

Creating the ‘Locopolitan’: Combining Local and Cosmopolitan Orientations in a Consulting Firm

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Abstract

Professionals are usually described as cosmopolitans who are less committed to their organization and who consider their knowledge as a personal asset. However, the results based on a case study show how an administrative control system can stimulate the development of a local orientation alongside a cosmopolitan – hence the creation of the locopolitan.

It is argued that professionals may function in an ambivalent situation where they have to satisfy both orientations. Moreover, rather than being contradictory, these two orientations can be reconciled by organizational practices such that they cease to be contradictory and are instead mutually supportive. This mutual support is seen most clearly in knowledge processes that differ along the cosmopolitan or local orientation but which complement each other in order to satisfy the requirements of the administrative control system.

Keywords: contingent compensation system, cosmopolitan, local organization, consultancy

Introduction

Knowledge workers in professional service firms have ambiguous roles (Robertson and Swan, 2003; Gotsi et al., 2010; Kosmala and Herrbach, 2006). As professionals, they strive to develop human capital that increases their employability. However, as members of an organization, they function in a business context that may require abilities that are of value only to the firm. Some have argued that getting professionals to prioritize the organization’s needs is as futile as ‘herding cats’ (Von Nordenflycht, 2010). Others have argued that it is possible to reconcile the tension between professional self-interest and organizational welfare by adopting elaborate regimes of contingent compensation (Teece, 2003). Finding out how to best deal with this tension is an important theoretical and practical question. The tension between professional self-interest and collective-organizational welfare is particularly salient in the professional’s decisions about what kinds of expertise to develop and share. We can observe this tension and its potential reconciliation by examining organizational knowledge processes.

This sensitive issue has long been recognized in the literature (Maister, 1982). Alvesson (2000) locates loyalty to the organization in the tension between strong professional identity and social identification with (subgroups in) the organization. Social identification is considered a means for normative control and applied to counteract (too much) professional autonomy. He implicitly applies the dimensions of a cosmopolitan orientation as coined by Gouldner (1958) when analyzing the tension. The assumption is that professionals tend to value a cosmopolitan orientation more than organizational loyalty. Controlling instruments

should be applied to draw professionals more into the organization. Normative control, besides administrative control, is an important means for 'pulling' the cosmopolitan professional into the organization – thus finding a balance without really resolving the tension (Von Nordenflycht, 2010; Kärreman and Alvesson, 2004; Maister, 1982).

The empirical research took place in a medium-sized Dutch consultancy firm which will be referred to as 'Consult' for anonymity reasons. A few non-essential data are fictitious since Consult could easily be identified in the Dutch consultancy market as it has a strong and well-known reputation.

The paper is divided into three parts. First, a literature review provides insights on how professionals are currently (not) tied into a firm and their relationship with administrative control. The next part describes the case context and the research method, and the third part comprises the findings about the impact of the control system on knowledge processes and on the professional orientation.

Administrative control of professionals: focusing on mutual benefits

Alvesson (2000) suggests that social identity regulation is the most feasible way to manage loyalty. Professionals should be facilitated to identify with a corporate identity and to build up social relations among people in the organization. It is also considered the most feasible way of enhancing knowledge processes as they are facilitated by social identification with a community or social network (Kärreman and Alvesson, 2004; Reihlen and Ringberg, 2006). Professionals will distribute and share knowledge among colleagues based on normative control and thus based on social identification. This suggests that local orientation towards colleagues is the key to knowledge sharing. However, applying this local orientation is difficult for cosmopolitans.

Administrative control is becoming more important in knowledge intensive firms as they are becoming more oriented towards clients and financial targets, and are developing into managerial professional businesses (Cooper et al., 1996; Malhotra et al., 2006; Evetts, 2008; Teece, 2003).

In the case of professional service firms, Teece (2003) therefore pleads for objective and transparent performance criteria based on sales, and on the client's perception of the quality of the service delivered. He adopts a more prescriptive approach by suggesting a contingent compensation system which takes into account the cosmopolitan professional oriented towards clients and the outside world on the one hand, and the firm's interest on the other.

While innovative, the administrative control system suggested by Teece does not provide an answer to how the outward orientation of cosmopolitan professionals can be turned into organizational commitment or – at least – can contribute to organizational commitment. Teece's formula relies on objective criteria which measure a professional's activities in assignments, and in acquiring assignments for others in the organization. The system supports the cosmopolitan attitude – defined as external orientation - almost to the extreme. In a sense, the professional is his/her own employer. Colleagues can profit from an individual's entrepreneurial activities as passing on assignments to others is rewarded. This system does not draw the professional into the organization by increasing organizational commitment. The relationship between the professional and the organization is considered as an 'at-will contract' (Teece, 2003) solely based on contingent rewards. One might argue that commitment and bonding is superfluous in such a system – whom should the individual professional bond with and why? A local orientation is superfluous in Teece's approach as professional consultants should be solely oriented towards the outside world, especially towards clients.

This review of the literature shows that no solution has yet been found to how a local and cosmopolitan orientation can be combined and how a control system can be designed to support this combination.

Case study

Consult employs approximately 300* consultants and is specialized in the Dutch-Belgian market. Consult provides general consultancy services and has a strong reputation in the non-profit sector. The firm consists of five business units each comprising practice groups with between 10 to 20 members. All our research was conducted in the largest business unit, comprising 10 practice groups and with a total of about 150* consultants. Practice groups are structured along market sectors and along professional services. These include care or non-profit sector, communication, process management, organization design, and recruitment.

The firm has five job levels: trainee, junior consultant, senior consultant, managing consultant and managing director. Competence profiles are defined for all job levels. Job levels differ in terms of responsibility for managing client relationships, project management, accountability for financial targets, and bill-out rates. A junior consultant has a lower bill-out rate than a senior consultant. Trainees and junior consultants do not manage projects independently. Higher level consultants must be able to manage client projects autonomously. They should be able to lead a project, maintain client contacts, keep the project within the financial and time limits, and assure the agreed quality level.

Research framework

All interviewees were informed about the aim of this research. The interviews took about 90 minutes and focused on three groups of questions: what types of knowledge are relevant for consultants, how is internal knowledge shared among consultants, and how is a project team composed. The interviews were taped and transcribed, and the transcripts were checked by the respondents. More specifically, questions focused on which parts of a consultant's knowledge is (not) shared among whom, when is it (not) shared and why is it (not) shared? How does an individual consultant come to know what his/her colleagues know? How do consultants disclose (which part of) their knowledge? Knowledge sharing was described as related to and derived from their work with clients. Respondents indicated that knowledge acquired from clients was mostly shared informally with colleagues either because they had worked together in the past or because they felt a fit and expected to work together in the future.

I interviewed two managing directors, six managing consultants, nine senior consultants and three junior consultants in order to get a variety of inputs and perspectives. The respondents were evenly distributed among the ten practice groups, but not evenly distributed in terms of their position, e.g. one practice group was represented by two junior and one senior consultant, whereas another practice group was represented by two senior consultants. The respondents were distributed in the following way: one practice groups was represented by four members, three practice groups by three members, and two practice groups by two members. The practice group 'Care', which was established shortly before this research started, was represented by just one respondent. Next to it two managing directors were also interviewed.

Administrative systems, psychological orientations, and knowledge processes

At Consult, all consultants are personally responsible for getting involved in assignments so that they can meet and exceed their personal target. In this way, Consult's

administrative system impacts the development of both a cosmopolitan and a more local orientation as will be argued. Consultants are stimulated to bond in their practice group as local because they are (made) dependent on each other for their bonus. Simultaneously, they are also stimulated to act as cosmopolitans in the market.

“I’ve got a personal target but am also responsible for making sure that the juniors and trainees have sufficient work. This means I’m always focused on whether I can create work for others in a project. (senior consultant)

Gouldner (1958) suggests a continuum between a local and a cosmopolitan orientation. Thus, the higher the cosmopolitan orientation, the lower the local orientation (Delbecq and Elfner, 1970). The local/cosmopolitan orientations are conceptualized as a latent social role consisting of three dimensions: loyalty to the organization, commitment to professional skills, and reference group orientations. According to Gouldner, cosmopolitans are less loyal to their organization. Professional cosmopolitans value their autonomy because of their professional knowledge and do not wish to be subordinated to the constraints imposed by the organization (Raelin, 1985; Alvesson, 2000). They are mainly committed to the development of their expertise and knowledge as this represents their main human capital. This shows a commitment to professional skills and high job involvement but less loyalty towards the employer (Keller, 1997). Instead they are oriented towards an outer reference group orientation which is described as ‘professional peers elsewhere... a reference group composed of others not a part of the employing organization’ (Gouldner, 1958: 288). Locals show more organizational loyalty even at the expense of developing their human capital.

A local orientation also includes various characteristics. When staffing a project, consultants from the practice group have priority, or if they are not suitable for the project, colleagues are invited from a closed social network built up through prior personal experience. Colleagues grant assignments to each other. Consultants actively promote their knowledge and show cooperative behavior to get access to the closed network. Developing a personal specialization or a flag - as it is called at Consult - is socially regulated. Consultants are quite autonomous when choosing a specialization, but are constrained by local requirements. For example, existing specializations within the organization and general employability regulate the development of a consultant’s specialization. Knowledge about firm-specific processes is described as part of professional knowledge.

Altogether this leads to the conclusion that a cosmopolitan and a local orientation coexist at Consult. Some processes are more the cosmopolitan oriented, while others are more local oriented as illustrated in table 1.

Table 1: Co-existence of cosmopolitan and local orientation

	Cosmopolitan orientation	Local orientation
Loyalty towards the organization	<ul style="list-style-type: none"> • Enlarging practice group through empire building • Financial focus on practice group 	<ul style="list-style-type: none"> • Priority of practice group for project staffing • Closed social network for project staffing
Commitment to specialized skills	<ul style="list-style-type: none"> • Individual responsibility and choice for appropriate project leading to specialization 	<ul style="list-style-type: none"> • Social regulation or flagging

	<ul style="list-style-type: none"> Investing in a personal flag 	
Reference group orientation	<ul style="list-style-type: none"> Client as outer reference group Individual initiatives for outside activities (e.g. book publication) 	<ul style="list-style-type: none"> Granting behavior Cooperative behavior Personal advertising
Knowledge	<ul style="list-style-type: none"> Personal expertise Sector and client knowledge 	<ul style="list-style-type: none"> Knowledge about internal processes Knowledge about how to operate internally

Administrative systems pulling towards cosmopolitanism

The first dimension in Gouldner's distinction of a cosmopolitan/local orientation refers to (low) commitment to the organization. At Consult, the practice group is the main focus point instead of the whole organization, both for professional development and for financial benefits. There is often an informal distribution of labor within a practice group for supportive tasks that are not directly related to project or client work, e.g. keeping a tool-box up to date, organizing internal seminars etc. Giving priority to the own (academic) department or practice group and denying organizational pressure for sharing is equated with a cosmopolitan orientation described as 'empire building' by Gouldner (1958b). It reduces loyalty towards the organization but increases the identity with a closed group (Alvesson, 2000).

A second dimension of the cosmopolitan orientation is the high commitment to professional skills and values related to a problem. The main opportunity for expressing this commitment is at the start of a project when a team is formed. Professional expertise is one of the main considerations when composing the project team.

Another consideration when staffing a project is professional development which shows a commitment to professional skills. Consistent with the cosmopolitan orientation, professionals are interested in developing their personal knowledge assets. Client assignments represent the most important opportunity for consultants to further their professional development (Fosstenlökken et al., 2003) but not every assignment is suitable. They need to get involved in those projects which can enhance their professional development.

"Professional development means being involved in the right projects. All consultants are responsible for their own personal development. They need to find a good match between the project and their development, skills and experience." (managing consultant)

Senior consultants also reported that they learn most from their interaction with clients in projects. Project work is the lifeline for the professional. They get the opportunity to develop their unique value (Empson, 2001). Next to project work, Consult offers internal training programs where consultants learn how to prepare and write a tender. However, the main learning opportunity is provided in projects.

In sum, clients play an important role for the professional development of consultants in two ways. First, client interaction provides the main opportunity to learn (Fosstenlökken et al., 2003). Professionals experience their interaction with clients as a learning opportunity that helps them to develop their unique yet general knowledge (Morris, 2001). Second, the choice

of a client segment and projects influences the personal career which explains why client knowledge is considered as highly important. Empson (2001: 843) argues that for the consultant, 'client knowledge is his or her primary source of value to the firm'. Both aspects hint at a cosmopolitan orientation focusing on the commitment to professional skills and values.

The process of specialization is called 'flagging' at Consult. Managing directors and senior consultants recommend that every consultant from the junior level onwards should choose an area of expertise. However, there is no organizational obligation or guidance to specialize in a particular area. Flagging is mainly an individual initiative and is a commitment to specialized, professional expertise.

"The guy who just walked by, he's our benchmark or our red flag. He is the real expert." (senior consultant)

The third dimension of the cosmopolitan is an 'outside reference group orientation'. This can be identified within Consult as well. At Consult, consultants are involved in numerous outside activities which are not related to a (billable) project but indicate special expertise in the outside world. External activities are mostly aimed towards clients or prospects. These activities are based on individual initiatives and interests. Examples of external activities include: collecting data on a specific topic in collaboration with universities, writing articles in professional magazines, giving guest lectures, participating in expert panels, and publishing books. These activities are considered to be partly motivated by self-interest, and the firm also partially supports them. This is consistent with the cosmopolitan attitude and with a symbiotic relationship between employee and organization (Lepak and Snell, 1999). As both parties gain an advantage from these external activities, both parties also have to invest resources.

The fourth dimension of a cosmopolitan orientation is expertise and sector and client knowledge. Expertise includes knowledge about a topic such as benchmarking or process redesign. Knowing about the tools and techniques is also considered as part of a professional's general knowledge (Werr and Stjernberg, 2003).

Sector and client knowledge as part of a professional's knowledge is entirely consistent with the importance of client assignments in the compensation system, and the importance of clients for their working license.

Administrative systems pulling towards localism

All respondents stated that the compensation system clearly influences how the project team is composed and how work is distributed. The client's needs and the professional's expertise are not the only reasons why a consultant gets involved in a project team after a tender is closed. Financial considerations are just as important as the availability of professional knowledge. Distributing work among people in the practice group is a priority:

"It bothers me when specialists are not or hardly involved in a project; this is a missed opportunity for the client and for Consult. However, at the level of the practice group another mechanism is at work – everyone must meet their target. Therefore, let's keep it for ourselves. That is not stimulating for spreading knowledge around." (managing consultant)

Both types of behavior – limited search in the personal social network and the individual engaging in networking - hint at the importance of the inner (organizational) reference group as part of a local orientation. Professionals from all over the organization promote their expertise as their unique selling point. Their expertise needs to be visible in the closed social network when projects are staffed. Both processes are considered as two sides of the same coin described as the importance of the inner reference group.

“It’s very important that people know you. You must be known internally so that people can find you when an assignment is accepted. If that doesn’t happen, you won’t get any work and you don’t achieve your target.”(managing consultant)

The local orientation is also expressed when developing a flag in a specialized expertise domain. As already mentioned, individuals develop their own flag to increase their professional value and signal their reputation. This is described as a cosmopolitan orientation. Simultaneously, however, when developing a flag, there are also considerations influenced by a local orientation where the development of a flag is socially regulated. Although all consultants are responsible for developing their flag, internal collegial considerations play a role: not every expertise domain is open for flagging. Flags which have already been developed by colleagues are occupied and should not be adopted by others. Thus, when specializing, consultants do not automatically follow their own interests but take other colleagues’ specialization into account. This reduces the professional’s commitment to specialized knowledge.

The local orientation towards an inner reference group also requires the adoption of common norms and social identification (Alvesson, 2000). Professional expertise is not sufficient for project participation, a collegial attitude is also required. The importance of signaling one’s willingness to cooperate and to contribute is another expression of the local orientation towards an inner reference group, as cooperation is mainly established among colleagues with the same behavioral norms.

“We all have an interest to cooperate. If you behave anti-socially in a project, then you won’t be asked anymore. Your internal image in the organization means a good reputation in your colleague’s eyes. This implies that you help each other in projects because you’re a bit dependent on each other.”(junior consultant)

Another type of knowledge required by consultants is knowledge about the internal processes and, specifically, about internal labor distribution processes. Consultants must also have firm-specific knowledge besides general and personal (flagged) knowledge (Sturman et al., 2008). Having this knowledge provides the conditions to meet the requirements of the administrative control system.

“Knowing how to operate within the firm itself. Knowing where you are and how things are done around here.”(senior consultant)

Knowing how to network internally and how to operate in the internal network is considered an essential part of professional knowledge. Having firm-specific knowledge is part of a local orientation. Although Gouldner (1958 a; 1958 b) does not mention this type of knowledge as part of his concept, firm-specific knowledge is identified as a prerequisite for a local orientation.

Creating the locopolitan: working in ambivalence and interdependence

The literature identifies ambivalent identities for professionals. Robertson & Swan (2003) describe ‘doublethink’ as a mode to handle ambivalence. It refers to the ability to make a cognitive switch in time between the identity as an expert and as a consultant. Others suggest a cynical distance from organizationally prescribed rules of commercial success and the identity as professional (Kosmala and Herrbach, 2006). Gotsi et al., (2010) describe the creation of a new, combined identity as a ‘practical artist’ when confronted with the ambivalence between client requirements and professional insights. The current analysis suggests mutual interdependence as a way of dealing with the ambivalence between the local and cosmopolitan orientation. Firstly, it points at the consistency of knowledge-related behavior within one dimension. Behavior in the four dimensions within one orientation is organized in such a way that they complement each other. Secondly, it shows how

knowledge-related behavior developed in one dimension is supportive for the other dimension. Thirdly, it implies the necessity of maintaining both orientations, induced by the compensation system.

The analysis of this case reveals that there is more: professionals also show a local orientation. Knowledge-related processes take place in a social context within the firm. Firm-specific knowledge is essential to maneuver in the social network. Specialization is socially regulated and professional expertise is shared with colleagues in a dense but also closed social networks. The common theme in this orientation is social, normative regulation.

Conclusion

The analysis adds to the theoretical distinction between 'cosmopolitan and local' as extremes on a continuum as suggested by Gouldner (1958). In contrast to Gouldner, the findings of this study do not point at a continuum between cosmopolitan and local orientation, but show that both orientations co-exist (Thornton, 1970; Bartol, 1979). Furthermore, the behavioral operationalization of both orientations are different, whereas the assumption of a continuum suggests the existence of the same types of behavior to a lesser or greater degree. For example, the analysis reveals that it is not a question of more or less loyalty to the organization. Instead there are some modes of behavior in Consult that exhibit a cosmopolitan orientation while others show a local one. Both orientations co-exist but embrace different behavioral phenomena. Also Delbecq and Elfner (1970) argue for the case of a locopolitan when they describe the professional as 'an individual specialist who strives to advance within his specialty, but is still loyal to this present organization' (p.374). Thus one dimension points at the cosmopolitan orientation, another at the local one. Gouldner's model does not include this configuration. This analysis suggests an orthogonal relationship between cosmopolitan and local orientation.

The limitation of this study is that it is based on a single case study and it is not possible to know how many other professional organizations have adopted this type compensation system and experience the same impact of developing a locopolitan orientation. Further research should clarify if, and to what extent interdependence between both orientations is present in those firms using this type of administrative control. Further research is also necessary to clarify whether there is a causal relationship between the administrative control system and the identified ambivalence.

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