A Legitimacy Perspective on the Corporate Strategy Function

DISSERTATION

of the University of St. Gallen,

School of Management,

Economics, Law, Social Sciences

and International Affairs

to obtain the title of

Doctor of Philosophy in Management

submitted by

Thomas Schlenzig

from

Germany

Approved on the application of

Prof. Dr. Günter Müller-Stewens

Prof. Dr. Dr. Tomi Laamanen

Dissertation no. 4422

The University of St. Gallen, School of Management, Economics, Law, Social Sciences and International Affairs hereby consents to the printing of the present dissertation, without hereby expressing any opinion on the views herein expressed.

St. Gallen, May 19, 2015

The President:

Prof. Dr. Thomas Bieger

Acknowledgements

Writing a thesis is an opportunity for personal and professional growth. I am grateful to have had this opportunity and thank those who accompanied me.

Prof. Dr. Günter Müller-Stewens, my doctoral supervisor, was there when needed. I offer my best thanks to him for his personal and professional help. Particularly, I appreciated his constructive approach to each problem, which continuously created a confident and productive working climate. It was very valuable to learn from him.

Further, I thank Prof. Dr. Dr. Tomi Laamanen for co-supervising this thesis. His substantial feedback and inspiring discussions always pushed my work a few steps further. I particularly thank him for his confidence in me and enabling me the presentation of my work at the Strategic Management Conference 2013 in Glasgow before a large audience. To me, this was a highlight.

Among several others, there were colleagues that have become good friends. I particularly thank Johannes Luger and Markus Schwenke for their friendship and active support of my work. I also offer special thanks to Luzia Stähli, who continuously provided me with feedback on our joint paper, despite her high workload. Adrian Schulte-Steinberg, Elisabeth Lange, Johanna Müller, and Xena Welch-Guerra enriched my time at the Institute, among others through deep philosophical discussions and lighthearted banter. Thank you to Marisa Waldburger, Michaela Solterbeck, and Susanne Hoare-Widmer for their operational help and for holding the Institute together.

This thesis could not have been written without our research partners' help. These corporate strategists provided data access on the legitimacy of their strategy function, and showed open-mindedness and self-reflection. This requires courage. I thank V. S., H. R., and Dr. M. Z. at AutoCorp; Dr. C. K. and J. E. and at EnergyCorp; Dr. F. H. and P. S. at InsuranceCorp; and Dr. F. F. and Dr. M. W. at PolyCorp. The collaboration was both professional and personal. I hope that this dissertation will inspire their strategy-making practice. I particularly thank Dr. M. Z. for his ongoing interest in the topic and the several personal and professional discussions over the past years.

Most importantly, I thank my parents Ingrid and Günther, and my brothers Alexander and Holger, for their unquestioning support and unconditional love. Their support and personal faith in me first enabled this thesis, and my gratitude to them is beyond words.

Ravensburg, March 2015   Thomas Schlenzig

Table of Contents

List of Tables

List of Figures

List of Abbreviations

Δchi2	Delta chi-squared
AI, align	Aligning interests (latent construct)
alipersp	Aligning perspectives (latent construct)
BA, bunact	Bundling actors (latent construct)
CFA	Confirmatory factor analysis
CFI	Comparative fit index
chi2	chi-squared
Co, cogni, con	Connecting dimension (latent construct)
creafun	Create understanding and functional supporting (latent construct)
Cu, creatu	Create understanding dimension (latent construct)
cs	Corporate Strategist
CSF	Corporate Strategy Function
CSO	Chief Strategy Officer
C	Corp (Corporation)
deligoal	Delivering goals (latent construct)
df	Degrees of freedom
EC, embed	Embedding in context (latent construct)
EFA	Exploratory factor Analysis
EGOS	European Group of Organizational Studies
Fs, funsup	Functional supporting dimension (latent construct)
GQ	Generalized Questionnaire
HQ	Hands-on Questionnaire
HR	Human Ressources
IP, interact, intplat	Providing plattforms for interaction (latent construct)
IQ	Individual Questionnaire
legit	Legitimation
LRP	Long Range Planning
m	Manager
M&A	Mergers and Acquisitions
M.I.	Modification index
mindcoor	Mindful coordinating (latent construct)
ML	Maximum Likelihood
No.	Number
N	Sample size
N.a.	Not applicable

List of Abbreviations (continued)

P	Purpose
PDW	Paper Development Workshop
PI	Providing impulses (latent construct)
R	Relevance
R&D	Research and Development
RQ	Research question
R^2	R-squared
RMSEA	Root mean square error of approximation
SA, sactiv	Structuring activities (latent construct)
SAP	Strategy-as-Practice
SD	Standard deviation
sinactiv	Providing impules and structuring activities (latent construct)
sinput	Providing impulses (latent construct)
SMJ	Strategic Management Journal
social	Social dimension (latent construct)
SRMR	Standardized root mean square residual
STDYX	Completely standardized paramaters
straguid	Strategic guiding (latent construct)
techana	Technical/Analytical dimension (latent construct)
TT, toptran	Transmitting to top management (latent construct)
TS, transl	Translating strategy (latent construct)
truscoll	Trustful collaborating (latent construct)

Summary

The corporate strategy function (strategy function) is a globally used device in large organizations (Whittington & Cailluet, 2008). The strategy function is a collective of full-time strategy professionals located at the corporate center of the organization with the purpose to assist organizational strategy-making (Whittington et al., 2011). In its assisting role, the strategy function is to enable the organization as a reflection of its various actors to make strategy (Mintzberg, 1994d). However, this will only work, if the strategy function is perceived as legitimate by the organization. If the strategy function is not perceived as legitimate it is not accepted by the organization and the latter will not contribute to joint strategy-making (Mintzberg, 1994a, 1994b, 1994c). That is, the legitimate strategy function enables strategy-making.

Strategy scholars showed *what* the strategy function does (Grant, 2003; Kaplan & Norton, 2005; Mintzberg, 1994a, 1994b, 1994c; Paroutis & Pettigrew, 2007; Whittington et al., 2011). Further, there is first empirical evidence that the strategy function seeks to create legitimacy within the organization (Paroutis & Heracleous, 2013).

This thesis seeks to make a contribution to the legitimacy of the strategy function by making the practice through that the strategy function can create legitimacy tangible and measurable in questionnaire to assess legitimacy as an outcome variable.

The thesis comprises three studies. The first study (chapter 2) inductively develops a conceptionalization of the practice that allows the strategy function to create legitimacy. This practice is made tangible in a questionnaire to assess legitimacy. In the second study (chapter 3) this measure is construct validated in a new empirical setting. In the third study (chapter 4) different ways (questionnaires) to measure legitimacy and the influence of constituents groups' organizational backgrounds and hierarchical levels on the perceived extent of legitimacy are explored.

This thesis has implications for research and practice. First, conceptualizing the strategy-making practice of a legitimate strategy function shows *what* the function should do in order to enable strategy-making. Second, the practice delivers insights into *how* legitimacy is actually created. Third, the extent of legitimacy as an outcome may depict an intermediate measure to the performance of the strategy function. Forth, a strategy function can measure its legitimacy and benchmark it. The function can benchmark its legitimacy to other strategy functions, strategic initiatives, between different constituent groups, and even the development of legitimacy over time.

Zusammenfassung

Konzernstrategieabteilungen (Strategieabteilungen) sind ein weltweit verbreitetes Phänomen in Konzernen (Whittington & Cailluet, 2008). Die Strategieabteilung ist eine in der Konzernzentrale verankerte Einheit professioneller Vollzeitstrategen, die konzernweit Strategiearbeit unterstützt (Whittington et al., 2011). In dieser Funktion soll sie die gesamte Organisation, als ein Kollektiv von Akteuren, zur Strategiearbeit befähigen (Mintzberg, 1994d). Dies funktioniert aber nur, wenn die Strategieabteilung als legitim durch die Akteure, als Empfänger ihrer Strategiearbeit, angesehen wird. Eine illlegitime Strategieabteilung hat keine Akzeptanz innerhalb der Organisation und die Beiträge zur gemeinsamen Strategiearbeit der Akteure bleiben aus (Mintzberg, 1994a, 1994b, 1994c). Kurz gesagt wird Strategiearbeit nur durch eine als legitim wahrgenommene Strategieabteilung ermöglicht. Die bisherige Strategieforschung zeigt was eine Strategieabteilung tut (Grant, 2003; Kaplan & Norton, 2005; Mintzberg, 1994a, 1994b, 1994c; Paroutis & Pettigrew, 2007; Whittington et al., 2011). Weiterhin gibt es erste Hinweise darauf, dass die Strategieabteilung versucht Legitimität in der Organisation zu erzeugen (Paroutis & Heracleous, 2013).

Diese Arbeit leistet einen Beitrag zur Legitimität der Strategieabteilung indem sie diese aus Sicht der Organisation, als Empfänger der Strategiearbeit, erklärt und messbar macht.

Diese Arbeit besteht aus drei Studien. Die erste Studie (Kapitel 2) entwickelt induktiv eine Konzeption der Praktik über die die Strategieabteilung Legitimität erzeugen kann. Diese Praktik wird in einem Fragebogen messbar gemacht. Die zweite Studie (Kapitel 3) entwickelt die Praktik und den Fragebogen mittels einer neuen Datenbasis weiter. Die dritte Studie (Kapitel 4) untersucht die Gültigkeit verschiedener Fragebogen zur Messung der Legitimität und den Einfluss des organisationalen Hintergrundes und Hierarchiestufen von organisationalen Gruppen von Akteuren auf das wahrgenommene Ausmass der Legitimität der Strategieabteilung.

Diese Arbeit leistet ein Beitrag zu Wissenschaft und Unternehmenspraxis. Erstens, die Konzeption der Praktik zeigt *was* eine legitime Strategieabteilung tun sollte, um Strategiearbeit innerhalb der Organisation zu ermöglichen. Zweitens, liefert die Praktik Einblicke darüber *wie* die Strategieabteilung diese Legitimität erzeugt. Drittens, die Messbarkeit der Legitimität und die Feststellung deren Ausmasses vermag es ein Approximationsmass für die Leistung der Strategieabteilung darzustellen. Viertens, eine Strategieabteilung kann ihre Legitimität messen und Benchmarking betreiben. Legitimität kann zu anderen Strategieabteilungen, innerhalb verschiedener strategischen Intitiativen, organisationaler Anspruchsgruppen und ebenso in der Entwicklung über die Zeit verglichen werden.

1 Introduction

> "In recent years social scientists have been scrutinizing
> the practices of scientists, accountants and architects.
> Now it is the turn of strategists."
> (Whittington, 1996: 732)

1.1   Relevance

The widespread emergence of the strategy function – at that time, the planning function – started in the mid-1960s in large organizations (Mintzberg, 1994d). Back then, the strategy function's strategy-making practice was to calculate strategies (Mintzberg, 1994d). However, the strategy function did not turn out as well as expected, and its practice and value for the organization have been questioned (Javidan, 1985, 1987; Lorange, 1980; Quinn, 1980). Today, the strategy function is a support function with the purpose to assist strategy-making throughout the organization (Whittington et al., 2011). Strategy scholars provide empirical evidence on what the strategy function does in the scope of this purpose (Grant, 2003; Kaplan & Norton, 2005; Paroutis & Pettigrew, 2007; Whittington et al., 2011). Still, the question remains: how does the strategy function create value for an organization? This is because the strategy function – like support functions generally – produces unclear outputs (Thompson, 1967).

We know that support functions such as the strategy function deliver value to an organization by responding to its expectations (Lawler & Galbraith, 1993). In other words, a strategy function that meets these expectations is considered as legitimate by the organization (Dowling & Pfeffer, 1975). The strategy function needs legitimacy to serve its strategy assisting purpose. Legitimacy is the support for an organization's policy, based on the policy's expected value to a particular set of constituents (Suchman, 1995), that is, a strategy function's constituents will support the strategy function's policy or strategy if they perceive the strategy function as legitimate. Or, in the words of Mintzberg (1994d), committed managers will contribute to the strategy-making goals of corporate planners. Legitimacy becomes critical for the strategy function, because it enables rather than constrains strategy-making.

However, to our best knowledge, no study has provided insights into how a strategy function creates legitimacy from the perspectives of constituencies, nor how legitimacy can be measured. Research on the strategy function has almost disappeared from academic research (Whittington & Cailluet, 2008; Whittington et al., 2011). This is surprising, since the strategy function is on the rise globally (Whittington & Cailluet, 2008). From an

academic perspective, this means that the strategy function is a widely used device with little if any empirical and theoretical evidence about its legitimacy.

We address this gap and develop a measurement instrument to assess the strategy function's legitimacy. We therefore conceptualize and make tangible the strategy-making practice, which creates legitimacy as the measurable outcome variable of this practice. In the following, we use the terms strategy-making practice that creates legitimacy and legitimacy interchangeably; both refer to the conceptualization of legitimacy as a construct consisting of a set of measurable activities.

We used an in-depth single-case and multiple-case study setting to develop the measurement instrument for the strategy function's legitimacy. Further, we used an exploratory mixed-methods approach to conceptualize and develop the legitimacy construct (Creswell, 2009) in these settings that is in accordance with established measurement instrument development methods (Hinkin, 1998).

1.2   Research Problem

The main underlying questions of this thesis are: *How does the strategy function create legitimacy from the organization's perspective? And how can we measure legitimacy of the strategy function as an outcome variable?*

A strategy function is a collection of professional full-time strategists located at the corporate level of the organization (Whittington et al., 2011). Strategy has developed into a profession, and the strategy function has become a general class in the field (Whittington et al., 2011). By organization, we mean the various managers with whom the strategy function is in mutual relationships in order to make strategy (Grant, 2003; Mintzberg, 1994d). Managers are located in different businesses, functions, and hierarchical levels. They have operational expertise necessary for strategy-making (Mintzberg, 1994a), but no strategic expertise. They are therefore considered as part-timers to strategy-making (Whittington et al., 2011). We consider the collection of these managers as a reflection of the organization and the constituent group of the strategy function. They are constituents, because the strategy function assists them.

Accounting for the relationships between the strategy function and the organization in order to make strategy, we consider strategy-making from a strategy-as-practice (SAP) perspective "as a socially accomplished, situated activity arising from the actions and interactions of multiple-level actors" (Jarzabkowski, 2005: 6). By the strategy function's strategy-making practice, we mean a practice as a structured set of activities (Schatzki,

2005). The organization, as the strategy function's constituent, evaluates the legitimacy of the strategy function's assisting role, based on its self-interests (Suchman, 1995).

Detailed Research Questions

(1) *What is the performative strategy-making practice that allows a strategy function to create legitimacy?*

In chapter 2, we seek to understand legitimacy from a performativity perspective (Guérard et al., 2013). Analytically, we separated performative activities from outcomes in order to better understand how these activities produce corresponding outcomes (Feldman & Orlikowski, 2011). Our empirical and analytical focus is the identification of activities. We use these activities to theorize how these create legitimacy in the form of performative outcomes by addressing organizational constraints to strategy-making. We illustrate these constraints and performative outcomes by using example quotes from our interview data.

(2) *What is a legitimate strategy function's strategy-making practice from the organization's perspective, and how does it enable or constrain strategy-making?*

The second research questions use Bourdieu's practice theory (Bourdieu, 1977, 1990, 1993) to explain how strategy-making as a practice of the strategy function creates legitimacy. Specifically, we use Bourdieu's (1993) field of practice, and draw on the power relations between strategy function and the organization to explain how the practice creates legitimacy. These power relations result from the two groups' objective positions. Objective positions reflect different organizational affiliations (we considered it as organizational backgrounds) or hierarchical levels that allow one to differentiate social groups (Bourdieu, 1993; Bourdieu, 1998). This objective positions lead to differential access to resources, for instance, informational resources (Bourdieu, 2005). A legitimate strategy function delivers access to resources, enabling strategy-making.

(3

We address this research question in chapter 2, 3, and 4 with different methodological approaches and empirical data. This enables a continuous development and understanding of the legitimacy construct. Based on research questions 1 and 2, we seek to make legitimacy measurable in a questionnaire. This means identifying legitimacy as the common ground and measurable outcome of the practice that creates it. This conceptualization of legitimacy is based on the perceptions of constituent groups. Drawing on the perceptions of constituent groups is an established method to evaluate staff functions, for instance, the HR function (Tsui, 1987, 1990). In general, this approach is useful to evaluate support

functions, because they produce unclear outputs that are difficult to measure (Lawler & Galbraith, 1993; Thompson, 1967).

In this thesis, we develop three different legitimacy questionnaires. Details are provided in chapter 1.5 and article three. Theoretically, we conceptualized these different ways to create and assess legitimacy as different ways a practice can be used (modus operandi) (Bourdieu, 1977, 1990). We compared the questionnaires across strategy functions and objective positions of constituent groups (Bourdieu, 1993; Bourdieu, 1998).

Technically, we assess legitimacy through its constituting activities (questionnaire items) on a 7-point Likert scale. For instance, *The corporate strategy function… adopts a cross-divisional strategic perspective* had 1 = don't agree and 7 = fully agree. We measure the extent of legitimacy in percentage values, which allows for easier interpretation and comparison. The percentage values are calculated by the formula used by Cole and colleagues (2012), who developed a measure for organizational energy. Details of the formula are provided in article three.

(4) *Is the strategy function's extent of legitimacy influenced by objective positions of distinct organizational constituent groups?*

Again, we use Bourdieu's logic of the field to explain this research question (Bourdieu, 1977, 1990, 1993). We also address this question in article three. Specifically, we seek to understand whether different constituent groups as distinguished by their objective positions perceive the strategy function as differently legitimate.

1.3   Study Objectives

Figure 1 provides an overview and categorization of research questions and purposes and why these are important to research and practice. In this thesis, we follow two main interrelated objectives. First, we identify the practice of the legitimate strategy function and seek to provide a first understanding of how it creates legitimacy. Second, we make this practice measurable in a questionnaire to assess the strategy function's legitimacy as an outcome variable. The two objectives are addressed by our two main research questions. In accordance with our subresearch questions, we also follow four subobjectives.

The objectives of research questions 1 and 2 are to identify the strategy-making practice through which the strategy function can create legitimacy, understand how this practice creates legitimacy, and make legitimacy measurable. These two objectives lead to two different insights, because they are explored through different conceptual lenses and in different empirical settings. In chapter 2, we use the performativity concept to under-

stand how the activities create outcomes that make up legitimacy. The results show a con-generic model to measure legitimacy (Lienert & Raatz, 1998). In chapter 3, we use a Bourdieusian framing to understand how the practice creates legitimacy. The results show a full construct validated model of legitimacy.

Answering these two questions delivers knowledge on how a strategy function can enable strategy-making and assures it of the success of its strategy assisting role (Whittington et al., 2011). Specifically, for research question 1 (chapter 2), we use the empirically grounded activities and the existing literature to theorize about the organizational constraints these activities address and the performative outcomes they create. This allows a strategy function to better understand what kind of institution it is (Chia & MacKay, 2007) and or how it creates its reasons to exist (legitimacy).

Answering research question 2 in a different empirical setting (chapter 3) allows for a more generalizable logic of the practice that creates legitimacy. We are also able to understand detailed activities and generic mechanisms (second-order and third-order constructs) behind these activities and theorize about their effects.

The third subobjective of this thesis is to conceptualize legitimacy as an outcome variable of the practice. This allows one to measure and compare legitimacy between strategy functions. Knowing the extent of legitimacy may guide a strategy function to effectively develop its strategy-making practice.

The fourth and final objective of the thesis is to know whether different organizational constituent groups generally perceive the strategy function as less legitimate than others, or vice versa. This deepens our understanding about differential needs contingent on constituent groups' organizational backgrounds and hierarchical levels, and allows a strategy function to specially consider constituent groups' needs.
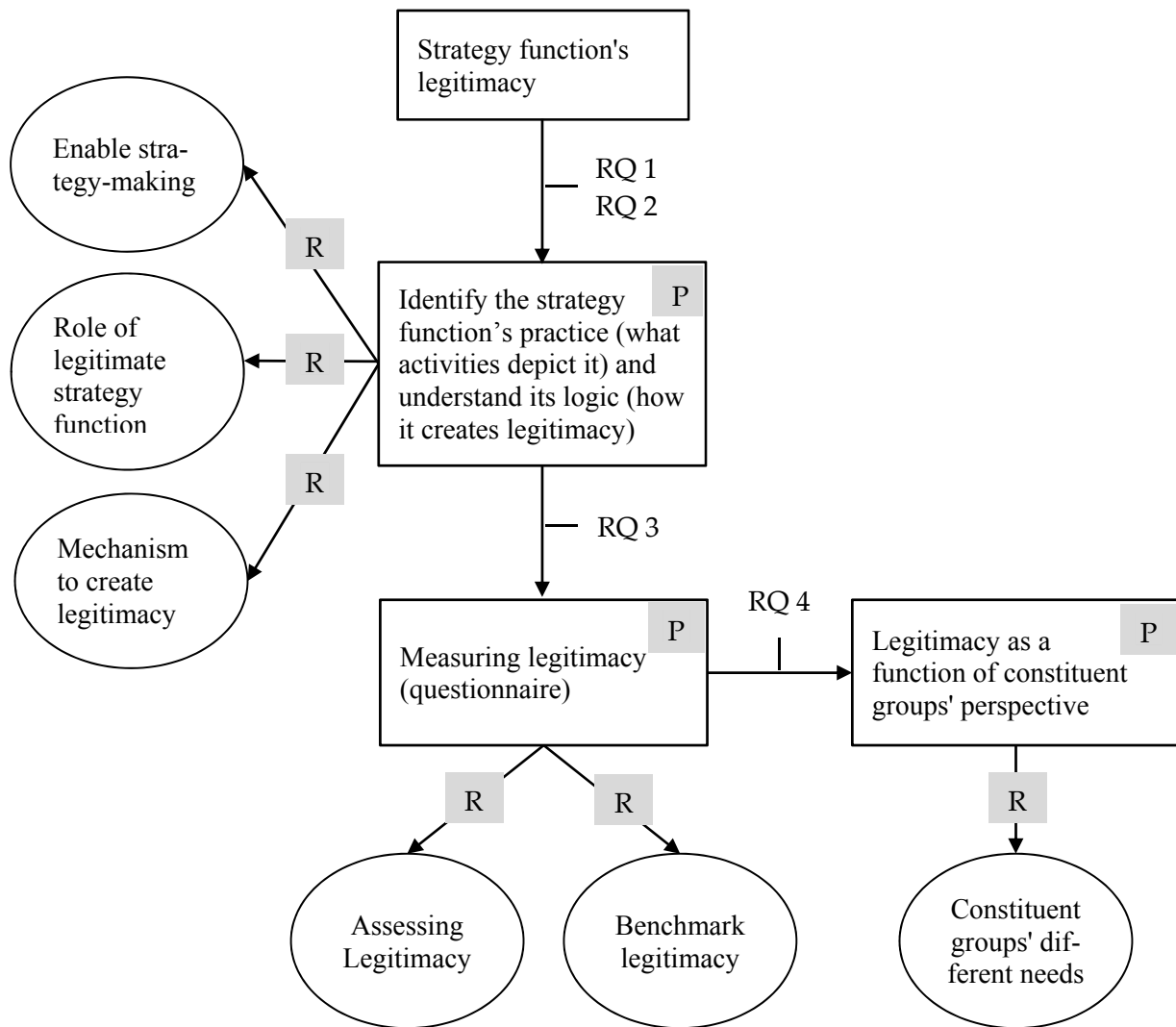
RQ = Research question; P = Purpose; R = Relevance

Figure 1. Research Questions, Purposes and Relevance of Thesis

1.4   Scope of the Study

The scope to answer our research questions is four multibusiness organizations of different industries. Multibusiness organizations operate in multiple markets through different distinct business units (Greve, 2003). They are characterized by several business units and many organizational levels (Paroutis & Pettigrew, 2007). We simply refer to them as organizations.

The geographical scope of this thesis is Germany and Switzerland. Organization 1 is a globally leading firm in the automotive industry located in Germany (renamed Auto-Corp); the second is in the energy industry and is located in Germany (renamed Ener-

gyCorp). The third organization is in the insurance industry and is located in Switzerland (renamed InsuranceCorp); and the forth organization is in the polymer industry located in Switzerland (renamed PolyCorp).

Our functional scope is an in-depth single-case and a multiple-case study. A case is a "phenomenon of some sort occurring in a bounded context" (Yin, 2009: 25). Our phenomenon is the strategy-making practice that creates legitimacy for the strategy function from the organization's perspective. The unit of analysis is the strategy function's extent of legitimacy. The object of analysis is the strategy function.

We used the in-depth single case study of AutoCorp in chapter 2 for initial construct development. A single-case study is typically used to investigate unexplored and complex phenomena (Eisenhardt & Graebner, 2007). Single-case studies are also suitable to build and extend theory (Stake, 1995). While this setting may limit the findings' generalizability, it allows for the initial exploration of the phenomenon in depth (Eisenhardt & Graebner, 2007). Since there is no theory on the practice that allows a strategy function to create legitimacy, we consider this setting as useful for the development of our congeneric legitimacy model. A potential bias on the results may arise from the high portion of functional managers as opposed to the business unit managers among the interviewees (72% functional managers). However, this bias may be mitigated by the representativeness (theoretical sampling) of the sample's constitution, since strategy functions collaborate intensely with other functional units (see Kaplan & Norton, 2005).

In chapter 3, we extend our functional scope to a multiple-case study setting for further development of the congeneric legitimacy model. The setting is four strategy functions of the four above mentioned organizations. Multiple-case study settings provide more robust findings, because the emerging theoretical contributions are grounded deeper in varied empirical evidence (Eisenhardt & Graebner, 2007; Yin, 2009). Hence, our results provide generalizable findings that allow for well-grounded theoretical contributions. The analyzed sample is a cumulated sample that comprises survey data on legitimacy of each of the four strategy functions. Because this cumulated sample comprises different amounts of surveys on each strategy function's legitimacy, the legitimacy construct may be biased by those strategy functions bringing relatively many surveys to the cumulated sample. For instance, at EnergyCorp, we received 52 usable questionnaires, and at PolyCorp 13, which suggest a stronger influence at EnergyCorp on construct development. However, considering that the cumulative sample comprises surveys on four strategy functions may mitigate this bias. This assumption is supported by the findings of article three, in that we compared legitimacy across organizations but did not find any patterns of the extent of legitimacy that supports assuming such a bias.

In chapter 4, we used the same setting as in chapter 3. Potential biases on the findings may also arise from the number of respondents per organization. This accounts particularly for the influence of constituent groups' objective positions on legitimacy. Categorizing them into business and functional managers and in groups of low, middle, and high hierarchical levels in the organizations reduces the amount of respondents for each constituent group.

1.5   Structure of the Study

Table 1 provides an overview on chapters 2, 3, and 4 (articles) of this thesis. We position our research in SAP research because we focus on what the strategy function should actually do (Jarzabkowski, 2005; Vaara & Whittington, 2012; Whittington, 1996, 2003, 2006) in order to be perceived as legitimate.

1.5.1   The Literature Part

In accordance with the SAP research and our intent to explore strategy-making as the 'job' of strategy functions, our basic understanding of a practice follows Schatzki (2005), who conceptualizes a practice as a structured set of activities. Table 2 provides an overview on the key studies addressed in the literature part of this thesis.

Using the notion of practices is further useful, because it fits well with our understanding of legitimacy. Practices are carriers to create legitimacy and have enabling effects (Vaara & Whittington, 2012). Thus, illegitimate practices constrain strategy-making. Finally, the SAP perspective is interested in a critical analysis and emergence of practices (Vaara & Whittington, 2012). Exploring the strategy-making practice that allows strategy functions to create legitimacy from the organization's perspective can be seen as such a critical analysis.

While we do not know the strategy function creates legitimacy from the organization's perspective, we know what the strategy function does (Grant, 2003; Kaplan & Norton, 2005; Mintzberg, 1994d; Paroutis & Pettigrew, 2007; Whittington et al., 2011). We included three further studies that address the strategy function's legitimacy (Paroutis & Heracleous, 2013) and its effectiveness (Brunsman et al., 2011; Javidan, 1987). These studies helped to arrange the activities through which the strategy function may create legitimacy.

Table 1. Overview on Thesis

	Chapter 2: The Legitimacy of the Corporate Strategy Function: A Performativity Perspective and the Development of a Measurement Scale	Chapter 3: The Practice of the Legitimate Corporate Strategy Function: Understanding the Logic of the Practice and Measuring Legitimacy as the Outcome	Chapter 4: Measuring Legitimacy of the Corporate Strategy Function and Perceived Legitimacy as a Function of Constituent Groups' Organizational Backgrounds and Hierarchies
Title	Chapter 2: The Legitimacy of the Corporate Strategy Function: A Performativity Perspective and the Development of a Measurement Scale	Chapter 3: The Practice of the Legitimate Corporate Strategy Function: Understanding the Logic of the Practice and Measuring Legitimacy as the Outcome	Chapter 4: Measuring Legitimacy of the Corporate Strategy Function and Perceived Legitimacy as a Function of Constituent Groups' Organizational Backgrounds and Hierarchies
Research question	What is the performative strategy-making practice of the strategy function that allows it to create legitimacy? How can we measure the strategy function's legitimacy as an outcome variable?	What is the practice of legitimate strategy functions from the organization's perspective, and how does it enable or constrain strategy-making? How can we measure a strategy function's legitimacy as an outcome variable?	How can we measure the strategy function's legitimacy as an outcome variable? Is the extent of legitimacy influenced by the perspective of different organizational constituent groups?
Analytical object/unit	Strategy function/extent of legitimacy of a strategy function	See chapter 2	See chapter 2
Research design	Single-case study	Multiple-case study	See chapter 3
Data source	43 interviews' documentary data, content-validation data, survey data.	Survey data (117 surveys), four interviews on strategy functions' roles.	Survey data (117 surveys) and content validation data.
Analytical method	Mixed methods, with emphasis on qualitative aspect (systematic grounded theory and EFA).	Mixed methods with emphasis on quantitative aspect (CFA).	Comparative legitimacy assessment (statistical significance test and absolute values).
Key findings	Congeneric model of strategy-making as practice of the legitimate strategy function that explains how it can create legitimacy and how the extent of legitimacy as an outcome can be measured: Legitimacy is three-dimensional, comprising connecting, creating understanding, and functional supporting dimensions. Utilizing the dimensions' potentials creates the performative outcomes social integration, joint action, and consistent strategy formulation and implementation, which make up legitimacy. These outcomes are performative, since they enable strategy-making by addressing the organizational constraints, distributed competences and knowledge of actors, subgoal pursuits, and lack of functional strategic expertise.	A generalized model of strategy-making as practice of the legitimate strategy function that explains how a strategy function can create legitimacy and how the extent of legitimacy as an outcome can be measured: Legitimacy is three-dimensional, comprising social, cognitive, and technical/analytical dimensions. Utilizing the potentials of these dimensions enables an organization to contribute to strategy-making through connecting itself and with the strategy function, a shared understanding, and acting with foresight.	The extent of a strategy function's legitimacy is measured along social, cognitive, and technical/analytical dimensions. The strategy-making practice to assess legitimacy can vary in its modus operandi (different questionnaires) without biasing legitimacy assessments. The perceived legitimacy of a strategy function seems to be influenced by the organizational backgrounds and hierarchical levels of constituent groups.

Table 1. (continued)

Title	Title chapter 2	Title chapter 3	Title chapter 4
Main contributions to extant literature	Strategic planning as practice by differentiating it from strategy-making as practice of the legitimate strategy function (Mintzberg, 1994d; Ocasio & Joseph, 2008). The practice turn of strategy (Whittington, 1996, 2006) by proposing strategy-making as performative practice of the strategy function to create legitimacy (Paroutis & Heracleous, 2013; Whittington et al., 2011). The problematization of the strategy function's performance (Guérard et al., 2013; Whittington, 2007) by proposing a congeneric conceptualization of the strategy function's legitimacy as measurable outcome.	Critical analysis of practices (Vaara & Whittington, 2012) by (a) revealing the strategy-making practice of a legitimate strategy function (Grant, 2003; Kaplan & Norton, 2005; Mintzberg, 1994d; Paroutis & Pettigrew, 2007; Whittington, 1996, 2007; Whittington et al., 2011), (b) problematization of strategists' performance (Guérard et al., 2013; Whittington, 2007), and (c) by proposing legitimacy as performative outcome (Paroutis & Heracleous, 2013). Emergence of practices (Vaara & Whittington, 2012) by explaining the logic of strategy-making as practice arising through power relations (Bourdieu, 1977, 1990, 1993; Bourdieu, 1998).	The changed practice of the strategy function (Whittington et al., 2011). Strategy-making as practice allowing for modus operandi (Chia & MacKay, 2007). Legitimacy of the strategy function (Paroutis & Heracleous, 2013) by showing influences of constituent groups' objective postions on their perceptions of a strategy function's legitimacy.
Practical implications	Effective development of a strategy function's work (Brunsman et al., 2011; Javidan, 1987; Kaplan & Norton, 2005; Whittington, 1996, 2006). Legitimacy benchmarking with other strategy functions, between strategic initiatives, and over time.	Effective development of a strategy function's work (Brunsman et al., 2011; Javidan, 1987; Kaplan & Norton, 2005; Whittington, 1996, 2006). Legitimacy benchmarking with other strategy functions, between strategic initiatives, and over time. Fact-based evidence on enabling and constraining effects of the strategy function that influences success and failure of strategy (Mintzberg, 1994a).	Assessing legitimacy by different questionnaires provides flexibility to the strategy function to assess legitimacy but, simultaneously, allows for comparisons. Special consideration of distinct constituent groups
'So what'	Understand legitimacy as performative outcome of the strategy function's strategy-making practice (Paroutis & Heracleous, 2013) and propose an initial conceptualization to measure legitimacy as an outcome variable.	Know and understand the practice of a legitimate strategy function (Paroutis & Heracleous, 2013; Whittington et al., 2011). Legitimacy as intermediate variable to organizational performance (Johnson et al., 2007; Whittington, 2006). Insights that strengthen the strategy function as a class in the strategy profession (Paroutis & Pettigrew, 2007; Whittington, 1996, 2006).	Flexibility to legitimacy assessment. Carefully address distinct constituent groups during strategy-making.

We refer to the notion of legitimacy, because legitimacy can enable and constrain an institution's actions (Dowling & Pfeffer, 1975). In this thesis, we refer to legitimacy as pragmatic legitimacy (Suchman, 1995), as exchange legitimacy that supports an organization's policy based on the policy's expected value to a particular set of constituents (Suchman, 1995). This notion of legitimacy seems to be suitable to explore a strategy function's legitimacy from the organization's perspective, because it proposes that the legitimate strategy function enables strategy-making by delivering something to the organization that the latter perceives as valuable and thus itself contributes to strategy-making.

In the scope of this overall thesis, we define the strategy function's extent of legitimacy as *the extent to which it enables strategy-making.*

In chapter 2, we used the performativity concept (Guérard et al., 2013; Lyotard, 1984) to explain how a legitimate strategy function can create legitimacy. This concept has been suggested to explore how strategists should perform in order to prevent being replaced (Guérard et al., 2013). We consider this concept as useful, since it allows us to separate activities from outcomes and learn about the performative outcomes that a legitimate strategy function creates. Thus, in this study, we conceptualize that performative activities lead to performative outcomes that make up legitimacy. This is attractive, since the strategy function's legitimacy is itself considered a performative outcome (Paroutis & Heracleous, 2013). In chapter 3, we use Bourdieu's (1977, 1990, 1993) practice theory. Particularly, we use Bourdieu's (1993; 1998) *fields of practice* to outline the mutual relations between the strategy function and the organization during strategy-making. While Bourdieu (1977, 1993) argues that the practice in use produces and reproduces power relations between social groups, we consider this a suitable apparatus to understand how a strategy function's strategy-making practice allows it to create legitimacy based on the existing power relations between strategy function and the organization, because these power relations enable or constrain contributions to strategy-making. Bourdieu's (1977, 1990, 1993) practice theory fits our notion of legitimacy very well. This is because pragmatic legitimacy can be seen as exchange legitimacy, which shades into materialistic power dependence relations because an institution will be supported by its consituents, if it is perceived as valuable by the latter (Pfeffer & Salancik, 1978).

In article three, we also used Bourdieu's logic of the field to conceptualize how different social groups' objective positions influence perceived extents of legitimacy of a strategy function. We also used the notion of different modus operandi of a practice in use, which allows one to explain the existence and use of three different legitimacy questionnaires (Bourdieu, 1990).

1.5.2   The Empirical Part

In chapter 2, we use a single-case study setting (Eisenhardt, 1989a) and, in chapter 3, a multiple-case study setting (Eisenhardt & Graebner, 2007). We used a mixed-methods approach to develop the legitimacy construct (Creswell, 2009). While chapters 2 and 3 both comprise qualitative and quantitative procedures, chapter 2 emphasizes the qualitative aspect, and chapter 3 the quantitative aspect. This use of mixed methods corresponds with an exploratory design in that the researcher first collects and analyzes qualitative data and then exposes these findings to a quantitative phase that allows for generalizations of the qualitative findings (Creswell, 2009). We now briefly explain the research settings, used data, and analytical approaches of chapters 2, 3, and 4.

In chapter 2, we explore the legitimacy of AutoCorp's strategy function at AutoCorp as a single-case study in depth (Eisenhardt, 1989a). Our primary data source was 43 interviews with managers across the organization, who were broadly asked to describe critical incidents (Flanagan, 1954) in that they perceived the strategy function as valuable. We analyzed these data with a systematic grounded theory approach (Corbin & Strauss, 1990) to conceptualize a congeneric conceptualization of legitimacy (Lienert & Raatz, 1998). This conceptualization has been initially construct validated in the second part of chapter 2 by an exploratory factor analysis (EFA) (Gerbing & Anderson, 1988). The EFA is based on a pilot survey on legitimacy of AutoCorp's strategy function. The survey data include 31 usable questionnaires.

In chapters 3 and 4, we use a multiple-case study setting (Eisenhardt & Graebner, 2007). Our primary data source is the cumulated survey data on the legitimacy of the strategy functions of AutoCorp, EnergyCorp, InsuranceCorp, and PolyCorp. In total, we received 117 usable questionnaires. We use these data to construct validate the legitimacy construct across the organizations through an confirmatory factor analysis (CFA) with an exploratory character (Brown, 2006). Each of the four questionnaires was designed by each organization on the basis of the congeneric legitimacy construct as developed in chapter 2. This process depicted our content validation procedure of the legitimacy construct. We further use interview data with corporate strategists to briefly describe the strategy functions and to guarantee that they all have a similar role – assisting organizational strategy-making (Whittington et al., 2011).

Table 2. Overview on the Key Studies Addressed in the Literature Part

Literature part	Strategy function as analytical object	SAP as theoretical lens	Legitimacy as analytical unit	Practices as means to create legitimacy	Concept/Theory to explain how legitimacy is created	
					Performativity	Power relations in fields of practice
Chapter(s)	2, 3, and 4	2, 3, and 4	2, 3, and 4	2, 3, and 4	2	3 and 4
Literature	What a strategy function does (Grant, 2003; Kaplan & Norton, 2005; Mintzberg, 1994d; Paroutis & Pettigrew, 2007; Whittington et al., 2011). Legitimacy of a strategy function as performative outcome (Paroutis & Heracleous, 2013). Effectiveness of a strategy function (Brunsman et al., 2011; Javidan, 1987).	What the strategy function does (Jarzabkowski, 2005; Vaara & Whittington, 2012; Whittington, 1996, 2003, 2006). Critical analysis and emergence of practices (Vaara & Whittington, 2012). Problematization of the strategy function's performance (Whittington, 2007). Strategy function as general class of strategy profession (Whittington, 2007; Whittington et al., 2011).	Pragmatic legitimacy (Suchman, 1995). Legitimacy can enable or constrain actions (Dowling & Pfeffer, 1975). Pragmatic legitimacy shades into materialistic power dependence relations (Pfeffer & Salancik, 1978) (chapters 3 and 4).	Practice as a structured set of activities that people use to do their jobs (Schatzki, 2005). Practice as carriers to create legitimacy, and enablers and constraints (Vaara & Whittington, 2012).	As proxy to assess a strategy function's performance (Guérard et al., 2013; Lyotard, 1984). Performativity as raison-d'être of strategy function (Lyotard, 1984).	Bourdieu's (1977, 1990, 1993) practice theory (articles 2 and 3). Bourdieu's (1993; 1998) field of practice (chapters 3 and 4). Bourdieu's (1990) modus operandi of practices (chapter 4).

In chapter 4, we use the same dataset as in chapter 3 to assess the extent of legitimacy achieved by each strategy function. In this chapter, we use three different questionnaires to compare legitimacy between different constituent groups that are distinguished by their business and functional backgrounds and their hierarchical levels. The three questionnaires emerged from each organization's content validation procedures, the generalization of the questionnaire in chapter 3, and through a hands-on short version of the legitimacy questionnaire including only those questionnaire items being used in all organizations to assess their strategy function's legitimacy (see chapter 4). We use two criteria to compare the extent of legitimacy: First, two-tailed t-tests to test whether the means of two samples are significantly different. Second, we use the absolute values of the extent of legitimacy to detect patterns and interpret the findings. While this data analytical approach is rather practical, it provides useful insights into concurrent validity (Cronbach & Meehl, 1955) and generalizability of the legitimacy construct.

1.6   Timetable

Table 3 shows the thesis timeline. We started the work on this thesis with the writing and submission of a research proposal for the *Strategic Management Society* (SMS) in November 2012 in Prague (submission: April 2012). The proposal was based on the dissertation by Luzia Stähli (2013) and was nominated for the Practical Implications Award by the SMS in Prague. We therefore developed it into a full paper version until June 2012. In 2013, the article was revised, the data reinterpreted, and existing interpretations extended, and it was submitted to the *Strategic Management Journal* (SMJ) in January 2014. After receiving a *reject and resubmit* decision, the paper was rewritten and resubmitted to SMJ. The article received a *reject* decision from SMJ at the end of September 2014. After this decision, we refined the article's framing concerning the purpose of this thesis and submitted it to *Long Range Planning* (LRP) in October 2014. This article is the second chapter of this thesis. An early version of this article has been published in the *Zeitschrift Führung und Organisation* (Stähli et al., 2013).

The work on chapter 3, as the second article, started in November 2012. From this point, we did interviews with corporate strategists and managers of the four case study organizations and collected survey data. At that time, we used survey data of AutoCorp and EnergyCorp for a first draft of the article, which we sent to the *European Group of Organizational Studies* (EGOS) in July 2013, were it was rejected owing to its preliminary stage but was proposed for a paper development workshop owing to the topic's relevance. We used the reviewer comments from this workshop for further paper development. Additionally, the article has been discussed and developed during a doctoral work-

shop at the EGOS 2013. We finished the data collection phase from January to March 2014 with surveys at InsuranceCorp and PolyCorp. The final data analysis for the second paper ended in August 2014, and paper writing ended in November 2014. An early version of this article has been published in *Controlling – Zeitschrift für erfolgsorientierte Unternehmenssteuerung* (Schlenzig & Müller-Stewens, 2014). Paper writing of chapter 4 – the third article in this thesis – started in August 2014. This article may have the potential to be published in a practitioner orientated journal like *Long Range Planning*.

Table 3. Timeline of the Thesis

Time Chapter	April 2012	June 2012	November 2012	December 2012	July 2013	January 2014	March 2014	April 2014	June 2014	August 2014	September 2014	October 2014	December 2014
Chapter 1					SMS Glasgow: Paper presentation. Published in Zeitschrift für Führung + Organisation						Start writing		
Chapter 2			SMS Prague: Proposal – practical implications award – full paper			SMS submission: Reject and resubmit decision - resubmission – reject decision						LRP submission: Under review	
Chapter 3			Start data collection at Energy-Corp	EGOS Montreal: Paper development in PDW and Ph.D. workshop			End data collection at Poly-Corp	Data analysis and paper writing		End of paper writing	Refinements based on reviewer comments. Published in Controlling		
Chapter 4										Start data analysis and paper writing		Refinements based on reviewer comments	
Chapter 5												Start writing	

Chapter development phase

2 The Legitimacy of the Corporate Strategy Function: A Performativity Perspective and the Development of a Measurement Scale[1]

Abstract

We use a practice perspective and conceptualize strategy-making as performative practice through which a corporate strategy function (strategy function) creates legitimacy from the perspective of the organization. Our study is based on an in-depth single-case study of a global multibusiness automotive company. Using an explorative mixed-method approach, we find that legitimacy is multidimensional, comprising the second-order performative activities connecting, creating understanding, and functional supporting that create the performative outcomes social integration, joint action, and consistent strategy formulation and implementation that make up legitimacy by addressing the organizational constraints of distributed competences and knowledge of actors, subgoal pursuits, and lack of functional strategic expertise. We contribute to a deeper understanding of strategy-as-practice, the legitimacy of the strategy function, and the related debate on strategists' performance.

Keywords: Corporate Strategy Function, Legitimacy, Performativity, Practices, Strategy-as-Practice, Questionnaire Development

---

[1] Schlenzig, T., Stähli, L., Müller-Stewens, G. 2014: This paper has been presented at the Strategic Management Society (SMS) International Conference 2012 (Prague) and the SMS Special Conference 2013 (Glasgow). An early version of the paper has been published in the *Zeitschrift für Führung + Organisation*. It is currently under review in Long Range Planning.

2.1   Introduction

The strategy function is globally on its rise in large organizations (Whittington & Cailluet, 2008). The strategy function is a collective of strategy professionals located at the corporate level that's whole purpose is to assist strategy-making (Whittington et al., 2011). Despite its widespread use, the strategy function faces pressures of legitimacy (Paroutis & Heracleous, 2013). Such pressures arise from the unclear outputs that the strategy function - like support functions in general – produces (Thompson, 1967). A legitimate strategy function would produce something that is valuable for those it assists in order to make strategy (Lawler & Galbraith, 1993).

We know what the strategy function does (Grant, 2003; Kaplan & Norton, 2005; Mintzberg, 1994c; Mintzberg, 1994d; Paroutis & Pettigrew, 2007; Whittington et al., 2011) but we do not know what it should do in order to be perceived as legitimate by those organizational managers it assists. Understanding legitimacy from the perspective of these managers is critical to the strategy function because legitimacy is the support of an organizations policy based on the expected value of this policy to the organization's constituents (Suchman, 1995). Consequently, organizational managers – as constituents of the strategy function - will only contribute to strategy-making, if they perceive the strategy function as legitimate. The importance of managers contributions to strategy-making is known since many years (Mintzberg, 1994d). Considering the importance of legitimacy to the strategy function and that legitimacy has been conceptualized as a performative outcome (Paroutis & Heracleous, 2013), we use the performativity concept (Guérard et al., 2013) to conceptualize strategy-making as performative practice through that the strategy function can create legitimacy, and ask:

What is the performative strategy-making practice that allows a strategy function to create legitimacy? And how can we measure legitimacy of the strategy function as an outcome variable? Our study has two purposes. First, we open an understanding of a strategy function's legitimacy (Guérard et al., 2013) by proposing that strategy-making is a performative practice of a strategy function that can create outcomes that make up legitimacy. Second, we develop a congeneric conceptualization of a measurement instrument (Lienert & Raatz, 1998) to assess a strategy function's legitimacy.

We use a practice lens (Whittington, 2007) to construct strategy as performative practice that creates legitimacy as an outcome variable. We make this practice tangible in order to measure legitimacy. We focused on organizational actors' perceptions of critical incidents, in that the strategy function is perceived as valuable along eight heterogeneous

top-down-initiated strategic initiatives in a global leading multibusiness organization in the automotive industry ('AutoCorp').

We argue that legitimacy is multidimensional: It is composed and measured along the second-order performative activity dimensions *connecting*, *creating understanding*, and *functional supporting*. We theorized that the utilization of the potential of these dimensions creates the performative outcomes *social integration*, *joint action*, and *consistent strategy formulation and implementation*, which make up legitimacy. The outcomes are enabled by addressing organizational constraints such as distributed competences and knowledge of actors, subgoal pursuits, and lack of functional strategic expertise.

Conceptualizing the strategy-making practice of a legitimate strategy function advances the *practice turn* in strategy, which seeks to learn about more effective practices that practitioners use (Whittington, 2006). Knowing how it can create legitimacy from the perspective of an organization, the strategy function as a general class of the strategy profession (Whittington et al., 2011) can use these insights to prevent being replaced (Guérard et al., 2013). Assessing the strategy function's practice from an constituent perspective responds to the call for more critical analyses of practices (Vaara & Whittington, 2012). Our practice reflects the organization's shared practical understanding concerning how strategy-making should be done (Schatzki, 2001). Thereby, we provide detailed insights into social construction of accountability and responsibility in strategy-making (Vaara & Whittington, 2012). Conceptualizing legitimacy as a performative and measurable outcome proposes an intermediate variable to the related research on strategy function performance in SAP research (Whittington, 2007). This is because legitimacy enables strategy-making. Our practice highlights that a legitimate strategy function's strategy-making is not pure strategic planning (Ocasio & Joseph, 2008). The existence of connecting, shared understanding, and functional supporting dimensions indicates that strategy is done by organizational managers as human actors (Mintzberg, 1994a) but cannot be successful if traditional analytical strategy work is not done (Whittington et al., 2011).

Our study informs practitioners by proposing legitimacy as an intermediate variable to performance that is based on the micro-activity level (Angwin et al., 2009; Johnson et al., 2003; Paroutis & Pettigrew, 2007; Whittington, 2006). Our findings may inspire practitioners in the related debate on the strategy function's effectiveness (Brunsman et al., 2011; Kaplan & Norton, 2005; Whittington, 1996, 2006). Consequently, our findings may help to educate strategy professionals (Paroutis & Pettigrew, 2007; Whittington, 1996, 2006).

We organized this study as follows. First, we provide a conceptual background to and theoretical grounding of our research question. Second, we describe our methodology and questionnaire development. Third, we show our analysis results. Finally, we discuss our results and propose theoretical and practical implications as well as study limitations.

2.2   Theoretical Background

2.2.1   Strategy-as-Practice

Following a SAP perspective, we view strategy "as a socially accomplished, situated activity arising from the actions and interactions of multiple-level actors" (Jarzabkowski, 2005: 6). Strategy-making includes "the myriad of activities that lead to the creation of organizational strategies" (Vaara & Whittington, 2012: 287). SAP draws on the concepts praxis, practices, practitioners, and profession (Whittington, 2007). While these concepts are interrelated, the most important to our study are *practices* and *profession*.

Starting with *profession*, the strategy function is a social class within strategy as a profession (Whittington et al., 2011). This group of strategists is at the front line concerning (innovative) changes in strategy work (Whittington et al., 2011). On the one hand, this means how they practice strategy has implications for the profession as a whole. On the other hand, how the strategy function practices strategy is influenced through changes in institutional forces. Whittington and colleagues (2011) found that changing organizational, societal, cultural, and technological forces lead to fairly open strategy-making characterized by transparency and a wider inclusion of actors. For instance, Mintzberg's (1994d) call to rethink the practice of technocratic strategic planning and to account for local knowledge and the inclusion of lower-level managers has been part of a cultural shift towards strategy as a fairly coordinative practice (Grant, 2003; Paroutis & Heracleous, 2013; Paroutis & Pettigrew, 2007; Whittington et al., 2011). Ocasio and Joseph (2008) showed that formal strategic planning as a practice survived but transformed in order to effectively deal with changes in corporate agendas and management styles. This has allowed it to endure as a legitimate practice (Ocasio & Joseph, 2008). Such needs for legitimacy also apply to the strategy function's strategy-making practice generally (Paroutis & Heracleous, 2013; Whittington et al., 2011) because it must enable strategy-making rather than constrain it.

2.2.2   Strategy-as-Practice and Practices

By *practices*, we refer to a structured set of activities that people use to do their jobs (Schatzki, 2005). Practices are "recognized forms of activity" (Barnes, 2001: 19) and be-

long to social groups rather than individuals (Zietsma & Lawrence, 2010). These groups define a practice's correctness (Schatzki, 2001). Activities of a practice are recognizable by individuals or other groups if the activity conforms to certain social expectations (Zietsma & Lawrence, 2010). Such expectations may be described as "shared practical understanding" of how strategy as practice should take place (Schatzki, 2001: 2). This means that one social group can assess the practice of another social group with which it is interdependent. The strategy function as a professional service function closely interacts with various actors throughout an organization (Grant, 2003; Kaplan & Norton, 2005; Mintzberg, 1994a; Paroutis & Heracleous, 2013). Therefore, we conceptualize this group of actors as a reflection of the organization and thus label it the *organization*. Because the organization recognizes what the strategy function does and has expectations of a strategy function's strategy-making practice, it can describe how strategy-making as practice should take place.

Practices are useful to make the practice of the legitimate strategy function tangible for two reasons. First, practices are means to create legitimacy (Vaara & Whittington, 2012) and they allow to use the performativity concept (Guérard et al., 2013) that again helps to conceptualize legitimacy of the strategy function.

2.2.3   Legitimacy and Performativity

"[L]egitimation is the process whereby an organization justifies to a peer or superordinate system its right to exist" (Maurer, 1971: 361). Legitimacy has enabling and constraining effects on organizational action (Dowling & Pfeffer, 1975). To explore the performative practice of the strategy function, we draw on the notion of pragmatic legitimacy (Suchman, 1995). *Pragmatic legitimacy* can be defined as exchange legitimacy, which is the support for an organization's strategy based on the strategy's expected *value* to immediate constituents (Suchman, 1995). By value, we refer to an subjective interpretation of the constituent based on its experiences (Guest & Peccei, 1994) with the strategy function. Such conceptualizations are also used to evaluate the effectiveness of other support functions such as the human resource function (Guest & Conway, 2011; Guest & Peccei, 1994; Tsui, 1987, 1990). Considering that being valueable means to be useful, the useful strategy function is supported and thus legitimate.

Therefore, legitimacy, that may be refered to as the raison d'être of an institution, can be connected to the Lyotardian performativity view (Guérard et al., 2013; Lyotard, 1984). We use this performativity view to conceptualize strategy-making as performative practice to create legitimacy in order to explore the performative actions of a strategy function. We consider the performative outcomes of these action as the "raison-d'être of an

enterprise" (Guérard et al., 2013: 570). This is attractive because strategy is not something an organization *has* but something that people *do* (Jarzabkowski et al., 2007; Johnson et al., 2003; Vaara & Whittington, 2012; Whittington, 2007), and performativity allows to consider performance as something that people do. This means that the extent of a strategy function's legitimacy is the extent to which its performative activites produce performative outcomes. Even if we know little about performative activities and a strategy function's outcomes, strategy scholars provide some insights into the strategy function's activities. The strategy function engages in activities such as supporting, collaborating, and cooperating with other organizational actors (Paroutis & Pettigrew, 2007), coaching, facilitating, and communicating strategy (Whittington et al., 2011), providing the top management team with analysis and support, supporting company-wide strategizing through analysis, communicating between the corporate center and business units, and internally consulting the businesses and functions (Grant, 2003). While these are valuable insights, they do not drill down to a fine-grained activity level and do not provide us with outcomes that indicate the strategy function's legitimacy. The study by Paroutis and Heracleous (2013: 952) indicates some performative outcomes of the strategy function, such as "developing organizational capacity and strategist legitimacy, embedding new strategy concepts and building strategy process capability, crystallizing the normative legitimacy of the strategy process, and gaining the commitment of multiple stakeholders." These outcomes are performative, because they enable central and peripheral actors' capabilities to strategize; that is, activities generate performative outcomes, which in turn enable something, and so on. Refering to our notion of pragmatic legitimacy, enabling the organization to make strategy means to receive the organization's support to strategy-making.

Hence, we define the extent of the strategy function's legitimacy as *the extent to which its practice creates performative outcomes that enable the organization to make strategy*.

Our pragmatic and evaluate perspective on the strategy function's legitimacy from the perspective of the organizations has three important theoretical implications. First, we consider the extent of the strategy function's legitimacy as internal legitimacy. This means a strategy function that is not considered as legitimate by the organization may be considered as legitimate by external stakeholders and vice versa. Because we have no knowledge on the measurement of external legitimacy of the strategy function such legitimacy may have a symbolic character. From this perspective the strategy function may be seen as legitimate because it is rational to have a strategy function but this rationality may act as façade and ceremony (Carter et al., 2008; Meyer & Rowan, 1977). Such legitimacy may allow a strategy function to exist in the organization however, it would rather coexist to those it should assist in strategy-making rather than being of value to them. From a

pragramtic legitimacy perspective such a strategy function is not perceived as legitimate by the organization because its acitvities are not supported by its constituents (Suchman, 1995).

Second, this leads to the question of the ontological assumptions that underly our theoretical construction of legitimacy (Gioia & Pitre, 1990). We use an interpretative paradigm to legitimacy (Gioia & Pitre, 1990) because we not only seek to understand *what* depicts the strategy-making practice of the legitimate strategy function but also to understand *how* the strategy function creates legitimacy (Gioia & Pitre, 1990). The ontological assumption of the interpretative paradigm is that people socially construct their own realities. The goal of theory building in this paradigm is to reveal systems of interpretations that structure realities. People use for example heuristics to strucuture their reatlity (Gioia & Pitre, 1990). Thus, when the organization describes situations in that it perceives the strategy function as valuable and therefore supports it – as legitimate (Suchman, 1995), it does this based on subjective perceptions that are based on experience in the interaction with the strategy function and self-interest (Suchman, 1995).

Third, our definition of legitimacy assumes that the strategy function can be perceived as not legitimate, fully legitimate but also as legitimate to a certain extent. Accordingly, the strategy function does not only enable or constrain strategy-making but it can also do it fairly well or rather poorly. Thus, legitimacy can increase or decrease depending how well the strategy function utililizes the potential of its practice that allows it to create legitimacy.

2.3   Methods

Given the few theoretical insights on the strategy function's performative practice and legitimacy and the results-oriented nature of our inquiry, we used an exploratory mixed-method approach (Creswell, 2009). We emphasized the qualitative aspect and first relied on inductive theory-building methods to conceptualize the practice of the legitimate strategy function (Strauss & Corbin, 1998). In a second step, we used quantitative data to validate our findings (Creswell, 2009). We used a single-case study setting to investigate our unexplored phenomena in depth (Eisenhardt & Graebner, 2007).

2.3.1   Research setting

Our research setting – AutoCorp – is attractive for exploring a strategy function's legitimacy for the following reasons. First, since it is a large organization in the automotive industry with multiple business units, the strategy function continuously deals with di-

verse strategic initiatives. This setting allowed us to broadly explore the phenomenon under investigation. Second, gaining unique access to AutoCorp through a formal research agreement supported our sensitive research question.

AutoCorp's strategy function is part of the corporate center and reports directly to the CEO. It has approximately 90 corporate strategists, who act as an interface between business units, regions, functions, and the corporate group. The function is responsible for developing strategy in collaboration with the business, regional, and functional units. While weighty strategic decisions are imposed by the CEO, there are emerging bottom-up aspects to the implementation of these decisions. The strategy function identifies and launches new business opportunities, acts as a sparring partner by providing strategic knowledge, and ensures strategy implementation (see Grant, 2003). These tasks require close collaboration by strategy function members with various operational unit/functional managers. The function is organized in seven subunits structured along corporate, business, regional, and functional themes. The subunit AutoCorp Strategy is responsible for the strategic scope of the corporation as a whole and facilitates strategic planning, whereas the subunits Strategy Personal Cars, Strategy Commercial Vehicles, and Strategy Financial Services guide the strategic regional and functional themes of the corresponding business units. Asia Strategy accounts for AutoCorp's strategic activities in the region (mainly in China) and delivers strategic support to capitalize on market potentials. Innovation Strategy's responsibilities include connecting the global monitoring process of the regulatory environment and thus developing corporate positions. Furthermore, it addresses issues of research and development. Finally, Procurement Strategy provides market intelligence and strategy for AutoCorp's procurement units. The staff function Strategy Impact Management was introduced in 2008 to facilitate influential and sustainable strategy work, and its goal is to improve its visibility and efficacy to enhance the success of strategic initiatives in the organization.

To explore the performative practice, we selected eight significant strategic initiatives that largely reflect the strategy function's subunits. Therefore, these initiatives include a variety of issues, for instance, strategic cooperation, new business development, regional strategy development, and strategic planning. Theoretically sampling this variety allowed us to sample incidents in which strategists find themselves in 'representative' constituency arrangements. This enabled a comprehensive understanding of the phenomenon under investigation (Eisenhardt, 1989a; Strauss & Corbin, 1998). The initiatives were selected in a joint effort with the strategy function's head and other corporate strategists in order to comprehensively reflect strategy-making by the strategy function.

2.3.2   Data Collection

The data sources were interviews, observations, documentary data, content validation data, and survey data from AutoCorp. Data triangulation was done by verifying the interview data through AutoCorp's intranet or by deepening our understanding of the significance of the eight strategic initiatives as well as the structure and role of AutoCorp's corporate strategy function through the Corporate Strategy Department Booklet. Further, studying documentary data such as internal and external publications (e.g. internal presentations, organizational guidelines, media releases, and financial reports) provided us with retrospective information and deepened our understanding of the industry, AutoCorp's history, and the significance of strategy in the organization. Based on the research agreement, the second author spent substantial time on-site and was in close contact with strategy actors and organizational activities. This provided valuable contextual information and impressions of strategic actions for the validation of interview data. In sum, triangulating data improved the resulting theory's rigor (Anand et al., 2007).

Our primary data source was semistructured interviews with 43 managers with open-ended questions conducted over six months. The interview partners were sampled in order to reflect the organization. This accounts for the various perspectives that actors may have on the strategy function's legitimacy. Specifically, we selected the interview partners along the following conditions. First, they were selected across several businesses, functions, and hierarchies ranging from top management to lower levels. Specifically, we selected interview partners across five hierarchical levels. Level 1 is the top management team and level 5 are project leaders/or members. One member is from level 1, nine from level 2, 10 from level 3, 17 from level 4, and six from level 5. Second, we made sure that all managers were involved in at least one of the eight strategic initiatives and thus were mostly interviewed about multiple strategic initiatives. Third, we only included managers who had closely interacted with the strategy function. Our sample structure thus reflects the organization by allowing for unbiased assessment of a strategy function's legitimacy. Our sample structure in Table 4 shows a bias towards functional managers. This is plausible because functional managers are most interdependent of the strategy function during strategy-making (Kaplan & Norton, 2005).

We conducted interviews by means of the critical incident technique (Flanagan, 1954). An incident is an observable human activity that is complete in itself, and an incident is critical if it occurs in a situation where an act's purpose is clear and its consequences are sufficiently definite (Flanagan, 1954). This means that a strategy function's activities are purposive and create outcomes. Accordingly, our semistructured interviews had three sections. First, we asked managers about their tasks and to describe their interfaces with the

strategy function and their expectations of it. Second, we addressed critical incidents by asking managers to describe incidents where they perceived the strategy function as (not) valuable during strategy-making. To obtain more information on critical incidents in this section, more detailed questions were asked when descriptions were brief (Eisenhardt, 1989b; Glasser & Strauss, 1967). Third, we asked managers to describe criteria for evaluating the strategy function's work – for instance, outcomes of initiatives, the function's work in general, and how they evaluate collaborating with the strategy function. The interview duration was on average approximately one hour. With one exception, all interviews were recorded and transcribed. Additional contextual information and relevant informal conversations were noted and used to corroborate the data obtained from the formal interviews.

We used several techniques to prevent potential informant bias. First, interview partners included business and functional unit managers from different hierarchical levels. Second, they needed to be able to provide detailed accounts of their individual experiences with the strategy function based on one or more of the eight selected initiatives, so as to provide accurate information (Koriat & Goldsmith, 2000). Third, we included advocates as well as critics of the strategy function's coordinative mandate, to create a heterogeneous mindset sample. Fourth, interview data were triangulated with on-site observations and documentary data (Jick, 1979). Fifth, our interview partners were treated with anonymity to acknowledge information sensitivity and to encourage sincerity. Finally, informants were motivated and willing to support the research project, because they considered the strategy function's role as important and therefore provided us with accurate knowledge (Miller et al., 1997). In sum, the sampling of the heterogeneous initiatives in conjunction with the sampling criteria for the interview partners minimizes any bias on the assessment of legitimacy.

Our second data source is corporate strategists and managers of four large multibusiness organizations who content validated the questionnaire, which we had inductively developed based on the above interviews. Specifically, our validation partners were corporate strategists and managers from AutoCorp and three further multibusiness organizations: EnergyCorp (renamed) in the energy industry, InsuranceCorp (renamed) in the insurance industry, and PolyCorp (renamed) in the polymer industry.[2] Two corporate strategists from AutoCorp (Head, and Director of Corporate Strategy), one corporate strategist from EnergyCorp (Corporate Development and Participations), two corporate strategists

---

[2] EnergyCorp, InsuranceCorp, and PolyCorp are three large multibusiness firms that became research partners later in our research project.

from InsuranceCorp[3] (Head of Corporate Development, Corporate Development/M&A), one corporate strategist from PolyCorp (Head of Strategic Planning), six managers from AutoCorp (100% male), two managers from EnergyCorp (50% male), and two managers from PolyCorp (100% male) content validated the questionnaire.

Our third data source is a survey on the legitimacy of AutoCorp's strategy function with the content validated questionnaire. We collected the data between December 2011 and January 2012. The link for the online questionnaire was sent directly to the interview respondents. After one reminder, we received 31 surveys, a response rate of 72%.

Table 4. Structural Overview of Interview Respondents

Organizational position	Functional position	No. of interview respondents
Functional unit	After-sales	2
	Communication	1
	Engineering	3
	Finance & Controlling	11
	HR	1
	Legal	3
	M&A	2
	Marketing & Sales	1
	Personal Cars	1
	Production	1
	R&D	5
Business unit	Commercial Vehicles	11
	Personal Cars	1

2.3.3   Data Analysis

To construct strategy as performative practice, we used an exploratory mixed-method research design that focused on the qualitative aspect of our analysis (Creswell, 2009). First, we inductively conceptualized strategy as performative practice by systematically analyzing our interview data. Second, we content validated the legitimacy construct with the help of corporate strategists and managers. Third, we used our survey data to initially construct validate the legitiamcy construct using an exploratory factor analysis (EFA) that allowed us to observe item-factor patterns (Gerbing & Anderson, 1988).

---

[3] Because the InsuranceCorp corporate strategists content validated the questionnaire in a joint effort, they comprise one voting voice.

Inductive Development of the Legitimacy Construct

First, we inductively explored the practice from our interview data (Hinkin, 1998). During item generation, our data analysis partially overlapped with data collection, which facilitated open and flexible theory-building (Eisenhardt, 1989a; Strauss & Corbin, 1998). In our analysis, we followed Strauss and Corbin's (1998) principles of grounded theory. A grounded approach supports the production of mid-range theory that is high in accuracy and specificity but lower in generality and simplicity (Langley, 1999). Using Atlas.ti, we started our analysis with the open-coding of extracted verbatim sections to break down data into different units of meaning. Focusing on critical incidents in which the strategy function is perceived as adding value, we analyzed the interview transcripts line-by-line to identify keywords or phrases where respondents described critical incidents (Flanagan, 1954) in that they perceived the strategy function as valuable. This procedure resulted in 315 codes that captured a strategy function's performative incidents.

In a next step, in axial-coding, we consolidated data that were fractured during open-coding to get more precise and complete explanations of how strategy-making as performative practice can be conceptualized (Strauss & Corbin, 1998). We investigated within-group similarities and differences to select concepts and categories (Eisenhardt, 1989a). If similarities dominated over differences, that is, if a pattern could be identified, we aggregated the codes to a concept. For instance, we aggregated fragmented data to the concepts (a) accessing top management, (b) delivering management attention, (c) delivering management information, and (d) delivering management commitment. In this way, we created 66 concepts from the 315 open codes. We identified these concepts as *activities*. For instance, 13 managers across all hierarchical levels and six strategic initiatives thought that *accessing top management* is valuable. Codes of this concept refer to the strategy function's access to top management, the strategy function's close physical alignment to the board, the importance of getting higher-level management commitment, passing inputs through to top management, and knowing top managers' intentions. The nature of these concepts suggested grouping them into a larger construct we labeled *transmitting to top management*. In this way, we developed the eight broader constructs *transmitting to top management*, *bundling actors*, *providing platforms for interaction*, *embedding in context*, *aligning interests, providing impulses, structuring activities*, and *translating strategy*; each comprises several activities. These constructs are our *first-order performative activities*.

During selective coding, we tried to further reduce complexity by aggregating the seven constructs to larger categories in order to increase explanatory power (Strauss &

Corbin, 1998). We therefore looked for similarities and differences between the seven first-order constructs.

For instance, the two constructs *transmitting to top management* and *bundling actors* both have a connecting nature. Transmitting to top management addresses the relationship between top managers and managers, and bundling actors addresses the integration of organizational actors who are relevant to strategy-making but who are distributed in the organization. Therefore, we grouped these two performative activities in a larger category we labeled *connecting*, which addresses the joint work on interrelated tasks within the organization. Along this procedure, we developed a second second-order performative activity dimension labeled *creating understanding* – by putting together the constructs providing platforms for interaction, embedding in context, and aligning interests – which influences strategic understanding of the organization. Finally, the first-order performative activities providing impulses, structuring activities, and translating strategy allowed for categorizing into a third second-order performative activity dimension named *functional supporting,* which delivers necessary strategic expertise to the organization. Connecting, creating understanding, and functional supporting are our second-order performative activities. We consider legitimacy to be the common ground of the three second-order dimensions and to make up the explanatory whole (Strauss & Corbin, 1998). The legitimacy construct was shaped in an iterative analytical process that went back and forth between various emerging concepts, constructs, categories, data, and literature on what the strategy function does. This strengthened internal validity, generalizability, and the theoretical level of our study's theory-building (Eisenhardt, 1989a). Construct development reliability was ensured by an independent second coder.

Second, we used the fine-grained level of activities that we had developed inductively in our data analysis to formulate questionnaire statements that allow us to assess legitimacy. The items were written in language used by managers. For instance, the item *the strategy function… together with divisions and functions presents themes to the management board* was formulated from the concept *accessing top management*. In some cases, more than one activity was used to create an item. Going back and forth between inductive reasoning from data and deductive inferences from theory helped us to reduce idiosyncratic biases and blind spots during item generation. Following this procedure, we used the 66 activities and developed a pool of 51 items that allowed us to assess the strategy function's legitimacy. The connecting dimension covers 13 items, creating understanding 18 items, and functional supporting 20 items (see Appendix A4). We will now describe our validation procedures (APA, 2013; Hinkin, 1998).

Content Validation of the Questionnaire Items

We first content validated the questionnaire items by showing them to corporate strategists and managers. Table 5 shows the results of our content validation. Content validation tests the emerging constructs' comprehensiveness (Glaser, 1978) and helped us to improve the sample items' representativeness (Anderson & Gerbing, 1991). We used the procedure of MacKenzie and Podsakoff (1991).

We asked our validation respondents to rate items' usefulness to assess the legitimacy of their organization's strategy function. The ranking options were *very useful*, *useful*, and *not very useful*. To account for the perspectives of both corporate strategists and managers, rankings were done separately for each group. We selected those questionnaire items that at least 70% or more of each or both groups considered very useful. Corporate strategists considered 26 items very useful, and managers 15 items very useful, and 13 of these items intersect in the two groups' ratings. This led to a questionnaire with 28 items. Corporate strategists did not like items that assess low legitimacy, i.e. negatively formulated statements. We rephrased negative formulated items in a positive direction. The final 28 identified items fairly equally represent the three dimensions in the following numbers, which adds indirect support to our conceptualization: Connecting covers 10 items, creating understanding 11 items, and functional supporting 7 items. The content-driven item generation resulted in a congeneric model (e.g. Lienert & Raatz, 1998) in which every item represents the latent construct (higher-order performative activities). Because latent factors influence the item with different weights, and each item is influenced by measurement errors, we conducted a pilot test of our legitimacy questionnaire at AutoCorp that served as a basis for an EFA. We assessed the items on a 7-point Likert scale. For instance, *The corporate strategy function… adopts a cross-divisional strategic perspective* had 1 = *don't agree* and 7 = *fully agree*).

Table 5. Content Validation Results of the Congeneric Legitimacy Construct

Item – The strategy function…	Second-order activity	First-order activity	Very useful
… establishes a spirit of trust in divisions and functions.	Co[1]	BA[3]	cs[2]
… involves divisions and functions at the right moment.	Co	TT	cs
… is open in collaborating with others.	Co	BA	cs
… establishes efficient information exchange.	Co	TT	b
… bridges the business and functional units in the organization.	Co	TT	cs
… is an equal partner, in my view.	Co	BA	cs
… has support from executives and the management board in the organization.	Co	TT	b
… involves the right partners from the divisions and functions.	Co	BA	cs
… is able to bundle people with necessary competences.	Co	BA	cs
… argues themes together with divisions and functions before the management board.	Co	BA	b
… initiates the alignment of interests between divisions and functions.	Cu	AI	b
… is able to convince divisions and functions of the importance of themes.	Cu	EC	cs
… elaborates with divisions and functions on a shared understanding for strategic themes.	Cu	AI	b
… adopts a cross-divisional strategic perspective.	Cu	EC	b
… shows a willingness to conduct critical discourse.	Cu	IP	cs
… is perceptible in the collaboration.	Cu	AI	m
… puts strategic topics in the corporation's overall mission.	Cu	EC	b
… discusses in a concrete way to build commitment to long-term strategies.	Cu	IP	b
… comprehensibly conveys major interrelations between strategic projects to unit managers.	Cu	AI	cs
… does not compete with divisions and functions in terms of strategy development.	Cu	AI	b
… provides appropriate processes and formats to develop strategy.	Cu	IP	cs
… focuses mostly on organizational and process-related issues.	Fs	SA	cs
… acts mostly proactively concerning external trends.	Fs	TS	b
… not only describes the goal, but also contributes to the way to achieve it.	Fs	TS	b
… recognizes important themes for the organization early on.	Fs	PI	b
… clearly maps the organization's strategic direction.	Fs	PI	b
… pursues corporate themes clearly aligned to the corporate strategy.	Fs	TS	m
… coordinates the strategic process in a structured way.	Fs	SA	cs

1. Co = connecting; Cu = creating understanding; Fs = functional supporting.
2. Cs = Corporate Strategists, M = Manager, and B = Both (Corporate Strategists and Managers).
3. TT = transmitting to top management; BA = bundling actors; IP = providing platforms for interaction; EC = embedding in context; AI = aligning interests; PI = providing impulses; SA = structuring activities; TS = translating strategy.

Construct Validation of the Performativity Construct

We used our AutoCorp survey data and did an EFA in the statistical program MPlus to construct validate the congeneric model. We conducted the factor analysis in a confirmatory factor analysis (CFA) framework to obtain standard errors of items, the significance values for factor loadings, and to test our qualitative conceptualization of legitimacy. We used a weighted least square parameter estimator using a diagonal weight matrix with standard errors and mean-adjusted and variance-adjusted chi-square test statistic (WLSMV) (Asparouhov & Muthen, 2007; Muthén & Asparouhov, 2012). We used oblique rotation to account for potential factor correlations (Costello, 2009: 3) and the direct oblimin method. Table 6 shows the results of our EFA for the three dimensions.

To explore the number of factors to extract, we used different criteria. Criterion A is the model fit indices from our extraction method, criterion B the number of eigenvalues (Kaiser-Guttman), criterion C the scree test, and criterion D theoretical content-driven considerations. For Criterion A, we calculated from one-factor to eight-factor (because of the eight first-order performativity activities) models (Fabrigar et al., 1999). Fabrigar and colleagues suggest selecting "a model that explains the data substantially better than simpler alternative models (i.e. models with fewer factors) but does as well or nearly as more complex alternative models (i.e. models with more factors)" (Fabrigar et al., 1999: 279). This procedure suggests extracting three factors based on the following model indices: Chi2/df: 1.1, RMSEA: 0.05, and CFI: 0.98. The chi^2/df statistic should be $3.0 \geq x \geq 1.0$ (Brown, 2006; Marsh et al., 2009); RMSEA values in the 0.05 to 0.08 range indicate an acceptable model fit (Thompson, 2004), and the CFI should be greater than 0.9 (Brown, 2006).

Table 6. Factor Analytical Results for Congeneric Conceptualization of Legitimacy

Code*	Item – The strategy function…	Co[1]	Cu	Fs
Co1	… establishes a spirit of trust in divisions and functions.	0.945*	-0.013	-0.139
Co2	… involves divisions and functions at the right moment.	0.690*	-0.567*	0.346*
Co3	… is open to collaborating with others.	0.469*	0.118	0.253
Co4	… establishes efficient information exchange.	0.437*	0.167	0.403*
Co5	… bridges the business and functional units in the organization.	0.434*	0.432*	0.360*
Co6	… is an equal partner, in my view.	0.413*	0.401*	0.259*
Co7	… has support from executives and the management board in the organization.	0.390*	0.332	0.147
Co8	… involves the right partners from the divisions and functions.	0.327*	0.243	0.441*
Co9	… is able to bundle people with necessary competences.	0.302*	0.376*	0.425*
Co10	… argues themes together with the divisions and functions before the management board.	0.227	0.298*	0.412*
Cu1	… initiates the alignment of interests between divisions and functions.	0.200	0.850*	-0.111
Cu2	… is able to convince divisions and functions of the importance of themes.	-0.228	0.847*	0.173
Cu3	… elaborates with divisions and functions on a shared understanding of strategic themes.	0.164	0.711*	0.098
Cu4	… adopts a cross-divisional strategic perspective.	0.360*	0.468*	.0570
Cu5	… shows a willingness to conduct critical discourse.	0.438*	0.348*	0.187
Cu6	… is perceptible in the collaboration.	0.378*	0.346*	0.352*
Cu7	… puts strategic topics in the corporation's overall mission.	0.152	0.319*	0.506*
Cu8	… discusses in a concrete way to build commitment to long-term strategies.	0.048	.138	0.712*
Cu9	… comprehensibly conveys major interrelations between strategic projects to unit managers.	0.329*	-0.005	0.613*
Cu10	… does not compete with divisions and functions in terms of strategy development.	0.079	0.236	0.210
Cu11	… provides appropriate processes and formats to develop strategy.	0.356*	0.202	0.326*
Fs1	… focuses mostly on organizational and process-related issues.	0.226*	0.041	-0.990*
Fs2	… acts mostly proactively concerning external trends.	-0.002	-0.226*	0.987*
Fs3	… not only describes the goal, but also contributes to the way to achieve it.	-0.016	0.435*	0.610*
Fs4	… recognizes important themes for the organization early on.	0.217	0.157	0.606*
Fs5	… clearly maps the organization's strategic direction.	0.360*	0.154	0.570*
Fs6	… pursues corporate themes clearly aligned to the corporate strategy.	0.120	0.208	0.187
Fs7	… coordinates the strategic process in a structured way.	1.013*	0.080	-0.043

1. Co = connecting; Cu = creating understanding; Fs = functional supporting dimensions.
* significant for $p < 0.05$.

By showing eight eigenvalues greater than 1, criteria B and C suggest extracting eight factors. Even if model fit indices improve for a factor solution of 3 to 8, they do not improve substantially, and thus do not justify a more complex model (Fabrigar et al., 1999). Additionally, the three-factor model appears to be stable, since instruments are equally distributed among the factors. Item cross-loadings indicate the need for a larger sample. Four items did not load on our inductively developed factors (Co10, Cu8, Cu9, Cu11). The two items Cu10 and Fs6 did not load significantly on any factor, and one item (Fs7) loaded greater than 1 on a factor, indicating problems with sample size (Brown, 2006). The emphasis of this multimethod study is on the qualitative part that assures content validity. Therefore, and because of our small sample size, we consider the three-factor solution to be acceptable.[4]

Additionally, we did a factor analysis for each second-order performative activity dimension according the above procedure, so as to learn about the inductively developed latent first-order performative activities of each dimension. We included all 28 items – even those that did not significantly load on a dimension in our previous factor analysis. Exposing each dimension to a factor analysis shows an acceptable item-response ratio (~1:3) (Fabrigar et al., 1999) and adds statistical power. Table 7 shows the results of our factor analysis for each dimension. *Connecting* shows evidence for our two latent constructs (performative activities). *Creating understanding* provides evidence for the three first-order performative activities. For the *functional supporting* dimension, we were unable to model a three-factor solution, because all items loaded significantly on one factor. This means the factor analysis confirms the first-order performative activities of the connecting and creating understanding dimensions but not those of the functional supporting dimension. This factor analysis should be understood as tentative. The small sample size does not allow for (statistical) powerful inferences. Owing to this, and acknowledging our rigor qualitative analysis, we consider the conceptualization of our legitimacy construct after content validation proceedures as our result.

---

[4] The emergence of an eight-factor model could also be interpreted with respect to our eight first-order performative activities (factors). Using a larger sample and conducting a CFA that models these eight first-order performative activities as latent first-order factors and the three second-order performative activities as latent second-order factors may provide additional insights into the conceptualization of legitimacy.

Table 7. Factor Analytical Results for Each Second-order Activity

First-order activity	Item – The strategy function…	Connecting	
		Factor 1	Factor 2
BA[1]	… establishes a spirit of trust in divisions and functions.	-0.015	0.827*
TT	… involves divisions and functions at the right moment.	0.004	0.589*
BA	… is open to collaborating with others.	0.508*	0.287
TT	… establishes efficient information exchange.	0.583*	0.346
TT	… bridges the business and functional units in the organization.	0.795*	0.13
BA	… is an equal partner, in my view.	0.512	0.431
TT	… has support from executives and the management board in the organization.	0.419	0.426
BA	… involves the right partners from the divisions and functions.	0.826*	-0.029
BA	… is able to bundle people with necessary competences.	0.990*	-0.12
BA	… argues themes together with the divisions and functions before the management board.	0.817*	-0.045
		Creating understanding	
		Factor 1	Factor 2
AI	… initiates the alignment of interest between divisions and functions.	0.969*	-0.093
EC	… is able to convince divisions and functions of the importance of themes.	0.781*	-0.03
AI	… elaborates with divisions and functions on a shared understanding for strategic themes.	0.678*	0.159
EC	… adopts a cross-divisional strategic perspective.	0.704*	0.008
IP	… shows a willingness to conduct critical discourse.	0.395*	0.427*
AI	… is perceptible in the collaboration.	0.407	0.493*
EC	… puts strategic topics in the corporation's overall mission.	0.506*	0.462*
IP	… discusses in a concrete way to build commitment for long-term strategies.	-0.113	0.972*
AI	… comprehensibly conveys major interrelations between strategic projects to unit managers.	0.041	0.745*
AI	… does not compete with divisions and functions in terms of strategy development.	0.068	0.480*
IP	… provides appropriate processes and formats to develop strategy.	0.368	0.491*

Table 7. (continued)

First-order activity[1]	Item – The strategy function…	Functional supporting
		Factor 1
SA	… focuses mostly on organizational and process-related issues.	-0.837*
TS	… acts mostly proactively with regard to external trends.	0.891*
TS	… not only describes the goal, but also contributes to the way to achieve it.	0.794*
PI	… recognizes important themes for the organization at an early stage.	0.817*
PI	… clearly maps the organization's strategic direction.	0.807*
TS	… pursues corporate themes clearly aligned to the corporate strategy.	0.425*
SA	… coordinates the strategic process in a structured way.	0.631*

1 See Table 6 for the abbreviations of the first-order activities.
* significant for $p < 0.05$.

2.4 Results I – Strategy Function Legitimacy as a Multidimensional Construct

Table 8 shows the constitution of strategy as performative practice. This section illustrates the activities, first-order, and second-order activities of the performative practice.

The first second-order activity, *connecting,* refers to the organization of actors that work collectively and interdependently, seeking to achieve goals or tasks (Jarzabkowski et al., 2012; Okhuysen & Bechky, 2009). The strategy function connects strategic actors throughout the organization (Grant, 2003). An AutoCorp manager concisely described the idea of connecting: "[Having a] organizational [device] […] that involves functions and affected areas and aligns them […]" (IP7: 05).

Our data analysis revealed two first-order performative activities of connecting: *transmitting to top management* between the management board and business units as well as *bundling actors*. The strategy function has a direct link to the board (Paroutis & Heracleous, 2013), which enables the strategists to *transmit* information between top management and businesses and/or functions involved in strategic activities. In this context, transmitting means that strategists receive top management's intentions and bring them to the initiative teams; at the same time, the strategists pass on information from the initiative teams to the board. Such transmitting connects top managers and lower-level managers. Transmitting means that the strategists must gain the board's attention and approval for projects. *Bundling actors* is the second first-order activity used in the pursuit of joint strategic activities (Angwin et al., 2009). The strategy function brings together relevant actors and competences that are distributed in the organization. A wide range of rele-

vant organizational members should be involved in strategy. The strategy function creates a collaborative working atmosphere, keeps the different parties together, and integrates them into an ensemble. An executive summarized this as follows:

> "Eventually, the strategy function […] has the duty [of the conductor] to see how an orchestra composed of very professional and successful people produces a pleasant piece of music" (IP18: 11).

The second second-order activity, *creating understanding*, refers to managers' strategy cognitions. The core theme of this performative activity is the creation of a big strategic picture among managers (Dye, 2008). A manager stated: "In my opinion, this is the added value… to have the whole picture" (IP8: 3). It is about making sense of the corporation's strategy as well as the creation of shared interpretations and systems of meaning in the strategizing process. The strategy function facilitates sense-making by making strategic activities transparent.

We identified three first-order performative activities intended to create a unified conception of strategy and strategic activities throughout the organization: *Providing platforms for interaction*, *embedding in context*, and *aligning interests*. First, AutoCorp's strategy function engages in *providing platforms* for interaction to exchange information among strategic actors. For instance, AutoCorp's strategists prepare and moderate different strategy formats throughout the year, such as strategy workshops. In this process, the top management team and/or executives from various business units, functions, and regions discuss, challenge, and – if required – will adapt the corporate strategy. Such platforms allow for critical discourse, which help strategic actors from different organizational hierarchies and create a shared understanding of strategic issues. The strategy function initiates such platforms not only at the organizational level in a workshop format (as per the above example), but also within strategic initiatives. Second, the strategy function makes sense for others by *embedding* strategic activities in the overall context of the organization. This first-order performative activity includes the performative activities to convince managers of the importance of topics and to embed strategic topics in the organization's overall mission.

Finally, the creation of shared interpretations of strategic activities in the organization embodies *aligning interests* of organizational actors. The strategy function actively manages this alignment process by receiving the expectations and intentions of the parties involved in strategic initiatives, initiating discussion among them, and achieving compromises.

Table 8. The Legitimacy Construct

Second-order performative activity	First-order performative activity	Performative activity (Item)
Connecting	Transmitting to top management	... involves divisions and functions at the right moment. ... establishes efficient information exchange. ... bridges the business and functional units in the organization. ... has support from executives and the management board in the organization.
	Bundling actors	... establishes a spirit of trust in divisions and functions. ... is open to collaborating with others. ... is an equal partner, in my view. ... involves the right partners from the divisions and functions. ... is able to bundle people with necessary competences ... argues themes together with the divisions and functions before the management board.
Creating understanding	Providing platforms for interaction	... shows a willingness to conduct critical discourse. ... discusses in a concrete way to build commitment for long-term strategies. ... provides appropriate processes and formats to develop strategy.
	Embedding in context	... is able to convince divisions and functions of the importance of themes. ... adopts a cross-divisional strategic perspective. ... puts strategic topics in the corporation's overall mission.
	Aligning interests	... initiates the alignment of interest between divisions and functions. ... elaborates with divisions and functions on a shared understanding for strategic themes. ... is perceptible in the collaboration. ... comprehensibly conveys major interrelations between strategic projects to unit managers. ... does not compete with divisions and functions in terms of strategy development.
Functional supporting	Providing impulses	... recognizes important themes for the organization at an early stage. ... clearly maps the organization's strategic direction.
	Structuring activities	... focuses mostly on organizational and process-related issues. ... coordinates the strategic process in a structured way.
	Translating strategy	... acts mostly proactively with regard to external trends. ... not only describes the goal, but also contributes to the way to achieve it. ... pursues corporate themes clearly aligned to the corporate strategy.

Overall, *creating understanding* includes first-order performative activities that address managers' perspectives, interests, and resulting strategic actions. A manager described this dimension thus:

> "An initiative of this complexity and scope, in which various parties are involved in order to successfully execute it, is very dependent on the clarification of the expectations of the involved parties and integrating them into a shared objective. This is not always unequivocally possible. There is no perfect solution that suits everyone, but this alignment of interests must take place and must be actively addressed" (IP38: 19).

The third second-order activity, *functional supporting,* refers to the strategic expertise the strategy function has to formulate and implement strategy (Kaplan & Norton, 2005). Strategy formation refers to the interwoven nature of strategy formulation and implementation (Mintzberg & Lampel, 1999; Mintzberg & Waters, 1985). A manager commented on this: "They had ideas and knowledge about the technique, but were not able to directly give me answers, but we searched for them jointly" (IP4: 43).

Our qualitative analysis revealed the three first-order activities of functional supporting *providing impulses*, *structuring* a*ctivities*, and *translating* strategy. These first-order activities refer to the professional strategic support of the strategy function. *Providing impulses* is, for instance, identifying opportunities for the organization and the businesses. It also refers to driving the organization's long-term strategic direction, in accordance with the board. Contrary to the view of a business or functional unit, the strategy function takes a corporate view, which enables it to consider strategic themes not from a business and/or functional perspective, but in comprehensive, cross-business, and/or functional ways. Managers, who have an incomplete strategic picture, are thankful to have a strategy function that continuously intervenes if they are on a wrong strategic track. *Structuring activities* addresses the delineation and support of strategy processes to increase orderliness in the work streams. For instance, in an initiative about cooperating with another organization, the strategists probe which general collaboration possibilities are feasible, in which areas and themes, and so on. *Translating strategy* refers to the coaching of the managers who eventually implement the strategy in their line functions. The strategists' contribution consists of operatively translating strategy into practical, implementable plans. That ideas are linked to implementation is not enough for successful strategy-making. While this view suggests that strategy is still in the making, strategy will only work out when it is effectively implemented.

Overall, *functional supporting* addresses issues that arise between strategy formulation and implementation. A manager emphasized the nature of this dimension: "[The strategy function should] act as a transmission chain in the meaning of a lived strategy implementation [...]" (IP31: 26). We will now explain the performative outcomes of these activities that make up the legitimacy of a strategy function.

2.5 Results II – Creating Performative Outcomes

While we know that legitimacy is constituted through activities, first-order, and second-order activities, we do not know how these activities create legitimacy. This section reveals the raison-d'être of the higher-order (first-order and second-order) activities, and completes our understanding of strategy function legitimacy. Table 9 shows how the performative practice creates legitimacy.

The connecting dimension addresses the organizational constraint of *disconnected actors* within complex organizations. The need to include their competences and knowledge was noticed many years ago by Mintzberg (1994a, 1994c; 1994d). The first-order activity transmitting to top management emerges from managers' limited access to top management. Particularly, managers are uncertain whether their actions are in line with *top management goals*. A manager noted: "This is my perception: I don't know what is going on among upper management" (IP31: 36). Managers need fairly binding statements from the management board to guide their strategy activities. Another constraint is managers' perceived lack of power to position topics within the organization and to *commit resources* to these. They need the strategy function as a bridging device that convinces the board of their ideas (Mintzberg, 1994a). The board can then decide to commit resources to a project. Understanding top management's strategic goals and their commitments to resource allocation through transmitting to top management enables the first-order performative outcome *efficient strategic actions*.

The first-order activity bundling actors addresses the *distributed competences and knowledge of critical actors*. There must be a device that connects actors and their activities. A manager confirms this: "It is crucial to tie up the ropes in such a complex corporation" (IP27: 9). Each actor in a subsystem of the organization can contribute to the overall task. However, proportional tasks and competences are only optimally used when they are brought together. A strategy function that does not take responsibility for bringing people together is perceived by managers as working in isolation. The danger of working in isolation may be explained by the great divide between the corporate and business and/or functional levels in large organizations (Grant, 2003; Regnér, 2003). A manager noted:

"[...] this was critical in the past. There was a competitive relationship. Who is able to make the better strategies?! I can do strategy without figures. There are legendary events of the strategy function with golden letters on a dark blue background, extremely difficult to print, meant to inspire people because of the amazing words on the slides. And when someone asked how much this would cost, the answer was: 'It doesn't matter; this is strategy!' " (IP11: 23).

Table 9. Creation of Legitimacy as Reflection of Performative Outcomes

Legitimacy measured by second-order and first-order activities	Organizational constraint addressed by activity	Legitimacy as reflection of theorized second-order and first-order performative outcomes
Connecting	Distributed actors' competences and knowledge cause disconnections	Social integration
▪ Transmitting to top management	▪ Top management disconnect causes uncertainty about goals and commitment	▪ Efficient and guided strategic action
▪ Bundling actors	▪ Distributed competences and knowledge of critical actors	▪ Access to and consolidation of critical knowledge/ competences
Creating understanding	Different business and/or functional backgrounds cause subgoal pursuit	Commitment to joint action
▪ Providing platforms for interaction	▪ Different strategic perspectives cause the need for inclusion	▪ Awareness and understanding of strategy
▪ Embedding in context	▪ Limited strategic perspectives cause silo thinking	▪ Shared strategic thinking
▪ Aligning interests	▪ Divergent interests cause different expectations	▪ Accepted solutions
Functional supporting	Lack of functional strategic expertise cause issues to arise between strategy formulation and implementation	Consistent strategy formulation and implementation
▪ Providing impulses	▪ Operational workload causes lack of time and expertise	▪ Guided strategic action
▪ Structuring activities	▪ Operational workload causes lack of strategy process expertise	▪ Feasible and structured strategy-making
▪ Translating strategy	▪ Different realities of strategy formulation and implementation cause implementation problems	▪ Link strategy formulation to implementation

Managers address the need to bundle the competences and knowledge of relevant actors. This collaborative strategy-making is typical in complex organizations (Paroutis & Pettigrew, 2007). Bundling actors leads to the first-order performative outcome *access and the exploitation of consolidated knowledge and competences* distributed in the organization.

Overall, connecting addresses the organizational constraint of *disconnected actors* and thereby enables the performative outcome *social integration*. Social integration is not achieved if the strategy function makes strategy in an ivory tower and is perceived as disconnected to the organization. A manager noted: "In some strategic themes, the appearance of the strategy function was marginal, not perceptible […] or [the strategists] were not at all visible" (IP22: 27).

The creating understanding dimension addresses *subgoal pursuit* caused by managers' business and/or functional backgrounds. The first-order activity providing platforms for interaction can be explained through managers' *different strategic perspectives* on strategy and the perceived need to critically discuss these (Angwin et al., 2009; Grant, 2003). They want their perspectives included because they want to represent their interests and are of the opinion that a good strategy requires the inclusion of different perspectives. Exchanging perspectives in critical discourse requires the active moderation of different perspectives through a neutral device such as the strategy function. A manager noted: "[…] how do I align the sales department, how do I display the intersection to the [function] after-sales, how does it proceed in the factories, […], that are all things which I cannot argue for in my department?" (IP5: 43). Providing interaction platforms addresses managers' different strategic perspectives and enables the first-order performative outcomes *awareness* and *a deeper understanding of strategy* among managers.

Embedding in context addresses managers' *limited strategic perspectives* owing to their business and/or functional backgrounds. They tend to think in silos, while the strategy function has the overall strategic picture (Dye, 2008). Being aware of their limited perspectives, managers expect a strategy function to account for scattered strategic pictures and to provide them with information that allows for shaping the big strategic picture, without which they will not understand overall strategy. A strategy function as a neutral authority can embed the activities resulting from divergent perspectives in the overall strategy by explaining the overall strategy to managers and showing how they can contribute in an aligned way. Thus, embedding in context addresses managers' limited strategic perspectives, enabling the first-order performative outcome *shared strategic thinking*. A manager noted:

"Simply making us understand the overall corporation's perspective so that we know why we need to do it like this, even if we would have done it completely differently from our operative or business area perspective. This was very important to me, because then one understood what is actually behind it and one was no longer kept busy with it but cared about the implementation" (IP30: 23).

Aligning interests addresses actors' *divergent interests* that may result in different expectations of strategy. The strategy function should manage such expectations and get into deep discussions about particular interests in relation to shared goals. A manager noted: "A project of such complexity and size, in which so many functional areas come together, […] essentially depends on managing the expectations of people and areas and, as far as possible, integrating them around shared goals" (IP38: 6). Managers want to be heard and to have the impression that strategy is made in a joint effort by incorporating their interests. Aligning interests addresses divergent interests and enables the first-order performative outcome of generally *accepted solutions*. Creating understanding addresses the subgoal pursuit of managers and enables the second-order performative outcome *commitment to joint action*. According to this dimension, the strategy function is not performative if a shared strategic action is not enabled. A manager commented thus on a situation of no performativity: "[In the strategic initiative], the major interrelations or context are often fuzzy and unclear to me" (IP31: 15).

The functional supporting dimension can be explained through a *lack of functional strategic expertise* among managers (Grant, 2003), whose operative backgrounds do not provide them with the strategic expertise necessary to resolve issues that arise between strategy formulation and implementation. Providing impulses refers to constraints of managers' daily work. This limits their *time and expertise* to develop strategic ideas. A manager highlighted this: "Content-wise, strategists need to push projects to ensure that people are concerned with strategy, despite their daily work, which tends to overwhelm them [...]. That they, despite this, force themselves to think about the next two to three steps" (IP36: 22). In this way, providing impulses leads to *guided strategic action*.

Structuring activities emerges from managers limited *strategic process expertise* on how to identify and pursue strategic initiatives in a structured way (Paroutis & Pettigrew, 2007).

"The strategy department has taken up this topic [cooperation possibility for the business unit] and said: Okay, what do we need to do now? And they

[strategists] have then explicitly structured this question: 'what do we need to do?' and organized the initiative" (IP41: 15).

This performative outcome is based on the strategy function's strategic expertise to identify strategic opportunities and structure strategic action. The strategy function delivers *feasible strategic options that are approached in an organized manner*. The performative outcome of translating strategy is rooted in a gap between the formulation of strategy by a strategy function sitting in a metaphorical ivory tower and the implementability of strategy (Kaplan & Norton, 2005). Apparently there are *different realities of strategy formulation and implementation* that have to be traversed by the strategy function. A manager noted: "[The strategist] […] must come down from cloud nine [...] instead of only drawing colorful slides of how the world could be. But if [the strategist] gets confronted with the real world, to be able to take part in the strategy's design [...]" (IP35: 11). Translating strategy provides a *link between these two realities* and thereby supports a strategy's implementability.

Our starting point was the idea that a performative practice creates legitimacy through the creation of performative outcomes. We identified legitimacy as the shared ground and outcome variable of the connecting, creating understanding, and functional supporting dimensions. These dimensions create legitimacy in form of the performative outcomes social integration, commitment to joint action, and consistent strategy formulation and implementation. We hold that these outcomes reflect legitimacy for the following two reasons: First, the nature of these outcomes shows that they correspond with an organization's needs. Social integration through connecting, commitment to joint action through creating understanding, and consistent strategy formation by functional supporting is what enables an organization to make strategy by accounting for its physical separation, incomplete strategic perspectives, and lack of functional strategic expertise. Second, AutoCorp's former chief strategy officer highlighted the need for acceptance – or legitimacy – of the strategy function several times:

> "[…], if it [the topic] is eventually understood and there is acceptance that there is one [strategist] who is of real help – not in the sense to demonstrate to me that I'm an idiot – but really complementary in order to make progress, then the project gains momentum and the people are committed and commit others" (former chief strategy officer, AutoCorp).

2.6 Discussion

Our findings show that strategy-making as performative practice enables outcomes that make up a strategy function's legitimacy. Legitimacy is multidimensional: It is composed and measured along the second-order performative activity dimensions *connecting*, *creating understanding*, and *functional supporting*. We theorized that the utilization of the potential of these dimensions creates the performative outcomes *social integration*, *joint action*, and *consistent strategy formulation and implementation*, which make up legitimacy. The outcomes are enabled by addressing organizational constraints such as distributed competences and knowledge of actors, subgoal pursuits, and lack of functional strategic expertise.

2.6.1 Strategic Planning as Practice

Understanding the composition of strategy-making as performative practice adds knowledge to the understanding of formal strategic planning as practice (Guérard et al., 2013). Our practice highlights the centrality of human actors to strategy-making, which clearly distinguishes this practice from strategic planning (Ocasio & Joseph, 2008). The performative activities and outcomes indicate that strategy-making is not only about bringing people together, but also enabling their autonomous interaction in a certain direction, and not just about telling people what strategy looks like, but to do this in ways that enables them to autonomously work on shared goals, and not just about delivering formulated strategy or perhaps implementing it in a top-down way, but to complement strategy implementation by the organization through strategic expertise. These findings indicate that the legitimate strategy function makes strategy and that formal strategic planning through calculation and analysis by no means (Mintzberg, 1994a) add up to legitimacy.

However, today, strategy scholars indicate the strategy function's changed role and the comparatively little relevance of traditional technical/analytical strategy-making techniques (Whittington et al., 2011). The existence of the functional supporting dimension cautions one to consider technical/analytical techniques of the strategy function as less important. If we imagine that a strategy function only enables social integration and commitment to joint action, but not consistent strategy formulation and implementation (Kaplan & Norton, 2005) because it lacks professional strategic expertise in the form of technical/analytical techniques, questions about that strategy function's legitimacy will quickly arise. A strategy function will not be accepted in the interactions with its organizational constituents if it lacks analytical strategic expertise relevant to strategy. Therefore, we emphasize the need for technical/analytical techniques and corroborate the im-

portance of organizational developmental activities (Whittington et al., 2011). Furthermore, we hold that these activities have complementary effects to create legitimacy.

2.6.2   The Practice Turn of Strategy

Our findings provide deep insights into the *practice turn* of strategy (Whittington, 2006), exploring a "better every day strategizing praxis, empowered by more effective practices and a deeper pool of skilled practitioners" (Whittington, 2006: 629). We know what the strategy function does (Grant, 2003; Kaplan & Norton, 2005; Paroutis & Heracleous, 2013; Paroutis & Pettigrew, 2007; Whittington et al., 2011), what single strategists such as the chief strategy officer do (Angwin et al., 2009; Breene et al., 2007; Dye, 2008), and we have indications of the latter's usefulness (Menz & Scheef, 2013). However, existing studies have not provided insights into the link between activities, outcomes, and legitimacy. We identified strategy-making as practice from a constituency perspective that comprises measurable activities that produce performative outcomes that form a strategy function's legitimacy. Having legitimacy enables strategy-making. We consider this knowledge as complementary to the related debate of effective strategists (Whittington, 1996, 2006).

Strategy-making as performative practice provides insights into how actions produce outcomes (Feldman & Orlikowski, 2011). We theorized and illustrated by means of exemplifying quotations that the connecting, creating understanding, and functional supporting dimensions produce the performative outcomes social integration, commitment to joint action, and consistent strategy formulation and implementation. We further argued that these outcomes are enabled through activities that address organizational constraints such as distributed actors' competences, subgoal pursuit, and lack of strategic expertise. Also, like the constraints, the outcomes are not as deeply grounded in our data as the activities in our analytical focus are. We theorized the outcomes and constraints by drawing on the meaning of the activities and existing literature; we also searched for empirical and illustrating evidence in our data.

Our conceptualization of strategy-making as practice is based on the perceptions of the organization of the strategy function's legitimacy that arise "during the myriad of interactions" (Feldman & Orlikowski, 2011: 1243) of the two groups. The organization's expectations towards the strategy function are the building blocks of the social construction of the activities. This approach is in accordance with the call for more critical analyses of practices (Vaara & Whittington, 2012). The strategy function is in search of legitimacy, but the organization decides on the practice's correctness (Schatzki, 2001). We identified the practice as a shared practical understanding of how strategy should be done from the

organization's perspective (Schatzki, 2001). Interpreting the organization's expectations of the strategy function as perceived responsibilities adds knowledge of the social construction of accountability and responsibility in strategy-making (Vaara & Whittington, 2012). Our study goes beyond descriptive responsibilities of the strategy function by linking activities, outcomes, and legitimacy.

2.6.3   The Problematization of Performance

Developing a measurement scale for legitimacy may add knowledge to the problematization of performance in the SAP literature (Whittington, 2007). We consider legitimacy as an intermediate variable to performance, because it is a performative outcome that enables strategy-making. To our best knowledge, in SAP research, no other study has addressed the performance of the strategy function. This is surprising, since what the strategy function as a critical group of strategists does may have direct implications for the fall or rise of strategic planning (Mintzberg, 1994d); and SAP scholars particularly look at what strategists do (Jarzabkowski et al., 2007; Johnson et al., 2003; Vaara & Whittington, 2012; Whittington, 2007). We used the notion of performativity to understand how strategy-making as practice creates legitimacy, and consider legitimacy an alternative outcome variable to the strategy function's performance (Guérard et al., 2013; Vaara & Whittington, 2012; Whittington, 2007; Whittington et al., 2011).

Our initial construct validation through an EFA predominantly supports our inductive conceptualization of legitimacy. Most importantly, our factor analysis supported the three-factor solution. While the structures of the dimensions of connecting and creating understanding were statistically supported, we did not find evidence for the first-order activities of the functional supporting dimensions. Legitimacy is both multidimensional and multileveled (activities, first-order, and second-order activities). The nature of the practice highlights the nature of the notion of performativity, because it focuses "not on an ephemeral endpoint but on the rich web of doing and achieving that constitutes organizations as places of performing strategy" (Guérard et al., 2013: 575). We conceptualized legitimacy as performative outcome (Paroutis & Heracleous, 2013) and final outcome to our study, but eventually it is an intermediate variable that enables strategy-making, which – in our view – has effects on an organization's overall performance.

2.7   Limitations and Future Research

This study has some limitations, which open interesting future research avenues. Our study is limited by the initial exploration of the subject and the need for further construct validation of the legitimacy construct. While using AutoCorp as a case study has provided

a suitable starting point that accounts for strong content validity, this context-specificity has prevented us from providing external validity. We extended the content validation beyond AutoCorp by drawing on corporate strategists and managers of three other large corporations in different industries. Despite this extension, further content validation of the questionnaire by experienced corporate strategists and managers in different organizations is useful. Such validation should be followed by large-scale construct validation methods, such as CFA, to test our inductively developed construct and develop theory on strategy as performative practice. This need for additional construct validation became evident for the functional supporting dimension. Further construct validation must also account for strategy functions in different organizations and different industries. In short, while our study provides fruitful ground and conceptually deep insights into a strategy function's legitimacy, the generalizability of our findings need to be advanced.

A second limitation is the link between strategy function legitimacy and financial performance. Establishing this link may provide new knowledge to the strategy function concerning the fall and rise of strategic planning (Mintzberg, 1994d) and its value (Kaplan & Beinhocker, 2003). Related to this is the potential complementarity of the three performative dimensions. While the three second-order activities are selective, in our view they may have complementary effects on each other per se and when legitimacy as their common ground is associated with financial performance. Further large-scale analysis is necessary to explore such possible interaction effects between the factors.

2.8   Practical Implications

Our study has two major practical implications. First, making the practice that creates legitimacy measurable and proposing legitimacy as an outcome variable informs practitioners interested in the related debate on corporate strategists' effectiveness (Brunsman et al., 2011; Javidan, 1987; Kaplan & Norton, 2005; Whittington, 1996, 2006). If effectiveness is the foundation for success by doing the right things (Drucker, 1974), then the legitimate strategy function that enable strategy-making clearly does the right things and can be considered effective. Second, assessing legitimacy in a questionnaire allows us to identify activities that are strongly or weakly utilized. If necessary, a strategy function can effectively develop these activities. Further, the legitimacy measure can be used for benchmarking purposes between strategy functions of different organizations. Benchmarking may also be done between strategic initiatives and over time by a strategy function. Eventually, our findings may add interesting insights to the education of strategists (Whittington, 1996, 2003).

2.9   Conclusion

We propose a strategy-making practice through which a strategy function can create legitimacy from the organization's perspective. A legitimate strategy function's practice enables an organization's strategy-making by addressing organizational constraints. Our findings highlight the centrality of human actors to strategy-making. A strategy function that does not consider this will not enable strategy-making because it is not legitimate and thus supported in the organization; our practice may be supportive to the strategy function that will be replaced if it does not perform (Guérard et al., 2013).

2.10   Acknowledgements

3   The Practice of the Legitimate Corporate Strategy Function: Understanding the Logic of the Practice and Measuring Legitimacy as the Outcome[5]

Abstract

We use practice theory to understand the strategy-making practice through that the corporate strategy function (strategy function) can create legitimacy from the perspectivce of the organization. Our study is based on a multiple-case study of four large multibusiness organizations. Using confirmatory factor analytical (CFA) methods, we find that the practice of the legitimate strategy function is multidimensional, comprising the three second-order factors: social, cognitive, and technical/analytical dimensions. The social dimension covers the first-order factors mindful coordinating and trustful collaborating. The cognitive dimension covers providing platforms of interaction and aligning perspectives. The technical/analytical dimension comprises the first-order factors achieving goals and strategic guiding. Utilizing the potentials of the three dimensions enables an organization to contribute to strategy-making through connecting itself and with the strategy function, a shared understanding, and acting with foresight. We contribute to a deeper understanding of the critical analysis of strategy-making as practice and its emergence from a practice perspective, a strategy function's legitimacy, and the related debate on strategists' performance.

Keywords: Corporate Strategy Function, Legitimacy, Practice-Theory, Strategy-as-Practice, Questionnaire Development

---

[5] This paper has been presented and developed at the EGOS 2013 (Montreal) in a Ph.D. and Paper Development (PDW) workshop. An early version of the Paper has been puslished in the C*ONTROLLING - Zeitschrift für erfolgsorientierte Unternehmenssteuerung* (Schlenzig & Müller-Stewens, 2014). It is intended to be submitted to the SMJ.

3.1   Introduction

The corporate strategy function (strategy function) – as a collective of full time strategy professionals located at the corporate level of an organization – needs legitimacy within the organization (Paroutis & Heracleous, 2013). Legitimacy is necessary because the strategy function's purpose is to assist strategy-making throughout the organization (Whittington et al., 2011). While the legitimate strategy function receives support from the managers it assists, an illegitimate strategy function does not. This is because pragmatic legitimacy is the support of an institution's strategy based on this strategy's expected value to the organization's constituents (Suchman, 1995). The enabling effect of legitimacy (Dowling & Pfeffer, 1975) of the strategy function is that it enables strategy-making. However, for the strategy function – as for staff functions in general – it is difficult to know whether or not they are legitimate, because they produce unclear outputs (Thompson, 1967).

We know what the strategy function does (Grant, 2003; Kaplan & Norton, 2005; Paroutis & Heracleous, 2013; Paroutis & Pettigrew, 2007; Whittington et al., 2011). However, we do not know whether *what* it does legitimates it from the perspective of the various organizational managers it assists in strategy-making. Further, we do not know *how* the activities of the legitimate strategy function enable or constrain strategy-making. Therefore, we ask:

What is a legitimate strategy function's strategy-making practice from the organization's perspective, and how does it enable or constrain strategy-making? And how can we measure legitimacy of the strategy function as an outcome variable? Our study purpose is twofold. First, revealing and explaining strategy as practice that legitimates the strategy function helps us to understand how the strategy function enables strategy-making in the organization. Second, we develop a measurement scale to assess a strategy function's legitimacy. Drawing on practice theory (Bourdieu, 1977, 1990), we seek to understand the nature of the practice and how the strategy function enables strategy-making. We did this in a multiple-case study of four strategy functions of four different firms in different industries (we renamed the firms AutoCorp, EnergyCorp, InsuranceCorp, and PolyCorp).

We argue that the practice of the legitimate strategy function is three-dimensional and consists of social, cognitive, and technical/analytical dimensions. Legitimacy is the extent to which these dimensions' potentials are utilized. Full utilization enables the organization to contribute to strategy-making through connecting itself and with the strategy function, a shared understanding, and acting with foresight.

Assessing the practice of the strategy function from a legitimacy perspective provides one with insights into the critical analysis of strategy practices (Vaara & Whittington, 2012). Making this practice tangible increases knowledge of the activities of the strategy function as a professional staff function (Grant, 2003; Kaplan & Norton, 2005; Paroutis & Heracleous, 2013; Paroutis & Pettigrew, 2007; Whittington et al., 2011). Conceptualizing legitimacy as the common ground and dependent variable of the set of activities of this practice adds knowledge to the related debate on the problematization of performance in SAP research (Guérard et al., 2013; Whittington, 2007), because *strategist legitimacy* is considered a performative outcome of the strategy function (Paroutis & Heracleous, 2013). Second, using Bourdieu's (1977, 1990) field of practice to explain how the strategy function can create legitimacy through its strategy-making practice adds knowledge to research on the emergence of practices (Vaara & Whittington, 2012). Understanding how this practice emerges in the relationships between a strategy function and an organization helps us to understand what the strategy function as an institution should actually be (Carter et al., 2008; Chia & MacKay, 2007).

From a practitioner perspective, we suggest legitimacy as an outcome and a useful intermediate variable to organizational performance (Johnson et al., 2007; Whittington, 2006). Second, knowing and understanding the practice of the legitimate strategy function may guide implications for educating strategy functions as a group of strategy professionals (Paroutis & Pettigrew, 2007; Whittington, 1996, 2006).

Our study is organized as follows. First, we provide a conceptual background and theoretical grounding of our research question. Second, we describe our methodology and questionnaire development. Third, we show our analysis results. Then we propose our logic of strategy-making as practice of a legitimate strategy function. Finally, we discuss our results and propose theoretical and practical implications as well as study limitations.

3.2 Theoretical Background

3.2.1 A Practice Perspective

We use a SAP perspective and consider strategy-making to be "the myriad of activities that lead to the creation of organizational strategies" (Vaara & Whittington, 2012: 287). We therefore conceptualize strategy-making as a social practice (Vaara & Whittington, 2012) of the strategy function.

By *practice*, we mean the structured activities that people use to do their jobs (Schatzki, 2005). A practice is not necessarily visible but is "detectable through the pat-

terns of activities carried out" (Chia & MacKay, 2007: 227). A practice belongs to social groups rather than individuals (Zietsma & Lawrence, 2010). Activities of a practice are recognizable by individuals or other groups if the activity conforms to certain social expectations (Zietsma & Lawrence, 2010). Thus, if a practice of one social group meets the expectations of another social group with which it is in relationship, the latter group can outline the correct practice of the former group (Schatzki, 2001). We believe that social groups or institutions that use such a correct practice are legitimate, because a practice is a means to create legitimacy (Vaara & Whittington, 2012).

Organizational theorists have defined legitimacy as the acceptance of the organization by its environment and consider it as critical to organizational survival (Dowling & Pfeffer, 1975; Hannan & Freeman, 1977; Meyer & Rowan, 1977). Legitimate organizations contribute to its superordinate system's goals, and illegitimate organizations may experience social sanctions (Dowling & Pfeffer, 1975). Legitimate organizations engage in practices that correspond with prevailing social expectations (Dowling & Pfeffer, 1975). Legitimacy becomes a resource that can enable or constrain organizational actions (Dowling & Pfeffer, 1975). In accordance with our social construction approach to legitimacy, the pragmatic legitimacy of an organization can be assessed by its constituents, who have social expectations towards the organization (Suchman, 1995). This approach fits our notion of practice, because such social expectations define the correctness of the practice of an organization (Schatzki, 2005).

Because pragmatic legitimacy is a reflection of power relations between an institution and its constituents, we use Bourdieu's (1977, 1990) practice theory and take as our starting point the idea that practices produce and reproduce power relations between social groups (Bourdieu, 1977, 1990). Existing power relations between social groups allow us to explain the nature of the practice in use.

3.2.2   Strategy as Field of Practice

The strategy function and the organization are two different social groups that are in a relationship in order to make strategy. The strategy function is a collective group of full-time strategy professionals located at the corporate level in the organization that is expected to make strategy (Whittington et al., 2011); that is, it should have strategic expertise. The strategy function is led by a chief strategy officer, who has close links to the chief executive officer (Paroutis & Heracleous, 2013). We consider the organization to be a collective group of organizational managers who are either part-timers in strategy or non-strategy professionals (Whittington et al., 2011); they have operational responsibility and thus operational expertise (Mintzberg, 1994a). These managers are located in the var-

ious businesses and/or functions and hierarchical levels in the organization. Strategy scholars have charted the relationships between the strategy function and the organization (Grant, 2003; Kaplan & Norton, 2005; Paroutis & Pettigrew, 2007). For instance, interrelationships arise through supporting top management and the organization in general in strategic affairs, establishing communication between the corporate and the business level, and consulting businesses and/or functions in strategy-making (Grant, 2003). Considering these relationships and the strategy function's roles, the organization can be defined as the constituent of the strategy function.

The relationships between these two groups can be delimited by Bourdieu's (1990) analytical concept *field of practice*. It allows one to examine the nested structured social relationships that agents enact in their everyday practices. A field can be inter-organizational or intra-organizational (Emirbayer & Johnson, 2008). It is delimited by the relevant social power relations that regulate the objective positions of agents in a specific field. These positions reflect various status distinctions such as organizational affiliation, hierarchy, tenure, or expertise (Bourdieu, 1993). Our field is intra-organizational; it is the field of strategy-making, in that the strategy function shapes strategy in close relationships with the organization. The strategy function and the organization can be separated into two social groups, because they have different kinds of expertise (*strategic* and *operational)*.

Agents or social groups in a field have a joint endeavor, but are divided by "their different attainments of common stakes" (Levina & Orlikowski, 2009: 674). The joint endeavor of the strategy function and the organization is strategy-making but different social groups can contribute differently much to strategy-making. Contributions are enabled or constrained by social groups' objective positions that are delimited by expertise in the scope of this chapter. Differential expertise causes differential access to resources of the strategy function and the organization. Resources can be economic, cultural/intellectual, social, and symbolic (Bourdieu, 1998). Depending on the field, there can be other resource types, such as bureaucratic, technical, or informational resources (Bourdieu, 2005). The social groups' differential access to resources creates power relations between them, because it enables or constrains their contributions to their joint endeavor.

Based on these arguments, we hold that the organization perceives the strategy function as legitimate if this function's strategy-making practice also gives the organization access to its strategic resources, which enables it to contribute its operational expertise to strategy-making. Hence, we define the strategy function's extent of legitimacy as *the extent to which its practice provides shared access to resources, which enables the organization to make strategy.*

3.3 Methods

Given limited theoretical insights into the practice of the legitimate strategy function, we used a multiple-case study setting that allowed us to generalize the results and build robust theory (Bingham & Eisenhardt, 2011; Eisenhardt & Graebner, 2007). We used an exploratory sequential mixed method approach that emphasized the quantitative aspect in order to develop the legitimacy construct (Creswell, 2009). We did this in a CFA framework (Brown, 2006) in accordance with established construct development methods (APA, 2013; Hinkin, 1998). Using a CFA procedure allowed us to construct validate our legitimacy construct by testing the relationships between factors and indicators (Brown, 2006).

3.3.1 Research Setting

The research setting is four large multibusiness organizations in the automotive, energy, insurance, and polymer industries (AutoCorp, EnergyCorp, InsuranceCorp, and PolyCorp).

These firms are embedded in different industries, and each firm is active in multiple markets through its various business units. Each firm has adopted a strategy function that coordinates strategy (see Grant, 2003); while each has the same responsibility in their organization (coordinating strategy), they do this in a different industry context. This is setting is useful to improve generalizability and to prevent a single source bias in our construct development (Hinkin, 1998). Table 10 provides characteristics of the case study organizations.

Table 10. Case Company Characteristics

Case company characteristics	AutoCorp	EnergyCorp	InsuranceCorp	PolyCorp
Industry	Automobil	Energy	Insurance	Polymer
Turnover in bn (2013)	~ 116	~ 54	N.a.	N.a.
Headquarters	Germany	Germany	Switzerland	Switzerland
Employees (total in 2013)	~ 270.000	~ 65.000	~ 2.500	~ 18.000
Strategy function staff (2013)	90	20	15	9

N.a. = not applicable

We now address each firm's strategy function. AutoCorp's strategy function has been around at least since the early 1980s. It is located at the corporate center, and the Chief Strategy Officer (CSO) reports directly to the CEO. In 2006, the function changed its

mandate and has become an integrated corporate planning function, with responsibilities across all business areas. Particularly, its current mandate is to strategically align the businesses and functions and to simultaneously strengthen organizational unit managers' entrepreneurial thinking. AutoCorp's strategy function includes about 90 strategists. The function's structure is conditional on AutoCorp's organizational structure and is organized in business, functional, and regional units.

EnergyCorp recently underwent a major strategic reorganization. Formally, its strategy function has been around so long that nobody can remember it. It is located at the corporate center, and the CSO reports directly to the CEO. The strategy function's mandate changed in 2008, and content-wise, there was a break. It shifted from a focus on mergers and acquisitions to a function with a cross-sectoral perspective that needs to assure that unit and functional strategies are aligned to the corporate strategy. EnergyCorp's corporate strategy functions employs between 15 and 20 strategists. The function's structure is a reflection of the organizational structure; it adopts the logic of EnergyCorp's value chain.

InsuranceCorp's strategy function has existed in its current form since 2008. Before then, the corporate center had strategic responsibility. Formally, InsuranceCorp's CSO reports to the Chief Strategy & Operations. However, effectively, there is also a direct reporting line between the CSO and the CEO. The strategy function was founded to professionalize and bundle strategy. The strategy function's role is to professionally conduct mergers and acquisitions and continuous development of InsuranceCorp's strategy. The strategy function is the link between the single geographical markets and manages the corporate group's project portfolio. InsuranceCorp's strategy function employs six strategists. All members of the strategy function report directly to the CSO.

PolyCorp's strategy function has existed since the beginning of 2011. The function was established based on the need for a device that coordinates strategy group-wide. It is located at the corporate center, and the CSO directly reports to the CEO. PolyCorp's strategy function's role is to provide strategic information to the CEO and to challenge and drive the CEOs actions. Out of this process come strategic decisions that the strategy function needs to coordinate in the organization; it must also ensure its successful implementation of the decisions from a corporate perspective.

Within each firm, we assess the strategy function's legitimacy from the perspective of the organization. The analytical unit that defined the scope of our case (Andrews, 1980) is the extent of legitimacy of the strategy function; the analytical object is the strategy function. Table 11 describes the strategy functions we surveyed concerning their legitimacy.

Table 11. Characteristics of Strategy Functions

Firm (industry)	No. of main businesses	Number of employees	Size of the function	Head Strategy Function reports to	Raison d'être of the corporate strategy function[1]	Additional data
AutoCorp (automotive)	5	~231.300	~ 90	CEO (management board)	"To achieve an alignment between functions and business [...] on the other hand, to strengthen the entrepreneurial thinking of those leading the units."	Annual report, Lecture materials, Phone calls, Interview
EnergyCorp (energy)	9	~ 72.000	~15-20	CEO (management board)	"To think about in which countries, in which projects, in which topics one will get involved – and this is very difficult without a corporate strategy function."	Annual report, E-mails, Phone calls, Interview
InsuranceCorp (insurance)	No data	No data	~3	CEO (management board)	"Corporate development is responsible for the professional execution of mergers and acquisitions of InsuranceCorp. [...] it controls and renews group strategy. Corporate development is the linking pin between the single geographical markets and leads the project portfolio of the InsuranceCorp group."	Homepage, Phone calls, E-mails, Interview
SupplyCorp (material)	3	~17.000	~ 5-9	CEO (management board)	"There is a need for group-wide coordination. To ensure that the right questions are answered by the managers at the right times. This is the raison d'être."	Homepage, Phone calls, E-mails, Interview

[1]The quotes can be seen as representative since the corporate strategists have high strategic responsibility.

3.3.2 Data Collection

This study relied on two major data sources. We interviewed corporate strategists from each strategy function about their function's role, using this information to describe each strategy function and its role (as shown in Table 11). Our second – and primary – data source is survey data on the four strategy functions' legitimacy. Table 12 describes sample characteristics.

Table 12. Sample Characteristics

Data	AutoCorp	EnergyCorp	InsuranceCorp	PolyCorp	Overall
Sample size (N)	43	71	25	22	161 (sum)
Responses	31	52	21	13	117 (sum)
Response rate (%)	72	75	80	59	72 (average)
Reminder	1	2	2	2	
Women (%)	6	9	15	1	13 (average)
Business/ Functional background (%)	27	33	28	80	42 (average)
Hierarchical level (%)	No data	No data	24 high, 57 middle, and 19 low	54 high, 31 middle, and 8 low (7% no data)	39 high, 44 middle, and 13.5 low

To survey legitimacy of the four strategy funcitons, we used the content validated measurement instrument developed in chapter 2 of this thesis (see Table 8). The article that depicts chapter 2 is currently under review in LRP. Figure 2 shows and briefly describes this conceptual starting point (Model 1): Legitimacy as the unifying third-order construct and dependent variable is assessed along the connecting, creating understanding, and functional supporting dimensions; these dimensions are second-order factors that cover first-order factors. Connecting encompasses the first-order factors transmitting to top management and bundling actors. Creating understanding covers the first-order factors providing platforms for interaction, embedding in context, and aligning interests. Functional supporting is made up by providing impulses, structuring activities, and translating strategy as first-order factors. The first-order factors are specified by their indicators. Appendix A4 shows the questionnaire that underlies this conceptualization.

Figure 2. Conceptualization of Legitimacy

Legitimacy as common ground (outcome variable)	Second-order activity (dimension)	First-order activity
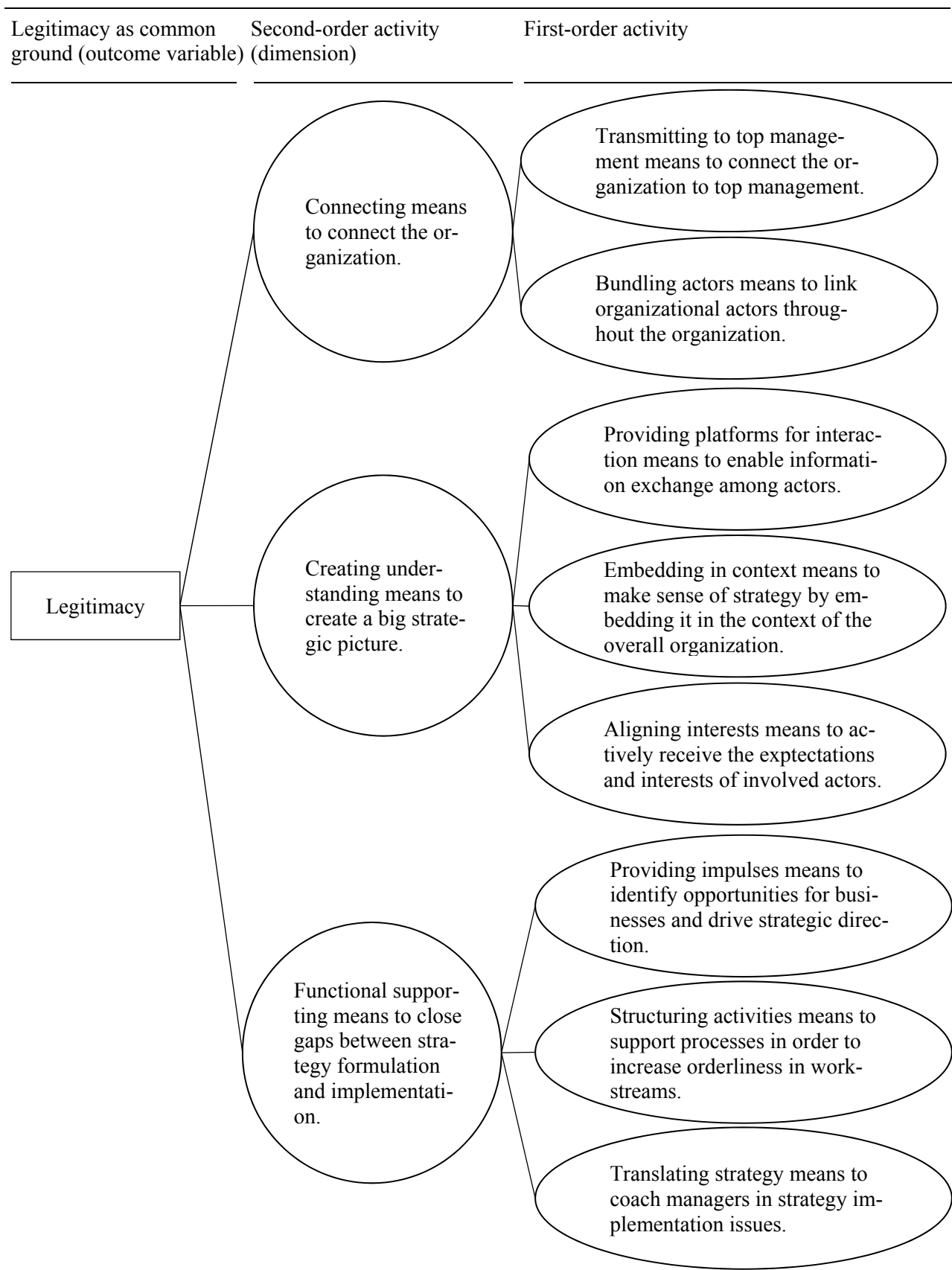
Survey participants were carefully selected in each firm in order to obtain a sample that reflects the organization. We included different business and functional unit managers from different hierarchical levels from various regions who were in long relationships with the strategy function across various strategic themes. Further, the selection accounted for creating a heterogeneous mindset sample that included both advocates and critics of the strategy function.

These sample criteria prevented potential informant bias in our online survey. First, the sampled strategy functions are in different firms operating in different industries. On a company level, the different business, functional, and/or regional backgrounds and hierarchical levels from lower level to top managers prevented single-source bias. Second, they needed to be able to generate detailed accounts of their individual experiences with the strategy function based on one or more strategic initiatives to provide accurate information (Koriat & Goldsmith, 2000). Third, we included advocates and critics of the strategy function's coordinative role to create a heterogeneous mindset sample. Fourth, our survey participants were treated with anonymity, to acknowledge information sensitivity and to encourage sincerity. To generalize our findings we aggregated the survey data of the four strategy functions to one large sample to conduct the CFA analysis.

3.3.3 Data Analysis

The indicators of the congeneric legimacy questionnaire are measured on a 1 to 7 likert scale, with higher levels reflecting higher levels of the assessed first-order factor. Indicators are reflective, and the causal direction goes from the latent construct to the indicator, that is, the latent construct should explain most covariation among the observed measures (Brown, 2006). A change in the latent construct will result in a change of the indicator.[6] Marker indicators for the first-order factors were selected in order to maximize the variance of the latent factors (Brown, 2006: 106).

Model Specification

The measurement model presumed no double loading indicators and correlation of measurement error. The latent eight first-order factors were permitted to correlate based on our initial conceptualization. The first-order factors demonstrate convergent and/or discriminant validity to each other in order to allocate them to their respective second-order factor. The second-order factors are also allowed to correlate, because they are as-

---

6   Reflective indicators are interchangeable. This means if an indicator is dropped from a construct, the construct's meaning does not change. However, a factor's meaning may change, if indicators are switched between factors.

sumed to be the dimensions of legitimacy. Accordingly, the model was over-identified with 324 degrees of freedom (df). Our data show missing values. We dealt with missing value using the maximum likelihood (ML) approach (Brown, 2006), which provided the proportion of covariance coverage matrix. This matrix shows how well missing values are covered by the remaining data. Indicators that are covered by around 50% of the data do not cause trouble. The majority of indicators are covered by more than 45%, except the indicator pairs i2-i1, a2-i2, ti2-i2, ti1-i2, covered by only 26%. We considered this as a useful database to do a CFA of the legitimacy construct. Overall, all our sample sizes are low, but fit rules of thumb, such as $N \geq 100$ (Brown, 2006).

Input Data

The legitimacy questionnaire was administered to managers in the four firms. The data do not show any outliers. Outliers are defined by a score five times higher than the average sample score (Brown, 2006). We tested for normality by comparing two models, of which one uses a maximum likelihood estimator (ML) and the other a maximum likelihood estimator that is robust to standard errors (MLR). The chi^2 difference test ($\Delta chi^2 = 1.605$ with $\Delta df = 0$) shows that the MLR does not deliver a significant better model fit, that is, there are no severe violations of normality (Brown, 2006: 379). Thus, the sample variance-covariance matrix using the ML estimator was analyzed. The sample, standard deviations (SDs), and means appear in Table 13. As a rule of thumb, we consider correlations of 1 as perfect, 0.7 to 0.9 as strong, 0.4 to 06 as moderate, 0.1 to 0.3 as weak, and 0 as zero (Hair et al., 2010). Goodness of fit was evaluated using the chi^2 divided by df statistic, standardized root mean square residual (SRMR), root mean square error of approximation (RMSEA), and the comparative fit index (CFI) (Brown, 2006). Acceptable model fit is defined by the following criteria: chi^2/df statistic should be $3.0 \geq x \geq 1.0$ (Marsh et al., 2009), RMSEA < 0.08, CFI between 0.9-0.95, SRMR with values around 0.08 (Brown, 2006: 87). The specification of higher-order factor models takes specific steps: First, develop a well-behaved (e.g. good fitting) first-order CFA solution. Second, investigate the magnitude and pattern of correlation among the factors in the first-order solution. Third, fit the second-order factor model on conceptual and empirical grounds (Brown, 2006: 323).

Model Estimation

Modeling estimation was done in an iterative process that gave an exploratory character to our CFA, because it further revises and specifies the congeneric model (Brown, 2006: 124). Such respecified models should be interpreted with caution, particularly if

substantial changes have been made to the initial model. Our final legitimacy construct confirmed the three second-order factors, but not the structure of the first-order factors. This respecification led us to rename the second-order dimensions, and partly the first-order factors. We now describe our model development using the labeling of the factors of our congeneric model. After the description of our analytical process, we describe the respecified and final legitimacy construct.

Table 13. Sample Statistics of Model 1 (Correlations, SDs, and Means)

Item	T1	T2	T3	T4	B1	B2	B3	B4	B5	B6	I1	I2	I3
T1	1												
T2	0.517	1											
T3	0.362	0.567	1										
T4	0.356	0.349	0.186	1									
B1	0.349	0.377	0.418	0.295	1								
B2	0.531	0.385	0.315	0.336	0.491	1							
B3	0.410	0.589	0.472	0.198	0.343	0.391	1						
B4	0.578	0.528	0.520	0.222	0.411	0.598	0.571	1					
B5	0.288	0.389	0.410	0.313	0.362	0.416	0.403	0.358	1				
B6	0.423	0.483	0.330	0.348	0.491	0.495	0.516	0.480	0.510	1			
I1	0.464	0.404	0.248	0.302	0.283	0.496	0.354	0.301	0.435	0.466	1		
I2	0.353	0.306	0.475	0.315	0.245	0.506	0.333	0.439	0.464	0.418	0.441	1	
I3	0.490	0.432	0.299	0.211	0.291	0.421	0.333	0.346	0.218	0.363	0.480	0.526	1
E1	0.377	0.357	0.118	0.544	0.341	0.406	0.167	0.385	0.298	0.332	0.366	0.415	0.222
E2	0.475	0.382	0.308	0.289	0.281	0.387	0.290	0.381	0.184	0.367	0.463	0.529	0.601
A1	0.406	0.315	0.181	0.192	0.281	0.299	0.208	0.441	0.155	0.265	0.264	0.457	0.364
A2	0.252	0.253	0.167	0.427	0.043	0.233	0.190	0.235	-0.017	0.064	0.227	0.454	0.403
A3	0.504	0.327	0.165	0.385	0.349	0.387	0.327	0.454	0.385	0.478	0.399	0.383	0.415
A4	0.454	0.372	0.348	0.392	0.282	0.403	0.330	0.422	0.333	0.518	0.374	0.457	0.476
A5	0.535	0.252	0.222	0.287	0.280	0.192	0.280	0.266	0.247	0.229	0.385	0.370	0.265
A6	0.479	0.392	0.397	0.434	0.264	0.441	0.280	0.385	0.438	0.314	0.493	0.375	0.500
S1	0.457	0.380	0.426	0.303	0.440	0.393	0.392	0.511	0.235	0.379	0.227	0.460	0.406
S2	0.380	0.204	0.170	0.489	0.244	0.451	0.172	0.381	0.303	0.316	0.268	0.462	0.361
SA1	0.373	0.310	0.489	0.350	0.222	0.362	0.325	0.349	0.366	0.303	0.414	0.554	0.263
SA2	0.199	0.111	0.227	0.311	0.287	0.202	0.130	0.217	0.200	0.198	0.244	0.287	0.322
TI1	0.300	0.053	-0.044	0.313	0.137	0.294	-0.031	0.016	0.046	0.039	0.412	0.330	0.207
TI2	0.389	0.227	0.272	0.197	0.429	0.524	0.316	0.418	0.301	0.342	0.294	0.383	0.395
TI3	0.410	0.380	0.408	0.279	0.300	0.331	0.346	0.438	0.220	0.351	0.248	0.295	0.327
SD	1.443	1.254	1.336	1.225	1.518	1.451	1.176	1.137	1.310	1.494	1.251	1.500	1.417
Mean	4.569	4.812	4.600	5.123	4.836	4.970	5.550	5.281	4.999	5.238	5.573	4.699	4.653

Table 13. (continued)

Item	E1	E2	A1	A2	A3	A4	A5	A6	S1	S2	SA1	SA2	TI1	TI2	TI3
T1															
T2															
T3															
T4															
B1															
B2															
B3															
B4															
B5															
B6															
I1															
I2															
I3															
E1	1														
E2	0.370	1													
A1	0.343	0.543	1												
A2	0.189	0.299	0.257	1											
A3	0.533	0.470	0.493	0.218	1										
A4	0.385	0.541	0.303	0.404	0.415	1									
A5	0.482	0.156	0.431	0.122	0.492	0.390	1								
A6	0.440	0.496	0.257	0.239	0.471	0.414	0.239	1							
S1	0.364	0.556	0.559	0.279	0.445	0.391	0.247	0.489	1						
S2	0.503	0.413	0.294	0.274	0.370	0.483	0.248	0.441	0.419	1					
SA1	0.152	0.429	0.453	0.355	0.313	0.477	0.228	0.422	0.406	0.363	1				
SA2	0.299	0.323	0.112	0.138	0.225	0.336	0.137	0.293	0.264	0.308	0.221	1			
TI1	0.331	0.396	0.387	0.268	0.248	0.141	0.244	0.395	0.332	0.485	0.384	0.060	1		
TI2	0.250	0.357	0.367	0.134	0.505	0.426	0.277	0.372	0.566	0.192	0.286	0.306	0.176	1	
TI3	0.413	0.463	0.295	0.116	0.301	0.418	0.262	0.471	0.628	0.445	0.242	0.358	0.234	0.388	1
SD	1.318	1.398	1.359	1.814	1.283	1.315	1.186	1.367	1.485	1.474	1.334	1.371	1.594	1.543	1.366
Mean	4.543	5.171	5.193	4.226	4.856	5.003	4.204	4.427	4.356	4.168	5.404	4.790	5.069	4.092	4.297

First-order Factor Model

Figure 3 shows the completely standardized solution (STDYX output in MPlus), with standard errors in brackets, of our selected first-order factor model 1cd. Model 1a has the following fit: chi^2/df statistic = 1.818 (588.951/324), RMSEA = 0.083, CFI = 0.798, and SRMR = 0.089. Because this model shows room for improvement, our model revision proceeded along established revision steps (Brown, 2006). To develop a well-fitting first-order factor model we focused on the indicators. Specifically, we observed their practical significance, that is, criterion validity (factor loading > 0.4 as cutoff point), statistical significance (p < 0.05), r-squared (as high as possible), standardized residual matrix (observe indicator pairs that are < - 2.580 or > 2.580), and modification indices (M.I. > 10.000) (Brown, 2006). We also observed localized areas of poor fit (e.g. completely standardized factor correlations > 1) to develop our model. Factors with correlations > 0.85 may be collapsed into one factor or one factor of two highly correlating factors may be deleted (Brown, 2006). As the factors *strategic input* and *structuring activities* (sinput and sactiv) showed a correlation > 0.85 we collapsed them into one facor preliminarly labeled *sinactiv*. Appendix A1 shows the model fit indices of the iteratively developed first-order factor model 1a to 1cd.

Figure 3. Completely Standardized Six First-order Factor Model 1cd
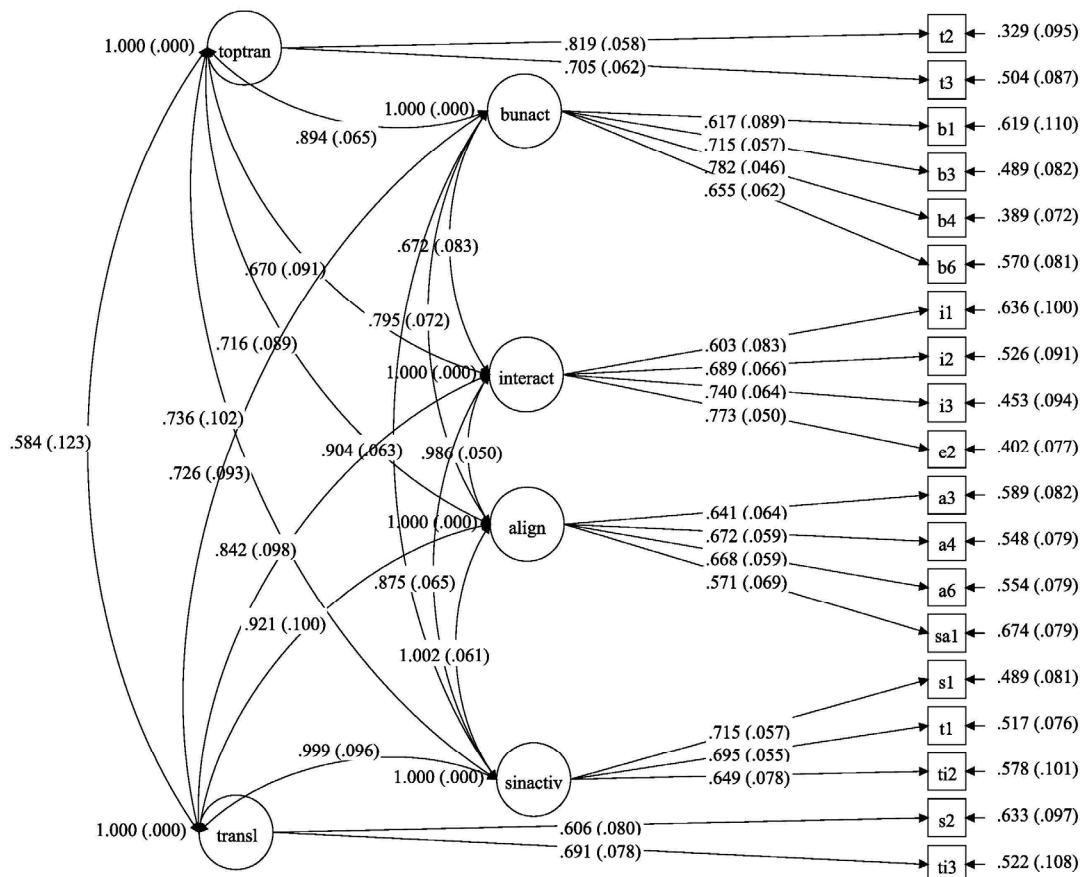
Second-order Factor Model

As a next step, we validated our congeneric three second-order factor model by using model 1cd as the starting point. Figure 4 shows the completely standardized solution, with standard errors in brackets, of our selected second-order factor model 2l. We again proceeded in an iterative process along the criteria applied above, to develop the best-fitting second-order factor model 2l. Model fit indices of the various second-order factor models are provided in Appendix A2. Model 2l fits our data very well and is significantly better than model 1cd. Delta chi-squared (Δchi^2) = 101.666 (195.528-93.862) with delta df = 69 (137-68). Model fit indices are: chi^2/df statistic = 1.380 (93.862/68), RMSEA = 0.057, CFI = 0.952, and SRMR = 0.069.

Figure 4. Completely Standardized Three Second-order Factor Model 2l
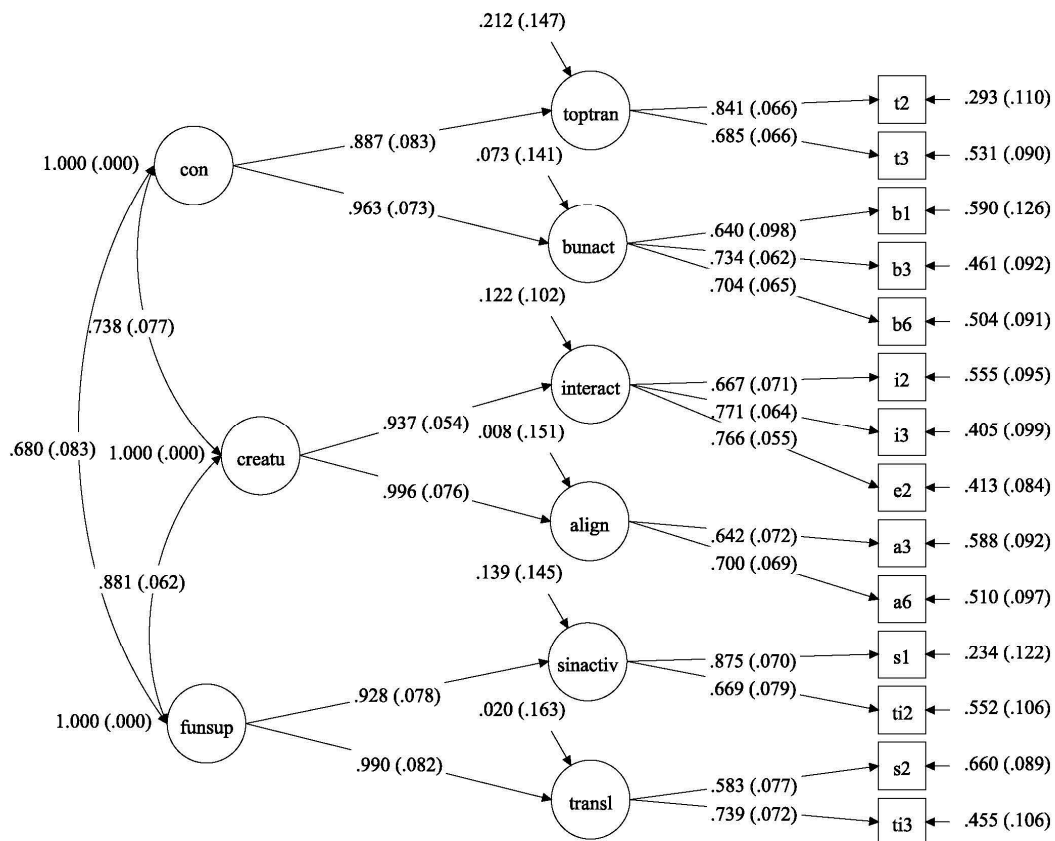
However, the completely standardized correlation of 0.881 between creating understanding and functional supporting allows us to collapse these two factors into one factor. We did this in model 2m and preliminary labeled the factor *creafun*. Model 2m is not significantly worse than model 2l (Δchi^2 = 4.544 (98.406-93.862), with delta df = 2 (70-68), but all model fit indices decreased slightly. The completely standardized solution, with standard errors in brackets from model 2m, is presented in Figure 5. Even if model 2m

depicts a departure from our congeneric model, we let it compete with model 2l concerning our final third-order legitimacy models.

Figure 5. Completely Standardized Two Second-order Factor Model 2m
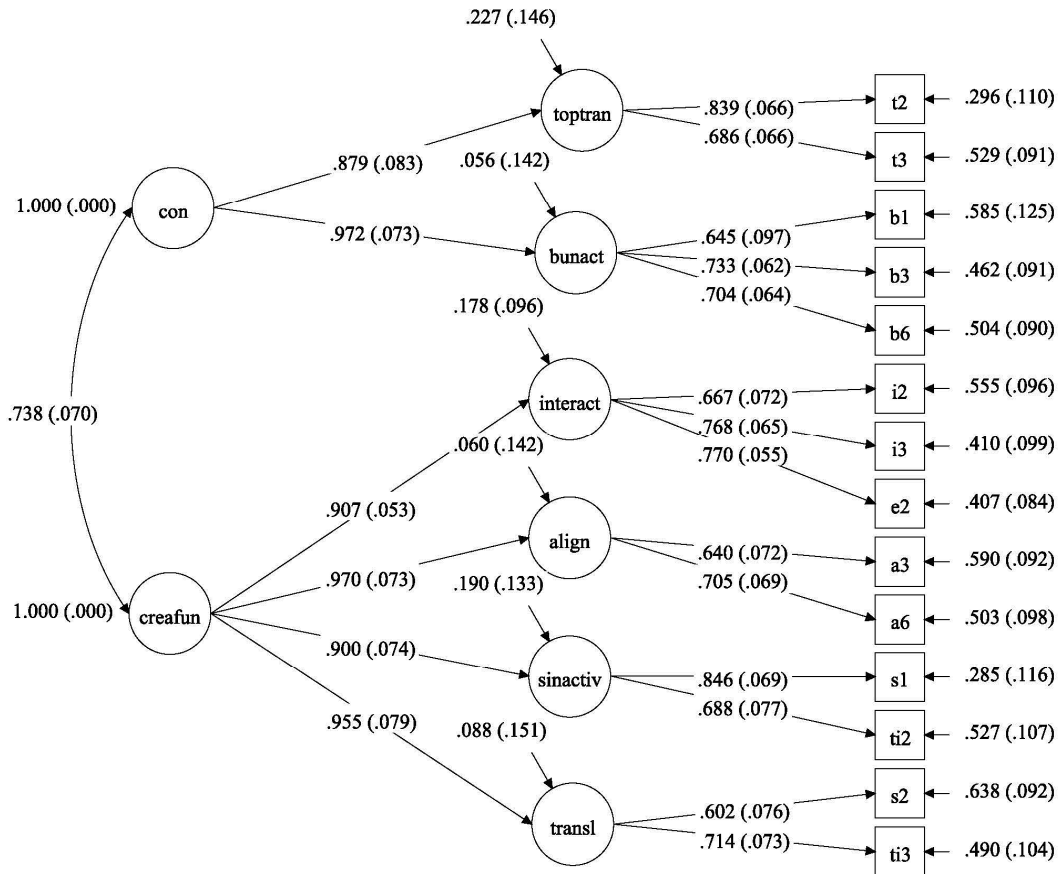
Final Models

We used three competing models to identify the model that best fits our data. Model 3a is based on model 2l (Brown, 2006). Model 3b is based on model 2m, which resulted from modeling a suitable second-order factor model. While model 2m fits the data as well as model 2l, its parsimony makes it attractive. Model 3c is a parsimonious second-order model with legitimacy as the unifying second-order factor and the connecting, creating understanding, and functional supporting dimensions as first-order factors measured by their indicators.

Figure 6 shows model 3a as the third-order construct that unifies the connecting, creating understanding, and functional supporting dimensions (with standard errors in brackets).

Figure 6. Completely Standardized Third-order Factor Model 3a
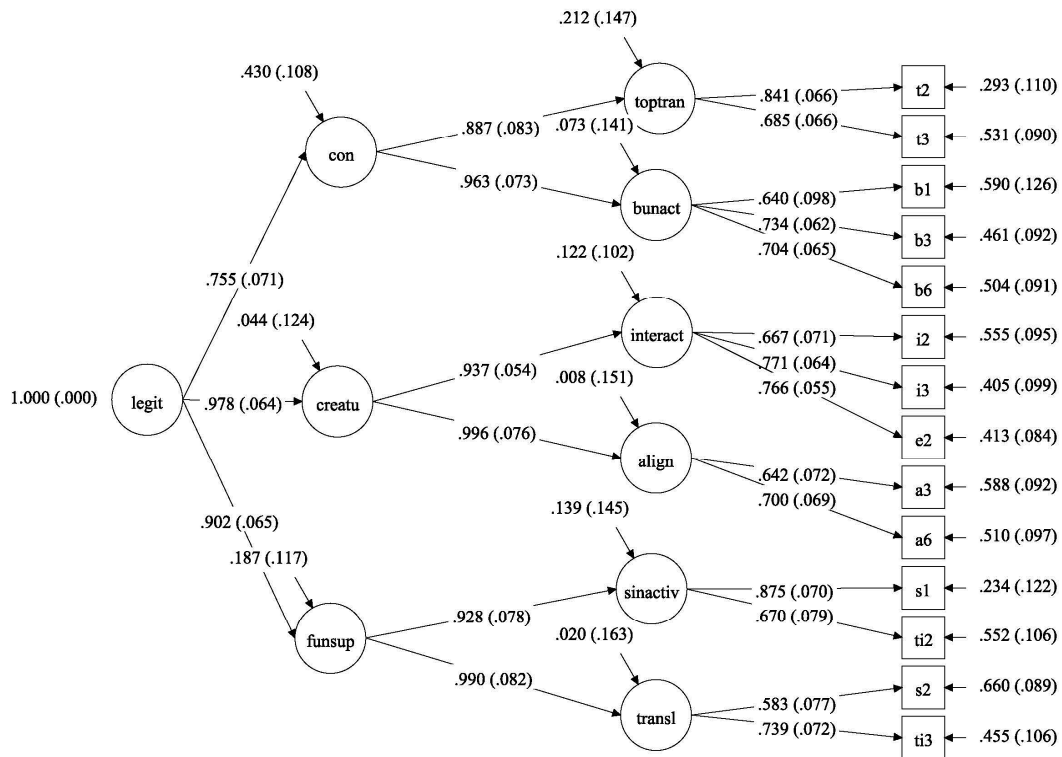
Model 3a provides the same model fit indices as model 2l. Delta $\Delta chi^2 = 0$ (93.862-93.862) with delta df = 0 (68-68). Model fit indices are: chi^2/df statistic = 1.380 (93.862/68), RMSEA = 0.057, CFI = 0.952, and SRMR = 0.069. Investigating localized areas of poor fit did not show problems with the model. All free-estimated standardized parameter estimates were statistically significant ($p < 0.05$). Factor loadings of connecting, creating understanding, and functional supporting show strong criterion validity to predict legitimacy. Additionally, the R^2 of connecting, creating understanding, and functional supporting are all statistically significant ($p < 0.001$, range $R^2 = 0.570 - 0.956$), and demonstrate that they can be explained by the unifying concept of legitimacy. This suggests that model 3a accounts well for the correlations among the second-order factors (Brown, 2006: 334).

Figure 7 shows model 3b, with legitimacy as the unifying construct of the two second-order factors connecting and creating understanding with functional supporting (completely standardized parameters, with standard errors in brackets). The chi^2 test statistic decreases compared to model 3a, but not significantly (Δchi^2 = 4.544 (98.406-93.862) with Δdf = 2 (70-68). Model 3b fit indices are: chi^2/df statistic = 1.406 (98.406/70), RMSEA = 0.058, CFI = 0.947, and SRMR = 0.069. Even if model 3b is not significantly better, it is attractive because it is less complex.

Figure 7. Completely Standardized Third-order Factor Model 3b
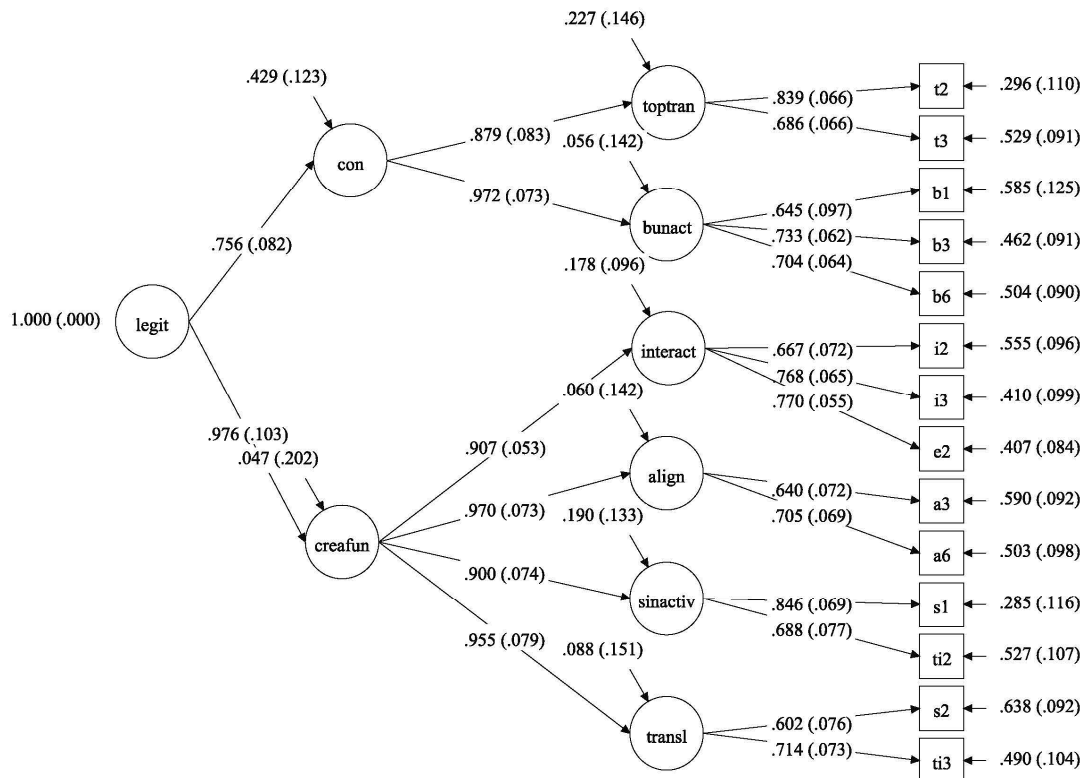
Figure 8 shows model 3c, with legitimacy as the common ground of the three first-order factors connecting, creating understanding, and functional supporting (with standard errors in brackets). Model 3c is not significantly worse than models 3a and 3b. Δchi^2 = 6.149 (100.011-93.862) with Δdf = 6 (74-68). Model fit indices are: chi^2/df statistic = 1.352 (100.011/74), RMSEA = 0.054, CFI = 0.952, and SRMR = 0.071. Model 3c is more parsimonious than model 3a and model 3b (RMSEA), but does not predict the population from the sample as well as model 3a and 3b (SRMR). In sum, model 3a provides the best model fit and the best as well empirical as theoretical grounds since it is based on our congeneric model. However, model 3b and 3c also depict well behaved models.

Figure 8. Completely Standardized Second-order Factor Model 3c
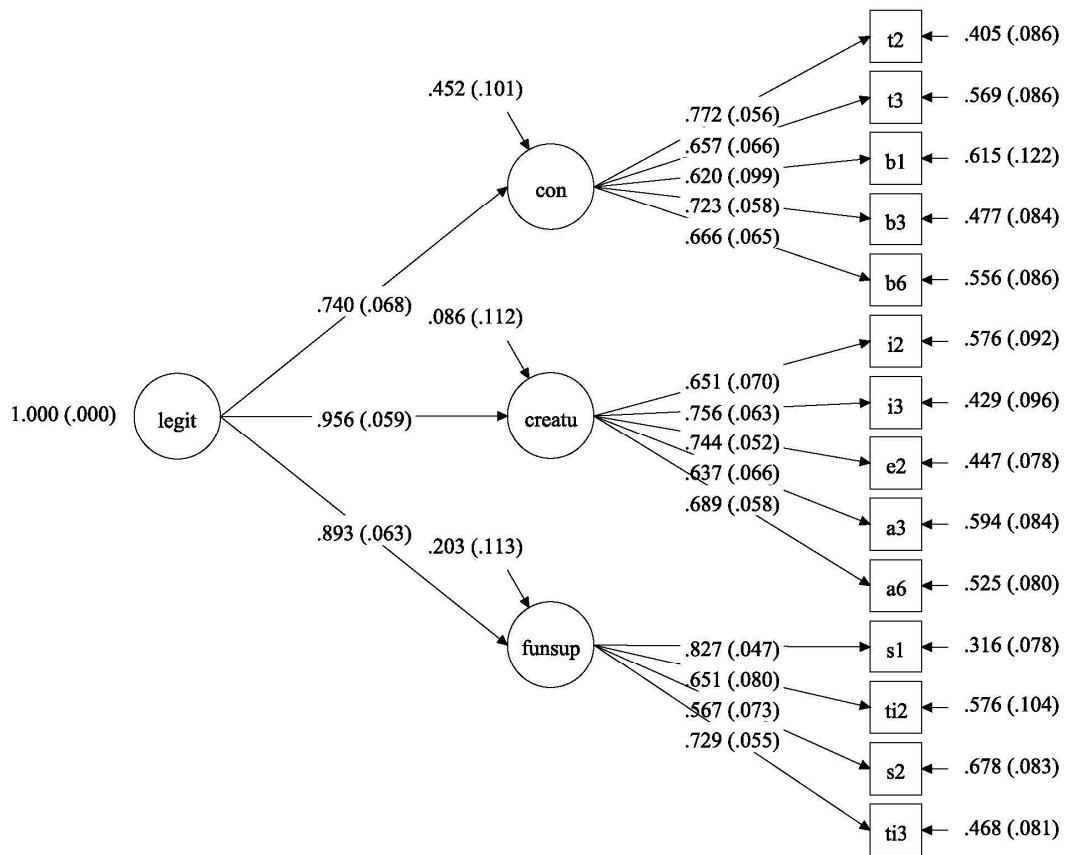
Table 14 provides a summary of the model fit parameters of the three competing final models. In the following, we describe our final legitimacy model 3a. After that, we used a Schmid-Leiman transformation to support the decision to select model 3a. Further, this transformation shows the importance of first-order, second-order, and third-order factors to explain the variance in the indicators.

Table 14. Model Fit Parameters of Models 3a, 3b, and 3c

Test statistics	Model 3a	Model 3b	Model 3c
chi^2	93.862	98.406	100.011
df	68	70	74
chi^2/df	1.380	1.406	1.352
RMSEA	0.057	0.058	0.054
CFI	0.952	0.947	0.952
SRMR	0.069	0.069	0.071

3.4   Results I – Description of the Legitimacy Construct

Figure 9 shows our final conceptualization of the legitimacy construct (model 3a). Legitimacy is a third-order multidimensional construct; legitimacy is the unifying construct that depicts the dependent variable. It covers and is measured by three second-order factors that each cover two first-order factors that are made up by their indicators. The explorative character of our analysis (Brown, 2006) required us to revise the meaning of the latent constructs. We now briefly describe our final legitimacy construct.

The social dimension – The factor TOPTRAN is about the efficient exchange of information and the involvement of divisions and functions at the right moment. The indicators suggest to step back from labeling the factor transmitting to top management and to label it *mindful coordinating* (*mindcorr*). It is mindful because it is efficient and sensitive to time.

BUNACT is about backup towards top management, open collaboration, and being seen as an equal partner. Bundling actors, as was the factor labeled earlier, is no longer suitable, because this factor is clearly about *trustful collaborating* (*truscoll*)*; trustful* because it addresses the aspects delivering backup, demonstrating openness, and signaling respect to the organization as an equal partner.

Our congeneric model conceptualized connecting as the common ground of transmitting to top management and bundling actors. However, the meaning of the first-order factors changed to mindful coordinating and trustful collaborating. These factors also address the relational connection of agents, as doing this in a way that emphasizes social aspects. We therefore consider that the common ground of these two concepts is a *social* dimension (*social*) that addresses relational aspects in the organization.

The cognitive dimension – The first-order factor INTERACT is about the provision of strategy development formats, concrete strategy discussions that build commitment, and embedding strategy topics in the organization's overall mission. This factor was built by collapsing the *providing platforms for interaction* factor and the *embedding in context* factor. Because the meanings of these items do not contradict our initial conceptualization of *providing platforms for interaction* (*intplat*), we have kept our labeling.

The first-order factor ALIGN comprises the joint elaboration of a strategic understanding with the organization and conveying of interrelationships between strategy topics. Both issues address the issues of limited perspectives on strategy through creating a shared strategic understanding between divisions and/or projects. Therefore, we label this factor *aligning perspectives* (*alipersp*).

To better grasp the underlying nature of these two constructs, we slightly renamed the factor *creating understanding* as *cognitive dimension* (*cogni*), as the common ground of providing platforms for interaction and aligning perspectives. The cognitive dimension addresses mental aspects of strategy of the organizations.

The technical/analytical dimension – The first-order factor SINACTIV emerged through reassembling items of the factors *providing impulses*, *translating strategy*, and one item of factors *transmitting to top management* of the social dimension. This new factor addresses the early identification of relevant strategic topics and supports the achievement of strategic goals. Therefore, we renamed this factor *delivering goals* (*deli-goal*).

The first-order factor TRANSL also emerged through reassembling items of the factors *providing impulses* and *translating strategy*. Because this factor comprises mapping the organization's strategic direction and a proactive approach to external trends, we renamed this factor *strategic guiding* (*straguid*).

In our congeneric model, we conceptualized functional supporting as the common ground of these factors. However, reducing and switching items of the functional supporting dimensions shaped two new and more focused factors that both address fairly technical and analytical activities. We therefore consider the common ground of these two factors as a *technical/analytical* dimension (*techana*).

Legitimacy as the unifying factor – We identified *legitimacy* as the general factor and the common ground behind all factors (*legit*). The extent of legitimacy as the dependent variable of strategy-making depends on how strong activities along the social, cognitive, and technical/analytical dimensions are utilized on a range from 1 to 7.

Figure 9. Legitimacy as a Multidimensional Third-order Construct
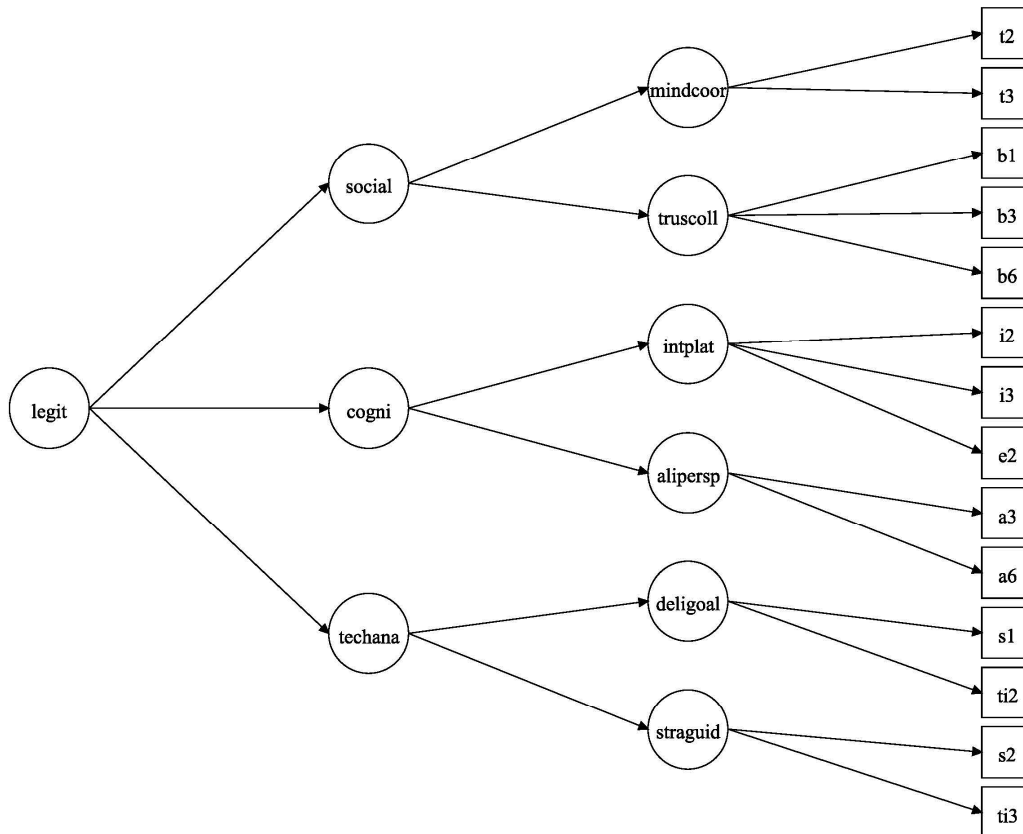
3.5 Resuls II - Understanding the Legitimacy Construct

Table 15 shows the results for the Schmid-Leiman transformations. These transformations (Brown, 2006: 334) inform one about the amount of explained indicator variance for that each higher-order factor accounts. This allows us to assess the importance of the higher-order factors for the indicators. We did the transformation three times: First, for the second-order and first-order factors. Second, for the third-order and first-order factors. Third, because the first two transformations challenge the importance of the first-order factors of our final model 3a, we did the transformation for model 3c. Higher-order R^2 is the amount of item variance explained by the second-order factors. Residual loading R^2 is the amount of item variance explained by the first-order factors. Column Sum/R^2 is the total amount of explained variance in the item by the first-order and second-order factors (communality or R^2). Unique variance or measurement error is the unexplained variance of an item by any factor.

First, for the second-order and first-order factors, Table 15 shows that the highest amount of explained variance in the indicators is explained by the second-order factors. This supports the importance of the second-order factors. These are the social, cognitive,

and technical/analytical dimensions of legitimacy. Table 15 also indicates the fairly small amount of explained variance of the first-order factors. We marked the indicators with the highest higher-order R^2 for each second-order factor in bold. These indicators may provide evidence for the core idea of each second-order factor. For the social dimension the core indicator is about information exchange. The cognitive dimension refers to the mental embedding of strategic issues in the overall context of the organization, and the technical/analytical dimension is about strategic foresight.

Second, the Schmid-Leiman transformation for the third-order factor legitimacy shows a similar relationship. While the importance of the first-order factors to explain indicator variance rises slightly, the relationship between third-order factor, first-order factors, and indicators is similar to the relationship between second-order, first-order factors, and indicator. The first-order factors explain relatively little variance in the indicators. Considering legitimacy as the unifying construct, we marked the indicator with the largest higher-order R^2 in bold. Assuming that this may be the key indicator of the legitimacy construct, we identified the item *...puts strategic topics in the corporation's overall mission* as the core item. Thus, it could be interpreted that, in its essence, the legitimacy of strategy functions arises through enabling the organization to understand a strategic topic within the organization's overall mission. Doing this enables the organization to take part in strategy in order to contribute to the joint endeavor strategy.

The two transformations indicate the relatively low importance of the first-order factors to explain indicator variance but highlight the importance of the second-order factors to explain indicator variance. Thus the transformations provide support for the second-order factor model 3c. Therefore, we did a Schmid-Leiman transformation for model 3c. We found that considering legitimacy as the second-order factor and social, cognitive, and technical/analytical dimensions as first-order factors shows a similar relationship between the second-order factor legitimacy and the first-order factors as in the previous transformation. Legitimacy explains much variance, while the first-order factors do not. Additionally, the total amount of explained variance (R^2) is smaller than for model 3a, and its explaining potential is therefore reduced. Thus, we considered model 3a as the model with the best fit. In the next section, we validated model 3a across the case study organizations.

Table 15. Schmid-Leiman Transformation

Item – The strategy function…	Model 3a: Second-order to first-order relationship				Model 3a: Third-order to first-order relationship			
	Higher-order R² (2. order)	Residual loading R² (1. order)	Sum/R²	Unique variance	Higher-order R² (3. order)	Residual loading R² (1. order)	Sum/R²	Unique variance
…establishes efficient information exchange.	**0.556**	0.151	0.707	0.293	0.403	0.304	0.707	0.293
…involves divisions and functions at the right moment.	0.369	0.100	0.469	0.531	0.267	0.202	0.469	0.531
…argues themes together with the divisions and functions before the management board.	0.380	0.030	0.410	0.590	0.233	0.176	0.410	0.590
…is open to collaborating with others.	0.500	0.039	0.539	0.461	0.307	0.232	0.539	0.461
…is an equal partner, in my view.	0.460	0.036	0.496	0.504	0.283	0.213	0.496	0.504
…provides appropriate processes and formats to develop strategy.	0.391	0.054	0.445	0.555	0.426	0.019	0.445	0.555
…discusses in a concrete way to build commitment for long term strategies.	0.522	0.073	0.594	0.406	0.569	0.026	0.594	0.406
…puts strategic topics in the corporation's overall mission.	**0.771**	0.107	0.878	0.122	**0.840**	0.038	0.878	0.122
…elaborates with divisions and functions on a shared understanding for strategic themes.	0.409	0.003	0.412	0.588	0.394	0.018	0.412	0.588
…comprehensibly conveys major interrelations between strategic projects to unit managers.	0.486	0.004	0.490	0.510	0.469	0.021	0.490	0.510
…recognizes important themes for the organization early on.	**0.659**	0.106	0.766	0.234	0.623	0.143	0.766	0.234
…not only describes the goal, but also contributes to the way to achieve it.	0.387	0.062	0.449	0.551	0.365	0.084	0.449	0.551
…clearly maps the organization's strategic direction.	0.333	0.007	0.340	0.660	0.277	0.063	0.340	0.660
…acts mostly proactively with regard to external trends.	0.535	0.011	0.546	0.454	0.444	0.102	0.546	0.454

Table 15. (continued)

Item – The strategy function…	Model 3c: Second-order to first-order relationship			
	Higher-order R^2 (2. order)	Residual loading R^2 (1. order)	Sum/R^2	Unique variance
…establishes efficient information exchange.	0.326	0.270	0.596	0.404
…involves divisions and functions at the right moment.	0.236	0.195	0.432	0.568
…argues themes together with the divisions and functions before the management board.	0.210	0.174	0.384	0.616
…is open to collaborating with others.	0.286	0.236	0.523	0.477
…is an equal partner, in my view.	0.243	0.201	0.444	0.556
…provides appropriate processes and formats to develop strategy.	0.387	0.036	0.424	0.576
…discusses in a concrete way to build commitment for long term strategies.	0.522	0.049	0.572	0.428
…puts strategic topics in the corporation's overall mission.	0.506	0.048	0.554	0.446
…elaborates with divisions and functions on a shared understanding for strategic themes.	0.371	0.035	0.406	0.594
…comprehensibly conveys major interrelations between strategic projects to unit managers.	0.434	0.041	0.475	0.525
…recognizes important themes for the organization early on.	**0.545**	0.139	0.684	0.316
…not only describes the goal, but also contributes to the way to achieve it.	0.338	0.086	0.424	0.576
…clearly maps the organization's strategic direction.	0.256	0.065	0.321	0.679
…acts mostly proactively with regard to external trends.	0.424	0.108	0.531	0.469

3.5.1 Post Hoc Validation – Comparing Legitimacy across Strategy Functions

Our purpose of comparing the legitimacy construct across cases is twofold. First, we sought to verify or falsify our decision to select model 3a among model 3b and 3c as the model with the best fit. Second, we are interested in understanding whether the selected construct fits each case company or aggregate cases equally well. By aggregate we mean the aggregate survey data of two cases. We applied the three models to each single case and to the different options of aggregate cases. First, comparing model fit indices of models 3a, 3b, and 3c among the cases led us to select model 3a as the model with the best fit. While the model fit indices fit the cases slightly better or equally well as model 3b, model 3a is clearly better than model 3c. Table 16 shows the model fit indices of models 3a, 3b, and 3c of the cases.

In terms of our second purpose, we did a chi^2 difference test with model 3a using our cases. A significantly different chi^2 value indicates a significantly different fit of the legitimacy construct between cases. We further assume that a relatively high chi^2 for aggregate cases with a high N suggests that the data of the two cases do not represent the legitimacy construct as well as an aggregate case with low N and similar chi^2. For instance, if AutoCorp has a similar chi^2 (also, similar RMSE, CFI, and SRMR) as the aggregate cases of AutoCorp and PolyCorp, we would know that the legitimacy construct fits AutoCorp and PolyCorp. If chi^2 would decrease significantly for the aggregate case one can expect that the AutoCorp and PolyCorp data are different. Meaning the legitimacy measurement instrument is not the same for the two case companies.

Table 16 shows the model fit parameters for the cases sorted in ascending order, starting with the lowest chi^2. We found that for model 3a, all chi^2 values differ significantly among each other based on the ordinary chi^2 distribution. For instance, comparing the chi^2 of the AutoCorp and PolyCorp to the AutoCorp and InsuranceCorp dataset shows that the former fits the data significantly better ($\Delta chi^2 = 6.819$ (96.349-89.530), with $\Delta df = 0$ (68-68), $p < 0.001$). This means the legitimacy construct is similar at AutoCorp and PolyCorp, but less similar between AutoCorp and InsuranceCorp.

Table 16. Comparing Legitimacy Models Across Cases

Test statistics	Cases	AutoC, PolyC	AutoC, InsuranceC	AutoC	EnergyC, InsuranceC	AutoC, EnergyC	EnergyC	EnergyC, PolyC	InsuranceC	InsuranceC PolyC	InsuranceC, PolyC
No. of observations (N)	Model	44	54	31	75	83	52	64	23	13	36
chi2	Model 3a	89.53	96.35	97.13	105.9	110.9	114.3	147.4	No results	No results	No results
	Model 3b	90.064	97.458	97.544	115.57	114.61	116.95	156.96	No results	No results	No results
	Model 3c	100.32	100.66	104.32	114.75	118.42	122.38	151.77	No results	No results	No results
df	Model 3a	68	68	68	65	68	68	68			
	Model 3b	49	49	49	49	49	49	49			
	Model 3c	45	46	45	45	45	45	45			
Chi2/df	Model 3a	1.317	1.417	1.428	1.63	1.631	1.681	2.168			
	Model 3b	2.001	1.989	2.167	2.358	2.339	2.599	3.203			
	Model 3c	2.229	2.188	2.318	2.55	2.632	2.719	3.373			
RMSEA	Model 3a	0.085	0.088	0.118	0.092	0.087	0.114	0.134			
	Model 3b	0.081	0.085	0.113	0.098	0.088	0.114	0.138			
	Model 3c	0.09	0.084	0.115	0.091	0.085	0.112	0.127			
CFI	Model 3a	0.91	0.91	0.877	0.888	0.909	0.83	0.742			
	Model 3b	0.916	0.913	0.884	0.867	0.905	0.827	0.717			
	Model 3c	0.89	0.912	0.872	0.88	0.906	0.822	0.747			
SRMR	Model 3a	0.123	0.089	0.09	0.169	0.096	0.089	0.105			
	Model 3b	0.123	0.088	0.09	0.162	0.096	0.089	0.106			
	Model 3c	0.129	0.089	0.088	0.173	0.1	0.095	0.106			

We found that the legitimacy construct fits the AutoCorp data third best, despite its low N of 31. However, this is intuitive, because the construct has been inductively developed in an in-depth single-case study of AutoCorp. The best model fit was the aggregation of AutoCorp and PolyCorp data, followed by the AutoCorp and InsuranceCorp data. Further, the legitimacy construct is rather different for EnergyCorp and PolyCorp as well as InsuranceCorp and PolyCorp. Owing to the small N of the single cases InsuranceCorp (N = 23) and PolyCorp (N = 13), we were unable to analyze the data for each single case. However, that the aggregated data of these two cases (N = 36) can also not be calculated suggests that the legitimacy construct for these firms is rather different. Accounting for the small sample sizes of our single cases in general, the comparison of the construct across cases provides an indication how well the legitimacy construct is represented by the cases.

Overall, legitimacy seems to be similarly assessed at AutoCorp, PolyCorp, and InsuranceCorp, but it seems to be differently assessed between EnergyCorp and the other cases as well as between InsuranceCorp and PolyCorp.

3.5.2   Reliability

An indicator is a reliable measure for its construct if the completely standardized factor loading is 0.3 or higher (Brown, 2006: 130). The indicators load moderately to strong on their respective factors and indicate salient factor loadings (range of factor loading between 0.583 (s2) and 0.875 (s1)). The reliability of a latent measurement scale is its internal consistency. The internal consistency for the latent scales of legitimacy can be assessed by calculating the point estimation of scale reliability (ρ_y)[7].

We used this reliability measure instead of Cronbach's α because the latter is a misestimator of scale reliability if the scales contain no correlated measurement errors (Brown, 2006: 338). This is the case in model 3a.

The cutoff point for scale reliability is usually considered as 0.7 for newly developed measures (Cortina, 1993; Hinkin, 1998; Nunnally & Bernstein, 1994) based on Cronbach's alpha. We calculated the pointe estimation of scale reliability for all latent scales. All except the first-order scales *delivering goals* and *strategic guiding* are above the cutoff point (Brown, 2006: 338). This means that the indicators are consistent scales of the first-order factors (factors *delivering goals* and *strategic guiding* are closely below

---

7 $\rho_y =$ Var(T) / Var(Y). Var(T) is the true score of variance of the measure (squared sum of unstandardized factor loadings), and Var(Y) is the total variance of the measure (squared sum of unstandardized factor loadings + the sum of unstandardized measurement error) (Brown, 2006).

the cutoff point of consistency), and that the first-order factors are consistent 'indicators' of the second-order factors.

Table 17 shows the point estimates for scale reliability of the first-order and second-order factors. We consider ρ for the delivering goals and strategic guiding factors as acceptable, since they are not out of range. Interestingly, while all second-order factors show high internal consistency, the cognitive factor (cogni) shows the highest. The importance of this dimension to the legitimacy construct is also shown by the Schmid-Leiman transformation. There, we identified the item *...puts strategic topics in the corporation's overall mission* of this dimension as the core theme of legitimacy. Appendix A3 shows the final legitimacy questionnaire.

Table 17. Point Estimation of Scale Reliability

Factor (scale y)	toptran	bunact	intplat	alipersp	deligoal	straguid	social	cogni	techana
ρ_y	0.768	0.706	0.805	0.711	0.635	0.674	0.926	0.971	0.922

3.5.3 The Logic of the Practice of the Legitimate Strategy Function

Table 18 shows the logic of strategy-making as practice of the legitimate strategy function. We argued that the nature of this practice can be explained by the asymmetries in power relations between the strategy function and the organization in their joint endeavour to make strategy. Power relations are caused by different positions of the two groups in the field of strategy-making based on their different types of expertise, leading to differential access to resources. Having different resources enables or constrains the two groups contributions to strategy-making. Our results show that the legitimate strategy function should act along social, cognitive, and technical/analytical dimensions in order to enable the organization to take part in strategy-making. To better understand legitimacy, we conceptualize a legitimate strategy function (virtually scoring 7 on all indicators on a scale from 1 to 7) and an illegitimate strategy function (scoring 1 or close to on all indicators on a scale from 1 to 7). We argue that increasing extents of a strategy function's legitimacy on a scale from one 1 to 7 enable strategy-making while a decreasing extent constrains strategy-making. Table 18 shows the enabling and constraining activities that result from the strategy-making practice of an illegitimate and a legitimate strategy function.

The social dimension – The social dimension enables the organization to act in a way that is connected in itself and with the strategy function. Power relations between a strate-

gy function and an organization are changed through mindful coordinating that enables access to *knowledge/competences*. The organization can easily access information and can effectively contribute to strategy. Through trustful collaborating, the organization *acts in a trustful way* with the strategy function by being able to push its own topics, bring in own knowledge, and feeling respected. This means that the organization acts in a transparent way without, for instance, withholding information. In conclusion, the organization's contributions to strategy increase, because the organization is relationally connected and can take part in strategy-making. On the contrary, a strategy function that poorly utilizes the social dimension constrains the organization. The organization then *acts with incomplete knowledge/competences* and *in competition* to the remaining organization and the strategy function in terms of strategy-making. For acting with incomplete knowledge/competences, information is not easily available and the organization is involved too early (no professional input from the strategy function, which challenges its usefulness at this stage) or too late (the organization feels dominated owing to the imposition of apparently finalized strategy). Further, acting in competition is based on an inability to push own topics and inject own knowledge, as well as feeling disrespected. Overall, the poor utilization of the social dimension leads to disconnected strategy-making activities in the organization and between the organization and the strategy function.

The cognitive dimension – The cognitive dimension enables *acting in shared understanding* of strategy for the organization. Power is shifted to the organization through providing the organization with platforms for interaction and enabling it to *understand strategy*. Particularly, this is enabled through autonomous strategy-making, following strategy, and an understanding of the organization's role in strategy. Aligning perspectives enables the *understanding of interrelationships* of strategy. Understanding interrelationships is enabled by understanding the various interests of agents who are interdependent in strategy and intersections with other strategic topics. These activities increase the contributions of organizations to strategy because strategic interdependencies are mutually understood throughout the organization. On the contrary, low utilization of the cognitive dimension constrains the organization through *acting with misunderstanding* and *limited understanding* of strategy. Acting with misunderstanding constrains the organization, because it cannot autonomously make strategy and does not understand strategy or its own role in it. Acting with limited understanding constrains the organization by preventing a shared understanding of topics between the strategy function and the organization and of the interrelationships between strategy topics. Overall, poorly utilized cognitive activities cause organizations to act in silos – a constraining activity.

The technical/analytical dimension – The technical/analytical dimension enables the organization by allowing it to *acting with foresight*. Power is shifted to the organization by delivering goals, which enables one to *knowing strategic direction* and through strategic guiding, which enables *achieving goals*. Knowing the direction is enabled through a given strategic direction and anticipated strategic trends. Achieving goals is enabled through being ahead of relevant strategic issues and accounting for the implementation of goals. Thus, knowing strategic direction and achieving goals depicts a power shift that enables an organization to act with foresight. On the contrary, poor utilization of the technical/analytical dimension constrains the organization through *acting without strategic direction* and *without guidance*. Acting without strategic direction is made up of constraining effects such as lack of knowledge about the strategic direction and lack of anticipation of trends. Acting without guidance is associated with lagging behind concerning important strategic issues and the formulation of strategic goals without care for their implementation. Overall, poor utilization of the technical/analytical dimension leads to acting without foresight.

A strategy function with an increasing extent of legitimacy engages in strategy-making as a practice that provides access to social, cognitive, and technical/functional resources. It positively influences the organization by enabling it to act in connected ways, in shared understanding, and to act with foresight. A strategy function with a decreasing extent of legitimacy constrains, because it acts in disconnected ways, in silos, and without strategic foresight. Our findings show well what organizations need and what the strategy function has. The legitimate strategy function engages in a practice that fuses its expertise with that of the organization in order make strategy in a joint endeavor. Fusing expertise can be considered as the creation of symmetrical power relations between the two groups through the provision of strategic expertise and the adoption of operational expertise.

Table 18. The Logic of the Practice of the Legitimate Strategy Function

A strategy function with decreasing extents of legitimacy constrains strategy-making			Indicator – The strategy function…	A strategy function with increasing extents of legitimacy enables strategy-making		
Second-order effect	First-order effect	Indicator effect		Indicator effect	First-order effect	Second-order effect
Acting in disconnected ways	Acting with incomplete knowledge/ competences	No swift access to information	…establishes efficient information exchange.	Swift access to information	Accessing knowledge/ competences	Acting connected
		Late or early involvement	…involves divisions and functions at the right moment.	Contributing effectively		
	Acting in competition	No pushing of own topics	…argues themes together with the divisions and functions before the management board.	Pushing own topics	Trusted acting	
		No injecting of own knowledge	…is open to collaborating with others.	Bringing in own knowledge		
		Feeling no respect	…is an equal partner, in my view.	Feeling respected		
Acting in silos	Acting with misunderstanding	No autonomous strategy-making	…provides appropriate processes and formats to develop strategic thinking.	Autonomous strategy-making	Understanding strategy	Acting in shared understanding
		Cannot follow strategy	…discusses in a concrete way to build commitment for long term strategies.	Following strategy		
		No understanding of own role in strategy	…puts strategic topics in the corporation's overall mission.	Understanding its role in strategy		
	Acting with limited understanding	No understanding of others' interests	…elaborates with divisions and functions on a shared understanding for strategic themes.	Understanding others' interests	Understanding interrelationships	
		No knowledge about intersections between topics	…comprehensibly conveys major interrelationships between strategic projects to unit managers.	Understanding intersections		

Table 18. (continued)

A strategy function with decreasing extents of legitimacy constrains strategy-making				A strategy function with increasing extents of legitimacy enables strategy-making		
Second-order effect	First-order effect	Indicator effect	Indicator – The strategy function…	Indicator effect	First-order effect	Second-order effect
Acting without foresight	Acting without strategic direction	No knowledge about strategic direction	…clearly maps the organization's strategic direction.	Knowing strategic direction	Knowing strategic direction	Acting with foresight
		Passively following trends	…acts mostly proactively with regard to external trends.	Anticipating external trends		
	Acting without guidance	Being behind concerning relevant strategic issues	…recognizes important themes for the organization early on.	Being ahead of relevant strategic issues	Achieving goals	
		Pure strategy formulation	…not only describes the goal, but also contributes to the way to achieve it.	Actual implementation of goals		

3.6   Discussion

The practice of the legitimate strategy function is multidimensional, comprising the three second-order factors: social, cognitive, and technical/analytical dimensions. Legitimacy is the dependent variable and common ground of these three dimensions. The social dimension covers the first-order factors mindful coordinating and trustful collaborating. The cognitive dimension covers providing platforms of interaction and aligning perspectives. The technical/analytical dimension comprises the first-order factors achieving goals and strategic guiding. The first-order factors are measured by their indicators. Utilizing the potentials of the social, cognitive, and technical/analytical dimensions enables an organization to contribute to strategy-making through connecting itself and with the strategy function, a shared understanding, and acting with foresight.

Our study provides two broader contributions to SAP research. First, assessing the practice of the strategy function from a legitimacy perspective contributes to the critical analysis of practices (Vaara & Whittington, 2012). Related contributions can be made to what strategy functions actually do (Grant, 2003; Kaplan & Norton, 2005; Paroutis & Heracleous, 2013; Paroutis & Pettigrew, 2007; Whittington et al., 2011), the related debates on the problematization of performance in SAP research (Whittington, 2007), the performance of strategy functions (Guérard et al., 2013), and strategist legitimacy as performative outcome in particular (Paroutis & Heracleous, 2013). Second, using Bourdieu's (1977, 1990) practice theory to explain the construction of the legitimate strategy function's practice through power relations between the strategy function and the organization adds knowledge to the emergence of practices (Vaara & Whittington, 2012).

3.6.1   Critical Analysis of Practices

Making tangible the practice of the legitimate strategy function provides knowledge in relation to the call to do more critical research on taken-for-granted practices (Vaara & Whittington, 2012). Strategy scholars show that the strategy function supports top management team decision-making, does strategy analysis, forecasts and so on for the organization, communicates between the corporate and the business level, and consults the business in strategy affairs (Grant, 2003). Kaplan and Norton (2005) showed that the strategy function creates and oversees the strategy management system, aligns the organization, communicates, reviews, and refines strategy, makes strategic initiatives, and consults with key strategy functions. Whittington et al. (2011) found that the strategy function engages in coaching, facilitating, and communicating. Finally, Paroutis and Pettigrew (2007) pro-

vided fairly detailed insights into central strategy teams' activities – such as executing, reflecting, initiating, coordinating, supporting, collaborating, and shaping context.

However, we don't know whether these activities legitimate the strategy function, nor how they enable strategy-making. First, we corroborate the nature of the activities of the above studies by our first-order activities *mindful coordinating, trustful collaborating, providing platforms for interaction, aligning perspectives, delivering goals, and strategic guiding*. The nature of these activities has a similar specificity and nature as the activities in the study by Paroutis and Pettigrew (2007). We add to such activities of the strategy function by identifying the social, cognitive, and technical/analytical dimensions as common ground of these activities. This allows us a more generic description of how the strategy function creates legitimacy. Analytically, the generic character of these three dimensions is supported by the fact that the dimensions (second-order factors) explain more variance in the indicators than the first-order activities. We consider it valuable that the strategy function knows that its strategy assisting role comprises activities that address persons, their minds, and their analytical abilities. Our legitimacy construct supports the moderating – facilitating, communicating, and supporting – role of the strategy function; it also shows and explains the *how* of this role (Whittington et al., 2011).

In order to underline the nature of our practice we highlight what we identified as the core (indicator) of the practice: to put strategic topics in the corporation's overall mission. We theorized that this indicator enables the organization to understand its role in strategy-making. This may lead to commitment to joint strategy-making and consequently consistent action instead of resistance and isolated action on the part of the organization (Mintzberg, 1994a).

Our critical assessment is important to the strategy function as a class of the strategy professions that faces pressures to perform (Whittington et al., 2011). Our findings may help the strategy function to stronger professionalize and strengthen its social group within strategy as profession (Whittington et al., 2011). Overall, our assessment of the strategy function's legitimacy answers the call for a more critical assessment of strategic management in general (Knights & Morgan, 1991).

Addressing the performance of strategists remains an open question in SAP research (Guérard et al., 2013; Whittington, 2007). Even if we don't address the performance of the strategy function in particular, we propose legitimacy as a measurable outcome and intermediate variable to the performance of the strategy function. To our knowledge, our study is the first to have developed a measurable variable that allows inferring on the performance of the strategy function by assessing its legitimacy. The legitimate strategy

function enables strategy-making and thus can be assumed to contribute to organizational performance. This links to a performative view on strategist legitimacy that has been identified as a performative outcome, because it improves peripheral actors' capabilities to strategize (Paroutis & Heracleous, 2013). Our analytical approach has assessed the strategy function's legitimacy from an organizational perspective and has found that a legitimate strategy function provides access to social, cognitive, and technical/analytical resources. This can be considered as performative, because it allows a strategy function to enable an organization to contribute to strategy through acting in connected ways, in shared understanding, and with foresight. Making this practice tangible to measure legitimacy provides us with detailed insights into the set of structured activities that depict the several small performances of the strategy function (Guérard et al., 2013).

Second, using the notion of pragmatic legitimacy from a constituent perspective provides us with insights into factual legitimacy rather than legitimacy as a façade created through artefacts and symbols (Carter et al., 2008). For instance, Kornberger and Clegg (2011) suggest strategy as a consultative process with performative effects such as mobilizing people and legitimizing outcomes. While this provides interesting insights into performative effects of strategy, it focuses on "that which strategists said and did [and] will miss the strategic spaces within which strategy is constituted." (Carter et al., 2008: 94) We addressed these spaces of strategy-making by focusing on the power relations between the strategy function and the organization. The asymmetries of the power relations cause differential access to resources on the part of the two groups; both groups are necessary to enable strategy-making. Such a practice causes a strategy function to be accepted by its constituents and allows one to challenge the strategy function's self-created legitimacy as performative outcome (Paroutis & Heracleous, 2013). We thus answered practice researchers' calls to understand what strategists should actually do from the perspective of those they support and not what they themselves think they should do (Carter et al., 2008).

3.6.2 Emergence of Practices

Using Bourdieu's practice theory (1977, 1990) to understand the construction of a practice that creates legitimacy answers SAP researchers' calls to do more research on the emergence of practices (Vaara & Whittington, 2012). In accordance with our theoretical argument, our model shows that legitimate strategy functions enable strategy-making and that illegitimate strategy functions constrain strategy-making. This means a strategy function's practice structures the organization's actions (Knights & Morgan, 1991). Such practice emerges through differential access to resources of the strategy function and the or-

ganization and their resulting ability to contribute to strategy-making as joint endeavour. A strategy function's expertise provides access to social, cognitive, and technical/analytical resources. These resources enable organizations to contribute to strategy by acting in connected ways, in a shared understanding, and with foresight.

In terms of Bourdieu's (1977, 1990) logic of the field the power relations between the strategy function and the organization construct a practice that enables an organization to contribute to strategy-making through mutual access to resources. This means that legitimate strategy functions need to enable the organization to contribute to strategy-making even if strategy is imposed. This tension is, for instance, shown by the first-order factors trusted collaborating (the importance of being a respected partner) and strategic guiding (the importance of active strategic guiding). Considering that these two activities are both participative and imposing, and remembering that a practice allows us to come to know what it is to be a person, object, or institution (Chia & MacKay, 2007), we are better able to understand the strategy function as an institution (Carter et al., 2008). It is an institution that must enable the organization to contribute to strategy-making by delivering its strategic expertise and adopting the organization's operational expertise. This shifts power to the organization. The various managers can utilize the strategy function's expertise and infuse their interests into strategy-making. Several years ago, Mintzberg (1994a) stated that the strategy function is often afraid of this shift of power, but that it is critical for successful strategy-making. It is a balancing act for the strategy function to follow its own goals that are set by top management (Grant, 2003), simultaneously listen and respond to the organization's needs, and come up with the necessary strategic expertise. It is intuitive that such social relationships require a practice that emphasizes the human aspect in strategy-making. Concretely, the organization expects the strategy function to be a strategic partner.

3.7   Limitations and Future Research

Our study is exposed to limitations that provide interesting avenues for further research. We conceptualized legitimacy as our dependent variable. While a strategy function's legitimacy is considered a performative outcome (Paroutis & Heracleous, 2013), our study does not address the link between a strategy function's legitimacy and organizational performance. Establishing this link would further add to future research about the problematization of performance in SAP research (Vaara & Whittington, 2012). However, as elaborated above, we show how strategy functions can gain legitimacy through their practice. We hold that there is a positive relationship between legitimacy and organizational performance.

A second limitation arises through our sample size. While overall sample size is slightly above the cutoff point of rules of thumb, it would provide interesting insights if the sample size per organization is larger. Construct validating our legitimacy construct between different organizations through measurement invariance testing between organizations (groups) would provide further knowledge about the nature of the construct. This would help us to better understand the modus operandi of strategy-making as practice, which can vary in different contexts (Chia & MacKay, 2007).

A third limitation refers to the better understanding of legitimacy of the strategy function. For instance, to know whether the practice's dimensions are equally important to strategy functions in different organizations, whether the strategy function's legitimacy is different from the perspective of organizational business and functional areas, and whether legitimacy is different from the perspective of different organizational hierarchies.

3.8   Practical Implications

Understanding strategy-making as the practice of a legitimate strategy function allows strategy functions to enable organizations' strategy-making (Paroutis & Heracleous, 2013). Considering the pressure for strategists to perform in order to prevent being replaced (Guérard et al., 2013), our results may provide knowledge to strategy functions' survival in organizations. Making this practice tangible informs the strategy function what it is expected to do. Making the practice measurable allows it to learn about its legitimacy. Our measurement instrument is a means for legitimation on both substantial and symbolic grounds. On substantial grounds because measuring legitimacy provides fact-based evidence on its ability to have enabling or constraining effects on an organization. Thus, our legitimacy measure may be an interesting additive to the old (Mintzberg, 1994d) yet current debate on the strategy function's role (Whittington et al., 2011). On symbolic grounds, measuring its own legitimacy from the perspective of the organization, the strategy function symbolizes the organization its importance to strategy-making.

3.9   Conclusions

The practice of the legitimate strategy function is not just a social practice because it is socially constructed through differential access to resources between a strategy function and an organization, but also because its nature is social. Evidence on social and cognitive dimensions supports the importance of human actors in strategy-making. The technical/analytical dimension reflects classical strategy work. Our conceptualization shows well that while technical/analytical skills maybe less important to a strategy function

(Whittington et al., 2011), it cannot be legitimate without them. The correlations among the three dimensions and their natures underline interdependence of the factors in order to create legitimacy. Further, this allows one to propose a high complementarity of the first-order and second-order constructs. Strategy functions should therefore be able to work multifacetedly.

4 Measuring Legitimacy of the Corporate Strategy Function and Perceived Legitimacy as a Function of Constituent Groups' Organizational Backgrounds and Hierarchies[8]

Abstract

We use practice theory to explore different ways to measure legitimacy of the corporate strategy function (strategy function) and understand influences of a strategy function's constituents groups' organizational backgrounds and hierarchical levels on perceived extents of legitimacy. Our study is based on a multiple-case study of four large multibusiness organizations. Using comparative statistical methods, we find that legitimacy can be assessed through different questionnaires and that the group of functional managers perceives the strategy function as more legitimate than business managers and that middle hierarchical levels perceive the strategy function as least legitimate compared to lower and higher hierarchical levels. We contribute to a better understanding of the nature of strategy-making as practice of the strategy function and the strategy function's legitimacy.

Keywords: Corporate Strategy Function, Legitimacy, Practice-Theory, Practices, Strategy-as-Practice, Questionnaire Development

---

[8] This paper has been further developed by the help of friendly reviewers.

4.1   Introduction

The strategy function is a collective of full-time strategy professionals located at the corporate level of the organization; its purpose is assist organizational strategy-making (Whittington et al., 2011).

To fulfill this purpose, the strategy function needs pragmatic legitimacy from those it assists. Since pragmatic legitimacy is the support of an institution's strategy based on this strategy's expected value to the institution's constituents (Suchman, 1995). Thus, if a strategy function has pragmatic legitimacy, it will receive support to strategy-making from those its assists (Mintzberg, 1994a).

We know that the strategy function seeks to create legitimacy (Paroutis & Heracleous, 2013), but we do not know which activities these assisted managers attribute to a legitimate strategy function and how legitimacy can be measured. This gap is increased by the knowledge that for instance business managers have higher expectations of the strategy function than functional managers (Javidan, 1985). Considering that the strategy function has different organizational constituent groups that it assists, it is critical for a strategy function to know its legitimacy, to know how it can be measured, and whether it is perceived differently by its constituent groups; therefore, here we ask:

How can we measure legitimacy of the strategy function as an outcome variable? And is the strategy function's extent of legitimacy influenced by the perspectives of different organizational constituent groups?

The purpose of this chapter is twofold. First, we seek to understand how legitimacy can be measured. Second, we want to understand whether different organizational constituent groups perceive a strategy function as more or less legitimate.

Bourdieu's (1977, 1990) practice theory seems attractive to understand different ways to use a practice that creates legitimacy as well as to explain how different constituent groups' objective positions – defined by organizational backgrounds and hierarchical levels – influence the perceived extent of legitimacy. We measured legitimacy by means of three different questionnaires that reflect different ways strategy-making as a practice creates legitimacy. We measured legitimacy from the perspective of the organization, and for distinct organizational constituent groups, which are business and functional managers and are from different hierarchical levels.

Our analysis of the strategy function's legitimacy is based on a multiple-case study of four strategy functions of four different organizations hosted in different industries (we renamed them AutoCorp, EnergyCorp, InsuranceCorp, and PolyCorp).

Our central argument is that the practice of the legitimate strategy function comprises social, cognitive, and technical/analytical dimensions that allow for variations in the ways they are used (modus operandi). While this means that legitimacy can be equally well assessed by different questionnaires, we further argue that the perceived extent of legitimacy seems to be influenced by the organizational backgrounds and hierarchical levels of constituent groups.

Our study is organized as follows. First, we provide a brief theoretical background to ground our research question. Second, we describe our methodology and assessment of legitimacy. Third, we show our analysis results. Then we discuss our findings and draw theoretical and practical implications on both the nature of the practice of the legitimate strategy function and constituent groups' perceptions of a strategy function's legitimacy. Finally, we show limitations of and conclusions to our study.

Our study enables strategy practitioners to assess the legitimacy of a strategy function and to benchmark it to others. Measuring a strategy function's legitimacy as an outcome may be seen to be an intermediate variable to the strategy function's performance (Guérard et al., 2013).

We propose that objective positions of the strategy function's constituent groups, reflected as organizational backgrounds and hierarchical levels, influence the extent of legitimacy, indicating the importance to pragmatically assess a strategy function's legitimacy from the perspective of its organizational constituents (Paroutis & Heracleous, 2013; Whittington et al., 2011).

## 4.2	Theoretical Background

### 4.2.1	Strategy-As-Practice

We use a SAP perspective (Johnson et al., 2007; Whittington, 1996, 2006, 2007) to grasp the small activities that make up our legitimacy questionnaires. Strategy-making includes "the myriad of activities that lead to the creation of organizational strategies" (Vaara & Whittington, 2012: 287).

In accordance with SAP research, we refer to a *practice* as a structured set of activities that people use to do their jobs (Schatzki, 2005). Practices belong to social groups who are able to define the correctness of a practice in use (Barnes, 2001; Schatzki, 2001). However, correctness can only be defined if the activities of a practice are visible to social groups. Activities are visible if a practice confirms to these groups' social expectations (Zietsma & Lawrence, 2010). This conceptualization allows us to make explicit the im-

plicit and daily strategy-making practice of a legitimate strategy function (Whittington, 2006). We do this in three different questionnaires, to understand whether these assess legitimacy equally well and to understand perceptional influences on the extent of legitimacy as a function of different constituent groups' organizational backgrounds and hierarchical levels.

4.2.2   Legitimacy and Practice Theory

While practices are means to create legitimacy (Vaara & Whittington, 2012), we argued in chapters 2 and 3 that a strategy function with pragmatic legitimacy (Suchman, 1995) enables strategy-making because its activities produce something valuable for the organization, which consequently supports the strategy function's activities. Because perceived value is exchanged through resulting support pragmatic legitimacy can be seen as exchange legitimacy (Suchman, 1995). Therefore, exchange legitimacy shades into materialistic power dependence relationships between social groups (Pfeffer & Salancik, 1978).

We use Bourdieu's (1977, 1990, 1993; 1998) *fields of practice* to conceptualize these power relations. The practice in use produces and reproduces the power relations between interacting social groups (Bourdieu, 1977, 1990, 1993; Bourdieu, 1998). Because we compare three different conceptualizations of legitimacy in three different questionnaires, we also infer that a practice can vary in its way it is used – in its modus operandi (Bourdieu, 1990).

In a field of practice, power relations arise between social groups (Bourdieu, 1990). This is because they have a joint endeavor that they follow and that they have differential access to resources that constrain or enable their contributions to the joint endeavors (Bourdieu, 1990). This differential access arises through the groups' objective positions in an organization, which are reflected by status distinctions that refer to the groups' organizational affiliations, hierarchical positions, tenure, or expertise (Bourdieu, 1993). The joint endeavor, or the "objective complicity that underlies all the antagonisms" (Bourdieu, 1993: 73) of the strategy function and the organization is strategy-making. Resources depend on a field of practice and can for instance be bureaucratic, technical, or informational (Bourdieu, 2005).

The strategy function's strategy-making practice shapes power relations by influencing the access to resources between the strategy function and the organization, and thus the contributions of both groups to strategy-making. We now contextualize Bourdieu's logic of the field to explain the practice that allows the strategy function to create legitimacy from the perspectives of its organizational constituent groups.

4.2.3   The Strategy Function in Mutual Power Relations with Organizational Constituent Groups

We distinguish the strategy function and its constituent groups by their expertise, affiliations, and hierarchical positions. By affiliation we mean organizational background. The strategy function has a corporate background, and constituent groups either a business background or a functional background.[9] The strategy function devotes its time fully to strategy-making and uses its strategic expertise and its corporate background on strategy, to step into relationships with its constituent groups (Whittington et al., 2011).

The constituent groups have in common that they do not have strategic expertise, but do have operational expertise that is necessary for strategy-making (Grant, 2003; Mintzberg, 1994a). However, business and functional managers have different interests. Business managers understand and follow their business units' subgoals (Grant, 2003). When the strategy function is in relationship with business units, it has to provide strategic expertise as must align the business units' interests to those of the overall organization (Grant, 2003; Kaplan & Norton, 2005).

On the other hand, organizational functions produce unclear outputs because they are staff functions that support the organization (Thompson, 1967). For instance, they plan how the corporation allocates resources over a year (Kaplan & Norton, 2005). Similarly to the strategy function, organizational functions generally do not know whether their support is what the organization needs. Their goals are therefore rather soft, compared to those of unit managers, who have clear performance indicators. This may make it easier for the strategy function to create legitimacy towards organizational functions while driving and supporting them during strategy-making (Kaplan & Norton, 2005).

Different hierarchical levels may lead to different expectations towards a strategy function's practice. First, lower hierarchical levels have a lower understanding of strategy (Hambrick, 1981). Second, different hierarchical levels imply different authority levels and therefore different expectations. Third, lower-level managers are more concerned with aspects of implementation (Johnson et al., 2008; Mintzberg, 1994a), and higher-level managers with decision-making rather than implementation issues. Decision authority may demand more convincing by a strategy function and implementation responsibility of lower level manager requires an applied strategy support by the strategy function.

In conclusion, from the perspective of a strategy function, a practice is needed that allows all constituent groups to contribute to strategy-making by providing mutual access to

---

9 We do not distinguish between corporate functional managers and functional managers that are located in business units.

resources between them and the strategy function. Mutual access is necessary because both the strategy function and the constituent groups have resources needed to make strategy (Mintzberg, 1994d). While all constituent groups need strategy-making support and have critical operational knowledge to contribute to strategy, they may need differential access to resources, owing to their organizational backgrounds and hierarchical levels.

Therefore, and in accordance with chapter three, we define the strategy function's extent of legitimacy as *the extent to which its practice provides mutual access to resources that enables the organization to make strategy.*

4.3 Method

Given limited theoretical insights in the practice of a legitimate strategy function, we used a comparative multiple-case study setting that allowed us to generalize the results and build robust theory (Eisenhardt & Graebner, 2007). Such a setting allowed us to make inferences from one case to another (Bingham & Eisenhardt, 2011). We are interested in understanding how legitimacy can be measured and how the legitimacy construct behaves across strategy functions of different case organizations and objective positions of constituent groups. Theoretically, we used these findings to understand different modus operandi of strategy-making as practice of a legitimate strategy function. Methodologically, our findings allow us to make inferences on whether legitimacy can be equally well assessed by three different questionnaires.

4.3.1 Research Setting

Our research setting is the same as in chapter three: the four strategy functions of Autcorp, EnergyCorp, InsuranceCorp, and PolyCorp. This setting is useful to prevent a single source bias on the development of our legitimacy construct (Hinkin, 1998). It allowed us to make generalizable inferences on the concurrent validity (Cronbach & Meehl, 1955) of three different legitimacy questionnaires (measurement constructs) and on the extents of legitimacy as a function of audiences' objective positions.

Within each organization, we assessed legitimacy from the perspective of the strategy function's organizational constituents. The analytical unit that defined the scope of our case (Andrews, 1980) is the extent of strategy function's legitimacy; the analytical object is the strategy function.

4.3.2   Empirical Starting Point

This study's empirical starting point is the congeneric model and item pool of the legitimacy construct being inductively developed in a qualitative single-case study (AutoCorp) in chapter 2. Appendix A4 shows the congeneric legitimacy construct and questionnaire. This construct comprises 51 items along the dimensions *connecting* (13 items), *creating understanding* (18 items) and *functional supporting* (20 items). We used this conceptualization because, in the present study, we use questionnaires that emerged from the content validation procedures of this construct within each organization to assess the legitimacy of the four strategy functions. We renamed the dimensions – according to chapter three – as *social*, *cognitive*, and *technical/analytical* dimensions, in order to remain consistent with chapter three. Further, we used the congeneric second-order factor model, in that legitimacy is the second-order factor and common ground of the social, cognitive, and technical/analytical dimensions as three first-order factors that are measured by their indicators. Structurally, this corresponds with model 3c, which we developed as a competing model to model 3a (final model) in chapter 3. We used this second-order factor model for two reasons. First, this conceptualization reduces the model's complexity and allows for a clear allocation of indicators to the three factors after content validation procedures. Second, in chapter 3, we showed that the second-order factor model 3c is also a valid conceptualization of legitimacy and that the second-order factors provide most explanatory power concerning legitimacy.

4.3.3   Data Collection

Our database is the survey data on legitimacy of the four strategy functions (as shown in chapter three). We used three different conceptualizations of the legitimacy construct – this means three different legitimacy questionnaires – to assess the four strategy functions' legitimacy: the *individual*, the *generalized*, and the *hands-on* questionnaire. Based on the congeneric construct, Table 19 provides an overview on the scope of the different questionnaires through which we assessed the four strategy functions' legitimacy.

Table 19. Different Questionnaires as Modus Operandi to Measure Legitimacy

Modus operandi	Individual questionnaire				Generalized question- naire	Hands-on questionnaire
No. of items	AutoC's question- naire	EnergyC's question- naire	Insurance C's questi- onnaire	PolyC's question- naire		
Items of legi- timacy	33	35	29	30	13	12
Items of the social dimen- sion	12	13	10	8	4	5
Items of the cognitive di- mension	8	10	11	12	5	4
Items of the technical/ analytical di- mension	13	12	8	10	4	3

The *individual* questionnaire emerged from content validation procedures within each organization of our congeneric legitimacy construct. Content validation is important to test an emerging construct's comprehensiveness and helped us to improve the sample items' representativeness (Anderson & Gerbing, 1991). We asked corporate strategists to rank the items' usefulness to assess their strategy function's legitimacy. The ranking options were *very useful*, *useful*, and *not very useful*. Items that were ranked as very useful by corporate strategists within each organization were used to design the individual questionnaires.

The corporate strategists that content validated the questionnaire had all high strategy-making authority. At AutoCorp, InsuranceCorp, and PolyCorp, the heads and directors (one level below the function's head) were involved in the validation phase. At EnergyCorp, a corporate strategist close to the function's head validated the questionnaire. At PolyCorp the items very selected in a joint effort by the Head of Strategic Planning and two higher level managers.

In short, each organization designed its individual questionnaire to survey its strategy function's legitimacy. In this study, we used these individual questionnaires as different ways to measure legitimacy and thus modus operandi of strategy-making as practice of the strategy function. The label *individual* implies an organization specific selection of questionnaire items an organization considered useful to assess its strategy function's le-

gitimacy. That is, if we would let further organizations design a questionnaire to assess their strategy function's legitimacy, different conceptualizations may emerge.

The second questionnaire, the *generalized* questionnaire, is the result of CFA procedures conducted in chapter three. This CFA is based on the cumulated survey results of the individual questionnaire, to develop a *generalizable* construct and questionnaire to assess a strategy function's legitimacy. In the study purpose, missing data of variables of the generalized questionnaire are imputed by the variables means (Brown, 2006).

Questionnaire three is the *hands-on* questionnaire, which includes only those items that were factually measured by all four strategy functions. While the generalized questionnaire relied on statistical inferences to obtain valid and reliable questionnaire items, the hands-on questionnaire relied on the items (activities) that all four organizations selected to assess their strategy function's legitimacy; that is, the activities that all strategy functions actually think they should do (Whittington, 2003, 2006). We labeled the questionnaire *hands-on* because the questionnaire indicators survived the factual application of the congeneric conceptualization of legitimacy in all organizations and because it is very short and provides an efficient way to access legitimacy.

The questionnaires are not totally selective, even if they comprise different items. This is because they all depict developments of legitimacy questionnaires – using different methodologies – based on our congeneric conceptualization of legitimacy. Understanding whether these three questionnaires assess legitimacy equally well helps us to understand the modus operandi of strategy-making as a practice (Chia & MacKay, 2007).

Survey respondents were selected in each organization in order to obtain a sample that reflects the organization. This means that all constituent groups were represented. This approach is theoretically necessary to answer our research question; it also prevents potential informant bias in our online survey.

4.3.4 Data Analysis

We used these questionnaires to assess the four strategy functions' legitimacy from the perspectives of different constituent groups: the whole organization, business and functional managers, and different hierarchical levels. AutoCorp does not allow for differentiating between constituent groups. Differentiating between business and functional background is possible for EnergyCorp, InsuranceCorp, and PolyCorp, and differentiating hierarchy is only possible for InsuranceCorp and PolyCorp.

We assessed the questionnaire items on a 7-point Likert scale. For instance, *The corporate strategy function… adopts a cross-divisional strategic perspective* had 1 = *don't*

agree and 7 = *fully agree*. Legitimacy comprises three dimensions Y_j with j = 3 (social, cognitive, and technical/analytical). Each dimension comprises items X_{ji} with i = number of items. The averaged utilization of a dimension Y_j's potential in percent is the sum of its item values X_i divided by j's number of items i minus 1 times 100% divided by 6. The formula is: Y_j in percent = $((\sum X_{ji}/\sum_{ji})-1)*(100/6)$. The potential of a dimension can take values between 0% and 100%. Legitimacy is the averaged utilization of the three dimensions (Legitimacy = $(\sum Y_{1-3})/3)$). Full legitimacy would be a utilization of each dimension to 100%. This approach has been used by researchers to calculate organizational energy (Bruch & Vogel, 2009; Cole et al., 2012); it is attractive because the percentage values allow for a better illustration of the dimensions' utilization and legitimacy as a whole.

To explore concurrent validity of the three different legitimacy questionnaires and to understand influences of constituent groups' organizational background and hierarchical level on the extent of legitimacy, we used a two-tailed t-test that compares the means of two samples. We conducted the t-test in Excel 2010.

Concurrent validity is when one or more different measurement constructs assess the same thing equally well (Cronbach & Meehl, 1955). To explore concurrent validity, we for instance compared the results of the legitimacy measurements of each questionnaire at InsuranceCorp for the overall organization, organizational backgrounds, and hierarchical levels. Besides our statistical inference through t-tests, we also considered trends of absolute values to detect potential patterns in the measurement results.

4.4 Results I – Evaluation of Legitimacy Questionnaires Across Cases and Objective Positions

4.4.1 Individual Questionnaire

The content validation of the legitimacy questionnaire by each organization lead to four questionnaires that each represents social, cognitive, and technical/analytical dimensions. Appendices 5.1 to 5.4 show the questionnaires for the four strategy functions. Column 3 shows who – corporate strategist (cs) or managers (m) or both (both) – selected the item. Column 4 shows the utilization of the item (in %). Table 19 shows the number of selected items per dimension for each strategy function. Table 20 shows the results of legitimacy measurements of the four strategy functions. Statistically significant differences arise between AutoCorp and InsuranceCorp, EnergyCorp and InsuranceCorp, EnergyCorp and PolyCorp, and PolyCorp and InsuranceCorp. The ranking of the legitimacy of the strategy functions is indicated in the numbers in brackets in row 4 (Legitimacy), where 1 depicts the highest legitimacy value and 4 the lowest. The ranking considers only absolute values,

not significance values. InsuranceCorp's strategy function is the most legitimate, followed by EnergyCorp, AutoCorp, and PolyCorp.

The social dimension's potential is utilized much lower by PolyCorp's strategy function, compared to the other three strategy functions ($p < 0.01$). The cognitive dimension's potential is utilized significantly different among all strategy functions, except between EnergyCorp and InsuranceCorp ($p < 0.05$). The technical/analytical dimension's potential is utilized significantly differently among all strategy functions, except between AutoCorp and PolyCorp ($p < 0.05$).

Thus, the greatest variation in extent appears to be within the cognitive and technical/analytical dimensions. The ranking numbers in brackets in Table 20 show that the dimensions' extents follow the overall legitimacy ranking and thus behave consistently across strategy functions.

Comparing the utilization of the three dimensions among each other shows that the technical/analytical dimension's potential is utilized the lowest, compared to the other two dimensions. There is no pattern for the utilization of the social and the cognitive dimensions. This means that while the technical/analytical dimension seems to contribute least to legitimacy, the social and cognitive dimensions appear to contribute more and almost equally strong. Only InsuranceCorp shows a higher utilization of the technical/analytical dimension.

Overall, column 6 (Average) shows that the social and cognitive dimensions were utilized equally and higher than the technical/analytical dimension (see ranking numbers in brackets).

Table 20. Legitimacy of Strategy Functions, as Perceived by the Organization (Individual Questionnaire)

Dimensions and legitimacy	Utilization of dimension and legitimacy of strategy functions in %, as perceived by the organization				
	AutoC	EnergyC	InsuranceC	PolyC	Average
Social	60 (3)	61 (2)	67 (1)	39 (4)	57 (1)
Cognitive	53 (3)	61 (2)	66 (1)	44 (4)	57 (1)
Technical/Analytical	49 (3)	56 (2)	68 (1)	42 (4)	53 (2)
Legitimacy	54 (3)	59 (2)	67 (1)	42 (4)	56

Legitimacy from the Perspective of Objective Positions

First, Table 21 shows that organizational backgrounds of managers influence legitimacy. However, legitimacy overall and each single dimension is not perceived significantly differently between the business and functional areas. Even if this is not statistically significant, functional managers perceive that all dimensions were on average utilized higher or equally high (cognitive) than business managers. Particularly the social dimension is perceived higher.

Table 21. Legitimacy of Strategy Functions, as Perceived by Objective Positions (Individual Questionnaire)

Strategy functions	Dimensions	Utilization of dimension and legitimacy of strategy functions in %, as perceived by different constituent groups				
		Organizational background		Hierarchical level		
		Business	Functional	High	Middle	Low
AutoC	Social	No data	No data	No data	No data	No data
EnergyC	Social	59	71	No data	No data	No data
InsuranceC	Social	70	78	75	71	66
PolyC	Social	40	45	42	36	52
Average	Social	57	65	59	53	59
AutoC	Cognitive	No data	No data	No data	No data	No data
EnergyC	Cognitive	59	66	No data	No data	No data
InsuranceC	Cognitive	74	70	73	67	70
PolyC	Cognitive	45	43	44	44	54
Average	Cognitive	57	59	59	56	63
AutoC	Technical/Analytical	No data	No data	No data	No data	No data
EnergyC	Technical/Analytical	54	59	No data	No data	No data
InsuranceC	Technical/Analytical	71	68	68	70	66
PolyC	Technical/Analytical	40	43	43	39	39
Average	Technical/Analytical	56	57	56	54	53
AutoC	Legitimacy	No data	No data	No data	No data	No data
EnergyC	Legitimacy	58	65	No data	No data	No data
InsuranceC	Legitimacy	74	70	72	70	67
PolyC	Legitimacy	42	44	43	39	49
Average	Legitimacy	58	59	58	54	58

Second, high, middle, and low hierarchy groups do not perceive significant different extents of the social, cognitive, and technical/analytical dimensions and legitimacy overall. Even absolute values do not show a consistent pattern of perceived extents of the dimensions and legitimacy as a function of the hierarchical level. What becomes visible is that, on average, middle-level managers perceive the strategy function as least legitimate, while high-level and low-level managers consider the dimensions and legitimacy as almost equally high.

Our results indicate influences of organizational background and hierarchical level on legitimacy. However, our available data only allow a careful proposition on this influence. It appears that the strategy function is more legitimate for functional managers than for business managers. We therefore suggest that the strategy function needs to create more legitimacy for business managers and for middle hierarchical levels. The significance values for the comparison of the individual questionnaires across strategy functions are provided in Appendix 6.

4.4.2   Generalized Questionnaire

Appendix 7 shows the generalized questionnaire. Using this questionnaire shows that the extent of legitimacy is significantly different between all four strategy functions. The last row (Legitimacy) in Table 22 shows the legitimacy ranking between the organizations in the numbers in brackets. InsuranceCorp is the most legitimate, followed by EnergyCorp, AutoCorp, and PolyCorp.

Looking at the dimensions' levels shows that the potential of the dimensions are utilized differently between the strategy functions. The social dimension is significantly different between PolyCorp and the remaining four organizations. The cognitive dimension is utilized significantly differently between all strategy functions, except between EnergyCorp and InsuranceCorp. The technical/analytical dimension is utilized significantly differently between all strategy functions except AutoCorp and EnergyCorp.

In Table 22, the ranking numbers in brackets behind the dimensions' % values show that the dimensions' extents behave consistently across strategy functions; that is, their ranking order corresponds with that of overall legitimacy. The exceptions are the social dimensions at AutoCorp and EnergyCorp. Here, EnergyCorp utilized the social dimension's potential stronger.

Investigating the dimensions among each other shows that the dimensions were utilized differently. The social dimension's potential is utilized the highest, followed by the cognitive and technical/analytical dimensions. However, only the difference between the social

and technical/analytical dimensions is significantly different. The ranking of the dimensions is shown in the last column of Table 22. Nevertheless, we can see that the extents of the dimensions have the same order in each organization. Except for PolyCorp, here, the cognitive dimension is utilized stronger.

Table 22. Legitimacy of Strategy Functions, as Perceived by the Organization (Generalized Questionnaire)

Dimensions and legitimacy	Utilization of dimension and legitimacy of strategy functions in %, as perceived by the organization				
	AutoC	EnergyC	InsuranceC	PolyC	Average
Social	65 (2)	63 (3)	66 (1)	43 (4)	59 (1)
Cognitive	53 (3)	61 (2)	65 (1)	45 (4)	57 (2)
Technical/Analytical	46 (3)	53 (2)	64 (1)	28 (4)	47 (3)
Legitimacy	54 (3)	59 (2)	65 (1)	39 (4)	54

Legitimacy from the Perspective of Objective Positions

Table 23 shows the results of the generalized questionnaire for the influences of organizational background and hierarchical level on legitimacy. Business and functional groups do not perceive the dimensions and legitimacy overall significantly differently. However, in absolute values, the social and cognitive dimensions are perceived as stronger utilized by functional managers. While the technical/analytical dimension is perceived as lower utilized by functional managers, both groups consider the strategy function as equally legitimate.

Different hierarchical levels do not perceive the dimensions and legitimacy significantly differently. The exception to this is the cognitive dimension between high-level and middle-level managers. In terms of absolute values, the only consistent pattern we found is that middle-level managers perceive the utilization of the dimensions and legitimacy as lowest. Significance values for the comparison of the generalized questionnaire between strategy functions are provided in Appendix 8.

Table 23. Legitimacy of Strategy Functions, as Perceived by Objective Positions of Constituent Groups (Generalized Questionnaire)

Strategy functions	Dimensions	Utilization of dimension and legitimacy of strategy functions in %, as perceived by different constituent groups				
		Organizational background		Hierarchical level		
		Business	Functional	High	Middle	Low
AutoC	Social	No data	No data	No data	No data	No data
EnergyC	Social	59	75	No data	No data	No data
InsuranceC	Social	75	68	75	71	66
PolyC	Social	43	47	44	28	61
Average	Social	59	64	60	49	64
AutoC	Cognitive	No data	No data	No data	No data	No data
EnergyC	Cognitive	59	68	No data	No data	No data
InsuranceC	Cognitive	72	67	73	64	64
PolyC	Cognitive	46	46	45	35	54
Average	Cognitive	59	61	59	50	59
AutoC	Technical/Analytical	No data	No data	No data	No data	No data
EnergyC	Technical/Analytical	51	57	No data	No data	No data
InsuranceC	Technical/Analytical	61	36	64	65	56
PolyC	Technical/Analytical	26	26	31	14	33
Average	Technical/Analytical	46	39	47	39	44
AutoC	Legitimacy	No data	No data	No data	No data	No data
EnergyC	Legitimacy	57	66	No data	No data	No data
InsuranceC	Legitimacy	70	68	71	66	61
PolyC	Legitimacy	38	40	39	25	50
Average	Legitimacy	54	54	56	46	56

4.4.3   Hands-on Questionnaire

Appendix 9 shows the hands-on questionnaire, which delivers significantly different extents of legitimacy of the four strategy functions, except between EnergyCorp and InsuranceCorp. The ranking order for legitimacy (see the Legitimacy row in Table 24) is the same like for the individual and the generalized questionnaire.

Comparing the utilization of the dimensions' potential between the strategy functions shows that they are differently utilized. The social dimension is significantly different between PolyCorp and the remaining four organizations (see generalized questionnaire). The cognitive dimension is utilized significantly differently between all strategy functions, except between AutoCorp and PolyCorp. The technical/analytical dimension is utilized significantly differently between AutoCorp and InsuranceCorp. In terms of significant differences, the cognitive dimension varies most between the four strategy functions. Again, the ranking of the dimensions shows that they follow the overall legitimacy ranking of the strategy functions. The technical/analytical dimension is the exception to this rule for AutoCorp and EnergyCorp.

Comparing the utilization of the dimensions among each other shows that they are differently utilized. The social dimension is utilized highest, followed by the social and cognitive dimensions. However, the differences are not significantly different. This ranking is shown in the numbers in brackets in column 6 (Average) in Table 24. This ranking is slightly different than the individual and generalized questionnaire, because the technical/analytical dimension is utilized stronger than the cognitive dimension. However, the values are very close to each other, illustrating the insignificant difference.

Table 24. Legitimacy of Strategy Functions, as Perceived by the Organization (Hands-on Questionnaire)

Dimensions and legitimacy	Utilization of dimension and legitimacy of strategy functions in %, as perceived by the organization				
	AutoC	EnergyC	InsuranceC	PolyC	Average
Social	64 (3)	66 (2)	70 (1)	40 (4)	60 (1)
Cognitive	53 (3)	63 (2)	67 (1)	47 (4)	58 (3)
Technical/Analytical	50 (3)	63 (2)	79 (1)	47 (4)	59 (2)
Legitimacy	56 (3)	64 (2)	72 (1)	45 (4)	59

Legitimacy from the Perspective of Objective Positions

Table 25 shows that business and functional groups do not perceive the dimensions and legitimacy significantly differently. The pattern of the perceived utilization of dimensions and legitimacy is equal to that measured by the generalized questionnaire.

Different hierarchical levels do not perceive the dimensions and legitimacy significantly differently. The exception to this rule is the social dimension between high-level and middle-level managers. In terms of absolute values, the lower-level managers perceive the

cognitive and technical dimensions as well as legitimacy as highest. Again, the most consistent pattern is that middle-level managers perceive the dimensions and legitimacy lowest. Significance values for the comparison of the hands-on questionnaire across strategy functions are provided in Appendix 10.

Table 25. Legitimacy of Strategy Functions, as Perceived by Objective Positions of Constituent Groups (Hands-on Questionnaire)

Strategy functions	Dimensions	Utilization of dimension and legitimacy of strategy functions in %, as perceived by different constituent groups				
		Organizational background		Hierarchical level		
		Business	Functional	High	Middle	Low
AutoC	Social	No data	No data	No data	No data	No data
EnergyC	Social	63	77	No data	No data	No data
InsuranceC	Social	82	70	80	73	67
PolyC	Social	40	43	40	28	50
Average	Social	61	64	60	50	59
AutoC	Cognitive	No data	No data	No data	No data	No data
EnergyC	Cognitive	60	68	No data	No data	No data
InsuranceC	Cognitive	73	65	75	61	70
PolyC	Cognitive	49	46	46	35	58
Average	Cognitive	60	60	61	49	64
AutoC	Technical/Analytical	No data	No data	No data	No data	No data
EnergyC	Technical/Analytical	63	59	No data	No data	No data
InsuranceC	Technical/Analytical	78	79	78	81	61
PolyC	Technical/Analytical	49	44	47	35	50
Average	Technical/Analytical	63	60	63	58	56
AutoC	Legitimacy	No data	No data	No data	No data	No data
EnergyC	Legitimacy	61	68	No data	No data	No data
InsuranceC	Legitimacy	78	71	78	72	66
PolyC	Legitimacy	45	44	45	32	53
Average	Legitimacy	61	61	61	52	59

4.5   Results II – Summary of Comparisons

4.5.1   Comparison of Questionnaires to Assess Legitimacy

Table 26 summarizes the results of the legitimacy measurements by the three questionnaires for each strategy function. Comparing the legitimacy questionnaires indicates concurrent validity for the following reasons: First, each questionnaire shows a stable three-dimensional structure – social, cognitive, and technical/analytical dimensions – in that each dimension is represented by its indicators. This corroborates the importance of each dimension to measure legitimacy.

Second, we found that legitimacy of each strategy function (see row 4 Legitimacy) is similarly measured by the questionnaires for each strategy function (no statistically significant differences). There is also no significant difference when the measurements of each questionnaire are averaged across the four strategy functions (see column 6 Average). In terms of concurrent validity, this means that all three questionnaires are instruments (modus operandi) that assess the same thing – legitimacy.

This validity is illustrated by the behavior of the dimensions in relation to each other across the strategy functions. All questionnaires deliver not significantly different values around the measured dimension and allow the same ranking of the dimensions by each questionnaire. In absolute values the questionnaires behave differently across strategy functions. At AutoCorp all questionnairs show the same ranking of the dimensions' utilization. However, the questionnaires do not show such a consistent pattern at Energy-, Insurance-, and PolyCorp. Interestingly, the *generalized questionnaire* provides the most consistent legitimacy assessement in terms of the ranking order of the dimensions across the four strategy functions. Only the dimensions' ranking for PolyCorp is different (see Table 26).

Table 26. Comparison of the three Questionnaires across Strategy Functions

| Dimensions and legitimacy | Utilization of dimension and legitimacy of strategy functions in %, as perceived by the organization | | | | | | | | | | | | | | |
| | AutoC | | | EnergyC | | | InsuranceC | | | PolyC | | | Average | | |
	IQ[1]	GQ	HQ	IQ	GQ	HQ	IQ	GQ	HQ	IQ	GQ	HQ	IQ	GQ	HQ
Social	60	65	64	61	63	66	67	66	70	39	43	40	57	59	60
Cognitive	53	53	53	61	61	63	66	65	67	44	45	47	57	57	58
Technical/ Analytical	46	46	50	56	53	63	68	64	79	38	28	47	52	47	59
Legitimacy	53	54	56	60	59	64	67	65	72	40	39	45	56	54	59

1 IQ = individual questionnaire; GQ = generalized questionnaire; HQ = hands-on questionnaire.

4.5.2   Comparison of Questionnaires along Objective Positions

Table 27 shows the utilization of dimensions and legitimacy for the objective position criteria for each of the three questionnaires. The questionnaires assess the objective position criteria equally well. That all three questionnaires show higher values or equal values for the group of functional managers than for business managers provides additional support for the concurrent validity of the questionnaires. There are no significant differences between the extents of legitimacy for the questionnaires for each hierarchical level. Thus, the questionnaires measure the hierarchical levels equally well.

In absolute values, the questionnaires do not deliver such a consistent pattern on the dimensional level along the objective positions. For organizational background, the questionnaires show almost the same ranking for legitimacy (see the ranking numbers in brackets in the last row of Table 27). For the hierarchical levels, the questionnaires deliver the same legitimacy ranking for high and low hierarchical levels. The three questionnaires demonstrate further similarity by showing that middle-level managers perceive the dimensions' utilization and legitimacy as lowest and that high-level and low-level managers perceive legitimacy as almost equally high. The individual questionnaire shows a small deviation from this pattern. It delivers an equal value for the social dimension between high-level and low-level managers and for the technical dimension between high-level and middle-level managers. Appendix 11 shows significance values for the comparison of the questionnaires across dimensions and objective positions.

In conclusion, this also means that the assessment of organizational backgrounds and hierarchical levels show further concurrent validity of the three questionnaires. Each

questionnaire allows for an unbiased assessment of a strategy function's legitimacy. This means that the questionnaires are interchangeable.

Table 27. Comparison of Questionnaires across Objective Position Criteria

Dimensions and legitimacy	Utilization of dimension and legitimacy of strategy functions along the three questionnaires in %, as perceived by the organization														
	Organizational background						Hierarchical level								
	Business			Functional			High			Middle			Low		
	IQ[1]	GQ	HQ	IQ	GQ	HQ	IQ	GQ	HQ	IQ	GQ	HQ	IQ	GQ	HQ
Social	59	59	63	71	75	77	59	60	60	53	49	50	59	64	59
Cognitive	59	59	60	66	68	68	59	59	61	56	50	49	63	59	64
Technical/ Analytical	54	51	63	59	57	59	53	47	63	53	39	49	51	44	56
Legitimacy	58 (2)	57 (3)	61 (1)	65 (3)	67 (2)	68 (1)	57 (2)	56 (3)	61 (1)	54 (1)	46 (3)	49 (2)	58 (2)	56 (3)	59 (1)

1 IQ = individual questionnaire; GQ = generalized questionnaire; HQ = hands-on questionnaire.

4.6 Discussion

Our study provides three major findings. First, our comparative assessment of legitimacy further validated the generic three-dimensional structure of the strategy-making practice throught that a strategy function can create legitimacy. In terms of utilization, we found that the strategy functions on average best utilize the social and cognitive dimensions, compared to the technical/analytical dimension. Second, we found that the three questionnaires – individual, generalized, and hands-on – propose different modus operandi of the practice that measure legitimacy of the strategy function equally well. In absolute values the generalized questionnaire delivers the most consistent measurement across strategy functions and objective positions. Third, the group of functional managers perceives the strategy function as more legitimate than business managers, and managers of middle hierarchical levels perceive the strategy function as less legitimate compared to managers of the higher and lower hierarchical levels.

4.6.1 The Changed Practice of the Strategy Function – Utilizing Social, Cognitive, and Technical/Analytical Dimensions to Create Legitimacy

Strategy as practice scholars discuss the changed practice of the strategy function (Whittington et al., 2011). Organizational development activities have become increasingly important, compared to traditional analytical techniques (Whittington et al., 2011).

In the example of the *generalized questionnaire*, the dimensions comprise the following activities:[10] The social dimension is about involvement of the right partners, open collaboration, establishing efficient information exchange, acting together as a strategic partner with the organization, and providing backup for the organization vis-à-vis the top management team. The cognitive dimension is about the elaboration of a shared strategic understanding, to embed strategic topics in the organization's mission, concrete strategy discussions, the conveyance of interrelationships between projects, and the provision of processes to develop strategic thinking. The technical/analytical dimension is about proactive sensing of trends, goal description but also support to goal achievement, the early recognition of relevant strategic topics, and a clear mapping of the organizations strategic direction.

The activities along the dimensions may be summarized as the organization's need for a trustful, neutral, knowledgeable, and strategic guiding partner. This is how the legitimate strategy function fulfills its purpose concerning to assist strategy-making (Whittington et al., 2011).

That all strategy functions perform better on the social and cognitive dimensions than on the technical/analytical dimensions – InsuranceCorp demonstrates the exception to this rule – may indicate that the strategy function is aware that its practice has changed (Whittington et al., 2011). The strategy functions seem to emphasize their efforts along the social and cognitive dimensions and tend to disregard traditional analytical strategy techniques. However, the technical/analytical dimension is one of three dimensions throught that the strategy function creates legitimacy. This should alert the strategy function to do not forget this rather traditional part of its strategy making practice. If the strategy function does not, it will not gain full pragmatic legitimacy. The nature of the three dimensions and their corresponding activities clearly show that the strategy function has become a professional strategic partner (Whittington et al., 2011) instead of being a device that works in isolation on a strategy that is later imposed on the businesses and functions (Mintzberg, 1994a).

The relevance of the multidimensional nature of the practice is supported by empirical studies about what the strategy function does (Angwin et al., 2009; Grant, 2003; Kaplan & Norton, 2005; Paroutis & Pettigrew, 2007). For instance, Paroutis and Pettigrew (2007) found that when strategy teams interact, they engage in coordinating, supporting, and collaborating activities. Or, as Whittington and colleagues (2011) found, the strategy func-

---

10 We use the hands-on questionnaire to discuss the activities along the dimensions because it is he most parsimonious questionnaire and because it proposes the core of the practice through that strategy functions can create legitimacy.

tion facilitates, coaches, and communicates strategy. Finally, Angwin and colleagues (2009) found, in their study, that chief strategy directors need three broader ability types: First, interaction abilities allow them to communicate with strategy stakeholders. Second, meta-level abilities allow them to utilize knowledge in different ways and contexts. Finally, technical/analytical abilities allow them to take part in day-to-day activities and to understand strategy discourse. This set of abilities may be closest to the conceptualization of our practice.

From a SAP perspective, we contribute to the knowledge of the strategy function's activities and chief strategy directors' abilities in three distinct ways. First, we propose a structured set of social, cognitive, and technical/analytical activities that depicts an observable practice (Schatzki, 2005). Second, this observable structure is made up by the fine-grained set of nitty-gritty activities that SAP researchers are looking for (Whittington, 1996). Second, being able to measure legitimacy and knowing each dimension's contributions to legitimacy may help to strengthen the professional status of the strategy function as a general class in the strategy profession. It may be inferred that the stabilization of a general class of the field may help to advance the field as a whole (Whittington et al., 2011).

4.6.2   Different Ways to Use a Practice

Concurrent validity of the individual, generalized, and hands-on questionnaires suggest that different modus operandi of strategy-making as practice exist (Bourdieu, 1990; Chia & MacKay, 2007). We consider these three questionnaires as modus operandi for two reasons: First and basically, they emerged without deliberate agreement between the four strategy functions about the practice. Second, theoretically, the different modus operandi of the practice are indicated through the individual questionnaire. Each case organization sampled its items (activities) and thus constructed the practice to assess its strategy function's legitimacy.

Further, practice researchers suggest that different modus operandi lead to different outcomes of the practice (Chia & MacKay, 2007). This may hold for the legitimacy extents of the four strategy functions being measured by the individual questionnaires. However, if we use the generalized questionnaire and the hands-on questionnaire and compare legitimacy extents across strategy functions, there are also significant differences. Further, we found that the three questionnaires behave consistently (in terms of significant values) within each organization. This means it is not the modus operandi that leads to different extents of legitimacy among the functions, but simply that strategy functions are perceived as differently legitimate within the organizations. We conclude that

the strategy-making practice to create legitimacy can vary in the ways it is used; however, it is always legitimacy that is created – that is measured.

Third, another perspective on the modus operandi of the practice of legitimate strategy functions is to compare the three questionnaires as different ways to create legitimacy. We found that the questionnaires demonstrate concurrent validity. Thus, different modus operandi do not deliver different outcomes in terms of the extent of legitimacy even if the activities vary along the dimensions within the three questionnaires. Our initial development of the legitimacy construct and questionnaire reflects a generalizable practice that can vary in the ways it is used without changing its meaning. Limited by the scope and structure of the initial congeneric conceptualization, which we used as our empirical starting point, this allows organizations to sample their legitimacy questionnaire without putting the generalizability of the practice at risk. Thus, without having exactly the same questionnaires, strategy functions of different organizations are able to benchmark their legitimacy on the level of the social, cognitive, and technical/analytical dimensions. This implies that benchmarking is restricted to the level of the three dimensions and does not allow for comparing the items (activities) if different legitimacy questionnaires are used.

4.6.3   Legitimacy of the Strategy Function as a Function of its Constituents' Objective Positions

Strategy scholars found that the strategy function seeks to create legitimacy in order to be accepted within the organization (Paroutis & Heracleous, 2013). However, how useful is such self-created legitimacy to the survival of the strategy function within the organization? Our results on the influence of constituent groups' objective positions (Bourdieu, 1990, 1993) on the extent of legitimacy indicate the need for the strategy function to assess its legitimacy from the perspectives of its constituents (Suchman, 1995).

First, functional managers perceive the strategy function as more legitimate than businesses managers. This may be explained by these two groups' interests. From the strategy function's perspective, an explanation may be that the businesses are usually driven by their own strategies and performance goals (Grant, 2003). This may require that the strategy function puts more effort in strategy-making with business units than with organizational functions. The latter plan the corporation's resource allocation over the year (Kaplan & Norton, 2005). Supporting such functions and integrating strategy in the functions' activities may be easier for the strategy function and, as a result, higher legitimacy is created. This argumentation is in accordance with the finding that business managers have high expectations of the strategy function (Javidan, 1985). Thus, it seems to be more difficult to achieve legitimacy from the perspective of businesses. In terms of resources,

businesses and functions seem to need access to the same resources. Both groups evaluate the social dimensions as highest and the technical/analytical dimension as lowest. This has implications on the strategy function's work when collaborating with business and functional managers (Grant, 2003; Kaplan & Norton, 2005; Paroutis & Pettigrew, 2007).

Second, we found that middle-level managers perceive the strategy function as least legitimate. This means the strategy function does not correspond to their needs by delivering the resources they need to them and by adopting their resources to make strategy. This may be explained by the potentially ambivalent role of middle-level managers. While higher-level managers are more concerned with decision-making, lower-level managers are more concerned with implementation aspects (Mintzberg, 1994d). Middle-level managers' role may be somewhere in between, which leads to a situation in that it becomes difficult for the strategy function to enable them concerning strategy-making. On the contrary, high-level and low-level managers may have relatively clear needs. Higher-level managers may appreciate having a strategy function that provides social, cognitive, and technical/analytical resources in a mutual exchange, to support their decision-making in accordance with the overall organization, and lower-level managers may profit from these resources in order to pursue their implementation-related activities. While Mintzberg (1994a) refers to the importance of high-level and lower-level manager commitment to strategy, our findings indicate that the strategy function must particularly consider the needs of middle-level managers.

In conclusion, there seem to be different needs for resources resulting from constituent groups' business or functional background and hierarchical positions. The strategy function must account for this differential needs in order to be perceived as legitimate. We therefore emphasize the strategy function's need to assess its legitimacy pragmatically from the perspectives of its constituents instead of purely relying on activities that the strategy function itself thinks create its legitimacy (Paroutis & Heracleous, 2013). A strategy function without such pragmatic legitimacy (Suchman, 1995) may not enable strategy-making, because it cannot deliver access to resources the organization does not have and cannot access critical resources that the organization does have. A strategy function that is low in legitimacy is not accepted and is likely to constrain rather than enable strategy-making.

4.7   Limitations and Future Research

Our study has limitations that provide interesting future research avenues. First, basically, it is important to assess the legitimacy of further strategy functions. While examin-

ing legitimacy of four strategy functions provides interesting insights, empirical evidence of more cases would help to strengthen the findings on, for instance, the behaviors of the dimensions of legitimacy across strategy functions. Even if our results indicate patterns of the dimensions' behavior across strategy functions, which we discussed theoretically, it is important to strengthen these findings. Additionally, our limited access to the case organizations reduced sample size to assess the influences of organizational background and hierarchy on legitimacy in all four organizations. Our results for the influence of the objective position may therefore be indicative than totally rigorous. For SAP scholars, it may be interesting to understand not only how the strategy function can create legitimacy and how it can be assessed, but to also learn about different perceptions of the strategy function's legitimacy in the organizations (Paroutis & Heracleous, 2013; Paroutis & Pettigrew, 2007; Whittington et al., 2011).

Further research could also differentiate between organizational functions located in the business unit and corporate functions. We could also expect differences because functions within businesses may have different expectations towards the strategy function than functions located at the corporate level. This can be assumed, since business-level functions support their business unit from a business unit perspective, while corporate functions support corporate wide efforts from a corporate perspective.

Finally, it would be interesting to think about the way to increase sample size. Increasing the number of strategy functions by keeping the sample per organization on a rather lower to medium level may support the generalizability of the strategy-making practice that allows the strategy function to create legitimacy. Slightly increasing the number of cases by the use of large sample sizes per organization may allow for stronger insights into context-specific influences on legitimacy. Doing this may for instance allow for assessing perceptions of functions located at the business and corporate level.

4.8   Practical Implications

Our study has two primary implications for practitioners. First, sampling a legitimacy questionnaire based on the initial conceptualization of legitimacy and being able to compare these results to other strategy functions, despite different modus operandi, provides flexibility to the strategy function that seeks to measure and benchmark its legitimacy to other strategy functions. The additional option to use the generalized questionnaire but also the most parsimonious hands-on questionnaire allows a strategy function to efficiently assess its legitimacy and allows for a stricter comparison to other strategy functions.

Needless to say, a strategy function that knows whether it is perceived as legitimate is less likely to be replaced (Guérard et al., 2013).

Second, our study also informs the strategy function about its perceived legitimacy as a function of its constituents' business and functional backgrounds and hierarchical levels. The strategy function needs to pay attention to the businesses manager group and to the needs of middle-level managers. Knowing that specific constituent groups seem to have different perceptions provides the strategy function with a target group-related way to develop its strategy-making practice.

The generalized questionnaire offers a parsimonious and thus useful option for the strategy function to assess its legitimacy. Overall, and in accordance with SAP research, our study is practically relevant but at the same time has a critical spirit (Vaara & Whittington, 2012) because we address the strategy function's legitimacy and found that it is a function of its constituents groups' objective positions.

4.9 Conclusion

The legitimacy of the strategy function is measurable in different modus operandi. That the strategy function's legitimacy seems to be perceived differently by different organizational constituent groups indicates the complexity of the strategy function's work. The strategy function must follow its goals but must carefully look who its constituents are, listen to what they need, and deliver responsive activities that enable strategy-making. Legitimacy is essential for a strategy function's survival, since a strategy function that is low in legitimacy is not accepted by those it seeks to assist. If the latter's contributions to strategy-making are not enabled by the strategy function, the resulting strategy is likely to fail (Mintzberg, 1994a).

5 Discussion

The discussion of this thesis is based on the synthesis of the findings of the three articles, as shown in Table 1. We crystalize three key findings:

First, in terms of the development of the legitimacy measurement instrument and implications for theory, the generalized legitimacy construct as used in chapter 4. Conceptually, this corresponds with the alternative model 3c tested in chapter 3. We did this for the following reasons. First, chapter 2 provided strong content validity for the three dimensions. Second, in chapter 3, we found that model 3c's model fit parameters are not as good as model 3a's but are acceptable. Third, we found that the dimensions provide strong reliability to the legitimacy construct. Finally, in chapter 4, this conceptualization demonstrated further concurrent validity and turned out to be the most consistent questionnaire compared to two further questionnaires. The model is shown below the practical implications section in Table 30.

Second, we emphasized the enabling effect of the strategy function's legitimacy on strategy-making. Social, cognitive, and technical/analytical dimensions enable the organization to contribute to strategy-making through connecting itself and with the strategy function, a shared understanding, and acting with foresight (see chapter 3). Figure 10 illustrates these mechanism and outcomes.

Finally, we consider the influence of constituent groups' objective positions on the perceived extent of legitimacy as the third key finding of this thesis (see chapter 4). We use these three basic insights to both formulate theoretical contributions from a SAP perspective and derive implications for strategy practitioners.

5.1   Theoretical Implications

We sought to answer the *what* and the *how* of a practice theory (Feldman & Orlikowski, 2011). We addressed the *what* by identifying the strategy-making practice of the legitimate strategy function and made it tangible in order to be able to measure it. We found that the practice through which a strategy function can create legitimacy is a second-order construct. Legitimacy as the common ground and outcome variable comprises social, cognitive, and technical/analytical first-order dimensions. The first-order factors are measured by their indicators.

To answer the *how*, we sought to understand how strategy-making as practice creates legitimacy. Our underlying theoretical argument in this thesis is that the strategy function needs pragmatic legitimacy to enable strategy-making. Under conditions of legitimacy,

strategy-making is enabled because the strategy function's strategy is supported by its constituents, since they perceive the strategy function's activities as valuable for them (Suchman, 1995). We found that a legitimate strategy function shifts power to the organization (Pfeffer & Salancik, 1978) by providing access to social, cognitive, and technical/analytical resources that enable strategy-making through connecting the organization itself and with the strategy function, creating of a shared understanding, and acting with foresight.

Figure 10. Legitimacy Enables Strategy-Making
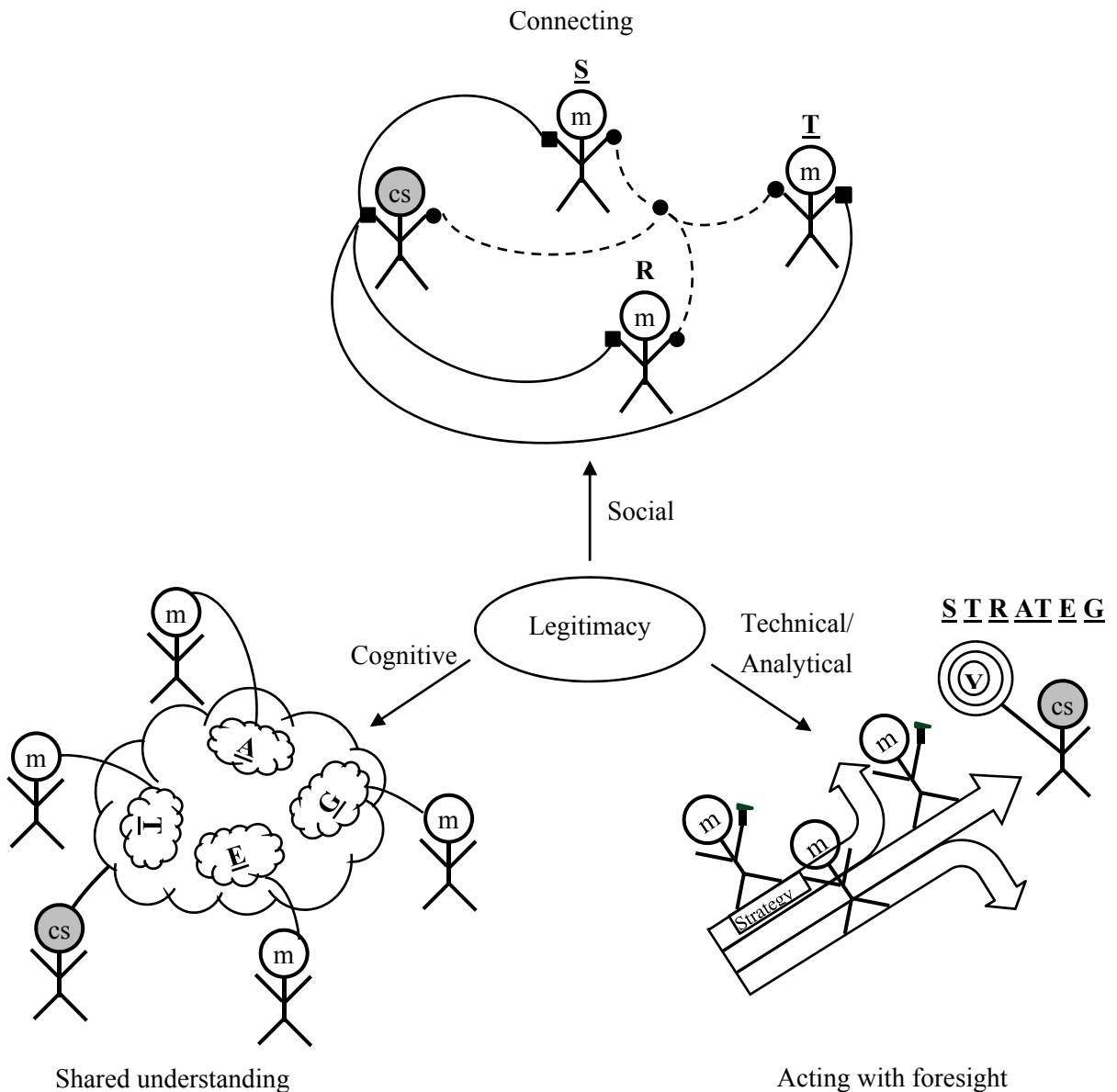
1 cs = Corporate Strategist.
2 m = Manager.

5.1.1 A Critical Perspective on the Practices and Roles of the Strategy Function

By answering the *what* of a practice perspective, we sought to make to major contributions to research on the strategy function from a SAP perspective. First, strategy scholars suggest doing more critical analysis of taken-for-granted practices in strategizing in order to capture they ways in which they condition strategy-making (Vaara & Whittington, 2012). We addressed this issue in SAP research by identifying the strategy-making practice of a legitimate strategy function from the perspective of the organization as its major constituent (see Figure 10). Knowing this structured set of activities shows the nature of the strategy function's work and allows for contrasting these activities against existing research on what the strategy function does.[11] Table 28 shows insights of key studies into the strategy function's activities and allows opposing them to our findings (last column).

Comparing our results to the studies in Table 28 indicates similarities and differences. Based on this comparison, we consider it important to discuss two things: the nature of the practice and the underlying idea of what a legitimate strategy function should do.

First, the nature of our practice shows similarities concerning the mutlifacetedness of the strategy function's work. For instance, strategy scholars showed that the strategy function creates commitment, assists line executives, and integrates strategic planning in control systems (Javidan, 1987); planners find, analyze, and catalyze strategies (Mintzberg, 1994d), support the executive team, prepare analysis, communicate strategy between corporate and business levels, and internally consult managers (Grant, 2003).

However, our practice challenges the nature of these activities. Existing research shows activities that mainly address the content of the strategy function's roles. Instead, our social, cognitive, and technical/analytical dimensions address generic mechanisms that emphasize human actions and their coordination within strategy-making. Similar activities have been identified by Paroutis and Pettigrew (2007) as well as Whittington and colleagues (2011). For instance, Whittington and colleagues (2011) suggest that the strategy function communicates, facilitates, and coaches. But what does this mean?

---

[11] Little research has been done on the activities of the strategy function. To our knowledge, these empirical studies depict recent and relevant insights into activities of the strategy function. We also included the work of Mintzberg (1994b) and the study of Javidan (1987) on the strategy function's effectiveness. We include the work of Mintzberg (1994b) owing to its strong influence and relevance of its work to the field and for SAP research, and the work of Javidan (1987) because this study appears to be very close to this dissertation in its initial idea. We do not consider studies on the CSO, because they do not necessarily assume that the chief strategy officer is the head of a strategy function; it could be that he or she is the only one in the firm with responsibility for strategy.

Table 28. Exemplar Studies on the Activities and Roles of the Strategy Function

Study	(Kaplan & Norton, 2005)	(Javidan, 1987)	(Mintzberg, 1994a; 1994d)	(Brunsman et al., 2011)	(Paroutis & Pettigrew, 2007)	(Grant, 2003)	(Whittington et al., 2011)	Thesis results
Empirical approach and data source	Field observations in firms studied in the scope of the balanced scorecard (descriptive).	Survey with 101 executives of large corporations as clients of corporate strategy department (correlation analysis).		Interview data of 11 corporate strategy functions of 11 companies (qualitative/ descriptive).	Longitudinal case study of multibusiness firm (qualitative).	Comparative case study of eight oil major firms based on 28 interviews, company reports/documents (descriptive).	Theoretical concept development of 'open strategy' (conceptual).	Single-case using 43 interviews and multiple-case study drawing on 117 surveys of four strategy functions.
Activities/ Roles of the strategy function	Create and oversee strategy management system; align the organization; communicate, review, and refine strategy; manage strategic initiatives; consult with key strategy support functions like planning and budgeting, HR management, and knowledge management.	Create commitment. Ensure the penetration of corporate and divisional goals throughout the organization and educate managers in strategic planning. Assist line executives (defining strategic business units, transforming strategy in concrete goals, assist implementation of strategic plans.	Planners should work alongside managers with a soft analysis (pose the right questions rather than find the right answers). Planners find strategies by recognizing managers' topics, broaden topics' impacts, and assist managers to find strategies. Planners analyze the hard data, assure their implementation, and provide alternative interpretations of managers' worlds.	Effectiveness can be increased along two axes: Complexity (the organization's specialist skills) and scope (internal consultancy by the department). The strategy function has four roles along these two axes: consultative problem-solver, strategic transformation driver, process owner, and professional specialist.	Executing (e.g. prepare strategy documents/reports/presentations). Reflecting (e.g. tweaking the strategy process and model). Initiating (e.g. develop new strategic ideas). Coordinating (e.g. use common strategy model). Supporting (e.g. provide knowledge base and strategy toolkit support).	Support the executive team in its strategic role (i.e. give information, analysis, explore impacts of alternative strategic assumptions and courses of action). Prepare economic and political analysis, market forecasts, risk analysis, general investigation of business.	Communicate, facilitate, and coach. Traditional analytical skills become less important and organizational developmental skills more relevant.	The strategy function creates legitimacy along social, cognitive, and technical/ analytical dimensions. Utilizing the potential of these dimensions enables the organization to connect itself and with the strategy function, to understand strategy, and to act with foresight.

Table 28. (continued)

Study	(Kaplan & Norton, 2005)	(Javidan, 1987)	(Mintzberg, 1994a; 1994d)	Brunsman et al., 2011)	(Paroutis & Pettigrew, 2007)	(Grant, 2003)	(Whittington et al., 2011)	Thesis results
Activities/ Roles of the strategy function	Integrate strategic planning in control systems (e.g. budgeting).		Planners catalyze strategy-making by stimulating managers' effective behavior, ensure their contributions, and get them to question current conventions. Planners both study the hard data (traditional role) and do soft analysis (inclined to intuition).	Complexity and scope can be increased along organizational-oriented, process-oriented, and people-oriented issues.	Collaborating (e.g. share strategy-related resources). Shaping context (e.g. decide on the standards of strategy-related outputs).	Foster communication between corporate and business management (by shared formats and terminologies for strategic plans). Internally consult business and functional units by using strategic expertise.		Legitimacy is the extent to which the potential of the social, cognitive, and technical/analytical dimensions are utilized.
Core idea	Bridge strategy formulation and implementation by formulating strategy and coupling with those responsible for implementation.	Create commitment, distribute strategic organizational goals, support line executives, and integrate planning in control systems.	Consider the inputs of managers and assist them in strategy-making to exploit their knowledge and enable their contributions to strategy-making.	Achieve strategy function effectiveness through increased contributions in complexity and scope.	Strategy teams engage in executing, reflecting, initiating, coordinating, supporting, collaborating, and shaping contexts.	Provide executives with strategic expertise, prepare analysis, connect executives with business units, and internally consult businesses and functions.	Emphasis of organizational development activities besides traditional analytical techniques.	Legitimacy is multidimensional, enables strategy-making, and is measurable.

While these activities share their coordinative character with our dimensions, they do not provide insights into the generic mechanisms through which legitimacy is created. Our practice shows that legitimacy is created along three dimensions: a social dimension, to enable the organization to connect itself and the strategy function, a cognitive dimension, to enable an understanding of strategy, and a technical/analytical dimension, to enable the organization to act with foresight. This means that while our activities address concrete issues of content, our construct development enabled us to allocate them to broader categories (dimensions), which make tangible the underlying mechanisms that show how these activities create legitimacy through social, cognitive, and technical/analytical mechanisms.

Second, it is interesting that our practice that creates legitimacy seems to be a suitable answer to Mintzberg's (1994a) pitfalls and fallacies into which less successful strategy functions may fall. To Mintzberg (1994a), concrete pitfalls of strategy-making are analyzing strategy and then imposing it on managers, instead of committing managers to strategy by giving them the power to enable their contributions to strategy. This corresponds to the core idea of the strategy function's strategy-making practice: accounting for power relations between itself and the organization by delivering mutual access to resources, in order to enable strategy-making.

Further, looking at the activities of our practice, we can see that these clearly address the fallacy of detachment and formalization (Mintzberg, 1994a). Mintzberg concluded that "real strategists get their hands dirty digging for ideas […]" (1994a: 111) and that "these [strategists] are not people who abstract themselves from their daily details; they are the ones who immerse themselves in them while being to abstract the strategic messages from them. The big picture is painted with little strokes." (1994a: 111)

The similarities of our practice to Mintzberg's (1994a) suggestions 20 years ago are striking. In our view, this can be explained by the centrality of human actors to strategy-making. Humans appear to stay the same, even if strategy-making changes owing to institutional forces (Whittington et al., 2011). Twenty years ago, organizational managers did not like having abstract strategies imposed on them, and they don't like it today. Humans may tend to resist something that appears abstract, that does not fit their goals, and that ignores their specific contributions to a joint endeavor. Further theoretical arguments to this can be found in the literature on participation (Mitchell, 1973; Tannenbaum & Massarik, 1950) or middle managers in particular (Guth & MacMillan, 1986).

The centrality of human actors to strategy-making and the social character of our practice clearly differentiates the practice of a legitimate strategy function from strategic plan-

ning as practice (Ocasio & Joseph, 2008). While our practice shows the social aspect of the practice, formal strategic planning particularly tends to neglect humans as strategic actors, which has caused its downfall in earlier times (Mintzberg, 1994d). Even if strategic planning has to date transformed in order to survive, it still retains its formal character (Ocasio & Joseph, 2008), compared to our practice.

Overall, our analysis of the strategy-making practice of a legitimate strategy function challenges the *corporate hegemony* (Knights & Morgan, 1991; Vaara & Whittington, 2012: 317) on the strategy management discipline, because we critically explored what the strategy function should do rather than just describe what it does (Carter et al., 2008).

The second broader contribution of this thesis also refers to the *what* (Feldman & Orlikowski, 2011) of practice theory by addressing the strategy function's roles (Mintzberg, 1994d; Whittington et al., 2011) from a practice perspective (Chia & MacKay, 2007). Beyond existing studies that describe what the strategy function does (Grant, 2003; Kaplan & Norton, 2005; Paroutis & Pettigrew, 2007; Whittington et al., 2011), we propose the strategy function as a social device that addresses organizational constraints to strategy-making. We do this because a practice enables us to come to know what it means to be an institution (Chia & MacKay, 2007). Thus, knowing the practice of the strategy function allows us to understand what the strategy function is good for – its legitimacy. We found that the strategy function enables strategy-making by connecting the organization with itself and with the strategy function, to understand strategy, and to act with foresight. This means that there appears to be constraints to strategy-making, such as distributed organizational actors, limited or even different understandings of strategy, and knowledge about the future direction of the organization and how to get there. We theorized these constraints in chapter 2.

The strategy function is a device that addresses these gaps. However, it is not only about addressing these gaps, but doing this in a way that acknowledges humans as recipients of the strategy function's practice. For instance, the social dimension is not purely about providing information but to do this efficiently in a pragmatic manner. It is not only about the involvement of divisions and functions, but doing this at the right time. Too-early involvement may go along with an unprepared strategy function that lacks constituents' acceptance, while too late involvement may cause resistance on the part of the organization because strategy seems to be imposed on it after everything is already decided. The organization wants backup towards top management in order to push their topics, it requires a strategy function that is open to contributions from the organization, and it wants a strategic partner rather than a detached strategy-imposing institution. Therefore, to be a strategy function means to emphasize human sensitivity in strategy-making. Spe-

cifically, this sensitivity refers to social, cognitive, and technical/analytical mechanisms. Thus, the strategy function is a social device that must take seriously the social side of strategy-making as a practice (Vaara & Whittington, 2012).

5.1.2 The Emergence of the Practice of the Legitimate Strategy Function Through Power Relations

From understanding what it means to be a strategy function (Chia & MacKay, 2007), our last contribution to theory is to understand *how* (Feldman & Orlikowski, 2011) the practice of a legitimate strategy function that enables strategy-making emerges (Vaara & Whittington, 2012).

We argue that behind the activities of a strategy function such as coaching, facilitating, and communicating (Whittington et al., 2011) is a power game that has the strategy function to resolve in order to gain legitimacy. The strategy function does this by shifting power to the organization and provides access to critical resources that enables strategy-making (Bourdieu, 1993; Bourdieu, 1998). Mintzberg (1994a: 109) recognized the strategy function's potential unwillingness to shift power to managers several years ago: "[…] the very purpose of those who promote conventional strategic planning is to reduce the power of management over strategy-making." We found that power is shifted to the organization by providing access to social, cognitive, and technical/analytical resources. To better understand how this access is provided, we examined the questionnaire items of the legitimacy construct in Table 29. We did this by analytically separating the resource from the way how a strategy function provides access to this resource and show the performative outcomes of these activities and the dimensions as a whole. Table 29 puts the pieces together and shows how a legitimate strategy function enables strategy-making.

Because these outcomes enable strategy-making, they can be considered as performative (Paroutis & Heracleous, 2013). Our insights may therefore be a first answer to the call by SAP scholars who seek to better understand the performative outcomes of a strategy function (Paroutis & Heracleous, 2013). Further, explaining the practice of a legitimate strategy function through mutual access to resources in the power relations between the strategy function and the organization provides insights into how a strategy function's strategy-making practice emerges (Vaara & Whittington, 2012).

From a pragmatic legitimacy perspective (Suchman, 1995), a legitimate strategy function does something that the organization considers valuable; the organization therefore supports the strategy function's activities. This is important, because this notion of legitimacy builds on contributions from both the strategy function and the organization to strat-

egy-making. Thus, only a legitimate strategy function can enable strategy-making, because its activities are accepted by the organization and thereby secure contributions from the organization. Table 29 nicely shows that a legitimate strategy function "makes [its] greatest contribution around the strategy-making process rather than inside it" (Mintzberg, 1994a: 108).

However, while a strategy function without pragmatic legitimacy from the organization's perspective may even be perceived as legitimate by external stakeholders, such legitimacy is symbolic (Carter et al., 2008) and tells us nothing about the strategy function's pragmatic legitimacy.

Table 29. How a Strategy Function Creates Legitimacy

Dimension	Resource	Access to resource	Performative outcome of item[1]	Performative outcome of dimensions
Social	Information	Efficient exchange	Swift access to information	Connected organization
	Involvement	At the right time	Contribute effectively	
	Management board	Argue themes	Pushing own topics	
	Collaborating	Be open	Bringing in own knowledge	
	Partner	Be equal	Feeling respected	
Cognitive	Strategic thinking	Provide processes	Autonomous strategy-making	Understanding strategy
	Commitment to strategy	Discuss concretely	Following strategy	
	Overall mission	Place in context	Understanding its role in strategy	
	Shared understanding	Elaborate on themes	Understanding others interests	
	Interrelationships	Convey comprehensibly	Understanding inter-sections	
Technical/ Analytical	Strategic direction	Map clearly	Knowing strategic direction	Acting with foresight
	External trends	Act proactively	Anticipating external trends	
	Important themes	Recognize early on	Being ahead of relevant strategic issues	
	Goals	Describe and contribute	Actual implementations of goals	

1. See Table 18.

5.2   Limitations

This thesis has some limitations. First, one important limitation is the link between legitimacy of the strategy function and organizational performance. Our study proposes legitimacy as an intermediate variable that is assumed to have positive effects on organizational performance because it enables strategy-making. Establishing this link may close the gap between micro-activities from a SAP perspective and conventional performance measures (Guérard et al., 2013).

Second, our analysis is bounded by the perspective of the organization as a reflection of the various managers with whom the strategy function is in mutual relationships. While we consider this a reliable representation of the organization, because it includes business and functional managers and high, middle, and low hierarchical level managers, it does not account for a reliable representation of the management board's perspective on the strategy function's legitimacy. If the management board describes the strategy function's legitimacy, a different practice may emerge. While the management board's perspective surely would provide interesting insights, we emphasize the usefulness of our perspective on legitimacy. We do this because, without pragmatic legitimacy from the perspective of the organization, strategy-making cannot be enabled. And if strategy-making is not enabled, the resulting strategies may not be successful, and the management board will perceive the strategy function as lacking in legitimacy. In this way, the evaluation of a strategy function's legitimacy by the management board is influenced by pragmatic legitimacy from the perspective of the organization. This is the place where "real strategists get their hands dirty" (Mintzberg, 1994a: 111).

Third, our legitimacy measure may be biased by the perspective of functional managers that depict the majority in our sample of chapter 2 (72%). However, we consider this effect to be mitigated by our quantitative study in article two. Our sample comprising 117 surveys shows a ratio of 55% of functional managers to business managers. In chapter 4, we found that functional managers have higher perceptions of the strategy function than business unit managers. Our biased assessment of legitimacy in chapter 2, or the organizational background of functional managers, may affect this higher evaluation of legitimacy. Further research on legitimacy as perceived by business and functional manager groups is necessary. However, that the ratio of functional managers to business managers is higher for all strategy functions except for PolyCorp supports our argument in chapter 2 that functional managers depict a larger constituent group of the strategy function than business managers (Kaplan & Norton, 2005).

Finally, and in general, our construct validation in chapter 3 is limited by sample size. Even if a sample size of 117 is above the cutoff point of acceptable sample size (~100) (Brown, 2006), a larger sample would give our analysis more statistical power. The sample size becomes particularly small in the assessment of the constituent groups' perspectives (business and functional levels; high, middle, and low hierarchical levels) in chapter 4.

5.3   Future Research

Our study limitations may be addressed by future research, which may address the legitimacy – performance link by measuring legitimacy of one strategy function along several years, and/or by assessing legitimacy of the several strategy functions of several organizations and relating this to conventional organizational performance measures. Understanding this relationship may provide strong empirical evidence for the performative effects of the strategy function's legitimacy (Paroutis & Heracleous, 2013).

To assess the management board's perspective on the strategy function's legitimacy, more qualitative research in the form of interviews is necessary. Such an analysis may also be done in an in-depth case study and/or in a multiple-case study setting. One may expect to identify activities that support a management board's strategic decision-making (Grant, 2003).

Increasing sample size to achieve greater statistical power can be done in two different ways. Construct generalizability may be emphasized by a cumulated sample that comprises many strategy functions and a lower number of surveys per strategy function. Individual strategy functions' contexts can be considered in a cumulative sample that includes less strategy functions but many surveys per strategy function. The latter approach may allow one to do a CFA in a multiple-group setting that allows for measurement invariance testing of the legitimacy measurement construct; that is, to look whether the legitimacy construct allows one to measure legitimacy equally well in each organization. We did this analysis to some extent in chapter 3 by doing chi^2 difference tests for the legitimacy construct between the strategy functions.

Finally, future research may also investigate why other support functions perceive the strategy function as more legitimate. It is because they are not as strongly exposed to sub-goal pursuit like business managers and thus their needs can be addressed easier by the strategy function? Or did our analytical approach in chapter 2 created a measurement bias toward functional managers as major constituent group of the strategy function? Or is it because the strategy function more often interacts with the other functions and is therefore

more used to their needs and can better satisfy these? This investigation should be done by surveying additional strategy functions on their legitimacy and by subsequent qualitative investigations of the results.

In accordance with our lack of understanding the link between the strategy function's legitimacy and organizational performance, it would be interesting to learn about the complementary effects of the dimensions as legitimacy measures on organizational performance. The high correlations among the social, cognitive, and technical/analytical dimensions indicate their interdependence and propose such complementary effects. Identifying such effects on organizational performance may further corroborate the complexity and multifaceted nature of the strategy function's work (Mintzberg, 1994d).

5.4 Practical Implications

Our study addressed the challenge of SAP research "to hang on with practical relevance while promoting a critical spirit" (Vaara & Whittington, 2012: 325). This thesis may have interesting implications for the strategy function and may help to guide the education of strategy practitioners (Paroutis & Pettigrew, 2007; Whittington, 1996, 2003; Whittington et al., 2011).

5.4.1 Strategy Function

First, our legitimacy construct allows the strategy function to learn about and increase its legitimacy. Table 29 shows the topics that must be addressed and the way this should be done. Our legitimacy questionnaire allows one to assess legitimacy (see Table 30). Based on these insights, the strategy function can effectively develop its strategy-making (Whittington, 1996, 2003). Knowing activities that are under-utilized and those that are strong utilized provides evidence-based feedback about weaknesses and strengths in strategy-making. Such evidence depicts the basis for the effective development of strategy-making (Brunsman et al., 2011; Whittington, 1996) and to increase legitimacy. This may be particularly helpful for the strategy function during institutional adoption (Paroutis & Heracleous, 2013).

Second, a strategy function can use the legitimacy questionnaire to benchmark its legitimacy in different ways. First, the strategy function can benchmark its legitimacy to other strategy functions. In chapter 4, we showed that a strategy function's modus operandi can allow it to assess legitimacy in different ways that provide flexibility in assessment and benchmarking. Second, a strategy function can also use the legitimacy questionnaire to investigate its legitimacy over time. This may be particularly interesting to strategy func-

tions that need legitimacy in order to be adopted by the organization (Paroutis & Heracleous, 2013). Our legitimacy construct may guide and support the creation of legitimacy in a more pragmatic way that particularly accounts for the perspectives of those the strategy function should assist (Whittington et al., 2011). Third, legitimacy can be benchmarked across different strategic initiatives. Finally, as we did in chapter 4, legitimacy can be compared between different organizational constituent groups. This may be between businesses, functions, businesses and functions, different hierarchical levels, and different geographical regions. Our legitimacy questionnaire provides various alternatives to assess and increase legitimacy and thereby better enable strategy-making.

Table 30. Legitimacy Questionnaire (Corresponds to Model 3c in Chapter 3)

Legitimacy is the common ground of social, cognitive, and technical/analytical dimensions. Legitimacy is the extent to which the strategy function utilizes these dimensions' potentials.

The *social* dimension, which is about mindful coordinating and trustful collaborating, enables strategy-making through connecting the organization with itself and with the strategy function.

The strategy function:

…involves divisions and functions at the right moment.

…is open to collaborating with others.

…establishes efficient information exchange.

…is an equal partner, in my view.

…argues themes together with the divisions and functions before the management board.

The *cognitive* dimension, which is about providing interaction platforms and aligning interests, enables strategy-making by creating a shared understanding of strategy.

The strategy function:

…elaborates with divisions and functions on a shared understanding for strategic themes.

…puts strategic topics in the corporation's overall mission.

…discusses in a concrete way to build commitment for long-term strategies.

…comprehensibly conveys major interrelations between strategic projects to unit managers.

…provides appropriate processes and formats to develop strategic thinking.

The *technical/analytical* dimension, which is about delivering goals and strategic guiding, enables strategy-making by allowing for acting with foresight.

The strategy function:

…acts mostly proactively with regard to external trends.

…not only describes the goal, but also contributes to the way to achieve it.

…recognizes important themes for the organization early on.

…clearly maps the organization's strategic direction.

Third, in our view, the strategy function that measures its legitimacy may not only profit from fact-based feedback but also from the symbolic effects of such measurements towards the organization. Assessing legitimacy from the organization's perspective demonstrates a strategy function's willingness to be responsive to the organization's needs and to value its contributions to strategy-making.

5.4.2 Educating Strategy Professionals

Finally, our thesis may provide useful knowledge for students of corporate strategy. Making strategy successful is not merely to engage in formal strategic planning issues; it is about committing people to strategy and infusing them with energy to enable their contributions to strategy (Mintzberg, 1994a; Selznick, 1957).

Educational recipients may be Master's or MBA candidates, consultants, strategy function members, or CSOs. The legitimacy construct can create awareness about the sensitivities of strategy-making, by consider humans as acting objects instead of mainly relying on the use of analytical techniques and strategic expertise in general. It is about both the *what* and the *how*.

Overall, we consider these implications as highly relevant for practitioners. In our view, a legitimate strategy function that enables a strategy function positively affects the performance of the organization in general. Associating the strategy function's roles with success and failure of strategic planning (Mintzberg, 1994d) may strengthen this belief.

5.5 Conclusions

The strategy function enables strategy-making by taking seriously its social practice (Vaara & Whittington, 2012). The strategy function shifts power to the organization through providing access to resources in the right ways. Then the organization can contribute to strategy-making. The key learning of this thesis is that the strategy function assists human beings. A legitimate strategy function responds to the needs of its constituents and, concurrently, guides strategy-making. This is a social challenge to the strategy function.

References

Anand, N., Gardner, H. K., & Morris, T. I. M. 2007. Knowledge-based innovation: Emergence and embedding of new practice areas in management consulting firms. *Academy of Management Journal*, **50**(2): 406-428.

Anderson, J. C., & Gerbing, D. W. 1991. Predicting the performance of measures in a confirmatory factor analysis with a pretest assessment of their substantive validities. *Journal of Applied Psychology*, **76**(5): 732-740.

Andrews, K. R. 1980. Directors' responsibility for corporate strategy. *Harvard Business Review*, **58**(6): 30-42.

Angwin, D., Paroutis, S., & Mitson, S. 2009. Connecting up strategy: Are senior strategy directors a missing link? *California Management Review*, **51**(3): 74-94.

APA, A. P. A. 2013. *The standards for educational and psychological testing.* Washington, DC: Author.

Asparouhov, T., & Muthen, B. 2007. Computationally efficient estimation of multilevel high-dimensional latent variable models. Paper presented at the Proceedings of the 2007 JSM meeting in Salt Lake City, Utah, Section on Statistics in Epidemiology.

Barnes, B. 2001. Practice as collective action. In Schatzki, T. R., Knorr Cetina, K., & Savign, E. V. (Eds.), *The practice turn in contemporary theory*: 17-28. London: Routledge.

Bingham, C. B., & Eisenhardt, K. M. 2011. Rational heuristics: The 'simple rules' that strategists learn from process experience. *Strategic Management Journal*, **32**(13): 1437-1464.

Bourdieu, P. 1977. *Outline of a theory of practice*. New York: Cambridge University Press.

Bourdieu, P. 1990. *The logic of practice*. Stanford, CA: Stanford University Press.

Bourdieu, P. 1993. Some properties of fields, *Sociology in question*. London: Sage.

Bourdieu, P. 1998. *The state nobility: Elite schools in the field of power*: Stanford University Press.

Bourdieu, P. 2005. *The social structures of the economy*: Polity.

Breene, R. T. S., Nunes, P. F., & Shill, W. E. 2007. The chief strategy officer. *Harvard Business Review*, **85**(10): 84-93.

Brown, T. A. 2006. *Confirmatory factor analysis for applied research*. New York, NY: Guilford Press.

Bruch, H., & Vogel, B. 2009. *Organisationale energie : Wie sie das potenzial ihres unternehmens ausschöpfen* (2 ed.). Wiesbaden Gabler Verlag / GWV Fachverlage GmbH.

Brunsman, B., DeVore, S., & Houston, A. 2011. The corporate strategy function: Improving its value and effectiveness. *Journal of Business Strategy*, **32** (5): 8.

Carter, C., Clegg, S., & Kornberger, M. 2008. Strategy as practice. *Strategic Organization*, **6**(1): 83-99.

Chia, R., & MacKay, B. 2007. Post-processual challenges for the emerging strategy-as-practice perspective: Discovering strategy in the logic of practice. *Human Relations*, **60**(1): 217-242.

Cole, M. S., Bruch, H., & Vogel, B. 2012. Energy at work: A measurement validation and linkage to unit effectiveness. *Journal of Organizational Behavior*, **33**(4): 445-467.

Corbin, J., & Strauss, A. 1990. Grounded theory research - procedures, canons and evaluative criteria. *Zeitschrift Fur Soziologie*, **19**(6): 418-427.

Cortina, J. M. 1993. What is coefficient alpha? An examination of theory and applications. *Journal of Applied Psychology*, **78**(1): 98.

Costello, A. B. 2009. Getting the most from your analysis. *Pan*, **12**(2): 131-146.

Creswell, J. W. 2009. *Research design : Qualitative, quantitative, and mixed methods approaches* (3 ed.). Thousand Oaks, CA: Sage.

Cronbach, L. J., & Meehl, P. E. 1955. Construct validity in psychological tests. *Psychological Bulletin*, **52**(4): 281.

Dowling, J., & Pfeffer, J. 1975. Organizational legitimacy: Social values and organizational behavior. *Pacific sociological review*: 122-136.

Drucker, P. F. 1974. *Management: Tasks - responsibilities - practices*. New York: Harper & Row.

Dye, R. 2008. How chief strategy officers think about their role: A roundtable. *McKinsey Quarterly*(May): 1-8.

Eisenhardt, K. M. 1989a. Building theories from case study research. *The Academy of Management Review*, **14**(4): 532-550.

Eisenhardt, K. M. 1989b. Making fast strategic decisions in high-velocity environments. *The Academy of Management Journal*, **32**(3): 543-576.

Eisenhardt, K. M., & Graebner, M. E. 2007. Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, **50**(1): 25-32.

Emirbayer, M., & Johnson, V. 2008. Bourdieu and organizational analysis. *Theory and Society*, **37**(1): 1-44.

Fabrigar, L. R., Wegener, D. T., MacCallum, R. C., & Strahan, E. J. 1999. Evaluating the use of exploratory factor analysis in psychological research. *Psychological Methods*, **4**(3): 272-299.

Feldman, M. S., & Orlikowski, W. J. 2011. Theorizing practice and practicing theory. *Organization Science*, **22**(5): 1240-1253.

Flanagan, J. C. 1954. The critical incident technique. *Psychological Bulletin*, **54**(4): 31.

Gerbing, D. W., & Anderson, J. C. 1988. An updated paradigm for scale development incorporating unidimensionality and its assessment. *Journal of Marketing Research*, **25**(2): 186-192.

Gioia, D. A., & Pitre, E. 1990. Multiparadigm perspectives on theory building. *Academy of Management Review*, **15**(4): 584-602.

Glasser, B. G., & Strauss, A. L. 1967. *The discovery of grounded theory: Strategies for qualitative research*. New York: Aldine.

Grant, R. M. 2003. Strategic planning in a turbulent environment: Evidence from the oil majors. *Strategic Management Journal*, **24**(6): 491-517.

Greve, H. R. 2003. Why are there so many multiunit organizations? *Strategic Organization*, **1**(1): 109-115.

Guérard, S., Langley, A., & Seidl, D. 2013. Rethinking the concept of performance in strategy research: Towards a performativity perspective. *Management*, **16**(5): 566-578.

Guest, D., & Conway, N. 2011. The impact of hr practices, hr effectiveness and a 'strong hr system' on organisational outcomes: A stakeholder perspective. *International Journal of Human Resource Management*, **22**(8): 1686-1702.

Guest, D. E., & Peccei, R. 1994. The nature and causes of effective human resource management. *British Journal of Industrial Relations*, **32**(2): 219-242.

Guth, W. D., & MacMillan, I. C. 1986. Strategy implementation versus middle management self-interest. *Strategic Management Journal*, **7**(4): 313-327.

Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. 2010. *Multivariate data analysis: A global perspective* (7 ed.). Upper Saddle River, NJ: Pearson Education.

Hambrick, D. C. 1981. Strategic awareness within top management teams. *Strategic Management Journal*, **2**(3): 263-279.

Hannan, M. T., & Freeman, J. 1977. The population ecology of organizations. *American journal of Sociology*: 929-964.

Hinkin, T. R. 1998. A brief tutorial on the development of measures for use in survey questionnaires. *Organizational Research Methods*, **1**(1): 104-121.

Jarzabkowski, P. 2005. *Strategy as practice: An activity-based approach*. London: Sage.

Jarzabkowski, P., Balogun, J., & Seidl, D. 2007. Strategizing: The challenges of a practice perspective. *Human Relations*, **60**(1): 5-27.

Jarzabkowski, P. A., Lê, J. K., & Feldman, M. S. 2012. Toward a theory of coordinating: Creating coordinating mechanisms in practice. *Organization Science*, **23**(4): 907-927.

Javidan, M. 1985. Where planning fails - an executive survey. *Long Range Planning*, **18**(5): 89-96.

Javidan, M. 1987. Perceived attributes of planning staff effectiveness. *Journal of Management Studies*, **24**(3): 295-312.

Jick, T. D. 1979. Mixing qualitative data with quantitative data: Triangulation in action. *Administrative Science Quarterly*, **24**: 9.

Johnson, G., Langley, A., Melin, L., & Whittington, R. 2007. *Strategy as practice : Research directions and resources*. Cambridge Cambridge University Press.

Johnson, G., Melin, L., & Whittington, R. 2003. Micro strategy and strategizing: Towards an activity-based view. *Journal of Management Studies*, **40**(1): 3-22.

Johnson, G., Scholes, K., & Whittington, R. 2008. *Exploring corporate strategy* (eight ed.). Essex: Pearson Education.

Kaplan, R. S., & Norton, D. P. 2005. The office of strategy management. *Harvard Business Review*, **83**(10): 72-80.

Kaplan, S., & Beinhocker, E. D. 2003. The real value of strategic planning. *MIT Sloan Management Review*, **44**(2): 71-76.

Knights, D., & Morgan, G. 1991. Corporate strategy, organizations, and subjectivity: A critique. *Organization Studies (Walter de Gruyter GmbH & Co. KG.)*, **12**(2): 251-273.

Koriat, A., & Goldsmith, M. 2000. Toward a psychology of memory accuracy. *Annual Review of Psychology*, **51**(1): 481.

Kornberger, M., & Clegg, S. 2011. Strategy as performative practice the case of sydney 2030. *Strategic Organization*, **9**(2): 136-162.

Langley, A. 1999. Strategies for theorizing from process data. *The Academy of Management Review*, **24**(4): 691-710.

Lawler, E. E., & Galbraith, J. R. 1993. New roles for the staff: Strategic support and services. *Organizing for the future: The new logic for managing complex organizations*: 65-83.

Levina, N., & Orlikowski, W. J. 2009. Understanding shifting power relations within and across organizations: A critical genre analysis. *Academy of Management Journal*, **52**(4): 672-703.

Lienert, G. A., & Raatz, U. 1998. *Testaufbau und testanalyse [test design and test analysis]* (6th ed.). Weinheim, Germany: Beltz PVU.

Lorange, P. 1980. *Corporte panning: An executive viewpoint*. Englewood Cliff, NJ: Prentice Hall.

Lyotard, J.-F. 1984. *The post-modern condition: A report on knowlege. .* Minneapolis, MN: University of Minnesota Press.

MacKenzie, S. B., Podsakoff, P. M., & Fetter, R. 1991. Organizational citizenship behavior and objective productivity as determinants of managerial evaluations of salespersons' performance. *Organizational Behavior and Human Decision Processes*, **50**(1): 123-150.

Marsh, H. W., Muthén, B., Asparouhov, T., Lüdtke, O., Robitzsch, A., Morin, A. J. S., & Trautwein, U. 2009. Exploratory structural equation modeling, integrating cfa and efa: Application to students' evaluations of university teaching. *Structural Equation Modeling: A Multidisciplinary Journal*, **16**(3): 439-476.

Maurer, J. G. 1971. *Readings in organizational theory: Open system approaches*. New York: Random House.

Menz, M., & Scheef, C. 2013. Chief strategy officers: Contingency analysis of their presence in top management teams. *Strategic Management Journal*: n/a-n/a.

Meyer, J. W., & Rowan, B. 1977. Institutionalized organizations: Formal structure as myth and ceremony. *American journal of Sociology*: 340-363.

Miller, C. C., Cardinal, L. B., & Glick, W. H. 1997. Retrospective reports in organizational research: A reexamination of recent evidence. *Academy of Management Journal*, **40**(1): 189-204.

Mintzberg, H. 1994a. The fall and rise of strategic planning. *Harvard Business Review*, **72**(1): 107-114.

Mintzberg, H. 1994b. Rethinking strategic planning part i: Pitfalls and fallacies. *Long Range Planning*, **27**(3): 12-21.

Mintzberg, H. 1994c. Rethinking strategic planning part ii: New roles for planners. *Long Range Planning*, **27**(3): 22-30.

Mintzberg, H. 1994d. *The rise and fall of strategic planning: Reconceiving roles for planning, plans. Planners*. New York: Free Press.

Mintzberg, H., & Lampel, J. 1999. Reflecting on the strategy process. *Sloan Management Review*.

Mintzberg, H., & Waters, J. 1985. Of strategies, deliberate and emergent. *Strategic Management Journal (pre-1986)*, **6**(3): 257-257.

Mitchell, T. R. 1973. Motivation and participation: An integration. *Academy of Management Journal*, **16**(4): 670-679.

Muthén, B., & Asparouhov, T. 2012. Item response modeling in mplus: A multi-dimensional, multi-level, and multi-timepoint example. *Linden & Hambleton (2013). Handbook of item response theory: Models, statistical tools, and applications. www. statmodel. com*.

Nunnally, J. C., & Bernstein, I. H. 1994. *Psychometric theory* (3rd ed.). New York, NY: McGraw-Hill.

Ocasio, W., & Joseph, J. 2008. Rise and fall-or transformation?: The evolution of strategic planning at the general electric company, 1940–2006. *Long Range Planning*, **41**(3): 248-272.

Okhuysen, G. A., & Bechky, B. A. 2009. 10 coordination in organizations: An integrative perspective. *The Academy of Management Annals*, **3**(1): 463-502.

Paroutis, S., & Heracleous, L. 2013. Discourse revisited: Dimensions and employment of first-order strategy discourse during institutional adoption. *Strategic Management Journal*, **34**(8): 935-956.

Paroutis, S., & Pettigrew, A. 2007. Strategizing in the multi-business firm: Strategy teams at multiple levels and over time. *Human Relations*, **60**(1): 99-135.

Pfeffer, J., & Salancik, G. M. 1978. *The external control of organizations*. New York: Harper & Row.

Quinn, J. B. 1980. *Strategies for change: Logical incrementalism*. Homewood, III: Irwine.

Regnér, P. 2003. Strategy creation in the periphery: Inductive versus deductive strategy making. *Journal of Management Studies*, **40**(1): 57-82.

Schatzki, T. R. 2001. Introduction: Practices theory. In Schatzki, T. R., Knorr-Cetina, K., & Savign, E. V. (Eds.), *The practice turn in contemporary theory*: 1-14. London: Routledge.

Schatzki, T. R. 2005. Peripheral vision: The sites of organizations. *Organization Studies*, **26**(3): 465-484.

Schlenzig, T., & Müller-Stewens, G. 2014. Wie generieren strategieabteilungen mehrwert? *CONTROLLING - Zeitschrift für erfolgsorientierte Unternehmenssteuerung*, **10**: 8.

Selznick, P. 1957. *Leadership in administration: A sociological interpretation*. Evanston, Ill: Row, Peterson and Company.

Stähli, L. 2013. Strategic effectiveness : How corporate strategists create value. University of St.Gallen, St.Gallen.

Stähli, L., Schlenzig, T., Müller-Stewens, G., & Zimmermann, M. 2013. Der wertbeitrag einer strategieabteilung. *Zeitschrift Führung und Organisation*, **6**(82): 6.

Stake, R. E. 1995. *The art of case study research*. Thousand Oaks, Calif.: Sage.

Strauss, A. L., & Corbin, J. 1998. *Basics of qualitative research: Techniques and procedures for developing grounded theory*. Thousand Oaks, CA: Sage.

Suchman, M. C. 1995. Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, **20**(3): 571-610.

Tannenbaum, R., & Massarik, F. 1950. Participation by subordinates in the managerial decision-making process. *The Canadian Journal of Economics and Political Science / Revue canadienne d'Economique et de Science politique*, **16**(3): 408-418.

Thompson, B. 2004. *Exploratory and confirmatory factor analysis*. Washington, DC 20002: American Psychological Association.

Thompson, J. D. 1967. *Organizations in action: Social science bases of administrative theory*. New York, NY: McGraw-Hill.

Tsui, A. S. 1987. Defining the activities and effectiveness of the human resource department: A multiple constituency approach. *Human Resource Management*, **26**(1): 35-35.

Tsui, A. S. 1990. A multiple-constituency model of effectiveness: An empirical examination at the human resource subunit level. *Administrative Science Quarterly*, **35**(3): 458-483.

Vaara, E., & Whittington, R. 2012. Strategy-as-practice: Taking social practices seriously. *Academy of Management Annals*, **6**(1): 285-336.

Whittington, R. 1996. Strategy as practice. *Long Range Planning*, **29**(5): 731-735.

Whittington, R. 2003. The work of strategizing and organizing: For a practice perspective. *Strategic Organization*, **1**(1): 117-125.

Whittington, R. 2006. Completing the practice turn in strategy research. *Organization Studies*, **27**(5): 613-634.

Whittington, R. 2007. Strategy practice and strategy process: Family differences and the sociological eye. *Organization Studies*, **28**(10): 1575-1586.

Whittington, R., & Cailluet, L. 2008. The crafts of strategy: Special issue introduction by the guest editors. *Long Range Planning*, **41**(3): 241-247.

Whittington, R., Cailluet, L., & Yakis-Douglas, B. 2011. Opening strategy: Evolution of a precarious profession. *British Journal of Management,* **22**(3): 531-544.

Yin, R. K. 2009. *Case study research. Design and methods*. London: Sage.

Zietsma, C., & Lawrence, T. B. 2010. Institutional work in the transformation of an organizational field: The interplay of boundary work and practice work. *Administrative Science Quarterly*, **55**(2): 189-221.

Appendices

A1. First-order Model Fit Parameters.

Test statistics	Model 1a	Model 1b	Model 1ca	Model 1cb	Model 1cc	Model 1cd
Chi^2	588.951	590.556	279.925	306.712	275.822	195.528
df	324	324	168	188	174	137
Chi^2/df	1.818	1.823	1.666	1.631	1.585	1.427
RMSEA	0.083	0.083	0.075	0.073	0.070	0.060
CFI	0.798	0.787	0.882	0.885	0.893	0.929
SRMR	0.089	0.089	0.072	0.071	0.072	0.069

A2. Model Fit Parameter of Second-order Factor Models 2a to 2m.

Test statistics	Model 2a	Model 2b	Model 2c	Model 2d	Model 2e	Model 2f	Model 2g	Model 2h	Model 2i	Model 2j	Model 2k	**Model 2l**	**Model 2m**
Chi2	288.306	169.788	146.456	137.621	137.621	144.044	140.953	125.294	109.038	108.828	109.025	**93.862**	**98.406**
df	180	140	124	120	120	110	109	95	81	78	80	**68**	**70**
Chi2//df	1.602	1.212	1.181	1.147	1.147	1.309	1.293	1.329	1.346	1.395	1.362	**1.380**	**1.406**
RMS£EA	0.071	0.042	0.039	0.035	0.035	0.051	0.050	0.052	0.54	0.58	0.055	**0.057**	**0.058**
CFI	0.887	0.964	0.971	0.977	0.977	0.952	0.955	0.952	0.950	0.945	0.949	**0.952**	**0.947**
SRMR	0.072	0.067	0.067	0.066	0.066	0.069	0.069	0.072	0.073	0.073	0.073	**0.069**	**0.069**

Note: Two competing models are marked in bold

A3. Legitimacy Questionnaire (chapter 3, final model 3a)

Item – The strategy function…	Dimensions	First-order factor
…involves divisions and functions at the right moment.	Social	Mindful coordinating
…is open to collaborating with others.	Social	Trustful collaborating
…establishes efficient information exchange.	Social	Mindful coordinating
…is an equal partner, in my view.	Social	Trustful collaborating
…argues themes together with the divisions and functions before the management board.	Social	Trustful collaborating
…elaborates with divisions and functions on a shared understanding for strategic themes.	Cognitive	Aligning perspective
…puts strategic topics in the corporation's overall mission.	Cognitive	Providing plattforms for interaction
…discusses in a concrete way to build commitment for long-term strategies.	Cognitive	Providing plattforms for interaction
…comprehensibly conveys major interrelations between strategic projects to unit managers.	Cognitive	Aligning perspectives
…provides appropriate processes and formats to develop strategic thinking.	Cognitive	Providing plattforms for interaction
…acts mostly proactively with regard to external trends.	Technical/Analytical	Strategic guiding
…not only describes the goal, but also contributes to the way to achieve it	Technical/Analytical	Strategic guiding
…recognizes important themes for the organization early on.	Technical/Analytical	Delivering goals
…clearly maps the organization's strategic direction.	Technical/Analytical	Delivering goals

A4. Congeneric Legitimacy Construct

Item – The strategy function…	Second-order factor	First-order factor
… establishes a spirit of trust in divisions and functions.	Social	BA
… involves divisions and functions at the right moment.	Social	TT
… is open to collaborating with others.	Social	BA
… establishes efficient information exchange.	Social	TT
… bridges the business and functional units in the organization.	Social	TT
… is an equal partner, in my view.	Social	BA
… has support from executives and the management board in the organization.	Social	TT
… involves the right partners from the divisions and functions.	Social	BA
… is able to bundle people with necessary competences.	Social	BA
… argues themes together with the divisions and functions before the management board.	Social	BA
… does not appear to be distanced to the operative business.	Social	BA
… is pleasant in the collaboration.	Social	BA
… takes responsibility for joint projects.	Social	BA
… initiates the alignment of interest between divisions and functions.	Cognitive	AI
… is able to convince divisions and functions of the importance of themes.	Cognitive	EC
… elaborates with divisions and functions on a shared understanding of strategic themes.	Cognitive	AI
… adopts a cross-divisional strategic perspective.	Cognitive	EC
… shows a willingness to conduct critical discourses.	Cognitive	IP
… is perceptible in the collaboration.	Cognitive	AI
… puts strategic topics in the corporation's overall mission.	Cognitive	EC
… discusses in a concrete way to build commitment for long-term strategies.	Cognitive	IP
… comprehensibly conveys major interrelations between strategic projects to unit managers.	Cognitive	AI
… does not compete with divisions and functions in terms of strategy development.	Cognitive	AI
… provides appropriate processes and formats to develop strategic thinking.	Cognitive	IP
… aggregates information for organizational units in a comprehensive manner.	Cognitive	IP

A4. (continued)

Item − The strategy function…	Second-order factor	First-order factor
… challenges current conventions.	Cognitive	IP[1]
… creates a continuous commitment for strategic topics.	Cognitive	AI
… interprets continuously strategic information for the organization	Cognitive	EC
… strives to promote rapid consensus.	Cognitive	AI
… takes a moderating rather than content-driven role in discussions.	Cognitive	IP
… though it coordinates with organizational units, each unit is finally doing its own thing.	Cognitive	AI
… focuses not only on organizational and process-related issues.	Technical/Analytical	SA
… acts mostly proactively with regard to external trends.	Technical/Analytical	TS
… not only describes the goal, but also contributes to the way to achieve it.	Technical/Analytical	TS
… recognizes important themes for the organization early on.	Technical/Analytical	PI
… clearly maps the organization's strategic direction.	Technical/Analytical	PI
… pursues corporate themes clearly aligned to the corporate strategy.	Technical/Analytical	TS
… coordinates the strategic process in a structured way.	Technical/Analytical	SA
… acts as strategic thinking leader in the organization.	Technical/Analytical	PI
… deals with strategic themes in a structured way.	Technical/Analytical	SA
… focuses adequately on thematic details.	Technical/Analytical	SA
… gets bogged down in different thematic details without a clear focus.	Technical/Analytical	SA
… gets lost in alignment loops with divisions and functions.	Technical/Analytical	SA
… has a clear focus without boggling down in different thematic details.	Technical/Analytical	SA
… initiates a new strategic theme every few weeks.	Technical/Analytical	PI
… is a doer thinking in a long term perspective.	Technical/Analytical	SA
… often pursues tangible/apparent quick wins.	Technical/Analytical	PI
… sees the big strategic picture instead of dealing with selective points of strategy only.	Technical/Analytical	PI
… supports the implementation of strategies.	Technical/Analytical	TS
… translates strategies into practical operation plans.	Technical/Analytical	TS
… understands technical themes to a large extent.	Technical/Analytical	TS

1. TT = transmitting to top management; BA = bundling actors; IP = providing platforms for interaction; EC = embedding in context; AI = aligning interests; PI = providing impulses; SA = structuring activities; TS = translating strategy.

A5.1 AutoCorp's Individual Legitimacy Questionnaire

Item − The strategy function…	Dimensions	Selection source	Utilization of item in %
… argues themes together with divisions and functions before the management board.	Social	m	61
… establishes a spirit of trust in divisions and functions.	Social	cs	65
… establishes efficient information exchange.	Social	cs	61
… gets bogged down in different thematic details without a clear focus.	Social	cs	50
… has support from executives and the management board in the organization.	Social	m	52
… involves divisions and functions at the right moment.	Social	both	56
… involves the right partners from the divisions and functions.	Social	cs	67
… is able to bundle people with necessary competences.	Social	cs	52
… is an equal partner, in my view.	Social	both	71
… is open in collaborating with others.	Social	cs	73
… is perceptible in the collaboration.	Social	m	36
… is pleasant in the collaboration.	Social	cs	78
… comprehensibly conveys major interrelations between strategic projects for unit managers.	Cognitive	cs	49
… does not compete with divisions and functions in terms of strategy development.	Cognitive	m	30
… elaborates with divisions and functions on a shared understanding for strategic themes.	Cognitive	m	57
… is able to convince divisions and functions of the importance of themes.	Cognitive	cs	52
… provides appropriate processes and formats to develop strategy.	Cognitive	both	46
… puts strategic topics in the corporation's overall mission.	Cognitive	both	60
… shows a willingness to conduct critical discourses.	Cognitive	cs	67
… takes a moderating rather than content-driven role in discussions.	Cognitive	cs	61
… acts mostly proactively concerning external trends.	Technical/Analytical	m	52
… adopts a cross-divisional strategic perspective.	Technical/Analytical	both	59
… clearly maps the organization's strategic direction.	Technical/Analytical	m	39

A5.1. (continued)

Item − The strategy function…	Dimensions	Selection source	Utilization of item in %
… coordinates the strategic process in a structured way.	Technical/Analytical	cs	52
… focuses not only on organizational and process-related issues.	Technical/Analytical	cs	65
… focuses adequately on thematic details.	Technical/Analytical	m	56
… gets lost in alignment loops with divisions and functions.	Technical/Analytical	cs	39
… not only describes the goal, but also contributes to the way to achieve it.	Technical/Analytical	m	44
… pursues corporate themes clearly aligned to the corporate strategy.	Technical/Analytical	both	51
… recognizes important themes for the organization early on.	Technical/Analytical	both	49
… sees the big strategic picture instead of dealing with selective points of strategy only.	Technical/Analytical	cs	57
… supports the implementation of strategies.	Technical/Analytical	both	42
… translates strategies into practical operation plans.	Technical/Analytical	both	37

A5.2 EnergyCorp's Individual Legitimacy Questionnaire

Item – The strategy function…	Dimensions	Selection source	Utilization of item in %
… bridges the business and functional units in the organization.	Social	both	57
… does not appear to be distanced to the operative business.	Social	cs	64
… establishes a positive collaboration atmosphere.	Social	cs	70
… establishes a spirit of trust in divisions and functions.	Social	both	66
… establishes efficient information exchange.	Social	both	59
… has support from executives and the management board in the organization.	Social	both	73
… involves divisions and functions at the right moment.	Social	both	54
… involves the right partners from the divisions and functions.	Social	both	67
… is able to bundle people with necessary competences.	Social	both	70
… is an equal partner, in my view.	Social	both	65
… is open in collaborating with others.	Social	both	71
… takes a moderating rather than content-driven role in discussions.	Social	cs	57
… though it coordinates with organizational units, each unit is finally doing its own thing.	Social	cs	54
… adopts a cross-divisional strategic perspective.	Cognitive	cs	67
… aggregates information for organizational units in a comprehensive manner.	Cognitive	cs	59
… challenges current conventions.	Cognitive	cs	58
… creates a continuous commitment for strategic topics	Cognitive	cs	61
… elaborates with divisions and functions on a shared understanding for strategic themes.	Cognitive	both	65
… has a clear focus without boggling down in different thematic details.	Cognitive	cs	61
… is able to convince divisions and functions of the importance of themes.	Cognitive	both	60
… is perceptible in the collaboration.	Cognitive	both	60
… provides appropriate processes and formats to develop strategy.	Cognitive	both	60

A5.2. (continued)

Item − The strategy function…	Dimensions	Selection source	Utilization of item in %
… puts strategic topics in the corporation's overall mission.	Cognitive	m	65
… acts as strategic-thinking leader in the organization.	Technical/Analytical	cs	57
… acts mostly proactively concerning external trends.	Technical/Analytical	cs	51
… clearly maps the organization's strategic direction.	Technical/Analytical	both	54
… comprehensibly conveys major interrelations between strategic projects to unit managers.	Technical/Analytical	cs	58
… coordinates the strategic process in a structured way.	Technical/Analytical	both	73
… deals with strategic themes in a structured way.	Technical/Analytical	cs	72
… focuses not only on organizational and process-related issues.	Technical/Analytical	cs	40
… initiates a new strategic theme every few weeks.	Technical/Analytical	both	32
… often pursues tangible/apparent quick wins.	Technical/Analytical	cs	45
… recognizes important themes for the organization early on.	Technical/Analytical	both	53
… sees the big strategic picture instead of dealing with selective points of strategy only.	Technical/Analytical	cs	58
… understands technical themes to a large extent.	Technical/Analytical	cs	60

A5.3 InsuranceCorp's Individual Legitimacy Questionnaire

Item − The strategy function…	Dimension	Selection source	Utilization of item in %
… argues themes together with divisions and functions before the management board.	Social	cs	58
… bridges the business and functional units in the organization.	Social	cs	58
… establishes a spirit of trust in divisions and functions.	Social	cs	65
… establishes efficient information exchange.	Social	cs	63
… has support from executives and the management board in the organization.	Social	cs	77
… involves divisions and functions at the right moment.	Social	cs	64
… involves the right partners from the divisions and functions.	Social	cs	72
… is able to bundle people with necessary competences.	Social	cs	65
… is an equal partner, in my view.	Social	cs	71
… is open to collaborating with others.	Social	cs	78
… adopts a cross-divisional strategic perspective.	Cognitive	cs	71
… comprehensibly conveys major interrelations between strategic projects for unit managers.	Cognitive	cs	57
… discusses in a concrete way to build commitment to long-term strategies.	Cognitive	cs	65
… does not compete with divisions and functions in terms of strategy development.	Cognitive	cs	71
… elaborates with divisions and functions on a shared understanding of strategic themes.	Cognitive	cs	63
… initiates the alignment of interest between divisions and functions.	Cognitive	cs	51
… is able to convince divisions and functions of the importance of themes.	Cognitive	cs	60
… is perceptible in the collaboration.	Cognitive	cs	78
… provides appropriate processes and formats to develop strategic thinking.	Cognitive	cs	63
… puts strategic topics in the corporation's overall mission.	Cognitive	cs	78
… shows a willingness to conduct critical discourses.	Cognitive	cs	74
… acts mostly proactively concerning external trends.	Technical/Analytical	cs	63

A5.3. (continued)

Item – The strategy function…	Dimension	Selection source	Utilization of item in %
… clearly maps the organization's strategic direction.	Technical/Analytical	cs	71
… coordinates the strategic process in a structured way.	Technical/Analytical	cs	89
… focuses not only on organizational and process-related issues.	Technical/Analytical	cs	23
… not only describes the goal, but also contributes to the way to achieve it.	Technical/Analytical	cs	74
… pursues corporate themes clearly aligned to the corporate strategy.	Technical/Analytical	cs	77
… recognizes important themes for the organization early on.	Technical/Analytical	cs	65
… translates strategies into practical operation plans.	Technical/Analytical	cs	50

A5.4 PolyCorp's Individual Legitimacy Questionnaire

Item – The strategy function…	Dimension	Selection source	Utilization of item in %
… argues themes together with divisions and functions before the management board.	Social	both	40
… bridges the business and functional units in the organization.	Social	both	40
… establishes a spirit of trust in divisions and functions.	Social	both	31
… establishes efficient information exchange.	Social	both	43
… has support from executives and the management board in the organization.	Social	both	36
… involves the right partners from the divisions and functions.	Social	both	46
… is an equal partner, in my view.	Social	both	45
… takes responsibility for joint projects.	Social	both	32
… adopts a cross-divisional strategic perspective.	Cognitive	both	52
… aggregates information for organizational units in a comprehensive manner.	Cognitive	both	45
… challenges current conventions.	Cognitive	both	43
… comprehensibly conveys major interrelations between strategic projects for unit managers.	Cognitive	both	36
… discusses in a concrete way to build commitment to long-term strategies.	Cognitive	both	46
… does not compete with divisions and functions in terms of strategy development.	Cognitive	both	45
… initiates the alignment of interest between divisions and functions.	Cognitive	both	33
… interprets continuously strategic information for the organization	Cognitive	both	35
… provides appropriate processes and formats to develop strategic thinking.	Cognitive	both	47
… puts strategic topics in the corporation's overall mission.	Cognitive	both	52
… shows a willingness to conduct critical discourses.	Cognitive	both	51
… strives to promote rapid consensus.	Cognitive	both	40
… acts as a strategic thinking leader in the organization.	Technical/Analytical	both	26
… clearly maps the organization's strategic direction.	Technical/Analytical	both	24

A5.4 (continued)

Item − The strategy function…	Dimension	Selection source	Utilization of item in %
… coordinates the strategic process in a structured way.	Technical/Analytical	both	53
… focuses not only on organizational and process-related issues.	Technical/Analytical	both	65
… focuses adequately on thematic details.	Technical/Analytical	both	70
… is a doer thinking in a long term perspective.	Technical/Analytical	both	29
… not only describes the goal, but also contributes to the way to achieve it.	Technical/Analytical	both	31
… sees the big strategic picture instead of dealing with selective points of strategy only	Technical/Analytical	both	47
… supports the implementation of strategies.	Technical/Analytical	both	30
… understands technical themes to a large extent.	Technical/Analytical	both	40

A6. Significance Values for the Individual Questionnaire Comparison

Comparison of social dimension across strategy functions

Strategy function	AutoCorp	EnergyCorp	InsuranceCorp	PolyCorp
AutoCorp				
EnergyCorp	no			
InsuranceCorp	no	no		
PolyCorp	3.83***	10.57***	12.01***	

Comparison of cognitive dimension across strategy functions

Strategy function	AutoCorp	EnergyCorp	InsuranceCorp	PolyCorp
AutoCorp				
EnergyCorp	3.43***			
InsuranceCorp	-2.829**	no		
PolyCorp	2.79**	5.87***	5.77***	

Comparison of technical/analytical dimension across strategy functions

Strategy function	AutoCorp	EnergyCorp	InsuranceCorp	PolyCorp
AutoCorp				
EnergyCorp	-4.38***			
InsuranceCorp	-3.428**	-3.69**		
PolyCorp	no	5.62**	4.00**	

Comparison of legitimacy dimension across strategy functions

Strategy function	AutoCorp	EnergyCorp	InsuranceCorp	PolyCorp
AutoCorp				
EnergyCorp	no			
InsuranceCorp	-4.43**	-8.66**		
PolyCorp	no	12.25***	11.05***	

A6. (continued)

Comparison of dimensions across strategy functions

Dimension	Social	Cognitive	Technical/analytical
Social		no	no
Cognitive			no
Technical/Analytical			

Two-tailed t-test for mean comparison; *** p < 0.01, ** p < 0.05, * p < 0.1, no = not significant.

A7. The Generalized Questionnaire

Generalized questionnaire
(chapter 3, model 3c)

Item − The strategy function…	Dimension	AutoC	EnergyC	Insu-ranceC	PolyC
… involves divisions and functions at the right moment.	Social	54[2]	54	64	44[1]
… is open to collaborating with others.	Social	73	70	78	4[1]
… establishes efficient information exchange.	Social	61	58	61	42
… is an equal partner, in my view.	Social	72	65	72	45
… argues themes together with the divisions and functions before the management board.	Social	61	61[1]	58	42
… elaborates with divisions and functions on a shared understanding for strategic themes.	Cognitive	57	65	64	45[1]
… puts strategic topics in the corporation's overall mission.	Cognitive	60	65	78	53
… discusses in a concrete way to build commitment for long-term strategies.	Cognitive	53[1]	61[1]	65	46
… comprehensibly conveys major interrelations between strategic projects to unit managers.	Cognitive	50	58	57	37
… provides appropriate processes and formats to develop strategic thinking.	Cognitive	46	60	61	46
… acts mostly proactively with regard to external trends.	Technical/Analytical	52	50	64	29[1]
… not only describes the goal, but also contributes to the way to achieve it.	Technical/Analytical	45	53[1]	57	30
… recognizes important themes for the organization early on.	Technical/Analytical	49	53	65	29[1]
… clearly maps the organization's strategic direction.	Technical/Analytical	40	54	70	25

1 = Mean replaced missing values.

2 = Values in %.

A 8. Significance Values for the Generalized Questionnaire Comparison

Comparison of social dimension across strategy functions

Strategy function	AutoCorp	EnergyCorp	InsuranceCorp	PolyCorp
AutoCorp				
EnergyCorp	no			
InsuranceCorp	no	no		
PolyCorp	7.26***	7.62***	7.46***	

Comparison of cognitive dimension across strategy functions

Strategy function	AutoCorp	EnergyCorp	InsuranceCorp	PolyCorp
AutoCorp				
EnergyCorp	-5.26***			
InsuranceCorp	5.59***	no		
PolyCorp	3.01**	8.35***	11.45***	

Comparison of technical/analytical dimension across strategy functions

Strategy function	AutoCorp	EnergyCorp	InsuranceCorp	PolyCorp
AutoCorp				
EnergyCorp	no			
InsuranceCorp	-3.88**	-4.28**		
PolyCorp	7.62***	14.11***	8.98***	

Comparison of dimensions across strategy functions

Dimensions	Social	Cognitive	Technical/Analytical
Social		no	3.39**
Cognitive			no
Technical/analytical			

Two-tailed t-test for mean comparison; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, no = not significant.

A 8. (continued)

Comparison of legitimacy across organizational backgrounds	Functional against business		
Social dimension	no		
Cognitive dimension	no		
Technical/analytical dimension	no		
Legitimacy	no		

Comparison of legitimacy across hierarchical levels			
Social dimension	High	Middle	Low
High		no	no
Middle			no
Low			
Cognitive dimension	High	Middle	Low
High		33.94**	no
Middle			no
Low			
Technical/analytical dimension	High	Middle	Low
High		no	no
Middle			no
Low			
Legitimacy	High	Middle	Low
High		no	no
Middle			no
Low			

Two-tailed t-test for mean comparison; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, no = not significant.

A9. The Hands-on Questionnaire

Hands-on questionnaire					
Item − The strategy function…	Dimension	AutoC	EnergyC	Insu-ranceC	PolyC
… establishes efficient information exchange.	Social	61[1]	58	61	42
… is an equal partner, in my view.	Social	72	65	72	45
… establishes a spirit of trust in divisions and functions.	Social	65	66	65	30
… has support from executives and the management board in the organization.	Social	52	73	77	37
… involves the right partners from the divisions and functions.	Social	66	66	72	46
… puts strategic topics in the corporation's overall mission.	Cognitive	60	65	78	53
… comprehensibly conveys major interrelations between strategic projects to unit managers.	Cognitive	50	58	57	37
… provides appropriate processes and formats to develop strategic thinking.	Cognitive	46	60	61	46
… adopts a cross-divisional strategic perspective.	Cognitive	58	68	70	53
… clearly maps the organization's strategic direction.	Technical/ Analytical	40	54	70	25
… coordinates the strategic process in a structured way.	Technical/ Analytical	52	73	88	53
… focuses not only on organizational and process-related issues.	Technical/ Analytical	60	60	78	65

1. Values in %.

A 10. Significance Values for the Hands-on Questionnaire Comparison

Comparison of social dimension across strategy functions

Social dimension	AutoCorp	EnergyCorp	InsuranceCorp	PolyCorp
AutoCorp				
EnergyCorp	no			
InsuranceCorp	no	no		
PolyCorp	7.05***	6.18***	7.99***	

Comparison of cognitive dimension across strategy functions

Cognitive dimension	AutoCorp	EnergyCorp	InsuranceCorp	PolyCorp
AutoCorp				
EnergyCorp	-4.24**			
InsuranceCorp	-6.21***	-18.16***		
PolyCorp	no	6.64***	9.01***	

Comparison of technical/analytical dimension across strategy functions

Technical/analytical dimension	AutoCorp	EnergyCorp	InsuranceCorp	PolyCorp
AutoCorp				
EnergyCorp	no			
InsuranceCorp	-5.32**	no		
PolyCorp	no	no	no	

Comparison of legitimacy across strategy functions

Legitimacy	AutoCorp	EnergyCorp	InsuranceCorp	PolyCorp
AutoCorp				
EnergyCorp	-2.97**			
InsuranceCorp	-3.98***	-3.48***		
PolyCorp	3.62***	6.03***	8.99***	

Comparison of dimensions

Dimensions	Social	Cognitive	Technical/Analytical
Social		no	no
Cognitive			no
Technical/analytical			

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, no = not significant.

A 10. (continued)

Comparison of legitimacy across organizational backgrounds	Functional against business		
Social dimension	no		
Cognitive dimension	no		
Technical/analytical dimension	no		
Legitimacy	no		

Comparison of legitimacy across hierarchical levels			
Social dimension	High	Middle	Low
High		5.77**	no
Middle			no
Low			
Cognitive dimension	High	Middle	Low
High		no	no
Middle			no
Low			
Technical/analytical dimension	High	Middle	Low
High		no	no
Middle			no
Low			
Legitimacy	High	Middle	Low
High		no	no
Middle			no
Low			

Two-tailed t-test for mean comparison; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, no = not significant.

A11. Significance values for the Comparison of the Three Questionnaire Conceptualizta-tions

Comparison of the questionnaires on the dimensional and legitimacy level			
Social dimension	Firm specific	Generalized	Hands-on
Firm specific		no	no
Generalized			no
Hands-on			
Cognitive dimension	Firm specific	Generalized	Hands-on
Firm specific		no	no
Generalized			no
Hands-on			
Technical/analytical dimension	Firm specific	Generalized	Hands-on
Firm specific		no	no
Generalized			no
Hands-on			
Legitimacy	Firm specific	Generalized	Hands-on
Firm specific		no	no
Generalized			no
Hands-on			

Two-tailed t-test for mean comparison; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, no = not significant.

A 11. (continued)

Comparison of questionnaires across objective postions			
Comparison across organizational backgrounds (business)	Firm specific	Generalized	Hands-on
Firm specific	-----	no	no
Generalized	-----	-----	no
Hands-on	-----	-----	-----
Comparison of questionnaires across organizational backgrounds (function)	Individual	Generalized	Hands-on
Individual	-----	no	no
Generalized	-----		no
Hands-on	-----	-----	-----
Comparison of questionnaires across hierarchical levels			
High hierarchcal level	Individual	Generalized	Hands-on
Individual	-----	no	no
Generalized	-----	-----	no
Hands-on	-----	-----	-----
Middle hierarchcal level	Individual	Generalized	Hands-on
Individual	-----	no	no
Generalized	-----	-----	no
Hands-on	-----	-----	-----
Low hierarchcal level	Individual	Generalized	Hands-on
Individual	-----	no	no
Generalized	-----	-----	no
Hands-on	-----	-----	-----

Two-tailed t-test for mean comparison; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, no = not significant.

Curriculum Vitae

Thomas Schlenzig

schlenzig.thomas@gmail.com

Born October 12, 1980 in Ravensburg, Germany

Education

2010 – 2015	University of St.Gallen, St. Gallen, Switzerland
	Candidate for Doctor of Business Administration (Dr. oec. HSG)
2005 – 2010	University of Mannheim, Mannheim, Germany
	Diploma Certificate in Science in Management (Dipl.-Kfm.)
2007 – 2008	Linköping University, Linköping, Sweden
	Exchange Student
2004 – 2005	Leopold Franzens University, Innsbruck, Austria
	First semester in International Economics studies
2001 – 2004	Kolping Kolleg, Ravensburg, Germany
	High School Diploma
1997 – 2000	Daimler AG, Ravensburg, Germany
	Journeyman's Certificate as Motor Mechanic

Professional Experience

2009 – 2015	Institute of Management, University of St.Gallen, St.Gallen, Switzerland
	Research Assistant at the chair of Prof. Dr. Günter Müller-Stewens
2010	Institute of Communication Economics, Ludwig Maximilian University, Munich, Germany
	Internship, Research Project in Communication Economics
2009	Institute of Small and Medium Sized Enterprises and Entrepreneurship/Institute of Public and Nonprofit Management, University of Mannheim, Mannheim, Germany
	Tutor
2009	Institute of Small and Medium Sized Enterprises and Entrepreneurship, University of Mannheim, Mannheim, Germany
	Tutor
2008	Centre of European Economic Research, Mannheim, Germany
	Research Assistant