Intra-organizational legitimization strategies used by purchasing managers

André Tchokogué[a], Gilles Paché[b], Jean Nollet[a,*], Raluca-Mihaela Stoleru[a]

[a] HEC Montréal 3000 chemin de la Côte-Sainte-Catherine Montréal, Québec, Canada H3T 2A7
[b] Aix-Marseille Université CRET-LOG, 413 Avenue Gaston Berger, 13625 Aix-en-Provence Cedex, France

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ABSTRACT

This paper addresses the issue of how purchasing managers can develop the purchasing department's legitimacy within an organization. A qualitative exploratory approach based on six cases has been used since: (1) there has not yet been a research performed on this topic; and (2) an analysis of internal legitimization strategies must take into consideration the context and the nature of the relationships among departments. Our analysis shows that in order to create, maintain or increase the purchasing department's internal legitimacy, purchasing managers have to do very well about two complementary strategic orientations: (1) identify and attract the best suppliers; (2) identify and implement collaborative processes and coordination mechanisms that cannot be duplicated by competitors. In fact, supply managers actually develop legitimization strategies based internally and externally, since a higher level of internal legitimacy can also be supported partially by external stakeholders, who then influence the other departments' and top management's perceptions.

Our study also shows that the strategies used by purchasing managers take different forms depending which legitimacy dimension (cognitive, pragmatic, or moral legitimacy) they are trying to influence. Moreover, a purchasing department's legitimacy strategy is developed based on a few important factors: (1) where the purchasing department stands at a given time in terms of the contribution perceived, similar to a "balance sheet" evaluation; (2) the purchasing personnel's technical and relational competencies; and (3) the extent of their implication in the strategic choices leading to the development of a competitive advantage for the organization they work for. It seems that any effort to take steps based on coherent legitimization strategies could help improve both a purchasing department's legitimacy level and its development level. From this standpoint, this study also shows that the purchasing department's internal legitimacy is a crucial driver of purchasing practices.

1. Introduction

More than 20 years ago, Ellram and Carr (1994, p. 18) wrote: "*It would be helpful to explore how the purchasing function views itself, how it is viewed by top management, how it is viewed by other functional areas within the firm.*" Despite this call for more research on a topic of major importance for a firm, the purchasing department's "legitimacy" has been addressed mostly through concepts such as "status" and "recognition" (Carr and Smeltzer, 1997; Cousins et al., 2006), as well as "reputation" and "image" (Chen et al., 2004; González-Benito, 2007; Zhang et al., 2011), and often in relation to *external* legitimacy, particularly in the context of efficient interface with suppliers (Araujo et al., 2016; Gebert-Persson and Káptalan-Nagy, 2016; Cracco, 2017). The lack of research about internal—and even external—legitimacy is surprising knowing that, as early as the 1990s, a few studies associated a purchasing department's potential strategic contribution with a high level of legitimacy (Watts et al., 1992; Ellram and Carr, 1994).

A purchasing department's internal legitimacy stems from its ability to create value as perceived by other departments (Cavinato, 1987; Goebel et al., 2003; Chen et al., 2004). This implies that a purchasing department's contribution is spontaneously acknowledged, respected, and even supported by other departments and top management. However, such acceptance does not come easily: in reality, tense relationships between the purchasing department and other departments have existed for a long time. From a purchasing manager's perspective, the other departments' objectives often seem to contradict purchasing objectives with respect to low cost, high quality, and fast turnaround times. Since it is impossible to meet all objectives concurrently, top management and the other department managers might be unhappy about some of the purchasing department's priorities, which could be both a cause and a result of the purchasing department's legitimacy being considered "low."

A key factor for improvement of a purchasing department's legitimacy is the alignment of its objectives with the objectives set by top

management so that the organization can be in a sustainable competitive position. For instance, if an organization pursues a cost leadership strategy, the purchasing department must absolutely prioritize cost reductions over quality improvement and innovation (Baier et al., 2008; Nair et al., 2015). Therefore, a key challenge for the purchasing manager is to determine how to increase the department's internal legitimacy, considering that a high level of internal legitimacy increases a purchasing department's power within as well as outside the organization (Cousins et al., 2006).

Research on legitimacy in the fields of sociology, political science, and business administration shows that it is possible for managers to increase a department's legitimacy through appropriate strategies (for instance, see Tilling, 2004; Bitektine, 2011; Rogowski, 2015; Suddaby et al., 2017). Deephouse et al. (2017) indicate six key questions emerging from a detailed literature review they performed: *What* is organizational legitimacy? *Why* does legitimacy matter? *Who* confers legitimacy and *how*? *What* criteria are used for legitimacy evaluations? *How* does legitimacy change over time?

No study has been published so far dealing with factors that increase a purchasing department's internal legitimacy. This research addresses the gap by asking the following question: *What are the legitimization strategies used by purchasing managers to increase a purchasing department's internal legitimacy?* This question, which could open an interesting research stream for an "underdeveloped" area in purchasing, is in line with Park et al. (2012) who suggest that to understand a department's status and credibility, researchers should examine two key concepts: accountability and legitimacy.

This article is organized as follows. Section 2 describes the theoretical framework and literature dealing with the legitimacy dimensions available to purchasing departments and with purchasing practices which could be integrated with legitimization strategies. Following Spina et al. (2016) who recently published in the *Journal of Purchasing & Supply Management* an article where they suggest to use organizational theory in PSM, we want to use two "external grand theories" in Spina et al.'s words (2016, p. 19), in order to consolidate knowledge about legitimization strategies used by purchasing managers. Section 3 describes the methodology selected for our research. Section 4 presents the analysis of our main findings, followed by a discussion of the integration of legitimization strategies with purchasing strategy in Section 5. We conclude with the main contributions of this study, the research limits, and avenues for future research.

2. Theoretical overview and literature review

Theoretical perspectives, such as institutional theory (Russell and Meehan, 2014; Meehan et al., 2016), the resource-based view theory (Carr and Pearson, 2002; Barney, 2012; Zimmermann and Foerstl, 2014), and resource dependence theory (Paulraj and Chen, 2007), examine a purchasing department's role and influence within the organization. Using this perspective, we have used mostly two "external grand theories": (1) the *institutional theory* (Suchman, 1995; Drori and Honing, 2013; Meehan et al., 2016), which suggests the legitimacy dimensions and the characteristics of the legitimization process; and (2) the *resource-based view theory* (Steinle and Schiele, 2008; Barney, 2012; Zimmermann and Foerstl, 2014), to identify the potential legitimacy sources which a purchasing manager could use. Using these two external grand theories, we have identified the key legitimacy dimensions that purchasing departments could use in the legitimization process and the kinds of purchasing practices associated with the operationalization of legitimization strategies.

Legitimacy is an important concept in the field of organizational theory. Suchman (1995, p. 574) states: "*Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.*" This definition could refer both to internal and external legitimacy, depending on whose constructed system of norms

one refers to. Therefore, a purchasing department's *internal legitimacy level* corresponds to how significant the purchasing department's contribution is perceived to be by the other department managers and by top management.

Purchasing management literature highlights the increasing influence of the purchasing department within organizations (Carr and Pearson, 2002; van Weele and van Raaij, 2014; Zimmermann and Foerstl, 2014). For some authors (McGinnis and Vallopra, 1999; Baier et al., 2008; van Weele and van Raaij, 2014; Nair et al., 2015), this influence reflects the purchasing department's credibility within the organization, while for others (Carr and Pearson, 2002; Eltantawy et al., 2009b), this influence stems mostly from top management's and the other departments' perception of the impact of purchasing practices on organizational performance. Overall, it appears that a purchasing department's perceived status and influence refers to the extent to which purchasing is perceived as making strategic, value-added contributions to the organization (Cavinato, 1987; Goebel et al., 2003; Chen and Paulraj, 2004; Eltantawy et al., 2009a).

Legitimization strategies used by purchasing managers depend upon the purchasing department's maturity level. A higher level of maturity implies that a purchasing department implements the best practices with respect to purchasing worldwide (Úbeda et al., 2015) and that it is capable of effectively operationalizing purchasing and supply management activities (Pemer and Skjolsvik, 2016). Close cross-functional collaborations between the purchasing department and other departments indicate a high maturity level and contribute significantly to the purchasing department's internal legitimacy (Carr and Smeltzer, 1997; Hartmann et al., 2012). However, no studies have been found which analyze this relationship or the factors which influence a purchasing department's legitimacy level. Although some authors suggest that there might be a link between the purchasing department's PSM practices and its internal legitimacy (Watts et al., 1992; Carter and Narasimhan, 1996; Narasimhan and Das, 2001; Paulraj et al., 2008; Schoenherr et al., 2012), there has been no research performed on that issue so far. This is why our study is focused on the identification and the characterization of the legitimization strategies used by purchasing managers in order to increase the purchasing department's internal legitimacy. In fact, our interest is not only on the perception about—and the assessment of—internal legitimacy, but also on legitimacy's salient contextual factors, such as the business environment and purchasing professional skills, which enable purchasing managers to develop and/or hinder internal legitimacy. The importance of those contextual factors have clearly impacted the methodology selected (see Section 3).

2.1. Process of legitimization in purchasing departments

It is only since the end of the 1980s that academic articles dealing with legitimacy and its associated concepts (e.g. image, reputation) began to be published in the field of purchasing management (see Cavinato, 1987; Reck and Long, 1988; Pearson and Gritzmacher, 1990). Since then, the emphasis has often been on demonstrating how critical purchasing departments were to competitive advantage and that they should be recognized for this contribution as much as other "important" departments are (Carr and Smeltzer, 1997; Chen et al., 2004; Paulraj et al., 2006; Tassabehji and Moorhouse, 2008; Luzzini and Ronchi, 2011).

Some authors associate a purchasing department's legitimacy with purchasers' competencies and know-how (Eisenhardt and Schoonhoven, 1996; Eltantawy et al., 2009a, 2009b). Purchasing management professionals should possess the skills to perform at a strategic level (Carr and Pearson, 2002; Tassabehji and Moorhouse, 2008; Eltantawy et al., 2009b), and this can translate into an elevated status and additional legitimacy for the department. For instance, a purchasing department with high internal legitimacy may develop strategic partnerships, which can further help the organization gain access to or acquire unique and valuable resources; this