The liability of outsiderness: professional interim managers and their on-the-job challenges

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Abstract

Purpose – Organisations increasingly rely on professional interim managers (PIMs), i.e. independent contractors who perform managerial work. These managers, who are usually very experienced and skilled, could help organisations drastically improve their performance. However, research has found that they often fail to do so, indicating that PIMs face unique on-the-job challenges that challenge their capability to be effective managers. In the study reported in this paper, I explored PIMs’ on-the-job challenges and how they overcome them. To better understand the various on-the-job challenges, I developed the concept of the liability of outsiderness.

Design/methodology/approach – I applied an exploratory approach and conducted 32 interviews with 21 PIMs.

Findings – I uncovered three on-the-job challenges common and unique to PIMs – communicating the contract status and contract period, being quick off the mark and attaining power – and the ways they overcome these challenges.

Practical implications – This paper reports findings and theory that provide several valuable guidelines for practitioners involved with interim management.

Originality/value – Interim management has received little scholarly attention despite its increasing relevance. Empirical research, particularly on PIMs in executive positions, is lacking. This leaves us with little evidence to base our theories and guidelines for interim management. The study reported in this paper adds novel insights to an under-researched but important field of management. The study also introduces the liability of outsiderness concept, which holds much promise for future studies of interim management.

Keywords The liability of outsiderness, Professional interim managers, Interim management, Organisational outsiders, On-the-job challenges, Exploratory study

Paper type Research paper

1. Introduction

Management is vital to organisational performance (Sparrow and Cooper, 2014). Increasingly, this function is handled by professional interim managers (PIMs), that is, independent contractors whose careers revolve around performing managerial tasks for organisations. In the United States, we find more than one million PIMs (Anderson and Bidwell, 2019; Katz and Kreuger, 2019) working for companies of varying types and sizes (Ballinger and Marcel, 2010; Mooney et al., 2017). We find similar patterns across Europe,
where interim management has been a more long-standing practice than in other regions (Anderson and Cappelli, 2021; Bruns and Kabst, 2005; Selby, 2022).

PIMs represent a strong theoretical tension (Anderson and Cappelli, 2020). As independent contractors, they are expected by law to keep an arms-length distance from their clients and vice versa. This differentiates PIMs from internally hired interim managers (i.e. non-professional interim managers/non-PIMs), who are already part of the organisation and shift temporarily to a (different) managerial position (typically, the chairperson of the board or the chief financial officer (CFO) is employed as chief executive officer (CEO) until the board finds a permanent successor) and for whom there is no such expectation (Bruns and Kabst, 2005). As managers, PIMs are expected to supervise employees, administer core organisational processes, set organisations’ directions through strategic planning and generally engage in tasks that characterise managerial work. This differentiates PIMs from management consultants who do not possess the formal authority and responsibilities that accompany a managerial position (Bruns and Kabst, 2005). Put differently, PIMs are “organisational outsiders” (Anderson and Cappelli, 2021, p. 2); they are not part of the organisation but are expected to function as if they are (Anderson and Bidwell, 2019; Anderson and Cappelli, 2020, 2021).

Research indicates that this theoretical tension results in practical challenges. PIMs provide companies with valuable skills and knowledge (Isidor et al., 2014). Interim management can be a lucrative arrangement and many PIMs often compete for the same job. The candidate who lands the job is typically selected because of having extensive experience as an employed or interim manager in a similar position working in a similar industry as the job in question entails (Anderson and Bidwell, 2019; Anderson and Cappelli, 2021). However, studies have found that companies that hire interim managers subsequently perform worse on different parameters than companies that do not (Bangert et al., 2022; Intintoli et al., 2014; Wu et al., 2022), particularly in the case of PIMs and less so for internally hired interim managers (Ballinger and Marcel, 2010). PIMs therefore seem to be exposed to some on-the-job challenges that prevent them from unleashing their full managerial potential and exerting a positive influence on the organisations that hire them.

Intrigued by this discrepancy between the theoretical promise PIMs represent and the actual organisational outcomes following their hire and aiming to facilitate interim management effectiveness, in this inductive study I explored the following research question: Which on-the-job challenges do PIMs face and how do they attempt to solve these challenges? By on-the-job challenges, I refer to PIMs’ challenges at the companies that hire them. I focussed specifically on challenges common to PIMs and unique in that they differ in form or intensity from those common to employed managers. To explore this research question, I conducted 32 interviews with 21 PIMs, most of whom enter executive/director positions and have similar functions to those of employed managers and all of whom have extensive experience as employed managers that provides them with a backdrop with which they can compare their experiences as PIMs.

Extant literature on PIMs and their experiences provides valuable insights; however, it is also limited by the fact that the theories used to explain their experiences – which include psychological contract theory (Inkson et al., 2001), matching theory of employment (Anderson and Bidwell, 2019) and social power theory (Anderson and Cappelli, 2020, 2021) – only applies to a limited set of their on-the-job challenges. For instance, social power theory only explains the challenges rooted in PIMs’ comparatively unique power bases, such as a lack of hierarchical authority resulting from subordinates’ perception that PIMs cannot actually punish them (Anderson and Cappelli, 2020). Thus, from my iteration between reading literature on interim managers and gathering and interpreting the data, I realised that there is a need for a theoretical lens that can be used to explain the different types of on-the-job challenges that PIMs experience.

Aware that the literature on PIMs commonly portrays them as “organisational outsiders”, I found inspiration in Stinchcombe’s (1965) concept of “the liability of newness”, which is used to explain the challenges actors experience as a consequence of being new to a domain. With
these insights in mind, in this study I developed the concept of the liability of outsiderness. After fleshing out this concept below, I use it as a theoretical lens to explain the various on-the-job challenges that PIMs experience.

This paper contributes to the literature on interim management, nonstandard work arrangements and organisational effectiveness in three important ways. First, this is the first study to explore the experiences of PIMs in executive positions, expanding upon a body of literature focussed on interim managers in project management and other highly specialised managerial positions. Second, several experiences and behaviours neglected by extant research on interim management are documented. One such behaviour is that some PIMs portray themselves as employed – not interim – managers. This behaviour can be an important antecedent to interpersonal and organisational outcomes. Third, the paper introduces the novel concept of “the liability of outsiderness”, which serves as a theoretical lens that can explain the different types of negative on-the-job experiences amongst not only PIMs but also nonstandard (i.e. not permanently employed) workers in general, thus offering consolidation to a body of literature currently fragmented by more ad-hoc theoretical perspectives. Moreover, the liability of outsiderness represents a concept that can explain the interrelatedness of the different types of on-the-job challenges that PIMs (and other nonstandard workers) face. These insights can, in themselves and through the research they hopefully inspire, reduce the discrepancy between the theoretical promise that professional interim management holds (Mooney et al., 2012) and the suboptimal organisational outcomes that are common in actuality (Ballinger and Marcel, 2010). These insights also provide valuable practical contributions, which are discussed towards the end of this paper.

The paper proceeds as follows. Next, I review the literature on interim management and PIMs’ experiences and elaborate on the conceptual background of this study, that is, the liability of outsiderness concept. In the third section, I discuss the research design, including its empirical setting, sample, data and analytical approach. I then present the three on-the-job challenges uncovered in this study, including how the informants had attempted to overcome these and how these challenges represent liabilities of outsiderness. In the fourth section of the paper, I discuss how these findings, in themselves and in combination and the liability of outsiderness concept contribute to the literature on PIMs’ experiences and interim management. I also discuss the practical contributions of this study and conclude the paper by discussing the study’s limitations.

2. Literature review and conceptual background

2.1 Professional interim management

Professional interim management involves hiring independent contractors as temporary managers, a practice that emerged in the 1980s and became widespread by the early 2000s (Vousden, 2002). PIMs are engaged by organisations for two main reasons. First, companies may need to fill managerial roles temporarily and do not (want to) seek internal or permanently employed external candidates to do so, covering tasks from general management to specialised tasks like crisis or change management. Second, the nature of the work is inherently temporary, often related to specific projects. In these roles, PIMs might undertake a variety of tasks, from general managerial duties to more focussed activities such as leading change initiatives or product development; however, generally their responsibilities are typically more defined and narrower than those in other managerial positions (Anderson and Bidwell, 2019; Anderson and Cappelli, 2020).

2.2 Professional interim managers as organisational outsiders with on-the-job challenges

Whilst numerous studies have investigated organisational outcomes following the hire of interim managers (e.g. Ballinger and Marcel, 2010; Bangert et al., 2022; Chen et al., 2015;
Wu et al., 2022), few have explored the experiences of interim managers. This neglect is somewhat surprising considering their increasing relevance, the vital function they handle and the fact that organisational outcomes often require individual-level explanations (Felin et al., 2015). I was able to find only three distinct empirical research articles from the last 25 years that examine PIMs’ experiences (Anderson and Bidwell, 2019; Anderson and Cappelli, 2020; Inkson et al., 2001), all of which study PIMs in project management or other highly specialised positions and only two of which explore their on-the-job experiences.

Inkson et al. (2001) interviewed 50 PIMs working in New Zealand, most highly specialised and accountants, to explore how they understand their psychological contracts and careers. The authors report numerous findings, including the following on-the-job challenges: “Not part of client company, unfamiliar with it, hostility from others,” “Lack of clear briefs from clients,” “Lack of commitment by/recognition in the client company,” and “Lack of familiarisation time” (Inkson et al., 2001, pp. 275-276). Based on these and other findings, Inkson et al. (2001) described PIMs as individuals who pass through organisations without “touching the sides” (p. 275), thereby implying that their ability to have an impact on and in companies depends on their ability to overcome these challenges.

However, whilst Inkson et al. (2001) provide a good overview of some of the on-the-job challenges highly specialised PIMs experience, they do not provide details on these challenges beyond listing them and we therefore do not know why these experiences arise, how they unfold and how they are dealt with.

The second study, conducted by Anderson and Cappelli, was reported in a published paper (2021) and a more extensive working paper (2020). Anderson and Cappelli (2020, 2021) drew on social power theory and found that for PIMs, obtaining power based on their managerial/hierarchical position is challenging. To counter this challenge and exert influence, the participants in their study had primarily turned to their expertise – their high levels of skills and knowledge – as a base for their power. Some also “borrowed” (2020, p. 26) power from the client who hired them (typically whomever they reported to in the company). However, this was a less popular alternative viewed as a last resort that hindered their ability to exert influence rather than facilitate it.

In contrast to Inkson et al. (2001), Anderson and Cappelli (2020, 2021) provide us with a rich account of the power challenges PIMs in project management positions experience; however, Anderson and Cappelli (2020, 2021) limit their attention to this one overall type of on-the-job challenge. Hence, we have an overview of some of the on-the-job challenges certain PIMs experience, with a rich account of one of these challenges.

The different studies of PIMs’ experiences have incorporated different theoretical lenses to explain the specific experiences being studied. However, because the lens used in each study is fitted to the particular experience being studied, we are left without a lens for understanding the various on-the-job challenges common and unique to PIMs. That said, what the different studies do have in common, beyond their overall empirical focus, is that they portray PIMs as outsiders; specifically, “outside insiders” (Anderson and Bidwell, 2019, p. 1000), “short-term outsiders” (Inkson et al., 2001, p. 261) and “organisational outsiders” (Anderson and Cappelli, 2021, p. 2). Extant research’s shared conceptualisation of PIMs as outsiders suggests that this concept holds the potential to serve as a starting point for a theoretical lens that can be used to examine PIMs’ experiences. The next step is to develop a concept that can explain specifically how being an outsider can lead to various on-the-job challenges.

2.3 The liability of outsiders
PIMs enter an organisation as a new actor in that domain. Unlike internally hired (interim) managers, they do not have an organisational history and lack knowledge and relations
specific to that organisation (Anderson and Cappelli, 2020). This means that PIMs are exposed to the liability of newness. The liability of newness, according to Stinchcombe (1965), refers to the disadvantages that follow from the property of being a new actor (e.g. organisation or individual) in a domain (e.g. industry or organisation). To overcome the liability of newness means developing the knowledge required to perform sufficiently to survive in a specific domain. Moreover, actors must develop relations that enable their performance and are dependent on the cooperation of “strangers” familiar with that domain (Stinchcombe, 1965, p. 148; cited in Abatecola et al., 2012, p. 404). This process of overcoming the liability of newness has high costs in time, worry, conflict and temporary inefficiencies (Abatecola et al., 2012; Stinchcombe, 1965).

It is worth noting that Stinchcombe (1965) focussed on organisations as new actors in new domains (industries); however, scholars have later theorised regarding and researched the relevance of liability of newness for individuals. For instance, Krackhardt (1996) discussed how managers new to an organisation or an organisational subunit are exposed to the liability of newness. Like new organisations, these managers have to learn their role in the new organisational unit and consequently suffer many of the disadvantages known to inflict on new organisations (Krackhardt, 1996). In a similar vein, arguing that the disadvantages new employees face in an organisation can be understood using the liability of newness concept, Rollag (2007) investigated the relationship between tenure and perceptions of newness (see also Burt, 2000; Burt, 2002). These insights suggest that the liability of newness concept applies also to PIMs.

However, PIMs are not only new to an organisation, they are also only temporarily part of it, which organisational insiders (i.e. their colleagues whilst working for an organisation) are aware of (Anderson and Cappelli, 2021). This exposes them to what we can call the liability of temporariness: in contrast to managers hired externally permanently, who are also new at one point, PIMs are disadvantaged from having limited time to acquire the knowledge and relations required to perform as effectively as they could have in that organisation given a permanent contract.

Thus, unlike internally hired (interim) managers and externally hired permanent managers, PIMs are exposed to the interacting influences of the liabilities of newness and temporariness, creating what I refer to as the liability of outsidership. The liability of outsidership can expose PIMs to disadvantages and challenges that differ from those derived from the liability of newness and the liability of temporariness alone, including on-the-job challenges that differ in form and intensity from those common to employed managers, as we will see below.

3. Research design

In their review of empirical studies of effective interim leadership and -management, Woods et al. (2020, p. 184) concluded that “[The first and most problematic gap in the evidence based on interim effectiveness is a lack of empirical studies.”. As noted above, I could find only three empirical studies of PIMs’ experiences and only two of which explore their on-the-job experiences and both focus on PIMs in specialised as opposed to executive positions. Hence, we lack empirical studies of the on-the-job experiences of PIMs in executive positions. This means that the experiences of an important part of the workforce are neglected, and we are left without an understanding of the micro-foundations for the organisational outcomes of executive professional interim management. The need to further explore and obtain a rich account of executive PIMs’ experiences and behaviours motivated an exploratory approach for this study, which I elaborate on in this section.

3.1 Research setting

This study takes place within the Norwegian market for interim management. In 2021, informants were sampled with the help of Norway’s leading labour market intermediary
LMI dedicated to interim management. Interim management, though less prevalent in Norway compared to the United Kingdom (Selby, 2022) and Germany (Bruns and Kabst, 2005), has become increasingly common over the past decade according to the LMI involved in this study. As in other countries (Anderson and Bidwell, 2019), multiple PIMs compete for the same job. The final interview round for jobs mediated by this LMI usually involves five PIMs, from which clients select their preferred candidate. In 2021, 31% of PIMs mediated by this LMI were CEOs/directors, 26% were CFOs/financial directors, 29% held management roles in various support functions (e.g. Chief Operating Officers (COOs), human resource (HR) directors, Chief Commercial Officers (CCOs) and Health and Safety Executives), 10% were line managers and 5% were project managers. One in five of these PIMs were female.

3.2 Sample
I reached out to the 50 PIMs mediated by the LMI in the 12 months before the study. I chose 12 months as a sampling criterion to reduce recollection bias. Before this, I obtained ethical and legal approval for this research project from the Norwegian Centre for Research Data, ensuring data security, the confidentiality of the participants and the anonymisation of the data. Candidates were informed about the study’s intention and their rights as research participants. A total of 21 PIMs agreed to participate and provided informed consent.

Table 1 provides descriptive information such as the positions the informants usually take as PIMs and their years of experience as employed managers and PIMs. I used information from their interviews and LinkedIn profiles (having been permitted to do so during the interviews) to obtain information about the informants’ backgrounds and careers. Regarding position and gender, the proportions in this sample correspond to those found in the population that the LMI that assisted with this study mediated in 2021. I categorised the

<table>
<thead>
<tr>
<th>Number of informants</th>
<th>PIM: 21</th>
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</thead>
<tbody>
<tr>
<td>Informants' genders</td>
<td>Female: 5</td>
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<tr>
<td></td>
<td>Male: 16</td>
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<table>
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<tr>
<th>Informants' ages</th>
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<tbody>
<tr>
<td>Average: ~55 years</td>
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<tr>
<td>Highest: 60–70 years</td>
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<tr>
<td>Lowest: 42 years</td>
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<thead>
<tr>
<th>Years of managerial experience</th>
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<tbody>
<tr>
<td>As employed manager</td>
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<tr>
<td>Mode number: ~15 years</td>
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<tr>
<td>Least: 5 years</td>
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<tr>
<td>Most: 30+ years</td>
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<tr>
<th>As PIM</th>
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<tbody>
<tr>
<td>Mode number: ~5 years</td>
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<tr>
<td>Least: &gt;1 year</td>
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<tr>
<td>Most: ~15 years</td>
</tr>
<tr>
<td>Total: 79</td>
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<tr>
<td>Average: ~4</td>
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<tr>
<td>Least: 1</td>
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<tr>
<td>Most: 12</td>
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<tr>
<th>Number of jobs as PIM</th>
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<tbody>
<tr>
<td>Average: ~4</td>
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<tr>
<td>Least: 1</td>
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<tr>
<td>Most: 12</td>
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<table>
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<tr>
<th>Contract durations reported</th>
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<tbody>
<tr>
<td>Average: 6 months</td>
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<tr>
<td>Shortest: 3 months</td>
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<tr>
<td>Longest: 26 months</td>
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<table>
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<tr>
<th>Informants’ typical positions as PIM</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO/director: 9</td>
</tr>
<tr>
<td>CFO/financial director: 4</td>
</tr>
<tr>
<td>Managerial stab: 6</td>
</tr>
<tr>
<td>Project manager: 2</td>
</tr>
</tbody>
</table>

Table 1. Sample characteristics | Source(s): Author’s own work
informants based on the positions they usually took. Note that the informants work in various industries, including professional services, construction, manufacturing, energy, transportation and information technology.

All the informants exclusively or primarily worked onsite, though some had periodically worked from home in recent years owing to COVID-19 restrictions. As can be seen from Table 2, all CEOs had supervisory responsibilities; CFOs usually had them; executives and directors in support functions sometimes had them, whilst the two project managers did not. Compared to the samples found in previous studies of PIMs’ experiences (Anderson and Bidwell, 2019; Anderson and Cappelli, 2020, 2021; Inkson et al., 2001), this sample is unique because the PIMs have functions that are similar to those of employed managers in equivalent positions. One informant, Saul, demonstrated this equivalence: “As a PIM, you do not play the part. You go all in; you’re in charge of everything that comes with the [CEO] position.” This similarity enabled me to explore the on-the-job challenges that differences in employment status – that is, being an insider versus an outsider – can give rise to in the case of PIMs as opposed to those challenges stemming from differences in work and responsibilities – that is, functioning as a “normal” manager versus as a project manager for a specific project or a highly specialised manager.

It is worth emphasising that all the informants had extensive experience as employed managers before becoming PIMs. All had held positions equivalent to or higher than those they held as PIMs, often in similar industries and companies. This prior experience formed the backdrop against which they compared their more recent experiences as PIMs.

3.3 Data
The data for this study comprises transcripts from 32 interviews conducted in two rounds. In the first round, I interviewed 11 PIMs to get a broad overview of common on-the-job challenges. Following this, I conducted 21 follow-up interviews with those PIMs and an additional 11 PIMs. These interviews were semi-structured and focused on the informants’ experiences and challenges. The interviews were audio-recorded and then transcribed. The data was analysed using thematic analysis, which involved identifying patterns and themes within the data. The analysis was iterative, involving multiple rounds of coding and re-coding to ensure reliability and validity. The findings from this data were then used to inform the development of the theoretical framework and the presentation of the results. The results section will provide a detailed account of the findings and their implications for the field of organizational effectiveness.

<table>
<thead>
<tr>
<th>Informant* (no. of jobs as PIM)</th>
<th>Typical position</th>
<th>Supervision responsibility in typical position</th>
</tr>
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<tbody>
<tr>
<td>John (2)</td>
<td>CEO</td>
<td>Always</td>
</tr>
<tr>
<td>Mike (6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thomas (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sebastian (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sam (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elizabeth (6)</td>
<td>CFO</td>
<td>Usually</td>
</tr>
<tr>
<td>Franz (3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Isaac (6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Martha (12)</td>
<td>COO</td>
<td>Sometimes</td>
</tr>
<tr>
<td>Saul (3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jonas (4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>George (6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hank (6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sophie (3)</td>
<td>HR director</td>
<td></td>
</tr>
<tr>
<td>James (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Karen (3)</td>
<td>CCO</td>
<td></td>
</tr>
<tr>
<td>Lars (6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selene (1)</td>
<td>HSE director</td>
<td></td>
</tr>
<tr>
<td>Lucas (3)</td>
<td>Purchasing director</td>
<td></td>
</tr>
<tr>
<td>Mark (2)</td>
<td>Project manager</td>
<td>Never</td>
</tr>
<tr>
<td>Simon (1)</td>
<td></td>
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Note(s): *Note that all the names reported in this paper, including the company names, are pseudonyms
Source(s): Author’s own work

Table 2. Details of the informants
challenges. A typical question was, “Can you describe how it is to work as a PIM in a client company?” In the second round, I reinterviewed these 11 informants and added 10 more. A typical (follow-up) question in this round was, “How do you deal with this challenge?” The second round served multiple purposes: to gain deeper insight into previously identified challenges, to focus on how informants attempted to overcome these challenges and to ensure theoretical saturation. Concerning the latter, having interviewed two-thirds of the informants in the second round, new information relevant to the research question no longer emerged, and I concluded that theoretical saturation had been reached. I completed the second round of interviews as a matter of respect to my informants who had agreed to help me in my research, though it also served to further corroborate impressions from previous interviews and data analyses.

The interviews in both rounds lasted, on average, 1 h, with the shortest lasting 30 min and the longest lasting 2 h. I transcribed every interview verbatim, resulting in 350 pages of single-spaced transcripts in font size 12. The NVivo v.12 software was used to organise the data and facilitate the analysis.

3.4 Analytical approach
I used an inductive approach, moving iteratively back and forth between the data gathering, data analysis and writing up of my findings (Murphy et al., 2017). I generally had broad, open-ended questions during the first round of interviews and more targeted and specific questions in the second. Toward the end of the second round of interviews, I tested and verified my impressions with the informants, which corroborated some impressions and rejected others.

Thematic analysis was used to analyse the data. I read through every line of text from the transcripts and employed line-by-line coding. During this process, I searched for statements related to on-the-job challenges, how my informants had dealt with them and what they described as the reasons causing these challenges. My coding scheme consisted of a priori codes (e.g. “attaining authority”) and, where the extant literature did not offer suitable options, in vivo codes (e.g. “being quick off the mark”).

After coding data for each informant, I compared the codes across informants to identify common on-the-job challenges, retaining only those codes corroborated by multiple informants. Each challenge discussed below was mentioned by 13–16 informants. Fewer informants shared insights into overcoming these challenges, as not every informant had experienced each challenge or found ways to address it. However, at least five informants discussed one or more strategies to overcome each challenge.

Ensuring data trustworthiness, particularly in the case of high-performers skilled at self-representation, is a critical challenge (Pratt et al., 2020). Informants may wish to present themselves favourably, possibly downplaying or omitting certain challenges. However, I believe this risk is limited in this study. Since data collection, I’ve developed personal relationships with several informants and presented my findings at large PIM seminars. On every occasion, my impressions have been corroborated, and no new on-the-job challenges or ways of dealing with these have been mentioned by informants or other PIMs, leading me to strongly believe in the trustworthiness of my informants and data.

4. Findings
The exploratory approach uncovered the following three on-the-job challenges: communication of the contract status and contract period, being quick off the mark and attaining authority. Below, I document these findings. In order, I describe the on-the-job challenges, discuss how the respective challenge relates to the liability of outsidersness and describe how the informants attempted to overcome the respective challenge.
4.1 “I do not say anything about me being a PIM”: communication of the contract status and contract period

Shortly before or when they enter a job, PIMs must introduce themselves to their temporary colleagues, which, I learnt, represents an on-the-job challenge because they have options with, according to my informants, different short- and long-term consequences.

In cooperation with the clients who hire them, PIMs must decide whether to introduce themselves as a PIM or as an employed manager and, if the former, whether they will also disclose the period for their contract with the organisation.

George was the first informant to point out that some PIMs do not introduce themselves as PIMs, as is evident in the following statement, in which he succinctly described his approach when entering client companies: “I do not say anything about me being a PIM. Not at all. I do not see the point in that.”

Others preferred to inform their colleagues that they were a PIM but without sharing information about the duration of their contract. Jonas was one of these and was typically introduced by the CEOs of the companies that had hired him as follows:

Sometimes I have been introduced simply as “the new guy”. And then people thought that it was a permanent solution. Once, I signed a contract lasting six months, and then we didn’t communicate that [end date]. Actually, the end date is rarely communicated.

Several informants remarked that their choice of how to present themselves influenced their impact on and in an organisation. For example, Sam told us the following:

I was presented as a new CEO. So, I was not introduced like, “Oh, he’s just here as a stepdad – someone who is here to be a daddy for a short period and then you get a new daddy, or you’ll be sent to the orphanage.” I was presented as a permanent solution. […] I think it is safe to conclude that getting a PIM triggers a different set of responses in a company than getting an employed manager.

That could advocate for, in some cases, not emphasising the temporariness of the arrangement.

What Sam here refers to when using the term “stepdad” is that, like stepfathers stereotypically do not obtain as much authority from children as biological fathers, PIMs do not receive as much authority as permanently employed managers (which is discussed further below). The term “orphanage” refers to situations where companies are sold or go bankrupt, creating significant uncertainty amongst employees. These situations are also reasons why some companies hire PIMs (Mooney et al., 2012). In essence, when PIMs present themselves as such, they trigger different responses within a company compared to when an employed manager is introduced.

Interestingly, many informants argued that when an outsider is presented as a manager, that creates particularly much uncertainty amongst employees. This suggests that certain on-the-job challenges resulting from the liability of outsiders may be exacerbated in the case of PIMs compared to other nonstandard workers in different hierarchical positions.

It is also worth pointing out that the informants that had presented themselves as an employed manager in certain jobs expressed no on-the-job challenges from these jobs, implying that the liability of outsiders can be mitigated by PIMs presenting themselves as employees.

Thus, PIMs are faced with a unique challenge following from the liability of outsiders. Whilst it is given how permanent employees should present themselves and usually also for non-PIMs, PIMs have to decide: should they introduce themselves as employees (i.e. as “biological fathers”), which means implicitly or explicitly deceiving their colleagues, or as a PIMs (i.e. as “stepfathers”), which could trigger unwanted responses, and if they should reveal the duration of their stay (i.e. how long they will be a “stepfather”).

Most informants handled this challenge by opting for full transparency. Specifically, all informants preferred to present themselves as PIMs, even those who acknowledged that
being a PIM comes with certain on-the-job challenges and that these may be mitigated by concealing their outsider status by presenting themselves as employees. Five informants admitted that they had never realised that they had options regarding how to present themselves to colleagues. Fourteen informants preferred to also be open about the duration of their contract, either up-front or when colleagues asked about this, whilst seven preferred to keep this a secret. However, preferences aside, in cooperation with their clients who hired them (i.e. typically the person they reported to at the organisation), seven informants had opted to present themselves as employed managers in at least one job.

It is worth noting that the project managers I interviewed – Mark, in his second job as a PIM, and Simon – pointed out that it would be futile for them to try to conceal their outsider status, as the project management positions were, by definition, temporary. In other words, the challenge of communicating their contract status is not relevant for project managers, which may explain why the literature on interim management, hitherto largely empirically focussed on PIMs in project management positions, presumes that PIMs’ outsider status is always made public in organisations (e.g. Anderson and Cappelli, 2021).

4.2 “Satisfy the warlord”: being quick off the mark
According to most of my informants, the primary on-the-job challenge of being a PIM is being quick off the mark. Clients hire PIMs to take care of tasks that require immediate attention. Clients therefore require PIMs to be fully operational from day one and promising to be so is what lands PIMs a job and, later on, a good reference which can be used to land future jobs. Karen described this challenge as follows:

Well, you have to deliver right away because, if you don’t, they can get rid of you quickly. […] You have to be operational right away. As I said, you don’t have ninety days [referring to the typical onboarding period she got as an employed manager]. You have nine days. Or not even that. Action… you have to deliver fast.

Being quick off the mark entails more than simply being operational from day one. Because PIMs have limited time to implement and follow up initiatives (keep in mind, the average PIM contract lasts six months), it also means addressing matters that most managers would postpone for some time until they have gotten to know the organisation better. Sam’s experience neatly illustrates this challenge:

There are two things [that characterise being a PIM]. One, and the most obvious, is that you have a very short time horizon. […] When I entered DocCo, I engaged in tasks that most CEOs would postpone for a year or two. You have to do that in the very first week. […] I had been at the company for four days and was instructed to increase profitability by [USD]14 million. I remember, the owners left the room and said, “Let’s reconvene [with a plan] at 3 o’clock.” And it was then 2 o’clock.

In short, because clients expect value for their money and have several candidates to choose from, an inherent part of being a PIM is to be quick off the mark by addressing challenging matters fast and, to get good references and jobs, successfully. This should be achieved despite their outsider status which entails that they have limited knowledge of and few relationships in the organisation and limited time to develop such knowledge and relationships. In contrast, internally hired managers usually know the organisation well and have an extensive set of relationships, whilst externally permanently hired managers are usually granted a more extensive onboarding period. This means that PIMs are at a comparative disadvantage or, in theoretical terms, exposed to the liability of outsiderness.

To be quick off the mark, my informants focussed their work in two ways. First, they frequently consulted with their clients and enquired about which tasks to prioritise. Karen elaborated on this approach:
[The commonalities in jobs as a PIM has been the need to] Be quick off the mark. Get an overview of the situation, learn the business, [and] find out what matters the most. What are the most critical tasks? What matters most to the client? Be crystal clear about what exactly they want you to do.

Second, the informants prioritised tasks over relationships, as the following statement from Lars illustrates:

I am a warrior – extremely mission-focused. You have to focus on the task at hand and satisfy the warlord, the chair of the board. So that’s my position.

Lucas echoed Lars’s view while elaborating more on the matter:

Yeah, you have to be tougher [as a PIM]. You have to seize your role. You have a mandate, and your client expects to see results. That means you do not have much time to get acceptance and to execute. If you are there for some time without any results to show for it, you have not been a good hire. So that means that I have to act faster and focus less on support and follow-up of subordinates and the other things you would do as an employed manager. You do less of the soft stuff and focus more on results and progress.

Every informant emphasised that PIMs must have extensive prior experience to succeed at being quick off the mark. However, also for this challenge there was a distinction between project managers and PIMs in higher and more general managerial positions, where the latter argued more emphatically that their experience was more transferable from company to company. If this is the case, it implies that when it comes to the liability of outsideness, PIMs in less specialised management positions are better equipped when addressing this particular challenge.

4.3 “You’re just a consultant”: attaining authority

Finally, attaining power and authority is vital to being a successful manager (Sparrow and Cooper, 2014). According to many of my informants, attaining the authority that accompanies a managerial position is noticeably more difficult as a PIM than an employed manager. Grounded in the experiences of my informants, in this study I focussed on authority – that is, specifically legitimate power (Spencer, 1970) – and not power more broadly.

One of the cases that, to me, most clearly demonstrates this on-the-job challenge is Sebastian’s experience. When I interviewed Sebastian, he had recently finished his first interim management job, as a CEO. Following his client’s instructions, Sebastian initially presented himself as an employed manager. However, during a private dinner, he informed the CEO whom he had replaced that he was there as a PIM, and a few days later, everyone in the company had somehow learnt about Sebastian’s status. After describing this, Sebastian stated the following:

The good thing about being a PIM in such a period [when no one knew that he was a PIM] was that I got the power and authority that I needed. Once it was revealed [that he was a PIM], people were like, “Well, let’s see how long he remains. We don’t need to care about what he says.” […] They stopped doing the things I told them to do.

Other informants were openly confronted by their subordinates. For example, when Thomas was the CEO of a professional service firm his CFO told him in front of every top management team member, “You can say whatever you want. I don’t care.”. Whilst such open confrontations would primarily manifest when there were disagreements between the informants and their subordinates regarding how to proceed in some regard, most informants reported having been more frequently confronted by subordinates with statements such as “You’re just a consultant.” and “You’re just temporary.”. Subordinates had typically followed up these statements with actions or further statements that indicated that they did not respect the PIM’s authority.
Thus, whilst PIMs formally do have the authority that comes with their managerial position, it is clear that attaining this in practice represents a common on-the-job challenge. Unlike permanent managers who have time on their side and internally hired (interim) managers who have pre-developed relationships to draw on, as outsiders PIMs have limited time and relationships to draw on to get sufficient authority to instruct subordinates, including in cases where subordinates disagree with them. Given how essential authority is to management, this puts PIM at a large disadvantage compared to internally and permanently externally hired managers; that is, PIMs are significantly exposed to the liability of outsidersness.

To avoid or mitigate this challenge to authority, most informants, including many of those who had not experienced a reduction of their managerial authority, commented that the number-one resource to succeed as a PIM and overcome authority issues was support from the client. George pointed this out:

Yeah, that is a decisive factor – that the person who hires you backs you one hundred per cent. So you have to clarify with the client, map potential conflict areas, and ensure they back you. That is the alpha and omega. If you do not ensure this, you will fail as a PIM and be in the wrong business.

In their attempt to avoid authority issues altogether, several informants ensured from the outset that their subordinates knew that they, as PIMs, functioned as an extension of the client. Isaac described this as follows:

Yeah, that is key, that the board hands you the baton, that they do that in a public meeting. That I am introduced and say my piece. Explain what will happen in the coming weeks. It is crucial that it happens live [in front of everyone] ... that the board or a CEO hands you the baton. That is important.

In some cases, authority issues had already arisen, and informants had to rely on clients to overcome these challenges. Jonas explained this:

First, you must be aware [that subordinates may ignore your authority] and identify that they fall into that category [of people ignoring the authority of a PIM]. And then you have to turn to the CEO and say, “I feel this person is ignoring me.” or “I need these reports from this guy.”.

Some informants referred to their expertise to reduce or avoid authority issues, especially the two project managers and some managers in a managerial support function, but less so the CEOs and CFOs. A possible reason for this difference is that CEOs and CFOs are often involved in crafting strategy and are less operational, whilst project managers and some other managers are often more involved in executing strategies and thus demonstrate their expertise to their subordinates more visibly. In other words, PIMs located relatively high in the organisational hierarchy mitigate this particular consequence of the liability of outsidersness differently than project managers and more specialised managers.

5. Discussion

Management is vital to organisational effectiveness. Increasingly, this function is handled by PIMs. PIMs provide organisations with a large external pool of managerial skills and knowledge that could have huge benefits to their effectiveness. However, extant research indicates that organisations fail to realise the potential PIMs represent. This study intends to facilitate in unleashing the promise professional interim management holds through exploring the experiences of PIMs. Three findings were uncovered. I discuss the contribution of these below, and for each finding, I point to promising avenues for future research.

The practice of PIMs sometimes portraying themselves as employed managers or as PIMs whilst concealing their contract duration has been largely overlooked in the literature and empirical studies on interim managers. For instance, Anderson and Cappelli (2021, on p. 1 of
the online article) explicitly state that “[PIMs] are true contractors, working under the terms of an agreement set out in advance, with a defined end point that is known to their client’s employees.” (emphasis added). Similarly, Ballinger and Marcel (2010) researching organisational outcomes of interim management, argued that it can harm companies’ financial performance as investors interpret it as a signal that a company is struggling. This reasoning assumes clients and PIMs inform investors about the interim arrangement.

Arguably, how PIMs present themselves to an organisation’s internal and external actors is a critical antecedent to the interpersonal and organisational outcomes related to interim management. Whilst this point is further discussed below, it’s worth illustrating here: If a PIM presents herself as an employed CEO, the negative interpersonal and organisational outcomes dependent on the perception of PIMs and interim management, as discussed in extant research, will likely be partly or fully mitigated.

Based on this finding, future research should examine relationships between how PIMs present themselves and interpersonal and organisational outcomes. At the very least, research concerned with the outcomes of interim management should incorporate how interim managers present themselves to employees and investors as a factor in their analyses.

The way managers distribute their attention can significantly impact companies (Ocasio, 1997). PIMs, needing to be quick off the mark, tend to prioritise tasks over relationships, particularly those tasks deemed important by their clients. On one hand, this is a sensible priority. Potential clients largely evaluate PIMs based on references from previous clients, so fulfilling client expectations is logical. Leveraging the clients’ experience when prioritising tasks can also offset PIMs’ lack of organisational history and facilitate their work and impact. Moreover, aligning actions with client instructions can increase client support when needed, such as when subordinates challenge PIMs’ authority.

On the other hand, the positive outcomes of this prioritisation method rely on the assumption that the client can identify the most critical tasks. Considering that interim management is often employed by struggling companies (Mooney et al., 2013), this may not always be the case. If PIMs align their attention with their clients’ in such settings, this could worsen rather than improve the organisation’s situation.

With this in mind, research should pay closer attention to the relationship between clients and PIMs, particularly the extent to which their attentions and priorities overlap. Companies that are currently successful when hiring a PIM will likely continue to be so, whilst companies that hire a PIM whilst in distress risk exacerbating their situation when the clients themselves are not aware of the root causes of their current challenges.

Authority is vital to management. I found that the extent to which clients designate authority to PIMs and how visible this designation is to employees in the company greatly influence how much resistance these managers face and how effective managers they can be. This finding stands in contrast to that of Anderson and Cappelli (2020, 2021), that is, that referring to clients was rarely helpful in obtaining authority whilst drawing on power rooted in their expertise and unbiasedness was much more common for PIMs. Arguably, the explanation for this difference lies in the differences in our samples and target populations, where Anderson and Cappelli (2020, 2021) studied project managers typically involved in the implementation of strategies, whilst I have primarily focussed on managers in executive positions involved in crafting strategy. These differences imply that the best ways to obtain authority vary depending on PIMs’ hierarchical position and the tasks they engage with.

Based on this finding, future research should, first of all, be more inclusive in their research design so that PIMs in different hierarchical positions are compared in analyses. Treating all PIMs (or interim managers for that sake) consistently as one category is a too coarse approach to yield truly valuable insights for theory and practice. More, research could benefit from investigating differences in organisational outcomes resulting from differences in PIMs’ authority. Provided that PIMs are very experienced and skilled managers, PIMs with
much authority would exert a greater positive influence in organisations than PIMs with less authority.

The three on-the-job challenges uncovered in this study are related. As noted above, how PIMs communicate their contract status, that is, if they portray themselves as employees or PIMs, represents an important antecedent to interpersonal outcomes. If PIMs present themselves as employed managers, it would, arguably, be easier for them to obtain authority based on their hierarchical position without having to refer to the client. Having obtained authority more easily early on will facilitate PIMs’ efforts to be quick off the mark. Conversely, to be quick off the mark, PIMs focus on critical tasks and less on relationships, which relates to how they exercise their authority.

The interrelatedness of these three on-the-job challenges and the fact that they can all be traced to PIMs’ status as outsiders testifies to the value of developing a unified concept that can explain PIMs’ negative experiences. The liability of outs insiderness represents such a concept. PIMs lack knowledge of and relationships within client organisations and have limited time to develop such knowledge and relationships. As a result, they are faced with disadvantages compared to managers shifted internally temporarily – who are temporary managers but not new – and hired externally permanently – who are new managers but not temporary. These manifest in the form of on-the-job challenges that impact their role as managers and, very likely, their capacity to exert a positive influence on organisational performance. It is clear from my informants’ experiences, all of which has extensive experience as employed managers, that entering an organisation and communicating one’s role, meeting expectations in terms of how to perform early on in a new job and attaining authority based on hierarchical position is more straightforward as an internal member of an organisation than it is as an outsider. Without these comparative disadvantages, PIMs would have a greater opportunity to focus on the management of organisations.

The liability of outs insiderness is a novel concept. It draws on the well-established liability of newness concept and incorporates what we can call the liability of temporariness. The resulting concept can be applied to every nonstandard worker, that is, workers not permanently employed and thus entering organisations as new and temporary (Cappelli and Keller, 2013). The concept is relevant to any negative experience such workers face as a result of being organisational outsiders and somehow disadvantaged by it.

For instance, Anderson and Bidwell (2019) could have drawn on the liability of newness in their study of PIMs’ work-life balance, given that work-life balance is known to be contingent on social support at work (Casper et al., 2018), and outsiders often struggle to obtain such support because of their outsider status (Inkson et al., 2001). Similarly, in their study of identity formation amongst independent consultants, Cross and Swart (2021) could have used the liability of outs insiderness concept to explore this phenomenon, considering that identity formation is dependent on the tasks workers engage in (Pratt et al., 2006) and that some organisational outsiders focus on certain tasks over others due to the liability of outs insiderness.

Whilst the focus of this study has been on the individual level, the liability of outs insiderness concept is equally relevant to organisations. As discussed above, organisational-level outcomes often rely on individual-level explanations (e.g. the actions of managers). Moreover, organisations are sometimes outsiders. Many organisations engage in alliances and partnerships with organisations from another industry with the intention of short- or long-term presence in that industry. Companies also join pre-existing multi-company alliances (Gulati, 1998). In both cases, the organisation entering a new domain represents an outsider and may be faced with disadvantages stemming from the liability of outs insiderness. Incorporating the liability of outs insiderness into the research of such alliances could help explain why they so very often fail (Prashant and Harbir, 2009).
5.1 Practical contributions
Beyond the theoretical contributions discussed above, this study offers several practical contributions to practitioners involved in professional interim management.

First, I document that PIMs and their clients have options regarding how to present their contract status. I am not recommending one option over the other; however, it is worth keeping in mind that presenting PIMs as employed managers could mitigate some of the negative consequences accompanying hiring a PIM – for example, employees’ and investors’ negative reactions.

Second, clients and PIMs should consider how much they align their attention and priorities. Suppose the overall reason for hiring a PIM is that the company is struggling. In that case, some distance between the client and the PIM may be wise because it can enable more unbiased views and actions more suited to address the company’s challenges.

That said, given that clients hire PIMs for a reason, clients should demonstrably (e.g. through a town hall meeting) designate authority to the PIM to facilitate the work and positive impact of these managers.

More overall, this study demonstrates that PIMs’ relationships with their clients are vital to how they function as managers. Clients should be keenly aware of this and do what they can to mitigate the liability of outsidersness. Having an efficient PIM is undoubtedly in their organisation’s interests.

5.2 Limitations
This study offers valuable theoretical and practical insights to the literature on professional interim management, although it does have some limitations. Firstly, the data is based solely on the experiences of PIMs. Whilst many experiences uncovered here resonate with those documented in existing literature (Anderson and Bidwell, 2019; Anderson and Cappelli, 2020, 2021; Inkson et al., 2001), data from clients and employees could provide insights that both corroborated and nuanced those resulting from this study. Nevertheless, this study does provide important insights into the lived experiences of individuals in key organisational positions so far neglected in the literature on interim management. Considering the study’s focus on the on-the-job challenges experienced by my informants, which is arguably a sensitive topic for many managers, and my strong belief in the trustworthiness of my informants and data, I believe the experiences documented in this study accurately reflect PIMs’ work settings.

Second, the context of this study could matter for the findings. Interim management does not have as long-standing a tradition in Norway as in many other European countries and the United States, and interpersonal and organisational dynamics could differ in contexts in which interim management is more common. Moreover, there is a relatively small power distance between managers and subordinates in Norway, which could create more significant on-the-job challenges for them because subordinates may challenge them more. That said, many of my findings resonate with those documented in studies that took place in New Zealand (Inkson et al., 2001), the USA and Italy (Anderson and Cappelli, 2020, 2021). Importantly, I have no reason to believe that the liability of outsidersness is less relevant in other national contexts.

References


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