Master Thesis

Ethical Legitimization Strategy

The effect of industrial ethic load on ethical legitimacy strategies

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1.0 Introduction

Ethical legitimacy is a highly debated topic of interest by researchers, company strategists and society. For organizations it is vital to obtain and maintain legitimacy, as the lack thereof simply has consequences for their existence (Deephouse, Bundy, Tost, & Suchman, 2017). For society, it is in their best interests that organizations and industry sectors conform to the ethical standards (Díez-de-Castro, Peris-Ortíz, & Díez-Martín, 2018). There exists a clear link between legitimacy and an organizations’ social and economic exchange capabilities (Deephouse et al., 2017). Members of society are unwillingly to engage with organizations or industries that they perceive as illegitimate, no matter how interesting the organizations’ marketing mix might be to them (Deephouse et al., 2017). Even organizations that are still operating within legitimacy, who experience a shift in the external perception which causes their legitimacy to be put up for debate, risk being avoided by society (Deephouse et al., 2017). Miller and Michelson (2013, p. 602) state that “there is little doubt that controversial projects, services and concepts do not experience widespread societal acceptance, and therefore, require at least some justification and endorsement”. It is thus vital that organizations have solid strategies in place to stay ahead of changes that might influence their current ethical legitimacy (Hampel & Tracey, 2019), as well as for innovate entrepreneurs to apply the correct strategies to obtain legitimacy in new business ventures that conform to the ethical standards of society (Aldrich & Fiol, 1994). To put even more emphasis on the importance of legitimacy, it is possible to eliminate competitors from the market if an organization can convince stakeholders their competitor is not legitimate, or has questionable ethical legitimacy compared to their peers. The competitor will lose access to the market and thus be eliminated (Deephouse et al., 2017). Legitimacy can be used to obtain a competitive advantage and not managing it entails the risk of losing legitimacy, it is recommendable to have ethical legitimacy acceptance as a strategic goal for any organization (Payne, Cruz-Suarez, & Prado-Román, 2018).

“The ethical norms, rules and ideologies of society represent the appropriate behaviour by which organizations should be governed” (Meyer & Rowan, 1983, p. 8). Recently there have been a multitude of cases in several industrial sectors that raise the issue of ethical legitimacy. There are societal ethical standards, that organizations should comply with in order to keep justifying their existence (Deephouse et al., 2017; Suchman, 1995). The idea is that organizations interact with the external environment and the people part of that environment, together they create value (Freeman, Harrison, Wicks, Parmar, & De Colle, 2010). It is in a societies’ best interests that organizations and industries present in the environment conform to
the moral and ethical standards of the society (Díez-de-Castro et al., 2018). In order to fulfil concepts such as joint value creation or societal benefit (Díez-de-Castro et al., 2018).

A relevant and popular ethical legitimacy theme in recent times is the theme of sustainability. Society places high value on sustainability, companies that are more sustainable than others are seen more legitimate. In contrast to companies that are less sustainable which in the eyes of the public have an unethical approach (Laszlo & Zhembayeva, 2017). The aspect of sustainability makes any organization and industry vulnerable to ethical legitimacy concerns depending on their supply chain (Grayson & Hodges, 2017). The next paragraphs introduce and illustrate the relevancy of the issue of ethical legitimacy further while combining it with more literature, by showing it is an issue for both new ventures, projects and current establishment alike.

Current establishment

Existing business sectors throughout the ages have dealt with ethical legitimacy. For example, the tobacco industry has many aspects that are branded undesirable and unethical by society, and were banned from advertising on US television as early as 1969 (Blum, 1991). In response tobacco companies connected themselves with the racing industry through sponsorship, bonding with fans, car manufacturers, teams, and drivers to regain ethical legitimacy (Blum, 1991). This strategy of establishing an interfirm linkage with another industry by, in this case, event sponsorship did wonders for the acceptance of the tobacco industry (Ahlstrom & Bruton, 2001). A televised broadcast of a race in 1989 with a duration of around 90 minutes had close to 6000 brand mentions and visible screen moments, accounting for a presence of 50% of total screen time (Blum, 1991). The bond with stakeholders was strong enough to have overcome the ethical issue via this interfirm linkage strategy, and have the industry accepted as legitimate part of society in this ethical context (Ahlstrom & Bruton, 2001). In the early 2000’s more strict regulation on tobacco sponsorship in motorsports was legislated due to the increasingly unethically desired aspects and stakeholder pressure (Grant-Braham & Britton, 2012). The industry yet adapted different strategies, both marketing wise (the infamous barcode branding (Grant-Braham & Britton, 2012)), but also on the ethical legitimacy front. This year a large tobacco industrialist has strategically reshaped their vision in order to align with accepted organizational forms (Ahlstrom & Bruton, 2001). Attempting to show a clear contribution to society by “building a better future” and “learning from past mistakes”, and thus hoping to get more ethical acceptance to exist (Philip Morris International, 2019). Other industries that deal with ethical legitimacy are, for example, gambling. For the controversial gambling industry, it
is common for businesses to legitimize themselves by donating part of their profits to charity, or they are justified by a special tax (Miller & Michelson, 2013). This can be defined as an ethical legitimacy strategy aiming for resource legitimacy (Ahlstrom & Bruton, 2001). Or in other words this is a decoupling strategy, where the core business is still under ethical fire, but by giving focus on the policy of giving resources back to the community there is ethical acceptance in various scenarios (Miller & Michelson, 2013; Suddaby, Bitektine, & Haack, 2017).

New ventures and projects
Not only current establishment has to deal with ethical legitimacy. To illustrate, the recent emergence of gene editing research has accelerated to the point it is a feasible reality (Court, 2019). Perhaps businesses are already exploring options to enter (or create) the industry sector of gene editing services in the near future as they see it as a blue ocean (Kim & Mauborgne, 2004). Diving into an ocean like this while staying within the law might be possible, but despite the potential benefits gene editing is linked to heavy ethical concerns and opposition from many different stakeholders (Court, 2019). Any businesses offering products or services related to gene editing would therefore definitely not be considered legitimate at this point in time, as there are many ethical issues surrounding it. The lack of ethical legitimacy is a critical issue for innovative endeavours (Aldrich & Fiol, 1994). Organizations hoping to establish a company in an unexplored niche, as well as crucial stakeholders involved, are not likely to fully grasp the nature of this new possibility yet, which means that the conformity to the current establishment is in doubt and no joint value is created (Aldrich & Fiol, 1994). As with full new organizations in unexplored niches, new innovating projects within industries are subject to the same judgment (Melé & Armengou, 2016; Miller & Michelson, 2013).

Research Gap
Considering the research field of legitimacy, various strategies are described that can be employed to deal with legitimacy (Ahlstrom & Bruton, 2001; Deephouse et al., 2017; Suchman, 1995; Suddaby et al., 2017; Suddaby & Greenwood, 2005; Vaara, Tienari, & Laurila, 2006). Other scholars have defined several typologies of legitimacy of interest, including moral and ethical legitimacy (Bitektine, 2011; Díez-de-Castro et al., 2018). Ethical and moral legitimacy is underrepresented in research, and experimental research about ethical and moral judgements can improve the understanding of micro-foundations of legitimacy (Deephouse et al., 2017). When it comes to research design, previous research of legitimacy studies only cover a limited aspect or a specific scenario, which examines at most one or two combinations of categories.
(Deephouse et al., 2017; Suchman, 1995). It is not very common to find studies that research on an industry level (Miller & Michelson, 2013). However, many researchers hold the view that “insights derived at the organizational level can be broadly applied to industries” (Miller & Michelson, 2013). A company obtaining legitimacy by itself can by extension potentially legitimize an entire industry, therefore industry and individual organizations are inherently linked (Deephouse et al., 2017; Rao, 1994). Furthermore, the rise of (digital) media technology in the last years is affecting legitimacy perspectives (Deephouse et al., 2017). The external environment is volatile and prone to change, which enhances the need for strategies to deal with contingencies and specific scenarios (Aldrich & Fiol, 1994; Bitektine, 2011; Deephouse et al., 2017; Finch, Deephouse, & Varella, 2015). Definitions of scenarios (or strategic goals) were recently updated and reanalysed by Deephouse et al. (2017), giving further distinction and weight into the issue of ethical legitimacy.

Current studies up to now concentrate on specific scenarios or limited aspects, e.g. how one specific company uses one specific type of strategy, in the light of a specific issue, such as in Joutsenvirta (2013). Other examples of studies into specific organizations suffering from ethical legitimacy concerns by society, such as BP, Shell, and Exxon, are limited to the organizational level and singular issue (Deephouse et al., 2017). Based on the cases explored and the research context there is a lack of knowledge when it comes to multiple categories (on an industrial level) and multiple types of strategic configuration in the ethical and moral legitimacy typology. There is a further gap of knowledge on the industry level (Miller & Michelson, 2013). It is unknown which strategic patterns are employed by organizations in ethically controversial industries, and organizations in lesser ethical controversial industries, when dealing with ethical issues from society. Many have looked at specific instances of strategies in specific scenarios, but so far, no research looked at a broader approach of various ethical issues and different legitimacy strategies in relation to different ethical loads.

*Research Aim*

Industry sectors and the companies operating within as part of these sectors have to maintain their ethical legitimacy based on the ethical and moral views of society (Deephouse et al., 2017). The aim of this research is to research the strategies organizations are applying in relation to their ethical load. Or in other words, the following main research question is formed:

*RQ: How does an industry’s ethical load affect organizations’ ethical legitimacy strategies?*
To accomplish this, ethical load (low and high) will be represented by four industries (two high ethical load, two low ethical load). Within the industries, strategies that organizations (which represent their industry) are using in relation to ethical issues will be analysed. This is done through a qualitative content analysis of media news articles, which contain ethical legitimacy issues and strategic responses.

**Variables**

There are two variables present in the research question. The independent variable represents the high or low ethical load for the industry, as conferred by the societal view. The dependent variable is the ethical legitimation strategies used to deal with certain issues within an ethically loaded industry. For this variable the question is if it is affected by the ethical load.

**Sub-Research Questions**

To aid answering of the main research question, several sub-questions are to be answered. Based on the two variables present, sub-research questions 1 and 2 are derived.

**SRQ1: Which strategies are companies using with respect to the issue of ethical legitimacy?**

Through answering sub-research question one, a pattern of strategy configuration within an industry can be made. Patterns are able to be generalized towards external environments in qualitative research, unlike specific data for specific instances (Bleijenbergh, 2016). Literature and theory discern several strategies, analysing content and linking them with industries insight can be gained. Through comparing the patterns and frequency within and between industries any differences and similarities are revealed. In the theoretical background strategies that are used in relation to legitimacy are explored to answer this research question. In chapter 3, ways of measurement and operationalization of the strategies are discussed. At the end of the research the question can be reviewed again, based on observations some strategies might not be used or not popular with respect to the issue of ethical legitimacy.

Before answering the main research question, it is necessary to define industries which suit the division of high and low ethical load. Therefor prior to the main analysis the following question requires answering in order to select industries suitable for research that fit the criteria:

**SRQ2: What is meant with an industry’s ethical load?**

Industry ethical load and ways to measure it is discussed in the theoretical background chapter. The actual measurement and case selection are done in chapter 3, prior to data gathering and analysis.
Previous research has already had some results about the relation between specific strategies and in specific ethical load scenarios, which raise several propositions about the research question. The following sub-research question is formed to explore this prior knowledge. This question is further answered in the theoretical background section on previous research.

**SRQ3: What is already known about the relation between ethical load and applied legitimacy strategies?**

**Research Gap Summary**

This research addresses several gaps that exists. First by a broad research approach, including multiple industries and strategies. Taking an approach that covers more categories is an interesting gap to focus on (Deephouse et al., 2017), as depth research might ignore other strategies present in the strategic configuration. Through this a generalisable insight can be proposed for strategies in relation to ethical load, something that is not possible from in singular studies. Secondly, the research focusses on the underrepresented typology of ethical legitimacy (Bitektine, 2011; Deephouse et al., 2017). Finally, a gap exists in exploring strategies used by companies and industries that are considered low ethical load and comparing them with industries of high ethical load. This is in the sense that a stable scenario does not create drama or require intervention (Locke & Golden-Biddle, 1997), and are underrepresented as organizations with problems are more likely popular objects of depth research. Nowhere is found a configuration, or pattern of strategies that organizations engage in, which can be generalized across industries.

**Societal relevance**

Legitimacy in general influences organizational survival, performance, their social and economic exchange, and financial performance (Deephouse et al., 2017). The issue of ethical legitimacy appears to be becoming more salient in recent years, with an increase in digital media and the rise of other media types such as social media (Deephouse et al., 2017). Both members of society and organizations are able to influence concerns related to legitimacy through these mediums (Deephouse et al., 2017). It is vital for organizational management to be aware of using ideal strategies to increase their legitimacy instead of hurting it. For society it is in their best interests that organizations benefit the general good (Melé & Armengou, 2016), and steer them into a direction of accomplishing this or consequently cause illegitimacy for organizations and industries. By examining the relation between ethical load and ethical legitimacy strategies, both society and organization can benefit through gaining knowledge about the context how strategies are used, in relation to ethical legitimacy issues. Organizations can benefit by
knowing that the strategy they engage in fits the ethical issue and thus minimize the risk of damage done. Society further benefits through gaining a critical reflection on what strategies organizations are using in the context of ethical legitimacy.

The next chapter in this research will explore the variables and theoretical background involved. Chapter three contains the methodology which explains the research approach, case selection, operationalisation and measurement of variables, intended way of analysis, reliability, and validity. Chapter four contains the analysis of the results found, which are discussed in relation to the research question and previous findings in chapter five.

2.0 Theoretical background

In order to achieve results on the research question, the theoretical background chapter will take a deeper look in the history and theoretical frameworks that relevant theory and terminology originates from. The main issue is legitimacy and the specific distinction context within of ethical legitimacy. From there the dependent variable of ethical legitimacy strategies will be explored, as well as the independent variable of the ethical load. Any previous research findings related to the area of the research questions are explored and propositions are formed. The final section of this chapter synthesizes these elements into a conceptual model.

2.1 Legitimacy

The core issue is ethical legitimacy and how companies strategize regarding this. First section 2.1.1 will explore legitimacy in general, before elaborating on the ethical dimension of legitimacy and the importance of the typology.

2.1.1 Defining Legitimacy

Ethical legitimacy is a typology or, in simpler imagery, a ‘zoom-in’ on a certain aspect of legitimacy. The presence of the ethical dimension of legitimacy becomes apparent from these definitions throughout its inception, as well as the importance of the context the ethical legitimacy strategies operate in, in relation to the ethical load.

There are many dimensions to the concept of organizational legitimacy that have been explored in science over the past decades to define what constitutes legitimacy. The term is embedded within institutional theory, for which the relevant core principle is that organizations need to gain and maintain their legitimacy for survival (Deephouse et al., 2017; Miranda, Cruz-Suarez, & Prado-Román, 2018). One of the first definitions of legitimacy is found in the work of Maurer fifty years ago (Suchman, 1995). In the work legitimacy is defined as “the process whereby an
organization justifies to a peer or superordinate system its right to exist” (Maurer, 1971; Suchman, 1995). In this definition society is present in the form of ‘peer’ and ‘superordinate system’, a company would have to justify its actions towards. The definition for legitimacy has appeared in various ways and encompassing different scopes throughout theory in the last decades. Pfeffer (1981) defines it as: “activities that are accepted and expected within a context are then said to be legitimate within that context”. The scope of this definition consists of behavioural consequences and acceptance, unlike the earlier definition from Maurer which has a judgmental scope (Bitektine, 2011). Some definitions, “social fitness” (Oliver, 1991), are very to the point, but at the same time might raise more questions about their theoretical bounds. The most widely used theoretical definition the last years is the one by Suchman: “Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of normal, values, beliefs and definitions” (Suchman, 1995, p. 574). The scope of this definition entails perception and judgment of legitimacy (Bitektine, 2011). Most research on legitimacy has used the aging definition of Suchman (Deephouse et al., 2017). Like Suchman in 1995, another definition was found in the work of Scott from the same year: “Legitimacy is not a commodity to be possessed or exchanged but a condition reflecting cultural alignment, normative support, or consonance with relevant rules or laws” (Scott, 1995, p. 45). Within the definitions mentioned the ethical aspects of legitimacy are present, represented by terms such as desirable, values, beliefs, cultural alignment, and normative support. From these definition explorations the importance of a typology and the recurring element of ethical legitimacy is shown. One of the most recent definitions for legitimacy in general is based upon literature review of the past years: “Organizational legitimacy is the perceived appropriateness of an organization to a social system in terms of rules, values, norms and definitions” (Deephouse et al., 2017, p. 9). Legitimacy is not only embedded in institutional theory, legitimacy is also perceived by an individual, which integrates institutional theory and a social psychological perspective (Tost, 2011). This statement reflects that there is more to legitimacy, and that ethical judgements are made by individuals and society towards organizations and industries if issues arise.

To summarize this section, in theory there exists plenty debate on the theoretical depth of the topic. What they all have in common are elements of acting ethically towards society and the external environment. Narrowing down to the specific level of ethical legitimacy and corresponding ethical issues helps strategy regarding issues to be more concise and relevant, and thus enhance their effectiveness (Bitektine, 2011).
2.1.2 Defining Ethical Legitimacy

Many of the definitions are interpreted in a very broad sense, which means there is no getting around the fact they suffer from some vagueness and thus reducing their utility (Bitektine, 2011). Developing an enumerative definition of legitimacy would have beneficial effects, increasing utility and overcome broad and vague definitions (Bitektine, 2011; Deephouse et al., 2017). For the full table of legitimacy typologies named by Bitektine see Appendix 1. Based in philosophical logical theory, an enumerative definition is narrow and splits legitimacy under specific legitimacy subtypes or typologies (Bitektine, 2011; Díez-de-Castro et al., 2018). Other researchers already have addressed different types of legitimacy within organizational theory, or juxtaposed two or more different types of legitimacy (Bitektine, 2011). Narrow typology definitions are for example moral, regulatory, cognitive, and practical legitimacy. Deephouse et al. (2017) discern 5 concepts of legitimacy scenarios: legitimacy in general, regulatory, pragmatic, moral and cultural-cognitive. Combined with these concepts are legitimacy scenarios each typology must deal with: gaining, maintaining, challenged by, responding and institutionally innovating.

The typology of interest for this research is ethical legitimacy, which is closely connected to the more often used moral legitimacy. Because of this reason there is a slight gap present in literature regarding ethical legitimacy (Díez-de-Castro et al., 2018). Ethical legitimacy, in contrast to moral legitimacy, is more generalized on a group level, moral legitimacy is present on an individual level (Díez-de-Castro et al., 2018). Personal legitimacy, integrity and trustworthy behaviour stand at the base of what makes an organization morally legitimate, ethically legitimate and transforms an industry into legitimate (Suchman, 1995). Because the term ethical is on a more generalized group level, compared to the individual level of moral the term ethical is preferred in this research.

Suddaby et al. (2017) further define legitimacy by asking “what is legitimacy?” and conclude from their research three answers to this question. Legitimacy can be either seen as ‘a property’, ‘a process’, or ‘a perception’ (Suddaby et al., 2017). Ethical legitimization suits the theoretical point of view of legitimacy as a property. Ethical legitimacy is a narrow point of view product from two actors: organization and society (Suddaby et al., 2017). Therefore, ethical legitimacy can be considered a status, that an organization possesses at any point in time, but also lose or put into question.
Why does ethical legitimacy matter?

Why should companies and organizations have strategies in place in order to maintain and obtain their legitimacy? As mentioned in the introduction of the thesis, legitimacy matters because the lack thereof simply has consequences (Deephouse et al., 2017). Aside from examples given in the introduction, other examples are stakeholders concerned with the environment might think it unethical to go into business with companies such as Shell or BP due to the Brent Spar and Deepwater Horizon incidents (Deephouse et al., 2017). “These concerns might outright oppose the existence of these companies (and thus deem them illegitimate), or they may actively debate their legitimacy at a given point in time (for example, in reaction to the incidents listed)” (Deephouse et al., 2017, p. 12). This example also illustrates that legitimacy needs to be maintained over time and thus strategies need to include the contingency of external threats or changes in public ethical perception (Hampel & Tracey, 2019). Legitimacy is also useful to achieve organizational goals (Deephouse et al., 2017). Ethical legitimacy can also be used to gain a competitive advantage and bond with stakeholders (Deephouse et al., 2017). In early research it was also suggested that strategic choice is enhanced when legitimacy matters (Child, 1972).

To summarize why ethical legitimacy matters there are four major reasons: survival of the organization, financial performance and competition, gaining support from the external environment, and finally it influences strategic choice. (Deephouse et al., 2017)

2.1.3 Defining Ethical Load

In this section ethical load is defined, which aligns with SRQ2: What is meant with an industry’s ethical load? As stated in the introduction, controversial projects, services, and industries do not experience wide societal acceptance (Miller & Michelson, 2013). Organizations engaging within industries of controversy require strategies to justify and gain endorsement from the public for their existence (Miller & Michelson, 2013). Sources (society) are continually examining, actively and passively, how to evaluate the legitimacy of these projects and in extension entire industries (Deephouse et al., 2017; Tost, 2011). Industries that are more controversial among society, or ethically loaded, are likely to deal with different issues than industries who experience moral approval from society (Hampel & Tracey, 2019). As legitimacy has consequences for organizations it is an important factor to consider their ethical load, or how they are evaluated by society (Deephouse et al., 2017; Hampel & Tracey, 2019; Melé & Armengou, 2016). To define ethical load, or the pressure from society on the industry or project, several criteria can be used. Based on the criteria of moral evaluation by Melé and
Armengou (2016), projects in an industry can represent the industry if it is high or low ethically loaded. Industries can be analysed on these four elements, which are found in table 1. Scoring well on the criteria entails a low ethic load, scoring poorly links the industry with a high ethical load.

*Table 1 (Melé & Armengou, 2016): Ethical criteria.*

<table>
<thead>
<tr>
<th>Ethical Element</th>
<th>Moral Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The intended end</td>
<td>Contribution of a project or activity to the common good.</td>
</tr>
<tr>
<td>(2) Means elected</td>
<td>Communication of no harm done by the means to the end (organizational, technology, equipment).</td>
</tr>
<tr>
<td>(3) Concurrent relevant circumstances</td>
<td>Analysis and ethical evaluation of societal concerns and needs.</td>
</tr>
<tr>
<td>(4) Foreseeable consequences</td>
<td>Minimalization of possible damage or risk.</td>
</tr>
</tbody>
</table>

2.1.4 Legitimacy Summary

In summary, from exploring the general theoretical background on legitimacy several aspects of importance and interest to the research question can be found. Firstly, the typology and distinction that can be found in various definitions, which shows an ethical dimension is an interesting angle to use in the current organizational environment. Secondly, an enumerative definition such as ‘ethical’ reminds and highlights the saliency that legitimacy is a perception of organizations by society (Bitektine, 2011; Deephouse et al., 2017). This provides the dimension of high and low ethical load on industry sectors as this ethical perception is conferred by societies ethical concerns. Finally, this synthesizes into strategies that organizations use to deal with their ethical legitimacy.

2.2 Ethical Legitimization Strategies

This section introduces the strategies of interest that can deal with ethical issues and legitimacy in more detail. Firstly, by establishing the context and scenarios for which ethical legitimization strategies are used. The scenarios, or strategic goals, are important in that they provide reliability that strategies are being used within the dimension of ethical legitimacy and not another dimension of legitimacy. Secondly, the strategies themselves are defined.

2.2.1 Scenarios and strategic goals

Companies must be flexible, in contrast with statically positioned, to respond to rapid competitive and market changes (Porter, 1996). The legitimacy environment is also dynamic,
what was once accepted could be up for debate tomorrow as audiences can rapidly change their mind (Hampel & Tracey, 2019). Therefore, organizations have a need for proper strategies to deal with these contingencies (Aldrich & Fiol, 1994; Bitektine, 2011; Deephouse et al., 2017; Finch et al., 2015; Suchman, 1995; Suddaby et al., 2017). The core principle of institutional theory comes down to the fact that organizations need to gain and maintain their legitimacy for survival (Miranda et al., 2018). There are various ways to manage strategies around legitimacy, but any strategy needs a pre-defined goal to work. In this context the goal is managing legitimacy. In the theory there exists more debate on these ‘purposes’. Ashforth and Gibbs (1990) discern three of these goals: extending, maintaining and defending legitimacy. Suchman (1995) also discerns three goals, but instead defines them: gaining, maintaining and repairing. An interesting reflection is that maintaining legitimacy is paradoxical, in the sense that a stable scenario does not create drama or require intervention (Locke & Golden-Biddle, 1997).

A recent distinction conceptualizes ethical legitimacy into 5 different scenarios, depending on what the issue is (Deephouse et al., 2017). This builds forth on the three categories, by Suchman and Ashforth & Gibbs, and adds two more. When it concerns moral legitimacy, or in this thesis the term ‘ethical’ is used, all five scenarios could apply. These five scenarios are as follows: gaining, maintaining, challenged by, responding and institutionally innovating (Deephouse et al., 2017). When the concept of ethical legitimacy is applied, an organization and strategy should be aligned to fit the respective scenario. The edited table below illustrates this concept (see appendix 2 for the original by Deephouse et al. (2017)).

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Strategic Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaining</td>
<td>Show fit with social values</td>
</tr>
<tr>
<td>Maintaining</td>
<td>Don’t violate social values</td>
</tr>
<tr>
<td>Challenged by</td>
<td>[Deal with] Value Challenges</td>
</tr>
<tr>
<td>Responding</td>
<td>Affirm fit with social values</td>
</tr>
<tr>
<td>Institutionally innovating</td>
<td>Change social values</td>
</tr>
</tbody>
</table>

_Gaining_ legitimacy involves strategizing around new ventures (Aldrich & Fiol, 1994), they need to show an ethical fit with the existing stable social values. Usually this is accomplished by rhetorical strategies (Suddaby & Greenwood, 2005). Through institutional logic, legitimacy can be shifted from already existing legitimate industries towards new (Bitektine, 2011; Suddaby & Greenwood, 2005). Hypothetically, a future probable industry like gene editing
would maybe look to shift the logic that makes the healthcare industry ethically legitimate to include their industry. This represents the new innovation in such a way that it invokes already familiar cognitive categories (Bitektine, 2011).

The *maintaining* scenario entails the continuation of adhering to the social standard (Deephouse et al., 2017). While there is not much research on maintaining it, as any change immediately disrupts this status quo, decoupling over time could cause ethical issues and with it raise stakeholder concerns (Deephouse et al., 2017). A gap could start to exist between organizational policy and practice.

‘*Challenged by*’ is a newly introduced scenario of legitimacy. This scenario considers multiple stakeholders’ point of view. If the ethical values do not align with certain stakeholders, ethical legitimacy could become an issue if the stakeholders have enough saliency. This would require the organization to respond instead (Deephouse et al., 2017). Staying ahead of ‘challengers’ or analysing them would be strategically beneficial to stay ahead of any potential future issues.

*Responding* in this scenario replaces the classic terminology of ‘defending’ or ‘repairing’, which both imply a reactive strategic response. (Ashforth & Gibbs, 1990; Deephouse et al., 2017; Suchman, 1995). Challenges to ethical values requires strategies that re-assure stakeholders of the good intentions the organization promises and also re-assure that the organization is interested in being socially responsible (Deephouse et al., 2017).

*Institutionally Innovating* focuses on, like gaining legitimacy, mainly on institutional entrepreneurs (Deephouse et al., 2017; Voinea & Van Kranenburg, 2017). Contrary to gaining legitimacy, which relies on rhetoric and embedding into existing industries, these innovations are fully new and aim to create new ethically accepted industries. As example is the Dutch edible insect sector, in which a business model and resources exist, but it is yet to be ethically accepted and ethical legitimacy not yet conferred by society (van Huis, 2016; Voinea & Van Kranenburg, 2017). There is a fundamental difference between the actions required to establish a company into an already existing stable institutional regime, and one in a yet to theorize institutional regime (Aldrich & Fiol, 1994).

### 2.2.2 Strategies

This section explores how legitimacy strategies can be classified. Table 3 and appendix 4 visually list the strategies and corresponding indicators with additional context for overview
purposes. This analysis of strategies is also SRQ1: Which strategies are companies using with respect to the issue of ethical legitimacy?

**Conforming**

“To appear legitimate, organizations adopt the characteristics, practices, and forms imposed by regulations, standards, or norms generated” (Suddaby et al., 2017, p. 457). To use a confirming strategy entails complying with the social pressures of legitimacy by appearing highly similar towards other organizations in the existing industry, the main benefits are improved survival chances for the organization (Suddaby et al., 2017). This is done by either adopting characteristics of the leading firms, dominant designs, or previous templates for success (Suddaby et al., 2017). Rooted in institutional theory it is also based on the logic of contingency theory as firms adapt to their social environment the same way they would adapt to the economic environment (Suddaby et al., 2017). These strategies can suit ethical legitimacy as its intention is to balance norms and values of the firm with the external environment (stakeholders) (Dowling & Pfeffer, 1975; Suddaby et al., 2017). A firm might look at their competition and see that they are experiencing more ethical legitimacy and thus adopt their policies. Conforming strategies are also defined as isomorphism or adaptation to fit (Suddaby et al., 2017). Allying with different, already accepted organizational forms can also been seen as conforming (Ahlstrom & Bruton, 2001).

**Decoupling**

Decoupling is a similar strategy as conforming. In a decoupling scenario a company appears to adopt or implement a normatively accepted business practice, but does not fully implement it (Suddaby et al., 2017). They will appear legitimate towards society to protect their core business (Suddaby et al., 2017). Decoupling has shown to be a critical strategy for firms to maintain somewhat of a fit towards normative and ethical pressures from the institutional environment (Suddaby et al., 2017). Examples of decoupling are a focus on for example sustainable packaging, while the core business is far from sustainable, yet stakeholders and their involvement are directed towards the packaging elements that fits with their ethical business perspective. Other examples are implementing long-term programs or policies to avoid time-sensitive pressures (Suddaby et al., 2017; Westphal & Zajac, 2001).

**Pragmatic**

Pragmatic legitimacy is an entirely different typology of legitimacy from ethical (Suchman, 1995), yet strategies can still be pragmatic in nature to obtain ethical legitimacy. Showing
pragmatic benefits over existing alternatives can help suppress ethical concerns, or in another way show that the alternative is about equal, but more ethically acceptable (Rao, 1994; Suddaby et al., 2017). Demonstrating familiarity while showing an ethical benefit over an alternative product would have strategical benefits regarding normative and ethical legitimacy (Suddaby et al., 2017). Alternative more sustainable food sources on the rise could exemplify this.

**Hybridization**

Companies that engage in hybridization have two conflicting institutional logics within the core of their organization (Besharov & Smith, 2014). New internal policies are created in order to adapt the environment towards an external perspective (Siebers, 2016). This creates two logics aimed towards different external environments, which at the same time is useful for increasing long-term legitimacy (Deephouse et al., 2017; Siebers, 2016; Suddaby et al., 2017).

**Discursive**

The discursive strategy in the research on legitimacy is becoming increasingly more popular (Deephouse et al., 2017; Vaara et al., 2006). Through media companies attempt to establish legitimacy by engaging into two-way communication with their relevant stakeholders. Discursive strategies can be further distinguished into categories such as normalization or moralization (Vaara et al., 2006). The discursive (or discourse) strategies of interest for ethical legitimization are moralization and narrativization. In the case of moralization specific ethical and moral values are referred to by the company towards its stakeholder to show fit with expectations (Vaara et al., 2006). In a narrative strategic approach a story is communicated with evidence of appropriate and acceptable behaviour (Vaara et al., 2006).

**Rhetorical**

Rhetorical strategies of legitimacy attempt to establish a new legitimacy criteria (Suddaby & Greenwood, 2005). These rhetorical strategies attempt to convince fit with existing legitimate sectors by modifying, displacing or shifting logic from old to new, as the new form does not yet have criteria to be judged upon, but by linking it to existing criteria it could obtain legitimacy (Suddaby & Greenwood, 2005).
<table>
<thead>
<tr>
<th>Legitimacy Strategy</th>
<th>Indicators</th>
</tr>
</thead>
</table>
| Conforming          | - *Internal adaptation* (characteristics and templates of success)  
|                     | - *Compliance* (with social pressure)  
|                     | - *Balance norms and values* (with the external environment)  
|                     | - *Allying* (with accepted organizational forms)  
|                     | - *Full Fit* (with the external environment)  
| Decoupling          | - *Long-term* (programs, policies)  
|                     | - *No full implementation* (only locally or future goals)  
|                     | - *Unrelated to core-business*  
|                     | - *Alternative products* (in protection of core-business)  
|                     | - *Appear to adopt* (short-term benefits)  
|                     | - *Somewhat of a fit* (with the external environment)  
| Pragmatic           | - *Pragmatic benefits* (ethically)  
|                     | - *Direct competition* (comparison with competitors)  
|                     | - *Core-business related*  
|                     | - *Supply chain*  
|                     | - *Identical products / service* (allows comparison)  
| Hybridization       | - *Multiple external environments* (with different ethical perspectives)  
|                     | - *Multiple internal institutional logics* (conflicting)  
|                     | - *Internal policies* (newly created)  
|                     | - *External adaptation* (external environment adapts towards the perspective)  
|                     | - *Acquisition* (of business with a conflicting institutional logic)  
| Discursive          | - *Media* (channels of communication)  
|                     | - *Two-way communication* (allow feedback and conversation)  
|                     | - *Stakeholders* (engagement and involvement)  
|                     | - *Values* (ethical and moral values of target group)  
|                     | - *Moralization* (Fit with external expectations)  
|                     | - *Narrativization* (Fit with external expectations)  
| Rhetorical          | - *Shift* (from older to newer)  
|                     | - *New criteria* (new forms that are yet to be judged)  
|                     | - *Displacing* (from other legitimate sectors)  
|                     | - *Logic* (argumentative)  
|                     | - *One-way communication* (rhetorical arguments)  
|                     | - *Link* (link with legitimate sectors)  

2.3 Previous Research and Conceptual Model

Throughout this chapter background and previous research knowledge on the topic is already explored. From this, the conceptual model is introduced. There is further nuance within the relation between ethical load and strategy, which is explored into previous research findings specific to the research question. These lead to propositions related to the research question. In this section SRQ3 is discussed: *What is already known about the relation between ethical load and applied legitimacy strategies?*

*Conceptual model*

The conceptual model is a simple relation between the two variables, to see if ethical legitimacy strategies are influenced by the ethical load of the industry. What is the relation of ethical load on ethical legitimacy strategies?

*Figure 1: Conceptual model.*

There are two variables present in the research question. The ethical load variable represents the high or low ethical load for the industry, as conferred by the societal view. The ‘ethical legitimacy strategy’ are the strategies used to deal with certain issues within an ethically loaded industry. As defined in theory and applicable to this research those strategies are defined as ‘conforming’, ‘decoupling’, ‘pragmatic’, ‘hybridization’, ‘discursive’, and ‘rhetorical’. In accordance with earlier research knowledge and the scientific definitions of these strategies, the expectation exists that high and low ethically loaded industries choose different types of strategies or different configurations of strategies depending on the ethical load. Within this expectation the nuance is present as the extend of ethical load (low or high) could affect strategy configuration.

*Propositions related to strategy, the external environment and the link between them.*

In previous research it is found that ethical legitimacy matters because it impacts organizational survival and performance, competition in the market, gaining support from the institutional environment, and it influences strategic choice (Deephouse et al., 2017). Legitimacy strategies have been defined and applied to cases and scenarios involving in depth research into specific companies and issues to see if they are executed as defined in strategy (Deephouse et al., 2017).
The external environment is volatile and prone to change, which enhances the need for strategies to deal with contingencies and specific scenarios (Aldrich & Fiol, 1994; Bitektine, 2011; Deephouse et al., 2017; Finch et al., 2015; Suchman, 1995; Suddaby et al., 2017). The scenario definitions were recently updated and reanalysed by Deephouse et al. (2017), to better categorize and define the scenarios or strategic goals legitimacy strategies are used towards.

The managing of legitimacy depends on the organization and on the type of organization in question (Deephouse et al., 2017; Meyer & Rowan, 1983). Research has indicated that there are differences between organizations in different societal sectors in terms of legitimacy and the criteria used to evaluate legitimacy (Deephouse et al., 2017). This leads to the proposition that: **p1**: *a difference in strategic pattern and organizational management between low and high ethically loaded industries exists*. In terms of equal ethical load, the proposition is: **p2**: *a similar strategy pattern exists for industries with similar ethical load.*

In relation to morality and discursive strategies, a company was found to have been using five discursive strategies in an analysis of media texts (Joutsenvirta, 2013). Which opens the proposition that: **p3**: *discursive strategies should be highly represented among ethical issues in media texts*. Pragmatic strategies are also propositioned to appear a lot in relation to media sources, as the media is a great tool to point out comparisons and influence customers on ethical pragmatic benefits (Bitektine, 2011). **P4**: *pragmatic strategies are likely to be highly represented due to the link with the source type.* Further in depth findings found that acknowledging and referring to the external environment is a superior strategic choice than denying responsibility or shifting blame towards the technical environment when it comes to legitimacy (Elsbach, 1994). It is proposed that strategies relating to a shift of legitimacy (rhetoric) or move the focus to unrelated and alternative products and initiatives (decoupling) are less represented than strategies that are involving the external environment directly, such as discursive and conforming, based on that acknowledging responsibility is a superior option. Or in short: **p5**: *discursive and conforming strategies are preferred over decoupling and rhetoric.*

In media reports it was also found that highly defensive strategies hinder recovery of legitimacy with society (Lamin & Zaheer, 2012). Highly defensive strategies are strategies such as decoupling, as it enhances short-term legitimacy and diverts attention away from the core business, or rhetoric which can shift responsibility. As it hinders recovery it is assumed that decoupling and rhetoric strategies are less desirable in those scenarios where recovery is still possible, e.g. low ethic industries. **P6**: *decoupling strategies hinder recovery and thus are not of interest in low ethic load industries who are more likely to recover.* In contrast to this it has
also been found that decoupling and hybridization are useful in the face of inconsistent criteria, or when dealing with urgent highly loaded ethical issues (Deephouse et al., 2017). **P7: decoupling and hybridization strategies are popular in high ethic load industries.** In the light of rising legitimacy issues, it was found that conforming strategies only appear when the pressure from society is increasing and that organizations are likely to hold onto their initial viewpoint before logically flowing into conforming or other strategies (Van Halderen, Bhatt, Berens, Brown, & Van Riel, 2016). As the lens of this research is on issues that are already classified as an ethical issue, the proposition formed is that: **p8: conforming strategies are present throughout both low and high ethically loaded industries, but strategies shift as the organizational stance towards their societal environment changes (from low to high ethic load).**

**Suggested Research**

Suggested further research related to ethical legitimacy is recommended by researchers in the field of legitimacy (Deephouse et al., 2017). Experimental research about ethical and moral judgements can improve the understanding of the micro-foundations of legitimacy (Deephouse et al., 2017). Most research or legitimacy studies only cover a limited aspect or a specific scenario, which examines at most one or two combinations of categories (Deephouse et al., 2017; Suchman, 1995). The rise of digital technology in the last years is also affecting legitimacy perspectives, and organizations are likely to influence their legitimacy, through for example, digital media (Castelló, Etter, & Årup Nielsen, 2016; Deephouse et al., 2017). It is therefore to be expected that discursive strategies are more likely to appear, due to being concentrated in media and having the element of possible two-way communication between the organization and the external environment. This proposition is identical to **p3 (discursive strategies should be highly represented among ethical issues in media texts).**

**Summary**

To summarize, each element of the research question is discussed based on scientific literature and sub-research questions related to the main research question are examined. From legitimacy, the important of the dimension of ethical legitimacy is established. The context organizations strategize in relation to is defined as ethical load. Furthermore, ethical legitimacy strategies are defined including strategic goals which affirm reliability with the dimension of ethical legitimacy. Previous research has led to interesting propositions about the relation between the variables. Chapter three operationalizes the research.
3.0 Methodology

The methodology is a chronological process. The process calls for, in chronological order:

- Deciding on which industries represent high and low ethical load (the independent variable and empirical context) (3.2)
- Indicating the way of data collection. (3.3)
- Showing the intended way of operational data analysis in order to answer the research question. (3.4)

Qualitative methodology

Qualitative methodology is focused on forms of research which collect and interpret written language materials to gain insights into a relational phenomenon, in contrast to quantitative which is based on numeric (Bleijenbergh, 2016). Qualitative methods are also helpful for exploring issues in areas that are not fully defined (Creswell & Poth, 2017). The complexity and nuance of the relationship between ethical load and the various propositions of previous research on strategies, make it less suitable for a quantitative measurement methodology (Creswell & Poth, 2017). Explaining the link between ethical load and strategy is also a contextual issue, which is best addressed by a qualitative method, in contrast to pre-defined quantitative measurement options (Bleijenbergh, 2016; Creswell & Poth, 2017).

The media is generally recognized as a source of legitimacy for society (Deephouse et al., 2017; Lamin & Zaheer, 2012). Media reports on the way society evaluates organizations, or ethical issues that organizations are dealing with that influence societal evaluation (Deephouse et al., 2017). How these sources (society, legitimacy, organizations) interact with each other and subject organizations is being examined more and more by researchers (Deephouse et al., 2017; Tost, 2011). The media is furthermore a great tool for both society and organizations to influence legitimacy (Bitektine, 2011). Based on this the case for qualitative research is strengthened, as media documents can contain both ethical issues and strategic responses from organizations, and qualitative analysis is ideal for studying texts. The media is a good source of study for legitimacy due to the link between the media reports and public opinion (Deephouse et al., 2017; Lamin & Zaheer, 2012; Pollock & Rindova, 2003). Qualitative analysis can also combine various different sources of documents, such as news articles, annual reports, press releases and other. This makes it the research method of choice to connect the data with the scientific concepts.

The method for researching the research question is a qualitative media content analysis. Core qualitative content analysis is based on the analysis of already written materials (Bleijenbergh,
2016). The nature of the sources requires a qualitative method. The main sources compromise of news articles about organizations and ethical issues, and documents released by organizations. Texts will be interpreted through a coding method in order to connect the empirical material with the theoretical definitions of the strategies. This allows for the deduction of patterns that exists and their connections (Bleijenbergh, 2016). By defining dimensions and indicators for the concept of ethical legitimacy strategies and analysing empirical material in the context of ethical issues, it is possible to measure the strategies (dependent variable) executed in relation to the ethical load (independent variable). Through this a causal connection between the variables can be measured (Golafshani, 2003).

3.1 Empirical Setting

The empirical setting consists of industries that are dealing with ethical issues and who are actively strategizing with regards to those issues. The main geographical focal point are industries operating in North America, Europe and Australia. Example ethical issues that industries and organizations deal with are the rising demand of society for sustainability, ethical expectations by society and contribution to the external environment. High ethic load industrial sectors are defined by major ethical issues related to the core of the products in the industry which can be viewed as undesirable by society. Low ethically loaded industries are characterized by minor issues not directly related to core of the industry, but still require attention such as sustainability or the effects exerted on local society and the environment. By selecting industries to represent high and low ethical load, insights into the issues at play within those industries are automatically also explored, further defining the boundaries of the empirical setting in 3.2.

3.2 Case Selection

To select the industries to research, the ethical load of the industries is analysed. This is done based on the framework and criteria by Melé and Armengou (2016). Judging industries on how they score on the four elements allows for the distinction to be made between industries that face high load ethical challenges and industries that face lower order ethical challenges. Only the industries that were chosen to be researched are included in the overview.

Operationalization of the low/high ethical load case selection.

Sections 3.2.1 – 3.2.4 contain analysis of prior scientific literature in combination with a societal media perspective to give insight into the decision why these sectors were selected for further data collection. Within this analysis ethical issues at play are also explored, and they are a focal
point of interest for the data collection. These issues are summarized in an overview table in section 3.2.5.

Each industry is scored on the criteria on a three-point scale: low, medium or high. These are rounded off to a total, and consequently inverted to judge the ethical load. Scoring low on the scale represents a low acceptance of the industry by society, which means that there are more ethically objections, issues, and therefore load. The total score is inversed to decide the ethical load. The overview table in which each industry is scored is listed below for overview purposes. The reasoning and analysis for each score is detailed in the following paragraphs.

**Table 4: Ethical load**

Criteria (also see table 1 in 2.1.3): (1) The intended end, (2) Means elected, (3) Concurrent relevant circumstances, (4) Foreseeable consequences.

<table>
<thead>
<tr>
<th>Industry ↓</th>
<th>Criteria</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>Total</th>
<th>Ethical Load</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tobacco</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Gambling</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Alternative / Renewable energy</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Agriculture</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
</tbody>
</table>

3.2.1 **Sector 1 – Tobacco (high ethical load)**

The tobacco industry raises highly loaded ethical questions for anyone involved (Berry & Porter, 1986). General ethical issues include sustainability, such as deforestation for production of the product or using land that could be used for food production instead (Berry & Porter, 1986). In past and present many lawsuits have accused the industry of not making a safer product or misleading the general public, the reputation of the industry is extremely low in the eyes of stakeholders (Fox & Cohen, 2002). These issues go far enough that many think that the tobacco industry is unacceptable as a whole (Fox & Cohen, 2002). Scientific initiatives from the industry are met with scorn, boycotts and derision, and many aspects of the industry are seen as genuinely detrimental to public health (Fox & Cohen, 2002). The main ethical issue is the harm and burden the product exerts on public health. Around 6 million people a year (2013) die directly from complications caused by smoking, with a significant number of those non-smokers (van der Eijk & Porter, 2015). To illustrate the severity of the ethical issues there are many measures to remove or ban tobacco outright by discouraging people to engage with the product through picture warnings, prohibiting advertising, extra taxes and educating the public about the dangers (World Health Organization, 2019).
In conclusion, the tobacco industry is highly ethically controversial as it is a public health concern, contributes to mortality, morbidity, pollution, and social trauma in the eyes of society (The Guardian, 2019). It therefore serves as a good industry to explore in relation to high ethically loaded industries as in both science and society there is clear backing that the ethical load is to be considered high for the core industry. Tobacco is also one of the products with high social moral controversy, raising the question if it should be available at all (Meier, 2016; Miller & Michelson, 2013). Applying the criteria, it follows that the industry core product does not contribute to the common good but is only detrimental. Neither of the other criteria are found in a positive light either, such as the public being misled and misinformed, which gives the industry a controversial high ethical load.

3.2.2 Sector 2 – Gambling (high ethical load)

Gambling has been connected to ethical questions and issues as far back as 1905, where the irrationality of gambling is linked to immorality and that gambling causes harm to individuals and society in various forms (Hobson, 1905). With the rise of the internet in the early 90’s gambling has become more accessible and easier to engage with for a wider audience, which caused the problem to increase as studies found that internet gamblers are more likely to be problem gamblers (Griffiths & Barnes, 2008). Harm done as a result of gambling is established quite well, examples are financial, relational, cultural, and criminal activity (Langham et al., 2015). Ethical discussions among gambling have been omnipresent in the industry and are loaded with questions such as the possibility of criminal money laundering and gambling addiction (HP de Tijd, 2010). Like tobacco it is recognized that gambling causes social and economic harm and the ethical responsibility of the industry is raised as an issue by researchers and communities such as, should the industry prevent the problems or be banned outright? (Hancock, Schellinck, & Schrans, 2008). The ethical issues are also salient among companies operating in the industry. The issue of safe and responsible gambling is both of high importance to the company as well as the number one importance for stakeholders (Holland Casino, 2019).

To conclude, there are highly loaded ethical issues interwoven with the gambling industry, these are controversial enough that questions are raised by stakeholders asking if these gambling activities should even be available (Miller & Michelson, 2013). As with tobacco, gambling policies are driven by morality and have a high saliency within society as stakeholders engage strongly in its ethical discussion (Meier, 2016; Miller & Michelson, 2013). The industry scores poorly on the criteria, it serves no common good and has severe immoral means employed to reach customers, and the ethical consequences are negative.
3.2.3 Sector 3 - Alternative / Renewable energy sources (low ethical load)

Alternative, renewable, and more sustainable energy sources such as wind, solar or hydro are increasingly called for and deployed throughout the world as a replacement for high carbon emission energy sources (Wüstenhagen, Wolsink, & Bürer, 2007). These sources are not fully accepted yet as the factor of social acceptance is a powerful barrier for the renewable energy industry (Wüstenhagen et al., 2007). Moral evaluations are used by society to, for example, decide if the new sustainable energy source has a more positive or negative effect on society and the environment (Huijts, Molin, & Steg, 2012). One of the ethical dilemma’s involved is the “NIMBY” syndrome, which is an acronym for ‘not in my back yard’. In this dilemma stakeholders have ethical concerns with the placement of industrial level alternative resource farms. The Netherlands is an example of a country where this takes place with high demand for alternative energy, but no acceptance to actually build the network (Wüstenhagen et al., 2007). Other ethical issues are the usage of land, and how the ecosystem around is affected. Is it ethical to displace entire populations of wild life in favour of wind turbines or what about fatality rates among birds (National Wind Coordinating Committee, 2010). Much is yet to be learned too about this sector, which raises several kinds of ethical concerns the industry must deal with.

Applying the criteria to this sector it can be concluded that in a sector such as this one the criteria are met far more positively. Projects in the industry are aimed towards the common good, benefits are communicated as well as negative impacts and addressing stakeholder concerns. This is in contract with the high ethical load sectors, which makes it a good representative for a low ethic load industry. There are still ethical issues at play, but with a less load than gambling and tobacco. Attention and strategizing with regards to the issues is required or they might have enough saliency in future scenarios to jeopardize the ethical legitimacy (Deephouse et al., 2017; Hampel & Tracey, 2019).

3.2.4 Sector 4 - Agriculture (low ethical load)

The agricultural sector is large and contains many sub-divisions of organizations, but all are connected by providing the world with food supplies that are crucial for human survival. With global population set to rise, many ethical issues that directly impact the agriculture industry have to be balanced in order to meet demands (Chrispeels & Mandoli, 2003). Among the issues are the preservation of natural resources long term and the need to feed an increasing amount of population (Chrispeels & Mandoli, 2003). Other concerns in the industry are animals that are suffering and environmental sustainability (Korthals, 2016). The debate on organic farming versus conventional farming is also ethically loaded and considered a key issue among
consumer stakeholders (Harper & Makatouni, 2002). An organization might produce seeds, deal with livestock or operate huge amounts of farmlands, it is likely multiple ethical dilemmas are at play. In recent years an increased push has come towards organic farming and pesticide free farming, as well as sustainability concerns. Organizations active in agriculture acknowledge the fact that being part of society and engaging in ongoing dialogue with stakeholders is important, as their expectations and viewpoints affect public acceptance and commercial success (Bayer AG, 2019). The criteria for moral evaluation are aligned in a positive way for this sector, therefore it is considered a low ethically loaded sector overall. The main core business contributes towards the common good of the world. Within the sector issues might weigh more or less for society depending on the context, the question remains to be seen what strategies are applied by organizations within the agriculture sector.

3.2.5 Ethical Issues

The previous paragraphs have explored each industry and the ethical issues that relate to the industries. Based on that the following table of expected ethical issues in media is made. These are issues of interest for the research, in which it is likely companies strategize around regarding ethical legitimacy. For both tobacco and gambling, the core issue is related directly to the product and service and the harm it does. The other ethical issues of interest are not directly related to the core product and issue. The alternative / sustainable energy sector has environmental sustainability as a core issue for organizations to deal with. The agriculture sector is more varied based on analysis, and no specific core issue is present.

Table 5: Industries, organizations and ethical issues.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Organizations of interest</th>
<th>Ethical issues of interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tobacco</td>
<td>- Philip Morris&lt;br&gt; - British American Tobacco&lt;br&gt; - Imperial Brands</td>
<td>- <strong>Harmful core-business product (core issue)</strong>&lt;br&gt;- Environmental Sustainability&lt;br&gt;- Alternative Product R&amp;D</td>
</tr>
<tr>
<td>Gambling</td>
<td>- William Hill&lt;br&gt; - 888 Holdings&lt;br&gt; - Holland Casino&lt;br&gt; - GVC Holdings</td>
<td>- <strong>Product is unethical, addicting and harmful (core issue)</strong>&lt;br&gt;- Societal ethical expectations&lt;br&gt;- Support for harm done by gambling</td>
</tr>
<tr>
<td>Alternative / sustainable energy</td>
<td>- Vestas&lt;br&gt; - First Solar&lt;br&gt; - Vattenfall&lt;br&gt; - Eletrobras&lt;br&gt; - SiemensGamesa</td>
<td>- <strong>Environmental Sustainability (core issue)</strong>&lt;br&gt;- Societal ethical expectations&lt;br&gt;- Ethical acceptance</td>
</tr>
<tr>
<td>Agriculture</td>
<td>- ForFarmers&lt;br&gt; - Bayer&lt;br&gt; - Bunge&lt;br&gt; - Cargill</td>
<td>- Environmental Sustainability&lt;br&gt;- Organic food vs. conventional food&lt;br&gt;- Animal treatment&lt;br&gt;- Societal ethical expectations</td>
</tr>
</tbody>
</table>
3.3 Data Collection

The data collection section includes details of the data collection process, including the reasoning behind the choices for specific methods.

4 industries and 2 categories.

For each ethical load (low / high), two industries were chosen, for a total of four industries. The choice for four industries allows for comparison between ethical loads to answer the research question, but also allows for comparison within the category. Herein both high and low ethically loaded industries are compared within their category. This increases reliability of the research if similar results are found within the category, and strengthens results related to the main research question. This choice also aligns with suggestions made in previous research to use more combinations of industries and strategies to capture more complexity of the field (Deephouse et al., 2017).

Data sources – Type of source

The data collected is textual media content. As an initial point of interest, the data is related to the ethical issues overview in paragraph 3.2.5 as a starting point to find strategies related. The empirical content involves ethical issues that companies respond or strategize towards. Key words and phrases mentioned in the table and through sectors 3.2.1-3.2.4 which provide search parameters. All used data consists of secondary data sources. The choice for secondary sources is based on the breadth of the research, encompassing multiple industries and multiple organizations as objects of research, making it less suitable to gather enough qualitative primary sources. A content analysis of media accounts is considered the most useful and viable option for data operationalization and measuring legitimacy with ethical legitimization strategies (Suddaby et al., 2017). Media is considered a source for societies perspective on legitimacy throughout the years, and also commonly studied in the context of legitimacy (Deephouse et al., 2017; Dowling & Pfeffer, 1975). In the last decade research is examining throughout media content how organizational legitimacy is evaluated by society (Bitektine, 2011; Deephouse et al., 2017; Tost, 2011). Using secondary data allows the researcher to get close to the data to provide insights (Siggelkow, 2007).

Data sources – Internal and External perspective.

For all the industries further nuance in data was applied by separating the data into internal and external perspectives. Internal point of view data is sourced from organizational releases such as annual reports or information on the website published by the organization. This information is biased from an internal organizational perspective and to balance it, data from an external
point of view is acquired from (online) news articles made by external third parties. This external point of view aligns and represents the societal view on possible legitimacy issues and strategies being executed related to ethical issues. Analysing different sources is a form of triangulation which increases the validity (Bleijenbergh, 2016).

**Industrial representatives**

Within each industry several organizations were taken as representative of their industry, while media that was not specific but general to the industry was also used to represent industries. Choices for these specific organizations were based on the availability of their data, and the position in the market. The larger the position in the market, the more it is seen as an industry representative. For the tobacco industry three large organizations were selected to represent as they provided annual reports and data on their websites related to ethical issues and ethical legitimacy. The gambling sector had four organizations analysed for the internal perspective. Alternative and renewable energy is represented by five different organizations. Two companies operate in the wind energy industry, one in solar, and the other two operate in various multiple renewable energy sources (wind / hydro / solar). The analysis of the agricultural sector contains the annual reports of two organizations, documents from two other organizations, and web information of three other organizations active in the agricultural sector. The organizations engage in various areas within the agricultural sector such organic food, seeds, and animal feed. The external perspective media is mostly concentrated on the industry in general, although specific organizations may be reported on and are noted down in the analysis where applicable. For an overview of organizations researched see Appendix 3, or table 5 (3.2.5).

**Annual Reports / Press releases**

Annual reports, press releases and information on corporate websites provide insights in what the organization thinks is important and often contain a section on what ethical challenges the organization faces, and how they intend to strategically deal with it. Ethical issues such as environmental sustainability, harm done by products, future developments and conforming to ethical standards set by society are among things addressed in these reports, making them prime sources for the research. Annual reports do contain some bias, and the question is in how far the strategies the companies describe are used in practice. In order to balance that, data from external sources are also taken in account, but also the criteria and keyword indicators for the strategies can help determine this.

**News articles (freely available)**
Media reports on what society believes is important. In the context of this research media reports on ethical issues caused or related by organizations in the sectors. Organizational response is also found in these organizations. These news articles are freely accessible to anyone and were found by using web search engines or through news websites. Sources of these articles contain recognized news media, such as The Guardian or BBC, but for diversity the choice was made to include a various number of different news organizations where possible. All sources where checked for any bias in reporting and removed if any conflict of interest or sponsorship was suspected.

**News articles (restricted database)**

Using NexisUni additional newspaper articles were found relating to the research. This database is accessible through university resources and not the general public, providing certain benefits over traditional online search engines such as popularity bias and advanced search parameters.

**Selected sources**

Sources were found through searching on key terms combining the industry with ethical issues of interest (table 5, section 3.2.5), or through specific indicator terms of strategy as defined in the coding in section 3.4 or the overview table in section 2.2.2. The table below provides an overview of the total amount of data points considered valid for each industry and each type of source. If a single source contains multiple strategy instances, the source is counted for each instance. More importantly: if several different sources contain one specific instance of a strategy, only one source is counted. This is because of the large number of media all reporting on a specific instance is still only one strategy with respect to the organization. A total of 223 data sources were found viable to take into the analysis. Many more sources were researched, but these did not fit the criteria found based on the indicators or contained no strategies as defined in the boundaries of this research.

**Table 6: Sources used per data category, per industry.**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Tobacco</th>
<th>Gambling</th>
<th>Alternative / Sustainable Energy</th>
<th>Agriculture</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Category ↓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal perspective</td>
<td>40</td>
<td>27</td>
<td>34</td>
<td>32</td>
<td>133</td>
</tr>
<tr>
<td>External (public access)</td>
<td>20</td>
<td>19</td>
<td>13</td>
<td>12</td>
<td>64</td>
</tr>
<tr>
<td>External (database)</td>
<td>8</td>
<td>6</td>
<td>8</td>
<td>4</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td><strong>68</strong></td>
<td><strong>52</strong></td>
<td><strong>55</strong></td>
<td><strong>46</strong></td>
<td><strong>223</strong></td>
</tr>
</tbody>
</table>
Data sources - Longitudinal perspective

Data is also categorized based on the nature of their publishing date. This aligns with propositions that legitimacy is a dynamic process that changes over time, and that the issue of ethical legitimacy is gaining more saliency over the last years. Data is separated in pre-2010 and post-2010 for all industries.

Table 7: Data by date.

<table>
<thead>
<tr>
<th>Industry Publishing</th>
<th>Tobacco</th>
<th>Gambling</th>
<th>Alternative / Sustainable Energy</th>
<th>Agriculture</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post-2010</td>
<td>52</td>
<td>39</td>
<td>44</td>
<td>42</td>
<td>177</td>
</tr>
<tr>
<td>Pre-2010</td>
<td>16</td>
<td>13</td>
<td>11</td>
<td>6</td>
<td>46</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>52</td>
<td>55</td>
<td>48</td>
<td>223</td>
</tr>
</tbody>
</table>

3.4 Data Analysis

Coding and indicators – ethical legitimacy strategy

After establishing the case and the way to gather relevant data, the data is to be analysed for ethical legitimacy strategies. The dependant variable is the concept of ethical legitimacy strategies. The criteria to measure the variable of strategies being used is measured through coding. The concept is divided into 6 dimensions, which are the specific strategies explored in theory: conforming, decoupling, hybridization, pragmatic, discursive, and rhetoric. Each dimension contains several indicators, which connect the empirical material with the theory. These are the criteria to which data is regarded as relevant data for this research. The coding tree structure can be found in appendix 4, or table 3 (2.2.2) as an overview table.

Coding and indicators – strategic goal / scenario

To increase reliability and validity, the issues and strategic responses are controlled for their strategic goal / scenario to make sure the data represents the variable it is supposed to represent: ethical legitimacy, and not another typology or dimension of legitimacy. A coding tree is set up for this, based on the division by Deephouse et al. (2017). The concept is Strategic Goals / Scenario, which is divided in the elements of gaining, maintaining, challenged by, responding, and institutionally innovating. These are further divided into indicators. The full tree can be found in appendix 5.
Full chronological qualitative process of data analysis

After establishing the context, way of data collection and coding indicators, the data is ordered in a spreadsheet for analysis and overview. This section chronologically goes through this process of linking the text to the theory and research questions.

1. **Year of publishing, Source Type, Company, Source Reference** cells are filled in the spreadsheet with the respective information of the source. Each industry has a separate sheet.

2. The potential empirical source is read through and searched for key words regarding both ethical issues (as defined in 3.2), as well as key word indicators pointing to a strategic response from an organization active in the sector. Reading is done manually by the researcher and through digital search functions within documents.

3. Keywords relating to ethical issues and ethical legitimation strategy are noted down in the **Coding** column. The location of the key words is noted down in the **Page** column, referring to the exact place of key word indicators in case of longer documents. Otherwise keywords can be located unambiguously through search functions in smaller documents.

4. Indicators of the ethical issue are connected to an ethical issue in the industry, the corresponding issue is written down in the **Issue** column. One keyword is sufficient, e.g. dealing with sustainability or harm.

5. Key indicators of a strategy are reviewed and placed in the **Indicators** column, which links the text to a specific ethical legitimacy strategy through the coding tree when multiple indicators in the text fit a specific strategy.

6. Based on the indicators, a specific ethical legitimacy strategy type is noted down in the **Strategy type** column.

7. The actual response to the issue is written out summarized in the **Issue Response** column.

8. To increase reliability and validity, the issues and strategic responses are controlled for their strategic goal / scenario. Does the strategy conform to a scenario and issue representing the dimension ethical legitimacy or not? To decide this the strategic goals from Deephouse et al. (2017) are used (2.2.1). The corresponding scenario is written
down in the *Strategic Goal (scenario)* column. If no fit was found the data was excluded.

9. The process is repeated with iterative updates to minimize errors for each data point.

*Patterns and interpretation*

To answer the research question a simply quantitative frequency analysis can be employed to deduce the patterns in the data (Mayring, 2004). Counting the total number of a strategy type observed as a percentage of all strategies used and ranking them shows the pattern of strategy employment for that industrial sector. Comparing these between and across sectors provides the basis for answering the main research question. The same is done for other in relation to the issues, point of view and time dimension. In qualitative research, patterns can be generalized to account for external validity (Bleijenbergh, 2016).

*Reliability and validity*

Validity and reliability are addressed throughout the methodology. To ensure validity (measuring what is intended to measure) a coding method was used to ensure clear interpretation and linkage of the scientific literature with the empirical material. By looking at the sub-research questions, both variables are defined in detail and alone first, before a connection is made. The measuring of the variables is based on scientific literature and method. As there are many typologies of legitimacy, the control element of strategic goals / scenarios by Deephouse et al. (2017) was introduced to increase validity further, which excludes any data not suitable to an ethical strategic goal or scenario.

By using multiple industries to represent ethical load, reliability is increased. In contrast to only using one industrial sector any results cannot be excluded as being a mere outlier within the industry (Bleijenbergh, 2016). Furthermore, source triangulation was applied by using multiple sources, both internal and external perspectives, which further increases reliability by reducing bias. Indicating the methodology chronologically in detail and step by step, allows for other researchers to follow and interpret data and possible replicate results in other industries further increased reliability (Golafshani, 2003). By also including the longitudinal factors the across-time factor is also taken into account to check for any stability or volatility (Golafshani, 2003).

*Research ethics*

As this research concerns ethical legitimacy strategies, it would be odd to not apply research ethics during the research. The research involves a qualitative research. Any data is processed according to the methodology to the best of the researcher’s ability, while sources were
selected without bias. There is no ulterior ethical motive to research this, any results are merely scientific observations looking to add to theory, and do not imply companies should apply strategies with the intent to use them for illegitimate actions. Neither will it apply to the other side of the coin, highly ethically loaded companies / industries and strategies does not imply that they should be considered illegitimate, these are merely scientifically researched observations that they are more controversial than other industries. Full transparency for any participants, research objects, source references is part of the research, for concerns contact can be sought. Any references are directly imported from the source and imported in EndNote. The assumptions being made is that the way authors wish to be referred as is included in the source. After import the reference is manually revised. Intellectual property from sources is respected and referred to.

4.0 Analysis

Section 4.0 analyses the results from the research. First an overview of all results is given, which is then further categorized among their specific industries. The appearance frequency of each strategy per sector is outlined in the table 8 below. Table 9 shows the ethical issues at play for each industry and the number of times observed in the analysis

Table 8: Frequency of strategy for each sector.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Conforming</th>
<th>Decoupling</th>
<th>Hybridization</th>
<th>Pragmatic</th>
<th>Discursive</th>
<th>Rhetoric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tobacco</td>
<td>13</td>
<td>26</td>
<td>4</td>
<td>2</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>Gambling</td>
<td>12</td>
<td>24</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>High Load</td>
<td>25</td>
<td>50</td>
<td>5</td>
<td>2</td>
<td>9</td>
<td>29</td>
</tr>
<tr>
<td>Alt. / Ren. Energy</td>
<td>24</td>
<td>2</td>
<td>0</td>
<td>12</td>
<td>16</td>
<td>1</td>
</tr>
<tr>
<td>Agriculture</td>
<td>24</td>
<td>4</td>
<td>1</td>
<td>7</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Low Load</td>
<td>48</td>
<td>6</td>
<td>1</td>
<td>19</td>
<td>25</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>73</td>
<td>56</td>
<td>6</td>
<td>21</td>
<td>34</td>
<td>33</td>
</tr>
</tbody>
</table>
Table 9: Ethical issues at play per industry.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Ethical Issue</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tobacco</td>
<td>Smoking is ethically undesirable – damages health</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td>Harmful product R&amp;D</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Environmental Sustainability</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>3</td>
</tr>
<tr>
<td>Gambling</td>
<td>Gambling is unethical – harmful</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>Societal expectations</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Support for gambling done harm</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>8</td>
</tr>
<tr>
<td>Alternative / sustainable</td>
<td>Environmental Sustainability</td>
<td>33</td>
</tr>
<tr>
<td>energy</td>
<td>Societal expectations</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>11</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Environmental sustainability</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Societal expectations</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Animal health and welfare</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Organic food vs. Conventional food</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>2</td>
</tr>
</tbody>
</table>

4.1.1 Strategy analysis sector 1 – Tobacco

The amount of times each strategy was observed for the tobacco sector is placed in the table below.

Table 10: Frequency of strategies in the tobacco industry.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Conforming</th>
<th>Decoupling</th>
<th>Hybridization</th>
<th>Pragmatic</th>
<th>Discursive</th>
<th>Rhetoric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tobacco</td>
<td>13</td>
<td>26</td>
<td>4</td>
<td>2</td>
<td>6</td>
<td>17</td>
</tr>
</tbody>
</table>

Decoupling strategies represent the largest part of strategies in the tobacco sector, followed by rhetoric and conforming strategies. Discursive, pragmatic and hybridization strategies are not popular in the tobacco industry. In the following figure (figure 2) the frequency is converted to percentual numbers for an overview of the pattern of strategic configuration in the tobacco sector.
Figure 2: Division of strategies in the tobacco industry.

Based on this data, the strategy pattern for this industry is for the largest part decoupling, then rhetoric and conforming, which together account for over 80% of strategies. The other strategies account for less than 15% of observed strategies. Data is further analysed and categorized based on the ethical issue, the internal and external perspectives, as well as longitudinal.

Table 11: Frequency of strategies per issue, point of view and date in the tobacco industry.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Conforming</th>
<th>Decoupling</th>
<th>Hybridization</th>
<th>Pragmatic</th>
<th>Discursive</th>
<th>Rhetoric</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tobacco Total</td>
<td>13</td>
<td>26</td>
<td>4</td>
<td>2</td>
<td>6</td>
<td>17</td>
<td>68</td>
</tr>
<tr>
<td>Issue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smoking is ethically undesirable</td>
<td>3</td>
<td>26</td>
<td>4</td>
<td>1</td>
<td>4</td>
<td>15</td>
<td>53</td>
</tr>
<tr>
<td>Harmful Product R&amp;D</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Environmental Sustainability</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Point of view</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td>12</td>
<td>13</td>
<td>1</td>
<td>2</td>
<td>6</td>
<td>6</td>
<td>40</td>
</tr>
<tr>
<td>External</td>
<td>1</td>
<td>13</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>11</td>
<td>28</td>
</tr>
<tr>
<td>Date</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-2010</td>
<td>11</td>
<td>20</td>
<td>2</td>
<td>2</td>
<td>6</td>
<td>11</td>
<td>52</td>
</tr>
<tr>
<td>Pre-2010</td>
<td>2</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

As shown in the table, the majority of ethical legitimacy issues the tobacco industry is strategizing around is related to the product being harmful and ethically undesirable. Further of note is that all instances of decoupling strategy, and nearly all rhetoric strategy (15 out of 17), are in connection with the core ethical issue of the industry. The strategic pattern for the industry
is majorly decoupling and rhetoric, but these are not used for non-core product related strategies. This points towards a link with decoupling and rhetoric strategies and high ethically loaded issues. For environmental sustainability conforming is used as an option, which suggests that where possible conforming is chosen by organizations. In the internal and external perspectives, the industry aims to present itself as conforming. This is not observed as such from an external point of view as there is only one instance of an external point of view conforming strategy in the data. The internal perspective also has some discursive initiatives whereas the external point of view does not mention them, or instead frames them as a different strategy type. The longitudinal data suggests that the ethical legitimacy issue is becoming more salient for this industry. Data from recent years was more readily available, and organizations are being more open with initiatives and strategizing in contrast to earlier years where they shared less information on dealing with the ethical concerns of society.

4.1.2 Strategy analysis sector 2 – Gambling

The amount of times each strategy was observed for the gambling industry are placed below.

Table 12: Frequency of strategies in the gambling industry.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Conforming</th>
<th>Decoupling</th>
<th>Hybridization</th>
<th>Pragmatic</th>
<th>Discursive</th>
<th>Rhetoric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gambling</td>
<td>12</td>
<td>24</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>12</td>
</tr>
</tbody>
</table>

Nearly half the strategies observed in the data for this sector are decoupling strategies, followed by both an equal split of conforming and rhetorical strategies. A few discursive initiatives were observed and one hybridization strategy, but no pragmatic strategies.

Figure 3: Division of strategies in the gambling industry.
The strategy pattern of the gambling industry consists of nearly half the observed strategies being decoupling strategies. Following decoupling are rhetoric and discursive, which are equally divided and account for almost the other half of strategies observed. A few discursive and one hybridization strategy account for the final few percent. No pragmatic strategies are present.

Table 13: Frequency of strategies per issue, point of view and date in the tobacco industry.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Conforming</th>
<th>Decoupling</th>
<th>Hybridization</th>
<th>Pragmatic</th>
<th>Discursive</th>
<th>Rhetoric</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gambling Total</td>
<td>12</td>
<td>24</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>12</td>
<td>52</td>
</tr>
<tr>
<td><strong>Issue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gambling is unethical</td>
<td>8</td>
<td>18</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>7</td>
<td>35</td>
</tr>
<tr>
<td>Societal Expectations</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Support for gambling harm</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td><strong>Point of view</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td>8</td>
<td>13</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>27</td>
</tr>
<tr>
<td>External</td>
<td>4</td>
<td>11</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>25</td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-2010</td>
<td>10</td>
<td>19</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>6</td>
<td>39</td>
</tr>
<tr>
<td>Pre-2010</td>
<td>2</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>13</td>
</tr>
</tbody>
</table>

As with the tobacco industry, the gambling industry’s main ethical legitimacy issue is also related to the core issue of gambling being considered unethical by society. Decoupling, conforming and rhetorical strategies are being used to confront this issue, with decoupling being the most observed, at a frequency of over double the others. Other noteworthy mentions are that rhetoric is observed in external point of view sources, in which the industry tries to gain ethical acceptance by linking themselves with the ‘games’ industry. Like the tobacco industry, there are more sources publicly available post 2010. Herein organizations appear to be setting up initiatives and strategy sections on web pages to show fit with societal concerns beyond what is required by regulatory forces.

4.1.3 Strategy analysis sector 3 – Alternative / Renewable energy sources
The alternative / renewable energy sources industry is the first industry that represents a low ethical load.
Table 14: Frequency of strategies in the alternative / renewable energy industry.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Conforming</th>
<th>Decoupling</th>
<th>Hybridization</th>
<th>Pragmatic</th>
<th>Discursive</th>
<th>Rhetoric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alt / Ren Energy Sources</td>
<td>24</td>
<td>2</td>
<td>0</td>
<td>12</td>
<td>16</td>
<td>1</td>
</tr>
</tbody>
</table>

Strategies employed are a mix of conforming, discursive and pragmatic, in contrast to the high ethic load industries. Decoupling and rhetoric are rarely seen, while hybridization was not found in the sample size.

Figure 4: Division of strategies in the alternative / renewable energy industry

The strategic pattern of the alternative / renewable energy sources sector is led by conforming strategies, which accounts for 43% of all strategies analysed. Discursive and pragmatic strategies are also present, accounting for over half of strategies together. Combined with conforming they account for over 90% of all strategies present in the data. The single data points of rhetoric and decoupling strategies fill up the remainder of the percentages.
Table 15: Frequency of strategies per issue, point of view and date in the alternative / renewable energy industry.

<table>
<thead>
<tr>
<th>Strategy → Conforming Decoupling Hybridization Pragmatic Discursive Rhetoric Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alt / Ren Energy Sources Total</td>
</tr>
<tr>
<td><strong>Issue</strong></td>
</tr>
<tr>
<td>Environmental Sustainability</td>
</tr>
<tr>
<td>Societal Expectations</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td><strong>Point of view</strong></td>
</tr>
<tr>
<td>Internal</td>
</tr>
<tr>
<td>External</td>
</tr>
<tr>
<td><strong>Date</strong></td>
</tr>
<tr>
<td>Post-2010</td>
</tr>
<tr>
<td>Pre-2010</td>
</tr>
</tbody>
</table>

Further analysis of data shows that pragmatic strategies are mainly used when it comes to the issue environmental sustainability. Organizations are likely to compare themselves to their less environmentally sustainable competition and use it to their advantage in order to gain legitimacy. Strategies are equally divided among issues, internal and external perspective. Viable data pre-2010 was relatively uncommon within the boundaries of the research, which makes sense in the light that the industry is up and coming throughout the years with the alternative and renewable energy sources gaining more efficiency.

4.1.4 Strategy analysis sector 4 – Agriculture

The agricultural sector is quite varied when it comes to different issues and strategies. They are found in the table below.

Table 16: Frequency of strategies in the agriculture industry.

<table>
<thead>
<tr>
<th>Strategy → Conforming Decoupling Hybridization Pragmatic Discursive Rhetoric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry ↓</td>
</tr>
<tr>
<td>Agriculture</td>
</tr>
</tbody>
</table>

Conforming strategies account for half of all strategies observed. The rest of the strategies in the data are represented relatively often by discursive and pragmatic, in comparison to decoupling, rhetoric and hybridization.
Figure 5: Division of strategies in the agriculture industry.

The strategic pattern is dominated by conforming strategies at exactly half all data in this sector. Both discursive and pragmatic strategies are also represented a fair amount at 19% and 15% respectively. The remaining strategies together only make up 16% of observed strategies. While strategies are more equally divided, the same pattern as the other low sector still emerges.

Table 17: Frequency of strategies per issue, point of view and date in the agriculture industry.

<table>
<thead>
<tr>
<th>Strateg y →</th>
<th>Conforming</th>
<th>Decoupling</th>
<th>Hybridization</th>
<th>Pragmatic</th>
<th>Discursive</th>
<th>Rhetoric</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture Total</td>
<td>24</td>
<td>4</td>
<td>1</td>
<td>7</td>
<td>9</td>
<td>3</td>
<td>48</td>
</tr>
<tr>
<td>Issue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Sustainability</td>
<td>11</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>17</td>
</tr>
<tr>
<td>Societal Expectations</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>6</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>Animal Health</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Organic Food</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Point of view</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td>20</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>8</td>
<td>0</td>
<td>32</td>
</tr>
<tr>
<td>External</td>
<td>4</td>
<td>2</td>
<td>0</td>
<td>6</td>
<td>1</td>
<td>3</td>
<td>16</td>
</tr>
<tr>
<td>Date</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-2010</td>
<td>21</td>
<td>4</td>
<td>1</td>
<td>4</td>
<td>9</td>
<td>3</td>
<td>42</td>
</tr>
<tr>
<td>Pre-2010</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>6</td>
</tr>
</tbody>
</table>

Strategies are more equally divided in this sector among ethical issues. Data points of note are the organic food vs. conventional food ethical issue contains a fair amount of pragmatic comparisons. Discursive strategies are employed mainly in the area of miscellaneous societal
expectations and environmental sustainability. Comparison of internal versus external perspective suggests that pragmatic strategies are observed mostly from an external point of view, while in contrast discursive strategies are initiated only from an internal organizational perspective. Another note is rhetorical strategies appearing in the organic food debate in an external view, suggesting that this issue might be of slightly higher ethical load than the industry itself. Data from pre-2010 was mostly unusable, as it contained not enough indicators of strategy, or only shows one side of the issue.

4.2 Combined analysis

Combined analysis combines and compares both industries within their ethical load category, and then compares them with the other ethical load industries.

Figure 6: Comparison and combination of high ethic load industry strategic pattern.

Both high ethically loaded industries have the same comparable pattern emerging from them, in which decoupling is noticeable the largest of observed strategies by itself. After decoupling, both rhetoric and conforming strategies are used with approximately similar amount of representation, slightly edged out by rhetoric in the tobacco industry. The other strategies together make up the final few percent. Based on this analysis it is concluded that highly loaded ethically industries are mostly engaging in decoupling, followed by rhetoric and conforming strategies.

Figure 7: Comparison and combination of low ethic load industry strategic pattern
The low ethically loaded industries also have a similar pattern, in which the conforming strategy accounts for half the strategies observed. Apart from conforming, the other strategies that stand out in the pattern are pragmatic and discursive, which are the second and third most observed strategies in both industries. The other remaining strategy types make up the remainder of the dataset. The conclusion to draw from the comparison, is that for low ethical load industries the strategic pattern is dominated by conforming strategies, followed by discursive and pragmatic strategies.

To conclude the analysis the data shows that organizations in high ethically loaded industries engage in decoupling, rhetoric and conforming strategies. Low ethically loaded industries on the other hand use conforming, discursive and pragmatic strategies. The difference between them is decoupling and rhetoric strategies are key to the pattern in high ethic load industries, while pragmatic and discursive only appear in low ethically loaded industries. Conforming strategies appear regardless of low or high ethical load, although they are more present in low ethically loaded industries. Hybridization strategies rarely appear in the context of ethical legitimacy strategies.

The following table links strategies with an ethical load, based on observed appearance. Percentage wise it becomes evident that low ethic load = conforming, discursive, pragmatic and high ethic load = decoupling, rhetoric, conforming. Hybridization is the only one at negligible representation. Approximately 16% would be expected if strategy division was equal. A cut-off of 10% was selected.

Table 18: Strategy appearance per ethic load and combined.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Ethic Load</th>
<th>Low</th>
<th>High</th>
<th>Combined</th>
<th>Ranked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conforming</td>
<td></td>
<td>47%</td>
<td>21%</td>
<td>34%</td>
<td>1</td>
</tr>
<tr>
<td>Decoupling</td>
<td></td>
<td>6%</td>
<td>42%</td>
<td>24%</td>
<td>2</td>
</tr>
<tr>
<td>Rhetoric</td>
<td></td>
<td>4%</td>
<td>24%</td>
<td>14%</td>
<td>4</td>
</tr>
<tr>
<td>Discursive</td>
<td></td>
<td>24%</td>
<td>7%</td>
<td>15.5%</td>
<td>3</td>
</tr>
<tr>
<td>Hybridization</td>
<td></td>
<td>1%</td>
<td>4%</td>
<td>2.5%</td>
<td>6</td>
</tr>
<tr>
<td>Pragmatic</td>
<td></td>
<td>18%</td>
<td>2%</td>
<td>10%</td>
<td>5</td>
</tr>
</tbody>
</table>

Reliability: strategic goals and scenarios.

In order to check if all data points indeed are related to the typology of ethical legitimacy, and not another typology of legitimacy, each instance was contextually fitted with the strategic goals.
scenarios table. Each case in the data is linked with an ethical legitimacy strategic goal / scenario.

Figure 8: Reliability, strategic goals frequency.

![Strategic Goals](image)

Of interest is the newly added strategic goals / scenarios (challenged by, institutionally innovating) did both appear, but only half as much as the original three strategic goals. Furthermore, during analysis there was some overlap possible within indicators of the strategic goals.

5.0 Conclusion
The final concluding section of the research will reflect on the propositions from previous research in relation to findings of this research and discuss some general findings. An overview table regarding the propositions is provided. Following this the contribution to science and society is noted. Lastly, research limitations are reflected on and further research is suggested.

Based on the data analysis, the research question is answered as follows:

**RQ: How does an industry's ethical load affect organizations’ ethical legitimacy strategies?**

High ethical load affects organizations within the industry to use mainly decoupling ethical legitimacy strategies, together with a mix of rhetoric and conforming strategies. Low ethical load industries cause organizational strategy to engage in mainly conforming strategies, followed by a mix of discursive and pragmatic strategies. When ethical load is high, rhetoric and decoupling strategies appear, while the pragmatic and discursive strategies observed in low ethic load industries disappear. Conforming strategies are still present in high ethic load industries, although in reduced capacity compared to low ethic load industries.

**SRQ1: Which strategies are companies using with respect to the issue of ethical legitimacy?**

In chapters 2 and 3 strategies that were used in the context of legitimacy were explored, operationalized and measured. In the analysis, hybridization strategies were the only strategy
that was only seldomly observed within the context of ethical legitimacy compared to the other strategies. Therefore, with respect to the issue of ethical legitimacy, the ethical legitimacy strategies companies are using are conforming, decoupling, discursive, rhetoric and pragmatic.

Discussion
In addition to the main research question the propositions also provide interesting insights. In the light of the earlier established propositions this research has shown that \( p1 \) was confirmed and that a difference in strategic pattern exists between high and low ethically loaded industries. This also affirms some core principles of organizational institutionalism, in which also ethical legitimacy greatly influences and impacts performance and survival of organizations (Pollock & Rindova, 2003). \( P2 \) is also consistent, as both industries within an ethical load show similar strategic patterns.

Prior to analysis discursive strategies were proposed to be of high appearance due to the relation to ethical issues, and media as the medium of these strategies (\( p3 \)). In the analysis it was found that only 15% of strategies employed throughout both sectors were discursive strategies. While they do appear, it is likely that discursive strategies appear more in other media forms, such as social media (Deephouse et al., 2017). Prior research has linked discursive strategy with social media (Castelló et al., 2016). This provides a further insight in a necessary distinction between specialized media and social media as a cause of discursive strategies only having average representation (Deephouse et al., 2017). The same goes for \( p4 \) with pragmatic strategies being not widely used at all at only 10% of observed strategies. Pragmatic strategies only appear in low ethic load industries, which points to an insight that pragmatic strategies lose their effectiveness in high load industries or enhance other dimensions of legitimacy instead. Pragmatic legitimacy can precede validation of the media, making it a poor option when media is influencing the issue (Bitektine & Haack, 2015; Deephouse et al., 2017; Suchman, 1995). Which can explain the absence of pragmatic strategies in high ethic load industries

In relation to \( p5 \) it can be said that it is true only for low ethically loaded industries, where discursive and conforming strategies are indeed preferred over decoupling and rhetoric strategies. A superior strategic choice in the form of acknowledging responsibility towards the external environment (Elsbach, 1994) only applies for industries that have low ethic load. In the overall picture conforming strategies can still be seen as preferred, if the specific issue allows it. This however becomes reasonably impossible for high ethic load industries, as demonstrated the tobacco industry which applied decoupling and rhetoric to all core business related ethical concerns.
is reflected in the analysis as low ethical load industries were found to not use many decoupling and rhetoric strategies. It can be assumed that defensive strategies hinder the recovery (Lamin & Zaheer, 2012), and wishfully should be avoided by low ethical load industries. Any issue can trigger re-assessment of organizations and institutions by society (Tost, 2011). Connecting these research findings shows that any ethical issue can trigger a re-evaluation of the industry. Rhetoric or decoupling strategies are linked to high load ethical issues in the findings of this research. This might cause society to judge an industry more ethically loaded, and less ethically legitimate, when decoupling or rhetoric strategies are employed within low ethical load industries.

is only partially true in the analysis. Decoupling strategies are highly popular among both high ethical load industries; however, hybridization strategies were (apart from rare cases) completely absent in the data. The nature of hybridization makes it suitable for long-term legitimacy (Siebers, 2016), but high ethical load industries also suffer from pressing persistent issues on the short term which suit decoupling and rhetoric more. Hybridization can also be instead more effective for other dimensions of legitimacy or hard to observe in media articles due to its highly internal characteristic. Hybridization attempts to blur local and foreign culture (Siebers, 2016), which is a hard task for the large established high ethic load industries of tobacco and gambling.

Conforming strategy is an interesting point of discussion, as they appear in both ethic load industries. The findings match the proposition stated (p8). For low ethic load industries they are almost half of all strategies, which affirms the findings that conforming strategies are among the first to appear when dealing with any ethical issue for an organization that can no longer hold onto their initial viewpoint (Van Halderen et al., 2016). As ethic load of an industry goes to high another strategic pattern emerges, in which conforming strategies are still used, but not at the core of the pattern. What is interesting is that in relation to the specific ethical issues within the industry conforming strategies appear only with regards to non-core issues (meaning no direct harm done by the product of service) such as sustainability or societal expectations of an organization. Further feedback and connection with earlier literature findings is found in that conforming strategies are preferred and used if it is still possible (meaning non-core high ethical load issues). Through the pattern it shows that strategies shift as ethical legitimacy pressure is increasing, with conforming strategies as a keystone or initial starting point for strategizing.

Even in high ethical load industries conforming strategies are only used to deal with side issues, providing insights that ethical load of issues has a further influence on strategies. Conforming
issues are used in high ethic load industries, but not high ethic load core issues. This categorizes conforming as a low ethic issue strategy, which can appear in the overarching high ethic load industries. This fits the earlier description of conforming strategies in which: “To appear legitimate, organizations adopt the characteristics, practices, and forms imposed by regulations, standards, or norms generated” (Suddaby et al., 2017, p. 457). Being a high ethical issue there would be no characteristics, practices or other forms to adopt. For low ethical issues there is possibility to adopt conforming views. While the industry strategies are divided as answered the in the research question, when it comes to specific issues standalone the research provides the additional insight that conforming is not used on high ethical load issues (but is used in high ethic load industries dealing with non-core low ethic load issues).

Table 19: Propositions overview – post research.

<table>
<thead>
<tr>
<th>#</th>
<th>Proposition</th>
<th>Research Findings</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>A difference in strategic pattern and organizational management between low and high ethically loaded industries exists.</td>
<td>A difference in strategic pattern exists (decoupling, rhetoric conforming – conforming, discursive, pragmatic).</td>
<td>Accepted</td>
</tr>
<tr>
<td>P2</td>
<td>A similar strategy pattern exists for industries with similar ethical load.</td>
<td>A similar strategy pattern exists within the categories of high and low.</td>
<td>Accepted</td>
</tr>
<tr>
<td>P3</td>
<td>Discursive strategies should be highly represented among ethical issues in media texts.</td>
<td>Only for low ethical load industries. Representation is average overall: 15.5% (16% average)</td>
<td>Partially Accepted</td>
</tr>
<tr>
<td>P4</td>
<td>Pragmatic strategies are likely to be highly represented due to the link with the source type.</td>
<td>Only for low ethical load industries. Representation is low compared to average: 10% (16% average)</td>
<td>Rejected</td>
</tr>
<tr>
<td>P5</td>
<td>Discursive and conforming strategies are preferred over decoupling and rhetoric.</td>
<td>Only for low ethical load industries. Depends on ethical load.</td>
<td>Rejected</td>
</tr>
<tr>
<td>P6</td>
<td>Decoupling strategies hinder recovery and thus are not of interest in low ethic load industries who are more likely to recover.</td>
<td>Decoupling strategies are unpopular in low ethical industries.</td>
<td>Accepted</td>
</tr>
<tr>
<td>P7</td>
<td>Decoupling and hybridization strategies are popular in high ethic load industries.</td>
<td>Decoupling is popular for high ethical load industries, hybridization is not.</td>
<td>Partially Accepted</td>
</tr>
<tr>
<td>P8</td>
<td>Conforming strategies are present throughout both low and high ethically loaded industries, but strategies shift as the organizational stance towards their societal environment changes.</td>
<td>Pattern suggests that conforming is a base strategy that becomes less used as ethical load increases. Proposition therefore also applies to ethical legitimacy.</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
Contribution

In addition to the discussion relating to the propositions, the research has contributed to the field of legitimacy by giving a unique approach to research ethical legitimacy strategies that involved multiple industries, multiple strategies and multiple ethical issues.

Earlier studies study only specific cases of strategy and issue, or organization, or type of media. Studies left out the context of ethical legitimacy and further issues aside from the core issues of ethical legitimacy They do not take into account the bigger picture of the ethical load in regard to the entire industry, but only, for example, scandals as in Gabbioneta, Ravasi, and Mazzola (2007). Earlier studies examine singular strategy type initiatives in relation to issues or challenges an organization faces as done by, for example, Ferraro, Etzion, and Gehman (2015); Joutsenvirta (2013); Rao (1994); Vaara et al. (2006); Van Halderen et al. (2016). Or study specific firms only with all legitimacy initiatives, ignoring the ethical dimension (Ahlstrom & Bruton, 2001). This study adds value by including the background context in the way that industries are perceived by the public based on their everyday operations. Other studies do add more value for depth approach of strategy definitions or effectiveness of strategies in these specific cases. It helps to remind it is not just an issue at play, but the overall position (ethical load) of organizations and industries that influence strategic choice. A further contribution is the combination of various newly updated frameworks from different disciplines. Using morality theory (Melé & Armengou, 2016) and organizational legitimacy an interdisciplinary link is made into practice. Taking the industry wide approach, with multiple strategies is something other studies have yet sufficiently addressed for the dimension of ethical legitimacy.

The largest addition of value to previous and future research is by establishing a link between ethical load and specific types of strategy. Within the results it was found that several strategic definitions are uniquely suited to a specific ethical load, which is an addition to the context of definitions and conceptual clarity. Addressing a central concern in literature (Deephouse et al., 2017; Suddaby, 2010). This allows concepts to evolve and juxtapose, instead of converge, becoming formulaic, and limiting the development of the legitimacy concept in the context of societal evaluations (Deephouse & Suchman, 2008). Further conceptual clarity was provided by establishing a dimension of ethical legitimacy in contrast to moral legitimacy (Bitektine, 2011; Díez-de-Castro et al., 2018). This research contributes by observing ethical legitimacy at different levels (industrial) in a societal system and taking into account multiple disciplines (Bitektine, 2011; Tost, 2011).
In the patterns it was found that decoupling and rhetoric strategies are mostly exclusive to high ethical load industries, while discursive and pragmatic strategies are key to low ethical load industries. Earlier research suggested appearance of strategies in specific scenarios (Bitktine, 2011; Lamin & Zaheer, 2012). In the light of other studies there is now additional knowledge that suggests there is more context at play that prevent or enhance the appearance of specific strategy types. The appearance of conforming strategies throughout, and the decline in appearance from low to high, suggests that conforming strategy is the starting point of organizations to deal with ethical legitimacy issues as they appear. This was initially observed in a specific capacity by Van Halderen et al. (2016), and found back in relation to ethical legitimacy. It also appears that conforming is unsuitable to employ for high ethical load issues but can be used within high ethical load industries to deal with non-core issues. In the light of contingency theory, and adopting towards the societal environment the same as to the economic environment by conforming (Suddaby et al., 2017), high ethical load issues seem to be an exception. It also provides further research with additional context of strategy usage. Looking into a specific strategy in detail or depth, as is popular, now suggests the ethical context in which an organization operates. In the case of conforming it suggests that the issue is still relatively low ethical load by itself, regardless of industry load.

Another contributing finding is that several strategies were tested for fit with the dimension of ethical legitimacy. It was found that hybridization strategies are not suitable for the dimension of ethical legitimacy, based on that it only appears on odd occasions, and usually in conflict or combination with another strategy type. As addition, adapting the environment towards another perspective (Siebers, 2016) appears to be not popular for ethical legitimacy. All the other types of strategy appear consistently and standalone throughout the analysis. Like the strategies, the reliability check also tested the updated definitions of strategic goals and scenarios by Deephouse et al. (2017), in which it was analysed they are a viable and useful update, although somewhat overlapping in the context of this research.

Further insights are derived from the internal versus external perspective analysis. Inconsistent perceptions and debates may arise among organizations and society (Deephouse et al., 2017), which is also observed in this research. In the tobacco industry it was seen that organizations frame their strategy as conforming, but data shows that the external point of view does not always agree. Instead a disconnect between internal and external perspectives is observed in certain scenarios when it comes to ethical legitimacy. Finally, longitudinal analysis contributes that the issue of ethical legitimacy is increasing in saliency. Organizations are increasingly
sharing and pointing out their ethical good doing compared to previous years through media, annual reports, and other communication methods (e.g. website). This contributes to belief that media and communication with society is increasingly valuable for ethical legitimacy (Deephouse et al., 2017).

Managerial implications

Implications for managers include insight in how to frame and select strategies with regards to any ethical issue. The link between discursive / pragmatic and low ethical industries might prompt managers to select these strategies as they are popular among organizations operating within low ethically loaded industries. Conversely, high ethic load industries are characterized by decoupling and rhetoric, which makes them suitable when suffering from high ethical load issues. Conforming strategies should be used as a base strategy if possible, due to the links throughout any industry and the connection with other research. Hybridization strategies were highly uncommon in the research, which managers should take into account before engaging in this type of strategy, in relation to ethical issues.

Other implications are using the morality framework to judge projects on their morality, and classifying the strategies proposed to influence legitimacy to gain further insight in the position of the organization. Through this an organization can establish their own ethical load, and check if the strategic pattern aligns with findings of this research. Connections with other literature and propositions show that using strategies not directly connected to the ethical load influence could potentially have negative effects, such as increasing ethical load, or strategies being ineffective.

Increase in data available in the longitude dimension, including organizations now diverting resources to more publicly announce their stance on ethical issues confirms that saliency of the issue is rising. As ethical legitimacy affects organizational performance and survival and is a point of interfirm competition, it would be beneficial for managers to correctly be aware of their status and how their strategies are perceived. The data between internal and external perspective also shows some misfit with how industries is strategies are perceived, which is another implication managers should be aware of.

Reflection / limitations

Limitations of this research are present in the research design. Only two industries for each ethical load were analysed for a total of four, while many more industries exist that can be judged and analysed to represent. By picking at least two for each ethic load and analysing a
pattern a major part of limitations was addressed, but other industries influencing the findings cannot be excluded fully. The availability and variety of sources available could also influence the pattern slightly as only a limited sample was taken, but this is addressed by having a sample size large enough to represent the industries. The pattern is only a suggestion or insight when it comes to other industries, as issues could impact it enough for a different unique strategic pattern to emerge. Issues researched are also very broad, to capture multiple aspects of an industry, which causes the analysis to lose some depth focus. This might slightly skew the data if organizations use a specific strategy to deal with a specific scenario and the scenario is overrepresented.

The agriculture sector contains a very broad selection of organizations which represent it, from chemical, to seeds, to animal feed, etc. Within the industry the argument could be made for a division into sub-sectors, due to the difference that can exist in ethical load present in the sub-sectors. For example, Bayer faces over 18,000 lawsuits in relation to Glyphosate (DW, 2019). Which can be considered high load, in contrast to general environmental sustainability ethical issues. This puts into questions the boundaries of an industry and leads to the question: ‘what is an industry’? The large differences present influence and reduce the generalizability of the results when it comes to the agriculture sector. The essence, however, remains that all organizations in the used definition of the agriculture industry are involved with the creation and improvement of food supplies, and see themselves as operating in agriculture.

It is clear as well that there are many types and dimensions of legitimacy, in one context one type of legitimacy might outweigh the other greatly. Perhaps it is deemed unethical to provide a service, but it is nevertheless legitimized in a different context or different legitimacy dimension such as regulatory. To overcome this a theoretical lens zooming in has been provided, but in practice the lines could be blurry, as with the following culture limitation. The study focusses on North American and European organizations, the cultural aspect might play a significant role in the context of ethical legitimacy in other parts of the world. Examples are issues such as whaling in the fishing industry, in which ethical acceptance exists in some form in Japan, but not the rest of the world (Victor, 2018). This cultural aspect is not taken into account, as are stakeholder groups that make multiple evaluations, making localized cases possibly very different (Deephouse et al., 2017).

A final limitation to mention concerns itself with the issue of reporting versus execution of strategy and initiatives. Both internal and external sources can contain some form of bias in their reporting. Annual reports are likely to magnify positive contributions and not mention the
negative counterparts. Especially for organizations in crisis some bias can exist in letters to stakeholders or annual reports (Keusch, Bollen, & Hassink, 2012). The question remains how many of the initiatives and strategies described by media sources and organizations are realized over time.

Further Research

Only four industries were analysed for this research. Further research could analyse more industries that suit high, low or even medium ethical load. With the aim to see if the pattern holds for more industries, or if it is evolving. Instead of looking at strategies and ethic load, instead research could focus on strategic goals / scenarios to draw insights from. This research only used these factors as a reliability check, but they could be researched in depth (Deephouse et al., 2017).

The design only measured the appearance of strategies but does not tell anything about the effectiveness of these strategies in the context of high or low ethic load. Further research could explore the effectiveness of the strategies. Observations done does propose that because the strategies appear, they are in one way or another effective for their purpose. Organizations also still exist, but there have been plenty examples of organizations that got influenced or were forced to fold because of ethical legitimacy problems (Deephouse et al., 2017). Further research into effectiveness might derive further insights for organizations and literature.

Society is also a very broad concept to represent the ethical load, most issues are concerns of specific groups stakeholders, of which some are key, and some matter little (Deephouse et al., 2017). Further research could connect stakeholder groups with the strategic patterns.

Another avenue of interest are the strategy dimensions, could there be more strategies that are deserving of their own classification next to conforming, decoupling, etc. Discursive strategies are already categorized into various sub-dimensions (Joutsenvirta, 2013; Vaara et al., 2006), any the strategic goals were further nuanced by Deephouse et al. (2017) from three to five categories. The same could hold for the strategies discerned in this research, as organizational institutionalism and the environment evolves more distinction might be required based on what strategy organizations are using. Judging ethical evaluation is also an evolving process, four criteria were used, but other researchers provide different methods such as a spectrum for moral evaluation (Hampel & Tracey, 2019). This can provide further insights in a link between ethical load and strategy.
6.0 References


Court, E. (2019). Bill Gates warns that nobody is paying attention to gene editing, a new technology that could make inequality even worse. Retrieved from...


doi:10.1093/jeg/lbv041


7.0 Appendix

Appendix 1: Legitimacy Typologies (Bitektine, 2011)

<table>
<thead>
<tr>
<th>Legitimacy Typologies in the Extant Literature</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moral legitimacy (based on normative approval)</td>
<td></td>
</tr>
<tr>
<td>Cognitive legitimacy (based on taken-for-grantedness)</td>
<td></td>
</tr>
<tr>
<td>Internal legitimacy (with organization’s insiders) versus External legitimacy (with organization’s external constituencies)</td>
<td>Kostova &amp; Roth (2002), Kostova &amp; Zehrer (1998)</td>
</tr>
<tr>
<td>Cognitive legitimacy (based on taken-for-grantedness)</td>
<td>Foreman &amp; Wheaton (2002)</td>
</tr>
<tr>
<td>Pragmatic legitimacy (based on self-interested calculations)</td>
<td></td>
</tr>
<tr>
<td>Managerial legitimacy (based on efficiency logic) versus Technical legitimacy (based on technology, quality, and qualifications)</td>
<td>Raud &amp; Scott (1998)</td>
</tr>
<tr>
<td>Moral legitimacy (moral approval of most members of society) versus Pragmatic legitimacy (based on self-interest)</td>
<td>Barron (1988)</td>
</tr>
<tr>
<td>Media legitimacy (equated with legitimacy with the general public)</td>
<td>Deephouse (1996)</td>
</tr>
<tr>
<td>Regulatory legitimacy (legitimacy with government regulators)</td>
<td>Suchman (1995)</td>
</tr>
<tr>
<td>Procedural legitimacy (based on soundness of procedures)</td>
<td></td>
</tr>
<tr>
<td>Consequential legitimacy (based on the evaluation of outcomes)</td>
<td></td>
</tr>
<tr>
<td>Structural legitimacy (based on the evaluation of the organization’s structure)</td>
<td></td>
</tr>
<tr>
<td>Personal legitimacy (based on the charisma of leaders)</td>
<td></td>
</tr>
<tr>
<td>Pragmatic legitimacy (based on self-interested calculations)</td>
<td></td>
</tr>
<tr>
<td>Moral legitimacy (based on normative approval)</td>
<td></td>
</tr>
<tr>
<td>Sociopolitical normative legitimacy (= normative legitimacy, based on existing rules and laws)</td>
<td></td>
</tr>
<tr>
<td>Cognitive legitimacy (based on taken-for-grantedness)</td>
<td></td>
</tr>
</tbody>
</table>

Appendix 2: Managing Organizational Legitimacy (Deephouse et al., 2017)

<table>
<thead>
<tr>
<th>Concept/Scenario</th>
<th>Gaining</th>
<th>Maintaining</th>
<th>Challenged by</th>
<th>Responding</th>
<th>Institutionally Innovating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legitimacy</td>
<td>Demonstrate propriety</td>
<td>Remain acceptable or taken-for-granted</td>
<td>Challenges of appropriateness</td>
<td>Demonstrate appropriateness</td>
<td>Create new definitions of propriety</td>
</tr>
<tr>
<td>Regulatory legitimacy</td>
<td>Apply and meet standards</td>
<td>Satisfy routine monitoring</td>
<td>Performance challenges</td>
<td>Verify performance vis-à-vis standards</td>
<td>Change regulations</td>
</tr>
<tr>
<td>Pragmatic legitimacy</td>
<td>Demonstrate adequate performance</td>
<td>Avoid poor performance</td>
<td>Performance challenges</td>
<td>Affirm adequate performance</td>
<td>Change performance criteria</td>
</tr>
<tr>
<td>Moral legitimacy</td>
<td>Show fit with social values</td>
<td>Don’t violate social values</td>
<td>Value challenges</td>
<td>Affirm fit with social values</td>
<td>Change social values</td>
</tr>
<tr>
<td>Cultural-cognitive legitimacy</td>
<td>Conform to meaning systems</td>
<td>Don’t violate meaning systems</td>
<td>Meaning challenges</td>
<td>Affirm fit with meaning systems</td>
<td>Change meaning systems</td>
</tr>
</tbody>
</table>
## Appendix 3: Organizations central to internal point of view research.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Organizations</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tobacco</td>
<td>- Philip Morris</td>
<td>- <a href="https://www.pmi.com/">https://www.pmi.com/</a></td>
</tr>
<tr>
<td></td>
<td>- British American Tobacco</td>
<td>- <a href="https://www.bat.com/">https://www.bat.com/</a></td>
</tr>
<tr>
<td></td>
<td>- Imperial Brands</td>
<td>- <a href="https://www.imperialbrandsplc.com/index.html">https://www.imperialbrandsplc.com/index.html</a></td>
</tr>
<tr>
<td></td>
<td>- 888 Holdings</td>
<td>- <a href="https://corporate.888.com/">https://corporate.888.com/</a></td>
</tr>
<tr>
<td></td>
<td>- GVC Holdings</td>
<td>- <a href="https://gvc-plc.com/">https://gvc-plc.com/</a></td>
</tr>
<tr>
<td>Alternative / sustainable energy</td>
<td>- Vestas</td>
<td>- <a href="https://www.vestas.com/">https://www.vestas.com/</a></td>
</tr>
<tr>
<td></td>
<td>- Vattenfall</td>
<td>- <a href="https://group.vattenfall.com/">https://group.vattenfall.com/</a></td>
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<td></td>
<td>- Bayer</td>
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<td></td>
<td>- Bunge</td>
<td>- <a href="https://www.bunge.com/">https://www.bunge.com/</a></td>
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<tr>
<td></td>
<td>- Cargill</td>
<td>- <a href="https://www.cargill.com/">https://www.cargill.com/</a></td>
</tr>
</tbody>
</table>
Appendix 4: Coding tree - Ethical Legitimacy Strategies (also see table 3 (2.2.2)).
Appendix 5: Coding tree – Strategic Goals / Scenarios

- **Strategic Goals**
  - Gaining
  - Maintaining
  - Challenged by
  - Responding
    - Institutionally Innovating

- **Gaining**
  - New ventures
    - Social and ethical fit
  - Continue
  - Social standard
  - Adherence
  - Do not violate
  - Challenges
  - Staying ahead
  - Stakeholders
  - No alignment
  - Reactive
  - Challenged
  - Re-assure stakeholders
  - Social responsibility
    - Affirm fit
  - Institutional entrepreneurs
  - Innovations
    - Theoretical regime
  - New
  - Change values
Appendix 6: Data Sources

Sector 1 – Tobacco Industry


STAN RAPP. (1992). Cigarettes: a question of ethics - Tobacco smoking is responsible for 30% of all cancer deaths in the US. 'Marketing mercenaries' who promote the industry must face up to the ethical issues. Retrieved from https://advance-lexis-com.ru.idm.oclc.org/api/document?collection=news&id=urn:contentItem:41BM-PMV0-00X8-H1S4-00000-00&context=1516831.


**Sector 2 – Gambling**


Sector 3 – Alternative / renewable energy


**Sector 4 – Agriculture**


