Identity Co-Formation in an Emerging Industry: Forging Organizational Distinctiveness and Industry Coherence Through Sensemaking and Sensegiving

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Abstract

We inductively studied the sensemaking and sensegiving processes used by industry founders in the co-formation of organizational and industry identities in the emerging industry of Service Design. Our findings illustrate how the sensemaking and sensegiving processes that revolved around the new "Service Design" label allowed the two sets of industry founders to forge both distinctive organizational identities and a coherent industry identity. The new label was, thus, used as a central "carrier" for both holding meanings (in terms of distinctive principles and common practices) developed through sensemaking, and for transferring these meanings respectively to organizational and industry identities through sensegiving. These insights illuminate how industry founders can address the tension between organizational distinctiveness and industry coherence in emerging industries, and have important implications for theory and future research on identity co-formation and its underlying sensemaking and sensegiving processes.

Key words: identity formation, sensemaking, sensegiving, organizational identity, industry identity, labels, industry emergence

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Introduction

The identity of an organization comprises central principles and practices denoting respectively "who we are" and "what we do" as an organization" (Nag, Corley, and Gioia, 2007; Navis and Glynn, 2011), and helps distinguish one organization from another within a given industry. Relatedly, the collective identity of an industry (to which organizations belong) comprises central principles and practices denoting "who we are" and "what we do" as an industry, thus, reflecting commonalities across organizations that belong to that industry (Mervis and Rosch, 1981). During the critical phase of industry emergence, industry founders (who are also founders of the pioneering firms of such industry) play a key role not only in shaping their own organizational identities, but also in defining the collective identity of the nascent industry (Gustafson et al. 2016). Consequently, in the formative years of an industry, the defining principles and practices of individual organizational identities and those of the collective industry identity are often interconnected (Santos & Eisenhardt, 2009).

In recent years, researchers have started investigating how such identities form and acquire meaning (Gioia, Price, Hamilton, and Thomas, 2010; Navis & Glynn, 2010; Tripsas, 2009; Weber et al, 2008; Wry et al, 2011). This interest reflects an increasing awareness of the "stickiness" of initial meanings attributed to identities (Scott and Lane, 2000) and the presence of strong institutional pressures that accompany the establishment of initial identity meanings (Benner, 2007). These studies have illuminated how initial organizational identities may support and constrain subsequent technological advances (Tripsas, 2009); how the level of meaning coherence arrived at in initial collective industry identities (i.e., is the identity meaning widely agreed upon and simple vs. contested and complex?) might enable or constrain adaptation to the environment (Jones et al., 2012); how the similarity of a newly formed organizational identity to established and legitimate identities in the same competitive environment may affect long-term survival (Czarniawska and

Wolff, 1998), and how forging multiple meanings for new collective industry identities may be beneficial for the long-term viability of those collectives (e.g., Jones et al, 2012; Khaire & Wadhwani, 2010).

In particular, extant research has also illuminated that new identities, for both organizations and industries, are developed through a series of contested and iterative collective *sensemaking and sensegiving* processes by organizational and industry stakeholders, i.e., the cognitive processes of understanding "what is going on here" (Weick, et al, 2005) and of conveying this to audiences (Clegg, Rhodes, and Kornberger, 2007; Gioia and Chittipeddi, 1991; Gioia et al., 2010; Gioia et al, 2013), leading over time to a negotiated understanding of the identity of an organization or industry (Navis & Glynn, 2010; Wry et al, 2011). And yet, they have not looked at how industry founders deal with the *simultaneous*, co-formation of initial identities for both their pioneering organizations and their emerging industries. Such identity co-formation represents a key aspect of industry emergence (Gustafson et al. 2016), and poses an important challenge to industry founders: they must deal, *concurrently*, with the tension between reaching industry coherence and creating organizational distinctiveness (Clegg et al. 2007; Grodal and Woolley, 2013; Patvardhan et al. 2015). This tension generates an identity dilemma and triggers sensemaking and sensegiving processes, which remain understudied and undertheorized. A lacuna that is particularly glaring in light of the important role that identity formation has in the growth and long-term survival of new industries (Gustafson et al. 2016).

Our paper, thus, seeks to address this gap through an inductive study of the sensemaking and sensegiving processes that industry founders of the nascent industry of Service Design used to address this identity dilemma. Our study revealed how the sensemaking and sensegiving processes around the new "Service Design" label allowed the two industry founders to forge both distinctive organizational identities and a coherent industry identity. In so doing, it yields theoretical insights

that hold important implications for theory and future research on identity co-formation and its underlying sensemaking and sensegiving processes.

Organizational and Industry Identity Formation: Contested and Iterative Processes of Sensemaking and Sensegiving

Clark and Geppert (2011: 399) describe how members of a multi-national corporation used intertwined sensemaking and sensegiving processes to construct the identity of a newly-acquired subsidiary:

> "In a *sensemaking* process, social actors perceive, interpret, and evaluate each other's conduct as it impacts on their understanding of the subsidiary; in a *sensegiving* process, actors use power and other resources to enact their subsidiary identity, to respond meaningfully to and thereby influence the behaviour of others. One actor's sensegiving prompts the other's sensemaking responses, in turn leading to the latter's sensegiving acts and the emerging political process of [meaning] integration . . ." [emphasis in original]

Along these lines, recent research suggests that organizational identity formation begins with a sensemaking process that rejects irrelevant (and potentially mis-applied) identity claims (i.e., formal and informal statements about who they were and what they did), followed by a negotiated and often contested sensegiving process of adopting relevant identity claims (Gioia et al, 2013). In this vein, Gioia et al. (2010) examined the formation of organizational identity for a new college at a large U.S. university. They found that the process began with the articulation by college founders of "who they were not" (i.e., not a school of computer science). Later, founders made claims about "who they were," focusing on desired self-categorizations (e.g., "interdisciplinary school"). This initial articulation of identity, however, had to be negotiated, compared and contrasted, and experimented with by various organizational actors until they converged on a consensual identity definition.

Additional studies have suggested that emerging industries follow a process for identity formation that is similar to that of new organizations. Santos and Eisenhardt (2009), for instance,

showed how some entrepreneurial firms attempted to define their new industry identity through claims (e.g., disseminating symbolic stories, developing market standards, etc.) that would lead the industry identity to be a reflection of their organization's identity and distinguish it from the identities of other firms. Yet, these entrepreneurial actors needed to gain allies, co-opt competitors, or block market entry for those firms that had different visions of the market identity. The ultimate industry identity, thus, was a reflection of the outcome of these power struggles.

Finally, in their study of the nascent academic field of Information Schools or "iSchools," Patvardhan et al. (2015) found evidence that organizational level identities evolved during the formation of the new industry level identity. Specifically, they found that the new "iSchool' collective (or industry) identity was initially defined via its distinction from previous collective identities (e.g., "not computer science schools" or "not library science schools"). As this collective identity began to define field boundaries, the identities of the individual organizations in this industry (which existed prior to the new collective identity) were re-negotiated and redefined to reflect their membership in the emerging industry, which was also negotiated and adjusted to maintain coherence across member organizations.

Together, these studies suggest that the process of identity formation for both new organizations and emerging industries is a multistage, negotiated process that begins with distancing from existing collectives and ends with a coherent, if not consensual, definitions of "who we are" and "what we do" as organizations and industries. These complex sensemaking and sensegiving processes become even more complex when industry founders must deal with the *simultaneous*, co-formation of initial identities for both pioneering organizations and their emerging industries.

The Challenge of Identity Co-Formation in Emerging Industries

Emerging industries present a particularly difficult identity problem for industry founders, who, quite frequently, are also founders of pioneering organizations in the emerging industry. On the one

hand, they need to converge on a coherent, commonly accepted industry identity in order to attract resources, partners and customers (Aldrich and Fiol 1994; Granqvist et al. 2013; Hsu and Hannan 2005). On the other hand, they need to develop distinctive identities for their own pioneering firms (Gioia et al. 2010; Navis and Glynn 2010) to gain a competitive advantage in the emerging industry (Santos & Eisenhardt, 2009). This means that industry/firm founders must deal, concurrently, with tensions for coherence and distinctiveness in identity formation across both the emerging industry and their individual firms (Grodal and Woolley, 2013). As Patvardhan et al (2015: 428) note in describing the identity work of "members" (i.e., organizations) that belong to a larger collective (i.e., industry):

"Members' attempts to highlight their differences (for distinctiveness) even as they seek to mute them (for collective identity) render the [set of member organizations] a site of dichotomous forces of competitive and co-operative dynamics"

In response to meeting such a challenge, Patvardhan et al (2015) showed that founders shifted their efforts from creating consensus about the meaning of the industry identity (which often conflicted with the individual organizational identities) to creating coherence (i.e., compatibility) in beliefs about the industry. Thus, founders agreed to continue working together on relevant problems with the understanding that eventually they would arrive at a shared sense of "we-ness" by maintaining industry identity as "equifinal" (i.e., containing multiple, compatible meanings) among the member organizations of the iSchool collective.

While this study has begun to illuminate how industry founders tackle the problem of forging an industry identity among a group of organizations that varied in terms of their individual understanding of what the collective should do, it does not reveal the underlying sensemaking and sensegiving processes by which industry founders may forge a coherent industry identity while simultaneously forging distinctive organizational identities. Because the organizations that created the new "iSchool" industry already existed prior to the industry emergence, Patvardhan et al. (2015)

do not speak about the challenge of co-creating, from scratch, both organizational and industry identities. Consequently, we do not know *how industry founders may use sensemaking and sensegiving processes to create coherent meanings for an emerging industry identity at the same time that they are creating distinctive meanings for their new organizational identities.*

Teasing out how industry founders address such tensions is important, not only to expand our current understanding of the deep processes through which identities form (Gioia and Patvardhan, 2012), but also to cast light on the link between industry and organizational identity formation during industry emergence where the effective management of competing identities may ensure an industry's growth and long-term survival (Gustafson et al. 2016). Further, it is relevant to extend our understanding of multi-level identity dynamics called for by identity theorists (e.g., see Ashforth, Rogers, & Corley, 2011) to unpack the "complex, contested dynamics" of nested or embedded identities (Patvardhan et al, 2015: 408). Addressing this theoretical void is also particularly timely given the recent proliferation of new industries (Gustafsson et al., 2016). This lacuna served as our primary research question.

Methods

Research Setting

The emerging industry. At the time of our study, Service Design was a relatively young industry emerging around a new design discipline aimed at developing new services and customer experiences in sectors as diverse as public transportation, health, financial services, insurance and retail. Well-known examples include the car-sharing service Streetcar (a predecessor to Zipcar) and the design of Terminal 5 at London Heathrow Airport.

The origins of the Service Design discipline go back to the early 1980s, when businesswoman Lynn Shostack mentioned the need to design effective services by developing service blueprints in her 1984 *Harvard Business Review* article. Afterwards, other publications (e.g., Hollins and

Hollins, 1991) echoed these arguments, and some international design schools (e.g., Köln International School of Design, Carnegie Mellon University, Polytechnic of Milano) established the design of services as one of their fields of education and research. Another important milestone in the discipline's development occurred in 1996, when the international design and innovation consultancy IDEO redesigned the entire customer experience for the U.S. train operator Amtrak. Although at the time the term Service Design was not in use, our informants referred, retrospectively, to that project as an early example of a Service Design project.

While Service Design as a discipline began to sprout in academia and in practice in the 1990s, it was only in 2001 that Live|Work — one of our two focal organizations — started using the label "Service Design" explicitly to refer to their approach to work. Over time, other design companies in the Greater London area (starting with Engine, our second focal organization) began using the same label to define their new approach to solving design problems. Our study, thus, represents a case of local emergence, where the focal actors created and disseminated the concept of Service Design in the Greater London area.

Specifically, we focus on the early development of the new industry of Service Design in London, when the approaches to design new services, the definition of the discipline label "Service Design," and the identities of the pioneering companies were still forming. These years span the time at which Service Design was self-proclaimed by Live|Work and Engine (i.e., 2001) and ended in 2004, when the UK Design Council first recognized Service Design as a new design discipline, distinct from other established disciplines, by posting a description of Service Design on their website.

Focal organizations. We devoted our attention to Live | Work and Engine, as they were lone pioneers (Touchpoint Vol. 8 No. 3, p. 24, 2017) during the formative years of the industry in the Greater London area (before the Design Council recognized Service Design as a new discipline).

Both firms were founded around 2001 and, so, were forming their identities when the Service Design industry was also emerging, and had prominent roles in the development of both the new industry and the meaning of the new label. These features made these organizations ideal settings where the phenomena of interest (i.e., how the new label took on and conveyed meaning) were "transparently observable" (Eisenhardt, 1989, p. 537) and an appropriate choice for answering our research question.

Data Collection

Over a period of six years, i.e. 2010-2016, we gathered and analyzed data from both interview and archival sources.

Semi-structured interviews. We conducted 51 interviews with founders and employees of the two pioneering firms in four separate rounds. In the first round (February–August 2010), we conducted 16 interviews as part of a broader study exploring the emergence of Service Design as a new field of practices. These interviews helped us identify initial insights and generate further questions about how the members of the two focal organizations had formed the identity of both their organizations and of that of the Service Design industry. In the second round (July 2011–June 2012), we conducted 18 additional interviews to more deeply explore and gain a better understanding of our emerging interpretations (i.e., via theoretical sampling) (Glaser and Strauss, 1967; Locke, 2001). In an attempt to enrich and fill out our emerging theory, we engaged in a third round of 15 interviews (June–September 2014), where we managed to interview most of the informants not interviewed in our second round, and to re-interview some key informants. These three rounds allowed us to interview 97% of all employees present during the emergence phase of the industry. Finally, to provide a trustworthiness check for our emerging framework between July–August 2016, we re-interviewed one founder from each firm.

Interviews lasted from one to two hours and were recorded and transcribed. Interviews in the three rounds followed different protocols. Initial interviews had an open format and were mainly aimed at investigating the broader development of the nascent field of Service Design; second- and third-round interviews were aimed at understanding better the sensemaking and sensegiving processes that the members of our two focal organizations had performed in constructing their organizational identities and that of the emerging industry. We often asked informants to provide specific examples and detailed stories regarding events they described, which extended the richness and length of the interviews. Interviews terminated when we felt we reached theoretical saturation, i.e. when we realized that new interviews were not yielding novel insights (Glaser and Strauss, 1967). Table 1 summarizes our three rounds of interviews.

[Insert Table 1 about here]

Archival documents. To mitigate "retrospective bias" in the interviews with our informants (Lofland and Lofland, 1995), we collected archival data coinciding with the timeline of the events discussed in our interviews. We conducted searches of the two companies' websites, the wiki page 'servicedesign.org,' the website of the UK Design Council, and the website of the Service Design Network. To access archived versions of these websites, we used the Wayback Machine (www.wayback.archive.org). Moreover, our informants shared with us dated, internal documents; PowerPoint presentations regarding the firms and specific projects (i.e., their early case studies); and documents extracted from employee handbooks that articulated corporate visions and ideas for organizational identity, as well as descriptions of the tools and methods developed and used by the two organizations. We also read articles, book chapters, and pamphlets about Live|Work and Engine published during the emergence phase of Service Design. Some of these articles (later published in *Touchpoint*, the official journal of Service Design) focused on the industry's formative years and were written by the founders or other early employees of the founding firms, reflecting on this

period in time. Finally, we read master's theses, books, and publicly available documents about the Service Design industry that covered this period. Table 2 provides detailed information on the data sources and their use in data analysis.

[Insert Table 2 about here**}**

Data Analysis

As customary in inductive research, our analysis iterated between our evolving theory and the empirical data (Corbin and Strauss, 1990; Eisenhardt, 1989). Further, we combined procedures for case study research (Yin, 2003) and grounded theory building (Glaser and Strauss, 1967; Locke, 2001).

Stage 1: Identifying sensemaking and sensegiving efforts. We initially read all interviews and archival data to identify evidence referring to the sensemaking and sensegiving efforts the industry founders engaged in during industry emergence. Based on extant definitions (Gioia and Chittipedi, 1991; Maitlis, 2005), we identified *sensemaking* efforts as attempts by informants to develop a framework for understanding the meaning of a phenomenon (e.g., by developing definitions, exemplars, rules for inclusion and exclusion, etc. regarding that phenomena), and *sensegiving* efforts as attempts by these same informants to communicate and to influence external audiences' understanding of such a framework. Using these definitions, we found evidence that informants' sensemaking efforts focused on making sense of (1) the new Service Design discipline (2) the initial identities of their organizations, and (3) the identity of the emerging industry. Interestingly, we found that informants' sensegiving efforts focused on communicating to external constituents the meaning of the new *label* of "Service Design". This led us to focus on the label as an important component in founders' sensemaking and sensegiving efforts.

Stage 2: Identifying processes of sensemaking and sensegiving. We then sought to identify the specific processes that informants used in their sensemaking and sensegiving efforts. To this end,

we coded interviews and archival data for excerpts of text that clearly indicated how actors made sense of the new design discipline ("we felt like we were doing something different, and we needed a framework for it"), their emerging organizational identities (e.g., "sustainability became part of who we are"), and the emerging industry identity (e.g., "Service Design is very much a hybrid industry"). In line with the insight about the importance of the label "Service Design" that arose in Stage 2, we also coded for text that indicated how they communicated what the label meant to external constituents (e.g., "we used the label "Service Design" to express design that is done strategically", "we had case studies to demonstrate what Service Design is about"). The separate lists of codes independently produced by the two authors were compared, and discrepancies solved through discussion and occasional recoding of data.

We identified three processes related to founders' sensemaking: defining the new discipline based on work principles; developing organizational practices that enact work principles and organizational identities; and defining the industry identity based on common work practices. We also identified two processes related to founders' sensegiving: explaining label meanings based on work principles, and demonstrating (through case studies, methods, and tools) label meanings based on work practices.[5]

Stage 3: Creating a grounded model. To produce a grounded model depicting the sensemaking and sensegiving processes underpinning identity co-formation, we returned to our data to uncover relationships among the sensemaking and sensegiving processes (Corbin and Strauss, 1990). While these processes occurred often simultaneously, Figure 1 visually portrays a general temporal sequence that best fit our data compared to other frameworks we produced (Locke; 2001, p. 76).

[Insert Figure 1 About Here]

To ensure the trustworthiness of our interpretations, we used member checks (Lincoln and Guba, 1985) with two founders. These checks revealed that our model was an accurate depiction of the

sensemaking and sensegiving processes that occurred during the formative years of the Service Design industry.

FINDINGS

Our study revealed that industry founders used the "Service Design" label as a central "carrier" of meaning in the sensemaking and sensegiving processes underpinning identity co-formation for the Service Design industry and its founding organizations. Founders engaged in a set of sensemaking processes – about the new design discipline, the identities of their organizations, and the identity of the nascent industry – that led them to define a set of work principles and work practices they associated with the Service Design label. In turn, founders, faced with the challenge of communicating what the label meant, engaged in the sensegiving processes of explaining the work principles and demonstrating the work practices to early practitioners of Service Design. These sensegiving processes influenced, respectively, the identities of their organizations and that of the emerging industry.

Our findings showed that the distinctive sets of work principles that each pioneering organization used to explain the new Service Design label (e.g., "sustainable" or "strategic") became the defining principles of each organization's unique identity. By contrast, the common set of work practices (e.g., "experience prototyping" or "customer journey mapping") that founders used to demonstrate the label's meaning, served as the defining practices around which the industry identity cohered. In this manner, sensemaking and sensegiving around the "Service Design" label allowed the founders to develop unique identities for their organizations, while forging a coherent identity for the emerging industry. Figure 1 depicts these sensemaking and sensegiving processes and their relations to the Service Design label, as well as the emerging industry and organizational identities.

[Insert Figure 1 About Here]

Below we explain in detail how such dynamics unfolded, while Tables 3–7 provide additional evidence of the specific processes that we identified.

[Insert Tables 3–7 About Here]

Sensemaking about the New Discipline

At the beginning of our story, there was no "Service Design" label or industry, but only the beginning of what would become a new design discipline. Around the year 2000, some young designers (the future founders of Live|Work and Engine) started questioning current approaches to design, especially when designing user experiences. While attending school and working on their first projects, they realized that the existing design approaches, provided by well-established design disciplines (e.g., product design, industrial design), were inadequate for solving many of the problems they were facing.

As Chris, future founder of Live|Work, explained:

> We just felt like we needed that [a new design discipline]. We needed a framework. So, going back to college [i.e., taking some night courses on design] gave us an opportunity to try and find a frame. But when we got there, we realized there were some different frameworks around, but still not one that completely fitted around us.

When talking about this period of time (preceding the formation of their organizations), our informants pointed out that they were rejecting existing design disciplines. Consistent with extant work (Clegg et al., 2007; Gioia et al., 2010; Tripsas, 2009), their new approach to design was defined via *negativa* (i.e., by what it was not*)*. In particular, future founders of Live|Work, Chris, Lavrans, and Ben were rejecting product design because it was wasteful and about consumption, and web design, because they saw it as only about a single channel (i.e., the website). As Lavrans explained:

> We knew we didn't want to design for landfills [i.e., perishable products]. So it wasn't product design anymore, and we knew we weren't just web design either, because web design was seen as just an interface and we wanted to get deeper inside the organization.

Similarly, future founders of Engine, Oliver and Joe recounted that they were rejecting industrial design, and the way traditional design consulting firms worked (i.e., taking a design brief and doing what the clients wanted). As Oliver emphasized:

> Joe and I originally were in a product/industrial design background, and we had found that, actually, the sorts of projects that we were getting, the way we were approaching them was changing if compared to these traditional disciplines. Instead of just implementing the brief, we had started challenging and influencing the brief.

This period of time was associated with a dis-identification from the "industry dogma" and from their peers, which led to an identity crisis in both cases: "We felt a little bit lost — totally competent, very good at what we did — but just felt like we had no tribe — what am I? I don't belong to any group" (Chris, Live|Work), and "we felt quite alienated from the design community and our friends, who were designers, telling us we were not designing anything" (Oliver – Engine).

Given that traditional approaches to design did not represent how they wanted to solve design problems, these young designers felt that they needed to develop a new practice or discipline that, although already emerging, did not yet have a name, as Ben explained:

> We had a feeling that things were changing. We could see something. We couldn't quite articulate it yet. We opened up a lot of questions. And, yes, we talked about it a lot.

It was in this state of high uncertainty around a new design discipline that these young designers started defining the principles underlying the new discipline.

Defining the new discipline based on work principles. The future founders of both organizations started, independently, to reflect on and discuss the fundamental principles on which their envisaged design discipline should be based. Inspired by their interest in Natural Capitalism (Lovins, Lovins, & Hawken, 2000), future Live|Work founders, Chris, Ben and Lavrans, defined "sustainability" and "the triple bottom line" (i.e., measuring performance based on social, environmental, and economic outcomes) as the primary work principles that defined their new approach to design. As Chris explained:

We thought there was an opportunity for completely new types of services. Not just taking services that exist today and designing them nicer, but there were new technologies associated with the web and mobile devices coming. There was also an opportunity for new types of services that had the triple bottom line at the heart of them.

By contrast, out of their discussions about how their design work was becoming progressively more influential at a strategic level, future Engine founders, Oliver and Joe, identified "strategic and upstream thinking" as the primary work principles associated with their new approach to design. As Joe noted:

We were moved by a frustration about traditional design — we talked about wanting to do things more strategically, we wanted to help organizations decide what to do and how to do it and we didn't want to get down into the details of the implementation.

These definitions culminated in an important event for both focal organizations: *the coining and adoption of the label "Service Design" to designate their new discipline.* Thus, while defining the principles that would identify their new design discipline, these young designers also started, independently, searching for a term to name this discipline, and began using the label "Service Design."

For Ben, Chris, and Lavrans, this coincided with the formal foundation of Live|Work as a company. Chris recalled:

So, we were all in my house for a weekend and it was then that we said: we need to think about what we want to do. It's really difficult to describe this thing [this new discipline] and 'Service Design' just seemed logical. It just seemed: "yes, that's what we want to do." So, that's when we said: "we are a Service Design and Innovation consultancy."

For Oliver and Joe, the adoption of the "Service Design" label meant repositioning their existing product design firm to fit with this new discipline. Thus, this point in time coincided with the rebirth of Engine as a "Service Design Firm." As Joe reported:

We took some time out to review our proposition and positioning. I remember we said, "'Innovation Company' is not focused enough and not clearly understood." 'Service Design' seemed closer to what we were doing. I clearly remember Oliver and I discussing how it felt like a term that very easily expressed what we were doing. So, we began to use it from then on. Firstly introducing it into our conversation with prospects and then gradually becoming bolder with it.

Thus, as Figure 1 shows, the principles that founders used to define the new discipline became the meaning that the two organizations would initially ascribed to the label, *once it was coined*. In other words, the definition of these principles by the industry pioneers *preceded* the actual coining of the discipline label, and provided meanings that were assigned to the label within each organization as soon as it was coined.

Interestingly, as we show in Table 3, the principles underpinning the new discipline were distinct across the two pioneering firms, but generally consistent within each firm (reflecting their distinct principles of sustainability vs. strategic design). As a result, the meaning initially ascribed to the Service Design label was also distinct across the two firms. These distinct meanings influenced the initial sensegiving efforts undertaken by the founders of both firms when describing their organizations' work with potential clients.

Initial Sensegiving about the Discipline Label

Although the founders of both firms found it natural to use the previously defined work principles as the initial meanings of the newly coined label of Service Design, the discipline label was new and unclear to those outside their firms. Thus, they recounted that, at this point, they started enagging in conversations with prospective clients about what the Service Design label meant. They found that, with the exception of some forward-thinking companies, clients did not understand the label's meaning, and thus their willingness to pay for Service Design projects was low. Joe from Engine explains:

> The ambiguity of the label would sometimes spark their [clients'] curiosity, but it didn't get them to pay for Service Design projects. There was a specific difference between clients being interested in what this new thing was and then having the confidence to pay money to have something done because they understood what it was.

Thus, the ambiguity of the label and the difficulty of getting clients led both firms to try and communicate more clearly to potential clients what the label meant. As Chris from Live|Work remarked:

Service Design for us was obvious. It just wasn't obvious to everyone else. I think we had to have been on the journey we were on and then the logic was clear. But not everyone had been on that journey, so they didn't follow it. So, I think our early definition of Service Design came about trying to get clarity in the market. Trying to get into a position where it was easier to win more business and get more clients.

Founders of Live|Work and Engine, therefore, deliberately engaged in sensegiving efforts to explain and disseminate what they believed to be the meaning of the label.

Explaining label meaning based on work principles. When explaining the label to external constituents, the founders relied upon the work principles they used to define the new design discipline and had ascribed to the label itself.

For example, Lavrans from Live|Work recounted how they explained the label to some of their first prospective clients as based on their principles of sustainability:

[We'd tell them that] the label Service Design refers to a philosophy. It's not necessarily a proposition. It's a shift in the attitude to design; it's a shift in thinking, in which design can then operate, it's a point of view to care about triple bottom line, sustainability, moving away from ownership. All of that is a very different point of view on design.

Oliver from Engine emphasized "strategic design" as the meaning of the Service Design label in an early interview (published later in the Service Design journal *Touchpoint*). As he remarked in this interview:

Service Design for us has always been a strategic approach to design that allows researching, envisaging, and then orchestrating experiences that happen over time and multiple touch points. (*Touchpoint,* Volume 1, Issue 1, p. 23; 2009)

Archival data shows these sensegiving efforts. For example, an early version of the Live|Work website hosted a section under the header: "What is Service Design?" that emphasized the principle of sustainability:

Sustainability has been defined as 'Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.' The 'triple bottom line' concept extrapolates sustainability in terms of ecological, economical, and social sustainability. Live|Work aims to employ Service Design as a way to 'help shift consumers measure of affluence from the acquisition of goods to a continuous flow of quality, value and emotion' as Hawkens, Lovins, and Lovins champion in their book, *Natural Capitalism.* (Live|Work website, April 2002)

In an Engine internal document named "The Gospel," we found a section dedicated to "how would you explain Service Design to a non-design-literate audience?" The section emphasized the principles of holistic and strategic design:

The holistic and strategic design of a system of touch-points through which consumers experience a brand over time. (From "The Gospel," October 2003)

The two pioneering organizations, therefore, initially ascribed distinctive meanings to the Service Design label based on their particular work principles, and that they explained these meanings to external constituents (i.e. potential clients) to indicate what the Service Design label meant. In turn, as we show in Figure 1, we found evidence that these work principles became central to the formation of both organizations' identities. In explaining these work principles to external constituents, industry pioneers came to make sense of the core principles defining their organizations and thus shaped the meaning of their emerging organizational identities. These sensemaking processes included not only discussions of work principles, but also enacting these principles through the development of work practices.

Sensemaking about Organizational Identities

As Live|Work and Engine hired their first employees, both organizations started to internally discuss and reflect on "who we are" as an organization. These discussions led their organizational identities to be consistent with the guiding principles previously ascribed to and explained about the Service Design label.

Thus, at Live|Work, founders and early employees identified "sustainable design" and an approach that favored "use over consumption" (the work principles attached to the Service Design label) as the "purpose" of the organization. As Chris noted:

The triple bottom line and use over consumption became our purpose as a company; it wasn't just a point of view of Service Design [as expressed by the label], it became deeper than a point of view, it was our ethical mission as designers. And so it became our purpose [as an organization]; it became part of our DNA.

Live|Work also began to use expressions like "you are what you use, not what you own," and "our goal is to shift thinking from products to services which are more financially, socially, and environmentally sustainable" on their website and in advertisements as ways to affirm their organization's identity.

Engine began to define their identity in concert with the principles of "strategic design," "collaborative design," and a "holistic approach to design." Early employees described Engine as an organization "doing big picture and holistic design" and "taking a strategic point of view." As Kate, an early employee, recollected:

Engine became defined as more holistic and more strategic, which meant designing environments and staff behaviors and communications in line with these points of view.

Thus, the principles ascribed to the label and used to externally communicate what the label meant eventually morphed into core aspects of each organizational identity. Yet, as the two firms began to work on early client projects, our analyses indicate that they began to *enact* these central and distinctive features through their work practices (i.e., through the development and use of tools and methods for Service Design). In so doing, they gradually moved from an understanding of "who we are" to an understanding of "what we do."

Developing organizational work practices that enact work principles and organizational identities. In-house experimentation on early projects was crucial for both firms, as it gave them an explicit understanding of what "designing in sustainable ways" or "taking a strategic point of view to designing services" actually entailed, and helped them make sense of their organizations' identities in terms of "what we do."

For example, Live|Work developed a wiki page called servicedesign.org that contained a glossary of terms and definitions in accordance with Live|Work's core values. It also included a list of tools and methods of Service Design that represented Live|Work's approach to the discipline

(e.g., "evidencing," "customer journey," and "experience prototyping"). As Pedro, an early Live|Work employee, explained:

So the wiki was a deliberate thing; we just said "well look, let's create a space where we can put our definition in, but then also other people can benefit from it too".

Live|Work also developed case studies (i.e., visual and written reports on Service Design projects they had completed) as tangible examples of their organization's way of working. James, an early employee, noted:

Developing case studies was very important, because they became the stories [about what we do] that we could tell ourselves and our clients, and of course, that is our key capital as an organization.

Similarly, Engine attempted "to really try and nail down their specific approach" to Service Design by developing the "Five Fundamentals," principles directly related to their organizational identity themes of "strategic" and "holistic" design discussed earlier. As founder Oliver explained:

We found ourselves writing definitions for ourselves of what designing services meant [for us]. And at some point we agreed that it was about these five main things (i.e., the Five Fundamentals of good Service Design: systems, value, propositions, journey, and people).

Engine also developed case studies and visual tools (e.g., the "Double Diamond" process and the "Hoop Model") to visually portray their way of designing new services (i.e., a big picture, holistic approach). As Tamsin, an early employee, noted:

I do think that we made a deliberate decision on Service Design to give it a very solid and very thorough approach and process. I think that this is ultimately what defined the Engine's way of designing services.

Overall, in the process of making sense of their organizations in terms of "what we do," the founders of both firms developed specific work practices that were consistent with the principle-based definitions of "who we are." These practices showed, explicitly, how the organizations' work principles were operationalized. In turn, as shown in Figure 1, this process recursively conveyed meaning back to the Service Design label. This meaning, grounded in actual work practices,

allowed the founders to more easily describe the new discipline to external constituents, and thus became central to later sensegiving efforts around the meaning of the Service Design label.

Later Sensegiving about the Discipline Label

While early definitions of the Service Design label relied on work principles, these definitions were difficult for many external constituents to understand. In particular, potential clients needed exemplar projects or case studies to help them grasp what this new discipline was really about. As Erick, an early employee at Engine, pointed out:

> Clients were getting more and more interested in Service Design, and in some cases they were calling us saying: "We heard that you guys do Service Design, how can you help us out?" But they were still struggling to wrap their head around a single iconic project.

It became important for both organizations to use concrete examples to demonstrate what a Service Design project was *actually* about. As Steve, another early Engine employee, recalled:

> I think at Engine it was just a case of needing to reinforce these words [Service Design] until they kind of started to gain more meaning. The more you saw it [the label], the more you saw it demonstrated through examples, the more you saw those words connected to a case study or an outcome, the more their meaning solidified internally and externally.

At this point, members of both organizations started using their work practices — and, in particular, their prototypical case studies — as explicit referents of the Service Design label, representing the fourth process the organizations enacted.

Demonstrating label meaning based on work practices. Our analysis of contemporary websites for Live|Work and Engine during their emergence revealed that these websites were used to demonstrate the meanings of the Service Design label by sharing prototypical case studies with the general public and potential clients. These case studies explained, in a real-world context, the work practices (i.e., tools and methods) that each organization associated with the label.

Live|Work referred to a case study called "Streetcar" (the precursor to Zipcar) as their "killer case study." Sean, an early employee, noted:

Streetcar demonstrates our values, but it also demonstrates our approach to Service Design from A to Z. So it shows customers insights, the service blueprinting, the end-to-end results, the multi-channel design, how it all fit together. It just shows everything, and I think still today there are very few examples that kind of cover everything we do.

Live|Work put "Streetcar" on their website as an exemplar of their way of doing design. Paul, another early employee, explained why:

Street Car was an all-encompassing, very neat piece of work. So we used it as a template for doing projects that were complex and multifaceted and that resulted in the kind of relationship that Live|Work were actually talking about all along. Streetcar was the project that nailed the principles of Service Design for Live|Work, and people still know it now as our best example of a Service Design Project.

Engine developed and referred to the case of "Virgin Atlantic" as their "killer case study." Through the case, based on a project where they designed the entire customer experience for Virgin Atlantic's airline, Engine employees demonstrated tangible evidence of their strategic and holistic approach to the design of services, as well as tangible examples of their tools and methods. Julia, one employee, explained this point vividly:

The Virgin Atlantic case study had elements of all of it [our approach to designing services]. It showed our strategic and holistic approach, because it illustrated a whole series of ideas that clearly came out across multiple channels, you know. We were able to provide evidence of thinking of journeys; we were able to provide evidence of user-centeredness.

The publication of these case studies was important not only to provide exemplars of the Service Design label, but also to purposefully influence the creation of a collective understanding of what this label meant across the nascent industry's increasing number of practitioners. As Gavin from Engine explained:

Engine wanted to position itself as the people who use the right phrases for a reason, making sure that it was all consistent. By sharing so much, it basically was spreading a language at the industry level into our conversations with other agencies, with clients or people who had started to be interested in Service Design, whether they were academics writing about service design or students who were starting to understand it.

Similar intentions were also noted by Chris from Live|Work:

We made our case studies available, so that everyone in the field could come in and there could be live discussions about what the terms meant, so that was in many ways a gift to our competitors and peers. We made the conscious decision to give Service Design away, but it meant that we didn't control it anymore, but we were OK with that, because we wanted to create something bigger than Live|Work, we wanted to build this field.

Interestingly, these efforts facilitated the development of the industry itself, as revealed by archival evidence. In the following excerpt, an organizer of the Cardiff Design Festival recalled a conversation with one founder of Live|Work and one employee at Engine about the impact of these case studies during industry emergence:

At an event we ran as part of Cardiff Design Festival called 'Service Design for growth', Nick Marsh (Engine) and Ben Reason (Live|Work) gave interesting and very different perspectives on Service Design. During the Q&A, Nick asked Ben how crucial Live|Work's Streetcar project was not only to the early success of their business but also for showing what Service Design was, at the same time reflecting on his time at Engine and their own showpiece project with Virgin Atlantic. Both are great examples of Service Design and for anyone familiar with these companies, they're the projects that spring to mind when you think of them. In response to this, Ben spoke about the opportunities that a showpiece project can have, the doors it can open with clients and the perception clients have of Service Design. Each business valuing these killer projects as the kind of opportunity that only comes along once in a while, and has the potential to define the development of a young industry. (From the website Service Design Programme, 2012)

Both firms, thus, began to recognize that the Service Design label could be best communicated to external constituents through explicit case studies that demonstrated, in context, the work practices they used in designing services. In turn, as we discuss below, the demonstration of the Service Design label via these work practices influenced the sensemaking around the identity of the emerging industry.

Sensemaking about the Industry Identity

As a result of the content published on their websites and presentations by the founders at conferences and events organized by the UK Design Council and by the newly created Service Design Network, the meanings ascribed to the label by Engine and Live|Work started surfacing publicly. The exposure to the Service Design practices of other firms led members of both firms to

recognize that the label could denote a variety of practices — not just their own — that could signify "what we do" collectively as an industry.

In turn, our evidence shows that members of both firms began to develop understandings of the industry identity based on the broad, work practices they associated with the label (rather than the distinctive work principles associated with each firm). Further, these definitions of the nascent industry identity appeared to be coherent across the two firms because members of both recognized similar practices that represented the label overall.

Live|Work came to understand and define the industry identity as a "broad set of approaches, *but* with a coherent set of tools and methods [italics added]." In particular, our informants from Live|Work emphasized that, although complete consensus around Service Design as an industry was still missing, some consensus across firms could be found about some work practices that defined Service Design. Daniel recalls:

I think there was a large degree of consensus around a broad set of tools *like customer journey mapping or customer experience mapping*. Yes, you would find a lot of consensus around the fact that it needs to look across channels and touch points and be a broad end-to-end approach. . . . You would find a lot of consensus around the *insights gathering, the ideation process*. I think the consensus and the definition started to break down, though, when you got towards the end of the process around implementation and general approaches to Service Design projects. [italics added]

Engine came to define the industry identity in terms of a coherent set of work practices that was multidisciplinary and broad. Thus, they made sense of the industry identity as a "hybrid, meta-design discipline," drawing on its inherent multidisciplinary nature that could be seen in the varied projects and methods that exemplified the Service Design label. As Joe explained:

I think the boundaries around Service Design were very porous [at the time of industry emergence]. And, really the industry space is still porous, still flexible. But there's some consensus around common methods and tools, like *customer journey, service blueprinting, service prototyping, and user-centered approaches*, although they may be implemented differently. And, early on, what we really meant by Service Design as an industry was explained by the case studies we presented as well. [italics added]

Eventually, as we discuss next, these identity understandings became widely agreed upon by the firms' practitioners, i.e., members of Live|Work and Engine reached a degree of coherence around the industry identity based on sensemaking about common work practices.

Defining industry identity based on common work practices. The widespread recognition that the Service Design industry was defined via common work practices became apparent when not only members from its founding firms, but also those from outside these firms, began discussing the industry in terms of these work practices. Around the end of the industry emergence timeframe, the two firms, which until then had not coordinated with each other, met and "set some ground rules," as explained by Live|Work founder Lavrans:

> Sometime after they [Engine] had decided to work on Service Design, we met up and we agreed: "let's try to share some of the key tools and so on, not to confuse the market." We just decided to agree to try to create a bigger industry than just us 'kids'.

This move and the sensemaking that took place during the meeting led to a coherent definition of the industry identity based on practices that both firms were using to define the Service Design label, such as customer journey mapping, service blueprinting, experience prototyping, etc. This coherence was also apparent in archival evidence collected from other firms that were beginning to use the term Service Design to describe their work.

For example, during an event held by the UK Design Council in October 2004, a designer from IDEO, which had just introduced Service Design among their offerings, described the emerging industry as based on this wide set of practices, as this transcript excerpt shows:

> IDEO are well known as the world's most successful product design company and one of their Design leads explained that Service Design is an emerging industry associated to a broad set of tools and methods. In particular, she centered the presentation on *customer journeys*, which she described as 'paths to participation', giving the example of moving a reluctant 'text messager' to eventually becoming a habitual user or even an advocate. She also touched on the relationship between Service Design and other disciplines, like Marketing, Communications and Service Operations, and emphasized the multi-disciplinary nature of Service Design. ("Service Design Seminar" held by the UK Design Council on October 27, 2004)

Thus, the meaning of the industry identity had begun to cohere around some specific work practices that were becoming widely recognized as integral to Service Design, rather than work principles that were uniquely associated with the pioneering firms. In turn, this understanding of the industry identity influenced the label meaning once again. As we found in follow-up interviews with informants (described next), these trends ultimately resulted in the Service Design label being collectively defined more by work practices and less by work principles.

Postscript: The Service Design Label and Industry Today

Follow-up interviews with members of both firms about the state of the Service Design industry in 2016 revealed that, while no single definition existed at that time, the Service Design label was widely understood to mean a broad set of practices associated with a new design discipline. As Daniel, one Live|Work employee, explained:

"[over time] Service Design has become progressively more multiply defined, because as more and more people come on board to the bandwagon with Service Design, you have more and more different opinions and shades of opinions about what it is and isn't." But the label allows corralling all these different approaches into a common space and then you could start sifting out the bits that are a little bit like that or a little bit like this.

Similarly, Engine founder Joe told us:

Not many people know a single very clear definition of Service Design, but today Service Design is a great flexible term that refers to all modern industrialized workplace activities and practices.

Moreover, there was recognition across industry actors that the identity of the industry was defined by specific practices of designing services, as this article on Service Design reports:

"the Service Design industry can be summed up in this way: It is a based on a cross-disciplinary discipline that looks at the touch points of a service within the context of a customer's journey. In designing those touch points, service designers use a set of tools and methods to create the conditions for a positive service experience." (Excerpt from the article "Answering the Call to Service Design: An Interview with Phi-Hong Ha," *AIGA Journal of Design*, 2009.)

DISCUSSION

Our study produced a fine-grained account of the sensemaking and sensegiving processes that industry founders used to forge the identity of their organizations while defining the identity of the

emerging Service Design industry. This account revealed the role of the new "Service Design" label as a central "carrier" for meaning in identity co-formation. In particular, industry founders used the new label for both holding meanings (in terms of principles and practices) developed through sensemaking, and for transferring these meanings through sensegiving. The sensemaking and sensegiving around the label, thus, allowed industry founders to forge distinctive organizational identities based on the work principles unique to each firm, and to define a coherent industry identity based on the common work practices agreed upon across both firms.

These insights cast light on how industry founders can address the identity challenge we articulated earlier, and have important implications for theory and future research related to identity co-formation and its underlying sensemaking and sensegiving processes. In particular, our findings offer theoretical depth to current understanding of (1) sensemaking and sensegiving in the process of identity co-formation in emerging industries, and (2) the adaptable use of work practices in forging coherent industry identities. We discuss these two, primary implications of our findings next.

Identity Co-Formation in Emerging Industries

Founders of emerging industries are faced with the challenge of establishing meaning both for them and for the emerging industry (Aldrich and Fiol, 1994; Granqvist et al., 2013; Gustafsson et al., 2016; Navis and Glynn 2010; Santos and Eisenhardt, 2009). On the one hand, they need a commonly accepted label that signifies the industry in order to attract resources, partners and customers (Aldrich and Fiol 1994; Granqvist et al. 2013; Hsu and Hannan 2005), on the other they also need to establish distinctive organizational identities for their own firms (Gioia et al. 2010; Navis and Glynn 2010).

Our study revealed the specific processes necessary to successfully tackle this challenge, and uncovered the key role of sensemaking and sensegiving performed around the new label used to signify the nascent industry and the discipline underlying the new industry. In particular, our findings

showed how pioneering firms can develop unique understandings of an emerging discipline by *defining distinctive work principles* – not shared across firms – and attaching them to the discipline label. In turn, founders may convey meaning from the label to their unique organizational identities, through the *explanation of distinctive work principles*. At the same time, industry founders can contribute to the development of a coherent understanding of the emerging discipline *developing a common set of work practices* – shared across all firms – and attaching them to the discipline label. In turn, they may convey meaning, through *demonstration of common work practices*, to the emerging industry identity. Thus, a new discipline label may serve as a carrier to both hold multiple types of identity meanings in parallel, and from which to convey and transfer these meanings to the organizational and industry levels.

Previous studies have implicitly suggested that labels may be used to create desired images and reputations for new industries (e.g., Navis and Glynn, 2010; Granqvist et al., 2013; Weber et al. 2008;). For example, in their study of beef production, Weber et al. (2008) showed how producers mobilized the value-laden cultural codes associated with the label "grass-fed" (such as authentic, natural, and sustainable) to differentiate and legitimate grass-fed production of beef from other types of production, and to associate their collective identity with moral goodness by evoking meanings such as pure, clean, and nurturing.

Our study takes a step forward by showing how the sensemaking and sensegiving around the new discipline label allowed the pioneering firms to reach both differentiation, through the morphing of distinctive work principles into organizational DNA, and belongingness, through the convergence around common practices and the whole industry to reach coherence. Hence, we better explicate how the formation of the identity of founding organizations and of emerging industries are inextricably tied together through sensemaking and sensegiving around discipline labels (e.g. Khaire, 2014; Santos & Eisenhardt, 2009). Moreover, we show how those labels might allow

emerging industries to grow (through the maintenance of common work practices) as new organizations, with their own unique identities, join the industry (Kreiner et al, 2015).

Future research might advance these ideas by examining the role of labels in the identity maturation of nascent industries and their member organizations. For example, researchers might examine how initial sensemaking around label meanings influence future identity work of the organizations and industries by examining if the initial work principles associated with a label constrain the identity work of an organization or industry in responding to forces from its environment, such as changing social norms (Kreiner et al, 2015). Relatedly, researchers might examine how the initial work practices associated with an organization or industry affect the ability of those collectives to manage identities in a competitive market (Tripsas, 2009).

The Adaptable Use of Work Practices in Forging Coherent Industry Identities

Our findings also suggest that, because work practices may be flexibly interpreted as illustrations of multiple work principles (i.e., the same design project might be interpreted both as both "strategic design" and "sustainable design"), constituents may use a variety of work practices to give sense to the same industry label and emerging industry identity, even while they maintain distinctiveness in the work principles that they use to make sense of the label. As a result, members of the pioneering organizations in our study allowed a broad and varied array of case studies and tools to be considered as meanings of the label Service Design, which, in turn, led to coherence in meaning of the industry identity across organizations.

This insight is important because it helps to explain how new industry identities may arise despite achieving only partial consensus in meaning across pioneering firms (Jones et al., 2012; Patvardhan et al., 2015;). Because work practices provided coherence in meaning for the industry identity in our study, agreement was not required across pioneering firms about the work principles that might be associated with that identity. This finding importantly departs from some extant

studies of identity formation in emerging markets that suggest that shared values and principles are central to imbuing a new industry or market with identity (Granqvist et al., 2013; Navis and Glynn, 2010; Weber et al., 2008). By contrast, our findings suggest that actors in some emerging industries may find it more effective to define industry identities based on work practices versus work principles. In our study, this may have resulted from the very nature of the industry that we studied. Differently from product markets, where technological development results in the emergence of a single dominant product design (e.g., Abernathy and Utterback, 1978; Grodal et al., 2015), in service market there is no dominant design, and offerings are intangible and customized for clients (Greenwood et al., 2005). In these contexts, thus, work practices become what define an industry identity – in other words, what keeps the industry together – although there could be different approaches to enacting these practices (in our case to designing services) based on distinctive principle-based organizational identity (Clegg et al., 2007).

Moreover, our findings show that sensegiving around work practices may be a crucial mechanism to sustain "adaptive instability" in industry identity labels (Gioia et al. 2000: 75). Gioia et al. (2000) suggest that it may be adaptive for the meanings associated with identity labels to change over time, even though those labels remain constant. Jones et al. (2012) suggest that it is similarly adaptive for new market categories to be dynamic in their meanings. We show that one way to adapt the meanings associated with industry identity labels is through the adoption of a wide variety of work practices that define "what we do" as an industry. If these work practices can be roughly grouped together (e.g., the variety of practices that comprise online teaching for universities) they may help forge a new industry identity (e.g., online education), without requiring a change in the industry label every time a new practice is adopted.

We extend these prior works by showing that industry identities may be best created through sensegiving behaviors that relate to such diverse work practices, rather than discourse around work

principles, because it is easier for a group of organizations (each with their own, distinctive organizational identities) to find common ground in *work practices* (that provide the coherence needed for an industry identity), than in *discourse about work values and ideology*. These findings also suggest that future research may focus on work practices as a primary mechanism used in the creation of industry identities. In addition, future work may need to examine how work practices might compliment (or conflict with) discourse about work principles at the industry level. Given the extensive use of value discourse in defining organizational identities (Clegg et al, 2007; Humphreys & Brown, 2002; Hatch & Shultz, 2002), it has been almost assumed that discourse will play a major role in industry identity formation. Yet, it may be that discourse is not as well-suited for industry identity formation as it is for organizational identity formation, and that considerations around how discourse fits with the demonstration of work practices is more important in forging new industry identities.

Further, future research may need to examine how much variance is desirable in the work practices that define an industry identity (Glynn & Navis, 2013). Kreiner et al.'s (2015) examination of identity elasticity in the Episcopal Church provides a useful parallel. The authors examine how elasticity in the meaning of an organization's identity may be adaptive (e.g., when developing new markets, or after a merger or acquisition), but they suggest that future research needs to consider the conditions under which too much elasticity may become problematic. Along these lines, future research could explore how much variance across work practices is desirable before an industry identity loses coherence, and how the level of variance in work practices defining an industry changes over time.

Transferability of Findings and Limitations of Research Methods

Although the dynamics we observed were specific to the emergent Service Design industry, we believe that our insights can be transferred from our empirical setting to other settings characterized

by similar boundary conditions (Lincoln and Guba, 1985). Our general model can be applied to emerging industries where nascent organizations are forming their identities in the absence of a well-established label (e.g., when the industry as a whole is being formed from scratch, and does not fit well with existing labels). Such contexts are common in entrepreneurial ventures where new offerings, processes, or technologies often drive the emerging industry. For example, when the app-based ride sharing industry began with organizations such as Uber and Lyft, the label "app-based ride sharing" was not widely used or known. Thus, the pioneering organizations needed to develop their unique organizational identities at the same time they were forging the emerging industry identity around this widely-unfamiliar label. Similar events are likely to arise whenever entrepreneurs gain a foothold in a new business that differs significantly from what is already in existence and coins a relatively unfamiliar label to identify the business (e.g., "activity tracker" firms like Fit-Bit, "cloud file hosting" firms such as Dropbox). In fact, recent theorizing has suggested that labeling by entrepreneurs, in particular, is central to making meaning of their emerging context (Cornelissen and Clarke, 2010).

Further, we argue that similar processes are likely to occur when a new label is a hybrid that identifies a "composite concept" (Cohen and Murphy, 1984) bridging different (and sometimes even opposite) conceptual domains, e.g., Service Design, microfinance, nanotechnology, satellite radio. One can reasonably believe that the inherent ambiguity of such labels creates a need for developing interpretations about the meanings that one associates with that construct, and that these meanings may have important implications for the identity of the industry and of its members (Wry et al., 2014).

Nevertheless, our findings have some limitations. Our focus on a single industry and its idiosyncrasies may have influenced our findings in unknown ways. For example, because the definition of most services provided by the Service Design industry (e.g., better transportation) are

subject to social values and norms, they may be differently interpreted across different cultures and societies (e.g., some may define better transportation as "more sustainable transportation" while others may define it as "more economical transportation"). This may have allowed the meaning of the "Service Design" label to also be differently interpreted across audiences. By contrast, industries whose outputs are more universally defined (e.g., food producers) may find it more difficult to attach multiple meanings to their industry labels. Additional research on emerging industries may be needed to tease out these influences from more generalizable effects.

Moreover, our findings are also limited by our focus on meaning making by founders and early employees of organizations in the emerging industry, with less evidence coming from the external environment (as showed by the evidence in Table 7). While this focus helped us to better understand the industry's emergence phase, it took our attention away from external actors in the environment (e.g., design firms in traditional disciplines, industry associations, and clients) that may have played roles in the emerging industry. Our story, indeed, ends when industry stakeholders (e.g., the UK Design Council) had just started to recognize the new industry label. Future research is, thus, needed to more fully understand the role of external actors in the processes we identified.

ENDNOTE

1. We use this definition of identity to reflect growing recognition of collective identities as a reflection of both defining traits or ideals, *and* defining practices or processes (Kreiner et al, 2015; Navis and Glynn, 2011; Navis et al., 2012; Pratt, 2012; Gioia & Patvardhan, 2012; Schultz et al, 2012; Nag, Corley & Gioia, 2007). We argue that, especially for emerging identities that are not well defined, founders are reflecting on *both* traits and practices to understand what defines the central, enduring, and distinctive character of their organizations and the industry.

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Table 1. Interviews summary table

	First round	Interviews	Second Round	Interviews	Third Round	Interviews	Trustworthiness check	Total interviews
Live | Work	Chris (F) Ben (F) Lavrans (F) Jaimes Pedro	1 1 1 1 1	Chris (F) Ben (F) Lavrans (F) Benjamin James Tamara Sean Paul David	2 1 1 1 1 1 1 1 1	Chris (F) Ben (F) Lavrans (F) Daniel Jeremy Rory Paul Richard	1 1 1 1 1 1 1 1 1	Chris (F)	
		5		**10**		**9**	**1**	**25**
Engine	Oliver (F) Joe (F) Alex Tamsin Steve Nick Jo Gavin Aimee Tom Julia	1 1 1 1 1 1 1 1 1 1 1	Oliver (F) Joe (F) Julia Nick Katie Tamsin Gavin	1 2 1 1 1 1 1	Oliver (F) Joe (F) Chris Erick Steve Joseph	1 1 1 1 1 1	Joe (F)	
		11		**8**		**6**	**1**	**26**
								51

Table 2. Data sources and use

Data source	Type of data	Use in the analysis
Interviews (686 pages double-spaced)	51 indepth interviews with service designers. 25 at Live|Work, 26 at Engine	Understand the processes that industry founders used to ascribe meanings to the label and those used to conveymeanings to the emerging organizational and industry identities.
Archival data	Internal corporate documents. Live|Work (2), Engine (4)	Familiarize with the organizational contexts.
	Review of company websites from early 2001 to 2004. Articles and book chapters. Live|Work (3 + 7 in Touchpoint), Engine (2 + 5 in Touchpoint). Pamphlets and Books. Live|Work (1), Engine (1)	Verify key events described by informants during interviews and triangulate evidence about the sensemaking and sensegiving processes used by industry founders.
	Power-point presentations with case studies. Live|Work (5), Engine (4)	Support the description of the organizational approach, methods and tools to designing services, and the definition and explanation of the label of each organization.
	Master's theses, books and publicly available documents about the Service Design industry.	Triangulate evidence from interviews about the identity of the Service Design industry.

Table 3: Sensemaking Around the New Discipline Identity

	Figure 1 Process 1 ***Defining the new discipline based on work principles***
Live|Work	The more we were discussing about it [this new design discipline] the more it felt like ***sustainability and the triple bottom line*** were such strong logic to all of us.*"* (Lavrans) One of the things that really united us in our early conversations was that our version of design was about **bringing utility to people**. It wasn't the "Philippe Starck let's make the things look strange and wonderful". It was: "**let's actually make things better for the world."** We were really ideological about that. (Ben) We believed that services should be about making things better for people, especially for the people who use them, and society and aspirations. So we had the aspiration to work on **services that have a positive environmental impact** — so those were the values that really inspired us. (Chris).
Engine	***So we wanted to have a new type of design that did it in a new way***. One that ***moved upstream***, that didn't so much responded to a brief, but helped to set a brief and one that was utterly independent in terms of the solutions it offered, because it wasn't there, it didn't have a vested interest in a particular type of outcome. (Oliver) One of our very early thoughts that came up while we were talking about what we wanted to do was that ***what we wanted to do was strategic***, we wanted to define the brief and also we understood that we wanted to hold ourselves apart from any one particular design discipline and not pre-suppose any solution. (Joe) I think in the early days ***we definitely talked about strategic thinking a lot***. We were more interested in what you should be designing, what the brief was, and I think for me that's very much evidence of a ***strategic approach*** to design. (Oliver)

Table 4: Initial Sensegiving About the Discipline Label

	Figure 1 Process 2 ***Explaining label meanings based on work principles***
Live|Work	***We used the label to refer to a more idealistic approach to design and*** I think most designers long for that in their daily work, and I think it's perceived in some ways as a bit highbrow, if you see what I mean, ***a different intellectual approach to design, based on sustainability and making things better for society.*** (Lavrans) When using the Service Design label ***we were explaining the idea of moving to use and moving away from consumption***, **which we felt was core** to understanding what Service Design was and what Service Design could do for society in that it could encourage people to use things rather than consume and throw away. (Chris) The Service Design label for us refers to the notions of ***reducing ownership, creating things that were desirable*** because you didn't own them, things that you had that weren't tangible products that you used. (Ben) THE LABEL SERVICE DESIGN REFERS TO THE ***IMPERATIVE TO INSTALL SUSTAINABILITY AS THE BOTTOM LINE***. IN THIS CASE WE ARE TALKING ABOUT A TRIPLE BOTTOM LINE OF ECONOMIC, SOCIAL AND ENVIRONMENTAL SUSTAINABILITY. WE EXPECT SERVICES TO BE THERE FOR US AT ALL TIMES – WHETHER A PHONE CONNECTION OR A DOCTORS' SURGERY. ULTIMATELY, SERVICE DESIGN REFERS TO THE ***ONGOING CONSIDERATION OF HOW WE MEET OUR COLLECTIVE NEEDS WITHOUT OVERSTRETCHING OUR HUMAN AND NATURAL RESOURCES***. Excerpt from Live|Work presentation about the label, under the section "Values." February 2002.
Engine	When we began to sit back and kind of go, 'Okay, what's Service Design all about?' So I think the ***first things we began to say was that, at its core, it's more about strategic and holistic thinking, co-creation and collaboration***. (Oliver) We then said to ourselves: "We are applying ***design thinking to an argument as opposed to a washing machine."*** And that was, I suppose, a first exposure to something called "Service Design" in the broadest sense. (Joe) Service design for us is a ***collaborative and participatory design process*** for figuring out where, when and how to make things better, and I think, also, ***it is a very strategic activity.*** (Oliver) ***"SERVICE DESIGN" IS A STRATEGIC DESIGN PHILOSOPHY AND A STRATEGIC PROPOSITION*** THAT MANY DESIGN CONSULTANTS MAY OFFER IN PARTS ALREADY'. Excerpt from "Developing a Service Design Support Programme": presentation to SEE design by Engine and Design Wales. 2003. TRADITIONAL DESIGN SHAPES AND THEN IMPLEMENTS THE DEVELOPMENT OF SPECIFIC TOUCHPOINTS TOWARDS A BRIEF DEFINED BY THEIR CLIENT. ***SERVICE DESIGN FOCUSES ON DEFINING SERVICE OPPORTUNITIES AND SHAPING STRATEGIES*** ABOUT THE ROLE THESE TOUCHPOINTS PLAY IN DELIVERING A SERVICE EXPERIENCE AND HOW THEY ARE SUPPORTED BY INTERNAL ORGANISATIONAL SYSTEMS AND PROCESSES. THINK OF THE FILM MAKING METAPHOR. TRADITIONAL DESIGN IS ABOUT DESIGNING THE SETS, COSTUMES, MUSIC, LIGHTING AND PROPS. SERVICE DESIGN IS ABOUT SCRIPTWRITING, PRODUCING AND DIRECTING. Excerpt from Engine website, section "A two minute guide to Service Design." December 2003.

Table 5: Sensemaking Around Organizational Identities

	Figure 1 Process 3 ***Developing organizational work practices that enact distinctive work principles***
Live|Work	***We were learning what we were doing I guess at the same time, so we've done a lot of work to experiment on Service Design***. Things like what is a service blueprint and how do we use it? And we've gone from thinking it's specification tool, to actually thinking it's a research tool, and a concept management tool, and a prototype planning tool, and all those things. ***So we've done lots of experimentation on our approach, tools and methods***. (Tamara) ***Our identity is quite bound up in what we've actually managed to do.*** We've done so many projects that have been concepts that haven't ever got any further or bits of processes that we don't know what happened, but that have helped us figure out our approach to designing services. ***I think the things we've done and the projects that we've achieved; those are the things that define our way of doing Service Design.*** (Pedro) ***Whenever we tried to figure out what we did, we'd always try to do it through projects*** that we were working on or that we'd done, as much as we could. (Sean) SUSTAINABILITY IS A KEY ISSUE THAT LIVE|WORK BELIEVES SERVICE DESIGN CAN ADDRESS, AND ***WE TRY TO APPLY THE TRIPLE BOTTOM LINE TO ALL OUR PROJECTS. OUR COLLABORATION WITH LONDON-BASED CAR-SHARING COMPANY STREETCAR GAVE US A CHANCE TO EXPERIMENT AND APPLY OUR SKILLS TO A SERVICE THAT REPRESENTED OUR VALUES AND OUR ULTIMATE DESIGN CHALLENGE—SHIFTING DESIRABILITY FROM OWNERSHIP TO USE***. Excerpt from the article "Bottom-line Experiences: Measuring the Value of Design in Service" published by the three founders on Design Management Review in Winter 2008, discussing early experimentation during industry emergence phase**.**
Engine	We've always worked for very big organisations and during those early years **I'd say it was about really understanding who we were and what we were doing. There was quite a lot of learning, this kind of "jump into the cold water and learn how to swim."** (Nick) So we were very fortunate that we were able to keep working with some of our previous clients. And, naturally, the sort of work we began to do with them was ***much more strategic, much more service based, so our thinking just automatically got sucked up into, let's think about services and how that works. And in so doing, we found ourselves progressively figuring out what we were doing, which is our way of designing services***. (Jo) Virgin Atlantic invited us in to do a project on their economy class, to do an audit on it and to then identify a whole range of opportunities for them to improve the service that they, the experience that they provided. ***That was the first real project that we did, that we got into and we began to experiment what our approach to Service Design was really like***. (Steve) IN EARLY 2004, ENGINE PUT TOGETHER AN INTERNAL DOCUMENT — THE "HYMN SHEET" — REVIEWING THEIR EARLY PROJECTS (INCLUDING VIRGIN ATLANTIC, ORANGE, BAA, TESCO, ETC.), AND CONTAINING EARLY VERSIONS OF THE "FIVE FUNDAMENTALS" OF SERVICE DESIGN, AND OF THE HOOP MODEL. AS STATED IN THE DOCUMENT, ENGINE'S PURPOSE WAS TO "***CLARIFY OUR POSITIONING ON SERVICE DESIGN. WE'RE CALLING THE DOCUMENT THE HYMN SHEET AND IT WILL HELP INFORM OUR PROPOSITION, THE WAY WE PRESENT WHO WE ARE, THE WAY WE DEVELOP NEW BUSINESS AND THE WAY WE APPROACH IT WHEN WE GET IT***."

Table 6: Later Sensegiving About the Label

	Figure 1 Process 4 ***Demonstrating label meaning based on work practices***
Live|Work	I think the ***Streetcar example*** was ***the strongest indicator of what Service Design was about***, because we could actually point at numbers that would back up the triple bottom line, so they made money, took cars off the road to save petrol, to save pollution, made the city less congested, so it actually had a positive impact across those three elements of the triple bottom line. W***e felt like we were an army carrying the ark, as it was such a good demonstration of everything we were talking about.*** (Jeremy) ***Certainly the work we did with Streetcar was really our killer case study to explain what Service Design really was***. Obviously working with Streetcar was something that I think they were really keen on because it was about the loss of ownership, not having to own products. Talking about kind of we've gone from ownership to shared use of everything and then that obviously becomes service. (Rory) LIVE|WORK PRESENTED AN ARGUMENT FOR THE NEED FOR SERVICE DESIGN AND SHARED SOME OF THEIR METHODS, INCLUDING 'EVIDENCING' AND 'EXPERIENCE PROTOTYPING'. THEY ALSO TOUCHED ON THE ***SUSTAINABILITY AND RESPONSIBILITY AGENDA*** BEHIND SERVICE DESIGN BY PRESENTING THE CASE OF ***STREETCAR***. Excerpt from the summary of event held at the Royal Society of Arts in October 2003. UNDER THE SECTION "TOOLS AND METHODS OF SERVICE DESIGN" OF LIVE|WORK WEB SITE, THE FOLLOWING TOOLS AND METHODS WERE LISTED: EXPERIENCE PROTOTYPING, EVIDENCING, SERVICE EXPERIENCE MODELS, AND SERVICE BLUEPRINTING. UNDER THE SECTION: "CLIENTS AND PROJECTS", ***STREETCAR WAS INTRODUCED AS THEIR BEST EXAMPLE OF SERVICE DESIGN***. From Live|Work website, May 2004.
Engine	***Virgin Atlantic became our killer case-study***, which we started using as ***one of the absolutely essential examples of what Service Design is***. ***We used it to show and tell, and sell what Service Design meant***. (Nick) ***I think Virgin Atlantic was really pivotal***, because we were looking at a complete experience with Virgin Atlantic, from check-in through to thinking about special design within the terminal buildings and that was a huge bit of work. We started off with persona development and it went right through to specifics within the terminal buildings. ***So that was a really pivotal project, which we used to explain our approach to designing services.*** (Julia) IN NOVEMBER 2004, ENGINE LAUNCHED A NEW VERSION OF THEIR WEBSITE THAT LISTED THEIR TOOLS AND METHODS (E.G., THE "FIVE FUNDAMENTALS," THE "HOOP MODEL"), AND PRESENTED THE ***VIRGIN ATLANTIC CASE STUDY AS "OUR MOST REPRESENTATIVE SERVICE DESIGN STORY."*** THE REVIEW OF CLIENTS PRESENTATIONS REVEALED THAT WHEN EXPLAINING WHAT SERVICE DESIGN WAS, THEY WOULD PROVIDE A DEFINITION COHERENT WITH ORGANIZATIONAL VALUES (I.E. STRATEGIC AND HOLISTIC APPROACH) FOLLOWED BY ***THE VIRGIN ATLANTIC CASE STUDY AS A MORE CONCRETE EXAMPLE OF WHAT SERVICE DESIGN*** WAS.

Table 7: Sensemaking Around the Industry Identity

	Figure 1 Process 5 ***Defining the industry identity based on common work practices***
Live|Work	I think the Service Design industry for me is a ***broad, but coherent set of methods and approaches that help you to design things that people use***. (Jaimes) The Service Design industry identifies ***a common set of tools and methods, like service blueprinting and service prototyping,*** that are used by service designers, although they might implement them differently. (Richard) The Service Design industry has ended up defining itself by ***its methods, by things like evidencing, and experience prototyping, which have become key deliverables of Service Design***. (Rory)
Engine	Service Design was always seen at Engine as like the ***meta, multi-disciplinary discipline*** that pulled all of the other disciplines together and it was this nice, more strategic interface between the operations side of an organization and the consumer side of an organization that's experienced. (Alex) Given that Service Design is an umbrella term, it's a ***mega discipline***, ***it's a broad industry associated to a different set of approaches to managing service development***. Therefore you can bring anything, pretty much any activity in underneath it and you're seeing a range of agents and consultancies including service design within their own offer. (Joe) If you were to analyse the industry of Service Design, and its practices, [you would realize that] the language that they [different companies] use may be slightly different, but ***at the heart of it, it's probably a set of user-centred design methods and approaches***. And I think that service design can engage at that strategic level because it's not necessarily about that one discipline. It's not about a product, it's not about a piece of advertising campaign, it's a ***multi-disciplinary approach to truly understand the problem and generate the insights that you need***. (Steve)
Other industry actors (i.e., UK Design Council, Service Design Network, other practitioners of the Service Design industry, and industry experts)	"***SERVICE DESIGN IS AN EMERGING FIELD USING A SYSTEMATIC AND ITERATIVE PROCESS THAT INTEGRATES USER-ORIENTED, TEAM-BASED, INTERDISCIPLINARY APPROACHES, TOOLS AND METHODS, IN EVER-LEARNING CYCLES***" Excerpt from Service Design Network website circa 2006. "SERVICE DESIGN IS NOT A SUBSET OF PRODUCT DESIGN, BUT ***A META-DISCIPLINE BASED ON A WIDE SET OF TOOLS AND METHODS***" Excerpt from the proceeding of Emergence 2006, a conference on Service Design organized by Carnegie Mellon School of Design. "THE EMERGING FIELD OF SERVICE DESIGN HAS SEEN DESIGNERS DEVELOPING ***MULTIDISCIPLINARY TOOLS TO SUPPORT THE CREATION OF BETTER SERVICES. THE PROCESS IS SYSTEMATIC, ITERATIVE AND DRIVEN BY INTERDISCIPLINARY TEAMS***." Excerpt from UK Design Council Briefing "The role of design in public services" published in 2008. "SERVICE DESIGN IS AN INTERDISCIPLINARY APPROACH THAT COMBINES TOOLS AND METHODS FROM VARIOUS DISCIPLINES. (…) [ALTHOUGH] THERE IS NO COMMON DEFINITION OF SERVICE DESIGN ***(…) A WORKING DEFINITION WITHIN THE INDUSTRY IS AS MUCH TO BE FOUND IN THE COMBINATION OF VARIOUS TOOLS AND METHODS AS WELL AS EXAMPLES OF SERVICE DESIGN***." From the book "This is Service Design Thinking" (2010: 28-29). "***THE DEFINITION OF SERVICE DESIGN AS AN INDUSTRY IS STILL CONTESTED IN THE PROFESSIONAL PRACTICE (…) NEVERTHELESS IT APPEARS WIDELY ACKNOWLEDGED THAT SERVICE DESIGN IS MULTI-DISCIPLINARY***." Excerpt from a report entitled "Scoping study on Service Design" commissioned by the Design Council to Madano Partnership in 2012.

Figure 1. A Grounded Model of Organizational Sensemaking and Sensegiving during Industry Emergence

