Keeping Organizational Performance on Track:
A Process Perspective on Managerial Justification Practices in Strategizing

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Abstract

This study analyzes how managerial justification practices allow for mindfully keeping organizational performance on track. We understand mindfully keeping organizational performance on track as the ongoing managerial work of exploring new opportunities and expanding organizational competence in strategizing (Hernes & Irgens, 2012). This process is characterized by fundamental uncertainty, which makes justification of novel decisions, initiatives and perspectives particularly important, yet also particularly difficult. Through justification, management actively shapes symbolic environments and organizational knowledge structures – which contextualize the future development of organizational performance – and which are, at the same time, shaped by this development. In a process perspective, we describe and analyze managerial justification practices in strategizing as inherently temporal, distinguishing them in three ways: first, according to their “temporal references”, which can be described through temporalities (past, present, future); second, according to their “temporal dynamic”, which describes how justification practices shift over time; third, according to their impact on “speed”, which characterizes how fast justification practices scale and mobilize themes, initiatives and decisions in an organization. Our study empirically examines managerial justification practices in a Swiss software engineering company after leadership change.

Introduction

Strategic management can be interpreted as the on-going, mindful accomplishments necessary to keep an enterprise’s value creation, organizational development and competitive performance on track (Hernes & Irgens, 2012; Weick, 1984). Uncertainty is inherent to strategizing, as actors cannot predict and evaluate how the future will unfold (Gomez & Jones, 2000). Coping with this uncertainty in strategizing is thus a fundamental challenge for organizations and their management. Managers spend a large amount of time providing justifications for their actions (Gomez & Jones, 2000; Green, 2004). Through mobilizing a set of organization-specific justification practices, they negotiate and reason for understanding of what happened in the past, what is important in the present and what might emerge in the future (Kaplan & Orlikowski, 2013). In a strategy-as-practice perspective, two aspects of strategic management can be distinguished: on one hand, we consider the multiple managerial attempts to make sense of the uncertain future and its contingencies in everyday activities and interactions (Johnson, Melin, & Whittington, 2003), by mobilizing organization-specific ways of justifying activities, arguments and decisions.
On the other hand, we explore how situated justification practices are embedded in organization-specific strategic and structural contexts (Bower & Gilbert, 2005), knowledge structures (Spender, 1996), deep structures (Gomez & Jones, 2000) and reference systems (Hernes & Irgens, 2012), which shape such organization-specific justification. Understanding the mutual, dynamic interplay between situated justification activities and their embeddedness in strategic and structural contexts is key to strategic management (Burgelman, 2002) and particularly emphasized in the strategy-as-practice research program (Johnson, Langley, Melin, & Whittington, 2007; Vaara & Whittington, 2012). Ultimately, understanding such practices is an important pre-condition of describing and explaining how an organization (successfully) moves forward (Rumelt, 2011) and how its performance is kept mindfully on track under uncertain conditions.

In line with this PROS symposium’s special thematic focus, we define strategic management not as given practices, that can be taken for granted, but as performative accomplishments through the mobilization of practices that must be continuously actualized, confirmed, interpreted and further developed through managerial work. Specifically, we focus on the importance of managerial justification in highly situated strategizing, while, at the same time, putting such situated activities in a broader strategic context and scaling them beyond situated, local actions and interactions (Thévenot, 2006). This involves not only mobilizing managerial justification practices in time through referencing the future, the present and the past, but also ensuring that they develop over time. Overall, by analyzing this dynamic, we want to gain insight into how managerial justification gains impact across an organization and over time, with respect to scale and speed, leading us to the following research question:

*What role does managerial justification play in scaling strategizing activities to keep organizational performance mindfully on track, in particular situations and over time?*

To answer this research question, we look theoretically at managerial justification practices as a way of coping with uncertainty, the elements of justification practices and how managerial justification practices are an attempt to mindfully keep organizational performance on track. In the methods section, we offer a brief overview of our research approach and setting in a Swiss software engineering company, which we see as an ideal empirical setting to observe and analyze managerial justification practices in their temporal dynamic. Finally, empirically, we analyze justification practices on three different levels to better understand the role of time in this process: temporal references (to the future, present and past), temporal dynamic (changes over time) and speed (impact).
Theoretical Background

Uncertainty and the Process of Justification

Keeping organizational performance mindfully on track requires management to enact situated interactions and local initiatives so that they contribute to organizational development. Organizational development is thus inherently uncertain, as it implies how an organization moves forward (Rumelt, 2011), into an unknown future. Such situations are characterized by high levels of uncertainty, which pose a special, paradoxical challenge. They require justification to enable decisions, while at the same time, they are particularly difficult to justify because results are impossible to calculate and evaluate ex ante (Gomez & Jones, 2000). Managing inherently entails enacting this uncertainty by rationalizing decisions and giving reasons for it to themselves and others. In our view, this explains why empirical research has shown the vital role of language in understanding organizations (Alvesson & Kärreman, 2000; Ford & Ford, 1995) and that managers are primarily engaging in communication (Mintzberg, 1973). Managers use discursive justifications to cope with uncertainty by legitimizing either the continuity or the discontinuity of practices and courses of actions. From a strategy as practice perspective, we suggest analyzing managerial justifications as the situated mobilization of organization-specific justification practices. Like Bourdieu's (1990) card players, we see managers as creative agents and artful interpreters of practices that "(...) may play the same hand differently according to their skill and the flow of the game" (Whittington, 2006).

Managerial Justification Practices

We conceptualize managerial justification practices as composed of three main elements, which can be analytically distinguished, but which are intimately intertwined in strategizing: structure, content and situated action. Structure emphasizes the aspect of how justification practices are mobilized in particular situations, while content refers to what such practices are mobilized for and, finally, situated action answers the question of when and exactly how they are mobilized.

Structure: Justification as Referencing to Time and Type

When looking at the structure of justification practices, we suggest differentiating between type and time; type describes to what a justification appeals, while time specifies to which temporality the justification refers.
(1) **Types of Justification:** According to the practice theory of Giddens (1984), justification implies a normative orientation for what is ‘right’ and what is ‘wrong’, as well as related decisions and courses of action. To better understand how justifications work as a normative orientation, we draw on rhetorical theory. Rhetoric is an instrumental discourse used to persuade audiences, reach reliable decisions and coordinate social action (Bizzell & Herzberg, 1990). Although justification takes on many different forms, rhetorical theory suggests three main types: pathos, logos and ethos (Aristotle, 1991). Each justification type differs in its approach, as well as its performative effect (Green, 2004):

a) **Pathos Justifications** impact and connect to the emotions (e.g. anxiety, fear or happiness) of individuals. They elicit powerful, but unsustainable, social actions, capturing an actor’s attention and exciting the imagination (King & Kugler, 2000). Just as pathos justifications are rapidly adopted, they are also quickly rejected, as emotional appeals cannot sustain actors’ (often limited) attention.

b) **Logos Justifications** address the logical part of the mind and tend to be based on methodical calculation, often oriented towards efficiency or effectiveness. Logos justifications have a more deliberate persuasive force than pathos, yet they have a more sustained effect on diffusion, partly because they are more socially accepted and admired within the business community (Putnam & Mumby, 1993). Although logos pleas are more slowly adopted than pathos appeals, they more rapidly effect persuasions than ethos appeals.

c) **Ethos Justifications** effect moral or ethical sensibilities (e.g. honor, tradition or justice), producing moral legitimacy. Ethos appeals rest on judgments about whether a given activity is the “right thing to do” (Suchman, 1995). Of all three justification types, ethos appeals are the slowest to persuade, but also take longest to reject. Ethos appeals are probably the most powerful, having the most abiding impact on taken-for-grantedness. Once an ethos-supported practice is adopted, it becomes difficult to abandon (Green, 2004; Herrick, 2001).

(2) **Interpretative Understanding of Time:** in a process perspective, we understand justification practices as simultaneously involving interpretations referencing the past, present and future. By trying to keep organizational performance on track and make sense of the world, managerial practice faces uncertainty because predictions are indeterminate; but as several studies point out, creating joint cognitive understandings and linking interpretations of the past, present and future are what make action and moving forward - as an organization - possible (Balogun & Johnson, 2004; Gioia & Chittipeddi, 1991; Kaplan, 2008). According to Kaplan and Orlikowski (2013), in most strategic management research, one core assumption is that more accurate forecasts of the future, e.g. of competitive actions, opportunities or the value of certain business capabilities, will lead to strategic success. Strategy is understood as the product of - more or less
- accurate forecasting. However, strategy cannot be defined only as the product of forecasting; it must be considered in the context of multiple interpretations of present concerns and historical trajectories that make up these forecasts (Kaplan & Orlikowski, 2013). This suggests a temporally embedded view of human action; the present is seen as a continuous assessment of current concerns, the future is not a set of outcomes that can be forecast, but instead is best described as "... multiple imaginings of what might be possible" (Kaplan & Orlikowski, 2013). Correspondingly, the past is not just a set of events determined through analysis; it is reconstructed through actors and their different prior experiences. Emirbayer and Mische (1998) underline the interplay between interpretations and actions "... the ways in which people understand their own relationship to the past, future and present make a difference to their actions; changing conceptions of agentic possibility in relation to structural contexts profoundly influence how actors in different periods and places see their worlds as more or less responsive to human imagination, purpose and effort" (p. 937). An interpretative understanding of strategy and time leads to the question of how actors can link interpretations of the past, present and future in strategizing. It involves a set of practices, through which managers construct strategic opportunities, initiatives and possibilities, enabling concrete strategic choices and actions. This requires coherent and plausible interpretations of past, present and future.

**Content: Justification as related to Sensemaking and Sensegiving**

Managerial justification practices always refer to specific decisions, opportunities and themes, and assign meaning to them. Situated managerial coping is always linked to the situated enactment of such decisions, opportunities and themes, while at the same time searching for their broader impact and importance (Weick & Roberts, 1993). Continual extraction and local structuring from the flow of daily activity experience thus lie within management perspective as an on-going accomplishment (Chia & Holt, 2008). Mindfully engaging in opportunities implies searching for understanding of activities' broader implications, including long-term consequences that may seem insignificant, but are essential for interpreting and justifying situated judgments and engagements (Weick & Roberts, 1993).

Sensemaking processes are an essential part of content, as content offers a range of actions and opportunities to choose from the need to 'be made sense of' and figured out. This sensemaking process involves understanding the content: figuring out the meaning of what is proposed, what the effect would be and who plays which roles. Choosing certain content to be featured in a certain way (structure) allows sensegiving to influence the further course of action (Gioia & Chittipeddi, 1991) and thus how the organization moves forward (Rumelt, 2011). Through the inclusion of certain content (issue, events, developments, trends) in a justification practice, it
becomes strategic. No content is inherently strategic; it becomes strategic when top management believes that it is relevant to organizational performance (Dutton & Ashford, 1993).

**Situated action: Justification as situated engagement**

Managing takes place as multiple situated activities (Ackeret & Grand, 2012; Mintzberg, 1971; Watson, 1994) characterized by their “... pace, brevity, variety fragmentation, interruption, orientation to action ...” (Mintzberg, 2009). In situated managerial activities, managers mobilize specific justification practices. From a theoretical perspective, we thus conceptualize justification as the actualization, mobilization and interpretation of particular practices, which can be seen as organizational “knowledge”, described as justified true beliefs in the situated performances of managerial “knowing” (Nonaka, 1994). This organizational knowledge underpins any organization and is based on shared beliefs (Gomez & Jones, 2000). This taken-for-granted organizational knowledge does, however, remain fragile and preliminary, because it can be questioned (Latour, 1999).

Through ongoing situated justification, managers activate a certain argumentative structure of a justification practice and direct inquiry at it (for example, identity appeals grounded in the past). This structure may be institutionalized in an organization and its taken-for-grantedness can be challenged when the structure is changed (for example, when an identity appeal is set in the future instead of the past). Situated action also focuses and selects content that would be of use for that particular justification practice. This may entail blending out of certain elements and emphasis on others. The selection of content in a justification practices is based on the shared understanding of what efficiency is. This shared understanding of what efficiency is can also be questioned and lead to a shift in which content is selected to construct a justification.

Insert Figure 1 about here

In the next section we will see how these three intertwined elements of justification practices come together in managerial attempts to keep organizational performance mindfully on track.

**Keeping Organizational Performance Mindfully on Track in and over Time**
Mindfully engaging in opportunities implies searching for understanding of activities’ broader implications, including long-term consequences that may seem insignificant, but are essential for interpreting and justifying situated judgments and engagements (Weick & Roberts, 1993). Issues become strategic when they are included in managerial justification, because they are understood as being relevant to organizational performance. The conceptualization of organizational performance itself includes a belief of what success is. This allows us to explain how managerial impact beyond local activities can be theoretically conceptualized and empirically described as a dynamic, relational interplay between situated knowing and organization-wide knowledge through justification (Thévenot, 2006). Reaching a common understanding is regarded as a continuous and collective process involving disagreement and heterogeneity. Unifying common understandings helps bundle energy and scale issues, if organizing is regarded as ‘… a process of reducing differences among interacting actors …’ (Langley & Tsoukas, 2010).

As we saw, managerial justification practices contain a temporal element: the ability to keep the past, present and future in mind, while keeping things on course. It involves “... acting routinely, while mulling over other possibilities” (Weick, 1984) Based on this understanding of managerial action’s temporal element, we can describe managerial agency as a continual (1) assessment of present courses of action; (2) exploration of future courses of action; (3) re-interpretation of the past (Hernes & Irgens, 2012). The idea of temporal agency simply means that what happens at one time and place matters to what happens at another time and place (Hernes, 2014). These three interpretative processes enable situated coping with local events, while also explaining the implied buildup of knowledge that will be potentially useful beyond any specific situation (Chia & Holt, 2008; Spender, 1989, 1996). Through justification, firm-specific knowledge structures, reference points and strategic context are actualized, mobilized and interpreted in management practice, specifically in resource allocation (Bower, 1986; Bower & Gilbert, 2005; Burgelman, 2002), decision making (Eisenhardt & Zbaracki, 1992; March, 1994; Shapira, 1997) and strategy communication (Laine & Vaara, 2007; Mantere & Vaara, 2008). Such justification is also essential for framing particular situated activities, opportunities and events as “strategic” and relevant to organizational performance. As part of any strategy process, different content-related interpretations of the past, present and future can coalesce into organization-specific interpretations, becoming an integral part of future managerial justification practices.

Keeping organizational performance mindfully on track is not only the continuous mulling over opportunities, its impact also unfolds over time. Depending on how issues are justified, as well as on how well the implied justification practices are established as taken-for-granted, they influence the speed at which their adoption and rejection over time takes place (Green, 2004).
By framing certain issues as relevant to organizational performance they become strategic; at the same time, the implied justification practices are confirmed and actualized. These issues, and the mobilized justification patterns are then championed by managers in their further justification activities, while other issues are downplayed or deemed as irrelevant. Managerial justification practices thus play an important role in scaling particular strategic themes, opportunities and initiatives across an organization and over time: the issues they consider as relevant can shift over time and their alignment with other justification and organizational practices can make their impact more or less powerful (Dutton & Ashford, 1993; Green, 2004; Kaplan & Orlikowski, 2013).

Methods

Research Setting

Our research was carried out at the Swiss software engineering company “Software Engineering AG”. Software Engineering AG is based in Zürich and produces sophisticated, high-end, tailor-made software solutions often involving security and scalability themes. They develop large-scale software development projects for customers from different industries, with a special focus on the financial industry. Over the past ten years, the company has attempted to improve its current business model leverage by translating and transferring its technology expertise into software products and a consulting unit. The company has grown substantially since its foundation in 1988 and currently employs several hundred people, mostly highly skilled software engineers, in multiple locations around the world.

Our study took place during a time of turmoil, upheaval and high levels of uncertainty in 2014 and 2015 after several leadership successions; the company had three different CEOs from 2012 to 2014. Because leadership successions are a complex set of individual and organizational changes, especially affecting managerial practices, they offered an ideal backdrop to study changes in managerial justification practices and organizational developments (Isabella, 1990). The following description provides a brief overview of Software Engineering AG’s development over the past ten years, structured in three phases:

2006 - 2010: In 2006, the company was sold by the founder and CEO to a holding company owned by a respected Swiss industrialist family and the chairman of the holding company became the non-executive chairman of the board of directors. In mid-2007, the former head of their Eastern Europe subsidiary was appointed as the new CEO and for the first time in the company’s history, a formal executive board was appointed, consisting of five senior managers
with long-time experience. Establishing a formal executive board was a new experience for Software Engineering AG; they had always prided themselves on their nonhierarchical, informal and entrepreneurial culture. By then, the eastern European subsidiary opened in 2004 had become well established and served as a near-shoring hub for Swiss operations.

2010-2014: In 2010, Software Engineering AG introduced their new consulting business unit, using the phrase “sharing experiences”. International expansion continued and the first branch in the Asia-Pacific area was opened in Singapore. At the end of 2012, the CEO stepped down after five years of relative stability and cooperation with the six executive board members. A new CEO, member of Software Engineering AG’s executive for several years, was appointed in early 2013. Early in 2014, the CEO stepped down after only twelve months.

In April 2014, a new CEO, who had been the Managing Director of the eastern European subsidiary, was appointed. In 2014, a new office was established in Vietnam intended as a near-shore hub for the Asia-Pacific area. Currently at Software Engineering AG, more than 450 staff members build and design customized software solutions in five locations around the world. They are organized in four business units: IT Consulting, Application Development & Integration, Application Management and Products.

The research project reported was conducted over the last two years (2014/2015) and also incorporates data from earlier research projects with the same company.

**Research Approach and Data Collection**

We used an in-depth, longitudinal process study approach, allowing us to examine how and why events, actions, practices and processes unfold over time (Langley, 1999; Mintzberg, 1979; Yin, 1994). Process studies are particularly suited to study justification practices, which draw on the development of knowledge structures over time, while at the same time exploring their mobilization in multiple situations and interactions. A process approach can capture the contingent, contestable and often delicate qualities of managerial practices. Our research includes four types of data: observation through shadowing of managers (Czarniawska-Joerges, 2007), participation in five full-day strategy workshops, semi-structured and open interviews with senior managers and board members, and, finally, document analysis (e.g. monthly internal publications, strategy presentations and documents, workshop memos).

Given our interest in managerial justification practices, semi-structured and open interviews with each member of the executive board, as well as the board of directors, provided the majority of the data at the beginning of our research in 2014 (Isabella, 1990; Smircich & Morgan,
Our conclusions were reinforced by a triangulation of these interviews with shadowing, observation and data document analysis; the use of multiple data collection techniques (observation, interviewing and document analysis) in combination (Angrosino, 2007).

We started our study with a general interest in the on-going organizational work of expanding organizational competence, knowledge, exploring new opportunities and the efforts involved in mindfully keeping an organization on track (Hernes & Irgens, 2012; Nelson & Winter, 1982), by stabilizing existing core business activities, while strengthening new ones that complement this core. The first set of interviews took place right after the most recent leadership succession in the summer of 2014. While transcribing, analyzing and coding these interviews, our interest was sparked by different justification patterns and how differently senior management members described the company's past, present and future. We noticed a sense of uncertainty about what could be taken for granted and was unquestioned in the company.

This led us to literature on temporal work in strategy making (Kaplan & Orlikowski, 2013), organization-specific strategic and structural contexts (Bower & Gilbert, 2005), knowledge structures (Spender, 1996), effort conventions (Gomez & Jones, 2000) and reference systems (Hernes & Irgens, 2012). In a next step, we wanted to discover how these patterns evolved and how they interacted with the company's development. We discovered that the amount and type of justification "work" performed in the organization varied according to developmental stages. In a final phase of observational work - strategy workshops and interviews - we focused specifically on how senior management used justification to cope with uncertainty and how justification patterns were aligned to enable decisions.

Interviews lasted between one and three hours each; they were recorded and fully transcribed. From end 2014 until mid 2015, we focused on a series of strategy workshops held to align the four business unit strategies with the company strategy. Our interest here was to see how justification patterns developed. The first of these strategy workshops took place in December 2014 and was an interactive exchange between the managers and the two authors giving an account of our empirical observations and preliminary interpretations. It mirrored what had been said about each business unit in relation to the entire company during our first interview phase. A second workshop was held two weeks later; here, the entire E.C. and selected members of the board of directors convened to hold an off-site strategy workshop. The goal of this off-site workshop was to update and reformulate the company's general strategy.

Based on this general strategy, the next four workshops took place in April, May and June of 2015. Each of these four workshops had three- to four-week intervals between them. In these 2015 strategy workshops, the E.C. members came together on-site and discussed each sub-
strategy, which had been prepared in advance by the responsible unit heads of the four business unit strategies (application development, application management, IT consulting, software products): communications strategy, innovation strategy, offshoring strategy and business development strategy. During these four workshops, intense discussions took place about the content of the prepared documents. After the workshops, each responsible department head re-wrote parts of his/her sub-strategies according to what had been discussed in the workshops. In parallel, we continued interviewing across the top management level.

Starting off with a more general perspective on managerial justification practices across all business units, we narrowed our focus to managerial justifications directed at one particular business unit for this paper: consulting. This unit is particularly interesting from a justification perspective because many diverse justification patterns were involved.

Data Analysis and Presentation: Justification Patterns

During our analysis of justification patterns, we encountered a broad variety of justification patterns that differed according to their audience and appeal. Based on our analysis of the structural elements of justification practices, we ordered the justifications into the three main justification types suggested by rhetorical theorists. Through a process of alignment with these theoretical types and our empirical data, we developed a set of codes and developed three empirically-grounded codes: emotion, logic and identity. These codes and the related sub-codes emerged as both deductive and inductive (Strauss, 1987).

The first code, Emotion, contains a set of five sub-codes. These sub-codes are “versus” codes, as they reflect how these emotions were positioned differently along the spectrum of positive to negative: certainty vs. uncertainty or doubt (x1), courage vs. apprehension or fear (x2), approval vs. disapproval (x3), calmness vs. pressure (x4) shame vs. confidence (x5).

Logic, the second code, contains five sub-codes of logical claims we encountered during our analysis: reasoning and giving advice (x6), providing evidence (x7), weighing pros and cons (x8), comparison with other organizations and with similar issues (x9), projection of different scenarios (x10). Finally, Identity, the third code, contains sub-codes used in managerial justification when referring to their own identity as an organization: referring to organizational identity and purpose (x11), invoking and appealing to authority (x12), thoughts on what is right / good for the company (x13), proving expertise (x14) and referring to uniqueness (x15).

The following table provides examples for each justification type:
There were numerous multi-layered justifications that made up justification practices belonging to more than one category and mobilizing more than one temporality, which was one of the challenges. One way to deal with this was to break them down into their parts and place them at the borders between the dimensions of our model. However, treating managerial accomplishments as contexts of an interactional multiple analysis level field allowed us to explain situated actions and interactions, and their impact above and beyond specific situations (Pettigrew, 2012). We analyzed justifications according to their type (emotion, logic, identity) and the temporality they addressed (past, present, future) and then mapped them in a matrix. In a next step, we re-connected these single statements into the justifications. We visualized the components of justifications in a two-dimensional pattern mapping.

We structured our findings about justification practices in three ways: first, according to their “temporal references”, which can be described through temporalities (past, present, future) and types of justification (emotions, logic, identity). Second, we suggested analyzing justification practices according to their “temporal dynamic”, which described how justification practices shift over time. Third, we looked at “speed”, which analyzed how justification practices scaled and mobilized themes, initiatives and decisions in an organization.

### Preliminary Findings

#### Temporal References: Mobilizing the Emotions, Logic and Identity in Time

In this first level of analysis, we looked at the structure and content of situated managerial justification action encountered during the beginning of our research. This analysis of justifications about their newest business unit consulting revealed three main justification patterns that manifested themselves differently in our visual mapping. When collectively reenacted by managers, these patterns of temporal references formed three main justification practices, which we called “putting up smoke screens”, “being replaceable” and “skimming the cream”:

- **Putting up Smoke Screens**: Putting up smoke screens was one of the dominant justification practices managers used when they referred to the consulting business unit. It is a justification composed of links to the past, present, identity (thoughts on what is good / right) and emotions (disapproval / shame). It refers to the past and identity by describing Software Engineering AG’s long history as one of the most prestigious security software engineers in Switzerland, offering
leading edge technology to their customers. They define themselves as those who possessed the “real”, hands-on programming skills. For many years, consulting was a word that was shunned, considered something that “softies” do, that could not stand up to the engineering and technical skills valued so highly in their organization. This approach is accompanied by an emotional appeal set in the present: disapproval of current developments. Although this disapproval was expressed in mild terms, it was recognizable as an underlying motion. Taking these elements together as a justification practice did not strengthen the standing of consulting. This justification practice was anchored in this business unit’s internal strategy report: the expression “consulting” does not show up often; instead, it is frequently referred to as “sharing experiences”, making a clear link to the past through experiences accumulated over the past two decades.

_ Being Replaceable: _This justification practice was characterized by links to present, future, emotions (feeling pressured and apprehension) identity (referring to uniqueness) and logic (providing evidence). It legitimized having a consulting business unit by pointing out that their current main business domain (software engineering) would increasingly suffer from cost pressures and eventually be replaced by providers in countries with much cheaper labor costs. This justification practice involved providing evidence about present developments, such as reciting information about how much certain other software providers had grown recently and how they were expanding in countries with lower labor costs (e.g. in India). The evidence was described in a manner evoking a sense of pressure to act now. This justification was also strengthened by underlining how consulting was a different kind of business requiring significant face time and trust building with the client, making it more difficult for them to be replaced by cheaper, but more distant and anonymous providers. As part of this justification practice, it was also argued that consulting was still today often treated as pre-sale for software engineering and that it now needed to be more clearly separated out to generate value, since their core business was under so much pressure.

_ Skimming the Cream: _The third dominant justification practice was made up of links to the past, future, identity (proving expertise) and logic (projection of different scenarios as well as reasoning and giving advice). Skimming the cream practices justified a consulting unit’s existence by reasoning that consulting generates much higher margins than software programing and could therefore become a vital income source. By strategically positioning their long-standing expertise and experience in the security domain, they would be able to profit from the growing need for reliable security solutions (e.g. counseling governments and banks about hacking protection systems). This justification practice also included a component of projecting different scenarios; depending on certain regulatory requirements and political developments, banks and governance would then need counseling to cope with the new situations.
Figure 2 offers a visual summary of these three main justification practices in our two-dimensional matrix:

Insert Figure 2 about here

Keeping organizational performance mindfully on track is the ongoing managerial work of arguing for continuity or discontinuity, expanding organizational competence and exploring new opportunities (March, 1991). What we saw in this first level of analysis - temporal references - are managerial justification practices related to the broader implications of decisions and activities. These justification practices formed a pattern from the lower left side to the upper right side in our two-dimensional pattern mapping: identity appeals tended to be more past-oriented, many of the logic appeals were set in the present and emotional appeals were future-oriented. Not only did they differ in these structural aspects, they were also characterized by content differences: while the "being replaceable" and "skimming the cream” legitimized consulting as an opportunity to generate business, "putting up smoke screens" provided reasons why consulting does not offer new opportunities, but actually conceals their ‘real’ skills.

While one of the justification practices did not grant the business unit legitimacy, the other two did, in different ways. Overall, we recognized a tendency to rely on and protect a past-oriented identity, a rational analysis of the present situation and rather negative emotions associated with the future. Although potential for change was recognized in a rational analysis of the present situation, this was counterbalanced by a hesitant assessment of the future. Finding strength in a successful past was an important element in two practices. Taken together, these three main justification practices led to a heterogeneous and, at times, even contradictory justification. From the preliminary analysis of justifications referring to business units other than consulting (e.g. products business unit), we recognized different mappings and corresponding justification practices.

**Temporal Dynamics: Shifting over Time**

Temporal dynamics describe how justification patterns shift over time. In Figure 3, we provide an overview of justification patterns about the consulting business unit over the course of several months that entailed a series of strategy workshops. These shifted justification patterns turned into new justification practices used in managerial discourse about the consulting business unit.
From putting up smoke screens to consulting as business development: This is a practice grounded in discussion about the interplay between Software Engineering AG’s business units. Although certain elements of this legitimation had been mentioned in discussions before the series strategy workshops, their importance and frequency increased during and after the strategy workshops. This justification practice is built on references to the present, future, logic (weighing up pros and cons) emotions (certainty and confidence) and identity (thoughts on what is good / right for the company). We realized that this justification practice legitimized consulting as an activity creating leverage for other business units. A rational weighing of pros and cons was usually included in this justification practice; a special positioning of this business unit as a driver for business development was worth it, despite the apprehension that consulting could eventually be regarded as superior to other departments. This justification pattern switched the focus from consulting as ‘something that had to be disguised’, to ‘something that could be very useful for the company as a whole’. The justification moved from feelings of apprehension and fear about the future to a more certain and positive outlook and a more confident assessment of current status.

From being replaceable to moving up the value chain: Moving up the value chain justifications appeal to present, future, emotions (courage), logic (comparison with other organizations) and identity (organizational identity and purpose). There was a shift from the “being replaceable” justification to “moving up the value chain” justification during our second research phase; a comparison with other organizations (mostly established consulting companies) and how they are able to generate impact with C-level organizational members was linked to mobilizing a possible future identity and purpose. By moving up the value chain from IT officers to executives, consulting would be able to position their organization with the decision-makers. The change in this justification pattern is a shift from monetary concerns to an impact dialogue calling for a more courageous approach to ‘aim higher’.

From skimming the cream to customer proximity: In this justification practice, we saw how the past, future, identity (proving expertise) and emotions (confidence) were mobilized. It represented a shift from the “skimming the cream” justification used in phase I. The past was mobilized when participants described their expertise as a classic “project” company, capable of solving just about any problem a client presented. The customer proximity legitimation was an appeal to activate this software expertise and use it in a different way; consulting required a more pro-active approach, where they would have to anticipate and recognize the client’s needs. This was paired with an appeal to be confident about their expertise and to realize it was a key to their future, if they could use it in new ways.
In Figure 3 we can see how these new justification practices manifested themselves in our visual mapping:

Here we see how managerial justification practices created a new range of options to keep organizational performance on track; consulting can serve as leverage for other business units, can make security a matter of importance for their customer’s decision-making level and can provide customer insights. These shifted patterns meant that inquiry was directed towards new temporalities; especially future-oriented identity appeals emerge in the two practices “customer proximity” and “business development”. In the “customer proximity” justification practice, the possibility that consulting could become a new part of the identity was suggested. Rational appeals decreased in comparison to the first phase; instead, there were more emotional and identity appeals. The emotional appeals changed to a more positive assessment of the present and future, calling for a more confident, pro-active and courageous approach. What we see in this phase is that justification practices became more aligned and less contradictory; all three justification practices legitimize this business unit, two from a more external leverage view and one from an internal leverage view. The justification practices changed not only in their structure; new elements of content were also activated, while previous ones were left aside.

What we also see in this second phase is better integration and alignment of justification patterns with the current organizational development, as well as the parallel justification with respect to the other business units. Consulting is increasingly judged as fundamentally beneficial to organizational performance instead of a threat and dilution of organizational positioning. Consulting thus becomes grounded more strongly in positive and future-oriented structures.

**Speed: Scaling themes within the organization**

Speed characterizes how fast justification practices scale and mobilize themes, initiatives and decisions in an organization. Robust, coherent patterns of justification have a stronger and thus faster impact on the successful scaling of themes, initiatives and decisions, as well as on the sustainable mobilization of people, resources and initiatives in the organization. Incoherent justification practices can slow down the speed of scaling themes. These incoherent and highly situated patterns lead to controversies about strategic topics, revisions of previous decisions.
and competition between heterogeneous initiatives, which propagate their own justification rationales. What remains to be analyzed is how these appeals generate impact: identity appeals take the longest time to effect change, since they have a slow rate of rejection. Emotional appeals, such as courage and confidence, may generate impact from this business unit across the organization much faster, but in turn may also be rejected faster. In this third analysis phase, we plan to study how shifted justification patterns have an impact across the entire organizations: for example, how communication strategy changes as justification practices shift.

**Discussion**

This study generates four key insights:

The past, present and future are mobilized as temporal references in situated managerial justification, to confirm the continuity or discontinuity of important events; to argue for the necessity of stabilizing operational activities or to introduce new approaches and initiatives (Griesbach & Grand, 2013). This is in line with an interpretative understanding of time, building on sense making’s foundations: manager’s projections of the future were always entangled with their views of the past and present (Kaplan & Orlikowski, 2013). Justification practices link these accounts together and provide a normative judgement. We noticed an uneven distribution of the temporalities mobilized; in the first phase, a majority of the identity appeals were past-oriented while the second phase reveals a shift to more future-oriented identity appeals. A preliminary analysis of the other business units revealed an uneven distribution of mobilized temporalities across business units.

Two elements appear to have an impact on how justifications allow for faster and better-informed resource allocation and decision-making: on one hand, the alignment of justifications, which refers to how contradictory or supportive practices are of each other. Heterogeneous justifications lead to ambiguity and even contradictory patterns of argumentation, without any substantial impact beyond specific situations. On the other hand, particular justification structures gain impact beyond specific situations in different ways; emotional appeals have fastest rate of adoption and rejection, while identity appeals have the slowest rate of adoption and rejection (Green, 2004). Alignment of justification patterns can lead to a stabilization of patterns, which would reduce managerial decision makers’ need and amount of energy to constantly explain and justify, because a “common language” has developed about what is of strategic importance and why. Contradictory justification practices can be particularly difficult to scale beyond specific situations, as they cause confusion and increase uncertainty, providing yet another insight how important the chosen structure of a justification pattern is.
Strategy workshops are an important interaction forum to develop and explore new justification practices, where shared versions of the past, present and future can be crafted. In these strategy workshops, important discussions take place to establish meanings, articulate perceptions about the company and environment and express acknowledgements and disagreements. To make those insights relevant beyond the workshop, documentation and further development for preparation of future workshops is essential. It is the serial quality of workshops that makes a difference over time.

Overall, we show that knowledge structures are confirmed and established through their recurrent enactment in managerial justification practices, in multiple ways, including debates in workshops, formulations in documents, personal conversations and individual reflections. Organizational knowledge as justified true beliefs leads to firm-specific justification practices. These are either confirmed through their mobilization in time, or can shift over time, in relation to specific - but not pre-defined - strategic contents and situational opportunities, initiatives and decisions, to emerge in the course of organizational development.

**Conclusion**

Our study contributes to the development of a theory about justification practices as a managerial attempt to keep organizational performance on track in the face of uncertainty, characteristic of strategizing. Managers are continuously mulling over other opportunities, situations and initiatives and judging their contribution to moving an organization forward. Justification practices simultaneously shape management’s situated engagement as well as mobilizing change potentialities by shaping present and future justification patterns. Justifications can also argue for continuity, connecting to the past instead of the future. This does not mean that other options were not considered, it means that through a process of better understanding and contextualization, certain past, current and future courses of action are or are not further championed by managers.

We will continue our analysis, by more specifically looking at how justification practices differ in different business units and in relation to overall strategic issues of the company, as well as how these practices scale and mobilize themes, initiatives and decisions in an organization. We suggest particular focus on how different types of justifications affect adoption speed of other practices and how aligned justification practices reduce the amount of managerial energy that goes into justifying and can be used for other issues. As this research focuses on one organization, it would be interesting to analyze the temporal references, temporal dynamic and speed of justification practices in other organizations.
References


<table>
<thead>
<tr>
<th>Appeals to:</th>
<th>Business Unit Consulting Justification Examples</th>
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<tr>
<td><strong>Emotions</strong></td>
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<td>Certainty vs. uncertainty / doubt: «In the past it was always pretty easy to describe what we do. With these new business units, especially consulting, and the increasing complexity of our business this is getting harder; I see now that a lot of people in the company do not even really know what people in the department next to them are doing»</td>
<td>Courage vs. fear / anxiety «Structuring and presenting the company as a single unit without a clear separation between the units entails an inherent risk: consulting could become just kind of a fancy technical pre-sale, a first step in our value chain»</td>
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<td>Approval vs. disapproval: «Aren't we doing exactly the thing now (consulting) that we always criticized others for doing? But we still don't want to admit it and invent other words for; I wonder how long we can keep that going»</td>
<td>Calmness vs. pressure: «We have never had to do much for our success, it just came naturally. But we cannot rely on that, we need to change and become much more proactive. Consulting is a business unit that requires this kind of a proactive approach to find problems the customer doesn't even know he has»</td>
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<td><strong>Logic</strong></td>
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<td>Reasoning and giving advice: «CEOs are faced with so many decisions and have so much responsibility. That's where consulting comes in: we can offer solutions to these CEOs that they can trust and suggestions they can follow. It actually takes away some of their burden of responsibility»</td>
<td>Providing evidence: «Consulting needs to be a main business driver, because that's increasingly the only area where our clients are willing to pay high rates. If you look at the numbers across the industry, programming work is being relocated to cheaper places. Consulting, however, cannot just be transferred to a different country, you need to spend a lot of face time with the client»</td>
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<td>Weighing up pros and cons: «Even though there is a certain tendency that consulting could be considered as kind of the fancy department of the company, while the others do the dirty work, we still need to be as sophisticated as possible because that's how we can impress the C-level of potential clients, that's where the decisions happen»</td>
<td>Comparison with other organizations: «What I see right now is that there are a lot of smart people in our company that are looking for career and developmental perspectives. Other companies have really perfected this in order to not lose their best people. This is where consulting comes in, it is a prestigious in-house career-path»</td>
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<td>Projection of different scenarios: «Right now consulting makes up a very small part of our business, but we have ambitious goals to increase turnover in this segment. Even if we don't reach those goals, it would have still been worth trying because we are learning»</td>
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<tr>
<td>Identity</td>
<td>Referring to organizational identity and purpose:</td>
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<td>«Because of our legacy and reputation as a high-end software developer, consulting's main goal should be to generate software development projects; it mostly serves the purpose of enabling our main business unit application development »</td>
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<td>Invoking and appealing to authority:</td>
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<td>«In our new target market (Singapore) potential clients will take us much more seriously if we have a consulting unit, it proves that we are big and professional enough »</td>
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<td>Thoughts on what is good / right:</td>
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<td>«For years, we never used the word consulting in this company; it was on the black list. We didn’t see it as something worthy enough for us to do. We saw ourselves as the ones who had the real, hard skills. It was kind of a shamed word, so we invented a new word for it: “sharing experiences”, but actually it’s consulting»</td>
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<td>Proving expertise:</td>
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<td>«I am pretty sure that we are among the top security experts in our field – But we want to constantly improve ourselves and consulting offers us a glimpse into the needs of customers, it allows to anticipate trends»</td>
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<td>Referring to uniqueness:</td>
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<td>«We are not just another consulting company; we offer engineering knowledge and call it engineered consulting. We are transferring our knowledge that we have accumulated and are offering it in new forms to customers »</td>
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Table 1: Examples of Justification Types
Figure 1: Elements of Justification Practices
<table>
<thead>
<tr>
<th>Type of Justification</th>
<th>Mobilized Temporality</th>
<th>Past</th>
<th>Present</th>
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<td>Identity</td>
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- **Putting up smoke screens**
- **Being replaceable**
- **Skimming the cream**

*Figure 2: Pattern Mapping of Justifications*
<table>
<thead>
<tr>
<th>Type of Justification</th>
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<th>Past</th>
<th>Present</th>
<th>Future</th>
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<td>X1</td>
<td>X5</td>
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<tr>
<td>Logic</td>
<td>Customer proximity</td>
<td>X9</td>
<td>X8</td>
<td>X11</td>
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<td>Identity</td>
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<td>X14</td>
<td>X13</td>
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*Figure 3: Pattern Mapping of Shifted Justifications*