SHAPING REALITIES: INVESTIGATING SENSEMAKING AND SENSEGIVING IN MANAGERIAL PRACTICE

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Jan-Florian Schlapfner

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SYNOPSIS

"Perception is reality." stated the Chief Marketing Officer of a major multinational firm promoting one of his strategic initiatives in a Board meeting. To which the company's Chief Executive Officer replied: "But reality is not perception.". This controversy between top managers which I was lucky to attend early in my career, caught my theoretical and practical interest since it touches the foundations of organization and (strategic) management research and praxis. It reflects the discussion around a core antagonism in the understanding of reality and our knowledge about the reality, the "objectivist" versus the "constructionist" perspective (Crotty, 1998). The controversial perspectives lead to significant differences in our understanding about how practitioners, be it, for example, top managers, middle managers, clients or consultants, make sense of the world around them. And they imply different understandings of the role of practitioners: either they are regarded as mere (bounded) rational processors of, respectively reactors to an objective reality or as active agents constructing realities (Mir & Watson, 2000). Following the understanding of an enacted reality, the organization and environment are created together (enacted) through the social interaction processes of key organizational actors (Smircich & Stubbart, 1985). In this view, organizations are constructed systems of shared meaning (Burrell & Morgan, 1979; Pfeffer, 1981; Weick, 1979) and multiple realities exist within organizations as a result of the social interaction between organizational actors (Mir & Watson, 2000).

In this work, I contribute to a social constructivist research agenda by investigating how managers/consultants (practitioners) of different ranks are engaged in patterns of behavior (practices) in socially situated contexts (practice) attempting to shape preferred shared interpretations of reality to achieve their goals. Following this line of inquiry, which is based on a practice-based approach (Jarzabkowski, 2004; Whittington, 1996), this work aims at (1) advancing our understanding of the role of practitioners in shaping managerial realities and (2) investigates how practitioners actually shape managerial realities, particularly focusing on "reality-shaping" practices and their content.

The dissertation comprises four complementary articles investigating these research questions empirically and theoretically within various managerial contexts (client-consultant relationship, post-succession strategic change process, evolutionary initiative development) and considering different actor perspectives (top managers, middle managers, consultants and clients). Resulting from this variety, the articles rely on and contribute to different, at times distant, research fields and therewith scholarly discussions (e.g. client-consultant interaction, post-succession strategic change). However, the literature on sensemaking (e.g. Weick, 1995) and sensegiving (e.g. Gioia & Chittipeddi, 1991) offers a suitable overarching theoretical frame which I will use to synthesize the key contributions of the four articles in this synopsis.

In the remainder of the synopsis, I will first present the theoretical framing of the synopsis. Afterwards, I will synthesize key contributions of the articles comprising this dissertation. Lastly, I will provide a path through the work and summaries of the four articles.

THEORETICAL FRAME OF THE SYNOPSIS: THE SENSEMAKING/SENSEGIVING LITERATURE

As argued before, sensemaking (e.g. Weick, 1995) and sensegiving (e.g. Gioia & Chittipeddi, 1991) research provides a suitable theoretical frame to synthesize the findings of this dissertation. In the following I will give a condensed overview of the literature.

Following Sonenshein (2010: 479), *sensemaking* “involves individuals engaging in retrospective and prospective thinking in order to construct an interpretation of reality”. Maitlis (2005) further describe it as a process of social construction (Berger & Luckmann, 1967) in which individuals attempt to interpret and explain sets of cues from their environment (Weick, 1995). Following this view of sensemaking, organizations are not static and there is no single objective reality but they are social constructions created and re-created by individuals (Kezar, 2013; Weick, 1995).

Whereas sensemaking relates to the process of an individuals’ meaning construction, *sensegiving* is a process concerned with “attempting to influence the sensemaking and meaning construction of others towards a preferred redefinition of organizational reality” (Gioia & Chittipeddi, 1991: 442). Therewith sensemaking and sensegiving can be regarded as “two sides of the same coin” (Rouleau, 2005: 1415).

Within the sensegiving literature two major sub-streams have emerged: Research on sensegiving has primarily focused on investigating the sensegiving strategies of leaders initiating and implementing deliberate organizational change (Bartunek, Krim, Necochea, & Humphries, 1999; Corley & Gioia, 2004; Gioia & Chittipeddi, 1991; Maitlis & Lawrence, 2007). In a second stream researchers have examined middle managers’ sensegiving, also mainly during change processes (Balogun & Johnson, 2005; Maitlis & Lawrence, 2007; Rouleau, 2005) or in the context of issue selling (Dutton & Ashford, 1993).

With regard to the type of sensegiving *practices*, existing literature has strongly focused on language and symbols as primary means of influencing and persuasion. Maitlis and Lawrence (2007: 58) summarize this as follows: “Through evocative language and the construction of narrative, symbols, and other sensegiving devices, leaders help shape the sensemaking processes of organization members". Further, the authors argue that the ability to engage in sensegiving "goes beyond simply telling a good story" (Maitlis & Lawrence, 2007: 79). Sensegivers must "rather tell sensible stories at the right time and place being themselves in a social position that leads others to listen" (Maitlis & Lawrence, 2007: 79).

CONTRIBUTION: SENSEMAKING AND SENSEGIVING IN MANAGERIAL PRACTICE

This dissertation contributes in a number of ways to management research and praxis by enhancing our understanding: (1) of the role of practitioners in shaping managerial realities and (2) of how different groups of practitioners actually shape managerial realities within different contexts, particularly focusing on "reality-shaping" practices and their content. Though a rich set of findings related to the respective theoretical and practical managerial context is found separately in each of the four articles of the dissertation, I want to take the opportunity to synthesize key overarching insights from the overall work as part of this synopsis.

First, the overall findings point to a more salient and decisive role of individual actors in the production of managerial reality compared to the role attributed in dominant existing organization and (strategic) management research. The findings suggest that socially-constructed managerial realities provide practitioners with the opportunity to engage as (micro-) institutional entrepreneurs being able to actively shape (enact) these realities within and beyond existing structures and prevailing interpretations. Moreover, the findings highlight the importance of explicitly considering the "individual" as decisive factor: on the one hand this relates to individuals' specific personal characteristics and cognitive differences and on the other hand individuals' positions and reputation (assigned by relevant actors) within the specific managerial context.

Second, the case study-based research approach – focused on investigating what practitioners actually do in various managerial contexts to influence the sensemaking and meaning construction of others towards a preferred redefinition of reality – enriches the understanding of how practitioners actually shape managerial reality. By identifying practices used by different groups of practitioners to shape reality in various managerial contexts, this work extends the existing sensegiving literature. Moreover, the findings suggest to extend the rather narrow view on sensegiving – focused on "rhetorical" sensegiving practices – by explicitly considering the use of "substantive" practices (i.e. changes to strategy, structure, processes, and systems as well as the creation of facts) to influence sensemaking and meaning creation of others towards a preferred reality. This call also contributes to further closing the gap between the concepts of sensegiving and sensemaking with the latter recognizing a broader range of means influencing meaning creation. Balogun and Johnson (2005: 1576) state: “Individuals engage in gossip and negotiations, exchange stories, rumors and past experiences, seek information, and take note of physical representations, or non-verbal signs and signals, like behaviors and actions, to infer and give meaning”. Nonetheless, the findings highlight the crucial role of “communication” for the sensemaking and sensegiving processes and provide concrete insights into the means and content of individual and organizational communication strategies.

Third, this work identifies the “content” of sensegiving practices used by practitioners to influence the perception and impression of others in different managerial contexts. Doing so, this work adds an important facet to the concept of sensegiving practices. Whereas practices are the means of shaping strategy, it is the context-specific content which often is the key differentiating factor for the success of a sensegiving practice. In particular, the (institutional) notion of “legitimacy” with its different types of legitimacy (e.g. utilitarian, moral) and sources of legitimacy (e.g. external context, official strategy, previous projects) enriches existing knowledge.

Fourth, this work has important messages for practitioners. Being aware of the social constructivist nature of reality and the resulting interpretive leeway, enables practitioners to consciously consider these in their management praxis. Moreover, the types and content of reality-shaping sensegiving practices used by managers and consultants in different contexts provide practitioners with actionable insights for their daily work. Be it top managers initiating major strategic change following succession or setting the strategic and structural frame guiding their firm’s intra-organizational ecology, initiative managers pushing their initiatives through this intra-organizational ecology, or consultants managing the client-consultant relationship.

PATH THROUGH THE WORK

As outlined before, this dissertation aims at advancing our understanding about the role of practitioners in shaping managerial reality and in particular their strategies in doing so. For this purpose, I present a set of four complementary articles which I will summarize in the following. All articles build on the findings from in-depth, empirical case studies examining what practitioners actually do, more specifically the role of practitioners and the type and content of practices used by them to shape managerial realities. The articles investigate the phenomenon within various managerial contexts (client-consultant interaction, post-succession strategic change process, evolutionary initiative development) and consider different actor perspectives (top managers, middle managers, consultants and clients).

Table 1 gives an overview of the four articles. A more detailed overview of the publication status and conference contributions is provided in the appendix.

TABLE 1
Article Overview

Article	Title	Co-Authors	Journal	Status
1	Client-consultant interaction: Capturing social practices of professional service production	Natalia Nikolova and Markus Reihlen	Scandinavian Journal of Management	Published December 2010
2	Überleben in der Wildnis: Die Entwicklung innovativer Initiativen in Unternehmen	Monika Lesner	Collected edition (peer reviewed)	Published June 2015
3	Strategy-making as legitimacy creation: The case of sustainability	Markus Reihlen and Monika Lesner		Revise and resubmit
4	A process perspective on the leader succession-strategic change relationship: Capturing new CEO practices in the post-succession strategic change process	n/a		In preparation for submission

In the *first article* of my dissertation, "Client-consultant interaction: Capturing social practices of professional service production", my co-authors Natalia Nikolova, Markus Reihlen and I contribute a more differentiated picture of client-consultant interaction.

Based on the investigation of seven consultancy projects within an international technical consulting firm, we identify three interwoven practices that characterize client-consultant interaction – shaping impressions, problem solving, and negotiating expectations – and discuss their respective characteristics, activities, and contingencies.

Our study provides insights into how consultants shape clients' perception and interpretation by applying various sensegiving practices during the acquisition of projects and when communicating consultancy results. In particular, we present two different impression management strategies used by consultants: impressing through rhetoric and impressing through tangible solutions. Moreover, the study shows that consultants spent a major part of their time engaging in learning processes together with the client during the actual consulting work with the task of generating knowledge for the diagnosis and solution of client problems – with varying intensity depending on the type of problem at hand. Thirdly, our study indicates that consultants and clients either converged or diverged in their process and/or outcome expectations, which became an important factor in the perceived success or failure of a project – underlining the importance of continuously negotiating mutual expectations and developing shared understandings (Handley, Clark, Fincham, & Sturdy, 2007; Nikolova, 2007).

Our discussion of these practices against the background of the three main theoretical models of client-consultant interaction – the expert, the critical, and the social learning model – provides not only a more differentiated picture of client-consultant interaction but also uncovers the critical role that clients play in these practices. The article and the propositions offer several potential contributions to the client-consultant research field. First, it lifts the long existing separation between the three “competing” models of the client-consultant relationship. Moreover, highlighting the clients’ active role in shaping the client-consultant relation, we have made a contribution toward revealing the complexity inherent during the production of consulting knowledge. Last but certainly not least, the focus on what clients and consultants actually do brings different views together within a practice-based approach, further enriching the understanding and managing of this critical exchange relation.

While the first article focuses on social practices in the client-consultant interaction, in the *second article* “Überleben in der Wildnis: Die Entwicklung innovativer Initiativen in Unternehmen”, my co-author Monika Lesner and I, investigate the evolution of innovative initiatives within a multinational, diversified firm, with a particular focus on what initiative initiators/owners do to assure survival of their initiatives’ within the firm’s intra-organizational ecology.

Adopting a multi case study design (Yin & Campbell, 2003), we investigate the evolution of six comparative innovative initiatives within the intra-organizational ecology of a large, diversified manufacturing firm. Building on the empirical findings and drawing on the evolutionary perspective (Aldrich & Ruef, 2006; Burgelman, 1991; Lovas & Ghoshal, 2000) and the strategy-as-practice perspective (Jarzabkowski, 2004; Pettigrew, 1992; Vaara & Whittington, 2012; Whittington, 1996) on the strategy-making process, we propose a thought framework of evolutionary initiative development and identify key managerial practices used by initiative initiators/owners to assure their initiatives’ survival within the firm’s intra-organizational ecology.

From our analysis of the innovative initiatives three interrelated key determinants emerged which seem to have a significant impact on the survival of initiatives: external environment, concept of strategy, and structural context. Our analysis demonstrates that the determinants are subject to individual interpretive schemata of organizational actors. Moreover, we found actors actively translating these determinants into a set of related sensegiving practices – which we categorized into four groups of practices: interpretation, legitimizing, communication, and implementation – that are used by them to keep their initiatives successfully alive within the intra-organizational ecology.

Doing so, initiative owners play a pivotal, multifaceted role for an initiative's success. Constantly making sense of their environment the initiative owners are being influenced by their environment in their interpretations and decisions and at the same time try to recursively influence it with their practices in favor of a successful development of their initiatives.

Our findings challenge existing knowledge by revealing previously overlooked aspects of initiative development. Firstly, the constructivist role of individual actors actively using and shaping the identified determinants in favor of their entrepreneurial endeavor. And, secondly, the importance of the implementation and institutionalization capabilities for a sustained survival of initiatives. Further arguing that explicitly addressing the different challenges associated with variation, selection, and retention provides rich insights into the dynamic interplay of practices and context factors initiative owners may draw on.

In the *third article* of my dissertation, *Strategy formation as legitimacy creation: The case of sustainability*, my co-authors Monika Lesner, Markus Reihlen, and I contribute a new perspective on the development of strategic initiatives, linking the institutionalist notion of legitimacy (e.g. DiMaggio & Powell, 1983, Suchman, 1995, Zucker, 1989) with the concept of strategic initiatives from evolutionary strategy process research (Bower, 1970; Burgelman, 1983, 1991; Canales, 2015; Lovas & Ghoshal, 2000). Following this line of thought, we argue that legitimacy is a critical success factor in the internal struggle for managerial attention and resource mobilization, and hence the survival of strategic initiatives. Following this view, the creation of legitimacy lies at the core of strategy making – with strategic initiatives competing for "social as well as economic fitness" (DiMaggio & Powell, 1983: 150).

Building on a unique and longitudinal case study of the evolution of a sustainability initiative within a major diversified firm, we report how the transition of sustainability from a firm's license to operate to an integral part of the firm's management systems, products, brands, and strategy was accomplished.

A key finding of our study is that strategic opportunities are not simply discovered (see e.g. Kirzner, 1979, Shane, 2000), but socially enacted through the use of specific legitimacy-enhancing practices. We show how initiative managers, by drawing on multiple sources of legitimacy, orchestrated a set of nine mutually supporting internally as well as externally directed legitimacy-enhancing practices at the interstices between the internal and external institutional environments. Managers used and manipulated the internal context in order to create momentum within the organization.

Moreover, our analysis shows that the prevailing justification for sustainability based on a "moral appeal" (Porter & Kramer, 2006: 2) was a necessary condition, but the real impetus emerged from incorporating utilitarian business objectives of the firm, demonstrating its relevance for the business. To shape the perceptions of key organizational members about the entrepreneurial opportunity, the initiative managers resorted to rather economic or pragmatic sources of legitimacy (Suchman, 1995) which each and every business initiative needs to satisfy in the internal struggle for business relevance.

The article contributes, first towards the advancement of evolutionary strategy process research (Barnett & Burgelman, 1996; Burgelman, 1983, 1991; Canales, 2015; Lovas & Ghoshal, 2000). Through its integration with institutional theory (Lounsbury, 2001; Meyer & Rowan, 1977; Oliver, 1991; Powell, 1991; Suchman, 1995) we examine how managers shape specific practices that are aimed at establishing legitimacy for new strategic initiatives within an intra-organizational ecology. In particular, we show how strategic opportunities become socially enacted based on an orchestrated and reinforcing set of legitimacy-enhancing practices. Secondly, we contribute to managers' understanding of how legitimacy creation is involved in practical strategy work. Thirdly, we unravel the challenges associated with establishing strategic sustainability management within large organizations.

In the *fourth article* of my dissertation, "A process perspective on the leader succession-strategic change relationship: Capturing new CEO practices in the post-succession strategic change process", I investigate the phenomenon of major strategic change following a CEO succession. The event of a leader succession offers a unique research opportunity for strategic change researchers since it represents a discrete, observable organizational event which is crucial for the organization (Giambatista, Rowe, & Riaz, 2005) and which is often associated with significant subsequent change in a wide variety of organizational dimensions (Miller, 1993a). It allows to observe the impact of a leader on strategic change first-hand, also contributing to the controversially debated question (Bertrand & Schoar, 2003; Lieberson & O'Connor, 1972) if, how, and under what conditions leaders matter.

Following this, the article particularly aims to advance the theoretical and practical understanding of "how" strategic change following a leader succession comes into being and what role and impact might be attributed to a new leader. Moreover, I was specifically interested in examining what new CEOs actually do to initiate and implement strategic change, new leader practices.

Explicitly addressing the crucial, but under-researched phenomenon of the post succession strategic change process, the article contributes to the literature on the leader succession-strategic change relationship (Hutzschenreuter, Kleindienst, & Greger, 2012) and the post-succession process (Ma, Seidl, & Guérard, 2015). Introducing the largely neglected "process" of strategic change as pivotal mediator to the leader succession-strategic change relationship, I attempt to shed some light on the black box on what is actually happening between antecedents, moderators, and outcome. I argue that understanding the process of strategic change and associated new leader practices is indispensable to get a complete picture of the complex and dynamic leader succession-strategic change relationship.

Building on a unique, explorative in-depth case study of successful transformational post-succession strategic change within a large, diversified multinational manufacturing firm which was driven by a new CEO and led to significantly increased financial performance, I identify five key levers – Getting acquainted, Building leadership team, Instilling performance, Making strategy tangible and communicating it rigorously, and Enhancing implementation – for new leader-initiated strategic change during a deliberate change process following a CEO succession. Each lever comprises different interrelated new leader practices at multiple levels and over time aimed at initiating and implementing strategic change in the specific organizational context.

A key finding of the study is that a new CEO can indeed have an impact, i.e. initiating and implementing strategic change leading to increased organizational performance.

Furthermore, the study contributes to the broader leader succession literature by adding additional insights to the insider-outsider discussion and pre-succession performance discussions, central to the field. I argue based on the detailed empirical case study findings that previous research – dominated by large scale, quantitative variance studies using secondary archival data (Giambatista et al., 2005) – has proposed rather narrowly defined variables and their relations that may not fully capture the multifaceted nature of the phenomenon. For example, the findings support the notion that using the insider/outsider dichotomy as a proxy for such a complex construct as a leader's cognitive map seems to be overly simplistic (Giambatista et al., 2005).

Moreover, the study reveals two principally different perspectives with regard to the two CEOs' overall approach to managing a large, modestly diversified company: the "decentralized, presidential" versus the "centralized, operational" conception. Beyond this the study also reveals two fundamentally contrary strategic leadership conceptions reflecting different understandings regarding the (1) relationship between strategy formulation and implementation and (2) the degree of involving the level(s) below top management in the strategy formation process.

Taking a critical perspective on the successful strategic transformation which eventually resulted in the desired financial performance short- and mid-term, I point to the risks that might be associated with a strong one-dimensional focus on profitability in the long-term. Based on Miller (1993b), I argue that such a strategy bears the potential risk of running into a "simplicity trap" in which the initial source of success turns into the ultimate cause of failure in the longer term.

Last but not least, the study reveals that the "temporality" dimension, almost completely neglected by previous research, is crucial for the strategy formulation, implementation, and leader succession planning processes. The key aspects of "timing" are presented and discussed.

Overall, the article contributes to the scholarly discussion on the leader succession-strategic change relationship and the post succession process but also informs practitioners – presenting actionable insights for their management praxis.

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This synopsis continues with an appendix.

APPENDIX
TABLE A1
Author Contributions, Publication Status, and Conference Presentations[a]

#	Title	Author Contributions	Publication Status	Conference Presentations
1	**Client-consultant interaction: Capturing social practices of professional service production**	NN (1/3): conceptual development, data interpretation, contribution to introduction, writing of theoretical framing, contribution to case study, contribution to discussion MR (1/3): conceptual development, data collection, coding, data analysis, data interpretation, writing of introduction, writing of theoretical framing, contribution to case study, contribution to discussion JFS (1/3): conceptual development, data collection, coding, data analysis, data interpretation, contribution to introduction, contribution to theoretical framing, writing of case study, contribution to discussion	Published December 2010 *Scandinavian Journal of Management*	EGOS 2008 AOM 2008
2	**Überleben in der Wildnis: Die Entwicklung innovativer Initiativen in Unternehmen**	JFS (2/3): conceptual development, participant observation, data collection, coding, data analysis, data interpretation, contribution to introduction, contribution to theoretical framing, writing of case studies, contribution to discussion ML (1/3): conceptual development, coding, data analysis, data interpretation, contribution to introduction, writing of theoretical framing, contribution to case studies, contribution to discussion	Published June 2015 Büchler, Jan-Philipp / Faix, Axel (Eds.), *Innovationserfolg - Management und Ressourcen systematisch gestalten*, Frankfurt am Main: Peter Lang Verlag.	EGOS 2013
3	**Strategy-Making as Legitimacy Creation: The case of sustainability**	ML (1/3): conceptual development, coding, data analysis, data interpretation, writing of method's section, writing of case study, contribution to discussion MR (1/3): conceptual development, data collection, data interpretation, writing of introduction, writing of theoretical framing, contribution to discussion JFS (1/3): conceptual development, participant observation, data collection, coding, data analysis, data interpretation, writing of case study, contribution to discussion	Revise and resubmit	SMS 2013 / winner of SMS Best Conference PhD Paper Prize WK ORG 2014 WK University of Southern Denmark 2014 LCE 2014
4	**A Process Perspective on the Leader Succession-Strategic Change Relationship**	JFS (1.0) – single author	In preparation for submission	IAMB 2016

[a] Including additional publications

APPENDIX
TABLE A1 (continued)
Author Contributions, Publication Status, and Conference Presentations[a]

#	Title	Author Contributions	Publication Status	Conference Presentations
Additional publications (not included in this dissertation)				
5	**“Open Intelligence” im Innovationsmanage-ment**	JFS (2/3): conceptual development, writing of introduction, writing of theoretical framing, writing of case study, writing of conclusion HE (1/3): contribution to introduction, contribution to theoretical framing, contribution to case study, contribution to conclusion	Published 2010 Gausemeier (Hrsg.): Vorausschau und Technologieplanung, Heinz Nixdorf Institut, Paderborn.	6. Symposium für Vorausschau und Technologieplanung, 28.-29. Oktober 2010, Berlin
6	**Client and consultant interaction: capturing social practices of professional service production**	See Title #7	Published 2008 Academy of Management Best Paper Proceedings	EGOS 2008 AOM 2008
7	**Modelle der Klienten-Berater-Interaktion und ihre empirische Bedeutung in der Beratungspraxis**	NN (1/3): conceptual development, data interpretation, contribution to introduction, writing of theoretical framing, contribution to case study, contribution to discussion MR (1/3): conceptual development, data collection, coding, data analysis, data interpretation, writing of introduction, writing of theoretical framing, contribution to case study, contribution to discussion JFS (1/3): conceptual development, data collection, coding, data analysis, data interpretation, contribution to introduction, contribution to theoretical framing, writing of case study, contribution to discussion	Published 2006 Reihlen, Rohde (Hrsg.): Internationalisierung professioneller Dienstleistungsun-ternehmen, 2006.	n/a
8	**Elektronischer Wissenstransfer: Königsweg für die Beratungspraxis?**	MR (1/2): conceptual development, data collection, coding, data analysis, data interpretation, writing of article JFS (1/2): conceptual development, data collection, coding, data analysis, data interpretation, writing of article		n/a
9	**Global Entrepreneurship Monitor - Länderbericht Deutschland 2005**	RS (1/3): conceptual development, data collection, data analysis, contribution to report, UB (/1/3): conceptual development, data analysis, contribution to report JFS (1/3): conceptual development, data collection, data analysis, writing report	Published March 2006 Institut für Wirtschafts- und Kulturgeographie, Universität Hannover, Institut für Arbeitsmarkt- und Berufsforschung der Bundesagentur für Arbeit (IAB), Hannover/Nürnberg.	n/a

[a] Including additional publications

Explanations Table A1

Authors

JFS= Jan-Florian Schlapfner	MR= Prof. Dr. Markus Reihlen	UB= Dr. Udo Brixy
HE= Dr. Horst Eierdanz	NN= Dr. Natalia Nikolova	
ML= Dr. Monika Lesner	RS= Prof. Dr. Rolf Sternberg	

Conferences

AOM 2008	Client and consultant interaction: Capturing social practices of professional service production, paper presentation at the 68th Annual Meeting of the Academy of Management. Anaheim, Florida, USA. August 8-13, 2008.
EGOS 2008	Client and consultant interaction: Capturing social practices of professional service production, paper presentation at the 24th EGOS Colloquium. Amsterdam, The Netherlands. July 10-12, 2008.
SVT 2010	Open Intelligence“ im Innovationsmanagement: Systematische Einbindung externer Expertise und Kompetenz über Expertennetzwerke, paper presentation at the 6. Symposium für Vorausschau und Technologieplanung. Berlin, Germany. October 28-29, 2010.
EGOS 2013	“Surviving in the Wild: Determinants and Practices of Strategic Initiative Development”, paper presentation at the 29th EGOS Colloquium: “Bridging Continents, Cultures and Worldviews”. Montréal, Canada. July 04-06, 2013.
AOM 2013	“Revisiting the Understanding of the Evolution of Strategic Initiatives”, paper presentation at the 73rd Annual Meeting of the Academy of Management: “Capitalism in Question”. Orlando, Florida, USA. August 09-13, 2013.
SMS 2013	“Strategic Management of Sustainability: The Struggle for Legitimacy”, paper presentation at the 33rd Strategic Management Society Annual International Conference: “Strategy and Sustainability”. Atlanta, GA, USA. September 28-October 01, 2013.
LCE 2014	“Strategic Management of Sustainability: The Struggle for Legitimacy”, paper presentation at the 4th Leuphana Conference on Entrepreneurship: “People, Opportunities and Technologies”. Lüneburg, Germany. January16-18, 2014.
WK University of Southern Denmark 2014	“Strategic Management of Sustainability: The Struggle for Legitimacy”, invited presentation for a workshop at University of Southern Denmark. Sønderborg, Denmark. January 28, 2014.
WK ORG 2014	“Strategic Management of Sustainability: The Struggle for Legitimacy”, paper presentation, 39th Workshop of the “Kommission Organisation“ within the “Verband der Hochschullehrer für BWL”, University of Jena, Germany. February 28, 2014.
IAMB 2016	“A process perspective on the leader succession-strategic change relationship: Capturing new CEO practices in the post-succession strategic change process”, paper presentation on the 22th IAMB Conference. London, United Kingdom. September 28-30, 2016.

CLIENT-CONSULTANT INTERACTION: CAPTURING SOCIAL PRACTICES OF PROFESSIONAL SERVICE PRODUCTION

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ABSTRACT

Based on the investigation of seven consultancy projects within an international technical consulting firm, we identify three major practices that characterize client-consultant interaction – shaping impressions, problem-solving, and negotiating expectations – and discuss their respective characteristics, activities, and contingencies. Our discussion of these practices provides not only a more differentiated picture of client-consultant interaction but also uncovers the critical role that clients play in these practices.

Keywords: Consulting; client-consultant interaction; project management; consulting success

INTRODUCTION

Client-consultant interaction is the most important factor for the success of consulting projects and, consequently, for the survival of every consulting company (Schön, 1983). Prior research has described the client-consultant relationship as a client-expert interaction (Abbott, 1988; Kubr, 1996; Schein, 1987, 1988) and as a symbolic interaction (Alvesson, 1993, 2001; Clark, 1995; Clark & Salaman, 1998a, 1998b). Both these views, although very different with regard to their assumptions and implications, place consultants at the center of the discussion, with less emphasis on the client. A third view of consulting, which we call the social learning model, offers a more balanced model of the client-consultant relationship, emphasizing an equal role of clients in problem diagnosis and solution generation (Lilja & Poulfelt, 2001; McGivern, 1983; Schein, 1999; Schön, 1983; Walsh, 2001). In this third model, the client-consultant interaction is seen as a participative learning process, in which both clients and consultants contribute valuable knowledge and ideas to a project.

We argue that these three main views stress important features of the client-consultant interaction but do not sufficiently take into account the complex and multi-faceted social practices involved in the production of professional services, a gap also indicated by other researchers (Fosstenløkken, Løwendahl, & Revang, 2003; Kipping & Engwall, 2002). Furthermore, despite the already large body of literature about the client-consultant relationship (Fincham & Clark, 2002), hardly any research has been conducted that explores empirically the nature of the social practices that characterize consulting projects (see Handley, Clark, Fincham, & Sturdy, 2007 as an exception). Therefore, the aim of this paper is to analyze this issue on the basis of seven consulting projects conducted by a technical consulting company and to develop an empirically grounded theory of social practices within client-consultant teams. We suggest that there are three practices which are crucial for the success of client-consultant interaction – impressing, problem-solving, and negotiating expectations –, and discuss their relevance, characteristics, activities, and contingencies. Our discussion of these practices provides not only a more differentiated picture of client-consultant interaction but also uncovers the critical role that clients play in these practices.

In the first section of this paper, we introduce the three main models of the client-consultant relationship and discuss their respective views with regard to the nature of social interaction within client-consultant teams. Next, we describe our case study findings and show their theoretical and practical implications. In the third section, we synthesize the theoretical models and our empirical investigation by identifying and discussing three major social practices of client-consultant teams. Finally, we provide some concluding thoughts for future research directions.

THEORETICAL MODELS OF THE CLIENT-CONSULTANT INTERACTION

The expert model

The expert model dates back to the start of academic interest in the area of consultancy work and was pre-eminent in the consulting literature from the late 1950s until the mid-1980s (Fincham & Clark, 2002). It is associated with the assumption that professional action consists of solving concrete client problems with the help of scientific theories and techniques (Moore, 1970; Schön, 1983, p. 21). Consultants are seen as experts who have access to the knowledge base of a particular practice area and are able to develop solutions to problems within that area. This knowledge is not available, or at least not entirely, to a layperson, i.e. a client, which implies that consultants as experts possess an interpretive monopoly in their respective knowledge and practice areas (Mintzberg, 1983; Stehr, 1994). This privileged interpretive position enables consultants to "correctly" decide upon clients' needs and to develop effective problem solutions. Thus, the general, abstract consulting knowledge of the consultant has been regarded by the proponents of the expert model as superior to the specific, context-dependent knowledge of the client (O'Farrell & Moffat, 1991). This implies an analogical power relation between both parties in the consulting process. As Gallessich (1982 , p. 381) states, "Consultants, like other specialists, occupy positions of relative power, as they are often the sole authorities on certain technical problems and their implications." The role of the client is reduced to that of being an information supplier during problem diagnosis, without being actively involved in the creative part of the actual problem-solving process. The role of the consultants is to adapt their abstract, general knowledge to the specific client situation in order to generate an adequate problem solution.

The critical model

In opposition to the expert model, the critical model takes a skeptical view of the interpretive monopoly of experts. Supporters of this view of consulting stress that knowledge is a socially constructed phenomenon dependent on social recognition and legitimacy rather than on scientific objectivity (Alvesson, 2001). Thus, professional knowledge is not, as traditionally pictured, scientifically substantiated knowledge, but rather a specific language. It is the language of managers and management consultants, "a language for representing mutually acceptable ways of knowing and defining and talking about management, managers and organizations" (Clark & Salaman, 1998b, p. 147). It is ambiguous, metaphorical, and context-dependent (Alvesson, 2000; Alvesson & Kärreman, 2000; Clark, 1995) and is, as such, to a large degree a matter of beliefs, impression management, and images (Alvesson, 1993, 2001).

Accordingly, impression management is at the heart of client-consultant interaction (Clark & Salaman, 1996b). In order to impress their clients and gain their business, consultants rely to a very high degree on rhetoric, images, metaphors, and humor (Greatbatch & Clark, 2002). Consequently, consulting companies are regarded as "systems of persuasion" (Alvesson, 1993, p. 1011) that communicate with clients via series of success narratives that act as substitutes for consulting company's ambiguous and vague knowledge base. Such narratives "define the managerial role" (Bäcklund & Werr, 2001; Clark & Salaman, 1998b) and create organizational myths (Clark & Salaman, 1998a). Clients, on the other hand, are represented as passive actors concentrated on managing their own insecurities and fears.

The social learning model

The third model emphasizes that clients share the "center stage" with the consultants and are active players in the diagnosis and problem solving process (e.g., Lilja & Poulfelt, 2001; McGivern & Fineman, 1983; Schein, 1999; Schön, 1983; Walsh, 2001). In the following, we concentrate on the works of Schön 1983 and Schein 1999, as they are the most comprehensive and best-known approaches.

Both authors develop their views on consulting as a response to the growing criticism of the traditional expert view of client-advisory relationships. Their approaches are based on the belief that there is no "knowledge 'out there' to be brought into the client system", which is understandable and usable by the client (Schein, 1999, p. 8). Moreover, they stress that clients possess valuable knowledge which needs to be incorporated into the problem solution. A successful client-consultant interaction requires that clients and consultants jointly diagnose clients' problems and develop problem solutions, thereby leading to a balanced form of their interaction (i.e. with neither side dominating the relationship).

Both Schön and Schein emphasize that clients and consultants often speak "different languages" and have difficulties in communicating with each other. Thus, successful proposals to handle a problem require that clients and consultants make their interpretations clear to each other and commit themselves to a reflective investigation of their positions and interpretations. They need to develop "a common set of assumptions and [. . .] some common language" (Schein, 1999, p. 203). In this process of reflection in action Schön (1983) or dialogue Schein (1999), clients and consultants share authority and control over the negotiation of meaning.

TABLE 1

Three models of client-consultant interaction

	The expert model	The critical model	The social learning model
Key works	Aharoni, 1997; Gallessich, 1982; Lippitt & Lippitt, 1978; Kubr, 1996; Sadler, 1988	Alvesson, 1993, 1994, 2001; Clark, 1985; Clark & Salaman, 1996a, 1996b, 1998a, 1998b; Kieser, 1997, 2002; Jackson, 2001	Lilja & Poulfelt, 2001; McGivern, 1983; Schein, 1999; Schön, 1983, 1987; Walsh, 2001
Consultant's role	Expert; responsible for diagnosis and problem-solving	Impression manager; storyteller; creator of myths	Facilitator of diagnosis and problem-solving; coach
Client's role	Provider of information; implementer	Audience; passive actor	Problem solver; coach; implementer
Power relation	Consultant's abstract knowledge superior to client's specific knowledge; consultant dominant actor	Consultant's rhetorical/ argumentation skills superior; dominant actor	Consultant's and client's knowledge and contributions equally important; balanced relationship
Relevance	In all types of projects	In cases of high quality uncertainty	In cases of innovative and highly relevant projects

Table 1 summarizes the main assumptions of the three models of the client-consultant interaction.

THE CLIENT-CONSULTANT RELATIONSHIP IN A TECHNICAL CONSULTING FIRM

Site

Our case study was conducted at Herrmann & Partners (H&P), a leading technical consulting company operating in a niche market.[1] The company was established in the early 1970s in Germany and has expanded continually over the last three decades, mostly due to its expertise in planning and implementing technical infrastructure. The first international offices were opened in Europe, and the company expanded later into North and South America as well as Asia. Currently, H&P employs around 220 consultants in 18 locations with 40% of the turnover generated outside of Germany. Step by step, the company has extended its original, predominantly engineering expertise to include areas such as strategy, IT, and change management consulting in order to be able to deliver an integrated consulting approach to its clients. However, a large part of its revenue is still generated from planning and implementing

[1] In order to ensure the anonymity of our research partners, real names and critical data have been changed.

infrastructure projects. Nowadays, strategy projects, such as planning distribution networks or warehouse location decisions, represent important revenue areas and often lead to subsequent implementation projects.

Data sources and data analysis

The aim of our empirical study was to understand the perceptions and interpretations of consultants, partners and, where possible, clients, with regard to the client-consultant relationship. Thus, the case study method, which involves tracing processes in their natural contexts, appeared most appropriate (Eisenhardt, 1989; Yin, 2003). Seven case studies of consulting projects within H&P were carried out to gain insights into the nature of client-consultant-interactions. The case studies involved multiple data sources, including in-depth interviews, observations, and documents. Primary data were collected through 28 in-depth semi-structured interviews with consultants from different hierarchical levels and, where possible, clients. The interviews lasted from 1 to 3 h each and focused on consultant/client reflections on the acquisition and consulting practices. All interviews were taped and transcribed. One limitation of our interview database is that it is consultant-centered. We were only allowed to contact the client directly and conduct in-depth interviews for one out of seven projects. The primary data was complemented by secondary data in the form of project documents, company, client, and personal information, formal clients' and consultants' project evaluations, internal memos, and company publications. In particular, the client's formal project evaluations were used as evidence on the client's perspective in those cases where no primary interviews were conducted.

In the first step of our data gathering, we analyzed the actual consulting market of H&P in order to contextualize the firm's strategic position therein and gain an overview of the firm's business practices, competencies, and culture. In the second step, we identified projects for researching specific client-consultant case studies. A total of seven projects were investigated. They are characterized by the following characteristics: project type – routine vs. innovative; level of international involvement – national vs. international; and project success – successful vs. unsuccessful. In the third step, we gathered detailed primary and secondary data on each of the selected seven projects.

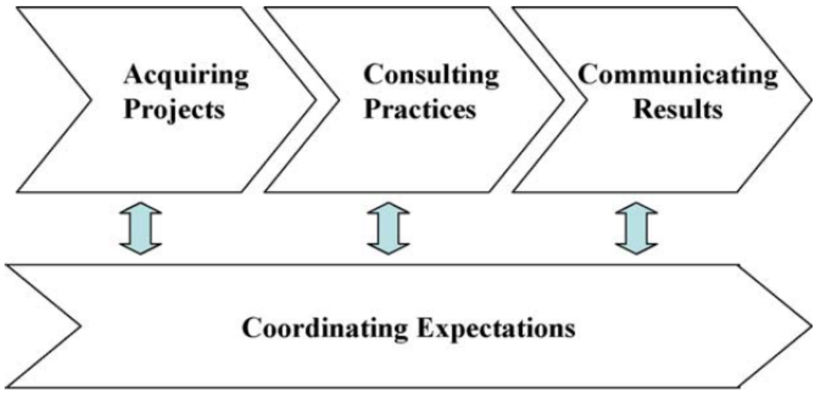
The data analysis followed what Strauss & Corbin, 1998 refer to as "grounded theory framework". Essentially, the grounded theory framework is an open-ended discovery of emerging themes. These themes, though conveyed through the interviews, are often latent to practitioners. An open ended coding allows both explicit and tacit themes to be identified. Using ATLAS.ti, a software program for analyzing qualitative data, the interviews and secondary data were first open-coded in respect of client-consultant behaviors, the causes and consequences of these behaviors presumed by the interviewees, as well as their assessments of the client-consultant project experience. Already after three interviews, major phases of the consulting process became apparent, which could be classified under the headings of acquisition, consulting, communication, and expectations. In the context of iterative coding and the formation of groups and categories, comparisons within and across different cases were studied, and renewed coding, including the subsequent interviews and secondary data, and further subcategories were identified, and cause-and-effect associations between contingencies and properties were drawn up. We maintained a practice of rigorous questioning of our interpretations throughout the analysis in order to assure our interpretations' continued grounding in the text.

CASE STUDY FINDINGS

We identified four major phases in the consulting process at H&P. These phases are acquiring projects (pre-project phase), consulting practices, communicating results (post-project phase), and coordinating expectations (see Fig. 1)

FIGURE 1

Major phases in the consulting process



Acquiring projects

The market for consulting services, in which H&P competes, has become increasingly competitive. According to our interviewees, clients have become considerably more knowledgeable and demanding in comparison to the past, being better skilled to judge the work of consultants and accordingly, more likely to set high expectations concerning their performance. As a consequence, only references from clients based in the same market segment or the same functional area were supportive of H&P's claims of competence.

References from other market segments or areas were not seen as helpful for client acquisition.

Depending on the type of project, i.e. an infrastructure or a strategy project, there were clear differences in the strategies used to convince potential clients of the expertise of H&P. As the founder, Dr. Herrmann, put it:

> *„You can show infrastructure projects. Strategy projects, in contrast, result only in a piece of paper and their implementation takes many years to become visible. Inventory has been reduced, processes have been accelerated, costs have been reduced but one cannot really show it."*

Based on their "visibility" and tangible character, a key persuading instrument for infrastructure projects were client visits to the facilities created by H&P. Potential clients were shown successful implementations of technical infrastructure and they could not only see the technology and the facility but could also talk to existing clients and ask them about their personal assessment of the infrastructure. Such references based on tangible and renowned projects were particularly convincing when it came to the acquisition of new projects.

In contrast, it was much more difficult to provide supportive "evidence" for the firm's expertise in strategy consulting, as the outcomes were not immediately recognizable and were quite difficult for clients to assess. According to H&P consultants, the most crucial elements in these types of projects were, together with references, the appearance of the consultants and their rhetorical persuasion skills; these being by far more important than in the more tangible and "objective" infrastructure projects. It was also clear that consultants were actively adjusting and fitting their language and rhetorical skills to the clients they were approaching. The increasing emphasis on the techniques of persuasion at H&P also gained importance due to the loss of a number of senior partners who had retired over the last few years. These so called grey eminences possessed a particular charisma that projected expert status in the eyes of their clients. However, the currently much younger partners and project managers did not possess such a "natural" charisma and were forced to rely more on active influencing tactics based on their appearance, rhetorical skills, and their ability to tell success stories emphasizing their industry experience.

Consulting practices

The acquisition phase is followed by the actual consulting activity once the client has assigned the project to H&P. Our case studies showed that in this phase the type of consulting project – routine or innovative – strongly influenced the adopted consulting procedure with implications for the nature of the client-consultant interaction.

Exploitive consulting. In the case of routine projects, H&P was appointed as a problem solver for a particular issue. The consulting procedure was based on a largely standardized and sequential problem-solving process consisting of the following steps: problem diagnosis, generating alternatives, evaluating these alternatives, and implementation. The role of the clients was reduced to delivering the necessary data and information for diagnosing problems and, later, implementing the suggested solution. The expertise, for example in the case of solving a warehouse location problem, was entirely provided by the H&P consultants who developed tools for conducting “calculations”. With H&P’s traditional engineering focus, these calculations were perceived as an important part of its advisory work. Tools helped consultants work out practical problems by formally modelling, analyzing, and interpreting client issues. This technical and methodological knowledge, which clients mostly lacked and therefore appreciated, allowed a fine-grained problem investigation and evaluation. As one partner from H&P put it, “H&P has the formulas, and calculates the results”.

In these typical “H&P” projects, clients relied completely on the reputation of H&P as an expert in the area and did only some preliminary work for the consultants. They fully accepted that their role was to gather data without being actively involved in the problem-solving process itself.

> *“It was a standard project, clear description of tasks; in addition, we were faced with the normal problems in gathering data and working together within a non-homogenous team, but this is normal.” (client)*

However, in order to ensure that the client accepted the suggested problem solution, H&P put a lot of effort into gaining the client’s affirmation of the assumptions and the data underlying the model. H&P consultants and clients debated intensively the data and parameter assumptions of the model in a number of workshops and discussed specific client requirements in order to confirm the chosen model. One of the H&P project managers summarized this approach as follows:

> *“First, we strive to affirm the basis of the model. Do you see this in the same way? Do you agree with it? [. . .] This is very important. It is our standard procedure that we first prepare our plans, and that we then want confirmation that they are acceptable and correct.”*

Another important task of consultants was to explain the logic of the solution to the client, as well as the extent of tasks that the client could fulfill as part of the project. In cases where the involved client team members possessed little or no experience or competence in the problem area at hand, consultants had to invest in additional activities, such as intensive conversations, explanations, and intensive client involvement, in order to familiarize the client with the problem and the data as well as with the tasks required for its solution. Experienced clients, on the other hand, could be involved in the problem-solving process as a competent and judicious partner. Such projects were executed much more efficiently because the client had relevant knowledge, there were fewer misunderstandings and the role of the client was clear from the onset.

Explorative consulting. In contrast to routine projects, innovative projects were characterized by a noticeably different procedure. The most important difference to exploitive consulting was the lack of the appropriate substantive and methodological knowledge to assist consultants in diagnosing problem symptoms and in developing a method for its resolution. Rather, this knowledge had to be generated in intensive and often time-consuming interactions with the client. In addition, consultants had to recognize from the start that the typical „expert procedure" was not transferable to an innovative problem. The procedure followed by the H&P consultants in the case of such innovative problems was highly adapted to the specific client situation. Because the H&P consultants did not possess the specific substantive knowledge critical for problem-solving, their main task was to manage a high involvement, learning-intensive problem-solving process, which required an intensive interaction between clients and consultants, as suggested by one of the H&P senior consultants:

> *"I am always dependent on the majority of the client team members, and what is most relevant is the solution finding rather than the solution diagnosis. I had to ask questions rather than give answers [. . .] because clients provide most of the answers. You only need to help them to generate those answers. And only if the client arrives at the solution himself is he convinced by it."*

Therefore, it was not the transfer of technical expertise that was critical for the success of such projects; rather, it was the support offered to the client in structuring and solving the problem with the help of specific high-involvement process consulting techniques.

With increasing ambiguity of the issue at hand, consulting skills that emphasized personal relationship building with clients became more and more important. The more ambiguous the client issue was, the more difficult it became to evaluate the specific contribution of the consultant to a problem solution. Consequently, the practices that gained importance were those that shaped the client's positive image of the consultants' work despite the causal ambiguity between this work and the realized outcomes. A senior H&P consultant explained this as follows:

> *"When we are engaged to build a warehouse, we know what is right and appropriate. In such cases, we argue on the basis of mathematics and logic; we do not consult in terms of strategic relations; rather, we are merely technical planners. However, the more you move towards the human level, the more insecure the environment, and your own position become and the more you are dependent on the ability of the client to follow and comprehend the whole process."*

Communicating results

While communication is the lifeblood of any consultancy engagement, the final presentation of results as the last stage in a consulting project was considered as crucial for delivering the advisory product. The concrete outcome of the consulting project was presented to management and compared to the initially agreed content and financial "terms of reference". While each project also produced tangible facts such as meeting deadlines, financial targets, and operational performance criteria, especially for infrastructure projects, its quality evaluation still left the client with a great degree of interpretive flexibility. In other words, the facts of the project did not speak for themselves; a key task of consultants, therefore, was to help shape client interpretations of the consultancy results. The less experienced the client was in working with consultants, the more important it became for the consultants to work on shaping client perceptions. Here, the consultants' appearance, rhetorical skills, and argumentative brilliance were particularly important in order to be convincing and effective in the eyes of the client. As suggested by one of the interviewed consultants:

> *"It is not enough to have a 100% solution, because it will not sell itself. If, technically, I can only sell 2/3 of this solution because those who decide do not understand it, the result is only 66%. Yet if a competitor has an 80% solution but manages to communicate 90% of it, the outcome is 72%."*

Our case studies showed an interesting feature of H&P as a mid-size consulting firm specialized in the area of technical consulting. Since the majority of H&P projects were not negotiated with the client's top management but rather with senior middle line managers, the success of these consulting projects was additionally dependent on how well and successfully the results were communicated to top management. However, this communication process did not always involve H&P consultants. Thus, it was an important task for H&P consultants to support and coach their direct clients in presentation skills in order to ensure that the project outcomes were communicated successfully to top managers. As one senior consultant put it,

> *"[. . .] don't just hand in the documentation to the person who hired us, but offer to that person to help him out in presenting this project to his superiors. Make him look good. [. . .] We are presentation experts. [. . .] Selling the results to top-management and skilling him, the client, is an important subtask . . . So by helping that person in his presentations . . ., we get to reach and we get to be known by upper management."*

Coordinating expectations

The success and the mutual satisfaction with the course of the project were dependent on the coordination of clients' and consultants' process and outcome expectations. The study showed that consulting projects were more difficult and resulted in less favorable outcomes when those expectations were not well coordinated in the early phases of the project. In other words, disappointing clients was the ever-present risk in consultancy work. The more complex the advisory task was, the greater the risks of disappointment were.

Process expectations. Process expectations were concerned with the way in which clients and consultants were supposed to interact with one another, including how the consultancy problem was constructed, how participative the interaction was designed to be, and which role each party was assigned during the consultancy project. The following example illustrates how a client's disappointment is created by a misalignment in terms of process expectations. H&P was engaged in an innovative project by a client – the problem was related to a competence area that had only shortly before been established at H&P. The H&P consultants did not yet possess any major previous experience in this area but did have access to methods and techniques in order to involve the client in a joint social learning process. The client on the other hand expected H&P consultants to have the necessary expertise to solve the problem independently of the client rather than the suggested cooperative consulting approach. Although the client was willing to provide the necessary information to the consultants, he was not prepared to send his employees to time-consuming workshops in order to support joint learning processes. In addition, the client's expectations remained equivocal during the next stages of the project, which further increased the consultants' frustration, as they did not know what exactly was required of them. The responsible project manager expressed his frustration as follows:

"We had a very well-structured and clear proposal, which he [the client] had agreed upon and signed, but he is not abiding by it at all. I don't know his expectations. I only know that he expects us to help him with the problem…There must have been a breakdown in communication."

Although the client and the consultants did reach a joint solution in the end, both sides saw the project as a failure because the generated solution was regarded as unsatisfactory and the planned budget had been exceeded.

Outcome expectations. While codifying the expected outcomes of a project is part of the contractual arrangement between the client and the consultancy firm, the interpretation of these outcomes was still a subject of interpretive differences between clients and consultants. An outcome expectation can be conceived as a judgement of the likely consequences of a pattern of behavior (Bandura, 2002, p. 94). With respect to the projects we studied, "disappointments" over outcome expectations occurred when the project results were not well-defined a priori. In one of the cases we studied, H&P had developed a technologically very sophisticated solution, which however had not been well coordinated with what the client really expected to receive from H&P. The client explained this as follows:

"The team … ignored the strong financial orientation of our Dutch headquarters … This aspect got lost during the project and the result was a very technical solution."

The coordination of expectations not only implies a constant renegotiation, but also offers additional opportunities for the creation of trust between the consulting company and its clients. In one case, H&P advised the client to interrupt the project shortly after the consultants had been engaged because H&P did not believe that the assessed client situation was compatible with the initial project aim. By making this suggestion, H&P was risking a large percentage of the negotiated consulting fee. However, this move was perceived by the client as highly professional behavior and it created an atmosphere in which the client saw the H&P consultants as trustworthy experts. This not only influenced the further project outcome but also generated subsequent projects with H&P. A project manager explained:

"After six weeks we had a work-in-progress presentation. We then recommended interrupting the project because the original project objectives weren't making any sense. The first reaction was an embarrassing silence. We then explained to them our reasons and we suggested using the rest of the budget to get to the bottom of the problem. This took a moment to sink in but was the main reason for our managing partner to establish a strong bond with the client."

DISCUSSION: SOCIAL PRACTICES OF CLIENT-CONSULTANT INTERACTION

Overview

The following section synthesizes insights from our discussion of the theoretical models of the client-consultant interaction and our empirical investigation at H&P. Our empirically grounded theory implies that client – consultant interaction is centered around three practices – (1) shaping impressions, (2) problem-solving and (3) negotiating expectations – that together provide the social fabric through which clients and consultants shape common background assumptions, communicate, and create knowledge and shared expectations (see Table 2). Since the consultancy knowledge that is offered to and produced with clients is subject to multiple interpretations, the first social exchange practice we identified comprises activities that shape impressions by either demonstrating tangible solutions or by utilizing storytelling, rhetorical skills, and charisma in order to reduce interpretive variety and convey the symbolic meaning of a highly complex product. Second, consultants and clients engage in the interwoven activities of problem diagnosis and treatment, through which issue-related knowledge is enacted, communicated, and sometimes materialized as a tangible problem solution. Depending on the type of consultancy approach, clients and consultants follow different roles and procedures for problem-solving. Third, communication of impressions, facts, methods, goals, rules, and social roles is embedded in reciprocal expectations of clients and consultants. We therefore identify the negotiation of expectations as a social practice in which clients and consultants develop common behavior norms concerning the consultancy process and outcome. To what extent clients and consultants have some shared understanding and values, or need to engage in activities to develop such shared understanding depends on a number of issues (see Table 2).

TABLE 2

Client-consultant interaction as a system of interwoven social practices

Practice	Activities comprising the practice	Contingency
Shaping impressions	Storytelling, rhetorical skills, charisma Demonstrating tangible solutions, client reflections	Tangibility of consulting product
Problem-solving	Exploitive consulting Explorative consulting	Novelty of consulting problem
Negotiating expectations	Convergence of expectations Divergence of expectations	Past joint experience Intensity of interaction Novelty of consulting problem

Shaping impressions

Our study supports the argument developed within the critical model on consulting that consultants strongly rely on rhetorical skills and argumentative brilliance in their interaction with clients. Although H&P, as an engineering consulting firm, seems to be less dependent on impression management than suggested in the critical literature on consulting, our study showed that H&P consultants did indeed use a number of impression strategies and tools, including series of past success narratives, in order to positively influence clients' perceptions and impressions, as well as to convince clients of the benefits of working with H&P in the project pre-phase. In addition, due to the difficulties for clients of evaluating the quality of the delivered consulting service even ex post (Clark, 1995; Løwendahl, 1997), consultants need to shape clients' impressions after a problem solution has been developed, during the post-project phase. As our case study showed, even in the case of routine problems, the evaluation of the service quality leaves the client with a degree of interpretive flexibility. This interpretive ambiguity is much higher in the case of innovative problems. Furthermore, our study showed that a major task of consultants is "to make the client look good in front of his management". Thus, consultants' stories and rhetoric were used as powerful impression tools to support their immediate clients when the outcomes of the project were presented to top management. Top managers rarely know the details of such projects and do not have the expertise to evaluate the suggested solutions. In such situations, clients make use of consultants' impression management techniques in order to persuade their superiors.

Depending on the project type, we identified two different impression management strategies: one strategy based on rhetoric and the other based on tangible problem solutions.

Impressing through rhetoric

Rhetoric is the art of speaking or writing influentially or persuasively. It seeks acceptance or agreement to specific claims by means of representing them in a favorable light, especially by noting their intrinsically appealing features (Rescher, 1998, pp. 49-53). To take consulting as an example, a consulting success story is a rhetorical move in the language game between consultants and clients. Which success stories are regarded as effective manipulations of (clients') subjective impressions is influenced by the communicative context, including the client's background, his/ her problems, and industry culture. In the practice of impression management at H&P, the impression strategy based on rhetoric became especially important when no visible evidence for consulting quality could be provided from previous projects, as is the case in strategy projects. Under these circumstances, the importance of rhetorical tactics increased, which created positive client impressions and quality expectations. Such tactics involved rhetorical skills, linking the project to recent research outcomes, and the use of H&P's success stories. Consultants' appearance, rhetorical skills, and argumentative brilliance were also particularly important for shaping client's impressions of the delivered problem solution when clients were less skilled in the consultancy field. The way results were presented was often as important for their acceptance by not-involved clients as the results themselves. This was particularly the case when results had to be presented to top managers who were not involved in the projects.

Impressing through tangible solutions

The second impression management strategy involved convincing the client of the competence of the consulting company by referring to previous successful tangible problem solutions. In contrast to the rhetorical strategy, which is based on impression creation by utilizing well-presented ideas, the second strategy aims to empirically "prove" success stories, which had until then only a hypothetical character. This presupposed the existence of reference projects, which were not purely conceptual (expressions in language), as in the case of strategy and concept planning projects, but had already been implemented by clients and resulted in visible outcomes. In the case of H&P, infrastructure projects, e.g. the construction of a warehouse, were particularly helpful in this regard because clients could see the outcome. Consultants regarded clients' visits to such an infrastructure as particularly important because clients were not only presented with success stories, which were common to all other consulting companies, but also got to see "empirical evidence" as a support for the presented success story. In other words, the consultants' impression strategy relied in this case on "empirically proven" knowledge.

To sum up, the practice of shaping impression is critically important in the pre- and post-project phase of consulting engagements. However, at the level of the consulting project clients and consultants were less concerned with impression management activities, but rather participated jointly in creating and applying consulting knowledge for problem-solving (see also Sturdy, Handley, Clark, & Fincham, 2008).

Problem-solving

Our study showed that consultants spent a major part of their time engaging in learning processes with the task of generating knowledge for the diagnosis and solution of client problems. Thereby, consultants followed a problem-oriented learning process through which they created a well-argued and -justified knowledge base for their consulting projects. In this process, clients played an important role as, for example, they were engaged in questioning the appropriateness of the assumptions made, gathering relevant data, and developing creative ideas for problem solutions.

Our study also showed that the nature of client-consultant interaction and the roles of the involved parties vary, depending on the type of the problem at hand. In the case of routine problems, client-consultant interactions mostly followed procedural characteristics, as described by the expert model. The role of the consultants was to develop a "correct"' problem structure and to generate an appropriate solution on the basis of their expertise. The role of the client was reduced to that of an information supplier and implementer of the suggested solution. Such a clear division of labor between clients and consultants is highly efficient in projects requiring a tangible form of expertise. The existing empirical "proof" for the expertise of consultants in such cases allow clients to trust the reputation of the consultants, making an intensive, time- and resource-consuming interaction with the consultants unnecessary.

However, viewing consulting projects as client-expert interactions also leads to some important problems. As our study showed, consulting work cannot be regarded merely as a transfer of technical expertise between clients and consultants, as suggested in the expert model. Even in the case of routine problems, consultants and clients need to work closely together in order, for example, to discuss the model's assumptions or the rationale of the generated solution. Only then will clients be able to implement those solutions successfully.

This is all the more the case when clients and consultants face an innovative problem, which requires, as Schön (1983) and Schein 1999 stress, that they jointly construct the problem. Under these conditions, the consultancy task becomes a "wicked" (Mason & Mitroff, 1981; Rittel, 1972) or "multi-context" (Kirsch, 1988) issue requiring competence in reflective conversation for the generation and negotiation of advisory knowledge. These reflective conversations were seen as vital for exploring the contextuality and particularity of the consultancy case. The role of both consultants and clients in innovative projects is more appropriately described by the social learning model. With the help of reflective conversations, consultants engaged their clients in cooperative learning processes, which are based on a mutual exertion of influence through dialogue and mutual advice.

Negotiating expectations

Several authors indicate the importance of client expectations within consulting projects (e.g., Gable, 1996; Schein, 1999, 2002; Schön, 1983). Schein (1999, p. 36, emphasis added) stresses that "exploring mutual expectations" with regard to status and role of both clients and consultants is extremely important for a successful client-consultant relationship. However, in general, the importance of negotiating expectations within client-consultant teams has been neglected in the literature on consulting.

Expectations reflect standards of social behavior, which appear in our memory traces when we engage in social interaction. Parsons (1951, p. 40) explains norms as the "complementarity of expectations" and (Luhmann, 1995) argues that communication is a transitory element, the meaning of which is influenced by "enduring" structures of expectations. Consultancy work therefore consists not merely of communicative actions but is also shaped by expectation structures, which give meaning to and provide the risks of the consultancy process and outcome. As our case study indicates, clients and consultants either converged or diverged in their process and/or outcome expectations, which became an important factor in the perceived success or failure of a project. Following social interactionism (Mead, 1967; Vygotsky, 1978), the convergence of social expectations is the result of sharing practice and experience between consultants and clients, which leads to a joint social reality. Convergence of expectations is, then, the emergent product of shared understanding, norms, values and practice, which results in a highly involved and rich communicative social exchange that facilitates insights into others' and updating of one's own standards and beliefs (also Handley et al., 2007). This high involvement interaction became particularly important during explorative consulting practices where project goals became a moving target and process expectations were subject to many changes. Contrarily, the divergence of social expectations between consultants and clients was mainly the result of a lack of shared understanding and practice, which resulted in poor social exchange making it difficult to scrutinize and coordinate the individual standards of the involved parties. Low social interaction provides few opportunities to establish and update our mental models, including our standards of social behavior (Ringberg & Reihlen, 2008). Thus, we argue that successful consulting projects require continuous social processes of negotiating mutual expectations and developing shared understandings and identities (Handley et al., 2007; Nikolova, 2007).

CONCLUSION

Based on the existing literature and integrating insights from an empirical case study in a technical consulting firm, this research contributes a more differentiated picture of client-consultant interactions. Our research frames client-consultant interaction as a system of three interwoven social practices in which the client shares the center stage with consultants in the constitution of their project work. In particular, the underlying argument presented in this paper can be summarized as follows: (1) In line with the critical model on consulting, we argue that client-consultant relationships are symbolic interaction systems characterized by rhetorical language games in the form of sets of success stories, metaphors, etc. These symbolic interactions help consultants create an expert image in the eyes of their clients and shape the meanings clients create from those interactions with consultants especially under conditions of interpretative ambiguity. (2) As recognized by both the expert and the social learning model, client-consultant relationships are problem-solving systems geared towards the creation and application of knowledge. Through its influence on cognition, decision-making, and the need for learning, the degree of innovativeness of consulting projects has important effects on key aspects of the problem-solving process – for instance, social roles of clients and consultants, power distribution, or needed social interaction between clients and consultants. (3) The dynamic interaction between clients and consultants generates behavioral variations which creates an ever-present risk of social disappointment. Therefore, it is necessary to negotiate and stabilize the relation between consultants and clients through reciprocal outcome and process expectations that become condensed forms of shared meaning structures (also see Luhmann, 1995). As our study showed, only when clients' and consultants' expectations overlap to some degree, they can make sense of the actions of others and work successfully together.

Our study and the propositions it suggests offer several potential contributions to the client-consultant research field. First, it lifts the long existing separation between the three "competing" models of the client-consultant relationship by empirically showing their relevance and theoretically combining their insights to account for the multifaceted nature of client-consultant interaction. Moreover, in scrutinizing clients as powerful co-producers and in highlighting their active role in shaping the client-consultant relation, we have made a contribution toward revealing the complexity inherent during the production of consulting knowledge. We believe that a focus on what clients and consultants actually do under various settings brings different views together within a practice-based approach that will further enrich our understanding and managing of this critical exchange relation.

From a theoretical perspective, future research would benefit from further exploring the link between problem-solving and impression management by paying attention to the role of power in client-consultant interactions. This issue is particularly relevant for the case of innovative projects when no sufficient problem-solving knowledge exists. Including power in the discussion of client-consultant interaction will contribute to a more thorough understanding of the interaction process and its success factors.

From an empirical perspective, the analysis of dyadic client-consultant relationships would be particularly insightful. However, it is often difficult, as we experienced it during our study, to get access to such dyadic relationships because most consulting firms are unwilling to allow interviews with their clients, particularly in cases of unsuccessful projects.

This paper reveals that consulting work involves a complex set of social practices between clients and consultants. Taking this complexity into consideration, rather than trying to reduce it, is what we see as a crucial guideline for the development of a better understanding of client-consultant interactions.

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ÜBERLEBEN IN DER WILDNIS:
DIE ENTWICKLUNG INNOVATIVER INITIATIVEN IN UNTERNEHMEN

Danksagung
Wir danken Prof. Dr. Jan-Philipp Büchler und seinem Team für die wertvollen und konstruktiven Kommentare. Eine frühere Version dieses Beitrags wurde auf dem 29th EGOS Colloquium in Montreal (Kanada) vorgestellt.

EINFÜHRUNG

Mitarbeiter aus allen Bereichen und Hierarchieebenen eines Unternehmens initiieren und verfolgen laufend neue Initiativen, in denen sie vorschlagen neue Dinge zu machen oder bestehende Dinge anders zu machen (Burgelman, 1983a; Dutton & Ashford, 1993; March, 1991). Diese Initiativen bieten Wege die Innovations- und Wettbewerbsfähigkeit großer Unternehmen zu revitalisieren (Baden-Fuller, 1995; Burgelman & Sayles, 1986; Covin & Miles, 1999; Guth & Ginsberg, 1990). Initiativen sind folglich elementare Bausteine des Innovationsgeschehens und der Innovationsfähigkeit von Unternehmen. Ein besseres Verständnis davon, wie sich solche Initiativen in der intraorganisationalen Ökologie eines Unternehmens von der Idee bis zur, im Idealfall, Institutionalisierung entwickeln – oder in anderen Worten in der „Unternehmenswildnis“ überleben-, ist demnach für Forscher wie Manager, die sich mit dem Thema Innovation in Unternehmen beschäftigen, gleichermaßen von Bedeutung.

Initiativen stehen als primäre Untersuchungseinheiten im Mittelpunkt der *evolutionären Perspektive* in der Strategieprozessforschung, die damit einen interessanten Ansatzpunkt auf dem Weg zu einem besseren Verständnis dieses Phänomens bietet (Burgelman, 1991; Cohen & Machalek, 1988). Die Entwicklung von Initiativen hängt aus evolutionärer Perspektive von organisationsinternen administrativen und kulturellen Selektionsmechanismen der jeweiligen intraorganisationalen Unternehmensökologie ab. Diese bestimmen über die Zuweisung knapper, materieller und immaterieller organisationaler Ressourcen, wie finanzielle Mittel oder die Aufmerksamkeit des Top-Managements, an die vielen, um diese Mittel konkurrierenden, Initiativen (und damit über das Überleben von Initiativen in der Unternehmensökologie; Burgelman, 1983b; Lovas & Ghoshal, 2000).

Ziel dieses Beitrags ist, auf Grundlage einer umfassenden, empirischen Datenbasis aus einer fallstudienbasierten Untersuchung mehrerer Initiativen in einem großen, multinationalen Unternehmen, (1) der Entwurf eines Denkrahmens zur Entwicklung von Initiativen in Unternehmen aus evolutionstheoretischer Perspektive und (2) die Identifikation und Beschreibung grundlegender Determinanten und Praktiken für das Überleben von Initiativen.

Hierzu greifen wir primär auf Erkenntnisse der *evolutionären Perspektive in der Strategieprozessforschung* (Aldrich & Ruef, 2006; Burgelman, 1991; Lovas & Ghoshal, 2000) sowie den *Strategy-as-Practice-Ansatz* zurück (Jarzabkowski, 2004; Pettigrew, 1992; Vaara & Whittington, 2012; Whittington, 1996). Durch die Erweiterung früherer, eher statischer Konzeptualisierungen zentraler Konstrukte der intraorganisationalen Ökologie in der evolutionären Strategieprozessliteratur, tragen wir insbesondere zur Erweiterung des

Verständnisses zentraler Determinanten in der Entwicklung von Initiativen bei. Die an die Strategy-as-Practice Literatur angelehnte *Mikro-Perspektive* ermöglicht zudem einen Blick auf die Praktiken, mit denen Manager versuchen das Überleben ihrer Initiativen in der Ökologie eines Unternehmens zu sichern.

THEORETISCHE GRUNDLAGEN EINER MIKRO-EVOLUTIONÄREN PERSPEKTIVE

Ausgehend von der Idee der intraorganisationalen Ökologie wird in vielen Beiträgen der evolutionären Perspektive ein *Drei-Phasen-Modell* (Variation-Selektion-Retention) der Entwicklung von Initiativen entworfen (Aldrich & Ruef, 2006; Hannan & Freeman, 1977; Nelson & Winter, 1982). Unternehmen werden als ökologische Systeme verstanden, in denen ein Zyklus aus ständiger interner Variation verfügbaren Wissens innerhalb der operativen Managementebenen, anschließender Selektion daraus resultierender Initiativen durch organisationsspezifische administrative und kulturelle Mechanismen und Retention der neu erlernten Kompetenzen und Ressourcen in Form formaler oder kultureller Systeme, das Innovationsgeschehen und -fähigkeit einer Organisation bestimmen (Burgelman, 1991).

Eine federführende Rolle in der Konzeption dieser intraorganisational-evolutionären Perspektive nimmt Burgelman (Burgelman, 1983b) mit seiner langjährigen Untersuchung des „Internal-Corporate-Venturing“ Prozesses bei Intel ein. Aufbauend auf Bowers (Bower, 1970) Idee, interne Investitionsentscheidungen als Ressourcenallokationsproblem darzustellen, definierte Burgelman ein deskriptives Modell, das die Entwicklung innovativer Produktinitiativen als vielschichtige, ineinandergreifende Managementaktivitäten und deren Interdependenzen mit wesentlichen strukturellen und strategischen Einflussfaktoren abbildet.

Die spezifischen organisationalen Mechanismen und Einflussfaktoren, die diesen ökologischen Prozess moderieren und entscheiden welche Initiativen letztendlich überleben, sind auf die Strategie, den strukturellen und den strategischen Kontext eines Unternehmens zurückzuführen (Bower, 1970; Burgelman, 1983a, 1983b). Die durch das Top-Management kommunizierte und kaskadierte Strategie des Unternehmens induziert den Großteil organisationaler Innovationsaktivitäten, die allerdings nur zu inkrementellen Veränderungen führen können. Diese induzierten Initiativen müssen zunächst den strukturellen Kontext passieren, der die oben erwähnten administrativen und kulturellen Mechanismen, wie beispielsweise formale Kontroll- und Planungssysteme, Ressourcenallokationsregeln und kulturelle und soziale Routinen, umfasst, die aktiv vom Top-Management definiert und manipuliert werden, um innovatives Verhalten mit der Unternehmensstrategie in Einklang zu bringen. In diesem Sinne ist der strukturelle Kontext ein Filter für alle diejenigen Initiativen, die den strategischen Kurs des Unternehmens unterstützen. Im Gegensatz dazu fallen autonome Initiativen aus dem strategischen Rahmen und somit auch dem strukturellen Filter weitestgehend heraus und konstituieren das, was Burgelman als genuinen *Corporate Entrepreneurship* bezeichnet, der durchaus in radikalen Veränderungen mündet (Burgelman, 1983b, 1983c). Nach der Definition ihrer technischen und ökonomischen Aspekte auf den operativen Ebenen und dem Impetus bzw. Anstoß durch das mittlere Management, das die Initiative mit den Anforderungen des Marktes und der Unternehmensleitung verknüpft, kämpfen autonome Initiativen um die Zuweisung knapper organisationaler Ressourcen. Als emergenter Prozess sind autonome Initiativen nur begrenzt planbar und müssen über die Aushandlung eines neuen strategischen Kontextes für die Innovationsvorhaben Eingang in die Strukturen, Systeme, und die Strategie des Unternehmens finden. Dieser Kontext umfasst demnach die politischen Verhandlungsprozesse zwischen den operativen Verfechtern der Innovation sowie deren Champions aus den mittleren Managementebenen und dem Top-Management. Dem Einfluss der externen Umwelt wird in den Modellen intraorganisationaler Ökologie eine vergleichsweise marginale Betrachtung zuteil. Es wird angenommen, dass je besser die internen Selektionsmechanismen die externen Selektionskriterien reflektieren, desto höher ist die Wahrscheinlichkeit des langfristigen Überlebens und Erfolges eines Unternehmens.

Während die evolutionären Modelle sich der Makroebene annehmen, befasst sich die Strategy-as-Practice Forschungsströmung mit der Mikroebene (Jarzabkowski, 2004; Whittington, 1996). Hiernach ist Strategie, und übertragen auf unseren Kontext Innovation, etwas was von Akteuren in sozialer Interaktion mit anderen Akteuren und mit Rekurs auf etablierte Praktiken innerhalb eines Kontextes, „getan" wird. Strategische bzw. innovative Praktiken implizieren in diesem Sinne soziale, symbolische und materielle Instrumente derer sich Akteure bedienen, um ihre strategischen bzw. innovativen Aufgaben zu verrichten.

Jarzabkowski (Jarzabkowski, 2004) folgend, hängt die Entstehung adaptiver Praktiken, d. h. Praktiken die zu einer maßgeblichen Veränderung oder Erneuerung führen, von der Interaktion zwischen pluralistischen Makro- und Mikro-Kontexten ab. Nur im Rahmen einer solchen Interaktion können Akteure ihrer eigenen und der Handlungen anderer eine Bedeutung zuschreiben. Die Integration der klassischen Makro-orientierten intraorganisational-ökologischen Modelle mit ihren ausführlichen Beschreibungen von Kontextfaktoren und der auf Mikro-Praktiken fokussierten Strategy-as-Practice Literatur eröffnen daher aus unserer Sicht einen aussichtsreichen Ansatzpunkt zum besseren Verständnis der Entwicklung von Initiativen.

INNOVATIONSINITIATIVEN IN EINEM MULTINATIONALEN UNTERNEHMEN

Vorgehen und Untersuchungskontext

Vor dem Hintergrund unserer Fragestellung erwies sich die Fallstudienmethode, die der Beschreibung und Illustrierung sowie der Erforschung und Erklärung komplexer Zusammenhänge innerhalb eines sozio-kulturellen Kontextes dient, als geeignete Untersuchungsmethode (Eisenhardt, 1989; Yin, 2003).

Hierzu wurde eine empirische Untersuchung in der Global Group (anonymisiert), einem multinationalen, diversifizierten Unternehmen mit Hauptsitz in Europa, durchgeführt. Die Global Group erwirtschaftet Umsätze im zweistelligen Milliardenbereich (in EUR) und gehört seit Jahrzehnten zu den weltweit führenden Unternehmen in den Märkten, in denen das Unternehmen tätig ist. Darüber hinaus erzielte die Global Group in den Jahren vor und nach unserer Studie ein enormes organisches Wachstum, das sich auch in einer überaus positiven Umsatz- sowie Gewinnentwicklung wiederspiegelte. Somit stellte die Global Group ein interessantes Fallstudienobjekt zur Untersuchung der Entwicklung von Initiativen dar.

Den Vorgaben des theoretischen Samplings (Eisenhardt, 1989; Yin, 2003) folgend, wonach diejenigen Fälle selektiert werden, die am wahrscheinlichsten die existierende Theorie replizieren oder gar erweitern, wurden sechs komparative Fälle, bzw. Initiativen mit jeweils unterschiedlicher Zielsetzung, Zeitraum und hierarchischem Ursprung zur näheren Betrachtung ausgewählt, die in Abbildung 1 dargestellt werden.

ABBILDUNG 1

Übersicht über untersuchte Initiativen

Initiative	Beschreibung
Innovation	Erhöhung der unternehmensweiten Innovationsfähigkeit
Kunden	Verbesserung des Kundenbeziehungsmanagements
Marke/Produkt	Einführung einer neuen Marke/Produktrange
Nachhaltigkeit	Nutzung von Nachhaltigkeit als Wettbewerbsvorteil
Performanceverbesserung	Programm zur unternehmensweiten Performanceverbesserung
Effizienzverbesserung	Effizienzverbesserungsmaßnahmen

Im Rahmen der empirischen Untersuchung wurde eine empirische Datenbasis erhoben, die vielfältige primäre und sekundäre Datenquellen umfasst, um eine hohe interne Validität durch die Triangulation verschiedener Datenquellen zu gewährleisten (Bryman & Bell, 2003). Primäre Daten wurden im Rahmen von 48 qualitativen Tiefeninterviews, die jeweils zwischen 60 und 150 Minuten dauerten, sowie teilnehmender Beobachtung gesammelt. Die sekundären Datenquellen bestehen aus Dokumenten wie internen Präsentationen, E-Mails, internen Publikationen wie Mitarbeiterzeitungen, Newslettern, externen Presseartikeln, Geschäftsberichten sowie öffentlichen Unternehmenspräsentationen. Die ausgewählten Daten lieferten neben speziellen Angaben zum Inhalt und Entwicklung der untersuchten Initiativen auch allgemeine Informationen zur Unternehmensstrategie und -struktur, den Innovationssystemen sowie dem externen Kontext.

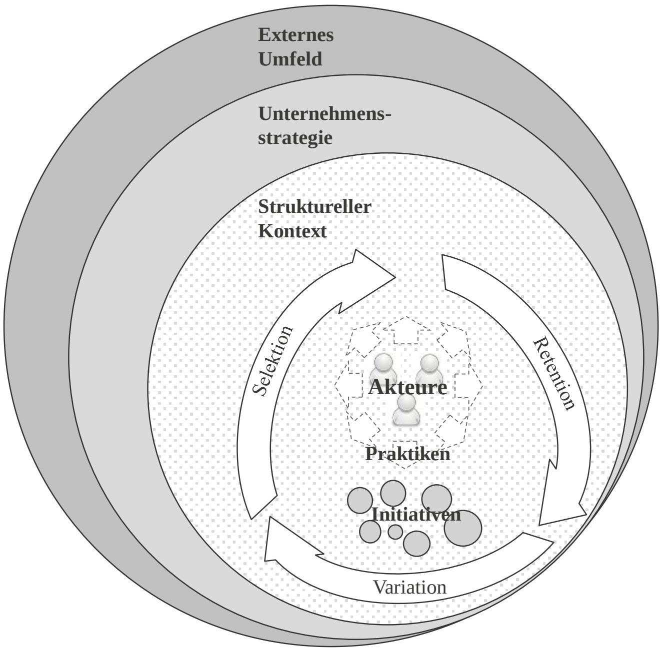
Die Analyse der Daten folgte dem "Grounded Theory" Ansatz nach Strauss und Corbin (Strauss & Corbin, 1990). Dieser beschreibt die Analyse als emergente Offenlegung von Konstrukten und Konzepten innerhalb der Daten. Mit ATLAS.ti, einer Software zur Auswertung qualitativer Daten, wurden die primären und sekundären Daten zunächst von den beiden Autoren unabhängig voneinander offen kodiert und anschließend iterativ in Gruppen und Kategorien höherer Ordnung überführt. Die Ergebnisse wurden zudem in unterschiedlichen Phasen der Analyse zentralen Konstrukten und Konzepten der relevanten Literatur gegenübergestellt. Abschließend wurden die Erkenntnisse mit unseren Interviewpartnern validiert, um die Subjektivität der Ergebnisse weiter zu reduzieren (Bryman & Bell, 2003).

Ergebnisse

Als Ergebnis unserer iterativen Datenanalyse und dem Vergleich mit der relevanten Literatur konnten wir drei wesentliche Determinanten für die Entwicklung von Initiativen identifizieren: das externe Umfeld, die Unternehmensstrategie und den strukturellen Kontext. Diese unterliegen ihrerseits der kognitiven Übersetzung und der aktivitätsorientierten Umsetzung in unterschiedliche Praktiken durch die involvierten Akteure, die diese anwenden, um ihre Initiativen und die damit angestrebten produktbezogenen, strukturellen oder strategischen Veränderungen, erfolgreich über die Entwicklungsphasen der Variation, Selektion und Retention hinweg zu institutionalisieren.

ABBILDUNG 2

Denkrahmen zur Entwicklung von Initiativen in Unternehmen



Diese Überlegungen zu Entwicklungsphasen, Determinanten, Akteuren und ihren Praktiken haben wir in einem Denkrahmen zur Entwicklung von Initiativen in Abbildung 2 zusammengefasst und gehen in den folgenden Abschnitten auf die in diesem Denkrahmen stattfindenden interdependenten Dynamiken ein.

Determinanten und Praktiken in der Variation und Selektion

In diesem Abschnitt beschreiben wir zentrale Determinanten und ausgewählte Praktiken, die sich für die Phasen der Variation und Selektion als entscheidend herausgestellt haben.

Externes Umfeld

Das externe Umfeld umfasst die Gesamtheit der Kunden, konkurrierenden Unternehmen, Anteilseigner, Finanzinstitutionen, und weiterer externer Stakeholder.

Der Einfluss des externen Umfeldes spielt eine besondere Rolle in der Variation. Externe Markttrends, Veränderungen im Konsumentenverhalten und die Aktivitäten konkurrierender Unternehmen oder anderer externer Stakeholder, bieten Managern vielfältige Möglichkeiten zur Variation. Günstige Entwicklungen des externen Umfeldes wurden durch unsere Interviewpartner wiederholt als „Window of Opportunity", d. h. ein optimales Zusammenspiel aus externen Kontextfaktoren, bezeichnet. Im Besonderen spielten hierbei die Schritte von Wettbewerbern eine Rolle, die Managern die Notwendigkeit interner Variation vor Augen führten und als primäres Legitimationsargument interner Initiativen zum Tragen kamen. Auch langfristige Markttrends, wie die Entdeckung einer neuen Konsumentengruppe, bis hin zu eher kurzfristigen externen Schocks, wie dem steilen Preisanstieg für ein wichtiges Rohmaterial, waren ähnliche Trigger für Variation.

Manager nutzten diese „Chancen“, die das externe Umfeld eröffnete, um diese für die Phase der Selektion in für ihre Initiative vorteilhafte Interpretationen sowie konkrete Kommunikationsstrategien umzuwandeln. Dies bewirkte unter den Managern der Global Group ein Dringlichkeitsempfinden an den neuen Handlungsmustern und Problemlösungsvorschlägen die durch die Initiative formuliert wurden, zu partizipieren. Diese Veränderungen wurden entweder in Form logischer Argumentationsketten auf Basis eines „dicht gewebten Faktenteppichs“ wie es unsere Interviewpartner formulierten, verwertet. Hierzu gehörten u. a. Wettbewerbsstudien, externe Auszeichnungen, Konsumentenbefragungen und -tests, oder Pilotprojekte bevor das Potenzial der Initiative intern präsentiert wurde. Pilotprojekte erwiesen sich in besonderem Maße dazu geeignet internen Handlungsdruck aufzubauen, sofern sich das Projekt als erfolgreich herausstellte und damit positive Rückmeldungen aus dem externen Umfeld generierte. Ein Manager fasste diese Praktiken wie folgt zusammen: „weil man schafft Fakten, damit, dass man nach außen geht. Dadurch erzeugt man einen externen Druck sich mit dem Thema zu beschäftigen. Das bringt die Initiative und auch die Bereitschaft sich dafür zu entscheiden, wieder nach vorne. Ob es jetzt bewusst genutzt wird oder nicht. Aber um eine strategische Initiative, das Überleben meiner strategischen Initiative zu sichern, ist das natürlich ein sehr gutes Mittel, das einzusteuern.“ Jedoch musste dieses positive externe Feedback immer auch von entsprechend ausgefeilter, intensiver Kommunikation begleitet werden, um diese ersten Erfolge als Legitimitätsquelle innerhalb der Organisation zu nutzen.

Offizielle Unternehmensstrategie

Als zweite zentrale Determinante der Entwicklung von Initiativen wurde die offiziell vom Top-Management kommunizierte und kaskadierte Unternehmensstrategie identifiziert. Diese impliziert im weitesten Sinne die aktuellen strategischen Prioritäten, das organisationale Erbe und das aktuelle Portfolio an, um ihren eigenen strategischen Kontext verhandelnden, Initiativen innerhalb des Unternehmens.

Obgleich es in der Global Group eine offiziell kommunizierte Strategie gab, die einer intensiven, unternehmensweiten Kommunikation unterlag, wurde diese offizielle Strategie von den Organisationsmitgliedern in unterschiedlicher Weise interpretiert. Dies verdeutlicht, dass die Strategie keiner objektiven Funktion gleicht, die in konsistenter Weise von allen Organisationsmitgliedern verstanden wird.

Für die Aushandlung eines neuen strategischen Kontextes, machten sich Manager demnach eben diese Interpretationsspielräume zunutze. Die erfolgreiche Legitimierung einer Innovationsinitiative war folglich abhängig davon wie gut Manager die gegebenen, strategischen Prioritäten mit der eigenen Initiative verknüpfen konnten. Ein Manager fasste dies folgendermaßen zusammen: „sie [eine Initiative] muss allen Anforderungen genügen und sie muss eigentlich einen Beitrag zu unserer strategischen Zielerreichung sein."

Struktureller Kontext

Der strukturelle Kontext einer Organisation, d. h. die administrativen, sozialen, politischen und kulturellen Mechanismen, die organisationales Verhalten steuern, stellt die dritte Determinante für die Entwicklung von Initiativen dar. Ähnlich wie die offizielle Unternehmensstrategie, erwies sich in unserer Studie auch der strukturelle Kontext als differenziert interpretierbare und modifizierbare Größe. Obgleich der strukturelle Kontext der Global Group einen offiziellen, formalisierten Weg für die Entwicklung und Auswahl von Initiativen vorsah, eröffneten sich den involvierten Managern eine Vielzahl alternativer Kanäle, um die für den Fortschritt der Initiative benötigte Unterstützung zu generieren. Der offizielle strukturelle Kontext wird in diesem Sinne, wie schon die Strategie, um einen tatsächlich gelebten strukturellen Kontext erweitert. Die gelebte Struktur verschaffte Managern Einflussräume, um über die offiziellen, administrativen Legitimierungsprozesse einer Initiative hinwegzugehen und Entscheidungsträger für sich zu gewinnen.

Zu den Managementpraktiken, die im Fall der Global Group den strukturellen Kontext beeinflusst haben, gehörte beispielsweise die frühzeitige Bildung horizontaler und vertikaler Allianzen innerhalb der Organisation. Diese trugen im Wesentlichen zur Erzeugung eines „Common Ownership" der Initiative unter Managern unterschiedlicher hierarchischer Ebenen sowie Funktionen und Disziplinen bei. Ein Top-Manager bestätigte im Rahmen unserer Interviews: „Allianzen schaffen und es in den richtigen Gremien extrem gut vorbereitet positionieren; versuchen da eine Mehrheit, eine Koalition zu kriegen und dann umzusetzen; […] das ist meines Erachtens der einzige Weg."

Mit der Bildung von Allianzen gingen vielzählige und sich wiederholende persönliche Überzeugungsgespräche einher, die der Intensivierung des persönlichen und auch emotionalen Engagements der Manager dienten. Einer unserer Interviewpartner erläuterte die Intention hinter diesem Vorgehen wie folgt: "das ist der emotionale buy-in durch das Integrative, durch die verschiedenen Layer gehen, Leute abholen, mitnehmen, auch ein Gefühl von Mit-Ownership geben." Darüber hinaus versuchten Manager vor den offiziell tagenden Entscheidungskomitees eine mehrheitliche Unterstützung für die Initiative zu sichern. Ein Interviewpartner unterstrich dieses Vorgehen wie folgt: „also es wird sehr stark dieses soziale Netzwerk bedient, wenn jemand eine Initiative vorhat, d. h. durch viele bilaterale Gespräche wird vorher die Unterstützung zugesichert bevor man überhaupt in ein Gremium geht.“

Determinanten und Praktiken in der Retention

Während die Phasen der Variation und Selektion die Entfaltung einer Initiative von der Idee bis hin zur Selektion durch die administrativen und kulturellen Mechanismen der Unternehmensökologie beschreiben, zielt die Phase der Retention auf die langfristige Kodifizierung und Institutionalisierung der Initiative in Strategie, Prozessen und Systemen des Unternehmens ab.

Während die identifizierten Determinanten sich nicht von den Phasen der Variation und Selektion unterscheiden, kristallisierten sich zwei grundlegende Managementpraktiken zur erfolgreichen Retention von Initiativen heraus: Eine intensive mediale Kommunikation (sog. Broadcasting) sowie die organisatorische Umsetzung der Initiative in Strukturen, Prozessen und Systemen (sog. Hardwiring).

Das *Broadcasting* umfasst die kontinuierliche, breit angelegte Kommunikation einer Initiative mit dem Ziel der Schaffung einer organisationsweiten Aufmerksamkeit und dem kognitiven Verständnis für die Notwendigkeit und Eignung der Initiative ein Innovationsproblem zu lösen. Die Initiative sollte somit omnipräsent und allgemein innerhalb der Global Group akzeptiert werden. Diese Praktik bediente sich sowohl interner (z. B. über Mitarbeiterzeitungen und -versammlungen) als auch externer Kommunikationsstrategien (z. B. über Presseartikel oder die Teilnahme an Konferenzen). Die Kommunikation war nicht nur breit angelegt, sondern auch repetitiver Natur wie ein Manager verdeutlichte: „Key ist natürlich, …, dass das nicht nur vom Topmanagement warmgehalten, sondern auch in der Kommunikation durchgehalten wird.”

Die Managementpraktik des *Hardwiring* sah vor, einen institutionellen Rahmen innerhalb der Organisation zu schaffen, der sich in der Etablierung geeigneter Strukturen, Prozesse, Standards und auch kultureller Kongruenz wiederspiegelte. Ein Manager unterstrich dies durch die folgende Aussage: “Erfolgsfaktoren sind Strukturen und Prozesse mit dem Ziel diese Themen nachhaltig in der Organisation und in den Köpfen zu verankern.“

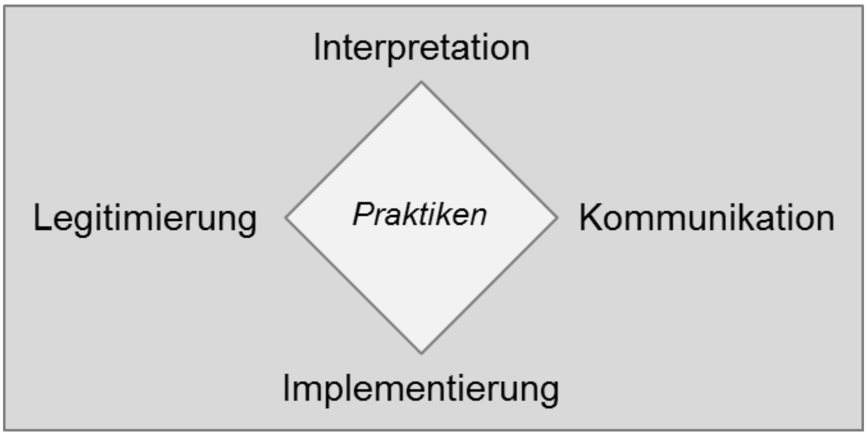
Die Bedeutung des Hardwiring für die erfolgreiche Institutionalisierung und die Interdependenz zwischen Broadcasting und Hardwiring war besonders offensichtlich im Fall der Initiative zur Erhöhung der Innovationsfähigkeit. In dieser konkreten Initiative führte eine breitangelegte Kommunikationsstrategie erfolgreich zu einem anfangs breiten Engagement und Unterstützung von Seiten der Organisationsmitglieder, das jedoch durch die für diese Initiative geschaffenen Managementsysteme und -prozesse zunächst nicht getragen werden konnte. Eine Konsequenz hiervon waren ein durch das Broadcasting erfolgreich aufgebautes, aber durch eine fehlende administrative Infrastruktur nachlassendes Engagement und aktive Unterstützung der Initiative durch die Organisationsmitglieder.

Synthese

Im Rahmen der vorgestellten Ergebnisse sind wir auf ausgewählte Praktiken eingegangen, die Manager nutzen, um die zentralen Determinanten für das Überleben einer Initiativen über die drei Entwicklungsphasen der Variation, Selektion und Retention hinweg zu beeinflussen. Diese lassen sich in vier interdependente Gruppen von Praktiken – Interpretation, Legitimierung, Kommunikation und Implementierung – unterteilen, die in Abbildung 3 dargestellt und nachfolgend diskutiert werden.

ABBILDUNG 3

Systematik identifizierter Praktiken



DISKUSSION

Unsere Ergebnisse geben Einblick in die bisher nur teilweise verstandenen Dynamiken der Entwicklung von Initiativen in einem organisatorischen Kontext. Hierbei bauen wir auf der Literatur zur intraorganisationalen evolutionären Theorie und ihres Verständnisses von Corporate Entrepreneurship auf. Insbesondere, beziehen wir uns auf die theoretische Tradition von Burgelman (1983a, 1983c) und Bower (1970), die jeweils Prozessmodelle zur Entwicklung von Initiativen in Unternehmen vorgestellt haben. Im Folgenden heben wir hervor, inwieweit unsere Ergebnisse bisherige Überlegungen dieses Literaturstrangs erweitern und verweisen auf weitere theoretische Erkenntnisse und Verbindungen.

Interpretation organisationaler Determinanten

Unsere qualitative Analyse zeigt, dass die die Entwicklung einer Initiative beeinflussenden Determinanten – externes Umfeld, struktureller Kontext und Unternehmensstrategie – dem Einfluss individueller Interpretationsschemata der Organisationsmitglieder unterliegen.

In der Bower-Burgelman Tradition ist der strukturelle Kontext definiert als Summe administrativer Mechanismen, die Top-Manager festlegen, um das strategische Verhalten der Akteure auf den unteren Hierarchieebenen auf die offiziell kommunizierte Unternehmensstrategie abzustimmen (Bower, 1970; Burgelman, 1983a, 1983c). Diese Mechanismen beinhalten Ressourcenallokation, Planung oder Kontrollsysteme und werden nur durch Top-Manager beeinflusst. Das Ergebnis dieser limitierenden administrativen Vorgänge ist ein strategisches Verhalten, das in erster Linie einheitlich induziert ist (Burgelman, 1983a, 1983c). Während autonomes strategisches Verhalten, d. h. Verhalten, das außerhalb der vorherrschenden Unternehmensstrategie fällt, äußerst selten ist (Burgelman, 1983c). Aus unserer Sicht jedoch betrachtet das dichotome Verständnis von induziertem und autonomen Verhalten sozio-kognitive Prozesse und Interpretationsschemata von Akteuren, die den strukturellen Kontext in Handlungen oder Initiativen übersetzen, als implizit gegeben. Folglich, entsprechend der Erkenntnisse der untersuchten Initiativen, argumentieren wir, dass die interpretierende Rolle der Individuen, die sich innerhalb dieses Kontextes bewegen und mit diesem in Interaktion stehen, berücksichtigt werden muss. Daraus folgt, dass der strukturelle Kontext nicht nur durch das Top-Management festgelegt wird, sondern simultan von den organisationalen Akteuren auf niedrigeren Hierarchieebenen reproduziert wird. Dieses interaktive Momentum bezieht sich auf die von Giddens (1984) bezeichnete „Dualität von Struktur". Demzufolge konstituieren individuelle Akteure und Strukturen nicht einen Dualismus, sondern vielmehr eine Dualität in welcher strukturelle Eigenschaften und das soziale System sowohl Medium als auch Ergebnis von Handlungen sind, die sie rekursiv organisieren. Struktur in diesem Sinne ist gleichzeitig beschränkend als auch aktivierend. Danach beeinflusst der strukturelle Kontext nicht nur die Interessen von Individuen, sondern ist umgekehrt auch selbst dem Einfluss der Individuen innerhalb der Organisation ausgesetzt. Obwohl spätere Studien der evolutionären Strategieprozessforschung die Relevanz sozialer, politischer und kultureller Kontextfaktoren anerkannt haben (Lovas & Ghoshal, 2000; Noda & Bower, 1996), ist der strukturelle Kontext auch in diesen Konzeptionen ein weitgehend statisches Konzept geblieben. Eine der wenigen Ausnahmen stammt aus der Strategy-as-Practice Literatur von Jarzabkowski und ihrer Studie zu 'shaping strategy as a structuration process' (Jarzabkowski, 2008). In dieser Studie adressiert sie genau die sozialen Dynamiken, die von der vorherigen Forschung vernachlässigt wurden, in dem sie fragt, wie das strategische Verhalten von Top-Managern gleichzeitig den strukturellen Kontext und die Interpretationen der organisationalen Akteure beeinflusst. Für den Fall der untersuchten Initiativen haben wir jedoch festgestellt, dass nicht nur die Interpretationen der Top-Manager, sondern auch – insbesondere im Fall von Bottom-up-Initiativen – individuelle organisationale Akteure, die eine Initiative voranbringen, den strukturellen Kontext zugunsten ihrer unternehmerischen Bemühung verändern können. Wir haben dies beispielsweise am Beispiel der Praktik der Allianzbildung gesehen, in der Akteure gezielt Schlüsselpersonen in der Organisation involvieren, um existierende administrative Mechanismen – durch die Sicherung von Mehrheiten schon vor der eigentlichen Entscheidungsfindung – zu umgehen.

Die gleiche Argumentation gilt für die Unternehmensstrategie. Wie für den strukturellen Kontext, ist auch das Konzept der Unternehmensstrategie keine objektive Funktion sondern vielmehr das Ergebnis von Interpretation und Bedeutungsbestimmung (Daft & Weick, 1984; Weick, 1995).

Das zuvor genannte Argument interpretativer Prozesse auf Seiten der organisationalen Akteure gilt gleichermaßen für die Determinante des externen Umfelds. Genauer gesagt, zeigt unsere Analyse, dass die nach Anerkennung für ihre Initiative strebenden Akteure gezielt versuchen externe Ereignisse und Bedingungen zu nutzen, um internen Druck aufzubauen, diesen externen Trends folgen zu müssen.

Zentrale Bedeutung der Akteure

Unsere Analyse zeigt, dass Initiatoren einer Initiative eine zentrale Rolle für den Erfolg einer Initiative spielen, in dem sie die Anforderungen der Determinanten für das Überleben von Initiativen in konkrete Praktiken übersetzen. Aber diese Rolle ist vielfältiger als erwartet. Während sie laufend ihr Umfeld neu verstehen, werden die Initiatoren von ihrem Umfeld in ihren Interpretationen und Entscheidungen beeinflusst und gleichzeitig versuchen sie umgekehrt dieses mit ihren Praktiken zu beeinflussen zugunsten einer erfolgreichen Entwicklung ihrer Initiativen – wie zuvor diskutiert. Darüber hinaus hatten alle erfolgreichen Initiativen einen Initiator, der voll engagiert und überzeugt war von der Initiative und sich deshalb dazu entschieden hat die Initiative mit großer Aufmerksamkeit und Einsatz zu verfolgen, um deren Überlebenswahrscheinlichkeit zu erhöhen. Ein ähnlich wichtiger Faktor für das Überleben einer Initiative war jedoch wie die interne Reputation und der bisherige Erfolg des Initiators von möglichen Mit-Initiatoren, Beeinflussern, und insbesondere Entscheidungsträgern wahrgenommen wurde. Anders ausgedrückt, das Überleben einer Initiative war abhängig davon, wie eine (Gruppe) von Individuen, die eine Initiative vorantreiben bei Beeinflussern und Entscheidern innerhalb der Organisation angesehen war, unabhängig vom Inhalt der Initiative. Folglich unterstreichen diese Ergebnisse eine deutlich wichtigere Rolle individueller Akteure für den Prozess der Entwicklung von Initiativen als von der bestehenden Literatur vorgeschlagen – insbesondere in der Bower-Burgelman Tradition. Jüngere Entwicklungen in diesem Feld, haben hingegen auf die soziale Einbettung des Strategieprozesses hingewiesen (Lovas & Ghoshal, 2000; Reitzig & Sorenson, 2013). Nichtsdestotrotz wurden persönliche Charakteristiken bisher von der Mehrheit der Beiträge dieser Forschungsströmung als implizit gegeben betrachtet.

Implementierung: der vernachlässigte Überlebensfaktor

Unsere Analyse unterstreicht, dass Praktiken zur Förderung der weiteren Entwicklung einer Initiative in Abhängigkeit von der jeweiligen evolutionären Phase variieren. Wir haben die besondere Rolle des externen Umfelds für die Phase der Variation und Manipulation des strukturellen Kontextes – wie beispielsweise die Bildung von Allianzen und Herstellung einer Einigung schon vor Gremienentscheidungen – mit dem Ziel offizielle Entscheidungsgremien zu umgehen, hervorgehoben.

Frühere Forschung, insbesondere die organische Perspektive auf den Strategieprozess (Barnett & Burgelman, 1996; Farjoun, 2002), betrachtet den zugrundeliegenden evolutionären Prozess mit den Phasen der Variation, Selektion und Retention entweder als implizit gegeben (Burgelman, 1983c; Lovas & Ghoshal, 2000) oder fokussiert auf eine bestimmte Phase, wie beispielsweise Reitzig und Sorenson für den Fall der Selektion (Reitzig & Sorenson, 2013). Unseren Ergebnissen folgend argumentieren wir, dass eine explizite Adressierung der mit den Phasen der Variation, Selektion und Retention verbundenen unterschiedlichen Herausforderungen wertvolle Einsichten in das dynamische Zusammenspiel von Praktiken und Kontextfaktoren bietet, welche Akteure in Anspruch nehmen. In diesem Zusammenhang haben wir auch die bisher vernachlässigte Phase der Retention oder Implementierung hervorgehoben. Wie Hutzschenreuter und Kleindienst in ihrem umfassenden Review der Strategieprozessforschung aufzeigen (Hutzschenreuter & Kleindienst, 2006), sind Studien zur Implementierungsphase eine Seltenheit. Die Autoren führen weiter aus, dass dieser Umstand überraschend ist, da eine strategische Initiative ohne Implementierung wohl kaum einen Effekt auf die Organisation hat. Eine Forschungslücke in diesem Bereich, obgleich für den Fall von Mittelmanagern, wird auch von Wooldridge et al. bestätigt (Wooldridge, Schmid, & Floyd, 2008), da bisherige Forschung hauptsächlich auf die Phase der Selektion abzielte, in der Mittelmanager sich in der überlegten Kommunikation von strategischen Initiativen in untere Hierarchieebenen und dem Championing in Richtung Top-Management engagieren

(Dutton & Ashford, 1993; Dutton, Ashford, O'Neill, & Lawrence, 2001). Insgesamt lässt sich konstatieren, dass die Relevanz der Implementierung für die Effizienz des Strategieprozesses weitgehend vernachlässigt wurde (Hutzschenreuter & Kleindienst, 2006). In unserer Untersuchung haben wir daher versucht diese Forschungslücke explizit anzugehen, in dem wir die Bedeutung der Implementierungs- und Institutionalisierungsfähigkeiten für das langfristige Überleben einer Initiative explizit berücksichtigt haben. Es wurde hierbei deutlich, dass die notwendigen Praktiken und Fähigkeiten auf Seiten der involvierten Akteure signifikant für das Überleben einer Initiative waren. Zum Beispiel zeigte sich, dass das „Broadcasting" einer Initiative eine wichtige Praktik war, um die Zustimmung anderer Organisationsmitglieder zu erhalten. Das impliziert insbesondere die Bedeutung der Einbeziehung von Akteuren, die von einer Initiative berührt werden (Beer & Eisenstat, 1996), als Teil der Implementierung. Die Implementierung wird als Veränderungsprozess verstanden, im dem der Widerstand organisationaler Akteure signifikant sein kann (Hannan & Freeman, 1984; March, 1981; Piderit, 2000). Folglich sind Praktiken, die helfen, solche potenziellen Probleme zu überwinden, entscheidend.

SCHLUSSBETRACHTUNG

Das bisherige Wissen über die Entwicklung von Initiativen erklärt nur einen Teil der Geschichte. Unser Beitrag liefert eine grundlegende Untersuchung der Entwicklung von Initiativen und beschreibt wie wesentliche Praktiken mit zentralen Determinanten der organisationalen Ökologie zusammenwirken und daraus resultieren. Abgesehen vom theoretischen Beitrag zur evolutionären Perspektive, hoffen wir, auch Einblicke für die Praxis zu geben, insbesondere mit Blick auf strategische Erneuerung und die Innovationsfähigkeit von Unternehmen.

Trotz der robusten Evidenz aus unserer multiplen Fallstudienuntersuchung weist unsere Untersuchung verschiedene Einschränkungen auf. Das gilt insbesondere für die Tatsache, dass wir keine umfängliche Schilderung des Prozesses in der Entwicklung der Initiativen darstellen. Ein interessanter Ansatzpunkt für zukünftige Forschung wäre eine Längsschnittuntersuchung mit einer detaillierten Analyse des Prozesses selbst, um noch besser zu verstehen warum und wie bestimmte Ereignisse über die Zeit entstehen (Langley, 1999; Van De Ven, Andrew H., 1992).

Aus theoretischer Perspektive bietet die Mikro- und sozio-dynamische Natur der Entwicklung von Initiativen vielversprechende Möglichkeiten für zukünftige empirische Forschung. Insbesondere der Zugriff auf Strategy-as-Practice Ansätze könnte weitere Einblicke ermöglichen, wie das externe Umfeld, die Unternehmensstrategie und der strukturelle Kontext tatsächlich in organisatorische Handlungen eingebettet sind, um eine Initiative voranzutreiben. Wie weiter erwähnt, lag der Fokus der bisherigen Forschung auf dem Top-Management und der Art und Weise wie neue Interpretationen einer Strategie, wie von Top-Managern kommuniziert, tatsächlich von Akteuren auf niedrigeren Hierarchieebenen wahrgenommen werden (Balogun & Johnson, 2005; Jarzabkowski, 2008). Die Frage, wie umgekehrt, diese Manager auf niedrigeren Hierarchieebenen die Strategie für eine bestimmte Absicht interpretieren und in ihre Handlungen integrieren ist jedoch noch offen (Maitlis, 2005). Aus einer empirischen Perspektive wäre es hilfreich Fallstudienuntersuchungen in mehreren Unternehmen durchzuführen, um die Ergebnisse zu verifizieren als auch auf Initiativen zu fokussieren, die in der Organisationsökologie in den verschiedenen Phasen nicht überleben. Weitere Forschung zur Frage, wie und warum Initiativen nicht überleben, könnte sicherlich eine interessante Auswahl an disruptiven Praktiken zur Entwicklung von Initiativen hervorbringen, die von organisationalen Akteuren vermieden werden sollten (oder eben nicht).

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STRATEGY-MAKING AS LEGITIMACY CREATION: THE CASE OF SUSTAINABILITY

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ABSTRACT

In this paper we link the institutionalist notion of legitimacy with the concept of strategic initiatives from evolutionary strategy process research. Based on an in-depth, longitudinal case study of the development of a sustainability initiative within a major diversified firm, we report how the transition of sustainability from a firm's license to operate to an integral part of the firm's management systems, products, brands, and strategy was accomplished. By drawing on multiple sources of legitimacy, managers orchestrated a set of nine mutually supporting internally as well as externally directed legitimization practices. Legitimacy was gained not only through addressing moral expectations for a more sustainable society, but especially by incorporating utilitarian business objectives of the firm. Implications of our study for strategic process research, strategic sustainability management, and the practicing corporate managers as well as the intrapreneurs are discussed.

Keywords: strategy process; legitimacy; institutional theory; evolutionary theory; sustainability

INTRODUCTION

Strategy-making in large corporations is of vital interest to strategy scholars and practitioners alike. However, strategy process research has become a contested field; since its inception a diversity of theoretical approaches and concepts have been proposed (Hoskisson, Hitt, Wan, & Yiu, 1999; Hutzschenreuter & Kleindienst, 2006; Mintzberg, Ahlstrand, & Lampel, 2009). Yet, a useful and widely applied perspective in strategy process research draws on an evolutionary perspective that regards strategy-making as the outcome of dynamic, path-dependent processes of variation, selection, and retention (Barnett & Burgelman, 1996; Burgelman, 1991; Canales, 2015; Durand, 2006; Mirabeau & Maguire, 2014). Consequently, the ability of firms to identify entrepreneurial opportunities and continuously create and select new strategic initiatives that either explore new strategic directions or exploit the current strategic position becomes a source of competitive advantage.

Although there is considerable research on how strategic initiatives are created, championed, selected, and become institutionalized in this literature (Burgelman, 1983c; Burgelman, 1991; Canales, 2015; Lovas & Ghoshal, 2000; Mirabeau & Maguire, 2014), little research has explored what makes strategic initiatives survive and become successful within an organization. Yet, under the institutionalist premise that organizations are not self-contained "rational" entities, but "open" systems embedded in broader systems of rules and norms, we argue that legitimacy becomes a critical success factor in the internal struggle for managerial attention and resource mobilization, and hence the survival of strategic initiatives.

By blending evolutionary strategy research with institutional theory, we argue that strategic initiatives compete for "social as well as economic fitness" (DiMaggio & Powell, 1983:150) so that the adequacy of strategic actions is no longer exclusively evaluated against intra-organizational rational calculations, but against supra-organizational, socially constructed notions of appropriateness (Dougherty & Heller, 1994; Suchman, 1995). Following this line of thought, we argue that the creation of legitimacy lies at the core of strategy-making.

We examine this link between the institutionalist notion of legitimacy (e.g., DiMaggio & Powell, 1983; Suchman, 1995; Zucker, 1989) and the concept of strategic initiatives from evolutionary strategy process research (Bower, 1970; Burgelman, 1983c; Burgelman, 1991; Canales, 2015; Lovas & Ghoshal, 2000). More specifically, we ask what practices managers apply to legitimize strategic initiatives and therefore socially enact their strategic initiatives within the intra-organizational environment. We build on a unique and longitudinal case study of a major diversified firm when showing how managers at the interstices of multiple institutional environments adopt and align varying legitimation practices to changing patterns of events played out over time.[i]

Our study contributes, first, towards the advancement of evolutionary strategy-process research (Barnett & Burgelman, 1996; Burgelman, 1983c; Burgelman, 1991; Canales, 2015; Lovas & Ghoshal, 2000). Through its integration with institutional theory (Lounsbury, 2001; Meyer & Rowan, 1977; Oliver, 1991; Powell & DiMaggio, 1991; Suchman, 1995) we examine how managers shape specific practices that are aimed at establishing legitimacy for new strategic initiatives within an intra-organizational ecology. In particular, we show how strategic opportunities become socially enacted based on an orchestrated and reinforcing set of legitimacy-enhancing practices. Secondly, we contribute to managers' understanding of how legitimacy creation is involved in practical strategy work. Specifically, our study shows how managers as intrapreneurs can apply these legitimacy-enhancing practices in a utilitarian fashion for the creation of social acceptance of their strategic initiatives. The findings also make corporate managers as well as other stakeholders more sensitive to why strategic initiatives "appear as attractive as possible within a framework of what seems to be reasonable" (Alvesson, 2013: 8). Thirdly, we unravel the challenges associated with establishing strategic sustainability management within large organizations. Over the last decade, the concept of sustainability has enjoyed increasing awareness among executives and scholars who agree that it is not just an issue of doing good, but something that should be incorporated into firms' strategies (Bonini, Mendonca, & Oppenheim, 2006; Porter & Kramer, 2006; Scherer, Palazzo, & Seidl, 2013). But, as yet, existing studies have provided fragmented insides of how sustainability becomes incorporated into a firm's concept of strategy.

The paper is structured as follows: We first frame the question of how strategic initiatives are impelled by blending evolutionary and institutionalist perspectives. We then empirically investigate in a longitudinal case study how managers of a large diversified firm apply different legitimization practices for a strategic sustainability initiative at the interstices of multiple institutional environments. Finally, we discuss our findings with respect to theory development for integrating evolutionary and institutional strategy research and for the particular case of strategic management of sustainability.

THEORETICAL ORIENTATION: BLENDING EVOLUTIONARY AND INSTITUTIONAL PERSPECTIVES

Evolutionary approaches to strategy build upon the variation, selection, and retention mechanism for understanding such questions as how a firm's strategy is created and how strategy-making processes within firms evolve over time. In particular, evolutionary perspectives on strategy investigate how strategic initiatives such as new ventures are created within an intra-organizational ecology that either perpetuate or change an existing strategy (Bower, 1970; Bower & Gilbert, 2005; Burgelman, 1991; Burgelman, 1994, 2002; Canales, 2015; Lovas & Ghoshal, 2000; Mirabeau & Maguire, 2014). By conceptualizing the firm as an intra-organizational ecology, organizations become breeding grounds for new strategic ventures to emerge that compete for organizational resources as well as for managerial attention. An important research issue in this respect is concerned with the sources and drivers of entrepreneurial ventures creating new strategic variations and the behavioral selection mechanism in the pursuit of new strategies (Burgelman, 1983c; Canales, 2015; Mirabeau & Maguire, 2014). Previous studies (Bower, 1970; Burgelman, 1983a, b; Burgelman, 1983c; Lovas & Ghoshal, 2000) have shown that an initiative’s evolution is influenced by a firm’s concept of strategy and its corporate context, namely the structural and the strategic context (Mirabeau & Maguire, 2014). The structural context comprises various administrative mechanisms such as the corporate structure, the performance measurement and incentive system (Bower, 1970), which can be actively manipulated by top management in order to influence the behavior of organizational actors at lower levels. The strategic context, on the other hand, refers to a variety of political activities managers engage in for promoting their initiatives to top management. In essence, from “the perspective of a process study, the concept of strategy of large, complex firms can be viewed as the result of the selective effects of the corporate context on the stream of strategic behaviors at operational levels” (Burgelman, 1983b: 66).

Research in this vein has emphasized the co-evolutionary nature of external and internal selection. This is, for instance, illustrated by Henderson and Stern (2004: 34) in a longitudinal study of the personal computer industry in which they show how internal and external selection become interwoven mechanisms and coevolve “as each affected the other's future rate and the odds of firm failure.” As such, a firm’s success is dependent on creating an internal selection environment that encourages entrepreneurial ventures mirroring external isomorphic constraints and selection pressures (Barnett & Burgelman, 1996; Durand, 2006).

While evolutionary strategy research has greatly contributed towards a dynamic theory of strategy-making, the concept of intra-organizational ecology central to this research perspective is left underdeveloped. Following Zucker’s (1989: 542) early lead, we suggest that blending evolutionary theory with institutionalism may stimulate a fruitful advancement of the field because “the variables of interests to institutionalists … are simply missing.”

Drawing on institutionalism, we argue that evolutionary strategists have largely underemphasized the normative and cognitive foundations that constrain and enable organizational actors in defining new strategic initiatives and mobilizing resources for their implementation. Previous research has pointed out the role of managers as "champions" (Burgelman, 1983b; 1983c) who translate and promote new strategic initiatives and engage in strategic issue selling (Dutton & Ashford, 1993). However, the picture that is traditionally painted is one that regards resource allocation as a reaction to an economic opportunity out there that has to be discovered and then "sold" within the firm in order to receive the necessary managerial attention and organizational impetus. Yet, we learn very little about how this entrepreneurial opportunity is actually socially constructed and legitimized within and outside the firm. Constructivist approaches in strategy (e.g., Mir & Watson, 2000) and entrepreneurship (e.g., Wood & McKinley, 2010) have suggested that managers are not mere processors of, or reactors to, environmental demands, but have to be viewed as actors that co-produce and influence the intra-organizational ecology through "rhetorical devices, shared values and ceremonies" (Mir & Watson, 2000: 945). This implies that the creation of new strategic initiatives and the mobilization of resources are conditioned by collectively institutionalized belief systems and reflections of rationalized corporate strategies and institutional rules.

More recently, institutionalists have moved from a macro towards a micro-perspective and see conceptualized firms as micro-institutions (Elsbach, 2002; van Dijk, Berends, Jelinek, Romme, & Weggeman, 2011) "that involve formal structures and procedures to achieve organizational goals, and are also infused with values and vested interests" (van Dijk et al., 2011: 1487).

In the spirit of increasing convergence between evolutionary and institutionalist perspectives, we can conceptualize the intra-organizational ecology as a micro-institutional system with embodied understandings and taken-for-granted assumptions about the competitive reality, the dominant organizational strategy, and norms that are reproduced by organizational members. One of our key arguments is that strategic initiatives within an organizational ecology compete for "social as well as economic fitness" (DiMaggio & Powell, 1983: 150) as their survival and success depend on the economic opportunity, and the perceived social appropriateness of their ideas, products, structures and related practices. Legitimacy then becomes a critical resource that entrepreneurial initiatives must extract from their institutional environment. Paraphrasing Suchman (1995: 774), we understand legitimacy as a generalized perception that a strategic initiative is appropriate with the norms, values, beliefs, and definitions of the corporation and broader societal expectations. Legitimacy is primarily a resource to make sense of a strategic initiative's appropriateness and desirability with respect to social contexts (Scherer et al., 2013; Suchman, 1995). However, this extraction of legitimacy is never effortless. Rather, it is better understood as a struggle or contestation for "cultural support" (Meyer & Scott, 1983: 201; Patriotta, Gond, & Schultz, 2011). In focusing on this struggle for legitimacy, Dougherty and Heller argue that innovations initially face the problem of being considered as illegitimate because "[t]hey either violate prevailing practice, inside and outside the firm, or require ways of thinking and acting that are 'undoable' or 'unthinkable'" (1994: 202) and fall into an evaluation vacuum. The more radical these strategic initiatives are – in Burgelman's (1983c) terms the "autonomous strategic initiatives" – the more they are at odds with existing micro- and macro-institutions and therefore depend on legitimacy creation. Consequently, a key managerial challenge is to legitimize their entrepreneurial initiatives because "once this legitimacy is lost, the process halts" (Takeishi, Aoshima, & Karube, 2010: 168; for a review see Überbacher, 2014). For Suchman (1995) strategies for gaining legitimacy address three types of legitimacy: pragmatic, moral, and cognitive legitimacy. While pragmatic legitimacy embraces an organization's social, economic, and political interdependencies with its most immediate audience's self-interests, moral and cognitive legitimacy are concerned with larger cultural rules implying positive normative appraisals or, in the case of cognition, the comprehensibility and "taken-for-grantedness" of organizational activities. The author stresses that "as one moves from the pragmatic to the moral to the cognitive, legitimacy becomes more elusive to obtain and more difficult to manipulate, but it also becomes more subtle, more profound, and more self-sustaining, once established" (Suchman, 1995: 585).

Drawing on the literature of institutional entrepreneurship (e.g., Greenwood & Suddaby, 2006; Hardy & Maguire, 2008) and institutional work (e.g., Lawrence, Suddaby, & Leca, 2009), we suggest that managers who implement more radical strategic initiatives engage as (*micro-)institutional entrepreneurs* and deploy strategies through which "a strategically favorable set of conditions" (Lawrence, 1999: 167) is created for improving the likelihood of being internally selected. Thus, the creation of these favorable conditions attempt to instrumentally manipulate selection mechanisms by influencing promotors (Pache & Santos, 2010) of strategic initiatives, shaping societal expectations (Scherer et al., 2013), and controlling actors through performance systems and structures (Klimkeit & Reihlen, 2015).

This is reflected in a study by van Dijk et al. (2011) on how actors legitimized more radical innovations. The authors found that when actors faced institutional ambiguity and heterogeneity and a multiplicity of institutional interests entrepreneurs had particular "opportunities to propagate novel interpretations, transforming the institutional system to favor the innovation" (van Dijk et al., 2011: 1508). Prior studies on the micro-institutions of the firm have shown that organizational institutions are much less homogeneous and constraining than previously assumed (Barrett, Cooper, & Jamal, 2005). The intra-organizational ecology is therefore rather "fragmented and contested" (Lounsbury & Crumley, 2007: 289) or complex (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011), which offers a more nuanced view on the nature of the intra-organizational ecology.

In line with a co-evolutionary perspective, we argue that managers at the interstices of internal and external institutional environments develop legitimization strategies that are responses to existing, but much more heterogeneous (Greenwood, Magán Díaz, Li, & Lorente, 2010) and pluralist (Glynn, Barr, & Dacin, 2000) institutional pressures. Below, we explore in detail in our empirical study how managers applied specific legitimacy-enhancing practices at the boundary between micro- and macro-institutions to gain social support for their entrepreneurial ventures.

CONTEXT AND METHODS

Setting

We chose a case study approach (Eisenhardt, 1989; Yin, 2003) to investigate the evolution of sustainability's strategic role within a large organization. Our case study was conducted at Alpha Group (a pseudonym), a diversified, multinational manufacturing firm within the branded consumer and industrial goods industry. Headquartered in Europe, Alpha Group's businesses ranked highly in their relevant industries at global level resulting in a strong financial performance at group level over the last decade. Looking back on a long corporate history Alpha Group employs tens of thousands of employees in a number of different business units operating in over 70 countries. All business units rank significantly on their relevant markets, globally generating a turnover in the double-digit EUR billion range in 2009. We focused our research in particular on the group level and one of the business units, BU1, a consumer goods business that formed the original core of Alpha Group and which was the group's largest business unit in financial terms at the time the study started.

Alpha Group 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 on a regular basis. The firm was among the first to publish an annual sustainability report and had a tradition of participating 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.

The "embedded units of analysis" of our study is a sustainability initiative, consisting of several sub-initiatives brought about within our organization of interest. By exploring the research object longitudinally over a period of four years, we were also able to depict the temporal interplay of context and action (Langley, 1999; Pettigrew, 1990). The case study setting we chose can be considered an exceptional example of the institutionalization of sustainability into a firm's strategy, structures, systems, and practices.

Data Sources

We used three main strategies for data collection: analysis of internal documents, semi-structured interviews, and participant observations. Using multiple techniques as suggested by other scholars (Eisenhardt, 1989; Jick, 1979; Yin, 2003) helped to take different perspectives on the phenomena and supported the grounding of our findings within the data.

Interviews. The study draws on 73 in-depth, semi-structured interviews with organizational members from all core functions and management levels at Alpha Group and in particular BU1. Table 1 summarizes the distribution of interviews. The interviewees were selected according to theoretical, opportunistic, and snowball sampling techniques. The interviews were conducted in three phases over a period of four years (Phase 1: Spring 2006, Phase 2: Spring 2008, Phase 3: Winter 2009/2010) with some interviewees being approached in two or all of the phases. 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 different functions were involved in developing sustainability and how the sustainability initiative has affected the functions respectively. The interviews lasted between 60 and 150 minutes and all but two interviews were audio-taped and transcribed. The interview questions generally involved three areas. Firstly, we wanted to better understand 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 strategic initiatives, and in particular the 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 attempted to influence external conditions. Throughout the interview phases key themes were repeatedly mentioned 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.

Besides triangulating the data by approaching multiple informants, we continually cross-checked information provided during the interviews against internal and public documents, primarily in order to check for retrospective bias.

Direct observation. The major rationale for including observations as a data source is their inherent potential for exploring “the realms of subjective meaning” (Morgan & Smircich, 1980: 498). Direct observations help to gain micro-institutional insights into the particular relationships between actors and their organizational context (Easterby-Smith, Thorpe, & Jackson, 2008: 95). As one of our authors had the opportunity to take an insider position at Alpha Group when the sustainability initiative evolved, we were able to get even closer to the subjects involved and acquire extensive informal, contextual insights into the research setting. This circumstance allowed for an intense contact with key managers driving legitimacy building for the sustainability initiative and thus 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 a number of corporate managers mentoring the research in order 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.

Table 1. Interview Matrix (Horizontal Axis: Functions, Vertical Axis: Group/BU & Hierarchy, SVP* = Senior Vice President, VP** = Vice President)

	Management board	**Finance**	**HR & compliance**	**Marketing & sales**	**R&D & purchasing**	**Production & supply chain**	**Country/SBU management**	**Sustainability management**	**Communi-cations**	**Total**
BU1	**3**	**3**	**1**	**19**	**7**	**4**	**2**		**2**	**41**
Board	1									1
SVP				3	1		1			5
VP	1	1		3	1	1	1			8
Director	1	1		9	2	2			2	17
Manager		1	1	4	3	1				10
BU2	**1**			**1**			**1**			**3**
SVP							1			1
VP	1									1
Director				1						1
BU3				**1**						**1**
Director				1						1
Group	**7**	**2**	**7**			**1**		**4**	**7**	**28**
Board	2									2
SVP		1	1							2
VP	1	1	1			1			1	5
Director	2		1					1	3	7
Manager	2		3					3	2	10
Trainee			1							1
Jr. Manager									1	1
Total	**11**	**5**	**8**	**21**	**7**	**5**	**3**	**4**	**9**	**73**

Archival documents. We gathered a variety of internal documents that particularly helped us to 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, as well as 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 power point presentations illustrating the firm's status quo, competitive position, and goals in terms of sustainability provided helpful background insights. This 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 particularly allowed us to prepare for interviews and validate information provided through our primary data sources.

Data Analysis

Our analysis followed an inductive, explorative approach that builds upon the interaction between data, existing theoretical frameworks in the literature, and emerging theory (see Charmaz, 2006; Orton, 1997). We used an iterative process of collecting, coding, and categorizing "empirical material as a resource for developing theoretical ideas" (Alvesson & Kärreman, 2011: 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 (see also Smets, Morris, & Greenwood, 2012).

We began coding our data by following what Strauss and Corbin (1990) refer to as the "grounded theory framework." Essentially, the grounded theory approach is an open-ended, inductive discovery of emerging concepts within the data which makes it possible to move from mass descriptive codes to fewer, conceptually abstracted codes. We adhered closely to the guidelines specified by Strauss and Corbin (1990) and Lincoln and Guba (1985) 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 7.0, a computer-based qualitative analysis program.

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 having coded the primary and secondary data sources independently, we assessed and compared our coding schemes whilst 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 legitimacy enhancement. Conflicts between coding schemes were marginal during these stages of analysis. Furthermore, we exploited various opportunities to present preliminary findings at different stages of the study to experts in the field of interest. Most importantly these were national and international scholarly conferences and informal workshops with managers from Alpha Group.

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. Beside these general contextual insights, we specifically analyzed 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 as shown in Figure 1. Visualizing these constituents particularly helped us to reconstruct the case of the sustainability initiative in view of the development of the internal and external organizational field during the period between the end of 2005 and beginning of 2010. This analytical step is an intermediate level of theorizing between raw data and the more abstract model (Langley, 1999).

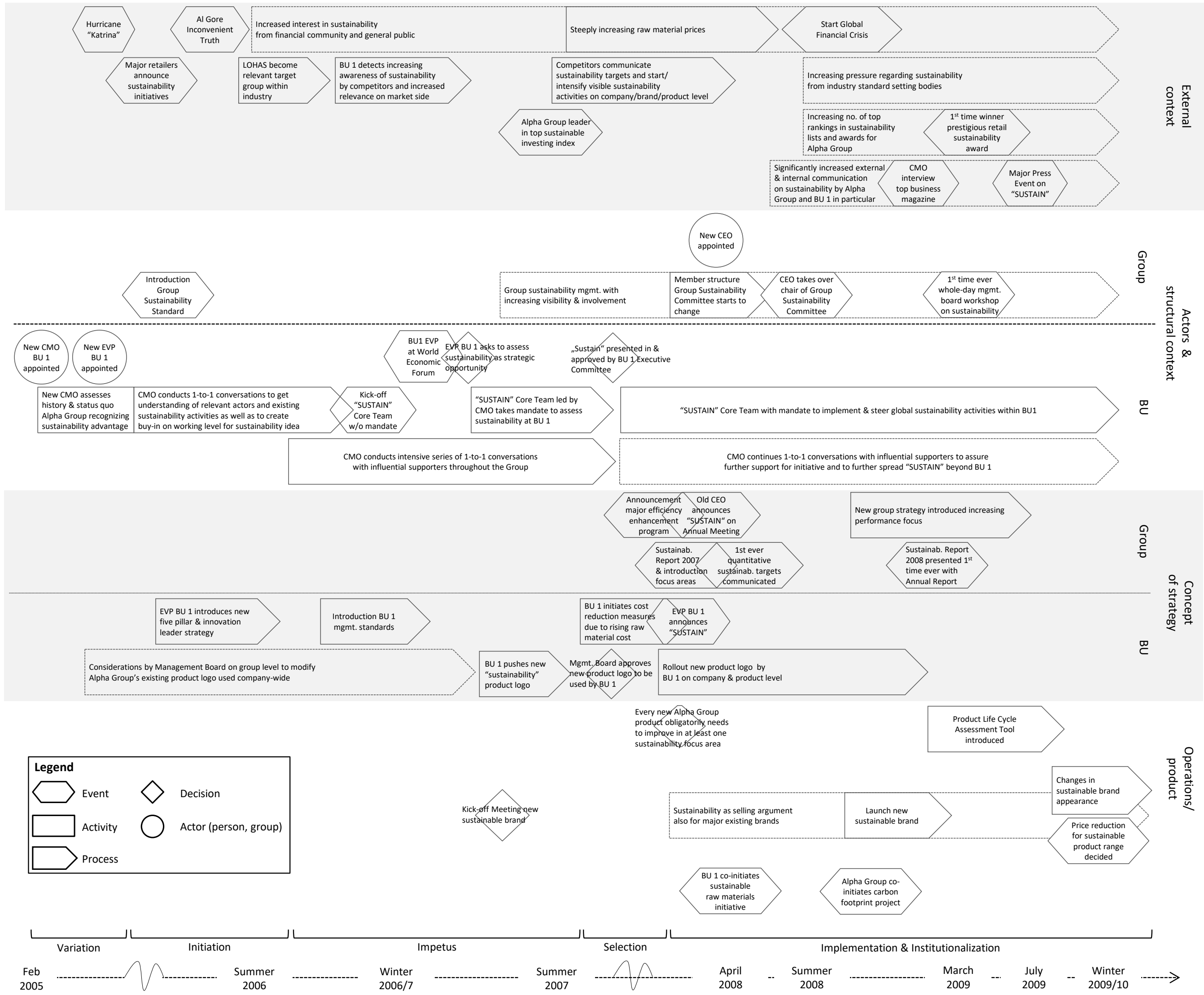
With the flow chart in mind we entered the second stage of coding. Here we particularly went in search of practices driving the legitimization of sustainability. The criteria underlying the identification of legitimacy practices ensured that they (a) were referred to repeatedly by interviewees and key 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 sustainability initiative over time. We arrived at the final, refined set of nine practices 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. Those practices refer to the institutional work (e.g., Lawrence et al., 2009) and "include a wide range of meaning-laden actions and non-verbal displays" (Suchman, 1995: 586). As these legitimacy practices combined multiple levels of inquiry (organizational, strategic, operational) we created narratives in order to organize the data at this stage (Langley, 1999) by summarizing the related intra- and supra-organizational actions, processes, and actors involved. We generated these descriptions by returning to our first-order code structure and referring to observations from the raw data and quotations such as “creating alliances and positioning the topic well prepared within the right committees” or “therefore a pilot project may provide a positive case.” In this way we were also able to shed light on the co-evolvement of practices and developments within the intra-organizational and external environment. Beyond this, it is noteworthy that our interviewees provided us with insightful in-vivo codes, namely by routinely throwing in terms and concepts during the interviews. Codes such as “hardwiring” or “broadcasting” originated from exactly these unconscious theoretical marks on our raw data made by the interviewees.

THE CASE: THE CHANGING FACE OF SUSTAINABILITY AT ALPHA GROUP

We investigated the evolution of sustainability within Alpha Group – and particularly that of BU1 – from being a license-to-operate and company reputation-driven issue to becoming a mainstream strategic topic with sustainability understood as a business-relevant source of competitive advantage.

Figure 1 illustrates the course of events, significantly driven by a strategic sustainability initiative originating from BU1, during the period under consideration from the beginning of 2005 until the end of 2009, which we will describe in detail below.

Figure 1. Course of Events: Evolution of Sustainability Management at Alpha Group



Sustainability Management 2005: Assure License to Operate and Safeguard Group Reputation

Sustainability, understood as a firm's endeavor 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. The group's sustainability tradition and reputation had also been continuously documented internally by publishing sustainability performance reports and also externally by achieving leading positions in national rankings or receiving prestigious sustainability awards. Employees across the firm unanimously regarded sustainability as being embedded in the firm's tradition and culture and strongly associated sustainability with Alpha Group's role as a good, responsible citizen. While being firmly embedded in the corporate culture, sustainability was not interpreted as a strategic, business-decisive issue, which should be translated into a continuous flow of new strategic initiatives. Two critical reasons accounted for this:

Lack of perceived business relevance. Sustainability was regarded as an issue 1) the dedicated Group Sustainability Management department deals with to foster the company's long-time sustainability reputation and 2) to a lower extent operational functions – like research & development, production, purchasing, SHEQ (Safety, Health, Environment, and Quality) – almost exclusively focused on safeguarding the company's "license to operate". However, the core staff of the branded goods business of the firm – marketing and sales – attributed no or minimal relevance of sustainability to their work. A key reason for this has been the limited success of a number of sustainable product innovations of BU1 in the 1980s and 1990s. These product initiatives which significantly contributed to Alpha Group's sustainability reputation did not succeed in the marketplace as expected. This, in turn, created a strong conviction among marketing and sales managers that sustainability was not a decisive buying criterion on the end consumer or retail customer side. Hence, sustainability was not considered as a strategic issue with business relevance.

Lack of organizational empowerment. This lack of strategic relevance was also reflected in a powerless organizational structure. 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." The committee's focus as reflected by topics discussed in the bi-monthly meetings was mainly concerned with assuring the firm's license to operate and the sustainability performance reporting at group level. Also the firm's CEO, though strongly advocating the importance of business ethics, participated only on an irregular basis in the committee's meetings. As a result, the sustainability committee had very limited decision-making power and was only loosely coupled to consumer demands of the business.

Triggering Change

The situation started to change in February 2005 with the appointment of a new Chief Marketing Officer (CMO) in BU1. New to the firm, he started to assess its strategic position recognizing sustainability as a vital part of Alpha Group's DNA with strong, though in his opinion mostly untapped, strategic potential. Despite the CMO's commitment, when the likewise newly appointed Executive Vice President (EVP) for BU1 announced his new strategy, aimed at overcoming the low organic growth suffered by BU1 for a couple of years, sustainability has not been explicitly considered as an important strategic variable.

However, by the end of 2005 the topic gained increasing attention in the industry, starting with major retailers announcing sustainability initiatives worldwide to target a new consumer segment, labeled LOHAS, describing consumers who cultivate a lifestyle emphasizing health, consciousness and principles of sustainability. 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 US.

With this external support, the new BU1 CMO gained further confidence in "his" sustainability initiative and initiated a round table meeting in December 2006 for everyone in the firm involved with the topic of sustainability. At this point in time, the BU1 CMO titled the initiative "SUSTAIN." The round table meeting could, retrospectively, be considered a kick-off meeting for a working group on sustainability with representatives from all functions within BU1 and the Group's Sustainability Management which was since then called the "SUSTAIN core team." Although, by that time without official mandate, the working group met weekly under the BU1 CMO's direction with the purpose of assessing the status quo of BU1 and Alpha Group's sustainability activities.

At the beginning of 2007, BU1's EVP attended an award ceremony at the World Economic Forum receiving a good company award for the Alpha Group, which became an eye-opener event for him as he recognized for the first time the immense competitive edge the company might gain based on this topic. 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 BU1 CMO and his SUSTAIN Core Team analyze 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 and only had to be nudged to start running with it. Based on this official mandate the so far still informal interdisciplinary SUSTAIN Core Team led by the BU1 CMO used the following months to unfold 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.

Sustainability Management 2009: Promoting and Using Sustainability as Competitive Advantage

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 favorable for Alpha Group's consistent sustainability endeavor, 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.

From the beginning of 2008 the increased strategic importance of sustainability was also reflected by changes in Alpha Group's sustainability management organization. The former CEO had recognized the increasing importance of the sustainability committee and increased his presence in it – a move that also changed the participation behavior 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. This development was further reinforced when Alpha Group's new CEO, appointed in spring 2008, immediately decided to take over the chair of the sustainability committee. Moreover, the new CEO externally announced the first-ever quantitative sustainability targets at group level and made the committee accountable for the successful achievement of these targets. The SUSTAIN core team had the mandate to centrally lead global implementation of all sustainability activities within BU1.

By the end of 2009 sustainability had been established in BU1's systems and businesses at both brand and product level and had become part of the strategy. More precisely, this embraced the introduction of a new sustainability product logo, enhanced self-commitment in terms of newly defined focus areas and a life cycle tool evaluating the environmental, social, and economic impact of new products from raw material to actual consumption, the launch of a new sustainable brand and changes to the marketing of the company's top brands, and finally, an intensified engagement with external parties resulting in, for instance, the co-initiation of sustainable raw material production or a major press event on sustainability.

However, it is important to mention that the SUSTAIN initiative was exclusively implemented by BU1 and that the other BUs did not follow suit in this consequent approach. Nonetheless, the significant change in the strategic role of sustainability and the effects of the SUSTAIN initiative within Alpha Group were clearly visible in our third interview phase. Whereas employees in marketing did not see any relevance for their field of work in the first interview phase in 2005, this perception has changed considerably by the end of 2009. Most interviewees described sustainability as a "part of Alpha Group's DNA." The institutionalization of sustainability into Alpha Group's business was also recognized externally. 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.

LEGITIMACY-ENHANCING PRACTICES

The transition of the SUSTAIN initiative from a firm's license to operate to an integral part of the firm's management systems, products, brands, and strategy was driven by micro-level activities that were aimed at legitimizing the initiative internally and externally (see Figure 2). While the sustainability theme found a fertile cultural environment at Alpha Group in 2005, its relevance for business and competitiveness was contested. For the survival and cultural support of SUSTAIN internally, managers manipulated the internal context in order to create momentum within the organization. The aim was to show that the initiative would not only meet societal expectations for a more sustainable society, but also reflect utilitarian business objectives of the firm. This was achieved by various internal legitimacy-enhancing practices such as broadcasting, symbolizing, involving, substantiating, and hardwiring. The aim was that SUSTAIN would be increasingly perceived as business relevant and issued with the required resources and managerial attention within the intra-organizational selection environment. In addition, external legitimacy for SUSTAIN was gained by establishing "a strategically favorable set of conditions" (Lawrence, 1999: 167) by credibility building, recognition seeking, standardizing, and materializing. The external audiences' feedback on Alpha Group's sustainability initiatives would not only create external legitimacy for the firm as a whole, but, more importantly, create powerful justification for SUSTAIN's internal competition for managerial attention and funding.

Figure 2. Strategic Opportunity Creation through Legitimacy-Enhancing Practices

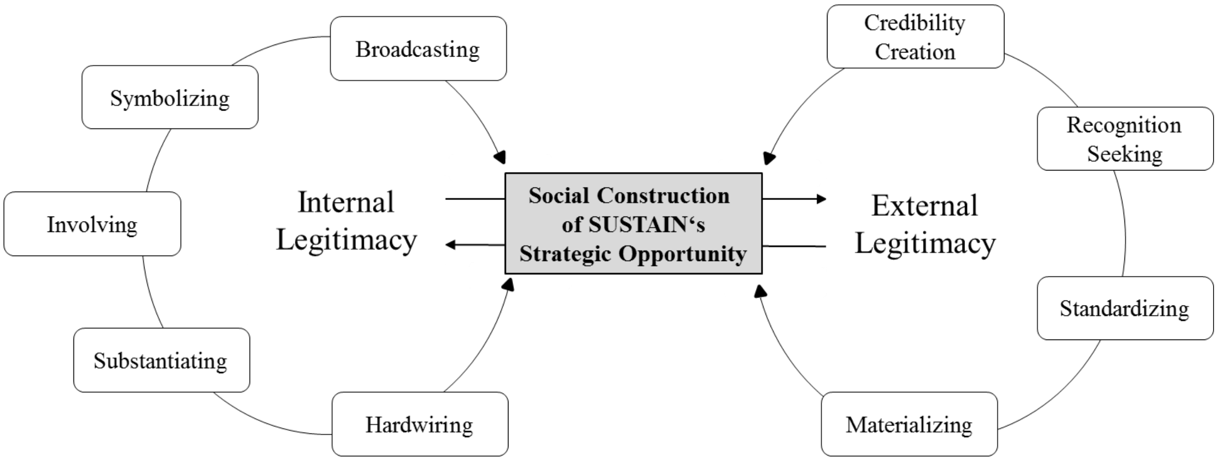


Figure 2 also illustrates that both internal and external legitimacy are interrelated in a reciprocal manner. Thus, customers' and competitors' increasing commitment to sustainability-related issues facilitated the internal recognition of SUSTAIN as a source of competitive advantage. By the same token, numerous SUSTAIN-related activities emerged as the joint outcome of Alpha Group's managerial influence and the favorable external selection environment. Consequently, the firm's self-commitment in terms of a sustainable production fell on fertile ground when external authorities co-initiated new sustainability standards such as the invention of certificates for a major raw material.

Creating Internal Legitimacy

Broadcasting. Gaining internal legitimacy rested heavily on internal broadcasting practices. In the case of Alpha Group this involved intense communication of the topic through multiple communication channels. These channels included company-wide newsletters, speeches, and the direct communication between managers and their employees. As one interviewee emphasized, "It is key that it is kept up; not only top management has to keep it warm, but also the communication channels involved." The continuous communication of the sustainability initiative proved essential for creating awareness and momentum within the firm. These kinds of messages "need to be compressed, they need to be repeatable," as another interviewee explained. The initiative needed to be kept omnipresent through day-to-day verbal discourses among relevant organizational members. The 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 topic. The development of a shared mental model and common understanding of sustainability was vital in that sustainability may elicit multiple associations. These associations are basically positive, as one interviewee noted, “It’s a topic one can identify with extremely well; practically, it’s a topic one can be proud of.” This fact principally facilitated getting people on board. Moreover, in order to achieve broad acknowledgement of the initiative’s business relevance it was imperative to win acceptance beyond the “corporate nerds” as one of our interviewees stressed. Winning over managers from the firm’s core staff – sales and marketing – demanded a clear account of how SUSTAIN might meet their concrete demands. The initiative’s value and practical consequences were thus key content components of the broadcasting campaign at Alpha Group, led by the SUSTAIN core team.

Symbolizing. The relevance of symbolizing practices particularly enhanced moral and cognitive commitment on the side of organizational members. The sustainability initiative was supported by non-verbal, symbolic displays, stories, and actions. The most important symbolic impact could be credited to the BU1 CMO. His commitment and perseverance made him a symbolic character which helped build a role model for sustainable behavior and inspired story-telling on the way he discovered and developed the sustainability topic within Alpha Group. Organizational members learned that the BU1 CMO revealed the topic’s strategic relevance through intensive desk-based research which he conducted shortly after his appointment as BU1’s new CMO. He not only embodied a sustainable lifestyle by, for example, driving a hybrid car, but also succeeded in establishing a mandatory and long-term decision-making body for sustainability-related issues – the SUSTAIN core team. As the BU1 CMO noted, “I think one of the most important actions is to declare the topic ‘a matter for the boss’.” Eventually, the CEO took over the chair of the sustainability committee and, hence, signaled the topic’s strategic significance for the firm. Subsequently, doubters who had not attended the committee’s meetings yet, felt that if they did not start to participate, they would miss important internal developments and decisions. Besides, the incorporation of sustainability into Alpha Group’s first-ever quantitative sustainability targets and making the organization directly accountable for achieving these targets marked a similarly important symbolic milestone. One interviewee stated, “We achieved a higher level of intensity by establishing mandatory targets; in my opinion that’s an important step, and a step, I think, not many companies have taken.”

Involving. Although verbal (broadcasting) and non-verbal (symbolizing) communication were necessary practices, purposefully involving the right people with a strong internal reputation when promoting the initiative was equally important. More precisely, this practice implied building horizontal and vertical alliances in order to create common ownership among diverse hierarchical and functional levels. A top manager at Alpha Group confirmed that "creating alliances, bringing top management over to one's side, convincing them of the issue is imperative". In addition, ensuring majorities for the SUSTAIN initiative prior to decisive committee meetings further enhanced the initiative's survival. This highlights the significance of direct, personal dialogues allowing for the circumvention of formal communication channels. As one interviewee noted, "A successful mechanism is to really do a lot of face-to-face persuading through extreme personal commitment." This way, managers were not only mobilized to take collective action, but also recruited to further convey the message throughout the organization.

Substantiation. However, it is not only top management that needed to be brought in, as the involvement of experts on sustainability and people with a high internal reputation was also vital. Hence, the initially vague conceptualization of the initiative and related activities called for the substantiation of the initiative's major dimensions. Thus, linking the sustainability initiative to a "dense factual carpet," as one of our interviewees called it, was a decisive step to winning approval and acceptance among organizational members. The SUSTAIN core team resorted to facts that were predominantly linked to the organization's history and especially to its sustainability track record – this included its former environmental commitment, its strategic goals, and the external market, for example, in the form of figures indicating a significant socio-economic trend, such as the new LOHAS target group, and competitors' moves. Taken together these facts supported the arguments brought forth by actors aiming to advance sustainability within their organization. Substantiation efforts became particularly evident when the SUSTAIN core team, led by the BU1 CMO, had to persuade BU1's executive committee to grant funds for the initiative's further development. The team prepared a 300-slide presentation illustrating in detail facts and figures backing SUSTAIN's relevance and its potential for generating a long-term competitive advantage in a changing market environment. However, substantiation also took place on a continuous basis. The SUSTAIN team regularly recorded concrete, measurable performance indicators and outcomes related to the initiative in order to enhance organizational acceptance.

Hardwiring. Hardwiring practices sought to cement sustainability within the firm's management systems, processes, and structure. As one manager emphasized, "Factors of success are structures and systems aimed at sustainably embedding those topics within the organization and in people's heads." With the definition of quantifiable targets, focus areas, or the life cycle tool the SUSTAIN initiative has increasingly gained influence on new product development or production processes. Although these targets and tools were initially rather symbolic in character, their global roll-out has led to their eventual binding validity and, more importantly, the introduction of a whole new sustainable brand with a broad product range. With sustainability gradually becoming hardwired in this way, a new organizational path was created. Efforts to reverse this path have become increasingly difficult. And as one interviewee warned, "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." 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," as one interviewee emphasized.

Table 2 summarizes these practices by providing exemplary quotes and respective definitions.

Table 2. Practices Enhancing External Legitimacy: Exemplary Quotes and Definitions

Practice	Exemplary quotes	Definition
Broadcasting	"It has immediately been made an issue and it has been used as a multiplier through Alpha Group's internal media channels. And this is perceived by our consumers, including our employees who are consumers, too." (Manager)	Repeatedly communicating through multiple channels to raise organization-wide awareness and support for the strategic issue.
Symbolizing	"Exactly, you have to formulate a focus like this somehow. And this is what we achieved with our SUSTAIN concept – short and crisp. We have been criticized for it so much we got tired of hearing that. But, in my opinion, you can communicate it clearly enough and put in a handy formula, so that it's really communicated and comprehensible for everybody, and that you have it on your mind every day." (CMO)	Using non-verbal, symbolic displays, stories, and actions particularly for enhancing moral and cognitive commitment of organizational members.
Involving	"You have to buy in a top-team supporter. From that moment, it definitely becomes easier to push the initiative when you have someone from the top management team. Consequently, if you have an issue where you can involve multiple parties, at that point you can gain positive feedback from different areas and you all appear as a team and say this is the idea." (Director)	Building vertical and horizontal alliances with top managers, experts, or people with a high internal reputation, and thus, manipulating decision-making procedures, namely through assuring majority pre-decisions in favor of the initiative.
Substantiating	"It's the normative power of the factual, it has been simply done." "As long as I have known Alpha Group, this [sustainability] was in the firm's genes and soundly cemented in its culture." (Vice President)	Justifying the initiative with hard facts, such as obligatory targets or market figures, to emphasize the issue's business relevance and embedding it within the firm's history.
Hardwiring	"We changed our whole innovation pipeline so that every new product, every product we have been working on, clearly addresses these focus areas and results in a significant improvement." (Director)	Translating the initiative into firm's overall systems, processes, and targets.

Creating External Legitimacy

Credibility building. Credibility building within the external organizational field through intense and repetitive communication constituted a major prerequisite for legitimizing Alpha Group's sustainability track record in the external context. We found significant differences regarding previous sustainability management efforts and the present SUSTAIN initiative. The majority of interviewees confirmed that intense external communication had only recently been employed, but had so far triggered incredibly positive feedback from the external environment. As one interviewee stated, "We had so much to communicate, but we were far too modest at that point." Another interviewee argued, "We put more energy into communicating it [sustainability] now; we weren't doing that three years ago." The external communication of the SUSTAIN initiative through, for instance, press conferences, sustainability reports, or interviews with top managers early on was linked to the firm's "DNA" and its pre-existing sustainability track record. Through these activities, Alpha Group addressed end consumers and retail customers alike and influenced their moral evaluations of the firm. The objective was to signal that Alpha Group provides the necessary knowledge, capabilities, and processes to face the challenges associated with successfully implementing sustainability. One interviewee argued, "Alpha Group could prove very well that it's not just an ad-hoc story for us." Taken as a whole, this practice has built a strong reputation for Alpha Group in terms of its long-term sustainability commitment and has helped the initiative gain external and internal stakeholder acceptance.

Recognition seeking. Seeking recognition in the form of certificates, rankings, and awards honoring outstanding achievements in the field of sustainability further enhanced external acceptance through the strong signaling 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 one interviewee pointed out, "We earn awards on a regular basis, we are featured on sustainability rankings, mostly in first or second place, and, and, and; this helps immensely to augment our firm's reputation and prominence." The importance of such recognition was further exemplified by another interviewee: "Without these awards I would have thought nobody is really interested in what we do." 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. It should be noted, though, 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. However, as recognition seeking draws on externally defined ideals of competencies and achievements, we assigned this practice to external legitimacy.

Standardization. Being the first to assert explicit and comparatively high standards in sustainable operations along the value chain not only established a benchmark for customers and business partners but also obliged competitors to mimic those standards. This was particularly driven by Alpha Group's self-commitment 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. The institutionalization of new industry standards was therefore 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 thus linked to the official control of external institutions. The firm's consistent commitment to establishing new industry standards made it a pioneer in implementing sustainability which was broadly appreciated by competitors. According to accounts from our interviewees, when the BU1's EVP attended the World Economic Forum, top managers from other companies directly approached the manager and highly acknowledged Alpha Group's strong position in the field of sustainability. As one 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." This positive development was especially assisted by the fact that the sustainability field was still rather emerging and immature at that stage. Where there is no common agreement on certain issues such as in the case of sustainability, first mover advantages are quite easy to realize by pioneering the field with adequate propositions regarding standards and regulations. In essence, proactively setting standards supports a pursued market-maker strategy in the field of sustainability and consequently enhances external legitimacy.

Materializing. We found that materializing the SUSTAIN initiative into artefacts at product and brand level was a practice that completed Alpha Group's portfolio of legitimacy-enhancing activities. Similar to the practice of substantiating and symbolizing in the internal case, materializing proved an indispensable step for handling the topic's inherently diffuse nature and for making it more tangible, especially to consumers, customers, as well as employees. The materializing practices particularly resulted from considerations in marketing and innovation management to serve the recently identified target group of LOHAS through a "mnemonic device." as one interviewee called it. Firstly, the introduction of a new company logo highlighting Alpha Group's sustainability commitment, and secondly, the launch of the new sustainability brand, as illustrated in the case narrative, immensely endorsed the firm's external acceptance and sustainability's internal acceptance. As one interviewee stressed, "The most successful and perceptible aspects are the things with an external impact; the logo on the packaging, for example." Yet, 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 also because this was the first new brand launch from BU1 for over 5 years.

Table 3 lists the practices, illustrative quotes and definitions aimed at enhancing external legitimacy.

Table 3. Practices Enhancing External Legitimacy: Exemplary Quotes and Definitions

Practice	Exemplary quotes	Definition
Credibility building	"Because of the fact that sustainability has always been present within Alpha Group, the handling of the topic wasn't something new. Alpha Group is able to make use of the topic faster or maybe more credibly than its competitors." (Manager)	Demonstrating and marketing superior capabilities regarding the initiative through linking it to the firm's values and beliefs and approval seeking from consumers, customers, or investors.
Recognition seeking	"Hey, we have it, we can serve that, we are sustainable and we win one sustainability award after the other, let's make use of it." (Director)	Seeking explicit certificates and awards contributing to the firm's reputation in the marketplace.
Standardizing	"We engage in the regulatory discussion to determine criteria and standards for CSR, because we believe that if we don't, we will have a competitive disadvantage." (Vice President)	Engaging in regulatory discussions and determining new standards, which allows the firm to pioneer and thus eventually create isomorphic pressures on other market players.
Materializing	"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)	Creating tangible and physical artefacts for communicating an initiative's messages and commitment.

DISCUSSION

In this article we have presented a study describing different practices to legitimize strategic sustainability initiatives within a large diversified firm. Evolutionary strategy researchers have argued that competition and survival of strategic initiatives within an intra-organizational ecology is driven by various behavioral mechanisms embedded in a structural and strategic context of the firm. However, very little research has explicitly addressed the question how managers apply various legitimacy-enhancing practices at the interstices between the internal and external institutional environments to support the survival of their strategic initiatives. Our empirical study attempts to fill this gap with a unique explorative and longitudinal case study in a diversified firm and provides a number of important insights we discuss in more detail below.

From Discovery to the Social Construction of Strategic Opportunities

A key finding of our study is that strategic opportunities are not simply discovered (see e.g., Kirzner, 1979; Shane, 2000), but socially enacted through the use of specific legitimacy-enhancing practices. Legitimacy plays a vital role in dealing with strategic uncertainties (Knight, 1933) as it is a collective process of sensemaking of how the firm resolves "wicked" strategic issues (Rittel, 1972) at the interstices of broader societal expectations and strategic business objectives. Following earlier work on a constructivist approach to entrepreneurial opportunities (see Wood and McKinley, 2010), our study shows empirically how managers manipulate the (intra-)organizational ecology to create impetus and organizational acceptance for their strategic initiatives. In particular, our findings inform research on how selection mechanisms within the (intra-organizational) ecology are socially enacted in action.

In a recent study on sources of selection in strategy-making, Canales (2015) shows how strategic initiatives are chosen in a two-stage selection process within the intra-organizational ecology of a multi-business corporation. His compelling study provides a better understanding how strategic fit and feasibility interact differently depending on the type and origin of a strategic initiative (top-down, bottom-up, or middle management driven). Yet, our study contributes to his findings by offering a micro-level view (Powell & Colyvas, 2008; Vaara & Whittington, 2012) on how macro-organizational principles such as strategic fit or feasibility are constructed and reconstructed in daily managerial action through a set of legitimacy-enhancing practices. However, these legitimacy-enhancing practices, we found in our case, operate underneath the surface of Canales' two-stage selection mechanism.

This can be illustrated with our case findings. The evolution of the SUSTAIN initiative shows that the selection process has been socially constructed by a complex and multifaceted interplay of legitimacy-enhancing practices. These include (1) *broadcasting* and *symbolizing* for creating strategic issue awareness, (2) *involving* for internal political alliance formation, (3) *substantiating* for constructing the strategic business case and grounding it with facts and narratives, and, finally, (4) *translating* the strategic initiative's intent into managerial systems, objectives, and routines through *hardwiring*. Impetus for SUSTAIN was further garnered by external legitimacy creation. Such practices as *recognition seeking* through winning sustainability awards or pioneering new standards for renewable raw materials created positive external feedback, which, in turn, became a self-reinforcing mechanism that further strengthened the strategic initiatives' internal legitimacy.

In line with a systemic approach (Reihlen, Klaas-Wissing, & Ringberg, 2007), we therefore suggest that micro-level practices that underlie the strategy-making process interact with macro-level processes. What appears from a bird's eye view to be the actualization of macro-level selection mechanism is, in fact, created and recreated through hard managerial work. As such, Canales' selection mechanism actually comes to life through managers' struggle for legitimacy of their strategic endeavor, which gives the general notions of strategic fit and feasibility meaning in action.

Our study also helps to refine findings in other earlier studies, such as the more recent study conducted by Mirabeau and Maguire (2014) on how autonomous strategic behavior shapes emergent strategy. The authors found persuasive evidence in the case of a large telecommunications firm of how the strategic and structural context has been manipulated by such practices as introducing new strategic categories or new organizational objectives. The authors refine evolutionary strategy research by showing different manipulation practices that "link actors across multiple levels" (Mirabeau & Maguire, 2014: 1226). In line with our findings, the authors emphasize the discursive construction of strategy through specific practices. Yet, practices of strategy articulation, which overlap partly with our broadcasting, symbolizing, and substantiating practices, are only a subgroup of a multitude of practices applied for internal legitimacy creation. In this respect, our study offers an extended picture of how strategy is enacted through various discursive practices. In particular, we suggest that the internal context or the micro-institutional field of the corporation (van Dijk et al., 2011), within which strategic behavior unfolds, is manipulated by such legitimacy-enhancing practices. Contrary to Mirabeau and Maguire's (2014) study, we also show the co-evolutionary nature of strategy-making and the role of material social artefacts play in social opportunity construction.

In addition, while population ecology (Hannan & Freeman, 1977) suggests that "managerial intentionality" makes no difference (Lewin & Volberda, 1999: 520), our case illustrates the centrality of interests and agency in actively manipulating the external institutional environment. As a consequence, questions of how organizations and environments co-evolve have remained largely underdeveloped in evolutionary strategy research. Instead of either examining company adaptation (intra-organizational ecology) or environmental selection (population ecology), our study mirrors Lewin and Volberda's (1999: 523) suggestion that change is "rather the joint outcome of intentionality and environmental effects."

Ultimately, we suggest that marrying evolutionary perspectives on strategy-making and change with institutional notions of legitimacy, institutional work, and entrepreneurship (DiMaggio, 1988; Garud, Hardy, & Maguire, 2007; Hardy & Maguire, 2008) paves the way to a particularly fruitful research agenda able to fill the conceptual gaps previous models have left behind. Assuming actors are able to enact structure to advance personal interests they value highly (DiMaggio, 1988) – be it within the intra-organizational ecology or the external organizational field – and can, at the same time, draw on particular institutional arrangements as enabling conditions this would provide an explanation for the emergence of deviating, non-isomorphic strategic responses as observed in the case of Alpha Group.

When Ethical Meaningfulness is Not Enough: Creating Impetus through Business Relevance

Our analysis shows that the prevailing justification for sustainability based on a "moral appeal" (Porter & Kramer, 2006: 2) was a necessary condition, but the real impetus for sustainability being accepted by organizational members as strategically relevant and a potential source of competitive advantage emerged from demonstrating its relevance for the business itself. This finding parallels recent contributions in the field of corporate sustainability, or more precisely, the business case of corporate sustainability (Salzmann, Ionescu-Somers, & Steger, 2005). Those attempts to prove the economic rationale of sustainability management, mainly by linking environmental and social activities to long-term financial performance (Epstein, Buhovac, & Yuthas, 2015), however, are yet largely inconclusive (Griffin & Mahon, 1997) and lack major descriptive studies (Salzmann et al., 2005). This is mainly attributable to the issue's inherent complexity and related, multi-faceted trade-offs between its economic, environmental, and social sustainability constituents (e.g., Hahn, Figge, Pinkse, & Preuss, 2010).

Since its founding, Alpha Group has developed a culture that has been susceptible to sustainability. This culture was supported by self-reinforcing mechanisms of selecting, socializing, training, and later incentivizing managers. As our case illustrates, this cultural path dependency can not only become a corporate liability, but turns into an enabling force when the external environment offers new strategic opportunities that help to exploit the corporate DNA by translating it into specific business opportunities.

However, new business opportunities never come with red flags, but have to be socially constructed and negotiated within and across the firm (Wood & McKinley, 2010). A corporate culture that is susceptible to an emerging opportunity space – here sustainability – offers stronger absorptive capacity (Cohen & Levinthal, 1990) and therefore a higher readiness for innovation in a new technological field. This explains why Alpha Group's path dependency based on its corporate DNA was in fact an enabling condition for business-related sustainability innovations.

Yet, the meaningfulness of sustainability proved to be an advantage and disadvantage at the same time. Consistent with values and beliefs held individually and organization-wide implying that being a respected citizen and "doing good" is something Alpha Group stands for, organizational members intrinsically accepted sustainability due to its ethically meaningful nature. On the other hand, sustainability was trapped in philanthropy since organizational members attributed sustainability to the Group's reputation but did not see any relevance for the business itself in their daily work. Sustainability lived a rather comfortable, but isolated life within the organization on the "green island." It was mainly kept alive by organizational members that were located (1) either in sustainability management departments mainly at group level (corporate nerds) fostering the firm's reputation with legitimacy derived from external reputation, or (2) in operations-related roles assuring the firm's license to operate with legitimacy derived mainly from external regulation. In this context the BU1 CMO acted as a micro-institutional entrepreneur by interpreting the internal and external organizational field and creating new ways to legitimize the sustainability initiative beyond sustainability's ethically meaningful nature. He and later the SUSTAIN core team underpinned the topic's inherent business relevance and potential for competitive advantage using different legitimization practices. To shape the perceptions of key organizational members about the entrepreneurial opportunity, they resorted to rather economic or pragmatic sources of legitimacy (Suchman, 1995) which each and every initiative needs to satisfy in the internal struggle for business relevance.

With sustainability management increasingly accepted as a strategic source of competitive advantage, the actors involved and the sources of legitimacy shifted over the period of the study. Sustainability had, metaphorically speaking, moved from the “green island” to the “business continent.” This finding has consequences for the further long-term survival of sustainability as a prominent strategic topic. This means that managers in support of the initiatives had to adjust their legitimacy-enhancing practices from a moral legitimacy based on a license to operate to pragmatic legitimacy based on creating space for new opportunities to gain business and competitive advantage (e.g., Porter & Kramer, 2006; Scherer et al., 2013). Nevertheless, by increasingly institutionalizing sustainability in its systems, processes, structure, and products, Alpha Group also created a new strategic path and lock-in. Leaving the sustainability track becomes more and more problematic, as organizations risk losing their public credibility and legitimacy.

Managerial Implications: Dealing with Ambiguity in Strategy Work

Managers have to recognize that strategy work deals with “wicked” (Mason & Mitroff, 1981; Rittel, 1972) or “multi-context” (Kirsch, 1988) issues that require professional judgment (Abbott, 1988) and reasoning (Toulmin, Rieke, & Janik, 1979). Yet, as our study shows, what is considered as reasonable is, in itself, shaped by institutionalized assumptions and expectations. Our study has therefore two important messages for practitioners. Firstly, strategy-making is “ambiguity intensive” (Alvesson, 2011) work. This means that strategic knowledge claims are not simply acceptable when presented in persuasive way. Rather, they have to gain legitimacy in the eye of powerful audiences. For the manager who wants to push his or her strategic initiative through the corporate selection environment, it is pivotal to identify and understand institutionalized expectations and apply legitimacy-enhancing practices that will influence the internal selection mechanisms to his or her ends. The legitimacy-enhancing practices we found in our case can be used as a source of inspiration for managers to develop more contextualized legitimization practices. Yet, as we also show, developing a strong case of legitimacy draws on multiple sources of legitimacy and requires the orchestration of mutually supporting internally as well as externally directed legitimization practices.

Secondly, the emphasis on ambiguity and image creation that is deeply involved in legitimizing new strategic initiatives should also make us skeptical. What appears as a rationally justified strategic initiative may simply be a well-choreographed “triumph of imagology" (Alvesson, 2013: 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 in order to assess and distinguish a strategic initiative's rhetorical appearance from its underlying substance (Rescher, 1998). One way of dealing with this is to stimulate a self-reflexive mode of inquiry that travels back and forth between rationally justifiable propositions, social expectations, and the substantive demands of a strategy project. Such proposals have been made early on in the strategic management literature by applying argumentation theory and dialectical modes of inquiry for strategic decision-making (Churchman, 1971; Mason, 1969; Mason & Mitroff, 1981; von Werder, 1999). Thus, it is time to better understand how the logic of learning is coupled with the logic of legitimization in strategy-making; and we hope to have stimulated further research in such an endeavor.

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Endnote

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A PROCESS PERSPECTIVE ON THE LEADER SUCCESSION-STRATEGIC CHANGE RELATIONSHIP

Capturing New CEO Practices in the Post-Succession Strategic Change Process

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ABSTRACT

Despite the importance of the phenomenon of strategic change following CEO succession we still lack substantial theoretical and practical understanding of why and when which type of strategic change occurs post-succession, how it comes into being, and what role and impact might be attributed to a new leader. Explicitly considering the largely neglected "process" of strategic change as pivotal mediator of the leader succession-strategic change relationship, this research contributes to the literature by addressing the research gap of "how" new leaders actually initiate and implement strategic change. Building on a unique, in-depth case study of transformational post-succession strategic change in a large, diversified multinational firm, key leader practices during a deliberate change process are identified. Eventually, key themes emerging from the empirical findings are discussed against the background of existing research in the field. This research contributes to the scholarly discussion on the post succession strategic change process and provides practitioners with actionable insights for their management praxis.

Keywords: leader succession, strategic change, process perspective, executive leadership, strategy implementation

INTRODUCTION

A Chief Executive Officer (CEO) succession represents a crucial event in a company's life (Giambatista, Rowe, & Riaz, 2005; Grusky, 1960). This is due to the substantive and symbolic importance of the CEO position (Kesner & Sebora, 1994) and is often followed by major strategic change initiated by the new CEO with significant implications for the organization and its performance (Greiner & Bhambri, 1989; Kesner & Sebora, 1994; Miller, 1993; Zhang & Rajagopalan, 2010). But despite the importance of the phenomenon of strategic change following leader[2] succession to practitioners and scholars alike we still lack substantial theoretical and practical understanding of why and when which type of strategic change occurs post-succession, and in particular how it comes into being, and what role and impact might be attributed to a new leader during this process.

Though an increasing scholarly interest in what happens after the arrival of a new leader – the post-succession process – can be observed for the past decade (Ma, Seidl, & Guérard, 2015), just a small sub-stream of the vast and manifold leader succession, respectively strategic change literature has focused on the leader succession-strategic change ("LSSC") relationship (Hutzschenreuter, Kleindienst, & Greger, 2012; Ma et al., 2015) and only few studies explicitly on the post-succession strategic change process (Gabarro, 2007; Greiner & Bhambri, 1989; Greiner, Cummings, & Bhambri, 2003). As Miller (1993) argued, succession research has been "so preoccupied with linking succession to performance that it has failed to examine what new leaders do", asking for more research which "tracks organizations to determine just when and how new leaders change structure, process, and strategy".

Looking at the existing scholarly literature on the LSSC relationship, researchers have investigated and identified different rationales and moderators that influence new leaders to initiate strategic change or not (Hutzschenreuter et al., 2012). But the existing literature in the field has ignored, in large parts, the question of "how" strategic change is actually initiated and implemented by new leaders, implicitly assuming that new leaders are per se able to implement change successfully post-succession (O'Reilly, Caldwell, Chatman, Lapiz, & Self, 2010). This is surprising since the process and concrete practices of change initiation and implementation, understanding how new leaders are able to realize strategic change, seems to be an indispensable of investigating the complex and dynamic LSSC relationship (Hutzschenreuter et al., 2012). The comparably scant attention which the post-succession strategic change process and corresponding practices have received in the research field may

[2] I am using the terms "leader" and "CEO" interchangeably.

also be rooted in the difficulties of observing changes in culture, strategy, structure, processes or employees from the outside (Pitcher, Chreim, & Kisfalvi, 2000). Other than archival data on succession events as well as on outcome variables, such as performance, data on the strategic change process and practices are mostly not readily available (Giambatista et al., 2005). This empirical challenge is reflected in the existing LSSC relationship literature in which the large majority of studies have been based on quantitative, large sample variance studies using secondary archival data (Giambatista et al., 2005), with only few notable exceptions (Denis, Langley, & Pineault, 2000; Gabarro, 2007; Greiner & Bhambri, 1989; Greiner et al., 2003; Simons, 1994). The methodological approach of large scale, quantitative variance studies, however, seems to be ill-suited to capture the actual process and practices of change and a company's internal dynamics (Giambatista et al., 2005; Greiner & Bhambri, 1989).

Taking up the previously summarized state of scholarly discussion, this research contributes to the LSSC relationship literature by addressing the identified research gap of "how" new leaders actually initiate and implement strategic change. I argue that applying a phenomenon-led, process research based case study approach offers the opportunity to advance our understanding of the LSSC phenomenon beyond the dominant rather isolated consideration of causal relationships between single or few rationales and moderators on the one side and an outcome variable in the form of narrowly and selectively defined types of strategic change on the other side. Explicitly introducing the largely neglected "process of strategic change" as pivotal mediator to the LSSC relationship, I attempt to shed some light on the black box on what is actually happening between rationales, moderators and outcomes. Based on a unique, qualitative in-depth case study of successful transformational strategic change driven by a new CEO which led to significantly increased performance in a large, diversified multinational firm, I will identify new CEO key practices during a deliberate strategic change process, eventually deriving a set of key levers for post-succession strategic change. Building on the findings from the empirical case study, complemented by the existing literature on the LSSC relationship and the post-succession process, this research aims at advancing the ongoing research discussion on the LSSC relationship and the post-succession strategic change process as well as to provide practitioners with actionable insights for their management praxis.

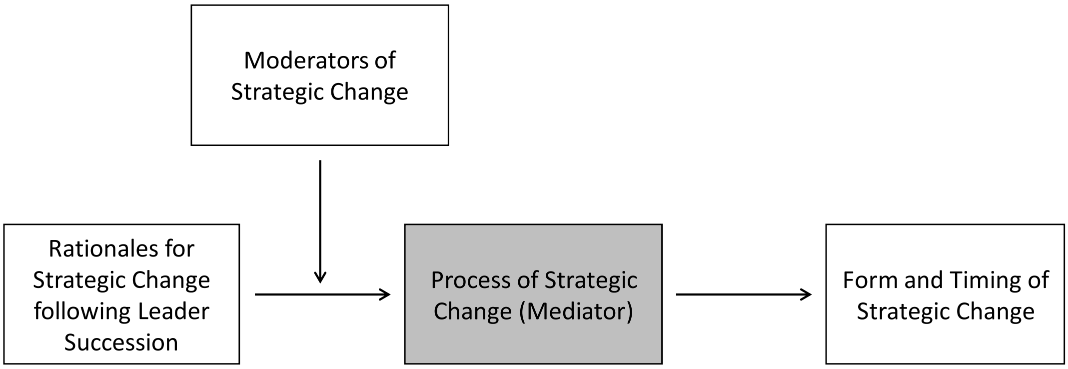
THEORETICAL ORIENTATION: LSSC RELATIONSHIP AND POST-SUCCESSION PROCESS

For researchers interested in strategic change, leader succession – i.e. the pivotal act or process by which a new CEO assumes responsibilities from an outgoing CEO (Hutzschenreuter et al., 2012) – offers a unique research opportunity since it represents a discrete, observable organizational event which is crucial for the organization (Giambatista et al., 2005) and which is often associated with significant subsequent change in a wide variety of organizational dimensions (Miller, 1993). Thus, it allows to observe the impact of a leader on strategic change first-hand, also contributing to the controversially debated question (Bertrand & Schoar, 2003; Lieberson & O'Connor, 1972) if, how, and under what conditions leaders matter. For strategic change, a diverse set of definitions has been offered in the literature (Greiner & Bhambri, 1989). For the purpose of this article, strategic change is defined broadly as a significant difference in form, quality, or state in an organization over time that directly or indirectly alters the company’s alignment with its environment (Hutzschenreuter et al., 2012). This comprises in particular alterations to major aspects of an organization’s culture, strategy, structure, processes or employees.

Building on a modified version of a framework of the LSSC relationship (see Figure 1) used by Hutzschenreuter et al. (2012) to assess the literature in their review of the sub-field, I will provide in the following a focused assessment of existing, partly overlapping succession research addressing the LSSC relationship and research investigating the post-succession process in general. Explicitly incorporating the largely ignored “process of strategic change” as crucial mediator of the LSSC relationship to the framework, I argue that understanding the process of strategic change and associated new leader practices is indispensable to get a complete picture of the LSSC relationship. Largely ignored by existing literature so far, I am explicitly addressing this topic in this research.

FIGURE 1

Extended framework of the LSSC relationship considering the process of strategic change as mediator (own figure, based on Hutzschenreuter et al. (2012))



The existing literature on the LSSC relationship has identified and proposed various theoretical arguments serving as rationales for strategic change following a leader succession event (Hutzschenreuter et al., 2012). Most studies in the field investigate – using a variance approach – a causal mechanism directly explaining the relationship between one or few rationales as independent variables and some form of strategic change as dependent variable. Looking at the rationales in detail, the large majority of studies see the reasons for post-succession strategic change residing within the new leader, most often rooted in the assumption that cognitive differences exist between the new and the incumbent CEO that lead to different interpretations, decisions, actions and ultimately to different outcomes (Hutzschenreuter et al., 2012). In particular, the distinction between insider and outsider CEO successions has been used to capture cognitive differences between the incumbent and successor (Boeker, 1997a; Friedman & Saul, 1991; Helmich & Brown, 1972; Wiersema, 1992). But the findings so far have remained mixed and the validity of the CEO insider-outsider distinction has increasingly been questioned arguing that the representation of a complex construct like leaders' cognitive maps by using the insider/outsider dichotomy seems to be too simplistic (Giambatista et al., 2005). Also grounded in cognitive psychology is a second rationale often referred to in research which posits that new CEOs may be less cognitively committed to prior courses of action (Barker Iii & Duhaime, 1997; Datta, Rajagopalan, & Yan Zhang, 2003; Hutzschenreuter et al., 2012) and are thus more likely to initiate strategic change (Hambrick, 1991; Hambrick, Geletkanycz, & Fredrickson, 1993; Lant & Milliken, 1992; Romanelli & Tushman, 1994). Beyond these internal "cognition" arguments to answer the "why" of strategic change which have been clearly predominant in the literature also reasons external to the leader, like board mandate (Boeker, 1997b; Shen & Cannella Jr., 2002), perceived expectancy (Romanelli & Tushman, 1994), environmental pressures (Gordon, Stewart, Jr., Wayne H., Sweo, & Luker, 2000; Lant & Milliken, 1992) or sources of power (Bigley & Wiersema, 2002; Kraatz & Moore, 2002) have been introduced to the discussion by researchers, though mostly as an additional argument, complementing the cognitive arguments, rather than a stand-alone explanation (Hutzschenreuter et al., 2012).

In addition to the rationales for strategic change, several researchers have considered one or several moderators of strategic change as contingency factors, namely organizational conditions and/or environmental conditions that influence the LSSC relationship by facilitating or hampering strategic change (Hutzschenreuter et al., 2012). The most widely investigated organizational context moderator has been “pre-succession performance”. But existing research on pre-succession performance has produced inconsistent results and a detailed understanding of the particular mechanisms through which different contexts affect the change outcome is missing (Ma et al., 2015). Also the external context, i.e. environmental conditions have been considered by researchers, mainly focusing on the influence of “managerial discretion” (Hambrick & Finkelstein, 1987).

In existing research, the dependent outcome variable of the LSSC relationship has usually been a clearly defined form of strategic change, i.e. certain changes in corporate strategy, competitive strategy, to actors or the strategy process – with corporate strategy being the most investigated type of strategic change (Hutzschenreuter et al., 2012). Due to the predominant variance research approaches, studies in the field have mostly focused on narrowly defined, individual types of strategic change which are well observable from the outside. Moreover, the methodological approach has led to difficulties distinguishing between intended and observable change as well as answering the question which strategic change can be attributed to a new leader (Hutzschenreuter et al., 2012). Investigating the phenomenon using a case study-based process approach, therewith applying a broad and comprehensive view on the phenomenon, allows to investigate different types of strategic change in a specific context as well as the origin and intention of change.

Moreover, considering the aspect of time, i.e. at what point of time does strategic change take place would be expected to play a key role in research. But Hutzschenreuter et al. (2012) asserted in their review that the timing of strategic change has surprisingly been largely ignored by the existing literature. A gap I am explicitly addressing in this research.

Drawing an overall conclusion on existing LSSC relationship research to date it can be stated that it has provided various theoretical arguments serving as rationales for strategic change following leader succession as well as moderators influencing the causal relationship, therewith contributing to answer the “why” question of post-succession strategic change. But most studies have been focused on single or few, often narrowly operationalized independent variables (rationales, moderators) and dependent variables (types of strategic change) instead of taking a more holistic view on the phenomenon and have thus encountered difficulties in explaining inconsistent findings. Moreover, the variance approach predominant in the field has proven to be ill-suited to answer the “how” question of post-succession strategic change which represents the main focus of this research.

Ma et al. (2015) have taken a different, practice-based lens on succession research in a recent literature review explicitly focusing on new CEO practices in the post-succession process in general. The authors describe two distinctive types of post-succession process CEO practices identified by the existing succession literature: “integration practices”, i.e. practices concerned with the social integration of the new CEO creating a match between the CEO and the organization as crucial basis for effective leadership (Denis et al., 2000; Gabarro, 1979) and “realignment practices”, i.e. practices concerned with the realignment between the organization and its changing environment (Ma et al., 2015). Moreover, applying their practice-based lens considering practices, practitioners and practical context, Ma et al. (2015), partly resembling Hutzschenreuter et al. (2012) findings, identified (a) the influence of CEO origin and power as practitioner-related rationales and (b) the succession context as well as the organizational and environmental context as practical context-related moderators of the post-succession process as widespread arguments in succession research. With regard to integration practices, Ma et al. (2015) have recognized four different integration practices during the post-succession process prevailing in the literature: (1) practices of building networks with top managers, in particular personnel replacement and relationship building, (2) practices of adjusting performance to expectations focusing on CEO’s discretion with regard to adjusting financial key data, (3) practices of shaping shared expectations dealing with the alignment of expectations and understanding of how things work in the organization between the new leader and other organizational members, and (4) practices of projecting a positive external image. With regard to realignment practices in the post-succession process, Ma et al. (2015) have found three different practices identified by the literature: (1) practices of initiating changes to product and market strategies, (2) practices of adjusting organizational structures and processes, and (3) practices of reconfiguring the Top Management Team (TMT) in line with environmental demands.

Apart from this literature review-based identification of general post-succession CEO practices only few studies have addressed the process and underlying leader practices of the LSSC relationship comprehensively (Gabarro, 1979; Gabarro, 2007; Greiner & Bhambri, 1989). Based on four longitudinal and ten historical case studies of leader succession, Gabarro (2007) proposed a "taking charge process" – defined as "the process of learning and taking action that a manager goes through until he (or she) has mastered a new assignment in sufficient depth to be running the organization as well as resources and constraints allow". The author argued that learning and change alternate sequentially during five different phases throughout this process. The phases identified by Gabarro (2007) are similar to those proposed by Greiner and Bhambri (1989) in a seminal contribution specifically focusing on the leader succession strategic change process. The authors investigated in a longitudinal, in-depth case study the post-succession strategic change process within a U.S. based, diversified billion-dollar distributor of LPG. Based on their empirical findings, the authors developed a post-succession strategic change process model with six major sequential phases that unfolded at the company during the deliberate change process. They argue that in each phase a focus on specific issues is required: Phase I: replacing the existing CEO to create political uncertainty in the executive team, Phase II: solving short-term performance problems to consolidate CEO power, Phase III: developing strategic consensus to secure executive team commitment, Phase IV: realigning structure with strategy and key people to form an integrated and dominant coalition, Phase V: transferring leadership to middle management to release talent and energy, Phase VI: installing motivating systems to assure consistent workforce behavior. Additionally, the authors identified five underlying and interrelated levers that occurred simultaneously and continuously throughout the phases, though with different emphasis in each phase: (1) defining a strategic logic to gain competitive advantage, (2) establishing an organizational context to guide employee behavior, (3) coalescing political leadership around the strategic direction, (4) learning the value of collaboration for enacting the new strategy, and (5) empowering many employees to identify with the strategic direction.

Drawing a conclusion on the overall state of post-succession process research, I argue based on Ma et al. (2015) that existing post-succession process research on the LSSC relationship shows considerable gaps with: (a) the majority of existing studies failing to capture the complexity and dynamic nature of the post-succession process by not situating the practices in a particular context, (b) most studies concentrating on individual practices, not considering how different practices are interrelated, (c) most studies examining new CEO practices on a general level, rather than in detail, (d) few studies incorporating the temporality of the process, and in particular relevant for this research (e) very few studies explicitly investigating the process of the LSSC relationship. To address these shortcomings, I am following with this research Ma et al. (2015) who proposed more longitudinal, in-depth case studies as a suitable methodological approach to advance the study of the post-succession process by identifying the activities of new CEOs, how these interrelate over time and at multiple levels, situated in a particular context. Applying a "process" view on the phenomenon, i.e. "describing and explaining the temporal sequence of events' leading to an outcome" (Van De Ven, Andrew H. & Huber, 1990) by using a qualitative research approach based on a single, but unique case study (Eisenhardt, 1989; Yin, 2003) appeared to be a fruitful approach to investigate in-depth the strategic new leader practices during the strategic process to eventually derive key levers for strategic change following leader succession.

CONTEXT AND METHODS

Site

The case study was conducted at BrandCo Group ("BrandCo"), a double-digit billion Euro, diversified, multinational manufacturing firm, headquartered in Europe.[3] The company was organized into three globally managed operational business units supported by a corporate unit's central functions to take advantage of Group-level synergies. The responsibility for the management of the overall business was with the Group's Management Board ("Board") which consisted of five members. The five members of the Board – the Top Management – were supported by ~30 Senior Vice Presidents (SVP) – the "Senior Management", also called "Management Rank 1 (MR 1)" – each of them bearing regional or strategic business unit responsibility and reporting directly to their respective Board member. Below this MR 1 another ~150 Vice Presidents (VP) comprised the "Upper Middle Management" (MR 2), followed by Directors forming the "Middle Management" (MR 3) and Senior Managers and Managers on the and lower management ranks (MR 4). Table 1 shows the management structure at BrandCo at the time of the succession.

[3] In order to protect the privacy of the company under investigation and research partners, real terms and names have been renamed and critical data slightly adapted.

TABLE 1

Global management structure at BrandCo

Level	Management Rank	Title
Top Management (= Management Board)	Board	Chief Executive Officer (CEO) Executive Vice President (EVP)
Senior Management	MR 1	Senior Vice President (SVP)
Upper Middle Management	MR 2	Vice President (VP)
Middle Management	MR 3	Director
Lower Management	MR 4	(Senior) Manager

As of April 2008, a new outsider CEO ("New CEO") took over from his long-tenure, retiring predecessor following a three-year relay succession plan. The New CEO was the youngest ever as well as the first foreign manager at the top of the company. He had joined the company as an industry outsider following a successful career exclusively in U.S. headquartered high tech companies. Before joining BrandCo, he had grown to General Manager of the European business for a major high-tech player, holding responsibility for tens of thousands of employees and double-digit billion Euro in revenues. When joining BrandCo in April 2005, he had first been appointed a temporarily created role in the Board as EVP for Human Resources, Purchasing, IT, and Infrastructure. In January 2007, after the company officially announced that he will succeed as the New CEO, he was additionally appointed Vice-Chairman of the Board.

Data Collection

The data base for the empirical case study investigation involved the use of multiple, primary and secondary data sources which, as suggested by other scholars (Eisenhardt, 1989; Yin, 2003), enabled different perspectives on the phenomenon and supported a grounding of my findings within the empirical data. Three approaches were used for data collection: semi-structured interviews, participant observation, and analysis of private and public secondary data.

Interviews. The study draws on 40 in-depth, semi-structured interviews with organizational members from core functions and Top Management (including the incumbent and the new CEO) to Middle Management hierarchical levels at BrandCo. The interviewees were selected according to theoretical, opportunistic, and snowball sampling techniques. The interviews were conducted between August 2009 and March 2010, i.e. 16 to 23 months after the CEO succession. Interview length ranged from 30 to 150 minutes with an average duration of 75 minutes. All but two interviews were audio-taped and transcribed.

TABLE 2

Interviews conducted at BrandCo

	CEO/EVP	SVP	VP	Director	Manager	Total
Board / Strategy	3		3	2	1	9
Finance		1	2			3
HR, Compliance & Sustainability		1	1	1		3
Marketing & Sales		3	2	8		13
R&D & Purchasing		1	1	1		3
Production & Supply Chain			2			2
Country/SBU Management		2	1			3
Communications			1	3		4
Total	3	8	13	15	1	40

Explanations: Horizontal axis: Hierarchy, vertical axis: Functions

The interview content generally covered three areas of research interest and the semi-structured format allowed the informants to describe events and issues from their point of view and to emphasize what they considered important (Bryman & Bell, 2011). In the first section of the interviews, being the foundation of this article, I aimed to understand the strategic and organizational context of the firm, managers' understanding of the company's strategy as well as the strategy process, actors, practices, and communication, in particular focusing on perceived changes following the recent CEO succession in April 2008. Throughout the interview phases key themes were repeatedly mentioned and key categories were theoretically saturated after five to ten interviews. This allowed me to become more focused and explore new domains in subsequent interviews. Besides triangulating the data by approaching multiple informants, I continually cross-checked information provided during the interviews against the available internal and external secondary data sources, primarily in order to check for retrospective bias and inconsistencies.

Participant observation. The key rationale for including direct observation as a data source is its inherent potential for exploring "the realms of subjective meaning" (Morgan & Smircich, 1980). Direct observation helps to gain micro-institutional insights into the particular relationships between actors and their organizational context (Easterby-Smith, Thorpe, & Jackson, 2008). I was in the position of an informed observer at BrandCo, having intimate knowledge of the organizational context and extensive informal, contextual insights into the research setting helping me to interpret what interviewees were reporting. Moreover, it helped gaining access to interviewees on all hierarchical levels and increased the trustworthiness as it allowed open and intensive conversations with interviewees. In addition, it offered frequent opportunities to present and discuss the research project on formal and informal occasions with key organizational members helping to scrutinize and validate findings.

Secondary data. I identified and collected a large amount of internal, private as well as external, publicly available documents that helped to construct the case history, in particular the timeline of decisions, communication, actions and events. I had access to internal non-confidential artefacts such as emails, internal communication like speeches and presentations, strategy and planning documents, company newsletters or employee magazines. Moreover, I gathered relevant public documents including press releases, press articles, interviews, annual reports, as well as public speeches/presentations like investor conference calls. In total, the archival sources amounted to several hundred artefacts that helped to prepare interviews as well as to scrutinize and validate information gathered from the primary sources.

Data Analysis

Data analysis followed an inductive, explorative approach that builds upon the interaction between empirical data, existing theoretical frameworks in the literature, and emerging theory (Charmaz, 2006; Orton, 1997). Based on an iterative process of collecting, coding, and categorizing "empirical material as a resource for developing theoretical ideas" (Alvesson & Kärreman, 2011) I attempted to construct 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. To do so, I started coding the data following what Corbin and Strauss (2008) referred to as "grounded theory framework", which is, in essence, an open-ended, inductive discovery of emerging concepts from the raw data which serves as the basis to move from huge numbers of descriptive codes to fewer, conceptually abstracted codes. During this process, I adhered closely to the guidelines specified by Strauss and Corbin (1990) and Lincoln and Guba (1985) for constant comparison techniques and naturalistic inquiry, where the collection of data is iteratively intertwined with its actual analysis. The coding of hundreds of pages of transcribed interviews was greatly supported by the software Atlas.ti 7.0, a computer-aided qualitative research analysis tool. The Atlas.ti tool is developed around open-coding analysis – a technique used in grounded theory (Corbin & Strauss, 2008) which facilitates the arduous process through which underlying themes are identified.

In the first step of the coding process all the fully transcribed interviews as well as the most relevant secondary data documents were prioritized and broken down into manageable pieces, typically sentences or paragraphs. Afterwards, these pieces were analyzed, and conceptual names were assigned, capturing the quintessence of each piece. This open-ended coding produced a large number of constructs. During this step, I particularly focused on BrandCo's macro-level strategic and organizational context, including the firm's strategy, structure and key decisions and events, like acquisitions or restructuring endeavors. My second priority was on understanding the micro-level of the initiated strategic change process, the New CEOs practices and how these were received by organizational members, thereby comparing the situation to the time prior to the succession in particular. After having coded the primary and the most relevant secondary data sources, I assessed my coding schemes whilst continuing to travel back and forth between raw data, key informant validation, and emerging concepts. Based on numerous discussions with fellow researchers and key informants in the company on possible themes and concepts implying the review of the open coding results in the first step and then cross-interview comparisons (axial coding) I arrived at a gradually reduced list of issues that fit the entire data set and my findings.

Based on the results of this exercise, I mapped key events, actors, decisions, activities, and processes in the form of a flow chart. This visualization helped me to reconstruct the strategic change process, in particular with regard to its temporality and changing emphasis throughout different phases. Moreover, I created a detailed chronological case narrative. This analysis can be regarded as an intermediate level of theorizing between the raw data and a more abstract model (Langley, 1999). The visualization and the narrative provided the basis for the next stage of coding in which I focused in particular on the identification of New CEO's practices, how they were perceived by organizational members as well as their implications. To be accepted as legitimate practice, a practice (1) had to be mentioned at least once by relevant interviewees, (2) could be supported with evidence from secondary sources or observations, and (3) had to refer to the process of strategic change over time. Following multiple rounds of reviewing and cross-checking using secondary sources as well as asking key informants for feedback, I could identify a final set of practices. Combining my findings on the strategic change process and New CEO practices I was eventually able to additionally derive key levers for strategic change as condensed findings.

The data analysis for this article was conducted by myself only but the overall dataset was used and intensively coded in a combined effort by two other researchers as part of related research efforts. The analysis benefited from their deep knowledge of the context and the empirical data being able to discuss my findings with the other two researchers, aiming to reach a high level of inter-subjectivity throughout the research process. To additionally increase the validity of the study, I presented and discussed preliminary findings with several key organizational members within the organization studied to gain confidence that the emerging interpretations made sense to my informants. For further validation, information given by interviewees was systematically compared against the secondary sources.

STRATEGIC CHANGE IN A LARGE, DIVERSIFIED MULTINATIONAL FIRM FOLLOWING CEO SUCCESSION

Situation at BrandCo beginning of 2008 at the time of the CEO succession

As of beginning of 2008, BrandCo had reported respectable lower single-digit organic growth in recent years and the Adjusted EBIT Margin of slightly more than 11 % for 2007 also may seem to be satisfying at first sight. But in particular the company's recent profit level development was clearly lagging behind key competitors in all three business units. The peer group companies had boosted their margins in recent years, while at the same time BrandCo was only able to slightly increase its Adjusted EBIT Margin by +0.9 percentage points between 2004 and 2007. This happened despite Management's clear internally as well as externally articulated ambition to increase profitability to reach competitors' levels during this period which included a major restructuring program kicked off in 2004. But in February 2008, when presenting the Annual Report to the public, the incumbent CEO announced that the 13% Adjusted EBIT Margin target which had been the key element of the Group's Financial Targets 2008, communicated in 2004, will be clearly missed (eventually, it was missed by 1.7 percentage points). Though the incumbent CEO at the same time announced a new major restructuring program, missing the Group's Financial Targets 2008 confirmed the two-sided external perception of BrandCo: On the one hand, the company was externally recognized as solidly growing, sustainably profitable and well positioned in several attractive market segments, in particular in its home market Europe. Moreover, BrandCo was known for its long-term orientation and its value-driven corporate culture including a strong commitment to corporate social responsibility and sustainability as well as being an extremely employee-friendly place to work with a very high level of job security and social standards. The corporate culture was somehow reflected in the long-year, established company slogan "A friend-like company" and almost all employees were speaking about the special "BrandCo spirit" when asked about the company's culture. On the other hand, the company was perceived externally, compared to competitors, as a rather complacent and comfortable organization lacking strong competitive drive and in parts effective execution excellence. Thus, BrandCo had constantly not been able to exploit its full potential in the eyes of many external observers. This external opinion was also shared by parts of the Supervisory Bodies with one member strikingly titling BrandCo a "satisfied underperformer, always #2 or #3" at that time.

Situation at BrandCo end of 2012 following a major strategic change process

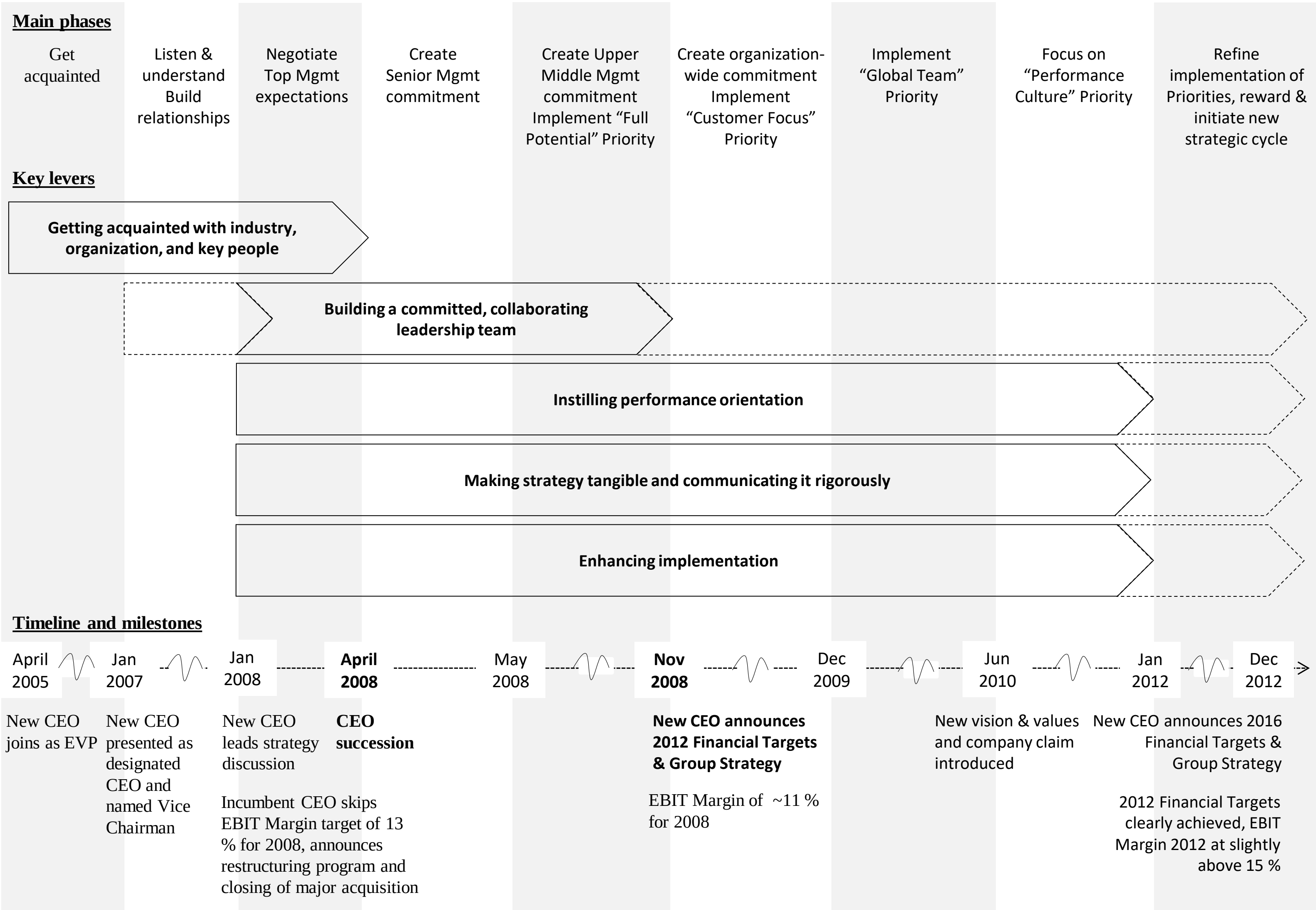
Compared to the initial situation at the beginning of 2008, the internal and external perception of BrandCo's performance orientation and execution capabilities had significantly changed by 2012. The altered perception was driven by substantial hard facts with BrandCo consequently executing newly defined Strategic Priorities and over-achieving highly ambitious Financial Targets 2012 (in particular, achieving an Adjusted EBIT Margin of above 15% in 2012 and following years), both communicated by the New CEO end of 2008. The performance improvement was correspondingly reflected in the company's share price development, outperforming relevant industry indexes during the period under review. The actual and perceived increased performance level followed a deliberate, transformational strategic change process covering various dimensions of the company's culture, strategy, structure, processes, and employees which was initiated by the New CEO immediately after taking over responsibilities. The direction and magnitude of the strategic transformation eventually became symbolically apparent when BrandCo changed its long-year, well established company slogan "A friend-like company" to "Passion for Excellence" at the beginning of 2011.

New CEO practices in the post-succession strategic change process

Following the focus of this research, the primary empirical interest was on understanding "how" the observed major strategic change towards a stronger performance orientation – eventually resulting in the significant financial performance improvement at BrandCo – came into being and which role and impact could be attributed to the new leader. Building on the rich empirical case study data, I re-constructed the course of events of the strategic change process, identifying different sequential phases of the process. Even more important, the in-depth case study data enabled me to identify numerous, often interrelated New CEO practices over time and at multiple levels, situated in the particular context at BrandCo. From the host of practices identified, I condensed five key levers for new leader-initiated strategic change, each comprising different essential New CEO practices which will be described in the following. Figure 2 provides an overview of main phases, key levers, and overall timeline and milestones of the strategic change process, initiated and driven by the New CEO.

FIGURE 2

The strategic change process at BrandCo: Course of events and key levers for strategic change



Key Lever 1: Getting acquainted with industry, organization, and key people

Being a distant industry outsider when joining the company in 2005 the New CEO dedicated considerable time and effort in his initial role as EVP to get acquainted with the industry, the organization and key people. This comprised gaining personal reputation, acquiring knowledge about the industry and organization, and building a network of people throughout the organization establishing trustful working relationships.

The New CEO used the long period in his role as EVP to *build early personal reputation throughout the organization (CEO Practice 1.1)* by establishing a new, more participative and consequent leadership style and initiating concrete substantial changes in his areas of responsibility. For instance, a major restructuring of the company's global purchasing organization as well as significant changes to its IT and HR setup were successfully implemented during this time.

> *"And similarly this applied to the Purchasing strategy until the Head of Purchasing and the New CEO, responsible for Purchasing, took over. Then it was turned completely upside down. We started to define a target, a roadmap of what we want to achieve, how we want to achieve it, strategy in the end. And this was communicated very, very intensely. And we suddenly felt not only better structured, but better managed."* Director Corporate

Once he was presented as designated CEO at the beginning of 2007 the New CEO started to further intensify personal contacts throughout BrandCo's global organization. Visiting most of the company's sites worldwide, he *met in person with almost all members of the Supervisory Bodies, Top, Senior and Upper Middle Management as well as promising Middle and Lower Management members (CEO Practice 1.2)*. This included many one-to-one conversations with his predecessor and with the Chairman of the Supervisory Bodies. He used these conversations to listen to and understand internal positions and perspectives on the industry and the organization. Moreover, he *spoke intensively with external stakeholders like clients, suppliers, industry experts, consultants and financial analysts (CEO Practice 1.3)* to learn about their external view on the industry and BrandCo.

Key Lever 2: Building a committed, collaborating leadership team

During the New CEOs conversations with management, several challenges in the existing collaboration and leadership interaction, in particular between the Board, the MR 1 and the MR 2 as well as between the different business units, were raised as impeding factors. Based on this feedback, the New CEO made a committed and collaborating leadership team a key priority.

The first CEO practice under this key lever aimed at *involving Senior and Upper Middle Management in the Group Strategy discussion (*CEO Practice 2.1*)* – for the first time at BrandCo. At the year-turn 2007/2008, a few months before the succession date, the New CEO started to dedicate considerable time to build closer relationships with the MR 1, listening to and understanding their perspectives and positions as well as sharing ideas. To do so, he held a round of intensive one-to-one conversations with each of them, signaling a new, more participative approach to leadership. During these conversations he discussed BrandCo's current status quo and strategy in the respective industry, market or function as well as the company's organization and culture. With this new participative approach, the New CEO intended to promote the MR 1 – other than done before – to idea providers and sparring partners during strategy formulation, but also made them clearly accountable for strategy implementation and change.

> *"The New CEO […] initiates such things on a corporate level [and then], works on […] strategic topics, […], together with the MR 1. Doing so, he makes sure that everyone can identify themselves with it. And the more they do so, the more they will push this forward in their respective business units. It is negative if you develop things isolated which are then just presented and tried to impose. The best way is always, if you work out these topics in a multifunctional team or in a leadership team to assure that everyone can identify with the objective. This creates another level of motivation for the individual immediately to push these topics forward. […] And this is something which, in my opinion, changed significantly for the better."* VP Business Unit

The New CEO also involved the MR 2 early in the Group Strategy discussion, though in a less extensive form. In a first step the New CEO asked the MR 2 – for the first time for years – to participate in a structured Global Management Survey focusing on the company's status quo. The results of this survey were subsequently discussed at the Global Management Conference in May 2008. Interestingly, the MR 2 at first seemed to be skeptical with regard to their involvement and its potential impact which resulted in a comparably low participation rate of around 65% in the first survey round but changed in later surveys:

> *"There was a MR 2 survey for the Global Management Conference. And I thought this cannot be true. Only 70% or so of the MR 2 participated. Which is an*

> *impudence I would say. Speaking for me personally: If I am asked something by the Board, then I do not only want to take the opportunity to contribute to the topic, but I have the obligation to do so."* VP Business Unit

The Management Surveys were afterwards established as a recurring exercise to capture the MR 2's sentiment and enable them to provide their input. As a further signal of appreciation and increased participation, the New CEO send – just on the day of the succession – individual letters to all members of the MR 1 and the MR 2, i.e. around 170 persons, which were personally hand-written by himself, individually referencing to the one-on-one conversations held in the months before and a personal invitation to contribute to the intended change process.

A second key CEO practice was to *determine and agree on new Management Principles and underline adherence to them with symbolic acts (CEO Practice 2.2).* At first, the New CEO started an intensive discussion with his Board colleagues to determine new Management Principles to be applied within the Board as well as in the interaction with subordinate management levels. The Principles finally agreed upon in March 2008 – following intensive and at times controversial discussion – postulated the commitment to common goals (commitment to prioritize Group benefit over Business Unit benefit and to build a high performance organization), trust-based collaboration (commitment to a fair and constructive dialogue and to avoidance of finger pointing) and "one team-thinking" (commitment to solve problems jointly in an open, transparent and cooperative way, as well as to speak with one voice; commitment to stick to joint decisions once taken). Within the Board, the New CEO exemplarily underlined the new concept of collaboration and leadership interaction also symbolically by moving the regular Board meetings from a large, Board exclusive conference room equipped with a large, rectangular table at which the CEO was sitting at the head of the table to a smaller, ordinary meeting room with a round table to enable more open and intensive working sessions.

Just a few days after the succession, the New CEO and his colleagues used the Strategy Meeting between Board and the MR 1 in April 2008 to introduce and discuss the newly defined Management Principles. One month later, at a Global Management Conference, the new Management Principles were then communicated to the MR 2. In order to immediately signal adherence to the new Management Principles, the New CEO made sure that all Board members were speaking with one voice towards their audience. For example, for the first time ever it had been made sure prior to the two meetings that all presenters used the newly defined Group Strategic Priorities (see Key Lever 4 "Making strategy tangible" for details) as basic framework for their presentations and that the presentations' format and layout were all the same.

> *"I take part in these Global Management Conferences in which the whole MR 2 globally participates. Where the New CEO for the first time set his priorities. And these priorities were also found in the presentation of the business unit heads. And one could immediately see at the Conference that it is not like: 'the New CEO sees it this way and the other business unit heads have totally different presentations and priorities', but that it was found again in their presentations 1 to 1."* VP Business Unit

As a third key practice the New CEO started to *foster teamwork and interaction among Board, the MR 1, and the MR 2 (CEO Practice 2.3)* to reinforce global and Group-wide "one-team thinking". To do so, in March 2008 the New CEO established four Cross-Business Unit working groups comprised of the MR 1 (i.e., every MR 1 manager globally had to join one of the working groups), each of them sponsored by a Board member. These working groups were asked to work on further specifying the Group Strategic Priorities, broadly defined by the Board before, and to propose solutions on how to tackle long-year "sacred cows' topics" within the organization.

> *„And global team because he [the New CEO] had the feeling that BrandCo was totally divided. And he really wanted "one" BrandCo. What he achieved, I think. Because when I remember the Management Conferences just 2 or 3 years ago, this was always a kind of competition between the business units. Everyone tried to impress the others. Now we have a lot more in common, we have our project Year of Customer with people from all business units in it. There is another cross-business unit group for vision and values. And a group for brands."* VP Business Unit

> *"Today, to be honest, we do not have one global team. We have business unit teams, and we have functional teams. I think since the New CEO took over, there is a friendlier relationship between us and the other business units. We feel more like one team, he pushes this heavily, this is part of his culture."* SVP Business Unit

The New CEO made clear from the very beginning that the working groups were an essential element of strategy work as their (intermediary) results already had to be presented at the Strategy Meeting in April 2008. Moreover, the working groups were required to report their progress continually in bi-monthly interactive Global Board/MR 1 Conference Calls, newly introduced by the New CEO as well. The concept of the cross-business unit working groups was afterwards established permanently to operationalize Strategic Priorities and to work on key organizational topics.

The New CEO also increased the level of ongoing interaction and communication between the Board, the MR 1 and the MR 2. He increased the number of in-person management gatherings. For example, a Follow-up Global Management Conference was already scheduled for mid of 2009 to review the status of strategy implementation and discuss lessons learned.

> *"Previously a real strategy discussion was only held on Board-level […] This was a very insightful strategy discussion […] but it was not very systematized and therefore also not always very transparent. Meeting minutes were written and it was also followed up a bit. But these meeting minutes were only known by the Board and not by the next management level. Today, these strategy discussions still take place but they are prepared by the Group Strategy Office and previously it was prepared by one or two people and today it is a whole team […] Yes, and then the output goes back to the Strategy Office and is again discussed with the MR 1 on the Strategy Meeting, and gets certainly enriched, improved but also the participative idea gets transmitted into the organization […] And the next step is the Global Management Conference [...] Yes, and this is the major change in the intensified systematization and higher transparency."* VP Corporate

Moreover, the New CEO introduced – in addition to the above mentioned Global Board/MR 1 Conference Calls – interactive Quarterly Global Leadership Calls with all Board, MR 1 and MR 2 members participating. During these calls, regularly taking place one hour before BrandCo's quarterly results were published, the New CEO presented the financial results and in particular summarized the status of Strategic Priority implementation. Participants were asked to pose questions and to comment before and during the calls.

A fourth key CEO practice to build a committed, collaborating leadership team was to *adapt the upper level Management team over time (CEO Practice 2.4).* Already at the Global Management Conference in May 2008 the New CEO sent out a clear message in the form of a metaphor. He described BrandCo as a ship preparing to leave the harbor and pointed out that this was the moment for everyone to decide if they were committed to the new course of the ship and hence wanted to stay on board or not. The turnover rate in the MR 1 and MR 2 from 2007 to 2012 clearly documents a significant turnover with only 56% of 2007 MR 1 and 44%

of MR 2 still active in 2012. At the same time a high share of the positions was filled from within on all levels up to the Board.

> *"And this is a crucial point in the strategy process. Do I involve everyone? And afterwards you are either on board and the ship leaves the harbor or you are still at the waterfront. This was also a picture which the New CEO painted. This sounds harsh, but it is right. Because if we do not do it like this, we are weaker than the others. That's what I think. […] It is an alignment process. And of course provides a clear direction. And on a Global Management Conference the next Management Rank, the MR 2 were committed to this same direction. And the great advantage was that there was no dissent between Board and the MR 1, rather they presented themselves as one team."* SVP Business Unit

Key Lever 3: Instilling performance orientation

Responding to the overall perception of BrandCo being a "satisfied underperformer", instilling the organization with a significantly increased financial performance orientation became another key priority for the New CEO from the day of succession.

In a first step, the New CEO concentrated on *determining and agreeing on a significantly increased Aspiration Level (CEO Practice 3.1)*. To achieve this, the New CEO held numerous intensive one-to-one and group work sessions with his Board colleagues. Starting point for these discussions were the various internal and external perspectives and expectations collected during the New CEO's organization-wide conversations and the conclusions derived from this exercise afterwards. At the end of these intensive and at times controversial discussions, the Board committed themselves to a heavily increased, though still to be finally quantified, Aspiration Level going forward. Again, the Strategy Meeting in April 2008 served the New CEO to cascade this intention to the MR 1. Presenting a straightforward comparison of BrandCo's performance versus its direct competitors, in particular pointing out the ever existing considerable profitability gap the New CEO created a sense of urgency among participants, particularly to improve profitability. This was repeated at the Global Management Conference targeting the MR 2. To further reinforce the sense of urgency, the CEO of one of BrandCo's top customers was invited to present his perspective on BrandCo compared to competitors in the market. He acknowledged BrandCo as trusted player but also pointing out that competitors were far more proactive.

> *"One always needs to try to be 'one step ahead and not behind'. And this is what it is all about. This is Performance Culture. This is the passion to get it*

> *done. This is the cultural change, which the New CEO and all of us try to implement at BrandC. Many will say, BrandCo changed a lot, it is not anymore like before."* SVP Business Unit

The increased Aspiration Level was eventually made explicit with the communication of the mid-term Financial Targets 2012 and the updated Group Strategy end of 2008. Driven by the New CEO and his Board colleagues, the initially agreed Aspiration level had been quantified leading to Financial Targets 2012. Despite the worsening economic conditions due to the upcoming global financial crisis, the New CEO communicated *highly ambitious mid-term Financial Targets 2012 (CEO Practice 3.2).* The high level of ambition became obvious for everyone looking at the Adjusted EBIT Margin 2012 target of 15%, which was the core element of the Financial Targets. Considering that BrandCo had just missed the 13% target in 2008 by 1.7 percentage points and was only able to improve the Margin throughout 2004-2008 by not more than 0.9 percentage points, the 15% target for 2012, seemed to be extremely stretched, if not out of reach. To countervail this impression, the Financial Targets were connected with the Group Strategic Priorities clearly indicating what each of the Priorities were intended to quantitatively contribute to achieve the Margin target 2012. Still, the Financial Targets 2012 and in particular the EBIT Margin target were received with astonishment and considerable skepticism, internally as well as externally.

> *"The strategic targets are enormously important. Because they are the guiding route or the clarification, where we as a company want to go. Because if we did not have strategic targets, we would not have had this urgency within the organization [...] Otherwise we would have been influenced heavily by the external environment and we would not have been able to follow a clear path […] In particular, if it gets difficult. And it also created urgency, and I am pretty sure, that this urgency would not have been there, if we did not have these aggressive strategic targets."* New CEO

In order to establish the performance orientation permanently within the organization, the New CEO initiated a complete *revision of the company's management appraisal, development, and bonus system (CEO Practice 3.3).* The new system replaced a performance appraisal system in which almost everyone hit their own individual targets rather easily. From 2004 to 2008, 95% of employees were able to hit their individual targets, although the company as a whole did not reach its goals once. This had created a situation in which everyone perceived their own performance as great but the company as a whole did not perform. In the new system, groups of managers discussed performance and potential of their subordinates and decided about development measures in so-called "Development Round Tables" chaired by their own line manager. The Round Tables not only created a globally standardized system but also increased the performance orientation significantly, since the Round Table groups were required to use a "forced ranking", i.e. to differentiate performance following a frame of orientation for the distribution in which only a certain share of employees could be ranked as either top, strong, moderate, or low performing. Complementing the new management appraisal and development system, a revised bonus system was introduced with higher spreads in bonus payments based on the individual's performance.

> *"[...] we were not satisfied with the management competences within the company. We had too many people which were not 'top'. And we had always problems with succession. And this was the starting point to say: we need to improve significantly. And from this the idea [of Development Round Tables] was developed and we said, if we really want this [...] we need to make it transparent and it needs to be realized 100%."* New CEO

Key Lever 4: Making strategy tangible and communicating it rigorously

Another key lever for change driven by the New CEO was on changing the Group Strategy formulation, communication, and implementation. Doing so, the New CEO responded to the feedback of the MR 1 and MR 2 missing a clear strategic direction. Under the New CEO's predecessor, BrandCo's Group Strategy had intentionally been kept high-level, abstract and rather independent from Business Unit strategies. In its essence, the Group Strategy was limited to a common understanding that the company is active in three fields of business. Accordingly, communication efforts concerning the Group Strategy were almost non-existent, limited to emailing an uncommented, slightly updated Group Strategy presentation to all Management Ranks worldwide once a year. Resulting from this, the Group Strategy so far had only a very limited perceived and actual influence on BrandCo Management's strategic and operational considerations, decisions, and actions.

> *"To be honest, previously I have not heard anything of a BrandCo Group Strategy. This also bothered me. Of course, I listened to the speeches of the CEO but it was never communicated to us, never explained. Resulting from this, the Group Strategy was something which was very detached, somewhere above me and which was not at all related to me".* Director Corporate

Now, as another outcome of the New CEO's initiative at the beginning of 2008, the Board agreed upon a major change in the understanding of BrandCo's Group Strategy. In contrast to previous times, the Board decided to *determine and communicate Group Strategic Priorities (CEO Practice 4.1)*. Four Group Strategic Priorities were agreed as basic framework of the new Group Strategy and covered various directions of inward and outward focused strategic change*: 1) Reach Full Business Potential, 2) Focus on Customers, 3) Build Global Team, and 4) Create a Performance Culture*. Though kept high-level and intentionally still offering a lot of room to instill these priorities with life as well as to adapt and translate them into Business Unit / Function Strategic Priorities, the new Group Strategic Priorities provided – for the first time for years at BrandCo – concrete Group-level guidance on how to prioritize and compete going forward.

> *"I have to say, this is where we have really made progress. Today everyone works following these priorities ... Everyone needs to deliver his full potential, everyone needs to focus more on customers, everyone needs to strengthen his global team and also to be more involved as part of the global BrandCo team."* SVP Business Unit

Moreover, the Board members agreed not only to use the Group Strategic Priorities as overarching strategic frame but also to cascade them down to their business unit / function strategies and beyond.

> *„We married them with our own business unit strategy […] In our presentation we always have two slides, we start with the New CEO-triangle and translate it into our business unit strategy. This coexists quite good, there is no discrepancy. Actually, we feel encouraged to push forward our prioritization."* VP Business Unit

> *"Well, the Board managed to commit the whole leadership team, that is the Board including the level below, like me, the MR1, to these Priorities. What I consider a major advantage because all of us now speak the same language in the meantime […] This was different previously."* SVP Business Unit

Equally, the New CEO felt it imperative that the high-level, abstract *Group Strategic Priorities were made as tangible as possible (CEO Practice 4.2)*. To achieve this, each Strategic Priority needed to be backed with a clear concept and concrete measures and, wherever possible, concrete measurable financial or operational sub-targets to provide a clear and quantified target achievement level.

The importance of understandability and tangibility described the New CEO as follows:

> *"I think it is enormously dangerous to define strategies which are 'fluffy', which are not understood or which are not realizable."* New CEO

For example, one of the Cross-Business Unit Working Groups exclusively dealt with the "Focus on Customer" Priority, developing a compelling concept with concretes measures to be officially communicated together with the Financial Targets 2012 and the Group Strategy end of 2008. Firstly, relationship management was defined as one key element of this Priority, focusing on extending win-win-relationship and aligning strategic direction with top customers on top and Senior Management level. Hence, a major initiative was immediately started to connect with key customers globally on upper echelon level ('top to top program'). Therewith, results were made quickly visible for everyone in the organization. Second, a clear achievement level was set by defining a quantified sub-target to grow organic sales with top customers 1.5 times until 2012. In the course of the further implementation of the Strategic Priority, the New CEO monitored the execution of this measure closely to make sure that it gets actually realized and creates visible results to be communicated. These were communicated, for example, as part of the so called "Year of the Customer" in 2009 with customers being in the center of intensive internal communication activities, from presenting the company's major customers in the employee magazine to frequent updates on customer measures.

> *"The worst thing would be if it was not realized immediately, and if it was not realized visibly. I think this is executed excellently. For example, in the employee magazine there was a whole editorial about the customer. And customer companies were presented from every business unit and also the people who have the customer contact."* VP Business Unit

In order to make the Group Strategic Priorities known to every employee in BrandCo's organization, the New CEO put a *strong emphasis on the strategy communication process (CEO Practice 4.3)*. This was documented, for example, by an intensive and coordinated communication campaign subsequent to the presentation of the Financial Targets 2012 and the updated Group Strategy. The campaign started with the MR 1 and the MR 2 being informed prior to anyone else in the newly introduced Quarterly Global Leadership Conference Call ("Leadership Call"). Moreover, as another notable change, the participants of the Leadership Call did not only receive the presentations held but these were additionally complemented by detailed speaking notes which helped to make sure that all participants not only gained a shared understanding but were also provided with the same wording. This helped the MR 1 and the MR 2 – not all of them involved in strategy discussions on a daily basis – to consistently cascade key messages into their organizations. In addition to that, other than before, participants were not only asked to personally present the key messages to their organizations but spot checks were introduced to verify that this actually happened. At the same time, the Leadership Call was the starting point for an internal roadshow with Board members visiting all major locations globally to present the Financial Targets and the Group Strategy in person in local town hall meetings with all employees.

> *"In the past many said, do you know the BrandCo strategy? Objectives BrandCo? I do not know. If now someone says, I do not know, well, he has a problem. He cannot say, I did not get it."* SVP Business Unit

Overall, strategy communication was not only intensified but also more thought was put into extending and selecting channels and customizing formats and messages to the respective target groups, clearly enhancing acceptance. The New CEO started, for example, to send out quarterly status emails to all employees and to record monthly video updates which were prominently positioned in the Intranet. This format was started as a recorded CEO speech but was developed further continually towards an interview with the CEO and eventually a moderated discussion between Board members which significantly increased the number of views.

> *"Internally […] the number of communication tools has increased dramatically. This means the way and with which means the Top Management communicates with employees. […] It changed dramatically that the Top Management, the Board highly values that employees have understood it. That the CEO himself meets people when travelling and asks people if they are well informed. […] And I think this is something which is brand new and very, very important."* VP Corporate

In addition to the intensified communication process, the New CEO placed *strong emphasis on finding a way to present the Group Strategic Priorities in a catchy, easy to understand and recognizable format (CEO Practice 4.4).* Therefore, the New CEO and his Succession Team developed a "magic triangle" which showed the first three Group Strategic Priorities in the corners and the Performance Culture Priority in the center of the triangle. This figure served in the following as the core element of strategy communication throughout the organization and was thus made omni-present. It was communicated in each and every management presentation, all kinds of internal publications, annual report, screen savers, etc. and soon visible to and known by almost anyone in the company.

> *"The first thing I see, they [i.e. the Strategic Priorities] are easy to communicate, understandable for everyone. It is good that they are symbolic. And because it is this triangle, it is obvious that there need to be three things in the corners of the triangle and three things everyone can remember."* SVP Business Unit

> *"You see it. If you go somewhere, you find the 'magic triangle' everywhere. Even when I was in India three weeks ago, even there it was on the wall."* VP Business Unit

Key Lever 5: Enhancing implementation

Last but not least, as another key lever for strategic change the New CEO dedicated a lot of attention towards enhancing the company's implementation capabilities, responding to the diagnosed lack of execution excellence within BrandCo:

> *"And what I really consider important is that strategy needs to be implemented. And if it is not implemented, it is no strategy. That is why implementation is one of the most important things for me. A lot of people like to deal with strategy because you can talk a lot. But if you ask, have you done it, have you done this, have you done that? You really need to engage yourself with it and you need to follow up, follow up, follow up. […] Before we had not been disciplined enough in the implementation of these things."* New CEO

Accordingly, from day one after succession, the New CEO started to strongly *enforce the implementation of strategic and operational measures (CEO Practices 5.1)*. Two very good examples were the major restructuring program and the integration of the newly acquired company. Although these initiatives were announced just before the handover, the responsibility for their execution was taken over by the New CEO from the very beginning. Both were regarded as major levers for operational excellence, and thus needed to be implemented with all rigor in order to produce short-term results as basis for future strategic options. Both were subsumed under the "Full Business Potential" Priority. The New CEO got highly involved in steering the implementation of these initiatives, and other than before, he installed dedicated Implementation Teams as well as Steering Committees on Board-level, which reported directly to him and the respective Board colleagues and met at first weekly, later bi-weekly or monthly. Previously, the implementation of similar restructuring or integration measures at BrandCo had been handed over to the Business Units and Functions for implementation after the Board decision and was only monitored on a Group-level. The New CEO instead placed strong attention on being closely involved in steering and monitoring the actual implementation.

> *"Or take all the restructuring programs […] making sure that they do not just disappear but to make the effort to sit down go through it project by project, what was the budget, have they reached the targets or not, that one really follows up what did not happen in the past. And these are the things that changed and everyone committed oneself to it and this developed more and more."* VP Corporate

Besides this, the New CEO introduced further steering and control mechanisms focused on the implementation of the Group Strategic Priorities. For example, in so-called "Quarterly Business Reviews" conducted for all Business Units and Functions starting in the fourth Quarter 2008 and organized by the newly established Group Strategy Office, the New CEO met with the respective Management Board Members and their Senior Management (depending on the topic) to discuss in detail the current business development but in particular the implementation status of the Strategic Priorities.

The New CEO underlined his intention to execute more consequently in several *strong symbolic acts (CEO Practice 5.2)* visible for everyone in the organization. For example, in October 2008, just before the presentation of the new, mid-term Financial Targets 2012 and the updated Group Strategy one month later, the New CEO announced in October 2008 a global hiring, travel and training freeze and cancelled the traditional Christmas parties, thereby responding to the expected impact of the global financial crisis. This decision was a shock to the organization which had not been used to comparable measures for many years. Though the overall financial effect of these measures was comparably limited, it was a strong signal into the organization which created a high sense of urgency and underlined the New CEO's new execution consequence.

The New CEO's strong focus on rigorous execution significantly raised attention for executional excellence and increased pressure on Senior and Middle Managers with some of them lacking experience in managing such a consequent execution approach and initially having difficult times to cope with these new requirements. During restructuring this led in single cases to awkward communication and – following from this – to uncertainty and resistance among employees. This eventually culminated in an emotion-laden employees meeting at the headquarters in 2008 in which employees complained that the "BrandCo Spirit", had ceased to exist. However, the significantly increased rigor and consequence in executing the initiatives showed results soon, in particular compared to similar initiatives implemented before. The restructuring program as well as the acquisition integration were completed ahead of the original schedule. As a result, BrandCo eventually reduced its workforce (adjusted by major acquisitions/divestments) significantly during this two-year period. Moreover, the two major initiatives were additionally accompanied by a significantly higher volume of ongoing restructuring compared to the years before which resulted in additional redundancies until end of 2012.

> *"The former CEO said something and it was like a president saying: 'we will do this'. The New CEO says something and says: 'I make you accountable for this. I make you responsible for this. The accountability and the responsibility, this is one of the most important components we have worked on since the new CEO is here. We cannot escape. Before, one could always escape somehow."*
> SVP Business Unit

Another key practice to enhance change implementation was to introduce *changes on the organizational level (CEO Practice 5.3)* early in the succession process. Already during 2007, the designated New CEO created a small "CEO Succession Team" of ambitious, internally selected Middle Managers with different functional backgrounds. The CEO Succession Team helped him to structure the various inputs, define a future aspiration level, elaborate on strategic priorities, to eventually translate these into a succession roadmap and support the overall steering of the succession process operationally. Later, in October 2008, the New CEO officially converted this temporary CEO Succession Team into a permanent "Group Strategy Office". Led by a Vice President with long-year experience at BrandCo, the unit was comprised of high-performing MR 3 and MR 4 from all Business Units and Functions who were assigned to this position by their respective Board Members. This assignment mechanism supported acceptance for the Group Strategy Office across Business Units and Functions. The Group Strategy Office's tasks were steering the Group Strategy formulation and implementation process, looking into selected strategic topics relevant for the Group as a whole, and steering the Group's strategy communication; all of which represented a step change to previous times in which there was almost no focus on these topics.

FIGURE 3

Overview of key levers and associated CEO practices

Key Lever	Purpose	CEO Practices
1) Getting acquainted with industry, organization, and key people	Build personal reputation Get acquainted Listen and understand Build relationships	1.1 Built early personal reputation throughout the organization 1.2 Met in person with almost all members of the Supervisory Bodies, Board, MR 1 and MR 2 as well as promising MR 3 and 4 Managers 1.3 Spoke intensively with external stakeholders like clients, suppliers, industry experts, consultants and financial analysts
2) Building a committed, collaborating leadership team	Involve MR 1 and MR 2 in strategy formation Signal appreciation and participation Establish new way of collaboration and leadership Build "one" group-wide management team	2.1 Involved MR 1 and MR 2 into the group strategy discussion 2.2 Determined and agreed on new management principles as revised guideline for collaboration and leadership 2.3 Fostered teamwork among Board, MR 1 and MR 2 2.4 Adapted the upper-level management team over time
3) Instilling performance orientation	Raise overall aspiration level Break up complacency and provoke creative thinking Enable managers to permanently implement performance orientation Symbollically underline increased performance orientation	3.1 Determined and agreed significantly increase aspiration level 3.2 Set highly ambitious mid-term financial targets 3.3 Revised the company's management appraisal, development, and bonus system
4) Making strategy tangible and communicating it rigorously	Provide clear strategic guidance on what to focus on Make sure everyone knows about strategic priorities Enable everyone to understand strategic priorities Enable managers to cascade strategic priorities	4.1 Determined and agreed Group Strategic Priorities 4.2 Made Group Strategic Priorities as tangible as possible by backing them with quantified (sub-)targets and concrete measures 4.3 Put strong emphasis on the strategy communication process 4.4 Put strong emphasis on presenting Group Strategic Priorities in an easy to understand and recognizable format
5) Enhancing implementation	Provide resources for strategy formulation and implementation Enforce consequent execution Establish new approach and mechanisms of implementation	5.1 Enforced implementation of strategic and operational measures by high personal involvement and introducing new steering and implementation mechanisms 5.2 Underlined sense of urgency and consequence with symbolic acts (e.g. hiring, travel and training freeze, cancellation christmas parties) 5.3 Implemented changes on organizational level (succession team, group strategy office)

DISCUSSION AND CONCLUSION

This research particularly aimed at advancing our understanding of how strategic change following leader succession comes into being and what role and impact might be attributed to a new leader during this process. More specifically, I was interested in understanding if, how, and under what conditions leaders matter (Bertrand & Schoar, 2003; Lieberson & O'Connor, 1972) and in particular what new leaders actually do to initiate and implement post-succession strategic change. In an attempt to overcome identified shortcomings of most existing literature in the field (please see conclusions on the state of research in the introduction of this article), I decided to investigate the phenomenon based on a unique, explorative in-depth case study. In the following discussion, I will synthesize the key insights from the empirical case study, discuss them against the background of existing research and point out managerial implications. Finally, limitations of this research are considered.

Do CEOs' matter and under what conditions?

Responding to the question "if" leaders matter, the case study findings suggest that a new CEO can indeed have an impact, i.e. initiating and implementing strategic change leading to increased organizational performance. This finding is in line with existing research on the leader succession-strategic change relationship. Thereby, the large majority of studies in this vein sees the reasons for post-succession strategic change residing within the new leader, most often rooted in the assumption that cognitive differences exist between the new and the incumbent CEO (Hutzschenreuter et al., 2012). It is argued that these differences lead to different interpretations, decisions, actions, and ultimately to different outcomes (Hutzschenreuter et al., 2012). In particular, the distinction between insider and outsider CEO successions has been used to capture these cognitive differences between the incumbent and successor (Boeker, 1997a; Friedman & Saul, 1991; Helmich & Brown, 1972; Wiersema, 1992). But the validity of this dichotomy has increasingly been questioned (Zajac, 1990). And the case findings support the notion that using the insider/outsider dichotomy as a proxy for such a complex construct as a leader's cognitive map might be too simplistic (Giambatista et al., 2005). Already the definition of an insider versus an outsider proves be rather heterogeneous in reality, therewith difficult to capture in a simple dichotomy - even though recent research tried to further differentiate insider and outsider definitions (Zhang & Rajagopalan, 2004). The concrete case reveals the actual difficulty: The New CEO initially was a clear distant industry outsider when joining BrandCo in 2005. But how would he be categorized following the three-year succession plan when he finally took over as CEO? I argue that the insider-outsider distinction certainly provides valuable hints but is not sufficient to capture cognitive differences between leaders that would explain the reasons for strategic change following leader succession.

Looking at the question “under what conditions” leaders can matter, a similar picture can be painted. Existing research on the leader succession-strategic change literature has considered organizational and/or environmental conditions as factors facilitating or hampering strategic change – with “pre-succession performance” being the most widely investigated organizational context moderator (Hutzschenreuter et al., 2012). But existing research on pre-succession performance has produced inconsistent results (Ma et al., 2015). Again, already the definition of pre-succession performance seems to be difficult. Though BrandCo lagged behind key competitors within the industry with regard to profitability, it generated sustainably respectable organic growth and profit margins. Would such a situation be categorized as low, mediocre or high succession performance? And by whom would this be evaluated? Though financial analysts pointed to BrandCo’s profitability gap versus competitors, the internal perception of the company’s performance was still rather positive before the succession, given that the company was continuously growing and sustainably profitable. I argue that pre-succession performance may possibly serve as a predictor for strategic change in the case of extremely low pre-succession performance leading to CEO succession. But in general, since reality is difficult to capture using a simple “pre-succession performance” definition, it has limited validity in most cases and might lead to inconsistent results in large scale, quantitative studies.

Taken together, the case study findings show that the post succession-strategic change relationship is a complex, heterogeneous, and dynamic phenomenon. The dominant approach of existing research follows a causal theory building approach (Whetten, 2009) that involves and interrelates external variables or antecedents with specific outcome variables (usually with moderators). Yet, previous research has proposed rather narrowly defined variables and their relations that may not fully capture the multifaceted nature of the phenomenon in question. I argue that the systemic, in-depth investigation of the phenomenon within particular contexts, based on a qualitative case study approach, provides a fruitful research approach to further advance our understanding of the phenomenon.

How do CEOs’ make a difference?

The primary interest of this research was on the question “how” leaders make a difference, and more specifically what new leaders do to initiate and implement strategic change. Taking a systemic, process perspective on the leader succession-strategic change process and leader practices, the study revealed five key levers for new leader-initiated strategic change (see Figure 3) – each comprising different interrelated new leader practices at multiple levels and over time, within a particular context. Moreover, the case data enabled me to identify actual and perceived differences between the period before and after the CEO succession.

The case data revealed two principally different perspectives with regard to the two CEOs' overall approach to managing a large, modestly diversified company. The incumbent CEO followed a "decentralized, presidential conception" of managing the company. He understood the role of the Group as being one of a holding company steering and monitoring the operationally independent business units based on key financial data. The New CEO instead favored a more "centralized, operational conception" with the Group being actively involved in setting not only financial targets but also providing an operationalized strategic frame going forward, though still leaving considerable leeway for the business units to act on their own. Moreover, the data clearly show two fundamentally contrary strategic leadership conceptions that in both cases reflect the overall approach to managing the company. The incumbent CEO separated between strategy formulation and implementation. Strategy was formulated by the Board and then communicated to lower management levels for implementation. The New CEO instead took a participative approach, involving Senior and Middle Management in strategy formulation. At the same time, the New CEO regarded the strategy implementation a key priority for the Board and implemented a more rigorous system of execution.

The New CEO's understanding of management and leadership led to the described transformational organizational change covering the company's people, culture, strategy, structure, systems, and processes, which eventually resulted in the desired financial performance in the short- and mid-term. As part of the strategic change endeavor, closing the profitability gap was defined as the all-encompassing target and all key levers for strategic change were targeted at this goal, in particular through enhancing the performance orientation and to increase the company's execution capabilities. However, the rather one-dimensional focus on profitability potentially bears the risk of running into the "simplicity trap" (Miller, 1993) in the long-term. Miller (1993) propose that the focus and simplicity that have been responsible for their initial success ultimately bring outstanding companies into trouble. The initial source of success turns into the ultimate cause of failure. The author argues that these organizations amplify and extend a single strength while neglecting most others. As a result, an originally rich and complex organization becomes excessively simple (Miller, 1993). Much will depend on whether the CEO and his Board will be able to further adapt the strategic direction and the organization going forward. Otherwise, the company, being focused solely on profitability, might run into the risk of running into this so called Icarus paradox (Miller, 1993).

Is timing key? Considering temporality

Largely neglected by existing variance study dominated LSSC relationship and post-succession research (Hutzschenreuter et al., 2012; Ma et al., 2015) with only few studies incorporating the temporality of the process (Denis et al., 2000; Gabarro, 1979; Gabarro, 2007; Greiner & Bhambri, 1989; Kelly, 1980), this research explicitly addressed the temporality dimension of the post succession strategic change process. Following Langley, Smallmann, Tsoukas, and Van De Ven, Andrew H. (2013), I argue that "removing time from theoretical accounts, variance theorizing abstracts away from the temporal flow much of organizational life" and "the particulars that make knowledge actionable – what to do, at what point in time, in what context – are not included in the timeless propositional statements typically generated in variance theorizing."

And indeed the importance of considering time emerged as a key theme from the empirical data in at least three essential aspects: 1) the timing of strategy formulation, 2) the timing of strategy implementation, and 3) the timing of a leader succession. The findings contribute not only to the scholarly discussion but also have practical implications for managers in discussions to be appointed as new CEO as well as for Supervisory Board members planning a CEO succession.

With regard to the timing of strategy formulation the study shows that the New CEO had determined the Strategic Priorities early in the process with the intention to provide a clear overall direction of what to do and also what not do, including clear targets. He metaphorically compared this approach with a journey in a sailing boat from Europe to New York in which you need to know where New York is and that you want to sail there. But you do not need to know the exact course from the beginning and you do not need to check it every day. Depending on the actual weather conditions during the journey, the course needs to be adapted. Accordingly, the Strategic Priorities provided a rather broad framework which was intended to be instilled with life step by step until 2012. Though the Strategic Priorities which were tackled first, were made as tangible as possible by backing them with first concrete measures. But there was no intention to define a master plan until 2012 already in 2008 which was clearly pointed by the New CEO on many occasions, adding that in his view it would be "*intellectually limiting if you do this. Because in this case, saying I know all challenges until 2012, this would mean that I do not learn anything from 2008 till 2012.*".

Considering the strategic change process as a "wicked problem" (Mason & Mitroff, 1981), determining the Strategic Priorities helped the organizational members to reduce "complicatedness", "ambiguity", and "conflict" by providing a clear focus. At the same time, defining them as a rather broad framework responded to the "uncertainty" and "finality" characteristics of this wicked problem (Mason & Mitroff, 1981).

With regard to strategy implementation the case data revealed two essential timing aspects: Firstly, it suggests that New CEOs should not only consider diligently to differentiate their leadership interaction with different upper management levels but also need to address the different management levels successively: first, reaching consensus regarding management principles, aspiration level, and strategic priorities within the Top Management Team. Afterwards, involving Senior Management. And eventually committing Upper Middle Management.

Secondly, with regard to the actual strategy implementation it was paramount to consider timing wisely. Depending on the concrete situational context at the time of succession, New CEOs may be well advised to tackle operational homework first to be able to show first results early in the process instead of starting to formulate vision, values, and strategy. This finding is somewhat counterintuitive to most of the strategy literature suggesting, e.g. a Strategy-Structure-Systems-Processes approach to formulating and implementing strategy. In the concrete case of BrandCo, the implementation of the change initiatives intended to change culture, started later in the change process and were positively affected by first positive results based on the operational measures with the financial year 2010 eventually closing with a significant jump in the Adjusted EBIT-Margin to more than 13 %. Second, New CEOs should consider the cultural perspective, which may inhibit to implement, for example, restructuring measures and new company vision and values at the same time. In the case of BrandCo, the New CEO intentionally aimed at directing the attention to the external environment first, implementing the outward-oriented Strategic Priority "Focus on Customers" in parallel to executing the major operational homework with the latter implying significant internal restructuring and redundancies. The implementation of the inward-directed Priorities "Building Global Team" and "Creating a Performance Culture" was only started after the operational homework was in large parts concluded, therewith reducing cynicism within the organization.

Last but not least, the case study findings contribute to the discussion on succession planning. At BrandCo the New CEO can be categorized as a distant industry outsider when joining the company but got acquainted to the industry and the company during a three-year succession plan. This period enabled him to build up deep knowledge of the organization and to build reputation within the organization. The lack of understanding the organization has been mentioned often in existing succession literature as a key reason for outsiders failing to increase the performance of organization following a succession (Greiner et al., 2003). A learning from the BrandCo case is that outsider "relay successions", i.e. the incumbent CEO works with an heir apparent and passes the baton leadership to the heir (Zhang & Rajagopalan, 2004) might be a viable way – in particular for large, mature organizations with a stable business which are complex and require change – to possibly combine the advantage of appointing an outsider CEO intended to break up inertia but at the same time equip her/him with the crucial internal perspective during a relay phase.

Limitations

Limitations of this research particularly stem from the single in-depth case study approach taken which on the one hand enables to shed some light on the black box of the strategic change process and associated CEO practices following leader succession but also suffers from the problem of generalization from a single case. The achievement of external validity was in this case traded off against the opportunity to gain profound insights into a yet incompletely understood phenomenon. Although I believe that key findings of the unique explorative and longitudinal case study may be applicable to many CEO succession strategic change events in large, diversified multinational firms, it would be helpful from an empirical perspective to conduct further multiple-sites case studies to verify and extend the findings under different environmental, organizational, and succession contexts. Universal solutions to complex, dynamic phenomena rarely survive rigorous theoretical validation nor business reality. Complementing to this, future research would benefit from combining large scale and in-depth methods, for example in a meta-case study research approach (Bronstein & Reihlen, 2014; Hoon, 2013; Rauch, Doorn, & Hulsink, 2014).

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