

**UNRAVELLING THE LEGITIMATION STRATEGIES IN FORTUM
UNIPER ACQUISITION - INSIGHTS INTO THE ROLES OF FORTUM,
UNIPER, AND THE FINNISH GOVERNMENT**

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**JYVÄSKYLÄN YLIOPISTO
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ABSTRACT

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Abstract Globalized world has caused organizations to pay evermore attention on how the observers and shareholders perceive them. This has led to an increase of legitimization discourses to maintain corporate legitimacy. This study aims to shed a light on how the key parties, Fortum, Uniper, and the Finnish Government, tried to legitimate or delegitimize the acquisition, and to identify the key strategies utilized. The acquisition process which started in 2017, faced its dissolution in 2022. This process started after the initiation of Russo-Ukrainian war, which ultimately exposed heavy market reliance from both Fortum and Uniper side. In order to answer to the research question, corporate reports, corporate press releases, institutional report, and multiple news sources from Finland and abroad were examined. The study utilized critical discourse analysis in order to identify the key legitimization strategies. The study drew from the most well utilized discourse legitimization studies and complemented them in the pursuit of answering the research question. The findings demonstrate that different legitimization and delegitimation strategies were used simultaneously. Fortum stood out by utilizing same legitimization strategies throughout the process. Legitimation strategies were used in order to justify and create a sense of legitimacy around the acquisition process and delegitimation strategies in order to challenge the legitimacy. Key legitimitative strategies included time related discourses, authoritative discourses, rationalization in terms of strategy or neoliberal business environment. Delegitimitative strategies included the appeal to morality and evasiveness in context of blame and questioning. This study contributes to prior literature by examining complexities of legitimization in the context of geopolitical crisis, ideological strategic shift, and the state-owner's legitimization efforts.	
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TIIVISTELMÄ

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<p>Tiivistelmä</p> <p>Globalisoitunut maailma on saanut organisaatiot kiinnittämään yhä enemmän huomiota siihen, miten ulkopuoliset näkevät ne. Tämä on johtanut legitimointi diskurssien lisääntymiseen yritysten legitimizeetin ylläpitämiseksi.</p> <p>Tämän tutkimuksen tavoitteena on valottaa, miten keskeiset osapuolet, Fortum, Uniper ja Suomen hallituksen omistajaohjaus, yrittivät legitimoita tai delegitimoida yrityskaupan, ja tunnistaa keskeiset siihen käytetyt strategiat. Vuonna 2017 alkanut fuusio purkautui lopulta vuonna 2022. Purkautumisprosessi käynnistyi Venäjän ja Ukrainan sodan käynnistyttyä, mikä lopulta paljasti sekä Fortumin että Uniperin puolelta voimakkaan markkinariippuvuuden Venäjään.</p> <p>Tutkimuskysymykseen vastaamiseksi tutkittiin yritysraportteja, yritysten lehdistötiedotteita, institutionaalista raporttia ja useita uutislähteitä Suomesta ja ulkomailta. Tutkimuksessa hyödynnettiin kriittistä diskurssianalyysia keskeisten legitimaatiostrategioiden tunnistamiseksi. Tutkimus hyödynsi johtavia diskurssilegitimoitintutkimuksia ja niitä sovellettiin tarvittaessa.</p> <p>Tulokset osoittavat, että legitimaatio- ja delegitimointistrategioita käytettiin samanaikaisesti. Fortum erottautui pitäytymällä legitimointistrategioihin koko prosessin ajan. Näitä strategioita käytettiin fuusion perustelemiseksi ja legitimiyden luomiseksi ja delegointistrategioita puolestaan sen kyseenalaistamiseksi. Keskeisiä legitimointistrategioita olivat ajallisuuteen, valtuutukseen, rationalisointiin ja uusliberalistiseen liiketoimintaympäristöön liittyvät diskurssit. Delegitimointistrategioihin kuuluivat moraaliin vetoaminen sekä syytösten ja kyseenalaistamisen välttely.</p> <p>Tutkimus täydentää kirjallisuutta tarkastelemalla legitimoinnin monimutkaisuutta geopoliittisen kriisin, ideologisen strategisen muutoksen ja valtio-omistajan legitimoitintyrkimysten yhteydessä.</p>	
Asiasanat Legitimaatio, diskurssianalyysi, geopoliittinen kriisi, valtionomistaja	
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1 INTRODUCTION

This study centers on the merger between Fortum and Uniper, which occurred from 2017 to 2022, ultimately culminating in the dissolution of the acquisition. The study will critically analyse the discourse utilized during the process from 2017 until 2022. In order to attain a comprehensive understanding of the discourse, it is imperative to thoroughly examine the historical progression of the process throughout its entire timeline. The start of the acquisition timeline can be traced back prior to the actual acquisition itself, as Fortum initiated its strategic transition towards eastern energy markets in Russia as early as 2008. Figure 1 will depict the key factors of the timeline. However, this chapter will dive into the specific events in greater detail.

To fully understand, not only the business side of the merger process but the geopolitical atmosphere where it took place, we need to consider the parties involved in the process. Fortum Oyj (later referred to as Fortum) is a largely (51,26%) state-owned Finnish energy company which has marketed themselves through their “ambitious climate and environmental targets” (*This Is Fortum*, 2023). Uniper SE (later referred to as Uniper) was established as a result of E.ON's division of their fossil fuel assets into a separate entity at the beginning of 2016 (*About E.ON*, 2023).

Finally, the Finnish Government as a state-owner is also considered to be a key party in the legitimization process. Given Fortum's Finnish origin and Uniper's German origin, both nations were intertwined with the merger proceedings at some point of the process. The acquisition agreement between Fortum and Uniper, given Uniper's extensive procurement presence in the Russian market, required the endorsement of the Russian Government Commission for Monitoring Foreign Investments and the Russian Federal Antimonopoly Service, prior to its finalization. This ultimately also tied Russia partly into the acquisition process as well. However, Russia's ties to the process are not further analysed in

this study, as the focus is on the discursive legitimation of the parties which were directly tied to the acquisition.

1.1 Background

Fortum announced the plans to acquire a part of Uniper in 2017, but it is worthwhile to examine the point when Fortum initially changed its strategy to expand to Russia. This dates back to 2008 when Fortum announced its plans to expand to Russian markets by acquiring, a Russian company TGC-10 for EUR 2.7 billion, to form a new Russia-segment ('Fortum Annual Report', 2008). Through TGC-10, Fortum's new Russia-segment focused on electricity and heat production and sales in Russia, additionally including a holding in other Russian company TGC-1. The reasoning behind this new segment was then justified by the then CEO Mikael Lilius. According to Lilius, the strategic point of this new segment was to gain a strong foothold in the fourth largest energy market in the world, to continue Nordic capacity investments, and to fund future investments (*Fortum to Acquire Controlling Stake in Russian TGC-10*, 2008). The renewal projects carried out in TGC-10 factories surpassed the initial investment estimate of EUR 2.7 billion, resulting in a higher total investment amount.

After the acquisition of TGC-10, Fortum started a series of divestments that would take place in the upcoming years. These divestments included the sales of heat operations outside of Stockholm in 2010, divestment of Fingrid shares in 2011, divestment of non-strategic heat business in 2012, and divestment of small-scale hydro in 2012-2013 (*Fortum Investor Report*, 2014). The reasons for the divestments were justified by the various strategic approaches such as streamlining hydropower operations or focusing on the energy production and sales to urban areas (*Fortum Press Release*, 2012). The divestments would then enable the company to better improve these strategic aspirations with stronger capital base. In the end of 2013, Fortum published a press release that announced that the best strategic option for Fortum was to sell the electric distribution business. The justification of the sale was the lack of synergies that the distribution business provided, as well as the legislation pressure that drives the separation of competitive and regulated business (*Fortum Press Release*, 2013). Between the years of 2013 and 2015, Fortum made even more significant series of divestments by selling their Finnish, Swedish, and Norwegian electricity distribution and heat business for EUR 2.55 billion, EUR 6.6 billion, and EUR 340 million, respectively. This then provided Fortum with over EUR 9 billion of capital for their future reinvestments. These divestments and strategic changes played a pivotal role in paving the way for the acquisition of Uniper. These

divestments established the capital foundation that would later finance the acquisition process.

In 2017, Fortum announced its plans to acquire part of Uniper to reinvest the proceeds from the sale of electricity distribution from Finland, Sweden, and Norway. The then CEO Pekka Lundmark stated that the decision was done in order to improve Fortum's balance sheet structure (Lundmark, 2017). As stated earlier, Uniper is an energy company based in Germany. It emerged as a separate entity from E.ON in 2016 through a split that aimed to allocate E.ON's focus towards renewable energy sources while establishing Uniper as a separate entity primarily engaged in conventional energy production and trading, including natural gas, coal, and hydroelectric power. (E.ON, 2016). On September 26th of 2017, Fortum published agreement with E.ON which allowed E.ON to tender their significant ownership 46,64% in Uniper in the beginning of 2018 (*Fortum Financials*, 2017). This began the takeover which would comprise of multiple additional acquisitions of Uniper's shares. Then President and CEO Pekka Lundmark reflected in an exclusive interview later in 2022, that an ownership of a German company can be achieved by whether gaining a shareholding of 75% of the shares of the company, or by conducting an agreement with the board (Sajari, 2022). This was the justification of the need to pursue over 75% ownership later.

During the initial years of the acquisition up until 2019, Fortum encountered substantial resistance from Uniper. They regarded the acquisition in multiple press interviews as hostile. However, in 2019, a significant change in Uniper's stance occurred in addition to an alteration in the management personnel. In 2019, Uniper underwent a change in its executive team with CEO Schäfer and CFO Delbrück stepping down and being replaced by new CEO Schierenbeck and CFO Bibert. During this time Fortum was still blocked to conduct further acquisitions due to Russian regulatory ruling.

In February 2019, Fortum received approval from Russian regulatory authorities to acquire a total of 49.99% ownership of Uniper. This approval was needed from the Russian regulatory authorities due to Uniper's high involvement in Russian market through its subsidiary Unipro. In March 2020, Fortum increased its ownership to 69.56% through an agreement with Elliot Management Corporation, becoming the majority shareholder. Over the course of 2020 and 2021, Fortum made additional smaller stock purchases of Uniper, resulting in Fortum owning 77.69% of Uniper by December 2021. (*Uniper Shareholder Structure*, 2021.) Throughout this period, Fortum managed to surpass the 75% ownership threshold, which Lundmark later stated to be the point of attaining ownership of a German company. In the beginning of 2020, President, and CEO Pekka Lundmark and the chairman of the board Sari Baldauf left the company and transferred to the corporate management of Nokia and the new

CEO Markus Rauramo and chairman of the board Veli-Matti Reinikkala stepped in.

In 2021, Uniper faced major executive management team changes when previous CEO Andreas Schierenbeck and CFO Sascha Bibert were replaced. Fortum and Uniper announced that from 2021 that Klaus-Dieter Maubach would take over as the new CEO and Tiina Tuomela would take over as the new CFO of Uniper. In addition to this, the CEO of Fortum Markus Rauramo would become Uniper supervisory board chair. Stock exchange release (2021) stated that the reason for these changes was the more efficient strategy execution achieved from better cooperation between the two companies. Especially in hydropower and other sustainable energy sources such as hydrogen and solar and wind power. Both the new CEO and CFO were previously working for Fortum before transferring to Uniper's executive team.

The significant change to Fortum's business and whole energy markets as a whole was the beginning of 2022, when in 24th of February the Russo-Ukrainian war began. This resulted in large number of western companies to depart from Russian markets throughout the year. In May 2022, Fortum announced its "controlled exit" from the Russian market. The company had previously made investments to Russia through its acquisition of TGC-10 and its subsidiary Uniper (which operates as Unipro in Russia). As part of these investments, Fortum had ownership of seven power plants, while Uniper had five power plants, all of which were managed through Unipro (Jacobsen, 2022). This move represented a significant shift in Fortum's operations as after the acquisition a large part of their revenue came from Russian gas. Afterall, Uniper noted themselves in their report as a "leading energy player in Russia" (*Deep Dive Russia*, 2019). As a countermeasure to Fortum's and Uniper's controlled exit, Russia provided restrictions to their gas exporting which caused significant losses to Uniper's operations. This ultimately led to Russia to shut down Nord Stream 1 pipeline into Germany, resulting in record high gas prices (Lawson, 2022).

In December 2022, Uniper underwent a major change when the German Federal Government acquired 99% ownership of the company through an Extraordinary General Meeting (EGM). As the conclusion of the EGM, the German government agreed to purchase all of Fortum's shares of Uniper for EUR 1.70 per share, totalling EUR 0.5 billion. As part of this deal, Fortum was offered a first right of offer, should Uniper decide to divest its Swedish hydro and nuclear business by 2026. This acquisition ultimately transformed Uniper into a German Government-owned entity. (*Fortum Stock Exchange Release*, 2022.)

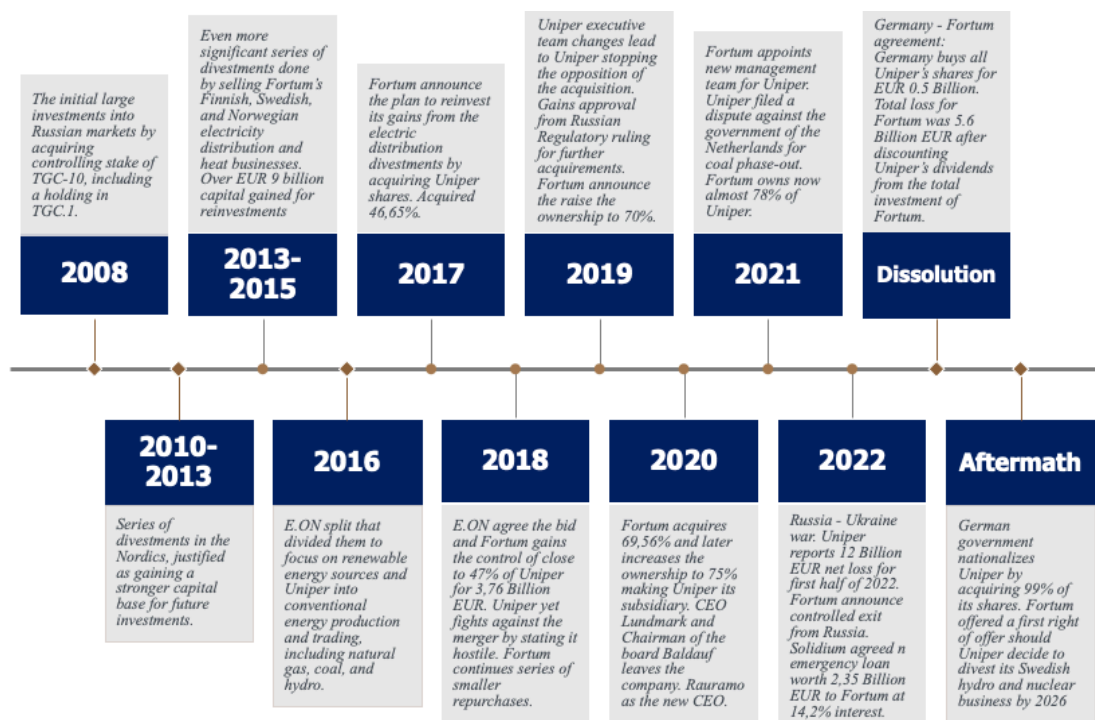


Figure 1 Timeline of Fortum Uniper merger and Fortum's investments to Russia (Fortum Investor Report, 2014)

1.2 Aim of the study

The aim of this study is to gain an understanding of the discursive processes involved in legitimizing and delegitimizing Fortum's acquisition of Uniper, which took place between 2017 and 2022. The study primarily investigates critical points where the narrative underwent a transformation as well as which were the mostly utilized legitimation and delegitimation themes that were employed in the process. It delves into how the key parties, namely Fortum, Uniper, and the Finnish Government as an owner, justified or challenged the acquisition process. It is highly important to note the significant geopolitical change, namely Russo-Ukrainian war, that took place at the start of 2022. The escalation of the war together with Fortum's and Uniper's high involvement in the Russian markets, significantly changed the course of the acquisition. This geopolitical crisis caused a substantial shift in the dynamics surrounding the entire acquisition process. In order to comprehend and analyse the narrative change, a thorough approach to the discourse material was crucial which ultimately utilized both external and internal sources.

The topic raises interesting and relevant questions, and the study is conducted in the pursuit of answering them. The relevance of the study is the driving factor behind the decision to select this particular topic. Fortum and Uniper acquisition raised a lot of media attention during the entire process, especially in the last year. Many questions raised from the media and the public about the strategic motivation for Fortum to invest in fossil fuel heavy company. This was mainly as Fortum had been operating under the reputation of being a sustainable energy company. Ultimately the acquisition process culminated to a dissolution of the merger resulting in billions of Euros of financial losses for Fortum, and consequently impacting Finnish taxpayers. In addition, after the initiation of the geopolitical crisis in Europe in 2022, even more attention has been given to institutes such as the Finnish Institute of International Affairs. Hence, this study dives into a highly current and interesting time period within the field of organizational studies. The primary objective of this study is to provide a comprehensive analysis of how the process of legitimation and delegitimation unfolded and how each of the parties conduct it on their own part.

2 DISCURSIVE LEGITIMATION IN ORGANIZATIONAL LITERATURE

2.1 Corporate use of legitimation

The question of legitimacy in terms of an individual strategic action or the organization itself has raised its importance as the power of shareholders has been rising through the age of digitalization. This has ultimately caused companies to pay more attention to legitimitative actions in order to maintain their position in the market and their legitimacy as a company. The increase of studies about legitimation, instead of just legitimacy in general, shows how the legitimitative actions are gaining evermore important. Additionally, companies are also expected to legitimate their actions well in order to maintain their position or support by the stakeholders (Palazzo & Scherer, 2006; Vaara et al., 2006). This chapter will dive into the use of legitimation in corporate strategy context as well as, what role does legitimation play in organizational research.

Prior studies have analyzed mergers and acquisitions from multiple perspectives. These perspectives have been reflective of each respective organizational research era during the timeframe in which the research was conducted. Legitimation has however played surprisingly little role in the previous M&A literature in the past (Vaara & Monin, 2010). Multiple M&A studies have been conducted in the past from the perspective of post-merger integration. These studies have been focusing on strategic management (Kusewitt, 1985; Pablo, 1994), human resource management (Buono & Bowditch, 2003; Schweiger & DeNisi, 1991), culture (Mendenhall, 2005), among others. However, the common denominator between these studies is the uncertainty and

unpredictability associated with the M&A process (Vaara & Monin, 2010). As mentioned earlier, previous studies in this field have highlighted the limited scope in perspectives. Particularly, there has been concerns of both the legitimation's small role in the studies and the lack of understanding of the role of narratives in the process of legitimation (Vaara & Monin, 2010; Vaara & Tienari, 2011). To contribute to filling this research gap, the study focuses on trying to understand the legitimation's role in an unsuccessful M&A scenario.

As this study is focusing on the M&A process of Fortum and Uniper, due to its dissolution, it is worthwhile to look at the studies of failure. Fortum and Uniper acquisition faced its dissolution in the end of 2022. During that time, Fortum had already acquired the target level of over 75% of ownership. Due to the post-merger dissolution and its significant losses, the process can be considered to be part of M&A failure literature. As mentioned in the introduction chapter, Fortum began the investments to Russia before the acquisition of Uniper. Additionally, they had been through multiple different divestments prior to this (See Figure 1). Previous studies have been acknowledging CEO overconfidence to be a key factor in post-merger failures (Renneboog & Vansteenkiste, 2019). This might become an issue after a series of successful acquisitions or other type of boost of confidence that puts the CEO or the management team in a position in which decisions are made with less careful analysis, resulting in value destroying acquisition (Renneboog & Vansteenkiste, 2019). As Fortum had been gone through various divestments in the Nordics and acquisitions in Russia prior to the acquisition, the confidence received from those might have played a role in the Uniper acquisition.

Another aspect of M&A decision-making that is worth further investigation is the escalated commitment of initial ideas and cognitive simplification. According to previous study by Duhaime and Schwenk (1985), a four key biases were discovered considering decision making. First, oversimplification in a merger situation can lead to decision makers to solve a different problem than what is needed. Second, taking an increased control of the merger may lead to operating out of scope of their expertise. Third, the news of failing merger may create a need to invest more in order to save the process regardless of the negative effects. And Finally, the divestment decision ultimately becomes the only course of action. (Duhaime & Schwenk, 1985.) Haunschild et al. (1994) complemented the findings by recognizing commitment as a significant characteristic in the context of M&A, and the ability to let go of the original idea seemed to be highly difficult. Despite being presented with negative information about the merger, the challenge of obtaining broad perspectives persisted. This characteristic has been named in previous literature as overcommitment. (Haunschild et al., 1994.) Personal involvement, pressure, and trust on one's previous experience can be the key causes of overcommitment and this can lead

reluctance to back off from the acquisition (Jemison & Sitkin, 1986). Haunschild et al. (1994) finally stated that in the scenario of overcommitment, the momentum takes the acquisition forward regardless of its positive or negative impacts. This contributes to Fortum and Uniper acquisition by stating how a strategic decision may cause reluctance of backing down if the management team has already committed to it. This might also be the case when there are negative feedback emerging from the shareholders.

When the acquisition is already taking place, whether it is a cause of overcommitment, oversimplification or it is headed to failure, company leadership aims to turn it into a success. This is done by attempting to legitimate the new change, to encourage employee and stakeholder commitment (Armenakis et al., 1993). The actual process of legitimation will be further analyzed in the next chapter, however, the reasoning behind it is worthwhile to recognize in the beginning. Corporate management uses legitimation in order to justify or explain the reasoning for a particular change, in order to get the company members or other stakeholders behind the a new vision (Demers et al., 2003). The key finding of previous literature offers a contribution to Fortum and Uniper case as well. According to the study by Demers et al. (2003), legitimation is used in corporate announcements mainly for the construction of glorious image of the project or change at hand, rather than acknowledging and responding to the concerns of the employees. As this study will be focusing, among other sources, on the corporate announcements, these findings are beneficial part for understanding the reasoning behind the announcements established by the management.

2.2 Key concepts

2.2.1 Legitimation and legitimacy

As this study focuses on the analysis of discursive legitimation strategies and legitimacy, it is essential to provide a thorough understanding of the terms themselves. Legitimacy and legitimation have been studied in business context and in sociological context for decades. Several different explanations have thus been used and adopted to define the terms. Legitimacy as a concept is often regarded as a factor closely affecting organization's survival and existence but also to its ability to change (Palazzo & Scherer, 2006; Vaara & Monin, 2010). This

study utilizes one of the most applied definition of legitimacy by Suchman (1995, p. 574), who defines it as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. Sociological studies are suggesting that what observers perceive to be the public opinion is what they publicly support (Johnson et al., 2008). However according to Johnson et al. (2008), this does not have to mean that the individual agrees with what public opinion is, as an individual. Therefore, legitimacy can be considered to be objective, suggesting that the collective observers are the ones defining the legitimacy of an action or entity. Collective observers in this case refer to stakeholders and other audiences of the company. As legitimacy of an action lies in the hands of the observers, legitimacy needs to be formed, and is not thus immediate with the release of a new change (Dobrev, 2001). This is where legitimation, thus the process of establishing and maintaining legitimacy, comes into play. Legitimation in the context of discourse analysis will be considered in the next subchapter. Deviation from the public norms do not directly lead to a loss of legitimacy if the collective observers still perceive the organization or its activities justified (Johnson et al., 2008). As the observers are determining the legitimacy, it has caused legitimacy management to arise as an important part of organizational management (J. E. Massey, 2001). Legitimacy management in this case refer to communication between the organization and the observers.

Loss of legitimacy or legitimacy concerns in general can be a significant factor to how observes perceive the company. Legitimacy concerns, however, do not only come from the stakeholders themselves. The surrounding environment where the organization operates and where the change is taking place, is also affecting on legitimacy (Rocha & Granerud, 2011). As environment largely defines the norms of what is acceptable, organizations need to adapt to those societal expectations (Boxenbaum & Jonsson, 2017; Rocha & Granerud, 2011). This causes organizations to become institutionally isomorphic in their pursue of legitimacy (Boxenbaum & Jonsson, 2017). Therefore, the surroundings exert a substantial impact on businesses and their capability to remain valid in the eyes of the collective observers. Institutional theory and its relationship to organizational legitimacy will be further evaluated in the next subchapter.

The concept of legitimation has been studied in variety of contexts, but this study focuses on the legitimation’s role in merger and acquisition process. According to the findings of Vaara & Monin (2010), legitimacy concerns often take part when there are changes in an organization. Mergers and acquisitions can act as such changing factors that might cause the stakeholders to evaluate the legitimacy of the action that is taking place (Kostova & Zaheer, 1999). Therefore, the justification process is a significant part of the change narrative, as it can either enable or prevent the change to be accepted by the public eye (Demers et

al., 2003). The findings from these studies highlight the crucial role of M&A legitimation within organizations and emphasize the need for reaction. In the case of Fortum and its state-owner, they took part in considerable legitimation throughout the acquisition process of Uniper.

2.2.2 Legitimation in discourse analysis

Different strategies have been suggested by previous discourse analysis studies to achieve legitimacy. Approaches or legitimation strategies such as rationalization and mutually beneficial partnership, have been raised as key approaches of legitimation in previous literature (Demers et al., 2003). Accordingly, Tienari et al. (2003) raised rationalistic and nationalistic strategies as key approaches in the legitimation process concerning media narratives. Discursive legitimation strategies that have been most widely used in previous studies include rationalization, authorization, moralization, and mythopoesis (Erkama & Vaara, 2010; Rojo & van Dijk, 1997; Vaara, 2014; Van Leeuwen & Wodak, 1999). These strategies also serve as a reference point for this study when analyzing legitimation approaches.

Previous research utilizing discursive analysis has also examined techniques that have attempted to legitimize an action through different rhetoric means of reasoning (Demers et al., 2003; Martin et al., 1990; Vaara et al., 2006). In their study, Van Leeuwen and Wodak (1999) utilized Van Leeuwen's four semantic-functional legitimation categories which he created in his unpublished manuscripts in 1996. As this study also draws from these legitimation categories, I will explain the key factors from each category here. As mentioned before the categories were named as *Authorization*, *Rationalization*, *Moral Evaluation*, *Mythopoesis*. The first category, *Authorization*, refers to the legitimation process in which the reference is to an authority. In the context of legitimization, authority can be given either to the person legitimating an action or to an external party. The external party may be an expert in a particular field or an impersonal actor, such as the law. (Van Leeuwen & Wodak, 1999.) *Authorization* is thus a group of narratives which give an authority position to someone or something in order to legitimate an action or a decision.

Second category, *rationalization* legitimation refers to the process of justifying a social practice either on the basis of its usefulness or the objective circumstances of reality (Van Leeuwen & Wodak, 1999). *Instrumental rationalization*, thus the usefulness rationale, appeals to the practical benefits of a given practice. In theoretical rationalization on the other hand, the latter mode, legitimacy of a practice is established through reference to some impersonal factor. *Moral evaluation* is more self-explanatory category as it refers to

legitimation by referencing to the values of the observer. These values thus influence the morality of the observer. (Van Leeuwen & Wodak, 1999.) In addition the actions of others may also act as a rationale for company's actions. Next chapter will focus more on the institutionalization and isomorphism, where a company does something due to "peer pressure" (Boxenbaum & Jonsson, 2017; Van Leeuwen & Wodak, 1999). Rationalizations are thus justification of a certain action in reference to an assigned authority.

The final category mythopoesis, refers to narratives or stories that are told in order to legitimate and action. (Van Leeuwen & Wodak, 1999.) These stories are highly important part of legitimation studies and Van Leeuwen and Wodak (1999) divided them to either moral tales or cautionary tales, referring to stories with positive or negative outcome. Each of these categories demonstrate a major type of legitimative behavior and can consist of multiple smaller themes that are utilized also in this study. Thus, these categories are utilized as umbrellas under which the more specific findings can be divided.

The same categories that Van Leeuwen introduced have been utilized in the later literature as well. Subsequent studies have done minor modifications in order to make the categorization research fitting. Similarly, this study applies these concepts in the analysis but alternates the categorization for the context of the study. Vaara et al. (2006) noted in their study that Van Leeuwen's semantic-functional categories are rather a general guideline to discursive legitimation analysis. They also noted that in the context of media text, it lacks to acknowledge the media writer's influence. However, this effect is often not particularly strong, but it can be advantageous to take it into account in certain situations. (Vaara et al., 2006.)

In their study, Vaara et al. (2006) drew from Van Leeuwen's model and created a couple of new specifications to support the original categorization. Their categories were, *Normalization*, *Authorization*, *Rationalization*, *Moralization*, and *Narrativization*. First category, normalization, can be also considered as subcategory to Van Leeuwen's authorization. the category focuses on legitimation in reference to naturalness or normality of a process or action. They found in their study that especially in the context of journalism, normalization appeared multiple times which makes it beneficial to make it a prime category. (Vaara et al., 2006.) It is worthwhile to note however, that this was due to the findings in that particular study. Second category, authorization follows Van Leeuwen's categorization excluding the normalization strategy. In their third category, rationalization, they mainly focused on the instrumental side of rationalization, thus practical rationalization methods including neoliberalism, economies of scale to name a few (Vaara et al., 2006). Fourth category, moralization also follows Van Leeuwen's division of categories by focusing on values and morals. It is good to point out that in their study, moralization was

prominently utilized for delegitimation purposes (Vaara et al., 2006). The final category, narrativization, follows Van Leeuwen's mythopoesis but focuses more on particular type of narrative, the dramatic narrativization. Vaara et al. (2006) acknowledges that narratives are part of each of these categories and therefore narrativization category only focus on exception. Therefore, this category follows to previous studies but demonstrate how the categories are considered more as a guideline, which can then be modified to according to the findings of the study. In this study categories are derived from the empirical data in the same manner.

As suggested before, these categories do not only relate to legitimation, but also to delegitimation. This study will utilize the categories in both legitimation and delegitimation due to the similarity of these actions. These categories can also be intertwined by utilizing the both methods simultaneously, by legitimizing part and then by delegitimizing another part of the process (Van Leeuwen, 2007). Thus, legitimation and delegitimation strategies are not mutually exclusive. Similarly to this, multiple different methods of legitimation can be utilized simultaneously. Thus, in the same legitimation discourse, there can be many different legitimation categories utilized at the same time such as authorization and moralization (Vaara et al., 2006). Van Leeuwen and Wodak (1999) recognized for this reason that these categories share a level of overlap. For the sake of clarity, in this study I was able to demonstrate which legitimation strategies or categories were most used in legitimation or delegitimation purposes.

Previously I already referred to rhetoric means of reasoning as a legitimation method. This relate to prior studies in which organization representative's use specified tactics in order to ensure legitimacy, which is also referred to as impression management (Elsbach & Sutton, 1992; Staw et al., 1983). Elsbach and Sutton (1992) noted in their study that there is a clear link between impression management and institutional theory. Impression management in this case refer to strategic communication of information to stakeholders. The key finding of this study was that if a company is able to separate their illegitimate and legitimate activities from each other, they are able to still maintain their legitimacy via the tools of impression management (Elsbach & Sutton, 1992). This suggests that companies are not necessarily required to stay legitimate in all their actions but can actually balance their illegitimate and legitimate actions by controlling the communication.

Discourse analysis has been used in merger and acquisition studies in the past but narratives role in legitimation tend to be relatively new research topic (Vaara & Tienari, 2011). The discourses in the legitimating process are not necessarily in total control of the firm in question. As mentioned before, in the study conducted by Vaara et al. (2006), they noted that discourses can be influenced by the journalists as they are affected by the dominant discourses that

are apparent during the merger process. Accordingly, journalists are a target of influence from the opposite side, the corporate, making them accidentally part of legitimation or re-legitimation (Vaara et al., 2006). This suggests a connection to institutional theory and isomorphism. Even as the effect of this was considered to be somewhat limited, due its influence this study mainly utilized media texts which had direct quotations from the representatives of Fortum and Uniper as well as The Minister of ownership steering and the then Prime Minister. However, some exceptions were made which warrants analysis of this impact in legitimation.

2.2.3 Institutional theory and legitimation

Companies operate in an environment that is affected by both internal and external factors. External factors play a significant role in company strategic planning as the world has become ever more globally dependent. Studies have shown that institutions have at least some levels of influence on every business (Harrison et al., 2009). Institutions have a role in legitimation process as organizations belong to some institutional environment. Due to its effect on organizations, it has gained a lot of attention in the macroeconomic studies (Suddaby, 2010). Institutional theory, impression management, and legitimation go hand in hand as they can be seen as steps of the same process. Aforementioned impression management and institutional theory were in the past considered as two different perspectives but later in the study conducted by Elsbach and Sutton (1992), recognized the interconnectedness of the two perspectives. To fully understand the connection let us first reflect the elements of institutional theory.

As mentioned in the previous subchapter, institutional theorists have found organizations operating in the same environment to become isomorphic due to the need to adapt to same pressure from the society as well as technical pressures (Boxenbaum & Jonsson, 2017). It is stated in prior literature that the pressure and rules from the society function as rationalized myths, which then are applied to organization's operation (Meyer & Rowan, 1977). According to Meyer and Rowan (1977), this is done in order to gain legitimacy, stability, resources, and as Palazzo & Scherer (2006) and Vaara & Monin (2010) also concluded, to enhance survival prospects. However purely adapting to the environment may become overly restrictive for the companies. This has caused another major perspective to arise in organizational studies.

Organizations can experience pressure from the rationalized myths and their need to adapt to the external environment. Studies have thus introduced decoupling theory as a sense making tool to understand how organizations adapt to different pressures from internal and external environments (Meyer & Rowan,

1977). Decoupling refers to organizations' way of disconnecting its practice and structure (Boxenbaum & Jonsson, 2017). Boxenbaum and Jonsson (2017) explained that organizations' internal efficiency pressures may be in conflict with organizations' external institutional pressures, resulting in need of decoupling the factors. This can yet remain the legitimacy through their external structure whilst maintaining efficacy in their internal processes (Boxenbaum & Jonsson, 2017). To summarize, external and internal pressures can also act as a challenging factor for companies. Their ability to disconnect from these may provide a way to which they can diminish these outside and inside pressures or their conflict.

However, institutional theory also suggests that the pressure from the outside can also act as a tool for the company. As discussed before, institutional theory and impression management started to be combined in organizational research during the early 90's (Elsbach & Sutton, 1992). Their study noted that combining institutional theory and impression management practices while decoupling illegitimate actions from the legitimate actions, organizations are able to maintain their legitimacy while still having illegitimate activities. This suggests that impression management may provide an assistance to also legitimation of the illegitimate actions that a company is a part of. (Elsbach & Sutton, 1992.)

This then concludes the key aspect of institutional theory in legitimated actions. Therefore, institutional theory suggests that institutions also put pressure from the external environment to the company. This pressure can be then utilized as a legitimation strategy in which the company can justify their decision to proceed a process or action. The justification can thus include complying with the pressures of what "the others are doing" or what is "the industry standard", as Boxenbaum and Jonsson (2017) noted about institutional isomorphism. To summarize, these findings suggest that institutional theory can be interconnected with legitimation strategies, aiming to directly legitimize an action or shift the focus towards legitimate actions to downplay negative or illegitimate actions. This connection indicates that organizations leverage institutional norms and practices to shape perceptions and gain legitimacy for their actions while downplaying potential criticisms.

Previously mentioned dominant discourses can have a drastic effect on the institutional environment where the organizations operate. According to Spence (2007), some discourses can become dominant and gain a status of a hegemonic discourse. One specific discourse that has raised such an importance in the past decades is the neoliberal ideology. During the financial crisis in 2007 and 2008, the position of neoliberalism was questioned. However according to Massey (2016), neoliberal economic principles, and the market itself yet have substantial influence on political discussions and decision making. Neoliberalism has been defined as a project that would eventually lead into unrestrained global

capitalism. Governments, especially the western governments, have acknowledged and accepted this new world and are thus competing in order to succeed in the global market. (Fairclough, 2000.) As this study focused on the discursive legitimation strategies utilized during the acquisition process, it is worthwhile to analyze how neoliberalism is visible in discourses. Based on the study of Fairclough (2000), neoliberal discourses include statements that promote among others, free trade, globalization, and competition. In addition, there are discourses that aim to take apart bureaucracies, inefficient and expensive welfare programs and so forth. Neoliberalism has been found in various discourse analysis studies found to be a key discourse, demonstrating its position as a dominant discourse (Vaara, 2002; Vaara et al., 2006; Vaara & Tienari, 2002). To summarize, discourses and more specifically dominant discourses can have a significant effect on the institutional environment where organizations and governments operate. Dominant discourses can thus have an effect on the decision-making process.

3 DATA AND METHODOLOGY

3.1 Critical Discourse Analysis

The study utilizes the critical discourse analysis (CDA) method which has gained great amount of attention in the past in various fields of study. Social sciences and organizational studies have been utilizing discourse analysis extensively however, discourse-analytic differences exist between different approaches (Vaara et al., 2006). Philips and Hardy (2002) accordingly acknowledge the variety of approaches that have been utilized in analysing discourses. It has been stated that discourse analysis is not merely an analysis of particular texts by utilizing linguistical analysis methods, but also an analysis of the structure of the discourse (Fairclough, 2003). The separation between discourse and text come from the meaning they provide. In discourse studies it has been considered that pieces of text itself do not provide meaning but when these set of texts are interconnected, they create meaning. (Philips & Hardy, 2002.) It is however important to understand that with a set of texts, literature refer to not only written text but additionally to spoken and drawn text (Fairclough, 2003). Referring to interviews and symbols. Therefore, discourses give meaning to social reality by providing an explanation to a given concept (Philips & Hardy, 2002). According to Fairclough (2013), understanding social reality requires exploration of the ontological and epistemological aspects of social entities, the discourse surrounding them, and the interconnectedness between the two. He states that these relationships are interconnected and can shape and be shaped by social reality, and emphasize the importance to question the underlying assumptions and beliefs that shape our understanding of the social reality (Fairclough, 2013). In a more simple terms, Fairclough (2013) considers institutions, organizations, and individuals as interconnected with the language

they use, and to fully understand the true meaning behind it require better understanding of the context where they are being used. For this purpose, this study also clarifies in the Figure 1 the key phases in which the companies operated and the environments that affected to the acquisition.

Thus, utilizing critical discourse analysis (CDA) as a methodological approach, can aid in the identification of ideologies and power relations that are being employed to legitimate a merger or an acquisition. These ideologies and power relations can manifest in various forms, such as the discourse of economic efficiency, the discourse of the merger's inevitability, or the discourse of the merger being beneficial for all parties involved (Fairclough, 2013). Thus, CDA is a suitable method for analysing the legitimation of an acquisition. It focuses on how discourse is used to exert power, reproduce social inequalities, and identify discursive strategies, underlying ideologies, and power relations involved in legitimizing the M&A. (Fairclough, 2013). Discourse analysis is conducted by utilizing the learnings of Fairclough concerning the CDA framework. The study draws also from various discursive legitimation studies which acts as a guideline for the study's empirical analysis (Vaara et al., 2006; Vaara & Tienari, 2002, 2008).

In order to examine discourses effectively, this study will utilize the CDA features presented by Vaara et al. (2006). They suggest there to be five key aspects to consider when conducting a critical discourse analysis. First, CDA is a method of study that aims to uncover the underlying assumptions and power relationships present in various forms of discourse across social, political, and economic spheres. Hence, it aims to bring to the light how discourses are used in power structure reinforcement and reproduction. (Fairclough, 1995; Vaara et al., 2006.) Contextuality is the second key feature in CDA according to Vaara et al. (2006). Analysis of discourse should be done on three interrelated levels, textual level by analysing elements of the text itself, discursive level focusing on interpretation, and finally on social level which require analysis on situational and institutional level (Fairclough, 1995; Vaara et al., 2006).

Third element, Intertextuality, is referred by Vaara et al. (2006) as particularly important factor in CDA. Reflecting to Fairclough (2003) studies, intertextuality in its general definition means that a text may have other elements in it than what is concretely written, suggesting other voices within a text. This suggests that texts should not be analyzed in isolation, but rather by considering other voices that may influence the central message the text aims to convey. Fourth, ideology affects discourses and they are never completely neutral from it (Vaara et al., 2006). This was partly referred to in the chapter of institutional theory. Ideologies have variety of definitions and for the sake of the method, Fairclough (2003) defines ideology as encompassing aspects of reality that influence power dynamics and exploitation. It has been argued that the ability to observe how ideology affects the discourse differ, as sometimes ideology can be

highly observable while times it can be unsaid (Vaara et al., 2006). Highly observable ideologies relate to explicit and easily recognizable, as unsaid ideologies are implicit and embedded in social structures.

Fifth and final part is interdiscursivity, which imply to analysis of genres, discourses, and styles and their interconnectedness (Vaara et al., 2006). Interdiscursive phase combines textual analysis and social analysis and assist in decreasing inherent complexity of meanings, thus, demonstrate how discourses work together to create meaning (Fairclough, 2003; Vaara et al., 2006). These five phases contribute to a legitimation study by demonstrating the justification and the sense of acceptance that was attempted to be pushed through by means of legitimization (Vaara et al., 2006). These five contributions thus help the researcher to define the key discourses and the power relations involved, in order to make an educated review of the legitimation efforts.

Locke (2004) summarized the key points of CDA based on his findings from Fairclough's work. According to his categorization, CDA considers social order not to be constant but historically formed and constantly changing. Individuals possess less power in affecting the social order than discourses. Discourses are the production of ideologies and have a direct connection to the way individuals act. Power in the society is determined by the discursive arrangements which then can privilege certain people. The way individuals see the surrounding world is influenced by the discourses which they encounter. (T. Locke, 2004.) Finally, Locke (2004) also argues that textual and intertextual language acts as the mediator for the reality. These findings suggest that discourses have a significant influence on the formation of social order. Consequently, CDA and the feature by Vaara, provide valuable tools to analyze the discourses of the acquisition process, in order to identify and examine the strategies employed to establish legitimacy.

3.2 Research process

As the analysis of previous literature in the chapter two demonstrated, critical discourse analysis can be conducted in various different ways. This means that there is not a single correct way of conducting such an analysis, and the empirical data is analyzed and coded in a research suitable manner. There are different methods of conducting a critical discourse analysis and as many studies before have acknowledged, the key of conducting a CDA is to take into account its abductive nature of the method (K. Locke et al., 2008; Vaara, 2010). This means that the empirical data are reflected to the theory throughout the research process,

which is regarded as a crucial phase of the study (K. Locke et al., 2008; Wodak & Meyer, 2001).

In an article by Vaara (2010), he noted four practical steps in conducting a CDA process. First part, by *defining the research question* or questions which focus on social or societal issues (Vaara, 2010). The question chosen for this particular study was “how did Fortum, Uniper, and the Finnish Government attempt to legitimize or delegitimize the acquisition process of Fortum and Uniper and what were the key strategies employed?”. The second part, *overall analysis of the textual material and the creation of sample texts*, require careful analysis of which texts to take under the investigation (Vaara, 2010). Basically, this means that in an analysis it is important to be careful about what information to include and what to exclude. Thus, focusing only on what is important and relevant to the study. In this part, I focused on the frequency of the themes that were apparent during the legitimation process, leading into the central legitimation themes demonstrated in Table 2. The third part, *close reading of specific texts*, refer to focusing on the micro level of texts to provide illustrations of them (Vaara, 2010). As mentioned by Vaara (2010), reflection of theoretical world to the close reading phase is an important part. For this particular reason this study utilized van Leeuwen and Wodak’s (1999) theoretical model of Authorization, Rationalization, Moral Evaluation, and Mythopoesis to distinguish the different central themes. However, these categories were partly modified to respond to the needs of this study. New categorizations arose from the empirical material. The final part of the CDA process, *elaboration on findings and their generalizability*, the results were reflected to the wider theoretical world in the findings chapter.

3.3 Data analysis

The data for the study was collected from various sources including media outlets from both Finland and abroad. In addition to media materials, the study also drew upon corporate press releases, corporate reports, and an institutional report. Corporate data was obtained from both Fortum and Uniper, which were the two organizations under examination. Table 1 provides a list of all the sources utilized in the analysis covering the period from 2017 to 2022. As a Finnish company Fortum acquired Uniper, the acquisition gained the most media coverage in Finland. Due to this, there was a relatively high number of Finnish sources analysed in the empirical material. In total eight Finnish news sources

and four foreign news sources were utilized in addition to the company reports. The discourse analysis focused on the period from 2017 until 2022 which was the entire timeline from its inception to its dissolution. It is worth noticing that during the beginning of the acquisition a website by the name of *powerful-combination.com* was set up by Fortum to inform about the acquisition of Uniper, however it was put down already during the time of this study. Yet, vast amount of data was still able to be collected from the media sources listed below.

CDA studies typically consists of multiple re-evaluations of the data collected from previous literature and the data gathered from the empirical part of the study (Vaara et al., 2006). In this study as well, the analysis of the data was constantly reflected to previous research and when differences were found, this led to formation of new terminology which helped to complement the existing knowledge. Before diving into the empirical part of the study, literature was utilized to gain a holistic idea of the previous studies and during the data gathering process it was revisited to distinguish the similarities and differences in the findings. As mentioned earlier, this abductive nature of the analysis expand the understanding of theory and the empirical material (Dubois & Gadde, 2002; Vaara, 2014; Van Maanen et al., 2007).

In the analysis of the data, the three key parties involved were examined carefully, to understand the key differences and similarities in the legitimation process. The material was then refined by excluding purely factual data and information that was not directly or indirectly relevant to the acquisition or its process. This refer to data that was purely factual data such as acquisition details provided by the media. In the media material, the study focused mainly on the quotes of the executives or experts rather than journalist's writing. This was done to gain a more comprehensive idea of how executives, such as the CEOs Markus Rauramo and Pekka Lundmark, legitimized the acquisition, or how CEO such as Klaus Schäfer, delegitimized it. In this sense, the data demonstrated intertextual nature as it describes the stories of both the protagonist and the antagonist (Vaara, 2014).

Table 1 Summary of data sources

Data source	Description	Use in the analysis
Corporate material (Fortum & Uniper)		
<ul style="list-style-type: none"> Annual reports Press release CEO reports Company blog posts 	<ul style="list-style-type: none"> From the years 2017 - 2022 From the years 2017 - 2022 From the years 2017 - 2022 From the years 2017 - 2022 	<ul style="list-style-type: none"> Understand and identify the strategic reasoning behind the acquisition Observe Fortum's reactions towards possible support/criticism Ludmark's and Rauramo's consideration Fortum's momentary reports of the process
Media material (legitimative)		
<ul style="list-style-type: none"> Finnish media sources, Fortum interviews Finnish media sources, Finnish government interviews Foreign media sources, Fortum interviews Foreign media sources, Uniper interviews 	<ul style="list-style-type: none"> YLE, MTV, Uutiset, Talouselämä, Helsingin Sanomat, Iltalehti, Iltasanomat, Maaseudun Tulevaisuus. YLE, MTV, Uutiset, Helsingin Sanomat, Iltalehti, Iltasanomat, Verkkouutiset. Reuters. Reuters, Power Engineering. 	<ul style="list-style-type: none"> Demonstrate the legitimations' grounds and categorize the key justifications chronologically. Observe the government owner's legitimative actions, and their development towards the merger dissolution. Observe the international perspective to the merger and how it differentiates. Observe the international perspective to the merger and how it differentiates.
Media material (delegitimative)		
<ul style="list-style-type: none"> Finnish media sources, Finnish government interviews Foreign media sources, Uniper interviews 	<ul style="list-style-type: none"> YLE, MTV, Uutiset, Helsingin Sanomat. Reuters. 	<ul style="list-style-type: none"> Reflect their delegitimative strategies and their relation to the original legitimative strategies. Collect the original delegitimative statements and reflect to later legitimization.
Other independent research centre (delegitimative)		
<ul style="list-style-type: none"> Institute report 	<ul style="list-style-type: none"> Institute of Energy Economics and Financial Analysis (IEEFA) 	<ul style="list-style-type: none"> Providing argumentative material to counter the narratives of the key three parties.

3.4 Central themes their explanation

The three key parties of the acquisition process were Fortum and Uniper, and the majority stakeholder of Fortum, the Finnish government. Each of these parties demonstrated significant involvement in both discourse and legitimation procedures. Thorough analysis of the empirical material indicated the overlap of certain legitimation tactics, albeit with some distinctions on them. For effectively distinguish the differences in legitimation discourses, central legitimation themes were separately established during the coding process. In this chapter I will go through the central themes that were apparent in the legitimation process by each party involved. In this study I will be referring to legitimation themes and legitimation strategies. By legitimation themes, I refer to specific and detailed themes that were apparent in the discourses. By legitimation categories however, I refer to more comprehensive strategies under which the legitimation themes form. I will further discuss the legitimation strategies this chapter.

By going back and forth the empirical data and the previous literature, I was able to identify similarities in the legitimation themes among previous CDA studies. However, data required new central legitimation themes to be created. This chapter will further dive into the themes that were also distinguishable from the previous research and the next chapter will analyse more of the individual categories that arose from the empirical data. Table 2 provides the central legitimation themes utilized by each party during the acquisition process. In the chapter on findings, I will provide more detailed explanations of the various themes employed during different stages of the acquisition process, and how each theme was utilized to either justify or question the legitimacy of the acquisition.

According to Vaara et al. (2006) any of the discourse themes listed in Table 2 could have been used for either legitimation or delegitimation purposes. It is noteworthy that in some cases, these methods were utilized for both purposes at different stages of the acquisition timeline. In addition to this, some of the themes are to a certain extent named according to the larger legitimation strategies by Van Leeuwen and Wodak (1999). However, these legitimation strategies are larger entities and thus separate from the central legitimation themes.

These legitimation strategies are however important to analyse as they play a significant role in the results of this study. Previous studies have created alterations of Van Leeuwen's categorizations. These strategies involved

authorization, rationalization, moral evaluation, and mythopoesis (Van Leeuwen & Wodak, 1999). In later studies these legitimation strategies were divided even more. In the study by Vaara et al. (2006) legitimation strategies were divided into normalization, authorization, rationalization, moralization, and narrativization. Other categorizations provided by previous literature included the categorization by Erkama and Vaara (2010). They categorized their legitimation strategy themes under five larger categories including Logos (rational arguments), Pathos (emotional arguments), Ethos (authority-based arguments), Cosmos (cosmological constructions), and Autopoiesis (autopoietic narratives) (Erkama & Vaara, 2010). In the end, all the studies produced categorizations that shared a similar foundational idea. This means that all the categories were divided using similar reasoning, such as taking into account rational and emotional arguments in their own categories for instance.

To truly comprehend how the themes listed in Table 2 were utilized to either legitimize or delegitimize the acquisition, it is necessary to apply the timeline from Figure 1 to the analysis. Judging by the legitimation themes, it is evident that Fortum was consistently legitimizing throughout the process as it was their strategic initiative. However, more significant distinctions can be observed from the two other parties involved, Uniper and the Finnish Government. From 2017 to 2018, when Klaus Schäfer was the CEO of Uniper, objections against the acquisition were constant. However, after the new leadership took over in 2019 and Fortum had already acquired a substantial share of the company, Uniper's discursive strategies changed significantly from delegitimization to legitimation. On the other hand, at the initial stages of the acquisition, the Finnish government's discourse was legitimizing. However, when the acquisition showed signs of potential dissolution, the government's discourse shifted towards delegitimization. In the beginning of 2022, the Russo-Ukrainian war began, resulting in heavy sanctions against Russia. This had a significant impact on Uniper, which heavily relies on gas, and marked a turning point in the Finnish Government's discourse regarding the acquisition.

Due to the significant number of central themes found, this study then followed in the footsteps of Van Leeuwen and Wodak (1999) and Vaara et al. (2006) to make sense of the categorization of the findings. Some of the broader categories were derived from these studies, although it was deemed necessary to establish two novel categories. The reason behind this was to comprehensively illustrate the major findings of the study, without being constrained to a predetermined set of categories. The outcome of this was the creation of five fundamental legitimation categories, based on their strategic significance and how frequently they appeared. Amongst these, four belonged to the legitimitative category, whereas the remaining two were mainly delegitimitative categories. These themes were: *Temporality discourse*, *Authority*, *Rationality*, *Appeal to morality*,

and Evasiveness. The central themes of Table 2 were subsequently subcategorized under the larger legitimation strategies, and in the findings chapter, the important elements of each of these broader categories are discussed in detail.

Table 2 Central themes found from the discourse

Order	Central themes (Fortum)	Central themes (Uniper)	Central themes (Finnish government)
1	Spin	Overall strategy	Neoliberalism
2	Economic reasoning	Negative framing	Rationalization
3	Future-imagination	Emotional appeal	Minimization
4	Justification	Economic reasoning	Deflection discourse
5	Rationalization	Future-imagination	Self-authorization
6	Mutual benefit argument	Competence discourse	Shifting the blame
7	Cooperative discourse	Cooperative discourse	Denial discourse
8	Self-authorization	Appeal to stakeholders	Appeal to authority
9	Overall strategy	Justification	Credibility
10	Competence discourse	Mutual benefit argument	Puristic discourse

4 DISCOURSIIVE LEGITIMATION STRATEGIES

The study has identified five primary strategies of legitimation, under which various specific themes were categorized during the coding phase. The main goal of the findings is to provide a comprehensive overview of the legitimation and delegitimation strategies adopted by the three major parties in question. The classification of these strategies has been influenced by the earlier works of Van Leeuwen (2007) and Van Leeuwen and Wodak (1999). However, I have also introduced two new categories, namely temporality discourse and evasiveness, as they were found to be highly prevalent in the analyzed discourse. Thus, the inclusion of temporality and evasiveness as new categories is essential for a comprehensive understanding of the acquisition discourse that took place, without any limiting constraints. However, it is important to note that the specific themes listed in Table 2 can be evident in many of these strategies instead of just one of them. Similarly, the subchapters of the of the findings are divided to legitimation and delegitimation strategies. This does not mean that there is a clear division between the two but is rather a guideline for understanding the big picture of the findings.

4.1 Legitimation strategies

4.1.1 Temporality discourse

Temporality refer to in this study to utilizing time reference in order to legitimize an action or construct an image. This strategy can be applied by stating that there is a specific need or benefit in the future which require an action or that there is a pressure from the past to for a specific action. In this study, the temporality aspect was used to demonstrate a "pull" from the future, which would justify the

acquisition. In addition to this, new adjustments could be justified as "laying the foundation" for the future. This category had significant importance in the material, largely due to the transitional nature of the energy industry. New restructurings are evident in the energy markets due to climate change, and this created a leg to stand on for legitimation, namely the future of the industry.

The discourse analysis revealed that there were multiple types of temporality discourses, demonstrating specific ways in which temporality can be employed as a legitimation strategy. Typical future references included "future energy company", "together create positive future", and "enabling factor for necessary future transition". From these few examples it was clear to identify the "pull" from the future and the emphasis to the need for change. This theme was identified and named as *future-imagination* in the coding phase. Referring to the timewise need and pressure.

The future was considered always in a positive light highlighting the future capabilities of the two companies, in situation where Fortum's acquisition vision was implemented:

CEO of Fortum, Pekka Lundmark: "We have a clear **vision** of how Fortum and Uniper can build the "**Energy Company of the Future**" together and we want to agree with Uniper how we can best realize our vision for the benefit of both companies' shareholders and stakeholders." (*Toimitusjohtajan liiketoimintakatsaus*, 2018)

The theme future-imagination was also applied by Uniper, especially after the appointment of the new CEO Klaus-Dieter Maubach:

CEO of Uniper, Klaus-Dieter Maubach: "Uniper is a company with great potential, highly talented people, and opportunities to actively shape the European energy transition and **become a clean energy champion** as part of Fortum Group." (Walton, 2021)

Considering the smaller central themes, one highly evident theme in the empirical study, was the discourse where the action is presented in a way that influences the public perspective. In the context of the study, this was used to influence the perspective to a positive direction. For instance, the media may ask a negatively loaded question about the reasoning behind Fortum's acquisition, but Fortum's response would be to spin the question into a more positive or favourable light. This allows them to shape the discourse and present their decision in a way that is more appealing to the public. This theme was thus named, *spin*. The use of spin was mostly evident within the discourse of Fortum, where the corporation utilized this strategic legitimation technique when responding to negatively charged questions. For instance, regarding their investment in a fossil fuel-heavy company in a positive manner, despite being a firm with a strong emphasis on sustainability. A pattern thus emerged, wherein

the implementation of spin was frequently used alongside legitimation theme *overall strategy*. Fortum was often referring to the future time where the fossil-fuel heavy acquisition would have ultimately benefited their overarching sustainable strategy.

As can be seen from the focal example, Fortum used spin in various strategy related discourses to turn the negatives of Uniper acquisitions into positives:

CEO of Fortum, Pekka Lundmark: "In Europe, it is hard to find a power company that does not have **fossil fuel power** plants. **However**: few have the hydro and nuclear assets that Fortum craves." (Karismo, 2017)

Negatives found a positive outcome in various ways which also reflected other themes than just spin. Such as in the previously showed statement by Lundmark, *normalization* strategy by stating that fossil fuel power is rather a rule than an exception in the industry was also applied.

Due to high international involvement of the acquisition, spin discourse was also applied to the legitimation of their international strategy. Uniper had large percentage of business in the Russian markets which raised concerns in the investors, but which was later attempted to legitimate by Fortum:

Chairman of the board Fortum, Sari Baldauf: "There have been **no surprises** in Russia, it has been quite reliable. In Europe, we don't make deals with the EU in the same way. The problem is that there is **so much** fragmented regulation and practice." (Heiskanen, 2017)

Baldauf turn the criticism from Russian market involvement into criticism over the rigidness of European Union market in comparison. This puts the Russian market involvement in a more favorable light, which can be considered as an attempt to diminish the concerns of the investors. Similar discourse can be seen from the then governmental representative of Fortum:

Minister for European Affairs and Ownership Steering Mika Lintilä: "The fact that gas comes in this trade and comes from Russia is a reality that **must of course be considered**. But I don't see any particular negative aspect to this situation. **Taken as a whole**, this transaction strengthens Fortum's position and will strengthen Fortum's ability to continue as a dividend payer in the future." (Waris, 2022)

Accordingly, spin technique is evident in the narrative provided by Lintilä. Baldauf's and Lintilä's statements both also share the theme of *minimization* which refer to purely diminishing the negative impact of the acquisition or in this case the Russian influence. Thus, the same theme appeared across the three major parties involved and was utilized for legitimation purposes. Concluding the previous finding that same discourse strategy can be applied by the supporter or the opposition.

4.1.2 Authorization

Authorization can be applied by referencing to an authority, either by taking a position of authority through *self-authorization* or by *appealing to authority* outside the company. Additionally, one may also consider the market itself as a form of authority by applying to *neoliberalism* and to *economic reasoning*, to support the authorization process.

In the empirical material it was evident that authorization was applied in variety of ways. Fortum adopted a self-authoritative stance by often characterizing Uniper's opposition as harmful to the interests of Uniper's own shareholders. Fortum was thus able to put forward corrective measures to improve strategic outcomes. Additionally, highlighting of their "clear vision" of the "best" or "correct" way was evident in legitimation purposes. Fortum referred to outside authorization by referencing the support from the government. The "unanimous" governmental support was referred as an external authority support. Accordingly, external authorization was used in delegitimation purposes as German Ministry for the Environment was referred to in climate accusations. Focal example of self-authoritative and economic reasoning utilizing quotation by Fortum:

CEO of Fortum Pekka Lundmark: "**We have a clear vision** of how Fortum and Uniper can build the "Energy Company of the Future" together and we want to agree with Uniper how we can best realise our vision for the benefit of both companies' shareholders and stakeholders." (Toimitusjohtajan liiketoimintakatsaus, 2018)

Market's role in the legitimation was highly evident throughout the empirical study. The principal themes that emerged included the utilization of economic reasoning and the neoliberal character of the market in order to justify the acquisition. Economic reasoning by referring the direct benefits for the company itself and for the shareholders. The discussion was also directed away from the political conversation following the neoliberal theme, by referring the deal as "purely commercial".

Former Prime Minister of Finland, Juha Sipilä, employed a similar rhetoric, characterizing the acquisition as purely commercial. Notably, the Finnish government's discourse exhibited a noteworthy consistency in the employment of themes during both the legitimation and delegitimation phases. For instance, as the acquisition neared its dissolution, the Finnish government's discourse transitioned towards delegitimation. Thus, distancing themselves from any involvement by emphasizing again the "purely commercial" nature of the deal. In addition to this, the narrative uses the word "purely" which demonstrates the essence of the deal, which is used to legitimate the action. This in a way

legitimated their delegitimation by staying consistent in this matter throughout the process. Legitimative discourse example by Finnish Prime Minister:

Then Prime Minister of Finland, Juha Sipilä: “There are **no foreign and security policy dimensions** to this trade. It is based entirely on the company's own needs, and the company's Board of Directors has deemed it necessary to do so.” (Virkki, 2017)

The then Prime Minister Juha Sipilä in 2017 demonstrated neoliberal aspect of the acquisition process by disconnecting the political sphere from the merger deal. This gives the control to the company and supports Fortum's own accounts of using the neoliberal justification. Sipilä's statement demonstrates almost incompatibility between the political and economic field by stating that there are “no” policy dimensions to the deal.

4.1.3 Rationalization

The results of the empirical study suggest that the rationalization strategies identified, were primarily characterized by *instrumental rationalization*. This refers to more tangible benefits or outcomes which can be achieved by a certain process or action. In the context of this study, these rationalizations were mainly economic, financial, and strategic. Themes applied by Fortum, Uniper, and Finnish government were *economic reasoning*, *neoliberalism*, *overall strategy*, and *mutual benefit*. Rationalization strategy was applied both in legitimative and delegitimative purposes.

Fortum consistently legitimated the merger throughout the process. Their main themes were the strategic benefits from the integration of production structures and synergies. Uniper's capabilities in other sources of energy, such as hydro and nuclear, were highlighted as supportive factor in transitioning towards the future energy industry. As much of the hydro came from Swedish market, also geography was considered as a strengthening factor by Fortum. These all were considered supporting the repeated term in the previous quotation “future energy company”. In the following quote, an example of economic rationalization:

CEO of Fortum, Pekka Lundmark: “Uniper's hydropower and nuclear power **complement Fortum's** existing portfolio of power plants. Uniper's plants generate good cash flow and are geographically close to Fortum's home market.” (Karismo, 2017)

Interestingly, Uniper used similar delegitimation themes during the early phases of the acquisition as Fortum used for legitimation. They argued against the synergies and compatibility which Fortum had used for legitimation. The acquisition was considered providing negative effects for Uniper in strategic and

financial sense. Focal example of Uniper's delegitimation by referring to rationalization:

"Risk of a takeover by Fortum. Failure of the Uniper Group to achieve its planned strategic objectives due to **differences in the strategic orientation** of the two companies, a possible downgrading of Uniper's credit rating and possible negative effects on Uniper's financial structure in the event of change in ownership and control." (*Uniper Annual Report, 2017*)

Uniper's delegitimation also drew from neoliberalism by highlighting the shareholder value above else, as they were *appealing to shareholders* to not to sell the shares. Finnish government's rationalization followed a consistent pattern by utilizing neoliberal nature of the acquisition in both legitimation and delegitimation process as discussed in the authorization chapter.

4.2 Delegitimation strategies

4.2.1 Appeal to morality

Moralization was mostly evident in the case of delegitimization by Uniper. The moral aspect was not as widely utilized as the other categories, however an important narrative was applied by Uniper. In the early phase of delegitimization by Uniper, the "victim" role was taken into use. Due to its significant affect to the early discourse by Uniper, it is worth looking into. Uniper hired Morgan Stanley to block the deal before Fortum had been able to acquire parts of Uniper, which launched the victim discourse. Fortum's actions were named "hostile," and the then CEO Klaus Schäfer took on an almost "hero" role in the discourse. His so-called fight against the hostile takeover was depicted in various reports. Also, the purchase offer of €21.31 per share by Fortum, was stated to be an undervalued estimation of Uniper. After the acquisition's inevitable success was accepted by Uniper's Schäfer, he yet kept a speech stating that he will not stop fighting for Uniper's employees and shareholders. The discourse of hero-tale was thus continued even after the inevitable merger deal.

Uniper also employed a shareholder engagement strategy in their campaign by calling on them to withhold from selling their shares to Fortum in the "fight" against the acquisition. This strategy is reflective of a group-help approach, where both shareholders and stakeholders are enlisted to participate in the "fight against evil." The case under examination shows how the role in question continued to be employed even after the acquisition had already commenced:

CEO of Uniper, Klaus Schäfer: "Following the conclusion of the public takeover offer, our aim is to continue the thread of discussion with Fortum and to **protect the interests of Uniper, our employees and all shareholders** in the best possible way. It is particularly important to me now to lay the foundation for a constructive cooperation between Fortum and Uniper while at the same time to ensure the implementation of the entrepreneurial path we have chosen." (Erichsen, 2018b)

In their moral narratives, the Uniper leadership demonstrated their understanding of what they considered right and wrong. This was evident in their framing of Fortum as a hostile company that did not benefit Uniper. Although moral language such as "good" and "bad" or "right" and "wrong" was not used explicitly in all instances, it can be detected by examining the discourse as a whole. In the case of this study, it was apparent through the use of phrases such as "doing everything we can to save independence." This can be observed in the example provided by CEO Klaus Schäfer:

"We are **strengthened by the trust** placed in us by our shareholders, who overwhelmingly followed our recommendation and did not accept the takeover offer. This shows us that the capital market continues to believe in our strategy and our long- term competitiveness as an **independent company**." (Erichsen, 2018a)

4.2.2 Evasiveness

This strategy was mainly utilized in delegitimation purposes by the Finnish government, but accordingly Fortum's use of spin could be considered to be part of this category. Ambiguity is thus a part of this discursive legitimation strategy. Furthermore, the creation of the evasiveness category was based on the empirical material. The lack of study of evasiveness in previous literature required further analysis. Key themes that arose from the empirical material included *deflection discourse*, *shifting the blame*, *denial discourse*, and aforementioned *spin*. The first three themes were predominantly utilized following the recognition that the merger dissolution was inevitable as well as during the search for the culpable party after the dissolution.

The employment of deflection discourse was observed when criticism began to rise against the Finnish government, regarding their ownership steering policies. Professor from the Aalto University Peter Lund stated weak ownership steering policy was among the key reasons for the problems with Uniper (Karvala, 2022). The Minister of ownership steering Mika Lintilä was interviewed from this matter and utilized the evasion strategy:

Lintilä **declined to comment** on the professor's claims. He says **the main problem** is that Germany's energy strategy is wrong because it is built entirely on Russian natural gas. (Karvala, 2022)

The focal example demonstrates Lintilä's employment of deflection and refusal to address the criticism directed towards him. Instead, the focus was redirected towards Germany. It is noteworthy that Lintilä shifted the blame to Germany, when the questions were initially about Fortum's strategic decision. As mentioned before the Finnish government representatives had previously legitimized the deal. Lintilä continued in the same interview stating that in the beginning, Uniper acquisition was strategically good decision for Fortum (Karvala, 2022). This ultimately describes nature of the evasiveness category, as many of the deflection discourses included contradictive statements. Ultimately, Lintilä stated that government owner supported the acquisition:

The then Minister of Economic Affairs, Mika Lintilä, defended the acquisition of Uniper. In Lintilä's view, Fortum's acquisition of Uniper would significantly strengthen Fortum. According to Mr Lintilä, the state-owned company **welcomes the Uniper deal** and, as the largest shareholder, does not intend to intervene in the acquisition. (Pantsu, 2022)

The support of the acquisition ceased, and contradictive statements were made in the deflection discourse. This also demonstrated the second key theme, denial discourse. Denial discourse then refers to “taking back” previous statements to support the current discourse. Example of contradictive statement and denial discourse is present in the next focal example, which demonstrates the contradiction between this and earlier statements:

Both Juha Sipilä, who served as Prime Minister during the Fortum transactions, and Mika Lintilä, then Minister of Corporate Governance, **deny that they blessed** the Uniper acquisition by state-owned Fortum, which became public in 2017. (Jaulimo, 2022)

While utilizing these two key themes, shifting the blame, was also visible throughout the statements as one can see from the previous focal examples. This discourse strategy was mainly utilized by the Finnish government representatives. The spin can also be considered as evasiveness as it is turning the focus from the negatives into the positives. As mentioned in the first subchapter “temporality”, spin was utilized mainly by Fortum in legitimation purposes. As previous studies have demonstrated, many of the themes can overlap and cannot be fully divided to separate categories (Van Leeuwen & Wodak, 1999).

5 FINDINGS

Study formed under the research question of how the parties of the acquisition legitimated the acquisition or its opposition and what where the key strategies to do so. This study found five key discursive legitimation strategies that Fortum, Uniper, and the Finnish government representatives utilized in their process either to legitimate or delegitimize the acquisition. Table 3 demonstrates the key strategies as a whole. As previous studies have acknowledged, the findings of this study are to some extent context specific. However, due to the creation of broad legitimation and delegitimation strategies, the findings can provide an umbrella under which new central legitimation themes can be included.

The findings partly aligned with previous studies as this study accordingly found authorization, rationalization, and moralization to play a significant role in the legitimation process (Vaara & Tienari, 2008; Van Leeuwen, 2007). For instance, Fortum's utilization of self-authorization and neoliberal and economic rationalization were aligned with previous studies of merger and acquisition legitimation. As mentioned in the beginning of the study, neoliberalism has gained a position as a dominant discourse, why its presence in the study was not entirely surprising. Drawing from the morality of the observers has also arisen from previous literature. (Vaara & Monin, 2010.) These thus tend to be common strategies utilized to gain either acceptance of the shareholders and stakeholders, or just the public. In Fortum's case also the government owner was significant in the legitimation process as the results demonstrated.

Connections to previous literature can be found also the way how sensegiving and sensehiding were applied. Sensegiving refer to the process of shaping how some particular process is being interpreted, while sensehiding refer to concealing or withholding certain ideas in order to affect the interpretation (Gioia & Chittipeddi, 1991; Vaara & Monin, 2010). Sensegiving is often considered to be part of some change in an organization and is demonstrated by the CEO or the top management in general (Gioia & Chittipeddi,

1991). This was apparent also in the Fortum's narrative where they legitimated the acquisition of a fossil heavy company that, for the public in the first sight, did not follow the original strategy. This would thus make Fortum and the Finnish government a "sensegiver" in during the legitimation phase. Vaara & Monin (2010) noted in their study how the case company would first create a press release regarding certain key factors and then later would later withdraw it from any reports. This practice of sensehiding goes closely together with the delegitimation strategy evasiveness and legitimation theme spin. In the evasiveness category this study distinguished deflection discourse as one of the key themes, which together with spin complement the findings of Vaara and Monin (2010).

Similarly to sensehiding, ambiguity in strategic planning, demonstrates its relevancy in this study as well. Previous literature has regarded ambiguity, among others, in strategic planning as a way to reach multiple stakeholders from different perspectives simultaneously (Abdallah & Langley, 2014). This paradox in which multiple different opinions are tried to bring together to follow the same strategy has been coined as unified diversity (Eisenberg, 1984). When Fortum then started the legitimation of the acquisition, ambiguous narrative was established which in the empirical material took the category of spin and overall strategy. In these legitimation themes ambiguity is apparent as Fortum is demonstrating the good factors of the acquisition while only slightly referencing to the negative effects. The overall strategic theme also often referred the decision to be the correct or most beneficial for all the parties involved, stakeholders included. On the other hand, Stone and Brush (1996) argue that the ambiguous nature of the target of a new strategic plan, actually require legitimitive actions. This is also evident in the context of Fortum's acquisition plan. Due to Fortum's sustainable company image prior to the acquisition, the strategic action to acquire Uniper caused the need for legitimitive actions as the values of the two companies were contradictive to the public eye. Thus, ambiguity in strategic change was the prerequisite of legitimation, but accordingly a tool to reach stakeholders of different perspective.

Due to the study's utilization of critical discourse analysis, it is worthwhile to note the strategic impact of words and narratives through the lens of performativity. Words and discursive framing are widely acknowledged as powerful tools in organizational studies (Austin, 1962). As mentioned in the beginning of the study as well, words and narratives are also used to gain legitimacy and create meaning, and additionally for the acquisition of resources (Fiss & Hirsch, 2005; Martens et al., 2007). The study by Lockwood, Giorgi, and Glynn (2019), pinpointed three mechanism of how words can do "things". First mechanism, resonance, refer to legitimation garnering through alignment of expectations, interests, values, and emotions of the stakeholders or listeners in

general (Hoefler & Green, 2016; Lounsbury & Glynn, 2001). Thus, words have an impact when they resonate with the person's agenda (Lockwood et al., 2019). In the case of Fortum & Uniper, resonance with the stakeholders and the observers was persuaded through appealing to either emotions or by emphasizing the collective benefits of the acquisition as whole. Which thus would make the acquisition process resonate in theory with the needs of all the parties involved. Second mechanism, enactment, differs from resonance by focusing on how the words not only appeal to the emotions and minds of the words but also can have a more practical use as well (Lockwood et al., 2019). Enactment thus work towards building a shared reality between the parties involved and institutionalization is the end result after the collective acceptance of shared reality is achieved (Phillips et al., 2004). Similarly, in Fortum's case, the narrative of shared future and vision and mutually beneficial acquisition were attempts to create a shared reality to which all the parties would work towards. Arguably shared reality was achieved as Uniper's narrative transitioned from objection to alignment in 2019. Finally the last mechanism, power, refer to the uneven distribution or uneven ability to control resources between the actors involved (Lockwood et al., 2019). To simplify the final mechanism, discourse itself can be considered a power, following the Foucauldian tradition (Lockwood et al., 2019). For instance Hardy and Thomas (2014) stated in their study that alternative discourses might have the ability to change the major discourse but in most cases the resistance discourse tends to fall under the new strategic change. This can be considered through the lens of Uniper which tried in the beginning the alternative discourse by labelling the acquisition as hostile, but it ultimately was not widely accepted and failed in terms of gaining the power position. However, the alternative and opposing narrative was able to "do things" with words as Uniper slowed down the acquisition process. This finding goes hand in hand with the findings of the discursive power by Lockwood et al. (2019). These three mechanisms reflecting the performative nature of a discourse thus followed the same pattern as the findings from this study.

Table 3 Characteristics of legitimation and delegitimation themes

Characteristics of legitimation and delegitimation strategies by three key parties

Legitimation strategies	Most used by	Central legitimation themes	Characteristics in legitimation
Temporality discourse	<ul style="list-style-type: none"> • Fortum • Uniper • Finnish government 	<ul style="list-style-type: none"> • Spin • Future-imagination • Overall strategy 	<ul style="list-style-type: none"> • Turning the perception or the narrative from negative into positive, by carefully favouring the action at hand while downplaying the negatives of it. • Positive future image achieved through a specific action. • The action is said to follow strategic plan for future success.
Authority	<ul style="list-style-type: none"> • Fortum • Finnish government 	<ul style="list-style-type: none"> • Self-authorization • Appeal to authority • Neoliberalism • Economic reasoning 	<ul style="list-style-type: none"> • Various authority forms providing support for the action. • Asserting one's own legitimacy, appealing to industry professionals, • Distancing politics from the acquisition through free market narrative.
Rationality	<ul style="list-style-type: none"> • Fortum • Uniper • Finnish government 	<ul style="list-style-type: none"> • Economic reasoning • Neoliberalism • Overall strategy • Mutual benefit 	<ul style="list-style-type: none"> • Economic benefit justification in the context of neoliberalism to provide justification for the action. • Rational arguments in strategic sense, often for all parties involved.
Delegitimation strategies	Most used by	Central delegitimation themes	Characteristics in delegitimation
Appeal to morality	<ul style="list-style-type: none"> • Uniper 	<ul style="list-style-type: none"> • Emotional appeal to stakeholders 	<ul style="list-style-type: none"> • Bringing ethical principles to the discussion, often creating sense of moral dilemma or outrage for the opposition. • Creating a sense of attachment between company and stakeholders and creating camaraderie.
Evasiveness	<ul style="list-style-type: none"> • Finnish government 	<ul style="list-style-type: none"> • Deflection discourse • Denial discourse • Shifting the blame 	<ul style="list-style-type: none"> • Avoidance of direct engagement concerning the topic under criticism. • Often done by redirection of discourse, purely denying the opposing view, or turning the blame to some other external player or factor.

6 DISCUSSION AND CONCLUSION

6.1 Key contributions

This study provides insight to organizational scholars by suggesting four different contributions in the field of legitimation literature. This study focused on understanding the legitimation strategies utilized by Fortum, Uniper, and the Finnish Government as a state-owner. Through these four contributions, the study also grasped the larger context in which the acquisition took place, instead of purely focusing on specific discourses. The acquisition took place during a time period when a significant geopolitical crisis began, just a few years after the first acquisition transaction. This impact of geopolitical crisis turned out to be a less studied factor in the organizational literature, which this study aims to complement. Another major factor in the acquisition was the strategic contradiction between Fortum and Uniper, which can be considered as Fortum's change of ideology. Change of ideology in this particular case refers to sustainable energy company investing into fossil fuel heavy energy company. Finally, the active role played by the state-owner in the process of legitimation provided an insightful perspective on the legitimation strategies utilized by state ownership. In the next subchapters each of these contributions are further elaborated.

6.1.1 Discursive strategies and environmental pressure

One of the interesting findings of the study was the immutability of the discursive strategy, or at least the slight evolvement in discursive strategy by Fortum. Figure 2 demonstrates more specifically how the discursive strategies evolved or changed during the acquisition process by each key party. What we can see from Uniper, the initial delegitimative discourse had a significant effect by external factors, such as acquisition criticism and corporate changes. This ultimately resulted in a change in discourse turning their delegitimative into legitimitative discourse. These changes happened prior to the geopolitical crisis and thus can be considered separate from the war. Relatively similar pattern can be noticed with the discourse of Finnish Government. Initial neoliberal and legitimitative discourse faced external pressure, but in this case due to the geopolitical crisis, which led to change in discourse. As demonstrated in the previous chapter, this change of discourse turned legitimation into delegitimation by utilizing accusation narratives. Finally, in the case of Fortum we can see an interesting discourse evolvement. External factors affected Fortum as well, however it did not cause them to change the discourse in the similar manner. Ultimately Fortum continued with legitimitative discourse however adjusted it from initially legitimating the reasoning behind the decision, into legitimating the decision retrospectively by referring that they could have not been able to affect the outcome. This finding provides an interesting aspect as prior studies have often suggested environmental pressure to change the discourse (Boxenbaum & Jonsson, 2017; Meyer & Rowan, 1977; Palazzo & Scherer, 2006; Vaara & Monin, 2010). However, this study argues that environmental pressure does not necessarily affect discursive strategy extensively. The findings suggest that even in the case of significant external pressure, company can also maintain their original discursive strategy.

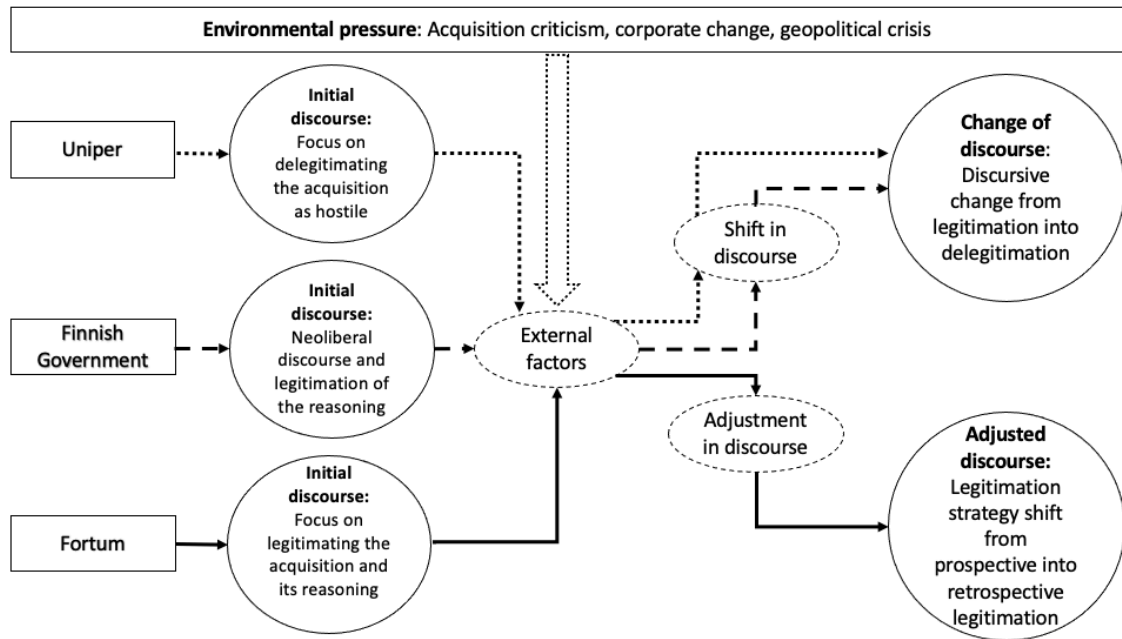


Figure 2 Environmental pressure on discursive strategies

6.1.2 Legitimation in geopolitical crisis

The acquisition of Fortum and Uniper is an interesting case as it took place when a large-scale geopolitical crisis, the Russo-Ukrainian war, began. Previous literature has touched the topic of M&A in the context of geopolitical crisis, but mainly focusing on how geopolitical risk affects to the number of new mergers in general or whether it acts as a motivation or deterrent for mergers (Koirala et al., 2022; Shen et al., 2021). In addition, geopolitical risk and its relation to cross border acquisitions have been studied in the context of for example Brexit, but from the financial perspective rather than discursive legitimization perspective (Aldhawayan et al., 2020).

To my knowledge this is one of the few studies which focuses on the acquisition's discursive legitimization in the midst of an extensive geopolitical crisis. The acquisition took place in a significant time period of 2017 until 2022 in which the geopolitical situation highly changed in the beginning of 2022, ultimately resulting in dissolution of the merger by the end of the year. As discussed in the chapter 1, the reason why the war had such a great impact on the acquisition was both Fortum's and especially Uniper's reliance on Russia. Therefore, this study aims to help organizational researchers to understand the discursive legitimization strategies in the context of escalated geopolitical and geoeconomical crisis.

The study concludes that Fortum's legitimacy discourse stayed consistent throughout the acquisition process. However, as the crisis escalated, Fortum's approach shifted to rationalizing the initial acquisition decision by highlighting the unpredictability of the war. This adds nuances to the findings of Vaara and Monin (2010) about rationalization's high involvement in multinational company legitimation. This observation emphasizes company's effort to maintain a positive narrative in the midst of challenges. In order to ensure legitimacy, Fortum continued the legitimated discourses by shifting the attention from the good factors that the acquisition brings to shareholders, into the abnormal situation that the company is in.

Fortum however also took some responsibility in their discourse in when the acquisitions dissolution was already determined. During the turning point of their discourse in 2022, Fortum kept legitimated discourse but focused on partially accepting the blame from the strategic failure. In these discourses Fortum published vague statements which underlined that in their previous strategic actions "some decisions" were unsuccessful. Following the previous literature, this ambiguity was used most likely to address all the stakeholders concerns by limiting the loss of general trust on the leadership (Abdallah & Langley, 2014). At this point Uniper was already mainly owned by Fortum which means that Uniper was not in the position of delegitimation or legitimation like they were in the beginning of the acquisition. Government owner's legitimation and delegitimation will be further discussed later.

6.1.3 Ideological change by acquisition

One of the topics that raised the public's concerns was the strategic difference between the two companies. Fortum's sustainable image took a hit when they decided to acquire fossil fuel based company Uniper, which E.ON separated from their own business precisely to focus on sustainable energy. This strategic incongruity provides an interesting aspect in the study, in its effort to provide information of how such change in ideology was legitimated. Fortum states in their website: *"Our role is to ensure the security of supply and a fast and reliable transition to a carbon-neutral economy by providing customers and societies with clean energy and sustainable solutions."* (Fortum Worldwide, 2023). Which follows the statement from 2016, *"the forerunner in clean energy"* (Fortum, 2016). These statements demonstrate the strategic inconsistency of the acquisition and suggests that Fortum was actually going backwards in their strategy of being *"the forerunner in clean energy"*.

Inconsistency in corporate strategy has been studied quite extensively. According to one of the key strategy researchers, Michael E. Porter (1996), inconsistency in strategy can result in loss of credibility for the company. Reflecting this to the public's response to the acquisition of Uniper, much critique was voiced for changing strategy. Especially the environmental aspect of the acquisition caused a lot of distress which caused harm to the credibility of Fortum as a sustainable energy company.

Due to the large-scale change in Fortum's energy strategy, it is worthwhile to consider the role of opportunism in the acquisition. Fortum legitimated the investment decision by stating the Uniper's fossil fuel resources are a tool in the transition to sustainable energy usage in the European markets. However, on several occasions the high profits from the gas sales were raised in the media, often referring to "high dividends" from Uniper acquisition. Managerial opportunism is often referred to as a reason why top executives pursue acquisitions which are supposed to maximize the benefits but might end up harming the investors (Kang, 2006). Synergy benefits were referred in Fortum's acquisition decision which follows previous studies of acquisition reasoning. Economic gains are the underlying benefit of synergies, however managerial opportunism studies also found that the pursue for synergies might actually result in investor value loss as it was in the Fortum - Uniper acquisition (Kang, 2006; Lubatkin, 1987; Seth, 1990).

In conclusion, the acquisition of Uniper by Fortum demonstrated a notable ideological change in Fortum's strategic direction. As numerous studies have shown, such an inconsistency in strategy can potentially yield negative consequences for the firm, as was eventually observed in the case of Fortum. While the decision to acquire Uniper was not the primary cause of the dissolution, it required significant efforts on the part of Fortum to legitimize its actions after the dissolution happened. This study contributes to the existing literature by highlighting how the strategic contradiction resulting from the merger and acquisition can be discursively justified and legitimized.

6.1.4 State-ownership's role in merger legitimation

Fortum is a publicly listed company, but its largest shareholder is the Finnish Government, with over 50% ownership. State-ownership of Fortum was a major part in the discourse in the final year of the acquisition, 2022. The Finnish Government faced a lot of criticism from the public due its low interference with the acquisition. The acquisition eventually resulted in high losses, which in a state-owned enterprise, affects the taxpayers. Was there something that the

government could have done to interfere? Lintilä responded to this by stating that government interference is highly unusual, thus emphasizing neoliberalist discourse. Especially in the case of energy industry, companies have often been state-owned (Colli & Nevalainen, 2020). Thus, the lack of government interference caused a lot of questions in the end of the acquisition. However, previous studies suggests that the general opinion is that if a state-owned company wants to pursue in international markets, they should limit state-owners influence (Colli & Nevalainen, 2020). Finnish Government legitimated the acquisition in the beginning by often referring to neoliberalism, minimization of Russia's risk and geopolitical risks in general, and justifying and rationalizing the strategic decision. However, the more interesting part of the state-owners discourse came with delegitimation.

The process of delegitimation by the Finnish Government began concurrently with the initiation of the war. The government faced numerous questions concerning the acquisition itself, its implications for taxpayers, and the rationale behind allowing such a substantial loss to occur. This study examined the contradiction between the legitimation observed prior to the war and the subsequent delegitimation that followed. The analysis focused on two notable contradictions. Firstly, the discourse involved conflicting statements, where the approval was initially granted but later denied. Secondly, there was a contradiction in the perception of Germany as a good investment target, which later shifted to describing the German energy market as highly inefficient. Another side of state-owners delegitimation was the deflection and shifting the blame. These delegitimation strategies provided insight into how the state-owner can also shift the blame from themselves, but also redirect it to other entity or factor. In this particular case, the target of such shift of blame was Fortum, German energy strategy, as well as Russia. Blame discourse itself is widely studied and utilized in politics (Hansson et al., 2022). Blame avoidance however describes this study better. According to study conducted by Hansson (2015), governments' narrative ways of blame avoidance are yet to be studied greatly. The findings of this study complement the previous blame avoidance studies. The state-owner's discourse after the turning point in 2022 utilized deflection discourse, shifting the blame, and denial discourse. These findings complement the blame avoidance strategies defined in previous literature, such as total problem denial, justifications, problem denial + counter-attack (Hansson, 2015). However, this study also adds nuances to the previous findings by representing how this is discursively done, as well as demonstrating how the state-owner shifts from legitimation to delegitimation and shift avoidance.

Besides these three key contributions of the study, this study also acts as an extension to the studies by Van Leeuwen. The study drew from previous studies in the discursive legitimation field and through this study adds to the previous

literature from the same field (Vaara et al., 2006; Vaara & Monin, 2010; Vaara & Tienari, 2008; Van Leeuwen, 2007; Van Leeuwen & Wodak, 1999).

6.2 Managerial implications

From the data, a total of five distinct elements emerged concerning managerial implications. These elements include risk assessment and diversification, the political impact of a state-owned company, crisis management and adaptability, the alignment of strategy and values, and stakeholder engagement. Each of these elements were apparent in the acquisition process. By considering each of these elements, decision-makers can enhance the strategic decision-making process and management in a crisis in an ever more geopolitically demanding market.

First, a thorough risk assessment plays a crucial role in any investment, regardless of whether it is undertaken by individual private investors or institutional entities. Considering the period from 2008 when Fortum began the TGC factory investments, until the dissolution of Uniper merger in 2022, heavy market dependence to Russia becomes evident. These investments were done systematically throughout this time period which suggests the lack of diversification in their investment strategy. Strategy scholars are not divided on the issue either, but rather suggests that diversification is a key for competitive advantage and risk management (Di Guardo et al., 2019). The invasion of Crimea in 2015 however, did not change the strategic expansion to Russian market through Uniper in 2017. In recent years, the significance of geopolitical risks in corporate management has once again risen, demanding heightened attention and consideration. Second, as mentioned in the state-owners role in legitimation chapter, state-owned companies especially face high political risks due to their direct engagement in political affairs. Due to this, for corporate management it is vital to control the market dependence and consider the geopolitical risks which might occur. In addition, it is important for state-owned companies to consider the political risk associated to their government owner. Third, crisis management and adaptability to a changing geopolitical state is in the strategic interest of any company. Russo-Ukrainian war was the ignition to the dissolution of the acquisition which suggests the lack of thorough crisis management response. The dissolution eventually caused a significant loss for the company and shareholders. Building a crisis management response for the worst-case scenario can assist a company to adapt to a changed crisis situation better. This would include revisiting strategic plans and finding an alternative for a complete dissolution of the acquisition.

Fourth, considering how stakeholders and shareholders see the company, alignment of strategy and values plays a significant role. In the case of Fortum, much media attention given to the investment in fossil fuel company as it was contradictory to Fortum's own values and vision. This made the acquisition even more difficult for Fortum to legitimate as the connection of strategy and values was blurry. Corporate management thus need to carefully consider how do the strategic decisions align with their values in the eyes of the investors. Especially as the M&A are not always destined to succeed, contradictory acquisition might result in loss of credibility in the eyes of the investors (Porter, 1996). Fifth, I do argue however, that for the corporate management to mitigate such a loss of credibility, stakeholder engagement plays a significant role. Uniper acquisition was for a long time considered to be an investment to Germany in the eyes of the observers. The heavy Russia dependence was understood later suggesting that the engagement was not entirely transparent or consistent. This lack of consistency and transparency harmed the legitimation efforts in the end. Therefore, for corporate management to ensure credibility of the stakeholders, values and strategy alignment, and stakeholder engagement are important strategic factors to consider.

6.3 Limitations of the study

There are variety of limitations which can affect this type of a study, mainly concerning clarity, consistency, appropriacy, trustworthiness, authenticity, reflexivity, subjectivity, and generalizability. It has been stated that for a successful qualitative analysis there are few key factors to consider in order to ensure clarity, consistency, appropriacy, trustworthiness, authenticity, and reflexivity. First, by utilizing multiple data sources it is possible to establish a more comprehensive understanding of the connections between different themes, which in turn helps to avoid forming opinions based on a single source of information (Ahonen et al., 2011). Multiple different data sources thus aim to increase consistency and trustworthiness and also provide a premise for authenticity and reflexivity in the later stage. Clarity, authenticity, and reflexivity were considered by demonstrating the data with examples in order to represent how analysis was made. This aim to increase the transparency and reflect authors own thinking and conclusions. In order to decrease these limitations, a variety of sources were utilized in this study which are presented in Table 1. The study also aimed to gather data to the point where it started to repeat itself, thus aiming for data saturation which was ultimately achieved.

The second point represented by Ahonen (2011), is that the study should clearly articulate the criteria for selecting the data, as well as the rationale for analyzing it in a particular way. This study employed media texts as primary data source which captured the actual discourses that the top executives of Fortum and Uniper and the state-owner used in order to focus on their legitimation strategies, rather than media's. Given the qualitative nature of the study, subjectivity is inherent, as the author's interpretations shaped the analysis of the data. This consequently leaves space for potential misinterpretations and lack of generalizability. However, the general legitimation strategies were created as umbrellas for context specific themes which aims to decrease these limitations. To enhance transparency, the study demonstrates examples of the analyzed data, allowing readers to examine the application of discourse analysis.

6.4 Future research

As discussed in the previous subchapter, state-owners role in legitimation and blame-avoidance discourse warrants for more research (Hansson, 2015). This topic was partly addressed in this study but the different ways of how the government reasons their control over the company leaves space for further research. This study focused on the discursive legitimation of Fortum-Uniper acquisition, however further research could be conducted on the topic of what lead to such a strategic decision. When considering the legitimation strategies and themes presented in this study, time related strategies such as "future imagination" and evasion strategies such as deflection and denial discourse require further research. These strategies were named and raised from the empirical material of this study and thus need some evaluation in different M&A context as well.

Considering time related strategies, previous studies have also acknowledged the use of future benefits as a legitimation method. This study established a new legitimation strategy due to its significant role in the legitimation process. Because of this significance, further evaluation is needed on its effects on other legitimation contexts. Regarding evasion related legitimation and delegitimation strategies, these especially were highlighted in the Finnish Government's discourse. Further studies should focus more on the methods of these strategies as well as its efficiency as a legitimation strategy.

The study has mentioned the position of neoliberalism as a dominant discourse. As stated before, neoliberal discourse has been highly evident in multiple studies in the past. However, neoliberalism is a term that demonstrates

a very strong form of capitalism. China as a growing economy, with a different political ideology, provides interesting aspects for future studies about neoliberalism's role as a dominant discourse.

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