

The painful legitimation process of a new identity in a professional service firm

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To make an aspirational new organizational identity concrete, professional service firms (PSFs) must find ways to legitimate their new offerings. Using an inductive, longitudinal case study of an Australian intellectual property firm that aspires to become a strategic service provider, this study reveals that constructing a new identity forces the organization to engage in targeted, nuanced legitimating activities toward stakeholders, including both clients and the patent attorneys who are its owners and managing directors. The results establish a clear description of legitimacy dynamics and the interrelations of legitimacy and identity issues; provide evidence that organizational members can constrain professional organizations' efforts to make an aspirational identity concrete; and demonstrate theoretically that professional and individual legitimacies can link organizational identity aspirations with external legitimacy.

Keywords: Aspiration, Legitimacy, Organizational identity, Professional Service Firm

Le douloureux processus de légitimation d'une nouvelle identité dans une entreprise de services professionnels

RESUME

Pour concrétiser une nouvelle identité organisationnelle ambitieuse, les cabinets de services professionnels doivent trouver des moyens de légitimer leurs nouvelles offres. À l'aide d'une étude de cas inductive et longitudinale d'une société de propriété intellectuelle australienne qui aspire à devenir un fournisseur de services stratégiques, cette étude révèle que la construction d'une nouvelle identité oblige l'organisation à s'engager dans des activités de légitimation ciblées et nuancées envers les parties prenantes, y compris les clients et les avocats qui en sont les propriétaires et directeurs généraux. Les résultats établissent une description claire des dynamiques de légitimité et des interrelations des questions de légitimité et d'identité, fournissent des preuves que les membres de l'organisation peuvent entraver les efforts des organisations professionnelles pour concrétiser une identité ambitieuse, et démontrent théoriquement que les légitimités professionnelles et individuelles peuvent lier les aspirations identitaires organisationnelles à la légitimité externe.

Mots-clés : Aspiration, Légitimité, Identité organisationnelle, Entreprise de services professionnels

INTRODUCTION

An organizational identity, as a social construct, represents an answer to the question, “Who are we, as an organization?” (Cloutier & Ravasi, 2020, p. 1197). It frames members’ understanding of the operational context and their appropriate responses to it (Glynn, 2008). Therefore, its ongoing construction strongly determines the organization’s strategic capabilities. The emergent identity construction process in turn is shaped by the abstract influence of ideologies, institutionally or structurally conditioned practices, and historic examples of significant agents, such as founders. Hatch and Schultz (2002, p. 997) define identity construction as “neither wholly cultural nor wholly imagistic, instead constituted by a dynamic set of processes that interrelate the two,” and Ernst and Schleiter (2019, p. 1) consider it the product of “the interrelation between social structures and embodied socialized actions of organizational members.”

In relatively stable contexts, an organizational identity might be refined or enriched gradually, shaped by both the end purposes and the means enacted to achieve these ends (Cloutier & Ravasi, 2020). In contrast, in volatile contexts, an organizational identity might need to change rapidly, to adjust to settings that differ vastly from those in which it initially was constructed (Schilke, 2018). But such a transformation is difficult, because the turbulent environment can limit the organization’s agility and ability to change to achieve strategic ends. Ravasi et al. (2019) propose that the organization’s history explains its present and future actions, but Ernst and Schleiter (2020) instead argue that during major organizational changes, the organizational identity gets constructed by strategic moves by managers and employees.

We offer yet another perspective, by arguing that organizations might engage in legitimation processes in their efforts to adjust their organizational identity. Identity

and legitimacy topics both have produced rich literature streams, though they rarely have been integrated in efforts to understand how aspirational organizational identities might depend on legitimacy considerations. But in their efforts to establish or concretize an aspirational organizational identity, such as in response to turbulence in the external environment, a firm inevitably must ensure that the new identity is legitimate—for itself, its members, and other stakeholders. Therefore, we seek to build theory and empirical evidence related to such identity construction issues (Brown, 2019).

To do so, we focus on professional service firms (PSFs), which are organizations in which the majority of income-generating staff are members of an established profession (Von Nordenflycht, 2010). This context is apt for identifying factors that affect how an organization goes about (re)constructing its identity, for several reasons. In particular, their professional workforce undergoes highly structured, similar training in preparation for their roles (Greenwood et al., 2005; Von Nordenflycht, 2010), a form of socialization that establishes a strong, distinctive professional identity. This collective and personal identity becomes concrete in the form of a partnership structure, in which multiple owner-managers share unlimited personal liability for their actions (Greenwood & Empson, 2003). Accordingly, the identity of each PSF is largely defined by the identity of the professionals who staff it, and any changes to the organizational identity inherently imply changes, or potentially threats, to the professional identities of its individual members (Alvesson & Empson, 2008; Empson, 2004).

In an effort to delineate the dynamic legitimacy issues that arise from aspirations to establish a new organizational identity, we conduct a case study of an Australian intellectual property PSF that has operated for more than 100 years (hereafter called

“Alpha”). For this case study, we adopt a unique upstream perspective; for example, whereas Lissillour (2021) asserts that relevant actors adopt loose coupling to continue operating after a cross-border implementation of an enterprise resource planning system, we instead seek to understand how various logics might interfere with a firm’s “theoretical” desire to change its identity, as well as how their legitimacy determines these effects. In accordance with our foundational research question, “How do various types of legitimacy interfere with the concretization of a PSF’s aspirational identity?” our main theoretical contribution results from the evidence we provide that both professional and individual legitimacies can function as missing links between an aspirational organizational identity and external legitimacy.

In the next section, we provide a theoretical framework related to organizational identity and legitimacy, especially in PSFs. We then present the methodology for our exploratory research. After outlining the results, we discuss the findings and the theoretical and managerial contributions of this study, along with some avenues for further research.

1. ORGANIZATIONAL IDENTITY AND LEGITIMACY

1.1. Aspiring to change an organizational identity

The organizational identity is based in organizational features that its members regard as central to the organization’s character or “self-image,” because those features distinguish the organization from others and inform the sense of “who we are, as an organization.” According to Gioia et al. (2013, p. 126), “what really matters is that organization members themselves believe that they have distinctive identities, regardless of whether such beliefs are ‘objectively’ verifiable.” Similarly, the durability of an organizational identity results not from its objective status but rather from a perception that it is immutable. These elements also help clarify the difference

between identity aspiration and identity change: Identity aspiration precedes but is not necessarily followed by identity change, because sometimes constraints prevent the reconstruction of an identity, which then remains durable.

Furthermore, an organizational identity might refer to a social category, such as “a Top 20 school, a Fortune 500 company, or a hospital (and not a bank)” (Glynn, 2008, p. 418). The choice to identify with a category implies acceptance of predefined codes that allow external actors to assess the legitimacy of the organization as a member of that category. The related identity elements also define how organizations of this type are supposed to behave (King et al., 2011), so they might impose pressures on members of the organization to adjust their behaviors to conform with expectations linked to their membership in a specific category. In contrast, an aspirational identity refers to a future identity, imagined by members of the organization. In a study of four French business schools, Kodeih and Greenwood (2014) reveal how the schools adopted competing institutional logics and thus modified their positions within their institutional field. The practices required by each competing logic defined a new source of legitimacy, which then opened access to new resources. However, members of the organization do not always embrace a new identity, such as one chosen by managers and owners, without their input. Therefore, securing acceptance and support from these internal stakeholders usually constitutes a difficult organizational change task. When employees’ conceptions of the organization’s identity do not correspond with managers’ desired future identity, managers might need to use communication strategies that are unique to new identity domains to evoke a sense of cognitive legitimacy among employees.¹

¹ Other means to achieve legitimacy also might support new identity construction; for example, Rabekolo and Giraud (2020) show that social reporting that signals non-financial performance can establish legitimacy.

Generally, organizational identity research reflects either a social actor or social constructionist perspective (Corley et al., 2006; Ravasi & Schultz, 2006; Whetten & Mackey, 2002). According to social actor theory, the organizational identity is manifested in institutional demands on members, which are fundamental, long-lasting, distinctive properties of the organization that provide “sensegiving” (Talbi, 2018). Thus, the organizational identity is a property of the organization itself, and that organization is a social actor (King et al., 2011) that makes commitments, takes actions (Corley et al., 2006), and establishes identity claims (Whetten, 2006). Such an organization as a social actor takes a clear position in a social space, relative to other organizations: like some organizations and unlike others (Glynn & Abzug, 2002). Its identity comprises a set of institutional claims that explicitly articulate who the organization is and what it represents. However, according to a social constructionist perspective, organizational identity is always socially constructed (Cloutier & Ravasi, 2020); its ontology gets inter-subjectively sustained through structural and institutional logics, reified cultural influences, and routinized professional practices. Then the organizational identity provides an important filter, through which members perceive, interpret, and act on the environment, such that it links agentic decision-making with abstract hegemonic influences (Greenwood et al., 2011; Schilke, 2018). As Greenwood et al. (2011) argue, because identity acts as a critical filter, it also defines the level of organizational discretion and appropriate responses. This social constructionist perspective therefore maintains that organizational identity resides in the beliefs and understanding that are collectively shared by members regarding the distinctive, relatively stable characteristics of the organization that allow for “sensemaking” (Gioia et al., 2013; Talbi, 2018).

Schilke's (2018) micro-foundation perspective on institutional theory also implies that organizational identity might shape decision-makers' resistance or capitulation to environmental pressures. A normative organizational identity implies resistance to change. In line with this evidence, we take an internal perspective (individual organizational member/decision-maker perspective) to analyze how and why a 100-year-old PSF failed to realize its aspiration to reconstruct its identity. In detail, we identify and explore the factors that produced its failure to achieve an aspirational identity by changing its existing organizational identity. We prioritize a social constructionist paradigm to explore members' interpretations of "who we are, as an organization" (Albert & Whetten, 1985, p. 265) and how those interpretations frame the collectively constructed meanings they attribute to their experiences within an organization facing significant pressure to reconstruct its identity (Ravasi & Schultz, 2006). We propose that intra-organizational factors are key determinants of the failure of some firms to achieve their transformational goals—in particular, factors related to legitimacy issues. Adopting an aspirational organizational identity risks jeopardizing the organization's existing legitimacy, and perhaps even its survival (Zimmerman & Zeitz, 2002), because it requires adopting new practices linked to the new logic. Doing so also may challenge the existing legitimacy of actors, which they have gained on the basis of existing rationales (Pache & Santos, 2010).

1.2. Forms of legitimacy

Suchman (1995, p. 574) defines institutional legitimacy as a "generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions." It implies a social endorsement that the means and ends of the organization are valid, desirable, and rational, as well as a general recognition of the organization's

existence as “natural and meaningful” (Suchman, 1995, p. 576). Organizations perceived as legitimate in their institutional field can access resources and collaborate with other organizations more easily (Zimmerman & Zeitz, 2002), which is particularly relevant for access to intangible resources, such as social capital (Nahapiet & Ghoshal, 1998). Legitimacy leads to greater perceptions of the trustworthiness of the organization (Suchman, 1995). From a neo-institutional perspective, organizational survival also depends on its institutional or externally perceived legitimacy, which reflects the degree to which its ends and means conform with institutionalized norms, values, and practices. In contrast, organizational or internally perceived legitimacy is a social judgment of the organization by its stakeholders, who apply culturally and professionally endorsed criteria to evaluate its legitimacy. Satisfying both external and internal criteria for legitimacy can facilitate access to vital strategic resources (tangible and intangible) and establish the organization’s taken-for-granted status, underpinned by a foundational, constitutive belief system (Suchman, 1995; Zimmerman & Zeitz, 2002).

Suchman (1995, p. 577) also distinguishes three forms of legitimacy: *cognitive* (based on comprehensibility: “for things to be different is literally unthinkable”), *moral* (based on normative approval/evaluation: “the activity is the right thing to do”), and *pragmatic* (based on audience self-interest: “the activity benefits the evaluator”). These forms may come in conflict or reinforce one another. Tensions are most likely to arise when new constituencies prove difficult to satisfy through established practices (Suchman, 1995). Kodeih and Greenwood (2014) concur and add that new demands experienced in dynamic operational contexts can exert pressure on decision-makers to adopt alternative structural arrangements, governed by a competing set of institutional logics. As Seo and Creed (2002, p. 228) explain, if the

new logic does not “sweep away the residue” of the old logic, adding a layer of the new logic on top of the old logic likely creates contradictions that lead to tensions within the organization. At its simplest level, pragmatic legitimacy boils down to a form of exchange legitimacy; support for an organizational policy depends on its expected value for some specific set of constituents. Although cultural notions of appropriateness may influence whether such exchanges are considered legitimate, ultimately, exchange legitimacy is an outcome of conventional power-based relations.

1.3. Professional service firms

When Empson (2004) studies the organizational identity change that occurs following an acquisition, two facilitating processes arise: identity regulation on the part of senior management and de- and re-identification by organizational members. Therefore, changes in organizational identity are inextricably linked to whether organizational members change their views of their professional identity. Alvesson and Empson (2008) also explore how organizational identity gets constructed by four consulting firms and highlight identity-related issues, such as the extent to which members share ideas of a distinct organizational identity or the relationship between organizational and individual identities. These issues may be especially important in PSFs, where well-qualified professionals act as employees, managers, and owners (partners) of the firm. Schilling et al. (2012) argue that professionals’ reactions to strategic changes in PSFs depend on the strategic intent of the change, its manifestation in organizational roles and practices, and its fit with existing professional identities. However, we find no studies that relate organizational identity changes to legitimacy issues.

2. METHODOLOGY

2.1. Case description

Australian intellectual property rights (IPR) firms historically competed in a relatively sheltered environment, but technology-enabled automation and regulatory changes have opened this local market to global competitors. Local clients also are more savvy, so the financial margins of traditional patenting businesses have come under pressure. Furthermore, the benefits of patenting systems are being questioned globally, and attitudes about the value of registering IPRs are changing, especially with regard to the difficulties and expense of IPR litigation. In addition, some financial service firms, such as the “Big Four,” actively have been acquiring IPR firms, leading to greater institutional complexity, greater convergence, and thus major changes throughout legal and strategic consulting industries. Such environmental complexity keeps being exacerbated by continuous shifts in market conditions, especially through the ongoing introductions of disruptive digital technologies.

Within this industry, Alpha operates mainly in Australia, though its patent attorneys represent clients all over the world. It is governed by a partnership agreement signed by 33 principals, mostly patent attorneys. Its board comprises a chair, chief executive officer, external board advisor, and three principals. Following significant revenue losses with the introduction of disruptive technologies and competition from low-cost services offered in various global jurisdictions, Alpha sought to broaden its offering by introducing advisory services, related to IPR valuation, the landscape, and tax incentives, to existing clients. As part of its effort to introduce and promote these new offerings, Alpha engaged a marketing team to rebrand its image and pursue a new identity, as a holistic business partner providing

services in the strategy space. Three years later, the added services had not achieved much traction among Alpha's enviable client list though.

2.2. Data collection and analysis

The data were collected with a variety of methods: interviews with 41 staff members (Table 1); observations of board meetings over a period of almost three years; regular informal conversations with the CEO, chair, and staff members; and reviews of secondary data, including consultant reports, industry reports, press accounts, the company website, internal strategy documentation, and general information about the industry, such as a timeline of events over the previous 20 years.

Insert Table 1 about here

The in-depth, face-to-face interviews lasted 30–90 minutes and were conducted between September and November 2016. All interviews were recorded and transcribed. The interview data were coded according to themes and categories that emerged from the case, on the basis of a pattern analysis across the primary data set. First, we identified discourses used by the interviewees to talk about the firm's aspirational identity and endeavors to concretize that identity. In line with exploratory research traditions (e.g., Fernandez & Merieau, 2018), we adopt the "Gioia methodology" (e.g., Corley & Gioia, 2004) and condense the responses into abstract statements, as an initial draft of first-order codes. We revisited and refined them several times, going back and forth between interview data and existing studies of identity creation, failure, and legitimation processes. Second, we integrated the first-order concepts into second-order themes. Third, we grouped the second-order themes into aggregate theoretical dimensions to complete the inductive research process.

3. FINDINGS

Figure 1 depicts the interview data according to the second-order dominant themes that emerged from the first-order concepts, which we then aggregate into a higher-order interpretation of the lived experience of the interviewees.

Insert Figure 1 here

In presenting the findings, we offer supporting quotes to substantiate specific second-order themes.² The narrative reflects the internal tensions that characterized Alpha's attempts to realize an aspirational identity that was not shared by all the members of the firm, even though it promised to address some operational challenges the firm was facing. These tensions arise between adherents to Alpha's traditional, institutional, concretized identity and others who sought the new, aspirational, consulting services identity. The narrative reveals that the tensions were exacerbated by the surreptitious influence of professional logics (amplified by a partnership structure); many Alpha attorneys assumed and anticipated that offering business consulting services would de-legitimize their professional identity, as well as Alpha's organizational identity and professional values.

3.1. Grounding and protecting the existing organizational identity

As a PSF and partnership that has offered IPR legal services for more than 100 years, Alpha's identity is historically embedded in its institutional and operational environment. Many of the firm's attorneys have been with the firm for more than 30 years, such that they have drawn on Alpha's organizational identity consistently in constructing their own personal and professional identities:

² Additional representative quotes illustrating the second-order themes are available on request.

The other thing—whether it's a differentiator or not, but I think it's important—is that there has been a reasonable pride and engagement within Alpha. (Sydney, chair)

This identification also has been endorsed by the substantial education and lengthy apprenticeship requirements linked to attaining a high-status identity as a partner:

It is very much like an apprenticeship. It's a kind of an immersive, osmotic process [through which] they have to pick it up. If they're the right kind of personality and they can see how I've done it, then hopefully that's how they mature. (Perth, principal, patent attorney)

The partnership structure does not prioritize a collective (organizational) identity over individual (partners') identities, in that each partner works individually, with their own clients and specific practices. They bill clients independently and compete with other attorneys in terms of who bills the most hours each month:

You work as an individual attorney and you have your own clients ... you have co-branding but you still largely work on your own ... that's the traditional approach. (Perth, patent attorney)

Through many years of socialization and everyday practices, tensions have arisen between perceived individual interests and collective organizational interests. As our data show, most attorneys did not acknowledge that their individual interests were embedded in the organization's interests. As the chair expressed it, the organization “really was just an aggregation of practices.” Achieving consensus among the 33 principals on any decision, as required by the partnership constitution, often was impossible, which paralyzed the organization and limited its strategic capabilities to respond to serious, emerging operational challenges.

3.2. Interpreting and rationalizing the need to change

Various factors (technology, globalization, changing attitudes toward IPR) have disrupted Alpha's traditional operational model. For example, the patent attorneys recognize that their knowledge is becoming commoditized (e.g., filing trademarks and drafting patent tasks are increasingly being offshored), resulting in lower margins:

The part of the business where we're generating our revenue, typically, has been commoditized.... There's that rising bar of commoditization. That is a risk. It becomes more and more difficult to compete for low-cost stuff, and ultimately, unless we change, we won't be able to.
(Sydney, principal, law)

Client feedback says that there are inefficiencies in the back office [and] that the invoicing process is slow and cumbersome ... gives us the impetus to be able to make change. (Melbourne, executive general manager)

Noting these ongoing business challenges, impacts on revenue streams, and anticipated market conditions, some partners, as well as all non-attorney staff, advocated for Alpha to aspire to a new identity, reflecting a strategy to generate more revenue from existing clients by extending its service offerings and improving its business processes. Internal and external communication about this strategy signaled that these internal proponents wanted to broaden Alpha's scope by offering complementary and integrated business service and consulting solutions. Tightly linked to the new strategy was a projection of how the new services could be proposed and delivered. But calls for change in response to changes in Alpha's

operational environment exacerbated some historical tensions among the four offices, especially between the main offices in Sydney and Melbourne:

[There are] cultural differences between Sydney and Melbourne in particular, but also between Melbourne and the rest of the firm. It just needs to be resolved. You cannot run a firm where you have such deep cultural divisions, open hostility, open lack of trust, lack of a desire to work together. It's impossible to succeed if that's how divided you are internally. You cannot present a unified front to the market. (Melbourne, marketing manager)

If you look at the history of a company like Alpha, trust is such a big issue. Years ago, the partners didn't trust each other; there'd be people that'd be paranoid, that felt that their skill set perhaps wasn't up to it. (Sydney, principal)

There've always been issues between Sydney and Melbourne as to how things should be done and what things should be done. That comes back to the initial structural piece. (Melbourne, principal)

These divisions did not affect the performance of the organization while it remained in a relatively protected environment. Instead, they got activated and amplified when the growing operational challenges made change seemingly imperative. The Sydney office in particular largely supported the aspirational identity, but it was opposed by most principals in Melbourne. At the heart of these tensions was a fear that individual interests (professional comfort and control) might be sacrificed for collective interests (sustainability of the firm).

3.3. Responding to change: Aspirational identity and new practices

An important strategic act, designed to implement and concretize the aspirational identity, was the introduction of differentiating services, under the umbrella of a new brand, which we refer to as IP Consulting:

The introduction of [IP Consulting] differentiates [Alpha] in the local market by the introduction of business consulting skills. I think the breadth of what we have to offer probably differentiates us in that we have a lot of different skills in the IP world. I think one of the most notable differences is probably that we have a consulting arm now as well. (Sydney, chair)

However, prior to the introduction, Alpha did not conduct research into the market's perception of the value of these extended services. Furthermore, internal and external legitimation of Alpha's new offerings soon became problematic. Internally, resisting attorneys questioned their value, arguing that they already delivered strategic services as part of their patent drafting:

One of the issues I guess that we have is that we're not business strategy people [but] we do learn. I think some of us learn strategy as we go along because IP is integral to that strategy, so you learn about it. (Sydney, principal)

The formal rebranding strategy, undertaken simultaneously with the introduction of the new services and ongoing legitimizing activities (e.g., sponsoring local events, competing for prestigious national innovation awards), largely failed. Three years after their introduction, client uptake of the extended services was low:

We still have clients who think that all we do is patents, trademarks or designs. They don't see the legal. They don't see the valuation side of things. They don't see consulting. (Melbourne, consultant)

As the pressure to transform structurally and professionally increased, some members argued that Alpha's IPR attorneys lacked the skills to deliver the kind of high value services required by the aspirational identity. For example, the attorneys might have lacked business and relational capabilities to develop new forms of strategic collaboration with clients, beyond their traditional patent attorney role, which also resulted from the rigidity of their traditional professional identity:

[Patent drafting] skills don't necessarily lend themselves to client-facing, good sales skills; good interaction skills; the get-on-your-feet skills. Not every one of our patent attorneys will have the ability to go out and consult with clients because they lack the social confidence, they lack the general skill to interact with clients that way. (Sydney, principal, law)

Even when they recognized such legitimacy and up-skilling demands of the aspirational identity, most principals were in favor of adding more business-oriented people and practices to the consulting arm, though a siloing process that would separate the new practices from traditional IPR practices. This recommendation reflected their perception of how, strategically, Alpha should manage the ambiguities, contradictions, and conflicting logics introduced by the attempt to realize its aspirations to create a more differentiated organizational identity for Alpha.

[Alpha] needs to continue to invest in the [IP Consulting] space and bring new people on board. One possible way to differentiate [Alpha] would be to expand the consulting arm to include professionals who can

focus on the more commercial aspects of a business. (Sydney, principal)

In this way, resisting principals sought to protect their professional identity by marginalizing the new commercial practices, which also further exacerbated tensions between individual and organizational interests. This strategy implies an assumption that keeping the new practices at arm's-length would address existing clients' expectations without contaminating Alpha's professional legitimacy and, thus, the attorneys' professional identity. But because the inept introduction of the new practices led to questions about their legitimacy, the resisting attorneys anchored their positions more firmly in Alpha's professional logic. As change agents, the partners' efforts to legitimize Alpha's new identity aspirations (transdisciplinary, holistic IPR) produced greater tensions with resisting partners. For example, a powerfully contested issue involved whether the current partnership structure could address the issues that threatened Alpha's survival in the dynamic operational environment. The parties in favor of the structural transformation argued that ownership of the business needed to be de-coupled from its management, because the 33 equity partners could not reach consensus about the strategic action needed to address the challenges:

If you're going to have a single process, you need to have management in place that has the authority to enforce it on everyone. (Sydney, patent attorney)

You'd have to really streamline your back-end in order to meet the demand for price in the market, because at the end of the day, it's very hard in IP if what you're relying on in your revenue is those filings, that

volume of filings. It's actually the inverse of value-based pricing.

(Sydney, marketing manager)

3.4. Rationalizing an incapacity to change

Ideological changes (e.g., neo-liberal economic practices), globalization, new technologies, and regulatory changes all increased the complexity of the IPR industry, challenged existing frames of reference for Alpha's principals, and created new client expectations of PSFs. But after many decades of protection and security in the market, a sense of entitlement and complacency led many of Alpha's attorneys to doubt their value and readiness to change:

Where the inertia sets in ... you just become complacent about the market and have this feeling that the work is going to roll in the way it always has.... I think there's an incoherency between how we perceive the business—and pat ourselves on the back—and how the market actually sees us. (Sydney, principal)

Every person we interviewed mentioned Alpha's capability to deliver value-based strategic services. But they offered mixed views about whether it could compete by offering broader strategic services, which clients now expected. Some argued that Alpha needed to rethink the workforce that would be required to offer high level services (e.g., strategic consulting) and increase its competitiveness in the market:

I am happy for people to be working here who were working here 30 years ago but they need to be working differently. The world is changing around us, and it's changing incredibly quickly. (Sydney, principal)

Another view was that the attorneys' introverted personalities, narrow technical skills, and inability to engage in explorative questioning limited their ability to collaborate

meaningfully with clients to offer value-based strategic services. They warned that to achieve external validation of Alpha's legitimacy to compete in such new domains, the attorneys would need to develop business skills to burnish the business reputation of the organization:

It's not enough to be able to write the perfect patent. You have to be able to put that into a commercial context. We're limited in the commercial type of advice we can give them, because often we don't know enough about what they're doing. (Sydney, chair)

The interview data also reflect the structural constraints imposed by the rewards granted to IPR attorneys, who seek to ensure that client spending enables them to achieve their individual budgets:

The framework that [Alpha] has for an attorney ... their primary goal is to make budget. They don't get rewarded in any way for referring work to other departments or for even keeping the client happy....There's no formal process for recognizing good work other than if you've done a large amount of billings. (Sydney, principal)

Thus, the existing performance management system justifies and legitimizes self-interest ahead of the collective interest and encourages behavior that works against referrals of clients to other members of staff who may be more capable of offering additional services. Accordingly, the pricing strategy also creates a hindrance:

The commercial side of this business, I think, can be tuned up considerably. I think what I'm advocating is value-based charging. (Sydney, principal)

A general understanding acknowledges that Alpha's clients would prefer to pay for the value generated, not hours worked, but little consensus exists regarding how to price such value. As one attorney expressed it, "everyone knows the price of everything, but they do not necessarily understand its value." Such ill-defined pricing practices are not conducive to legitimated value-based costing, and

It may be that we need to identify internally what the real value is that we have. (Sydney, principal)

Table 3 summarizes the organizational legitimacy issues related to aspirations to change the organizational identity and associated practices.

Insert Table 3 about here

4. DISCUSSION

4.1. Theoretical contributions

As prior studies of PSFs anticipate, our case study reveals resistance to strategic change; that is, strategic changes in PSFs typically are resisted by the professionals that constitute them (Schilling et al., 2012). But we also add to this stream of literature by detailing how various types of legitimacy interfere with the concretization of a PSF's aspirational identity.

First, an aspiration to become a strategic partner for clients threatens the professional legitimacy and deeply embodied professional identity of partners in the firm. Fearing that their long-standing, historically successful organizational identity (Ravasi et al., 2019) might be seriously compromised by this aspiration, firm members showed widespread resistance to its realization (Shilling et al., 2012). In the attempt to concretize the new organizational identity, the interaction of macro-level contextual factors and micro-level agentic processes also resulted in confused, at

times contradictory actions, because both individual and collective agentic actions were framed, often unwittingly, by ideology and institutional logics. The imposition of a new organizational identity inextricably implied changes to organizational members' sense of their own individual professional identities (Empson, 2004).

Second, we identified a process of delegitimization of the new aspirational identity, achieved through cognitive and pragmatic distancing practiced, often unconsciously, by the attorneys. Empson (2004) suggests de-identification and re-identification processes that allow organizational members' self-concepts to transform the organizational identity, but as we show, such an endeavor will be threatened if these actors display an incapacity to change, as well as efforts to de-legitimize the process by resisting the change effort. Their resistance denied the firm access to a new source of legitimacy and thus new resources (Kodeih & Greenwood, 2014), which then made its offering of more holistic, strategic services ineffective.

Third, we highlight the importance of legitimating cognitive and pragmatic *distancing* during repositioning efforts to achieve a change in identity (Kodeih & Greenwood, 2014). If a change of identity involves the adoption of a new set of institutional logics (managerial logics in this study), the organization should determine whether its traditional identity is embedded in a different set of institutional logics (professional logics in this study) and recognize the implications thereof. Resistance is likely to come from stakeholders who are unwilling to sacrifice a hard-won, cherished professional identity. Their resistance to change reflects employees' reliance on self-enhancement strategies in response to a threat to their work-based identity, which can be a threat to change leaders' work-based identity.

Fourth, promoting identity codes is not sufficient. Managing institutional legitimacy issues is an integral part of the process of concretizing a new identity (King et al.,

2011). When targeting a strategic shift in organizational identity, involving a relocation to another institutional domain, the newly demanded behaviors must gain legitimacy in accordance with the new logics. Any attempt to concretize an aspirational identity requires the top management team to factor in and scrutinize competing institutional and structural logics, along with anticipating how these logics might create complex internal and external environments by destabilizing prevailing identities and existing politics surrounding operational legitimation.

Fifth, because they have been socialized to be unable to think beyond a dominant logic (as legitimized by the combination of cognitive, moral, and self-interested legitimation types; Suchman, 1995), members of the PSF find an identity transformation unthinkable and express collective solidarity in their resistance. Cognitive distancing between the practical requirements of concretizing a new identity and integrating relevant practices leads to confused discourse around the competing logics and, ultimately, to a “legitimacy distancing” that encourages rationalization of the status quo as a constant source of identity and professional security. The attorneys then did not have to address the operational challenges inherent in blending the logics of professionalism and managerialism, nor the individual identity and performance challenges that such a blended organizational identity would pose.

Overall, we therefore suggest that professional and individual legitimacies act as missing links between an aspirational organizational identity and external legitimacy, as depicted in Figure 2. The formulation and concretization of identity aspirations requires highly sophisticated leadership and active efforts to match professional and organizational identities with internal and external legitimacies.

Insert Figure 2 here

4.2. Managerial contributions

For PSFs, competing in complex institutional domains, that hope to avoid failed efforts to concretize an aspirational organizational identity, we offer several strategic recommendations. First, they should seek to understand the nature of the competing logics, such as by identifying and clarifying the different cultural beliefs or socially shared practices that constitute specific logics (for Alpha, professional logics versus managerial logics) and that thus structure the typological criteria for legitimation. Unless these differences are made explicit, and the reasons for pivoting from one to the other are made clear to stakeholders, strategic confusion will undermine change attempts. Second, and in turn, they need to identify the potential impact of adopting a different set of logics on members' core identities. By finding identity characteristics that are embedded in traditional and aspirational practices, managers can anticipate legitimation issues that the strategic pivoting effort will need to address. Third, on the basis of these insights, they can identify which resources they need to concretize the aspirational identity. In addition to the practical implications of the aspirational new identity, they should establish practices to enable the organization to gain legitimacy in the new institutional domain. This requirement also demands the development of capabilities to gain internal and external legitimacy in this domain, along with allocations of the resources needed to develop or acquire them.

Fourth, the organizations should invest in legitimizing the new practices among targeted stakeholders. In these efforts, they might address a series of relevant questions: How can we incentivize the adoption of new practices (internally and externally)? How will we address the tensions between individual and collective interests? Is a blended identity possible, and if so, how might it affect legitimacy issues? Is a new organizational structure required, and if so, how should it be

supported? Fifth, the firm must continue to monitor legitimacy issues linked to the aspirational identity during the entire concretization process, to track whether institutional tensions are rising. It should gauge how the new practices are perceived (internally and externally), as well as how the organization and its external stakeholders are responding to the process of concretizing the aspirational identity.

CONCLUSION

Prior legitimacy literature has tended to address external actors (Pache & Santos, 2010; Zimmerman & Zeitz, 2002), but as we show, internal legitimacy issues can undermine concerted efforts to transform an organizational identity. The blame for this failure primarily can be assigned to a lack of unity among the principals regarding the very need for a new organizational identity. The contradictions created by their different perspectives on the situation (ideologically influenced on one side, inertial on the other) resulted in a failure to make collective sense of it, which in turn led to decision-making paralysis in response to environmental pressures. Thus a traditional identity persisted, as did taken-for-granted assumptions about the firm's legitimacy. This case also illustrates the potential for conflicts among identities (Melbourne vs. Sydney, patent vs. consulting) within a single PSF. Heterogeneous professional identities can create strong fault lines among groups and negative organizational outcomes (i.e., inability to change the organizational identity). That is, professional identity group dynamics act as a barrier to change. The "ideal" organizational identity differed across various members of Alpha, and the chair never offered clear, comprehensive narratives, reflecting his own struggles in dealing with competing rationalities, legitimacies, and multiple and contested identities.

In addition to these novel insights, our research features some main limitations. First, we followed Alpha for multiple years, but the interviews are not longitudinal,

which limits our evaluation of the real-world practices that underlie identity aspiration and through which individual identities evolve. Further efforts are required to build a multilevel understanding of institutional theory that acknowledges individual-level identity. Second, we conducted only a few interviews with external stakeholders, limiting our ability to analyze institutional complexity from a broader perspective that reflects the views of varied stakeholders and industry participants. An emphasis in future studies thus might be on the alignment of the identities of different industry participants, as members of an ecosystem of multiple parties. Third, from a theoretical perspective, our study speaks to the enduring agency debate (e.g., Heugens & Lander, 2009), that is, the question of whether people are mere institutional carriers who passively reproduce their external world or instead are active agents who purposefully interpret and act on their environment. This phenomenon could be researched further in relation to legitimacy and identity issues, especially in PSFs, and the various coping logics that actors adopt to deal with conflicts among various institutional logics. For example, Lissillour (2021) cites the implementation of loose coupling practices (e.g., material and temporal, delegation, bricolage). Continued research might address other relevant methods.

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Figure 1: Data Structure

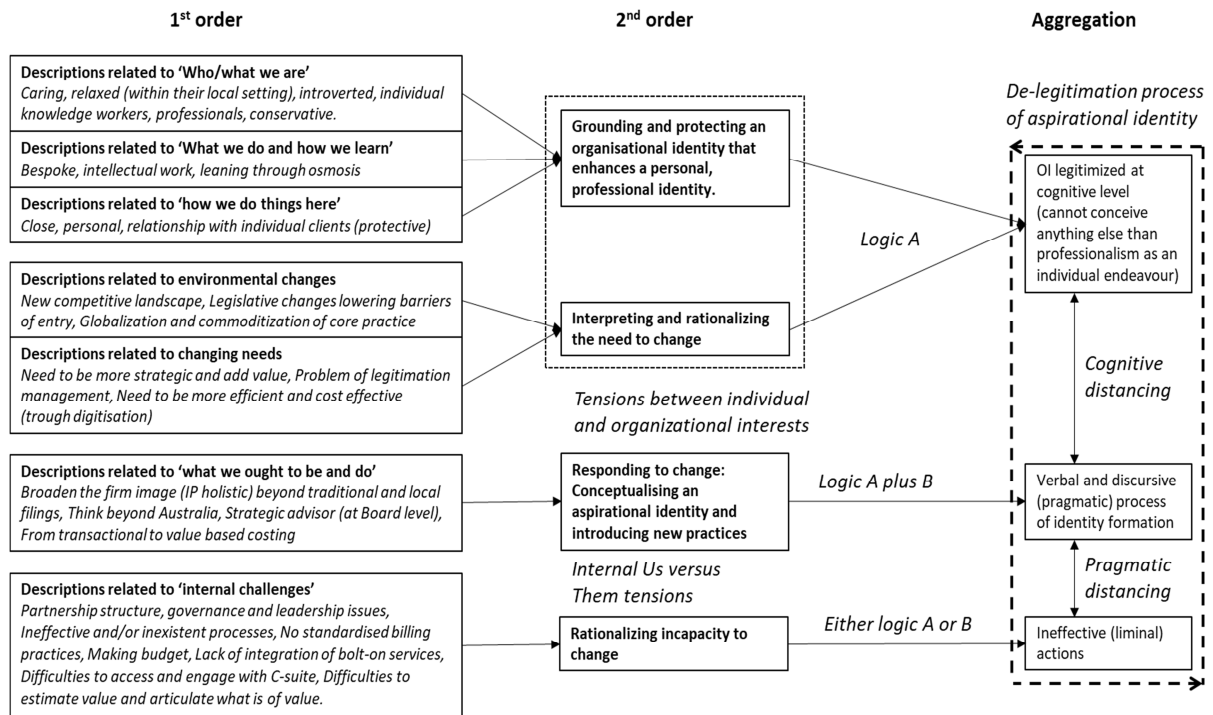


Figure 2: Delegitimation process of aspirational identity

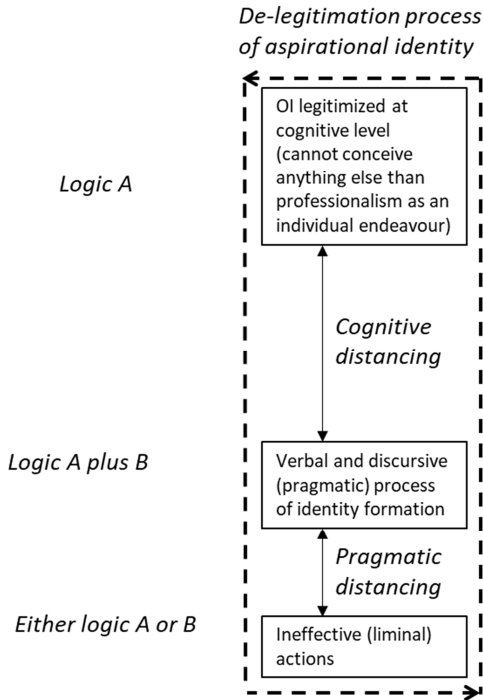


Table 1. Interview participants

Roles	Number of participants
Board members (principals)	4
Other principals	11 (total principals 33)
Senior associate and associate patent attorneys	8
Personal assistant to principals	3
Consulting services (Law, IP Valuation, IP analysts)	10
Finance, Marketing and Operations	5

Notes: We interviewed 41 people, out of the total staff of 95 people.

Table 2. Characteristics and underlying practices of initial and aspired identity

Initial identity	Identity aspirations
IP service provider	Strategic business partner
Transactional value for clients (time-based costing)	Creator of value with clients (value based)
Play safe (code of conduct)	Proactive
Artisan (craftsperson)	Teamwork (shared process)
Multidisciplinary	Transdisciplinary
Office worker	Field work
Expert mindset (patent attorney)	Holistic mindset (business insight)
Traditional practices legitimated by moral and pragmatic types	Business consulting practices legitimated by pragmatic and cognitive types
Time based costing (make budget)	Value-based costing
Patent drafting	Strategic recommendations
Analyzing IP risks in technical systems	Exploring IP for business opportunities

Table 3. Legitimacy issues related to aspirational identity and practices

The individual reputation of patent attorneys legitimates their individual work practices, rather than teamwork or shared processes.

The performance management system legitimates a client ownership mindset, which is contrary to a teamwork identity aspiration.

The poor track record of projects within Alpha delegitimizes the partnership structure for implementing shared processes.

The narrowness of Alpha's culture delegitimizes the need for change and the concretization of the aspirational identity.

Absence of incentives for referring internal work and ill-defined pricing practices lead to the non-legitimization of value-based costing practices.

Attorneys are not regarded as legitimate sources of strategic business recommendations, due to their narrow skillset and mindset.