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Journal of Management 1999; 25; 161
DOI: 10.1177/014920639902500203

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Institutional Strategy

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The ability of organizations to strategically influence their environments has become a central concern in organizational research. In this article, I develop the concept of "institutional strategy" to describe patterns of organizational action that are directed toward managing the institutional structures within which firms compete for resources, either through the reproduction or transformation of those structures. Drawing on a study of the Canadian forensic accounting industry, I describe two types of institutional strategy: (1) membership strategies that involve the definition of rules of membership and their meaning for an institutional community; and (2) standardization strategies that are concerned with the establishment of technical, legal, or market standards that define the "normal" processes involved in the production of some good or service.

Introduction

Over the past decade, management research has increasingly paid attention to the manner in which organizations work to influence and shape their environments. From such diverse perspectives as strategic management (Hamel & Prahalad, 1989; Porter, 1991), institutional theory (DiMaggio, 1988; Oliver, 1991), entrepreneurship (Aldrich & Fiol, 1994), and even organizational ecology (Baum & Oliver, 1991), researchers are arguing that organizations actively participate in the social construction of their environments. These perspectives do not, however, suggest that managers have an unconstrained ability to make strategic choices. Rather, these divergent approaches are converging on an appreciation for the interplay of social structure and agency, or even their mutual constitution, rather than the dominance of one over the other (Barley, 1986; Pentland, 1992; Ranson, Hinings, & Greenwood, 1980). Thus, a central issue for management research has become the manner in which organizational environments are constituted, reproduced and transformed through organizational action and relationships.

Institutional theory (Meyer & Rowan, 1977; Powell & DiMaggio, 1991) has contributed to this discussion largely through its explanation of the processes by
which legitimated forms of organizing become dominant within an organizational field (DiMaggio & Powell, 1983; Hinings & Greenwood, 1988). Central to institutional theory is its emphasis on the manner in which organizations adopt structures, procedures, or ideas based, not on “efficiency,” but rather on external definitions of legitimacy (Meyer & Rowan, 1977). Recent reviews of institutional theory (DiMaggio & Powell, 1991; Greenwood & Hinings, 1996; Scott, 1994) distinguish between old and new streams of institutional theory. The old institutionalism emphasizes issues of conflicting interests and values, and power and influence at the local community level (e.g., Selznick, 1949, 1957). In contrast, the new institutionalism is associated with a focus on routines, scripts and schemas. In the new institutionalism, action is oriented toward habit and produces isomorphism, where pressures for conformity within a field result in sets of homogeneous organizational forms (DiMaggio & Powell, 1983, 1991).

The new institutionalism has focused on conformity and isomorphism to such an extent that DiMaggio has argued that it:

provides a one-sided vision of institutional change that emphasizes taken-for-granted, nondirected, nonconflictual evolution at the expense of intentional (if boundedly rational), directive, and conflict-laden processes that define fields and set them upon trajectories that eventually appear as “natural” development (DiMaggio, 1991: 268)

This paper is an attempt to counter this narrow vision of institutional processes by highlighting the importance of both politics and routine in the structuring of organizational fields. Thus, the position I develop here follows recent theoretical arguments that emphasize the growing convergence of old and new institutional theories (Greenwood & Hinings, 1996; Scott, 1994) in what has been referred to as “neo-institutionalism” (Greenwood & Hinings, 1996: 1022). If the symbolic elements and attention to power associated with the old institutionalism can be brought together with the new institutionalism’s cognitive insights and attention to legitimacy, institutional theory can provide an excellent foundation for understanding the relationship between organizations, their strategies and their institutional contexts (Dougherty, 1994; Greenwood & Hinings, 1996).

This paper contributes to the development of a broader institutional theory in three ways. First, it develops a theoretical framework that sketches the contours of institutional strategy—patterns of action that are concerned with managing the institutional structures within which firms compete for resources. While the processes by which organizations adopt institutionally legitimated forms and practices have been examined extensively (e.g., Hinings & Greenwood, 1988; Tolbert & Zucker, 1983), relatively little attention has been paid to the organizational work of sponsoring new practices or transforming existing institutions (DiMaggio, 1991; Oliver, 1991; Powell, 1991). Where the concept of strategy has been connected to institutional processes, it has focused primarily on organizations’ strategic responses to institutional pressures (Oliver, 1991), rather than the manner in which they bring about those pressures. In contrast, this paper examines institutional processes and structures from the perspective of those managers and
organizations concerned with constructing new institutions, and dismantling or transforming existing institutions.

The second major contribution of this paper is to delineate the conditions that foster the development of institutional strategy. The potential for organizational actors to manage institutional structures depends both on the nature of the institutional context and on the resources held by the interested actors. The institutional context can be more or less conducive to active engagement by organizations depending on the degree to which the rules and relationships that characterize it are taken-for-granted or supported by intractable social mechanisms (Jepperson, 1991). The resources necessary to enact institutional strategy differ from those associated with competitive strategies: institutional strategy demands the ability to articulate, sponsor and defend particular practices and organizational forms as legitimate or desirable, rather than the ability to enact already legitimated practices or leverage existing social rules.

The third major contribution of this paper is the empirical examination of institutional strategy in action. The inspiration and empirical foundation for this paper is the set of strategies engaged in by accountants as they develop and legitimate new services in the Canadian professional accounting industry. In this paper, I examine the strategies associated with the development of forensic accounting, which began in Canada in the mid 1970s but only began to grow significantly in the late 1980s. Institutional strategies have been critical to the success of forensic accounting in Canada as individuals, firms, and professional associations have worked to legitimate and institutionalize particular practices, skills, abilities and credentials.

This paper is presented in three major sections. In the first section, I outline a theoretical understanding of the institutional structures (DiMaggio & Powell, 1983, 1991; Meyer & Rowan, 1977) that provide the strategic context. Here, I draw on social constructionism (Berger & Luckmann, 1966) and structuration theory (Giddens, 1984) to develop a conceptualization of institutional rules and organizational fields that highlights their pragmatic nature and the manner in which they are constructed in language. In the second section, I develop the concept of institutional strategy. I argue that there are two forms of institutional strategy that differ with respect to the types of institutional rules at which they are directed, and that these different forms are associated with specific contextual conditions and resource requirements. I then draw on a study of the Canadian forensic accounting industry to provide an extended example of the forms and dynamics of institutional strategy. In the final section, I examine the implications of the concept of institutional strategy for theory and practice.

Institutional Structures

The conceptualization of institutional structures utilized here relies on an understanding of reality as socially constructed and enacted in discourse (Berger & Luckmann, 1966; DiMaggio & Powell, 1991; Meyer & Rowan, 1977). From this perspective, a key feature of institutions is their pragmatic orientation (Berger & Luckmann, 1966): social actors draw on institutionalized knowledge as a
resource in their day-to-day lives. The practical orientation of everyday life is elaborated in Giddens' (1984) structuration theory, which argues for the centrality of “practical consciousness” in the negotiation of everyday life by knowledgeable actors:

The vast bulk of the ‘stocks of knowledge’ in Schutz’s phrase . . . is not directly accessible to the consciousness of actors. Most such knowledge is practical in character: it is inherent in the capability to ‘go on’ within the routines of social life. (Giddens, 1984: 4).

Structuration theory suggests that the ability to “go on” within social routines, to enact social practice, requires knowledge in the form of rules: “these rules can be seen to structure, to give shape to, the practices that they help organize” (Cassell, 1993: 10). Rules, from this perspective, are understood as “techniques or generalizable procedures applied in the enactment/reproduction of social practices” (Giddens, 1984: 21).

At the organizational level, Meyer and Rowan (1977) argue that “organizations are driven to incorporate the practices and procedures defined by prevailing rationalized concepts of organizational work and institutionalized in society” (Meyer & Rowan, 1977: 340). The environment in this conceptualization supplies the organization with institutionalized rules or “reciprocated typifications” (Meyer & Rowan, 1977: 341). These rules “define new organizing situations, redefine existing ones, and specify the means for coping rationally with each” (Meyer & Rowan, 1977: 344). “Coping rationally” from this perspective means being able to explain one’s actions to another actor. To do so, organizations draw on “prevailing rationalized concepts”—those concepts (terms, knowledge) which are deeply embedded in a network associated with a particular organizational form or purpose. Thus, institutional theory shifts the understanding of knowledge away from common-sense notions of transparency and truth (Weedon, 1987) to a concern for its social and historical accomplishment. The notions of institutionalized rules and reciprocated typifications describe knowledge that is actively achieved: rules must become institutionalized through action over time; beliefs must become typical as they are reciprocated among a network of actors. An institutional approach focuses on these processual aspects of knowledge; rules are enacted not divined.

The properties of language are such that institutionalized rules become structured within “domains of meaning” (Berger & Luckmann, 1966)—fields of activity within which a common language and social structure develop. At an organizational level, we refer to such domains as “organizational fields,” defined as “recognized areas of life” (DiMaggio & Powell, 1983) that comprise sets of subject positions bound together by institutionalized rules and standards (Bourdieu, 1993; Jepperson, 1991). Legitimacy in an organizational field is predicated on an actor’s understanding of and conformity to these rules, much like competency in an individual’s daily life is judged by his or her ability to negotiate everyday social situations (Goffman, 1967). The structuring of an organizational field is of practical and strategic importance to its members. In professional services, for
instance, the definition of the industry is critical to its ongoing profitability; it is
the regulatory and cultural exclusion of lay people that protects the status and
incomes of professionals (Abbott, 1991). Since industry boundaries act as lines of
fiscal, as well as professional, demarcation, lawyers, doctors and professional
accountants have vested interests in their industry definitions.

Membership Rules and Standards of Practice

To maintain legitimacy in an organizational field, I argue that actors require
practical rules that respond to at least two questions: “Where can I go?;” and,
“What can I do?” The first question relates to the institutionalized boundaries
which delimit our entry into particular forms of life, to rules of membership, and
the meanings attached to that membership (Clegg, 1989; Douglas, 1973). These
boundaries might be based on culture, race, gender, profession, relationships or
any other divisive category. Although the concept of membership has not been
prominent in the theoretical development of institutional theory, it is central to the
general concepts of institutions and, especially, fields. According to Bourdieu,
fields “present themselves synchronically as structured spaces of positions”
(Bourdieu, 1993: 72). Thus, an analysis of subject positions, of membership, is
essential to an understanding of the dynamics of organizational fields.

One way in which rules of membership can become entrenched is in the
formation of networks of interested parties: “Certain fixtures of meaning are priv-
ileged, certain membership categories are aligned with these meanings and,
consequently, a specific organizational field ... is constructed” (Clegg, 1989: 225).
Rules of membership define organizational fields that include actors who are
connected through some form of direct interaction, as well as those who are struc-
argue that the development of organizational fields is marked by four phenomena:

an increase in the extent of interaction among organizations in the field;
the emergence of sharply defined structures of organizational domina-
tion and patterns of coalition; an increase in the information load with
which organizations in a field must contend; and the development of a
mutual awareness among participants in a set of organizations that they
are involved in a common enterprise.

Interactions, structures of domination, and information shared among actors
engaged in a common enterprise are organized by membership rules that delineate
institutional boundaries and the principles of differentiation employed within
those boundaries (Douglas, 1973).

The second question—what can I do?—asks what the standards of practice
are within an organizational field: once I am allowed into a particular domain of
life, how am I expected to cope with its uncertainties, deal with the other actors I
find there, and produce whatever tokens of value and meaning are demanded of
me (Clegg, 1989; Hinings & Greenwood, 1988; Meyer & Rowan, 1977). Stan-
dards of practice provide guidelines, norms and legal prescriptions relating to how
practices are to be carried out within some determinate institutional setting.
Spender (1989) draws on Schutz (1967) and Berger and Luckmann (1966) to
argue that an industry is associated with a set of standards that acts as an "industry recipe," which is: "a guide to action, not an abstraction. It assumes correspondence rules which tie it to a specific context or universe of action" (Spender, 1989: 62). Standards of practice go beyond "common sense" in that they represent the specialized knowledge associated with membership in a distinct area of life (Giddens, 1984; Spender, 1989).

Institutional Structures and Organizational Action

The importance of membership rules and practice standards in an organizational field does not, however, imply that organizational action is rule-determined: "Rather, actors must engage in the sometimes tricky business of 'trying on' particular formulae to see if they fit" (Cassell, 1993: 10). The need to adapt and modify rules and standards ensures that they do not simply constrain actors. Indeed, Giddens (1984) argues that the rules that structure our social practices are simultaneously constraining and enabling. Drawing on language as an example, Giddens argues:

No one 'chooses' his or her native language, although learning it involves definite elements of compliance. Since any language constrains thought (and action) in the sense that it presumes a range of framed, rule-governed properties, the process of language learning sets certain limits to cognition and activity. But by the very same token, the learning of a language greatly expands the cognitive and practical capacities of the individual. (Giddens, 1984: 170)

The standards associated with an organizational field work in much the same way as Giddens suggests that language operates, providing both constraints on behavior and opportunities for innovation: "a grammar does not specify a fixed outcome; it defines a set of possibilities from among which members accomplish specific sequences of action" (Pentland & Rueter, 1994: 485).

Another important commonality between language grammars and the rules and standards associated with an organizational field involves the relationship between their enactment, production and transformation. Giddens argues that "one of the regular consequences of my speaking or writing English in a correct way is to contribute to the reproduction of the English language as a whole" (Giddens, 1984: 8). Similarly, conformity with standards of practice in an organizational field works to reproduce those standards: producing a product that meets customer expectations or collaborating with suppliers in the expected fashion is likely to be rewarded by customers/suppliers and simultaneously reproduce those expectations. Giddens refers to this relationship, in which action reproduces structures, as a process of "structuration" (1984: 25); hence, we can say that fields with high levels of structuration are those in which organizational action largely serves to reproduce existing institutional structures (DiMaggio & Powell, 1983).

The fundamental relationship between action and social rules implies the possibility of change, as well as reproduction. The legitimacy of rules and practices is dependent on their continual reproduction in social action. Consequently, institutional rules are not fixed and determined, but rather the subject of ongoing
formations and transformations by motivated actors (Clegg, 1989; Giddens, 1984). Furthermore, institutional rules create asymmetrical power relations among the actors involved. The rules of membership and standards of practice that structure organizational fields reward particular strategic positions and practices while sanctioning others, motivating those actors less privileged by existing rules to work to overcome or transform them (Bourdieu, 1993). Thus, rules and standards provide both the motivation and the means for their own transformation.

In summary, institutional structures are conceptualized here as pragmatically oriented sets of rules and standards. Organizational actors rely on institutionalized rules and standards as guides to acceptable and legitimate action within their domains (Hinings & Greenwood, 1988). Like all social rules, however, institutional rules are always dependent on their interpretation and application by interested actors. Clegg (1989) contrasts social rules with those found in games:

[Social] rules will not be as static and idealized as in chess or some other game but will instead be far more fragile, ambiguous, unclear, dependent upon interpretation, and subject either to reproduction or transformation depending on the outcome of struggles to keep them the same or to change them this way or that. (Clegg, 1989: 209).

The strategies of interested actors ensure that the constitution of membership rules and standards of practice remain dynamic elements. Organizations and other actors continuously struggle to interpret or change membership rules so that their own identities are privileged; standards of practice remain in flux as actors lobby for designs and processes that favor their capabilities.

Institutional Strategies

Institutional strategies are patterns of organizational action concerned with the formation and transformation of institutions, fields and the rules and standards that control those structures. Although all organizational strategy occurs within an institutional context, institutional strategy is differentiated by its orientation to that context: simply put, institutional strategy is not so much concerned with gaining competitive advantage based on existing institutional structures as it is concerned with managing those structures—preserving or transforming institutional standards and rules in order to establish a strategically favorable set of conditions.

Like other forms of organizational strategy defined as patterns of action, institutional strategies can develop both deliberately as intended strategies, and unintentionally as emergent strategies (Mintzberg & Waters, 1985). A deliberate institutional strategy would involve a firm consciously working to effect institutional structures that favor their own strategic position: tobacco firms, for example, have a long history of lobbying and advertising in order to stem the regulation of cigarettes (Miles & Cameron, 1982). An emergent strategy involves “patterns or consistencies realized despite, or in the absence of, intentions” (Mintzberg & Waters, 1985: 257). Thus, an emergent institutional strategy would involve a pattern of organizational action that affects or influences institutional structures.
while being associated with some other intentions. This might be the case, for example, where a software firm responds to various client needs by developing a series of successful products that over time create de facto standards for the industry.

Although institutional change may result from external technological, economic or political shocks (Fligstein, 1991; Spender, 1989), I focus here on the manner in which organizations and other actors actively participate as institutional entrepreneurs (DiMaggio, 1988) to shape the institutional environment. I include individuals as well as organizations in this discussion because even fields dominated by organizations are composed of more than organizational actors; subject positions that describe roles for individuals both within and outside of organizational contexts are central to many organizational fields, including fields as diverse as the financial sector (e.g., brokers, traders), professions (e.g., lawyers, doctors, accountants), and the arts (e.g., painters, dancers, musicians). Any of these actors, organizational or otherwise, may work to shape their institutional context. Institutional strategies include patterns of action that stabilize existing forms and practices through their institutionalization (e.g., Slack & Hinings, 1994), as well as those that work toward "deinstitutionalization" (Oliver, 1992). The nature of institutions and fields suggests that institutional strategies include actions that influence legislative or regulatory frameworks, affect cultural norms or values, or establish some structures or processes as taken-for-granted. The definition and recognition of some social structures or processes as "legitimate," "normal," or "taken-for-granted" are understood here as contested and strategic issues that affect the distribution of resources and power.

Figure 1 summarizes the relationships proposed here between institutional and competitive contexts. Institutional rules and standards provide the context for competitive strategies, positions and resources through the isomorphic pressures...
they exert. DiMaggio and Powell (1983) categorize those mechanisms as normative, coercive and mimetic. Normative isomorphism is most prominently associated with professionalism (DiMaggio & Powell, 1983: 150), but tied more generally to “the collective organization of the environment” (Meyer & Rowan, 1977: 347) which can stem from legally mandated groups, such as regulatory boards, or from collectives such as unions or industry associations. Because of its association with collective organization, I associate normative isomorphism primarily with rules of membership. Coercive isomorphism “stems from political pressure and the problem of legitimacy,” and depends on the interconnectedness of organizations and their vulnerability to inspection. Mimetic isomorphism results from organizations seeking standardized responses to uncertain or ambiguous situations (DiMaggio & Powell, 1983); the label “mimetic” describes organizations following the precedents set by leading organizations in the field. I associate coercive and mimetic forms of isomorphism primarily with standards of practice, as they are more directly connected to issues of what practices are considered legitimate and how they should be performed, than with who should be involved. I am not arguing, however, that the association of normative, coercive or mimetic pressures is exclusively tied to either rules of membership or standards of practice, as there is clearly overlap in their effects.

Strategies that remain within the competitive context focus on “plays in the game” (Alford & Friedland, 1985)—actions which are essentially reactive to the economic, social and technological context of their own industry, actions which are an attempt to fit into a, more or less, predefined role in the industry. Attaining competitive advantage through this approach would consist of analyzing the conditions of exchange and moving into the position which is most privileged by those conditions. In contrast, institutional strategies represent attempts by actors to change the nature of competition in their industry, either through its rules of membership or its standards of practice. If effected deliberately, it is likely that institutional strategies will be formulated in a way that serves to improve a firm’s competitive position and support its competitive strategies. Membership and standardization strategies may develop in parallel or independently, depending on the relationship between a firm’s competitive position and its institutional context. In the remainder of this section, I outline the contingencies associated with institutional strategies and provide an extended example of each, based on research conducted in the Canadian forensic accounting industry.

The discussion of forensic accounting is not intended as a “test” of the theory developed above or as direct evidence of its validity. Rather, it is intended to clarify the theory by grounding the abstract categories and relationships in a concrete empirical context. This context was chosen primarily for two reasons. First, as part of a larger study of new services in the Canadian professional accounting industry (Lawrence, 1993), the study of forensic accounting provided the empirical context in which the theory presented was developed. Although, for the purposes of clarity, I present this paper in a linear format progressing from theory to data, the analysis of the data and the development of theory were in reality an iterative and recursive process, each aspect informing and guiding the other. Second, this context is particularly well suited to the examination of institutional
strategy. The context of an emerging field in a professional service provides an opportunity to examine institutional dynamics in flux, where the interaction of institutional structures, strategies and resources is more transparent than in a well-established, highly institutionalized context (Aldrich & Fiol, 1994). Drawing on the context of professional services is not, however, intended to restrict the applicability of the framework being developed here. The concept of institutional strategy is intended as a general one, relevant to a wide variety of organizational fields and sectors of the economy.

In collecting the data, I utilized a theoretical, or "purposive," sampling design (Glaser & Strauss, 1967; Lincoln & Guba, 1985). This form of sampling is marked by its emergent properties: successive subjects are chosen to extend information already obtained; the sample is continuously focused as insights and information accumulate; and selection occurs until information redundancy or saturation is achieved. Sampling occurred in stages as information from previous interviewees was integrated and successive interviewees were identified. Each interviewee was asked to identify their competitors, collaborators and clients, and influential people and organizations in their field. The importance of these networks is based on evidence from previous research (DiMaggio, 1991; Powell, 1991) that institutional change flows through personal and professional linkages.

The primary form of data collection was a series of tape-recorded, semi-structured interviews that focused on all of the interviewees' activities that dealt with forensic accounting. Specific aspects of their practices that were covered include: their relationships with clients and other professionals; the rules, norms and practices associated with forensic accounting; the attributes, experiences or actions that were required to become involved in forensic accounting; and, the resources that they felt were critical. The interviews also covered more general issues including their strategies and their institutional and professional contexts. In total, 22 interviews, averaging 75 minutes, were conducted between January and June of 1992, 20 of which were tape-recorded and transcribed. The transcribed interviews formed the primary database for analysis.

Once the interview databases were assembled, the primary analytical approach in this study involved the development of textual exhibits that represented the perspectives of the interviewees using segments of their own text. Initially, all interview transcripts were imported into NUD*IST, a qualitative data analysis software package that allows the researcher to develop a hierarchy of codes, link these codes to segments of the text under analysis, and perform a wide variety of text- and code-based searches. The interview transcripts were coded in an iterative manner, working back and forth between theory and data. The textual exhibits were then analyzed with respect to the specific theoretical concept under scrutiny. The focus of the analysis was on the relationships among the institutional and competitive contexts of the firms, their institutional strategies and the resources employed.

Membership Strategies

DiMaggio and Powell argue that normative pressures "stem primarily from professionalization" (DiMaggio & Powell, 1983: 152). Considered more broadly,
the empirical phenomenon of professionalization is a member of a larger set of strategies that deal with issues of membership and meaning in collectivities. These strategies rest on the power implicit in group membership; the question of “Who belongs?” is handcuffed to issues of legitimacy, knowledge, association and responsibility.

Membership strategies involve the definition of rules of membership and their meaning for an institutional community. Where extant rules of membership and meaning are traded upon to gain leverage vis-à-vis some other actor, competitive strategies are in play. It is where these rules themselves are considered problematic that membership strategies are possible. Membership strategies involve the definition of rules which delineate the exclusionary boundaries of institutional membership and the space within which members can operate. It may serve actors to restrict the membership of their institution if legitimacy and surplus value are somehow positively related to the exclusivity of an elite. This is the case in the professional class in which power is manifested in the difference between educated, skilled professionals and uneducated, unskilled non-professionals. At the same time, it may pay members of the professional class to expand the space within which their expertise is considered legitimate. The effects of power might be translatable into new situations and settings where the difference between professional and non-professional was not previously a structuring element.

Rules of membership can either be explicit, as in a professional body, or implicit, as in a historically circumscribed supply network. In either case, negotiation of membership status is often associated with the accrual of social capital, as is clearly the case in such high status fields as Ivy League universities and the Big Six international accounting firms. Similarly, membership in the Toyota keiretsu has tremendous economic benefits for many small and large manufacturers. In a professionalized context, the members of that profession are largely responsible for their own admission and expulsion. Through regulated classes and entrance exams, and codes of ethics and tribunals, the profession works to maintain its exclusivity (Abbott, 1991). In conjunction with the erection of barriers, professions make attempts to define the meaning of membership: the authority, responsibility, and especially expertise with which their members are attributed. To speak of an undifferentiated profession, however, is misleading; the rules of membership are often contested by those both within and outside the professional boundaries (Richardson, 1987). These actors engage in open disputes and covert tactics which are aimed at redefining either the membership or meaning of the profession.

Critical resources in these cases revolve around institutional leadership and the control of information. In a professional context, this leadership might take the form of dominance in the professional body. In an industrial context, it might mean informal leadership amongst competitors. In either case, leadership must be accompanied by control of information which is definitive of the institutional setting. Influence over professional bodies, trade associations, government regulators, consumer interest groups, and other consumer channels through the dissemination of information is at the heart of membership strategies. The implementation of cultural or administrative definitions of membership relies on
the legitimacy of the implementor vis á vis those same definitions. For example, Greenpeace attacked Pollution Probe when the latter formed an alliance with a Canadian grocery chain, by questioning the legitimacy of Pollution Probe as a representative of the environmental movement (Westley & Vredenburg, 1991). The ability of Greenpeace to do so was based on the consistently radical posture effected by Greenpeace over a long period of time, its unquestionable identification with the environmental movement, and, critically, its skill in managing the flow of information regarding the environmental movement through the mass media. The relationship between membership strategy and control of critical resources leads to my first proposition:

**P1**: An organization’s ability to affect the membership rules of an organizational field is positively associated with its control of institutional information and the degree to which it is perceived as a leading organization in the field.

The settings in which membership strategies might be successful are those in which the level of structuration is low or where the putative actor may be able to fracture the structures in place through intrasystemic challenge; rules of membership are open to contestation and redefinition where there has been some disruption in the institutional environment (Oliver, 1992). In a professional context, rules of membership might be disrupted by an external technical innovation such as information technology that provides “outsiders” with access to previously privileged knowledge, thus disrupting the meaning of professional membership. This has been the case in the commoditization of financial audits due to the infusion of computerized accounting technology and the development of online accounting information available through the SEC (Beaver, 1986). Disruptions to membership rules also result from contests among professional groups, such as the ongoing battle over the legitimacy of midwifery. What is critical in any of these instances is that the taken-for-granted nature of institutional rules or the social mechanisms that support their continuation are disrupted in some manner (Jepperson, 1991). For midwives to successfully establish themselves as medical professionals, the relevant publics must be willing to accept this new membership definition. This would require that the often taken-for-granted concept of the doctor as the sole legitimate practitioner of delivering babies be understood as problematic and, even more crucially, that the regulatory/legislative frameworks that support this exclusive capacity be open for reconsideration.

The success of membership strategies can be considered at two levels. First, there is the question of whether the membership definition has indeed become institutionalized as normal. This deals with the direct effect of the strategic action. Second, if the rule has been normalized, there is the question of whether the manner in which it has been legitimated has indeed privileged the sponsoring agency. The strong possibility of unintended consequences (Giddens, 1984) is the force behind the second issue. Although an actor may have successfully estab-
lished some boundary between members and non-members as a rule, the interpretation of that rule in the context of many actors vying for privileges is indeterminate (Clegg, 1989). Like an endogenous shock or a systemic innovation, the efforts of an actor to reorder institutional boundaries may yield surprising results. The role of the institutional context in effecting membership strategy leads to the second proposition:

**P2:** An organization's ability to affect the membership rules of an organizational field is negatively associated with the degree to which those rules are taken-for-granted and the degree to which they are supported by social mechanisms.

**Membership Strategies in Forensic Accounting**

Forensic accounting is concerned primarily with investigative and fraud related accounting and secondarily with broader forms of litigation support, such as accounting for losses of income in a personal injury lawsuit. It has developed in Canada over approximately the past 20 years. In that time, only a relatively few accountants have been involved in any regular and serious manner. There are also a small number of other professionals who compete with accountants for the broader litigation support work, primarily economists and actuaries.

Interest in forensic accounting within the accounting profession has increased significantly over the past few years as evidenced by the large number of overview articles recently published in trade journals. A search of references to “forensic accounting” or “forensic accountant” in the ABI/Inform electronic database of business publications produced 6 references from 1986 to 1990 and 48 from 1991 to 1995. A high-profile merger between a large, national accounting firm and a smaller firm devoted to forensic accounting also served to raise interest within the public accounting profession. Other professional activities, including the establishment of a Forensic/Investigative Accounting Interest Group by the CICA and the formation of a Canadian Chapter of the National Association of Certified Fraud Examiners, have also heightened the interest of accountants.

The increased interest of more accountants has placed strain on forensic accounting's institutional context; where previously the few practicing accountants defined what activities constituted forensic accounting and who was a forensic accountant by their actions and their presence, there are now competing definitions being offered by various actors. This comes at a time when the market for forensic accounting is also undergoing significant change. Law enforcement agencies are increasingly reluctant to prosecute corporate and civil fraud cases without substantial evidence from the plaintiff; this shifts the market toward corporate management and civil lawyers from the traditional market of government and law enforcement agencies. Proposition 2 would suggest that the dynamism in the field of forensic accounting might open the door to institutional entrepreneurs interested in transforming the rules of membership; as new firms and clients enter the field they do not necessarily either take for granted or even accept the existing membership definitions, particularly when they discriminate against new entrants.
Traditionally, membership in the field of forensic accounting has been based on informal rules that take the form of either social processes (e.g., word-of-mouth) that work to include some and exclude others, or stereotypes that cast some people as ‘insiders’ and others as ‘outsiders’ based on individualistic attributes (e.g., sex, age, education, experience). Word-of-mouth communication has acted as the primary mechanism by which lawyers obtain information about forensic accountants, generally from other lawyers:

I make the contact with my experts generally through contacting other lawyers, either other lawyers within my firm or ones outside the firm. I prefer to go by word of mouth reputation if I can. (Interview, civil trial lawyer)

Lawyers have traditionally been very conservative in hiring forensic accountants, depending largely on personal references from colleagues, effectively restricting the field to a small group. This comment by a lawyer was typical:

My own attitude is that there are two accountants in town that I would call as expert evidence at this stage. I wouldn’t call anyone other then those two . . . But I perceive that there are probably five or six players in the forensic accounting field. (Interview, civil trial lawyer)

Two powerful membership requirements, experience and personality, have worked in conjunction with word-of-mouth communication to limit the number of legitimate forensic accountants. According to both forensic accountants and their clients, “successful” courtroom experience is a critical factor in hiring decisions:

The one area that probably is most often asked about is this: What’s your track record been. Have you appeared as an expert witness? How many times? With what result? (Interview, forensic accountant)

The other key informal requirement for forensic accountants is to be perceived as possessing an appropriate personality. As indicated in the discussion of practice standards, the successful practice of forensic accounting is widely understood to be associated with particular personality traits, such as “attention to detail,” “enthusiasm,” “curiosity” or “a little bit of Sherlock Holmes.” The conservative tendency of lawyers in hiring experts is exacerbated by this emphasis on less objective informal criteria such as personality and successful courtroom performance.

The historical emphasis on word-of-mouth reputation, experience and personality has worked to protect a small group of forensic accountants from new entrants into the field. Consequently, recent membership strategies aimed at transforming the field have involved attempts to expand the field through formalization and professionalization of membership qualifications. The specific professionalization strategies examined here are concerned with the segmentation of an existing profession (Halpern, 1992; Richardson, 1987). Although a broader profession initially establishes important constraints with respect to the membership and
practice standards of its subgroups, intraprofessional segments are also associated with distinct values and identities that are negotiated in processes that parallel broader professionalization projects (Richardson, 1987).

The Chartered Accountant (CA) designation dominates the public accounting function in Canada (Richardson, 1987), and consequently has had a significant effect on the development of forensic accounting. Interviewees generally argued that to be considered a forensic accountant in Canada, one almost certainly had to hold this designation:

Well, *obviously* the standard qualification is that they are Chartered Accountants. I don’t think that I would yet feel comfortable on using anyone except a [CA] (Interview, lawyer)

Although the CA designation may be necessary, it is not considered sufficient for someone who wishes to be known as an expert forensic accountant:

If you’ve just got this CA, so what, big deal. It means that you’ve had five years of university and three years of practical training. How many lawyers want to take a chance on that? (Interview, forensic accountant)

The demand for additional qualifications beyond the Chartered Accountant designation has been promoted by the accountants themselves on several different fronts including the formation of a special Interest Group within the Canadian Institute of Chartered Accountants, the importation of an American fraud examiner’s association, and the promotion of the Chartered Business Valuator designation.

In 1992, the CICA established a set of Interest Groups for specialist areas within Chartered Accountancy, including one devoted to Forensic and Investigative Accounting. The purposes of this Interest Group, according to a description in the first issue of *SIGNPOST*, the CICA’s publication devoted to the Interest Groups, include information exchange, maintenance of credibility for the area, and influencing the development of professional guidelines (CICA, 1992: 3). The introduction of this Interest Group met with a mixed reaction by forensic accountants. In general, accountants based in large, multinational accounting firms interested in growing the industry had more positive reactions to it than did their counterparts in small, established, forensic accounting “boutiques.” As one well established forensic accountant commented:

I think that we viewed it more as being an attempt by the Institute to recoup ground that they lost because they never reacted to the market place and never reacted to what members are really doing . . . I have no intention of joining them unless its evident to me that everybody else is and from talking to most people they’re really not interested. (Interview, forensic accountant)

One reason for the relatively cold reaction from established accountants was the “open door” policy that the CICA was instituting in the Interest Groups—there is
no membership requirement other than simple interest. The lack of any membership barrier for the Interest Group beyond the CA designation offered little exclusivity. In fact, for non-specialist accountants the Interest Group would make entry into the industry easier through the possibility of formal continuing education, explicit standards of practice, an institutionalized communication network, and a professionally legitimated identification. If the Interest Group was successful, the domain of forensic accounting would grow to accommodate these new members through its enhanced professional recognition and increased legitimacy.

In contrast to the CICA Interest Group, the Canadian Region of the National Association of Certified Fraud Examiners (CR-NACFE) is a private, for-profit, multidisciplinary body for which membership requires coursework and examination. This Texas-based organization includes: “people from all walks of life . . . lawyers, accountants, people in industry, bankers” (Interview, forensic accountant). The association’s multidisciplinary mandate was explained to me as being beneficial in the establishment of networks, both for internal auditors and corporate fraud officers and for forensic accountants. Because its members have diverse educational and work backgrounds, the CR-NACFE focuses on general approaches to fraud detection and prevention which do not require any special a priori knowledge.

It’s a program, a two-year program where it goes both through practical and through taking courses in the area of law, fraud, a number of fraud cases get investigated, accounting, multiple disciplinary in all surrounding fraud. (Interview, forensic accountant)

As a membership strategy, the CR-NACFE is oriented both toward the establishment of a set of trained fraud examiners and the connection of those individuals with potential clients.

The Chartered Business Valuator designation is authorized by an independent association, again based on a set of coursework and examinations. Its alliance with forensic accounting is based on the requirement for valuation in certain types of civil and corporate proceedings that require the assignment of value to an asset and might involve a forensic or litigation support accountant. The Chartered Business Valuator (CBV) designation is intended to serve as both a specific indication of specialization and a more general indication of competence.

Basically to be in the game today in what we’re doing, you pretty much have to pick up your CBV, Chartered Business Valuator’s ticket. It has become a very recognized [designation] and it has become recognized very fast. (Interview, forensic accountant)

If it is civil litigation, [the lawyers] certainly ask you if you’ve got a CBV now—those that are aware of it and most are now aware of it. We have done a damn good job of selling it. (Interview, forensic accountant)
Its importance in the client community seems to be related most directly to the type of case involved, but also to the general impression of expertise it conveys in a number of case contexts.

The professionalization strategies being championed largely by new entrants threaten to weaken the traditional boundaries and re-establish them based on credentials and formal associations. Critical to professionalization strategies are "the skilled production of social imagery and the ongoing negotiation of occupational privilege" (Richardson, 1987: 592). The attempts at professionalization in forensic accounting work to usurp the traditional bases of membership by legitimating formalized bases of professional identity and associated occupational privileges. If the newly emerging professional qualifications become established, especially in the minds of lawyers, then access to the community will be facilitated for new entrants; obtaining the legitimated accreditation will serve as a more straightforward entry strategy for aspiring forensic accountants.

While the specific tactics associated with the CICA Interest Group, CR-NACFE and the CBV differ substantially, all provide an alternative means of legitimation for accountants who do not have the age, experience and personality that have traditionally been used as signals of forensic accounting expertise. Proposition 1 argues for the importance of control of institutional information and the perception of leadership in effecting membership strategy. In examining these three membership strategies, control of institutional information seems crucial to whatever success they will have. The CICA, for instance, dominates the control of information regarding professional accounting in Canada both within its ranks through its meetings, classes, examinations and publications, and outside of the profession through its links to government and universities. This position establishes the CICA as a powerful sponsor and protector of membership rules and strategies. In contrast, the CR-NACFE is relatively new to Canada and far less embedded in the network of institutions and organizations associated with professional accounting. Its own membership does, however, include many of the large CA firms and one of the most prominent forensic accounting specialty firms, all of whom are interested in growing the forensic accounting industry. Thus, the ability of the CR-NACFE to effect membership rules is questionable and will be dependent on its ability to position itself as a leading association. The CBV Association has been very successful in effecting membership rules within a limited domain of forensic accounting; where business valuation is a central issue, the CBV provides significant legitimacy for the forensic accountant. The CBV Association is seen as the leading organization in this restricted field and has developed the means of formulating and disseminating information on valuation issues through classes, examinations, publications and the courts.

**Standardization Strategies**

Standardization strategies involve the institutionalization of practices, products or services through the assignment of value beyond their technical value (Selznick, 1957), either through social or cultural mechanisms. They are concerned with the establishment of technical, legal or informal standards that define what is "normal" for a practice, product, or service, either through regula-
tion (e.g., Montagna, 1990) or through the enactment of less formalized norms or standards (e.g., Baron, Dobbin, & Jennings, 1986). Standardization strategies often involve the development of coercive or mimetic pressures (DiMaggio & Powell, 1983) that compel other actors to comply with institutional standards. For instance, governmental bodies, such as regulatory boards or agencies, often engage in standardization strategies through the development of coercive mechanisms (e.g., Hinings & Greenwood, 1988; Slack & Hinings, 1994), mandating structures or processes for organizations dependent on their funding. Standardization processes based on mimetic pressures are based on the tendency of organizations to draw on standardized responses in the face of uncertainty (DiMaggio, 1988). Organizations’ needs for certainty and predictability in their engagements lead them to adopt the technical and legal answers implicitly or explicitly prescribed by leading actors in the field (DiMaggio & Powell, 1983).

Standardization strategies are distinctly not about organizations adopting practices which are already normatively sanctioned in order to legitimate their own existence. They are about the movement of practices from the realm of technical rationality to that of substantive, or institutional rationality (Selznick, 1957). An important distinction here is between the status of practices and standards within an organization and their status in the organizational field: standardization strategies operate at the field level, institutionalizing practices that may already be highly legitimate within an individual organization. Indeed, organizations will find it in their best interest to effect standards in the broader institutional arena that privilege their own strategic position either because these standards demand practices at which the organization excels or because they necessitate resources for which the organization has preferential access.

The history of high-tech consumer products is filled with examples of firms involved in standardization strategies. The battle between firms sponsoring VHS and Beta videocassette formats was a situation in which the winners effected an industry standard that would unequivocally privilege their own competencies and resources. The standardization strategies in this case revolved around forming coalitions of manufacturers and content providers in order to set an informal market standard. The current contest over standards for digital HDTV provides an example of standardization strategies aimed at effecting regulatory standards (McTague, 1996). U.S.-based computer companies are in competition with non-U.S. television manufacturers to influence the standards set by the Federal Communications Commission. The television manufacturers are pressing the FCC to adopt regulations imposing digital broadcast standards that favor the production of HDTV sets that receive vivid, big-screen pictures, but lack the sophistication to do much else. On the other hand, the computer industry is arguing for standards that would allow the TV to double as a monitor, to facilitate the convergence of television and computer technologies. Clearly, each has a stake in this decision as either set of standards will favor the competencies and resources of one group over the other.

Resources for standardization involve the actor’s ability to influence the development of formal or informal standards. This might require an image of leadership in their field, or expertise in technical, legal or political matters.
DiMaggio and Powell (1983) argue that it is the “leading organizations” in a field to which the others turn in times of uncertainty. Studies of the diffusion of new organizational forms (e.g., Fligstein, 1991; Tolbert & Zucker, 1983) have demonstrated that periods of uncertainty provoke innovations by leading organizations that are subsequently imitated by other organizations. One of the principle foundations of Microsoft’s dominance in the software industry has been its ability to set de facto standards based on its technical and market leadership. First with MS-DOS and later with Windows and Windows 95, Microsoft has worked to strategically formulate, disseminate and institutionalize software standards that privilege its own position and abilities.

Institutional leadership is not, however, a static position. It is a contested position, dependent on the negotiations and actions within the field. Leadership is only meaningful in the presence of a following, which in a competitive environment may be resistant and contentious. The history of the PC software industry is one of many firms vying for leadership and the ability to set standards that accompanies that position. Currently, such firms as IBM, Sun, and particularly Netscape are working to deinstitutionalize the market standards that support Microsoft’s dominance in order to position themselves in leadership positions. The development of the World Wide Web and its graphical browsers has engendered an explosion in consumer interest and software development activity that has radically destabilized the industry and allowed these firms to articulate alternative models for corporate and consumer computing (Eng, 1995). The key issue in this contest remains the establishment and protection of a leadership position from which a firm can develop advantageous standards of practice.

The importance of technical, legal and political expertise as resources in standardization strategies is illustrated in the HDTV example. Technical expertise allows organizations to provide others with ready-made answers to technical problems, as computer and television manufacturers are attempting to do for the FCC. However, the FCC’s decision to choose the limited standards advocated by the television manufacturers or the more technically aggressive standards recommended by the computer industry will be based at least as much on the advocates’ political and legal positions, as on the technical merits of their solutions or the technical reputations of the organizations. An editorial in Barron’s highlighted the importance of political skills in this case when it described the HDTV contest as pitting the “politically astute hired guns” of the television makers against the “less politically astute computer nerds” (McTague, 1996). While establishing some practice, product or service as the standard in an industry may involve winning the hearts of consumers or enrolling a network of allied manufacturers as in the case of VHS, the HDTV example illustrates a more direct approach through regulation. Patents, bylaws, zoning and safety regulations, and environmental impact assessments can all be conduits for the legal legitimation and prescription of certain practices and the proscription of others. The relationship between organizational resources/capabilities and standardization strategies is summarized in the following proposition:
P3: An organization's ability to affect the standards of practice in an organizational field is positively associated with its technical, legal, marketing and political expertise and the degree to which it is perceived as a leading organization in the field.

Settings which would encourage standardization strategies include those in which the technical or legal definitions of 'good practice' are contested. As with membership rules and strategies, the key issue here is the degree to which existing rules are taken-for-granted or supported by intractable social mechanisms that reward conformity and sanction deviance. Disruption of existing cognitive and social supports for institutional rules might be the result of some external event, an internal innovation or an agential challenge, but in any case, the net effect of that disturbance is determined by the power plays of the actors involved. In these situations, interest groups vie for the establishment and legitimation of their own specific practical definitions. Successful standardization strategies involve the establishment and legitimation of new normal practice for some institutional sector. Furthermore, successful standardization strategies not only redefine the institutional standards of practice, but those newly defined standards work to privilege the sponsoring actor. Standardization strategies are, however, more precarious than competitive strategies that attempt to exploit existing practice standards because of the greater potential for unintended consequences associated with strategies intended to disrupt and reform institutional structures. Proposition 4 stems from the relationship between the institutional context and actors' attempts at standardization:

P4: An organization's ability to affect the standards of practice in an organizational field is negatively associated with the degree to which those standards are taken-for-granted by members of the field and the degree to which those standards are supported by social mechanisms.

Standardization Strategies in Forensic Accounting

The history of forensic accounting has allowed its practitioners to establish standards of practice that are now highly institutionalized. The existing standards of practice primarily concern the legal/judicial standards that regulate the relationship between forensic accountants and the courts, and the specific techniques utilized by forensic accountants. Current standardization strategies revolve around the latter: maintaining or challenging certain "technical" practice standards in a contest that runs parallel to the competition between informal, community-based membership and formalized, professional rules of accreditation. As with membership rules, the standards of practice in forensic accounting have become somewhat destabilized by the increase in competition and attention paid to the area. As more accountants and accounting firms have entered the arena, they have encountered a set of de facto standards that implicitly privilege existing competitors. Thus, consistent with Proposition 4, the context of forensic accounting has provided both the impetus and the possibility for interested professionals to work toward changes through standardization strategies.
Accountants, lawyers and trade journals have traditionally described forensic accounting as highly individualistic and largely uncodified. Because of its relatively recent emergence, forensic accounting has been the subject of numerous overviews in practitioner journals, including *Journal of Accountancy* (Wagner & MacFarlane, 1992), and *The Ohio CPA Journal* (Rezaee, Lander, & Reinstein, 1992). These articles typically describe the requirements for forensic accounting in terms of a trait-like list:

[Lawyers] will want to know how the accountant answers tough questions and how *fast he or she thinks*. They will also want to test the CPA’s *intelligence*. They will seek to learn about the CPA’s *personality* and also to observe how *articulate* he or she is. (Wagner & MacFarlane, 1992: 72–73, emphasis added)

These articles emphasize to accountants to make sure that they have the appropriate characteristics if they wish to offer forensic accounting services. Key in these descriptions is an emphasis on processual knowledge and skills.

Interviews with established forensic accountants reinforced this idiosyncratic approach to practice standards. When asked about the standards related to concrete practices, they suggested that there was some room for standards but that for the most part their practices were not easily codifiable in the same manner as audit procedures.

When you do these files, like on fraud files for example, there is no such thing as a canned program. I mean you have to use your native intelligence on it; you’ve got to think, you know ‘what was the guy doing?’ and how will I approach this. You can’t tie it down to procedures. (Interview, forensic accountant)

This description of forensic accounting practice highlights the importance of individual characteristics, in this case “native intelligence” and an ability to think in a particular way. In discussions of specific practices, accountants emphasized the need to learn by doing and working with experienced forensic accountants: “Whether it’s how to interview people, the oddities you look for in the books and records, the techniques you might use to find out about the mind-set of that person” (Interview, forensic accountant).

The development of these practice standards in forensic accounting reflects the complex institutional context in which the area has developed. Because forensic accounting originates at the intersection of two organizational fields—accounting and the law—the legitimacy of its practice standards must accommodate the demands of both professions. As specialists within the accounting profession, forensic accountants are expected to produce judgment based on reliable, quantifiable calculations. As experts providing a service to the courts, forensic accountants are expected to present objective analyses in an articulate, comprehensible manner. While each of the broader organizational fields places certain demands on forensic accountants, however, the standards of professional accounting and the law do not determine exactly how forensic accountants will meet these
demands. The individualistic representation of forensic accounting that dominates the profession is only one possible response to the institutional constraints imposed by the larger professions. Indeed, the dominant standards are being challenged in a manner parallel to the challenges to the membership rules.

Although an individualistic representation of forensic accounting knowledge is widely held, market growth and increased attention have led to challenges to this notion. Several large accounting firms and associations are intent on reconceptualizing the practice of forensic accounting in a manner that devalues the idiosyncratic knowledge of the industry’s more established practitioners. Specifically, there are two sets of strategies intended to systematize the practice of forensic accounting. First, as larger accounting firms have attempted to develop substantial forensic practices, they have been developing training programs in order to increase the number of skilled practitioners within their firms. These training programs are intended to overcome, at least partially, the inefficiency of apprenticeship-based training. Second, the membership strategies relying on professionalization have engendered a simultaneous move toward codification of practice standards at the professional level. For third-party organizations, such as the CICA and the CR-NACFE, to find a legitimate role in the training and accrediting of forensic accountants, they need to develop formalized training programs that rest on a codified knowledge base. As long as forensic accounting practices rest on individualistic, and even idiosyncratic, skill sets, firms will continue to rely on internal apprenticeship-based training.

Accounting firms are relying primarily on series of in-house seminars and short courses for the codification and dissemination of forensic accounting techniques. These seminars and courses focus largely on courtroom presentation skills and case analysis. They include attempts to teach heuristic forensic practices including looking for “red flags” and “getting into the mindset” of the criminal, along with the more general skills of interviewing witnesses and presenting testimony.

We run a bunch of learning sessions about every two weeks that might be on a particular topic. The one coming up is on charts and graphs using a Macintosh which stresses the visual presentation of accounting stuff. We will often do one on a unique case, a case that has a particular, relevant issue. (Interview, forensic accountant)

We run two litigation-oriented courses... In the advanced course they have a case study and we bring in litigators and we have mock cross-examination process that they go through. (Interview, forensic accountant)

The pedagogical approach is inductive and case-based, where new entrants into the field are supposed to pick up the required skills by being led through past cases, rather than by learning some set of generally accepted principles.

Despite the accounting firms’ attempts at codifying forensic practices, most accountants maintained that the primary learning mechanism continued to be on-
the-job experience, supplemented by some form of apprenticeship for new practitioners.

Most of the guys that are coming up now are with firms that do this work and start out as an understudy. (Interview, forensic accountant)

The tension between accounting firms' desire for codification of forensic practice and the heuristic approach implicit in the apprenticeship system reflects the difficulty of establishing practice standards at the firm level. Accounting firms have traditionally operated in a context marked by highly legitimate and powerful quasi-legal standards of practice. Consequently, individual firms have demonstrated a reticence with respect to setting standards for forensic accounting without a formalized national basis.

The formation of the Forensic and Investigative Accounting Interest Group was the primary institutional strategy of the CICA. The Interest Group's mandate includes explicit standardization strategies, including: "assembling a body of knowledge for continuing education purposes and providing education opportunities" and "to identify and influence guidelines for the conduct of this specific area" (CICA, 1992: 3). The published statement of purpose was consistent with individual accountants' understandings of the purpose of the Interest Group:

Yes, that is one of the goals, I think, for the special interest group. I mean, your evaluations, your standards for the chartered business evaluator; your certified fraud examiner; they are all trying to establish these standards of having courses of study and an examination of some sort. (Interview, forensic accountant)

Although the CR-NACFE is similarly concerned with the codification of forensic accounting knowledge, its position as a standard-setting body is limited by its interdisciplinary membership and its dual purposes of education and marketing. Although its interdisciplinary nature may limit the Association's potential coercive power, it effectively increases the range of practice standards within its scope. This was evident at the First Canadian Fraud Symposium, held by the CR-NAFCE in 1992, where seminar topics included techniques for interrogation, effective witness preparation and fraud prevention strategies, all of which were considered at the periphery of forensic accounting.

Proposition 3 argues for the importance of expertise and a perception of leadership for organizations attempting standardization strategies. In the field of forensic accounting, the firms and associations attempting to reformulate standards of practice are associated with a wide range of expertise and leadership. The large accounting firms who are most active in trying to promote standardization and grow the industry have acquired significant technical expertise in forensic accounting either through growing their own practices or through mergers with smaller boutique firms. The problem, however, is that this expertise is rooted in the traditional conception of how forensic accounting is practiced and learned. Consequently, the attempts to reform practice and training have been limited. This is exacerbated by a traditionally conservative approach to professional politics, in
which firms typically followed the lead of the professional associations in standard setting. Although the professional associations are interested in setting standards in this area, the leading association, the CICA, has established its Interest Group as a forum for communication, rather than standardization, at least initially. While the membership and mandate of the CR-NACFE brings it significant expertise in forensic accounting, its mandate as a joint marketing and educational association and its very broad membership blunt its effectiveness as a standard setter. Finally, the CBV has a powerful body of expertise and a well established reputation, but in an area that is perceived as only partially overlapping that of forensic accounting.

**Conclusion**

The concept of institutional strategy is intended to move the discussion of agency and institutions beyond notions of environmental determinism or unbounded action, toward more detailed examinations of the complex dynamics of institutions and fields. While more empirical research is required, I have outlined and provided examples of two types of institutional strategies, that I refer to as membership strategy and standardization strategy. The interplay of membership and standardization strategies in forensic accounting brings into question the relationship between these types of institutional strategy. The professionalization projects associated with forensic accounting involve both membership and standardization dimensions. At the organizational level, standardization has been the principal concern as the large, multinational accounting firms have worked to establish internal training and practice standards. The membership strategies associated with professionalization have been undertaken principally through the formation of industry associations in which many firms and individuals work together to establish communication networks, education and accreditation processes.

The separation of standardization and membership strategies in forensic accounting seems to reflect field-specific contingencies rather than any definitive, universal basis. Individual firms that are entering or attempting to enlarge the field of forensic accounting would benefit tremendously from a reorientation of the membership rules that restrict access based on informal reputation and connections. They are unable, however, to directly engage in membership strategies because they lack the institutional position from which to challenge the extant rules. In contrast, associations such as the CICA and the NACFE are much better positioned to reformulate membership boundaries through the establishment of formal mechanisms, due to their greater legitimacy and control of institutional communication. Standardization strategies that focus on establishing formal, field-level standards, are similarly out of reach of the individual firms, thus moving their focus to internal and informal standards.

In terms of a temporal dimension to institutional strategy, the theory and case examined here suggest at least two, tentative conclusions. First, the dynamics of organizational fields make the potential for transformational strategies much greater in their early stages of formation or in times of flux (Aldrich & Fiol,
1994). Although forensic accounting has been ongoing in Canada for approximately 20 years, the time in which this study was undertaken clearly represents a period of significant environmental turbulence. As the institutional strategies discussed here develop, it is likely that organizational forms and practices will become increasingly isomorphic, particularly if the attempts at professionalization are successful. The second temporal issue is the relationship between standardization and membership strategies. The case examined here does not suggest any simple linear movement from membership to standardization, or the reverse; rather, it seems that the two sets of strategies support each other in a recursive fashion, each feeding on the success of itself and the other. The degree to which firms and associations establish new membership rules that are more formal and professionalized will aid in their attempts to codify and formalize the practices associated with forensic accounting. Similarly, acceptance of codified, formalized standards of practice will act as a resource for membership strategies aimed at professionalization.

**Implications for Research and Practice**

For research, the first implication of the concept of institutional strategy is that the understanding of strategy in organizational fields necessitates the examination of more than the focal actor. As illustrated in the example of forensic accounting, both standardization and membership strategies involve potential challenges to the existing rules of the game, rules which inevitably are being sponsored and supported by some other actor or group of actors. While one set of accounting firms attempts to broaden the discipline through formalization, another set is involved in preserving the status quo of informal ties. Consequently, research that is interested in understanding firms’ attempts to transform their competitive context is best undertaken at the level of analysis of the field, rather than focusing on an individual organization or set of allied organizations.

The second important implication for research concerns the role of power in enacting successful institutional strategies. The examples provided illustrate the importance of considering a wide variety of bases of power. Not only resources, but legitimacy, impression management, control of professional discourse, and access to political and bureaucratic mechanisms all played a large role in the institutional strategies of forensic accountants. Indeed, for firms attempting institutional strategies that are aimed at destabilizing existing conditions and relationships, access to traditionally valued resources may not be the most critical condition.

For managers, the concept of institutional strategy is important for the widened and wizened strategic lens it provides. An understanding of the importance of institutional strategy and the contingencies associated with its accomplishment will aid managers in dealing with the competitive context in which they operate. The often taken-for- granted rules and standards that situate a firm with respect to other firms, customers, suppliers, and other organizations inevitably provide both opportunity and constraint. A conception of these rules and standards as socially constructed, and consequently manageable opens up strategic possibilities. At the same time, however, the nature of institutional structures
inevitably makes change difficult. At a minimum, managers are often steeped in the rules and standards of their field, so that alternative possibilities are often unseen. And if managers do attempt to transform their institutional contexts through standardization or membership strategies, they must know that other managers in other firms are equally intent on preserving the status quo or seizing the opportunity to redefine institutional standards and rules to their own advantage.

Acknowledgment: I would like to thank Vivien Clark, David Cooper, Robert Gephart, Bob Hinings, Michael Mauws, Alan Murray, Nelson Phillips and Barbara Townley for comments on earlier drafts of this paper.

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