

**Linking the Management of Legitimacy and the Learning Process:
Evidence from a Case Study**

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Abstract

Organizational learning is considered an important strategic way to support organizations facing uncertainty in competitive environments. The aim of this paper is to demonstrate the application of an organizational learning model to the legitimation process whereby a scarce strategic resource is managed: organizational legitimacy. The case of a professional organization is used to illustrate that accumulated knowledge and learning regarding the legitimation process was essential to its success in maintaining its privileges, namely a reserved title and an exclusive field of practice, while other groups were trying to join the same field.

Keys words: Legitimacy and Legitimation, Learning and Knowledge, Managing Legitimacy through Organizational Learning

Introduction

The aim of this paper is to illustrate the application of organizational learning and the use of the resulting accumulated knowledge (knowledge capital) to the management of a vital resource, namely organizational legitimacy. This is demonstrated through a case study which exemplified many features of the multifaceted model of organizational learning (Lipshitz, Popper and Friedman, 2002). Our case study deals with a professional organization responsible for the destiny of the Chartered Accountants' Corporation of Quebec, Canada. This is the only body legally authorized to perform audits of public corporations and some non-profit organizations in the province of Quebec.

Organizational legitimacy is presented by several authors as a resource essential to an organization's success (Suchman, 1995, Hybels, 1995, Ashforth & Gibbs, 1990). This is particularly evident in the case of professional organizations which enjoy specific privileges not granted to other organizations. We view legitimacy as a status conferred upon the organization by its various stakeholders. The interactions between the organization and its socio-political environment are an important element to consider in managing professional legitimacy. Legitimacy is subject to variation over time: increasing, decreasing, or stabilizing. Legitimacy is the result of a never-ending process of legitimation, which can be more or less efficiently managed by the organization.

The inductive, grounded-theory-based (Glaser & Strauss, 1967) study performed on this particular organization indicated that legitimacy is a multidimensional concept comprising six dimensions: legal, moral, identity, technical, institutional and perceptual. We also determined in this study that legitimacy could not be separated from the process of legitimation, which comprises five separate modes: initial construction of legitimacy, preservation, reinforcement, restoration and renewal. This study was divided into two sections: a longitudinal study which helped in understanding and explaining how legitimacy was constructed and preserved over time. Spontaneous learning was part of the process and over the years knowledge capital was built up which is now useful in helping to resolve emerging issues. Learning is the development of insights, knowledge, associations between past actions, the effectiveness of those actions,

and future action (Fiol & Lyles, 1985, in Preskill & Torres, 1999). The second part of the study dealt with current issues to be resolved. In these cases, both knowledge capital and learning are mobilized, new data must be processed, and a creation process takes place in order to maintain or restore legitimacy.

Organizational learning is the process whereby knowledge capital is established. Legitimation is the process whereby organizational legitimacy is acquired. Organizational learning and the use of the acquired knowledge capital are closely linked to the legitimation process whereby the vital resource of organizational legitimacy is managed. The aim of this paper is, firstly, to show how learning is central to the quest for legitimacy and, secondly, to explore the underlying dynamics.

Our paper is organized as follows: the first part introduces the various concepts of legitimacy, legitimation, learning and knowledge. In the second part, we introduce the empirical study on which our arguments are based and we explore a few issues where the links between the various concepts previously introduced are discussed. In the third part, we present our analysis. We conclude with a few ideas for future research.

Part I

CONCEPTUAL FRAMEWORK

Organizational legitimacy and legitimation

From its early institutionalist and Parsonian accounts, down to more power-based perspectives, organizational legitimacy has long been considered an essential part of an organization's continued existence (Pfeffer and Salancik, 1978; Scott and Meyer, 1994). Legitimacy is not an easy concept to grasp, for theoreticians as well as for managers. It is both intangible and fluid. Definitions abound. In his landmark paper on the subject, Suchman (1995: 574) proposes the following definition: "Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions". Despite their differences, most authors agree that legitimacy is an essential resource for organizations, and as such it needs to be managed. The critical point to note is that legitimacy is not given to or automatically acquired by an organization, it is a resource conferred by its stakeholders.

In this paper, we apply the concepts of legitimacy and learning in a very specific context, i.e., a professional corporation. In a previous study, Beaulieu (2001: 470) defined professional legitimacy as follows: "Professional legitimacy is a multidimensional construct whose existence is linked to a profession's socio-economic relevance. Relevance is related to the expectations regarding the corpus of knowledge required of members, individual competencies, and market and social considerations. Six dimensions were identified as constituents of the concept of legitimacy: legal, identity, moral, technical, institutional and perceptual."

These six dimensions form a whole which we could call the organization's overall legitimacy. Identity legitimacy refers to the identity of the organization: what it is, what its aim is, and what role it intends to play in society. Technical legitimacy refers to the competencies and distinctive knowledge of the members of the organization. Moral legitimacy refers to the values which the organization stands for, which reinforce its identity and distinctive character, and which the members must share. Legal legitimacy is related to legal recognition of the organization, whatever form it takes: a charter, a law, a regulation that dictates its rights, privileges, and obligations. Perceptual legitimacy relates to the perceptions of the different stakeholders since overall legitimacy depends heavily on these perceptions. Finally, institutional legitimacy is the dimension that develops over time as the organization progresses,

and that strengthens the foundations on which the organization's overall legitimacy is based. (Beaulieu, 2001: 178)

The role played by the accounting firm Arthur Andersen in the recent bankruptcy of Enron was enough to jeopardize the overall legitimacy of one of the largest accounting firm in the world, to the point that it lost important clients. In this case, the legitimacy of the auditor is based on a presumed sense of integrity and independence that is at the core of the accounting profession. This event and the apparent role of the accounting firm could generate a survival issue for the firm. Thus we can affirm that without legitimacy an accounting firm cannot survive, and that an event like this could endanger the legitimacy of the entire accounting profession. New rules are now being examined by different agencies in the United States in order to regulate the profession and eliminate possible conflicts of interest.

Thus we can see that legitimacy is not a static resource. It is the outcome of a construction process, which we call the legitimation process. Since the environment of a professional organization is constantly changing, managing its legitimacy requires continual attention. "The legitimation process involves both the shaping of behavior according to beliefs about what is proper and the molding of knowledge according to prevailing beliefs about what constitutes social reality" (Hybels, 1995: 243). In the study to which we refer, five legitimation modes were used to describe how the organization managed its legitimacy over time: initial construction, preservation, reinforcement, restoration, and renewal (Beaulieu, 2001: 471). These modes constitute a portfolio from which one can choose the most appropriate.

Learning is the process whereby knowledge capital is established. Legitimation is the process whereby legitimacy is acquired. There are similarities between these two notions. The legitimation process is based on knowledge acquired in the past (which we call knowledge capital) as well on knowledge gained through experience (experiential learning). Managing an organization implies constant learning and the legitimation process benefits from it. The two concepts are closely linked. Legitimacy is managed through a learning process that involves identifying, codifying and applying knowledge about the legitimation process itself.

Organizational learning: a brief literature review

In this section we introduce some definitions and explain our position in relation to the literature. Literature on learning is extensive. "There is a number of distinct disciplinary perspectives which have tackled organizational learning over the last years, and each of these has its own ontology and methodology (Easterby-Smith, 1997: 1109)".

Our study puts the emphasis on strategic learning and the use of the acquired knowledge in order to gain all essential resources to ensure the survival and/or prosperity of the organization. Strategic learning as defined by Kuwada (1998: 719) is organizational learning whereby basic assumptions underlying corporate-level knowledge are reframed and lead to a renewal of the organization's strategic capability. For Huber (1991), cited by Easterby-Smith (1997), an entity learns if: "... through its processing of information, the range of its potential behaviors is changed...".

From a strategic perspective, the literature on organizational learning focuses on competition, and learning is judged according to whether it gives one organization an advantage over others. It is also argued that the key to this is alignment, i.e., obtaining the best relationship between the organization and its environment (Fiol & Lyles, 1985, in Easterby-Smith, 1997: 1096). The relationship between learning and strategy is seen as reciprocal: strategic frameworks influence the perception and interpretation of information from the environment, and the learning style and capacity of the organization may in turn determine the strategic options that can be perceived (Fiol & Lyles, 1985, in Easterby-Smith, 1997: 1097).

Shrivastava (1983) in Easterby-Smith (1997: 1094) demonstrates how different organizational structures and cultures lead to distinct learning processes. Two examples of his typology are the bureaucratic and participative learning systems. In the former case, formal management systems are designed to produce good information and to aid planning and control; organizational learning is therefore located within the structures of strategic and environmental planning systems. By contrast, the participative learning system is structured around informal ad hoc committees and groups that exchange information whenever it is considered relevant. Learning is therefore recognized as the process that goes on within these informal transactions and meetings, and becomes the property of all members of the organization. In the quest for legitimacy, both processes could be used but the latter is much more important according to our study.

Learning is based on knowledge. Knowledge is a multifaceted concept with multilayered meanings. Nonaka (1994: 15) adopts the following definition of knowledge: a justified true belief, truthfulness is the essential attribute of knowledge. Information and knowledge should not be confused, says the author. Information is a flow of messages or meanings which might add to, restructure or change knowledge whereas knowledge is created and organized by the very flow of information, anchored on the commitment and beliefs of its holder.

Nonaka (1994) identifies two types of knowledge: tacit knowledge and explicit knowledge. Explicit or codified knowledge refers to knowledge that is transmittable in formal, systematic language. It is captured in records of the past such as libraries, archives, and databases. Tacit knowledge is hard to formalize and communicate. It is deeply rooted in action, commitment, and involvement in a specific context. The articulation of tacit perspectives - in a kind of mobilization process - is a key factor in the creation of new knowledge. Communication between individuals may be seen as an analog process that aims to share tacit knowledge to build mutual understanding.

Organizational learning is about managing the learning processes while knowledge management is more concerned with techniques for building up and applying stocks of knowledge. "Organizational learning is really the forerunner of knowledge management" (Birkinshaw, 2001: 36).

When individuals examine a problematic situation on the organization's behalf (Argyris & Schön, 1996: 16) and retain, crystallize, or embed new practices, values, or understandings (Watkins, 1996: 90), the organization learns. This learning takes place at a systems level that is fuelled by the organization members' intellectual capital, memories, experiences, knowledge, routines and competencies (Gephart, Marsick, Van Buren & Spiro, 1996, in Preskill & Torres, 1999: 43). Organizational learning represents the organization's commitment to using all of its members' capacities. Organizational learning is dependent on individuals and teams sharing their learning in an ongoing, systemic way. In many respects, all organizations learn - but how they learn, why they learn, what they learn, and how they apply their learning vary significantly.

An organization's approach to learning has been described as single-loop, double-loop, and deuterio loop (Argyris & Schön, 1996). Single-loop learning results in a change of strategy or action (incremental change that continues to reinforce existing goals). With double-loop learning, values and assumptions are under scrutiny. Fundamental changes to the norms and assumptions are necessary, and alternative solutions must be found. Deutero learning focuses on learning how to learn. Given the constant change in organizational structures, individuals, roles in organizations, and the nature of work, learning how to learn is fast becoming a critical competency for organizational survival. It requires people to step back and, using an inquiry approach, consider what helped or hindered the learning approach taken to solve the problem or address the issue (Preskill & Torres, 1999: 44-46).

Lipshitz, Popper & Friedman model (2002)

All authors consider the interactions between the players in the organizational learning process to be very important. The model developed by Lipshitz and colleagues tried to specify the variables that affect the quality of the interactions and have an impact on learning. This is why we chose it as a reference point in our analysis.

Lipshitz, Popper and Friedman (2002) developed a conceptual framework which has the advantage of considering structural, cultural, psychological, policy and conceptual factors in its explanation of organizational learning. These factors complement each other in developing productive organizational learning.

The structural facet is concerned with organizational learning mechanisms (OLM) that support members' interactions for the purpose of learning. There are integrated OLMs (the members who process information also apply the knowledge) and non-integrated OLMs (the information is collected at one place and passed to other units or roles). An OLM could also be classified as either "dual purpose" (learning takes place in conjunction with task performance, thus learning is continuously online), or "designated" when task performance and learning are carried out at separate times and places.

The cultural facet of the model specifies five norms (or sets of shared values) that characterize interactions in order to guarantee productive learning:

- Transparency: Exposing one thoughts and actions to others in order to receive feedback
- Integrity: Giving others feedback regardless of implications
- Issue orientation: Relevance to issue regardless of the rank or social standing of the source or recipient
- Inquiry: Continuing investigation until full understanding is achieved
- Accountability: Assuming responsibility for both learning and implementing the lessons learned.

According to the psychological facet of the model, these interactions are possible only if there is psychological safety to express oneself and if individuals demonstrate organizational commitment. The policy facet implies the existence of a policy of tolerance for errors, and a commitment to learning and to the work force. Policies may help to induce the appropriate psychological state of mind for learning to be effective.

The last facet of the model deals with contextual dimensions, namely error criticality (seriousness of consequences of errors), environmental uncertainty (rate of change, intensity of competition), task structure, proximity to core mission and committed leadership. The support of leadership is essential as it directly influences policies and sets the values that prompt organizational learning

The main interest of the model is that it specifies dimensions affecting organizational learning that could be easily operationalized. It is then possible to look at an organizational process, in our case the legitimation process, and check the extent to which the requisite learning conditions are present.

Part II

CASE STUDY: CONTEXT

In the following section, we use a sample of issues to study the processes that were put in place in one specific organizational setting to protect or enhance the organization's legitimacy, and to pinpoint the

learning mechanisms used by the organization. The empirical data used in this paper are drawn from a larger case study carried out on a professional corporation (Beaulieu, 2001). We first describe the site of the study, and two particular characteristics of the organization. We then examine in more depth a few issues taken from this case study to illustrate the assertions we make in this paper. In the last section, we do a more conceptual analysis and draw a few links between the issues, their specific OLMs and the Lipshitz model (2002).

"CA Corporation"

The corporation we studied is the Chartered Accountants' Corporation of Quebec ("*Corporation des comptables agréés du Québec*" – henceforth called the "CA Corporation"). This Corporation benefits from a "reserved title" (no non-member can use the title of Chartered Accountant) and an "exclusive field of practice" (i.e. a monopoly) in auditing public corporations and some non-profit organizations. Professions in the province of Quebec, Canada are controlled by a provincial government body ("*Office des professions du Québec*" – henceforth called the "Professions Board") which is responsible for supervision, regulation and granting of privileges. At the time of the study, out of 44 professions, only 24 had a reserved title and an exclusive field of practice; the others only had a reserved title (which means that their fields of practice could be entered by non-members). Professional status brings with it obligations and duties (Dubar and Tripier, 1998), but their impact depends on the vantage points of the stakeholders involved. For the regulatory body, the recognition and existence of a profession serves a single purpose: the protection of the public. From the CA Corporation's point of view, however, while protecting public interest is obviously central, it does not exclude protecting its members' interests. This dual function often results in contradictions and conflicts.

The CA Corporation is one of the most influential professions in Quebec. Like many organizations in this era of change, it is facing new and difficult challenges. These include: growing competition from inside and outside the profession (in the fields of practice outside its monopoly), proliferation of specialized services, emergence of new areas of expertise, recruitment difficulties, challenges to its monopoly status, changing markets and new client expectations. These factors also affect the structure and characteristics of the membership of the Corporation itself (i.e. individual chartered accountants), which follow the evolution of the market.

Our case study therefore offers a particularly rich field to analyze the dynamics of stakeholder management, and to explore the joint responsibility of all the parties involved in furthering their interests.

Particular characteristics of the organization

The accounting field has two particular characteristics. One is the prominence of intangibles. Professionals sell competencies and trust. They use terms such as reputation, identity, performance, ethics, morality and credibility. These terms are all part of what we call legitimacy, recognizing however that practitioners will not normally use this term. For an organization like the CA Corporation, the management of its legitimacy is not only important, it is crucial.

The second particular characteristic is related to the major component of the structure of a professional organization: its membership. The members of a professional corporation are not its employees. They are independent from the Corporation; they pay a voluntary annual membership fee and earn their own living. The Corporation is run by a few permanent employees whose job is to pursue the profession's objectives. The CA Corporation membership in Quebec currently stands at 16,300, while there are about 60 permanent employees.

One original trait of the CA Corporation is that its members are simultaneously internal and external stakeholders. As external stakeholders, they support their Corporation, at times criticize its stands, and eventually adopt the positions it takes. As internal stakeholders, they must comply with the rules defined by the Corporation itself; they also act as "representatives" of their profession with outside entities, either as auditors, consultants, teachers or employees, or when invited to sit on technical committees. Members are therefore important players in sustaining the legitimacy of the Corporation.

EMPIRICAL EVIDENCE

In the following pages, we present a few issues (cases) to show how learning takes place within the organization under study. In doing so, the organization secures its position and its legitimacy in the eyes of its stakeholders. Special attention is paid to identifying various types of organizational learning mechanisms (OLM).

First OLM: use of surveys

The CA Corporation uses the survey mechanism on a regular basis. The surveys are part of a systemized process. They are conducted every two years with members, candidates for membership, teachers, employers, and decision-makers. "They are very important because they show us what it is like in the field", said one of the directors. They enable the organization to react and modify its strategic orientations. The surveys are analyzed statistically and then discussed at a meeting of the Administrative Committee.

The use of surveys is an important learning mechanism for the Corporation. Learning takes place at two levels: first, surveys provide information on a specific issue which it wants to investigate. For example, the Corporation recently did a survey of universities to verify if its "missions" (case studies developed by the Corporation for graduate students) were useful. Surveys are also used to measure the satisfaction of users and get their comments. The Corporation can use the information on the needs of the target group provided by surveys to improve its product. The data collected in the surveys undergo various quantitative and qualitative analyses. The results are first analyzed by the person responsible and his/her team who come up with a series of conclusions and recommendations. The results are discussed at regular meetings of the Administrative Committee where current issues are reviewed. If an issue is particularly sensitive, the Executive Committee may get involved.

This case illustrates the simultaneous generation of explicit knowledge (questionnaires, analyses, reports) and tacit knowledge. Tacit knowledge based on the participants' experience is exteriorized during formal and informal discussions about these data. These discussions often lead to adjustments at the operational level; they may even influence the organization's strategic orientations (for example, a survey on the attractiveness of the profession raised concerns about future membership). Another type of survey could measure the members' interest in a certain proposal. Reactions are sounded out before deciding to pursue the proposal, adjustments could be necessary or the proposal could be abandoned. Over the years, the committees have learned the best ways to use surveys (double-loop learning). Surveys are now part of the Corporation's learning culture and have become a normal practice, integrated into the organization's routines.

One type of learning concerns the place of surveys in consolidating legitimacy. When the Corporation listens to the universities and adjusts its policies, it reinforces its legitimacy in the eyes of the partners who see their concerns being taken into account. The conditions of transparency, integrity, issue orientation, inquiry and accountability in the Lipshitz model (2002) are all present in this mechanism which generates productive learning for the Corporation.

In our introduction of the case study, we mentioned that the members were both internal and external stakeholders. They can also be viewed as both clients and shareholders of the Corporation. They pay annual dues to their professional association and thus have certain expectations in its regard. The Corporation must take their expectations and needs into account, and must ensure that the members deliver professional services with professional competency and ethics that are consistent with the profession's identity and social status. Finally, the Corporation must ensure that the members of the profession comply with the criteria of the Professions Board, the government agency responsible for supervising the professions (and which believes that the Corporation's primary role is to protect the public). This touches upon several dimensions of legitimacy: legal legitimacy (conferred by the government), plus identity, moral and technical legitimacy related to the profession's basic values and distinctive competencies. Perceptual legitimacy, as its name implies, relates to the perceptions of the stakeholders. Since legitimacy is an intangible resource conferred by the stakeholders, it is important to know their perceptions, i.e., the perception of the members towards the Corporation, the perception of the clients towards CAs, or the perception of young people towards the profession. The surveys represent a very useful tool for these purposes. The quality of the learning depends on the analyses and conclusions drawn from these surveys, and also from the subsequent discussions, recommendations and feedback.

Second OLM: volunteer groups

Volunteering is one of the organization's usual practices and part of its management culture. A professional corporation is an association of professionals who have common interests to defend. Volunteers enable the Corporation to obtain the opinion of its members on all kinds of issues: training, standardization, professional code of ethics, professional inspection, etc. The members are a very heterogeneous group, therefore it is desirable and certainly very useful in terms of learning to have members from various sources (large firms, small firms, members working in industry, individual practitioners, instructors, etc.) on various committees. Recognizing the interests of all these groups makes it more likely that the policies adopted will be legitimated by all the parties involved.

However, volunteers do not manage the profession. The permanent staff bring up a problem and potential solutions, the committees validate the suggested options and generate other ideas not raised by the permanent staff. Volunteers know what it is like in the field and have different experiences (individual tacit knowledge), which gives the Corporation a better understanding of the context and the constraints experienced by its members. Also, the Corporation knows that its members are ambassadors for the profession in the field. Thus cooperation and mutual trust are essential to their joint success.

We examined one particular case which involved the preparation of a proposed ruling regarding CAs' trust accounts. A small task force of two directors, the CEO and volunteer members selected for their specific competencies in this area prepared the preliminary version of the proposed ruling. It was then submitted to the Regulations Committee, also comprised of volunteers. After discussions, the committee adopted or modified the recommendations of the initial task force and presented them to the Executive Committee, comprising five elected members, plus the CEO. Finally because of the critical nature of the issue, it was submitted to the Corporation's Board, which comprises all 25 elected directors and four representatives of the public (all volunteers). At this stage, few changes are usually made.

However, the following situation could arise: based on his own experience, a practitioner who sits on the Board thinks there is a problem with the application of the ruling and he mentions his concerns. If the Board cannot find a solution and the issue is critical, it sends it back to the task force for further study and a modified version is resubmitted to the Executive Committee, then the Board.

This last example concerns an issue that is currently being studied. It is also a sensitive issue for CAs, therefore it is important to thoroughly understand the issues and have competent people who are capable

of identifying all the important related aspects. Then the members of the task force must discuss the elements in detail and measure their impact. They need to reach a consensus, a common view of the issue, then make relevant recommendations based on the various constraints related to practising the profession and the Corporation's role (especially protection of the public and its members' interests). In this case, the learning mechanisms are mainly directed towards tacit learning. The participants' experience and knowledge must be shared. The way the organization operates seems to encourage this sharing. The participants are treated on an equal footing, there seems to be mutual trust between the parties, and there will be as many discussions as necessary to reach a consensus.

The Corporation has learned to use this mechanism to obtain a full range of relevant information that facilitates decision-making; it also uses it to validate its positions and reinforce the objectivity of its initiatives.

Third OLM: crisis cell

An historic event took place in 1989. It is considered a major crisis in the history of the organization. It took about six years for the managers to be able to say that the crisis was over. Several learning mechanisms were put in place. Let's first examine the circumstances of the event.

Each year across Canada, a highly competitive national exam is held for all accounting students who want to qualify for the title of Chartered Accountant. It is conducted by the Canadian Institute of Chartered Accountants (CICA) in collaboration with the provincial (state) bodies. Inexplicably, the results for students from Quebec were disastrous that year, especially students from French-speaking universities. Totally puzzled, the Corporation tried to gain time and announced its desire to review the correction process thoroughly to ensure that students from French universities were not disadvantaged (training requirements may vary across universities). To preempt the pending uproar, it awkwardly decided not to publish the results on the announced date. This preventive move only prompted protests from students, universities and the other provincial corporations. The media picked up on the story and a climate of crisis quickly evolved. Emergency teams were assembled and numerous studies carried out. Among much controversy, the exam results were finally publicly released without change in February 1990. This move did not put the issue to rest.

With the support of their universities, discontented students resolved to bring proceedings against the Corporation in the spring of 1990. The universities also claimed the Corporation had abdicated its right to inspect the exam. Simultaneously, the Corporation had to defend itself, demonstrate the rigorousness of its exam procedure and training requirements, and publicly justify its role in this whole situation (all legitimacy issues). This came as a hard blow to the organization since the universities had long been partners in education. The judge eventually ruled in its favor. The Corporation then set out to renew contact with the universities in a hostile, tense atmosphere. It proposed to find a mutually satisfactory solution but much friction remained between the parties. Subsequent student recruitment also suffered from the crisis, which had weakened the prestige and attractiveness of the profession. The CA Corporation was going through a difficult time.

Following months of analysis and numerous discussions between members of the Corporation, the universities and the CA exam authorities, a solution finally emerged: a fourth year of student training seemed desirable. In the Quebec educational system however, the first university degree is earned in three years. Graduate studies start in the fourth year. The universities were ready to consider the proposal only if this fourth year took place at the graduate level. The regulatory Professions Board, whose authorization was needed, objected and summarily rejected this proposal. The Corporation then decided to bypass it and apply to a higher authority. The Minister eventually agreed to support the proposal and the Corporation devised a pilot project. After three years the trial was deemed conclusive and a fourth year of studies

became compulsory. Once again, the Corporation emerged as a successful player. The crisis had put its credibility at risk but its efforts had finally paid off. With the solution of a "fourth year", designated as a PEP (professional education program), it had simultaneously restored and strengthened its legitimacy.

This case was huge and could be subdivided into three phases. It is not our objective to examine it in detail. This case was closely related to the organization's legitimacy. The CA Corporation was really shaken by the situation: it was criticized by many parties, the stakes were very high. It was a crisis situation where trust had to be rebuilt. Let's examine a few of the mechanisms put in place to deal with the situation:

First there was the establishment of a crisis cell to help deal with all the stakeholders and especially the media and decide what actions to take. Transparency, openness and avoidance of delays in communications appeared to be critical. Formal and informal discussions were going on continuously. All permanent staff got involved at different times, there was a spirit of collaboration, the organization had to defend its credibility in the eyes of many parties and internal people were very motivated in demonstrating their goodwill. The CICA put a lot of energy into helping the Quebec CA Corporation to evaluate the situation and conducting an in-depth inquiry to be able to show that the evaluation process was sound and uniformly applied. The CICA and CA Corporation were not at fault. Many reports were prepared, lots of discussions took place between many groups, and communications expanded to include external parties.

Then the lawsuit took place. The CA Corporation had to defend itself and demonstrate the validity of the evaluation process. It won its case but the event ruined its relations with the universities, their partners in education. The organization had to learn how to defend itself in a court of justice.

Then a solution was proposed in order to avoid a repetition, i.e., the establishment of a fourth year of study. This was not an easy solution. Universities had to accept the idea, the Ministry of Education had to support it, and last but not least it had to be approved by the Professions Board which was not at all receptive. It took four years to implement the new program, but it worked and turned out well for the Corporation. The rate of success has greatly improved.

Here we talk about new knowledge, the creation of totally new knowledge. Everything has to be constructed on a daily basis. Learning is continuously online, it was experiential knowledge under construction. This was not a routine task, the existing procedures were not designed to handle the situation. It was necessary to deal with the events and react promptly. Task forces continually fed information to senior management, and work was needed on several fronts – formal and informal meetings internally, meetings and discussions with the universities, use of preferential contacts when necessary.

What was learned about how to manage a crisis? Don't wait until it blows up before reacting. Don't ignore a situation when the alarm bells are ringing. One of the people we interviewed said that the signs of the crisis had been there for some time. However, it is sometimes very difficult if not impossible to predict a crisis. We believe that it is very important to have the right people around you, and the Corporation knew how to take advantage of this.

This is a case where the legitimation mechanisms and the learning mechanisms were intimately related. The legitimacy of the profession in regard to evaluation had to be defended, the Corporation's legal and perceptual legitimacy had to be defended and renewed in regard to its authority over the process, and the legitimacy of the new program had to be constructed (i.e., convince the stakeholders it was relevant).

Fourth OLM: A task force in education

In 1994, the CICA in conjunction with provincial Institutes (including the CA Corporation) set up a task force to do an appraisal of the profession, i.e., define the problems it was facing at the end of the 20th century in a changing and turbulent environment. The task force conducted an unprecedented survey to assess the situation and propose possible solutions: "It was the first time we had conducted such a wide-ranging consultation". A report came out in 1996 which covered all the activities of the profession. The main challenges described in the report concerned the fit with the new demands of the market, renewing the image of the profession, and rethinking identity and competency issues, to ensure that the CA profession keeps its prominence.

One of the most important issues was education. A task force was formed by the Canadian Institute. Its mandate was to review the entire education process, conditions for admission to the profession and the process of evaluating candidates, in order to achieve the Vision 2000 objectives. The task force was made up of chairs of existing committees. A facilitator was appointed for the discussions which were designed to share ideas, develop a consensus and finally produce a coherent report. This report was then submitted to the provinces. The Quebec CA Corporation rejected it. According to one of the directors of the Corporation, "The problem was that the CICA had worked in a vacuum. It did not know the issues or constraints (political and regulatory constraints are important in Quebec) and the specific objectives of each region. The proposal was okay conceptually but impossible on the practical level". The Corporation reached a consensus and sent a letter to the CICA. No other report was reformulated. The process that followed was more gradual. Certain elements were retained, on the basis of which the proposal was reworked. For example, the idea of focalization (narrow fields of specialization) was abandoned because it was not applicable. The idea of competencies, on the other hand, was kept.

The CICA then formed a new task force of members of the CICA Board of Directors to meet with each of the Institutes. There were several series of meetings, it was a long process. Outside consultants were brought in to explain the source of differing opinions. Finally, matters advanced more quickly when the CICA appointed a project coordinator whose role was to listen, find compromises and obtain consensus. The Quebec CA Corporation also formed a task force of members of the Executive Committee, Professional Education Committee, permanent staff, university representatives and practitioners.

Finally, after many months of beating around the bush and endless toing and froing, the reform took shape. The cohort of 2002 will experience some of the effects. In 2003, everything will be implemented. This spring, the Quebec Corporation is visiting the universities to present the reform, review the background and steps taken, and explain the new content (although it is not yet completely finished).

This case illustrates the importance of communication between the different stakeholders. Decisions are always made in a team and follow an effort to construct a common vision shared by the stakeholders. Each of the parties must make compromises because they have different constraints on a number of elements. The national organization must try to find solutions that suit everyone. This requires not only cooperation but also convincing the parties that this change is desirable and that conflicts are inevitable. An appeal is made to cooperation and openmindedness.

The learning mechanisms utilized include: informal discussions, recognition mechanisms, documentation, committees, and shared experience with the universities. All these mechanisms help to avoid crisis situations with the partners in education.

We can identify some parallels between this case and the crisis of 1989. One of the directors of the Corporation we interviewed said:

"The crisis of 1989 consisted of establishing an extra year of study, whereas the reform focused on adjusting the conceptual framework in the evaluation approach. It is easier to implement a scale of competencies (one of the elements in the reform), it is not an easy change but its scope is narrower than the professional education program (PEP)". The scale of competencies is a logical progression whereas the PEP was a drastic change of direction. Vision and the scale of competencies involves a questioning of the profession, the deadlines are not as tight. With the PEP we started from scratch, we did not have any material or banks of cases, everything had to be done. What the PEP provided was better knowledge of the players. The university partnership is on more solid ground than it was in 1995. We are closer to our partners. A base has been established. This is a gradual process. We are holding consultations, are more proactive in our decisions, and are getting more of a home-grown product."

These comments give a good indication of the scope of experiential learning. We can identify three organizational learning elements: better knowledge of the university partners, adaptation of the management approach (being more proactive), and the art of obtaining a more satisfactory product. This is a good example of the application of knowledge taken from a previous experience.

Part III

ANALYSIS

Our first comment regards the importance of social interactions. Our study confirms the position of many authors on this point. Social interactions are central for a learning process to be efficient. Thus a firm should encourage individuals to interact (share their ideas informally). Before sharing experience and to be able to start the process of concept creation, it first needs to build mutual trust between members. A key way to build mutual trust is to share one's original experience, which is the fundamental source of tacit knowledge. Direct understanding of other individuals relies on shared experience that enables team members to get inside others and grasp their world from within. Shared experience also facilitates the creation of common perspectives, which can be shared by team members as a part of their respective bodies of tacit knowledge. Second, systems and mechanisms are needed to codify the knowledge (make it explicit), make it accessible to others and keep track of different experiences. In our view, though, in the empirical study cited in this paper, a lot of valuable knowledge is tacit and will stay at this level. Thus social interactions must be promoted in all sorts of ways, and this must be a priority for the organization.

In the cases described in this paper, experiential learning occupies a prominent place. In fact, the cases relate more to the construction of new concepts for which new knowledge must be constructed.

Learning takes place first through sharing experiences and individual tacit knowledge. In the process, the organization's tacit knowledge is created or renewed. Eventually some of this knowledge will be converted into explicit knowledge, but not all of it is recorded. All the initiatives, discussions, confrontations and compromises are not necessarily recorded. There is no written report on the art of conducting fruitful discussions and arriving at a consensus. The minutes become an integral part of the organizational memory, which may itself be a useful source of learning but does not constitute first-hand information; it is usually more factual and objective. This reinforces the importance of sharing experiences and developing a common perspective in regard to an issue. This is particularly true for types of organizations like the Corporation that has to take into account numerous stakeholders who have to make decisions that affect their members (of which there are a large number), and that may have an impact on the profession's image and prominence. The legitimacy of the Corporation, whether it is conferred by the members or other interested groups, is strongly linked to these processes. The learning

processes are often similar to legitimation processes. For example, the validation of a proposal is itself a legitimation process; defending the corporation when its authority is questioned or when there is a move to take over its territory are examples of defence of legitimacy.

The Lipshitz model (2002) is confirmed in numerous instances in the examples cited:

- The structural facet: according to the authors, an efficient learning system requires "roles, functions, and procedures that enable organizational members to systematically collect, analyze, store, disseminate and use information relevant to their own and other members' performance" We have presented examples of some of these elements, for example, we discussed the use of surveys, generation of reports, formal meetings.
- The cultural facet is clearly reflected in the way the management operates. People are asked for their opinion or feedback. For strategic issues or new proposals which have a major impact, feedback, transparency, integrity, and full understanding are all very important elements. It is not the social standing or the rank of a participant that counts, the focus must be on the issue if effective learning is to be achieved.
- The psychological facet is also present. If the organization encourages open, honest communication between the parties, psychological safety is increased and learning will be enhanced. The model's three elements - cultural, psychological and policy facets - are intertwined. In the cases presented, the organization seems to favour mutual trust and collaboration.
- The policy facet is related to the commitment to learning, tolerance for error and commitment to the workforce. We were not able to identify specific examples of this facet. But from our discussions with interviewees and our data, it appears that the organization supports its employees and fosters a spirit of cooperation.
- The contextual facet is an important variable. How big is an issue? What is its criticality? Is it close to the core missions of the organization? In what context did the issue emerge? Who is concerned? These are all important questions that will influence the way the organization reacts to a situation, and how learning will take place.

Organizational learning is not always conscious; we believe that a lot of learning takes place intuitively, sometimes fortuitously. We do not completely agree with Lipshitz *et al.* (2002) when they define productive learning as "a process that is conscious and systematic". Even if the process is more systematized, there is always, in our view, a part of learning which remains unconscious.

Feedback is very important, it is another OLM. After trying something, a debriefing period can be very instructive. Following a crisis, taking stock of the situation, identifying weaknesses, and the reasons for the crisis is a necessary exercise because a great deal of learning may come out of it and the recurrence of painful situations can be avoided. One of the directors confirmed that it is a common practice in the organization to review past events, routine or otherwise. This is feedback learning. We believe this is a very useful mechanism to enhance performance in organizational learning. The more critical the issue is, the more important this learning mechanism is.

Our final observation relates to a very direct question we put to one of the Corporation's directors, namely what were the most effective means that helped her fulfil her role, to which she replied: "My discussions with the Professional Education Committee, my provincial colleagues, the organization's CEO, and my assistant director". The latter seems to play an important role. There is constant interaction and communication between the two, usually verbal or by email, they trade information and opinions. Thus discussions and informal exchanges constitute the most effective learning mechanism for this particular director. Furthermore, this learning remains at a tacit level, at least for the moment. This leads us to

wonder if it is desirable to suggest to organizations that they do everything possible to make knowledge explicit or if it is in fact preferable to encourage formal and informal exchanges.

Conclusion

In this paper, we took an organizational learning perspective to explore how learning processes were useful for the management of the organization's legitimacy. We based our analysis on a previous study from which several cases were extracted and analyzed in terms of the issue at stake and the mechanisms put in place by the organization to understand and resolve the issue. Links with the management of legitimacy were also shown without going into detail regarding the various dimensions of legitimacy or modes of legitimation. We put more emphasis on the learning mechanisms themselves.

We can conclude that for organizational legitimacy, organizational knowledge is an intangible resource which is difficult to evaluate and whose underlying dynamics are difficult to analyze. Legitimation is the process whereby legitimacy is constructed, restored, and renewed. Organizational learning is the process whereby the knowledge takes shape; it can be tacit or explicit: the organization's knowledge capital encompasses both forms. Learning is the process whereby knowledge is created, and it is therefore a dynamic process that involves the stakeholders. It is also a process that involves interpersonal relations and knowledge sharing.

Learning regarding legitimacy makes it possible to monitor the expectations of the population, government, clients, members, and others. Learning also makes it possible to understand how and why something worked or didn't work. Learning consists of putting in place ways to identify, understand, and discuss events that affected the organization's performance and to take the necessary corrective measures to manage legitimacy or any other resource. Learning is a wide-ranging process that includes a series of formal and informal mechanisms, encourages discussion and the sharing of information or knowledge, the result of which makes it possible to advance a proposal, give it a new perspective, or resolve a problem. The manager's role is thus to plan a series of appropriate mechanisms that meet the organization's needs, and take into account the nature of the organization, its environment, the people that comprise it and work there, and the prevailing culture.

In our view the Lipshitz model is very interesting. We agree with the authors when they say that organizational learning is a complex interpersonal process occurring through structural mechanisms in a social arena...", and that "organizational learning cannot be properly understood without using social, political, and cultural lenses in addition to cognitive lenses".

Further research is needed to study how organizations manage highly tacit knowledge that resides at the collective level of the organization. This could help capture the dynamics of knowledge management and greatly enrich our understanding of how firms acquire and transfer knowledge.

This paper constitutes the first attempt to examine learning mechanisms applied to the legitimation process in the context of a negotiated order between numerous stakeholders. Further research is needed to examine the relevance of our results to other types of organizations. The analysis of the management modes of a professional corporation constitutes one specific case in a wide range of organizations.

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