreneurs attempt to create a close fit between the properties of the strategic venture with environmental expectations by compliance, decoupling, or showing superior performance (e.g., Aldrich and Fiol, 1994; Zimmerman and Zeitz, 2002). Secondly, the legitimacy as a process view has shown that entrepreneurs engage in several different discursive, relational, and structural mechanisms for creating a 'desirable, proper, or appropriate [strategic venture] within some socially constructed system of norms, values, beliefs, and definitions' (Suchman, 1995, p. 574). In particular, this research stream has investigated what entrepreneurs do 'to enhance and manage the legitimacy of a new venture' (Fisher et al., 2017, p. 53) and how legitimacy grows over time until it reaches a tipping point or threshold, which moves the venture into a new stage of development (e.g., Fisher, 2020; Tracey et al., 2018; Zimmerman and Zeitz, 2002). Thirdly, the audience-centred view of legitimacy suggests that entrepreneurs influence perceptions of powerful audiences who will evaluate the strategic venture according to a particular system of meaning (e.g., Ashforth and Gibbs, 1990; Bitektine, 2011; Fisher, 2020). The more diverse these systems of meaning are, the more challenging it becomes to receive approval from multiple audiences.

Despite much progress, we see two key limitations. Firstly, most existing research has primarily focused on new ventures that either have been founded as independent start-ups or have been the outcome of an external corporate venturing process. Yet, we argue that strategic venturing within a larger corporation is a unique setting with distinctive legitimacy challenges, which have essentially been largely left unaddressed (for an exception see Hengst et al., 2020). Secondly, process theorists have explored a wide array of legitimation mechanisms (for a review see Fisher et al., 2017) and 'see legitimacy as growing ... to a tipping point at which legitimacy emerges' (Suddaby et al., 2017, p. 469). However, we also know very little about the sequential nature of the legitimation process, that is, when and how do (corporate) entrepreneurs interact with specific audiences by using specific legitimation mechanisms to gain support for their venture?

Following recent calls for building bridges across more isolated approaches (Überbacher, 2014) and taking temporality more seriously for studying new venture legitimation (Fisher, 2020), we examine the link between the notion of legitimacy and the strategic

venturing process – the strategic venturing-legitimacy nexus. Strategic ventures transition through different stages of development before being integrated into corporate strategy. We, therefore, ask how intrapreneurs shape favourable perceptions of their strategic initiatives in the eyes of influential audiences and gain their support to enact strategic opportunities and enable the initiative's progression through these different stages of development until being integrated into corporate strategy.

We build on a unique and longitudinal case study over five years of a major diversified firm and report the strategic shift from sustainability as a moral obligation to anchoring the business case of sustainability in the corporate strategy (e.g., Schaltegger and Burritt, 2018; Schaltegger et al., 2019). In particular, we show the emergence of a sustainability initiative as our embedded unit of analysis of how managers legitimized an initially contested strategic initiative. We illustrate how the dynamics of legitimation were driven by different actors, reaching out to new audiences with a toolkit of core mechanisms of legitimation, which turned the concept of sustainability from an internally widely shared moral obligation into a business case and an integrated part of the firm's corporate strategy.

Our study contributes to the advancement of corporate entrepreneurship research by exploring in-depth the strategic venturing-legitimacy nexus. In particular, we show how different organizational actors enact venture legitimacy through multiple legitimizing processes and practices targeting different internal and external audiences. We identify three distinct mechanisms (emerging from three particular actor-process-audience configurations) – the seeding, energizing, and prospering mechanisms – that facilitate the legitimation and the integration of a strategic initiative within the corporate strategy. In addition, our study shows that the sequence of legitimation mechanisms matters. In particular, we demonstrate with our case how the sequence of legitimation processes and practices unfold over time and demonstrate the inherently sequenced nature of strategic venture legitimation. We show that the ordering of when specific legitimation mechanisms are used and the turn-taking of roles of actors and audiences are critical for understanding strategic venture legitimation.

## **THEORETICAL BACKGROUND: STRATEGIC VENTURE LEGITIMACY**

### **Existing Approaches to Strategic Venture Legitimacy**

Research in strategic management and entrepreneurship has emphasized the relationship between legitimacy and strategic venture growth and success. More generally, 'legitimacy is a judgment of resource-holding audiences about the acceptability, desirability, or appropriateness of an organization' (Überbacher, 2014, p. 667). Therefore, scholars have argued that legitimacy is the antidote of the 'liabilities of newness' (e.g., Zimmerman and Zeitz, 2002). Strategic ventures that are considered to violate socially constructed standards, whether these are based on shared moral norms, regulation, 'taken-for-granted' practices, and/or material interests of the firm, face a greater risk of failure (Singh et al., 1986; Stinchcombe, 1965).

Theorizing upon legitimacy and its acquisition has become a growing but also a more nuanced field of research (for a review see Fisher, 2020; Suddaby et al., 2017; Überbacher, 2014). Yet, understanding how entrepreneurs legitimize their ventures requires integrating previous approaches that have so far led to the investigation of legitimacy creation aspects like actors, processes, and audiences separately instead of treating them in a more integrated fashion (see Überbacher, 2014). For this review, we centre the literature analysis around three distinct yet complementary approaches to venture legitimation. The *first* approach pictures strategic venture legitimacy as a resource or organizational asset (e.g., Suchman, 1995). Studies within this approach have sought to explain legitimacy in terms of specific characteristics and dimensions resulting in typologies of legitimacy (e.g., Aldrich and Fiol, 1994; Deephouse et al., 2017; Scott, 1995).

One of the most widespread typologies distinguishes between cognitive legitimacy (shared understanding of the business and industry), moral legitimacy (acceptance of its appropriateness), pragmatic legitimacy (fulfilling the interests of specific audiences), and regulatory legitimacy (the business operates within the legal rules of the game) (Deephouse et al., 2017; McKnight and Zietsma, 2018). Scholars who view legitimacy as a resource ‘tend to locate legitimacy among a firm’s intangible assets acquired from its environment: A firm “gains”, “acquires”, “buys”, or even “wins” legitimacy from its audiences through the adoption of legitimate structures, practices, and symbols’ (Suddaby et al., 2017, p. 455).

More specifically, scholars suggest that legitimacy is an audience assessment that can be gained ‘through a degree of fit’ between characteristics of the strategic venture with environmental expectations (Suddaby et al., 2017, p. 456). This fit with environmental demands such as regulations can be demonstrated through (a) compliance by adapting the strategic venture to social pressures, (b) decoupling by detaching internal operations of the strategic venture from external contacts, and/or (c) performing by demonstrating superiority of the strategic venture. Having gained legitimacy, the strategic venture can acquire further resources for its growth, such as human, social, and financial capital (Clough et al., 2019; Zimmerman and Zeitz, 2002). Collectively, this approach highlights the role and properties of different types of legitimacy and explains under what conditions they occur and how the strategic venture can achieve legitimacy from its audiences.

*Second*, the audience-centred approach follows Ashforth and Gibbs (1990, p. 177) remark that legitimacy ‘lies in the eye of the beholder’ and more forcefully points out that ‘new ventures need to appeal to different groups of stakeholders when establishing their legitimacy’ (Fisher, 2020, p. 5). Fisher et al. (2017) distinguish five different audiences of strategic venture legitimation: crowdfunding backers, government agencies, angel investors, venture capitalists, and corporate venture capitalists. Each audience can be considered a ‘thought world’ (Dougherty, 1992) or ‘communities of practice’ (Brown and Duguid, 2001) who ‘not only know different things, but also know things differently. That is, each would have a different system of meaning through which its members interpret technology-market issues’ (Dougherty, 1992, p. 187). The shared system of meaning amongst each audience shapes ‘judgments about the validity and appropriateness of different organizational practices’ (Fisher et al., 2017, p. 55). Overall, this view highlights that the properties of a venture are subject to different legitimacy judgments that vary across different audience groups.

*Third*, the legitimacy as a process view focuses on the mechanisms reflecting what venture managers do to (re)gain or attain legitimacy from their audiences. Previous work on new venture legitimation can be clustered around three main themes – discursive, relational, and structural mechanisms (see also the review by Fisher et al., 2017). Discursive mechanisms ‘account for an entrepreneur’s strategic use of cultural tools and identity claims’ (Fisher et al., 2017, p. 54). For instance, Vaara and his colleagues (e.g., Pälli et al., 2009; Vaara and Tienar, 2008; Vaara et al., 2004, 2006) have identified several discursive practices, including problematization and reframing, rationalization, authorization, moralization, as well as narrativization. These discursive practices are vital to the success of strategic ventures because they enable actors to construct notions of appropriateness for their strategic initiatives vis-à-vis internal and external audiences. Also work on sense-giving (Navis and Glynn, 2010), storytelling (Chapple et al., 2021; Dalpiaz and Di Stefano, 2018), impression management (Nagy et al., 2012), cultural entrepreneurship (Lounsbury and Glynn, 2001), and symbolic action (Zott and Huy, 2007) fit into this category. Relational mechanisms reflect connections and relationships between entrepreneurs and their ventures with other audiences. For example, ties to other organizations or organizational units (Stuart et al., 1999), specific individuals (Packalen, 2007), or to top management (Higgins and Gulati, 2003) can enhance a new venture’s legitimacy. Finally, structural mechanisms such as widely shared organizational templates or performance measures that reflect commonly shared expectations can enhance new venture legitimacy. Importantly, assuming that legitimacy can be mobilized deliberately through various mechanisms means considering ‘a high level of managerial control over the legitimation process’ (Suchman, 1995, p. 576).

We argue for the complementarity of these three views of legitimacy by suggesting that a strategic venture builds legitimacy through an interplay between (a) different corporate entrepreneurs as actors engaged in (b) processes and practices (mechanisms) for legitimacy creation, maintenance, and destruction, and (c) powerful resource holding audiences who judge the strategic venture with respect (d) to its properties such as its moral appropriateness or pragmatic performativity. We refer to the configurations between actors, processes and practices (mechanisms), audiences, and properties as the *systems of venture legitimation*. Consequently, when entrepreneurs want to acquire legitimacy for their venture, they need to orchestrate between actors, legitimation processes, audiences, and venture properties.

### **Critique of Existing Approaches to Strategic Venture Legitimacy**

Despite these advances, scholars’ current understanding of strategic venture legitimation is underdeveloped. Notably, the existing literature on strategic venture legitimacy has primarily focused on entrepreneurial ventures that either have been founded as independent start-ups or have been the outcome of an external corporate venturing process (see Shepherd et al., 2019). The latter is the product of an ‘entrepreneurial activity in which new businesses are created by parties outside the corporation’ (Kuratko, 2010, p. 133). Yet, legitimizing internal corporate ventures that often reside within the corporate structure and only occasionally lead to the founding of a new firm or division have not been the focus of much research (for an exception see Hengst et al., 2020). This state



of the debate is regrettable because internal and external venturing conditions are quite different for several reasons.

Firstly, internal corporate members such as middle and top managers primarily drive corporate venturing through what is essentially a political process taking place within a hierarchical corporate structure (Bower, 1970; Burgelman, 1983, 1991; Floyd and Wooldridge, 1992). Thus, strategic ventures in established firms face legitimacy challenges that differ from external ventures because they may either violate existing corporate structures and strategies and therefore may face more vigorous opposition. Alternatively, there is a lack of shared understanding of how a strategic venture could be carried out and violate shared systems of meaning within the firm (Dougherty and Heller, 1994). Secondly, the influential audiences deciding on the fate of an internal strategic venture are internal audiences like other middle managers as political brokers and top managers as the key decision-makers. This is different from the powerful external audiences of external ventures in which angel investors, crowdfunding backers, or venture capitalists play a crucial role. Third and finally, we can expect that different legitimization mechanisms are used in the internal venturing process, or the same mechanisms are used differently. For instance, sense-giving as a discursive mechanism is likely to be played out differently in external as opposed to internal venturing. In the former case, it has to resonate, for instance, with a market logic of angel investors, while in the latter, it is likely to reflect a corporate logic (Fisher et al., 2017), the corporate context (Burgelman, 1983), or the corporate micro-institutions (Van Dijk et al., 2011). In short, we believe that internal and external venturing are quite distinctive and therefore justify and demand a separate investigation.

In addition, while prior research has identified an extensive repertoire of different legitimizing mechanisms, process theories in management and organization theory have emphasized the need to take time and temporality more seriously and make it the focus of analysis (e.g., Fisher et al., 2016; Langley et al., 2013; Langley and Tsoukas, 2017; Zimmerman and Zeitz, 2002). Process thinking focuses on when and how actors use different legitimizing mechanisms to gain and attain favourable audience perceptions. The argument here is that it is important to theorize about the sequence over time because the legitimacy mechanisms and audiences may change depending on whether the strategic venture is still in the conception or the growth stage (Fisher et al., 2016). In particular, research that links internal legitimacy thresholds and different stages of the internal corporate venturing process is still in its infancy. In conclusion, we see vital research need in exploring the dynamics of transition in internal strategic venturing to which we turn next.

### **The Dynamics of Transition in Strategic Venturing**

The evolution of strategic ventures within larger corporations has been conceptualized as a staged process. Such an approach describes the sequential nature of the developmental process and gives rise to a focus on problems in the transition between stages. While previous studies used different labels and numbers of stages, we draw in particular on the influential Bower-Burgelman process model (e.g., Bower, 1970; Bower and Gilbert, 2005; Burgelman, 1983, 1991). Accordingly, we distinguish between the *definition stage*, in which

the strategic venture is developed primarily by front-line corporate entrepreneurs with technological and market know-how, the *impetus stage*, in which a strategic initiative gains organizational momentum by being championed throughout the organization, and the overlaying *context reshaping stage*, in which the new strategic venture extends the existing corporate strategy and translates into new administrative structures and systems and cultural values and norms for its implementation. Especially during the strategic venturing process, intrapreneurs do not take the corporate context for granted but engage in influencing or reshaping the context to create a favourable set of conditions for the support and growth of their venture.

A core conceptional assumption in some of the literature has been that strategic ventures have to cross distinctive legitimacy thresholds (Fisher et al., 2016; Zimmerman and Zeitz, 2002) by meeting the expectations of influential audiences to move to the next stage of development. Legitimacy thresholds are critical events that will change the perceived status of a strategic venture in the eyes of powerful audiences. As Zimmerman and Zeitz (2002, p. 427) put it: ‘there exists a certain “threshold” of legitimacy, below which the new venture struggles for existence and probably will perish and above which the new venture can achieve further gains in legitimacy and resources’. Without passing ‘critical milestones’ (Fisher et al., 2016, p. 393) and fulfilling the expectations of influential audiences, it is unlikely that the new venture will receive further resources such as financial or human capital for its survival and growth.

Yet, the concept of legitimacy threshold has been differently understood and operationalized ranging from binary (Nagy et al., 2017; Zimmerman and Zeitz, 2002) to more gradated conceptions (Tracey et al., 2018). In a recent study, Soublière and Gehman (2020) add that individual ventures cannot be considered independently. Instead, the authors emphasize the historical nature of legitimacy thresholds when they argue that prior successes or failures ‘have the potential to generate legitimacy spill overs, which may affect subsequent endeavors’ (Soublière and Gehman, 2020, p. 473). These legitimacy spill-overs also depend on the magnitude of audience support because the more significant the magnitude, the more strongly it radiates to the subsequent processes.

Extending this line of thought, we consider a legitimacy threshold as a turning point (Abbott, 2001). Following Abbott (2001, p. 251) ‘turning points are inherently narrative events’ that are highly contextualized and historically embedded. A turning point creates a consequential shift that unglues a stable pattern of actions and offers new potentials and resources when transitioning to a subsequent stage of development. However, unlike the idea of a threshold, once you have passed a turning point, you embark on a new development path that can only be changed by triggering a new turning point because you cannot turn back history. As a strategic venture progresses through different stages of development, it will face multiple turning points along the way (Fisher et al., 2016). Yet, these turning points are embedded in the historical co-evolution of the firm and the venture. As the study of Soublière and Gehman (2020) suggests previous failures became a liability for subsequent ventures with a similar business model and prior successes and the underlying ‘growth stories’ are likely to positively prime legitimacy judgments of audiences in the future. Considering legitimacy thresholds as turning points implies that we cannot take them as isolated events. Instead a turning point is a process that alters the life path of a venture. While sometimes a turning point can be identified by a critical



decision event, in other cases, such a turning point is assigned ‘a posteriori by flows of events that proceed out of’ it (Abbott, 2001, p. 251).

In analogy of Lakatos (1978) scientific research programs, a venture reaches a turning point when influential audiences judge the legitimacy of the venture as either progressive allowing it to transition to the next stage of development or as degenerating because they consider its core lacking legitimacy and hence keeping the venture in the current stage or enforcing its termination. As such, turning points are major events during which different audiences subjectively judge a venture. This judgment is based on the reinterpretation of the past, including previous successes and failures, leading to progressive or degenerative outcomes.

Intrapreneurs who want to acquire legitimacy for their venture to path critical turning points and transition between stages need to orchestrate legitimation processes, audiences, and venture properties. This orchestration is perhaps better understood as a struggle or contestation for ‘cultural support’ between actors and their various internal and external audiences to push a strategic initiative forward (Meyer and Scott, 1983, p. 201; Patriotta et al., 2011). This struggle for legitimacy occurs when intrapreneurs try to transition from one stage of development to the next, facing different legitimacy challenges, turning points, and audiences that determine the fate of a strategic venture and is the focus of our study.

## CONTEXT AND METHODS

### Setting

This research is based on a longitudinal, nested case study approach (Stake, 1995; Yin, 2003) to investigate legitimacy creation as an integral part of strategic venturing. Our case study was conducted at Alpha Group (a pseudonym), a diversified, multinational manufacturing firm within the branded consumer and industrial goods industry between 2005 and 2009/10. Alpha Group is a unique setting for investigating the strategic venturing-legitimacy nexus in the context of sustainability. The firm had been recognized externally in the business community and by the general public as a firm clearly committed to sustainability and good corporate citizenship for decades. This reputation had been documented by leading positions in national and international sustainability rankings and sustainability prizes awarded to Alpha Group regularly. The firm was among the first to publish an annual sustainability report and participated early in selected, high-level international or governmental initiatives related to sustainability. Alpha Group was clearly considered a sustainability leader within and beyond its industry. During our study, we were fortunate to witness a remarkable shift in orientation from sustainability as a moral obligation – a license to operate a socially responsible corporation – to sustainability also becoming a strategic source of innovation and economic performance improvement. The latter is usually referred to as the business case for sustainability (e.g., Carroll and Shabana, 2010; Schaltegger and Burritt, 2018).

In particular, we focused our research on a sustainability initiative we refer to as SUSTAIN as our ‘embedded unit’ of analysis. SUSTAIN consisted of several projects

intended to translate Alpha Group's reputation and competencies in sustainability into commercially relevant projects. SUSTAIN originated in one of the business units, BU1, a consumer goods business that formed the original core of Alpha Group and was the group's most prominent business unit in financial terms when the study started. In particular, SUSTAIN was composed of several projects ranging from a new branding strategy accentuating sustainability and responsibility, launching a new sustainable brand, creating new tools for product development, and managing people to use sustainability as a source of innovation and performance improvement. By exploring the evolution of SUSTAIN longitudinally over five years, which covered the shift from the moral towards the business case of sustainability, we were also able to depict the temporal interplay of context (e.g., external regulators, corporate management) and action (Langley, 1999; Pettigrew, 1990). The case study setting we chose can be considered an exceptional example of integrating the concept of sustainability into a firm's strategy, structures, systems, and practices.

### Data Sources

Following naturalistic inquiry, researchers should be familiar with the culture of those organizations they are studying, we used an *embedded investigator* approach (e.g., Denzin, 1971; Hammersley and Atkinson, 1983). One of the researchers had been working for Alpha Group for many years gaining through this a deep appreciation of the organizational context of our study. This helped gain access to interviewees and increased the trustworthiness of our data sources and greatly helped in interpreting what interviewees were doing and why they were performing those actions we observed in our data. We used three main strategies for data collection: analysis of internal documents, semi-structured interviews, and participant observations. As suggested by other scholars (Jick, 1979; Yin, 2003), using multiple techniques helped us take different perspectives on the phenomena and supported the grounding of our findings within the data.

*Interviews.* The study draws on 74 in-depth, semi-structured interviews with organizational members from all core functions and management levels at Alpha Group and, in particular BU1. The interviewees were selected according to theoretical, convenience, and snowball sampling techniques. The interviews were conducted in three phases over five years (Phase 1: Spring 2005, Phase 2: Spring 2008, Phase 3: Winter 2009/10), with some interviewees being approached in two or all of the phases (one in all three, eight in two of the three, and 55 interviewees in one of the three phases) (see Table I). Thus, we obtained different perspectives on the development of sustainability within Alpha Group at different points in time. We were able to detect how organizational members from other functions were involved in SUSTAIN and how the sustainability initiative has affected the functions, respectively. The interviews lasted between 60 and 150 minutes and were conducted in the language of the interviewees; citations in the findings are our translations; all but two interviews were audio-taped and transcribed. The interview questions generally involved three areas. Firstly, we wanted to understand better the history and the organizational and strategic context of the firm in which our unit of analysis was embedded. Secondly, we focused on the development of a particular sustainability initiative and its management within the firm. Thirdly, we were interested in how the sustainability initiative was affected by the external context and how managers

Table 1. Overview of conducted interviews

#	P	IWC	HP	Corporate/BU/ Function	G	#	P	IWC	HP	Corporate/BU/ Function	G	#	P	IWC	HP	Corporate/BU/ Function	G
1	1	I1-P1	D	BU1 – Marketing & Sales	M	29	2	I3-P2	D	BU1 – Marketing & Sales	F	57	3	I23-P3	D	BU2 – Marketing & Sales	M
2	1	I2-P1	M	BU1 – Production & SCM	M	30	2	I4-P2	D	Corporate – Communication	M	58	3	I24-P3	D	Corporate – Communication	M
3	1	I3-P1	VP	BU1 – Marketing & Sales	M	31	2	I5-P2	D	BU1 – Marketing & Sales	M	59	3	I25-P3	VP	Corporate – Management Board	M
4	1	I4-P1	T	Corporate – HR & Compliance	M	32	2	I6-P2	D	Corporate – Management Board	M	60	3	I26-P3	VP	BU1 – Finance	M
5	1	I5-P1	M	BU1 – R&D & Purchasing	M	33	2	I7-P2	D	Corporate – Sustainability Management	M	61	3	I27-P3	VP	Corporate – Communication	M
6	1	I6-P1	M	BU1 – R&D & Purchasing	M	34	2	I8-P2	M	Corporate – Communication	M	62	3	I28-P3	VP	Corporate – Communication	M
7	1	I7-P1	M	BU1 – Marketing & Sales	M	35	3	I1-P3	D	BU1 – Marketing & Sales	M	63	3	I29-P3	D	Corporate – Management Board	M
8	1	I8-P1	JM	Corporate – Communication	F	36	3	I2-P3	SVP	BU1 – Management Board	M	64	3	I30-P3	D	BU1 – Production & SCM	M
9	1	I9-P1	M	BU1 – HR & Compliance	M	37	3	I3-P3	SVP	BU1 – Management Board	M	65	3	I31-P3	VP	Corporate – HR & Compliance	M
10	1	I10-P1	D	BU1 – Production & SCM	M	38	3	I4-P3	VP	BU1 – R&D & Purchasing	M	66	3	I32-P3	M	Corporate – Communication	F
11	1	I11-P1	M	BU1 – Marketing & Sales	M	39	3	I5-P3	M	Corporate – Management Board	M	67	3	I33-P3	VP	BU1 – Management Board	M
12	1	I12-P1	D	Corporate – HR & Compliance	M	40	3	I6-P3	SVP	BU1 – Management Board	M	68	3	I34-P3	SVP	BU1 – Production & SCM	M

(Continues)

Table 1. (Continued)

#	P	IWC	HP	Corporate/BU/Function	G	#	P	IWC	HP	Corporate/BU/Function	G	#	P	IWC	HP	Corporate/BU/Function	G
13	1	I13-P1	M	BU1 – Marketing & Sales	M	41	3	I7-P3	VP	BU2 – Production & Supply Chain	M	69	3	I35-P3	D	BU1 – Marketing & Sales	M
14	1	I14-P1	D	BU1 – Marketing & Sales	M	42	3	I8-P3	VP	BU1 – Production & Supply Chain	M	69	3	I35-P3	D	BU1 – Marketing & Sales	M
15	1	I15-P1	M	Corporate – Communication	F	43	3	I9-P3	SVP	Corporate – HR & Compliance	M	70	3	I36-P3	D	BU3 – Marketing & Sales	M
16	1	I16-P1	M	BU1 – Finance	M	44	3	I10-P3	SVP	Corporate – HR & Compliance	M	71	3	I37-P3	D	BU1 – Marketing & Sales	M
17	1	I17-P1	M	Corporate – HR	M	45	3	I11-P3	D	BU1 – R&D & Purchasing	M	72	3	I38-P3	B	Corporate – Management Board	M
18	1	I18-P1	M	BU1 – Marketing & Sales	F	46	3	I12-P3	D	BU1 – Marketing & Sales	M	73	3	I39-P3	D	CSM	M
19	1	I19-P1a	M	BU1 – R&D & Purchasing	M	47	3	I13-P3	B	BU1 – Management Board	M	74	3	I40-P3	D	Corporate – Communication	M
20	1	I19-P1b	M	BU1 – R&D & Purchasing	M	48	3	I14-P3	D	BU1 – R&D & Purchasing	M						
21	1	I19-P1c	M	BU1 – Sustainability Management	F	49	3	I15-P3	VP	BU1 – Marketing & Sales	M						
22	1	I20-P1	D	BU1 – R&D & Purchasing	M	50	3	I16-P3	VP	Corporate – Production & SCM	M						
23	1	I21-P1	M	Corporate – HR	M	51	3	I17-P3	SVP	BU2 – R&D & Purchasing	M						
24	1	I22-P1	D	BU1 – Finance	M	52	3	I18-P3	VP	BU3 – Country/SBU Management	M						
25	1	I23-P1	M	BU1 – R&D & Purchasing	F	53	3	I19-P3	VP	BU3 – Country/SBU Management	M						
26	1	I24-P1	M	CSM	M	54	3	I20-P3	SVP	Corporate – Finance	M						

(Continues)

Table 1. (Continued)

#	P	IWC	HP	Corporate/BU/ Function	G	#	P	IWC	HP	Corporate/BU/ Function	G	#	P	IWC	HP	Corporate/BU/ Function	G
27	2	I1-P2	M	Corporate – Management Board	M	55	3	I21-P3	B	Corporate – Management Board	M						
28	2	I2-P2	M	Corporate – HR & Compliance	M	56	3	I22-P3	D	BU1 – Management BoardF							

B, Board, D, Director; G, Gender; T, Trainee; P, Phase; GSM, Corporate Sustainable Mgmt.; HP, Hierarchical Position; IWC, Interviewcode; JM, Junior Manager; M, Manager; SCM, Supply Chain Management; SVP, Senior Vice President; VP, Vice President.

were engaged in internal as well as external legitimation. Key themes were repeatedly mentioned throughout the interview phases, and key categories were theoretically saturated after five to ten interviews. This allowed us to become increasingly focused and explore new domains in subsequent interviews. We were confident that this strategy provided the required breadth for understanding the relevance of legitimacy sources and micro-practices employed by single actors to draw on them.

*Direct observation.* The primary rationale for including observations as a data source is their inherent potential for exploring ‘the realms of subjective meaning’ (Morgan and Smircich, 1980, p. 498). Direct observations help gain micro-institutional insights into the particular relationships between actors and their organizational context (Easterby-Smith et al., 2008, p. 95). As one of our authors had the opportunity to take an insider position at Alpha Group when the sustainability initiative evolved, we could get even closer to the subjects involved and acquire extensive informal, contextual insights into the research setting. This circumstance allowed for intense contact with key managers driving legitimacy building for the sustainability initiative and frequent opportunities for formal and informal conversations about the ongoing research project. Interviewees sharing their knowledge with us could be leveraged, and preliminary results regularly reported to several corporate managers mentoring the research to validate our findings. Links between macro-level developments and micro-level activities could be made more confidently as they were observed *in situ* while attending meetings or joining social interactions and informal debates.

*Archival documents.* We gathered various internal documents that particularly helped us construct the case history and reveal temporal interconnectedness among internal and external events and actions taken by the actors involved. We had access to internal communication materials such as e-mails, company newsletters, meeting notes, presentations, and externally communicated documents, including press releases and annual and sustainability reports. We also collected public speeches and interviews given by managers involved that were communicated through the media. In particular, diverse strategy papers and PowerPoint presentations illustrating the firm’s status quo, competitive position, and sustainability goals provided valuable background insights. This background information helped to understand how the sustainability initiative was ‘sold’ and how competitors and business partners were perceived within Alpha Group. In total, the archival sources amounted to 657 documents. The material notably allowed us to prepare for interviews and validate information provided through our primary data sources.

## Data Analysis

Our analysis followed an abductive approach that builds upon the interaction between data, existing theoretical frameworks in the literature, and emerging theory (Maxwell, 2012, 2013; Orton, 1997; Reihlen et al., 2021). We used an iterative process of collecting, coding, and categorizing ‘empirical material as a resource for developing theoretical ideas’ (Alvesson and Kärreman, 2011, p. 12) in constructing new theory. This entailed a process of subsequent abstraction from raw data by coding, categorizing, and linking categories to emerging themes and reflecting them with existing frameworks (Maxwell, 2012, 2013; Strauss and Corbin, 1998).



We began coding our data by following an open-ended, inductive discovery of emerging concepts within the data, making it possible to move from mass descriptive codes to fewer, conceptually abstracted codes (Strauss and Corbin, 1998). We adhered closely to the guidelines specified by Strauss and Corbin (1998) for constant comparison techniques and naturalistic inquiry, where the collection of data is iteratively intertwined with its actual analysis. The coding process of the transcribed interviews was supported by the software ATLAS.ti 8.0.

Firstly, we started coding by discerning the macro-level contexts of Alpha Group encompassing the intra-organizational field, i.e., the firm's structure and strategic priorities, as well as the supra-organizational field, i.e., Alpha Group's competitive position, major business partners, megatrends within its relevant markets, and key events which took place within the external national and international environment. Besides these general contextual insights, we specifically analysed text passages referring to Alpha Group's sustainability approach. More precisely, we built an understanding of the role sustainability has played throughout the firm's history, its cultural embeddedness, and Alpha Group's sustainability position relative to its competitors and business partners. We mapped the key events, decisions, activities, actors, and processes in a flow chart. Visualizing these constituents helped us reconstruct the sustainability initiative case given the development of the internal and external organizational field between the end of 2005 and the beginning of 2010. In particular, we subdivided the development of SUSTAIN within Alpha Group into three distinct phases: (1) emergence of SUSTAIN, (2) SUSTAIN becoming part of the corporate agenda and gaining top management team (TMT) support, and (3) the integration of SUSTAIN through products, communications, structure, and systems into the overall corporate strategy. This temporal bracketing entailed identifying significant events, different actors driving the SUSTAIN initiative, and changing audiences of legitimacy creation. This analytical step is an intermediate level of theorizing between raw data and the more abstract model (Langley, 1999).

Secondly, with the flow chart in mind, we entered coding data. In particular, for each phase, we coded passages that described how managers engaged in legitimizing practices. The criteria underlying the identification of legitimacy practices ensured that they (a) were referred to repeatedly by interviewees and key informants, (b) could be supported with evidence from archival materials and observations, and (c) helped us to unveil and order patterns of the development of the SUSTAIN initiative over time. For instance, we recognized a tendency of interviewees to mention during the first stage that the Chief Marketing Officer challenged sceptical managers who saw little commercial value in marketing Alpha Group's products as sustainable. We coded this as the 'sustainability-profitability connection', which became part of the reframing practice. Or the statement: 'It's the normative power of the factual' captured the same meaning as the in-vivo code 'dense factual carpet' indicating that facts were used as persuasion devices for the legitimation practice of substantiating. Those first-order codes were clustered into thematic practices, which 'include a wide range of meaning-laden actions and non-verbal displays' (Suchman, 1995, p. 586). We arrived at the final, refined set of ten practices.

Thirdly, after multiple rounds of cross-checking our draft with additional information gained from other data sources and feeding it back to our key respondents within Alpha Group we organized these ten practices into three legitimation mechanisms: seeding, energizing, and prospering. This process of data analysis resulted in the following coding

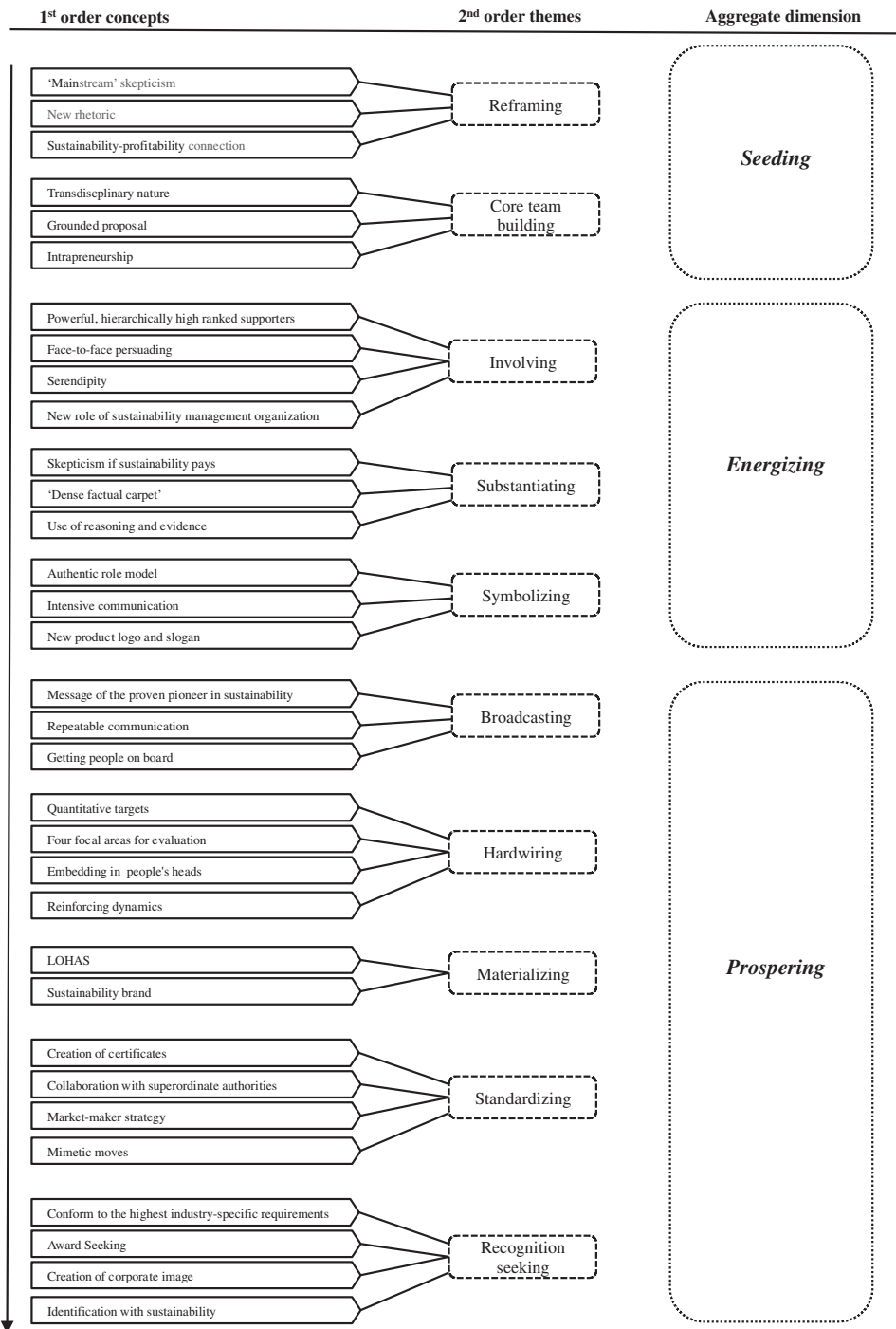


Figure 1. Coding structure

structure (Gioia et al., 2013) (see Figure 1). Representative data of first-order concepts can be found in the appendix.

As these legitimacy practices combined multiple levels of inquiry (field, organizational, individual), we created narratives to organize the data at this stage (Langley, 1999) by summarizing the related intra- and supra-organizational legitimization practices, actors, and audiences involved. In particular, to make the link between our data analysis and our case description more transparent, we highlighted in our findings first-order concepts in italics. Beyond this, it is worth noting that our interviewees provided us with insightful in-vivo codes and themes, namely by routinely throwing in terms and concepts during the interviews. Themes such as ‘hardwiring’ or ‘broadcasting’ originated from precisely these unconscious theoretical marks on our raw data made by the interviewees.

### **Validity of Data Analysis**

We took specific steps to ensure the quality of our data analysis (see Maxwell, 2012, 2013; Miles and Huberman, 1994). Firstly, we aimed for a high degree of *inter-subjectivity* throughout our research process. This not only implied member validation to gain confidence that the emerging interpretations made sense to our informants, as noted above, but also a multi-coder approach. Accordingly, after coding the primary and secondary data sources independently, we assessed and compared our coding schemes while continuing to travel back and forth between raw data, key informant validation, and emerging concepts. We engaged in numerous discussions on possible themes and concepts implying the review of the open coding results in the first step and then cross-interview comparisons (axial coding) until we arrived at a gradually reduced list of issues that fit the entire data set and our final model of strategy-making as legitimacy creation. Conflicts between coding schemes were marginal during these stages of analysis.

Secondly, we applied different triangulation methods to check and improve the validity of our study (Denzin, 1978). For instance, we triangulated the data by approaching multiple informants. In addition, we continually cross-checked information provided during the interviews against internal and public documents, primarily to check for retrospective bias. We also used debriefing (Miles and Huberman, 1994) and exploited various opportunities to receive feedback on preliminary findings at different stages of the study from experts in the field of interest. Most importantly, these were informal workshops with managers from Alpha Group and national and international scholarly conferences.

### **THE CASE: THE CHANGING FACE OF SUSTAINABILITY AT ALPHA GROUP**

*‘Perceptions count when building credibility, which is the prerequisite for business advantage.’ (Director BU1, I39-P3)*

We investigated the evolution of sustainability within Alpha Group from being a moral license-to-operate and company reputation-driven issue to becoming a mainstream strategic topic with sustainability understood as a business-relevant source of financial performance. We reveal how managers at Alpha Group engaged as

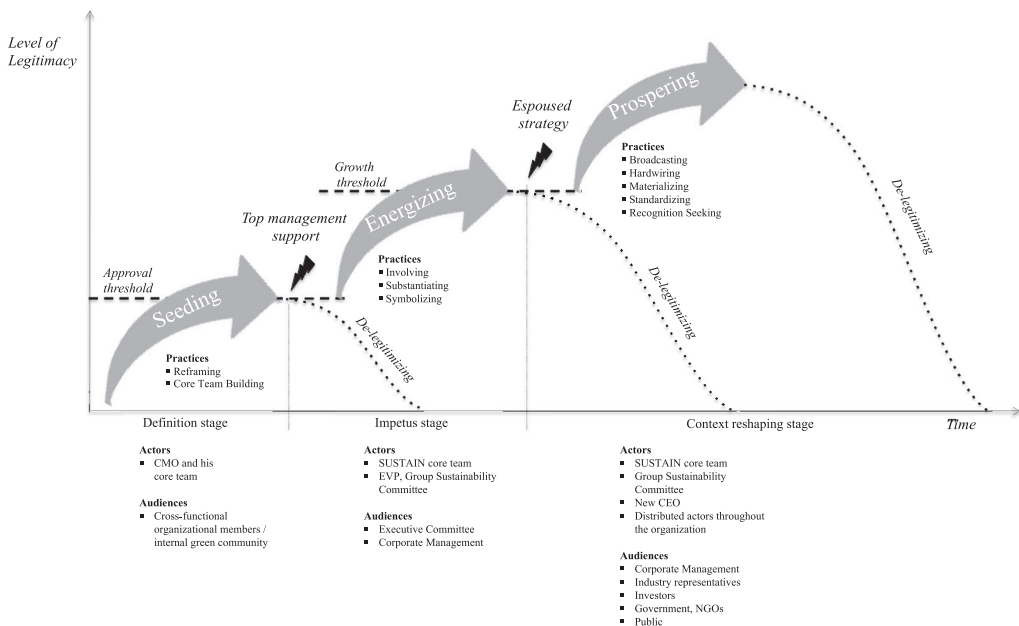


Figure 2. Strategic venturing as legitimacy creation: The Case of SUSTAIN

institutional intrapreneurs in the creation of legitimacy by shaping perceptions of appropriateness for promoting the initiative SUSTAIN within the corporation. Our study illustrates how legitimacy creation is a central concern in strategic venturing. Yet, since legitimacy lies ‘in the eye of the beholder’ (Ashforth and Gibbs, 1990, p. 177), the audience for the legitimation efforts also changed from a nascent definition to more mature stages of development. In particular, we show how the focus on creating internal legitimacy became increasingly complemented by external sources of legitimacy. We identified three major mechanisms driving legitimacy creation for the strategic venture: (1) *Seeding*, (2) *Energizing*, and (3) *Prospering* that correspond to the three stages of development: definition, impetus, and context reshaping. Following the suggestion of Zimmerman and Zeitz (2002), we argue that a mechanism is triggered once it crosses a particular threshold event or turning point and ‘is judged legitimate and, thus, receives access to the capital and other resources it needs’ (p. 417). Critical turning points were official top management support and integration into Alpha Group’s espoused strategy. Figure 2 summarizes our main findings.

### Status Quo in 2005: Sustainability Assures License to Operate and Safeguards Group Reputation

Sustainability understood as a firm’s endeavour to balance economy, ecology, and social responsibility to assure its long-term success had been integrated as one of ten underlying company values communicated by top management for the overall company. Yet, paradoxically, while being firmly embedded in the corporate culture, sustainability was

not a strategic, business-decisive issue that manifested itself in product-market innovations within the business unit in focus. Two critical reasons accounted for this: First, despite growing societal attention, sustainability was not considered commercially relevant by many organizational functions. Especially the core staff of the branded goods business of the firm – marketing and sales – attributed no or little business relevance to sustainability in their work. As a marketing manager put it:

‘From my perspective, neither the retailer nor the consumer is interested in this whole ecological wave. Instead, the consumer wants extraordinary performance for not much money’. (I7-P1)

Historically, this scepticism towards the commercial relevance of sustainability was rooted in previous less successful sustainable product innovations. During the 1980s and 1990s, BU1 introduced product initiatives, which significantly contributed to Alpha Group’s sustainability reputation but did not succeed commercially in the marketplace as expected. This, in turn, created a firm conviction among managers that sustainability was not a decisive buying criterion among consumers or retailers. Sustainability was not considered relevant for business development, yet it was regarded as critical for safeguarding the company’s ‘license to operate’.

Secondly, the lack of strategic relevance of sustainability was also reflected in a powerless organizational structure concerning executing sustainability-related projects. Although Alpha Group had an official sustainability management organization in place, the management board, claiming the overall responsibility for sustainability, had no permanent representative on the group’s ‘sustainability committee’. As reflected by topics discussed in the bi-monthly meetings, the committee’s focus was mainly concerned with assuring the firm’s license to operate and reporting on the group’s sustainability performance. Also, the firm’s then CEO, though strongly advocating the importance of sustainability, participated only on an irregular basis in the committee’s meetings. As a result, the sustainability committee had very limited decision-making powers.

Collectively these developments created a shared perception that sustainability initiatives, especially on the product-market level, would not be rewarded financially. Therefore, despite being internally seen as a moral obligation, the business case for sustainability would not hold. In this sense, in their attempt to legitimize sustainability, intrapreneurs encountered two challenges: A distinct disbelief in the economic viability of sustainability amongst internal audiences, as well as weak functional support.

### **Phase 1: Seeding the Business Case for Sustainability (Spring 2005 – Winter 2006)**

The seeds of change ‘giving birth’ to SUSTAIN during this definition stage were planted through two mutually supporting legitimization practices: reframing and core team building.

*Reframing.* The situation started to change in February 2005 with the appointment of a new Chief Marketing Officer (CMO) in BU1 – Alpha Group’s primary business unit in terms of sales and strategic importance. Entering the firm with an untainted view, he started to make sense of its strategic position recognizing sustainability as a vital part of Alpha Group’s DNA with strong, though in his view primarily untapped, strategic potential. He described his observation as follows:

‘When I came to Alpha Group, it was important for me to understand the employer branding and how the firm works. And after very, very intense weekends, which I mostly spent reading, Alpha Group’s overall history has become increasingly clear to me, and I realized that sustainability is a good, DNA component at Alpha Group which has always been existent’. (CMO BU1, I6-P3)

The CMO initiated a reframing of the role of sustainability. In general, reframing describes how powerful actors make sense of a complex issue and create a novel cultural template of understanding that would disengage the organization from the past. Reframing becomes a tool for legitimizing change because it offers a different ‘theory’ why and what future change might be appropriate. In our case, external events enabled an internal reframing of sustainability as a strategic business opportunity. In particular, major retailers announced sustainability initiatives worldwide to target a new consumer segment, labelled LOHAS (i.e., lifestyles of health and sustainability), describing consumers who cultivate a lifestyle emphasizing health, consciousness, and sustainability principles. Also, the financial community showed rising interest in sustainability, which was also recognized by the Group’s investor relations team. This development was further supported by the general public’s awareness and shift in opinion about issues of climate change and sustainability after hurricane Katrina in August 2005 and the success of Al Gore’s documentary ‘An Inconvenient Truth’ premiering in May 2006 in the USA. As one division manager assessed:

‘This whole thing with Al Gore. It is seething. I mean, we must admit, this sustainability wave, it is a wave, that is coming from the US this time, through Inconvenient Truth, through Wal-Mart, through those big American firms, who said we must, in fact, do something about it’. (Vice President BU1, I4-P3)

These external developments helped the CMO to legitimize his initiative for re-evaluating the sustainability-business connection. Our analysis revealed that his reframing practices were supported on two substantial grounds. Firstly, through inter-functional exchange with experts beyond his marketing team, the CMO gathered ample evidence for the so far neglected business case of sustainability. Thus, the issue at hand was to demonstrate a positive *sustainability-profitability connection*, thereby signalling an essential unexploited opportunity space for the firm. Secondly, to disengage from the past image of troubled product initiatives that could not translate sustainability into profitable ventures, he introduced *new rhetoric* to signal a different image of his sustainability initiative for exploiting these untapped business opportunities. In particular, he created a new



slogan – ‘sustainability-driven performance’ (internal presentation) – that explicitly emphasized using sustainability as a source and driver for profitable innovations.

‘I said we’re not doing sustainability, we’re doing sustainability-driven performance. It’s completely different from sustainability. Because the only thing that has caught on, aha, how can I make [...] the product greener? This was not what it’s all about. Sustainability-driven performance has turned the whole thinking into a new quality standard. [...] it’s about the most innovative solution’. (CMO BU1, I6-P3)

We observed that the performance notion became a rhetorical reference point for all future sustainability initiatives.

*Core team building.* At this early stage, we observed another critical practice we refer to as core team building. Core team building creates the capacity to develop a strategic initiative by engaging managers with diverse backgrounds to work out the prototype of the initiative. Core team building entails assembling a committed core group that adds ‘flesh to the bones’ of a reframing strategy by working out the project’s key issues. With the CMO’s reframed sustainability concept and his increasing engagement in exchanging views with colleagues from different functional areas, he initiated a round table meeting in December 2006 for all those ‘corporate nerds’, as a Corporate Senior Vice President (I9-P3) stressed, who were already involved with sustainability-related topics. He titled the initiative ‘SUSTAIN’. This round table meeting could, retrospectively, be considered as the kick-off meeting for a working group on sustainability, targeting representatives from all functions within BU1 and the Group’s Sustainability Management: ‘I have established a separate team, the SUSTAIN core team, where we mapped different categories, different areas such as PR, sales, marketing, R&D, supply chain, basically the whole value chain’. (CMO BU1, I6-P3).

The core team’s task was to work out key projects of the SUSTAIN initiative. In the end, SUSTAIN became a complex portfolio of sub-initiatives ranging from launching a sustainable new brand to new tools for eco-friendly product development, and management systems. Subsequently, although by that time, without an official mandate, the working group met weekly under the CMO’s direction to assess the status quo of BU1 and Alpha Group’s sustainability activities. To address the *transdisciplinary nature* of the project, the CMO assembled an autonomous team composed of key cross-functional managers with an entrepreneurial attitude to business and members of the ‘green community’ within Alpha Group with essential sustainability-related knowledge. We observed tensions between the *intrapreneurial unit* ‘in the making’ – the SUSTAIN team – and Alpha Group’s ‘mainstream’ scepticism towards the business case of sustainability. In dealing with this latent tension between ‘newstream’ venturing and ‘mainstream’ scepticism, the CMO had built his team under the radar of top management. We observed that working in this hidden way without an official mandate was important for internal business venturing in the face of mainstream scepticism towards sustainability. Moreover, it kept the team’s autonomy when ideas were still emerging at this nascent stage. Interestingly, while open peer feedback is commonly understood as a mechanism of open innovation (e.g., Dobusch et al., 2017), our judgment as an observer of this process was that intensive

exposure of the team to ‘mainstream skeptical feedback’ would probably have overburdened and thus killed the initiative at an early stage. During the definition stage, keeping the core team’s work moderately decoupled from the rest of the organization was essential for building a productive entrepreneurial team.

*Approval threshold.* At the end of the definition stage, the SUSTAIN team presented an intermediate product, which was a reassessment of the sustainability-profitability relationship for different product lines and areas of application of BU1, and a first grounded proposal of how ‘sustainability-driven performance’ could become a new USP. The key audience for this legitimation practice at this nascent stage was purely internal and local, the SUSTAIN core team and the ‘corporate nerds’ (Corporate Vice President, I9-P3) who engaged in quick feedback cycles of evaluations and improvements. As a sustainability manager recalled:

‘SUSTAIN was based on a competent coordination team who addressed the right idea because sustainability has not been a strong priority in many regions and, contrary to Alpha Group’s home market, it did not have a strong sustainability brand abroad’. (I-30 P3)

Another sustainability manager pointed to the political challenges ahead:

‘If [name of CMO] is now the SUSTAIN “Sun King” and of course everyone would like to be [name of the head of BU1]’s successor, then others won’t say: “Hey [first name of CMO], great thing, you were exactly on the right track, why didn’t we follow you earlier”’ (I-39 P3)

By receiving support for the initial ‘sustainability-driven performance’ proposal from the ‘green community’ the SUSTAIN initiative surfaced from a concealed venture to become a visible organizational project that was recognized by the top management team (TMT) as a key strategic project and as such the venture progressed into the impetus stage. This realization, to come to full effect, however, had to be infused into key decision-making processes and corporate structures. This was the critical challenge to be overcome in phase 2.

## **Phase 2: Energizing the Business Case for Sustainability (Winter 2006/07 – Summer 2008)**

Energizing SUSTAIN within Alpha Group was achieved, as our findings indicate, by three interrelated legitimation practices – involving, substantiating, and symbolizing – targeting the endorsement of internal legitimacy of key decision-makers from the corporate and division level (as the audience of legitimation practices). Additionally, in the impetus stage, the actors engaged in the legitimation process also shifted from the core team and Alpha’s ‘green community’ to a broader internal group: Internal decision-makers who could galvanize the initiative with substantial resources, including political

support, and therefore create momentum for more comprehensive strategic change and the integration of sustainability into core corporate structures.

*Involving* After establishing the SUSTAIN core team, the CMO involved more and more people with a strong internal reputation and hierarchical standing. This practice implies building horizontal and vertical alliances to create joint ownership at diverse hierarchical and functional levels. While involving is an essential problem-solving device by integrating distributed knowledge for decision-making, it also became a vital mechanism for creating internal legitimacy. A top manager at Alpha Group described this practice as follows: ‘creating alliances, bringing top management on side, convincing them of the issue is imperative’ (I25-P3). Consequently, the number of powerful, hierarchically *high-ranked supporters* of a strategic initiative becomes a proxy for its internal legitimacy. Interestingly, in our particular case, top management support was at least partly attributable to *serendipity* or a fortunate triggering event that brought top management on board. At the beginning of 2007, this serendipitous event was the attendance of BU1’s EVP at an award ceremony at the World Economic Forum, receiving a good company award for Alpha Group. This became an eye-opening event for him as he recognized for the first time the immense competitive edge the company might gain from leveraging sustainability for business:

‘I was in Davos three years, maybe even four years ago, and it was totally impressive and overwhelming how central this topic was. It was incredible. And the scales fell from my eyes. The topic has always been important, but I think it was in particular there that, for the first time, I really understood that we have a competitive advantage with this topic if we do it right. And I returned completely inspired [...]’. (Executive Vice President, BU1, I13-P3)

Returning from the event, the BU1 EVP immediately asked his innovation management to assess the topic and put it on the agenda of the BU1 Executive Committee, BU1’s highest decision-making body comprising the EVP and all BU1 SVPs. As a result of this meeting, it was decided that the CMO and his SUSTAIN core team analyse the opportunities and pre-requisites of sustainability to serve as a long-term competitive advantage for BU1 and to define specific measures. Retrospectively, the EVP described it as a fortunate situation that the BU1 CMO, who was fully committed to sustainability, had been there:

‘I was lucky that I have [...] the CMO who absolutely backed the topic and I nudged him, and he really ran with it. Since then, the topic has carried on’. (Executive Vice President, BU1, I13-P3)

After winning over the EVP and gaining the backing of the Executive Committee, the CMO involved further top-level supporters for his sustainability initiative. As the CMO noted, ‘I think one of the most important actions is to declare the topic “a matter for the boss”’ (I6-P3)

From the beginning of 2008, the increased strategic importance of sustainability was also reflected by changes in the overall organization of Alpha Group’s *sustainability*

*management*. The newly appointed CEO had recognized the importance of the sustainability committee and increased his presence in it – a move that also changed the participation behaviour of higher-level members previously often only sending representatives. After BU1's CMO entered the committee as the first high-level marketing representative, the CMOs of the other business units joined shortly after, bringing in the previously missing customer and consumer perspectives. Subsequently, doubters who had not attended the committee's meetings yet felt that they would miss critical internal developments and decisions if they did not start to participate.

In addition, to enhance the survival of SUSTAIN persuading, negotiating, and ensuring majority support for the initiative before decisive committee meetings became critical for providing continuous internal support. As a corporate manager explained:

'A success factor at Alpha Group is to get key decision-makers involved very, very early on. In fact, really before you walk into the meeting, you must have had preliminary talks with key decision-makers, otherwise, you have no or very little chance'. (Corporate Vice President, I16-P3)

This highlights the significance of direct, personal dialogues allowing for the circumvention of formal communication channels. Similarly, another director noted, 'A successful mechanism is to really do a lot of *face-to-face persuading* through extreme personal commitment' (I35-P3). This way, managers were mobilized to take collective action and recruited to convey the message throughout the organization further.

*Substantiating* Based on the official mandate, the interdisciplinary SUSTAIN core team led by the BU1 CMO used the following months to develop the strategic initiative. Many activities had already been launched when SUSTAIN was finally officially approved and a budget allocated by BU1's Executive Committee in mid-November 2007. Yet, a critical problem was to use the creative space of translating the ambiguous sustainability issue into viable projects with clear goals whose implementation could be measured. This was critical because managers on the corporate and division level were still *very sceptical* whether sustainability really *pays off*. As a corporate manager explained:

'The focus on sustainability was on a "corporate level" and was hardly used on the "market side" (i.e., at product level). Sustainability was an important topic, especially in production. In the latter, it has always been a requirement to operate sustainably. However, it has to be shown to what extent sustainability really pays off on the market, at the product level. No company can afford sustainable products of its own will; businesses need to make money, and every sustainable product must overcome the same margin hurdles as all other products'. (Corporate Vice President, I20-P3)

Linking the sustainability initiative to a '*dense factual carpet*' (I15-P3), as another Corporate Vice President called it, was a decisive step to winning approval and acceptance among organizational members. The SUSTAIN core team resorted to presenting information predominantly linked to the organization's history and especially its sustainability track record. This included its former environmental commitment, its strategic

goals, and the external market, for example, in the form of facts and figures indicating a significant socio-economic trend, such as the new LOHAS target group and competitors' moves. Taken together, these facts supported the position brought forth by those actors aiming to advance sustainability within their organization. Substantiation efforts were necessary when the SUSTAIN core team had to persuade BU1's executive committee to grant funds for the initiative's further development. For example, the team prepared a 300-slide presentation illustrating in detail facts and figures backing SUSTAIN's economic relevance and its potential for generating a long-term competitive advantage in a changing market environment. Consequently, substantiation was a legitimation practice that would justify the SUSTAIN initiative in general or a specific project in particular by recourse to economic *reasoning and evidence*. As a manager explained:

'They must be convinced of an idea; they must also be able to derive this idea from environmental factors that already allow this to be presented as substantial. ... What is needed are facts ... that simply say that the idea ... is a strong one'. (I37-P3)

As such, actors used substantiation to provide 'objective' grounds for constructing their business case. The SUSTAIN team regularly recorded concrete, measurable performance indicators and outcomes related to the initiative to use them later on as persuasion devices for creating organizational support and acceptance.

*Symbolizing* Symbolizing is an instrument to convey an interpretative order. In the case of SUSTAIN, we observed a couple of closely related practices used to express the symbolic meaning of 'sustainability-driven performance'. Symbolizing manifested itself through three interrelated practices. Firstly, the CMO acted as an *authentic role model* who represented himself 'in tune' with a sustainable mindset. His embodiment of a sustainable lifestyle made him a symbolic character: 'give him [...] his due. He is the only one [...] who drives a hybrid. He doesn't just talk the talk. He doesn't drive a Porsche or anything like that; he says so, he has a Toyota Lexus Hybrid, that's the spirit. And I hope that we all realize it' (Corporate Vice President, I15-P3). Acting as an authentic leader motivated by personal conviction energized the project with confidence and optimism. Secondly, the CMO represented the topic through *intensive communication* and storytelling. He propagated the idea of SUSTAIN with 'penetrance and vehemence' (Corporate Vice President, I15-P3). As a manager explained:

'The change was significant. [...] To bring this to the table again and again with a certain consistency and persistence. To put it to Mr [name of top manager]. To say, look what we have here! ... "look what we do [explaining an eco-friendly product innovation]". That's how R&D works. These are our relaunches. That's sustainable. And these initiatives are successful. Conversely, sustainability is business-relevant'. (Corporate Director, I35-P3)

Thirdly, we observed an intensive internal debate about changing the *product logo and slogan* for external usage. As a marketing manager recalled: 'By the end of 2006, we specifically said: now let's target the consumer. We realized we have to become more

active and convey clear signals. The result was the new product logo and slogan [name of slogan]. [...] It was important to sensitize the consumer, make them aware that [...] the brand's image is changing' (I5-P2). While the initial slogan emphasized a personalized brand image, the new one symbolized a blend between the responsibility for society and high-quality standards. Since the logo and slogan were designed to support BU1's brand extension strategy by drawing attention to a specific attribute, here related to sustainability in a broader sense, it was not surprising that this newly espoused image clearly deviating from the past triggered internal debates about brand identities until they were finally resolved and implemented across all product lines. In general, symbolizing creates a new interpretive order for making sense of the SUSTAIN initiative.

*Growth threshold.* At the end of the impetus stage, top management decided to officially integrate SUSTAIN into the corporate strategic agenda. The head of BU1 explained the rationale behind this as follows:

'We believe that sustainability is becoming ... an increasingly important competitive differentiation opportunity. ... Yet, I think it's also important to realize that sustainability is something completely different from green. For me, green used to mean doing good without doing good. We've come a long way from that. Now it's all about top performance, but I can handle it sustainably in such a way. And that is our job'. (Executive Vice President, BU1, I13-P3)

In addition, the new CEO reflected on SUSTAIN:

'Due to a lack of strategic approaches from the company, they [the CMO and the head of BU1] took it their hands and created the "performance-driven sustainability" approach, which I think is good. In this way, they have also created a foundation with which they can move forward'. (CEO, I21-P3)

Later, the core ideas of SUSTAIN appeared in official press releases and talks from the CEO. A manager recalled when the new CEO stated that 'sustainability is ... part of our business model', the topic shifted from a 'hygiene factor' (I35-P3) to a source of innovation and financial performance and *became* central in Alpha Group's *espoused corporate strategy*. We consider this event as the turning point that triggered the prospering of SUSTAIN through the integration into the corporate agenda and structure. Yet, to prosper from this new 'interpretative order', backed up by top management, a series of practices were executed to sustain the momentum of SUSTAIN's performativity over time. This involved the active shaping of the contextual conditions under which SUSTAIN would flourish.

### **Phase 3: Prospering with the Business Case of Sustainability (Summer 2008 – Winter 2009/10)**

While the SUSTAIN initiative emerged bottom-up, it was not before this third context reshaping stage of Alpha Group's development that it prospered and became central in top management debates and was further translated into structures, systems,



communications, and products. During this third stage, the managers' focus on the legitimization process behind the SUSTAIN initiative shifted again. They started to reach out to engage broader audiences to gain further backing for the venture and facilitated its wider diffusion. In particular, the practices of *broadcasting*, *materializing*, and *hardwiring* extended their legitimization efforts beyond BU1 to the corporation as a whole. In addition and importantly, we also witnessed how they also began to address outside stakeholders through *standardizing* and *recognition-seeking* practices. As a result, at this stage, the construction of both internal as well as external legitimacy worked in tandem for establishing 'a strategically favorable set of conditions' (Lawrence, 1999, p. 167) for SUSTAIN's continuous internal acceptance and diffusion.

*Broadcasting* While penetrating Alpha Group's structure, system, and strategy, the sustainability initiative has been increasingly broadcast through multiple communication channels within and outside the firm. These channels included company-wide newsletters, speeches, and direct communication between managers and their employees. The message was consistent that 'Alpha Group has *proven itself to be a pioneer* in sustainability' (CMO, Dec. 2008, interview for corporate communication). The SUSTAIN initiative was a significant building block in this endeavour. As a corporate director emphasized, 'He [the CEO] should personally embody this and speak into the organization and say, so, I want that, because it is part of the Alpha strategy' (I35-P3). As a manager explained, these kinds of messages 'need to be compressed, they need to be *repeatable*' (I9-P3). In general, broadcasting raises organization-wide awareness and support for a strategic issue by repeated communications through multiple channels. This intense broadcasting of sustainability contributed to the gradual manifestation of the topic within everyday managerial considerations and actions, simultaneously assuring that organizational members shared a common understanding and positive attitude towards the issue. Thus, broadcasting extended the *reframing* practice of the seeding mechanism on the one hand – recreating meaning for the sustainability-profitability connection – and the *involving* practice of the energizing mechanism on the other – gaining top management support – by communicating the broader message of SUSTAIN to a more general organizational audience within Alpha Group. In principle, broadcasting facilitated *getting people on board*. As one manager noted, 'It's a topic you can identify with extremely well; practically, it's a topic you can be proud of' (I18-P3).

Moreover, to achieve broad acknowledgment of the initiative's business relevance, it was imperative to win wider acceptance beyond the 'corporate nerds' and top management, as one of our interviewees stressed. Especially, winning over managers from the firm's core staff – sales and marketing – demanded a clear account of how SUSTAIN might meet their concrete demands. Thus, the initiative's value and practical consequences were key content components of the broadcasting campaign at Alpha Group, led by the SUSTAIN core team.

*Hardwiring* When Alpha Group's new CEO decided to take over the sustainability committee chair in spring 2008, it did not take long before he also announced the first-ever *quantitative sustainability targets* at the group level. In particular, by 2012 Alpha Group set itself to reduce energy consumption by 15 per cent, water consumption by 10 per

cent, generated waste by 10 per cent, and occupational accidents by another 20 per cent with a long-term goal of zero (CMO, internal presentation). Hardwiring practices seek to cement sustainability within the firm's management systems, processes, and structure. In general, hardwiring is a practice that translates the initiative into the firm's overall systems, processes, and targets. By doing so, hardwiring institutionalizes a way of organizing, working, and managing that may, over time, become taken-for-granted templates for action. One manager emphasized: 'Success factors here are structures and systems aimed at sustainably *embedding* those topics within the organization and *in people's heads*' (I26-P3). For instance, all new developments at Alpha Group were expected to make a significant performance contribution to at least one of the following *five focal areas* in the fields of climate and energy consumption, wastewater management, waste and materials, safety and health, as well as social progress. With the definition of quantifiable targets, focus areas, and a newly developed life cycle tool, the SUSTAIN initiative had increasingly gained influence on new product development and production processes. Although these targets and tools were initially somewhat symbolic in character, their global roll-out had led to their eventual binding validity and, more importantly, the introduction of a whole new sustainable brand with a broad product range. For instance, as a manager explained, these five focal areas were systematically applied for new product development. In other words, they were hardwired in the management systems of the corporation.

'[We] very early ask the question: how is it [the product] related to the sustainability-driven performance dimensions? And if we recognize that specific issues are critically violated, then we would simply terminate this project. Even though it would promise certain sales opportunities as an individual project, but it would damage our credibility too much'. (I14-P3)

By the end of 2009, sustainability was established in BU1's systems and businesses at both brand and product level and had become part of the business strategy. Thus, a new strategic path was created with sustainability gradually becoming hardwired in this way. However, efforts to reverse this path have become increasingly difficult because previous commitments established *self-reinforcing dynamics* challenging to change. As one manager pointed out: 'There's a high risk associated with this topic, namely that once you embark on it, you won't be able to get out of it easily' (I34-P3). The organization thus explicitly committed itself for the long term. 'It should not aim for the opportunistic realization of short-term competitive advantages because that way it will go awry, it won't work' (I3-P3), as a senior vice-president emphasized.

*Materializing* We found that materializing the SUSTAIN initiative into artifacts at the product and brand level was a practice that completed hardwiring. Similar to the practice of symbolizing and substantiating, materializing proved an indispensable step for handling the topic's inherently ambiguous nature by making it more tangible, especially to consumers, customers, and employees. In general, materializing seeks legitimation by creating tangible and physical artifacts used for communicating an initiative's messages, commitment, and performativity. As a manager noted:

‘The first thing was really that factual, we just add something on our products. There is something on the packaging. Making it tangible. This was definitely a success factor. And this was the first perceptible step for the organization. And look ..., suddenly it’s something the external world sees. And this is how you get the ball rolling’. (Director BU1, I35-P3)

The materializing practices notably resulted from marketing and innovation management considerations to serve the recently identified target group of *LOHAS* through a ‘mnemonic device’ (I2-P1), as a production manager called it. In particular, the launch of the new *sustainability brand* immensely endorsed the firm’s acceptance externally and the acceptance of sustainability internally. The launch of the sustainable product brand was particularly significant – due to the still recalled experiences with less successful sustainable product launches in the 80s and 90s and because this was the first new brand launch from BU1 for over five years.

*Standardizing* Being the first to assert explicit and comparatively high standards in sustainable operations along the value chain established a benchmark for customers and business partners and obliged competitors to mimic those standards. In general, standardization is a practice of engaging in regulatory discussions and determining new standards, allowing the firm to pioneer and eventually create isomorphic pressures on other market players. Alpha Group’s self-commitment mainly drove this regarding, for instance, the *creation of certificates* for a major raw material ensuring sustainable resource exploitation and the firm’s continuous engagement in political and environmental discourses on a national and international level. Therefore, the institutionalization of new industry standards was facilitated through the firm’s *collaboration with superordinate authorities*, such as governmental and non-governmental organizations. For external legitimation, Alpha Group’s initial internal hardwiring activities were linked to external institutions’ official control. The firm’s consistent commitment to establishing new industry standards made it a pioneer in implementing sustainability, which was also broadly appreciated by competitors. As a corporate manager explained:

‘We are engaged and set standards from BU1 even for a single brand [name of new sustainable brand], for example, a politically hot topic, [name of sustainable raw material]. [...] After all, we can understand our role, our leading role in the field as a market-maker role. So it’s not just that we have an advantage, but we’re building credibility and leadership as a company when we establish a system that everyone can participate in’. (Corporate Director, I35-P3)

As another manager put it, ‘This is how it works, success attracts other companies; and then, eventually, I have set a new standard; this is to be accomplished only if it’s honored if it’s successful’ (I3-P2). This positive development was significantly assisted by the fact that the sustainability field was still only emerging and immature at that stage. There is no joint agreement on specific issues, such as sustainability. First-mover advantages are quite easy to realize by pioneering the field with good propositions regarding standards and regulations. Proactively setting standards supports a pursued

*market-maker strategy* in sustainability and consequently enhances external legitimacy for SUSTAIN. As a corporate manager reflected: ‘I’m pretty sure that [name of major competitor] will probably announce at [name of an important sustainability conference] that they will completely switch to [name of sustainable raw material]’ (I39-P3). As predicted in the quote, *mimetic moves* were introduced later by major competitors, which strengthened the credibility of Alpha Group’s investments into pioneering sustainability initiatives.

*Recognition seeking.* Seeking positive evaluation in the form of certificates, rankings, and *awards* honouring outstanding achievements in the field of sustainability further enhanced external acceptance through the strong signalling effects to end consumers, retail customers, and investors. These forms of external recognition by customers or non-governmental organizations supported the *firm’s image* of being a reliable and committed market player within the sustainability arena. As the director ‘innovation’ pointed out, ‘We earn awards regularly, we are featured on sustainability rankings, mostly in first or second place, and, and, and; this helps immensely to increase our firm’s reputation and prominence’ (I11-P3). Another manager further exemplified the importance of such recognition: ‘Without these awards, I would have thought nobody is really interested in what we do’ (I29-P3). Seeking recognition through awards or rankings also implies that the firm *conforms to the highest industry-specific requirements*. Over the years, the Sustainability Management department has made great efforts to document Alpha Group’s achievements in the field of sustainability, actively filling out required application forms for important awards and rankings. However, it should be noted that awards and high scores in sustainability rankings simultaneously impacted internal legitimacy. External recognition in the form of prestigious awards is a strong symbolic display. As recognition seeking draws on externally defined ideals of competencies and achievements, it was also feeding back, as we observed, on creating internal legitimacy as it strengthened the *identification with* and commitment to the *sustainability* issue. Interviewees consistently reported:

‘You are proud to be an “Alphanian” because you can openly say that you work at the Alpha Group and that Alpha is a sustainable company. You can be proud of that [...]’.  
(Director BU1, I11-P3)

In summer 2008, Alpha Group was the first winner of a newly introduced, highly prestigious industry sustainability award sponsored by a key client, a success that could be repeated in 2009. Alpha Group’s sustainability commitment continued to flourish unabated even despite the global financial and economic crisis in summer 2008. Pursuing a path to sustainability involving accordingly higher-priced products was a very bold step, as customers had become increasingly price-sensitive by that time. But the collaterally rising interest in sustainability of not only the financial community but also other key stakeholders, such as the government and competitors, was particularly favourable for Alpha Group’s consistent sustainability endeavour, especially since this saw the firm taking the lead for the first time in the relevant category of a leading global sustainable investing stock index.

## DISCUSSION

Our main aim in this article is to move legitimacy creation from a back to a front-seat position in the scholarly debate about strategic venturing. We do so by considering how actor, process, and audience configurations change over time to legitimize a strategic venture. We ground our ideas on a unique longitudinal case study, which illustrates the mechanisms that turned the concept of sustainability from an internally widely shared moral obligation also into a business case at Alpha Group. The key implication of this study is that strategic venturing is inseparably intertwined with acquiring, maintaining, and restoring legitimacy through ongoing legitimization practices. Now our analysis offers several important insights for the strategic venturing-legitimacy nexus that will be discussed below.

### Mechanisms of Legitimation: Enabling Strategic Venture Creation

Our study contributes three new mechanisms – seeding, energizing, and prospering – to the current debate on strategic venture legitimization and corporate entrepreneurship. The *seeding mechanism* to emerge from the definition stage of our case study relates to ‘giving birth’ to the strategic venture by discursively reframing the strategic agenda and creating relational legitimacy through core team building. The turning point or threshold from seeding to the second *energizing mechanism* during the impetus stage was triggered when top management formally approved SUSTAIN as an official and mandated project of Alpha Group’s strategic agenda. The energizing mechanism ignited the creation of legitimacy by involving powerful decision-makers with substantial resources as well as substantiating and producing symbolic meaning of the business case for sustainability. The momentum for implementing change and the threshold for entering the context reshaping stage emerged when the CEO used ‘sustainability as a business model’ in his official top management talks. It signified that sustainability had officially become a strategic priority and part of Alpha Group’s espoused strategy. This event triggered the third *prospering mechanism* that enacted and integrated the business case of sustainability into corporate strategy by broadcasting this message, hardwiring it in structures and systems, materializing it into new products as well as engaging in standard-setting committees with superordinate authorities and seeking recognition for the corporation’s sustainability achievements from external audiences. These legitimizing activities became self-reinforcing practices central for creating internal and external acceptance and diffusion of SUSTAIN. In other words, prospering practices actively intervened within and across the corporation by scaling up the message and creating new material realities through structures and systems, products, and sustainability standards. These different legitimization practices contributed to the normative enactment and appropriateness of the strategic venture within the corporation. Our findings differ from previous research and thereby extend the discursive, relational, and structural repertoire of legitimization mechanisms in a number of ways.

Firstly, some mechanisms appeared in our case to be more complex than depicted in the current debate. For instance, following Vaara et al. (2006) the discursive practice of normalization legitimizes a venture as strategic by rendering the exemplary case at hand as something that becomes normal, more or less taken for granted, and a new

institutionalized way of doing things (Vaara et al., 2006). Our third prospering mechanism also echoes normalization. Yet, our prospering mechanism offers a more detailed analysis of what managers actually do to normalize an exceptional venture as a new common corporate strategic practice. In particular, we show how internal legitimization practices such as broadcasting, materializing, and hardwiring worked hand in hand with externally oriented legitimization practices such as standardizing and recognition seeking to enable the diffusion and integration of the business case for sustainability. In fact, normalization or prospering is a complex and synergetic ensemble of multiple interacting discursive, relational, and structural practices. In other words, mechanisms 'are "deep" insofar as they integrate levels of analysis by performing' (Wan, 2011, p. 148) micro-level practices that together constitute a more complex mechanism.

Secondly, while current research has identified various social (e.g., discursive, relational, and structural) mechanisms of legitimization (see e.g., Fisher et al., 2017), our case also offers some interesting indications of how legitimizing is intertwined with brute materiality. For instance, the practice of materializing resulted for Alpha Group in creating artifacts like a new sustainable product line whose environmental and economic performativity in serving the new customer segment LOHAS became visible and tangible. These material artifacts are specific products of SUSTAIN that are inscribed with meaning based on how their materialization enables or undermines legitimacy. Significantly, the success or failure of the sustainable product line impacts perceptions of appropriateness for the business case of sustainability. Similarly, the hardwiring practice cannot be reduced to a communicative endeavour. Defining and measuring new sustainability targets for waste and materials or energy consumption and applying new tools for sustainable product development and managing people are socio-material practices. These practices are the medium through which SUSTAIN became normalized at Alpha Group. Based on these findings, we consider the more recent turn to materiality in organization studies as highly relevant, yet so far unexplored for recalibrating future research on legitimacy (see Ashcraft et al., 2009; Orlikowski and Scott, 2015). Consequently, our study invites scholars to investigate the legitimacy-materiality dynamics in strategic venturing further.

### **Temporality of Legitimacy Creation: On the Sequence of Actors, Processes, and Audiences**

Our research also has implications for understanding the sequence of actors, processes, and audiences involved in legitimacy creation. Currently, we know very little about the *temporal sequences of legitimization processes* in strategic venturing. Drawing on earlier research on social sequences, we understand sequences of legitimization processes as 'empirically observed temporally ordered regularities' (Stovel, 2010, p. 5) of legitimization processes. Actors in a strategic venturing process are connected through a dynamic series of ordered states, processes, and events. The goal of sequence analysis is to understand the order in which legitimization processes unfold over time. Hence, it is essential to know what legitimization mechanisms are at the corporate entrepreneur's disposal, what effect they may create and better understand when they are applied and what the patterning of legitimization practices is. In particular, our study helps to explain the transitioning from



the definition to the impetus and then context reshaping stage in the internal selection process of a strategic venture.

As we show, corporate entrepreneurs used diverse legitimizing practices to manipulate the internal selection environment to create perceptions of appropriateness for their strategic venture. This, in turn, allowed them to promote their strategic venture and cross different legitimacy turning points. Yet, each set of legitimizing practices pushing the venture into a subsequent stage seems to follow a particular order. Our study suggests that the order in which legitimization practices are used affects the development and, possibly, the decline of a strategic venture within the corporate context. To be successful, a strategic venture has to make an upwards 'career' by being promoted from the bottom to be included in the corporate strategy. A successful 'career' requires that a strategic venture has to path specific turning points and transition into the next stage of development. As our study illustrates, crossing the approval turning point and transitioning from definition to impetus was driven by the legitimation practice of reframing the existing strategy and the political practice of core team building (seeding). These legitimizing practices helped to constitute the seeds for the business case of sustainability as a legitimate strategic initiative in the eyes of top management as the powerful decision-making audience. Once passing this stage, the venture became officially mandated and was supported by further symbolic, human and financial resources critical to elaborate the strategic venture further. Integrating SUSTAIN into the corporate strategy, thereby realizing its commercial potential, however, required the orchestration of political (involving), epistemic (substantiating), and symbolic (symbolizing) practices. As a result of a successful undertaking of these measures, the business case for sustainability was integrated into the firm's espoused strategy. Furthermore, prospering with this new strategy demanded the normalization of the business case of sustainability by orchestrating several self-reinforcing practices to acquire internal (broadcasting, hardwiring, materializing) and external legitimacy (standardizing and recognition seeking). We consider this insight important because our findings suggest that the sequential relationship between seeding, energizing, and prospering in the legitimation process is essential for understanding why SUSTAIN became successfully selected and integrated into the corporate strategy. In other words, understanding the strategic venture-legitimacy nexus requires taking sequence seriously because the patterning of legitimization processes and practices matter for creating the momentum of strategic change and, as such, transitioning from one stage of development to the next.

A final important implication addresses the changing of roles of *actors and audiences* in the legitimation process. Despite differences, previous research has assumed a degree of stability of who is subject (e.g., actor) and object (e.g., audience) to legitimation efforts in the legitimation process. Scholars have emphasized different loci of control over the legitimation process amongst actors *or* audiences (see Überbacher, 2014). Our observations offer indications for interesting dynamics in the locus of control that appear through role changing amongst actors and audiences over time. For instance, during the definition stage, in which the core ideas of the venture are crafted, the main actors were the CMO as the corporate entrepreneur and his core team reaching out to cross-functional units and especially the internal green community as the audience of legitimation practices. Gaining their support and expertise at this early stage was critical for working out the

business case of sustainability. Then, during the impetus stage, sparked by the need to gain support from corporate management, new actors joined the corporate entrepreneurial team in its legitimation efforts, reaching out from the ‘green community’ to top management as the audience. This role change and proliferation of actors continued throughout the context reshaping stage.

In addition, we noticed that some audiences also switched roles over time by becoming more active in the legitimation process; thus, blending into an actor role. This is well illustrated in the example of Alpha’s top management team, which initially was the targeted audience to be influenced during the impetus stage to gain corporate support for the venture. Once this support was granted, the TMT switched roles and became an active propagator of the strategic venture during the context reshaping stage, especially when the new CEO himself legitimized in public the business case for sustainability. Prior research has largely overlooked this actor/audience role switch in the legitimation process. An exception, yet within a crowdfunding setting, is the study by Gegenhuber and Naderer (2018, p. 151). They introduced the notion of legitimation as an ‘interactive dialogic process’, which captures the co-evolution of a venture and how it is echoed by active audiences. As our study illustrates, roles can change over time and, in some instances, can become blurred. We hope that our findings stimulate further research to explore why, when, and how actor/audience role switching during strategic venture legitimation occurs.

### **Managerial Implications**

Legitimacy creation is a core ingredient of the manager’s job. In particular, our process model with the seeding, energizing, and prospering mechanisms representing different actor-process-audience configurations is a showcase for integrating sustainability into corporate strategy. As such, these mechanisms represent toolsets for managers to legitimize strategic change. Yet, as we also show, they rely on multiple sources for demonstrating appropriateness and require a temporal orchestration of mutual support for internal and externally directed legitimization practices.

There is also one word of caution. A great deal of legitimation is image creation, which should also make us sceptical. What appears as a well-justified strategic initiative may simply be a well-choreographed ‘triumph of imagology’ (Alvesson, 2013, p. 187). Corporate managers, in particular, should be ready to challenge the ‘taken-for-granted’ appearance of strategic initiatives as well as institutionalized expectations by engaging in critical inquiry to assess and distinguish the rhetorical appearance of a strategy from its underlying substance (Rescher, 1998). One way of dealing with this is to stimulate a self-reflexive mode of inquiry. Early on in the strategic management literature, such proposals have been made by applying argumentation theory and dialectical modes of inquiry for strategic decision-making (Mason and Mitroff, 1981).

### **Limitations and Future Research**

This longitudinal single case study has limitations that can also guide future research. As with any single case study, there are limits to how far our grounded framework can be generalized (Polit and Beck, 2010; Yin, 2003). While we have generated rich data

with multiple data sources, the experiential setting for theory development is based on a particular sampling strategy with a single multinational firm, a specific business unit within this firm, and multiple representatives from different hierarchical levels and functional areas. The boundary conditions of this unique case are a fundamental limitation. Different boundary conditions such as a different industry setting, a different corporation, or a business unit would have exposed us to an additional experiential space for theory building.

There are several implications for future research we would like to highlight. First, since our case can be considered a relatively successful undertaking, we encourage further research to investigate exceptional cases with different temporal patterns. In particular, cases of organizational failure are likely to deviate in terms of emerging delegitimizing mechanisms over time (e.g., Habersang et al., 2019). Second, social sequence analysis has become a promising and interdisciplinary field to examine the timing and patterning of social life. Our work gives a first indication of strategic venture legitimization sequences. Yet, current studies on strategic venturing and legitimacy have primarily overlooked the body of methodological literature from social sequence analysis (e.g., Cornwell, 2015; Shi et al., 2012). Therefore, we suggest taking this work more seriously and using it as a platform for future work on strategic venture legitimization. Third, future research on legitimacy thresholds might benefit from our argument to consider them as turning points that alter the path of a venture. Turning points build upon the irreversibility of time and resonate with more recent work on legitimacy spill-overs (Soublière and Gehman, 2020). Future research on legitimacy thresholds might incorporate more current developments on time, temporality, and process theorizing (Abbott, 2001; Kunisch et al., 2017, 2021). Finally, we hope that our study will stimulate more research on the role of legitimacy in the corporate entrepreneurial process.

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## AUTHOR CONTRIBUTIONS

We decided to keep the alphabetic order of the authors – the individual contributions are as follow: Markus Reihlen conception of the study, collecting data for the first and second wave, analysis and interpretation of data, and preparation of all versions of the manuscript, Jan-Florian Schlapfner conception of the study, collecting data for the third wave, analysis and interpretation of data, and preparation of the manuscript of an earlier version, Monika Seeger conception of the study, analysis and interpretation of data, and preparation of the manuscript of an earlier version, Hannah Trittin-Ulbrich conception of the study, interpretation of data, and preparation of the manuscript at a later stage.

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## APPENDIX

## REPRESENTATIVE DATA OF FIRST-ORDER CONCEPTS

<i>Themes and concepts</i>	<i>Representative quotes</i>
<b>Seeding mechanism</b>	
<b>Reframing</b>	
<i>Mainstream' skepticism</i>	'I was product manager ... the market share was declining quite markedly. One of the main reasons was that we may have had an eco-friendly formula. In other words, a formula that really appealed to the ecologically minded compared to other formulas existing at the time, but the problem with the formula was that it had often left residual traces. ... And then there were problems. And statements from R&D always said: "It's all wonderful" while in statements from consumers there were more and more complaints. And for a long, long time, we basically just kept trusting R&D on this issue, at some point making excuses: "No, now it's...". Only after everything had almost gone down the drain, did we say: "No, now we have to do something"'. (I14-P1)
<i>New rhetoric</i>	'I mean, and that's why everything has always been targeted. We are not just environmentally friendly or whatever, we have performance-driven sustainability and so performance is actually at the forefront with every single product and our performance is simply "driven by sustainability". And that's why there was no image risk involved'. (I22-P3)
<i>Sustainability-profitability connection</i>	'In any case, we took it as an opportunity to pursue and expand this path, which we had already embarked on, and that went as far as the performance-driven sustainability slogan allowing you to marry performance and sustainability'. (I26-P3)
<b>Core team building</b>	
<i>Transdisciplinary nature</i>	The SUSTAIN team was composed of 11 members, including the CMO taking the lead, managers from marketing, sustainability, packaging, supply chain, purchasing, legal and corporate functions. ( <i>internal company presentation</i> )
<i>Grounded proposal</i>	First of all, there was certainly a discussion about which components and which dimensions are actually responsible. An analysis of the life cycle assessment of our own products. ... The competitor analysis also came into play. ... And then, basically, we pinpointed the status we want to establish, obviously in consultation with the many individual departments that have a decisive influence on this. ... How does Alpha define sustainability in concrete terms? And ensure it will then really be like this. There have also been product tests. I mean, [name of new sustainable brand], too, is ultimately the result of this overall concept. (I22-P3)
<i>Intrapreneurship</i>	'Well, that was more the internal department initiatives than someone formally saying that you're in charge of sustainability now. And we got into the.. Round and Performance-driven Sustainability and stuff like that, because then people realized: "Ah, you've looked at something like that before, at what the competitors are doing, that's exciting, I hadn't realized Alpha had looked into that yet", and then we were there .... So, we have the mandate on the basis of our competence ...'. (I39-P3)



**APPENDIX** *Continued*

<i>Themes and concepts</i>	<i>Representative quotes</i>
<b>Energizing mechanism</b>	
<b>Involving</b>	
<i>Powerful, hierarchically high ranked supporters</i>	‘Creating alliances. And positioning it with extremely good preparation in the right committees. Trying to get a majority, form a coalition and then implement it. So, as I said, creating alliances, getting important decision-makers on your side, convincing them of the issue, that’s the only way in my opinion. And of course you have to focus on content when trying to persuade people. You have to convince them, that’s important’. (I25-P3)
<i>Face-to-face persuading</i>	‘Success mechanisms mean... real face to face persuading through extreme personal commitment’. (I35-P3)
<i>Serendipity</i>	‘To my mind, the great successes are, I think, not really about luck but, as I said, having the right ideas at the right time or whatever. That’s what really counts. I think you can increase your chances of being lucky by prioritizing things strategically. By encouraging people to behave correctly. You can influence that, but sometimes you just need luck’. (I33-P3)
<i>New role of sustainability management organization</i>	‘But especially with Mr. [name of CEO] as the new Chairman of the Executive Board, if the Sustainability Council really does have the responsibility for the overall subject area desired by the Executive Board on behalf of the Executive Board, then managers responsible at marketing level must also be involved, and even at the R&D level it is no longer enough to say that we have this [lower ranked] specialist level, but the bosses must be involved. And that’s what happened in summer/autumn 2008 .... And so we have a different level of discussion in the committee but, above all, also a different level of decision-making possibilities. At these [managerial] levels, ... I can think about goals, and related strategies .... I have decision leaders involved, and the Sustainability Council can decide, and doesn’t have to ask first whether the executive board has also agreed?’. (I40-P3)
<b>Substantiating</b>	
<i>Skepticism if sustainability pays</i>	‘Business relevance. We are always confronted with skeptical attitudes the closer these people are to day-to-day business, to operational business. And in operational business, people find it difficult to recognize the relevance of something when it is a vision, because they don’t see it reflected in consumer behavior today, for example. Or in the behavior of a retailer. If a retailer calls for it, then he is already prepared to demand this and we have to deliver. How can you explain the relevance of something by saying we already have an answer to a question that your business partner hasn’t asked yet? Yes, that is of course difficult’. (I35-P3)
<i>‘Dense factual carpet’</i>	‘First of all, they need a kind of more or less densely woven factual carpet. So you can’t just snap your finger and say we’ll be doing Performance on Sustainability tomorrow, that’s not possible. I’d say what you <u>can</u> determine is how dense it is and how strong the fibers of this factual carpet are, the denser the better’. (I15-P3)

**APPENDIX** *Continued*

<i>Themes and concepts</i>	<i>Representative quotes</i>
<i>Use of reasoning and evidence</i>	‘... you still felt safer and clearer when you went ahead because you clearly saw this evidence that something would work in this area. And the confirmation about the different consumer tests bring us first proof. If consumers thought something wasn’t right, it’s normal to correct things. We could ask: ok is the [product] color correct now? Is the logo correct? Whatever. Is the communication correct? And then you would get confirmation there’. (I1-P3)
<b>Symbolizing</b>	
<i>Authentic role model</i>	‘And that’s very exciting, because you can see his enthusiasm when he does things like this! And that is also the case with CSR! You really notice that he is fully behind these things and is enthusiastic about them. It’s really exciting to see him like that. ... It’s very impressive! And what I would really stress is that as a person in his position he promotes this approach really well so that it everyone takes it on. This then goes beyond the mere values or codes, because he really lives and breathes this stuff!’. (I8-P2)
<i>Intensive communication</i>	‘Well, first talk about it continuously, make the relevance clear. Inside and outside. And of course getting feedback from the outside, from the customer at the end of the day, that’s important’. (I8-P3)
<i>New product logo and slogan</i>	‘That all these things are not just lip service but are really lived out and constantly further developed. And in the area of [product category], it is now also the case that we want to anchor the topic of responsibility even more strongly at product level through the slogan [combining responsibility and quality]. This is no coincidence! Because if you take a look at what Alpha has already done in the past, and that Alpha has always been at the forefront of such topics’. (I8-P2)
<b>Prospering mechanism</b>	
<b>Broadcasting</b>	
<i>Message of the proven pioneer in sustainability</i>	‘Nah, at Alpha this has always been on the strategic agenda. Yes, at Alpha it was always on the agenda, but we never played it like that. Well, that, we did that, but we didn’t talk about it. ... we have always had sustainability as a basic principle from an ecological, socially responsible and economic point of view [and] ... now the issue has become relevant in global society’. (I28-P3)
<i>Repeatable communication</i>	‘What’s that German saying? You always channel energy into what attracts your attention. When people themselves become aware of such topics as sustainability, sustainable action, environmentally compatible management, and so on and so forth. Then all of a sudden they also use more energy in these areas and a lot has happened in Alpha’s perception of this. This starts with the management and goes right down to the individual employees. At the moment, when they turn around they see this big [new sustainability slogan] sign up ahead. When Alpha goes out there and makes public statements and includes them in its communication. [Elements of the new sustainability slogan] are the hallmarks of every advertisement, Alpha stands for them, and then there is information about what we actually mean by them. And that means, of course, that we suddenly attract more attention. And also put more energy into it to communicate this message. We didn’t do that three years ago’.

**APPENDIX** *Continued*

<i>Themes and concepts</i>	<i>Representative quotes</i>
<i>Getting people on board</i>	‘So the challenge is quite clear: how to make it from the colorful pictures of a report or from Mr. [name of former CEO]’s speech, how to then manage to get this message into the heads of employees. And I think it’s a good idea to bring it to the product level, so that it’s no longer just communicated at the corporate level. So the employees also have to deal with these things every day, so that a reference is also made to them’. (I36-P3)
<b>Hardwiring</b>	
Quantitative targets	‘... for the first time, there are also quantitative targets and percentage quotas for suppliers, for example. For the first time, we say our aim is to achieve a 15 per cent reduction in energy consumption per ton by the year 2012, so basically focusing on this energy topic. Then we say a 10 per cent reduction in water consumption per ton by 2012. Then, waste generation, accidents at work, these are the targets we set ourselves. ... This is the attempt to make these things quantitatively measurable. This was then also written into the list of targets!’. (I36-P3)
<i>Four focal areas for evaluation</i>	‘The measures obviously mean we have set ourselves concrete objectives in the focal areas. And we say: Ok, as far as factories are concerned, this should start with accidents at work, discharging waste water into the environment, reducing energy consumption. But we are also eager for this component to be included in every new product and we ask ourselves whether there is any peak in performance, and at the same time we ask how we actually want to develop this product more sustainably in future, in what way should a new product be better, compared to its predecessor?’. (I18-P3)
<i>Embedding in people’s heads</i>	‘Awareness has grown because more is being said about it. ... Last year we were presented with the [name of global retailer] Award for Sustainability and received the [country name where HQ is located] Sustainability Award, which no one has probably registered yet, but due to us incorporating these two points into the larger presentation which was repeated again and again by Mr. [name of CEO] who said: in this area we are good, look what we have achieved here, these are our strengths’. (I29-P3)
<i>Reinforcing dynamics</i>	‘External obligations arise, which leave no room at all for Alpha to say anything else but now we have to commit ourselves completely. So what we need is success. I believe I have been very successful in starting the mechanics of something that then has an external impact, which again puts the company under pressure to consistently continue’. (I35-P3)

**Materializing**

<i>LOHAS</i>	‘So this whole LOHAS discussion came up: eco-friendly consumers today are no longer like those of the past just focusing on environmental friendliness and committed to product performance. LOHAS types of today are people who are well educated and informed. ... And then, of course, with 1000s of market research tests, ... you realize what a trend it is, what it looks like and how we have to prepare ourselves for this trend’.
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**APPENDIX** *Continued*

<i>Themes and concepts</i>	<i>Representative quotes</i>
<i>Sustainability brand</i>	‘When we took [name of sustainability brand] to retailers, we noticed that it was practically ripped out of our hands. They said: Yes, that’s exactly right, you have to go in that direction. There were no difficulties at all to achieve [retailer] listings. ... And the discussions about [name of sustainability brand] have been extremely simple. And ... the patience of the retail chains was very noticeable, because they all also felt that this was the right way to go. So the internal consensus comes from the fact that you can see from many external sources that the path is already the right one’. (I14-P3)
<b>Standardizing</b>	
<i>Creation of certificates</i>	‘We created this as Alpha in cooperation with this Round Table for Sustainable [name of input product]. We found a certified plantation and bought the world’s first certificates for it. But we said to everyone: go for it, because it’s not proprietary. You can all do it. We’ve only actually created the market now’. (I35-P3)
<i>Collaboration with superordinate authorities</i>	‘Alpha has been using ingredients based on renewable raw materials for decades.... Since 2003, we have therefore actively participated in the Round Table for Sustainable [name of input product]. In 2008, we were the first company worldwide to purchase certificates for sustainable [name of input product] – for our [name of sustainable] brand products.
<i>Market-maker strategy</i>	‘If this had gone the classic Alpha way – entry into committees, discussions, voting, obtaining opinions, perhaps even from business at regional or national level – it would have taken ten years to get where we are. We would only chase behind externally set standards. The strategy here is: We want to be the ones to set the standards. We want to be the ones who go one step ahead and then say: We have set the standard. Dear EU or whatever, you don’t need to bother. Just do what we do and refer to this as the industry standard. Ok this is exaggerating a bit’. (I35-P3)
<i>Mimetic moves</i>	So Alpha was already one of the forerunners. But in the end, I would say, [name of major competitor] is PR-wise ... faster in implementing campaigns. [Name of another competitor] is more an opportunity taker. They look at each other, that’s something. At first, they weren’t active in this area at all. Then they suddenly realized everyone was jumping on the bandwagon and that this could be something. And then sustainability was conjured up very quickly and also with drum rolls. (I22-P3)
<b>Recognition seeking</b>	
<i>Conform to the highest industry-specific requirements</i>	‘After that, these changes were then also regarded as an industry standard in various countries, so that all suppliers had to change their formula. However, Alpha was then in the favorable position of already being able to offer the product in this form. Certain competitors were suddenly no longer able to bid giving the brand an enormous boost’. (I8-P2)

**APPENDIX** *Continued*

<i>Themes and concepts</i>	<i>Representative quotes</i>
<i>Award seeking</i>	‘We have just recently won this [name of award] Award, which was then launched and driven by a specific institution. It was covered, for example, by [a weekly business magazine], meaning they then reported on these things in concrete terms. ... But when we then communicate that, there may already be greater demand for it from certain quarters. ... for our colleagues in Investor Relations .... After all, there are investors and analysts who take such things into account and reward them. ... If Alpha presents itself as it does now,.. [then] sustainability is an integral part of our strategy ...’.
<i>Creation of corporate image</i>	For me, sustainability is actually the perfect binding force or the perfect image to associate Alpha with and at the same time, with Alpha as an endorser, there is extremely high value added in the linkage with the product brands of the corporate divisions. [BU1] is a wonderful example of this. I mean, you know all the advertising mailings worldwide. Here we have the new slogan [name of new slogan], the perfect combination between the corporate brand Alpha, which stands for sustainability and quality, and the product brand [lists specifics product brands], which can be wonderfully combined with it. I simply believe that in the areas of [name of BU3] and [name of BU2], there is still unbelievable untapped potential to be had’. (I25-P3)
<i>Identification with sustainability</i>	‘What we are so proud of, Alpha DNA, is the sum of individual measures. That is a green [name of product brand] and all these issues’. (I13-P3)