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## ► To cite this version:

Anaïs Boutru Creveuil. Legitimation of temporary organizations: The case of a strategic alliance in the French retail sector. 37th EGOS Colloquium 2021 - Organizing for an inclusive society, Jul 2021, AMSTERDAM, Netherlands. halshs-03157384

**HAL Id: halshs-03157384**

**<https://shs.hal.science/halshs-03157384>**

Submitted on 3 Mar 2021

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## **Legitimation of temporary organizations: The case of a strategic alliance in the French retail sector**

### Introduction

In recent years, facing an ever-growing competitive environment, the use of temporary organizations (TOs) as vehicles for flexibility and adaptation has become widespread among contemporary organizations (Bakker et al. 2016). Particularly, strategic alliances, considered as TOs when they have been “fixed either by a specific date or by the attainment of a predefined state or condition” (Bakker et al. 2009, p.203), have increased significantly in various sectors (Gomes et al. 2016). Alliances are a key field of study for TO literature as “they present a salient but rarely explicitly studied characteristic of interfirm relationships that can be formed for intentionally finite time spans” (Bakker & Knoben, 2015, p. 256).

Like other types of organizations, TOs need legitimacy to obtain the necessary resources from their environment required to achieve their objectives (Engwall, 2003). Defined as the need to develop an identity that would be recognizable and acceptable to its environment (Human and Provan, 2000), TO legitimacy is lower than *non*-TO legitimacy. “Temporally and socially bounded”, TOs are less understandable and therefore less accepted by their external audience (Janowicz et al. 2009, p.144). However, while literature recognizes that collective action requires that organization be legitimate at collective and individual levels (Walker et al., 1988), little research considering their specific temporal and inter-organizational features has looked into how TOs legitimacy occur.

Adopting a dynamic and multi-level approach which takes into account the characteristics of TOs, this paper aims at understanding their legitimation process.

I will build upon a qualitative study of a strategic alliance in the French retail sector which was concluded between two competitors in 2017. I renamed this alliance 'GlobalElectro' for confidentiality matters. With an *ex-ante* explicit delimited duration of five years and a pre-defined shared target of 194 million euros in synergy savings<sup>1</sup>, the "GlobalElectro" alliance is a TO whose members previously belonged to the two parent organizations (POs): FoodMarket and ElectroShop<sup>2</sup>. I will analyze how the temporary character of the organization and inter-organizing practices between the alliance's members, parent organization actors and other TO stakeholders influence its legitimation.

In this short paper, I will present the literature upon which I based my research (theoretical background section), describe the method of analysis and the case (empirical study section) and highlight some exploratory findings and contributions (last section).

This paper is indeed a work in progress that will benefit from the ongoing analysis that I am currently performing.

## Theoretical Background

While there is a consensus considering temporary organizations (TOs) as a unique organizational form because of their *ex-ante* determined termination point (Burke and Morley, 2016), Janowicz et al. (2009, p.143) propose a definition of TOs that I will follow in this paper: a TO is "a group of two or more non-temporary organizations that jointly carry out a task or share risk in order to provide a service or manufacture a product, with the duration of this collaboration being explicitly and *ex ante* fixed, either by a specific date or conditional upon completion of the task". Inter-organizational projects (IOPs) in a wide range of industries (Jones and Lichtenstein, 2008), such as temporal Joint Ventures (Ganitsky & Watzke, 1990) and strategic alliances (Bakker & Knoblen, 2015), match with this definition. This implies that TOs are not only explicitly temporally bounded, but also follow an inter-organizational

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<sup>1</sup> The figures have been modified.

<sup>2</sup> The names have been changed.

configuration (Burke and Morley, 2016) where parent organizations assemble the TO (Turner & Müller, 2003).

A common theme in TO literature relates to the development of social processes that differ from those which arise in *Non-Temporary* organizations (*non-TOs*) because of specific temporal and organizational features, among them:

- “*Atemporality*” (Elchardus, 1990) which refers to the fact that TOs foster an internal logic of functioning unconnected to the past or future of the collaborating actors.
- Multiple temporalities which meet and even conflict between the TO and parent organization members (Sterne et al., 2018).
- Complexity (Shenhar, 2001) that leads to a strong interdependence between TO members (Jones & Lichtenstein, 2008) which have “home bases” with different organizing principles (Clegg and Courpasson, 2004),
- A diffused distribution of power (Van Marrewijk et al., 2016), and even an absence of a clear hierarchical structure among the partners, which lead to organizational flexibility (Jones and Lichtenstein, 2008).
- Disordered hierarchies as a consequence of the formation of interorganizational teams (Sydow & Braun, 2018)
- Competition between parent organization actors and TO members staffed on ambitious and interesting projects, which might threaten collaboration within functional or divisional departments (Schüßler, 2017).
- Uncertainty and ambiguity which, when combined, drive a negotiated definition of roles and responsibilities among the TO’s members (Berchky, 2006).

As a consequence, TOs are not only temporally bounded but also socially bounded (Janowicz et al. 2009; Jones and Lichtenstein, 2008). Escaping from the constraints of historical time and space (Miles, 1964), the emergence of TOs’ specific rules and norms (Katz, 1982; Lundin and Söderholm, 1995) makes TO structure and operations deviate from those of their permanent environment. Their temporary bounded collaboration leads them to be less understandable and less accepted by their external audience. Isolated, TOs are less recognizable and finally less legitimate than *non-TOs* (Janowicz et al. 2009).

Therefore, to date, the literature on TOs has examined their legitimacy as the result of a certain adequacy with their environment at a macro level of analysis and in a static perspective (Suddaby et al. 2017) neglecting the legitimacy of TOs from a multi-level point of view. Yet, as a condition of collective action (Walker et al, 1988), the legitimacy granted by organization members and stakeholders is crucial to its performance (Reynaud, 1989) or at least to implement what it was formed for.

While more research is needed to provide a multi-level understanding of the organizational phenomena in TOs (Sydow & Braun, 2018), this paper focuses on legitimation, the denomination retained by the literature to highlight the processual, social and inter-organizational dimensions of legitimacy construction (Suddaby et al., 2017). In this view, legitimation is not reduced to an individual perception but appears like a social production of actors in relation (Egholm et al., 2020). More precisely, this paper follows the definition of legitimation as the ongoing process of legitimacy construction which occurs at multiple levels through negotiation between a variety of actors (Hoefler & Green, 2016).

Thus, in the light of TOs' attributes and in this view of legitimacy, my central research question is: How does TO legitimation unfold?

## Empirical Study

I will study the organization and collaboration between an alliance's members (GlobalElectro), the parent organization's actors (FoodMarket and ElectroShop) and their suppliers to understand how TO legitimation occurs.

## Method

The applied methodology is qualitative, through a unique and extreme case study (Yin, 2018): the case of a cooperative strategic alliance formed between two parent organizations for an *ex-ante* fixed duration of five years, hence concentrating all of the TO's features.

The data collection is mainly based on a ten-month ethnographic fieldwork: from September 2018 to June 2019, I observed and participated in rounds of business negotiation between the alliance's members, parent organization members and

suppliers. I completed my field observations by interviewing the actors (17). I also collected secondary data, particularly internal memos, official activity reports and press releases. As such, this provides a unique opportunity to capture the inter-organizing processes in a socially complex setting (Kenis et al., 2009), when this rich single case furnishes a great contextual understanding of organizations as a temporary phenomenon (Lundin & Steinthorsson, 2003).

My research follows the Inquiry Logic (Dewey, 1938), where the researcher, strongly involved in the studied phenomenon, scrutinizes with an insider's point of view, using the actors' lived experiences and interpretations to allow for making and giving sense to the situations in which they are included (Dawson, 2014). For the data analysis, I adopted a "narrative strategy" (Langley, 1999, p695.), which consists of producing a "detailed story" (Ibid, p.695). To do so, replacing the alliance in the different layers of inter-organizational contexts, I started to build the case chronology and identified sequences (Dumez, 2015). Then, I connected my direct observation notes to these sequences, as well as transcribed interviews and secondary material. From this second step, twenty-four situations (Lorino & Mourey, 2013) emerged as legitimation situations. I analysed these situations through iterative interaction with theory. Finally, I am currently writing a story constituted of idiosyncratic narratives of these situations.

In my research, internal and external validities were assessed through several meetings with the field's actors; regular submissions of the interpretations and the findings to the alliance's members, parent organization members and suppliers; and periodic presentations of the analysis of the case to other researchers investing similar organization theory and research themes.

Thus, I deeply studied how TO legitimation develops in an inter-organizational temporary collaboration context.

## The case of GlobalElectro:

The case at hand concerns a strategic alliance in the French retail sector conceived in November 2017 from the marriage of two long-standing French competitors: one of the world's biggest retailers (FoodMarket) and the French leader in the consumer electronic market segment (ElectroShop). Facing an intensive competition of e-commerce and a continuous loss of market shares, the two competitors decided to join forces to negotiate improved purchase prices with common suppliers of electronic devices. The parent organizations contracted an agreement which explicitly delineated the temporal boundaries of the alliance, hence making it a temporary organization: five years starting from January 2018; as well as a defined performance objective: 194 million euros in savings (107 for FoodMarket and 87 for ElectroShop).

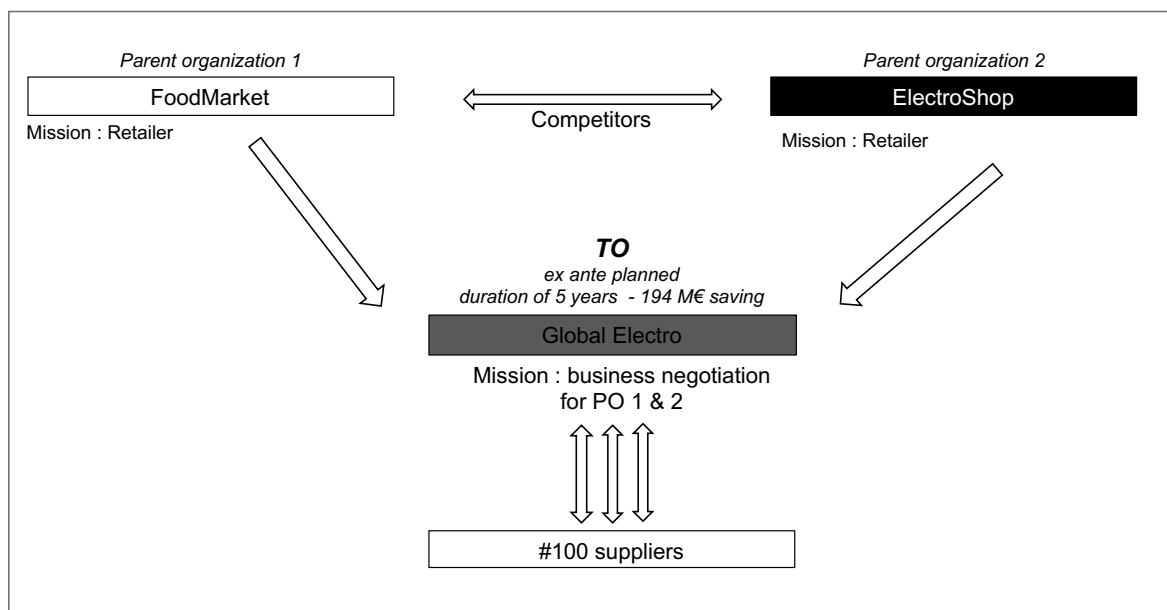


Chart 1- Organizational Tryptic: 2POs, 1TO and their suppliers.

Even if, from a business standpoint, the two companies remained direct competitors, the CEOs' discourses characterized the relations between the two organizations and their suppliers as a desirable lasting partnership:

"This alliance marks the beginning of a lasting partnership. Our joint ambition is to create value for our groups and our partners"

(FoodMarket and ElectroShop CEO, Joint Press Release, 5<sup>th</sup> December 2017).

Before the launch of the alliance in January 2018, the boards of directors of FoodMarket and ElectroShop agreed to define new rules contouring the scope of responsibilities of GlobalElectro members which disordered the existing hierarchies. Indeed, commercial negotiations were previously conducted by parent organization actors who lost the most prestigious aspect of their role in the retail sector: negotiation with suppliers. Once the alliance was implemented, this scope reduction generated role conflicts between alliance and parent organization members: FoodMarket and ElectroShop actors did not accept delegating the business negotiation to GlobalElectro actors, arguing that the alliance was not legitimate to do it:

“GlobalElectro is not legitimate to conduct our negotiations: rules separating roles are not consistent with the reality of business: they cannot negotiate properly (...) And then, to say that the alliance will last 5 years is counterproductive in business negotiations ... The CEO talked about a lasting partnership, but we know that in 5 years maximum it will be dissolved!”

(Category Director, FoodMarket, ITW March 2018).

The alliance’s internal actors also questioned its legitimacy:

“Almost overnight, the alliance has had to negotiate for FoodMarket and ElectroShop with 100 suppliers. As a negotiator, I feel legitimate as I have been negotiating for ten years, but for the alliance as an organization, it was more difficult because clearly, we did not really know how we would practically work together”.

(Category Director, Global Electro, TV devices, ITW July 2018)

In parallel, the suppliers fueled the role conflict, trying to keep on negotiating with the actors of FoodMarket and ElectroShop. According to them, the absence of clear coordination rules between the alliance and the parent organizations’ actors hindered the construction of a legitimate lasting partnership in this inter-organizing triptych.

“They said that we have to negotiate with the alliance members, but we did not know how to perform it: it lacked some clear coordination rules between Global Electro and their principals: FoodMarket and ElectroShop”

(Sales Manager of a brand of IT devices, ITW October 2018).



When the alliance's actors succeeded in conducting business negotiations whose official purpose was to negotiate the improvement of purchase prices in exchange for additional services, the alliance's legitimation was a secondary and unofficial objective related to the elaboration of inter-organizational coordination rules.

In these situations, the GlobalElectro members who defended the legitimacy of their organization to preserve their individual legitimacy proposed parent organization members and suppliers to jointly define concrete collaboration rules to efficiently run the temporary inter-organizing triptych. They accepted not to lose face (Goffman, 1955) or simply not to contradict themselves.

## Exploratory findings and contributions

Our full paper will show a detailed description of the TO legitimation process. In this short paper, I will outline some findings that seem particularly significant and propose a scheme to define them.

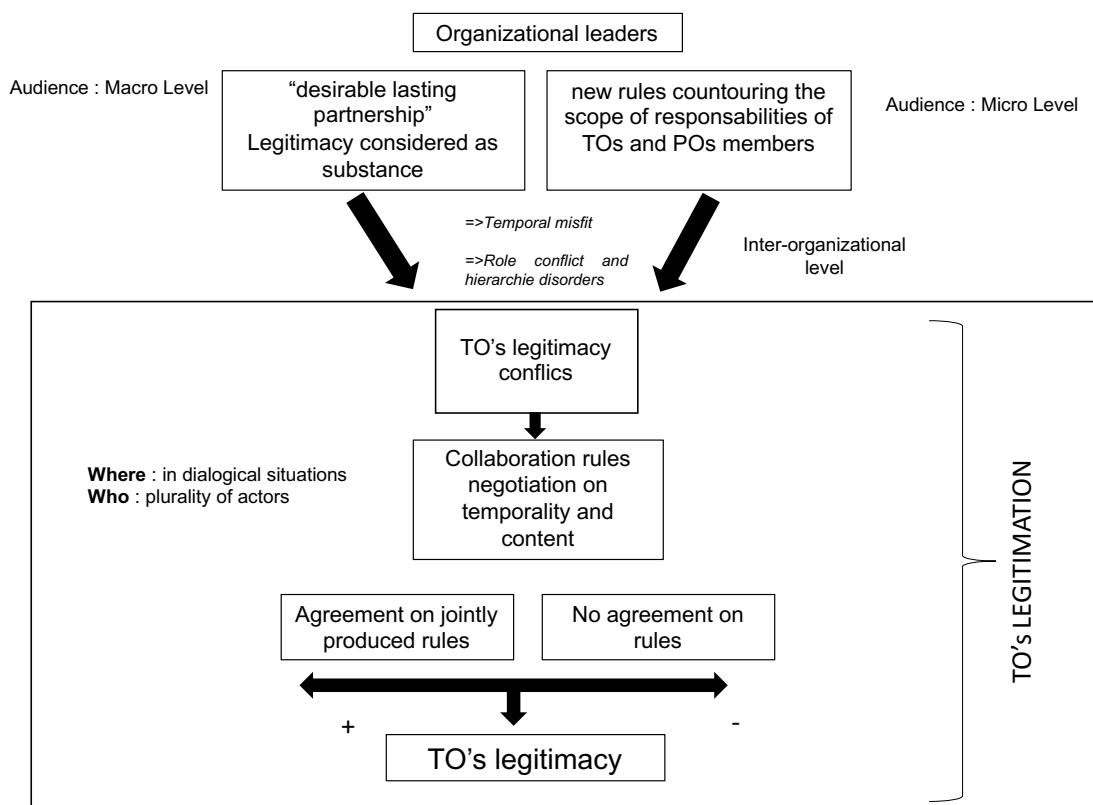
### - Impacts of TOs' temporal and organizational features on legitimacy

The temporal features of the TO generate a cognitive incongruence between the idea of a long-lasting partnership and a temporally bounded contract. This temporal misfit does not only question the TO's legitimacy at the macro level but also between actors impacted by the formation of the alliance.

The new apportionment of roles embodied in the rules produced and imposed by the board of directors of the parent organizations create a conflict of roles among the organizational triptych actors. Surprisingly, tensions do not emerge between the TO members, but rather at an inter-organizational level: between the alliance's actors, parent organization actors and, because of strong interdependence, with suppliers. This role conflict, whose rules are the support, feeds into questioning about a TO's legitimacy.

- A TO's legitimation process is embedded in the inter-organizational elaboration of coordination rules.

Actors of organizations impacted by a TO's formation collectively animate the TO's legitimation process. It starts with the reexamining of TO legitimacy as imposed by the organizational leaders: TO temporal boundaries and collaboration rules are questioned. Then, the legitimation process unfolds in situations characterized by their dialogical feature: in our case, commercial negotiation rounds become, for this plurality of actors, a forum to detail, complete, adapt and reshape temporally bounded collaboration rules. Sometimes, these local negotiations lead to the production of joint rules: commonly elaborated, they are legitimate hence contributing by transfer, making the TO legitimate as well. Sometimes a conflict remains; no common rule agreement is found and TO legitimacy is impaired. Finally, a TO's legitimation is included in the inter-organizational negotiation of collaboration rules.



Scheme 2: TO's Legitimation, Where, Who, How

The contributions of this research, once finalized, will be twofold. First, it will aim to enrich the research on TOs; particularly, to better understand how their temporary and

inter-organizational dynamics are associated with a crucial phenomenon needed to make them successful: legitimation. Second, whereas the main streams of research examine legitimacy as a “highly abstract-independent variable” (Deephouse and Suchman, 2008), the second contribution of this paper will be to produce a processual and multi-level understanding of legitimation of TOs, potentially translatable to other type of organizations.

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