FAILING AT LEGITIMATING A SUBSIDIARY:

WHY POLLUX COULD NOT FLY

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ABSTRACT

The implementation of an organizational transformation may involve the strategic decision to establish a subsidiary. While this maneuver may appear sound from financial or strategic perspectives, it may also give rise to a legitimacy issue, which forms the focal point of this study. In this regard, the present work-in-progress builds upon the case of a European legacy airline, the Leda case, which created a subsidiary, Pollux, as part of its transformation plan. The article delineates the legitimization strategy implemented by Leda, its outcomes, and the failure of Pollux. It also puts forward avenues for potential contributions based on this analysis, emphasizing the critical role of autonomy, strategic coherence, and stakeholder engagement in contested subsidiaries.

Keywords: organizational transformation; legitimacy; parent-subsidiary relationship.

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1. INTRODUCTION

Corporate venturing has emerged as a key lever for organizational transformation in response to competitive pressures and market shifts. Among the various forms of corporate venturing, creating a new subsidiary offers firms the opportunity to pursue strategic renewal by exploring new markets, innovating business models, or restructuring cost dynamics (Narayanan et al., 2009). However, while creating a subsidiary can be an effective tool for organizational transformation, it is not without challenges. Specifically, subsidiaries designed to implement controversial or disruptive strategies often face legitimacy issues that can hinder their success. The tension lies in the dual nature of such initiatives. On the one hand, subsidiaries hold significant potential to drive innovation (Phene & Almeida, 2008) or reposition the firm within its industry (Huff et al., 1992). On the other hand, subsidiaries can provoke ignorance (Bouquet & Birkinshaw, 2008) or resistance from both internal and external stakeholders. The issue of autonomy is frequently identified as the main pain point in this headquarter-subsidiary relationship (Galli Geleilate et al., 2020).

However, there is a paucity of literature on the dynamics of establishing a subsidiary for economic reasons that is not accepted by headquarters employees. In such scenarios, the parent company's ability to legitimize the subsidiary becomes critical. Therefore, the research question guiding this study is as follows: **What strategies can the parent company implement to legitimize an inherently controversial subsidiary?**

This article explores this question by examining the case of Pollux, a subsidiary created by the European legacy airline Leda as part of its strategic transformation plan. Positioned as a low-cost airline targeting millennials, Pollux was intended to serve as both an innovation laboratory and a cost-restructuring tool. However, from its inception, Pollux faced significant tensions, including internal resistance from labor groups, ambiguity in its market positioning, and skepticism from external stakeholders. Despite attempts by Leda to legitimize its subsidiary, these efforts ultimately proved insufficient, culminating in Pollux's closure after just a few years of operation.

Although being still in progress, this article aims to contribute to the literature on corporate venturing and legitimacy in transformational contexts. A detailed study of primary and secondary data highlights Leda's strategies to construct legitimacy for its subsidiary and unpacks the reasons behind their limited effectiveness. The findings emphasize managing stakeholder expectations, ensuring strategic coherence, and navigating tensions between autonomy and control in corporate venturing initiatives.

The article is structured as follows. The first section outlines the theoretical framework supporting this work, highlighting corporate entrepreneurship, legitimacy, and strategic transformation. The subsequent section details the methodological approach and case study design. The third section analyzes Leda's legitimization strategies, their outcomes, and the factors that led to Pollux's failure. The final section explores potential future contributions.

2. LITERATURE REVIEW

2.1 The creation of a subsidiary as an organizational transformation lever

Organizational transformations are characterized by changes in organizations that are radical (Tushman & Romanelli, 1985), strategic (Pettigrew, 1985), or revolutionary (Gersick, 1991). They are contrasted with convergent, emergent, or incremental change (Nelson & Winter, 1982). Radical change is a *"discontinuous, or second-order change [that] transforms fundamental properties or states of the system."* Such a change is well encapsulated by punctuated equilibrium theory, which shows that it occurs during periods of divergence when organizations move away from their equilibrium conditions (Tushman & Romanelli, 1985).

Organizations have different levers to organize the *"strategic drift"* between the organization and its environment that triggers the change (Johnson, 1988): turnaround strategies (Trahms et al., 2013), strategic renewal (Huff et al., 1992), etc. One particular means identified in the literature has been the creation of a corporate venture (Narayanan et al., 2009). By building new capabilities and businesses, an organization can renew itself, foster strategic change, and increase an organization's profits and growth in both domestic and international markets. These new ventures are often located within subsidiaries, as they have the potential to enhance local responsiveness, worldwide learning, and global integration (Birkinshaw, 1997), with the expectation that their activities are duplicated in turn to headquarters (Friesl et al., 2019). While the benefits of this approach for fostering organizational transformation have been extensively discussed in the literature (Narayanan et al., 2009), the legitimacy of creating such a subsidiary has been less questioned in this context, as detailed below.

2.2 Legitimation of a subsidiary

Organizational legitimacy is the perception that an organization's actions are desirable, appropriate, and consistent with its social context's prevailing norms, values, and beliefs (Suchman, 1995). It represents a critical asset because legitimacy facilitates resource access by aligning the organization's behavior with societal expectations and standards (Aranda & Simons, 2023; DiMaggio & Powell, 1983). Gaining legitimacy is necessary for nearly every essential decision a firm makes, such as forming strategic alliances (Baum & Oliver, 1991), integrating postacquisition (Vaara, 2003), driving innovation (Rothaermel & Hess, 2007), and entering foreign markets (Chan & Makino, 2007). Achieving legitimacy requires aligning with stakeholders' norms, values, and beliefs while addressing legitimate needs or purposes (Suchman, 1995). Suchman identifies three strategies for gaining legitimacy: conforming to existing norms and expectations within the environment; targeting audiences that align with the organization's values and practices; and reshaping the environment by creating new norms, beliefs, and audiences. Firms can also imitate successful companies to gain legitimacy within their environment (Henisz & Delios, 2001) or engage in ownership exchanges. Dacin et al. (2008) identify three types of legitimacy for an organization: market legitimacy, which is essential for surviving or enhancing market presence; relational legitimacy, which involves establishing a firm's reputation as a reliable partner in transactions; and social legitimacy, which justifies a firm's leadership in the market. In our case, to be accepted, the subsidiary must be recognized by stakeholders and society in these three dimensions.

The literature on the legitimacy of subsidiaries, particularly in international management research (Chan & Makino, 2007), has focused primarily on how external stakeholders perceive the subsidiary (Kostova et al., 2008). However, the parent-subsidiary relationship has been relatively overlooked from the standpoint of internal legitimacy (Balogun et al., 2019). Most studies concerning legitimacy in multinational corporations have emphasized external stakeholders, thus neglecting the internal dynamics between headquarters and subsidiaries (Chan & Makino, 2007; Delmestri & Wezel, 2011). Furthermore, establishing internal legitimacy is complicated, as the headquarters-subsidiary relationship is often marked by conflicts and resistance arising from geographic differences or regional governance (Hoenen & Kostova, 2015). In a multinational corporation, Balogun et al. (2019) demonstrated that the legitimacy of subsidiaries is shaped by the interaction between the legitimation strategies employed by senior managers and the legitimacy assessments of subsidiary actors, which are influenced by instrumental, relational, and moral factors, as well as the local subsidiary context and temporal dynamics. Consequently, a new subsidiary must navigate three pathways to establish legitimacy for any decision: external, internal, and upward to the parent organization, along with internal and downward to relevant subsidiaries (Balogun et al., 2019).

Little is known about how internal legitimacy dynamics unfold when the subsidiary is geographically close to the parent company and operates in a high-internal social contestation context. In such situations, the subsidiary is scrutinized by local external stakeholders and directly reflects the parent company's decisions and reputation. The central question that emerges is: **What strategies can the parent company employ to legitimize an inherently controversial subsidiary?**

3 METHODOLOGY AND EMPIRICAL CONTEXT

3.1 Empirical Context

In 2016, amid mounting economic challenges, a new CEO was appointed at Leda, a European legacy airline. Facing stiff competition from low-cost carriers and Gulf airlines, Leda struggled with weak operational margins compared with its rivals. Shortly after assuming leadership, the CEO introduced a new strategic plan to reposition the group and restore growth. The plan focused on improving competitiveness through operational cost reductions, fleet modernization, and enhanced customer experiences. A key component was digital innovation, alongside expanding the group's low-cost subsidiary. The centerpiece of this strategy was the launch of *Pollux* in 2018, a new airline designed to target millennials (ages 25–35) with affordable fares and innovative services. Pollux aimed to address market pressures and internal inefficiencies by employing more flexible labor agreements, particularly for cabin crews. Positioned as a low-cost, long-haul carrier, Pollux was also envisioned as an innovation laboratory for the group. However, more than one year after its launch, the airline was shut down by the incoming CEO of Leda.

3.1 Research design

As our aim is to describe and understand an emerging phenomenon, this study relies on a qualitative research design (Miles & Huberman, 1984). This approach facilitates the progression from concrete observations to more abstract insights by systematically identifying and framing the key characteristics of the phenomenon under scrutiny (Strauss & Corbin, 1990). Specifically, we conducted a case study to better understand how a subsidiary could be launched and legitimated as a transformation tool for a parent company facing economic issues. In-depth studies are particularly effective for examining complex phenomena within their real-life context, especially when that context is ambiguous or not immediately apparent (Yin, 2014). We focused on a failure, an extreme case that allows us to exemplify the studied phenomenon. This approach allows us to gain deeper insights into the phenomenon by analyzing its most intense or exaggerated manifestations.

3.2 Data collection and analysis

The first author has worked for Leda as a Transformation Manager. While she has never been involved in Pollux's launch, operations, or closing, this position allowed her to gain a sense of the puzzle surrounding the phenomenon, which led us to choose the case of Pollux to respond to our research question. It was also instrumental in the data collection. First, it allowed access to internal documents describing the project. It includes internal PowerPoint documents, internal communications, etc. These documents have helped gain an understanding of how the process unfolded. Second, it also allowed us to connect with Pollux's former employees years after the company closure. The interval between Pollux's launch, operations, and closing and the interviews allowed the interviewees to speak more freely about certain issues. However, this time lapse might also have drawbacks, such as retrospective sensemaking (Weick, 1995). As of January 2025, we have interviewed 11 people between October and January 2025, exclusively former employees of Pollux representing its different functions, who could detail the whole process during which Pollux launched, operated, and closed and their involvement in it, as well as a former deputy, who dealt with transportation topics at the National Assembly. All the interviews were transcribed, except one interview. They lasted, on average, 57 minutes (see Table 1). Third, we complemented this data collection with press articles that helped develop a timeline of the critical events that constituted the process under study (see Table 2).

Table 1. List of interviews

N°	Function	Length
1	Pollux Connectivity Manager	55mn
2	Pollux Cabin Crew	60mn
3	Pollux deputy head of maintenance	61mn
4	Pollux head of Network and customer experience	44mn
5	Pollux Marketing Manager	60mn
6	Pollux Social relations manager	50mn
7	Pollux Payroll Manager	65mn
8	Pollux Chief Operations Officer	70mn
9	Pollux Deputy Head of Cabin Crew	75mn
10	Deputy in charge of different commissions related to transportation	25mn
11	Pollux Chief Human Resources Officer	70mn

The data analysis followed a longitudinal approach to capture the phenomenon's dynamic evolution over time (Langley, 1999). The analysis was conducted in two stages. First, a narrative was constructed through topic coding, enabling the identification of key events and themes across the dataset. Second, an analytical coding phase was carried out to uncover underlying explanations by focusing on the ongoing tensions. This dual approach facilitated a deeper understanding of the phenomenon by integrating descriptive richness with interpretative insights.

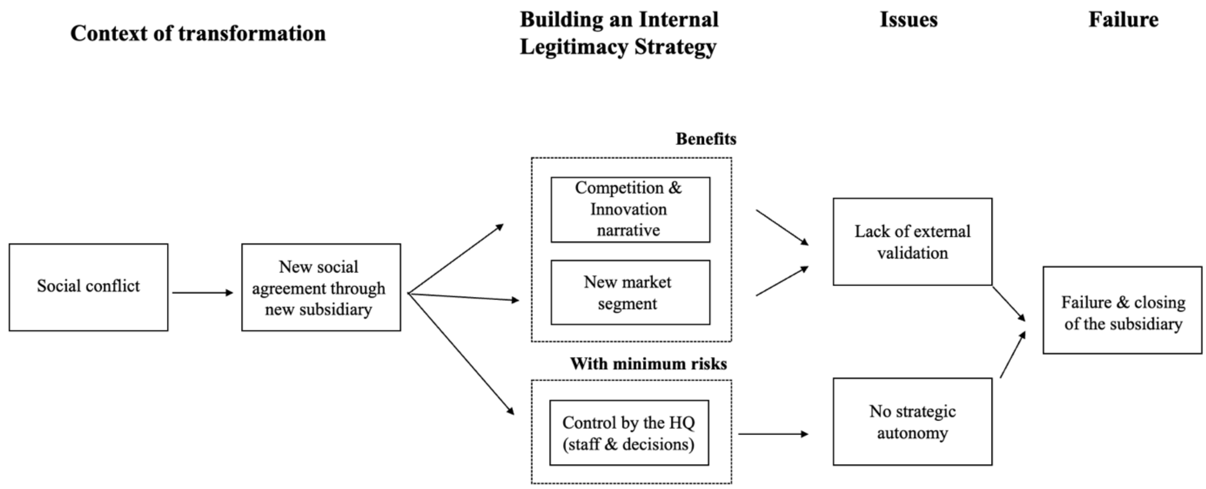
Table 2. Data collection

Data type	Number	Research objective
Interviews	11	Exploration
Press articles	60	Exploration
Internal documents	83	Exploration

4. FINDINGS

The story of Leda's failure to legitimize Pollux allows us to develop a model that outlines the legitimization process and highlights the reasons for failure, as captured in Figure 1. Our model suggests that internal failure arises from a lack of strategic autonomy and insufficient external validation, resulting in the closure of the subsidiary by the incoming CEO of Leda.

Figure 1. Process of the failure to build internal legitimacy for a contested subsidiary



4.1 Leda's legitimization strategy

Pollux was launched as a new subsidiary to allow Leda to enhance its operating margins and regain a competitive edge in the European and international markets. At the time of the launch in September 2018, the challenge was to convince employees and external stakeholders that Pollux was not just part of a cost-cutting initiative but also a broader transformation programme aimed at leading Leda toward the future of air transportation. This is why Pollux's entire communication strategy has been divided into two key moments. The first is based on a sense of urgency, with numerous internal communications on the economic necessity of a cost-cutting transformation project. In 2017, the first internal communication about Pollux was released and focused on the economic aspects and competitive benefits. For example, one argument has been based on competition, as described afterwards:

> *The new airline's ambition is clear: to regain the offensive and become a leader again by 2020, by competing against the Gulf carriers and establishing itself on (...) highly competitive routes. —* ***Leda internal newspaper, 2017***

More precisely, the argument was based on profitability, as detailed below:

> *The conclusion is evident. The figures are clear: 35% of our long-haul routes and 80% of our medium-haul routes are unprofitable, with some being significantly unprofitable. Additionally, 10% of long-haul routes and 20% of medium-haul routes incur annual losses totaling 300 million euros. These losses impede our ability to invest in new aircraft. (...) Establishing a new company with a straightforward, competitive, innovative, and growth-oriented offer alongside Leda will replace structurally unprofitable long-haul, recently discontinued routes. The new company will also introduce new routes to the East to capitalize on growth opportunities and manage routes currently operated by Lea to compete more effectively with Gulf Airlines. —* ***Leda internal newspaper, 2017***

As the extract from the internal newspaper further illustrates, such a communication based on Leda’s competitive advantage has been made for over a year:

> *This important milestone in the strategic plan aims to equip Leda with a competitive tool featuring a reduced cost structure, allowing us to maintain the quality of the Hub's feed and to return to growth on existing routes that are currently in deficit, as well as to reopen old destinations or establish new routes —* ***Leda internal newspaper, September 2018***

As we can see from these different elements, Pollux found its legitimacy in the company’s ability to improve its parent company’s competitiveness.

However, by its launch in September 2018, the discourse had changed. Leda sought to strengthen the legitimacy of its new subsidiary by focusing on innovation. Pollux is to become an "innovation laboratory" for the Group, with a position dedicated to millennial (18—35 years old) travelers. This can be observed in all the internal communication at that time, where the new airline is described as follows:

> *"Inventing the next generation of travel."* — ***Leda internal newspaper, September 2018***

As the national newspaper article below illustrates, this communication was also made to the public at large:

> *The new company targets a clientele of young working people, the 'millennials' [18—35-year-olds], who place digital technology at the heart of their lifestyles". "In the brand portfolio of the Leda group, Pollux stands out as Leda's complementary little sister, which will make customers want to travel with its elder sister too.* ***— National newspaper, 20 July 2017***[1]

Leda's dual internal and external approach to overcoming competitiveness and innovation renewal challenges has enabled the company to initiate this project as a transportation lever. The legitimization strategy has proven quite successful.

4.2 Results of Pollux's Legitimatization Strategy

Implementing this legitimization strategy yielded mixed yet largely positive outcomes. From a financial perspective, the targeted cost reductions and improvements in operational margins were successfully achieved, aligning with the initial objectives. This is what Pollux's COO explains hereafter:

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[1] To protect the anonymity of the airline, we do not mention the name of this national newspaper.

"Regarding savings, we achieved our goals. We followed the roadmap and exceeded expectations in operational performance. In summary, we maintained safety and flight operations. Our metrics were strong. Compared with Leda, we improved our operational performance indicators and reduced costs. Thus, it was a true success story featuring innovation and numerous product tests. "— ***Pollux COO.***

A related explanation was given by the head of cabin crew:

"I think Pollux made a very healthy margin in its first year. The business model was pretty good." — ***Pollux Deputy Head of Cabin Crew.***

With respect to customer satisfaction, the focus on the millennial market segment showed gradual progress. Although the net promoter score (NPS) initially fell short of expectations, incremental improvements indicated a growing resonance with this demographic over time. One cabin crew member explained:

"The Net Promoter Score reflects customer feedback on our service. It has consistently exceeded the expectations set by Leda. It always has. Therefore, in a way, I believe we have done a good job." — ***A Pollux cabin crew.***

However, the customer experience manager for Pollux explained what follows:

"Initial customer feedback at launch was not very positive. People were asking, "What is Pollux supposed to be? What's the concept?' For millennials, that ambiguity was a positive aspect; it made us stand out. However, the buy-on-board feature struggled to gain traction. We have made a few adjustments to enhance customer satisfaction. I cannot remember all the specifics, but I know we proposed several changes, especially to improve communication." — ***Pollux's head of customer experience.***

Additionally, the initiative's positioning as an innovation laboratory proved successful. Several pilot projects and experimental services delivered promising results for the broader organization. For instance, the last business class service for Leda was previously tested on Pollux services.

"Pollux launched the current business product. We tested the tray service without using a trolley. Today, it is well established. (…) We have also developed bridge preboarding and reardoor boarding systems, all tested by Pollux." — A ***Pollux Cabin Crew***

In summary, the strategy enhanced legitimacy by addressing internal and external pressures.

Despite these achievements, the airline was abruptly shut down following a leadership change in 2018. This decision marked a significant turning point, as Pollux was still a very young airline, having only recently begun operations. Most employees were shocked by this decision, as explained by the head of customer experience:

"I recall that toward the end, many people were perhaps in tears, but it was still, shall we say, more emotional. There was a greater need for conversation and finding ways for everyone, and much sharing took place. However, throughout the experience, I remember a sense of family, tremendous solidarity, and incredible luck." — ***Head of Customer Experience.***

The closure was widely reported in the press, sparking debates about Leda's long-term vision and consistency of strategic direction. The press explains this decision as follows:

"Pollux is out, and we're moving upmarket. In a press release issued early Thursday afternoon, Leda announced "a project for the future of Pollux," which effectively buries the company launched just over a year ago. The aim is to concentrate the company's efforts on the market's premium segment. The integration of Pollux into Leda is expected to bring "numerous advantages, notably the harmonization of the fleet, products, brand, and services," says the group's press release." — ***National Press, 10 January 2019***

Therefore, next subsection develops the reasons for this failure despite favorable conditions.

4.3 Why Leda's Legitimization of Pollux Failed

4.3.1 Tensions of Autonomy

One critical factor in Leda's failure to legitimize Pollux was the lack of autonomy given to the new airline. While portrayed as an innovative and independent subsidiary, Pollux remained under Leda's tight control. Key strategic roles were filled by Leda's flagship airline personnel, which restricted Pollux's ability to establish its own identity and operational independence. We observed this lack of autonomy in internal communication:

> *"For simplicity and efficiency, both commercially and in terms of traffic rights management, Pollux is chartered by Leda and uses Leda to fly its aircraft and maintain its fleet. The network, revenue management, marketing, and ground handling will all be handled by Leda or its subcontractors". **Leda Internal Newspaper, September 2018***

These strategic roles determine a company's autonomy. The subsidiary places itself under the parent company's supervision by allowing Leda to manage these activities through seconded internal employees or directly by subcontracting. Table 3 details the strategic departments that are directly managed by Leda's employees.

Table 1. Breakdown of strategic business management between Leda and Pollux

Functions	**Led by**
Chief Pilot and Pilots	Leda
Chief cabin crew and cabin crew	Pollux
Chief Maintenance and maintenance	Leda
Revenue Management	Leda
Human Resources	Leda
Ground Operations	Leda
Brand and marketing	Leda
Commercial & Sales	Leda

The Pollux Connectivity Manager, who was previously a manager at Leda, explained that he was still under a Leda contract, paid by Leda:

> *"We were supposed to be seconded, which meant we kept our Leda contract on standby, but we took on a Pollux contract with special conditions. However, the*

company closed before we could stop, so we were never seconded. I think there were approximately 40 people at headquarters; out of those, there were between eight and ten people on secondment. That is it. In concrete terms, you were paid by Leda, so nothing has changed." — **Pollux Connectivity Manager.**

Pollux's marketing manager also explained that the roles and responsibilities were not divided between Leda and Pollux. He also added:

"Roles and responsibilities often are not clear from the beginning. How do we approach this? Do we navigate the differing perspectives of Leda and Pollux? There were instances where it felt very natural. Depending on individual personalities, there were also times when it was a bit more complicated to understand how to collaborate when we had conflicting visions or to grasp each other's roles." — **Pollux marketing manager.**

4.3.2 Tensions of Positioning and Lack of External Validation

A significant challenge for Pollux was the inconsistency between its intended positioning for the millennials target and its actual actions, strategy, and network. While the airline's marketing strongly emphasized its appeal to millennials through modern branding, social media campaigns, and innovative onboard experiences, its operational realities often contradict this image. For example, Pollux's marketing manager explained that Pollux was forced to visit Mumbai, even though it was not mentioned as a typical travel preference of the millennial demographic.

"Leda Network planning established the routes that Pollux would serve, but not necessarily with the primary goal of determining the brand's positioning or the destinations that would be appropriate for it. Consequently, we ended up with destinations that were not particularly appealing to millennials. The first long-haul destination we served was Bombay, which does not fully align with the image we had created around Pollux." — ***Pollux marketing manager.***

The Connectivity Manager adds:

> *"We wanted to be for the millennials, but the image did not match reality or the reason we'd done it—and that is well-known."* **— Pollux Connectivity Manager.**

Similarly, the airline's business class offering created ambiguity in its market positioning, as a Cabin Crew mentioned:

> *"In other words, initially, we discussed Millennials and related topics to persuade Leda, the unions, and the Leda staff to accept the situation. However, we quickly realized at Pollux that we were not talking about millennials at all. They added business destinations, while we were initially meant to focus on Millennials seeking vacation spots. This was not the case at all."* **— Pollux Cabin Crew.**

This lack of coherence extended to customer engagement, with some noting that the brand failed to resonate with its target audience truly. Pollux's positioning strategy fell short and undermined its ability to establish legitimacy in the market.

4.3.3 Social tensions

In some ways**,** Pollux catalyzed ongoing social tensions within Leda, particularly among the cabin crew at the parent company. From its inception, many employees perceived the subsidiary as a tool created to circumvent the entrenched labor disputes that had long affected Leda. This is why a cabin crew member explained:

> *"Pollux died as it was born. In other words, Pollux emerged from Defiance, particularly regarding social and union defiance, for the Leda Cabin crew. When the new CEO arrived, he encountered a complete breakdown in social dialog among the Leda cabin crew."* — **Pollux Cabin Crew.**

Pollux's employment terms for the cabin crew were significantly less favorable, with salaries and benefits reduced by up to 40% compared with those at Leda. Although this cost-saving measure aligned with the strategic aim of lowering operational expenses, it was widely perceived as a symbolic gesture signaling management's willingness to undermine existing labor agreements. By creating a new entity with employment conditions, Leda effectively bypassed the collective agreements that safeguarded the cabin crew workforce at the parent company. Pollux's social relations manager explained this:

> *"Beyond all the marketing hype visible from my window, Pollux was created to reduce cabin crew payroll costs. That is why I'm telling you it remains sensitive. However, regarding its basic genesis, I'm sorry if I'm shattering any dreams; it was not so much about the trip."* — **Pollux Social Relations Manager.**

Or the COO:

> *"Regarding remuneration, the Leda cabin crew is well above the other majors. When we created Pollux, they were 40% above the market price when the project was launched. Pilots and cabin crews had to save. Pilots have succeeded through different agreements on reductions in vacation days, rest days, and use rules. Therefore, the pilots did the job. However, the cabin crew never did it. The unions always refused to do anything. Therefore, Pollux has arrived."* — **Pollux COO.**

As a result, Pollux became a focal point for discontent, heightening distrust and resistance among Leda's cabin crew. Many viewed the subsidiary not as a transformation initiative but as a tool for cost-cutting at their expense. This perception obstructed Pollux's internal acceptance. Furthermore, it widened the divide between management and frontline staff, contributing to the subsidiary's inability to establish legitimacy within the organization and in the market.

DISCUSSION AND DEVELOPMENT QUESTIONS

Given our extensive materials, this paper is still in progress, and we are still exploring the best contributions it could provide. However, we believe that this research could be used as a case that demonstrates the challenges of managing a subsidiary within the context of strategic transformation and the dynamics that arise when such a subsidiary is inherently controversial. For now, we highlight three key insights.

Our first insight might be the paradoxical role of control in creating and operating contested subsidiaries. While creating a subsidiary often aims to enable innovation and agility (Reilly & Scott, 2014), the case of Pollux illustrates how excessive control by the parent company can undermine these objectives. Leda tightly controlled strategic decisions, resource allocation, and even operational branding, leaving Pollux unable to develop its own identity or affirm its positioning. This approach can unintentionally erode the subsidiary's legitimacy. Pollux, therefore, was perceived as an extension of the parent company's cost-cutting agenda. The first concerns the balance between autonomy and control in the parent–subsidiary relationship. This finding suggests that the legitimacy of a subsidiary is not only a function of external perceptions (Chan & Makino, 2007), but also its structural relationship with the parent company.

Another key challenge for Pollux was the disconnect between its intended market positioning and its operational strategy. While promoted as a millennial-focused and innovative airline, Pollux failed to fulfill these promises. Route choices and internal labor dynamics contradict the brand's youthful image. These inconsistencies created a credibility gap that undermined internal stakeholder trust and legitimacy. This highlights the importance of strategic coherence in subsidiary initiatives, especially in the building phase (Strutzenberger & Ambos, 2014). Somehow, parent companies must ensure that their subsidiary's actions and identity are perceived as authentic and aligned with stakeholder expectations (Crilly, 2011).

Our case also highlights how contested subsidiaries can amplify existing social and organizational tensions. Internally, Pollux became a symbol of the parent company's cost-cutting strategy, worsening conflicts with labor unions and eroding employee trust. Externally, its failure to convincingly fulfill its millennial-focused promise damaged its brand credibility, further harming its legitimacy. This dual role of subsidiaries as both transformation tools and focal points of tension raises essential questions that must be explored.

Our development questions are the following:

1. **Is our current framing the most accurate? What would you recomand?**
2. **What forms of legitimacy were at stake, and how did they interact?** Our data suggest that *Pollux* pursued pragmatic legitimacy (through cost efficiencies), moral legitimacy (through innovation and new values), and cognitive legitimacy (as an airline brand). But these forms collided. How can we better understand the interaction—and potential conflict—between different forms of legitimacy in a contested organizational initiative?
3. **What does the case says about internal legitimacy ?** Legitimacy is often treated as an external, stakeholder-facing construct. Yet in *Pollux*, much of the contestation emerged internally—from unions, employees, and even middle management. How can this case help theorize *internal legitimacy* as a distinct yet interacting dimension with external legitimacy?

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