

THEORIZING CHANGE: THE ROLE OF PROFESSIONAL ASSOCIATIONS IN THE TRANSFORMATION OF INSTITUTIONALIZED FIELDS

ROYSTON GREENWOOD
University of Alberta

ROY SUDDABY
University of Iowa

C. R. HININGS
University of Alberta

This study examines the role of professional associations in a changing, highly institutionalized organizational field and suggests that they play a significant role in legitimating change. A model of institutional change is outlined, of which a key stage is "theorization," the process whereby organizational failings are conceptualized and linked to potential solutions. Regulatory agencies, such as professional associations, play an important role in theorizing change, endorsing local innovations and shaping their diffusion.

The concept of organizational field is central to institutional theory. It represents an intermediate level between organization and society and is instrumental to processes by which socially constructed expectations and practices become disseminated and reproduced (Scott, 1994, 1995). Surprisingly, there are few studies of field dynamics. Most accounts focus on the *effects* of field dynamics, showing how communities of organizations respond in similar fashion to institutional norms. Much less attention has been given to understanding how the effects of isomorphism are brought about. An inevitable corollary is that little is known of how and why institutionalized practices within a field atrophy or change.

The present work is a case study of a profession that underwent major change over a 20-year period. The setting is the professional business services field in Alberta, Canada, from 1977 to 1997. Over that period, the jurisdiction of accounting firms changed dramatically. At the beginning of the period, accounting firms primarily delivered accountancy services and were managed as professional partnerships. By 1997, several firms depicted themselves as multidisciplinary practices, one-stop

shops for an extensive array of services, including financial advisory, management consulting, and legal services. The shift in jurisdiction was associated with radical changes to structures and managerial arrangements. Significantly, the new model received authoritative endorsement from the Canadian Institute of Chartered Accountants (CICA) and the Institute of Chartered Accountants of Alberta (ICAA), which declared the new portfolio of services appropriate for the profession and urged its adoption. The case study is thus an account of how the boundaries of one community of organizations (the accounting profession) within a field (professional business services) changed. We are particularly concerned with how the profession legitimated the change *to itself*.

Noticeably, the setting examined here is a highly institutionalized one. It is thus an interesting site for two reasons. First, although institutionalists recognize and seek to understand change (e.g., Greenwood & Hinings, 1993; Hoffman, 1999), most existing studies are of the processes of institutionalization, not of deinstitutionalization and reinstitutionalization. Second, our specific interest is in the role played by professional associations, which, although typically portrayed as important regulatory mechanisms (DiMaggio & Powell, 1983; Ruef & Scott, 1998) have been relatively neglected empirically (Maijor & van Witteloovuijn, 1996; Van Hoy, 1993).

This article suggests that professional associations are, indeed, important regulatory agents. Con-

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trary to prevailing institutional accounts, which focus upon the essentially conservative role of associations in reinforcing existing prescriptions for appropriate conduct, our analysis addresses the role of associations at moments of deinstitutionalization and change. We suggest that at those moments, associations can legitimate change by hosting a process of discourse through which change is debated and endorsed: first by negotiating and managing debate within the profession; and, second, by reframing professional identities as they are presented to others outside the profession. This discourse enables professional identities to be reconstituted.

THEORETICAL CONTEXT

Organizational Fields

DiMaggio and Powell defined a field as "sets of organizations that, in the aggregate, constitute an area of institutional life; key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products." (1983: 148–149). Essential to this definition is the focus upon "sets" or "communities" (Porac, Thomas, & Baden-Fuller, 1989) of organizations that directly interact with one another or are influenced by each other in a meaningful way. Scott (1994) added the idea that patterns of interaction between organizational communities become defined by shared systems of meaning. These meaning systems establish the boundaries of each community of organizations, defining its membership, the appropriate ways of behaving, and the appropriate relationships between organizational communities (Lawrence, 1999).

The notion of organizational field thus draws heavily upon the social constructionist account of reality (Berger & Luckman, 1967; Zucker, 1977, 1987). Collective beliefs are seen as emerging from processes of repeated interactions between organizations. Organizations develop categorizations (or typifications) of their exchanges, which achieve the status of objectification and thus constitute social reality. Organizations, initially at least, behave in accordance with this socially constructed reality because to do so reduces ambiguity and uncertainty. Reciprocally shared understandings of appropriate practice permit ordered exchanges. Over time, these shared understandings, or collective beliefs, become reinforced by regulatory processes involving state agencies and professional bodies, which normatively and/or coercively press conformity upon constituent communities. Regulatory processes thus both disseminate and reproduce

coded prescriptions of social reality. Deviations from such prescriptions cause discomfort and trigger attempts to justify (that is, legitimize) departures from the social norm (Deephouse, 1999; Elsbach, 1994; Lamertz & Baum, 1997; Miller & Chan, 1995).

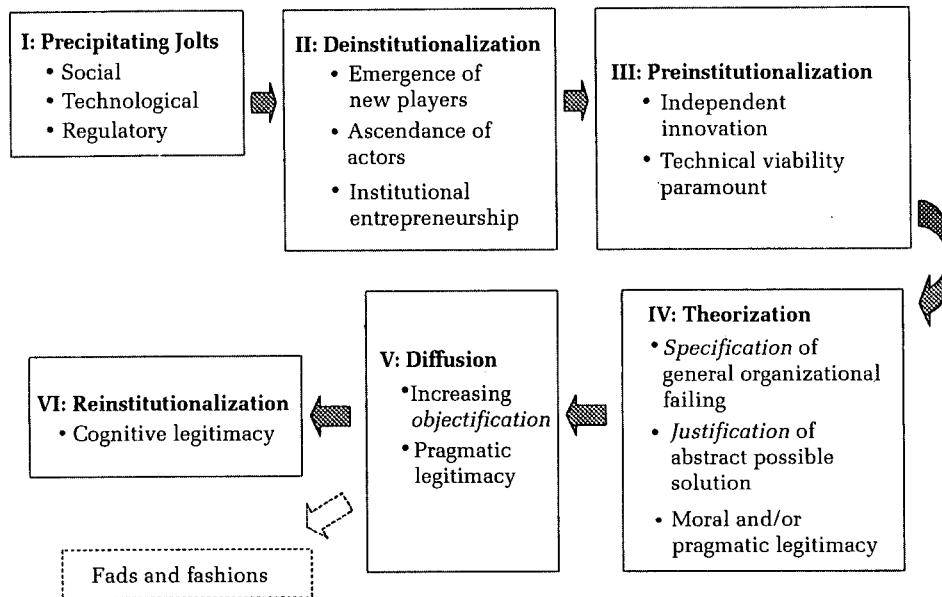
The notion of "structuration," which has been described elsewhere, captures this process of gradual maturity and specification of roles, behaviors, and interactions of organizational communities. Boundaries and behaviors are not, however, fixed. Structuration does not imply perfect reproduction (Ranson, Hinings, & Greenwood, 1980; Goodrick & Salancik, 1996). Furthermore, ever since Abbott's (1988) treatise on the political nature of professional activity, it has been recognized that the jurisdictions of professions (which are communities of organizations) are not absolute but are the outcome of *ongoing* claims and counterclaims. The boundaries of organizational communities are constantly under review and subject to redefinition and defence. Examples of conflicts within fields and of destructureation processes appear in D'Aunno, Sutton, and Price (1991), Holm (1995), Davis, Dieckman, and Tinsley (1994), and Scott, Ruef, Mendel, and Caronna (2000).

Institutional processes may, for a time, give a field the appearance of stability. Differences of interpretation and emphasis may be temporarily resolved by socially negotiated consensus. Within a mature field, the boundaries of occupational and professional communities, though implicitly contested, will thus exhibit phases of "isomorphic" stability. During these phases, practices are reproduced by regulatory and interactive processes. Nevertheless, the appearance of stability is probably misleading: fields should be seen "not as static but evolving" (Hoffman, 1999: 352; see also Sahlin-Andersson, 1996). At times, fields may even "resemble institutional war" (Hoffman, 1999: 352). Up to the present period, however, the literature has focused upon the relative stability of fields: structuration is portrayed as increasing the specificity of, and consensus over, resilient logics of action.

Stages of Institutional Change

Institutional theory neither denies nor is inconsistent with change. On the contrary, many institutional accounts are about isomorphic convergence, which implies movement from one position to another. Furthermore, it is possible to distill from the literature the outlines of a model of *nonisomorphic* change, which is summarized in Figure 1. According to this model, stage I occurs when events, or "jolts" (Meyer, Brooks, & Goes 1990), destabilize established practices. Jolts may take the form of

FIGURE 1
Stages of Institutional Change



social upheaval (e.g., Zucker, 1986), technological disruptions, competitive discontinuities, or regulatory change (Fox-Wolfgramm, Boal, & Hunt, 1998; Lounsbury, 1999; Powell, 1991). These changes precipitate (stage II) the entry of new players (Thornton, 1995), the ascendance of existing actors (Scott, Mendel, & Pollack, forthcoming), or local entrepreneurship (DiMaggio, 1988; Lawrence, 1999; Leblebici, Salancik, Copay, & King, 1991; Suddaby & Greenwood, 1999). Their effect is to disturb the socially constructed field-level consensus by introducing new ideas and thus the possibility of change. Tolbert and Zucker (1996) referred to stage III as one of preinstitutionalization, in which organizations innovate independently, seeking technically viable solutions to locally perceived problems.

Tolbert and Zucker (1996) argued that institutional theorists have given very little attention to conceptualizing and specifying the processes that move innovations beyond preinstitutionalization toward full institutionalization (that is, from stage III to stage VI). Rather, it is a matter of practices being either institutionalized or not institutionalized. Actors follow extant institutional "scripts." Understanding how such scripts are produced, maintained, and changed has been a neglected area, conceptually and empirically. A valuable lead into this question is provided by Strang and Meyer (1993), who suggested that, for new practices to become widely adopted, they have to be "theorized." Theorization is the development and specification of abstract categories and the elaboration

of chains of cause and effect. Such theoretical accounts simplify and distill the properties of new practices and explain the outcomes they produce. In effect, theorization is the process whereby localized deviations from prevailing conventions become abstracted (Abbott, 1988) and thus made available in simplified form for wider adoption.

Tolbert and Zucker (1996: 183) suggested that theorization involves "two major tasks": *specification* of a general "organizational failing" for which a local innovation is "a solution or treatment," and *justification* of the innovation. Diffusion occurs only if new ideas are compellingly presented as more appropriate than existing practices. In Strang and Meyer's words, "Models must make the transition from theoretical formulation to social movement to institutional imperative" (1993: 495). This transition is achieved either by nesting and aligning new ideas within prevailing normative prescriptions, thus giving them "moral" legitimacy (Suchman, 1995: see also Tolbert & Zucker, 1996: 183), and/or by asserting their functional superiority, or "pragmatic" legitimacy (Suchman, 1995).

Successful theorization (stage IV of the model) is followed by diffusion. Several writers have explored the patterns and mechanisms by which ideas are transported within organizational communities (Baron, Dobbin, & Jennings, 1986; Burns & Wholey, 1993; Davis, 1991; Davis & Greve, 1997; Gulati, 1995; Greve, 1995, 1996; Haveman, 1993; Haunschild & Miner, 1997; Kraatz, 1998; Furusten, 1995; Mizruchi, 1996; Palmer, Jennings, & Zhou, 1993; Tolbert & Zucker, 1983; Westphal, Gulati, &

Shortell, 1997; Westphal & Zajac, 1997). The common theme is that as innovations diffuse they become "objectified," gaining social consensus concerning their pragmatic value (Suchman, 1995), and thus they diffuse even further (Tolbert & Zucker, 1996: 183).

Stages IV (theorization) and V (diffusion) correspond to Tolbert and Zucker's (1996) phase of "semiinstitutionalization." Full institutionalization occurs as the density of adoption provides ideas with cognitive legitimacy (Suchman, 1995) and the ideas themselves become taken-for-granted as the natural and appropriate arrangement. Once fully institutionalized, ideas can survive across generations, uncritically accepted as the definitive way of behaving (Tolbert & Zucker, 1996: 184). Although few studies have focused upon stage VI, a related line of inquiry examines why semiinstitutionalized ideas *fail* to become institutionalized, instead receding with the rhythms of transient fashions (e.g., Abrahamson, 1991; Strang & Soule, 1998).

Although each of the stages in Figure 1 has commanded some attention, it is only recently that attention has turned to unbundling the theorization process (Strang & Soule, 1998; Tolbert & Zucker, 1996; Suchman, 1995). Yet, theorization is important because it connects to one of the central concerns of institutional thinking, the conferring of legitimacy. Most writers to date have largely ignored how new ideas become legitimated, except where it occurs through processes of mimicry (Mizruchi & Fein, 1999). The explanation underlying mimicry is that ideas achieve legitimacy if, and as, they are adopted by exemplary others *and* are thought to have provided economic benefits (Scott, 1995). Organizations mimic because they anticipate similar benefits. In this sense, pragmatic legitimacy is based upon an assumed link between new ideas and economic outcomes. Moreover, according to this view, legitimacy is primarily gained during stage V, as diffusion occurs. In a more normative setting, in contrast, legitimacy is unlikely to be based exclusively, perhaps not even primarily, on anticipated economic returns. Instead, new ideas may also have to be justified by aligning them with normative prescriptions *prior* to their diffusion (in the theorization stage). A critical question—addressed in this article—concerns *how* new ideas become justified in such highly normative settings.

The importance of theorization is likely to be especially acute in mature or highly structured settings (for instance, highly professional settings), where the boundaries of occupational communities and the templates of appropriate organizational

forms are established and structured (Lawrence, 1999). Powell (1985) and Abbott (1988) pointed to the several "audiences" or "constituencies" affected by any jurisdictional movement by a profession (or, for that matter, by any occupational community). These audiences include the profession itself, the marketplace, other professions and occupations, and ultimately, the state, through which the achievement of legislated exclusivity is obtained. Several writers have provided accounts of attempts by professions to achieve jurisdictional exclusivity. Rather less attention has been given to the logically prior issue of how jurisdictional claims come to be framed and accepted within the professions themselves. Dezalay and Garth made a similar point when they suggested that Abbott's focus upon "battles in frontier terrains" could not be understood without understanding battles "at the core" of a profession "over what representations and categories are considered legitimate" (Dezalay & Garth, 1996: 291). It is this issue—the process of *intraprofessional* legitimation—with which this study is concerned. Central to the process, we suggest, are regulatory agencies.

Regulatory Agencies

Regulatory agencies—such as the state, the Securities and Exchange Commission (SEC), and professional associations—are critically important in the theorization process because they enable the formation and reproduction of shared meanings and understandings (e.g., Ruef & Scott, 1998; Scott & Backman, 1990). They also adjudicate and push for negotiated agreements between competing claims. Available empirical studies of regulatory agencies, however, have largely concentrated upon the influence of the nation-state or its agencies (e.g., Dobbin, 1994; Dobbin & Dowd, 1997; Hoffman, 1999; North, 1990) and neglected the role of professional bodies, empirical studies of which remain scarce (Halliday, 1987; Van Hoy, 1993). Two of these few studies are Collins (1979) and Friedson (1986).

We suggest that professional associations are important for three reasons. First, they are arenas through which organizations interact and collectively represent themselves to themselves. Social constructionist accounts of how organizational actors develop typifications to guide social interaction imply the importance of venues where interactions can occur. Professional associations are one such venue. They allow organizations within the same community to interact, and it is from these interactions that understandings of reasonable conduct and the behavioral dues of membership emerge. Specifically, associations enable the con-

struction of accounts delineating the domain of a profession—that is, the portfolios of activities and services over which members claim jurisdictional exclusivity—and of accounts specifying conditions of *membership*: that is, who can practice authoritatively within that jurisdiction, and how.

Professions are not necessarily homogeneous communities (Barker, 1998; Powell, 1991). Decision making within a profession can thus be a political process (Dezalay & Garth, 1996; Van Hoy, 1993) in which the competing interests of subcommunities are reconciled and subjugated on an ongoing basis. At any one moment, professions exhibit a temporary consensus. An important role of the professional association is thus the construction and maintenance of intraprofessional agreement over boundaries, membership, and behavior.

Second, shared typifications develop not solely as a result of interaction within a community, but also as a product of interactions with other communities. Professional associations act as negotiating or representative agencies, shaping and redefining appropriate practices of interaction for their respective memberships. They act as the means whereby communities represent themselves to others in the field. The act of representation is partly a process of social construction: the act of portrayal clarifies membership and, usually, leads to reciprocal behaviors from others that confirm, through acceptance or contestation, the legitimacy of the projected identity and role. But it is also partly a process of social negotiation, a claim upon jurisdiction with attendant rights of membership and exclusivity of practice (Abbott, 1988; Cant & Sharma, 1995; Evetts, 1995).

Third, professional associations can play an important role in monitoring compliance with normatively and coercively sanctioned expectations. The argument within institutional theory as to why collective beliefs develop is, initially at least, partly a functional one (Tolbert & Zucker, 1996). But, once established, these beliefs and the practices associated with them become taken-for-granted and reproduced through processes such as training and education, hiring and certification, and ceremonies of celebration. Professional associations are particularly active in these processes (e.g., Ruef & Scott, 1998) and, as such, “define or enforce” (Oliver, 1997: 102) collective beliefs (see Friedson, 1970; 1986; Starr, 1982). Associations are thus often included as part of the explanation for the sustained resilience of institutionalized practices.

The third role described above—the monitoring of prevailing institutional norms—is essentially a conservative one, in which coded prescriptions are reproduced through an association’s ongoing day-

to-day routines. This third role is the one usually assumed, albeit implicitly, within institutional accounts—hence, their portrayal of associations as mechanisms of conformity and reproduction. Abel, for example, speaking of legal associations, wrote they “have tended to be reactionary forces rather than progressive, dedicated to preserving traditional entitlements and characteristics” (1989: 131). Other writers have cited associations as critical agencies within the professions, which are in turn reported as mechanisms of reproduction rather than change (e.g., D’Aunno et al., 1991; DiMaggio & Powell, 1983; Oliver, 1997).

The first and second roles described above could be either conservative or reforming in their effects. Collective representation internally and/or externally may be in defence of the status quo or an attempt to legitimate change. The role of professional associations is thus an intriguing possibility of conservatism blended with reform. To date, however, these roles have not been unbundled, and the authors of institutionalist accounts have largely assumed associations to be essentially conservative, reinforcing current jurisdictional boundaries and templates of organizing. This, we suspect, is because of the focus of interest upon stages IV and V of the model in Figure 1. As noted below, the role of associations may be very different at other stages of the model.

The process of theorization described here is similar to the two-stage process of institutionalization described by Holm (1995). At one level, institutional structures such as professional associations engage in activities guided by an established institutional order. They are, when viewed at this level, inherently conservative structures devoted to perpetuating rules of conduct and ensuring compliance by social actors. At another level, however, institutions engage in “actions geared toward creating new or changing old institutions” (Holm, 1995: 399). Through this duality of action, new institutional practices are not created *ab initio* but are built upon older institutional practices that “replace or push back pre-existing institutional forms” (Holm, 1995: 400). This study extends Holm’s insights by explicating the mechanism by which “first-order” institutional action is translated to the “second-order” level.

METHODS

Site

The delineation of a field is to some extent subjective (DiMaggio, 1983; Scott et al., forthcoming). Earlier discussions of fields (e.g., Scott & Meyer,

1983, 1991) noted the multiplicity of levels within a society, but more recent studies (e.g., Thornton, 1995) have foregone some of the richness of the multiple-level approach in order to render the complexity more manageable. Jennings and Zandbergen (1995) used the Fraser River Basin in British Columbia as their institutional field. Fligstein and Brantley (1992) and Davis and coauthors (1994) simply used the largest U.S. corporations. Scott and his colleagues (2000) restricted their scope to organizations within the San Francisco Bay region but showed the influence of causal forces at the national and regional levels.

Here, the field of interest is the provision of business advisory services in Alberta, Canada. This field is occupied by several organizational communities, including accounting firms, law firms, management consultancy firms, clients, and regulators, of which the accounting community is our primary concern. Because the provision of accounting services by chartered accountants (CAs)¹ in Canada is governed by rules established both at the provincial and federal levels, these territorial regulations can be used to demarcate the organizational community.

The Accounting Profession

In each Canadian province, the CA profession is governed by two institutes: the Canadian Institute of Chartered Accountants (CICA) and a provincial institute (in our case, the Institute of Chartered Accountants of Alberta [ICAA]). Membership is mandatory. The CICA is responsible for development of uniform standards of practice and the strategic development of the profession. It represents the interests of the CA profession to external constituencies. Provincial institutes are responsible for licensing, certification, training, and discipline. The CICA and ICAA collaborate in promoting the profession across Canada. Advertising and marketing campaigns, for example, are developed jointly. The two institutes also work together on strategic developments.

The CA profession is not homogeneous. Approximately 42 percent of CAs in Canada work in industry; 7 percent, in government; 2 percent, in education; and 39 percent, "in public practice."² Within the public practice sector in Canada, further

stratification occurs. Specifically, there are three subcommunities whose interests are not always the same. First, there is the subcommunity of the "Big Five" firms, which are primarily international in scope and focus upon large clients. These firms dominate the mature audit market, holding 85 percent of the largest 1,000 Canadian audits. The second subcommunity consists of three firms that provide national coverage and have strong links with an international federation of national firms. These firms overlap with the Big Five in terms of services offered and clients served, but they are less evidently global in orientation and are secondary, though still significant, players in the audit market (3 percent of the national share). Both of these subcommunities consist of large firms that are highly specialized internally. The third subcommunity consists of regional and local accounting firms that service small and medium-sized clients. These firms have offices in a region or single locality and predominantly provide accounting and tax services.

Most public practice firms are very small and local in scope: 20 percent of CAs in public practice are sole practitioners. Table 1 shows that over two-thirds of public practice professionals are employed in the Big Five firms. The CA profession, in other words, is comprised of subcommunities whose interests on matters of jurisdiction might be expected to differ. These subcommunities are not equally influential. It is widely acknowledged that the larger firms are particularly influential within the profession. One indicator is the representation of the large firms on the committees and executive councils of the association. Table 2 shows the representation on the CICA Board of Governors. At the very least, the international and national firms were in a strong position to influence the discourse within the institute. As one managing partner

TABLE 1
Institute of Chartered Accountants of Alberta
Public Practice Firms by Type^a

Type of Practice	Professionals	
	Number	Percentage
International ^b	15,762	68
National	3,162	14
Regional and local	4,238	18
Total	23,099	100

^a Data are derived from statistics provided by the 1998 Canadian Institute of Chartered Accountants annual report and *Bottom Line*, April, 1998.

^b Big Five firms.

¹ CAs are the equivalent of certified public accountants (CPAs) in the United States.

² "Public practice" means working in an accounting firm. The remainder are reported as "other" or "unspecified."

TABLE 2
Representation of Accounting Firms by Type on the Board of Governors and Committees of the Canadian Institute of Chartered Accountants, 1978-96^a

Type of Firm	1978	1981	1984	1987	1990	1993	1996	1998
International ^b	38%	42%	38%	42%	44%	40%	28%	26%
National	11	12	13	12	6	6	10	13
Regional and local	12	9	12	9	9	11	9	22
Industry, commerce, and government	39	38	37	36	41	43	53	39

^a Data are from the CICA's annual reports.

^b In 1978, the number of firms in this category was eight; in 1998, it was five.

stated in an interview: "It would be crass to say they [the CICA] are irrelevant. But I think that if you found the Big Five heading down a particular road for business reasons, they would not let them get in the way. Really, the Association has to follow." The ICAA itself recognized the problem; a spokesperson stated: "We used to think of the big firms as ours. Not any more. We're having to re-think our relationship with them."

It follows that in considering the role of the CICA and ICAA it is important to bear in mind the relative influence of the international and national subcommunities. As Dezalay and Garth noted, "Groups take positions that relate to their symbolic capital; . . . and they act to shape the established institutions to reflect their concerns and approaches" (1996: 312).

The Change

The institutional change examined here was a jurisdictional migration of accounting firms from 1977 to 1997. In 1977, being an accounting firm primarily meant providing one or more of three sets of services: audit and accounting, tax, and insolvency. The common theme was the interpretation of financial data. A fourth set, management advisory services, was occasionally added on to regular accounting services. Usually, management advisory services would not be provided by accountants, would be modest in scale, and would be complementary rather than integral to the primary task of accounting. In some instances, especially in the larger firms, the different services would be structured as separate organizational entities. Two decades later, the range of officially endorsed services within accounting firms had changed. The shift is reflected in the theme of the 1995 national advertising campaign, "Strength beyond Numbers," which promoted accountants as "business advisers in the broadest sense with diverse skills and services to offer their clients and employers,"

in the words of CICA's 1994-95 annual report. One element of the change, in other words, was a redefinition of the *role* of a professional accountant, expanding it to include a capability to provide business advisory services. The second element of the change was endorsement of a new organizational form, the multidisciplinary practice, which could, in principle, include accountants, lawyers, and consultants. Here, the change is to accounting *firms*, as another 1995 CICA document stated:

In the multi-disciplinary practice firm today, the professional services being rendered may not be accounting and the information being relied on may be other than financial. What is more, increasingly the person providing that service may not be a chartered accountant.

An interesting indicator of the change is given in Figure 2, which reproduces the 1997 business card of KPMG, a Big Five firm.

In other words, from 1977 to 1997 a fundamental shift occurred in the authoritative definition of services provided by firms associated with the CA profession and in the way the profession presented itself to others within the field of professional business services. Firms offered services beyond their traditional borders, moving from accounting, narrowly defined, to business advisory services. The standard organizational template became the multidisciplinary practice. CAs were not "accountants" but "business advisors."

Not all firms have moved fully to the new template. The very largest firms moved earliest and farthest in order to serve global clients (Rose & Hinings, 1999). Nor has jurisdictional migration necessarily been accepted by neighboring professions, or even by clients (Flynn & Billington, 1997; Middlemiss, 1997). Nevertheless, there has been a clear and radical change in the prescribed definition of the domain in which accounting firms *should* function and in the officially endorsed organizational template. Our interest was in how this

FIGURE 2
KPMG's Business Card

The Advisory Firm

- Accounting and Auditing
- Taxation
- Mergers and Acquisitions
- Business Valuations
- Information Systems Consulting
- Human Resource Management
- Corporate Finance



KPMG

- ISO Registration & Training
- Financial Planning
- Business Advisory Services
- Management Consulting
- Insolvency
- Forensic Investigations
- International Business

change occurred in a highly institutionalized setting. Specifically, we were interested in how the profession theorized and legitimated the change *to itself*. A related but separate issue is how the profession might negotiate and justify its enlarged jurisdiction to other professions. In the present case, the profession most affected was management consultancy—a weakly organized occupational group. In contrast, the movement in 1997 to include lawyers within the multidisciplinary practice was seriously contested (see Suddaby & Greenwood, 2000).

Data Sources

The materials used were primarily archival (see the Appendix) and were supplemented by interviews. Professional associations are notable for their attention to documentation. There is careful preparation and retention of reports and statistics, and extensive minutes of meetings are taken. Annual reports provide summaries of committee activities, and the committees themselves produce substantial reports. In Gephart's terms, professional associations leave "a substantial archival residue" (1993: 1469). These documents form the basis for the analysis that follows.

The research strategy we adopted began with the annual reports and annual president's messages of the CICA and ICAA from 1977 to 1997 and the construction of a chronology of events. The jurisdictional issue was then pursued in detail (for instance, by consulting the materials of committees

and subcommittees). These documents embraced both public and internal material. That is, some documents (like annual reports, president's messages, committee reports, and the CICA's official publication, the *CA Magazine*), although openly available to the media and other interested parties, were primarily written for the professional membership at large. Other materials consulted were internal to the associations, with limited distribution. These materials were not distributed to the membership at large or to the wider public, and thus they constituted, at least potentially, franker and less bland accounts of the debate. These materials included the minutes of the ICAA's council meetings and briefing reports. Because these materials were internal to the profession, they represented accountants talking to themselves, not to external agencies.

Annual reports and committee reports represented, in one sense, the official record. Whenever possible, we complemented these "official" transcripts through examination of less obvious artifacts of the debate, such as examination syllabi, professional development materials, and catalogues of publications. These materials represented the day-to-day behaviors of the associations and, as such, recaptured the embedded discourse and assumptions within the routines prevalent at the time. These materials, moreover, were close to the mechanisms usually implied when institutionalists refer to the conservative role of professional associations. Thus, the programs of education and training, of practice review, and of celebration (for

instance, the organization of conferences) are the processes through which values were conveyed and socialization attained.

Other materials consulted were the marketing campaigns used. We obtained and transcribed two promotional videos used in schools, two videos of television campaigns, four radio advertising slots, and advertisements published in the national press. These marketing materials provide a public account of accountants representing themselves to others outside the profession.

Interviews were used for three purposes. First, respondents were asked to think of additional materials that might be available and, on occasion, did indicate new archival sources. In effect, we were adopting a version of the "snowball" technique in order to satisfy ourselves that the archival materials were fully used. Second, those interviewed were asked to discuss the contexts of the committees on which they served and of the reports they authored. In this sense, informants were being used to suggest or clarify interpretations of textual materials. Thirdly, informants were used to validate our chronology of events; they were not asked to validate our interpretations. The interviews were semistructured, taped, and transcribed.

Twenty-five people were interviewed. These included the senior officers of the CICA and the ICAA, a member of the Alberta Securities Commission, and at least one member of each of the committees and task forces listed in the Appendix. We interviewed members from each of the three subcommunities identified earlier, covering the 20-year period (see below). Those interviewed were all active within the ICAA or the CICA. In addition, we consulted the transcripts of interviews with members of accounting firms dating from 1986 onward that we had accumulated in previous research projects (Greenwood, Hinings, & Brown, 1990; Greenwood, Cooper, & Hinings, 1993; Hinings, Greenwood, & Cooper, 1999).

Data Analysis

The data were analyzed as follows: First, we read annual reports simply to gain a chronology of key events (such as the setting up of a committee, the appearance of a report, or the launching of a marketing campaign). Committee reports and archival materials itemized in the chronology were collected and added to the annual reports. So, too, were the transcripts of the two promotional videos. These materials constituted the initial "data bank" (Gephart, 1993). We then read the data bank, high-

lighting all "text segments"³ that discussed the role of accountants as all-round business advisors. Care was taken to include the textual context of each segment so that we had some record of the circumstance in which language was being used. Our interpretation of what constituted discussion of accountants as business advisers was deliberately liberal rather than frugal so as to maximize the possibility of capturing all relevant passages.

We arranged highlighted text segments chronologically to produce the reconstructed story. Once satisfied that the textual narrative was complete, we sought to interpret the materials, using a process Gephart labeled "expansion analysis," describing it as "conceptual interpretation of the hidden meanings and features of texts" (1993: 1468). In effect, we were asking ourselves, What response in the reader is the phrase seeking (or likely) to elicit? The assumption was that the wording of a document was deliberate and carefully constructed, not casual. We validated the reasonableness of this assumption by asking authors *how* reports were written. Consistently, the response was that authorship involved considerable crafting and "wordsmithing." Sentences and phrases were deliberately composed.

It is worth noting that additional materials became available *after* the initial phase of expansion analysis. As we interviewed key respondents, new sources of materials were made available: specifically, minutes of meetings and briefing papers. These materials tended to confirm our initial understanding but did, in some instances, add nuances. Minutes were not analyzed according to the process described above because, although we were given access to them, we could not reproduce them; instead we took notes on appropriate passages.

THE CASE STUDY

The debate over the role of accountants and the propriety of the multidisciplinary practice organizational format ran over two decades and is still unfolding. Four reports—the CICA's 1986 "Rainbow Report," the ICAA's 1989 *Chartered Accounting in the 1990's*, the 1993 CICA Interprovincial Task Force's *Report on Multidisciplinary Activities of Members Engaged in Public Practice*, and the 1996 report of the CICA's Inter-Institute Vision

³ A text segment consists of two to three sentences that contain one or more key phrases. The length of the segment is determined by the need to include sufficient context to provide understanding of how the phrase or phrases is or are being used.

Task Force—defined the rhythm of the debate and are used to arrange the following analysis.

The Pre-Rainbow Years, 1977–86

Before 1981, there was no discussion in the documents of the CICA or the ICAA of nonaccounting services. Both bodies were concerned with details of accounting practices, such as how to classify “term preferred shares” on a balance sheet and how to standardize methods of lease accounting and foreign currency translation. This focus upon *technical* matters was reflected both in publications and professional development activities. For example, only one of 107 professional development days provided by the ICAA in 1977 offered a program that might not be regarded as accounting—“Helping the Businessman Plan and Make Decisions”—and even that course concentrated on the financial aspects of a business. Lack of interest in nonaccounting matters was reflected in a 1981 promotional video whose narrator stated that “accounting and auditing [are] the main activities of a chartered accounting firm.” Neither management consultancy nor management advisory services were mentioned in the video.

The issue of accountants as business advisors, and the possibility of multidisciplinary practices, appeared first in Alberta with the formation of the Ad Hoc Committee on Multidisciplinary Practices. The committee was initiated in 1980 by the president of the ICAA, who was an influential partner in one of the (then) “Big Eight” firms (and later became head of the firm in Canada). He was personally interested in the vague idea of multidisciplinary practice and its possible implications. The committee reported the following year and was forthright in its central conclusion: “Multidisciplinary activities are both practical and desirable . . . and the Rules of Professional Conduct should be amended to permit [their] development.” The committee never defined “multidisciplinary.” It referred to audit, accounting, and tax as “well-accepted areas of expertise,” whereas “other services, including general management consulting . . . are less clearly solely the prerogative of the accountant.” Nevertheless, radical changes should be made to training and certification procedures.

The committee’s report is interesting as an early expression of how the multidisciplinary practice issue came to be theorized by the association. Two elements are noteworthy. First, the move toward multidisciplinary practice (the solution) was framed as *historically inevitable*: “[It] appears less to be in the nature of options and more in the nature of stages in the historical development of the

Chartered Accountancy profession.” Moreover, the boundaries of the profession were described as flexible, not fixed, and change as normal and representing continuity with the past. Second, there was an early recognition of the need for normative alignment: change was necessary in order to service the expectations of clients. Furthermore, the profession was *uniquely qualified* to deliver consulting services by virtue of the “high standards of quality that have been established in the core areas (and which could thus be extended) to all other services offered.” The implication was that accountants would provide “higher standards of quality” than other occupational groups and therefore *ought* to provide them. Moreover, because clients were approaching CAs for these services, rather than the reverse, “it is entirely appropriate for them to be offered by Chartered Accountants.” This early attempt at theorization, however, gave little attention to organizational failings: there was virtually no discussion of a generic problem, as would be implied by institutional theory. On the contrary, the report provided only a vague description of an innovation and provided justification for its possible adoption. The justification rested on the appeal to historical evolution and, more importantly, the consistency of the change with prevailing professional values.

The ICAA Council treated the report with indifference and referred it to the CICA. At the provincial level, nothing more would be written of the multidisciplinary practice issue until several years later. The 1981 report thus stands as an anomaly: it appeared unexpectedly, and “it had no impact and it sank without a trace,” in the words of the ad hoc committee chairman. One likely reason for this indifference was the failure of the committee to frame the issue as a problem.

By 1983, new concerns had begun to surface for the accounting profession. Two banks failed in Alberta, prompting governmental investigations into the adequacy of the public audit. The MacDonald Commission, set up by the provincial government in 1985, analyzed the gap between public expectations of the audit function and actual processes. The Estey Report, which appeared in 1986, was critical of the auditors’ roles in the bank failures.⁴

⁴ The Estey and Macdonald Commissions conducted public inquiries into the high-profile failures of prominent Canadian financial institutions. The Estey inquiry, commissioned by the minister of finance and chaired by Justice Willard Estey of the Supreme Court of Canada, focused on the failure of two Alberta banks in the early 1980s, Northlands Bank and Canadian Commercial Bank.

Not surprisingly, the ICAA and CICA were less concerned with intraprofessional discourse than with repairing the reputation of the CA profession. Nevertheless, annual reports and presidential messages began to suggest, albeit in gentle tones, that the profession was reaching a moment for change. Partly, these suggestions were motivated by a worsening economic context.

In the face of worsening market conditions, the profession began to review its situation. In doing so, the profession had to take account of the moves being made by its larger firms. There was an emerging difference between the portfolios of the larger firms, who were providing a broad array of services to global clients, and the concentration of smaller firms upon traditional accounting services. Annual reports of the CICA and ICAA, and *CA Magazine*, explained and supported the expanding practices of the larger firms. For example, the CICA's 1985-86 annual report portrayed the profession as "always on the move" not only in terms of numbers but also "in our range of expertise." Consequently, the report stated that a major responsibility for members was to "keep their knowledge expanding . . . we look to our institute for a range of services in this area."

Statements of pending change and declarations about a profession "on the move," although significant, were not reflected in the bulk of the institutes' activities. Publications, professional development activities, and committee reports continued much as before. No publication strayed from technical aspects of accounting; professional development reflected conventional concerns (albeit with emphasis upon use of computer technology); and the program of precertification education remained untouched. In short, the *routines* of the profession suggested a continuation of practices and reproduction of the concerns and issues embodied within

Estey's final report, in 1987, criticized the auditors' performance in their audits of the banks and also criticized the profession generally for failing to enforce appropriate standards of practice and professional independence. The Macdonald Commission, formed in 1986 by the Canadian Institute of Chartered Accountants and chaired by a prominent Toronto corporate lawyer, focused on the broader question of audit credibility and public expectations of auditors in the wake of the Alberta bank failures. In his 1988 final report, Macdonald criticized the auditors' reluctance to disclose potentially important information to shareholders of investors. Macdonald made a series of recommendations to change the accounting profession in order to strengthen the role of the auditors, improve accounting and disclosure practices, and expand the responsibilities of audit committees.

them. Any expression and recognition of pending change occurred primarily in the president's messages, authored by professionals from the international firms. In other words, the *discourse* in the annual reports reflected the issues and practices of the larger firms, while the daily routines of the ICAA and the CICA reflected the concerns of regional and local firms.⁵

It is worth reflecting upon the motivation of the larger firms and the dynamics within the profession. Why did the large firms feel it necessary to gain endorsement from the ICAA and CICA? After all, they were sufficiently powerful to have adopted a "take it or leave it" attitude, withdrawing from the CICA if their interests were not accommodated. Our interview data suggested two possible motivations. First, there were many who would have found it difficult to withdraw from their professional associations. Auditors, in particular, were committed. Second, and more intriguingly, the larger firms found the associations helpful in presenting their case to external constituencies, such as the state. When an association promotes the interests of a profession, the profession appears less self-serving than it does when its large firms publicly represent themselves. Here, the international and national accounting firms found it politically effective to press their interests through the associations.

The incipient debate over the appropriate functions of chartered accountancy firms led, in 1984, to creation of the CICA's Committee on Long-Range Strategic Planning, charged with assessing issues affecting the profession. The committee was weighted in favor of the large firms. Four of ten members were from the Big Eight; three were from industry or government; one was from academia; and one was from a regional firm, one from a boutique firm. The committee consulted extensively and noted the evolving divergence between firms. Larger firms, the committee reported, saw their future as multidisciplinary practices. Regional and local firms, in contrast, were not convinced that the profession should necessarily follow the interests

⁵ The ICAA did not keep detailed statistics on postcertification professional development training programs until 1990. Our conclusion that the focus on the courses did not change is based upon the ad hoc summaries contained in the annual reports. After 1990, the same pattern is revealed more systematically. Thus, the number of courses (usually less than one week long and commonly only one day long) devoted to "management" issues showed very little change: 1990, 6 courses; 1991, 1; 1992, 10; 1993, 4; 1994, 2; 1995, 3; 1996, 6; 1997, 8; 1998, 11; and 1999, 12.

of the larger firms. In the words of one committee member, for many regional and local firms, "The CA designation was the entry to business and meant a lot. The feeling was that the big firms were harming it. By moving outside traditional areas and reducing the importance of the audit, we would become, somehow, less 'clubby and together.'"

In other words, outside of the large firms, there was only modest sympathy for the multidisciplinary practice concept. It would be incorrect, however, to represent the profession as riven with conflict. Differences of emphasis did exist, along with recognition that the larger firms were pursuing their own interests. But the notion of "institutional war" described by Hoffman (1999) is not applicable. Most members were indifferent to what the large firms were doing. By expanding services, larger firms were not restricting what the smaller firms might do. Nevertheless, the committee's 1986 "Rainbow Report" (so labeled because of its gaudy cover), articulated the case for change in a form likely to appeal to both large and smaller firms. The report reads as a text whose authors are aiming to satisfy the spectrum of the profession. They begin by stressing the urgent need for change:

The Canadian CA profession is facing *fundamental and pervasive* change. Led primarily by the rapidly evolving information technology that is *revolutionizing* business operations, but due also to altered perceptions about the value of the traditional attest audit, the role of chartered accountants in society . . . is changing *dramatically*. (Emphasis added)

Failure to change, the committee warned, would inevitably and adversely affect the profession. Therefore, "education and training must be adapted to fit current demands." Notice here that the committee is specifying a problem facing *all* members of the profession. Note also how the language has become more urgent and dramatic than that used in earlier reports. It no longer invokes mere "change," but 'revolutionary' change. Change "must" occur. The committee then began to justify multidisciplinary practice as the solution. Emphasis was placed upon the appropriateness of service:

CAs in public practice face new and increasing demands from their clients. . . . Today's more sophisticated and better-informed users want their CAs . . . to provide a wide range of . . . services responsive to their economic decision-making needs.

A second theme of the CICA's committee on Long-Range Strategic Planning was that the profession had always been dynamic. This theme was articulated subtly. The committee classified the profession's domain into "core" and "elective" areas of knowledge. Core activities—accounting and

information systems, attestation, and taxation—were performed by all accounting firms, regardless of size, and were the basis of the profession's training and certification routines. Elective areas (such as financial services, insolvency, and business valuation) constituted "the outer perimeter of the CA profession." However, additional activities were flagged as areas for possible future incorporation:

Primarily, these are types of management advisory services that lie *outside the interests of a large majority of members* and in which other professional bodies are well-established. These include marketing, production, distribution, corporate strategy, human resources and organizational development. We are not suggesting that CAs not engage in them, but, rather that they be treated as optional fields of interest outside the perimeter. As CA's expertise in particular optional services becomes more widespread, consideration can be given to including these within the profession's perimeter. (Emphasis added)

In other words, although the committee fell short of giving full support to the inclusion of nonaccounting activities, it acknowledged their relevance and possible future inclusion within the profession's domain. By tracing the progression of the CA profession from a core to elective services, and by accepting that some services presently *beyond* that elective perimeter might in the future be contained within it, the committee balanced the interests of smaller firms, who could remain focused on core and some elective services, with the interests of large firms, which were operating outside that domain. Classifying services into core and periphery also minimized the scope of change. It was the "perimeter" of the profession's activities that would be affected: the larger core would remain stable. By implication, change, though necessary, would involve only modest and incremental adjustments. There was thus an interesting paradox in the committee's endorsement of change. The need for change was argued dramatically, whereas the scope of the change was minimized.

Rainbow and Its Aftermath, 1986–90

The Rainbow Report generated considerable discussion. The CICA president's message of 1986–87 applauded it and decried the profession's "much too narrow" image. The CICA annual report of the same year invoked the appeal to client service: "We must continue to broaden our scope of expertise to meet new client and employer *needs*" (emphasis added). Province-level support was more muted. The president's message acknowledged the Rainbow Report would require careful attention and, "if

appropriate," implementation, but agreed the image of the profession needed promotion. A new marketing strategy was launched portraying the CA "as an all-round business advisor." This was the first instance of an externally oriented attempt to broaden the image of the accountant.

The lukewarm attention the ICAA paid to the report is partly explained by the body's continuing attention to the aftermath of the Alberta bank failures. It also reflected an upturn in economic activity. But it also revealed the lack of conviction or the indifference, among smaller firms, about making jurisdictional expansion and changes in training and certification a high priority. The CICA was more closely associated with the interests of the larger firms, whereas the ICAA was closer to the day-to-day interests of regional and local firms. Then (and now), over 90 percent of the CA firms in Alberta had fewer than five professionals. It was to these, rather than to the larger firms, that the ICAA's activities were directed. One consequence was that although the marketing campaign projected CAs as the "best business advisors," training and certification procedures remained unchanged and focused upon accounting.

The ICAA's indifference to the Rainbow Report became clearer when it set up a strategic planning committee. The committee's report, *Chartered Accounting in the 1990's*, is more conservative than the Rainbow Report, defining CAs as "highly educated professionals, uniquely trained to provide credible financial information and services. . . . As creative managers and advisors, they promote financial well-being by utilizing knowledge and judgment with integrity, objectivity and accountability." No mention is made of accountants as all-round business advisors, or of accountants providing management advisory services. Furthermore, 53 percent of respondents to a survey the planning committee conducted expressed "an increasing concern that competitive factors may be overriding professional considerations (standards, independence) in providing services to demanding clients." Particular regret was felt over the declining importance of audits reflecting the position of the smaller firms for whom the audit service fixed the core of the profession. Any developments that compromised the integrity of the audit were to be avoided.

By the end of the decade, then, the situation was that, although the more powerful firms were moving beyond the profession's traditional boundaries, the majority of accounting firms were not following. The CICA was thus nervous about losing the support and commitment of the larger firms (which employed 20 percent of the profession's total mem-

bership). Not to support the Big Five was almost unthinkable. At this point in the theorization process, therefore, the president's messages and annual reports began to frame the need for change and justify the proposed solution in a form more likely to appeal to smaller firms.

There was continued reference to the historical flexibility of the profession: the CICA and ICAA annual reports proclaimed the profession was on the move, as it always had been. Change was, again, portrayed as normal. The historical inevitability of developments also continued to be stressed, but it was more dramatically attached to the challenging economic and regulatory context, especially the "fierce" competition facing CAs. For the first time, the CICA's annual reports referred expressly to the economic struggle facing the profession. Even so, the same documents emphasized the *special expertise of the CA*, along with the need for CAs to respond to increasing *client demands* for broader service. In making the case to broaden the domain of accounting, the reports' authors chose language that appealed to the instinct of "service" and to a sense of obligation, rather than the crass language of exploiting market opportunities. This is not to suggest the profession was unaware of the economic reasons for change; accounting firms are not philanthropic entities. The point is that the language used to justify the proposed changes was not that of market positioning, but the rhetoric of service. The debate, in other words, was conducted in the language of the professional, not that of the businessperson. The legitimacy sought was moral, not pragmatic. An intriguing extension of this normative appeal occurred in the 1990 CICA president's message, in which the argument for jurisdictional change was openly connected to the interests of Canada:

To succeed as a profession and as a country, our attitudes will undoubtedly change. They must change, if we are to remain a strong and vibrant profession . . . and if we are to create a renewed Canada that offers future generations the same prosperity we have enjoyed.

It is almost unthinkable that a more openly commercial entity would justify (or need to justify) diversification by referring to the good of the country. In the context of the profession, in contrast, such a reference appears unexceptional.

As well as appealing to service, annual reports openly raised the problem of professional standards, directly addressing the concerns smaller firms raised in response to the Rainbow Report. Change would not be allowed to undermine the profession's objectivity. Only by vigilant attention

would accountancy "remain a profession and not be reduced to a trade or commercial activity." The ICAA was particularly concerned with this appeal for normative integrity, an appeal that would become more important in the next decade.

The Interprovincial Task Force, 1991-97

The new decade saw increasing attention given to the accountant as business advisor and to the multidisciplinary practice concept, a focus partly precipitated by a downswing in economic activity. In 1990, the CICA formed an Interprovincial Task Force to examine "the continued trend towards multi-disciplinary activities." While the task force gathered evidence, annual reports and president's messages of the ICAA and CICA continued the theme of change and reinforced the need to broaden the image of the CA as an all-round business advisor. Certain actions within the profession suggest a growing acceptance of the new role. For example, in 1991 the CICA proposed six "specializations," including one for "business advisory services." The Alberta and British Columbia institutes proposed "significant reductions in specific hour [certification] requirements in audit, review and taxation." But there was, too, the countertheme of protecting standards. The ICAA's 1990 annual report stressed the need to promote the profession as "responsible, trustworthy and having the highest standards." In 1991, the CICA's annual report insisted that "we cannot risk our reputation for integrity and objectivity."

The discussion *within* the profession on the importance of maintaining standards translated into the profession's external representation of itself. Thus far, our case report has evidenced the attempt to enlarge the public image of the CA from accountant to all-round business advisor. In 1992, this effort was adjusted in a national campaign centered around "credibility, trust, integrity and leadership." These values were overlaid upon the all-round business contribution of the CA in a series of advertisements designed "to convey a message that chartered accountants maintain a broad base of expertise, enabling them to contribute to the success of business beyond accounting and auditing services." The advertising campaigns illustrate the intraprofessional debate over the need to be all-round business advisors *and* the need to retain normative integrity. Nevertheless, despite the concern for standards, management advisory services were now central to the definition of what CAs could do for their clients. ICAA advertisements advised clients to "contact a CA and get the best financial *and management advice*" (emphasis added).

The CICA's Inter-Provincial Task Force reported in 1993 and confirmed the "proliferation" of multidisciplinary practices. Regional and local firms were "joining forces with each other and with professionals in other closely linked fields to build multidisciplinary practices." The task force applauded this trend. Multidisciplinary practice was "a necessary and commendable" response to the recession of the early '90s and the emergence of new types of competitors. The task force's report was thus not about whether multidisciplinary practice was advisable, but about how to make it work. Both the CICA and the ICAA endorsed this report in their own annual reports.

The "official" metamorphosis of accountants into business advisors and acknowledgment of multidisciplinary practice as an appropriate form of organization culminated in 1996. The CICA's Inter-Institute Vision Task Force, which included five members from the largest firms and four from regional firms, underlined the challenges facing the accounting profession and, in stronger terms than used previously, urged change upon the profession:

The technological, economic knowledge, demographic and market forces identified a decade ago, are defining and driving the environment within which the CA profession functions today. Our profession and its institutions no longer have the luxury of considered, incremental change. In spite of successes in certain areas, the CA's pre-eminence in the marketplace, as *trusted business advisors and key players in business decisions*, has eroded over the last decade. If we continue on our current course, this erosion will only accelerate. (Emphasis added)

Contrary to the thrust of the Rainbow Report, the burden of the 1996 report was that major, not peripheral, change was necessary to reverse the decline in CAs' stature. Dramatic phrases and imagery were used. Change "emerging" in previous periods was now "enveloping our profession." More importantly, the Inter-Institute Vision Task Force emphasized justifying change as aligned with professional values. First, there was, an appeal to CAs' "legitimate claim [of] expert status" in a "wide range of disciplines" (such as management consulting). Second, there was an appeal to the core *values* of the profession—especially its "objectivity":

Traditionally, decision makers have relied almost exclusively on financial information primarily because non-financial information has rarely met similar standards of rigorous preparation and objectivity. CAs have an opportunity to make a tremendous contribution to decision-making generally through expanding the scope of information sources that

meet the tests of rigor and objectivity. (emphasis added).

This latter appeal implicitly addressed the countertheme of professional standards being under threat. On the one hand, change was necessary because of external shifts in the marketplace. CAs were threatened by competitors taking advantage of emerging opportunities. If the profession stood still, it would decline. Implied (but never stated) was that, without change, CAs would lose market share. On the other hand, movement into new markets was legitimate because CAs had the necessary expertise and an appropriate and applicable value set. Stressing the core values of objectivity, integrity, and service, we suggest, enabled an interesting reformulation of the profession's identity. Instead of defining itself in terms of a substantive core of abstract *knowledge*, the profession became defined by its *values* of objectivity, service, and expertise. By implication, the jurisdictional domain to which these values could be applied became fluid and open to reinterpretation. Hence, professional integrity would be sustained despite expansion of the profession's boundary. Change was thus, again, portrayed as representing continuity with the past because the essential basis of the profession was not the domain per se, but its core values, which were to be retained.

The CICA and ICAA both endorsed the Inter-Institute Vision Task Force report in words exemplified by the 1997 CICA president's message:

To be leaders in the marketplace, and ensure our continuing role and relevance, we have to realign our services and structures to meet our customers' and employers' needs. This means broadening the scope of our profession beyond our traditional financial focus and extending our range of services, so that we can enhance decision making and improve organizational performance.

Extending the profession's range would occur within a framework of "core shared values and ethics" that would "continue to unite and distinguish us, no matter what area of the profession we work in" (1997: 4). By 1997, the ICAA and the CICA had each officially endorsed the concept of CAs as business advisors and of multidisciplinary practice as an appropriate organizational form. In doing so, they had authoritatively changed the definition of occupational membership and of appropriate behaviors. The new template was legitimated by each institute and recommended to the profession at large. An expanded advertising campaign was launched, reinforcing the idea of a chartered accountant as a broadly based business advisor. There remained (and remain) several procedural

implications to be accomplished, as well as the important exercise of negotiating the new boundaries with affected professions (especially the law profession) and the state.⁶ But from the official standpoint of the CA profession, the boundaries of its jurisdiction and appropriate mode of organizing had changed.

Summary

How were the two tasks of theorization performed in the present case? Interestingly, early stages of the process were not characterized by articulation of a problem. Instead, discussion commented upon "interesting" innovations. This contrasts with the terms often used in the institutional literature, such as organizational "failings" (Tolbert & Zucker, 1996) and "frictions" and "problems" (Suchman, 1995a). The notion of "solutions" or "treatments" carries the same idea. The present case did not begin with a problem but with a sensed opportunity and an interest in an idea. However, the failure of the initial theorizers to provide a convincing problem probably influenced the indifference to the idea, supporting Strang and Meyer's (1993) insistence that theorization has to specify a problem.

Once the focus shifted to defining a problem, two recurrent narrative structures became observable. The first was in the *framing* of the problem. The need for change was generalized to the profession. The profession was framed as under threat, enveloped by forces for change. Over the 20 years, in other words, the nature of the problem was insistently specified and generalized as affecting all firms and members of the profession. Change was presented as a natural, almost inevitable, progression. Change *is* progressive. Change is *normal*, whereas reluctance to change is unusual. Second, the language used became more expressive. A rhetorical tone emerged, urging the need for change in increasingly dramatic form.

Noticeably, it took almost two decades for the need for change to be endorsed. Theorizing is thus not a momentary act but, at least in the present case, one that requires sustained repetition to elicit a shared understanding of the problem. Suchman (1995: 42) proposed that problems that affect central or vocal constituencies within a field are more readily acknowledged. He also proposed that diffusion of new ideas will be more rapid if a single

⁶ In fact, large accounting firms appear to have failed to convince Arthur Levitt, chairman of the U.S. SEC, of the merits of multidisciplinary practice.

account of a problem and solution occurs. In the present case, both conditions were apparent—the large firms initiated the discourse and one solution was articulated—which makes the length of the period required to develop the shared understanding especially noteworthy. The robustness of prevailing institutionalized scripts and the difficulty of dislodging them are, of course, consistent with the primary theme of institutionalization.

The second task of theorization—justification—was characterized in the present case primarily by invoking professional values. There was very little explicit discussion of the functionality of multidisciplinary practice (although functionality was implied). Instead, multidisciplinary practice was justified by aligning the idea with the values of the profession. Initially, the value highlighted was client service, of responding to client needs. A related theme was that CAs have skills that uniquely qualify them to provide those services. Subsequently, change was justified by defining the profession in terms of its values, disconnected from any reference to particular knowledge. The identity of the profession thus became bound up in a configuration of values (service, objectivity, expertise) whose applicability was more easily mutable. Resonating through these justifications was the priority given to “moral” alignment (Suchman, 1995) rather than to pragmatic legitimacy.

DISCUSSION

The Role of Professional Associations at Moments of Change

Professional associations are commonly understood as agents of reproduction rather than of change. Through the routines of licensing, training, and professional development and the monitoring and disciplining of behavior, associations supposedly act to underpin existing conventions and values. Prevailing practices become encoded in the associations' organizational routines and, to the extent that routines remain unchanged, encoded institutional logics are reproduced. In the present study, little change occurred in the CICA's and ICAA's routines. Entry to the CA profession required completion of examinations that emphasized accounting, with particular emphasis upon audit for third-party purposes. Practice reviews focused solely upon enforcement of standards relating to the audit. Programs of professional development changed to reflect demands from members for courses on information technology, but even these changes converged upon the contribution of technology to delivering traditional services. In this

sense, the institutes' routines conveyed the prevailing logic of action. However, the routines did not prevent radical reconceptualization both of the boundaries of the profession and of the appropriate organizational template. Therefore, the assumption that prevailing practices are reinforced and reproduced by routines is an oversimplification.

One complexity is that institutional pressures may influence participants unevenly (Leblebici et al., 1991; Ruef & Scott, 1998). The CA profession is comprised of professionals who work in highly different settings, ranging from sole proprietorships to international firms. Members of larger firms are the least likely to participate in the training and post-certification activities of the institutes. Training is provided by their firms, which means they have less exposure to the reproductive rhythm of institute activities. Professionals in smaller firms, in contrast, are much more embedded in the institutes' routines. Consequently, the routines of a professional association may work to reproduce prevailing practices, but their influence will be distributed unevenly.

A second complexity is that the CA associations perform three roles, of which the reproduction of prevailing logics through repetitive routines is one. The institutes also host intraprofessional discourse and represent the profession to outsiders. These latter roles may not have conservative outcomes. Thus, in our case study, the professional associations hosted and narrated the debate over which services and activities properly fell within the jurisdiction of accounting and how they should be organized. Concurrent with the unfolding debate, the CICA and ICAA altered their formal portrayal of the profession to other communities. In effect, the association was a key agency in the process of clarifying and endorsing change in boundaries and format.

Importantly, the institutes did not *initiate* change. The CICA and the ICAA were responding to the jurisdictional and organizational movements of the profession's largest firms. This is to be expected, for three reasons. First, as noted earlier, these firms were less captured by the prevailing routines. Second, they were attuned to the emerging opportunities involved in serving global clients. Third, they had the political resources to resist traditional practices, much as predicted by DiMaggio (1988). Together, these reasons enabled the large firms to act as institutional entrepreneurs. This pattern is consistent with the observations of Scott and his colleagues, who observed that changes in governance structures (such as professional regulatory arrangements) “tend to lag” (2000: 175) the development of new ideas and build up of

political will. The important, lagged role played by the CICA and the ICAA was to couch and frame the entrepreneurial movement in terms that nullified any emergent reluctance or opposition. In the present case, resistance was modest, and it would be misleading to portray the issue as sharply contested. However, any opposition that did occur was, over time, sublimated by the legitimating rhetoric of the discourse, a discourse framed and expressed in a particular way.

Institutional fields are regulated through the reciprocal effects of market and institutional governance structures (Scott, 1995; Suddaby & Greenwood, 1999) whose relative emphasis can shift over time. It is therefore possible that the role of professional associations within the same organizational field might change over time. Dacin (1997) drew attention to the ebb and flow of macro institutional pressures. Our case was marked by increasing market pressures and technological shifts that contributed to the press for change. The ICAA and CICA were no doubt influenced by these pressures. If so, it suggests that professional associations may play more conservative roles when market pressures are supportive or stable. In the present case, the increasing press of market forces over the 20-year period altered the balance between institutional and market influences in favor of the latter, thus reducing the force of the institutes' reproductive routines. The institutes' *other* roles then came more into play, interpreting the market context and theorizing appropriate responses. In other words, the role of the professional association may be multifaceted, altering with the circumstances of the marketplace. Our case study suggests that reproductive routines may have contributed to the relative stability of institutional practices until the late 1980s but that, thereafter, as the market changed, the role of the association changed also, orchestrating the legitimating discourse.

In terms of the model in Figure 1, the case suggests that professional associations contribute to legitimation in discrete ways. During the theorization stage, an association is a vehicle whereby *normative/moral* legitimacy is actively attained. The association generates a "positive normative emulation" (Suchman, 1995: 579) both among the subcommunities within its profession and from external stakeholders. During the dissemination and reinstitutionalization stage, in contrast, the reproductive routines of the association contribute to attainment of *cognitive* legitimacy (see Suchman, 1995: 578). Further research is clearly needed to draw out the complex ways through which associations contribute to continuity and change and the

connection between their actions and different types of legitimacy.

Three further observations are worth making to guide future efforts. First, it is probably important to understand the "permeability" (Greenwood & Hinings, 1996) or "plasticity" (Fox-Wolfgram et al., 1998) of professional boundaries. Professional communities may respond differently to the movements of constituent subcommunities. The legal profession, for example, at least in Canada, appears less open than accountancy to new ideas, even though some of its members (again, the larger firms) are contemplating change. Law societies are pronouncing *against* multidisciplinary practices. As such, they conform to the traditional model of a conservative institute. One interpretation is that the accounting profession exhibits greater plasticity in its identity than does the legal profession, with the result that jurisdictional change is less contested and more easily legitimated. The structures that determine the relative plasticity of boundaries, however, are unclear and would be worth uncovering in further research.

A rather different line of research is suggested by attention to the role of professional associations as arenas within which social construction occurs. Professional communities such as law and accounting are highly *organized* as communities—association membership may be mandatory, association participation is extensive, and formal interaction and communication are highly developed. Associations use committees and task forces that host intraprofessional discourses; official publications easily and comprehensively transmit ideas and scripts; and celebratory and developmental programs gather professionals and provide for interaction and discussion. In this sense, the professional institute is an available arena where definitions of membership and conduct can be socially constructed. Such a situation contrasts with other, nonprofessionalized settings, where interactions are less routinized and where official accounts are less evident or authoritative. Davis (1991), for example, referred to the *Fortune* 500 as an organizational community. The diversity of membership and lack of collective mechanisms within that community strikingly contrast with those of professionalized settings. The very occurrence of highly articulated arenas of social construction (such as professional associations) may make change *easier* to achieve *despite* the highly institutionalized setting. *The collective structures of professional communities, in other words, might ease change because they enable theorization.* An interesting comparison would be between the role of professional associations in which membership is man-

datory and participation high (like the accounting institutes) and associations in which membership is voluntary and participation lower. Comparative analysis of communities that vary in their collective structures would thus improve understanding of theorization.

Third, relatively little is known of the politics within different professional settings. Following Abbott (1988) and Hoffman (1999), we find it tempting to conclude that change follows conflicts between interests. In our case, there were differences of interests between professional subcommunities, and it was the larger and more powerful subcommunity that desired change. However, interests were not sharply contested. Smaller firms could continue to pursue their interests irrespective of whether large firms expanded their activities. An interesting feature of the case is that *despite* the lack of conflict of interests, the profession sought a normative endorsement of the unfolding change. It is likely that the professional association would have legitimated changes promoted by smaller firms but contested by larger firms. Future research could usefully examine whether associations play similar roles in similar ways when there is a sharper pattern of contestation between subcommunities.

Theorization

Theorization is integral to institutional change. It is the rendering of ideas into understandable and compelling formats. This article has begun to explore how theorization occurs and how issues are interpreted, represented, translated, and normatively developed. We have uncovered how problems are framed and articulated in one setting. Further studies in different settings will help specify the generalizability of our observations. We are particularly intrigued with the task of establishing why new ideas should be adopted. This can be done in commercial settings by stressing the results obtained elsewhere and the technical soundness of ideas. Approval in this way is predicated on the logic of efficiency (that is, by claiming that the ideas work) and imputed from their adoption by exemplary others. In a highly professionalized setting, however, legitimation takes a different form: commercial pressures may precipitate institutional entrepreneurship, but diffusion requires a normative justification. Jurisdictional migration, in our case, was justified not through reference to the actions of others but by emphasis upon the continuity and alignment of change with the prevailing values and practices of the profession.

The importance of this observation may be

gauged by comparing the process described here with that implicit in institutional accounts of how change often spreads within nonprofessional settings, where the mimetic mechanism is more prevalent (DiMaggio & Powell, 1983; Strang & Soule, 1998). For example, Haveman (1993) showed that savings and loans firms entered new market niches in increasing numbers once those niches had been occupied by large, reputedly successful organizations. Similarly, Haunschild and Miner, 1997 showed that firms' choices of investment bankers were affected by earlier choices made by large, successful firms. These and similar studies imply that mimicry occurs because a course of action is legitimated by its use by others. The basis of legitimation is primarily economic. Legitimation in professional settings, by contrast, is not simply a function of anticipated economic outcomes, but of professional appropriateness. What matters within a professional context is the demonstrated conformity of innovation with the values embedded in traditional beliefs. It is only when ideas are couched in such a way that they are perceived to be consistent with prevailing values that they appear compelling and legitimate for adoption. In the case examined here, one of the key tasks of the association was to theorize jurisdictional movement as consistent with the normative base of the profession, thus making migration acceptable.

Current understanding of theorization is sketchy because little empirical work exists. Future research might explore how theorization occurs in different contexts, focusing upon the language used, by whom, and how and with what effect. There are hints in the literature that, for example, discourse will vary according to the relative influence of particular governance mechanisms. In coercive settings (such as the development of state regulations), we would expect emphasis upon diligence and principles of reasonableness. In economic settings, such as those considered by Abrahamson (1996), legitimating principles are more likely to be quasi-scientific, emphasizing the "soundness" of ideas. In highly professionalized settings, we expect appeals to normative alignment to be more salient. Theorization processes, in short, have to justify change (or resistance to change) by appealing, in a compelling way, to the particular values embedded in the setting. The form of those appeals will vary by institutional setting, but their purpose will be the same.

Theorization, as noted a moment ago, might be expected to vary depending upon the relative homogeneity of an organizational community. The greater the range and intensity of schisms, the more difficult will be the task of developing acceptable

norms. Organizational communities may be comprised of subcommunities whose interests stubbornly do not align. In our case, the schisms were relatively modest. The theorization discourse required was thus relatively easy to construct. We would anticipate very different processes where the interests of subcommunities collide.

Finally, theorization processes can be expected to vary according to their intended recipients. Legitimation involves discourse both *within* and outside an organizational community. This study primarily focused on discourse occurring within a profession, on how professionals "talked" to each other. We excluded how professionals talked to recipients outside their profession. More attention should be given to how communities project their identity to others and to the processes used in negotiation with them.

Conclusion

Understanding how institutional change occurs is a central challenge to institutionalist accounts of organizational behaviors. In this article, we have suggested that a much neglected stage in the change process is that of theorization. We have further suggested that, at the level of the organizational field, collective agencies, such as professional associations, are important entities. Through examination of the evolution of chartered accountants as business advisors, we have glimpsed *how* associations play a role in the process of collectively defining and redefining the institutional logic that establishes what it means to be a CA and what is an appropriate way of being organized. Specifically, we have observed how the professional associations of accountancy engaged in discourse that legitimated a significant adjustment in what accountants "do" and thus in the definition of what it meant to "be" a CA. The assumption within institutionalist accounts that associations are conservative agencies has been shown to be overly simplistic. Associations play multifaceted roles, whose degree of emphasis and importance vary according to the stage of the change process. Further, we have conceptualized and examined the theorization process, suggesting how it occurs and the particular nuances of theorization in a professionalized setting, which, we suggest, are rather different from those found in other settings.

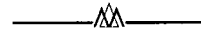
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Royston Greenwood (royston.greenwood@ualberta.ca) is the Telus Professor of Strategic Management in the Department of Strategic Management and Organization, School of Business, the University of Alberta. He received his Ph.D. from the University of Birmingham. His research interests focus upon the management of professional service firms and the dynamics of change in institutionalized settings.

C. R. Hinings is the Thornton A. Graham Professor of Business in the Department of Strategic Management and Organization, School of Business, the University of Alberta. He is on the editorial boards of the journals *Administrative Science Quarterly* and *Organization Studies*. His research focuses on understanding processes of strategic change in organizations, especially those of professional service firms.

Roy Suddaby is an assistant professor of management and organizations at the Henry B. Tippie College of Business at the University of Iowa. He received his Ph.D. from the University of Alberta. His research interests include institutional theory and the management of professional organizations.



APPENDIX
Archival Materials Used in the Study^a

Internal Representations

CICA annual reports, 1977-97, inclusive
ICAA annual reports, 1977-97, inclusive
ICAA briefing notes, 1977-97, inclusive
ICAA council minutes, 1977-97, inclusive
CICA president's messages, 1977-97, inclusive
Report of the ICAA Ad Hoc Committee on Multi-Disciplinary Practice, 1981
Report of the CICA, *Meeting the Challenge of Change* ("Rainbow Report"), 1986
Report of the CICA Committee on Advertising and Specialization, 1986
Report of the ICAA, *Chartered Accountancy in the 1980s*, 1989
Report of the ICAA, *Strategic Planning Report*, 1992
Report of the ICAA, *Healthy Competition or Compromise of Standards*, 1993
Report of the ICAA, *Strategic Plan Implementation Report*, 1995
Report of the Interprovincial Task Force on the Multi-Disciplinary Activities of Members Engaged in Public Practice, 1995
Report of the CICA Inter-Institute Vision Task Force, 1996
Research Review of the CICA Inter-Institute Vision Task Force, 1996
Lists of professional development materials
Examination syllabi

External Representations

Video transcripts:
CICA's *Goodbye Mr. Dickens*, 1981
CICA's *The Secret's Out*, 1991
Television advertisements
Radio advertisements
Newspaper advertisements, 1980, 1985, 1990, 1995, and 1997

^a The CICA is the Canadian Institute of Chartered Accountants. The ICAA is the Institute of Chartered Accountants of Alberta.

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