

FOLLOWING VERSUS BREAKING WITH PRECEDENT:
ORGANIZATIONAL CONFORMITY AND DEVIATION IN THE
BRITISH COLUMBIA LEGAL PROFESSION

By

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ABSTRACT

This study investigates the effect of founders' socialization experiences and contextual interpretations on the deviation of recently-established law firms from the dominant organizational form in the B.C. legal profession. Through this research I address three issues fundamental to the neo-institutional perspective on organizational analysis: 1) whether consensually-understood frameworks exist in highly-institutionalized environments, 2) the extent to which new entrants to such industries reproduce or depart from these prescribed arrangements, and 3) why some conform while others deviate.

In the first phase of my investigation, I ascertained the nature of the legal profession's dominant template for organizing by analyzing qualitative data collected from multiple data sources including both observers of and practitioners within this industry. I subsequently validated this template by collecting quantitative data through a survey administered to a panel of lawyers. The results support the existence of a commonly-perceived template for organizing in the B.C. legal profession.

In the second phase of my research, I investigated sixty recently-established law firms in B.C. Through a background questionnaire and personal interview conducted with the founder of each firm, I collected data on multiple dimensions of form, the founder's experience, and his or her rationale for designing the firm in a certain way. I also administered a survey to a separate panel of lawyers, to obtain their perceptions of the extent to which alternative arrangements differed from those of the dominant template. This data was used to calculate deviation measures for the recently-established firms.

The results revealed that, despite the prevalence with which founders voiced disenchantment with the dominant template, 85% of their firms exhibited very little deviation from the normative form. Thus, it appears that most new entrants to a highly-institutionalized setting act primarily as agents of institutional perpetuation rather than entrepreneurship. The 15% that exhibited greater deviation tended to be headed by founders with less experience in the industry's most prominent organizations and by those who most strongly questioned the moral legitimacy of prevailing organizational arrangements. Experience in marginal organizations or other industries, as well as doubts about the dominant template's pragmatic legitimacy, were insufficient triggers of new entrant deviation.

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CHAPTER 1:

STUDYING ORGANIZATIONAL CONFORMITY AND DEVIATION FROM AN INSTITUTIONAL PERSPECTIVE

1.1 RESEARCH TOPIC, RATIONALE, AND QUESTIONS

One of neo-institutional theory's central insights, and perhaps most influential contribution to the field of organizational analysis, is that organizations exist in an institutional environment that defines and delimits social reality (Scott, 1987: 507). A particularly important constraint of these institutional environments is the existence of prescribed frameworks or templates for organizing (DiMaggio & Powell, 1991: 28) configurations of organizational structures, systems, and practices that have come to be accepted as the appropriate, taken-for-granted, rule-like means for accomplishing business activities (Meyer & Rowan, 1977; Scott & Meyer, 1994). Neo-institutionalists argue that organizations tend to adopt these institutional prescriptions in response to powerful coercive, normative, and mimetic isomorphic pressures (DiMaggio & Powell, 1983) regardless of whether the prescribed organizational arrangements are of any economic value (Meyer & Rowan, 1977; Scott & Meyer, 1994). Non-adoption is either unthinkable (Zucker, 1977) or detrimental to an organization's legitimacy and survival prospects (Meyer & Rowan, 1977; DiMaggio & Powell, 1983). Thus, over time, organizations come to exhibit structural homogeneity—an implication supported by many notable empirical investigations of the diffusion of administrative innovations (e.g., Baron, Dobbins & Jennings, 1986; Fligstein, 1985; Tolbert & Zucker, 1983).

Although neo-institutionalism has generated an impressive corpus of theoretical and empirical work, and has become one of the dominant paradigms in organizational analysis, it has definitely not gone unchallenged. Some have criticized neo-institutional research for failing to empirically establish the validity of its fundamental assumptions (e.g., Donaldson, 1995; Hirsch, 1997; Hirsch & Lounsbury, 1997; Oliver, 1991, 1992). One such assumption that has received surprisingly little research attention is the asserted existence of contextually-prescribed templates for organizing. Very few neo-institutionalists have explicitly examined whether institutional environments do, in fact, contain configurations of organizational structures, systems, and practices that are widely understood and normatively sanctioned. Two important exceptions include Greenwood & Hinings (1993) investigation of the British municipal government sector

and their subsequent research on the Canadian legal profession (Cooper, Hinings, Greenwood & Brown, 1996). In both studies, these researchers found that their focal institutional environments contained two idealized organizational archetypes. However, a close examination of their work reveals that these idealized archetypes can most accurately be described as the *researchers* perceptions of the rules for organizational design in these institutional settings. Neither investigation systematically assessed the extent to which these observer-derived archetypes were commonly perceived by the actual *actors* within the focal contexts.

Neo-institutionalists have also been loudly criticized for their over-emphasis on organizational homogeneity and consequent lack of attention to structural heterogeneity particularly amongst organizations facing the same institutional environment (e.g., Donaldson, 1995; Powell, 1991; Oliver, 1991, 1992). According to Hirsch & Lounsbury, scholars of neo-institutionalism have historically relegated organizations that deviate from the norm as error terms and noise that can simply be ignored rather than having to be explained (1997: 80). The costs of doing so are well-articulated in Hirsch & Lounsbury's emphatic plea for greater theoretical and empirical attention to organizations that depart from, as well as conform to, institutional prescriptions:

Although we may believe we have developed generalizable knowledge with elaborate models that explain 30% of the variance, the unexplained portion could still invalidate what we thought we had shown. We must actually investigate and explain variation, not just use sophisticated statistical controls or fall back on assertion to simply rule out its importance (1997: 86).

Admitting the potential for organizational variation to develop within the confines of existing institutions, and investigating the extent to which organizations in a focal institutional milieu exhibit structural isomorphism, will contribute to resolving the much-debated but empirically under-explored question of whether organizations tend to exhibit startling homogeneity (DiMaggio & Powell, 1983: 148) or remarkable heterogeneity (Donaldson, 1995: 126). The existing studies that have explicitly addressed this issue provide contradictory results. Oliver's (1988) study of voluntary social service firms, for example, revealed that the degree of goal multiplexity, specialization, centralization, and formalization of these organizations exhibited diversity rather than similarity. As a result, Oliver concludes that the environment is not highly deterministic in shaping organizational characteristics (1988: 543). In contrast, the findings of Greenwood & Hinings' investigation of British municipal government agencies, although not quite so clear-cut, led these researchers to conclude that organizations tend to operate with structures and systems that approximate [contextually -

prescribed] archetypes (1993: 1073). Thus, it appears that further empirical research is necessary to determine the predominance with which organizations adhere to or depart from institutional prescriptions.

Neo-institutionalists have also been criticized for weakness in exploring the endogenous, micro-level mechanisms that are postulated to maintain exogenous, macro-level institutionalized arrangements (e.g., DiMaggio & Powell, 1991; Greenwood & Hinings, 1996; Hirsch & Lounsbury, 1997; Tolbert and Zucker, 1996). Although such processes are often explicated in considerable conceptual detail, they are rarely explicitly examined. As a result, the findings from many empirical investigations of neo-institutionalism are open to alternative interpretations although these studies may reveal that a relationship exists between certain constructs, the observed association may be attributable to reasons other than the institutional mechanisms articulated in their conceptual frameworks (e.g., Donaldson, 1995; Scott, 1995; Westphal, Gulati & Shortell, 1997). For example, in the conclusion to her own investigation of mimetic isomorphism in the acquisition activities of organizations, Haunschild (1993) cautioned that her findings do not lend unequivocal support for institutional theory; although imitation may have been undertaken to increase legitimacy, it could also reflect interorganizational learning, a strategic response to competitor activities, or a response to uncertainty.

Because of their focus on organizational homogeneity, neo-institutionalists have historically been particularly weak in explaining, let alone testing, the related issues of why certain organizations do not completely adhere to contextually-prescribed arrangements and how alternative ideas for organizing emerge that is, the acts of institutional entrepreneurship that may ultimately contribute to changes in, or the erosion of, existing institutional prescriptions (Greenwood & Hinings, 1996; Hirsch & Lounsbury, 1997; Oliver, 1991, 1992; Tolbert & Zucker, 1996). The recent theoretical expositions of Oliver (1991, 1992) and Greenwood & Hinings (1996) represent initial and important efforts to correct for this oversight of the neo-institutional literature. In the first essay, for example, Oliver outlined how organizational behavior may vary from passive conformity to active resistance in response to the nature and context of the [institutional] pressures themselves (1991: 146). In her subsequent essay, Oliver (1992) delineated an extensive set of exogenous and organizational factors that can potentially induce deinstitutionalization; that is, the erosion or discontinuance of previously-legitimated organizational arrangements. Similarly, in a more recent essay, Greenwood & Hinings postulated the precipitating and enabling dynamics by which individual

organizations retain, adopt, and discard templates for organizing (1996: 1022). All of these theoretical expositions, however, have implicitly placed the locus of non-conformity in the existing members of an organizational population. As such, they have overlooked another likely source of institutional entrepreneurship namely, newly-established firms. Similarly, although Oliver (1991, 1992) and Greenwood & Hinings (1996) espoused the role of active human agency, and included such factors as inter-group dissensus in their conceptual frameworks, they have nevertheless overlooked plausible individual-level determinants of organizational non-compliance.

Conceptually, new entrants represent particularly intriguing subjects for an investigation of organizational compliance with and deviation from contextually-prescribed templates for organizing. On the one hand, some argue that new entrants are especially likely to perpetuate existing institutional prescriptions, given their concern with establishing legitimacy in order to overcome the liability of newness (e.g., Dacin, 1997). On the other hand, others argue that new entrants are particularly likely sources of institutional entrepreneurship, their shorter histories contributing to less understanding of and/or commitment to prevailing structures, systems, and practices (Kraatz & Moore, 1998; Kraatz & Zajac, 1996; Leblebici, Salancik, Copay & King, 1991; Powell, 1991). This theoretical tension calls for an empirical resolution. As of yet, however, there have been few systematic investigations of new organizational entrants in neo-institutional literature a notable exception being Dacin's (1997) investigation of Finnish newspaper foundings.

In addition to this systematic lack of attention to new entrants, the collective work of neo-institutionalists exhibits a parallel under-emphasis on organizational leaders. Although this lacuna is not surprising given these scholars' emphasis on exogenous macro-structures, Staw & Sutton (1993) have presented a strong case for the inclusion of individual-level variables in analyses of organizational phenomena. Addressing neo-institutionalists in particular, Scott has argued that individuals need to be explicitly recognized because contextually-prescribed scripts exist not only in the wider environment as widely held beliefs but also as ideas or values in the heads of organizational actors (1995: 53). Despite these arguments, new institutionalists have been slow to incorporate individual-level variables in their conceptual models and empirical investigations. Kraatz & Moore's (1998) study of the impact of executive migration on the adoption of alternative organizational arrangements represents a noteworthy exception. Although these researchers found support for the effect of individual-level considerations, their focus was limited, however, to the objective

nature of an organizational leader's background experience (i.e., whether the executive had migrated from a peripheral organization within the focal institutional field or from another field altogether)¹.

In addition to the nature of their background experiences, leaders' subjective interpretations of an industry's prescribed template for organizing appears to represent another potentially-powerful, individual-level determinant of an organization's extent of conformity or deviation. Even though institutionally-legitimated structures and practices are, by definition, those that are widely-understood by organizational actors, Hirsch & Lounsbury have argued that there will be some individuals for whom these rules are not so comprehensible or taken for granted (1997: 85). Besides differing in terms of what they *know* about prevailing organizational arrangements, organizational actors are also likely to vary with respect to how they *feel* about them. Some are likely to feel that existing institutionalized practices are of questionable functional utility (e.g., Oliver, 1991, 1992). Others are likely to feel that customary structures, systems and practices are unfair and unjust even though they are commonly-understood and widely-practiced (e.g., Greenwood & Hinings, 1996; Martin, 1993). Although these observations imply a possible conceptual framework for understanding of how contextual pressures are interpreted and acted upon by organizational actors (Greenwood & Hinings, 1996: 1024), such a framework does not appear to exist as of yet in the neo-institutional literature at least with respect to the effect of these subjective perceptions on new entrant conformity and deviation.

This dissertation represents an effort to address the above gaps in and criticisms levied against the neo-institutional literature. In particular, this research examines the role of organizational founders' objective socialization experiences and subjective contextual interpretations in determining whether and why variation in the forms of new entrants can develop within the confines of a highly-institutionalized setting. More specifically, my work strives to answer the following three questions: 1) do commonly-understood templates for organizing exist in highly-institutionalized environments?; 2) to what extent do new organizational entrants comply to or depart from these institutional prescriptions; and, 3) why do some new entrants conform while others deviate?

¹ A corresponding emerging interest in the prior experience of organizational leaders can be found in the organizational ecology literature (e.g., Boeker, 1988, 1997; Carroll, 1993; Romanelli, 1989).

1.2 OVERVIEW OF THE CONCEPTUAL FRAMEWORK

In Chapter 2, I present my conceptual framework regarding the existence of commonly-understood organizational templates in a highly-institutionalized setting, the extent to which new entrants will conform to these institutional prescriptions, and the determinants of adherence and non-compliance. Before doing so, however, I define two of the more complex constructs that are the focus of my investigation—organizational form and deviation. With respect to the concept of organizational form, I adopt Greenwood & Hinings (1993) comprehensive yet parsimonious four-dimensional definition, conceptualizing this construct as the configuration of a firm's structural aspects, decision systems, human resource practices, and interpretive scheme (i.e., its system of values and beliefs). I depart, however, from their more taxonomic measure of deviation, in which an organization is categorized as either congruent with institutional prescriptions or not, by emphasizing the need for continuous measures of deviation that capture variation along the multiple dimensions of form. As Westphal and his colleagues have observed, neo-institutionalists in general tend to treat organizational conformity as a discrete phenomenon—even though the classification of adoption as an either-or proposition is somewhat arbitrary (1997: 367; see also Oliver, 1991).

I begin my series of propositions by posing the existence of consensually agreed-upon, rule-like scripts for organizing in highly-institutionalized settings as a foundational hypothesis of my investigation—rather than as a fundamental yet untested assumption underlying my work. I then turn to the rhetorical debate and seemingly contradictory empirical findings regarding the tendency of new organizational entrants to act primarily as agents of institutional perpetuation (e.g., Dacin, 1997) versus institutional entrepreneurship (e.g., Kraatz & Moore, 1998; Kraatz & Zajac, 1996; Leblebici et al., 1991; Powell, 1991). Drawing on Low & Abrahamson's (1997) essay on organizational imitation versus innovation, which appears in the entrepreneurship literature, I propose that most—but not all—new entrants to a highly-institutionalized setting will exhibit little deviation from the prescribed organizational framework.

Finally, I present two complementary arguments for the role that founders' objective socialization experiences and subjective contextual interpretations play in shaping the extent of deviation exhibited by their firms: I term these the *unconstrained actor perspective* and *disenchanted actor perspective*, respectively. For guidance in formulating these arguments, I draw heavily upon the legitimacy typologies of Aldrich (1999), Aldrich & Fiol (1994), and Suchman (1995). More specifically, in developing the unconstrained actor perspective, I question whether—as a result of

differences in their socialization experiences organizational founders invariably perceive an industry's prescribed framework for organizing as cognitively legitimate. Likewise, in developing the disenchanted actor perspective, I question whether founders invariably perceive prevailing organizational arrangements as pragmatically and morally legitimate. I then draw implications for the extent of deviation likely exhibited by their newly-created firms.

In sum, the essence of my argument is that although highly-institutionalized settings may contain templates for organizing that are *commonly* understood, this does not necessarily imply that these prescriptions are *invariably* considered by organizational founders to possess cognitive, pragmatic, and/or moral legitimacy nor that these prescriptions will be reproduced in their entirety in the firms established by these individuals. Founders' differential experiences with and interpretations of an industry's prevailing organizational arrangements may help explain the extent to which their organizations conform to or depart from the prescribed framework for organizing.

1.3 OVERVIEW OF THE EMPIRICAL INVESTIGATION

In Chapter 3, I present the methodology and results for the first phase of my empirical investigation testing the foundational hypothesis that highly-institutionalized industries contain contextually-legitimated templates for organizing. Although the existence of such institutional prescriptions is widely asserted by neo-institutionalists (e.g., Cooper et al., 1996; DiMaggio & Powell, 1983; Greenwood & Hinings, 1988, 1993; Meyer & Rowan, 1977; Scott & Meyer, 1994), there have been very few empirical investigations that examine the validity of this assumption. Prior to presenting my findings, I describe the novel two-step methodological procedure that I developed for identifying and then verifying the nature of an industry's institutionalized organizational framework. The identification component involves distilling the characteristic features of such frameworks from qualitative data obtained through multiple sources, using a blend of theory-based deduction and empirically-grounded induction. The validation component involves collecting quantitative data through a survey administered to a panel of practitioners within the focal setting.

In Chapter 4, I describe my methodology for calculating multidimensional measures of both organizational form and deviation. More specifically, the first half of this chapter is dedicated to how I collected contextually-relevant, yet theoretically-consistent, indicators tapping fifteen features of organizational form. These include

indicators of the values and beliefs of a firm's interpretive scheme—measures that to-date have been collected primarily through case study research (e.g., Bartunek, 1984; Cooper et al., 1996). Although most neo-institutionalists appear to conceptualize organizational form in multivariate terms, the majority of their empirical research is based on unidimensional or bivariate operationalizations. For example, the oft-cited administrative innovation adoption studies conducted by Baron et al. (1986) and Tolbert & Zucker (1983) examined the spread of specific personnel policies, while those conducted by Fligstein (1985) and Palmer, Jennings, & Zhou (1993) focused on the structural aspect of divisionalization. A similar lack of multidimensionality can be found in Eisenhardt's (1988) investigation of compensation practices in retail firms, Haveman's (1993) examination of diversification in savings and loan associations, and Tolbert's (1985) study of differentiation in colleges and universities. Oliver's (1988) investigation of the goals, specialization, centralization, and formalization of voluntary social service organizations is a noteworthy exception; however, each of these attributes of organizational form was analyzed separately. In the latter half of this chapter, I describe the novel methodological protocol that I developed for calculating an organization's deviation from institutionally-prescribed templates for organizing. This procedure involves collecting independent, quantitative deviation weights from a panel of industry practitioners through an adaptation of Amabile's (1982) consensual assessment technique; aggregating these scores into a set of Euclidian distance indices of overall similarity; then validating the global indices against measures of overall deviation collected through other sources and methods. This protocol results in continuous, construct-validated measures of deviation based upon a multidimensional operationalization of organizational form.

In Chapter 5, I present my analytical procedures and results regarding whether and why new entrants to a highly-institutionalized setting tend to conform to or depart from the prescribed template for organizing—and thereby act primarily as agents of institutional perpetuation or institutional entrepreneurship, respectively. Prior to doing so, I describe my measures and findings for founders' subjective perceptions of prevailing prescriptions. As Greenwood & Hinings (1996) have noted, the neo-institutional literature currently lacks systematic investigations of how organizational actors interpret and subsequently react to contextual pressures. I then describe and present the findings from the two analytical procedures that I developed for examining the extent of new entrant conformity. Both of these techniques examine the distribution of deviation scores for the sampled firms rather than simply the mean amount of departure from the institutionally-prescribed framework for organizing. Organizational theorists

in general, and neo-institutionalists in particular, have been criticized for their focus on measures of central tendency rather than on the variability (e.g., Hirsch & Lounsbury, 1997; Pinder & Moore, 1979). I then present my findings regarding the effect of founders' socialization experiences and contextual interpretations on the amount of deviation exhibited by their firms. I intersperse interview excerpts throughout the interpretation of my statistical results so as to provide a more holistic portrayal of the phenomenon of new entrant conformity and deviation in a highly-institutionalized setting.

Finally, I conduct additional analyses to examine the micro-mechanisms postulated to underlie the relationships between founders' socialization experiences and contextual interpretations and the amount of deviation exhibited by their firms. Neo-institutionalists have been criticized for explicating such mechanisms in considerable conceptual detail yet rarely examining them empirically (e.g., Donaldson, 1995; Hirsch, 1997; Hirsch & Lounsbury, 1997). Kraatz & Moore (1998) certainly are not alone in this tendency, but their study of the link between executive migration and institutional change does provide an illustrative example. These researchers formulated an impressive theoretical argument for why leaders with certain types of prior organizational experiences will be more inclined to introduce controversial changes in their institutions delineating and describing such processes as knowledge transfer and interorganizational learning, the introduction of new mental models and assumptions, and the attenuation or replacement of institutional values. Yet these mechanisms were not measured in the empirical research subsequently reported in their article. The qualitative methodology employed in my dissertation research allows me to provide some insights into the validity of the micro-level mechanisms underlying my conceptual arguments.

1.4 CONCLUDING REMARKS ON THE SETTING FOR THIS RESEARCH AND ITS POSITIONING IN THE NEO-INSTITUTIONAL LITERATURE

This research is set in the Canadian legal profession – a particularly intriguing context for an investigation of whether and why new organizational entrants tend to act primarily as agents of institutional perpetuation versus institutional entrepreneurship. Two aspects of this setting make it particularly appropriate for a study of this nature. First, although law firms clearly represent organizations that are highly infused with value (Selznick, 1957), they have been relatively overlooked – rather ironically – as a context for building and testing neo-institutional theory. Notable exceptions include the

work of Cooper et al. (1996) and Tolbert (1988) on law firms per se as well as the work of Edelman and Suchman on the intersection of neo-institutional theory and the study of law and legal environments (e.g., Edelman, 1995; Edelman & Suchman, 1997; Suchman, 1997; Suchman & Edelman, 1996). Second, although highly-institutionalized (Galanter & Palay, 1991), the legal profession is currently in the midst of a profound transition (Cooper et al., 1996; Galanter & Palay, 1991; Hagan & Kay, 1995) characterized by increasing disenchantment with prevailing organizational and managerial practices (Brockman, 1990; Hagan & Kay, 1995). This second aspect renders the question of whether organizational founders are able to overcome the powerful isomorphic pressures of this industry, and translate their disillusionment into the creation of organizational arrangements that depart from institutional prescriptions, especially timely and interesting at this point in the legal profession's history.

In sum, this dissertation questions both whether contextually-prescribed templates for organizing exist as shared typifications (DiMaggio & Powell, 1991: 15) even in a highly-institutionalized setting and whether these typifications tend to be viewed by organizational founders as impersonal prescriptions (DiMaggio & Powell, 1991: 15) that are subsequently reproduced in their newly-established firms in the passive and taken-for-granted manner emphasized in new institutionalism. In sum, by treating new entrant conformity and deviation as equally-important phenomenon to be investigated and explained and by emphasizing individual-level mechanisms driven not only by cognitions but also by interests, values, and emotions this research strives to make at least a minor contribution to Hirsch & Lounsbury's (Hirsch, 1997; Hirsch & Lounsbury, 1997) vision of a more inclusive and integrated institutional perspective.

CHAPTER 2:

EXPLAINING NEW ENTRANT CONFORMITY AND DEVIATION: A FOUNDER-DRIVEN CONCEPTUAL FRAMEWORK

2.1 INTRODUCTION

By posing the startling homogeneity of organizational forms (DiMaggio & Powell, 1983: 148) as the central issue to be addressed by organizational scholars and emphasizing powerful external pressures as the primary determinants there is no question that neo-institutionalism has had a major influence on the direction of organizational research over the past two decades. Nevertheless, several critics have vociferously attacked this theoretical paradigm for its over-emphasis on both organizational conformity and environmental determinism (e.g., Donaldson, 1995; Hirsch, 1997; Oliver, 1991, 1992; Perrow, 1985). Most recently, Hirsch & Lounsbury have argued that neo-institutionalists must actually investigate and explain variation, not just use sophisticated statistical controls or fall back on assertion to simply rule out its importance (1997: 86). These scholars further assert that greater attention needs to be paid to micro-level mechanisms particularly to the issues of intentionality, interests, and values that were emphasized in the old institutionalism. The overarching objective of this chapter is to develop such an explanation for the extent of deviation exhibited by new organizational entrants to a highly-institutionalized industry.

I start by providing a definition of deviation that is capable of capturing the fundamental complexity of organizational form. With their emphasis on institutionally-prescribed templates for organizing (DiMaggio & Powell, 1991: 28), neo-institutionalists appear to conceptualize organizational form in multidimensional terms. Their empirical measures, however, have tended to be unidimensional in nature, with studies focusing on such aspects as specific personnel policies (e.g., Baron et al., 1986; Eisenhardt, 1988; Tolbert & Zucker, 1983), divisionalization (e.g., Fligstein, 1985; Palmer et al., 1993), diversification (e.g., Haveman, 1993), and differentiation (e.g., Tolbert, 1985). New institutionalists have also tended to view conformity in a similarly simplified manner, typically measuring whether or not a particular administrative innovation is adopted rather than variation in the extent of adoption a concern raised by Oliver (1991) and Westphal et al. (1997). In the first section of this chapter, I present definitions

of organizational form and deviation that are more compatible with the inherently multidimensional nature of these constructs.

The second section of this chapter examines the extent to which institutionally-prescribed means for accomplishing business activities are likely to be commonly understood by both observers of, and actors within, a highly-institutionalized industry. Rather than simply asserting that such settings contain consensually agreed-upon, rule-like scripts regarding appropriate organizational structures, and practices (e.g., DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Scott & Meyer, 1994; Zucker, 1977), I pose this fundamental assumption as a foundational hypothesis warranting empirical validation. In doing so, I attempt to address the criticism that neo-institutionalists have tended to be weak in investigating the validity of the basic premises underlying their theoretical assertions (e.g., Donaldson, 1995; Hirsch, 1997; Hirsch & Lounsbury, 1997; Oliver, 1991, 1992).

In the third section, I turn to the question of whether newly-established firms will be more likely to conform to or deviate from an industry's institutionally-prescribed template for organizing. Although neo-institutionalism presents a compelling theoretical case in favour of new entrants as reproducers of prevailing prescriptions, some empirical findings support the view that these organizations represent a critical source of institutional change. Leblebici and his colleagues, for example, found that radically new practices in the U.S. radio broadcasting industry tended to be introduced by the newer and/or less powerful participants on the fringe of this institutional setting (1991: 358). As a potential resolution to this issue, I draw upon Low & Abrahamson's (1997) essay on movements, bandwagons, and clones, which appears in the entrepreneurship literature.

I devote the fourth section to developing a conceptual framework for explaining which new entrants will tend to act as institutional perpetuators and which will tend to act as institutional entrepreneurs. In order to understand why firms respond in different ways to the same set of contextual pressures, several scholars (e.g., Greenwood & Hinings, 1996; Oliver, 1991, 1992; Zucker, 1983) have argued that attention must be paid to *intra-organizational* factors. A particularly important intra-organizational factor in the case of new entrants is the role of organizational founders (Staw & Sutton, 1993). I focus on two aspects of founders in my explanation: the objective nature of their socialization experiences and the subjective nature of their interpretations of an industry's institutional prescriptions. Although Kraatz & Moore (1998) and Greenwood & Hinings

(1996) have respectively postulated these factors as potential drivers of institutional change, they have been relatively under-explored thus far in the neo-institutional literature particularly in the context of newly-established firms. Thus, the fourth section of this chapter represents an effort to address this gap.

2.2 TERMINOLOGY

2.2.1 A Definition of Organizational Form

Organizational form is a difficult concept to define as evidenced by the variety of definitions that abound in the broader organizational literature (see, for example, those provided by Aldrich, 1979; Hannan & Carroll, 1995; Greenwood & Hinings, 1993; Hannan & Freeman, 1977, 1984, 1989; McKelvey, 1982). What these different definitions tend to share, however, is a configurational orientation to organizational analysis (e.g., Meyer, Tsui & Hinings, 1993; Ketchen et al., 1997). A configurational approach conceptualizes organizational form holistically as a basic pattern or template for organizing (DiMaggio & Powell, 1991; Hannan & Freeman, 1977; Van de Ven & Drazin, 1985), or, more specifically, as a multidimensional constellation of conceptually distinct characteristics that commonly occur together (Meyer et al., 1993, 1175). It is in the specification of these constituent characteristics that the various definitions of organizational form tend to differ. Pinder & Moore identified this problem two decades ago, when they stated that a major challenge of organizational analysis at the time lay in the selection of the parameters to be employed in capturing the multidimensionality of organizational similarity and difference (1979: 108).

Hannan & Carroll circumvent this difficulty by defining organizational form as the core properties that make a set of organizations ecologically similar (1995: 29), without specifying the exact nature of these core properties. It is my opinion that the core properties of organizational form should be specified by researchers *a priori* albeit in a manner broad enough to allow for context-specific operationalizations of these primary parameters. Greenwood & Hinings (1993) definition possesses these characteristics. These scholars have noted a growing consensus around three essential dimensions of organizational form²: the structure of a firm's roles and responsibilities, the nature of its decision systems, and the character of its human resource practices. To

² It should be noted that Greenwood & Hinings (1993) actually used the term organizational *design* rather than organizational *form*; however, they did acknowledge the conceptual similarity of the two terms.

these three consensually-derived dimensions Greenwood & Hinings have added a fourth derived from their earlier work (Ranson, Hinings & Greenwood, 1980; Greenwood & Hinings, 1988): a firm's *interpretive scheme*. An interpretive scheme is defined as the set of values and beliefs that underpin and embody the more observable aspects of organizational form.

I use Greenwood & Hinings (1993) definition of organizational form in this dissertation primarily because of its conceptual merits—merits that relate both to what is included in, and excluded from, their definition. By including decision systems and human resource practices, Greenwood & Hinings explicitly and appropriately acknowledge that the structural characteristics that have traditionally been emphasized in organizational classification—such as the extent of differentiation, formalization, and integration—are not the definitive dimensions of form. A complete definition of organizational form includes the processes and systems that connect and activate structural frameworks (Greenwood & Hinings, 1993: 1054). This inclusion of decision systems and human resource practices is consistent with parallel definitions of form found in the work of organizational ecologists and evolutionary theorists, which refer not only to an organization's formal structure but also to its characteristic activity patterns (e.g., Aldrich, 1979; Hannan & Freeman, 1977).

Greenwood & Hinings (1993) definition differs from those provided by some organizational ecologists, however, in its exclusion of attributes that are arguably more appropriately labeled as the function rather than the form of an organization. These include such attributes as a firm's goals and marketing strategy (e.g., Hannan & Freeman, 1984, 1989). This distinction between form and function is consistent with that purported by evolutionary theorists who conceptualize organizational form as the internal structures, processes, and interrelationships that contribute to the unity of the whole of the organization and to the maintenance of its characteristic activities, function, or nature (McKelvey & Aldrich, 1983: 110). This distinction is also consistent with the insights of Boeker (1988), Kimberly (1980), and Schein (1983), who have suggested that founders make two separate sets of decisions when designing their organizations: decisions about what the organization should be and do (i.e., its function), and decisions about the structure of work and internal social control (i.e., its form).

A further merit of Greenwood & Hinings (1993) definition is the inclusion of a firm's interpretive scheme—the system of values and beliefs that underpin the more observable dimensions of organizational form. As noted by these scholars, the inclusion

of the interpretive scheme builds on the notion that structures and systems are not neutral, disembodied attributes of organizations but reflect intentions, aspirations, and purposes. Schein (1983) demonstrated this quite vividly in his description of how the theories, assumptions, and values of organizational founders became manifest in the structure, decision-making style, and reward and control systems of their firms. Similarly, Bartunek's (1984) case study of a religious order's transformation clearly showed how fundamental changes in the order's interpretive scheme were linked to organizational restructuring. In addition to suggesting that interpretive schemes underlie structures and practices, Greenwood & Hinings (1993) further argued that these value and belief systems lend coherence to the pattern of a firm's observable aspects, thereby providing a useful starting point for the classification of different organizational forms (1993: 1055).

In addition to its conceptual merits, Greenwood & Hinings (1993) definition possesses a number of desirable methodological implications. For one, Greenwood & Hinings (1993) definition contains multiple dimensions, most capable of being further subdivided into component features. This multidimensional nature should help ensure that the resultant measure of organizational form is commensurate with the fundamental complexity of this construct (Pinder & Moore, 1979: 102). The definition also contains a parsimonious number of dimensions, the majority of which are commonly understood by organizational theorists: both qualities should aid in the interpretation and generalization of the results (Pinder & Moore, 1979: 109). At the same time, however, the dimensions are not so narrowly defined that researchers are restricted in their ability to develop field-specific operationalizations. Latitude in inductively developing contextually meaningful measures is important in that it helps to foster real understanding of what the units have in common (Pinder & Moore, 1979: 110).

2.2.2 A Definition of Deviation

Having addressed the issue of what dimensions the new entrants will be compared *on* (i.e., their interpretive schemes, structural aspects, decision systems, and human resource practices), I turn now to the question of what they will be compared *to*. Rather than focus on the extent to which they differ from one another—as was the case in Oliver's (1988) investigation of homogeneity versus heterogeneity—I emphasize the degree to which newly-established firms depart from an industry's prevailing organizational arrangements. More specifically, I define a new entrant's degree of deviation as the multivariate extent to which its structural aspects, decision systems, human re-

source practices, and interpretive scheme differ from those of an industry's commonly-perceived dominant template for organizing. Several aspects of this definition warrant further elaboration.

First, I adopt an institutional rather than an ecological interpretation of an industry's dominant template for organizing; that is, I conceptualize this construct as the configuration of organizational design elements that is commonly perceived to characterize the *prominent* organizations in an institutional setting rather than that which is exhibited by the *majority* of firms. Prominent organizations are those that comprise the core of an industry: they are the central and influential organizations that tend to impose models for organizing upon others, whether directly through the use of power or indirectly through the socialization of newcomers and the encouragement of imitation (DiMaggio & Powell, 1983). These prominent organizations may or may not represent the majority of firms in an organizational population.

Second, I have deliberately emphasized the perceptual nature of an industry's dominant template for organizing. As neoinstitutionalists have stressed, contextually-prescribed scripts are social constructions—common understandings that have become so ingrained that they reflect a rule-like status (e.g., DiMaggio & Powell, 1991; Meyer & Rowan, 1977; Scott & Meyer, 1994; Zucker, 1977). However, Greenwood & Hinings (1993) have noted that in practice, organizations approximate these institutionally-prescribed templates to a greater or lesser extent. In keeping with the socially-constructed nature of an industry's dominant template, I focus on that which is commonly perceived by observers of and actors in an institutional setting rather than that which is actually enacted in practice by its most prominent organizations.

Although it may be argued that my notion of a commonly-perceived dominant template is identical to Greenwood & Hinings (1988, 1993) notion of an organizational archetype, I believe that the two constructs are conceptually distinct. Greenwood & Hinings define an archetype as an idealized template for organizing that exhibits internal coherence; that is, as a set of structures and systems that reflects a single interpretive scheme (1993: 1052). I focus instead on the template that is widely understood within an institutional setting at a given point in time—whether this commonly-perceived dominant configuration can be considered archetypal, in the sense of exhibiting internal congruence with a single interpretive scheme, or not. Moreover, my notion of a dominant template emphasizes that this organizational configuration is widely understood by both observers of and actors within an institutional setting: an em-

phasis not evident in Greenwood & Hinings (1988, 1993) notion of an organizational archetype.

Finally, my work differs from that of these scholars in stressing the multidimensional nature of organizational deviation. By classifying organizations as within an archetype if all of its structures and systems [are] consistent with the theoretical template (1993: 1068), Greenwood & Hinings implicitly define non-conformity in dichotomous terms: an organization either conforms to the dominant template or it does not. In contrast, I subscribe to Westphal et al.'s (1997) argument for the conceptualization of conformity and deviation in continuous terms; that is, I believe that organizations can exhibit varying degrees of adherence to, or departures from, institutional prescriptions.

2.3 THE EXISTENCE OF PRECEDENTS: COMMONLY-PERCEIVED DOMINANT TEMPLATES IN HIGHLY-INSTITUTIONALIZED SETTINGS

One of neo-institutionalism's basic premises is that institutional contexts contain prescriptions for organizing; that is, widely-held, socially-constructed understandings regarding appropriate structures, systems, and practices for accomplishing business activities (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Scott & Meyer, 1994; Zucker, 1977). Although the assumed existence of such contextually-prescribed organizational templates warrants empirical testing (cf., Donaldson, 1995), very few researchers have explicitly examined this issue. Greenwood & Hinings (1993) investigation of the British municipal government sector and their subsequent research on the Canadian legal profession (Cooper et al., 1996) represent notable exceptions.

Although both of these studies reveal the existence of institutionally-specific organizational archetypes, in each case the archetypes represented the *researchers* perceptions of the industry's rules for organizational design. Neither study systematically assessed the extent to which these observer-derived archetypes were also commonly perceived and understood by the actual actors within the focal contexts themselves. Yet establishing that actors within highly-institutionalized settings hold common perceptions of such idealized configurations appears to represent a necessary precursor to understanding new entrant conformity and deviation. I thereby pose the existence of dominant templates as an explicit foundational hypothesis of my investigation, rather than as an implicit underlying assumption of my arguments.

Hypothesis 1: In highly institutionalized environments, such as the legal profession, both observers and practitioners will express a high level of agreement on the industry's dominant template for organizing.

2.4 FOLLOWING PRECEDENT: THE TENDENCY FOR NEW ENTRANTS TO CONFORM RATHER THAN DEVIATE

Neo-institutionalists offer two basic arguments for why contextually-derived prescriptions act as a potent conforming force on organizations. Some argue that these templates have typically achieved such a taken-for-granted, rule-like, and scripted status that organizational actors are limited in their ability to even conceive of alternatives; as a result, adherence is virtually automatic and preconscous (e.g., Zucker, 1977). Others argue that organizational actors comply in a more intentional and instrumental manner, purposely adopting institutionally-sanctioned arrangements in an effort to enhance their organizations' legitimacy and survival prospects (e.g., Meyer & Rowan, 1977; Scott & Meyer, 1994; DiMaggio & Powell, 1983). Regardless of their differences of opinion with respect to which cognitive mechanism provides a better account for conformity, new institutionalists in general present a compelling theoretical case for compliance rather than resistance.

Nevertheless, just as empirical tests of the assumed existence of contextually-prescribed templates for organizing are notably absent from the neo-institutional literature, so too are investigations of the rhetorical corollary that these institutional prescriptions exert a powerful conforming force on organizations. Greenwood & Hinings (1993) study of the British municipal government sector represents an important exception. Although these scholars admitted that their results were not clear-cut, they nevertheless concluded that organizations in highly-institutionalized settings tend to operate with structures, systems, and practices that approximate contextually-prescribed archetypes (1993: 1073).

Seemingly contradictory findings from two other neo-institutional investigations highlight the importance of testing whether Greenwood & Hinings (1993) conclusion pertains to new organizational entrants. On the one hand, Dacin argued that because newly-established organizations face special concerns surrounding issues of legitimacy and survival, they will be likely to adopt characteristics consistent with the prevailing normative conditions (1997: 52). Although based on a unidimensional measure of institutional prescriptions, the empirical results from her investigation of Finnish newspaper foundings clearly supported this proposition. On the other hand, Leblebici and

his colleagues (1991) found that new entrants to the U.S. radio broadcasting industry were a critical source of institutional change rather than institutional perpetuation.

Low & Abrahamson's (1997) essay on movements, bandwagons, and clones, which is presented in the entrepreneurship literature, provides a potential resolution to the apparently-discrepant findings of Dacin (1997) and Leblebici et al. (1991). These scholars argued that conformity amongst new entrants is particularly prevalent in mature (and thus likely more highly-institutionalized) industries albeit for reasons of efficiency rather than perceived legitimacy. When entering a mature industry:

[An] organization needs to draw upon the knowledge that others have learned about the form. Consequently, it adopts a more conservative strategic posture and is less likely to deviate from established practice (Low & Abrahamson, 1997: 437).

Low and Abrahamson further argued that although most newly-established firms in such settings will tend to clone existing organizational forms, some will attempt to introduce innovative structures and practices that may have the potential to restructure the industry. Combined, these theoretical arguments and empirical findings suggest that most but not all new entrants to a highly-institutionalized industry will tend to act primarily as agents of institutional perpetuation rather than institutional entrepreneurship.

Hypothesis 2: The majority of new organizational entrants to a highly-institutionalized industry will exhibit little deviation from the dominant template for organizing.

2.5 FOLLOWING VERSUS BREAKING WITH PRECEDENT: PREDICTING INSTITUTIONAL PERPETUATION AND ENTREPRENEURSHIP

2.5.1 Overview

In this section, I develop arguments for predicting which new entrants will be more likely to act as institutional perpetuators who conform to an industry's dominant template for organizing, and which will be more likely to act as institutional entrepreneurs who depart from this prevailing configuration and why they might do so. The legitimacy typologies of Aldrich (1999), Aldrich & Fiol (1994), and Suchman (1995) provide an excellent conceptual framework for grounding and structuring my discussion. A distillation and synthesis of their classification schemes suggests that the legitimacy of organizational templates can be assessed along three dimensions: 1) *cognitive legitimacy* the extent to which the template's structures, systems, and prac-

tices are perceived as understandable and taken for granted, 2) *pragmatic legitimacy*³ the extent to which these arrangements are viewed as contributing to a firm's ability to effectively and efficiently perform its business activities, and 3) *moral legitimacy*⁴ the extent to which the structures, systems, and practices are considered appropriate and right in light of more broadly-based governmental rules and regulations, societal values, and ethical principles.

An implicit assumption of neo-institutionalism is that actors in a given institutional setting hold relatively invariant assessments of the cognitive, pragmatic, and moral legitimacy of prevailing organizational arrangements (e.g., DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Zucker, 1977). In the ensuing discussion, I present two complementary arguments that challenge the validity of this assertion. I start with the unconstrained actor perspective. The essence of this argument is that variability in the objective experiences of organizational founders calls into question the invariable cognitive legitimacy of an industry's dominant template for organizing. Because founders are likely to differ in terms of what they *know* about an industry's prevailing organizational arrangements, the forms of their firms are likely to exhibit varying degrees of deviation from the dominant template. I then develop a disenchanting actor argument. The essence of this perspective is that variability in founders' subjective interpretations of an industry's contextually-prescribed rules for organizing calls into question their invariant pragmatic and moral legitimacy. Because founders are likely to differ in terms of how they *feel* about an industry's prevailing organizational arrangements, the forms of their firms are likely to exhibit varying degrees of deviation from the dominant template.

2.5.2 The Unconstrained Actor Argument for Challenging the Invariant Cognitive Legitimacy of the Dominant Template

As Hirsch & Lounsbury have suggested, the prevailing organizational arrangements in an institutional setting are unlikely to be invariably cognitively-legitimated by all actors: not all actions and institutions are taken for granted (1997:85). If this is the case, the question then becomes: Which actors are less likely to perceive the dominant structures, systems, and practices as understandable? Answers can be found in the

³ It should be noted that Aldrich's (1999) most recent taxonomy does not include this dimension. However, like Suchman (1995), I view pragmatic legitimacy as a distinct and important dimension of legitimacy.

⁴ Aldrich (1999) and Aldrich & Fiol (1994) labeled this dimension *sociopolitical legitimacy*.

recent work of neo-institutionalists interested in the phenomenon of institutional entrepreneurship (i.e., the sources and processes of institutional change). The dominant view appears to be that the locus of change resides in the marginal members of an organizational population—a notion borrowed from the innovation literature and emphasized in the work of such neo-institutionalists as Kraatz & Moore (1998), Powell (1991), and Leblebici et al. (1991). Below, I summarize two separate arguments articulated by adherents to the unconstrained actor perspective and delineate their implications for new entrant conformity or deviation.

“Not knowing the rules” – deviations due to an incomplete and unconstrained understanding of the dominant template for organizing. The first implication derived from the unconstrained actor argument is that founders with less experience in the centrally located organizations of an institutional setting will tend to establish firms whose forms exhibit greater deviation from the dominant template for organizing. Kraatz & Moore, for example, recently pointed out that: It has previously been widely noted that institutions are diffused and perpetuated (at least in part) by prominent organizations who stand at the top of the status hierarchy and compose the core of an institutional field (1998: 12). These dominant organizations diffuse administrative innovations not only through the process of mimetic isomorphism, by constituting the more legitimate and successful organizations that others model, but also through the process of normative isomorphism, by contributing to the professionalization of their members through formal and informal on-the-job socialization (DiMaggio & Powell, 1983).

Through socialization experiences in an industry's prominent organizations, individuals gain greater exposure to, and thus greater understanding of, contextually-prescribed structures, systems, and practices. Socialization experiences also contribute to the development of cognitive frames, or schema, regarding appropriate ways to organize in the industry (Weick, 1995). Individuals with greater experience tend to develop tighter cognitive frames, which can result in perceptual blindspots that restrict consideration of alternatives, constrain creativity, and facilitate habitual reactions (Ford, 1996; Weick, 1995). As DiMaggio & Powell have stated, professionalization obtained through on-the-job socialization creates a pool of virtually interchangeable individuals who tend to view problems in a similar fashion and approach decisions in much the same way (1983: 153). Likewise, Greenwood & Hinings have suggested that those within the centrally-located organizations of an institutional context may lack the capacity to enact radical departures from the norm because they may be less likely to

develop the specialties and competencies of an alternative archetype (1996: 1041). Preliminary indirect support is provided by Boeker's (1988) study of the semiconductor industry, which demonstrated that an entrepreneur's functional background significantly limited the range of strategic options initially implemented by the firm.

In contrast, individuals with less socialization experience in an industry's prominent organizations should be less constrained to thinking within the confines of existing taken-for-granted and thus more able to conceive of alternatives. Because they have had less exposure to an industry's dominant organizational arrangements, they will likely have less comprehensive knowledge of its institutionalized prescriptions. Thus, even if they were deliberately attempting to reproduce the prevailing template in an effort to enhance legitimacy, founders with less experience in an industry's core organizations will be more likely to introduce unintentional deviations from the norm. This micro-level cognitive dynamic is consistent with both Zucker's (1987) natural entropy process of deinstitutionalization and the parallel random variation argument of organizational ecologists and evolutionary theorists (e.g., Aldrich & Kenworthy, 1998; Hannan & Freeman, 1977; McKelvey, 1982). This logic also accords with the conventional belief that most innovations in an industry are perpetrated by outsiders who do not know the rules (Smircich & Stubbart, 1985: 729). In sum, the preceding arguments suggest:

***Hypothesis 3:** Founders with less experience in the prominent organizations of a focal industry will tend to establish firms that exhibit greater deviation from the dominant template for organizing.*

"Playing by different rules" – deviations due to knowledge of alternative templates for organizing. The second implication derived from the unconstrained actor perspective is that founders with more extensive experience in either the marginal organizations of a focal industry or the organizations of other industries will tend to establish firms exhibiting greater deviation. In both cases, it is argued that these individuals will be more likely to possess knowledge of alternative templates for organizing and will partially reproduce them in the design of their own firms. As a result of incorporating aspects of these non-dominant organizational forms, their firms will exhibit greater deviation from the focal industry's prevailing template for organizing.

Drawing on the innovation literature, several neo-institutional scholars have suggested that institutional changes are likely to be introduced by organizations on the periphery of an organizational population (e.g., Kraatz & Moore, 1998; Kraatz & Zajac, 1996; Leblebici et al., 1991), primarily because these marginal organizations are less fully

socialized by the institutional context and thus more able to develop competencies associated with an alternative template for organizing (Greenwood & Hinings, 1996: 1041). It follows that individuals with greater experience in these peripheral organizations will likely have greater understanding of different and potentially functionally superior organizational arrangements; moreover, they will likely possess different mental models and assumptions regarding the natural and appropriate means for accomplishing business activities. As a result, such individuals are likely to be the initiators of institutional change. The results of Kraatz & Moore's (1998) investigation of liberal arts colleges lend empirical support for this argument, revealing that such colleges were more likely to introduce controversial institutional changes when their recently-appointed presidents had migrated from lower-status, peripheral organizations.

Neo-institutionalists aligned with the unconstrained actor perspective also view individuals who have greater experience in organizations *outside* the focal institutional setting as influential change agents. Greenwood & Hinings, for example, suggested that employees recruited from other fields might increase an organization's capacity for enacting radical departures from an industry's archetypal organizational form because they have the experience of governing and organizing in fundamentally different ways (1996: 1040). Kraatz & Moore (1998) took this argument one step further by suggesting that the different mental models of individuals migrating from other industries may contribute to an organization's unlearning of a focal industry's potentially-limiting assumptions regarding the obvious way to organize. Their empirical investigation lent some support for the power of individuals from other fields to initiate institutional change: liberal arts colleges were marginally more likely to adopt professional programs when led by presidents who had migrated from non-liberal arts colleges.

Similar arguments and results are likely to apply and be found in the context of organizational founding. Even if they are striving to replicate an industry's prevailing template in order to establish legitimacy, founders with more extensive experience in either the peripheral organizations of the focal industry or those of other industries will likely incorporate aspects of the non-dominant forms with which they are more familiar. Moreover, as a result of their socialization experiences, these founders are likely to perceive non-dominant structures, systems, and practices as at least equally natural and appropriate ways of organizing and may therefore be reluctant to completely abandon them in favour of the industry's contextually-prescribed organizational arrangements.

As such, the forms of their newly-established firms will likely reflect a synthesis of the dominant and alternative templates. This micro-level cognitive dynamic is consistent with that emphasized by Schumpeter (1936) in his classic definition of entrepreneurship as the carrying out of novel combinations. It is also consistent with the processes recently described in both ecological and institutional accounts of organizational change. In their evolutionary computer simulation, for example, Bruderer & Singh's (1996) primary method for creating new organizational designs involved amalgamating the structural elements of two pre-existing forms. Similarly, institutional theorists such as Cooper et al. (1996) and Sahlin-Andersson (1996) have respectively described processes of sedimentation, or accretion, in which existing organizations change by layering new structures and systems upon old rather than by completely shifting from one archetypal template to another.

The discussion above leads to the following additional hypotheses derived from the unconstrained actor perspective:

***Hypothesis 4:** Founders with greater experience in the marginal organizations of a focal industry will tend to establish firms that exhibit greater deviation from the dominant template for organizing.*

***Hypothesis 5:** Founders with greater experience in other industries will tend to establish firms that exhibit greater deviation from the focal industry's dominant template for organizing.*

2.5.3 A Disenchanted Actor Argument for Challenging the Invariant Pragmatic and Moral Legitimacy of the Dominant Template

In the preceding section I presented the unconstrained actor argument that variability in the extent of deviation exhibited by new entrants is partially attributable to heterogeneity in the objective socialization experiences of their founders. More specifically, I argued that because of their background experience, certain founders will have either less understanding of an industry's dominant template for organizing or greater knowledge of alternative structures, systems, and practices; as a result, they will be more likely to create organizational forms that depart from the prevailing design. I don't believe, however, that the nature of a founder's prior socialization experience is the only nor even the most important predictor of the extent of deviation exhibited by his or her firm.

Thus, in this section I explore a second plausible individual-level factor: a founder's subjective interpretations of an industry's dominant template for organizing.

Although a number of scholars have emphasized the explanatory potential of individual interpretations of contexts in accounts of institutional persistence and change (e.g., Greenwood & Hinings, 1996; Hirsch & Lounsbury, 1997), this variable has so far been under-investigated even by those researchers interested in the role of individual actors in shaping organizational-level attributes. Drawing once again on the legitimacy typologies of Aldrich (1999), Aldrich & Fiol (1994), and Suchman (1995), I suggest that departures from an industry's dominant template for organizing are likely to be enacted by founders who question the pragmatic or moral legitimacy of prevailing structures, systems, and practices regardless of whether these founders had extensive experience in either the central or peripheral organizations of a focal industry, or in another industry altogether. I view the variation in founders' subjective interpretations of the dominant template's pragmatic and moral legitimacy as exerting a powerful and independent effect above and beyond that of heterogeneity in founders' objective socialization experiences⁵. As such, I present the following disenchanted actor argument, with its focus on how founders *feel* about institutionally-prescribed organizational arrangements, as a complement to the previously-described unconstrained actor argument, which focused on what founders *know* about the dominant and alternative templates.

"Questioning the rules (part one)" – deviations resulting from pragmatic objections to the dominant template. Greenwood & Hinings (1996) have recently proposed that dissatisfaction with contextually-prescribed arrangements can act as a precipitating pressure for institutional change. One plausible source of dissatisfaction is the pragmatic legitimacy of prevailing structures, systems, and practices; that is, the extent to which these arrangements are perceived as contributing to the efficient, effective, and profitable functioning of the organization. As several empirical investigations of the spread of administrative innovations have shown (e.g., Baron et al., 1986; Tolbert & Zucker, 1983), early adopters tend to implement such reforms because of their functional superiority whereas late adopters tend to comply even if these innovations don't enhance their economic performance. Thus, at some point, certain organizational actors

⁵ This view differs somewhat from that of Kraatz & Moore (1998), who posit a lack of commitment to an institution's prevailing values as one of the reasons why individuals hailing from outside an industry or its periphery are more likely to initiate institutional change. In contrast, I view an individual's perceptions of the dominant template's moral legitimacy as operating independently of his or her background experience. I suggest that even those migrating from the central organizations of a focal industry may question the moral legitimacy of prevailing organizational arrangements and the values that they represent.

are bound to raise questions regarding the pragmatic legitimacy of institutionalized structures, systems, or practices. As Oliver observes:

An institutionalized practice is one which is perceived by organizational members to possess intrinsic worth or legitimacy beyond its technical requirements. The perceived worth of an institutional practice, however, is not invulnerable to re-evaluation or reconsideration in technical terms (1992: 571).

In her essay on the strategic responses to institutional pressures, Oliver (1991) linked such doubts about an institution's pragmatic legitimacy to organizational deviation, postulating that organizations will be more likely to resist conformity to institutionalized arrangements when they perceive a negligible economic gain to be attained by compliance. Similarly, in her essay on the antecedents of deinstitutionalization, Oliver argued that Institutionalized practices will be under threat of erosion or displacement when the utility of such practices is seriously called into question (1992: 568). She further argued that the utility of established procedures is particularly likely to be questioned when organizations experience performance crises. In such situations, it is hard to deny the economic reality that institutionalized practices although possibly technically superior in the past are no longer efficient or effective. Performance crises, however, are not a necessary precursor of institutional change. As Kraatz & Moore (1998) and Oliver (1992) herself have argued, the introduction of novel, functionally-superior alternatives may also be sufficient to provoke the displacement of existing institutions.

Whether doubt about the functionality of an industry's dominant organizational arrangements is triggered by a performance crisis or the emergence of technically superior alternatives, it follows that individuals who more strongly question the pragmatic legitimacy of prevailing procedures will be more likely to agitate for their abandonment or revision. In the context of new venture creation, where founders have greater power to translate their beliefs into organizational arrangements (Staw & Sutton, 1993), it is likely that those aspects of the dominant template that founders perceive to be of questionable pragmatic legitimacy will be replaced by alternatives that they perceive to be functionally superior. As a result, their firms will exhibit less isomorphism with an industry's prevailing organizational arrangements.

The following hypothesis summarizes this first implication derived from the disenchanted actor perspective:

Hypothesis 6: Founders who more strongly question the pragmatic legitimacy of an industry's prevailing organizational arrangements will tend to establish firms that exhibit greater deviation from the dominant template for organizing.

"Questioning the rules" (part two) – deviations resulting from moral objections to the dominant template. Disenchantment with an industry's template for organizing need not, however, be limited to doubts about its pragmatic legitimacy. Discontent is also likely to be aroused by perceptions that prevailing structures, systems, and practices are of dubious moral legitimacy; that is, that these dominant organizational arrangements are not appropriate or right in an ethical sense, even though they may be widely understood or of functional utility. Some individuals are likely to feel that institutionalized practices are of questionable moral legitimacy because they don't adhere to broadly-based societal values and ethical principles; others are likely to feel that prevailing arrangements are morally illegitimate because they conflict with their own personal values and code of ethics.

Martin (1993) presented a compelling case for the former source of moral illegitimacy perceptions. As she so eloquently explains:

For a set of organizational arrangements to be considered legitimate, it is not enough that they be implemented in a similar manner in a wide variety of contexts. In addition, these similar practices must be considered right and just

This definition acknowledges the possibility that individuals and groups might have different beliefs about the legitimacy of commonly observed arrangements (1993: 297).

In the remainder of her critical essay, Martin explicitly emphasized one broadly-based ethical principle that has been widely researched by micro-level organizational scholars: distributive justice. This ethical principle is also implicit in the recent work of several proponents (and critics) of neoinstitutional theory. Greenwood & Hinings (1996), Oliver (1991, 1992), and Tolbert & Zucker (1996), for example, have all argued that group dissatisfaction regarding the structure of advantage and disadvantage created by prevailing organizational arrangements can be a critical antecedent of non-conformity, deinstitutionalization, and change in existing organizations. Empirical support is provided by Leblebici et al.'s (1991) study of the U.S. radio broadcasting industry, which revealed that alternative practices were initiated by those organizations that had historically been disadvantaged by previously-institutionalized arrangements. A parallel dynamic is likely to operate in the context of organizational foundings. More specifically, when designing the forms of the organizations, founders will likely modify those aspects of an industry's dominant template that they perceive as distributively unjust.

In such cases, deviations from the institutionalized form can be viewed as attempts to resolve perceived injustice—an argument similar to that articulated by Folger (1993).

Other individuals are likely to question the moral legitimacy of an industry's dominant organizational arrangements because they are inconsistent with their own personal code of ethics (which may not necessarily represent the internalization of more broadly-based societal norms). Several institutional theorists have emphasized how commitment to alternative values or convictions can precipitate organizational non-compliance and change, which may ultimately result in deinstitutionalization at the field level of analysis (Greenwood & Hinings, 1996; Oliver, 1991, 1992). Most recently, for example, Kraatz & Moore have argued that the migration of individuals who *do not* hold institutionally defined values is a vital—perhaps necessary—part of the process through which existing institutions are overturned (1998: 2; italics in original). Such arguments echo those found in the broader organizational literature, where scholars have suggested that the tensions experienced by individuals who perceive inconsistencies between their own values and those of their organizations, or instances of poor person-organization fit, can fuel organizational transformation and innovation (Dutton & Dukerich, 1991; Meyerson & Scully, 1995). Some indirect empirical support can be found in Dutton & Dukerich's (1991) case study, which demonstrated how perceptions of incompatibility between organizational- and self-images acted as a catalyst for organizational adaptation.

Although institutionally-prescribed values may be explicitly defined in certain contexts, it is more likely that they will be inferred from the structures, systems, and practices of the dominant template for organizing. As noted by Greenwood & Hinings (1988, 1993), these observable attributes of an organizational form reflect its underlying set of values and beliefs, which they term the interpretive scheme. The implication for the discussion here is that individuals whose personal values conflict with contextually-prescribed values will attempt to reduce this dissonance by agitating for changes in the observed structures, systems, and practices of existing institutions. In the context of new venture creation, this line of reasoning suggests that founders who perceive certain aspects of an industry's dominant template as manifesting values inconsistent with their own personal code of ethics will likely modify such features when designing their own firms. As a result, the forms of these newly-founded organizations will deviate from the prevailing template for organizing.

Combined, the preceding arguments suggest that heterogeneity in the degree of non-conformity exhibited by new entrants to an organizational population is partially attributable to variability in the extent to which founders consider an industry's dominant template to be morally legitimate. Founders who perceive greater conflict with ethical principles that are either commonly valued by society (such as distributive justice) or personally valued by themselves will be more likely to establish alternative organizational arrangements in their own firms. The following hypothesis summarizes this second implication derived from the disenchanted actor perspective:

***Hypothesis 7:** Founders who more strongly question the moral legitimacy of an industry's prevailing organizational arrangements will tend to establish firms that exhibit greater deviation from the dominant template for organizing.*

2.5.4 A Comparative Argument Regarding who will be Most Likely to Break the Rules

In their recent essay, Greenwood & Hinings (1996) distinguished between precipitating and enabling dynamics of organizational change. The former relate to the pressures for organizational change whereas the latter pertain to an organization's ability to carry out change. A similar distinction between motivation and ability is evident in the preceding discussion. The essence of the unconstrained actor argument is that founders with less extensive experience in the prominent organizations of a focal industry or those with more experience in other industries or the organizations occupying the margins of the focal industry have greater latent *ability* to enact forms that deviate from the norm. This ability is present because they are less likely to be constrained to thinking within the prevailing taken-for-granted and/or more likely to possess knowledge of alternative organizational templates.

The essence of the disenchanted actor argument is that founders who question the pragmatic or moral legitimacy of an industry's dominant organizational arrangements have greater *motivation* to modify those elements perceived to be of dubious functionality or ethicality when designing their own firms. This is likely to be particularly so for founders who more strongly question the moral legitimacy of prevailing administrative practices. In such cases, it seems that a founder's attitudes would consist not only of a cognitive element (i.e., he or she perceives certain institutionalized arrangements to be distributively unjust or otherwise incompatible with his or her own personal code of ethics) but also of a very strong emotional component. Micro-level organizational research on both perceived injustice and value-incongruity between organizational- and self-images suggests that such perceptions often provoke powerful

negative affective reactions such as dissatisfaction, chronic anger, and frustration (e.g., Martin, 1993; Meyerson & Scully, 1995). Because their subjective interpretations of an industry's institutionalized organizational arrangements are likely to be more emotionally charged, it follows that founders who most strongly question the dominant template's moral legitimacy possess greater motivation to introduce alternative structures, systems, and practices when designing their own firms. As a result, the forms of the new organizational entrants enacted by such founders will likely exhibit the most extensive amount of deviation from the norm.

Thus, I conclude this section on the predication of new entrant conformity versus deviation with a comparative hypothesis:

***Hypothesis 8:** Founders' subjective perceptions of the moral legitimacy of an industry's dominant template for organizing, rather than either their subjective perceptions of its pragmatic legitimacy or the nature of their objective socialization experiences, will have the strongest effect on the extent of deviation exhibited by the forms of their newly-established firms.*

2.6 SUMMARY

One of the major criticisms of neoinstitutional theory has been its overemphasis on organizational conformity and consequent lack of attention to organizational heterogeneity (e.g., Donaldson, 1995; Hirsch, 1997; Oliver, 1991, 1992; Perrow, 1985). In response, Hirsch & Lounsbury (1997) have recently called for an integration of the new and old institutionalisms. Their vision for a synthesized institutional theory requests researchers to not only admit variability in the responses of organizations operating within the parameters of existing institutions (Hirsch & Lounsbury, 1997: 86), but also to develop explanations exhibiting analogous pluralism. In particular, these scholars have called for theoretical accounts capable of accommodating both new institutionalism's view of organizational action as a passive and preconscious response to exogenously-determined rules and scripts, as well as old institutionalism's view of organizational action as a proactive and intentional response to endogenously-derived interests and values. The conceptual framework developed in this chapter represents an effort to extend the work of others who have already either implicitly (e.g., Oliver, 1991, 1992) or explicitly (e.g., Greenwood & Hinings, 1996; Kraatz & Moore, 1998) embarked upon the agenda set out by Hirsch & Lounsbury (1997). I have attempted to do so by addressing a phenomenon not described by any of these researchers—conformity versus deviation in the organizational forms of new entrants to a highly-institutionalized setting.

By focusing on the socialization experiences and contextual interpretations of organizational founders, my conceptual framework is clearly consistent with the call for greater attention to active human agency and micro-level dynamics in the neo-institutional literature in general (e.g., Donaldson, 1995; Hirsch, 1997; Hirsch & Lounsbury, 1997; Oliver, 1992; Tolbert & Zucker, 1996) and in neo-institutional studies of conformity versus resistance in particular (Oliver, 1991: 173). To date, investigations of the role that individuals play in shaping organizational-level structural attributes have tended to emphasize either an individual's personality characteristics (e.g., Miller & Droge, 1986; Miller & Toulouse, 1986; Miller, Toulouse & Belanger, 1985) or background experience (e.g., Boeker, 1988, 1997; Kraatz & Moore, 1998). My framework extends this line of work by incorporating a factor that has so far been under-explored in individual-level accounts: the role of an actor's subjective interpretations of an industry's institutionally-prescribed template for organizing. In my explanation of the underlying mechanisms linking such individual perceptions to organizational deviation, I drew on two well-researched micro-level topics: organizational injustice and person-organization fit. In sum, by integrating processes driven by interests, values, and emotions, and by drawing on existing research from the micro organizational behaviour, my arguments are aligned with Hirsch & Lounsbury's recommendation that institutional scholars in organizational sociology should take a more eclectic posture toward analysis, crossfertilizing new and old institutionalisms as well as other approaches (1997: 84).

CHAPTER 3:

IDENTIFYING AN INDUSTRY'S DOMINANT TEMPLATE: METHODOLOGICAL PROCEDURES AND FINDINGS FROM THE BRITISH COLUMBIA LEGAL PROFESSION

3.1 INTRODUCTION

The primary objective of this chapter is to present the methodology and results for the first phase of my empirical investigation—testing the foundational hypothesis that highly-institutionalized environments contain dominant templates for organizing that are commonly perceived and understood by both observers of, and actors within, a focal setting. In so doing, I also accomplish a secondary objective articulated so eloquently by Meyer et al.: [Mapping] the multidimensional contours of a social system as a prelude to studying focal units nested within a system at a lower level of analysis (1993: 1185). In other words, this chapter also serves to describe the referent for my subsequent investigation of new entrant conformity and deviation; that is, the commonly-perceived dominant template for organizing in the legal profession.

3.2 METHODOLOGY

3.2.1 Selection of the Legal Profession as the Focal Industry

In devising the overarching research design for this study, I followed the precedent set by other recent empirical analyses of change in organizational forms (e.g., Cooper et al., 1996; Greenwood & Hinings, 1993; Usher & Evans, 1996) and restricted my investigation to a single, clearly-defined industry; in this case, the legal profession. Like these researchers, I agreed conceptually with the compelling argument of several noted scholars that our understanding of organizational phenomena will progress more productively if it is based on careful and detailed empirical analyses of well-specified populations (e.g., McKelvey, 1982; McKelvey & Aldrich, 1983; Meyer et al., 1993; Pinder & Moore, 1979). Moreover, it was important that I limit my research to organizations facing similar institutional pressures (Greenwood & Hinings, 1993, 1996). Certain characteristics of the legal profession make this industry a particularly appropriate and intriguing context for a study of whether and why new entrants to highly-

institutionalized environments tend to conform to or deviate from dominant templates for organizing. These characteristics are described in detail below.

A highly-institutionalized setting. First and foremost, the legal profession represents a highly-institutionalized environment. Within this industry it is virtually common knowledge that the dominant organizational form is that exhibited by large law firms, emulated by other legal service providers, and espoused by institutional carriers. The following excerpts from Galanter & Palay's historical account of the legal profession's transformation attest to the dominance of the large law firm and to its distinctive institutional character (1991: 4) as a widely -modeled template for organizing in the twentieth century:

Before the Second World War the big firm had become the dominant kind of law practice. It was the kind of lawyering consumed by the dominant economic actors. It commanded the highest prestige. It attracted some of the most highly talented entrants to the profession. It was regarded as the state of the art, embodying the highest technical standards. In the post-war years, this position of dominance was solidified [By the early 1960s] the form had been tested; it was well established; it exercised an unchallenged dominance (p. 20).

In an earlier excerpt, Galanter & Palay also note:

The big law firm is also a success in a deeper sense, as a social form for organizing the delivery of comprehensive, continuous, high-quality legal services. Like the hospital as a way to practice medicine, the big firm provides the standard format for delivering complex services. Many features of its style ... have been emulated in other vehicles for delivering legal services. The specialized boutique firm, the public-interest law firm, the corporate law department all model themselves on a style of practice developed in the large firm. And legal professions in other countries have increasingly emulated the American big firm (p. 2).

In addition to the above-noted mimetic pressures, strong normative pressures, exerted by a variety of institutional carriers, also exist in the legal profession (Galanter & Palay, 1991: 71). Perhaps most visible to those outside the industry are the national and regional regulatory associations such as the Canadian Bar Association and the British Columbia Law Society to which all practising lawyers must belong. These institutions regularly distribute materials and sponsor seminars on the organization and management of law firms. Less visible sources of normative isomorphic pressures include: various industry publications, such as *Canadian Lawyer*, to which many law firms subscribe; numerous consulting firms that specialize in the organizational and managerial practices of the profession; the educational requirement that all practitioners possess an LL.B.; the preliminary apprenticeship period known as articling (which is

typically conducted for at least one year, usually in a large firm) that all law school graduates must complete prior to being called to the bar in Canada; and the severe pressure typically experienced by lawyers in dominant organizations to conform to professional standards (Galanter & Palay, 1991: 137).

Although specific organizational structures and practices are certainly espoused by the national and provincial professional self-regulatory agencies, for the most part these are neither legally-mandated nor enforced by these institutions⁶. As noted in a recent Canadian Bar Association report, for example, its model policies are intended to provide guidance as to what the content might be — it is up to the firm to adapt the content to its own needs (Canadian Bar Association, 1993: 1). The majority of law firms are also founded as autonomous entities rather than as subsidiaries of other firms; as such, their forms tend not to be constrained by the structures and practices of parent companies. Both of these characteristics suggest that although new entrants to the legal profession may face strong mimetic and normative pressures, they also have the discretion to organize as they desire. The following discussion articulates why firms founded at this particular point in the industry's history may be facing greater opportunities than ever before to translate this discretionary potential into observable departures from dominant organizational arrangements — thus making the question of whether they actually do so a particularly intriguing one.

An industry in transition. Although highly-institutionalized, it is widely recognized that the lengthy period of stasis enjoyed by the North American legal profession has given way, over the past decade or so, to a chaotic period of dramatic change, turmoil, and restructuring (Altman Weil Pensa, 1998; Ellis, 1993; Galanter & Palay, 1991; Hagan & Kay, 1995). The combined effects of several significant economic and social trends have ushered in a period of environmental volatility and organizational innovation. The legal marketplace has changed dramatically, from an environment of explosive growth in the 1970s and 1980s (Hagan & Kay, 1995), to one of consumer maturation and intensified competition in the 1990s (Altman Weil Pensa, 1998). This shift has placed severe economic pressure on many firms (Stock & Leishman, 1998). At the same time, the internal demographic composition of law firms has undergone a radical change. The increasing representation of women in the professional ranks is seen by many as an important social catalyst for organizational reform, particularly

⁶ An important exception that applies across Canada, however, is the prohibition on the ownership of shares in law firms by non-lawyers (Daniels, 1991: 71)

with respect to the relationship between work and personal lives (e.g., Altman Weil Pensa, 1998; Hagan & Kay, 1995; Stock & Leishman, 1998). These economic and social environmental pressures are stimulating not only the reconceptualization of a law firm's markets and services, but also the reconsideration of many of the accepted ways of organizing private practice (Hagan & Kay, 1995: 95). As two industry consultants put it, the profession is in the midst of a fundamental re-thinking of law firm structuring (Stock & Leishman, 1998: 8).

Cooper et al. (1996), for example, have suggested that the Canadian legal profession is currently undergoing a transition from the historically-dominant Professional Partnership (P2) organizational archetype to a new one which they term the Managerial Professional Business (MPB). Firms consistent with the P2 archetype emphasize professional values such as autonomy, collegiality, and democracy, and view lawyers as professionals who apply esoteric knowledge in the service of public interests. Such firms are governed as partnerships with few levels of hierarchy, consensus-style decision-making, minimal individual accountability for the firm's financial performance, compensation systems based on principles of equality and seniority, and little in the way of formal monitoring, control, and integrating mechanisms. In contrast, those consistent with the MPB archetype conceptualize the law firm first and foremost as a commercial enterprise and the lawyers within it as businesspersons and profit centres. Efficiency, effectiveness, and the provision of value-added client service are the ideals that are emphasized, monitored, and rewarded. Decision-making is more directive, strict financial and marketing targets for individuals are introduced, compensation systems emphasize inequity rather than equality or seniority, and under-achievement (particularly in terms of revenue generation) is no longer tolerated.

Cooper and his colleagues argue further that the transition of the Canadian legal profession is sedimented rather than transformational in nature, with the emerging MPB archetype being layered upon, rather than sweeping away, the P2 archetype. One important implication for my investigation is that the organizational template which currently dominates the legal profession is likely to be hybrid in nature, combining aspects from both the P2 and MPB archetypes. In their analysis, however, Cooper and his colleagues did not present any systematic empirical evidence indicating whether this is in fact the case. Moreover, they did not explicate the exact nature of the sedimented structure likely to characterize the prominent firms of the Canadian legal profession at the present time. For example, it is not clear from their research whether some dimensions of the dominant organizational form have remained consistent with

the P2 archetype while others now reflect the MPB template, or whether there is sedimentation within the individual dimensions themselves. As such, further empirical research is needed to clarify the current nature of the legal profession's commonly-perceived dominant template for organizing. Nevertheless, the work of Cooper et al. (1996) and others clearly demonstrates that the legal profession is in the midst of a profound transitional period. This makes the question of whether a dominant template can be identified in such an institutional context especially interesting.

A setting resounding with voices of disenchantment. While the restructuring of the legal profession should help ensure sufficient variation in my study's primary dependent variable, the extent of deviation exhibited by new entrants, additional characteristics of this industry should help ensure adequate variability in the key explanatory variables: the objective backgrounds of founders and their subjective interpretations of prevailing organizational arrangements. In the legal profession, foundings tend to occur in one of two ways: either by practitioners, freshly called to the bar, who hang up the proverbial shingle announcing their status as lawyers; or by more experienced practitioners displaced by the dissolution of former partnerships. These prototypical founding patterns imply a wide range of variation in the objective backgrounds of law firm founders.

Recent research findings revealing that the practice of law is a pleasure to some and a source of dissatisfaction to others (Hagan & Kay, 1995: 155) point to variation in lawyers' subjective interpretations of the profession's existing organizational arrangements. Some of the defining features of the large law firm, once considered unsurpassed in terms of their technical performance, now appear to lack pragmatic legitimacy for many founders: Today more than ever the partnership structure is being called into question: [some believe] that it is the most inefficient form of governance ever invented (Anderson, Penner & Ryan, 1991: 11). Other anecdotal evidence points to the existence of even more widespread, and more fundamental, soul-searching about the moral legitimacy of the dominant form:

Until recently, the big law firm was not only accounted a success in terms of institutional survival and technical performance, it was accepted as the paradigm of legal professionalism. But the sense that such firms are the chosen vehicles of the professional ideal has waned. They have been assailed for abandoning their responsibilities as officers of public justice in favour of a narrow devotion to client interests. As they have grown and been transformed, they have been attacked as having sacrificed client interests to market considerations as well as having abandoned the collegiality and self-governance that made them good

work-places. The relationship of the large firm to professionalism now seems quite problematic (Galanter & Palay, 1991: 137-138).

The literature further indicates that questions are being raised not only about the dominant form's abandonment of professional ideals, but also about its basic ethical obligation, as an *organization*, to provide a good work environment for its members. The following examples further illustrate this aspect of the norm's waning moral legitimacy. Most relate to the human costs—the loss of sensitivity, as individuals, to the needs of each other—associated with the law office economics of the dominant firms (Kaye, 1988). As noted by one lawyer in Brockman's study: The relentless pressure on associates to produce more billable hours (profits) makes law firms rigid and inflexible re: hours, job sharing, etc. (1990: 28). Similar concerns were voiced by several lawyers in Hagan & Kay's (1995) investigation, who commented that the fixation on billable hours and the bottom line has created a soul-destroying, destructive, and dehumanizing environment that contributes to a poor quality of life and a lack of accommodation for lawyers with families. One lawyer lamented, I would like to see our society, including the legal profession, embrace or at least approve of a healthy work ethic (Hagan & Kay, 1995: 110). In general, the portrait painted by existing research on the legal profession is one of growing disenchantment with the pragmatic and moral legitimacy of the dominant template for organizing. This trend—although troubling for the profession—should help ensure sufficient variation in the subjective interpretations of a sample of law firm founders.

An industry in which deviations in form are not necessarily a function of size or strategy. The fourth requirement of the selected research context pertains to the *a priori* minimization of potential confounding explanations. More specifically, it was important that the chosen industry be one in which deviations from the dominant template are not primarily attributable to differences in terms of either size or function. For example, if the dominant form happened to be that exhibited by large firms, it must be possible for smaller firms to replicate the dimensions of the dominant template on a lesser scale. This appears to be the case in the legal profession. In their analysis of the Canadian legal profession's transition from the P2 to the MPB archetype, Cooper and his colleagues cautioned that they were clearly writing about large organizations relative to their sectors (1996: 644), but also noted that their experience led them to believe that both archetypes can be found in firms of all sizes (1996: 645). Galanter & Palay (1991) presented the parallel observation that the internal organization of a law firm is not necessarily determined by its function (i.e. its area of practice and type of client). Although these scholars acknowledged that the profession's dominant form is

that exhibited by the upper strata of firms engaged in corporate and commercial work for large organizational, rather than individual, clients (1991: 1), they also noted that its features are emulated by legal service providers serving other clients and practising in other areas of law such as the specialized boutique firm, the public-interest law firm, [and] the corporate law department (1991: 2).

An interesting yet relatively uncharted domain. Finally, the ideal context for my investigation would be one that is easily identifiable by conventional wisdom and of interest to people outside the field (McKelvey & Aldrich, 1983: 118), yet also a setting in which little organizational research has been conducted to date. The popularity of novels (e.g., John Grisham's *The Firm*, *The Pelican Brief*, and *The Client*), television series (e.g., *Ally McBeal*, *The Practice*, *LA Law*, *Law and Order*, and *Perry Mason*), and feature-length movies (e.g., *A Few Good Men*, *Paper Chase*) based on the legal profession certainly attests to the general public's enduring fascination with the practice of law. Interestingly enough, however, this intrigue is not reflected to the same extent in academic research conducted by social scientists in general nor by organizational analysts in particular. Stager (1990), for example, has noted that:

Until recently, lawyers have escaped rigorous attention of social science research; much of the writing on the profession has been by lawyers, about lawyers, for lawyers (p. 8) The question of the internal organization of law firms has been not only neglected by scholars, but veiled in silence (p. 184).

Similarly, the legal profession has only occasionally been selected a focal context by neo-institutional researchers even though law firms are clearly a set of organizations infused with value (Selznick, 1957). Edelman and Suchman, for example, have only recently developed a line of work integrating neo-institutional concepts into the study of law and legal environments (e.g., Edelman, 1995; Edelman & Suchman, 1997; Suchman, 1997; Suchman & Edelman, 1996). And only a handful of empirical neo-institutional investigations have selected law firms as their focal organizations (e.g., Cooper et al., 1996; Tolbert, 1988).

In sum, the legal profession represents an especially appropriate and interesting setting for a study of whether and why new entrants tend to conform to or deviate from dominant templates for organizing. Although highly-institutionalized, the industry is in the midst of a profound transitional period accompanied perhaps not surprisingly by increasing disenchantment with the manner in which law firms are structured and managed. And yet in spite of these interesting dynamics, the legal profession has been relatively neglected by organizational researchers in general and institutional theorists

in particular. In the following section, I describe my methodology for identifying this industry's commonly-perceived dominant template for organizing.

3.2.2 Data Collection Methods

I obtained data on the dominant interpretive scheme, structural aspects, decision systems, and human resource practices of Canadian law firms through multiple source and methods. I collected perceptions from outside observers of the legal profession through a literature review and set of semi-structured interviews with scholars who had recently conducted empirical investigations of the industry; I collected perceptions from actors within the legal profession through a set of semi-structured interviews with highly-experienced practitioners and a series of structured interviews with law firm founders. Details on each of these data collection methods are provided below.

Literature review. My first data collection method consisted of a literature review of recent research on the organization and management of law firms. Given my interest in determining the legal profession's currently-prevailing dominant template, I limited this review to studies published in the 1990s. Pivotal sources included: Galanter & Palay's (1991) historical account of the industry; the empirical investigations of lawyers' careers conducted by Brockman (1990, 1991) and Kay & Hagan (Hagan & Kay, 1995; Kay, 1997; Kay & Hagan, 1993); and, to a lesser extent, the work of Daniels (1991) and Stager (1990). I also reviewed a number of industry consultant reports that I had obtained while attending a workshop on law firm management sponsored by the British Columbia Law Society. These included publications by Alman Weil Pensa (1998), Stock (1996), and Stock & Leishman (1998).

Semi-structured interviews with scholars. My second data collection method consisted of semi-structured interviews with three scholars who had recently conducted empirical studies of the Canadian legal profession. These scholars were affiliated with three different academic institutions and three different faculties (i.e., business, sociology, and law). Two of the interviews were conducted in person and the third was conducted by telephone; each interview lasted for approximately one hour. The interviewees were asked open-ended questions regarding their perceptions of the legal profession's dominant form as well as their knowledge of existing and emerging alternative organizational arrangements (an interview guide is presented in Appendix 3.2).

Semi-structured interviews with practitioners. My third data collection method consisted of semi-structured interviews with three practitioners in British Columbia. To

control for potential confounding effects caused by different environmental factors across provinces (Stager, 1990: 8), I decided to limit my investigation to a single province. To obtain data on this province's dominant template, I conducted semi-structured interviews with a British Columbia Law Society representative and two partners with different law firms, all of whom had practised law for many years in the province. These practitioners were asked open-ended questions about the dominant form of law firms in British Columbia. They were also asked about existing and emerging alternative organizational arrangements in the province's legal profession (an interview guide is presented in Appendix 3.2).

Structured interviews with founders. My final data collection method consisted of structured interviews with eight highly-experienced lawyers who had recently founded separate law firms in British Columbia. For several aspects of organizational form (i.e., guiding values, types and structure of positions, recruitment and promotion policies, compensation systems, performance evaluation procedures, and work arrangements), I asked these founders whether they thought a norm existed for law firms in the province; and if so, to describe its nature. I also asked each founder whether he or she was aware of any novel organizational arrangements in the British Columbia legal profession.

3.2.3 Determining the Relevant Features of the Dominant Template

Selection process. Through the multiple data collection methods described above, I obtained numerous potential features along which the legal profession's dominant template could be described. To determine those that were most relevant for my investigation, I first listed the commonly-used features that Greenwood & Hinings (1993) had identified for their dimensions of organizational form. For example, these scholars noted that frequently-measured structural aspects include an organization's extent of differentiation, criteria of differentiation, and extent of integration. I then examined my data and assessed the extent to which each feature was discussed both within and between my sources. Those identified by Greenwood & Hinings (1993) that did not appear with sufficient consistency (i.e., frequently within at least two data sources) were deleted from my list of relevant features. A case in point is a law firm's decision-making assertiveness; that is, the extent to which it engages in reactive or proactive behaviour and is prepared to assume risk in pursuit of competitive advantage (Greenwood & Hinings, 1993: 1055). Although these scholars noted that this feature has been utilized in several other investigations of organizational form, it was

not discussed with sufficient consistency across my data sources; as such, I did not retain it as a salient feature of the legal profession's dominant template.

I then re-examined my data to determine whether there were any features that had not been identified by Greenwood & Hinings (1993) yet appeared with sufficient consistency across my data sources. These context-specific salient indicators were added to my list of relevant features. Two examples include the extent of flexibility and privilege equality in the human resource practices of dominant law firms. Although Greenwood & Hinings (1993) did not identify these features as commonly-measured aspects in the extant organizational literature, they were themes that appeared with adequate frequency across all of my data sources and were thus included in my final list. Likewise, because interpretive schemes are institutionally specific (Greenwood & Hinings, 1993), all of the relevant features of the legal profession's dominant interpretive scheme were determined in this empirically-grounded manner.

Finally, I reviewed each entry on my list to ensure that it was possible for new organizational entrants to exhibit variation on the feature under consideration, such that each had the potential to contribute to my subsequent measures of organizational deviation. I operationalized this requirement by retaining only those features for which I found satisfactory evidence supporting either the historical existence or the recent emergence of alternative organizational arrangements. For example, I retained a firm's promotion system as a relevant human resource feature not only because it appeared with overwhelming consistency across the data sources, but also because sufficient evidence pointed to the likelihood of observing some departures from the norm. Galanter & Palay (1991: 64), for instance, described how some law firms are starting to modify the long-dominant promotion to partnership or up or out model by creating new types of positions for professionals, such as contract lawyers and associate counsel, as well as new tiers of associates and partners, such as senior associates and non-equity partners. This trend was corroborated through the interviews I conducted with scholars and practitioners.

The fifteen relevant features. Through this inductive selection process, I isolated a total of fifteen relevant features related to Greenwood & Hinings (1993) four dimensions of organizational form for the legal profession. These fifteen features are summarized in Table 3.1.

Table 3.1: The Relevant Features of the Dominant Template for Organizing in the Legal Profession

Dimension ^a	Feature	Definition
Interpretive scheme	Emphasis on commercialism	The extent to which business values such as efficiency and profitability are emphasized and the extent to which lawyers are viewed as businesspeople as providers of profitable, value-added services ^b .
	Emphasis on professionalism	The extent to which professional values such as autonomy, democracy, and the provision of justice are emphasized and the extent to which lawyers are viewed as professionals as possessors of esoteric knowledge who represent public interests ^c .
	Emphasis on lifestyle promotion	The extent to which lifestyle values such as creating a more flexible and supportive work environment are emphasized and the extent to which lawyers are viewed as multi-role individuals with commitments beyond the organization or profession.
	Emphasis on crusading	The extent to which crusader values such as revolutionizing aspects of the legal profession or society in general are emphasized and the extent to which lawyers are viewed as missionaries of these idealistic pursuits.
Structural aspects	Form of governance	Whether the firm is governed as a partnership, cost-sharing arrangement, or solo-owned practice. ^d
	Personnel configuration	The extent to which the ratios of lawyers to partners and support staff to professionals align with the pyramid model; that is, a greater number of lawyers than partners and a greater number of support staff than professionals for leverage.
	Divisionalization criteria	The basis for grouping lawyers; more specifically, whether this grouping is based on area of legal specialization or some other criterion.
Decision systems	Centralization	The degree to which decision-making authority is concentrated in the partners of the firm.
	Interaction	The degree to which decision-making processes are individual and directive versus collective and consensual. ^e
Human resource practices	Recruitment policies	The extent to which the apprenticeship model is approximated (i.e., hiring from a pool of articling students on the basis of their potential legal ability).
	Promotion system	The degree to which the up or out system is approximated (i.e., promoting from within on the basis of demonstrated business performance).
	Compensation	The relative emphasis on performance versus seniority for

Dimension ^a	Feature	Definition
	criteria	both partners and associates.
	Control mechanism severity	The extent to which performance is monitored and under-achievement is tolerated.
	Flexibility	The extent of time demands and degree of accommodation for commitments beyond the organization.
	Privilege equality	The extent of stratification between hierarchical levels in the organization.

^a dimensions from Greenwood & Hinings (1993)

^b definition based on Cooper et al. (1996)

^c definition based on Cooper et al. (1996)

^d A partnership is defined as a group of lawyers, whether incorporated individually or not, who share both revenues and expenses. A cost-sharing arrangement is defined as a group of lawyers who share expenses, personnel, and/or office space but not revenues. A solo-owned practice is defined as a firm that is owned by only one lawyer but that employs other lawyers (this distinguishes it from a solo practitioner, which refers to a firm comprised of only one lawyer).

^e Greenwood & Hinings (1993: 1055)

The relevant features of a law firm's interpretive scheme revolve around the manner in which the identities of both the law firm itself and the lawyers within it are conceptualized. As indicated in Table 3.1, four distinct orientations are salient: *commercialism* – viewing the firm as a business venture and the lawyers within it as business persons; *professionalism* – viewing the firm as a vehicle for representing public interests and the lawyers within it as professionals⁷; *lifestyle promotion* – viewing the firm as accommodating personal lives and the lawyers within it as individuals with commitments beyond the organization or profession; and *crusading* – viewing the firm as a vehicle for making systemic changes to the profession or society as a whole and the lawyers within it as missionaries of this endeavour. These orientations are not mutually-exclusive: theoretically, it is possible for a law firm to simultaneously emphasize multiple orientations. The most relevant structural aspects appear to be the overarching form of governance, the configuration of personnel, and the criteria of divisionalization. Two features of a law firm's decision systems are particularly relevant: the extent of centralization and the extent of interaction. Finally, the most relevant features of a law firm's human resource practices include recruitment policies, promotion practices,

⁷ The traditional meaning of the term professional is implied here; that is, an individual who exhibits civilized behaviour in the application of esoteric knowledge and skills to public interest activities, such as the provision of justice and the maintenance of property rights (Cooper et al., 1996: 627). An interesting discussion of the evolving meaning of the term professional is presented in the cited article.

compensation criteria, control mechanism severity, and the extent of flexibility and privilege equality.

3.3 RESULTS

3.3.1 Qualitative Findings Supporting the Nature of the Legal Profession's Dominant Template

Following Glaser & Strauss (1967) and Miles & Huberman (1995), I used an inductive, iterative process to determine the nature of the legal profession's dominant template along each of the fifteen relevant features. Starting with a plausible description inspired by one data source, I then compiled evidence from the others to see if it could be empirically grounded; based on the strength of supporting evidence across the data sources, plausible descriptions were abandoned, modified, or retained. Table 3.2 summarizes the qualitative evidence supporting the retained descriptions of the dominant organizational form for the legal profession.

As indicated in Table 3.2, the four data sources were very consistent in describing the interpretive scheme of the legal profession's dominant template for organizing. All four sources stressed the tension created by the high emphasis placed on the seemingly contradictory values of commercialism and professionalism. Although the sources tended to agree with Galanter & Palay's observation that firms have become more openly commercial and profit-oriented (1991: 52), they also supported these scholars' further observation that increasing commercialism does not necessarily mark a decisive break from professional ideals (1991: 3). Similarly, all four sources stressed the low emphasis placed by dominant firms on lifestyle promotion. Notions such as creating a more flexible and supportive work environment are not highly valued. Similarly, dominant firms tend to under-appreciate the reality that many lawyers are individuals with roles and commitments beyond the firm and the profession, operating instead by an all-or-nothing principle (Hagan & Kay, 1995: 109) that obstruct[s] and penalize[s] child-rearing (Galanter & Palay, 1991: 58). Three of the four sources also noted that dominant firms tend not to have a strong crusading orientation: ideals such as revolutionizing the legal profession or society as a whole are not highly valued; nor are lawyers viewed as missionaries of these more idealistic pursuits.

Table 3.2: Qualitative Evidence from Multiple Data Sources Supporting the Dominant Form for Law Firms

Features	Evidence from Observers of the Profession			Evidence from Practitioners in B.C.	
	Nature of norm	Literature review	Semi-structured scholar interviews ^b	Semi-structured practitioner interviews ^c	Structured founder interviews ^d
Interpretive scheme Emphasis on commercialism	<i>High:</i> A strong and increasing emphasis on business values and viewing lawyers as businesspeople ^e	Firms have become more openly commercial and profit-oriented, more like a business firm leaders worry about billable hours, profit centers, and marketing strategies (Galanter & Palay, 1991: 52)	If you talk to law firms now, most will say that they conceptualize the firm as a business (INT #1)	Most firms tend to have a high business orientation the result of transitioning to the business of law (INT #2)	5 out of 8* stated norm is to emphasize business values such as serving clients more efficiently (ID #149) or making a good return on their investment (ID #106)
Emphasis on professionalism	<i>High:</i> An equally strong yet decreasing emphasis on professional values and viewing lawyers as professionals ^f	The emphasis on commercialization [does not mark] a decisive break from professional ideals (Galanter & Palay, 1991: 2)	There are many lawyers, however, who also retain an emphasis on the traditional values of the profession and are dissatisfied with the increasingly managerial values (INT #1)	At the same time, law firms are still guided by the traditional values of the profession business is seen as a necessary evil (INT #1)	4 out of 8* indicated that tension exists between business values and the idealized notion that the practice of a law is a profession (ID #106)

Evidence from Observers of the Profession			Evidence from Practitioners in B.C.		
Features	Nature of norm	Literature review	Semi-structured scholar interviews ^b	Semi-structured practitioner interviews ^c	Structured founder interviews ^d
Emphasis on lifestyle promotion	<i>Low:</i> Minimal emphasis on lifestyle values or viewing lawyers as multi-role individuals	[In] the traditional mode of practicing law everyone sacrifices her/his personal life and goals to the practice of law (Brockman, 1991: 31)	New firms are often created by lawyers who want to have a life and are not interested in the race of the typical law firm (INT #1)	All three stressed the lack of lifestyle values The environment is soul-destroying because of the conditions under which you're doing it (INT #2)	4 out of 8* noted the lack of emphasis on lifestyle There is that idea that if you're not working all hours of the night, you're not pulling your weight (ID #155)
Emphasis on crusading	<i>Low:</i> Minimal emphasis on crusader values or viewing lawyers as missionaries	The big firm contains an inherent dynamic of growth ; as a result, public service [is] likely to be jeopardized (Brockman, 1991: 3)	Founders aren't necessarily coming in [to the profession] to be different (INT #1)	None made comments that either supported or refuted a low emphasis on crusading	3 out of 8* noted the lack of emphasis on enacting systemic change [aren't] driven by a desire to create an innovative model (ID #150)
Structural aspects Form of governance	<i>Partnership:</i> Governed as partnerships rather than cost-sharing arrangements or solo-owned firms	Legally, most [law firms] are structured as professional partnerships (Daniels, 1991: 5)	All three scholars noted that partnerships are the norm and that cost-sharing arrangements are an emerging new form these are sometimes called feminist firms (INT #3)	All three noted that firms are typically governed by partners the shared office structure is only an emerging model (INT #2)	6 out of 8* stated that law firms in B.C. are typically organized as partnerships an associate-partner hierarchy (ID #149)

Evidence from Observers of the Profession			Evidence from Practitioners in B.C.		
Features	Nature of norm	Literature review	Semi-structured scholar interviews ^b	Semi-structured practitioner inter-views ^c	Structured founder inter-views ^d
Personnel configuration	<i>Pyramid:</i> High ratios of both lawyers to partners and support to professionals for leverage	The key to profitability is the partner/associate ratio there must be more associates than partners and the bigger the disparity the better (Brockman, 1991: 3)	The trend is to use more non-lawyers because they are less expensive. Thus, the ratio of support staff to lawyers is increasing (INT #2)	All three mentioned the high ratios There s a pyramid model, which is based on the exploitation of others (INT #1)	When asked about the dominant structure, 1 of the 8* mentioned a support to lawyer ratio of maybe 2:3 or 1:2 (IID #106)
Divisionaliza- tion criteria	<i>Legal specialization:</i> Divisionalized according to area of legal practice	In large firms, there is a division of labour according to the field of law (Stager, 1990: 167)	Lawyers in law firms are usually grouped by area of legal practice (INT #1)	None discussed the basis for grouping lawyers	When asked about the dominant structure, none discussed the basis for grouping lawyers
Decision systems Centralization	<i>Centralized:</i> Authority concen- trated in partners of firm	Partners atop the authors hierarchy of lawyers based on such criteria as authority and decision-making (Hagan & Kay, 1995: 37)	Law firms are typically run by two t o three core people (INT #2)	Authority resides in certain influential partners There are power partners who run the firm (INT #2)	This source was not asked about decision systems
Interaction	<i>Collegial:</i> Collective and consensual rather than individual and directive	The norm has been consensus decision making (Altman, Weil, Pensa, 1998: 24); new forms will have def i- nitely fewer committees (Stock, 1996:2)	Most firms are team-initiated and team-managed ventures (INT #3)	None discussed the level of decision- making interaction	Although not asked about decision systems, the com- ments of 2 out of 8* included committee-based decision- making

Features	Nature of norm	Evidence from Observers of the Profession			Evidence from Practitioners in B.C.	
		Literature review	Semi-structured scholar interviews ^b	Semi-structured practitioner interviews ^c	Structured founder interviews ^d	
HR Practices						
Recruitment policies	<i>Apprenticeship model:</i> Primarily from pool of articling students, with hiring decisions based mainly on legal ability	The standard involves direct recruitment of students from prestige law schools, followed by a closely-supervised apprenticeship or associate period (Daniels, 1991: 13)	In Toronto, students were volunteering to article, vying for the potential to land a job (INT #3)	All three discussed a coaching model where large firms typically recruit x out of y articling students (INT #2)	5 out of 8* stated that the norm is to hire articling students based on legal ability grabbing good articles (ID #106), although one commented that firms are starting to do more lateral hiring	
Promotion system	<i>Up or out system:</i> An internal job market, with promotions up or out the associate partner hierarchy, and decisions based mainly on business ability	An up or out system is used by most in determining promotion to partnership: associates not recruited to partner are expected to seek other employment (Daniels, 1991: 8)	It is an up or out policy and admission to partnership emphasizes marketing more than ever before (INT #1)	All three described the promotion to partnership tournament Firms typically groom people to come up through the ranks. There is an up or out policy (INT #1)	6 out of 8* stated that the up or out system is the norm Five is the watershed year. If not admitted [to partnership lawyers] are let go (ID #117); decisions based on merit such as value based on billings and business generation (ID #188)	
Compensation criteria	<i>Merit-based for partners:</i> Distribution of income based on equity and merit rather than equality and seniority	Firms once governed by principles of seniority are concerned with productivity, with partners staking claim on earnings based on the accumulation of billings/billable hours (Hagan & Kay, 1995: 121)	There is strong movement at the partnership level to compensation based on merit (INT #1)	All three made comments like, Partners are compensated based on their productivity a combo of billable hours and rainmaking (INT #2)	7 out of 8* stated partners compensated by a point system based on business performance such as billable hours or billings	

Evidence from Observers of the Profession				Evidence from Practitioners in B.C.	
Features	Nature of norm	Literature review	Semi-structured scholar interviews ^b	Semi-structured practitioner interviews ^c	Structured founder interviews ^d
	<i>Seniority-based for associates:</i> Lockstep system by year of call	Associates are typically hired on the basis of fixed salaries (Daniels, 1991: 7)	Associate salaries are typically fixed, regardless of hours worked (INT #3)	All three noted that associates are compensated by salary based on year of call	6 out of 8* stated associates compensated by salary based on year of call
Control mechanism severity	<i>Strict:</i> High performance targets for partners and other lawyers, with frequent monitoring and waning tolerance of under-achievement	Billable hours are assiduously recorded published and subject to ready comparison (Kay & Hagan, 1993: 7) Scrupulous attention is paid to weeding out poor performers (Kay & Hagen, 1998: 8)	Lawyers have quotas for billable hours typically 40 hours per week (INT #3)	All three mentioned that lawyers and partners are evaluated primarily by strict billable hours and billings quotas the pressure has gone up (INT #2) because the large firms tend to have hell or high water expectations (INT #3)	7 out of 8* stated norm is to set precise targets, primarily billable hours or billings The norm is 1500 to 1800 billable hours for associates and 1400 to 1700 hours for partners. These are monitored strictly and for partners it has a direct impact on their income (ID #123)
<i>Flexibility</i>	<i>Inflexible:</i> Few alternative work arrangements and little support for family obligations	The relentless pressure on associates to produce more billable hours (profits) makes law firms rigid and inflexible re: hours, job sharing, etc. (Respondent in Brockman, 1990: 28)	Associates are working to impress the partners. They may have billable targets of 40 hours per week but work 70 (INT #3)	All three noted the lack of flexibility It's a mill. Most wanting the mommy or daddy track seek other models (INT #1)	4 out of 8* stressed the lack of accommodation We haven't seen much in the way of job sharing, etc. (ID #188)

Features	Evidence from Observers of the Profession			Evidence from Practitioners in B.C.	
	Nature of norm	Literature review	Semi-structured scholar interviews ^b	Semi-structured practitioner interviews ^c	Structured founder interviews ^d
<i>Privilege equality</i>	<i>Unequal:</i> Acute differences between hierarchical levels in terms of privileges	There are acute power differences, some obvious and others more subtle, associated with positions in the profession (Hagan & Kay, 1996: 35)	The status differentiation is crisp and clear (INT #3)	There is status differentiation between the tiers of the hierarchy (INT #2)	When asked about the nature of the work environment, none discussed the equality of privileges

* The remaining founders did not provide comments either supporting or refuting the nature of this feature.

^a Sources: 1) Altman, Weil & Pensa, 1998; 2) Brockman, 1990; 3) Brockman, 1991; 4) Daniels, 1991; 5) Galanter & Palay, 1991; 6) Hagan & Kay, 1995; 7) Kay, 1997; 8) Kay & Hagan, 1993; 9) Stager, 1990; 10) Stock, 1996; 11) Stock & Leishman, 1998

^b Semi-structured interviews with three scholars (from three different academic institutions and three different faculties) who had recently conducted empirical investigations of the Canadian legal profession

^c Semi-structured interviews with a representative of the British Columbia Law Society and two partners of different law firms, all of whom had extensive experience in the British Columbia legal profession

^d Structured interviews with eight highly-experienced practitioners who had recently founded law firms in British Columbia

^e Business values include such notions as efficiency and profitability; Lawyers viewed as providers of profitable, value-added services (definitions based on Cooper et al., 1996)

^f Professional values include such notions as autonomy and the provision of justice; Lawyers viewed as representatives of public interests (definitions based on Cooper et al., 1996)

^g Lifestyle values include such notions as creating a more flexible work environment; Lawyers viewed as individuals with roles besides that of organizational or professional member

^h Crusader values include such notions as revolutionizing aspects of the legal profession or society in general; Lawyers viewed as individuals who ought to enact these changes

As indicated in Table 3.2, the four data sources were also quite consistent in terms of describing the structural aspects of the legal profession's dominant template for organizing. There was very strong agreement that dominant law firms tend to be governed as partnerships rather than as either solo-owned practices or as cost-sharing arrangements⁸. Moreover, some evidence was found across all data sources supporting the pyramid model of personnel configuration; that is, the use of high ratios of both lawyers to partners and support personnel to professionals for leverage. Less agreement was found, however, for the structural aspect of divisionalization criteria. Although observers of the legal profession noted that the dominant practice is to group lawyers according to their area of legal expertise (e.g., criminal, corporate-commercial, family law), none of the data collected from actors within the British Columbia legal profession emphasized this structural aspect.

Table 3.2 further indicates that the data sources were fairly consistent with respect to how they described the decision systems of the legal profession's dominant form. Decision-making authority tends to be highly concentrated in the partners of the firm; more specifically, as noted by one practitioner, in the power partners who run the firm. Amongst the partners, decision-making processes tend to be collective and consensual rather than individual and directive, with the majority of key decisions being made through partnership committees.

Finally, as indicated in Table 3.2, the data sources were remarkably consistent in describing the characteristic human resource practices of the legal profession's dominant template for organizing. A high level of consistency was found both within and between data sources in support of the notion that dominant firms tend to recruit according to the apprenticeship model; that is, hiring students directly out of law school on the basis of their potential legal ability, and then training and observing them during a one-year articling period. A very high level of consistency was also found both within and between the data sources in support of the promotion-to-partner tournament (Galanter & Palay, 1991: 3); as one practitioner noted: Firms typically groom people to come up through the ranks. There's an up or out policy. Partnership decisions appear to be made primarily on the bases of business ability, as indicated by such measures as billings and number of new clients attracted to the firm. The data sources were also

⁸ A partnership is defined as a group of lawyers, whether incorporated individually or not, who share both revenues and expenses. A cost-sharing arrangement is defined as a group of lawyers who share expenses, personnel, and/or office space but not revenues. A solo-owned practice is defined as a firm that is owned by only one lawyer but that employs other lawyers (this distinguishes it from a solo practitioner, which refers to a firm comprised of only one lawyer).

remarkably consistent in describing the dominant compensation system for partners as based primarily on principles of equity and merit, as measured by billable hours and billings, with that of associates based primarily on the principle of seniority, as measured by year of call. All four data sources painted a very clear portrait of the strict control mechanisms in place at dominant law firms. Partners and associates in such firms are typically responsible for attaining extremely high revenue quotas—often up to two thousand billable hours a year (Hagan & Kay, 1995: 168). Progress towards these targets is monitored frequently and typically reported publicly, with waning tolerance of under-performance—the latter including financial repercussions in the case of partners and relegation to the non-partnership track in the case of associates. All four data sources described the consequent work environment as one of considerable inflexibility, with excessive demands on time, a poor quality of life, and a lack of accommodation for lawyers with families (Hagan & Kay, 1995: 82). Three of the four data sources also emphasized the high degree of inequality in the privileges accorded to support personnel, associates, and partners. As noted by Hagan & Kay: There are acute power differences, some obvious and others more subtle, associated with positions in the profession (1995: 35).

In sum, the considerable consistency with which the four data sources described the dominant template for organizing in the legal profession attests to the validity of this construct (cf. Eisenhardt, 1989). For ten of the fifteen relevant features of form, all four sources provided consistent evidence supporting the identified description. For four features, three of the four sources provided corroborating evidence (in each case, however, only one practitioner source corroborated the observer sources). There was only one feature—divisionalization by area of legal expertise—which was described by observers of the legal profession in general but for which no corroborating evidence could be found in the qualitative data collected from actors within the British Columbia context. In spite of these consistent qualitative findings regarding the nature of the legal profession's dominant template, I implemented a more rigorous, quantitative validation procedure to further verify that the results pertained in my selected province.

3.3.2 The Quantitative Validation Procedure

I conducted a more robust check on the validity of the dominant template in the British Columbia context by administering a questionnaire to a separate panel of lawyers chosen for their familiarity with the provincial legal profession. Six practitioners were invited and agreed to act as panelists. To help ensure adequate understanding of the various aspects of the dominant form, the panelists had to have either at least five

years experience practising law in British Columbia or at least three years experience working in a large firm; that is, one with twenty or more lawyers (Stager, 1990). To help secure commonly-held perceptions of the norm rather than those of a narrowly-defined, elite segment of the profession I also attempted to assemble a panel reflecting a mix of genders, ethnicities, experience levels, types of positions, and sizes of employing firms.

The questionnaire administered to these panelists consisted of four different types of items. In the first type, the panelists were asked to rank order a discrete number of alternatives for a particular indicator of organizational form in terms of how closely each alternative resembled the industry standard. For the most part, the alternatives were distilled from the initial literature and interviews. An example of this type of item is form of governance, which was presented as having three possible alternative arrangements: partnership, cost-sharing arrangement, or solo-owned practice. The highest-ranking alternative was deemed to describe the norm for the British Columbia legal profession. In the second type of questionnaire item, the panelists were asked to indicate whether a particular arrangement or activity was characteristic of the industry standard. An example is the creation of different categories of partnership (e.g., equity and non-equity partners). The arrangements or activities selected by at least two-thirds of the panelists were deemed to typify the norm for British Columbia law firms. In the third type of questionnaire item, the panelists were asked to provide numerical estimates for the industry standard. An example is the number of support staff per lawyer. The mean value assigned by the panelists was deemed to describe the norm for the province. The fourth type consisted of five-point Likert items tapping the dominant pattern of beliefs about law firms and lawyers such as the extent to which business values are emphasized. The mean scores were used to describe the nature of the dominant interpretive scheme.

A copy of the entire panelist questionnaire is presented in Appendix 3.1. A summary of the questionnaire items that I utilized to measure each feature of the dominant template is presented in Table 3.3. This table also presents the results of the quantitative validation procedure.

3.3.3 Quantitative Findings Verifying the Dominant Template for the British Columbia Legal Profession

In sum, the findings reported in Table 3.3 lend strong support for the feature-by-feature construct validity of the legal profession's dominant form in the British Colum-

bia setting. On average, the panelists indicated that dominant firms in the province place a moderate to high emphasis on both commercialism (mean emphasis on business values = 3.67; mean emphasis on lawyers as business persons = 3.33) and professionalism (mean emphasis on professional values = 3.67; mean emphasis on lawyers as professionals = 3.33)⁹. They also agreed that the dominant firms place little emphasis on either lifestyle promotion or crusading (on average, four out of six panelists indicated that neither of these orientations was characteristic of the norm). This pattern of quantitative results corroborates the nature of the legal profession's prevailing interpretive scheme distilled from the qualitative data.

Similarly, the quantitative findings from the panelist survey validated the qualitative evidence regarding the dominant firm's distinguishing structural aspects. As indicated in Table 3.3, the majority rated partnerships as the dominant form of governance (four out of six panelists), and divisionalization by area of legal expertise as characteristic of the industry norm (five out of six panelists). The panelists' perceptions of the dominant firm's personnel ratios, indicated by means of 2.00 lawyers per partner and 1.06 support staff per professional, were remarkably consistent with figures reported in the existing literature: Galanter & Palay (1991: 59) presented evidence indicating an average associate to partner ratio of 1.47, whereas Ellis noted that most firms today strive for a 1:1 ratio [of support staff to professionals] (1993: 14).

The nature of the dominant firm's decision systems was also validated by the quantitative data. As indicated in Table 3.3, the panelists were almost unanimous in describing decision-making authority as highly centralized in the partners of the firm: all six agreed that non-professional supervisors are uncharacteristic of the norm, and five of the six agreed that attendance at partnership meetings by non-partnered lawyers or senior support staff is not a standard practice. The majority described the dominant decision-making process as collegial in nature, with four of the six selecting decisions-by-committee as the highest-ranking alternative.

The apprenticeship model of recruitment was the first of only two features that were not completely validated by the quantitative data obtained through the panelist survey. In contrast to the qualitative data, which had revealed that dominant firms tend to hire associates directly out of their articling period, the majority (four out of six panelists) believed that the normative practice was to recruit individuals who already

⁹ These value orientations were measured on a five-point scale ranging from 1=very low emphasis to 5=very high emphasis.

Table 3.3: Quantitative Evidence from the Panelist Survey Validating the Dominant Template for B.C. Law Firms

Features	Nature of norm	Questionnaire item	Mean/Modal Response	Intrater Agreement ^a
Int. scheme Emphasis on commercialism	High	Emphasis on business values	Moderate to high: mean = 3.67*	(1.37)
		Emphasis on lawyers as business persons	Moderate to high: mean = 3.33*	(1.03)
Emphasis on professionalism	High	Emphasis on professional values	Moderate to high: mean = 3.33*	(1.03)
		Emphasis on lawyers as professionals	Moderate to high: mean = 3.67*	(1.21)
Emphasis on lifestyle	Low	Emphasis on lifestyle values characteristic of norm	No	[4 / 6]
		Viewing lawyers as multi-role individuals the norm	No	[4 / 6]
Emphasis on crusading	Low	Emphasis on crusader values characteristic of norm	No	[5 / 6]
		Viewing lawyers as missionaries characteristic of norm	No	[3 / 6]
Structure Form of governance	Partnership	Highest-ranking governance alternative	Partnership	[4 / 6]
Personnel configuration	Pyramid	Number of lawyers per partner	Mean = 2.00	(1.30)
		Number of support per professional	Mean = 1.06	(0.38)
Divisionalization criteria	Legal specialization	Divisionalization by practice area characteristic of norm	Yes	[5 / 6]

Features	Nature of norm	Questionnaire item	Mean/Modal Response	Interrater Agreement ^a
Decision systems Centralization	Centralized	Non-professional supervisors characteristic of norm	No	[6 / 6]
		Non-partner attendance of partner meetings the norm	No	[5 / 6]
Interaction	Collegial	Highest-ranking decision interaction alternative	Moderately collegial-by committee	[4 / 6]
HR Practices Recruitment policies	Apprenticeship model	Highest-ranking experience level	Prior associate experience	[4 / 6]
		Highest-ranking hiring criterion	Legal ability	[3 / 6]
Promotion system	Up or out system	Highest-ranking promotion method	Promoting from within	[6 / 6]
		Highest-ranking criterion	Business ability	[5 / 6]
		Positions beyond articles & associates norm	No	[5 / 6]
		Differentiation within lawyer levels the norm	No	[4 / 6]
Compensation criteria	Merit-based for partners	Highest-ranking compensation method	Merit-based point system	[3 / 6]
	Seniority-based for associates	Highest-ranking compensation method	Salary system	[6 / 6]
Control mechanism severity	Strict	Billable hours & billings targets characteristic of norm	Yes	[5 / 6]
		Targets for both partners and other lawyers the norm	Yes	[6 / 6]
		Highest-ranking monitoring frequency	Monthly	[3 / 6]
		Highest-ranking tolerance level	Moderate	[4 / 6]

Features	Nature of norm	Questionnaire item	Mean/Modal Response	Interrater Agreement ^a
Flexibility	Inflexible	Any flexible work arrangements for lawyers the norm ^b	No	[6 / 6]
		Any family-friendly practices characteristic of norm ^c	No	[6 / 6]
Privilege equality	Unequal	Profit sharing characteristic of norm	No	[5 / 6]
		Flexible work arrangements for support staff the norm ^d	No	[6 / 6]

* Measured on a five-point scale ranging from 1=very low emphasis to 5=very high emphasis

^a Standard deviations reported in round brackets; fractions in square brackets refer to the proportion of panelists ranking this alternative as most typical of the dominant form.

^b Flexible work arrangements for lawyers presented to panelists included: part-time positions for partners or other lawyers, sabbaticals, telecommuting, and job-sharing.

^c Family-friendly practices presented to panelists included: extended maternity leave, paternity leave, family leave, and childcare benefits.

^d Flexible work arrangements for support staff presented to panelists included: reduced work week, flexible hours, telecommuting, and job-sharing.

possessed prior associate experience. Moreover, only three panelists selected legal ability as the highest-ranking hiring criterion.

In contrast, the quantitative results presented in Table 3.3 provide strong support for the dominant up or out promotion system. The panelists were unanimous in ranking promoting from within rather than cherry-picking from outside as the prevailing method, and five of the six selected business ability as the highest-ranking decision criterion. There was also considerable agreement that the dominant law firms in the province were not yet experimenting with either new types of positions for professionals, such as contract lawyers or associate counsel (five of the six panelists stated that positions other than articles and associates were not the norm), or with new tiers of associates and partners, such as senior associates and non-equity partners (four of the six panelists stated that differentiation within hierarchical levels was not the norm).

The second feature not completely corroborated by the quantitative results was the dominant compensation criteria. Although the panelists were unanimous in selecting a salary system based on year of call as the prevailing practice for associates, only three of the six agreed that the dominant firms tended to implement a merit-based point system for partners, with calculations of merit based on demonstrable contributions to the firm's business performance (i.e., billable hours, value of billings).

As indicated in Table 3.3, the quantitative findings provided considerably stronger support for the construct validity of the dominant firm's strict control mechanisms. The panelists were virtually unanimous in stating that the normative practice is to set billable hours and billings quotas (five of the six agreed that these were the standard types of quotas) for both partners and other lawyers in the firm (all six agreed that quotas tended to be set at both levels of the hierarchy). The majority described the dominant firm's tolerance of under-achievement as moderate in nature, with four of the six panelists stating that actions are typically taken to determine the cause and correct an individual's failure to meet his or her quota. Finally, the dominant monitoring frequency in the province appears to be monthly, although there was less agreement amongst the panelists on this aspect of the prevailing control mechanisms (three of the six selected monthly as the typical monitoring frequency).

Finally, the panelists were in almost complete agreement with respect to describing the human resource practices of the dominant firms in the British Columbia legal profession as inflexible in general as well as unequal in terms of the privileges accorded

to different hierarchical levels. All six agreed that the standard practice is not to provide any flexible work arrangements for lawyers (such as part-time positions, telecommuting, or job-sharing) nor to implement any family-friendly practices for all personnel (such as extended maternity leave, paternity leave, or family leave). Similarly, five of the six stated that profit-sharing arrangements are not characteristic of the norm and all six agreed that flexible work arrangements for support staff are atypical, pointing to the inequality of privileges across hierarchical levels.

3.4 SUMMARY AND DISCUSSION

3.4.1 Strong Support for the Existence of Dominant Templates (Hypothesis 1)

The first phase of my empirical research sought to test a widely-asserted, yet relatively under-examined, basic premise of neo-institutional theory; namely, that institutional environments provide prescriptions for appropriate patterns of organized activity (Greenwood & Hinings, 1993: 1073; DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Scott & Meyer, 1994; Zucker, 1977). Set in a highly-institutionalized context the British Columbia legal profession the qualitative and quantitative findings reported in this chapter lend strong support for this fundamental assumption. The high level of consistency with which the various data sources described the component features of the dominant template suggests that this framework for organizing is commonly perceived and understood by both observers of, and actors within, this institutional milieu. In other words, the British Columbia legal profession appears to contain a dominant template with a high degree of cognitive legitimacy across different constituents. This finding is particularly striking given that the legal profession is currently in the midst of a profound transition.

3.4.2 The Sedimented Nature of the Dominant Template

Beyond demonstrating the existence of a commonly-perceived dominant template in the British Columbia legal profession, the qualitative and quantitative data presented in this chapter also reveal interesting findings regarding the nature of this institutional context's prevailing framework for organizing. Overall, the pattern of findings support the implication drawn from Cooper et al.'s (1996) analysis of the Canadian legal profession's transition; namely, that this industry's currently-dominant form is a sedimented structure, a hybrid or layering of the historical P2 and emerging MPB archetypes identified by these scholars. Table 3.4 summarizes how the British

Columbia legal profession's currently-dominant template represents a synthesis of Cooper et al.'s (1996) two idealized archetypes.

As indicated in Table 3.4, the interpretive scheme of the British Columbia legal profession's dominant template clearly reflects an intermingling of the P2's and MPB's respective ideologies of professionalism and commercialism. Commercial values such as efficiency and effectiveness are highly-emphasized as are professional values such as collegiality and democracy. Analogously, the lawyers within these dominant firms are viewed as both profit centres who provide value-added client service as well as members of an elite class who apply esoteric knowledge through their role as servants of public interests.

Table 3.4: The Sedimented Nature of the Currently-Dominant Template for the British Columbia Legal Profession

Dimension	The P2 Archetype ^a	The MPB Archetype ^b	The Currently-Dominant Template
Interpretive scheme	<ul style="list-style-type: none"> high emphasis on professional values such as autonomy, collegiality, and democracy 	<ul style="list-style-type: none"> high emphasis on commercial values such as efficiency, effectiveness, and the provision of value-added client service 	<i>Mixture of P2 and MPB:</i> <ul style="list-style-type: none"> high emphasis on both professional and commercial values
	<ul style="list-style-type: none"> lawyers viewed as professionals as members of an elite class who apply esoteric knowledge in the service of public interests 	<ul style="list-style-type: none"> lawyers viewed as businesspeople and profit centers as individuals who should be client-oriented and capable of providing value-added service 	<ul style="list-style-type: none"> tendency to view lawyers both as professionals and as businesspeople
Structural aspects	<ul style="list-style-type: none"> firms governed as partnerships with few hierarchical levels 	<ul style="list-style-type: none"> firms still governed as partnerships but hierarchical complexity increases with the introduction of new tiers of associates and partners; notion of pyramiding for leverage recognized and implemented 	<i>Mixture of P2 and MPB:</i> <ul style="list-style-type: none"> hierarchical complexity still low but notion of pyramiding incorporated through use of high ratios of lawyers to partners and support personnel to professionals

Dimension	The P2 Archetype ^a	The MPB Archetype ^b	The Currently-Dominant Template
	<ul style="list-style-type: none"> differentiation based upon area of legal specialization (e.g., criminal, corporate-commercial). 	<ul style="list-style-type: none"> differentiation based upon area of legal specialization as well as functional and/or industry specialization 	<ul style="list-style-type: none"> differentiation still based upon area of legal specialization
Decision systems	<ul style="list-style-type: none"> decision-making authority concentrated within the partnership level but distributed amongst partners consensus-style decision-making processes 	<ul style="list-style-type: none"> ultimate decision-making authority still resides with partners, yet non-lawyer management specialists are introduced into the firm decision-making processes are more individualistic and directive 	<p><i>Primarily P2:</i></p> <ul style="list-style-type: none"> decision-making authority still highly concentrated in partners; little evidence of non-lawyer specialists in positions of authority collective, consensual processes
Human resource practices	<ul style="list-style-type: none"> recruitment policies resemble the apprenticeship model, with associates hired on the basis of their legal ability from a pool of articling students 	<ul style="list-style-type: none"> lawyers recruited more on the basis of demonstrated ability to generate revenues 	<p><i>Mixture of P2 and MPB:</i></p> <ul style="list-style-type: none"> recruitment policies in British Columbia now approach those of the MPB archetype, with associates hired primarily on the basis of their experience
	<ul style="list-style-type: none"> promotion system based on the up or out model – an internal job market, with decisions based primarily on legal ability, with no positions available to those denied partnership yet guaranteed tenure for those admitted as partners compensation at both partner and associate levels based primarily on principles of equality and seniority 	<ul style="list-style-type: none"> promotion decisions based primarily on demonstrated business ability; no guarantees of continuing tenure for those admitted to partnership; non-partnership track positions and different tiers of associates and partners introduced compensation at both partner and associate levels emphasize inequality and merit tied to business performance 	<ul style="list-style-type: none"> promotion policies reflect a mix of both archetypes: the up or out rule prevails yet admission decisions are based primarily on demonstrated financial contribution compensation policies also reflect a mix of both archetypes: merit-based compensation is now the norm for partners but seniority-based remuneration is still the norm for associates

Dimension	The P2 Archetype ^a	The MPB Archetype ^b	The Currently-Dominant Template
	<ul style="list-style-type: none"> ▪ somewhat lenient monitoring mechanisms: performance targets may be established yet tolerance of under-achievement is high 	<ul style="list-style-type: none"> ▪ strict monitoring mechanisms: specific financial and market targets established and monitored frequently, with little tolerance of under-performance 	<ul style="list-style-type: none"> ▪ monitoring mechanisms now approach those of the MPB archetype, with high financial quotas (yet typically not marketing quotas) established and monitored frequently at partner and associate levels, with only moderate tolerance of under-performance

^a Descriptions of the Professional Partnership (P2) archetype based primarily upon Cooper et al. (1996) pp. 626-628, supplemented by Galanter & Palay (1991).

^b Descriptions of Managerial Professional Business (MPB) archetype based primarily upon Cooper et al. (1996) pp. 626-635, supplemented by Galanter & Palay (1991).

The sedimented nature of the dominant template's interpretive scheme is manifested in its configuration of structural aspects, decision systems, and human resource practices. Within this set of more observable dimensions it is apparent that elements of the traditional P2 template have been combined with those of the emerging MPB archetype. The nature of the dominant template's structural features is a case in point: here, it is clear that the P2 practice of divisionalizing lawyers according to their area of legal expertise has been retained, while the MPB notion of pyramiding—utilizing high ratios of both lawyers to partners and support personnel to professionals for leverage—has been incorporated.

The decision systems of the dominant template, on the other hand, do not yet appear to incorporate many MPB concepts. Decision-making authority is still highly concentrated in the partners of the firms, and, consistent with the continued emphasis on professional values, decision-making processes tend to be collective and consensual rather than individual and directive.

The pattern of prevailing human resource practices clearly illustrates the sedimented nature of this dimension of the dominant organizational form. While the normative recruitment policies of the British Columbia legal profession now approach those of the MPB archetype, with associates hired on the basis of their experience rather than their potential legal ability, promotion policies reflect a mix of both archetypes. The P2's up or out rule, which prescribes that after a probationary period the young

lawyer will either be admitted to the partnership or will leave the firm (Galanter & Palay, 1991: 28), is still the norm; yet admission decisions are now based on the MPB notion of demonstrable contribution to the firm's financial performance rather than the quality of the candidate's legal work. The dominant compensation practices are similarly hybrid in nature. With its emphasis on revenue generation, as measured by billable hours and billings, the merit-based compensation system for partners is clearly in accordance with the MPB archetype. In contrast, the lockstep system for associates, in which an individual receives a fixed salary commensurate with his or her year of call, regardless of hours worked or revenue generated, is compatible with the principle of seniority characteristic of the P2 template.

The strict control mechanisms consistently described across the various data sources are perhaps the most obviously-incorporated aspects of the commercialistic MPB archetype. The practices of setting high performance quotas for both partners and associates, monitoring progress frequently, and exhibiting only a moderate tolerance of under-achievement are all compatible with the MPB's emphasis on efficiency and effectiveness and view of lawyers as profit centres.

In sum, the currently-dominant template in the British Columbia legal profession is clearly a hybrid of the traditional P2 and the emerging MPB templates identified by Cooper et al. (1996) – a sedimented form combining features of how dominant law firms tended to be organized in the past with aspects of how the dominant law firms are expected to be structured in the future. Given that the legal profession is currently in a period of profound transition, this finding provides preliminary support for Greenwood & Hinings (1996: 1030) proposition that institutional change in tightly-coupled fields such as law is likely to be convergent rather than transformational. In contrast to a transformational view of institutional change, in which one archetype sweeps away an earlier one (Cooper et al., 1996: 635), a convergent view of institutional change emphasizes the modification of features within the parameters of existing archetypal templates (Greenwood & Hinings, 1996). This appears to be the case for the British Columbia legal profession, where the currently-dominant form clearly contains features of the traditional P2 archetype as well as those that have been modified in the direction of the emerging MPB archetype.

3.4.3 Conclusion

In conclusion, the results of this first phase of my research support the basic neo-institutional premise that highly-institutionalized environments contain common

understandings regarding prevailing administrative values, structures, systems, and practices. By adding the quantitative validation component to Greenwood & Hinings (1993) recommended protocol for unearthing institutionally-prescribed frameworks for organizing, I obtained sufficient assurance of the identified configuration's validity amongst both observers of, and actors within, the selected setting. As a result, I am satisfied that I have uncovered the commonly-held perceptions of the British Columbia legal profession's dominant template, and am confident in using its component features as the referents upon which to base my subsequent calculations of new entrant deviation. The methodology for making such calculations represents the focus of the following chapter.

CHAPTER 4:

CALCULATING MULTIDIMENSIONAL MEASURES OF FORM AND DEVIATION: A METHODOLOGICAL PROTOCOL

4.1 INTRODUCTION

The primary objective of this chapter is to present the methodology for the second phase of my empirical investigation – calculating multivariate measures of both the organizational forms of new entrants to the British Columbia legal profession as well as their extent of deviation from the industry's dominant template. The procedures described in this chapter build upon the empirical work of those neo-institutional scholars who have emphasized the importance of, and utilized, multidimensional rather than unidimensional operationalizations of organizational structures, systems, and practices (e.g., Cooper et al., 1996; Greenwood & Hinings, 1993; Oliver, 1988). My techniques also extend the work of other new institutionalists who have called for, and calculated, continuous rather than dichotomous measures of isomorphism (e.g., Oliver, 1988; Westphal et al., 1997). Through these extensions, I hope to provide novel methodological tools for future researchers interested in investigating the phenomenon of organizational variation.

4.2 SAMPLING AND DATA COLLECTION PROCEDURES

4.2.1 Eligibility Criteria for Inclusion in the Sample

I placed a number of preliminary screening restrictions on the new entrants to the British Columbia legal profession that would be eligible for participation in the second phase of my empirical investigation. For one, the sample was geographically-restricted to firms located in the province's two largest metropolitan areas, the greater Vancouver and Victoria regional districts, in order to control for potential differences in organizational form attributable primarily to a rural versus urban office location (Stager, 1990: 169). I also limited the pool of eligible firms to those founded in 1990 or later. This cut-off year was selected to help ensure that the firms were relatively newly-established, that participants would be able to recall decisions about their firm's organization as accurately as possible, and that potential confounds attributable to differences

in institutional contexts at the time of founding would be minimized. Research on the Canadian legal profession conducted during the first phase of my investigation suggested that law firms founded during the mega-firm mania of the 1980s faced a very different operating environment than those founded during the 1990s (e.g., Ellis, 1993; Stock, 1996; Stock & Leishman, 1998). It was also necessary that the firms employ more than five individuals. I imposed this size restriction because human resource practices constitute a major component of how I have conceptualized organizational form: many of these practices would be irrelevant in a smaller-sized firm.

4.2.2 Sampling Frame

I identified eligible law firms that met these preliminary screening criteria from the *1998 British Columbia Business to Business Directory*, a computerized database containing contact names and basic descriptive data on all law firms in the province. Prior to selecting the sample and sending out introductory letters, I checked the accuracy of the contact names and descriptive data against the *1998 British Columbia Lawyers Telephone, Fax & Services Directory*. Because neither of these directories included law firms established in 1998—the year during which this stage of the research was conducted—the sampling frame was incomplete. Thus, to identify the most recently-established firms, I compared the 1997 and 1998 versions of the *BC Tel Yellow Pages Directory* for Vancouver, and compiled a list of firms appearing in the latter but not the former edition. The eligibility of the firms on this list was then verified through a brief preliminary phone call.

A total of 130 firms obtained from these sampling frames met the preliminary screening restrictions. I sent an introductory letter to one of the founding partners of each firm, with the request that it be directed to the founder who played a lead role in the initial decisions about the firm's organization and management. Follow-up phone calls were then conducted to encourage participation and to verify the size and founding year restrictions (copies of the introductory letter and follow-up telephone script are presented in Appendices 4.1 and 4.2 respectively; a copy of the ethics board certificate of approval is presented in Appendix 4.7). The phone calls were also used to ensure that the firms met two additional eligibility requirements. First, the firms could not have been founded as branch offices or mergers of existing firms: in order to adequately test my hypotheses, founders had to have latitude regarding the internal design of their firms without being constrained by parent or partnering organizations. Second, given my interest in the objective backgrounds and subjective interpretations of founders as

potential explanatory variables, it was critical that the firms were still managed by at least one of the founding partners. Unfortunately, 25 firms failed to meet all of these screening requirements, despite the partners' interest in participating in the study. This reduced the pool of eligible firms to 105.

4.2.3 Participating Firms and Founding Partners

A founding partner from 60 of the 105 eligible firms agreed to participate, which resulted in a response rate of 57%¹⁰. All of these founding partners confirmed in advance that they had been highly involved in decisions about the organization and management of the firm, particularly with respect to human resource practices. The majority of the 36 who declined participation cited lack of time as their primary reason for doing so. Nine founding partners could not be contacted, despite repeated attempts via follow-up letters and phone calls. As indicated in Table 4.1, the 60 firms that participated in the study were not significantly different in terms of year founded, size, or geographic region from the 45 eligible firms that did not participate¹¹. Thus, I am fairly confident that the sample is representative of the population of eligible law firms established in British Columbia in the 1990s.

Table 4.1: Participant Versus Non-Participant Comparison

Firm Characteristics	Participants (n=60)	Non- Participants (n=45)	Test Statistic	P-Value
Mean year founded	1993.48	1993.86	$t = 0.83$	0.41
Size category:				
% with 6-10 employees	78.30	86.70	$X^2 = 1.21$	0.55
% with 11-25 employees	18.30	11.10		
% with over 25 employees	3.30	2.20		
Geographic region:				
% in Greater Vancouver	86.70	84.40	$X^2 = 0.10$	0.75
% in Greater Victoria	13.30	15.60		

¹⁰ I was very encouraged by this response rate, particularly given that the partners of these law firms would be forgoing the high hourly rate that they could have charged for their time.

¹¹ I obtained data on the eligible non-participants from the 1998 *British Columbia Business to Business Directory*.

In Table 4.2 below, I present additional descriptive statistics for the firms in the sample. On average, the sampled new entrants had been in operation for less than five years (mean = 4.83 years). Given their young age, it was not surprising that the sample contained a high proportion of small and medium firms – those consisting of two to four lawyers (58.33%) and five to nineteen lawyers (40.00%) respectively – and a low proportion of large firms (1.67%)¹². The inclusion of support staff, however, raised the average size of the sampled firms from 5.05 lawyers to 11.77 personnel in total. The remaining descriptive statistics presented in Table 4.2 indicate that, in general, the sample was comprised of a fairly wide range of law firms in terms of practice type and area, strategic focus, and performance.

Table 4.2: Additional Descriptive Characteristics of Participating Firms

Firm Characteristics	Mean	[SD]	Min	Max	Percentage
Age					
Years since founding	4.83	[2.28]	0.33	8.66	
Size by category^a:					
Small (2-4 lawyers)					58.33
Medium (5-19 lawyers)					40.00
Large (20 or more lawyers)					1.67
Size by personnel type:					
Number of partners	2.73	[1.99]	1.00	14.00	
Number of other lawyers	2.32	[2.27]	0.00	13.00	
Number of support staff	6.72	[5.81]	1.00	32.00	
Total number of personnel	11.77	[8.96]	5.00	59.00	
Type of practice:					
Litigation only					46.70
Solicitor s work only					26.70
Both litigation and solicitor s work					26.70
Major areas of practice^b:					
Corporate/commercial					56.70
Real estate					41.70
Personal injury					36.70

¹² Size categories for Canadian law firms were based on Stager (1990).

Firm Characteristics	Mean	[SD]	Min	Max	Percentage
Major areas of practice, continued:					
Family					35.00
Wills/estates					26.70
Criminal					20.00
Administrative					18.30
Securities					16.70
Other					45.00
Strategic aspects:					
Boutique/specialist ^c					65.00
Focused on organizational clients ^d					33.30
Performance:					
Personnel turnover ^e	0.48	[0.42]	0.00	1.67	
Approximate annual billings (in \$M) ^f	1.69	[1.53]	0.53	9.99	

^a Size categories for Canadian law firms based on Stager (1990).

^b Percentages total to more than 100% because a firm could have more than one major area of practice.

^c Self-report by founder in response to the question, Would you characterize the firm as a boutique or general practice?

^d A firm was coded as organizational client focused if more than 50% of its time and revenues were based on this type of client.

^e Percentage of the current number of lawyers who had left the firm since founding

^f Calculated by multiplying the founder's average annual billable hours by the number of lawyers in firm and an average billing rate of \$200 per hour; n=40 due to non-responses to the question about the founder's annual billable hours

Table 4.3 provides descriptive statistics on the founding partners who were interviewed. In terms of their demographic characteristics, although the participants exhibited considerable heterogeneity in age (ranging from 32 to 56 years old), they were remarkably homogeneous in terms of gender and ethnicity. Only seven (11.67%) were female and only nine (15.00%) were ethnic minorities (i.e., not Caucasian). These figures are in keeping with previous research indicating that men are more likely than women to become partners of law firms (Hagan & Kay, 1995: 92), and that the profession has tended to exclude visible minorities from its ranks (Galanter & Palay, 1991: 25). The majority of the interviewees were also married (91.67%) and had children living at home (66.67%).

In terms of their educational background, the majority (70.67%) possessed at least one university degree in addition to their LL.B: 6.67% held an advanced law

degree, 13.33% had a business degree, and 51.67% had another type of degree. The participants varied considerably with respect to the extent of their work experience in the legal profession, ranging from two to twenty-eight years practicing law in total and two to twenty-seven years practicing law in British Columbia. The number of firms they had worked for prior to starting the one that was the focus of my investigation varied from one to five. On average, the interviewed founders had been practicing law for 15.35 years in total and for 14.66 years in British Columbia, and had worked for 2.17 firms prior to starting their own. Almost half (46.67%) had attended seminars on law firm management sponsored by one of the industry's professional associations.

Table 4.3: Descriptive Statistics for the Interviewed Founding Partners

Characteristics	Mean	[SD]	Min	Max	Percentage
Demographics:					
Age	42.92	[5.72]	32.00	56.00	
Female					11.67
Ethnic minority ^a					15.00
Married					91.67
Children at home					66.67
Education:					
LL.B only					29.33
LL.B + advanced law degree					6.67
LL.B + business degree					13.33
LL.B + other degree					51.67
Work experience:					
Years practicing law in total	15.35	[5.91]	2.00	28.00	
Years practicing law in BC	14.66	[5.80]	2.00	27.00	
Number of prior firms	2.17	[1.01]	1.00	5.00	
Professional association participation:					
Has attended seminars on law firm management					46.67

^a includes participants who identified themselves as Asian/Asian-Canadian (n = 6), East Indian/Indo-Canadian (n = 1), Black/Afro-Canadian (n = 1), and First Nations/Metis (n = 1)

4.2.4 Data Collection Methods

Questionnaires. Participants were faxed a preliminary background questionnaire prior to their personal interview. The first part of this background questionnaire fo-

cused on the firm, asking questions about its service offering, strategy, and certain aspects of its organizational form. The second part of the questionnaire focused on the founding partner, asking questions about his or her educational background, years of experience in the legal profession, and general demographics. A copy of the background questionnaire is presented in Appendix 4.3.

Interviews. The majority of the data was collected through a structured, in-depth personal interview with each participant, conducted by either me (n=36) or a trained research assistant (n=24). Most interviews took place on the participant's business premises and lasted for at least one hour. Each covered a standard set of closed- and open-ended questions on elements of the firm's organizational form, the founder's rationale for both starting the firm and selecting the particular elements of the firm's design, the founder's prior work experience, and his or her perceptions of the degree to which the firm differed from the industry norm. A copy of the interview guide is presented in Appendix 4.4.

4.3 OPERATIONALIZING ORGANIZATIONAL FORM

4.3.1 Overview

In this section, I describe in detail how I measured the fifteen features of Greenwood & Hinings (1993) four dimensions of organizational form. Just as the features themselves emerged through the grounded approach summarized in the preceding chapter, so too did the more specific indicators of each feature. Rather than limiting myself to the commonly-used indicators of existing research, I selected those that were emphasized consistently within and between the data sources from the first phase of my investigation. In many cases, these indicators were similar but not identical to those in the extant literature.

4.3.2 Interpretive scheme

To obtain the quantitative measures of a firm's interpretive scheme required for the systematic examination of its form and deviation, I implemented a multi-step content analysis procedure. First, I isolated excerpts from the interview notes in which the founder referred to the values of the firm or the identities of lawyers. Most of these excerpts came from responses to planned, open-ended questions such as, What is the guiding philosophy or mission of the firm? , Can you describe your vision regarding the organization and management of people within the firm? , and Do you consider

yourself to be more of a lawyer than a businessperson, or the other way around more of a businessperson than a lawyer? . These structured questions were posed at different points in the interview to help ensure that I had broached the issue of a firm's interpretive scheme from a number of different angles. Some excerpts were also obtained from the tangential yet relevant comments that the founders made throughout their interviews. I identified a total of 329 excerpts relating to the firms' interpretive schemes (an average of 5.5 excerpts per interview).

I then designed a set of thematic categories and classification criteria for coding the excerpts. The literature review and interviews I had conducted during the first phase of my research suggested four overarching orientations for law firms: commercialism, professionalism, lifestyle promotion, and crusading. Table 4.4 presents the classification criteria and representative interview excerpts for the emergent thematic categories consistent with each of these four overarching value orientations (descriptive statistics appear in the discussion of my findings in Chapter 5).

As indicated in Table 4.4, the first thematic category consistent with a *commercialistic orientation* included excerpts emphasizing business values such as efficiency, effectiveness, productivity, or competitiveness. One founder, for example, responded as follows when asked about the overarching vision for his firm:

I was with a downtown firm for four to five years. I always had a vision that I could do a better job in terms of management. I could make things work like clockwork. In law firms there are too many papers, things get misplaced. There is not much efficiency from a business standpoint¹³.

The second thematic category consistent with a commercialistic orientation included excerpts emphasizing the corresponding view of lawyers as business persons who provide profitable, value-added services. The following excerpt provides a rather striking example of the tendency to view lawyers as profit centers comparable, in this case, to fixed assets such as photocopiers:

We have it arranged so that our rent is paid by the self-employed office-sharer, the legal assistant's billings cover her salary and that of the junior staff, the photocopier pays for itself and the other machines, and our associate more than covers the rest. Each is a profit center. We look at all of them this way. As a result, my partner and I are able to take home everything we bill¹⁴.

¹³ Comment made by a male founding partner of a fifty-nine person corporate/commercial firm.

¹⁴ Comment rather surprisingly made by a female founding partner of a six-person general practice.

Table 4.4: Thematic Categories and Representative Interview Excerpts for the Firms Interpretive Schemes

Thematic Categories	Representative Interview Excerpts
Commercialistic Orientation <i>Business values</i> Firm emphasizes profitability, efficiency, effectiveness, productivity, and/or competitiveness*	<p>We ve tried to make everything based on performance rather than years of experience. This is due to our concern for the bottom line The overarching problem in law firms is a lack of appreciation of business matters. Law firms have existed in an antiquated model that can t continue. The value to the client is not often the first priority. (ID #106)</p> <p>[The firm s structure was] really driven by economics. Reduced margins. Therefore you must be more efficient, especially when you re billing at a fixed rate and not by the hour. I think you ll see big changes happening here as lawyers analyze the practice of law and determine what can be commodified. (ID # 111)</p> <p>The concept was that we d have associates and legal assistants who were billing units (ID #181)</p> <p>We did this because [the associate is] a profit center and it provides her with an incentive to record her time. (ID #145)</p>
<i>Lawyers as businesspeople</i> Lawyers viewed as profit centers as providers of value-added services; partners viewed as owners of commercial enterprises*	
Professional Orientation <i>Professional values</i> Firm emphasizes autonomy, collegiality, democracy, and/or the provision of justice*	<p>Our overarching vision for the firm was to have things negotiated amongst the four partners alternatives like cost -sharing arrangements and eat-what-you-kill compensation systems are not conducive to team play, having the same interests, and the sharing of files. (ID #180)</p> <p>[If we were to set quantitative quotas] they should be reasonable and should recognize that associates are encouraged to give back to the community at large and to the profession through non-billable time [Right now] there s an implicit understanding that everyone s contribution is equal (ID #183)</p>
<i>Lawyers as professionals</i> Lawyers viewed as representatives of public interests, possessors of esoteric knowledge, and insurers of justice; lawyers should not be administrators, managers, or driven by commercial values*	

Thematic Categories	Representative Interview Excerpts
Lifestyle Promotion Orientation	
<i>Lifestyle values</i>	
Firm emphasizes the creation of a less stressful, more flexible work environment that accommodates the needs of its members	<p>In return, the staff gets flexibility, which [it] is impossible to offer in larger firms which are more rigid and conservative. We don't have people punch in here. When it's quiet or when people have worked overtime, people can take time off. (ID #108)</p> <p>We're also very strict on holiday time: you can't bank them and you must take them. This is because the job is very stressful and it's not in the individual's or the firm's best interests [to have someone who's stressed out] I get in trouble a lot for not taking enough. (ID #183)</p>
<i>Lawyers as multi-role individuals</i>	
Lawyers viewed as individuals with roles besides that of organizational member; as people with commitments beyond the firm or the profession	<p>Our number one priority is our personal lives. Our families and our health. Having free time is more important than work. We don't work weekends or nights. (ID #133)</p> <p>We don't expand when it will cost us, only when there's a financial benefit and if it will provide us with a better quality of life. (ID #181)</p>
Crusading Orientation	
<i>Crusader values</i>	
Firm emphasizes a desire to revolutionize aspects of law firm organization and management (particularly the minimization of hierarchical status differentials between lawyers and support personnel), the legal profession, or society in general	<p>All people go through major life passages and there is always a support person there to assist them: at birth, there's a midwife, at death, there's a member of the clergy. Divorce has now become a major life passage for more than fifty percent of the population. We practice collaborative law where we become that key support person. Lawyers are by training litigious and adversarial. Our guiding principle is to make divorce a more humane process. (ID #113)</p>
<i>Lawyers as missionaries</i>	
Lawyers viewed as individuals who are not only able to, but also ought to, enact systemic change in the legal profession in particular or society in general	<p>When we started our firm, my partner and I were very concerned that we were bailing out instead of staying and trying to change the environment in our prior firm. We decided to be selfish, venture out on our own, and change our own area of the world. (ID #138)</p>

* classification criteria based on Cooper et al. (1996)

As indicated in Table 4.4, the first thematic category consistent with a *professional orientation* included excerpts emphasizing professional values such as autonomy, collegiality, democracy, or the provision of justice. The collegial and democratic aspects of a professional orientation are evident in the following description of a firm's decision-making style: We try not to make decisions unilaterally because it is a partnership, which is like a marriage¹⁵. The second thematic category consistent with a professional orientation included excerpts emphasizing the corresponding view of lawyers as professionals who represent public interests by applying esoteric knowledge to ensure that justice prevails. For example, when asked whether he considered himself to be more lawyer or more businessperson, one founder responded:

I sort of go back and forth on that. What's very important to me is the law—the professional aspect of all this. It's critical that myself and the entire firm conduct ourselves very professionally¹⁶.

As indicated in Table 4.4, the first thematic category consistent with a *lifestyle promotion orientation* included excerpts emphasizing lifestyle values such as creating a less stressful, more flexible work environment that accommodates the needs of its members. For example, when asked to describe the overarching vision for her firm, one founder replied:

The big firm life was not something we were interested in. Big firms are built in the image of men. [The big firm we were previously at] had a difficult environment. Although never explicitly stated, the environment was one of constant work—work, work, work, work¹⁷.

The second thematic category consistent with a lifestyle promotion orientation included excerpts emphasizing the corresponding view of lawyers as multi-role individuals with commitments beyond the firm or the profession. The same participant, for example, also commented that she and her partner had come to the realization that there was no way for either of [them] to have children at the large firm. As a result of starting their own practice, they have each been able to have two children without jeopardizing their careers.

As indicated in Table 4.4, the first thematic category consistent with a *crusading orientation* included excerpts emphasizing crusader values such as the desire to revolutionize aspects of the profession or society in general. The second thematic category

¹⁵ Comment made by a male founding partner of an eight-person litigation boutique.

¹⁶ Comment made by a male founder of an eight-person solo-owned corporate/commercial firm.

¹⁷ Comment made by a female founding partner of a ten-person litigation boutique.

consistent with this orientation included excerpts emphasizing the corresponding view of lawyers as missionaries of the firm's endeavour to enact these systemic changes. The following description of a new entrant's guiding philosophy depicts a very strong crusading orientation:

We both wanted to incorporate a feminist analysis both in our approach to law and in how to run a firm. We actively seek women—particularly those that are feminists. Those that are very in your face. We are actively seeking to address the lack of representation of women in the legal profession and the problem that the law is written by white men. When we're hiring, we look at how [a candidate believes she] can change things¹⁸.

In the third step of the content analysis procedure, I coded each relevant interview excerpt according to whether it contained each of the eight thematic categories just described. To assess the reliability of my coding decisions, I conducted an interrater reliability analysis. Following the precedent established by others (e.g., Ely, 1994), I trained a second coder to independently classify a subset of the data. The subset contained 93 randomly-selected excerpts, or 28% of the total; we agreed on 79, or 85%, of the categorization decisions. This very high level of interrater consistency provides evidence supporting the reliability of my coding decisions.

Finally, I converted the coding decisions into quantitative measures of a firm's interpretive scheme. To do this, I collapsed the value types (i.e., business, professional, lifestyle, and crusader) and corresponding views of lawyers (i.e., business persons, professionals, multi-faceted individuals, and missionaries) into the four overarching orientations of the firm. To indicate a firm's level of emphasis on each orientation, I calculated the percentage of the relevant interview excerpts classified into each orientation category. As a result, I obtained quantitative measures for four features of a firm's interpretive scheme: the level of emphasis on commercialism, professionalism, lifestyle promotion, and crusading orientations.

4.3.3 Structural Aspects

I measured a firm's overarching *form of governance* by whether the firm was organized as a partnership, a cost-sharing arrangement, or a solo-owned practice. A partnership was defined as a group of lawyers, whether incorporated individually or not, who shared both revenues and expenses. This is the dominant form of governance for the British Columbia legal profession. A cost-sharing arrangement was defined as a

¹⁸ Comment made by a female founding partner of a six-person litigation boutique.

group of lawyers who shared expenses, personnel, and/or office space but not revenues. A solo-owned practice was defined as a firm that was owned by only one lawyer but that employed other lawyers (this distinguishes it from a solo practitioner, which refers to a firm comprised of only one lawyer). A firm's *personnel configuration* was measured by two ratios that are commonly referred to in the legal profession: the number of lawyers per partner and the number of support staff per professional. The higher a firm was on both values, the more closely it approximated the prevailing leveraged, or pyramid, structure of law firm organization. I measured a firm's *criteria of divisionalization* by whether its lawyers were organized into divisions, or practice groups, based on their area of legal expertise, which is the normative arrangement, or on some other basis (e.g., by geographic region, type of client).

4.3.4 Decision systems

Two indicators served as measures of a firm's *extent of centralization*: 1) whether any non-lawyers were responsible for supervising divisions (e.g., non-lawyer managers of certain geographic regions), and 2) whether any non-partners and/or support staff attended partnership meetings or were responsible for key operating decisions (e.g., hiring or firing other lawyers). Affirmative answers suggest the decentralization of some decision-making responsibility and thus represent departures from the norm, where authority is typically highly concentrated in the partners of the firm. I measured a firm's *extent of interaction* by whether major decisions tended to be made by: a) only one partner (i.e., very directive decision-making); b) individual partners in some cases, jointly in other cases (i.e., moderately directive decision-making); c) committees of partners (i.e., moderately collegial decision-making); or, d) all partners (i.e., very collegial decision-making). Processes other than committees represent breaks from the dominant extent of decision-making interaction in the legal profession.

4.3.5 Human resource practices

Recruitment policies. I used two indicators to assess the degree to which a firm's recruitment policies resembled those of the dominant apprenticeship model. The first indicator was whether a firm: a) preferred to hire associates straight out of their articling period; b) preferred those with prior associate experience; or, c) had no preference, hiring either type of associate depending on the firm's needs at the time. The second indicator was whether the hiring of associates was based on: legal ability, business ability, and personality compatibility. I determined whether a firm used each of these criterion in its hiring decisions by content-analyzing the founding partner's response to

the following open-ended question, What are the primary criteria by which you would evaluate potential associates? . If the interviewee mentioned such qualities as academic standing, intellect, problem-solving ability, or analytic skills, the firm was coded as having legal ability as a hiring criterion. If the interviewee mentioned such qualities as client generation, productivity, billings, or client management, the firm was coded as having business ability as a hiring criterion. If the interviewee mentioned such qualities as sharing similar values, being able to fit in, or being trustworthy, the firm was coded as having personality compatibility as a hiring criterion. As one founder vividly observed: Needs to have a good personality. Can fit in around here. Cannot be brash, aggressive or egotistic. The person should pass the good sh*t test meaning you should feel like going out for a beer with them . It should be noted that these categories were not mutually exclusive a firm could be coded as having more than one hiring decision criterion. Firms that preferred to hire associates straight out of their articling period and that based their decisions solely on legal ability were deemed to more closely approximate the dominant apprenticeship model of recruitment.

Promotion system. I used several indicators to assess the degree to which a firm's promotion system approximated that of the dominant promotion to partnership, or up or out, model. This first indicator was whether a firm: a) preferred to promote from within, only admitting those who had previously been associates with the firm; b) preferred to go outside, cherry-picking individuals from other firms; or, c) had no preference, promoting from within or cherry-picking from outside depending on its needs at the time. Policies other than promoting from within represent departures from the norm. The second indicator was whether partnership admission decisions were based on the following criterion: legal ability, business ability, and personality compatibility. I determined whether a firm used each of these criterion by content-analyzing the founding partner's response to the following open-ended question, What are the primary factors that are taken into account when considering someone for partnership? . The coding scheme used to classify the responses was identical to that described above. Promotion decisions based on criteria other than business ability represent departures from the normative practice. The third indicator was the type of positions available to non-partnered lawyers in the firm. The existence of positions other than articles and associates such as contract lawyers and associate counsel suggest that the firm was modifying the classic model by creating categories of professionals not eligible to move up to partnership (Galanter & Palay, 1991: 65). The fourth indicator was the extent of differentiation within each stratum of lawyers. Different tiers of associates and partners such as senior associates and non-equity partners, respec-

tively suggest that the firm was modifying the traditional model by creating alternative positions for lawyers who might otherwise have been forced out of the firm (Galanter & Palay, 1991: 64).

Compensation criteria. I measured the primary criterion for remunerating partners by the type of compensation system in place at the firm; more specifically, whether it was classified as: a) an equal system, with the partners receiving the same amount regardless of seniority or performance; b) a lockstep system based on seniority; c) a point system based primarily on non-business performance; d) a point system based primarily on business performance; or, e) an eat-what-you-kill-system, where partners received the value of their own billings less expenses. These five basic partner compensation systems were distilled through a content analysis of the interviewees responses to the open-ended question, How are the partners compensated? , and to subsequent probes about the criteria used to determine the different levels in a lockstep system or the basis for allocating points in a point system. Compensation systems based on principles of equality or seniority represent departures from the normative practice of remunerating partners according to the principle of equity, with output measured in terms of business performance. The eat-what-you-kill system represents an extreme form of equity-based compensation, with no sharing amongst the partners. I measured the primary criterion for remunerating associates by determining whether the following types of compensation systems were in place at the firm: a) salary only, b) salary plus a percentage of revenue generated, c) percentage of revenue generated only, or d) hourly wage. Because some firms remunerated different levels of associates by different methods (e.g., senior associates were often compensated by salary plus a percentage of revenue generated while junior associates were often compensated by salary only), I created an index consisting of the proportion of associates remunerated by each method. Compensating associates by methods other than pure salary for all levels represent a departure from the industry standard.

Control mechanism severity. I used several indicators to measure the severity of a firm's control mechanisms. These pertained to the type of quantitative targets set by the firm (i.e., none, billable hours, billings, collections, client generation), the levels at which they were set (i.e., associates, partners, both levels), the frequency with which they were monitored (i.e., quarterly, monthly, weekly, more than weekly), and the firm's tolerance of under-achievement (i.e., very low, low, moderate, high). I determined a firm's tolerance level by content-analyzing the founding partner's response to the open-ended question, What actions would be taken if someone failed to achieve the target? . Those who responded that under-achievement was grounds for dismissal

were coded as having a very low tolerance level; those who referred to the monetary penalization of under-achievers were coded as having a low tolerance level; those who stated that actions would be taken to determine the cause and correct the problem were coded as having a moderate tolerance level; and those who admitted that the problem would be brought to the individual's attention but that no corrective action would be taken were coded as having a high tolerance level. In sum, the greater the number of quantitative targets, the more levels that the targets are set at, the more frequent the monitoring, and the greater the intolerance of under-achievement, then the greater the severity of the firm's control mechanisms.

Flexibility. Two measures were used to assess the flexibility of a firm's human resource practices. The first pertained to whether any of the following work arrangements were available for lawyers: part-time positions for partners, part-time positions for non-partnered lawyers, telecommuting, job-sharing, and/or sabbaticals. The second pertained to whether any of the following forms of support for family obligations were available to all types of personnel within the firm: extended maternity leave, paternity leave, family leave, and/or childcare benefits. The greater the availability of these work arrangements and family support policies, the greater the flexibility of the firm's work environment. Firms that offered any of these options were viewed as departing from the industry norm of having absolutely none.

Privilege equality. Operationalizing the extent of privilege equality between hierarchical levels was considerably more challenging. I felt that the self-reports of founding partners would be of questionable validity, as I doubted that many would honestly admit to the existence of acute privilege differentials within the firm. Likewise, I believed that self-reports obtained from support personnel or non-partnered lawyers might be systematically biased—but in the opposite direction. As such, I turned to two objective, but less direct, indicators. The first pertained to whether the firm implemented a profit-sharing system for non-partnered lawyers and/or support staff. The existence of a profit-sharing system seemed to indicate that efforts were being made to reduce privilege differentials between partners and other organizational members, at least in terms of their right to a share in the firm's financial success. The second indicator was whether any of the following work arrangements were available for support personnel: flexible hours, reduced work weeks, job-sharing, and/or telecommuting. The existence of any of these work arrangements seemed to suggest that the firm was according this lower tier of secretaries, typists, and receptionists (Hagan & Kay, 1995: 55) considerably more privileges in terms of their hours, pace, and place of work. Firms that offered either form of profit-sharing system or any of the flexible work arrange-

ments for support personnel were viewed as departing from the industry norm of having absolutely none.

4.3.6 Construct Validity Assessments

Multimethod-multitrait analysis. As a preliminary assessment of the construct validity of my organizational form measures, I followed Campbell & Fiske's (1959) multimethod-multitrait approach and conducted a series of correlation analyses. The criterion for establishing convergent validity is to demonstrate that alternative measures of the same construct obtained through either different sources or different methods are significantly correlated. Although resource and practicality constraints prevented me from obtaining a parallel measure for all of the organizational form variables, there were some indicators for which I had collected data in two ways. Measures of a firm's control mechanisms and work environment flexibility, for example, were both collected through two methods: the background questionnaire and the personal interview.

In the background questionnaire, the founder was asked to identify whether specific types of quantitative quotas were set for lawyers in the firm (e.g., billable hours, billings, etc.). A firm was coded as having quantitative quotas if the founder answered in the affirmative to at least one type of target. During the subsequent personal interview, the founder was asked whether the firm set any quantitative targets for lawyers. The responses to this interview question were very highly correlated with the measure derived from the questionnaire data ($r = .97, p < .001$). Similarly, in the background questionnaire, the founder was asked to identify whether specific types of flexible work arrangements were available to organizational members (e.g., job sharing, condensed work week, etc.). A firm was coded as having flexible work arrangements if the founder answered in the affirmative to at least one type of practice. During the subsequent personal interview, the founder was asked whether the firm offered any unusual work arrangements. The responses to this interview question were moderately yet significantly correlated with the measure derived from the questionnaire data ($r = .37, p < .01$). Although based on a limited sample of organizational form indicators, these results attest to the convergent validity of the measures used in this investigation.

4.4 CALCULATING ORGANIZATIONAL DEVIATION

4.4.1 Overview

In the following sections, I describe the protocol that I devised for calculating and validating a new entrant's deviation from an industry's dominant template for organizing. This protocol involved four steps: 1) obtaining independent, quantitative deviation weights from multiple credible evaluators through a modified version of Amabile's (1982) consensual assessment technique for assessing organizational creativity, 2) incorporating these weights into an aggregated difference score for each feature of form, 3) calculating global deviation measures through Cronbach & Gleser's (1953) profile analysis technique, and 4) validating these global deviation measures against the interviewer's overall impression of the firm's degree of departure from the industry norm. To the best of my knowledge, this protocol for assessing an organization's extent of deviation has not yet been implemented in neo-institutional or other sociological analyses of organizations.

4.4.2 A Modified Consensual Assessment Technique for Obtaining Quantitative Deviation Weights

The first step of the protocol that I devised for calculating a new entrant's deviation involved an adaptation of Amabile's (1982) consensual assessment technique, which is often used in studies of organizational creativity. This technique requires that independent, quantitative assessments be obtained from multiple, credible evaluators blind to the researcher's hypotheses. To do this, I developed and administered a second survey to the same panel of practitioners who had validated the British Columbia legal profession's dominant form in the first phase of my research¹⁹. The task facing these panelists differed, however, from that facing the judges in Amabile's consensual assessment technique. Typically, these judges are presented with descriptions of a subset of cases and then asked to assign scores to each case for the variables of interest (e.g., originality, quality, feasibility, etc.). The analogous task for my investigation would have been to present the panelists with descriptions for a sample of the new entrants' organizational forms and to ask them to assign an overall deviation score to each firm. This is the aspect of Amabile's technique that I modified.

¹⁹ This second panelist survey was administered after the interviews with law firm founders. I used the interview responses to help generate a set of alternatives to each dominant practice.

Instead of presenting the panelists with descriptions of a sample of new entrants, I presented them with their previously-elicited, commonly-held perceptions of the industry norm for each indicator of organizational form (e.g., partnership for the form of governance indicator). I then presented the set of alternatives to each dominant practice (e.g., cost-sharing arrangement and solo-owned practice for the form of governance indicator). The panelists were asked to rate each alternative in terms of its degree of difference from the norm, on a scale ranging from 1=very small difference to 5=very large difference. A copy of the second panelist survey is presented in Appendix 4.5.

By calculating the mean scores assigned by the panelists, I obtained a numeric deviation weight for each alternative to the dominant practice; these are summarized in Appendix 4.6. The panelist-derived values can be conceived of as weights because they indicate the extent to which a particular practice is perceived to contribute to a firm's overall amount of deviation. For example, as indicated in Appendix 4.6, the panelists assigned a mean score of 4.67 to the practice of governing a law firm as a solo-owned firm, and a mean score of 4.00 to the practice of governing a law firm as a cost-sharing arrangement, yet a mean score of only 2.00 to the practice of offering profit-sharing for non-partnered lawyers. These values provide several pieces of information. First, they reveal that both forms of governance alternatives are perceived to be highly deviant from the dominant practice of governing a law firm as a partnership. Second, they reveal that a solo-owned form of governance is perceived as more deviant than a cost-sharing form of governance. Finally, they indicate that the implementation of either form of governance alternative is perceived as considerably more deviant than the implementation of a profit-sharing system for non-partnered lawyers.

As the above example illustrates, the primary benefit of this approach to calculating an organization's extent of deviation is that it acknowledges that non-conformant practices are not equally deviant. As such, the resulting data for each new entrant is capable of revealing not only the number of non-dominant practices that have been implemented; but more importantly, the extent to which each of the selected practices is commonly-perceived to depart from the industry norm. Additional benefits of this data collection method are also worth highlighting: these stem from the fact that the panelists were asked to rate the degree of deviation exhibited by alternatives to the dominant practice for each indicator of organizational form, rather than the degree of deviation exhibited by a subset of the sampled new entrants. This procedure is far less fatiguing for the panelists than reading and evaluating a subset of cases, and it also ensures that the panelists are basing their assessments on a common referent—their previously-

elicited, commonly-held perception of the characteristic features of the industry's dominant template. Moreover, it prevents the panelists from making inappropriate comparisons between the firms in their subset rather than the appropriate comparison between each firm and the industry norm. These aspects of the chosen data collection method likely contributed to the inter-rater agreement and validity of the panelist-derived deviation weights.

I assessed the extent of inter-rater agreement by calculating the value of r_{WG} for each of the deviation weights. As noted by James, Demaree & Wolf (1993), r_{WG} represents a meaningful indicator of perceptual convergence on a single-item measure of a given construct (i.e., in this case, the extent to which the six panelists assigned the same difference score to each of the alternative practices to the norm). The entire set of r_{WG} statistics is also reported in Appendix 4.6. Given the small sample size, the extent of inter-rater agreement is respectable: 48% of the deviation weights exhibit a moderate level of panelist convergence (i.e., values that range from 0.37 to 0.73) while 21% exhibit a high level of panelist convergence (i.e., values that range from 0.74 to 0.95)²⁰.

I conducted a rough check of the construct validity of the deviation weights by asking a prominent scholar of the Canadian legal profession to identify the most deviant alternative to the industry norm for each indicator of organizational form. In the vast majority of cases, this scholar's selection corresponded to the alternative with the highest mean score assigned by the panelists.

4.4.3 Calculating Difference Scores for Each Feature of Form

The next step in the process involved calculating an overall difference score, D_f , for each of the fifteen features of organizational form. This was accomplished by summing a firm's degree of difference from the industry norm for each of the indicators used to measure the focal feature, according to the formula:

$$D_f = \sum_{i=1} (D_i \times 1/n)$$

I calculated the degree of difference between the firm and the industry norm for a specific indicator, D_i , in one of three ways depending on how the indicator was measured. In each case, my objective was to obtain a difference score measured on a five-point scale so that effects resulting from differences in scale variances would be

²⁰ Ranges and interpretation of r_{WG} values based on Kozlowski & Hattrup (1992).

eliminated. For categorical indicators, such as a firm's form of governance, I simply set D_i to the deviation weight assigned by the panelists for the particular practice implemented by the firm; dominant practices were assigned a deviation weight of zero. For the interpretive scheme indicators, I first converted a firm's score to a five-point scale²¹, and then subtracted the value for the industry norm that had previously been determined by the industry panelists. For the remaining interval-level indicators, such as a firm's ratio of support personnel to professionals, I transformed a firm's score onto the five-point scale by basing D_i on the number of standard deviations that the firm's value lay above or below the value of the industry norm previously determined by the panelists²².

To control for the different number of indicators used to measure the fifteen features of organizational form, I followed the precedent set by Doty, Glick & Huber (1993) and multiplied D_i by the inverse of the total number of indicators, n , that were used to describe a focal feature. For example, a firm's personnel configuration was measured by two indicators, the number of lawyers per partner and the number of support personnel per professional. Thus, the difference between the firm's value and that of the industry norm for each indicator was weighted by 0.5 so that the overall difference score for the feature received a total weight of one. At the end of this step, I had a set of fifteen difference scores, all measured on a scale from zero to five, for each of the sampled firms.

4.4.4 The Profile Analysis Technique for Calculating Global Deviation Measures

The final step in the process involved calculating global measures of a new entrant's deviation. Given my multidimensional conceptualization and operationalization of organizational form, I used profile analysis (Cronbach & Gleser, 1953) for these calculations. More specifically, I used the following weighted Euclidian distance for-

²¹ Because the interpretive scheme indicators had been measured as a percentage of the relevant interview responses coded into a specific value orientation category, this conversion simply involved dividing each score by twenty.

²² The values of D_i were determined as follows: $D_i = 0$ if s.d. = 0.0-0.50; $D_i = 1$ if s.d. = 0.51-0.85; $D_i = 2$ if s.d. = 0.86-1.20; $D_i = 3$ if s.d. = 1.21-1.55; $D_i = 4$ if s.d. = 1.56-2.00; and, $D_i = 5$ if s.d. > 2.00. The cut-points for the standard deviations were based on the distribution of scores within a normal curve. For example, the cut-point for virtually no difference (i.e., $D_i=0$) was set at s.d.<0.5 because the majority of scores in a normal distribution (i.e., approximately 40%) fall in this range. The cut-point for a very large difference ($D_i=5$) was set at s.d.> 2.00 because very few scores in a normal distribution (i.e., approximately 5%) fall in this range. The remainder of the cut-points represent equal increments of 0.35 standard deviations between these two extremes.

mula to assess the extent of similarity between a new entrant's form and that of the industry's commonly-perceived template for organizing:

$$D = \sqrt{D_f \times W \times D_f'}$$

D represents the overall distance from the focal firm and the industry norm; D_f is a vector of the firm's difference scores for the component features of the global measure; and W is a matrix of weights representing the relative theoretical importance of each feature to the global measure of deviation.

I calculated six separate global measures. The first four represent aggregate measures of a firm's deviation on each of Greenwood & Hinings (1993) major dimensions of organizational form: interpretive scheme, structural aspects, decision systems, and human resource practices. I then calculated two overall measures, both comprised of all fifteen features of form, with each dimension weighted equally in the former case and each feature weighted equally in the latter case²³. These two overall deviation measures were highly correlated ($r = .95, p < .001$).

4.4.5 Construct Validation of the Overall Deviation Measures

I assessed the construct validity of the two overall deviation measures by correlating them with impressionistic data that had been collected by me and my research assistant. At the end of each meeting, the interviewer had classified the firm into one of five categories representing increasing degrees of departure from the industry norm. As such, I had an alternative quantitative measure of each firm's overall extent of deviation. These impressionistic scores assigned by the interviewers were significantly correlated with both of the overall deviation measures: $r = .40$ ($p < .01$) for the first overall deviation measure, in which the four dimensions of form were weighted equally; $r = .32$ ($p < .05$) for the second overall deviation measure, in which the fifteen features of form were weighted equally. These results thus provide support for the construct validity of my study's principal dependent variable—a new entrant's overall deviation from an industry's commonly-perceived dominant organizational form.

²³ To weight the dimensions equally, I multiplied each feature of a dimension by the inverse of the number of features comprising that dimension.

4.5 SUMMARY

The primary objective of this component of the second phase of my empirical research was to calculate continuous measures of a new entrant's deviation from an industry's dominant template, based upon a multidimensional operationalization of its organizational form. The novel methodological protocol that I developed for doing so resulted in construct-validated measures of overall deviation, and is offered as an extension the procedures of other researchers who have called for continuous rather than dichotomous measures of conformity in empirical investigations of neo-institutional theory (e.g., Oliver, 1988, 1991; Westphal et al., 1997).

CHAPTER 5:

NEW ENTRANT CONFORMITY AND DEVIATION IN A HIGHLY-INSTITUTIONALIZED SETTING: FINDINGS FROM THE BRITISH COLUMBIA LEGAL PROFESSION

5.1 INTRODUCTION

In this chapter, I present three sets of findings from the second phase of my empirical investigation. The first set consists of descriptive results for my key explanatory variables: founders' prior experiences with, and interpretations of, an industry's dominant template for organizing. The second set consists of my findings regarding the extent of deviation exhibited by their firms. These results address the question of whether new organizational entrants to highly-institutionalized settings tend to conform to the dominant template and thus act primarily as agents of institutionalization or whether they tend to depart from the prevailing organizational configuration, and thus act primarily as agents of deinstitutionalization. The third set of findings pertains to the issue of why certain newly-created firms adhere to institutional prescriptions while others depart from them. In this section I test my hypotheses derived from both the unconstrained and disenchanted actor perspectives. The results provide insights into the question of which new entrants tend to act as institutional perpetuators and which tend to act as institutional entrepreneurs and their founders' reasons for doing so.

5.2 LAW FIRM FOUNDERS' EXPERIENCES WITH AND INTERPRETATIONS OF THE LEGAL PROFESSION'S DOMINANT TEMPLATE

5.2.1 Do Founders in a Highly-Institutionalized Setting Vary in their Socialization Experiences?

Measures. The underlying premise of the unconstrained actor perspective is that founders exhibit variability in the nature of their socialization experiences; more specifically, that they vary in their extent of prior experience in a focal industry's prominent organizations, the industry's peripheral organizations, and those of other industries. I measured a founder's extent of experience in the legal profession's prominent organizations by the number of years that he or she had worked in a large law firm prior to starting the firm that was the focus of the interview. Following Stager (1990), I defined a

large law firm as one comprised of at least twenty lawyers. As was clearly evident through my preliminary research, large law firms comprise the core of this institutional setting: they are the prominent organizations through which most members obtain the on-the-job socialization aspect of their professionalization. These are also the models that other legal service providers tend to emulate (Galanter & Palay, 1991). I measured a founder's extent of experience in the marginal organizations of the legal profession by the number of years that the participant had worked as a solo practitioner, in a small or medium sized law firm, and/or with a legal aid organization prior to starting the firm focused upon in the interview. Finally, I measured a founder's extent of experience in other industries by the number of years that the participant had worked in fields other than law prior to starting the firm focused upon in the interview. These other fields included business, government, and education. All of this information regarding the nature of the founder's background experience was obtained through a series of questions posed at the end of the personal interview.

Results. As indicated by the descriptive statistics presented in Table 5.1, below, the findings support the underlying premise of the unconstrained actor perspective. The sixty law firm founders whom I interviewed demonstrated considerable variation on most aspects of their prior socialization experiences. In terms of their experience in the prominent organizations of the legal profession, the founders ranged from having zero to twenty-two years of previous work experience in large law firms, averaging 5.55 years in firms of this size prior to starting the organizations that were the focus of my investigation. A similar extent of variability was found for the founders' experience in the legal profession's marginal organizations: the number of years spent working in

Table 5.1: Variability in the Nature of Founders' Socialization Experiences

Characteristics	Mean	[SD]	Min	Max
Years of prior experience in prominent organizations ^a	5.55	[6.17]	0.00	22.00
Years of prior experience in peripheral organizations ^b	4.58	[4.95]	0.00	18.00
Years of prior experience in fields other than law ^c	1.23	[2.88]	0.00	15.00

^a Based on Galanter & Palay (1991), the prominent organizations of the legal profession were defined as large law firms (i.e., for Canadian law firms, those comprised of at least twenty lawyers Stager, 1990)

^b Peripheral organizations of the legal profession include solo practitioners, small- and medium-sized law firms (i.e., those comprised of two to twenty lawyers) and legal aid organizations

^c Includes business, government, and education

such peripheral organizations as solo practices, small and medium firms, and legal aid organizations ranged from zero to eighteen, with a mean of 4.58. The participants were much less likely to have worked in fields other than law, averaging only 1.23 years in such fields as business, government, and education. This low mean is attributable to the fact that seventy-five percent did not have any experience in other fields whatsoever. Considerable variability was apparent for those who did, however, with values ranging from one to fifteen years of prior experience.

5.2.2 Do Founders in Highly-Institutionalized Settings Vary Their Interpretations of the Dominant Template?

The underlying premise of the disenchanted actor perspective is that founders exhibit variability in their interpretations of an industry's prevailing organizational arrangements; more specifically, that they vary in the extent to which these are perceived to be pragmatically and morally legitimate. I obtained quantitative measures of these two perceptual variables by implementing a multi-step content analysis procedure to transform relevant qualitative data collected during the personal interviews.

Collecting and content-analyzing relevant qualitative interview data. The first step of the content analysis procedure involved isolating excerpts from the interview notes in which the founders expressed their attitudes towards existing practices in the legal profession. Through my pilot tests, I had discovered that I would not be able to pose direct questions addressing the extent of perceived pragmatic and moral legitimacy, as several subjects had admitted that they lacked sufficient familiarity with various aspects of the industry's dominant template for organizing. As such, it was questionable whether their perceptions of its functionality and ethicality would be of adequate reliability and validity. I thus experimented with several sets of less direct questions designed to elicit a founder's attitudes towards prevailing organizational practices in the legal profession. The most effective pertained to a founder's rationale for designing the firm in a certain way—first offering their prior experience as a frame of reference and then probing for other motivations and decision-making processes.

The following set of questions is an illustrative example: In designing the compensation policies of this firm, were you purposely trying to do things differently from your prior experience? , then either, If so , in what sense? , or, If not, how did you come up with the compensation policies that you have? I developed seven sets of questions based on this format, and posed them at different points during the interview to help ensure that I returned to the issue of a founder's subjective contextual interpre-

tations as often as possible. From the responses to these sets of questions, as well as the tangential yet relevant comments often interspersed throughout the interview notes, I isolated a total of 484 excerpts relating to the founders' rationales for designing their firms in a certain way (an average of approximately eight excerpts per interview).

The next steps of the content analysis procedure involved designing a classification scheme and then coding each of the 484 interview excerpts. The conceptual arguments of the disenchanted actor perspective suggested two overarching themes for the classification scheme: reactions to the pragmatic and moral legitimacy of the legal profession's prevailing organizational arrangements. Table 5.2 presents the classification criteria and representative interview excerpts for the emergent lower-order thematic categories consistent with both of these higher-order themes. The table also includes descriptive statistics pertaining to the proportion of participants who referred to a particular theme at least once in the interview.

The nature of founders' pragmatic legitimacy perceptions. As indicated in Table 5.2, the participants' most common belief consistent with the theme of dubious pragmatic legitimacy was the perception that some of the prevailing organizational arrangements in the legal profession were *uneconomical*. When describing their rationales for designing their firms in a certain way, almost three-quarters of the participants (73%) made at least one statement referring to their belief that existing structures, systems, and practices either had a negative impact on profitability or did not contribute to revenue growth. One founder, for example, responded as follows when asked how motivated he was to create structures and practices that differed from the norm for the legal profession:

We were very motivated to differ from the norm in terms of remuneration. We've tried to make everything based on performance rather than years of experience. This is due to our concern for the bottom line. Law firms have existed in an antiquated model [i.e., a seniority-based compensation system for associates] that can't continue²⁴.

The next most common belief consistent with the theme of dubious pragmatic legitimacy was the perception that some of the legal profession's existing structures, systems, and practices were *inefficient*. When describing their rationales for designing their firms in a certain way, almost two-thirds of the founders (63%) made at least one comment consistent with the belief that commonly-implemented organizational arrangements resulted in inefficient internal operations—particularly with respect to

²⁴ Comment made by a male founding partner of a twenty-five person corporate/commercial firm.

Table 5.2: Thematic Categories, Interview Excerpts, and Descriptive Statistics for the Founders' Reactions to Dubious Pragmatic and Moral Legitimacy

Thematic Categories	Representative Interview Excerpts	Descriptive Statistics
Pragmatic Illegitimacy <i>Uneconomical</i> Prevailing organizational arrangements have a negative impact on profitability or do not contribute to revenue growth	<p>There's no money in [building a large, multidivisional firm]. There used to be leverage; you could make \$50 on every \$150 you billed out, but nobody believes this is possible anymore. (ID # 156)</p> <p>I wanted to break all the rules in place with respect to law firms. I wanted to create structures and patterns to create growth. At [my prior firm], the business was static for ten years; like clockwork, the firm had 50 clients a month with revenues at \$225,000 per month. (ID #199)</p>	Proportion of founders citing theme at least once in the interview: 73.33
<i>Inefficient</i> Prevailing organizational arrangements result in inefficient internal operations, particularly with respect to wasted time	<p>I wanted to be different in terms of being more efficient. In particular, I was dissatisfied with the traditional form. (ID #167)</p> <p>If it was purely an economic concern, I could tell you a good [associate to partner] ratio, but I don't believe you should manage a law firm with a particular ratio in mind. It's ultimately the most inefficient way of running a law firm. It's good in theory but not realistic. It results in firms that either run their associates hard or cap their salaries so therefore there's a lot of turnover. (ID #202)</p>	Proportion of founders citing theme at least once in the interview: 63.33
<i>Ineffective</i> Prevailing organizational arrangements detract from the effective delivery of legal services, particularly in terms of quality and client value	<p>The overarching problem in law firms is a lack of appreciation of business matters. The value to the client is not often the first priority. Rather, they're often concerned about opulent offices and getting 1600-1700 billable hours out of their associates. These are antiquated ideas. You probably get more out of your people if you treat them better than if you work them hard. (ID #106)</p> <p>I hated [having quantitative targets] at the old firm. Either you get your work done or not. With billable hours, there's a waterfall process down from partners to associates to legal assistants, with everyone billing all the way down the steps, even for just looking at the file. It's a falsity; nobody even questions the value to the client. (ID #147)</p>	Proportion of founders citing theme at least once in the interview: 51.66

Thematic Categories	Representative Interview Excerpts	Descriptive Statistics
<p>Moral Illegitimacy</p> <p><i>Procedurally unjust</i></p> <p>Prevailing organizational arrangements result in the unfair treatment of organizational members irrespective of resource or reward distribution; people are not treated appropriately</p>	<p>Even though I was successful it was hard to watch my friends being crunched. Law firms became much more unfriendly places there was a yearly bloodletting which was unbearable. (ID #158)</p> <p>The prior firm had a lack of respect for its lawyers. Associates were viewed as economic units, as dispensable. Also, the firm instituted an 8 to 6 rule. But we're professionals not time-punchers how the firm went about achieving profitability was not what we wanted to do. (ID #237)</p>	<p>Proportion of founders citing theme at least once in the interview: 83.33</p>
<p><i>Distributively unjust</i></p> <p>Prevailing organizational arrangements result in the unfair distribution of resources or rewards; people aren't rewarded equitably</p>	<p>We definitely wanted an equal partnership. It avoids the angst in divvying up the money because these decisions always mean saying that one person is not as good as the others. (ID #123)</p> <p>I didn't want [a true partnership] because it leads to arguments about the distribution of profits. This way [in a cost-sharing arrangement] there is no tension - each is to his own. (ID #131)</p> <p>General awareness of the problems with large firms. People becoming partners without the ability to bring in clients, which creates revenue splitting problems. (ID #149)</p>	<p>Proportion of founders citing theme at least once in the interview: 76.66</p>
<p><i>Incompatible with personal ethics, morals and values</i></p> <p>Prevailing organizational arrangements are incongruous with the founder's personal ethics, morals and values beyond distributive or procedural justice</p>	<p>[We had a] clash of values in the large firm. For example, my partner was told to stop laughing and socializing with the secretaries. Both of us had adapted to the firm's way initially and had adopted the firm's values. We had mutated but we just couldn't continue that way. (ID #138)</p> <p>I never want a large firm. There's that connotation of a factory, an assembly-line, rather than the customized, personal aspect. Plus, I think one needs to be able to communicate and collaborate with one's colleagues. Several of my friends never even see the other lawyers in their firms. (ID #233)</p>	<p>Proportion of founders citing theme at least once in the interview: 70.00</p>

wasted time. Not surprisingly, such perceptions were often raised about the legal profession's dominant practice of tracking billable hours. As one participant explained:

At large firms you must docket your time and account for every minute spent working on a client's file. This is wasted time. Especially when you have a good client and you want to retain that client, you sometimes give an estimate of what the service will cost. Well sometimes it costs more (especially when you look at the amount of time you spent according to the docket) and you won't end up charging the client the real amount since you want to keep the customer happy. So all the time you spent recording is for naught and a wasted practice²⁵.

Finally, approximately half of the participants (52%) made at least one statement referring to their belief that some of the profession's existing structures, systems, and practices were *ineffective* particularly in terms of quality and client value. As indicated in the quotation found above, many felt that the tendency to set billable hours or billings quotas particularly detracted from the effective delivery of legal services. One founder, for example, stated: I believe the bill, bill, bill philosophy leads a degradation in the quality of work. I'd rather see lawyers do a good job rather than jam stuff through ²⁶.

The nature of founders' moral legitimacy perceptions. Overall, as Table 5.2 reveals, the participants were more likely to express perceptions regarding the dubious moral legitimacy rather than those regarding the dubious pragmatic legitimacy of the legal profession's existing organizational arrangements. The most common of these dubious moral legitimacy perceptions was the belief that some practices were *procedurally unjust* that they resulted in the inappropriate and unfair treatment of organizational members above and beyond the issue of resource or reward distribution. When describing their rationales for designing their firms in a certain way, 83% made at least one statement consistent with this thematic category. Somewhat surprisingly, the founders often expressed concerns about existing administrative practices that had resulted in procedural injustice for others and not necessarily themselves. As one participant noted:

Through our friends in downtown offices we know that lots of large firms have what's analogous to your publish or perish system. Some of them have been released because they couldn't meet their quotas. We didn't want that sort of

²⁵ Comment made by a male founding partner of a six-person general practice.

²⁶ Comment made by a male founder of a six-person solo-owned general practice that exhibited the third-highest amount of overall deviation (i.e., a score of 2.64 on overall deviation measure 1).

stressful situation. We don't think it's very fair. As long as a person's doing their share, we don't need to stand over them with a whip to produce²⁷.

Interestingly, and notably, this most frequently-cited thematic category was not explicitly mentioned in the theoretical arguments underlying the disenchanted actor perspective.

The next two categories consistent with the theme of dubious moral legitimacy were mentioned in the theoretical arguments behind the disenchanted actor perspective on new entrant deviation. For example, when describing their rationale for designing their firms in a certain way, over three-quarters (77%) made at least one statement emphasizing reactions to perceived *distributive injustice*. Not surprisingly, such comments were often made about prevailing compensation systems in the legal profession. One founder, for example, responded as follows when asked why he had started his own firm:

What I fundamentally objected to at [my prior firm] was that I was asked to do administrative and training duties that I was not compensated for. When I was evaluated, none of these responsibilities, which were time-consuming, were taken into account. This is a fundamental problem of large firms²⁸.

Finally, 70% of the participants made at least one statement referring to their belief that some of the profession's existing structures, systems, and practices were *incompatible with their own code of ethics, morals, or values*. One founder provided this vivid response when asked what had motivated her to start her own firm:

We disliked the blowing your own horn mentality of big firm life. Both of us preferred a more consultative, interactive approach with other lawyers, where, for example, we could discuss our insecurities. This was seen as a sign of weakness at the prior firm. Also, neither of us like to brag, to pee around the office marking out our territory and our accomplishments. We found this uncomfortable like wearing tight shoes. We did it in order to fit in but we felt like we had mutated ourselves in doing so that we weren't being true to ourselves and our values²⁹.

Findings supporting variability in contextual interpretations. To examine whether law firm founders varied in their pragmatic and moral legitimacy assessments of the legal profession's prevailing organizational arrangements, I calculated the percentage of each participant's relevant interview excerpts that were coded into each thematic category. Thus, for each participant, I obtained quantitative measures of the

²⁷ Comment made by a male founding partner of a seven-person general practice.

²⁸ Comment made by a male founding partner of a six-person corporate/commercial firm.

²⁹ Comment made by a female founding partner of a ten-person litigation boutique.

strength of his or her beliefs about the dominant template's pragmatic and moral legitimacy. In support of the underlying premise of the disenchanted actor perspective, these descriptive statistics reveal the existence of considerable variability in founders' contextual interpretations—even though the legal profession is highly-institutionalized. For example, the overall proportion of a participant's interview excerpts emphasizing reactions to perceptions of dubious pragmatic legitimacy ranged from 0% to 75%, with a mean of 31% and a standard deviation of 16%. Likewise, the overall proportion of the interview excerpts emphasizing reactions to perceptions of dubious moral legitimacy were similarly varied, ranging from 0% to 88%, with a mean of 47% and a standard deviation of 19%.

Reliability and validity assessments. I conducted an interrater agreement analysis to assess the reliability with which I had coded the qualitative interview data. Following the precedent established by others (e.g., Ely, 1994), I trained a second coder to independently classify a subset of the data. The subset contained 323 randomly-selected excerpts, or 66% of the total; we agreed on 279, or 86%, of the categorization decisions. The large subset size and very high level of interrater consistency provides strong evidence supporting the reliability of my coding decisions.

I assessed the content validity of my thematic categories by comparing them to a set developed independently by my research assistant. This enabled me to examine whether an individual blind to my specific hypotheses would derive a similar coding scheme. Although our terminology differed as a result of her unfamiliarity with organizational theory, the essence of our independently-derived thematic categories overlapped in the majority of cases—thereby providing evidence supporting the content validity of my categorization scheme (the two sets of thematic categories are presented in Appendix 5.1).

Consistent with Campbell & Fiske's (1959) multimethod-multitrait approach, I assessed the construct validity of the founders' subjective contextual interpretations by conducting a series of correlation analyses. The criterion for establishing convergent validity is to demonstrate that alternative measures of the same construct are significantly correlated. To obtain the first measure, I aggregated the proportion of a founder's interview excerpts coded as reactions to dubious pragmatic legitimacy and the proportion coded as reactions to dubious moral legitimacy into an indicator of general disenchantment with the legal profession's prevailing organizational arrangements. I then derived an alternative measure from the data obtained through the background questionnaire.

This questionnaire contained six Likert-type items through which the founder rated satisfaction with various aspects of his or her most recent law firm experience (i.e., type and structure of positions, recruitment and promotion policies, compensation systems, performance evaluation practices, work arrangements, hours of work). All of the items were measured on a five-point scale ranging from 1=very dissatisfied to 5=very satisfied. I created an index of these six satisfaction items ($\alpha = .61$) and correlated it with the general disenchantment indicator: the two measures were moderately yet significantly correlated in the direction indicative of construct validity ($r = -.40$, $p < .01$).

Summary remarks. In summary, the findings pertaining to the participants contextual interpretations are quite interesting. They suggest that although an industry may be highly-institutionalized and contain a widely-understood dominant template for organizing (as I demonstrated to be the case for the legal profession in the first phase of my empirical investigation), this does not necessarily imply that these institutional prescriptions are also widely considered to be either pragmatically or morally legitimate. The overwhelming majority of law firm founders in my study 98% and 97% respectively expressed at least some doubt about the dominant template's pragmatic and moral legitimacy. The prevalence with which functionality and ethicality concerns were raised renders the question of whether founders will in turn create organizations that depart from these institutional prescriptions or will succumb to the isomorphic pressures of this highly-institutionalized setting all the more intriguing. This line of inquiry represents the focus of the following section.

5.3 DO NEW ENTRANTS TO THE LEGAL PROFESSION TEND TO ACT AS INSTITUTIONAL PERPETUATORS OR INSTITUTIONAL ENTREPRENEURS?

5.3.1 Overview

I had initially hypothesized that new entrants to highly-institutionalized industries would tend to exhibit little deviation from the dominant template for organizing, thereby acting primarily as agents of institutional perpetuation rather than institutional entrepreneurship in such settings. I developed two analytic procedures for testing this hypothesis: a mode-matches-norm assessment and a dispersion-of-deviation-scores analysis. The methodology and findings for each procedure are described below.

5.3.2 A Mode-Matches-Norm Assessment

Analytic procedure. For the mode-matches-norm assessment, I first created a frequency distribution for each indicator of organizational form. In the case of categorical indicators, such as a firm's form of governance, I calculated the proportion of the sampled new entrants exhibiting each of the alternatives (e.g., partnership, cost-sharing arrangement, and solo-owned firm). In the case of continuous indicators, such as the firm's emphasis on the various value orientations of the interpretive scheme, I chose cut-points that would result in meaningful and interpretable categories (e.g., very low through very high, for consistency with the panelist survey developed to determine these characteristics of the legal profession's dominant template).

For each indicator, I then determined whether the modal alternative exhibited by the new entrants matched that of the dominant template. To do this, I compared the modal response with the nature of the industry norm that had been determined through the panelist survey administered in the first phase of my research³⁰. Table 5.3 summarizes the results of this mode-matches-norm assessment for all component indicators of organizational form.

Empirical findings. Overall, the pattern of findings reported in Table 5.3 lends support for the hypothesis that new entrants to a highly-institutionalized industry will tend to conform to its dominant template for organizing (Hypothesis 2). For twenty-four of the thirty-three indicators of organizational form (73%), the alternative exhibited by the majority of new entrants matched that of the previously-determined dominant template. For one other indicator, the type of positions available to non-partnered lawyers, a partial match was found. Thus, the majority of the newly-established law firms sampled differed from the legal profession's dominant template on less than one quarter of the indicators of form.

In addition to providing information on the extent of new entrant deviation, the findings presented in Table 5.3 reveal the nature of the sampled firms' departures from the legal profession's dominant template. The interpretive scheme dimension is a case in point. Although similar to the norm in terms of placing a very low emphasis on both the lifestyle promotion and crusading orientations, the new entrants tended to differ from the norm in terms of their emphasis on commercialism and professionalism. The results of the first-phase panelist survey had indicated that dominant firms in the legal

³⁰ The characteristics of the legal profession's dominant template were summarized in Table 3.3, which was presented in Chapter 3.

Table 5.3: A Mode-Matches-Norm Assessment of the Deviation Exhibited by New Entrants to the British Columbia Legal Profession

Dimensions, Features and Indicators		Percentage of Sampled Firms Exhibiting each Alternative				MMN
Interpretive Scheme						
Emphasis on commercialism*	Very low: 40.00	Low: 15.00	Moderate: 20.00	High: 10.00	Very high: 15.00	No
Emphasis on professionalism*	Very low: 30.00	Low: 13.33	Moderate: 18.33	High: 20.00	Very high: 18.33	No
Emphasis on lifestyle*	Very low: 86.67	Low: 10.00	Moderate: 1.67	High: 0.00	Very high: 1.67	Yes
Emphasis on crusading*	Very low: 78.33	Low: 15.00	Moderate: 5.00	High: 0.00	Very high: 1.67	Yes
Structural Aspects						
Form of governance	Partnership: 70.00	Cost-sharing: 10.00	Solo-owned firm: 20.00	Yes		
Personnel Configuration						
No. lawyers per partner ^a	Within 0.5 sd of norm: 10.00	Within 0.6-2.0 sd of norm: 88.33	>2.0 sd of norm: 1.67	No		
No. support per professional ^b	Within 0.5 sd of norm: 45.00	Within 0.6-2.0 sd of norm: 46.67	>2.0 sd of norm: 8.33	No		
Divisionalization criteria	Area of practice: 93.33	Other criteria: 6.67	Yes			
Decision Systems						
Centralization						
Division supervision	Professionals only: 95.00	Some non-professionals: 5.00	Yes			
Partner meetings attendance	Partners only: 95.00	Some non-partnered lawyers + /or support staff: 5.00	Yes			

Dimensions, Features and Indicators	Percentage of Sampled Firms Exhibiting each Alternative			MIN
<i>Interaction</i>				
Collegiality of decision-making processes ^c	Very directive	majority of major decisions made by only one partner: 8.33		
	Moderately directive	some major decisions made individually; others jointly: 5.00		
	Moderately collegial	majority of major decisions made by committees: 0.00		No
	Very collegial	majority of major decisions made by all partners: 66.67		
HR Practices				
<i>Recruitment policies</i>				
Preferred experience level ^{**}	Articling only: 11.67	Associate experience: 46.67	No preference: 28.33	Yes
Primary hiring criteria ^{***}	Legal ability: 68.33	Business ability: 38.33	Personality fit: 63.33	Yes
<i>Promotion policies</i>				
Preferred admission method ^{**}	From within: 38.33	From outside: 16.67	No preference: 8.33	Yes
Primary admission criteria ^{***}	Legal ability: 23.33	Business ability: 45.00	Personality fit: 36.67	Yes
Nonpartner lawyer positions ^{***}	None: 18.33	Associates: 70.00	Articles: 13.33	Partially
	Associate counsel: 10.00	Contractors: 5.00		
Differentiation within levels ^{***}	No tiers within levels: 80.00	Tiers of partners: 13.33	Tiers of associates: 6.67	Yes

Dimensions, Features and Indicators	Percentage of Sampled Firms Exhibiting each Alternative	MMN
<i>Compensation systems</i>		
Partner compensation ^d	Equal system partners receive same amount: 31.67 Lockstep system based on seniority: 3.33 Point system based primarily on non-business performance: 8.33 Point system based primarily on business performance: 20.00 Eat-what-you-kill-system partners receive own billings less expenses: 6.67 Salary: 51.67 Salary plus percentage of revenue: 23.33 Percentage of revenue generated only: 13.33 Hourly wage: 3.33	No
Associate compensation**		Yes
<i>Control mechanism severity</i>		
Type of quantitative targets***	None: 58.33 Hours: 23.33 Billings: 38.33 Collections: 6.67 New clients: 15.00	No
Level at which targets set**	Partner & associate: 20.00 Associate only: 11.67 Partner only: 10.00	Yes
Monitoring frequency**	Quarterly: 3.33 Monthly: 31.67 Weekly: 3.33 More than weekly: 1.67	Yes
Tolerance**	Very low failure to meet targets is grounds for dismissal: 6.67	
	Low underachiever is penalized monetarily: 3.33	
	Moderate actions taken to determine cause and correct problem: 13.33	
	High brought to underachiever's attention, but no corrective action taken: 13.33	Yes

Dimensions, Features and Indicators	Percentage of Sampled Firms Exhibiting each Alternative		MMN
<i>Flexibility</i>			
Flexible work arrangements for lawyers	Yes: 53.33 ^e	No: 46.67	No
Support for family obligations	Yes: 46.67 ^f	No: 53.33	Yes
<i>Privilege equality</i>			
Profit-sharing for non-partners	Yes: 6.67 ^g	No: 93.33	Yes
Flexible work arrangements for support personnel	Yes: 46.67 ^h	No: 53.33	Yes
<i>Emergent Aspects</i>			
Subcontract overhead	Yes: 3.33	No: 96.67	Yes
Cost-share with non-law firm	Yes: 5.00	No: 95.00	Yes
Network of satellite offices	Yes: 5.00	No: 95.00	Yes
Hub/node in national network	Yes: 3.33	No: 96.67	Yes
Support staff partially compensated by % revenue	Yes: 11.67	No: 89.33	Yes
Evaluate lawyers by client questionnaire	Yes: 3.33	No: 96.67	Yes

MMN = mode matches norm

* very low = less than 20% of the relevant interview excerpts coded into the thematic category, low = 21-40% of the relevant interview excerpts coded into the thematic category, moderate = 41-60% of the relevant interview excerpts coded into the thematic category, high = 61-80% of the relevant interview excerpts coded into the thematic category, very high = greater than 80% of the relevant interview excerpts coded into the thematic category

** Percentages total less than 100% because not all firms engaged in this type of activity (e.g., hiring or promoting associates, setting quantitative targets).

*** Percentages may total more than 100% because the alternatives were not mutually exclusive.

a Mean number of lawyers per partner in dominant form = 2.00; mean for new entrants = 0.93 (s.d. = 1.25)

b Mean number of support staff per professional in dominant form = 1.06; mean for new entrants = 1.37 (s.d. = 0.68)

c Values represented do not include the solo-owned firms (20%) that were, by definition, coded as having very directive decision-making.

d Values represented do not include the solo-owned firms (20%) and cost-sharing arrangements (10%) that were, by definition, coded as having eat-what-you-kill systems.

- e Percentage of firms offering: part-time positions for partners (8.33); part-time positions for other lawyers (28.33); telecommuting (16.67); job-sharing (0.00); sabbaticals (15.00) percentages total greater than 53.33 because the practices were not mutually exclusive.
- f Percentage of firms offering at least one of the following options: extended maternity leave (31.67); paternity leave (13.33); family leave (25.00); childcare benefits (3.33) Percentages total greater than 46.67 because the practices were not mutually exclusive.
- g Percentage of firms offering profit-sharing for at least one of: non-partnered lawyers (6.67); support staff (1.67) percentages total greater than 6.67 because the practices were not mutually exclusive.
- h Percentage of firms offering support staff at least one of the following options: flexible hours (15.00); telecommuting (11.67); reduced week (26.67); job-sharing (6.67) percentages total greater than 46.67 because the practices were not mutually exclusive.

profession tend to place a moderate to high emphasis on both of these value orientations. In contrast, the sampled firms tended to place *less* emphasis on these aspects: 55% and 43% placed a very low to low emphasis on commercialism and professionalism respectively. Sizeable proportions of the new entrants also emphasized these two value orientations to a greater degree than dominant firms in the legal profession: 13% and 18% placed a very high emphasis on commercialism and professionalism respectively.

In terms of their structural aspects, the vast majority of the new entrants were similar to the dominant template in terms of being governed as partnerships (70%) and being differentiated by area of legal practice (93%). However, they tended to exhibit rather atypical personnel configurations. For both indicators of this feature, most new entrants tended to be within one-half and two standard deviations of the value perceived to characterize the legal profession's prominent organizations. In the case of the lawyer per partner ratio, the vast majority (87%) of the sampled firms exhibited ratios *below* the mean value of 2.00 obtained for the dominant template through the first panelist survey. In the case of the support staff per professional ratio, the majority (63%) exhibited ratios *above* the dominant template's value of 1.06.

With respect to their decision systems, the overwhelming majority of new entrants were similar to the prevailing template in terms of exhibiting a high degree of centralization—limiting both the supervision of divisions to professionals (95%) and partnership meeting attendance to partners (95%). They tended to depart, however, from the legal profession's dominant extent of decision-making interaction. The majority (67%) exhibited a very collegial style in which all partners—rather than committees of partners—are involved in the firm's major decisions. Notably, not a single new entrant had implemented the dominant practice of making decisions primarily by partnership committees.

Given the large number of indicators measuring human resource practices, it is surprising how infrequently the modal practice of the sampled firms departed from that of the dominant template. With respect to recruitment policies, for example, the most frequently reported practices included hiring associates with prior experience (47%) and basing decisions primarily on the candidate's demonstrated legal ability (68%). The new entrants' promotion policies exhibited similar conformity to the norm. The most frequently reported practices included promoting from within (38%) and basing partnership admission decisions primarily on the candidate's demonstrated business performance (45%). Very few new entrants offered atypical positions for lawyers: only 5% had contract positions, only 10% had associate counsel positions, only 13% had

created different tiers for partners, and only 7% had created different tiers for associates. Rather interestingly, however, 18% of the new entrants consisted of only the partners and their support staff, with no positions available for other lawyers.

Compensation was one feature for which some deviation was observed. Although the majority of new entrants (52%) implemented the dominant policy of remunerating associates by salary only, they tended to depart from the prevailing practice of compensating partners according to a point system, preferring instead to remunerate partners equally (32%). The majority of new entrants also tended to deviate from the prevailing practice of setting billable hours and billing targets, most preferring to establish no targets whatsoever (58%). Those that did implement these formal control mechanisms, however, did so in a manner similar to that of the dominant template: setting targets at both the partner and associate levels (20%), monitoring progress monthly (32%), and exhibiting moderate to high tolerance of underachievement (27%).

Finally, the new entrants were similar to the dominant template in terms of the inflexibility and privilege inequality inherent in their human resource practices. Although the majority of the sampled firms (53%) differed from the norm by offering at least one type of flexible work arrangement for professionals (i.e., part-time positions for partners, part-time positions for other lawyers, telecommuting, job-sharing, or sabbaticals), the majority (53%) were similar to the dominant template in terms of not offering any policies in support of employees' family obligations (i.e., extended maternity leave, paternity leave, family leave, or childcare benefits). The sampled firms also tended to match the prevailing template's pattern of privilege inequality: the overwhelming majority (93%) had not implemented a profit-sharing system for either non-partnered lawyers or support personnel, and over half (53%) did not provide any flexible work arrangements for the latter group of employees, such as reduced work weeks, flexible hours, telecommuting, or job-sharing.

During the process of content-analyzing the interview notes, a number of novel, leading-edge practices emerged that did not fit neatly into any of the context-specific features of Greenwood & Hinings (1993) four dimensions of organizational form. Most of these practices were described by the founders in response to the open-ended question, "Besides those that we've already discussed, are there any other elements of your firm's internal design that are quite different from other law firms?". As summarized in the final row of Table 5.3, these atypical practices included: 1) contracting out overhead expenses such as office equipment, leases, and support staff to an affiliated company owned by the founding partner; 2) sharing office space, personnel, and clients with a

non-law professional service firm; 3) establishing a network of satellite offices that were either staffed only by support personnel, with lawyers on-call, or staffed only on an as-needed basis; 4) being either the hub or a node in a hierarchical, nationwide network of 150 law firms that process legal work in a highly-standardized manner (i.e., the Canadian Lawyers Network); 5) compensating support staff by salary plus a percentage of the revenue they generated; and, 6) evaluating the performance of lawyers through client satisfaction surveys. These practices represent obvious and interesting deviations from the legal profession's dominant template and are possible harbingers of how many law firms may be organized and managed in the near future. Very few of the firms, however, mentioned any of these leading-edge practices (i.e., less than 10% for most aspects).

Although the results presented in Table 5.3 illuminates the organizational arrangements enacted by the sampled firms, they do not tell the complete story with respect to the extent of new entrant deviation. For one, the mode-matches-norm assessment neglects one of the fundamental premises of a configurational approach to organizational analysis: that is, that the patterning of organizational elements should be the focus of inquiry rather than bivariate or sharply circumscribed multivariate analysis (Meyer et al., 1993: 1181). An important implication of this premise is that, when examined on a feature-by-feature basis, as in the analysis conducted above, organizations may appear to exhibit little deviation. However, if firms tend to exhibit *coherence* between organizational elements such that these elements correlate in understandable and stable ways (Meyer et al., 1993: 1181), then it may be the case that departures from the norm cluster together to create substantial deviation. Second, the mode-matches-norm assessment does not take into account the fact that non-compliant alternatives may not be perceived as equivalently deviant. An important implication is that a firm that departs from the norm on a greater number of indicators of organizational form than another firm may not necessarily exhibit greater deviation if it enacts only a minor departure for each indicator. I thus conducted a subsequent analysis, more consistent with a configurational line of enquiry, as a further test of the hypothesis that new organizational entrants to a highly-institutionalized industry will tend to exhibit little deviation from its commonly-perceived dominant template for organizing. I termed this procedure a dispersion-of-deviation-scores analysis.

5.3.3 A Dispersion-of-Deviation-Scores Analysis

Analytic procedure. As its name implies, this analytic procedure involved analyzing the spread of the deviation measures that I had previously calculated for the new

entrants (details regarding these calculations were presented in Chapter 4). To do this, I created frequency distributions for the firms' difference scores for the fifteen features of organizational form, their deviation scores for the four dimensions of organizational form, and their two overall deviation measures. As noted in Chapter 4, the first overall deviation measure weighted the four dimensions of organizational form equally; whereas, the second overall deviation measure weighted the fifteen features of organizational form equally.

Because some of these scores had been measured on different scales, I first converted them onto a scale ranging from zero to five³¹. To represent the data as a set of frequency distributions, I then assigned the scores to one of six degree-of-difference categories. In order for these categories to be conceptually meaningful, I selected mid-points corresponding to the value labels that the panelists had used to rate the degree to which alternative practices differed from the norm (e.g., 1=very small difference from the norm, 2=small difference from the norm, etc.). Table 5.4 summarizes the results of this dispersion-of-difference-scores analysis.

Empirical findings. The pattern of findings reported in Table 5.4 lend further support for the hypothesis that new entrants to a highly-institutionalized industry will tend to conform to the dominant template for organizing (Hypothesis 2). The means of the six global deviation measures (i.e., those for a firm's interpretive scheme, structural aspects, decision systems, human resource practices, and the two overall measures) ranged from 1.63 to 2.28, values which all correspond conceptually to a small degree of difference from the dominant template. Moreover, the standard deviations of these global deviation measures were all relatively small, ranging from 0.33 to 1.08. These findings suggest that few new entrants exhibited deviation scores either much greater than, or much less than, those corresponding to a small degree of departure from the norm. This conclusion was substantiated by the more detailed data displayed in the frequency distributions.

As indicated in Table 5.4, the majority of the new entrants exhibited virtually no, to only a small degree of, difference from the dominant template on all four dimensions

³¹ The fifteen difference scores for the fifteen features of form were already based on a scale ranging from zero to five. To transform the six global deviation measures onto this scale, I multiplied each score by the following factor: $5/D_{\max}$. The denominator, D_{\max} , represents the theoretical maximum aggregated amount of deviation for the specific global deviation measure. This was calculated by substituting the maximum deviation for each component indicator (i.e., a value of 5) in lieu of the panelist-determined deviation weight into the respective weighted Euclidian distance formula.

Table 5.4: A Dispersion-of-Difference-Scores Analysis of the Extent of New Entrant Deviation

Percentage of Sampled Firms Exhibiting Degree of Difference from the Norm							
Dimensions/Features	Mean [s.d.]	Virtually no difference (0.00-0.49)*	Very small difference (0.5-1.49)*	Small difference (1.50-2.49)*	Moderate difference (2.50-3.49)*	Large difference (3.50-4.49)*	Very large difference (4.50-5.00)*
Interpretive scheme	1.69 [0.45]	0.00	30.00	66.67	3.33	0.00	0.00
Commercialism	2.14 [1.04]	3.33	28.33	26.67	18.33	23.33	0.00
Professionalism	2.01 [0.96]	0.00	33.33	36.67	10.00	20.00	0.00
Lifestyle promotion	0.37 [0.74]	70.00	21.67	6.67	0.00	1.67	0.00
Crusading	0.56 [0.78]	56.67	33.33	6.67	1.67	1.67	0.00
Structural aspects	1.63 [1.08]	6.67	55.00	11.67	23.33	3.33	0.00
Form of governance	1.33 [2.06]	70.00	0.00	0.00	0.00	10.00	20.00
Personnel configuration	1.88 [1.05]	1.67	30.00	36.67	18.33	11.67	1.67
Divisionalization criteria	0.23 [0.88]	93.33	0.00	0.00	0.00	6.67	0.00
Decision systems	2.28 [0.39]	0.00	0.00	70.00	30.00	0.00	0.00
Centralization	0.17 [0.59]	91.67	0.00	6.67	1.67	0.00	0.00
Interaction	3.17 [0.53]	0.00	0.00	0.00	71.67	28.33	0.00
Human resources	2.14 [0.62]	0.00	25.00	41.67	33.33	0.00	0.00
Recruitment policies	1.68 [1.08]	6.67	45.00	30.00	5.00	13.33	0.00
Promotion policies	1.19 [0.57]	20.00	35.00	45.00	0.00	0.00	0.00
Compensation systems	2.57 [1.38]	13.33	1.67	31.67	23.33	16.67	13.33
Control mechanisms	3.32 [1.87]	8.33	18.33	11.67	3.33	0.00	58.33
Flexibility	0.63 [0.70]	50.00	36.67	10.00	3.33	0.00	0.00
Privilege equality	0.29 [0.34]	78.33	21.67	0.00	0.00	0.00	0.00
Overall Measure 1 ^a	2.03 [0.40]	0.00	10.00	76.67	13.33	0.00	0.00
Overall Measure 2 ^b	2.02 [0.41]	0.00	11.67	76.66	11.67	0.00	0.00

* Ranges for the degree of difference categories selected for conceptually similarity to the value labels used by the panelists to rate differences from the norm (i.e., except for the first and last categories, the midpoint of the range corresponds to the panelist value labels 1=very small difference from the norm, 2=small difference from the norm, etc.)

^a In overall measure 1, the four dimensions are weighted equally

^b In overall measure 2, the fifteen features are weighted equally

of organizational form: the interpretive schemes of 97%, the structural aspects of 73%, the decision systems of 70%, and the human resource practices of 67% of the sampled firms showed little departure from the norm. Moreover, approximately 85% of the new entrants displayed only a very small to a small degree of *overall* deviation from the dominant template—a finding that held for both overall measures. Although it is clearly the case that most of the new entrants tended to exhibit greater conformity to, than deviation from, the legal profession's dominant template, sizeable proportions did display at least a moderate degree of departure on the structural aspects, decision systems, and human resource practices dimensions—i.e., 27%, 30%, and 33% respectively. Moreover, close to 15% of the sampled firms exhibited a moderate degree of overall deviation from the norm.

In sum, the results presented thus far certainly suggest that founders in highly-institutionalized settings tend to create organizations that adhere to rather than depart from the dominant template—in spite of their doubts about the pragmatic or moral legitimacy of these institutional prescriptions. Nevertheless, the findings also indicate that variation can occur within the confines of strong institutional pressures. Although most of the firms in this study tended to act as institutional perpetuators, a sizeable proportion (i.e., 15%) behaved as institutional entrepreneurs, exhibiting at least a moderate degree of non-conformity. In the following section, I examine the question of why some new entrants conform to institutional prescriptions while others deviate from them.

5.4 WHICH NEW ENTRANTS ARE THE INSTITUTIONAL PERPETUATORS AND WHICH ARE THE INSTITUTIONAL ENTREPRENEURS?

5.4.1 Alternatives to the Unconstrained and Disenchanted Actor Explanations

Prior to examining the effects of founders' objective socialization experiences and subjective contextual interpretations, I investigated whether any control variables should be included in the models. This two-step procedure was necessary due to the study's relatively small sample size ($n = 60$), which limited the number of variables that could simultaneously be entered into the regression equations. The basic variables of structural contingency theory (i.e., size, strategy, and age) were plausible controls given the findings of the first phase of my research, which had revealed that the legal profession's commonly-perceived dominant template tends to be that exhibited by large, established firms engaged primarily in corporate-commercial work for organizational clients (Galanter & Palay, 1991). My preliminary contextual research also suggested that

deviations from the industry norm might be a function of the new entrant's geographic location (Stager, 1990: 169). I thus included a variable representing whether the firm was located in the Greater Vancouver or in the Greater Victoria metropolitan district of British Columbia. Depending on the nature of the plausible control variable, I assessed whether it was significantly associated with a firm's overall deviation through correlation analysis, a difference of means test, or analysis of variance. These analyses were conducted on both overall deviation measures; the results are summarized in Table 5.5.

Table 5.5: Control Variable Inclusion Analysis

Plausible Control Variables	Overall Deviation ^a	
	Measure 1	Measure 2
Size:		
Size category ^b	$F = 0.96$	$F = 2.99^{\dagger}$
Overall firm size ^c	$r = -0.13$	$r = -0.25^{\dagger}$
Strategy:		
Practice type ^d	$F = 0.62$	$F = 0.19$
Corporate-commercial emphasis ^e	$t = 0.58$	$t = 0.82$
Specialist ^f	$t = 0.45$	$t = 0.30$
Focus on organizational clients ^g	$t = 1.38$	$t = 1.82^{\dagger}$
Age:		
Years since founding	$r = 0.13$	$r = 0.20$
Location:		
Geographic region ^h	$t = 0.32$	$t = -0.25$

[†] $p < .10$

^a overall deviation measure 1 weights the four dimensions of form equally; measure 2 weights the fifteen features equally

^b small = 2 to 4 lawyers, medium = 5 to 19 lawyers, large = 20 or more lawyers (Stager, 1990)

^c total number of personnel

^d solicitor's work, litigation, both

^e A firm was coded as having a corporate-commercial emphasis if the founder identified this as a primary area of practice.

^f A firm was coded as a specialist if the founder had identified the firm as a boutique rather than a general practice.

^g A firm was coded as focused on organizational clients if more than 50% of its time and revenues came from this type of client.

^h Greater Vancouver or Greater Victoria

As indicated in Table 5.5, none of the plausible control variables were significantly related to the first overall deviation measure. However, in partial support of structural contingency theory implications, a firm's size category, total number of

personnel, and organizational client focus were negatively related to the second overall deviation measure although only marginally significant in all three cases. I nevertheless controlled for these findings in my subsequent hypotheses-testing analysis. More specifically, I entered a firm's total number of personnel along with the other explanatory variables into the regression equations based on the second overall deviation measure. I selected the total number of personnel as the sole control because a post-hoc correlation analysis had revealed that this variable and a firm's size category and organizational client focus exhibited multicollinearity. A firm's total number of personnel was most strongly correlated with the other two, being positively and significantly related to both the size category indicator ($r = .73, p < .001$) and the organizational client focus indicator ($r = .39, p < .01$).

A correlation matrix for the final set of control, explanatory, and dependent variables is presented in Table 5.6. The pattern of correlations previews the findings from my tests of the unconstrained and disenchanted actor arguments, which are described in detail in the following section.

5.4.2 The Effects of Founders Socialization Experiences and Contextual Interpretations on Overall Deviation

The hypotheses derived from the unconstrained and disenchanted actor arguments posit that certain characteristics of founders' objective socialization experiences and their subjective contextual interpretations, respectively, determine the extent of deviation exhibited by their newly-established firms from an industry's dominant template for organizing. I tested these hypotheses through two sets of regression analyses. Table 5.7 summarizes the results for the first measure of the firms' overall extent of deviation, in which the four dimensions of organizational form are weighted equally. Appendix 5.2 presents the findings from a parallel set of analyses based on the second overall deviation measure, in which the fifteen component features are weighted equally. The results from this parallel set of analyses replicated those described below in their entirety, even after controlling for firm size.

I focus my ensuing discussion of the hypotheses-testing results on the first overall deviation measure for two reasons. For one, the first overall measure exhibited greater construct validity than the second, as it was more highly-correlated with an alternative measure of overall deviation. The interviewers' impressions ($r = .40, p < .01$ for the first overall measure; $r = .32, p < .05$ for the second overall measure). Second, Pinder & Moore (1979) have raised concerns about the tendency of researchers to assign

Table 5.6: Correlation Matrix for the Control, Independent, and Dependent Variables

Variable	1	2	3	4	5	6	7	8	9	10	11
1 Overall firm size											
2 Dominant firm experience	.37**										
3 Peripheral firm experience	-.13	-.59***									
4 Other field experience	-.15	-.19	-.07								
5 Dubious pragmatic legitimacy	.21	.04	.08	-.08							
6 Dubious moral legitimacy	-.33*	-.08	.04	.12	-.50***						
7 Interpretive scheme deviation	-.01	-.38**	.31**	.15	-.14	.18 [†]					
8 Structural aspects deviation	-.12	-.20	.15	-.15	.10	.20 [†]	-.09				
9 Decision systems deviation	.33*	-.23	.05	-.22*	.22*	-.16	-.08	.55***			
10 Human resource practices deviation	-.42**	-.33**	.20 [†]	.12	-.25*	.30*	.29*	.21	-.07		
11 Overall deviation measure 1	-.13	-.42***	.24*	-.07	-.02	.24*	.31*	.82***	.60***	.57***	
12 Overall deviation measure 2	-.25 [†]	-.44***	.26*	.01	-.12 [†]	.31**	.40***	.68***	.38**	.79***	.95***

[†] $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$ (one-tailed tests between independent variables and dependent variables; two-tailed tests within independent and dependent variables)

Table 5.7: Results of Regression Analyses Examining the Influence of Founders Socialization Experiences and Contextual Interpretations on their Firms Overall Extent of Deviation Measure 1^a

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Socialization Experience						
Dominant firm experience	-.054*** (.016)					-.062** (.020)
Peripheral firm experience		.039* (.021)				-.013 (.024)
Other field experience			-.019 (.036)			-.052 (.034)
Contextual Interpretations						
Dubious pragmatic legitimacy perceptions				-.001 (.007)		.007 (.007)
Dubious moral legitimacy perceptions					.010* (.005)	.012* (.006)
Adjusted R ²	.16	.04	-.01	-.02	.04	.19

* p<.10, * p<.05, ** p<.01, *** p<.001 (one-tailed tests)

^a Values in the table represent unstandardized coefficients; values in parentheses represent standard errors

equal rather than theoretically consistent weights to the parameters selected for studies of organizational similarity and difference. Weighting each dimension rather than each feature equally is more compatible with Greenwood & Hinings (1993) conceptualization of organizational form, in which they imply that the four dimensions are of equivalent importance. Interestingly enough, however, in their subsequent empirical investigation, these scholars weighted the component measures of each dimension equally: this essentially resulted in an unequal weighting scheme for the four dimensions, with those measured by more indicators weighted more heavily.

Hypothesis 3 predicted that founders with less experience in the dominant organizations of a focal industry will tend to establish firms that exhibit greater deviation. The findings presented in Table 5.7 strongly support this first hypothesis derived from the unconstrained actor argument. When entered as the sole independent variable in the regression equation (model 1), a founder's years of prior experience in the legal profession's dominant organizations was negatively and significantly related to the overall extent of deviation exhibited by his or her firm. As indicated by model 6, this relationship remained negative and significant even after controlling for all of the other hypothesized explanatory variables. The following interview excerpt clearly depicts the tendency of founders with more extensive prior experience in the legal profession's prominent organizations to replicate aspects of the dominant template for organizing. When asked why he had implemented quantitative quotas, one participant with eleven years of previous large law firm experience rather curtly replied, *It's the same system that's in place at all big firms* ³², implying that the answer to the question was rather obvious. The response also reveals the taken-for-granted nature of this feature of organizational form for this individual; interestingly, his firm exhibited the third-lowest amount of deviation (i.e., a score of 1.37 on overall measure 1).

Hypothesis 4 predicted that founders with greater experience in the peripheral organizations of a focal industry will tend to establish firms that exhibit greater deviation. The findings presented in Table 5.7 partially support this second hypothesis derived from the unconstrained actor argument. When entered as the sole independent variable in the regression equation (model 2), a founder's prior years of experience in the legal profession's peripheral organizations was positively and significantly related to the overall extent of deviation exhibited by his or her firm. However, the amount of explained variance was low (adjusted $R^2=.04$) and, as indicated by model 6, the relation-

³² Comment made by a male founder of a seventeen-person corporate/commercial firm.

ship between peripheral firm experience and overall deviation was no longer significant after controlling for all of the other hypothesized explanatory variables.

Hypothesis 5 predicted that founders with greater experience in other industries will tend to establish firms that exhibit greater deviation from the focal industry's dominant template for organizing. As indicated by the findings presented in Table 5.7, no support was found for this third hypothesis derived from the unconstrained actor argument. A founder's number of years of prior experience in fields other than law was not significantly related to the overall extent of deviation exhibited by his or her firm, in either the restricted (model 3) or the full regression equations (model 6).

Hypothesis 6 predicted that founders who more strongly question the pragmatic legitimacy of an industry's prevailing organizational arrangements will tend to establish firms that exhibit greater deviation. As indicated by the findings presented in Table 5.7, no support was found for this first hypothesis derived from the disenchanted actor argument. The strength with which a founder questioned the economic soundness, efficiency, or effectiveness of the legal profession's existing organizational arrangements was not significantly related to the overall extent of deviation exhibited by his or her firm. This result was found for both the restricted regression equation (model 4) and the full regression equation (model 6).

Hypothesis 7 predicted that founders who more strongly question the moral legitimacy of an industry's prevailing organizational arrangements will tend to establish firms that exhibit greater deviation. The findings presented in Table 5.7 support this second hypothesis derived from the disenchanted actor argument. When entered as the sole independent variable in the regression equation (model 5), the strength with which a founder questioned the procedural justice, distributive justice, or personal value congruity of the legal profession's existing organizational arrangements was positively and significantly related to the overall extent of deviation exhibited by his or her firm³³. As indicated by model 6, this relationship remained positive and significant even after controlling for all of the other hypothesized explanatory variables. The results from the full regression model thus also lend support for the underlying argument that founders' subjective interpretations exert an independent effect above and beyond that of their objective socialization experiences—at least for their moral legitimacy perceptions. The following interview exchange with the founder of the firm exhibiting the second-

³³ These findings should be interpreted with caution as the explained variance for this model was low (i.e., adjusted $R^2 = .04$).

highest amount of overall deviation vividly portrays his reactions to perceived procedural injustice and personal value-incongruity:

Interviewer: Why did you decide to start this firm?

Participant: I hated working at a big firm the corporate mentality, the false smugness, the hypocrisy. For example, clients with torn jeans that were paying a lot of money to the firm weren't considered proper clients I felt they were missing the point of what being a lawyer is all about

Interviewer: How did you come up with your vision for how the people within the firm would be organized and managed?

Participant: It was a real reaction to my most recent past position. I [had] had enough I had an epiphany where it all came together and I realized that this was not what I wanted. For instance, I recall one incident where I was chewed out for flying in jeans But I was also influenced by my background. I come from a working-class family. I look at the world from a working perspective. I wanted to create a place where the staff feel like they're working for themselves, where they have a vested interest ³⁴.

Finally, Hypothesis 8 predicted that founders' subjective perceptions of the moral legitimacy of an industry's dominant template for organizing, rather than either their subjective perceptions of its pragmatic legitimacy or the nature of their objective socialization experiences, will have the strongest effect on the extent of deviation exhibited by the forms of their newly-established firms. To indicate the strength of these effects, Table 5.8 presents the standardized coefficients for the full regression equation. This comparative hypothesis was only partially supported. Although subjective perceptions of moral legitimacy were more strongly associated with deviation than subjective perceptions of pragmatic legitimacy, a founder's level of prior experience in the industry's dominant organizations actually emerged as the strongest predictor.

In sum, the results of this set of analyses suggest that certain characteristics of organizational founders—particularly the extent of their prior socialization in an industry's prominent firms and the strength with which they question the ethicality of existing institutional prescriptions—partially shape the overall degree of deviation exhibited by their firms. In the following section, I examine whether these findings hold for the separate dimensions of organizational form.

³⁴ Comment made by a male founder of an eight-person, solo-owned litigation boutique. Sixty-nine percent of his relevant interview excerpts were coded as reactions to dubious moral legitimacy. The firm exhibited the second-highest amount of deviation (i.e., a score of 2.68 for overall measure 1).

Table 5.8: Relative Effects of Founders Socialization Experiences and Contextual Interpretations on their Firms Overall Extent of Deviation Measure 1

Variable	Beta	(s.e.)
Socialization Experience		
Dominant firm experience	-.479**	(.020)
Peripheral firm experience	-.083	(.024)
Other field experience	-.188	(.034)
Contextual Interpretations		
Dubious pragmatic legitimacy perceptions	.138	(.007)
Dubious moral legitimacy perceptions	.293*	(.006)
Adjusted R^2	.19	

† $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$ (one-tailed tests)

5.4.3 Determinants of Deviation on the Separate Dimensions of Form

Analytic procedure. I considered the effects of the variables measuring a founder's objective socialization experiences and subjective contextual interpretations on each dimension of organization form through a series of hierarchical regression analyses. In the first step of each analysis, I entered all of the hypothesized predictors of new entrant deviation; in the second step of each analysis, I entered the firm's overall size as a control variable. In all cases, the dependent variable was the firm's global deviation score for the particular dimension. Table 5.9 summarizes the results. To gain even deeper insights, I also calculated correlations between the predictors and the difference scores for the fifteen features of organizational form; these are presented in Appendix 5.3.

Findings. As indicated in Table 5.9, a founder's extent of prior experience in the legal profession's dominant organizations emerged as the only significant predictor of deviation along the interpretive scheme dimension. Those who had spent more years working in large law firms were less likely to instill value and belief systems in their own firms that differed from those of the industry's dominant template. As indicated in Appendix 5.3, they were particularly less likely to deviate from the norm of placing a very low emphasis on a crusading orientation i.e., viewing the firm as a vehicle for making systemic changes to the profession or society as a whole and the lawyers within it as missionaries of this endeavour. In general, founders with prior and more extensive

Table 5.9: Results of Hierarchical Regression Analyses Examining the Influence of Founders Socialization Experiences and Contextual Interpretations on their Firms Extent of Deviation for each Dimension of Form^a

Variable	Interpretive Scheme		Structural Aspects		Decision Systems		HR Practices	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Socialization Experience								
Dominant firm experience	-.037 [†] (.023)	-.050* (.024)	-.076 [†] (.049)	-.075 [†] (.053)	-.040** (.014)	-.058*** (.013)	-.071* (.039)	-.043 (.041)
Peripheral firm experience	.032 (.029)	.027 (.029)	-.018 (.061)	-.018 (.062)	-.029 [†] (.017)	-.035* (.015)	.010 (.048)	.020 (.047)
Other field experience	.032 (.040)	.034 (.040)	-.140 [†] (.085)	-.140 [†] (.086)	-.058* (.024)	-.055** (.022)	.017 (.068)	.012 (.066)
Contextual Interpretations								
Dubious pragmatic legitimacy perceptions	-.006 (.008)	-.006 (.008)	.032* (.017)	.032* (.018)	.008 [†] (.005)	.007 [†] (.004)	-.013 (.014)	-.012 (.014)
Dubious moral legitimacy perceptions	.004 (.007)	.007 (.007)	.033* (.014)	.032* (.015)	-.001 (.004)	.003 (.004)	.016 [†] (.011)	.010 (.011)
Control Variable								
Overall firm size		.022 (.014)		-.002 (.030)		.029*** (.008)		-.047* (.023)
Adjusted R ²	.12	.15	.09	.07	.14	.32	.12	.17

[†] p<.10, * p<.05, ** p<.01, *** p<.001 (one-tailed tests)

^a values in the table represent unstandardized coefficients; values in parentheses represent standard errors

large law firm experience did not make comments such as the following when discussing their firms:

We re trying to become community builders. Initially, we saw ourselves as peacemakers. We re trying to help organizations primarily business to make the lifelong journey toward community ... We re all committed to the concept of community. We use our relationships with our clients as an opportunity to do more. We re taking the methods of mediation and moving it upstream into businesses. As part of our community building activities with businesses, we re sitting on boards and promoting profitable, sustainable, purpose-driven organizations. We re helping companies discover and articulate their purpose and we re trying to build relationships of credibility as lawyers that we care about them and their organizations³⁵.

With respect to the firms structural aspects, Table 5.9 reveals that a founder s extent of dominant organization experience once again emerged as a marginally significant predictor. As indicated in Appendix 5.3, those with greater years of prior experience in large law firms were particularly less likely to depart from the norm of governing their organizations as partnerships rather than as solo-owned practices or cost-sharing arrangements. As indicated in Table 5.9, a founder s level of experience in fields other than law was also a marginally significant determinant of deviation along the structural aspects dimension but in the direction opposite to that expected from the unconstrained actor argument. Those who had spent more years working in business, government, or education were less, rather than more, likely to create firms exhibiting structural aspects that deviated from the legal profession s dominant template.

As indicated in Table 5.9, both of the subjective contextual interpretation variables emerged as significant predictors of deviation in the structural aspects dimension, and in the direction anticipated by the disenchanted actor argument. Those who more strongly questioned the pragmatic legitimacy of the legal profession s prevailing organizational arrangements were more likely to enact structural aspects that departed from the norm, as were those who had stronger doubts about the moral legitimacy of existing practices. More specifically, Appendix 5.3 reveals that those who more strongly questioned the pragmatic legitimacy of existing administrative procedures were more likely to deviate from the norm of divisionalizing their organizations by area of legal practice, instead using such criteria as geographic region or client type as the basis for differen-

³⁵ Comment made by a male partner of a nine-person general practice who had only one year of prior experience in a large law firm.

tiation. In contrast, the correlations presented in Appendix 5.3 reveal that those who more strongly questioned the moral legitimacy of existing administrative procedures were more likely to depart from the normative personnel configuration. This latter finding is not surprising, given that the dominant pyramid structure of law firm organization derives from the leverage model, which is fundamentally based on the principle of exploiting the work of others (Galanter & Palay, 1991; Hagan & Kay, 1995).

As indicated in Table 5.9, all of the objective socialization experience variables emerged as at least marginally significant predictors of deviation in the new entrants decision systems. Consistent with the unconstrained actor argument, founders with less experience in the legal profession's dominant organizations were more likely to create firms that deviated on this dimension. Inconsistent with the unconstrained actor argument, however, founders with greater prior experience in either the legal profession's peripheral organizations or those of other industries were less likely to create decision systems that departed from the norm. With respect to the subjective contextual interpretation variables, only a founder's pragmatic legitimacy perceptions emerged as a significant predictor of deviation in the decision systems dimension. Consistent with the disenchanted actor argument, those who more strongly questioned the pragmatic legitimacy of the legal profession's existing organizational arrangements were marginally more likely to enact decision systems that deviated from the norm. As indicated in Appendix 5.3, this was particularly so for the centralization aspect of this dimension: firms headed by founders with stronger dubious pragmatic legitimacy perceptions were more likely to have divisions supervised by non-professionals or partnership meetings attended by non-partners. This entire set of findings for the decision systems dimension remained significant after controlling for the effect of firm age, which itself was a highly significant predictor. Contrary to the expectation derived from applying structural contingency theory in the context of the legal profession, however, larger new entrants were *more* likely to implement non-compliant decision systems, differing from the industry norm on both the centralization and interaction aspects of this dimension.

Finally, as indicated in Table 5.9, two variables emerged as significant predictors of deviation in the new entrants human resource practices. Consistent with the unconstrained actor perspective, founders with less experience in the legal profession's dominant organizations were significantly more likely to create policies that differed from the industry's dominant template for this dimension. Consistent with the disenchanted actor argument, founders who more strongly questioned the moral legitimacy of existing organizational arrangements in the legal profession were marginally more likely to enact human resource practices that deviated from the norm. This pattern of

findings, however, was the only set that did not hold after controlling for the effect of firm size. Consistent with the implication derived from applying structural contingency theory in the context of the legal profession, larger new entrants were less likely to exhibit human resource practices that departed from the dominant template.

5.4.4 A Summary of the Effects of Founders Socialization Experiences and Contextual Interpretations

In general, the results of the above dimension-by-dimension substantiate the principal findings of the analysis based on the new entrants overall extent of deviation. The dimension-by-dimension findings fully corroborated those reported earlier for the first hypothesis derived from the unconstrained actor argument that founders with less extensive experience in the dominant organizations of a focal industry will tend to establish firms that exhibit greater deviation (Hypothesis 3). For all four dimensions of organizational form, a founder's level of prior experience in large law firms was negatively related to his or her firm's degree of deviation.

As in the analysis based on the new entrants overall extent of deviation, Hypotheses 4 and 5 were not supported by the dimension-by-dimension analysis. Moreover, in this lower-level analysis, I found some evidence contradictory to the hypotheses derived from the unconstrained actor argument. A founder's level of peripheral firm experience was negatively rather than positively related to deviation for the decision systems dimension; also, his or her level of other field experience was negatively rather than positively related to deviation for both the structural aspects and decision systems dimensions.

The dimension-by-dimension findings provided some support for the disenchanted actor argument that founders who more strongly question the pragmatic legitimacy of an industry's prevailing organizational arrangements will tend to establish firms that exhibit greater deviation (Hypothesis 6). The degree to which a founder doubted the pragmatic legitimacy of the legal profession's prevailing organizational arrangements was positively related to deviation from the dominant template on two of the four dimensions of form (i.e., structural aspects and decision systems). No supporting evidence had previously been found for this hypothesis based on a firm's overall extent of deviation.

Finally, these dimension-by-dimension findings partially corroborated the disenchanted actor argument that founders who more strongly question the moral legitimacy of an industry's prevailing organizational arrangements will tend to estab-

lish firms that exhibit greater deviation (Hypothesis 7). For two of the four dimensions of organizational form (i.e., structural aspects and human resource practices), the degree to which a founder doubted the moral legitimacy of existing arrangements in the legal profession was positively related to the firm's degree of deviation.

5.5 WHAT ARE THE MICRO-LEVEL MECHANISMS ASSOCIATED WITH SOCIALIZATION EXPERIENCES AND CONTEXTUAL INTERPRETATIONS?

5.5.1 Mechanisms Postulated to Underlie the Unconstrained and Disenchanted Actor Perspectives

In this final section of my analysis, I explore the mechanisms associated with a founder's socialization experiences and contextual interpretations. The argument underlying the unconstrained actor perspective, for example, is that an industry's dominant template will possess different degrees of cognitive legitimacy across organizational founders, due to the variability in their prior socialization experiences. On the one hand, the elements of the prevailing organizational configuration are expected to be less understood and taken-for-granted by those with less extensive prior experience in the industry's most prominent firms. On the other hand, founders with greater experience in the focal industry's peripheral organizations or those of other fields likely have greater understanding of alternative templates for organizing. The essence of the unconstrained actor argument is that founders differ with respect to their knowledge of the dominant and alternative organizational configurations; as such, they possess varying degrees of latent *ability* to enact forms that deviate from the norm.

In contrast, the essence of the disenchanted actor argument is that founders differ with respect to their attitudes towards an industry's prevailing organizational arrangements; as such, they possess varying levels of *motivation* to enact forms that depart from the norm. In particular, those who more strongly question the pragmatic or moral legitimacy of existing administrative procedures are expected to be more motivated to modify such practices when designing their own firms. To examine these underlying micro-level mechanisms, I examined the pattern of correlations between the explanatory variables and indicators of both the founder's knowledge of the dominant and alternative organizational arrangements as well as his or her motivation to depart from existing practices in the focal industry.

5.5.2 Measures of Knowledge and Motivation

I obtained two measures of a founder's motivation to depart from an industry's existing organizational arrangements. During the interviews, I had asked the participants to rate how motivated they were to create structures, systems, and practices in their own firms that differed both from what they had experienced in their prior positions as well as from those found in most other law firms in the province. In each case, the founders rated their level of motivation on a ten-point scale.

In addition to these two motivation indicators, I constructed four measures capturing a participant's knowledge of dominant and alternative organizational arrangements. The first is an indirect indicator of the founder's understanding of the legal profession's dominant template; in other words, an individual-level proxy for the comprehensible aspect of cognitive legitimacy (Aldrich, 1999; Aldrich & Fiol, 1994; Suchman, 1995). During the interviews, the founders were asked to rate how different they thought their firms were from the industry norm, on a scale from one to ten. Many were unable to provide such estimates for various features, citing their lack of awareness of the industry norm as an explanation. These items were coded as missing values. Thus, the percentage of the self-reported deviation items that were coded as missing represents the first indicator of a founder's knowledge of the dominant template.

The remaining three indicators of the knowledge component were obtained through the previously-described content analysis of the founders' rationales for designing their firms in a certain way³⁶. Because I had to rely on a less direct line of enquiry for tapping the founders' subjective contextual interpretations, many of the isolated interview excerpts could not easily be classified into any of the thematic categories derived from the unconstrained and disenchanted actor perspectives. I thus developed an additional set to more adequately represent the full range of themes raised in the responses. Table 5.10 presents these thematic categories together with their respective classification criteria, illustrative interview excerpts, and descriptive statistics. The percentage of a founder's interview excerpts that were coded into the first three thematic categories represents the three additional indicators of his or her knowledge of dominant and alternative configurations. These thematic categories are described below³⁷.

³⁶ Details on this content analysis procedure were presented in section 5.2.2.

³⁷ As further indicated in Table 5.11, the second set of emergent thematic categories, simply labeled other rationales, included responses consistent with the: 1) *sense-making perspective* that organizational struc-

Table 5.10: Thematic Categories, Interview Excerpts, and Descriptive Statistics for the Founders' Additional Rationales for Designing Their Firms in a Certain Way

Thematic Categories	Representative Interview Excerpts	Descriptive Statistics
Replication of Existing Practices		
<i>Copy dominant features</i>		
Founder implemented selected practices in order to replicate the existing industry standard	<p>The large firms do it this way [i.e., set quantitative targets]. It makes sense. It's logical to do it that way. (ID #188)</p> <p>Every firm sets [quantitative targets]. They're necessary, like marks, or scores. (ID #208)</p>	Proportion of founders citing theme at least once in the interview: 23.33
<i>Continue historical precedents</i>		
Founder implemented selected practices based on historical precedent, copying those in place at a previous firm	<p>She was hired on this basis [i.e., working a compressed week]. It was a deal made with her former employer. (ID #150)</p> <p>It's similar to what we did in our previous firm. There, we had certain billing targets to achieve and we could potentially receive a bonus if we met them. (ID #226)</p> <p>Replicating what was done at prior firm. (ID #228)</p>	Proportion of founders citing theme at least once in the interview: 23.33
<i>Integrate elements of other models</i>		
Founder implemented selected practices based on models borrowed from other industries, other countries, or law firms of another era	<p>I got an MBA before I went to law school so I based the organization of my firm on the Taylor Production Model. It's a military style of running a business. There's a lot of structure and everyone knows their roles. (ID #219)</p> <p>The typical firm trajectory is associate to partner. Here we're looking at alternatives, more based on a business model. Perhaps associate, manager, partner, for example. (ID #196)</p>	Proportion of founders citing theme at least once in the interview: 23.33

tures and practices are not so much proactively designed but rather reactively evolved out of emergent situations, with resultant actions made sense of only in retrospect; and the 2) *structural contingency argument* that the aspects of an organization's form are primarily a function of its size and strategy. The sense-making nature of some organizational design decisions is evident in the following description of one founder's motives behind his firm's job-sharing arrangements: It wasn't really a conscious decision. This arrangement just evolved out of a maternity leave situation. Although more than half of the participants (57%) made at least one comment consistent with a sense-making perspective on organizational design, on average only 7% of the relevant interview excerpts were coded into this thematic category. The structurally-contingent nature of the organizational design decisions of other law firm founders is clear in the following succinct response of one participant: The type of community we're serving dictates the type of firm we are. Although 27% of participants made at least one statement consistent with this thematic category, on average only 4% of the relevant interview excerpts emphasized reasons consistent with the structural contingency perspective.

Thematic Categories	Representative Interview Excerpts	Descriptive Statistics
Other Rationales		
<i>Practices enacted through sense-making</i> Practices weren't so much purposely designed but rather evolved out of a need to react to situations as they arose	The associate approached the partners about it and it made sense because she didn't have a full caseload and she had a home system, such as a fax. (ID #124)	Proportion of founders citing theme at least once in the interview: 56.67
<i>Practices structurally-contingent</i> Practices more a function of other organizational aspects, such as the firm's practice area, size, or billing method	[The job pooling arrangement] works for the real estate division because it's easier for someone to pick up the file and understand what to do. (ID #188) Perhaps [our practice of not setting quantitative targets] is possible because of the size we are. It may not work in a big firm. But that's why we're not a big firm (ID #111)	Proportion of founders citing theme at least once in the interview: 26.67

As indicated in Table 5.10, the first three emergent thematic categories are consistent with the higher-order theme of replicating existing practices. Almost one quarter of participants (23%) made at least one comment acknowledging that they had deliberately *copied features of the legal profession's dominant template for organizing*. As one founder put it, I'm doing things like big firms, such as file control and management and standardizing procedures so that things are done right ³⁸. Another commented that his firm's recruitment and promotion policies were based on standards in the profession ³⁹.

The second thematic category consistent with the higher-order theme of copying existing practices was the *continuation of historical precedents*. Twenty-three percent of participants noted that they had implemented certain organizational arrangements simply because they had been in place at a firm in which either they or one of their employees had previously worked. For example, when asked whether his firm provided any unusual work arrangements, one participant responded: We have one lady who ends up working four days a week instead of full time. This is based on historical

³⁸ Comment made by a male founding partner of an eight-person litigation boutique.

³⁹ Comment made by a male founding partner of a sixteen-person general practice.

precedent. The arrangement exists because it is the arrangement she had at her prior firm⁴⁰.

The third thematic category consistent with the higher-order theme of copying existing practices was the *integration of elements borrowed from alternative templates for organizing*. Twenty-three percent of participants acknowledged that they had implemented certain arrangements based on models from other industries, other countries, or law firms of another era. One founder, whose firm was located in a suburban shopping center, had integrated administrative practices from the retail industry:

In part I was dissatisfied with the traditional form [of the legal profession] but in part the types and structures developed by trying to adapt to the special needs of this firm. In a mall, you are open long hours and you have to get part-time help. We learned from other retailers in the mall how they dealt with part-time staffing issues⁴¹.

5.5.3 Linking Experiences with Knowledge and Interpretations with Motivation

I conducted a post-hoc correlational analysis to assess the associations between the explanatory variables and the underlying micro-mechanism indicators. Table 5.11 summarizes the results.

The findings presented in Table 5.11 lend partial support for the micro-level mechanisms postulated to underlie the unconstrained actor argument. As expected, founders with less extensive prior experience in large law firms were more likely to state that they were either unaware of certain elements of the industry's dominant form or had integrated features borrowed from other organizational templates during the design process. Also as expected, founders with more years of prior experience in the marginal organizations of the legal profession were more likely to state that they had based certain aspects of their firms' forms on alternative models.⁴² For example, one participant who had four years of peripheral firm experience and only one year of dominant firm experience made the following comment when discussing his firm's compensation systems:

I implemented a more structured bonus plan modeled after the Japanese a three-part bonus based on firm performance, system maintenance initiatives and

⁴⁰ Comment made by a male founding partner of a thirty-two person general practice.

⁴¹ Comment made by a male founder of an eight-person solo-owned general practice.

⁴² As noted in section 5.4.2, however, the effect of marginal firm experience on overall deviation was not significant.

value-added, and attendance and responsibility, such as not taking time off at critical points so that the firm would not be adversely affected⁴³.

None of the correlations between the founders' years of experience in other fields and the knowledge indicators were statistically significant. However, consistent with the argument that founders' objective socialization experiences influence organizational deviation primarily through ability rather than motivation, none of the three prior experience variables were significantly correlated with either measure of a participant's desire to deviate from existing arrangements in the legal profession.

The pattern of findings reported in Table 5.11 also partially supports the postulated underlying micro-mechanisms of the disenchanted actor perspective. Although not quite statistically significant, the anticipated positive relationship was found between the strength with which founders questioned the pragmatic legitimacy of the legal profession's prevailing arrangements and their motivation to depart from those found in most other law firms in the province. Moreover, founders who held stronger dubious pragmatic legitimacy perceptions were less likely to state that they had intentionally copied features already in place at prior firms. Finally, the expected positive relationship was found between the strength of founders' dubious moral legitimacy perceptions and their motivation to depart from the law firms in which they had previously worked. Moreover, founders who more strongly doubted the moral legitimacy of the legal profession's prevailing organizational arrangements were less likely to state that they had deliberately attempted to replicate features of either the dominant or previously-experienced firms.

In sum, it is clear that not all of the specific relationships suggested by the conceptual arguments behind the unconstrained and disenchanted actor perspectives were supported in this post-hoc correlational analysis. However, when viewed together, the pattern of findings offers some substantiation for the micro-level mechanisms postulated to underlie these two founder-driven theoretical perspectives on new entrant conformity versus deviation.

⁴³ Comment made by a male founder of a twelve-person solo-owned general practice.

Table 5.11: Correlation Matrix for the Explanatory Variables and Underlying Micro-Mechanism Indicators

Variable	1	2	3	4	5	6	7	8	9	10
1 Prominent firm experience										
2 Peripheral firm experience	-.59***									
3 Other field experience	-.19	-.07								
4 Pragmatic legitimacy concerns	.04	.08	-.08							
5 Moral legitimacy concerns	-.08	.04	.12	-.50***						
6 Lack of knowledge of dominant form	-.27*	.14	.06	.14	-.11					
7 Replicated dominant elements	-.05	-.04	-.16	.00	-.33**	-.18				
8 Copied historic precedents of prior firms	.12	-.08	-.06	-.17†	-.30**	.08	-.13			
9 Integrated elements of alternative forms	-.23*	.20†	-.04	.05	-.16	-.23†	-.13	-.19		
10 Motivated to differ from prior experience	-.07	.07	.05	-.06	.28*	-.33*	-.06	-.45***	.15	
11 Motivated to differ from industry standard	-.08	.03	.16	.15	-.13	-.05	-.12	-.12	.16	.49***

† $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$ (one-tailed tests between explanatory variables and micro-mechanism indicators; two-tailed tests within the two sets of variables)

5.6 DISCUSSION

Despite neo-institutionalism's numerous and influential contributions to organizational analyses, many scholars have been quick to criticize this theoretical paradigm for its exclusionary focus: a focus that overlooks organizational heterogeneity in favour of homogeneity, under-emphasizes the roles of organizational actors and active agency in favour of contextually-prescribed scripts and passive responses, and inadequately explores micro-level mechanisms in favour of macro-level relationships (e.g., Donaldson, 1995; Hirsh, 1997; Hirsch & Lounsbury, 1997; Perrow, 1985). Through the research reported in this chapter, which examined the extent of deviation exhibited by new entrants to the legal profession and investigated the effects of individual-level determinants, I have attempted to extend the work of others who are also dedicated to addressing these criticisms of new institutional theory (e.g., Greenwood & Hinings, 1996; Oliver, 1991, 1992; Kraatz & Moore, 1998). The empirical findings are interesting and, I believe, offer important contributions not only for the neo-institutional literature but also for other micro and macro theoretical perspectives.

5.6.1 Variability in Founders' Interpretations of the Dominant Template

The first major empirical finding from this phase of my research is the support that I found for the disenchanted actor perspective's underlying premise that founders exhibit variability in their interpretations of an industry's dominant template for organizing—even in such highly-institutionalized settings as the legal profession. The proportion of each participant's interview excerpts emphasizing reactions to the questionable pragmatic legitimacy of this industry's existing organizational arrangements exhibited considerable variation, ranging from a low of 0% to a high of 75%. Moreover, almost all of the founders (98%) made at least one comment revealing their doubt about the economic soundness, efficiency, and/or effectiveness of prevailing law firm structures, systems, and practices. Given the results from the first phase of my investigation—which attested to the commonly-understood nature of the legal profession's dominant template—these second-phase descriptive findings serve to underscore the distinction between institutionalized practices that are widely understood (i.e., cognitively legitimate) and those that are perceived to be of functional utility (i.e., pragmatically legitimate). Moreover, they lend support for Oliver's (1991, 1992) argument that the functional value of institutional prescriptions is not immune to reinterpretation.

The proportion of each participant's interview excerpts revealing reactions to the dubious moral illegitimacy of the legal profession's prevailing organizational arrangements exhibited even greater variation, ranging from a minimum of 0% to a maximum of 88% percent. These descriptive results provide clear support for Martin's (1993) compelling argument that although dominant administrative practices may be commonly-understood or even widely-perceived to be of functional utility, this does not necessarily imply that they are also commonly-accepted as appropriate or right in an ethical sense. In particular, Martin emphasized that some individuals will likely harbour strong feelings about the distributive injustice of institutionalized organizational arrangements—a theme echoed in the recent work of several researchers interested in processes of institutional change and deinstitutionalization (e.g., Greenwood & Hinings, 1996; Oliver, 1991, 1992; Tolbert & Zucker, 1996). Perceptions of distributive injustice were certainly prevalent amongst the founders in my sample: 77% made at least one comment revealing their belief that prevailing organizational arrangements in the legal profession result in an unfair distribution of rewards.

Moreover, in support of arguments derived from micro-level research on person-organization fit (e.g., Dutton & Dukerich, 1991; Meyerson & Scully, 1995), 70% percent of participants made at least one statement revealing that they considered existing administrative practices to be incongruous with their own personal ethics and morals. One theme emerged above and beyond perceptions of distributive injustice or value incompatibility: 83% of participants made at least one comment referring to the perceived procedural injustice of prevailing organizational arrangements. Although certainly subsumable within the dimension of moral legitimacy (Aldrich, 1999; Aldrich & Fiol, 1994; Suchman, 1995), this finding nevertheless provides greater detail on the criteria used by organizational actors in interpreting institutional prescriptions.

Overall, these descriptive results paint a rather disturbing portrait of considerable disenchantment with the prevailing organizational arrangements of the legal profession—findings that corroborate other recent investigations of this industry. In their study of gender differences in the career progression of lawyers, for example, Hagan & Kay emphasized that a general feeling of discontent with some of the basic premises of the profession (1995: 64) was the strongest picture to emerge from their research. In a follow-up study, Kay and her colleagues further noted that:

Numerous lawyers in the study made concerted efforts to explain the sources of their dissatisfaction in the practice of law. Often the criticisms were not of the substance of law practice, but rather the conditions of work, disenchantment

with the law, the organizational structure of their work environment, and the emphasis on billable hours and profit (Kay, Dautovich & Marlor, 1997: 153).

Similarly, Brockman (1990) concluded her research on lawyers that have exited the British Columbia Law Society with the warning that practitioner dissatisfaction is a growing problem within this industry. More specifically, her results revealed disenchantment with the nature of practice (1990: 23) as the primary reason why many lawyers are leaving the legal profession.

5.6.2 The Predominance of New Entrant Conformity to Institutional Prescriptions

Given the prevalence with which the founders in my study expressed concerns about the pragmatic and moral legitimacy of the legal profession's existing organizational arrangements, their subsequent tendency to create firms that conformed to, rather than departed from, the dominant template is particularly intriguing. Approximately 85% of the new entrants exhibited only a small or very small degree of difference from the industry norm. This result corroborates Greenwood & Hinings' conclusion from their empirical investigation of municipal government agencies; namely, that organizations tend to operate with structures and systems that approximate [contextually-prescribed] archetypes (1993: 1073). Yet it contradicts Oliver's (1988) finding that the voluntary social service providers she had investigated tended to exhibit diversity rather than similarity. However, by focusing on new entrants rather than established firms, my results offer additional empirical data based on a very different set of organizations for resolving the rhetorical debate over whether organizations tend to exhibit startling homogeneity (DiMaggio & Powell, 1983: 148), versus remarkable heterogeneity (Donaldson, 1995: 126). In the case of such highly-institutionalized settings as the legal profession, it appears that organizational similarity rather than difference is the more common occurrence.

As a result of this focus on newly-established firms, my findings also provide empirical evidence that can help disentangle the more specific theoretical tension between those who view new entrants as a promising source of institutional entrepreneurship (e.g., Kraatz & Moore, 1998; Kraatz & Zajac, 1996; Leblebici et al., 1991; Powell, 1991) versus institutional perpetuation (e.g., Dacin, 1997; Stinchcombe, 1965). Although my results clearly corroborate Dacin's (1997) finding that new entrants tend to adopt institutionally-prescribed characteristics during the founding period, some did not: approximately fifteen percent of the newly-established law firms in this study exhibited a moderate degree of departure from the legal profession's dominant template. These results thus provide support for Low & Abrahamson's (1997: 454) proposition, recently

articulated in the entrepreneurship literature, that new entrants to a mature industry tend to compete *either* by replicating features of existing forms or by introducing innovative structures, systems, and practices; they also offer empirical data regarding the proportion of new entrants likely to be founded as clones versus movements respectively. In the case of such highly-institutionalized settings as the legal profession, it appears that the vast majority of new entrants will act primarily as institutional perpetuators rather than institutional entrepreneurs even if the vast majority of founders have expressed at least some disenchantment with the dominant form of organizing.

5.6.3 The Power of Prominent Firm Experience in Perpetuating Institutional Prescriptions

The third major empirical finding of this phase of my research pertains to the strong and robust support that I found for the effect of a founder's prior dominant firm experience on the amount of deviation exhibited by his or her firm. As hypothesized, law firm founders who had more extensive experience in the legal profession's larger and more prominent organizations tended to create organizational forms that more closely approximated the industry norm. It appears as though greater socialization in the dominant organizations of a highly-institutionalized setting does tend to constrain individuals into thinking within the confines of existing taken-for-granted. This result thus provides empirical support for the power of normative isomorphic pressures; that is, the tendency of organizations to adopt institutionalized prescriptions as a result of the professionalization of their members (DiMaggio & Powell, 1983).

Although the effect of dominant firm experience was supported through my research, I did not find robust support for the other two hypotheses derived from the unconstrained actor argument. More specifically, I did not find that the more deviant firms tended to be created by founders with greater experience in either the marginal organizations of a focal industry or those of other industries. As such, my research does not offer substantiation for Kraatz & Moore's (1998) related findings that executives migrating from peripheral organizations or those of other fields were more likely to introduce institutional change in existing organizations.

The lack of effect for other industry experience may be attributable to inadequate variation in this hypothesized explanatory variable: only twenty-five percent of participants had any prior experience in fields other than the legal profession. Similarly, the lack of effect for peripheral firm experience may be attributable to collinearity between

this variable and a founder's extent of prominent firm experience: although peripheral firm experience had the hypothesized positive effect on deviation when entered as the sole predictor, this effect was not robust after controlling for the other hypothesized determinants. Another plausible explanation for the lack of results derives from neo-institutional theory. Perhaps in such highly-institutionalized settings as the legal profession, founders from lower-status organizations or other industries believe that they will be perceived as personally lacking in credibility due to their background experiences; as such, they may purposely replicate features of the dominant template in their firms as visible symbols that they are, in fact, legitimate players in the field. Future researchers may want to explore the validity of this interpretation.

In sum, these findings suggest that a founder's experience with alternative templates for organizing is insufficient to trigger deviation in his or her newly-created firm; instead, it is a lack of experience with an industry's dominant template that matters. The possession of less tightly-developed scripts regarding the institutionally-prescribed means for accomplishing business activity—rather than the knowledge of different scripts for organizing—appears to be more influential in provoking the implementation of non-conformant organizational arrangements.

5.6.4 The Role of Moral Legitimacy Concerns in Creating Departures from Institutional Prescriptions

With respect to the disenchanted actor perspective, a surprising lack of evidence was found for the hypothesis that founders who more strongly question the pragmatic legitimacy of existing organizational arrangements will establish firms exhibiting greater deviation from the dominant template. This finding is particularly interesting given the frequency with which the participants made comments revealing doubts about the economic soundness, efficiency, and effectiveness of prevailing administrative practices in the legal profession. Thus, my research fails to support Oliver's (1991, 1992) more general argument that institutionalized practices tend to be eroded or displaced when doubts about their functional utility prevail. Nevertheless, the insignificant effect of founders' pragmatic legitimacy perceptions on organizational deviation is intriguing in and of itself, and, I believe, has important implications for other organizational literatures—particularly the field of entrepreneurship. Entrepreneurship research tends to be dominated by the view that founders enact organizational structures and strategies to maximize competitive advantage, efficiency, profitability, or the entrepreneur's own economic gain. This emphasis is clear, for example, in Low & Abrahamson's discussion of innovative versus imitative organizational forms, which contains many

statements similar to the following: In an effort to achieve efficiencies, develop sources of competitive advantage, and preempt the competition more emphasis is placed on following the example of other firms (1997: 436). The results of my research shed some doubt on the validity of this assumption that non-compliant forms are created primarily for such economic reasons.

The results of my research did, however, confirm the second hypothesis derived from the disenchanted actor argument: that firms exhibiting greater deviation will tend to be established by founders who more strongly question the dominant template's moral legitimacy (i.e., its procedural justice, distributive justice, and personal value-compatibility). This finding thus lends preliminary empirical support for recent theoretical assertions that perceptions of distributive injustice can act as a catalyst for non-conformity, institutional change, and deinstitutionalization (e.g., Greenwood & Hinings, 1996; Oliver, 1991, 1992; Tolbert & Zucker, 1996). Similarly, this finding supports theoretical claims (e.g., Dutton & Dukerich, 1991; Meyerson & Scully, 1995) and supplements single case-study evidence (e.g., Dutton & Dukerich, 1991) for the effect of personal value-incongruity on organizational innovation. Moreover, the prevalence with which participants referred to perceived procedural injustice suggests that future theoretical and empirical research on the processes of institutional stability and change should incorporate this individual-level perceptual variable. The significant effect of founders' moral legitimacy perceptions also has interesting implications for the literature on organizational justice and person-organization fit, suggesting that research on these micro-level topics could be extended by considering consequences beyond those for the individual and the particular organization that was the source of the perceived injustice or value-incongruity.

Combined, these results suggest that founders' pragmatic legitimacy concerns about an industry's dominant template for organizing are insufficient to trigger the implementation of non-conformant organizational arrangements in their own firms. Strong moral legitimacy concerns, however, appear to be capable of fostering new entrant deviation. Doubts about the ethicality of contextual prescriptions, rather than their functionality, appear to act as catalysts for institutional entrepreneurship in such highly-institutionalized settings as the legal profession.

5.6.5 The Independent Effect of Subjective Contextual Interpretations

Another noteworthy finding of this phase of my research pertains to the comparative effects of the statistically-significant predictors. Contrary to my expectations, a

founder's dominant firm experience, rather than his or her moral legitimacy perceptions, emerged as the strongest determinant of new entrant deviation. Although my comparative hypothesis was not supported, my findings did reveal that this contextual interpretation variable exerted a significant independent effect above and beyond that of the objective socialization variables. This result suggests that an individual's commitment to an institution's prevailing values is not necessarily related to the nature of his or her background experience—an argument that appears to depart from that of other neo-institutional researchers (e.g., DiMaggio & Powell, 1991; Kraatz & Moore, 1998). Deviations from the dominant template are likely to be enacted by founders who question the moral legitimacy of prevailing values, structures, systems, and practices *regardless* of whether these founders had extensive experience in either the central or peripheral organizations of the focal industry or in another industry altogether. In sum, the unconstrained and disenchanted actor arguments appear to be complementary rather than competing explanations for organizational conformity and deviation; as such, variables derived from both perspectives should be included in future theoretical accounts and empirical investigations of institutional maintenance, erosion, and entrepreneurship.

5.6.5 Respective Micro-Mechanisms Associated with Socialization Experiences and Contextual Interpretations

The preliminary support that was found for the micro-mechanisms postulated to underlie the unconstrained and disenchanted actor arguments represents the final major empirical finding of this phase of my research. Consistent with the former perspective, it appears that founders with more extensive prior experience in an industry's prominent organizations tend to possess greater *knowledge* of the dominant template; consistent with the latter conceptual framework, those who possess stronger doubts about the moral legitimacy of prevailing organizational arrangements tend to be more *motivated* to create deviant structures, systems, and practices in their own firms. The association of objective experiences with ability rather than motivation—and the parallel but reverse association of subjective interpretations with motivation rather than ability—lends indirect support for Greenwood & Hinings (1996) more general distinction between enabling dynamics of institutional change (i.e., capacities for action) and precipitating dynamics of institutional change (i.e., pressures for change). Unfortunately, post-hoc measures and a lack of statistical power prevented me from adequately examining whether these ability and motivation indicators mediated the relationships between both a founder's dominant firm experience and moral legitimacy perceptions and the extent of deviation exhibited by his or her firm. Testing the effect of more

sophisticated operationalizations through structural equation modeling thus represents a possible future research direction.

5.6.7 Conclusion

The primary objective of this phase of my empirical investigation was to examine whether and why organizational deviation can develop within the parameters of existing institutions (Hirsch & Lounsbury, 1997: 86). My findings attest to the power of normative isomorphic processes in highly-institutionalized industries particularly to the conforming influence of prior socialization experience in the prominent organizations of such settings. Although the overwhelming majority of the founders in my study expressed at least some degree of doubt regarding the pragmatic and moral legitimacy of the legal profession's dominant template for organizing, only fifteen percent had in turn created organizations exhibiting at least a moderate degree of deviation from the norm. Thus, in such highly-institutionalized settings as the legal profession, it appears that new organizational entrants act primarily as agents of institutional perpetuation rather than as agents of institutional entrepreneurship despite their founders' concerns about the functionality or ethicality of prevailing organizational arrangements.

The more entrepreneurial firms tend to be founded by individuals with less extensive prior socialization experience in the industry's most prominent organizations and those who expressed stronger doubts about the moral legitimacy of prevailing organizational arrangements. Pragmatic legitimacy concerns, as well as prior experience in either peripheral organizations or other industries, do not appear to be sufficient provokers of organizational deviation. Instead, it is those founders who have less understanding of the rules for organizing, and those who more strongly question their ethicality, who are more likely to create firms that break with precedent. Thus, the extent of conformity or deviation exhibited by newly-established firms appears to be at least partially shaped both by what founders know and how they feel about an industry's institutional prescriptions.

CHAPTER 6:

INVESTIGATING NEW ENTRANT CONFORMITY AND DEVIATION IN THE LEGAL PROFESSION: SOME CONCLUDING REMARKS

6.1 OVERVIEW

Motivated by the persuasive criticism that new institutional theory tends to paint an overly passive and conforming portrait of organizations (e.g., Donaldson, 1995; Hirsch, 1997; Hirsch & Lounsbury, 1997; Oliver, 1991, 1992), my dissertation research examined an issue fundamental to this theoretical paradigm: whether and why variability in organizational forms can develop within the confines of prevailing institutions. I limited my exploration of this topic to new entrants for two reasons. First, previous studies that have explicitly investigated the extent of structural isomorphism versus heterogeneity, although few in number, have tended to examine established organizations (e.g., Greenwood & Hinings, 1993; Oliver, 1988). Second, and more importantly, I felt that a focus on new entrants could shed some empirical light on the seemingly contradictory arguments that newly-established organizations represent likely agents of institutional transformation, on the one hand (e.g., Kraatz & Moore, 1998; Kraatz & Zajac, 1995; Lebebici et al., 1991, Powell, 1991) versus likely agents of institutional maintenance, on the other (e.g., Dacin, 1997; Stinchcombe, 1965). I investigated this issue in a particularly intriguing context—the legal profession. Although highly-institutionalized, this industry is currently undergoing a period of profound change; as such, it is especially appropriate for a study of new entrant conformity and deviation. Moreover, although law firms are clearly representative of organizations that are highly infused with value (Selznick, 1957), the legal profession has been rather surprisingly neglected as a milieu for building and testing neo-institutional theory.

6.2 THE CONCEPTUAL FRAMEWORK AND ITS CONTRIBUTIONS

I began my study by proposing definitions for two rather complex constructs fundamental to an investigation of structural isomorphism versus diversity: organizational form and deviation. Drawing on Greenwood & Hinings (1993) definition of form as the configuration of an organization's interpretive scheme, structural aspects, decision systems, and human resource practices, I defined deviation as the multivariate

extent to which these four component dimensions differ from those of an industry's dominant template for organizing. A dominant template is the configuration that is commonly perceived by both observers of, and actors within, an industry to characterize its most prominent organizations. This definition thus extends Greenwood & Hinings (1993) by emphasizing practitioner-perceived dominant templates rather than observer-derived idealized archetypes as the referent institutional prescription; and, as recommended by Westphal et al. (1997), by emphasizing the continuous nature of deviations from these institutionalized configurations.

I then developed my conceptual arguments regarding the existence of dominant templates, the extent to which new entrants will exhibit isomorphism with these templates, and the reasons why some conform and others deviate. I started by articulating one of neo-institutionalism's basic premises as a foundational hypothesis to be examined empirically in my investigation rather than as an underlying and untested assumption of my arguments. This hypothesis is the premise that highly-institutionalized industries contain dominant templates for organizing that are commonly understood by observers of and actors within such settings. I then drew on Low & Abrahamson's (1997) essay in the entrepreneurship literature to help resolve the seemingly discrepant findings regarding the tendency of new organizational entrants to act primarily as agents of institutional perpetuation (e.g., Dacin, 1997) versus institutional entrepreneurship (e.g., Leblebici et al, 1991). Based on Low & Abrahamson's work, I proposed that most but not all newly-established firms will exhibit little deviation from a highly-institutionalized industry's dominant template. Finally, I formulated two complementary individual-level arguments to account for the existence of both conformity and deviation amongst new entrants. I termed these the unconstrained actor and disenchanted actor perspectives.

The essence of the unconstrained actor perspective is that variability in the extent of deviation exhibited by new organizational entrants is partially attributable to variability in the objective socialization experiences of their founders. I reasoned that both individuals who have less understanding of an industry's dominant template for organizing, and individuals who have greater knowledge of alternative models, will possess greater latent ability to depart from standard practice. More specifically, I hypothesized that founders with less experience in an industry's prominent organizations, greater experience in its peripheral organizations, or greater experience in other industries will all establish organizations exhibiting greater deviation. Adopting a pluralistic stance towards my research topic, I then formulated the complementary disenchanted actor perspective.

Drawing on the legitimacy typologies of Aldrich (1999), Aldrich & Fiol (1994) and Suchman (1995), I suggested that departures from an industry's dominant template for organizing are also likely to be enacted by founders who question the pragmatic and/or moral legitimacy of prevailing organizational arrangements—regardless of whether these founders had extensive experience in either the prominent or peripheral organizations of a focal industry, or in another industry altogether. The essence of the disenchanted actor argument is that how founders *feel* about institutional prescriptions is an equally-powerful determinant of new entrant deviation that acts independently of what these founders *know* about the features of the dominant template. Although this emphasis appears to depart somewhat from that of some neo-institutionalists (e.g., Kraatz & Moore, 1998), it joins others in addressing the plea for greater theoretical understanding of how contextual pressures are interpreted and acted upon by organizational actors (Greenwood & Hinings, 1996: 1024).

Moreover, the inclusion of founders' subjective contextual interpretations extends previous work on the role of leaders in shaping organizational-level attributes, by considering individual-level factors beyond personality characteristics (e.g., Miller & Droge, 1986; Miller & Toulouse, 1986; Miller, Toulouse & Belanger, 1985) and background experiences (e.g., Boeker, 1988, 1997; Kraatz & Moore, 1998). Despite calls for greater attention to the micro-mechanisms that maintain and erode macro-structures (e.g., Donaldson, 1995; Hirsch, 1997; Hirsch & Lounsbury, 1997; Perrow, 1985), neo-institutionalists have been slow to incorporate the roles of organizational actors and active human agency in their research— notable exceptions being the conceptual frameworks offered by Greenwood & Hinings (1996) and Oliver (1991, 1992), and the empirical investigation by Kraatz & Moore (1997). In sum, by focusing on new entrants as a source of both institutional perpetuation and institutional entrepreneurship, and by postulating a founder's socialization experiences and contextual interpretations as determinants of an organization's extent of conformity to dominant templates, I believe that the conceptual framework of my dissertation offers interesting theoretical extensions to the neo-institutional literature.

6.3 CONTRIBUTIONS OF THE FIRST PHASE OF MY EMPIRICAL RESEARCH

6.3.1 Methodological Contributions

In the first phase of my empirical research, I tested the foundational hypothesis that highly-institutionalized industries contain dominant templates for organizing that are commonly-perceived by both observers of and actors within such settings. An

important methodological contribution of this component of my dissertation pertains to the two-step procedure that I implemented for identifying and then validating the nature of such institutionally-prescribed organizational configurations. The identification step involved a blend of theory-based deduction and empirically-grounded induction. Guided conceptually by Greenwood & Hinings (1993) four-dimensional definition of organizational form, I selected relevant lower-order features (and their corresponding measures) by the consistency with which they appeared both within and between my multiple sources of qualitative data rather than by the prevalence with which they appeared in existing academic research on organizational form. This approach resulted in an operationalization of form grounded in dimensions that apply across industries, yet with component features and measures highly-meaningful in the focal context of my investigation.

The subsequent verification procedure involved administering a survey to a panel of practitioners. Through this procedure I obtained quantitative data for systematically assessing the extent to which the dominant template commonly perceived by observers of an industry was also consensually understood by actors within the focal setting. Adding this step to Greenwood & Hinings (1993) recommended protocol thus provides a more robust methodology for neo-institutionalists interested in identifying and subsequently validating institutionally-prescribed frameworks for organizing. It also blends the respective merits of qualitative and quantitative data collection methods.

Moreover, this two-step procedure has implications for researchers requiring measures of legitimacy. In essence, the method represents a potential protocol for operationalizing the construct of cognitive legitimacy; more specifically, the extent to which an organizational form is familiar, well known, and comprehensible⁴⁴ (Aldrich, 1999; Aldrich & Fiol, 1994; Suchman, 1995). In particular, the procedure employed in this research calls attention to the importance of assessing the consistency between the perceptions of different constituents such as outside observers of and practitioners within a focal industry. In sum, protocols of this type certainly provide more direct measures of legitimacy than the proxies that researchers have tended to rely on to date in the organizational literature (cf. Suchman, 1995: 602).

⁴⁴ Admittedly, this protocol does not address the taken-for-granted aspect of cognitive legitimacy (Aldrich, 1999; Aldrich & Fiol, 1994; Suchman, 1995).

6.3.2 Theoretical Contributions

The results of the first phase of my empirical investigation lend some support for the foundational hypothesis that highly institutionalized environments such as the legal profession contain dominant templates for organizing that are commonly perceived and understood by both observers of, and actors within, the focal setting. They thus join the findings of Greenwood & Hinings (1993) in offering empirical substantiation for one of new institutional theory's oft-asserted, yet relatively under-investigated, basic premises. The characteristic nature of the dominant template identified through my research also lends empirical support for more recently-proposed, yet less fundamental, neo-institutional concepts.

Combined, my qualitative and quantitative findings indicate that the legal profession's currently-dominant organizational configuration can best be described as a hybrid of the two idealized archetypes proposed by Greenwood & Hinings and their colleagues (Cooper et al., 1996): the historical Professional Partnership archetype and the emerging Managerial Professional Business archetype. My independently-derived results not only substantiate the context-specific constructs of these scholars but also lend support for their more abstract concept of sedimented structures; that is, forms in which features of more than one archetype are simultaneously present on the surface of organizational life (Cooper et al., 1996: 635). Moreover, given that the legal profession is currently in the midst of a profound transitional period (Altman Weil Pensa, 1998; Ellis, 1993; Galanter & Palay, 1991; Hagan & Kay, 1995), my findings also provide preliminary evidence for their proposition that in tightly-coupled fields such as the legal profession, institutional change is likely to be convergent rather than radical (Greenwood & Hinings, 1996).

6.4 CONTRIBUTIONS OF THE SECOND PHASE OF MY EMPIRICAL RESEARCH

6.4.1 Methodological Contributions

The second phase of my empirical research was dedicated to testing my propositions regarding the extent and prediction of new entrant conformity versus deviation. As with the first phase, this component also offers both methodological and theoretical contributions to the neo-institutional literature. The former derive from how I measured organizational form, calculated deviation, obtained subjective contextual interpretations, and analyzed both the extent of new entrant conformity and the relationships between founder-level characteristics and organizational-level deviation.

Measuring organizational form. Three noteworthy aspects of my methodology for operationalizing organizational form warrant discussion. First, motivated by the argument that organizational configurations incorporating multiple dimensions are apt to prove most valuable in both theoretical and empirical applications (Meyer et al., 1993: 1182; see also Pinder & Moore, 1979), I collected data on a large number of features (i.e., fifteen), the majority of which were measured by multiple indicators. Moreover, rather than limiting these indicators to those that are commonly-reported in the extant literature, I selected measures that were empirically-grounded through my first-phase immersion in the focal context. Second, I obtained data on these indicators primarily through open-ended interview questions—a format that resulted in rich descriptions for my subsequent data analysis and provided opportunities to collect subtle variations in organizational arrangements that would not have been possible through a primarily closed-ended design. Third, I collected data on a dimension of organizational form that as of yet has been relatively under-investigated in the neo-institutional literature: the new entrants interpretive schemes. By presenting the details of the multi-step content analysis procedure that I employed for systematically obtaining qualitative data on this dimension of organizational form and then converting the interview excerpts into quantitative measures, my methodological protocol thus complements the work of others who have tended to investigate interpretive schemes through case study research designs (e.g., Bartunek, 1984; Cooper et al., 1996). Combined, I believe that these aspects of my methodology for operationalizing organizational form result in a multi-dimensional measure with greater content validity than the uni-dimensional measures that are prevalent in neo-institutional research.

This procedure for operationalizing the construct of organizational form may also be useful for configurational approaches to organizational analyses in general, in which organizations are viewed holistically as constellations of multiple, distinct characteristics that align in identifiable patterns (e.g., Meyer et al., 1993; Ketchen et al., 1997). Historically, this literature appears to have been dominated by a typological approach to organizational classification, which is characterized by a concern for generic, theoretically-derived ideal types. This typological perspective, however, has not gone uncriticized (e.g., Greenwood & Hinings, 1993; McKelvey & Aldrich, 1983; Pinder & Moore, 1979). The method that I implemented for operationalizing organizational form, while grounded in higher-order dimensions that apply across industries (i.e., a firm's interpretive scheme, structural aspects, decision systems, and human resource practices), acknowledges the potential for contextual specificity through its inductive selection of the lower-order features and measures tapping these dimensions. As noted

by the above critics of the typological approach to organizational classification, this type of procedure should result in more meaningful and valid categorization schemes.

Measuring organizational deviation. My protocol for measuring organizational deviation also represents a methodological contribution to the new institutional and broader organizational literature. To recap, this procedure involved: obtaining independent, quantitative deviation weights from multiple credible evaluators through a modified version of Amabile's (1982) consensual assessment technique; incorporating these weights into an aggregated difference score for each feature of form; calculating global deviation measures through Cronbach & Gleser's (1953) profile analysis technique; and validating these global deviation measures against the interviewer's overall impression of the firm's degree of departure from the industry norm. This protocol resulted in continuous, construct-validated measures of deviation derived from a multivariate conceptualization of organizational form. As such, it provides at least a preliminary roadmap for neo-institutional researchers interested in addressing Westphal et al.'s criticism that the tendency to treat the adoption (or non-adoption) of administrative practices as a discrete phenomenon is somewhat arbitrary (1997: 307). Other scholars in the broader organizational literature have voiced similar pleas for continuous measures of organizational similarity and difference (e.g., Doty et al., 1993; Pinder & Moore, 1979).

Measuring contextual interpretations. The third methodological contribution of the second phase of my empirical research pertains to the measures of founders' subjective contextual interpretations. I obtained these by asking participants to describe their rationale for designing various aspects of their firms in a certain way and then content-analyzing their responses for attitudes toward the industry's prevailing organizational arrangements. Although indirect, this protocol nevertheless resulted in an inventory of subjective contextual interpretations consistent with previously-articulated theoretical explications; namely, the legitimacy typologies of Aldrich (1999), Aldrich & Fiol (1994) and Suchman (1995). Moreover, it provided additional emergent themes that could be used to assess the micro-mechanisms postulated to underlie my proposed relationships between the founder-level variables and the amount of deviation exhibited by their firms. Empirical investigations of new institutional theory have been criticized for their lack of attention to interpretations of contextual pressures (e.g., Greenwood & Hinings, 1996) and for their inadequate measures of micro-level processes (e.g., Donaldson, 1995).

Analyzing conformity and deviation. The final methodological contribution is one of data analysis rather than construct measurement. In testing my hypotheses regarding the extent of new entrant conformity, I developed two analytical techniques, both of which examined the spread of deviation scores rather than simply the mean amount of departure from an industry's dominant template. A focus on the entire spectrum of outcomes for the phenomenon under investigation has been called for in the broader organizational literature in general (e.g., Pinder & Moore, 1979) and in the neo-institutional literature in particular (e.g., Hirsch & Lounsbury, 1997). Further, in presenting the findings from my investigation of the founder-level determinants of deviation, I supplemented my statistical results with directly-interpreted interview excerpts woven throughout the text. As Jick has emphasized, the analysis of data through multiple methods provides a more complete, *holistic*, and contextual portrayal (1979: 603) of organizational phenomena.

6.4.2 Theoretical Contributions

In addition to these methodological contributions, the second phase of my empirical investigation also offers a number of theoretical contributions to the new institutional literature. The first pertains to the strong and robust support that was found for the hypothesis that the majority of new entrants to a highly-institutionalized industry would exhibit little deviation from the dominant template for organizing. This finding corroborates that from Greenwood & Hinings' (1993) investigation of municipal government agencies, providing further empirical support for neo-institutionalism's fundamental premise that organizations tend to conform to contextual prescriptions and in so doing exhibit remarkable homogeneity (e.g., DiMaggio & Powell, 1983). This result also substantiates Dacin's (1997) finding that new entrants tend to adopt institutionally-prescribed characteristics at the time of founding yet with a measure of isomorphism much broader in scope than that of Dacin's analysis. The prevalence of conformity found in my investigation thus suggests that most new entrants are agents of institutional perpetuation rather than institutional entrepreneurship.

The second major theoretical contribution from this phase of my research was the partial yet robust substantiation found for both of the founder-driven perspectives on new entrant deviation. In support of the unconstrained actor argument, founders with less extensive experience in an industry's prominent organizations appear to establish firms exhibiting greater deviation from the dominant template. This finding thus provides empirical evidence for DiMaggio & Powell's (1983) principle of normative isomorphism; that is, that the professionalization of organizational members contributes

to the structural similarity of their firms to institutional prescriptions. No support was found, however, for the hypotheses that founders with greater experience in an industry's peripheral organizations or those of other industries would tend to establish more deviant firms. As such, my research does not offer corroboratory evidence for Kraatz & Moore's (1998) related finding that leaders migrating from organizations on the margins of a focal field tend to provoke institutional change in existing organizations.

With respect to the disenchanted actor argument, my results did not support the prediction that founders who more strongly doubt the pragmatic legitimacy of an industry's existing organizational arrangements would tend to establish firms exhibiting greater deviation. This finding thus casts some doubt on theoretical assertions that institutional prescriptions tend to be eroded or displaced when their functional utility is called into question (e.g., Oliver, 1991, 1992), and that innovative organizational forms are enacted so as to maximize competitive advantage, efficiency, profitability, or the entrepreneur's own economic gain (e.g., Low & Abrahamson, 1997) at least for such highly-institutionalized settings as the legal profession.

My research did, however, confirm the hypothesis that founders who more strongly doubt the moral legitimacy of an industry's existing organizational arrangements will tend to establish firms exhibiting greater deviation. More specifically, my findings offer preliminary empirical support for theoretical assertions that perceived distributive injustice and personal value-incongruity can act as catalysts for non-conformity and innovation at the organizational level of analysis (e.g., Dutton & Dukerich, 1991; Greenwood & Hinings, 1996; Meyerson & Scully, 1995; Oliver, 1991) and trigger processes of deinstitutionalization at the field level of analysis (e.g., Oliver, 1992; Tolbert & Zucker, 1996). Moreover, the prevalence with which founders expressed reactions to procedural injustice suggests that this previously under-emphasized variable be granted more prominence in explications of organizational deviation and institutional change. Finally, the fact that the effect of moral legitimacy perceptions remained robust after controlling for all of the other hypothesized individual-level determinants indicates that the unconstrained and disenchanted actor arguments are complementary perspectives. In contrast to the arguments of others (e.g., DiMaggio & Powell, 1991; Kraatz & Moore, 1998), an actor's subjective interpretations of institutional prescriptions appear to operate independently of his or her socialization experience.

One important caution should be raised at this point. Although the effects of a founder's dominant firm experience and moral legitimacy perceptions were significant, and in the direction implied by the unconstrained and disenchanted actor arguments,

the amount of variance in new entrant deviation explained by these factors is modest (i.e., an adjusted R^2 of .19 for the full model). Thus, although my findings suggest that certain aspects of founders' socialization experiences and contextual interpretations can partially account for the deviation exhibited by their firms, there is certainly room for other contributing factors—such as chance or blind variation (e.g., Aldrich & Kenworthy, 1998) and natural entropy (e.g., Zucker, 1987).

The final theoretical contribution of my dissertation research pertains to the evidence supporting the micro-mechanisms and fundamental assumptions underlying the unconstrained and disenchanting actor arguments. First, it appears as though the extent of a founder's prominent firm experience influences organizational deviation primarily through his or her comprehension of the industry's dominant template for organizing. In contrast, it appears that the strength of a founder's moral legitimacy perceptions affects organizational deviation primarily through his or her motivation to depart from prevailing organizational arrangements. These findings thus lend preliminary indirect support for Greenwood & Hinings' (1996) more general distinction between enabling and precipitating dynamics of institutional change, respectively. Second, although the results of my first phase attested to the widespread cognitive legitimacy of the legal profession's dominant template for organizing, the results of my second phase revealed considerable variation in the extent to which founders of newly-established law firms perceived these institutionalized organizational arrangements to be of pragmatic and moral legitimacy. This finding thus supports the typologies of Aldrich (1999), Aldrich & Fiol (1994) and Suchman (1995), as well as the arguments that institutional prescriptions are neither invulnerable to scrutiny in terms of their functional utility (e.g., Oliver, 1991, 1992) nor invariably considered legitimate in terms of their ethicality (e.g., Martin, 1993).

6.5 LIMITATIONS

The theoretical and methodological contributions that I have just summarized need to be interpreted in light of the limitations of my dissertation research. As is often the case, these weaknesses illuminate interesting paths for future research. The first set of limitations pertains to the identification and validation of the legal profession's dominant template.

6.5.1 Limitations of My Measure of the Dominant Template

Two important limitations of my measure of the legal profession's dominant template for organizing warrant elaboration. The first is that the dominant template that I have identified is clearly limited to that which is commonly *perceived and understood* by observers of and actors within this institutional setting. I did not obtain measures of the extent to which my informants perceived the prevailing form as taken-for-granted, of functional utility, or as appropriate in light of broadly-based societal values and ethical principles. As such, it would be apropos to conclude that I have unearthed a template that possesses a high degree of *comprehensible* cognitive legitimacy (Suchman, 1995), and not necessarily one that also possesses a high degree of taken-for-granted cognitive legitimacy, pragmatic legitimacy, or moral legitimacy (Aldrich, 1999; Aldrich & Fiol, 1994; Suchman, 1995). Measures of these other aspects of legitimacy could be obtained through a variant of the practitioner panelist technique employed in this phase of my research. My more limited measure, however, is consistent with the conceptual focus of my investigation; that is, the extent to which new entrants conform to or deviate from commonly-held perceptions of the form exhibited by an industry's prominent organizations.

The second limitation is the relatively small sample size from which I derived my generalizations regarding the legal profession's dominant template for organizing. Although the published material that I reviewed represents a fairly comprehensive set of recent academic research on law firm organization and management, the seventeen lawyers who provided either qualitative or quantitative data obviously represent a small fraction of the total number of practitioners in the British Columbia legal profession. This group of participants, however, was actually comprised of two very distinct subsets—a characteristic that has important implications for the robustness of my findings. The first eleven practitioners, with whom I had conducted personal interviews, were all lawyers with extensive provincial experience, averaging somewhere between fifteen and twenty years of call. Moreover, this subset consisted of lawyers who were partners of well-established firms, founders of their own firms, or high-ranking representatives of the provincial law society. In contrast, the six panelists who completed the validation survey—while not neophyte lawyers—were definitely less experienced than those who were interviewed, averaging approximately five years of call. Most were also associates rather than partners of law firms. Combined, the seventeen practitioners came from a range of organizations: solo-owned practices, small and medium-sized boutiques, and large downtown firms.

Thus, although the sample size was small, given that the interviewed lawyers and survey panelists were selected from such distinct groups in the legal profession, I was reasonably reassured that the perceptions I had collected were fairly representative of the spectrum of practitioners in British Columbia rather than those of an elite set. In light of these differences in their demographic backgrounds, the consistency with which they described the legal profession's dominant template for organizing appears even more notable. That being said, I would advise researchers interested in applying the protocol developed for this investigation to obtain larger sample sizes for the quantitative validation component, so as to allay possible concerns regarding the reliability and validity of their findings.

6.5.2 Limitations of My Measures of Organizational Form, Deviation, and Contextual Interpretations

Weaknesses inherent in my measures of organizational form, deviation, and subjective contextual interpretations represent the second set of important limitations. Given the multiple parameters of organizational form used in my investigation, resource and practicality considerations prevented me from construct-validating all fifteen features. Although not an overwhelming concern for the vast majority of indicators, for which I had obtained objective measures (such as personnel counts), this is an issue for the perceptual measures of the firms' interpretive schemes. The value orientations of a firm's interpretive scheme were derived solely from a content analysis of the open-ended interview responses. Although I was able to establish the reliability and content validity of these measures, I lacked parallel data with which to assess their construct validity. Future researchers could obtain measures of organizations' interpretive schemes in a more systematic manner through the development of Likert-item scales; after, of course, determining the relevant dimensions of these belief systems through the prior immersion in a focal setting, as was the case in this investigation. The use of such scales may also allay concerns regarding whether the percentage of a founder's interview excerpts coded into a particular category accurately reflects the extent of emphasis placed upon a particular value orientation of the firm's interpretive scheme⁴⁵.

⁴⁵ Although this is a valid concern for both the interpretive scheme measures (i.e., the extent of emphasis on each of the value orientations) and the contextual interpretation measures (i.e., the strength of a founder's pragmatic and moral legitimacy concerns), it does not seem to me that the percentages would be systematically biased in either direction; moreover, these percentages do seem to be adequate measures of a participant's emphasis on a certain value orientation (or contextual interpretation) relative to the other founders in the sample.

The most obvious weakness of my operationalization of organizational deviation pertains to the fact that the deviation weights (i.e., the perceived difference of each indicator of form from that of the dominant template) were calculated from the results of a survey administered to only six industry panelists. Although this small sample size is consistent with related procedures involving multiple, independent, credible judges such as Amabile's (1982) consensual assessment technique, I recommend that future researchers interested in applying my protocol for measuring deviation assemble a larger-sized panel. Doing so should minimize potential concerns about the validity of the deviation weights obtained through these independent evaluators. Nevertheless, in spite of the small sample size, the *r_{WG}* statistics I had calculated indicated that these measures possessed sufficient interrater agreement to deem them common perceptions of the degree to which alternative organizational arrangements differ from those of an industry's dominant template.

My measures of the founders' subjective contextual interpretations also suffer from an important limitation. Rather than asking founders directly about their attitudes towards the pragmatic and moral legitimacy of the legal profession's dominant template, the results of my pilot-testing had indicated that a less direct line of enquiry would have to be adopted. As such, these measures were derived from questions pertaining to the founders' rationales for designing their firms in a certain way. Although the findings revealed that reactions to perceived pragmatic and moral legitimacy were prevalent, it is possible that some participants did not fully express their interpretations of the dominant template along these dimensions in the absence of more direct prompting. Future researchers should thus consider supplementing an open-ended interview design with Likert-type items administered through a follow-up survey. As suggested above, this may also attenuate concerns regarding whether or not the percentage of interview excerpts coded into a particular category accurately reflects the strength of a founder's pragmatic and moral legitimacy concerns (see my previous footnote, however).

6.5.3 Limitations of My Sample

The third set of limitations pertains to the nature of my sample. Because I limited my investigation to a geographically-restricted segment of a single industry—the British Columbia legal profession—the generalizability of my findings is certainly debatable. This is particularly so for the specific characteristics of the commonly-perceived dominant template identified through my research. Given my research design, it is not possible for me to claim that the dominant template uncovered for the province of

British Columbia corresponds completely with that for North American law firms in general.

The fact that my sampling frame had to be extended to firms established as early as 1990 in order to meet minimum sample size requirements raises further issues. For one, the problem of left-censoring has likely over-inflated my findings regarding the extent of new entrant conformity, as it is plausible that firms established early in this time period, which had ceased to exist prior to my investigation, were amongst the more deviant. Extending the sampling frame back to 1990 may have also exacerbated possible problems associated with the data collected through retrospective self-reports. Future research based on real-time, in-depth field studies could correct for both of these limitations of my sampling frame.

The final sampling issue pertains to the relatively small sample size of new entrants. Although I had obtained a fairly high response rate of fifty-seven percent, this nevertheless resulted in only sixty firms upon which to conduct my investigation. This small sample size may have contributed to the modest effect sizes that I obtained for the impact of founder characteristics on new entrant deviation.

6.5.4 Limitations of My Conceptual Framework

A more likely explanation for these modest effect sizes, however, stems from the simplicity of my conceptual framework. For example, I neither developed nor possessed sufficient statistical power to test arguments pertaining to the interaction of founders' objective socialization experiences and subjective contextual interpretations. These more complex effects are likely able to account for additional variation in the extent of deviation exhibited by new entrants. Greenwood & Hinings (1996) presented a similar argument in their discussion of the antecedents of change in existing organizations. Moreover, I did not explore the effects of other individual-level variables, such as demographic characteristics or personality traits, that may drive new entrant deviation either in isolation or mediated by the variables that were the focus of my investigation. Nor did I examine how characteristics of the founding team moderated the relationships between a single founder and the form of the organization, as Boeker (1997) has recently done in his investigation of strategic change in semiconductor firms. Particularly intriguing questions directly related to my study revolve around how the diversity in a founding team's objective socialization experiences and subjective contextual interpretations affects the negotiation and enactment of a new entrant's form. All of these issues represent fascinating theoretical and empirical directions for future re-

search on the evolution of organizational forms, organizational homogeneity versus heterogeneity, and institutional perpetuation versus institutional entrepreneurship.

6.6 IMPLICATIONS AND EXTENSIONS

Despite the above-noted limitations, the results of this study do offer some interesting theoretical implications for both neo-institutional and entrepreneurship research. For instance, although the findings clearly indicate that dominant templates exist in such highly-institutionalized settings as the legal profession, the prevalence with which founders voiced their disenchantment with these prevailing organizational arrangements does raise the question of whether neo-institutionalists have over-emphasized the extent to which these contextually-prescribed frameworks are widely considered to be legitimate means of accomplishing business activity. My research suggests that these dominant templates are *not* impersonal prescriptions (DiMaggio & Powell, 1991: 15) perceived by individuals in an indifferent, dispassionate, and emotionless manner but are instead value-laden typifications capable of provoking affectively-charged attitudes and reactions.

In light of this widespread disenchantment, the low amount of overall deviation exhibited by the vast majority of the law firms in my study certainly attests to the power of isomorphic pressures in such highly-institutionalized settings as the legal profession; more specifically, in this case, to the homogenizing influence of extensive socialization experience in a field's prominent organizations. Although this finding provides empirical support for DiMaggio & Powell's (1983) principle of normative isomorphism, the fact that organizational founders conformed to the dominant template in spite of their doubts about its legitimacy points to the potential for considerable incongruity between the values of powerful actors within an organization and those embedded in the structural arrangements of their firms. Thus, an interesting extension suggested by this dissertation research would be to explore the individual- and organizational-level consequences of alignment and misalignment between the values of individuals within an organization, the values embedded in its structures and practices, and the values underlying an industry's institutionally-prescribed framework.

The findings pertaining to the new entrants that *did* exhibit deviation from the dominant template offer implications for the current discourse on the processes of de-institutionalization. The determinants of deviation found to be significant in my dissertation research suggest that the erosion of institutionalized practices is not solely due to natural entropy (e.g., Zucker, 1987), lack of knowledge of the prevailing framework or

knowledge of alternative frameworks (e.g., Kraatz & Moore, 1998), or doubts about the functionality of prescribed arrangements (e.g., Oliver, 1991, 1992). Rather, accounts of de-institutionalization need to acknowledge the role of individual actors who are knowledgeable about institutional prescriptions and yet have strong affective reactions regarding whether these arrangements are appropriate and right in an ethical sense.

The results of this dissertation research also offer some interesting implications for entrepreneurship theory. The predominance of conformity clearly lends empirical support for the argument that the majority of new organizational entrants to an existing industry are reproducers rather than innovators (Aldrich & Kenworthy, 1988) particularly in such mature settings as the legal profession (cf. Low & Abrahamson, 1997). The finding that most of the recently-established law firms investigated in my study were not entrepreneurial in the Schumpeterian sense—that is, they did not develop new combinations with the potential of revolutionizing the pattern of production in an industry (Schumpeter, 1936)—also adds weight to Shane & Venkataraman's (1999) argument that the creation of a new venture is not equivalent to an act of entrepreneurship.

My findings pertaining to those founders that *did* enact more innovative firms, however, call into the question the dominant view of entrepreneurs as future-oriented individuals (as noted by Baron, 1999) motivated primarily by economic gain. Instead, the results of this dissertation research suggest that these individuals are also strongly influenced by their *past* experiences and are motivated by *moral* considerations—at least when it comes to the creation of novel organizing methods. At present, such themes appear to be under-emphasized in entrepreneurship theory and research.

6.7 CONCLUSION

In summary, a number of conclusions can be drawn from this study of new entrant conformity versus deviation in the British Columbia legal profession. It appears that highly-institutionalized industries do contain commonly-understood templates for organizing—contextually-derived prescriptions to which most, but not all, new entrants tend to conform. Prevailing organizational arrangements do not, however, possess invariant levels of cognitive, pragmatic, or moral legitimacy across organizational actors. Understanding the extent of an organization's conformity or deviation thus requires attention to individual-level factors, such as objective socialization experiences and subjective contextual interpretations.

Consistent with the new institutionalism, it appears that founders with more extensive socialization experience in the prominent organizations comprising the core of a focal industry tend to act in a more passive, scripted, and impartial manner, replicating many features of the dominant template in their own firms. Consistent with the old institutionalism, other founders act in a manner that is more intentional, idiosyncratic, and value-driven, deliberately enacting organizational arrangements in their own firms that depart from the industry norm. However, this interest-seeking behaviour appears to be driven more by ethical rather than instrumental motivations; more specifically, by a desire to resolve the perceived procedural and distributive injustice of existing administrative practices and to create organizations more compatible with personal value systems. Combined, these findings reveal pluralism in the underlying causes of organizational heterogeneity, thereby offering support for Hirsch & Lounsbury's (1997) vision for a more inclusive and integrated institutional perspective. In contrast, they shed some doubt on arguments that organizational variation and the erosion of institutions are purely driven by processes of random emergence and natural entropy.

In sum, institutionally-prescribed templates for organizing do exist as common understandings in an organization's broader environment but they are subjectively perceived by individual actors. Variability in what founders *know* about an industry's rules for organizing, and how they *feel* about them, plays an important role in shaping the extent to which their firms follow versus break with precedent.

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APPENDICES

APPENDIX 3.1:

Panelist Questionnaire (Form A)

Validation of the Normative Organizational Form for the BC Legal Profession

STEP 1: In this first phase of data collection from our expert panelists, we are interested in determining what the norm is for the BC legal profession on a number of dimensions of organizational form. Please take a few moments to envision how the dominant law firms in the industry are structured and managed.

STEP 2: For each dimension of organizational form listed below, please rank order the alternatives presented in column 2 in terms of how closely they resemble the industry standard. For example, for the dimension labeled Governance, you would rank partnership as #1 if you believe this is the normative form of governance for the BC legal profession; solo practice as #2 if you believe this is the next most common form of governance; and office-sharing arrangement as #3 if you believe this is the least dominant form of governance.

Dimension	Alternatives	Rank (1=most typical, 2=next most typical, etc)
Structure		
Governance	a) Solo practice b) Office-sharing arrangement c) Partnership	a) b) c)
Decision-making		
Collegiality of decision-making processes	a) Very directive majority of major decisions made by only one partner b) Moderately directive some major decisions made by individual partners, others made jointly c) Moderately collegial majority of major decisions made by committees of partners d) Very collegial majority of major decisions made by all partners	a) b) c) d)

Dimension	Alternatives	Rank (1=most typical, 2=next most typical, etc)
Recruitment		
Preferred level of prior work experience for newly-hired associates	a) Articling experience only b) Prior associate experience c) No preference will hire associates with either articling or prior associate experience, depending on needs of firm	a) b) c)
Primary hiring criteria for associates	a) Legal ability b) Business ability c) Personality compatibility	a) b) c)
Promotion		
Preferred method of admitting partners	a) Promoting from within admitting those who have previously been associates with firm b) Cherry -picking from outside admitting those who have not worked for firm c) No preference will either promote from within or cherry-pick from outside, depending on needs of firms	a) b) c)
Primary admission criteria for partners	a) Legal ability b) Business ability c) Personality compatibility	a) b) c)
Compensation		
Partner compensation	a) Equal system all partners remunerated the same amount regardless of seniority or performance b) Lockstep system based on seniority c) Point system based primarily on criteria other than business performance d) Point system based primarily on business performance e) Eat-what-you-kill system	a) b) c) d) e)
Associate compensation	a) Salary b) Hourly wage c) Salary plus percentage of revenue generated d) Percentage of revenue generated only	a) b) c) d)

Dimension	Alternatives	Rank (1=most typical, 2=next most typical, etc)
Monitoring		
Frequency of monitoring progress towards quantitative targets such as billings	a) Quarterly b) Monthly c) Weekly d) More than once a week	a) b) c) d)
Tolerance of failure to achieve quantitative targets	a) Very low failure to meet targets is grounds for dismissal b) Low underachiever is penalized monetarily c) Moderate actions taken to determine cause & correct problem d) High brought to underachiever's attention but no corrective action taken	a) b) c) d)

STEP 3: Please indicate whether any of the following arrangements are the norm for the BC legal profession. For example, if you believe that the dominant firms in the industry tend to have different categories of partnership, you would place a check mark in the first cell in column 2; if not, you would leave the cell blank.

Arrangement	Characteristic of norm
Positions for lawyers	
Different categories of partners (eg, equity versus non-equity)	
Different types of associates (eg, partner-track versus non-partner track)	
Articling positions	
Associate counsel positions	
Contract positions	
Managerial positions for non-lawyers	
Office manager	
Accountant/bookkeeper	
Divisional supervisors	
Type of quantitative targets or quotas	
Billable hours	

Arrangement	Characteristic of norm
Billings	
Number of new clients	
Collections	
Level at which quantitative targets set	
Partners	
Other lawyers	
Practice groups or divisions	
Firm	
Support for family obligations	
Extended maternity leave	
Paternity leave	
Family leave	
Childcare benefits	
Alternative work arrangements for lawyers	
Part-time positions for partners	
Part-time positions for other lawyers	
Sabbaticals	
Telecommuting	
Job-sharing	
Alternative work arrangements for support staff	
Reduced work week	
Flexible hours	
Telecommuting	
Job-sharing	

STEP 4: Please indicate your perception of the industry norm for the following numerical aspects of organizational form. For example, if you believe that the dominant firms in the industry tend to have approximately 1.5 associates per partner, you would enter 1.5 in the first cell in column 2.

Dimension of organizational form	Norm
Number of associates per partner	
Number of support staff per lawyer	
Typical weekly hours (including weekends) worked by partners	
Typical weekly hours (including weekends) worked by associates	

STEP 5: Please indicate your perception of the industry norm for the following aspects of a firm's belief system. For example, if you believe that the dominant firms in the industry tend to place a very high emphasis on business values, you would circle the number 5 in the first row.

Aspect of firm's belief-system	Very low	Low	Moderate	High	Very high
Extent to which firm emphasizes business values (eg, efficiency, effectiveness, and competitiveness)	1	2	3	4	5
Extent to which firm emphasizes professional values (eg, autonomy, democracy, and the provision of justice)	1	2	3	4	5
Extent to which firm views lawyers as businesspeople (ie, providers of profitable, value-added client service)	1	2	3	4	5
Extent to which firm views lawyers as professionals (ie, possessors of esoteric knowledge, representatives of public interests, and providers of justice)	1	2	3	4	5

STEP 6: Thank you very much for taking the time to complete this first expert panelist form. Please fax the completed form to Jennifer Cliff at 822-8517 by Friday April 9th. We will fax you the second expert panelist form as soon as we have summarized the information from this first phase of data collection, and will mail you the gift certificate once we have received your completed second form. We greatly appreciate your involvement as one of our expert panelists!

APPENDIX 3.2:

Semi-Structured Interview Guide

Do you think that there is an industry norm for:

1. The types and structure of positions in most firms? Yes ____ No ____
Don't know ____

If yes: A. What are the typical types & structure of positions?

2. The recruitment & promotion practises of most firms? Yes ____ No ____
Don't know ____

If yes: A. What are the typical recruitment & promotion practises?

3. The compensation policies in most firms? Yes _____ No _____ Don t know _____

If yes: A. What are the typical compensation policies?

4. The performance evaluation procedures in most law firms? Yes _____ No _____
Don t know _____

If yes: A. What are the typical performance evaluation procedures?

5. The work arrangements in most law firms? Yes _____ No _____ Don t know _____

If yes: A. What are the typical work arrangements?

6. The guiding philosophy or values of most law firms? Yes ____ No ____
Don't know ____

If yes: A. What are the typical philosophies or values?

Are you aware of any innovative structures or management practices emerging in the profession? Y / N

If yes:

A. What are the emerging structures or practices?

B. Why do you think that these changes are taking place?

APPENDIX 4.1:

Introductory Letter To Founders

Date

Founder Name

Firm Name

Firm Address

Dear Founder Name:

I am a Ph.D. candidate in the Faculty of Commerce at the University of British Columbia researching the emergence of novel organizational structures and management practices. I believe law firms represent a particularly fascinating set of organizations for my study, given the recent changes that are occurring in the legal profession. I am interviewing founders of law firms established in British Columbia in the nineties to learn more about how the people within the firm are organized and managed.

I would like to request your participation in my study. The interview takes about an hour to complete, and will be scheduled at the time and place of your convenience. All responses will remain confidential and very personal questions (such as profit, revenue, or salary levels) will not be asked. To help expedite the interview, a brief background questionnaire can be faxed to you in advance. Upon completing my analysis, I would be happy to provide you with a summary of my results.

If you are one of the founders of this firm and are interested in participating - or have any questions about my research - you can reach me or my assistant, Jennifer Shecter, at 822-6100. (You may also contact my research supervisor, Professor Nancy Langton, at 822-8393.) If you are not a founder of this firm, I would be most grateful if you could pass this letter on to the appropriate person. If we have not heard from you within ten days, we will follow-up by phone.

I would greatly appreciate the opportunity to learn about your firm's internal structure and management practices. Your participation in my study will be an important contribution in identifying new organizational designs that are relevant not only to the legal community in particular, but also to professional service firms in general. I look forward to meeting you.

Yours truly,

Jennifer E. Cliff
Ph.D. Candidate

APPENDIX 4.2:

Telephone Script

Ask to speak to person to whom introductory letter addressed:

Hello, my name is Jennifer Shecter from the Faculty of Commerce at UBC. I'm calling to follow up on the letter Jennifer Cliff sent you last week regarding our study of the management structure of law firms. The study consists of completing a brief faxed questionnaire and then a personal interview with Jennifer, which would be scheduled at the time and place of your convenience and would last about an hour. Would you be interested in participating?

Responses to possible objections:

No time: offer a breakfast or lunch meeting (on us), early evening, weekend

Not interested: ask for the name of another founding partner who may be interested in speaking with us. We are particularly interested in hearing from female partners

If agrees to be interviewed:

Determine whether firm and partner meets the eligibility requirements by asking:

Before we proceed, I need to ask you a few preliminary questions to determine whether you meet the study's eligibility criteria.

1. Was the firm established prior to 1990?
2. Was it established as a branch office of an existing firm?
3. Did the firm result from a merger or acquisition?
4. Including yourself, are there fewer than 5 people currently working for your organization (include ft/pt/contract partners, other lawyers, support staff & others)?
5. Would you say you've been highly involved in decisions about the organization and management of the firm, particularly in human resource issues like recruitment, compensation, motivation and goal setting?

Not highly involved in organization & management issues: Would you mind passing me on to a partner who has assumed a key role in these matters?

As soon as a yes given to any of the above (firm is not eligible, exc. #5):

Thank you so much for expressing interest in our study. Unfortunately, your firm does not meet the eligibility criteria at this time. We appreciate the time you have given us.

If no to all of the above (firm is eligible):

1. Set date, time, place (confirm address) and name of interviewer
2. State background survey will be faxed

If request further information:

Approximate time: one hour

Types of questions: 1) firm's size, structure, & human resource practices (e.g., recruitment, motivation, and compensation); factors affecting the chosen internal design; founder's background (e.g., work experience, education); 2) questions about revenue, profit, and salary levels will not be asked

Benefit to participant: 1) will receive summary report describing emerging trends in the organization and management of law firms; 2) will be contributing to increased understanding of the changes taking place in the legal profession, why they are occurring, and which changes will ultimately lead to better performance

Importance of research: professional service firms in general, and law firms in particular, are undergoing a transformation it is important that we better understand the nature of the changes that are taking place, why they are occurring, and which changes will ultimately lead to better performance

How findings will be used: 1) will form empirical chapter of JC's doctoral dissertation on the emergence of novel organizational forms; 2) will disseminate descriptive summary of emerging trends to research participants, the BC Continuing Legal Education society, and possibly the Canadian Bar Association and other provincial law societies; 3) will present findings at business & legal academic conferences and publish results in academic business & legal journals

APPENDIX 4.3:

Preliminary Background Questionnaire For New Entrants

Questions 1-10 pertain to your firm's services.

1. Would you characterize the firm as a:

General practice _____

Boutique _____

Other (please describe) _____

2. What type of work is the firm primarily involved in (check all that apply):

Litigation _____

Solicitor's work _____

Arbitration/administrative board _____

Other (please specify) _____

3. What are the firm's primary areas of practice (check all that apply):

Administrative _____

Corporate/Commercial _____

Criminal _____

Family _____

Labour _____

Personal Injury _____

Real Estate _____

Securities _____

Taxation _____

Wills/Estates _____

Other (please specify) _____

4. Does your firm offer any professional services other than legal advice?

Yes / No

If yes:

What type (check all that apply)?

Accounting _____

IT consulting _____

General management consulting _____

Other (please specify)

5. Approximately what percentage of the firm's time is spent representing:

Organizational clients _____ %

Individual clients _____ %

6. Approximately what percentage of the firm's revenue comes from:

Organizational clients _____ %

Individual clients _____ %

7. Have you opened any branch offices?

Yes / No

If yes:

How many have you opened:

In BC _____

In other provinces _____

In the United States _____

Outside North America _____

8. Are you formally affiliated with any other law firms (i.e., those with whom you have reciprocal referral obligations)?

Yes / No

If yes: With how many firms? _____

9. Are you formally affiliated with any non-law professional service firms?

Yes / No

If yes:

With what type of firms?

With how many firms? _____

10. Approximately what percentage of the firm's time, if any, is spent on *pro bono* work?

_____ %

Questions 11-15 pertain to your firm's employees.

11. How many partners have left the firm since it was founded?

_____ partners

12. *Excluding partners*, how many lawyers have left the firm since it was founded?

_____ lawyers

13. How many non-lawyer employees have left the firm since it was founded?

_____ non-lawyer employees

14. What do you consider to be an ideal lawyer-to-partner ratio?

_____ lawyers per partner

15. What do you consider to be an ideal support-to-lawyer ratio?

_____ support staff per lawyer

Questions 16-19 pertain to the firm's targets.

16. Does your firm set any of the following types of targets or quotas for *partners*?

Billable hours Yes / No

Value of billings Yes / No

Number of new clients Yes / No

Other targets Yes / No

If other targets, please specify:

17. Does your firm set any of the following types of targets or quotas for *other lawyers*?

Billable hours	Yes / No / NA
Value of billings	Yes / No / NA
Number of new clients	Yes / No / NA
Other targets	Yes / No / NA

If other targets, please specify:

18. Does your firm set any of the following types of targets or quotas for *practice teams*?

Billable hours	Yes / No / NA
Value of billings	Yes / No / NA
Number of new clients	Yes / No / NA
Other targets	Yes / No / NA

If other targets, please specify:

19. Does your firm set any of the following types of targets or quotas *at the firm level*?

Billable hours	Yes / No
Value of billings	Yes / No
Number of new clients	Yes / No
Other targets	Yes / No

If other targets, please specify:

Questions 20-25 pertain to your hours of work.

20. Approximately how many billable hours did you record in the last fiscal year?

_____ hours

21. Compared to the industry average, would you say that you billed:

More hours _____

Fewer hours _____

About the same # of hours _____

Don t know _____

22. Compared to yourself, did most of the other *partners* in your firm bill:

More hours _____

Fewer hours _____

About the same # of hours _____

Don t know _____

N/A Don t have other partners _____

23. Compared to yourself, did most of the other *lawyers* in your firm bill:

More hours _____

Fewer hours _____

About the same # of hours _____

Don t know _____

N/A Don t have other lawyers _____

24. On average, how many hours do you work for the firm regardless of location:

During the week (Mon-Fri): _____ hours

On the weekend: _____ hours

25. Compared to the industry average, would you say that you tend to work:

More hours _____

Fewer hours _____

About the same # of hours _____

Don t know _____

26. Compared to yourself, do most of the other *partners* in your firm tend to work?

More hours _____

Fewer hours _____

About the same # of hours _____

Don't know _____

N/A Don't have other partners _____

27. Compared to yourself, do most of the other *lawyers* in your firm tend to work?

More hours _____

Fewer hours _____

About the same # of hours _____

Don't know _____

N/A Don't have other lawyers _____

Question 28 pertains to the firm's work arrangements and benefits.

28. Does your firm offer any of the following work arrangements or benefits?

Compressed work week Yes / No

Telecommuting/home office Yes / No

Job sharing/pooling Yes / No

Sabbaticals Yes / No

Extended maternity leave Yes / No

Paternity leave Yes / No

Paid family leave days Yes / No

Child care benefits Yes / No

Day care facilities Yes / No

Questions 29-31 pertain to management training, seminars, and consulting.

29. Have any of the following received formal management training since joining the firm?

Partners Yes / No / NA

Lawyers Yes / No / NA

Other employees Yes / No / NA

If other employees, please specify titles:

30. Have you attended any seminars on the organization or management of law firms, either prior to or since founding this firm?

Yes / No

31. Have you retained any consultants to assist with the firm's organization or management?

Yes / No

Questions 32 - 40 pertain to your own background.

32. What degrees do you possess?

LLB ____ LLM ____ BComm ____ MBA ____

Other (please specify) _____

33. What year were you called to the Bar in BC? _____

34. Are you called in any other provinces?

Yes / No

If yes: Where and when were you called?

Province: _____ Year: _____

Province: _____ Year: _____

APPENDIX 4.4:

Interview Guide

Thanks so much for agreeing to participate in our study of law firms in BC.

If questionnaire faxed back: Thanks also for faxing us the background questionnaire in advance. I hope it didn't take too long to complete. I'd just like to quickly confirm x responses with you before we begin the interview (INTERVIEWER: Ask questions with missing/unclear responses).

If questionnaire not faxed back: Have you had a chance to complete the background questionnaire that we had faxed to you earlier? *If yes:* Great. I hope it didn't take too long to complete. Do you mind handing it to me so that I can refer to some of your responses during the interview? *If no:* Would you mind filling it out after our interview and faxing it back to me?

SECTION A: START-UP

Let's get started. As Jennifer mentioned over the phone, I'd like to talk with you today to learn more about how your firm is organized and managed. I'll be asking some fairly specific questions in a bit, but I'd like to begin with some more general questions about how the firm came to be. Please rest assured that your responses will be kept completely confidential - neither your name nor that of your organization appears anywhere on this interview guide.

1. In what month and year was your organization founded?

Month _____ Year _____

2. Is it structured as a:

Sole proprietorship _____

Partnership _____

Corporation _____

Office-sharing arrangement _____

Other (please describe)

If office-sharing or other arrangements:

INTERVIEWER: Mention that in the remainder of the interview, the term firm should be interpreted as the entire office, and the term partners should be interpreted as the individuals with whom the participant entered into an office-sharing or other arrangement.

3. Including yourself, how many partners founded the firm? _____
4. Of these, how many were women? _____
5. Why did you decide to start this firm?
6. *If mention prior experience:* Was there anything in particular about your prior experience that motivated you to start your own firm?

7. What sort of firm are you trying to create what is its guiding philosophy or mission?

8. When the firm was founded, do you recall having an overarching vision for how the people within the firm would be organized and managed? Y / N

If had initial vision:

A. Can you describe this vision?

B. Was this vision influenced at all by your prior experience? Y / N

C. *If yes:* In what sense? (If discontent mentioned, probe for source e.g., injustice, image-incompatibility, inefficiency)?

D. *If no:* How did you come up with this vision?

If didn't have initial vision:

E. In general, what motivated you to develop the internal structure and management practices that you have? For example, were you motivated to do things differently from the previous firm you worked for or from other firms in general?

SECTION B: INTERNAL STRUCTURE

I'd like to turn now to some more specific questions about the number of people in your firm and how they are organized.

9. Including yourself, how many partners does the firm have now? _____
10. Of these, how many are women? _____
11. Do any of the partners work part-time? Y / N A. *If yes:* How many? _____
12. *If firm has more than one partner:* Do you have different levels or types of partnership, such as junior & senior or equity & non-equity partners? Y / N / NA

If yes:

A. What are the different levels of partnership?

Position 1: _____ # partners: _____ # women: _____

Position 2: _____ # partners: _____ # women: _____

Position 3: _____ # partners: _____ # women: _____

B. What is the main distinction between partners at different levels?

13. Are decisions about the firm's organization and management, such as compensation and hiring & firing, primarily made by:

All partners _____

Managing partner _____

Management committees _____

Other (please describe) _____

14. Are these sort of decisions typically made in: formal partnership meetings _____ or in a more informal, ad hoc basis _____?

15. *If firm has different levels of partnership:* Are there any type of decisions that the lower-level partners are not involved in? Y / N / NA

If yes:

A. What type of decisions?

16. Excluding partners, how many lawyers currently work for the firm? _____

17. Of these, how many are women? _____

18. Do any of the lawyers work part-time? Y / N A. *If yes:* How many? _____

19. Of the total # of non-partner lawyers, how many are:

Associates _____

Articling students _____

Associate counsel _____

Other lawyers _____ (specify titles) _____

20. *If firm has associates:* Other than by year of call, do you distinguish between different levels or types of associates, such as partner-track & permanent?

Y / N / NA

If yes:

A. What are the different types of associates?

Position 1: _____ # associates: _____

Position 2: _____ # associates: _____

Position 3: _____ # associates: _____

21. How many non-lawyer employees currently work for the firm? _____

22. Of these, how many are:

Clerical support staff (e.g., receptionists, secretaries) _____

Paralegals/legal assistants _____

Managerial/administrative _____

(specify titles) _____

23. Are the people in your firm organized into different practice groups or divisions?

Y / N

If yes:

A. What are the names of these groups or divisions?

B. On average, how many levels are there within each division? _____

24. In designing the types and structure of positions in this firm, were you purposely trying to do things differently from your prior experience at all? Y / N

If yes:

A. In what sense? (If discontent mentioned, probe for source e.g., injustice, image-incompatibility, inefficiency)?

If no:

B. How did you come up with the type and structure of positions that you have?

25. On a scale of 1 to 10, where 10 is very different, how different do you think the types and structure of positions are in this firm compared to the industry norm?

SECTION C: HUMAN RESOURCE PRACTICES

Recruitment & Promotion Policies

My next set of questions has to do with the firm's recruitment and promotion policies.

26. Have you hired, or are do you plan on hiring, associates? Y / N

If yes:

- A. Do you prefer to hire associates who: have just finished their articling period _____ or those who already have associate experience _____?
- B. What are the primary criteria by which you would evaluate potential associates (PROBE for definition of fit if mentioned)?

If no:

- C. Why don't you want to hire any associates?

27. Have you admitted anyone to partnership since founding the firm, or do you plan on admitting anyone to partnership in the future? Y / N

If yes:

- A. Do you prefer to admit individuals who have previously been associates with your firm? Y / N
- B. What are the primary factors that are taken into account when considering someone for partnership (PROBES: How important are rainmaking skills? If have part -time associates, would they be considered? Ask for definitions of fit or commitment , if mentioned)?
- C. What percentage of the associates do you anticipate admitting to partnership?
_____ %

If no:

- D. Why don t you want to admit anyone else to partnership?

28. In designing the recruitment and promotion practices of this firm, were you purposely trying to do things differently from your prior experience at all? Y / N

If yes:

- A. In what sense? (If discontent mentioned, probe for source e.g., injustice, image-incompatibility, inefficiency)?

If no:

- B. How did you come up with the recruitment and promotion practices that you have?

29. On a scale of 1 to 10, where 10 is very different, how different do you think the recruitment and promotion practices of this firm are compared to the industry norm? _____

Compensation Policies

My next set of questions has to do with the firm's compensation policies. Let's start with the partners.

30. *If firm has more than one partner (see Q9 on page 3):* How are the partners compensated?

Lockstep system: All partners within same level compensated equally _____

Formula system: Each partner compensated according to elements of performance _____

Equal system: All partners receive equal remuneration _____

Democratic system: Each partner votes on what other partners should receive _____

Eat what you kill system: Each partner gets revenue from own work less expenses _____

Other: _____

If lockstep:

A. What are the levels based on (e.g., year of call, billings)?

B. How closely are these guidelines followed: Are they strictly applied or negotiated?
Are any exceptions made? On what grounds?

If formula:

- C. What are the elements of the formula (PROBES: Billable hours, rainmaking, seniority? Are any subjective criterion taken into account, such as associate training? Are there any team- or firm-based aspects to the compensation formula?)

- D. How closely are these guidelines followed: Are they strictly applied or negotiated? Are any exceptions made? On what grounds?

If other:

- E. Can you please describe how the partners are compensated?

- F. *If applicable:* How closely are these guidelines followed: Are they strictly applied or negotiated? Are any exceptions made? On what grounds?

31. *If firm has other lawyers (see Q19 on page 4):*

A. How are the various types of lawyers in your firm compensated (circle all that apply)?

Position 1 _____: wage salary % of billings other _____

Position 2 _____: wage salary % of billings other _____

Position 3 _____: wage salary % of billings other _____

B. *If salary:* What are the salary levels of different lawyers based on (e.g., equal, year of call)?

C. Do any lawyers receive profit-sharing or bonuses (circle all that apply)?

Position 1 _____: profit-sharing bonus

Position 2 _____: profit-sharing bonus

Position 3 _____: profit-sharing bonus

D. *If profit-sharing or bonuses:* What is an individual's amount based on (e.g., equal, achieving targets)?

32. *If firm has non-lawyer employees (see Q22 on page 4):*

A. How are the various types of non-lawyer employees compensated (circle all that apply)?

Position 1 _____:wage salary % of billings other _____

Position 2 _____:wage salary % of billings other _____

Position 3 _____:wage salary % of billings other _____

B. Do any of them receive profit-sharing or bonuses (circle all that apply)?

Position 1 _____:profit-sharing bonus

Position 2 _____:profit-sharing bonus

Position 3 _____:profit-sharing bonus

C. *If profit-sharing or bonuses:* What is an individual's amount based on (e.g., equal, tenure, performance)?

33. Is anyone formally compensated with any non-monetary rewards, such as time off? Y / N

A. *If yes:*

Type of monetary reward: _____ position available to: _____

Type of monetary reward: _____ position available to: _____

Type of monetary reward: _____ position available to: _____

34. In designing the compensation policies of this firm, were you purposely trying to do things differently from your prior experience at all? Y / N

If yes:

A. In what sense? (If discontent mentioned, probe for source e.g., injustice, image-incompatibility, inefficiency)?

If no:

B. How did you come up with the compensation policies that you have?

35. On a scale of 1 to 10, where 10 is very different, how different do you think your firm's compensation policies are from the industry norm? _____

Performance Evaluation Procedures

My next set of questions has to do with the firm's performance evaluation procedures.

36. Does the firm set any quantitative targets, such as billable hours or billings quotas?
Y / N

(INTERVIEWER: please describe in margin)

If yes:

- A. How often is progress towards these targets monitored?
- B. What actions would be taken if someone failed to achieve the target?

If yes:

- C. Was your decision to set quantitative targets influenced by your prior experience in any way?

Y / N

D. *If yes:* In what sense?

E. *If no:* Why did you decide to establish quantitative targets?

If no:

F. Was your decision to not set quantitative targets influenced by your prior experience in any way? Y / N

G. *If yes:* In what sense?

H. *If no:* Why did you decide not to set quantitative targets?

37. Is the performance of any employees formally evaluated in any other ways, such as by a formal performance appraisal? Y / N

If yes:

A. What are these other formal evaluation methods & who receives them?

38. On a scale of 1 to 10, where 10 is very different, how different do you think your firm's evaluation procedures are from the industry norm? _____

Work Arrangements

My next set of questions has to do with the firm's work arrangements.

39. Does the firm offer any unusual work arrangements, such as job-sharing, reduced work weeks, or telecommuting INTERVIEWER: Note details in margin)? Y / N

If yes:

A. Was your decision to introduce these work arrangements influenced by your prior experience in any way? Y / N

B. *If yes:* In what sense?

C. *If no:* What motivated you to offer the work arrangements that you have?

If no:

D. Was your decision not to offer these type of unusual work arrangements influenced by your prior experience in any way? Y / N

E. *If yes:* In what sense?

F. *If no:* Why did you decide not to offer these work arrangements?

40. On a scale of 1 to 10, where 10 is very different, how different do you think your firm's work arrangements are from the industry norm? _____

41. Besides those that we've already discussed, are there any other elements of your firm's internal design that are quite different from other law firms? Y / N

If yes:

A. What are these unique or innovative elements?

B. In developing these elements of your firm's internal design, were you purposely trying to do things differently from your prior experience at all? Y / N

C. *If yes:* In what sense? (If discontent mentioned, probe for source e.g., injustice, image-incompatibility, inefficiency)?

D. *If no:* How did you come up with these innovative elements?

SECTION D: EVOLUTION OF FIRM'S INFRASTRUCTURE

Now I'd like to ask you some more general questions about the evolution of the firm's internal design.

42. When you were deciding upon the firm's structure and human resource practices, did you consider any alternatives to what you have now? Y / N

If yes:

A. What alternatives did you consider?

B. Why did you decide not to implement these alternative structures or practices?

43. On a scale of 1 to 10, where 10 is very highly motivated, how motivated were you to create structures and human resource practices that differed from what you experienced in your prior positions? _____
44. On a scale of 1 to 10, where 10 is very highly motivated, how motivated were you to create structures and human resource practices that differed from those found in most other law firms in BC? _____

45. Have there been any major changes to the way your firm is organized or managed since it was founded?

Y / N

If yes:

A. What changes have taken place?

B. Why did these changes take place? (PROBES: For example, did you face any objections from other partners or lawyers? Any pressure to structure your firm in a more traditional manner? Any concerns about inefficiency or ineffectiveness?)

46. Are you considering any major changes to the way your firm is organized or managed?
Y / N

If yes:

- A. What changes are you considering?
- B. Why are you considering these changes? (PROBES: For example, are you facing any objections from other partners or lawyers? Any pressure to structure your firm in a more traditional manner? Any concerns about inefficiency or ineffectiveness?)

- 46C. In terms of the way this firm is run, is there anything that you re doing now that you know is either inefficient or unprofitable but that you are unwilling to change? Y / N

If yes:

- D. What aspects are these?

E. Why don t you want to change them?

47. How large would you like the firm to become, in terms of the # of partners & lawyers?

48. Why don t you want to get any larger?

49. Did the firm make a profit in the last fiscal year? Y / N

SECTION E: FOUNDER'S WORK EXPERIENCE

I'd like to switch gears somewhat and ask you a little bit about your prior experience.

50. Prior to founding this firm, have you held any other positions, either law-related or not?

Y / N

If yes:

A. What are the three most recent positions that you've held?

Position (e.g., article, (associate, partner)	# of years	Type of organization (e.g., law, govt, corp)	Same firm	Size (# of ee s)	org
_____	_____	_____	Y / N	_____	
_____	_____	_____	Y / N	_____	
_____	_____	_____	Y / N	_____	

51. Would you mind taking a few moments to answer some written questions about your current and prior work experience? (INTERVIEWER: Hand attached page to participant and have him/her circle appropriate responses, explaining that 1=SD & 5=SA. If participant has no prior experience, ask him/her to complete section I only) _____ completed

51A. Thanks so much for completing those for me. I have one last question about yourself:

Do you consider yourself to be more of a lawyer than an businessperson, or the other way around more of a businessperson than a lawyer?

SECTION F: ARCHETYPAL AND EMERGENT INFRASTRUCTURES

(INTERVIEWER: Ask this section only if have time remaining in the interview). My final set of questions has to do with the legal profession in general in BC. _____ asked questions
_____ no time to ask

52. Do you think that there is an industry norm for:

1. The types and structure of positions in most firms? Yes _____ No _____ Don't know _____

If yes: A. What are the typical types & structure of positions?

2. The recruitment & promotion practises of most firms? Yes _____ No _____
Don't know _____

If yes: A. What are the typical recruitment & promotion practises?

3. The compensation policies in most firms? Yes _____ No _____ Don t know _____

If yes: A. What are the typical compensation policies?

4. The performance evaluation procedures in most law firms? Yes _____ No _____
Don t know _____

If yes: A. What are the typical performance evaluation procedures?

5. The work arrangements in most law firms? Yes _____ No _____ Don t know _____

If yes: A. What are the typical work arrangements?

6. The guiding philosophy or values of most law firms? Yes ____ No ____
Don't know ____

If yes: A. What are the typical philosophies or values?

SECTION G: CONCLUSION & REQUEST FOR INFORMATION

53. Are you aware of any innovative structures or management practices emerging in the profession? Y /N

If yes:

C. What are the emerging structures or practices?

D. Why do you think that these changes are taking place?

54. Are you aware of any innovative law firms in BC that I should approach about participating in my research? Y / N

If yes:

A. What are the names of these firms?

55. Do you have a business card that I could take with me? _____ attached

56. Are there any other materials, such as a recruiting brochure, that I could take with me?
(specify below):

_____ attached

_____ attached

SECTION G: INTERVIEWER OBSERVATIONS

57. Gender of participant: Male / Female

58. Location of office:

A. City _____ Province _____

B. Downtown _____ Midtown _____ Suburbs _____

59. Observations of physical premises:

- A. Who greeted you prior to meeting with participant (e.g., receptionist, personal secretary)?
- B. Where did the interview take place (e.g, boardroom, personal office)?
- C. What type of office does the participant have relative to the others (e.g, private/group, corner/other, window/windowless)?
- D. What sort of workspace arrangement is there in general (e.g., private/cubicles/open-concept)?
- E. How would you describe the firm's décor and type of image that is being projected?
(INTERVIEWER: If appropriate, make a casual comment to participant about décor upon leaving & note response)

60. Interesting highlights of interview for personalizing thank you letter:

61. Gut reaction regarding story behind evolution of firm s infrastructure:

62. Gut reaction regarding type of deviation (1=replication, 2=dilution, 3=translation, 4=synthesis, 5=rebellion):

63. Date of interview: _____

64. Start time: _____ end time: _____ total minutes: _____

65. Interviewer name: _____

APPENDIX 4.5:

Panelist Questionnaire (Form B)

BC Legal Profession Organizational Form Deviation Assessment

STEP 1: Based on the first phase of data collection from our industry experts, we have identified the commonly-held perception of the dominant organizational form for the BC legal profession (see column 1). In this second phase, we would like to obtain your assessment of the extent to which alternative arrangements differ from the norm. For each alternative listed in column 2, please indicate the extent to which you believe it differs from the norm presented in column 1. For example, for the dimension labeled Governance structure, you are to evaluate how different both solo practice and office-sharing arrangement are from partnership. For instance, you would circle the number 5 if you believe that the difference between a solo practice and a partnership is very large; and you would circle the number 1 if you believe that the difference between an office-sharing arrangement and a partnership is very small. It is very important that you rate the alternatives relative to the commonly agreed-upon norm presented in column 1 rather than what you personally believe the norm is for that dimension. A completed form should have one of the numbers circled in each row of numbers that is presented.

		<i>Degree of difference between alternative and norm</i>				
Industry norm for dimension	Alternatives	Very small	Small	Moderate	Large	Very large
Governance structure						
Partnership	Solo practice	1	2	3	4	5
	Office-sharing arrangement	1	2	3	4	5
Positions for lawyers						
Only one category of partner and one category of associate	Different categories of partners (eg, equity vs non-equity)	1	2	3	4	5
	Different categories of associates (eg, partner-track vs non-partner track)	1	2	3	4	5

		<i>Degree of difference between alternative and norm</i>				
Industry norm for dimension	Alternatives	Very small	Small	Moderate	Large	Very large
No positions other than partners, associates, & articles for lawyers	Associate counsel positions	1	2	3	4	5
	Contract positions	1	2	3	4	5
	No associate positions	1	2	3	4	5
	No articling positions	1	2	3	4	5
Managerial positions for non-lawyers						
Office manager Accountant/bookkeeper	Divisional supervisor	1	2	3	4	5
	No office manager	1	2	3	4	5
	No accountant/bookkeeper	1	2	3	4	5
Decision-making processes						
Moderately collegial majority of major decisions made by committees of partners	<i>Very directive</i> majority of major decisions made by only one partner	1	2	3	4	5
	<i>Moderately directive</i> some major decisions made by individual partners, others made jointly	1	2	3	4	5
	<i>Very collegial</i> majority of major decisions made by all partners	1	2	3	4	5
Recruitment of associates						
Prefer to hire associates with prior associate experience	Prefer to hire associates with articling experience only	1	2	3	4	5
	No preference will hire associates with either articling or prior associate experience, depending on needs	1	2	3	4	5
Hiring decisions based primarily on: Legal ability	Business ability	1	2	3	4	5
	Personality compatibility	1	2	3	4	5

		<i>Degree of difference between alternative and norm</i>				
Industry norm for dimension	Alternatives	Very small	Small	Moderate	Large	Very large
Promotion to partnership						
Prefer to promote from within, admitting partners who have previously been associates with firm	Prefer to admit partners by cherry-picking from other firms	1	2	3	4	5
	No preference will either promote from within or cherry-pick from outside, depending on needs	1	2	3	4	5
Partnership admission decision based primarily on: Business ability	Legal ability	1	2	3	4	5
	Personality compatibility	1	2	3	4	5
Compensation						
Partners compensated by a: <i>Point system</i> based primarily on business performance	<i>Equal system</i> partners receive same amount regardless of seniority or performance	1	2	3	4	5
	<i>Lockstep system</i> based on seniority	1	2	3	4	5
	<i>Point system</i> based primarily on criteria other than business performance	1	2	3	4	5
	<i>Eat-what-you-kill system</i> partners receive own billings less expenses	1	2	3	4	5
Associates compensated by: Salary	Hourly wage	1	2	3	4	5
	Salary plus percentage of revenue	1	2	3	4	5
	Percentage of revenue generated only	1	2	3	4	5
Monitoring						
Types of quantitative targets: Billable hours & billings	Number of new clients	1	2	3	4	5
	Collections	1	2	3	4	5
	No billable hours targets	1	2	3	4	5
	No billings targets	1	2	3	4	5

		<i>Degree of difference between alternative and norm</i>				
Industry norm for dimension	Alternatives	Very small	Small	Moderate	Large	Very large
Targets set at levels of: Partners, other lawyers, & firm	Practice group or division	1	2	3	4	5
	No targets for partners	1	2	3	4	5
	No targets for other lawyers	1	2	3	4	5
	No targets for firm	1	2	3	4	5
Progress towards quantitative targets monitored: Monthly	Quarterly	1	2	3	4	5
	Weekly	1	2	3	4	5
	More than once a week	1	2	3	4	5
Tolerance of failure to achieve quantitative targets: <i>Moderate</i> actions taken to determine cause & correct problem	<i>Very low</i> failure to meet targets is grounds for dismissal	1	2	3	4	5
	<i>Low</i> underachiever is penalized monetarily	1	2	3	4	5
	<i>High</i> brought to underachiever's attention but no corrective action taken	1	2	3	4	5
Support for family obligations						
<i>Type of support: None</i>	Extended maternity leave	1	2	3	4	5
	Paternity leave	1	2	3	4	5
	Family leave	1	2	3	4	5
	Childcare benefits	1	2	3	4	5
Alternative work arrangements						
<i>Alternative work arrangements for lawyers: None</i>	Part-time positions for partners	1	2	3	4	5
	Part-time positions for other lawyers	1	2	3	4	5
	Sabbaticals	1	2	3	4	5
	Telecommuting	1	2	3	4	5
	Job-sharing	1	2	3	4	5
<i>Alternative work arrangements for support staff: None</i>	Reduced work week	1	2	3	4	5
	Flexible hours	1	2	3	4	5
	Telecommuting	1	2	3	4	5
	Job-sharing	1	2	3	4	5

STEP 2: Based on data we had previously collected, we have identified a number of other alternative practices that are being implemented by some newly-established law firms in the province. For each, please indicate how unusual it would be for a firm to engage in such a practice. For example, if you believe that it is highly unusual for a firm to be organized into divisions according to geographic region or client, rather than by area of practice, you would circle the number 4 in the first row.

Practice	Not that unusual	Slightly unusual	Moder- ately unusual	Highly unusual	Extremely unusual
Structure					
Divisions/practice groups determined by criteria other than area of practice (e.g, by geographic region, client)	1	2	3	4	5
Firm contracts out overhead expenses (e.g., office equipment, lease, support staff) to an affiliated company	1	2	3	4	5
Law firm and an affiliated non-law professional service firm share office space, staff, and/or clients	1	2	3	4	5
Firm has network of satellite offices that are either staffed only by support personnel (with lawyers on-call) or staffed only on an as-needed basis	1	2	3	4	5
Firm is either the hub or a node in a hierarchical, nationwide network of 150 law firms that process legal work in a highly-standardized manner	1	2	3	4	5
Decision-making processes					
Certain associates and/or support staff attend partnership meetings or are responsible for key strategic decisions	1	2	3	4	5
Recruitment and promotion					
No intention of ever hiring associates	1	2	3	4	5
No intention of expanding partnership beyond founding partners	1	2	3	4	5
New partners initially admitted only as cost-sharers	1	2	3	4	5
Compensation					
Support staff compensated by salary plus percentage of revenue generated	1	2	3	4	5

Profit-sharing system for lawyers other than partners	1	2	3	4	5
Profit-sharing system for support staff	1	2	3	4	5
Monitoring and evaluation					
Client satisfaction surveys used to evaluate performance of lawyers	1	2	3	4	5
Belief system					
Firm emphasizes lifestyle values (e.g., being flexible & accommodating, having a more integrative approach to work & personal lives)	1	2	3	4	5
Firm emphasizes equality values (e.g., minimizing status differences between professionals and support staff)	1	2	3	4	5
Firm emphasizes crusader values (e.g., changing the profession and/or society)	1	2	3	4	5
Firm views lawyers as complete individuals (i.e., as people with lives & commitments beyond the firm or profession)	1	2	3	4	5
Firm views lawyers as not superior to others (i.e., as individuals who do not have greater status than other workers)	1	2	3	4	5
Other aspects					
Firm has corporate name (i.e., not a list of partners last names)	1	2	3	4	5

STEP 3: Please fill out the following questions so that we have some background information on our expert panelists. Rest assured that your responses will be kept strictly confidential.

<p>What degrees do you possess?</p> <p>LLB _____ LLM _____ BComm _____</p> <p>MBA _____</p> <p>Other (please specify)</p> <p>_____</p>	<p>How many years have you worked in a large law firm (i.e., one with more than twenty lawyers)? _____</p>
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APPENDIX 4.6:

Deviation Weights for Categorical Indicators Obtained Through the Second Panelist Survey

Dimensions and Features	Categorical Indicators	Alternatives and Deviation Weights ^a		
Structure Governance	Form of governance	Partnership: 0.00	Cost-sharing: 4.00 [.20]	Solo-owned firm: 4.67 [.87]
	Basis for grouping lawyers	Area of practice: 0.00	Other criteria: 3.50 [.25]	
Differentiation criteria	Nature of personnel who: Supervise divisions	Professionals only: 0.00	Some non-professionals: 3.17 [.32]	
	Attend partnership meetings	Partners only: 0.00	Some non-partnered lawyers +/- or support staff: 3.50 [.65]	
Interaction	Collegiality of decision-making	Very directive — majority of major decisions made by only one partner: 4.00 [.40]		
		Moderately directive — some major decisions made individually; others jointly: 3.00 [.20]		
		Moderately collegial — majority of major decisions made by committees: 0.00		
		Very collegial — majority of major decisions made by all partners: 2.83 [.00]		
HR Practices Recruitment policies	Preferred experience level	Articling only: 2.17 [.52]	Prior associate exp.: 0.00	No preference: 2.33 [.00]
	Primary hiring criteria	Legal ability: 0.00 ^b	Business ability: 3.50 [.65]	Personality fit: 3.67 [.47]

Dimensions and Features	Categorical Indicators	Alternatives and Deviation Weights ^a			
Promotion system	Preferred admission method Professional positions	From within: 0.00	From outside: 3.50 [.65]	No preference: 3.00 [.60]	
		Articles & associates: 0.00 ^c	Associate counsel: 1.83 [.12]	Contractors: 2.67 [.00]	
	Differentiation within levels Primary admission criteria	No tiers within levels: 0.00	Tiers of partners: 2.67 [.87]	Tiers of assoc: 2.17 [.72]	
		Legal ability: 3.50 [.85]	Business ability: 0.00 ^d	Personality fit: 3.17 [.52]	
Compensation criteria	Partner compensation	Equal system — partners receive same amount: 4.50 [.65]			
		Lockstep system — based on seniority: 4.17 [.12]			
		Point system — based primarily on non-business performance: 4.00 [.80]			
		Point system — based primarily on business performance: 0.00			
		Eat-what-you-kill-system — partners receive own billings less expenses: 3.17 [.00]			
Severity of control mechanisms	Associate compensation	Salary: 0.00			
		Salary plus percentage of revenue: 3.00 [.20]			
		Percentage of revenue generated only: 4.00 [.40]			
		Hourly wage: 4.83 [.92]			
Monitoring frequency Tolerance	Type of quantitative targets Level at which targets set	Hours & billings: 0.00 ^e	Collections: 2.50 [.65]	New clients: 4.67 [.87]	
		Partner & associate: 0.00	Not for partners: 3.67 [.85]	Not for assoc: 4.33 [.67]	
		Quarterly: 2.33 [.67]	Monthly: 0.00	Weekly: 2.50 [.05]	More often: 3.50 [.35]
		Very low — failure to meet targets is grounds for dismissal: 4.00 [.20]			
		Low — underachiever is penalized monetarily: 3.67 [.47]			
		Moderate — actions taken to determine cause & correct problem: 0.00			

Dimensions and Features	Categorical Indicators	Alternatives and Deviation Weights ^a		
High — brought to underachiever's attention, but no corrective action taken: 3.00 [.20]				
Nature of work environment	Flexibility:			
	Support for family obligations	None: 0.00	Paternity leave: 4.67 [.87]	Childcare benefit: 4.00 [.40]
		Ext. mat leave: 4.33 [.67]	Family leave: 4.50 [.65]	
	Work arrangements for lawyers	None: 0.00	PT for partners: 3.67 [.47]	Telecommuting: 3.17 [.12]
		Sabbaticals: 3.50 [.45]	PT for others: 3.67 [.87]	Job-sharing: 3.50 [.05]
	Privilege equality:			
	Profit-sharing system	None: 0.00	For lawyers: 2.00 [.60]	For support staff: 4.17 [.32]
	Work arrangements for support personnel	None: 0.00	Flexible hours: 2.50 [.45]	Job-sharing: 3.00 [.60]
		Reduced week: 3.33 [.47]	Telecommuting: 4.00 [.40]	

^a Each deviation weight represents the mean of the scores provided by the six panelists. The alternative characterizing the dominant form was assigned a deviation weight of zero. Values in square brackets represent r_{WC} statistics — an index that reveals the extent of inter-rater agreement, as measured by the proportional reduction in error variance relative to a discrete uniform distribution (James, Demaree & Wolf, 1993). Given the small sample size, the values of r_{WC} should be interpreted as follows (Kozlowski & Hattrup, 1992): none (.00-.10); low (.11 to .36); moderate (.37-.73); high (.74 to .95); very high (over .95).

^b Deviation weight for not hiring based on legal ability: 3.60 [.40]

^c Deviation weight for not having associate positions: 3.80 [.40]; deviation weight for not having articling positions: 1.80 [.90]

^d Deviation weight for not promoting based on business ability: 3.35 [.52]

^e Deviation weight for no billable hours quotas: 4.83 [.92]; deviation weight for no billings quotas: 4.83 [.92]

APPENDIX 5.1:

Content Validity Assessment of the Categorization Scheme for the Founders' Rationales for Designing their Firms in a Certain Way

My Thematic Categories	Research Assistant's Thematic Categories ^a	Essence of Thematic Categories Similar
Reactions to dubious pragmatic legitimacy (i.e., economic unsoundness, inefficiency, ineffectiveness)	Concern for profitability, efficiency, or practicality	Yes
Reactions to dubious moral legitimacy (i.e., procedural injustice, distributive injustice, personal value-incompatibility)	Consistency with personal values and convictions	Yes
Copy dominant practices	Copy the industry standard or norm	Yes
Continue historical precedents	Fine-tune previous experiences	Yes
Integrate elements of other models	—	No
Practices structurally-contingent	—	No
Practices enacted through sense-making ^b	Reactive response – primarily to staff-initiated enquiries	Yes

^a Categories developed independently by my research assistant

^b Structures and practices are not so much proactively designed but rather reactively evolved out of emergent situations, with resultant actions made sense of only in retrospect

APPENDIX 5.2:

Results of Regression Analyses Examining the Influence of Founders' Socialization Experiences and Contextual Interpretations on their Firms' Overall Extent of Deviation – Measure 2^a

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Socialization Experience						
Dominant firm experience	-.103*** (.033)					-.116** (.042)
Peripheral firm experience		.075* (.041)				-.010 (.049)
Other field experience			-.017 (.072)			-.062 (.068)
Contextual Interpretations						
Dubious pragmatic legitimacy perceptions				-.007 (.013)		.005 (.014)
Dubious moral legitimacy perceptions					.021* (.011)	.025* (.012)
Control Variable						
Overall firm size	-.019 (.023)	-.040* (.022)	-.046* (.023)	-.043* (.023)	-.031† (.023)	-.004 (.024)
Adjusted R ²	.17	.09	.03	.04	.09	.20

† p<.10, * p<.05, ** p<.01, *** p<.001 (one-tailed tests)

^a values in the table represent unstandardized coefficients; values in parentheses represent standard errors

APPENDIX 5.3:

Correlations Between the Predictors and the Difference Scores for the Fifteen Features of Form

Difference Scores	Dominant firm experience	Peripheral firm experience	Other field experience	Dubious pragmatic legit.	Dubious moral legit.	Overall firm size
Interpretive scheme						
Commercial orientation	-.15	.07	.21 [†]	-.32**	.28*	-.24*
Professional orientation	-.16	.18	-.05	.18 [†]	-.17 [†]	.25*
Lifestyle orientation	-.05	.16	.09	-.19 [†]	.24*	-.14
Crusading orientation	-.26*	.15	-.06	.05	.26*	-.02
Structural aspects						
Form of governance	-.18 [†]	.01	-.16	.07	.11	-.17
Personnel configuration	-.10	.28*	.00	.04	.25*	-.04
Divisionalization criteria	-.11	.10	-.12	.16 [†]	.07	.20 [†]
Decision systems						
Centralization	-.09	.23*	-.12	.20 [†]	-.10	.34**
Interaction	-.20 [†]	-.05	-.19 [†]	.16	-.12	.20 [†]
Human resource practices						
Recruitment policies	-.24*	.13	.13	.08	.03	-.28*
Promotion policies	-.01	.11	-.04	-.06	.17 [†]	-.18 [†]
Compensation systems	-.32**	.17 [†]	.09	-.05	.34**	-.41**
Control mechanisms	-.21*	.14	.02	-.32**	.17 [†]	-.25*
Flexibility	-.10	-.03	.14	-.15	.08	.16
Privilege equality	.09	.12	-.12	.15	-.12	.32**

[†] p<.10, * p<.05, ** p<.01, *** p<.001 (one-tailed tests)