

Posters

The Role of Legitimacy in the Introduction of Post Consumer Recycled Materials: A Theory Driven Case Study

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Abstract

CPD manufacturers plastic that is used to produce several different types of products in several different industries. At the beginning of the 1990s CPD was starting to get questions from its major customers regarding the environmental characteristics of the material it produced. These questions ranged from "(i)s it biodegradable?" to "is it recyclable?" In reality, these were not questions the company had asked up to that point. However, the questions were easy to answer once the firm started looking into it. Their material was a high-grade, processed polyethylene so while it wasn't biodegradable it was recyclable. However, for some customers simply having the material be recyclable was not sufficient. Many of CPD's customers were US government contractors so they

were under the strictures of the US General Accounting Office's (GAO) purchasing guidelines. The Clinton administration had issued several executive orders concerning the recycled content of purchased products that had been integrated into the GAO's guidelines. As such, being recyclable was not sufficient, the product had to have recycled content. What made matters even more difficult was the underlying idea in these purchasing standards that the recycled content be post-consumer as well. Simply reusing factory scrap was not sufficient. Rather the GAO guidelines strongly intimated the need to pull recyclable material out of the general waste stream. The pressure from customers was clear - change the product or we will take our business elsewhere. This threat was made more salient because it was the unit's two largest customers that were the strongest proponents of adding post consumer recycle (PCR). However, while the firm had a ready made market in the niche where its customers had demanded the change, entry into its other markets was far more problematic.

This case study describes how CPD introduced PCR into its products. We describe both the internal and external difficulties the firm faced in making to change to PCR. In our theoretical discussion, we examine issues of organizational legitimacy that the firm faced in the introduction of PCR into its product. There are two types of legitimacy that we will examine. The first is market legitimacy. Here some customers or customer must define the firm as an appropriate provider of particular goods and services. The second type is social legitimacy. Her society or some segment must define the firm as behaving in appropriate ways ethically, socially, or morally.

In this case, the firm first grappled with internal issues. The change towards PCR started out of the marketing group. Production saw the change as inappropriate and unnecessary (i.e. illegitimate). Then the firm faced two sets of external market legitimacy issues. The primary market for the type of plastic CPD produced was changing. For CPD to be considered a legitimate provider in that market it had to introduce PCR into its products. Next, the firm also faced market legitimacy constraints in its secondary markets. These markets did not see the need for PCR in the products they used if it entailed a price increase. Finally, as the product was now "greener" the firm engendered points in terms of its social legitimacy. We will describe the process CPD went through to make this change as well as how this case informs our theoretical understanding of the types of legitimacy and their roles.