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Seizing Opportunity in Emerging Fields: How Institutional Entrepreneurs Legitimated the Professional Form of Management Consulting

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We draw on the early history of the management consulting field to build theory about how institutional entrepreneurs legitimate new kinds of organizations in emerging fields. We study the professional form of management consulting organization, which came to dominate other alternatives. Pioneers of this organizational form seized opportunities arising from broad institutional change to discredit the status quo and legitimate their model of how to advise organizations on strategic and operational issues. Similar to institutional entrepreneurs seeking to change mature fields, those in this emerging field engaged in theorization, undertook collective action, and established affiliations with recognized authorities and elites. But unlike institutional entrepreneurs in mature fields, the actors we studied could not leverage logics, positions, or collectivities within their emerging field; instead, they drew on logics from outside their field, sought affiliations with external authorities and elites, and emphasized the benefits of their activities for society at large. Our analysis thus suggests important differences in how actors legitimate novel organizational forms in emerging versus mature fields and underscores the need for theories of institutional entrepreneurship that explicitly account for field context.

Key words: organizational forms; institutional entrepreneurs; emerging fields; management consulting
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Introduction

New organizational forms—those that are underpinned by novel logics, that project new social identities, and that carve out new roles in exchange networks—are important carriers of social change and are thus of great interest to organizational scholars. New organizational forms are a source of diversity: as existing forms disappear and new ones emerge, the variety of organizations in society is replenished and expanded (Schumpeter 1942, Stinchcombe 1965). This can result in considerable social impact in the form of new products, services, occupations, and careers. Because they are novel combinations of cultural materials, new organizational forms ultimately represent an important form of cultural change (Rao 1998). Although scholars have accumulated considerable understanding of the *conditions* required for new organizational forms to arise and take hold (e.g., Ruef 2000, Seo and Creed 2002), the *actions* of those who found and promote new organizational forms has received less attention. Therefore, we focus in this paper on how the pioneers of new organizational forms seek to legitimate their social innovations.

The study of new form emergence has received considerable attention from institutional theorists. These scholars have increasingly attended to "institutional entrepreneurs"—actors who use social skill to overcome skepticism and persuade others to believe the accounts they advance about the benefits of their innovations (DiMaggio 1988, 1991; Fligstein 2001). Much knowledge has accumulated about how actors in *established* fields legitimate new organizational forms as well as how they promote new suborganizational structures, practices, and roles (e.g., Greenwood et al. 2002, Reay et al. 2006, Zietsma and Lawrence 2010). Scholars have also studied how institutional entrepreneurs spur the development of new fields by promoting new practices within established organizations (e.g., Maguire et al. 2004, Powell et al. 2005). This body of work has breathed new life into institutional analysis by focusing attention on institutional entrepreneurs as purposive and self-interested actors, thus answering calls from both institutionalists and their critics for more attention to issues of power and agency (Perrow 1985, DiMaggio and Powell 1991, Abbott 1992, Stinchcombe 1997). Despite this progress, however, we know far less

about how institutional entrepreneurs manage to legitimate entirely new kinds of organizations in new fields (Dacin et al. 2002, Perkmann and Spicer 2007, Tracey et al. 2011). Moreover, whereas much prior research has examined the characteristics of, and the conditions that produce, institutional entrepreneurs, much less prevalent are "detailed descriptions of precisely what it is that institutional entrepreneurs do" (Lawrence and Suddaby 2006, p. 220). Accordingly, we ask, *how do institutional entrepreneurs legitimate new kinds of organizations in emerging fields*?

Our emphasis on a specific kind of institutional entrepreneurship within a specific field context helps us make three related contributions to scholarship. First, it allows us to build middle-range theory—a collection of logically interrelated propositions that deals with a clearly bounded aspect of social life (Merton 1968b). Rather than a general theory of institutional entrepreneurship, we develop propositions about institutional entrepreneurship taken by the founders of new organizational forms in emerging fields. Such midrange theories are readily amenable to empirical confirmation or disconfirmation. Second, we develop theory about how the actions of institutional entrepreneurs differ according to contextual factors: the level of maturity of the field (emerging versus established) and the type of innovation being promoted (a suborganizational element versus an entire organizational form) (Low and Abrahamson 1997, Aldrich and Ruef 2006, Fligstein 2001, Tracey et al. 2011). Third, we demonstrate the need to take history seriously and show how to connect history with social theory (Kieser 1994, Stryker 1996, Jones and Khanna 2006). Our focus on a specific context and time period and our development of middle-range theory will, we hope, spur others who study institutional entrepreneurship (and institutional change more broadly) to develop more clearly delimited and disconfirmable theories.

We base our theory-building efforts on an analysis of the early management consulting field. Management consulting firms advise managers on strategy and operations, with the goal of improving performance. Such firms are widely recognized and accepted today: management consulting revenues top $150 billion (Kipping and Clark 2012), employment tops 600,000 (Kubr 2002), and careers in the industry are among the most coveted (Lemann 1999). Despite its current prominence, there was essentially no management consulting field prior to World War I (Higdon 1969, McKenna 2006). At that time, few believed that managerial (as opposed to engineering or vocational) skills could be learned, much less applied in any systematic way, and a distinct set of firms dedicated to advising top management had not yet emerged (Klein 1977). Early management consultants struggled to explain the nature and value of their services, but by the end of World War II, leading consulting firms were serving prominent corporations and government agencies, and the industry was on the cusp of a golden age (McKenna 2006, David 2012). Today, the dominant form of management consulting firm claims a professional identity, one that emphasizes specialized expertise, independence from clients, and codified standards of conduct and behavior.[1] Between the two World Wars, this organizational form had developed into a *proto-institution*: a social structure that has the potential to become widely institutionalized (Lawrence et al. 2002). This transformation is particularly remarkable, given that there is no legal imperative to hire management consulting firms, and the outputs of these firms are impossible to objectively assess. It is this early-stage institutionalization process that we study, the path from strange upstart to proto-institution.

We employ a historiographic approach: we carefully scrutinize archival materials to develop a richly detailed account of the lives of organizations and their founders, akin to what ethnographers might do for contemporary organizations (Ventresca and Mohr 2002). We use these materials to develop a strategic narrative, an account of actors and events based on a subset of historical cases that are most valuable for building theory from history (Stryker 1996). In following this approach, we start with a well-defined theoretical agenda and then iterate between theory and evidence to develop new insights. Our account is intended to sharpen, illustrate, and ground our arguments, not to provide an empirical test or a comprehensive history of management consulting. Our detailed account elucidates the specific mechanisms that can lead to an important form of social change: the institutionalization of a new organizational form in a nascent field. Using historical data allows us to trace a process that occurred over several decades, thereby overcoming the temporal limitations of ethnographic and other field methods (Kieser 1994, Rao 1998, Jones and Khanna 2006).

We begin by discussing what organizational theorists have discovered about institutional entrepreneurship in other contexts and by highlighting what little we know about the actions involved in the creation of entirely new kinds of organizations in emerging fields. We then describe our data and method of analysis. After briefly outlining the broad institutional changes that created the opportunity (though not the necessity) for management consulting firms to emerge, we use our historical data to develop propositions about how institutional entrepreneurs can seize opportunities to legitimate new kinds of organizations in emerging fields and about how these actions might differ from those of institutional entrepreneurs operating in other contexts. We conclude by discussing how these propositions can be tested and how well they might generalize, and by pondering their implications for theory and future research.

Existing Research on Institutional Entrepreneurship

The constructs "institutional entrepreneur" and "entrepreneur" partially overlap: some, but not all, institutional entrepreneurs are also traditional entrepreneurs, and some, but not all, traditional entrepreneurs are also institutional entrepreneurs (Phillips and Tracey 2007, Tracey et al. 2011, Tolbert et al. 2011). As we described above, institutional entrepreneurs are socially skilled actors who work to justify and legitimate new kinds of social arrangements. Traditional entrepreneurs,[2] in contrast, are typically defined simply as those who found new organizations, whether novel or not (Gartner 1988, Aldrich and Ruef 2006). Whereas some institutional entrepreneurs engage in institutional change projects without directly founding organizations (e.g., Maguire et al. 2004, Child et al. 2007), other institutional entrepreneurs do found new organizations and are thus also entrepreneurs in the traditional sense. Novel *kinds* of organizations require "legitimating accounts…about labor markets, consumer markets, expertise, and distinctive products or services" (DiMaggio 1988, p. 15). If newly founded organizations are replications of *existing* organizational forms, however, then no such institutionalization project is required (and the entrepreneurs who founded the organizations are simply traditional entrepreneurs and not *institutional* entrepreneurs). In our study, the founders of early management consulting organizations are *both* entrepreneurs in the traditional sense of actors who found new ventures and institutional entrepreneurs because their activities can result in an entirely new social form being institutionalized.

New organizational forms, unlike replications of existing kinds of organizations, assemble resources in novel ways, project new social identities, and build new types of exchange networks. Institutionalists see new organizational forms as being based on novel logics—underlying "interpretive schemes" that form beliefs about domain, structure, and evaluation method (Greenwood and Hinings 1996) or "theories of moral sentiments" that comprise opinions, beliefs, and judgments (Haveman and Rao 1997, Rao 1998). Similarly, ecologists posit that new organizational forms are based on new identities that function as social codes, generating both rules of conduct for organizations claiming a particular form and signals to audiences about what they can expect from members of that form (Hannan et al. 2007). Guided by these notions, we see new organizational forms as embodiments of novel logics and as defined by new identities that generate validation (or censure) from audiences. Consistent with institutionalists, we hold that new kinds of organizations require an institutionalization project in which institutional entrepreneurs legitimate the theory and values underpinning their ventures. And consistent with ecologists, we recognize that creating and promoting new kinds of organizations requires constructing coherent identities using rules and signals that will be understood and approved by key audience segments.

There is great heterogeneity among the contexts in which institutional entrepreneurs work. Two contextual dimensions are particularly important. First, the target or object of institutional entrepreneurs' efforts can vary broadly. Institutional entrepreneurs can promote novel *sub*-organizational elements, such as roles, practices, or procedures. Alternatively, institutional entrepreneurs can seek to create and sustain entirely new kinds of organizations that embody novel logics and project new identities. Second, the fields in which institutional entrepreneurs maneuver vary in their level of maturity. In mature fields, roles and relationships are relatively stable and have a long history, power relations and coalitions are sharply defined, and participants perceive that they are involved in a common enterprise (DiMaggio and Powell 1983, DiMaggio 1986, Fligstein 2001, Fligstein and McAdam 2011). In emerging fields, roles and relationships are neither clearly defined nor stable, power relations and coalitions have not jelled, and participants seldom recognize that they have common (congruent or conflicting) interests. Such contextual diversity has rarely been recognized explicitly, but it is important because both the nature of the social innovation and the maturity of the field affect the resources and opportunities facing institutional entrepreneurs and the constraints on and threats to their efforts.

Table 1 uses these two dimensions to locate our study within prior research on institutional entrepreneurship.[3] Our analysis focuses on quadrant 4 in the table: new kinds of organizations in emerging fields. We expect that institutional entrepreneurs' activities and constraints in this context will differ from those in *established* fields (quadrants 1 and 3), where actors must integrate and reconcile proposed new suborganizational elements (quadrant 1) or organizational forms (quadrant 3) with entrenched field structures, norms, and understandings. This is certainly no easy task. But in new fields, institutional entrepreneurs cannot leverage social positions, logics, or collectivities within their field, as these are not yet established. We also expect that within emerging fields, legitimating new organizational forms (quadrant 4) differs from fostering new practices and relations within and among existing organizations (quadrant 2). Actors who launch new kinds of organizations in new fields are faced with the task of legitimating entire self-sustaining entities, whereas those forming new practices out of existing forms of organization can focus on legitimating the practices. Although we focus on quadrant 4 in this paper, our review of past work suggests that the degree of difficulty facing institutional entrepreneurs generally increases as one moves diagonally from quadrant 1 to quadrant 4. Indeed, legitimating new kinds of

Table 1 The Contexts of Institutional Entrepreneurship: Examples of Empirical Research

Locus of change (new organization form or suborganizational element)	Level of field maturity: Established field	Level of field maturity: New/Emerging field
	Quadrant 1	*Quadrant* 2
Organizational practice, activity, structure, or role	• The emergence of the nurse practitioner in healthcare (Reay et al. 2006)	• The emergence of practices of consultation and information exchange in HIV/AIDS treatment (Maguire et al. 2004)
	• The legitimation of aggressive risk-management practices in mutual funds (Lounsbury and Crumley 2007)	• The growth of interorganizational collaboration in biotechnology (Powell et al. 2005)
	• The legitimation of quality management programs in American business (Abrahamson and Fairchild 1999)	• The development of common technological standards in Internet computing (Garud et al. 2002)
	Quadrant 3	*Quadrant* 4
Organizational form	• The emergence of the multidisciplinary firm in the accounting field (Greenwood et al. 2002)	• The emergence of the professional form of management consulting firm (this study)
	• The legitimation of vocational community colleges distinct from academically oriented, four-year colleges (Brint and Karabel 1989)	• The establishment of an art museum form focused on collecting and conserving "high art" for connoisseurs (DiMaggio 1991)
	• The expansion of specialty coffee retailers in the U.S. coffee industry (Rindova and Fombrun 2001)	• The development of consumer watchdog organizations (Rao 1998)

organizations in new fields requires such a potent institutionalization project that Aldrich and Fiol (1994) asked rhetorically if only fools attempted it.

What Do Institutional Entrepreneurs Do?

Previous research suggests that institutional entrepreneurs undertake three kinds of activities: theorization, affiliation, and collective action. We briefly discuss each in turn.

Theorization. Institutional entrepreneurs theorize the social change they wish to effect: they develop and specify abstract categories of actors, structures, and events and abstract cause–effect relationships among actors, structures, and events (Strang and Meyer 1993). They identify broad classes of concrete situations as comparable and motivate new arrangements as effective and replicable. This involves specifying generic problems and justifying particular innovations as solutions to these problems (Strang and Meyer 1993, Tolbert and Zucker 1996). Because both problems and solutions are socially constructed, the "solutions" proposed during theorization may not be the most efficient means of addressing the "problems" highlighted by institutional entrepreneurs; instead, they are promoted as congruent with existing structures and practices. For example, institutional entrepreneurs justified changes in the structures and activities of accounting firms by emphasizing how those changes were aligned with the profession's prevailing values and practices, and by exposing contradictions within the accounting field's existing logic (Greenwood et al. 2002, Suddaby and Greenwood 2005). Similarly, institutional entrepreneurs in the emerging HIV/AIDS treatment field theorized new practices of consultation and information exchange between community organizations and pharmaceutical firms as consistent with the interests of a wide range of stakeholders and "attached" these new practices to existing routines (Maguire et al. 2004). Actors working to legitimate the role of nurse practitioner had to "hook" this new role into existing healthcare procedures, resource allocations, and structures (Reay et al. 2006). And those seeking to promote active money management practices in the mutual fund industry had to argue that money management could "unproblematically" include both conservatively and aggressively managed funds (Lounsbury and Crumley 2007). Together, these findings suggest that a key activity of institutional entrepreneurs is the theorization of change as consistent with existing field and organizational logics, practices, and routines.

Institutional entrepreneurs also frame their goals and tactics—and the structural incarnations of those goals and tactics—as compatible with the master logics of society at large, such as efficiency, equality, or justice (Meyer and Rowan 1977, Haveman and Rao 1997). Frames elaborate the grievances and interests of those who are dissatisfied with the status quo, diagnose causes, provide solutions, spur collective attributions, and help legitimate social movements (Goffman 1974, Snow et al. 1986). Institutional entrepreneurs use frames to give meaning to and justify new social arrangements (Benford and Snow 2000). For example, founders of the first consumer protection leagues framed their ventures as impartial and scientific; they proposed to serve the public by enhancing the ability to make rational purchase decisions (Rao 1998). Gay rights advocates invoked a civil rights logic of constitutional democracy,

civic responsibility, and the protection of individual liberties to justify their proposed changes in legislation and behavior (Creed et al. 2002). Commercial whale watching was described by proponents as consistent with the animal rights movement in order to capitalize on a shift in the public perception of whales from "monsters to be feared" to "individuals to be appreciated and respected" (Lawrence and Phillips 2004, pp. 695 and 698). And nuclear energy was framed as "emission free" and therefore "sustainable" in a time of growing concern over the environment (Garud et al. 2010). These studies suggest that the work of institutional entrepreneurs consists not only of navigating logics prevailing in established fields and organizations but also piggybacking on broader cultural schemas.

Affiliation. Institutional entrepreneurs often forge affiliations to legitimate actors so that they can "borrow" legitimacy from their exchange partners. Status is contagious: ties to high-status others create halos that imbue entrepreneurs' activities with normative and pragmatic legitimacy (Crane 1965, Merton 1968a, Podolny 1993). When customers, employees, and financiers cannot assess the value of a new social arrangement directly, they often rely on more easily observed signals, such as the status and legitimacy of affiliates (Bitektine 2011). For example, business, social, and philanthropic networks were tapped to establish a new form of art museum (DiMaggio 1991). Similarly, personal friendships, business contacts, and positions in industry associations were used to promote the investor-owned electric utility (Granovetter and McGuire 1998). Biotech ventures with affiliations to high-status venture capital firms were more likely to obtain needed resources (Stuart et al. 1999). Institutional entrepreneurs affiliated with organizations staffed by people with AIDS were perceived as more legitimate within the HIV/AIDS treatment field than those without such affiliations (Maguire et al. 2004). Promoters of fledgling sports seeking recognition and resources—symbolic and material—strove to get these sports selected for inclusion in the Olympic Games; indeed, the selection of basketball into the Olympics in the early 1900s gave the sport national, as well as international, visibility (Washington and Ventresca 2008). Early satellite radio firms trumpeted in press releases their affiliations to high-profile others that could "sanction the feasibility and normative appropriateness" of this new market category within the existing radio-broadcasting field (Navis and Glynn 2010, p. 445). These studies support the notion that ties to recognized institutions can substitute for objective performance data in demonstrating effectiveness and so improve perceived instrumentality.

Collective Action. Banding together can help institutional entrepreneurs counter the inevitable resistance from those who value the status quo (Rao et al. 2000, Wijen and Ansari 2007, Hiatt et al. 2009). For instance, professional associations were vehicles for theorization by accounting firms seeking to broaden accountants' domains (Greenwood et al. 2002) and by those advocating new money management practices in mutual funds (Lounsbury and Crumley 2007). Collaborative agreements among software and hardware firms helped establish a new computer programming standard (Garud et al. 2002), and a broad alliance of firms was central to the theorization and spread of a single standard for high-definition television (Dowell et al. 2002). Coalitions of diverse constituents were critical to the implementation of mass recycling programs (Lounsbury et al. 2003) and to the establishment of new practices among nongovernmental organizations in Palestine (Lawrence et al. 2002). In brief, the difficulty of developing and implementing new structures and practices, much less making them "stick," often leads institutional entrepreneurs to act collectively.

Collective action can also establish the distinctiveness and exteriority of new kinds of organizations (Van de Ven and Garud 1989, Aldrich and Fiol 1994, Rao et al. 2000, Swaminathan and Wade 2001, Sine and Lee 2009). To gain legitimacy, new kinds of organizations must achieve cognitive distinctiveness and possess a "reality of their own" that is detached from the actors who created them or "who 'happen to' embody them at the moment" (Berger and Luckmann 1967, p. 58). A collective identity differentiates members of the collectivity from rivals and provides them with a sharper and more salient image (Mael and Ashforth 1992). Moreover, collections of organizations are unlikely to be identified with any particular member, which facilitates the intergenerational transmission of their form (Berger and Luckmann 1967, Tolbert and Zucker 1996). For example, the American Association of Junior Colleges distinguished two-year colleges from four-year colleges through journals, conferences, and monographs (Brint and Karabel 1989). Similarly, the National Electric Light Association and the Association of Edison Illuminating Companies promoted private energy companies within the emerging electricity industry by denouncing city-owned electric firms, excluding them from their meetings, and organizing boycotts against them (Granovetter and McGuire 1998).

Summary and Cross-Context Comparison. Prior research demonstrates clearly that institutional entrepreneurs are "culturally competent actors with strong practical skills" (Lawrence and Suddaby 2006, p. 219) who work to establish new social arrangements. The activities highlighted in prior work—theorization, affiliation, and collective action—are likely to be important in *all* contexts, but we expect these activities to take different forms and have different targets in emerging fields than in established fields because of the different challenges these contexts pose. The research reviewed here

suggests that theorization in established fields is oriented toward consistency with the field's existing structures, values, and norms, but none of these cultural elements is yet entrenched in emerging fields. Similarly, affiliation targets in established fields are often obvious because field authority structures and status orderings have stabilized; in emerging fields, this is rarely the case. And vehicles for collective action are not initially available in emerging fields. These contextual differences call for more attention to, and fine-grained theorizing about, the actions of institutional entrepreneurs who promote new kinds of organizations in emerging fields.

Research Design

The early management consulting industry provides an excellent context to study institutional entrepreneurship. The professional form of the management consulting firm became dominant within the emerging field between the two World Wars, thus providing an opportunity to study how a new organizational form becomes a proto-institution (Lawrence et al. 2002). To study this process, we employed a historiographic approach (Ventresca and Mohr 2002). We conducted a comprehensive search for archival materials—books, newspapers, general interest and business magazines, consulting industry publications, and academic research—on the early management consulting industry and the business environment of that period. To find data sources, we engaged in snowball sampling: we began with industry histories (e.g., Higdon 1969, Tisdall 1982, McKenna 2006), then moved on to other sources we discovered as we searched the archives. One source would often refer to another, which we would then track down and read. We complemented this strategy with searches of library catalogs and electronic databases covering materials from our period of interest. We proceeded with our search until we unearthed no new materials. Some of our sources were secondary—biographies of the founders of several early consulting firms, academic articles, and books about the industry. Others were primary—industry publications, newspapers, business magazines, and original documents reprinted in books. We list the sources we consulted in the online appendix (at http://dx.doi.org/10.1287/orsc.1120.0745).

Our reading of the history of management consulting quickly revealed that the institutional entrepreneurs in this context—the "agents of legitimacy" (Dacin et al. 2002, p. 47) of the now-dominant organizational form—were the men who founded some of the first professional-form consulting firms. Accordingly, we focused our attention on these individuals and assessed the actions they took to legitimate their ventures in the face of viable alternatives. The activities of the founders of three early firms—Booz, Allen & Hamilton, Arthur D. Little, Inc., and McKinsey & Company—figure prominently in our analysis. These men elaborated and promoted the logic of the professional management consulting organizational form, and their firms were among the first to follow this model (Higdon 1969). Data on these firms are by far the richest available; we found no comprehensive account of any other early professional consulting firm.[4] Moreover, later management consulting firms (such as A.T. Kearney and Cresap, McCormick & Paget) adopted the identity and practices of these pioneering firms, which indicates that the professional form acquired legitimacy and followers. Indeed, the identity forged by such firms represents the dominant identity of the field today, and management consulting is commonly viewed as a profession (Kubr 2002, McKenna 2006). In addition to these early instantiations of the professional form of management consulting, we studied a prominent instance of an alternative form, the George S. May International Company. Studying this competing form allows us to contrast actions that worked (i.e., led to a proto-institution) with those that did not.

As historians do, we analyzed our data in an iterative fashion. Our approach is summarized succinctly by the author of a canonical work on historical methods:

> The historian starts with a provisional selection of facts, and a provisional interpretation in the light of which that selection has been made—by others as well as by himself. As he works, both the interpretation and the selection and ordering of facts undergo subtle and perhaps partly unconscious changes through the reciprocal action of one on the other. (Carr 1961, p. 35)

Despite frequent claims that historians eschew theory, all historians begin with some theory, which guides them in their selection of evidence to scrutinize (Carr 1961, Evans 1997, Calhoun 1998). They then move between their reading of the evidence and their understanding of theory, updating theory, and updating their search for evidence to investigate new ideas as they arise (Carr 1961, Evans 1997, Gaddis 2002). The end result is revised theories, in the form of new or updated generalizations about the causes of past events. This historical method that we follow highlights temporal change and involves process tracing, through which we identify a causal link between independent variables and the outcome of a dependent variable (George and Bennett 2005). Process tracing converts "a purely historical account that implies or asserts a causal sequence into an analytical explanation couched in theoretical variables that have been identified in the research design" (George and Bennett 2005, p. 225). Process tracing thus focuses on identifying causal mechanisms and is a first step toward expanding the domain of inquiry and developing propositions that can later be tested in other settings.

We use process tracing to link the actions of pioneers of the professional form of management consulting firm to the increasing dominance of this professional form,

building theory "in constant dialogue with the historical data" (Kieser 1994, p. 618). Our account takes the form of a strategic narrative: narrative in that it is a processual account of actors and events, strategic in that it selects a subset of cases that are most valuable for building theory from history (Stryker 1996, George and Bennett 2005). Beginning with theoretically motivated questions and constructs, we coded archival evidence of theorization, affiliations, and collective action—the themes highlighted in previous research. We also noted evidence of legitimating activities *not* highlighted in previous research. We moved repeatedly between theory and data; as our ideas sharpened and new ones developed, we returned to archives to look for additional evidence. We proceeded until we made no new theoretical advances.

Institutional Entrepreneurship in the Early Management Consulting Field

Today, management consulting—advice giving to top managers on strategy and operations, with the goal of improving performance—is a well-established and widely accepted field of activity and is dominated by firms based on a professional logic. In this section, we trace the early development of the field and this now-dominant organizational form. Because broad institutional change creates opportunities for new organizational forms to emerge and take hold (Stinchcombe 1965, Haveman and Rao 1997, Ruef 2000, Sine et al. 2005), we begin by describing the changing institutional context in which pioneering management consulting firms operated. Recognizing the need to avoid historical determinism (Aldrich and Ruef 2006), we then discuss plausible alternatives to the professional form of management consulting. Finally, we assess the actions that early professional-form management consultants took to legitimate their ventures and to thrive despite the existence of viable alternatives.

Institutional Change and Opportunity Creation

Taking our lead from business historians, we focus on the structural changes in corporations that increased managerial complexity (Kipping 2002) and the regulatory changes of the 1930s that limited the roles of bankers and accountants as business advisors (McKenna 1995, 2006). Although other factors promoted the rise of management consulting, most notably the expansion of business schools and the business press in the early 20th century (David 2012) and corporate downsizing and reduced careerism in the late 20th century (Ruef 2002), we limit our focus here to the initial opportunities facing pioneering management consultants.

From the late 19th to the early 20th century, the American economy shifted from consisting largely of single-product, single-unit, family-owned enterprises to being dominated by diversified, multiple-unit corporations with dispersed ownership (Berle and Means 1932; Chandler 1977, 1990; Fligstein 1990). Before the Civil War, manufacturing was small scale and often done in family residences; the few large antebellum factories were single-location textile mills. The landscape began to change after the Civil War, as businesses expanded both their scale and scope of operations. Then, from 1897 to 1904, the first great wave of horizontal corporate mergers took place, and industrial firms began to integrate vertically (Nelson 1959). The years after World War I saw a second wave of industrial mergers. By 1930, corporations of a size unfathomable at the turn of the century had emerged.

As a consequence of growth, often fuelled by mergers, corporations became increasingly diversified and geographically dispersed. Large firms, even those that did not diversify or expand geographically, were forced to decentralize and develop systems for coordination and control of multiple subunits (Cochran 1972, Chandler 1977, Fligstein 1990). To create and maintain these systems, new kinds of positions were created and filled by new kinds of managers. Division managers carried out their units' strategies and reported to corporate headquarters; middle managers ran operating units; and corporate managers coordinated various divisions, monitored performance, and allocated resources (Chandler 1977, 1990). These increased needs for coordination and control were generally unanticipated consequences of industrial consolidation. Corporate expansion also meant that for the first time, owners no longer administered their enterprises, relying instead on salaried executives. This separation of ownership and control forced managers to justify their decisions and demonstrate accountability to absentee owners (Berle and Means 1932).

After World War I, firms relied to some extent on advice from banks and accounting firms to cope with these complexities. The regulatory environment changed abruptly during the Great Depression, however. The Glass–Steagall Act of 1933 separated commercial and investment banking and outlawed the consultative services previously performed by commercial banks. In the same year, the Securities Act required that underwriting and corporate reorganization be accompanied by due-diligence studies (McKenna 1995). Accounting firms might well have conducted these studies, but to avoid conflicts of interest, the Securities and Exchange Commission limited accountants to conducting audits (McKenna 2006). Together, these regulatory developments prevented existing advisory organizations from addressing the problems caused by structural changes in corporations.

In sum, by World War II, American businesses reached a scale and level of complexity never seen before. They maintained far-flung operations, served

geographically dispersed customers, and offered diverse product lines. But they generally did not possess the formal structures, communication and control systems, or managerial skills necessary to manage their operations efficiently. Meanwhile, regulatory changes prevented existing business advisors—banks and accounting firms—from addressing these problems. As a result, opportunities arose for new kinds of advisors to management.

Competing Logics: Alternatives to the Professional Form of Management Consulting

The structural and regulatory changes outlined above provided the *opportunity* for management consulting activities to emerge, but they did not create the *necessity* for any one particular form of management consulting to persist and dominate. Although today the professional form of consulting (which we describe in detail below in the section "Institutional Entrepreneurship and the Professional Form of Management Consulting") is widespread and highly institutionalized (McKenna 2006), this outcome was not inevitable. Here, we analyze two compelling alternatives to the professional form, one internal to client firms and one very different external form.

First, instead of hiring external consultants, organizations could have internalized the advice-giving function. This was certainly feasible when the pioneering consulting firms were founded: corporations and government bureaus had rapidly growing pools of internal talent to handle management problems (Bendix 1956, Jacoby 1985). Moreover, the prevailing view was that managers were born, not made, and that corporate leadership and strategic decision making were the domain of executives, not paid experts (Chandler 1962, Cochran 1972). Such an internal solution would be predicted by transaction-cost economics (Williamson 1975). Anyone charged with diagnosing and solving organizations' problems must know a great deal about their businesses and must cope with the great uncertainty stemming from the complexity of their client organizations. Asset specificity and uncertainty generate coordination and monitoring costs, which creates opportunities for consultants to use their knowledge about clients to extract future benefits. For these reasons, transaction-cost theory would predict that internal consulting groups would be preferred to external consultants. This has happened for some other forms of expertise. For example, engineers have been described as "corporate professionals" who are "willing to pursue the rewards of a managerial career even when it draws them reluctantly away from technical work" and who have "no particular desire to share their knowledge with the public at the expense of the corporation" (Whalley and Barley 1997, p. 34). Compared with management consultants, these experts are more often found inside the organizations whose "problems" they solve than in independent, advice-giving firms.

Second, an external form of advisory organization very different from the professional consulting form could have become dominant. In the early days of management consulting, a high-volume, low-cost form was commercially successful and battled for dominance with the professional form. The most notable example of this competing form was founded by George S. May in 1925. In marked contrast to the staid and sober personas of the professional-form pioneers described in the next section, May was a flamboyant figure known for his loud Hawaiian shirts and floral neckties (Higdon 1969). A defining feature of May's firm was its aggressive, high-pressure sales tactics. May employed a huge arsenal of electric typewriters to churn out sales letters and promotional leaflets that were mailed en masse to corporate executives (*Fortune* 1944). He also employed a direct sales force, paid on commission, with revenue quotas. May's sales agents, who were not involved in consulting, made cold calls to sell preliminary "survey reports" for a modest fee. May's consultants, men with industry experience as opposed to recent business school graduates, used these reports to generate additional business. As described by a journalist, "[F]ew companies have dared to sell their services so hard, so blatantly, and so indiscriminately as the George S. May Co." (Stryker 1954, p. 140). This firm's consulting fees were tied to realized cost savings, and it allowed clients to cancel engagements at any time and pay for only those services rendered up to the hour of cancellation; it furnished weekly reports on Fridays, which had to be approved by clients before work would proceed the following Monday. Because all these practices were anathema to the pioneers of the professional form, May was the target of frequent derision from pioneers of that form, who accused him of damaging management consulting's reputation (Higdon 1969).

In sum, May's firm was based on a starkly different logic than that of professional consulting firms, which, like law and accounting firms, were grounded in claims of specialized expertise, independence, and objectivity (Greiner and Metzger 1983, Kubr 2002). May was also an institutional entrepreneur (he pioneered a new kind of organization) but, ultimately, a far less successful one than those we study. Although firms based on May's logic exist today, this form long ago lost the battle for dominance; it occupies a marginal position in contemporary consulting. Nonetheless, his firm's early prominence reminds us that successful management consulting businesses could be built without adhering to a professional model.

Both alternatives to the professional form of consulting—that is, internal consulting and the external form founded by May—persist today, but enjoy little prominence. Some large corporations have internal

management consulting units, but this is far from common. And although May's firm was more financially successful than the professional firms early on, it was the target of frequent criticism and did not attract prestigious clients (Higdon 1969). Unlike the professional form, May's high-volume, low-cost consulting form had few imitators. In sum, as chronicled by business historians, the professional form of management consulting went on to dominate the field in the ensuing decades (Kubr 2002, Kipping and Engwall 2002, McKenna 2006). The question remains as to how the pioneers of the professional form were able to establish the dominance of their form in the presence of viable alternatives.

Institutional Entrepreneurship and the Professional Form of Management Consulting

How did the founders of early professional management consulting firms legitimate their novel organizations? As Rao (1998, p. 916) argued, new social forms "do not arise automatically in resource spaces but have to be constructed from prevalent cultural materials." Guided by prior research, we organize our analysis in terms of the three general types of action—theorization, affiliations, and collective action—discussed above. Sensitive to context, we highlight how the actions seen in this emerging field differ from those uncovered in more mature fields.

Theorization. How did the founders of early professional consulting firms theorize their novel ventures? What problems did they identify, and what solutions did they claim to provide? Our reading revealed that pioneers initially worked to make salient contradictions between prevailing cultural logics and the way potential client organizations were managed. At the time the earliest consulting firms were founded, the Progressive movement, which held functionality, rationality, and bureaucratic administration in government and business to be central to social progress, was at its peak (Hofstadter 1955, Wiebe 1962). Consulting pioneers elaborated the theory that, in the wake of vast structural changes, large organizations were managed inefficiently and so were inconsistent with Progressive values. After theorizing the problems facing large organizations, consulting pioneers advocated their new services as effective solutions to those problems.

Such theorization is seen in the activities of Edwin Booz, who in 1914 founded a firm called the Business Research Service (Higdon 1969, p. 115), which he claimed was the first in the Midwest to undertake independent "business investigations" (Bowman 1984, pp. 4–5). Booz offered "business surveys" that would "diagnose" organizations and identify problems. To emphasize his distinctive approach, he soon changed the firm's name to Edwin G. Booz Surveys (Higdon 1969, p. 116). He spent his time "probing and tinkering" with clients, looking for "soft underbellies and festering sores" and "nosing around companies" whose leaders "had a problem but weren't always sure what it was" (Bowman 1984, p. 7). His approach was to prompt executives to ask 25 questions designed to highlight inefficiency, such as, "How can we improve our methods of hiring, training, and development?" and "How can I relieve myself of too much detail?" (original documents c. 1926; reproduced in Bowman 1984, p. iv).

Like Edwin Booz, James O. McKinsey held that many organizations were grossly inefficient; he worked zealously to publicize this belief (Higdon 1969, Wolf 1978). In 1926, he founded his own management consulting firm. His approach was to attend executive meetings, listen to discussions, and enumerate a list of problems he diagnosed (Wolf 1978, p. 44). Based on this approach, McKinsey developed a consulting tool called the General Survey Outline, a 30-page questionnaire for evaluating a client firm's policies, structure, personnel, controls, facilities, financial condition, and industry outlook (reprinted in Wolf 1978). This comprehensive management audit tool gave executives a holistic view of their operations and a systematic way of uncovering problems hidden in their large, complex organizations (McKenna 2006, p. 67)—something few, if any, executives had managed to do themselves.

Arthur Little also founded a firm whose purpose was to highlight the gap between client firms' practices and Progressive values and to offer solutions. Although Little's firm began in 1886 as a chemical testing laboratory, by the early 1900s, it was offering managerial advice (Kipping 2002, McKenna 2006). A 1907 advertisement announced simply, "Other people's troubles are our business" (Kahn 1986, p. 15). Little also placed advertisements in trade journals that highlighted specific problems, such as one ad that asked, "Are your materials standardized?" (Kahn 1986, p. 48).

These founders of early management consulting firms thus worked to make salient structures and practices in client firms that clashed with the Progressive values of efficiency and rational organization. They pointed to challenges arising from the growing complexity of the corporate form, such as managerial training and development, subunit control and coordination, and diversification. In contrast to the theorization of change witnessed in mature fields, these new categories of problems were not rationalized as stemming from a functional failing or clash of values within the management consulting field itself, because that field was just being born. Instead, the rationale for these problems was rooted outside, in the cultural logic of the Progressive movement.

Theorization involves not only making problems salient but also specifying solutions. The need to offer distinctive solutions to the problems they made salient pushed management consulting pioneers to exploit existing social categories not yet used by top managers.

Edwin Booz, for example, based his solutions to theorized managerial problems on psychology, which was already an established science (Higdon 1969, Bowman 1984). Booz held a master's degree in psychology from Northwestern University. He claimed that organizations should use the latest psychological techniques to evaluate and train managers, and he sought to "evangelize American business with the gospel of personnel-oriented management" (Bowman 1984, p. 11). His approach would "eliminate guesswork" by "expertly analyzing" organizations and "by going to the bottom of problems" (original document c. 1919, reproduced in Bowman 1984, p. iii). His primary consulting tool, the multivector appraisal, used psychometrics to place "the right people in the right place" in client firms (Bowman 1984, p. 2). This, he claimed, would result in the "reorganization and perfecting of the business method" (Bowman 1984, pp. 4–5).

James McKinsey based his solutions on the discipline of accounting and fought to establish accounting as an aid to general management rather than as a mere financial control tool (Wren 2005, p. 248). In 1922, McKinsey published a landmark book, *Budgetary Control*, in which he argued fervently that accounting should emphasize "a comprehensive understanding of the entire organization" and should be seen as "an integrating device for gaining a broad understanding of the problems of administration" (Wolf 1978, p. 5). This approach differed from the general tendency, pushed by regulation, for accountants to focus narrowly on audits (McKenna 2006). McKinsey's main consulting tool, the General Survey Outline, applied principles of accounting to top management, just as Edwin Booz had done with psychology. The application of accounting to top management, McKinsey theorized, would lead to "the development of budgets as planning and controlling aids" and would allow managers to identify and correct inefficiencies (Wren 2005, p. 248).

Arthur Little rooted his solutions in natural science methods. Little had studied chemistry at the Massachusetts Institute of Technology (MIT), although he never graduated because of a lack of funds. When Little and his partner Roger Griffin founded their firm in 1886, industry made little use of any natural science. Little lamented this and fought fervently to have science, especially chemistry, recognized as a vital component of industrial progress. In 1904, the company's letterhead read "Analysis, Research, Advice, Expert Reports, Expert Testimony" (Kahn 1986, p. 37). Little believed that science was the key to increasing organizational efficiency, and he stated with missionary zeal in 1908 that "every waste that is prevented or turned into profit, every problem solved, and every more effective process which is developed makes for better living in the material sense and more wholesome living in the higher sense" (quoted in Kahn 1986, p. 37). Little claimed that the scientific method gave him "the power to generalize" and "the capacity to apply" his solutions to clients' problems, and he sought to convince the business world that the scientific method was the "prime mover for the machinery of civilization" and essential to social progress (quoted in Kahn 1986, pp. 35 and 42).

In sum, early management consultants claimed the ability to solve organizational problems by drawing on forms of expertise that were accepted but had not yet been applied to top management issues. They promised to make management more rational and efficient and so solve the organizational problems they had made salient. By basing their proposed solutions on accepted categories of expertise, pioneering management consultants increased the technical rationality (Strang and Meyer 1993, p. 494) and normative appropriateness (Rao 1998) of their new ventures. We conclude from our reading of history that the specific area of expertise is unimportant: if efficiency—and, by extension, social progress—was a goal of Progressivism, then any established category of expertise could provide a credible means to achieve that goal. This leads us to propose the following regarding the theorization of new organizational forms in emerging fields.

Proposition 1. *The legitimacy of a new organizational form in an emerging field is increased when institutional entrepreneurs identify and promulgate contradictions between the status quo and broad institutional logics external to their field and theorize their organizations as solutions to these problems.*

Proposition 2. *The legitimacy of a new organizational form in an emerging field is increased when institutional entrepreneurs theorize their organizations as solutions embodying established categories of expertise external to their field.*

We previously emphasized the special difficulties facing institutional entrepreneurs in emerging fields. There is, however, a silver lining to this cloud: institutional entrepreneurs in emerging fields do not have to face resistance from entrenched value systems, simply because these have not yet developed. In contrast, members of established fields may be more oriented to field-specific norms, values, and beliefs than to external cultural schemas, and so they may be skeptical of claims based on such schemas. For example, theorizing new medical practices using schemas drawn from outside the established medical field (e.g., religious movements or indigenous traditions) is unlikely to succeed. In an established field, cultural elements from *inside* the field may provide more traction; for example, Alfred Peet, a pioneer of specialty coffee retailing within the mature coffee field, emphasized his deep knowledge and experience with the coffee-roasting process to legitimate his novel organizational form (Rindova and Fombrun 2001). The

fluid contexts of emerging fields may therefore be more fertile ground for theorizations that draw on external cultural elements than the often self-referential contexts of established fields and may therefore offer institutional entrepreneurs greater opportunity to manipulate wider cultural symbols when persuading constituents to support new social arrangements (Fligstein and Drita 1996, Fligstein 2001). Accordingly, we propose the following.

Proposition 3. *Theorizing a new organizational form using cultural elements from outside the focal field confers greater legitimacy in emerging fields than in established fields.*

Together, these propositions provide a picture of theorization in emerging fields that is starkly different from theorization in established fields. In established fields, theorization is focused on the touchstones of the field itself: institutional entrepreneurs identify and elaborate problems or crises in the field and theorize their preferred solutions as being consistent with field norms and values (e.g., Greenwood et al. 2002). In emerging fields, institutional entrepreneurs make salient inconsistencies with broad social values and propose solutions to these inconsistencies that invoke cultural elements external to their field. Indeed, in emerging fields, it is not possible to demonstrate consistency with the field's values because those are not yet embedded.

In addition, our reading of history revealed an element of theorization that has not figured prominently in prior work: pioneers of the professional form of management consulting projected more concern for their clients and for broad social benefits than they did for their own welfare. For example, Arthur Little claimed to be unconcerned with profitability, holding that "a professional man starts to fail the moment he permits money to shape his career" (Kahn 1986, p. 60). Little held that "the laboratory is as much God's temple as the church," and he saw it as his mission to spread this gospel, over and above his firm's profitability (Kahn 1986, p. 86). When the firm moved to Cambridge in 1917, he had the motto "Dedicated to Industrial Progress" carved in marble over the firm's portal (Kahn 1986, p. 52). Indeed, Little managed his firm's finances so poorly that it almost went bankrupt several times. In 1921, even as it was consulting to prominent corporations and boasting that it could increase efficiency and profits, Little's firm showed a loss, prompting senior staff to urge Little to relinquish control (Kahn 1986).

Like Arthur Little, both James McKinsey and Edwin Booz demonstrated more concern for their clients than for their firms. McKinsey abandoned his firm in 1935 to implement the recommendations he had given as a consultant to Marshall Field. Undertaking a massive restructuring, including deep job cuts that prompted death threats from employees, McKinsey saved the retailer from bankruptcy (Wolf 1978). Similarly, Booz approached his work with the "extraordinary righteousness" of a "Calvinist preacher" and projected the image of an "industrial clergyman" (Bowman 1984, p. 10). He neglected his own managerial duties for months at a time as he became immersed in consulting projects. Frustrated with Booz's neglect, his partner James Allen left the firm twice; only after Booz relinquished control did the firm become a financial success (Bowman 1984). In sum, all three institutional entrepreneurs projected the impression that they cared more about adding to the greater good by improving client firms' efficiency than they did about the profitability of their own enterprises. Whether this altruism was strategic or heartfelt is impossible to know and not of central concern; what is important is that this was a prominent element of their theorization efforts.

Displaying altruism can help those who found new organizational forms overcome the risk of being seen as disingenuous, which would lead audiences to shun the proposed new arrangements as morally suspect. To avoid the "self-promoter's paradox" (Ashforth and Gibbs 1990, Suchman 1995), these institutional entrepreneurs can appeal to the greater good or place audiences' interests above their own. Doing so imparts "normative dignity" (Berger and Luckmann 1967, p. 93; Fligstein 2001) or "moral legitimacy" (Suchman 1995) by demonstrating that the actions of institutional entrepreneurs are undergirded by a prosocial logic and a rejection of narrow self-interest. Work in the traditional entrepreneurship literature, particularly on family business, has suggested that altruism leads to positive firm outcomes (Chrisman et al. 2004, Carney 2005, Karra et al. 2006). For example, Karra et al. (2006) show that altruistic behavior can transcend the immediate family and near kin to more distant kinship and ethnic relations and can ultimately reduce firm agency costs. Our account of early management consulting firms—which were not family businesses—extends these ideas by suggesting, first, that the display of altruism is especially important for new *forms* of organizations, whose institutional entrepreneurs are viewed with especially strong skepticism because they cannot point to the benefits that derive from other organizations with the same form (Aldrich and Fiol 1994), and second, that altruism directed outside of distant kinship networks is beneficial. We argue that institutional entrepreneurs must somehow demonstrate that their intentions are congruent with those of their organizations' audiences, that they place audience members' interests at least equal to—if not above—their own. In turn, this perception can facilitate trust in new ventures and their founders. We therefore posit the following.

Proposition 4. *The legitimacy of a new organizational form in an emerging field is increased when institutional entrepreneurs demonstrate altruism* (*deemphasize their self-interest and emphasize instead the benefits of their activities for constituents or society at large*).

Altruism is even more important in emerging fields than in established fields, because institutional entrepreneurs in emerging fields cannot draw on field-level legitimating mechanisms. In contrast to most established fields, emerging fields have no accreditation or rating systems, licenses, or established courses of study or training for field practitioners to buttress claims of legitimacy (Sine et al. 2007). For example, if a dentist wanted to establish a new kind of practice within the existing field of dentistry, say, one that focused on cosmetic dentistry before this became widespread, she could point to her credentials and dental training or seek the sanctioning of the American Dental Association. In an emerging field, these levers of legitimation are simply not available. This leaves institutional entrepreneurs more susceptible to skepticism and charges of pursuing their narrow self-interests. When institutional entrepreneurs in emerging fields demonstrate more concern for organizational constituents or for society as a whole than for themselves, they can mitigate such skepticism. In established fields, professing altruism may have only a marginal effect; indeed, if altruism is used instead of standard legitimating mechanisms, it may actually increase skepticism, as observers question why standard mechanisms are being circumvented. Therefore,

Proposition 5. *Altruism demonstrated by founders of new organizational forms confers more legitimacy in emerging fields than in established fields.*

We argue further that altruism will be especially important when the outputs of a new organizational form are intangible and its production processes untraceable (Meyer and Rowan 1977), as they are for firms that provide expert services (e.g., legal, medical, accounting). When buying such types of outputs, customers have difficulty assessing quality and are therefore vulnerable. And, as explained previously, emerging fields lack certification systems that can substitute for direct measures of quality. To overcome this deficit, providers of intangible services must convince customers that they will act in their best interest. In contrast, in fields where firms produce tangible outputs, altruism may still be valued, but customers can easily evaluate the benefits of firms' products for themselves and therefore require less reassurance of firms' good intentions. Parsons (1951) first suggested the importance of displays of altruism in a study about physicians' expert power. He argued that such power was accepted by patients only because of the "collective orientation" of physicians—in other words, the commitment of physicians to put the "welfare of the patient" above their own (p. 435). This observation is equally true of other expert services: lawyers swear to keep their clients' information confidential, and accountants insist that they are independent of the organizations that they audit. Indeed, that is one reason these services are labeled "professional." In emerging fields, the founders of new types of organizations that aspire to be seen as providing expert services must devise new signals that they can be trusted to put their clients' interests, and those of society at large, ahead of their own. This line of thought suggests the following.

Proposition 6. *Altruism demonstrated by founders of new organizational forms in emerging fields confers more legitimacy when the outputs of these forms are intangible and output quality cannot be directly assessed.*

Affiliation. Pioneers of the professional form of management consulting made extensive use of affiliations to legitimate their new ventures. One important type of affiliation was to authorities integral to their theorized logics. As described above, professional management consulting firms were based on a problem–solution theorization, where the "solution" was drawn from accepted categories of expertise. In contrast to what previous research has shown about new organizational forms in established fields, pioneers of the professional form of management consulting relied on categories of expertise that were *external* to their field because no internal categories of expertise had yet been established. Their affiliations were to authorities such as universities, professional societies, and professional journals. For example, Little became president of the American Chemical Society and the official chemist of the American Institute of Metals (Kahn 1986). He frequently published in journals such as the *Journal of Industrial and Chemical Engineering* and the *American Brewers' Review*. Moreover, despite not having graduated, Little worked to maintain strong ties with MIT. From 1912 on, there was almost always a member of his firm (initially Little himself) on the MIT Corporation board and, reciprocally, a member of MIT on the company's board (Kahn 1986, p. 49). Little lectured frequently at the university and collaborated on projects with faculty. He was a frequent contributor to the alumni magazine, *Technology Review*. In 1917, Little moved his firm to Cambridge to be closer to MIT and drew most of his staff from the ranks of its graduates. Little raised funds for MIT by convincing industrialists such as George Eastman to donate (Kahn 1986, p. 51). In 1921, he became president of the MIT alumni association.

James McKinsey was on the faculty at the University of Chicago, first in accounting and later as one of the first professors of business policy. He worked closely with Leon Marshall, dean of the business school, and was instrumental in shaping its curriculum (Wolf 1978, p. 3). McKinsey's book, *Principles of Accounting*, was published by the University of Chicago Press in 1920. In 1924, he became the president of the American Association of University Instructors in Accounting. McKinsey maintained his affiliation with Chicago long

after he founded his consulting firm—indeed, he would teach in the early morning, then "rush to his office to participate in his consulting practice" (Wolf 1978, p. 9). He remained on the faculty until shortly before his death. Similarly, Edwin Booz maintained strong ties to his alma mater, Northwestern University, and to the chair of its psychology department, Walter Dill Scott, who later became Northwestern's president (Bowman 1984). It was Scott who recruited Booz into the military during World War I, which led Booz to establish relationships with many high-profile industrialists who would eventually become clients. Booz's firm's ties to Northwestern were strengthened by the fact that his first two permanent associates, George Fry and James Allen, were fellow alumni.

Consulting pioneers' ties to authorities external to the emerging field—in this case to the loci of expertise underpinning their problem–solution models—signaled the credibility and appropriateness of their theorization. Ties to recognized institutions can substitute for objective performance measures, thereby raising the perceived instrumentality of new ventures (Granovetter and McGuire 1998, Stuart et al. 1999, Navis and Glynn 2010). They can also signal normative appropriateness over and above pragmatic value. Put another way, founders' ties to recognized authorities and prominent institutions made them "culturally legitimated theorists" (Strang and Meyer 1993) who were well positioned to advocate for their new organizational form. For example, Little's claim to provide organizational solutions based on chemistry was implicitly supported by his ties to MIT. Similarly, McKinsey's position as a faculty member at the University of Chicago's business school signaled both the value and appropriateness of his consulting activities. We thus posit the following.

Proposition 7. *The legitimacy of a new organizational form in an emerging field is increased when institutional entrepreneurs have ties to authorities external to the field and these authorities are integral to the organizational form's problem–solution theorization.*

To promote their new ventures, consulting pioneers also made extensive use of ties to individuals and institutions that had a high status in society at large. Forging these affiliations required considerable work because none of these three men was born to privilege: Little could not afford to finish college, McKinsey was born into poverty in the Ozark mountains, and Booz came from a modest Pennsylvania Dutch family and worked his way through college. Therefore, none had easy access to elites. In addition, these three men worked in cities whose local social elites varied greatly: Boston's elite was in academia or old "Brahmin" families; New York's was more fluid, being tied to finance and commerce; and Chicago's was also fluid but based primarily on manufacturing. Accordingly, the nature of the ties to local elites sought by these three men also varied, as did the benefits flowing from these ties. But we hasten to note that the elite networks of these three men ranged far beyond the boundaries of the cities where they lived, encompassing nationally recognized individuals and national organizations.

Arthur Little was a member of Boston's exclusive St. Botolph's Club and Brookline Country Club; he used these memberships to cultivate business contacts (Kahn 1986). He was a friend of Wallace Donham, dean of the Harvard Business School, and of prominent lawyer (later Supreme Court Justice) Louis Brandeis (Kahn 1986; McKenna 2006, p. 30). Little began a publication at his firm, the *Little Journal*, targeted to chemists, engineers, and managers. The journal, with frequent contributions by Little himself, addressed the benefits of applying science to industry in a way that he believed "was easily understood by the manufacturer, the banker, and the average business man" (quoted in Kahn 1986, p. 45). He sent copies of articles to his contacts, including Kodak founder George Eastman and President Woodrow Wilson.

Like Little, James McKinsey was active in community and professional organizations, notably the YMCA, the American Red Cross, and the American Management Association; he became chairman of this last organization in 1936. He used these activities and his position at the University of Chicago to cultivate ties to prominent businessmen (Wolf 1978). One colleague claimed that McKinsey devoted "all his lunches, half his breakfasts, and a third of his dinners" to discussing the business problems of influential people; indeed, he was said to have "dined with every banker in Manhattan" and received work from "all but one of them" (quoted in Wolf 1978, p. 42).

Edwin Booz also promoted professional management consulting through elite contacts. He cultivated a friendship with prominent industrialist and financier Sewell Avery, who became a lifelong supporter and client (Higdon 1969). Avery was a key member of a network of high-level contacts later known as Booz Marines, people who continually hired and recommended the firm. Booz also maintained strong connections to a fraternity of Northwestern graduates, the Wranglers. At the Wranglers' 20th anniversary in 1932, Booz was honored for contributing "that same gift of analysis and foresight that has enabled him to build up his own business organization in an entirely new field" (Bowman 1984, p. 6).

By affiliating with local and national elites, Booz, McKinsey, and Little increased their own prestige and so increased the likelihood that observers would view their ventures as culturally appropriate. Because neither their firms nor the professional management consulting form had established reputations, these entrepreneurs relied instead on their personal reputations, as signaled by their

affiliations, for legitimacy. By gaining implicit sanctioning from elites, professional-form consulting pioneers certified their reliability and reputations and so were able to persuasively claim pragmatic value and normative appropriateness. After all, if elites support a new activity, others may perceive it as valuable and acceptable (Kaufman and Patterson 2005). We thus posit the following.

Proposition 8. *The legitimacy of a new organizational form in an emerging field is increased when institutional entrepreneurs have ties to social elites.*

We expect affiliations with institutions and actors outside the focal field to be especially important for new organizational forms in emerging fields. Whereas established fields have a well-defined social structure and status hierarchy that institutional entrepreneurs can leverage, these do not yet exist in emerging fields. In emerging fields, moreover, founders cannot build connections to field-specific institutions because they do not exist; founders must instead forge ties with external actors who are broadly legitimate outside the focal field. Entrepreneurs in established fields, in contrast, may face skepticism if they reach beyond field boundaries for legitimacy; observers may wonder whether entrepreneurs had to go outside field boundaries because they could not gain the support of recognized internal authorities. For example, biotechnology firms will have little success if they rely on relationships with actors other than scientists and medical practitioners for their legitimacy. In addition, high-status actors within established fields may resist circumvention of their authority. For all these reasons, we propose the following.

Proposition 9. *Affiliations with institutions and actors outside the focal field confer more legitimacy to new organizational forms in emerging fields than in established fields.*

Collective Action. Pioneers of the professional form of management consulting worked hard to create distinctiveness and exteriority through collective action. Early on, the legitimacy of management consulting was threatened by perceptions of charlatanism (McKenna 2006, pp. 197–199). In response, several pioneering professional consulting firms, including those founded by Edwin Booz and James McKinsey, banded together to found the Association of Consulting Management Engineers (ACME) in 1929 (McKenna 2006, p. 47).[5] Through ACME, member firms defined their model of consulting in a way that mimicked established professions (Higdon 1969). They mounted scathing attacks against their common enemies, most notably the high-volume, low-cost form of consulting exemplified by May's firm, which, as explained earlier, eschewed the "professional" practices advocated by ACME and relied instead on aggressive sales tactics. May's firm was considered by ACME members to be "the *bête noire* of consulting" and a "vast embarrassment to their trade" (Higdon 1969, p. 151, italics in original).

This common enemy led ACME members to establish a code of ethics that formally defined norms for professional consulting firms. It established "high standards for membership and a strict code of professional ethics" (Higdon 1969, p. 287) and set forth "the major ethical concepts held to be necessary by its members for the practice of management consulting *at the professional level*" (ACME 1959, p. vii; emphasis added). The code of ethics restricted what ACME considered unprofessional practices: mass media advertising, cold calling, contingent billing, and poaching clients or employees. ACME members were, however, permitted to engage in more subtle, indirect forms of self-promotion, such as writing books and scholarly articles, sponsoring seminars, and giving guest lectures. ACME also published reams of documents setting standards of practice, including *Professional Practices in Management Consulting*, *The Common Body of Knowledge Required by Professional Management Consultants*, and *The Personal Qualification of Management Consultants*. Together, ACME's guidelines and publications instantiated the professional consulting form's social code (Hannan et al. 2007): they set out what any firm labeling itself a professional consulting firm should and should not do.

This social code became a template for hiring and training consultants and for managing consulting projects. It signaled how to operate a legitimate professional consulting firm and in this way offered a membership template (Lawrence 1999) for the fledgling form. It is no surprise, then, that ACME's primary activities were to promote common structures and practices for member firms. For example, member firms were pushed to develop four-tiered structures consisting of partners, directors, senior associates, and junior associates (although exact job titles sometimes varied). In addition, ACME firms typically assigned engagement directors (partners or senior consultants) to all projects and staffed projects with young employees straight from the university—practices very different from May's firm, where consultants were older men with management experience.

The collective creation of a social code contributed to the notion of professional management consulting as a distinct means of rational problem solving, one that existed independently from any individual or firm. By defining this code in opposition to the "charlatan" George S. May International Company, ACME delineated the boundaries of the professional form. In this way, ACME contributed to the objectification of early professional firms by signaling consensus around the benefits of their activities and by codifying their norms

and values. These actions distanced the professional management consulting *form* from the men who founded professional management consulting *firms* and conveyed a measure of normative reassurance to potential clients. Professional firms could henceforth be justified by pointing to their code of conduct and consensual beliefs about what they should and should not do. Moreover, ACME and its members could use this code to differentiate themselves from other kinds of organizations that claimed the label "management consulting firm" and to rationalize the ostracism of rogues who strayed from their model; such punishment for nonconformity is necessary for the institutionalization of any form (Berger and Luckmann 1967, Hannan et al. 2007). Finally, ACME's actions contributed to management consulting's historical continuity, or sedimentation, by providing a model that could be replicated by subsequent generations (Berger and Luckmann 1967, Tolbert and Zucker 1996). For example, prominent second-generation consulting firms A.T. Kearney; George Fry & Associates; and Cresap, McCormick & Paget were founded as professional firms and became members of ACME (Higdon 1969, McKenna 2006). In contrast, May's high-volume, low-cost firm did not join with others to elaborate its logic into a well-defined social code and was not systematically replicated. We thus propose the following.

Proposition 10. *The legitimacy of a new organizational form in an emerging field is increased when institutional entrepreneurs collectively define a social code of prescribed and proscribed behaviors that contrast with those of competing forms and that provide a template for replication.*

Although collective action is important in both emerging and established fields, we expect its role in legitimating new organizational forms to differ across these two contexts. In established fields, powerful collective actors such as industry and professional associations, standards councils, and working groups protect and defend existing norms and values. Because the social codes in established fields are already entrenched, collective actors in these fields often resist rather than promote change. In established fields, therefore, institutional entrepreneurs may be most successful when working through existing collective actors. For example, large accounting firms used existing professional associations as a vehicle for legitimating the new organizational form they proposed, effectively limiting the ability of those opposed to the change to resist it (Greenwood et al. 2002). In the emerging management consulting field, in contrast, no collective entity existed to reconcile innovations with existing values and beliefs. Instead, institutional entrepreneurs initiated new collective action to proactively define the professional form; indeed, collective action in early management consulting had this as its original motivation. These observed differences between our case and the study of existing fields lead us to propose the following.

Proposition 11. *New collective bodies are more valuable for legitimating new organizational forms in emerging fields than in established fields, where existing collective bodies typically resist change that they themselves do not promote.*

Increasing Legitimacy of the Professional Form

The activities we outlined above bore fruit, not only for the firms we studied but also for the professional form of management consulting in general. If legitimacy is a "generalized perception that the actions of an entity are desirable, proper, and appropriate" (Suchman 1995, p. 574), then most industry observers would agree that the professional form of management consulting had gained considerable legitimacy by the 1950s (Klein 1977, Kipping 2002, Kubr 2002, McKenna 2006). Evidence of increasing legitimacy comes in part from the success of the firms we studied; from their very modest origins, they were able to attract large, prestigious clients. For example, early Booz, Allen & Hamilton clients included US Gypsum, Goodyear, the *Chicago Daily News*, Montgomery Ward, and the Stock Yards National Bank (Bowman 1984). By 1929, Booz had undertaken more than 100 client assignments (Kipping 2002, p. 32). In 1940, Booz was hired to reorganize the U.S. Navy, which was doubling in size, and helped create the Army Services Forces to help the U.S. Army run more efficiently (Bowman 1984). McKinsey & Company also grew rapidly during the late 1920s and early 1930s. In 1935, the firm landed a high-profile assignment to conduct a comprehensive analysis of prominent retailer Marshall Field (Higdon 1969, Wolf 1978). By 1936, McKinsey & Company had 25 employees and a second office in New York (McKenna 2006, p. 19). Arthur D. Little, Inc., also consulted for the military in the lead-up to and during World War II; the firm pioneered the field of operations research during this period and consulted with large and expanding firms such as Sears, Roebuck and Co. (Kahn 1986).

In addition to the growth of these early firms, new professional-form consulting firms were founded, many of them offshoots from the firms we studied (e.g., A.T. Kearney from McKinsey & Company; George Fry & Associates and Cresap, McCormick & Paget from Booz, Allen & Hamilton). Although professional-form firms remained quite small prior to World War II (Higdon 1969), after the war many were given high-profile assignments in government and in the military–industrial complex. In 1946, the Hoover Commission hired McKinsey & Company to lead several policy studies (McKenna 1996). In 1950, President Truman allocated $1 million for managing consulting projects in the government, and in 1952, President Eisenhower hired McKinsey & Company to reorganize the White House and advise on political appointments—projects

that marked the start of a "golden age" for professional management consulting firms (McKenna 1996, 2006).

In sum, despite the financial difficulties that many professional-form consulting firms experienced in their early years (all three discussed here were near bankruptcy on more than one occasion), it was clear that by the early 1950s, they had become accepted and respected by clients.[6] Having reached proto-institutional status, the form grew in both numbers and prominence in the decades that followed, and, as chronicled by students of consulting's history (e.g., Kubr 2002, Kipping and Engwall 2002, McKenna 2006), the professional form of management consulting went on to dominate the field. In other words, we see legitimacy as a continuous variable (Tolbert and Zucker 1996) and the professional form of management consulting as having accumulated legitimacy over time. The form now possesses high levels of legitimacy along pragmatic, normative, and cognitive dimensions (Suchman 1995, Stryker 2000, Scott 2001) and no longer requires recurrent collective mobilization (Jepperson 1991). Indeed, the industry association that was once so important to the legitimation of the field, the Association of Consulting Management Engineers (ACME; now named the Association of Management Consulting Firms) has played only a marginal role since the 1980s.

Discussion and Conclusion

We analyzed pioneering management consulting firms and their founders to develop propositions about how institutional entrepreneurs seize opportunities created by broad institutional change to legitimate new organizational forms in emerging fields. Essentially nonexistent at the onset of World War I, the professional consulting form had gained widespread acceptance by the end of World War II. This transformation occurred despite the lack of clear economic benefits and in the presence of feasible alternatives. In studying the evolution of management consulting, we treated the now-dominant form not as inevitable but as the result of an institutionalization project. Our analysis suggests that the founders of the earliest consulting firms used social skills to legitimate their new organizational form and thereby seize the opportunities created by changes in regulation and corporate demography. We proposed that in emerging fields, new organizational forms will gain legitimacy if entrepreneurs make salient contradictions between the status quo and broad cultural logics; use established categories of expertise from outside their field to develop solutions to these problems; deemphasize their own self-interest in favor of their clients and the broader social benefits derived from their operations; create distinctiveness and exteriority by collectively defining social codes that distinguish their organizational forms from rivals and provide templates for replication; and create connections to prominent actors outside their field, both social elites and authorities integral to their problem–solution models.

Throughout our analysis, we drew explicit contrasts between institutional entrepreneurship in emerging and established fields. Prior research reveals that in established fields, those who promote new kinds of organizations identify problems in the field and theorize their solutions as consistent with field norms and values; for example, those promoting a new organizational form in the accounting field placed "emphasis upon the continuity and alignment of change with the *prevailing values and practices of the profession*" (Greenwood et al. 2002, p. 75, emphasis added; see also Reay et al. 2006). Institutional entrepreneurs in existing fields also work through established collectivities and leverage existing social structures and status hierarchies within the field when seeking to legitimate change (e.g., Greenwood et al. 2002, Sherer and Lee 2002, Lounsbury and Crumley 2007). This also occurs when institutional entrepreneurs seek to legitimate new practices among existing organizations; for example, institutional entrepreneurs used their positions within existing AIDS organizations to build bridges between the diverse stakeholders that would have to accept new practices of information exchange in the treatment of HIV/AIDS (Maguire et al. 2004). As in the accounting field, these institutional entrepreneurs theorized their new practices in ways that were consistent with existing organizational routines. In short, past work on existing fields and organizations highlights established structures, logics, and social positions *inside the field*. In contrast, institutional entrepreneurs in the emerging consulting field looked *outside* their field for legitimating mechanisms and created *entirely new* field structures. They (a) drew on social logics and cultural elements external to their field in their theorization, (b) forged ties with external high-status actors and institutions, and (c) created a new collective body to define their organizational form's social code. Recognizing these similarities and differences with prior work leads us to a more contextually contingent understanding of institutional entrepreneurship.

Caveats

Three limitations of our study merit discussion and suggest avenues for future research. First, although we highlighted consistencies with other work, we based our propositions on a single field. Given the distinctive features of management consulting, our propositions might be most usefully applied to domains where outputs are unmeasurable and causal processes are complex (Spence 1973, Hannan et al. 2007). The more intangible the outputs and the more untraceable the causal processes, the more institutional entrepreneurs must attach their new solutions to rationalized myths that resonate deeply (Meyer and Rowan 1977), such as established categories

of expertise. In fields where quality is easily measured and causal processes direct, it is possible that different forms of action than those we highlight might be required, or that institutional entrepreneurs may play a lesser role in the legitimation process. Ultimately, only a cumulative body of research can determine how institutional entrepreneurship varies across contexts; indeed, a critical meta-analysis of research on the actions taken by institutional entrepreneurs in all contexts—new and established fields, focusing on suborganizational elements, entire organizations, organizational forms, and interorganizational structures and roles—would be of great value.

Second, we intentionally focused on the actions of institutional entrepreneurs rather than on the contexts that facilitate founding new kinds of organizations. We provided an abbreviated account of how institutional change created opportunities for consulting and ignored, for example, the effects of changing labor laws, corporate antitrust regulations, and economic cycles (Ruef 2002). We did this because much prior research has shown how environmental changes create opportunities for new kinds of organizations (e.g., Stinchcombe 1965, Ruef 2000, Sine and David 2003, David 2012) but has neglected the work agents must do to seize these opportunities. We recognize that institutional entrepreneurship is contextually embedded and call for tighter theoretical links between opportunity creation and agents' actions.

Third, we built our ideas on a successful case of institutional entrepreneurship. This has allowed us to identify actions that history tells us worked; much can also be learned from failed cases (Strang and Soule 1998, Denrell and Kovacs 2008). Toward an understanding of failed cases, we highlighted a competing form of management consulting and contrasted the actions taken to support it with those taken to support the professional form. May's firm was financially successful early on, yet its form did not achieve dominance and today occupies a marginal position in the field. This form did not benefit from, for example, the collective action or the ties to universities that benefited the professional form. We speculate that without the actions we identified, the management consulting field might look very different today. Perhaps management advice would be more internalized, or a different form of consulting would dominate. In addition to studying failed cases, knowledge of how management consulting developed in different times and places might yield a more contingent understanding of institutional entrepreneurship. Indeed, research on consulting in other countries shows that both institutional context and founders' actions shape organizational structures and dominant logics within national boundaries (Kipping and Engwall 2002).

Empirical Testing

Given the dearth of empirical studies of new organizational forms in emerging fields, it is important to discuss how our propositions might be tested and our ideas extended. Two research strategies seem particularly useful. The first has been used in many previous studies: longitudinal analysis of field evolution, based on historical archives or contemporaneous ethnography. Such studies can benefit from more detailed sequencing of actions, which involves recording who interacts with whom, in what ways, and at what times; it also involves identifying actors' interpretations of their behavior at the time it occurs (Barley and Tolbert 1997). Sequence analysis techniques such as optimal matching (Abbott 1995) and event structure (Heise 1989) can be applied to these kinds of data (Ventresca and Mohr 2002). Such methods would seem particularly well suited to building a process model of the legitimation of new organizational forms in emerging fields. For example, our case suggests that collective action takes place after theorization has begun and affiliations have been established. This contrasts with studies of change in existing fields (e.g., Greenwood et al. 2002, Maguire et al. 2004), where collective bodies provided a location for theorization to develop. Future work can determine whether the temporal pattern suggested here is the norm.

A second useful strategy is one that is seldom used in macro-organizational research: laboratory experiments. Few studies in organization theory—institutionalist, ecological, or network—have followed Zucker's (1977) lead. A notable exception is Elsbach's (1994) analysis of the cattle industry, which used vignettes to assess how perceptions of organizations' legitimacy change in response to changes in the form and content of organizational accounts. A similar technique can be used to test the propositions developed here. Competing forms of organizations could be introduced to subjects using documentation on the activities of early entrepreneurs. Vignettes detailing problem–solution logics underpinning organizations could be manipulated in terms of expertise content, demonstrations of selflessness, and ties to external authorities and social elites. Collectively defined social codes could also be manipulated. Legitimacy could be assessed by asking subjects to allocate limited resources among competing forms and to justify their decisions, or by asking for qualitative assessments. As with the research strategy suggested above, temporal ordering can be studied. An experimental method would benefit from high internal validity: it would allow the manipulation of explanatory variables and the quantification of changes in legitimacy across many different sets of conditions (David and Bitektine 2009).

Conclusion

We conclude by summarizing our contribution to the study of institutional entrepreneurship and to organiza-

tional theory more broadly. Our work contributes primarily to the institutional approach to organizations, which views organizational forms as incarnations of beliefs and values that require legitimation. We studied the often-neglected origins of new fields and avoided the functionalist assumption that organizational forms expand to the extent that they provide efficient outcomes (Aldrich and Ruef 2006, Dacin et al. 2002). Our findings bring specificity to the notion that successful institutional entrepreneurs are "culturally competent actors with strong practical skills" (Lawrence and Suddaby 2006, p. 219) and "active and artful exploiters" of the problems and contradictions inherent in institutional change (Seo and Creed 2002, p. 231). Our analysis also suggests that those who promote new organizational forms in new fields rely on far more than rhetorical skill, a skill that has been much emphasized in prior work on institutional entrepreneurs. The founders of the earliest professional consulting firms employed a broad array of actions to move their new organizational form from theoretical formulation to proto-institution. They could not leverage field-specific resources or their standing within the field; they had to draw on external supports. At the outset, the actions of these institutional entrepreneurs were distributed and emergent, not coordinated or planned. They did not initially have a common agenda to transform an established field; not until much later did they band together to collectively define the boundaries of their form and formally define relationships with each other and with clients. Together, these findings stand in sharp contrast with the imagery of institutional entrepreneurs as powerful actors who, to effect change, rely primarily on their rhetorical skills and social positions within their field, and lead us toward an account of institutional entrepreneurship as emergent, multifaceted, and distributed across time and space.

Our work also directs attention to contextual differences in institutional entrepreneurship. Although broad classes of action (e.g., theorization, affiliation, collective action) appear to be present across contexts, we expect institutional entrepreneurship to differ according to (a) whether the targets of change are suborganizational elements (structures or practices) or organizational forms and (b) whether change occurs in an established or in an emerging field. For example, we speculate that theorization about organizational forms should be more difficult than theorization about suborganizational elements because it is harder to justify an entirely new form than an element within an existing form. By the same token, affiliation targets are harder to find for those who seek to launch new organizational forms than for those who seek to launch new subform elements. And as we hypothesized above, new organizational forms in emerging fields face particular challenges not present to the same degree in established fields—challenges that have implications for institutional entrepreneurship.

In addition, our analysis suggests an institutionalist corrective for the classic transaction-cost analysis of the make-or-buy decision inherent in management consulting. Transaction-cost economics suggests that, in the presence of uncertainty and asset specificity, internal solutions are superior to external ones (Williamson 1975, 1985; David and Han 2004). But the consulting industry has prospered *despite* potentially high transaction costs. The founders of the earliest management consulting firms mitigated initial transaction-cost disadvantages by forging ties to universities, professional associations, and social elites and by demonstrating prosocial behavior, which increased clients' confidence and trust. By developing a social code that prohibited "unprofessional" practices, early consultants mimicked the established professions of law and accounting and so reduced fears of opportunism. In other words, these pioneering institutional entrepreneurs greatly improved the "atmosphere" (Williamson 1975, p. 40) surrounding professional consulting, which made this form of consulting far more prevalent than a straightforward transaction-cost analysis would predict.

Finally, our work has implications for traditional entrepreneurship research. Not surprisingly, given its substantive importance, entrepreneurship is a thriving topic of research in management and in the two cognate social science disciplines of sociology and economics. Recent theoretical work has suggested that entrepreneurs do not succeed simply by building a better mousetrap but rather by skillfully manipulating existing political and cultural structures, yet few studies of traditional entrepreneurs adopt an institutional approach (Sine and David 2010, Tolbert et al. 2011). Our study suggests the very specific ways in which entrepreneurial effort to promote entirely new kinds of organizations in emerging fields must go beyond the technical merits of new ventures. Our analysis suggests that establishing new kinds of organizations requires entrepreneurs to construct identities for their ventures in ways that legitimate them more than just instrumentally. By highlighting contradictions between the status quo and prevailing logics, leveraging established (external) fields of expertise, building affiliations to elites, demonstrating selflessness, and engaging in collective action to establish a distinctive social code vis-à-vis alternatives, those struggling to legitimate new kinds of organizations can improve their chance of success. The difficulty of doing these things while at the same time tending to technical issues might explain why the institutionalization of new kinds of organizations, as witnessed in the case of professional management consulting, is a rare occurrence.

Electronic Companion

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Endnotes

[1]We use the label "professional" because this organizational form claims professional status (McKenna 2006). A full analysis of this claim is beyond the scope of the present paper; for a review and discussion of management consulting's status as a profession, see Kirkpatrick et al. (2012).

[2]We use the composite term "traditional entrepreneur" to more clearly distinguish "entrepreneur" from "institutional entrepreneur." We thank an anonymous reviewer for suggesting this terminology.

[3]The development of Table 1 benefited greatly from a discussion with Tom Lawrence, and we thank him for his insights.

[4]We note also that no sampling frame—no list of management consulting firms circa 1920 or 1930—exists, making any kind of probability sampling impossible in this case.

[5]Little's firm was invited to join ACME on several occasions but declined (McKenna 2006, p. 31). Until the 1980s, ACME remained a prestigious association that represented the field's leading firms.

[6]We note the possibility that professional management consulting expanded simply because these firms provided benefits that outweighed their costs. Although we cannot completely rule out this functionalist argument, we observe that there is a paucity of evidence—and much doubt—that consultants provide efficient outcomes (e.g., O'Shea and Madigan 1997, Pinault 2000, Clark and Fincham 2002, Kieser 2002).

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