

# Digitalization processes in small professional service firms: drivers, barriers and emerging organisational tensions

Digitalization  
in small  
professional  
firms

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Received 30 June 2022  
Revised 1 October 2022  
29 November 2022  
Accepted 3 December 2022

## Abstract

**Purpose** – This study aimed to provide an exploratory analysis of digitalization processes in small professional service firms (SPSFs) by examining their main drivers and barriers and their impact on customer management practices, considering the intra-organizational, inter-organizational and service offering dimensions.

**Design/methodology/approach** – This study adopted a qualitative, exploratory and inductive research methodology based on in-depth interviews with 19 owners or consultants of small tax/accounting firms, focusing on the role of digitalization in their internal and external processes.

**Findings** – The findings reveal external and internal barriers to and drivers of digitalization, as well as its effects on customer management practices. They also reveal the emergence of tensions related to the intra-organizational, inter-organizational and service offering dimensions.

**Originality/value** – This work contributes to the research on the role of digital technologies in the professional service sector, with a focus on SPSFs, which has thus far received limited attention. This research highlights the complexity of combining increasingly standardized processes and services with the need to maintain flexibility and informality in internal and external interactions.

**Keywords** Digitalization, Professional service firm, Organizational tensions, PSF, Small professional firms, SPSF

**Paper type** Research paper

## 1. Introduction

Professional service firms (PSFs) have become key actors in the knowledge economy (Von Nordenflycht, 2010). As holders of specialized and highly complex knowledge in many fields, they can integrate, develop and provide knowledge-based inputs to other organizations active in the manufacturing and service sectors. To play the role of key knowledge providers, PSFs themselves are pushed to undertake innovation processes related to their knowledge



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Journal of Service Theory and  
Practice  
Vol. 33 No. 2, 2023  
pp. 237-256  
Emerald Publishing Limited  
2055-6225  
DOI 10.1108/JSTP-06-2022-0132

areas and organizational configurations while pursuing increasing efficiency to respond to market pressures (Tomo *et al.*, 2019). Such changes are further promoted by the need to face the consequences of the Covid-19 pandemic period, which has impacted the nature and organization of their activities (Empson, 2021).

Meanwhile, innovation-related processes in many sectors are increasingly based on the implementation of advanced digitalization. Information and communication technologies (ICTs) have become valuable resources for improving organizational processes, efficiency and relationships with customers, leading to a “digital transformation” that has a strong impact on firms and markets (Breidbach *et al.*, 2019). While the overall benefits of digitalization have been widely recognized, it is well known that introducing IT-based processes into firms is often difficult and requires appropriate strategies and organizational mechanisms (Kronblad and Pregmark, 2021).

Several studies have highlighted the increasing relevance of digitalization to PSFs, which engage with digital technologies at various levels and exploit the most advanced Artificial Intelligence (AI) and machine learning technologies (World Economic Forum, 2017; Goto, 2022). Nevertheless, in-depth analyses of the ways in which digital technologies are adopted and of the main drivers and barriers shaping their implementation are limited. The extant literature has shown that PSFs use IT-based tools to improve the organization of internal processes – concerning work configuration and knowledge flows and integration (Breunig, 2016) – and the management of relationships with clients to widen their service offerings and make interactions with them timelier and more efficient (Bowen, 2016). This growing body of knowledge mainly concerns large PSFs (Goto, 2022), which generally have the resources and capabilities to implement digitalization. However, it can be argued that the analysis of digitalization processes should also include small PSFs (SPSFs), as they represent a large percentage of firms in the professional service sector (for an overview of the industry in the Italian context, see Assoconsult, 2021) and provide valuable knowledge and support to a variety of firms, particularly those with small sizes and limited resources (Carbonara, 2004). While large PSFs tend to organize their activities through more advanced business processes and might show greater readiness to adopt digital technologies (Van Doorn *et al.*, 2017), SPSFs may lack the resources and skills to undertake the required digital upgrading. Research on SPSFs – still limited and fragmented – has examined whether and how these firms engage in organization and market performance upgrading (French *et al.*, 2004; Wapshott and Mallett, 2012). However, analyses of digitalization processes as engines of innovation and change in SPSFs are still lacking, with a few exceptions concerning specific areas, such as knowledge management (Martinsons *et al.*, 2017) and digital marketing processes (Gabbianelli and Pencarelli, 2020).

Therefore, this study aimed to provide an exploratory analysis of digitalization processes in SPSFs. To achieve this goal, we adopted a multilevel conceptual framework for exploring the drivers of and barriers to digitalization and the ensuing organizational tensions, considering the intra-organizational, inter-organizational and service offering dimensions. The recent literature on digitalization has underscored its complexity and highlighted the emerging tensions at the intra- and inter-organizational levels (Lanzolla *et al.*, 2021; Galvani and Bocconcelli, 2022). Accordingly, this study addressed the following research questions: (1) What are the main drivers and barriers shaping the digitalization processes of SPSFs? (2) What types of organizational tensions emerge in the context of digitalization in SPSFs? To answer these questions, we conducted a study of 19 Italian SPSFs using a qualitative methodology. Given the key role of SPSFs in supporting client Small and Medium Enterprises (SMEs) active in both traditional and high-tech sectors, such research on their digitalization processes is necessary. This study contributes to filling the research gaps related to SPSFs and their digitalization processes and has significant managerial implications.

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The rest of this paper is organized as follows. [Section 2](#) outlines the background of this study through an analysis of the main findings on the nature and processes of SPSFs and of the emerging literature on digitalization in PSFs. It then presents our conceptual framework for exploring the drivers, barriers and organizational tensions. [Section 3](#) presents the methodology adopted in this study. [Section 4](#) reports the findings of the empirical research. [Section 5](#) discusses the findings and their managerial implications. [Section 6](#) highlights the main contributions of this study, discusses its limitations and suggests directions for future research.

## 2. Theoretical background

### 2.1 Characteristics of PSFs

Over the past few decades, the importance of the PSF sector has been widely acknowledged by practitioners and academics ([Empson et al., 2015](#)). The interest in PSFs is further fuelled by their increasing importance for non-PSFs ([Von Nordenflycht, 2010](#)). While a universally accepted definition of PSFs does not exist, a consensus on their main characteristics has been reached. These are (1) knowledge intensity: a firm's output relies on complex knowledge; (2) low capital intensity: these firms do not require considerable tangible and intangible non-human assets; and (3) availability of professionalized workers who can provide tailored and expertise-based advisory services and interact frequently with customers ([Von Nordenflycht, 2010](#); [Zardkoohi et al., 2011](#); [Empson, 2021](#); [Pemer, 2021](#)).

Recent reports ([Assoconsult, 2021](#)) have provided a complete overview of the industry in the Italian context, revealing sectorial polarization between a large number of micro and small companies (86.6 and 11.3%, respectively) and a few very large consultancy firms (2%). The role of PSFs – often with an international profile – in the “knowledge economy” as providers of advanced and specialized knowledge has attracted increasing research interest. However, research on SPSFs has been limited and fragmented, mainly focusing on specific themes related to innovation management and knowledge processes ([Kronblad, 2020](#)). Previous studies have focused on three main aspects: strategic planning and growth processes, resource acquisition and development and management of internal and external relationships ([French et al., 2004](#); [Nolan and Garavan, 2019](#)). Some studies have explored the implementation of IT-based knowledge management processes and the use of web resources, which allow SPSFs to gain market knowledge and attract new customers ([Drennan and McColl-Kennedy, 2003](#)). In an analysis of the marketing and communication practices of small consulting firms, [Gabbianelli and Pencarelli \(2020\)](#) noted the increasing adoption of digital marketing processes. [Section 2.2](#) discusses the literature on digitalization processes in PSFs in more detail.

### 2.2 Digitalization processes of PSFs

According to the [World Economic Forum \(2017, p. 4\)](#), “Professional services appear to be approaching a tipping point, as disruptive technologies drive fundamental changes in the industry's economics.” Indeed, the professional service industry is thought to be among those on which the effects of digitalization will be most profound ([Skjølsvik et al., 2018](#)). This has been further accelerated by the remote and hybrid work models that became prominent during the Covid-19 pandemic ([Empson, 2021](#)).

The emergence of digital technologies has profoundly transformed the ways in which PSFs interact with clients ([Wirtz et al., 2018](#); [Moffett et al., 2020](#)). ICTs have been progressively integrated into the daily work of PSFs, altering the ways in which they communicate with clients and share knowledge ([Breunig, 2016](#)) and promoting their digitalization ([Breibach et al., 2019](#)). Internally, digitalization requires a business model

transformation and leads to virtualized processes, organizational structure adaptations and new technology-enabled value co-creation processes. Externally, digitalization allows PSFs to cross boundaries by providing new means of connecting to the external world, including external professional groups (Goto, 2022). On the other hand, digitalization processes emerging in other industries impact professional services, which thus require adaptation (World Economic Forum, 2017; Fielt *et al.*, 2018; Nissen *et al.*, 2019).

Previous research has examined the drivers of and barriers to digitalization in PSFs (Kronblad and Pregmark, 2021). Regarding drivers, the level of digitalization in PSFs depends on the extent to which technologies are applied to a service and on factors such as the willingness and technological readiness of workers to include them in their daily work (Pemer, 2021). In the context of accounting firms, Tomo *et al.* (2021) showed that professionals', clients' and suppliers' involvement in the service provision process, new practice areas and new service designs are valuable enablers of digitalization. Digitalization allows PSFs to innovate the ways in which they interact with clients, increase service differentiation, enable the adoption of technology by clients and manage the interdependencies between their employees (Bowen, 2016). From an external point of view, digitalization may be driven by client demand and by the establishment of relationships with external partners. Indeed, change processes are strongly influenced by the external pressures placed by clients, competitors, suppliers and regulators, which shape the context in which PSFs operate (Tomo *et al.*, 2021).

Barriers are mainly related to specific features of the industry, such as the institutionalization of business models, unsupportive organizational structures and risk avoidance tendencies (Das *et al.*, 2017). Digitalization may be impaired by a lack of technological skills, change capabilities and a sense of urgency, which has only recently been heightened by the outbreak of Covid-19 (Kronblad and Pregmark, 2021). Digitalization can also be hampered by the inability to embed new technologies and the inertia caused by a compliance focus (i.e. slowness due to internal processes) (Das *et al.*, 2017; Fielt *et al.*, 2018). Another impairing factor for SPSFs is the lack of financial resources for investing in digital technologies (Kronblad, 2020). Related to capital intensity, PSFs must also consider the ways in which their competitors respond to the new digital context and meet the increased client demand driven by the increasing availability of information (Kronblad, 2020). Finally, relying on external IT consultants may represent a threat to firms, as the risk of opportunistic behaviours increases when relationships with IT consultants are on-call-based (Tomo *et al.*, 2021).

Most relevant research and policymaking have focused on large PSFs and the disruptive role of emerging Industry 4.0-enabling technologies, such as machine learning, augmented reality and blockchain, in their relationships with large clients (World Economic Forum, 2017; Goto, 2022). To our knowledge, limited attention has been paid to the adoption of digital technologies by SPSFs.

### *2.3 A conceptual framework for exploring drivers, barriers and organizational tensions in SPSFs' digitalization processes*

As discussed in the previous sections, digitalization processes are shaped by multiple drivers and barriers related to firms' internal and external environments. The combined impact of drivers and barriers on digitalization is likely to generate organizational tensions that firms need to manage. Organizational tensions can be defined as "*relationships between competing demands, forces or logics*" (Gaim, 2018, p. 498) or as "*two phenomena in a dynamic relationship that involve both competition and complementarity*" (Epstein *et al.*, 2015, p. 37). Organizational tensions are caused by increasingly competing demands (Lewis and Smith, 2014), identified in the literature as emerging dualities, dilemmas, dialectics and paradoxes (Smith and Lewis, 2011) that firms face simultaneously (Gaim and Wählin, 2016). Organizations need to pay

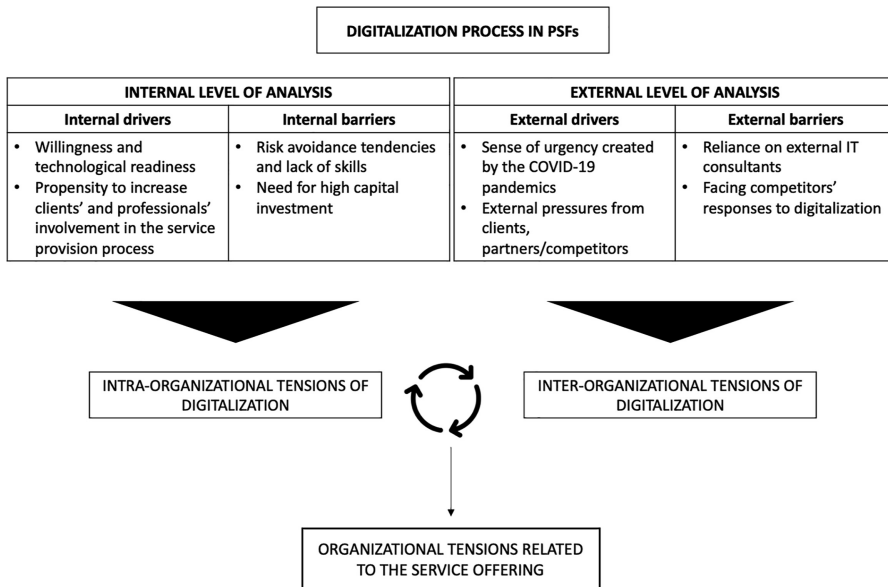
attention to the type of responses to cope with the emerging organizational tensions (Kohtamäki *et al.*, 2020), which may shift from a latent to a prominent role (Gaim, 2018) when enacted by specific triggers and can persist over time. Such attempts may be challenging and frustrating (Gaim, 2018), requiring changes in attitudes and resources. Thus, a growing body of literature has started to address the apparent contradictions in managerial goals and subsequent behaviours due to the rapid changes in and complexities of markets, regulations and technologies. Previous studies have highlighted the emergence of intra- and inter-organizational tensions caused by advanced digitalization processes (Lanzolla *et al.*, 2021; Galvani and Bocconcelli, 2022; Smiljic *et al.*, 2022), whose outcomes may, in turn, trigger new tensions (Lanzolla *et al.*, 2021). The intra-organizational dimension is mainly related to the internal and managerial organization of value creation processes, while the inter-organizational dimension concerns relationships with clients with diverse characteristics.

With this conceptual discussion as a starting point, we propose a framework for investigating the antecedents (drivers) of and challenges (barriers) to SPSFs' digitalization processes and the related emerging tensions. Due to the scarcity of studies on SPSFs and digitalization, we relied on the literature on the drivers of and barriers to the digital transformation of PSFs, in line with a relevant previous study on the topic (Kronblad and Pregmark, 2021). The proposed framework includes the intra- and inter-organizational levels of analysis (Galvani and Bocconcelli, 2022), combined with the service offering dimension to gain a complete understanding of the complexity of the digitalization processes in SPSFs. The framework is presented in Figure 1.

### 3. Methodology

#### 3.1 Research design and setting

This work contributes to the research on new digital technologies in the professional service sector, which plays an important role in world economies. To explore the impact of



**Figure 1.**  
The proposed conceptual framework

**Source(s):** Authors' elaboration based on Galvani and Bocconcelli (2022)

digitalization on SPSFs on their processes and relationships with their clients (Pemer, 2021; Kronblad and Pregmark, 2021), this study adopted a discovery-oriented approach, which can provide a fine-grained picture of the phenomenon under examination. Moreover, the accelerated adoption of digital technologies during the Covid-19 pandemic pointed to a methodology that would allow us to explore the phenomena and intercept aspects, areas of influence and impacts in a broad and comprehensive way. For these reasons, and because of the nature of the study's aims, we employed a qualitative, exploratory and inductive research methodology (Gioia *et al.*, 2013).

### 3.2 Sample and procedure

To explore the experiences of others and the meaning that they make of their experiences and to obtain "thick descriptions" that enable a deep understanding of participants' thought paths and decisions, we adopted an in-depth interview methodology for data collection and analysis (McCracken, 1988). This is particularly important in a B2B context because asking consultants and entrepreneurs to narrate their experiences provides not only personal input but also insights into their behaviours and makes meaning of their experiences. This allows the researcher to put their behaviours into context and understand their actions (Granot *et al.*, 2012).

We adopted a narrative approach to change involving accounting professional firms (owners or consultants) to identify the state of the art and changes in work processes, tasks, collaboration, pervasiveness and potential of the adopted digital technologies before and during the Covid-19 pandemic. Open-ended questions were used for data collection, which focused on the following themes: the role of innovation in professional and commercial studies (innovative/ideal study, projective technique), the role of digitalization in professional accounting firms, its drivers and barriers and its impacts on client relationships.

The themes used in the interview guide had previously been validated by a group of experts in the field of professional services and technology within a focus group aimed at discussing the relevant questions. The questions were then carefully designed to be unobtrusive and non-directive and to avoid the potential pitfalls of "active listening" (McCracken, 1988). Interviewing different figures within companies allowed the obtained information to be triangulated to provide different points of view and better responses to the research questions, which, in turn, allowed robust interpretations of the data (Creswell *et al.*, 2007; Denzin and Lincoln, 2011; Davcik *et al.*, 2021). The trustworthiness criteria used in the analytical process are summarized in Table 2.

### 3.3 Data collection

The interviews involved owners or members (consultants) of Italian tax/accounting SPSFs (Tomo *et al.*, 2021), who make the decisions on the structure and upgrading of the firms' technological equipment. The sample was selected based on direct contact with the Italian National Professional Accountant Association (Ordine dei Commercialisti) and was in line with Patton's (2015) maximum variation principle in terms of participants' ages and years of experience and firms' geographic areas and sizes, to ensure adequate data coverage and saturation. It consisted of 19 interviewees (15 men and 4 women), diversified in terms of regions in Italy (7 northern, 10 central and 2 southern), types of urban centre (small/large), firm sizes (4 firms with more than 10 employees, 5 with 5–9 employees and 10 with fewer than 5 employees) and interviewees' ages (range: 29–65) (see Table 1). The sample size was not predefined; the research continued until theoretical saturation was reached (Corbin and Strauss, 1990; Saunders *et al.*, 2018) – that is, until the data became repetitive and redundant.

N	Role	Interview method	Employees
1	Co-founder	F2F	5
2	Founder/entrepreneur	MS Teams	11
3	Founder/entrepreneur	MS Teams	13
4	Consultant	MS Teams	1
5	Consultant	MS Teams	5
6	Founder/entrepreneur	MS Teams	5
7	Founder/entrepreneur	MS Teams	39
8	Founder/entrepreneur	MS Teams	7
9	Founder/entrepreneur	MS Teams	3
10	Consultant	MS Teams	2
11	Consultant	MS Teams	2
12	Founder/Entrepreneur	MS Teams	80
13	Founder/Entrepreneur	F2F	4
14	Founder/entrepreneur	MS Teams	4
15	Founder/entrepreneur	Zoom	4
16	Founder/entrepreneur	F2F	1
17	Co-founder	Call	4
18	Consultant	Call	7
19	Co-founder	Call	2

**Table 1.**  
Sample characteristics

Criteria	Tactic	Implementation during this research
a. Credibility/internal validity	Pattern matching	Investigated patterns regarding the selling process such as demand issues, selling orientation and strategy and the returns orientation of each manufacturer
	Explanation building	Looked for logical consistency across each interviewee and the relative firm
b. Transferability/external validity	Use replication logic	Looked for literal replication and theoretical replication among cases in order to support results
c. Dependability/reliability	Use of interview protocol	Refined and implemented interview protocol with each interviewee
d. Confirmability/objectivity	Transcripts and preliminary findings were independently reviewed by the three researchers	Open-ended questions allowed the respondents to reflect on experiences A high level of agreement among the researchers ensured coherence in the identification and qualification of concepts and relations
e. Integrity	Interviews were of a non-threatening nature, anonymous and professional	Participants responded and did not avoid the issues being discussed

**Table 2.**  
Trustworthiness  
criteria in the analytical  
process

**Source(s):** Own elaboration based on [Lincoln and Guba \(1986\)](#) and [Strauss and Corbin \(1998\)](#)

All interviews were conducted by experienced researchers between April 2020 and June 2022, either face-to-face or via video conferencing. The interviews were conducted in the interviewees' native language (Italian) and lasted from 30 to 85 min. After the completion of the interviews, the research team met to examine the notes and corroborate the findings. To ensure the validity of the findings, any questions about or inconsistencies in the data were clarified by contacting the key informants by telephone. The interviews were transcribed and analysed according to the principles of thematic analysis ([Strauss and Corbin, 1998](#)) and using a narrative inductive approach ([Gioia et al., 2013](#)).

3.4 Data analysis

The data analysis followed the principles of grounded theory, involving open, axial and selective coding steps (Strauss and Corbin, 1998). First, one researcher performed open coding, reading the transcripts paragraph by paragraph to identify the interconnections between codes. All emerging themes were coded using descriptive codes (Strauss and Corbin, 1998). Another researcher then screened the codes and, together with the first researcher, developed an initial coding plan. In the axial coding step, the properties and dimensions of the initially identified concepts were further investigated, and relationships were traced. In the selective coding step, the dimensions, outcomes and contingency factors were synthesized into a conceptual framework. In this phase, the wording and internal consistency were refined, and key quotations were selected from the transcripts. The involvement of multiple researchers in the coding process, a high level of agreement in the coding and data saturation ensured the validity of the findings.

To improve the authenticity and trustworthiness of the results, we used well-established protocols for qualitative research following Lincoln and Guba (1986) and Giovannetti *et al.* (2020). The generalizability of the results was ensured by the diversity of the sample in terms of firms' sizes, business volumes and geographical locations and of interviewees' ages. The reliability and replicability of the results were ensured using an interview protocol and describing the analytical process (see Table 2). The credibility and internal validity of the findings were strengthened using pattern matching, explanation building and replication logic. The transferability and confirmability of the findings were ensured by the multitude of researchers involved in the coding process if thick descriptions emerged.

4. Findings

The findings revealed various drivers of and barriers to the introduction of digital technologies in SPSFs (Table 3). We also present the outcomes of the adoption of digital technologies in SPSFs by examining the service offering dimension. An overview of the drivers of and barriers to digitalization identified in the extant literature is provided in Figure 1.

4.1 Barriers

Six main barriers to digitalization in SPSFs – three internal and three external – emerged from the interviewees. The internal barriers were (1) organizational culture and aversion to change, (2) organizational processes and (3) level of investment. The external barriers were (4) customers' aversion to change, (5) fear of dependence on technological partners/providers and (6) lack of integration of activities performed with actor networks.

Dimension	Barriers	Drivers
Internal	<ul style="list-style-type: none"> <li>• Employees/owners aversion to change and organizational culture</li> <li>• Organizational processes</li> <li>• Level of investment</li> </ul>	<ul style="list-style-type: none"> <li>• Pursuit of efficiency and accuracy</li> <li>• Need to develop new competences and skills</li> </ul>
External	<ul style="list-style-type: none"> <li>• Customers' aversion to change</li> <li>• Fear of dependence on the technological provider/partner</li> <li>• Lack of integration of activities conducted with the network of actors</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with new regulations</li> <li>• Change in customers' needs</li> <li>• Interaction and benchmarking with other SPSFs</li> </ul>

**Table 3.**  
Summary of barriers and drivers



*4.1.1 Internal barriers.* One of the main barriers to digitalization was related to organizational culture. An aversion to change, characterizing both owners and employees, emerged as a barrier to digitalization. This was particularly related to the daily performance of tasks. Organizational culture was deeply rooted in factors such as the propensity to use technological tools, which, as noted by Interviewees 1 and 2, was related to employees' inclination (or reticence), education and disposition. Interviewee 12 reported that, in many cases, change was seen as a threat rather than an opportunity; therefore, it was crucially important not only to train employees in using the technology but also to *"work on developing people's soft skills, [...] including cognitive sensitivity and flexibility, emotional intelligence, ability to solve complex systems, and creativity, which influence performance."* Age-related aspects were also associated with organizational culture, as described by Interviewee 1:

[A factor that creates a barrier] is above all age. This is because employees may have been involved in the organization for 20–30 years and may have had minimal digital training and a low propensity to change. The obstacle may be related to who you have as collaborators and how easily manageable and user-friendly a particular tool is.

Other barriers were related to the internal organizational aspects and processes required to introduce new digital technologies. The interviewees highlighted the direct and indirect investments needed to obtain such technologies. Hardware and software, physical and digital storage media and updates entailed direct monetary costs: *"I've always been interested in the cloud, which I still don't have because of its high cost – prohibitive, as far as I am concerned"* (Interviewee 2). Another barrier was related to the learning required to use such tools, which also required time and resource investment:

[Standardizing processes and shortening processing times] required time to learn new things, new processes, [...] stopping for a moment to learn new software rather than wasting that half hour—one hour to teach the client how to install an application to communicate with the firm or teach them how to extract an account statement in Excel format [...], so let's say we teach ourselves first and then the clients. (Interviewee 3)

*4.1.2 External barriers.* Like organizational members' aversion to change, clients' aversion to change represented another barrier. Interviewees related this to clients' culture and ages. According to Interviewee 4, for instance, *"25–30-year-old clients move quite easily on digital. When I ask them to email me all the invoices, I have them in 10 min [...] With 60-year-old clients, if you want the invoices, you have to go and get them yourself."* They also related it to the size of the clients' businesses: *"When it comes to micro, small, and medium-sized enterprises, this culture needs to be developed a little"* (Interviewee 2).

Another external barrier was related to the need to find a technology provider/partner to implement the digitalization process. While technological innovation in SPSFs was prompted by software and hardware providers, SPSFs were increasingly losing control of these activities, as they could be undertaken by clients thanks to automation. This made SPSFs increasingly dependent on such technological tools. The perception of being tied down depended greatly on the type of use and daily activities conducted by an SPSF, which in this case made the technology provider become a real partner. This complex relationship was reinforced by *"the process of 'loyalization' that they [technology partners] implemented with our clients through us. [...] If they wanted, they could offer accounting activities from start to finish"* (Interviewee 13).

A third external barrier was the lack of integration with the various activities that needed to be performed by professionals. This was related to the substantial inability to create a system linking the actors involved and to foster innovation within a *modus operandi* developed over time:

Some things are still analogue, and the age of some clients does not allow innovative things, such as video conferences, document scanning, reception, etc. Also, the institutions (Government)[...] have digitized all the practices a bit, but they are very complicated. [...] For example, it takes two to three

days to do a common practice of starting an activity, and once with two hours I filled out the model, I went to the municipality and presented it. Ironically, it took less time using paper (Interviewee 10).

Another interviewee described the relationship with the institutions and partners with whom the professionals came into contact daily as follows:

I do not think there are great things to do – that is, it does not depend on us; it depends on what the institutions ask of us – and I am referring to the Revenue Agency. [...] If we have not yet eliminated paper, this is the reason! (Interviewee 5)

#### 4.2 Drivers

Drivers of digitalization processes in SPSFs were related to competitive, environmental and technological factors that could trigger “*a profound process of change*.” Five main drivers – two internal and two external – emerged from the interviews. The internal drivers were (1) the pursuit of efficiency and accuracy and (2) the need to develop new competencies and skills. The external drivers were (3) the need to comply with new regulations, (4) client transformation and (5) interaction with and benchmarking against other SPSFs.

**4.2.1 Internal drivers.** According to the interviewees, innovation through digitalization increased efficiency in terms of time and financial costs, accuracy, completeness and mistake avoidance regarding privacy and document and information traceability.

[Digitalization], in my opinion, means three things. First, having a recovery time in the field of archiving, which is fundamental [...] because with digitalization I can find a document without having a paper archive as long as I have organized it with standard traceability criteria. Second, resource sharing: if long ago I had a document in a drawer, that document is now on the cloud and is accessible to anyone. [...] Third, there is a reduction in physical spaces that generated no profit: once, my archive would have occupied 200 square metres, which did not produce any positive assets. This is in addition to transferability because we can all work from home (which we do). (Interviewee 7)

[A stimulus for digitalization is] the ability to respond to clients more promptly and comprehensively and to reduce paper archiving costs. We have three warehouses for paper-based documents, which are extremely difficult to use when needed. We must keep all documents for 10 years. [...] This is an inevitable change; in the future, it will all have to be computerized. (Interviewee 9)

A novel orientation correspond to subjects and firms that provide less “standard” services and more innovative services. These interviewees are focused and mention concepts such as process and value. These concepts, combined with the necessary transformation of the role of the professional accountant, it turned into a need for training, which was described as an important aspect of digitalization. Interviewee 1 pointed out that training could reduce the risk of missing opportunities.

Development or investing more in human resources [...] therefore, in the selection process; (b) in my opinion, today technology can be acquired without significant investment [...] so I return to the investment, which is a combination of human and machine (Interviewee 7)

We have increased training in using the software we have – I mean management software. [...] Software knowledge is important above all because its use depends on the degree of knowledge. (Interviewee 12)

**4.2.2 External drivers.** Many laws and regulations concerning SPSFs acted as drivers of digitalization. For example, in 2019, electronic invoicing became obligatory for all professionals in Italy, which was already compulsory for business exchanges with public administration. This directly influenced the work of all SPSFs, bringing them closer to other digital tools and impacting the type of activity offered. According to Interviewee 3, “[*Thanks to electronic invoicing, we enter an era of managing data rather than documents.*”

On the one hand, the legislative environment has been beneficial because it has led us to change the way we work. Electronic invoicing, for example, represents a great innovation because it has made our lives so much easier. But it is not only a problem of tax assessment; for example, in small businesses, you lose invoices because the customer does not deliver the documents. Electronic invoicing means going to the website of the Revenue Agency and getting them, so this has been the greatest positive revolution for us in the last 10 years. (Interviewee 14)

In this sense, electronic invoicing has accelerated this process [digitalization] because when you have platforms on which you upload the key documents related to management facts, registration becomes secondary because with good software, it can automatically pass from the platform to accounting. Therefore, you can dedicate your time to analysing these data and providing entrepreneurs with services that are more useful for their financial and economic planning. (Interviewee 8)

Digitalization was also accelerated by clients' changing needs and requests, pushing SPSFs to revise and innovate their service offerings. The interviewees predicted that this process would intensify in the next few years, thus making the most of "standard" services. According to Interviewee 12, the key element was to understand the market, the new tasks and the changing social contexts and then try to offer services and solutions that were smart, performant and positively impacted clients' perceptions.

I saw the so-called death of the accounting advisor, a figure who was in danger of being cut off from the market, 10 years ago. This is because companies' needs have changed dramatically compared to those of a few years ago. Entrepreneurs' questions are not the same as 10 years ago, but they are the same now: How can I respond to the crisis? Where can I invest? How can I improve the company's profits? (Interviewee 1)

If we start from the technology, we talk about buying software or hardware, but we are not innovating; we are just buying something which is very different! [. . .] Innovation does not lie in the technological tools used but in the type of service that we can provide to clients, perhaps anticipating their requests. (Interviewee 3)

The last external driver emerging from the interviews was related to interactions with other accounting firms in the SPSFs' networks. Interviewee 15 reported the firm's attempt to cooperate with a network composed of a dozen selected firms: "*We are part of a network of firms with which we have frequent consultations on emerging issues, internal organization, and strategic choices.*" (Interviewee 15)

### 4.3 Organizational tensions

4.3.1 *Intra-organizational tensions.* Intra-organizational tensions were mainly related to (1) organizational culture and (2) organizational processes. SPSFs' organizational culture was characterized by organizational tensions related to the combination between an innovation orientation and resistance to change, which affected the digitalization process. This duality could be disentangled mainly in terms of the firms' owners'/senior partners' and employees' behaviours. In general, owners/senior partners seemed to be more aware of the need to innovate and pursue digitalization. Conversely, resistance to change was mainly related to employees' lesser propensity to innovate and to learn new digital tools. In this respect, the role played by professional leaders within the SPSFs was pivotal due to a potential misalignment between employees in terms of digital readiness, training and vision. As Interviewee 12 put it, "*The important thing is that the leader is effective and recognized and not just a boss.*" According to Interviewee 3, "*One of the statements that I do not tolerate from my collaborators is 'I did it this way because it has always been done this way!'*"

Another source of intra-organizational tension was related to the main organizational processes in SPSFs, which were characterized by the desire to pursue greater process

standardization while maintaining informal and flexible internal interactions. On the one hand, digitalization was a key factor in the standardization of procedures and processes that enabled higher predictability and accuracy in accounting-related activities. This became apparent when remote work was implemented during the Covid-19 pandemic. On the other hand, greater standardization through digitalization seemed to have a negative impact on the typically informal interactions in the office, as well as on more strategic meetings necessary to maintain problem-solving capabilities and ensure appropriate timing.

According to Interviewee 14, digital technologies were especially worth the investment in the case of operational activities deemed standardized/routinized and of low value added, such as accounting processing, communications and information exchange with public organizations, especially the Revenue Agency and courthouses. According to Interviewee 12, *“Even commodity activities, if organized intelligently and innovatively, can be attractive and make the difference because, in the end, clients choose one firm over another because it is more organized.”* Conversely, internal strategic meetings and collaborations, consultancies and activities with higher value added, which required greater professionalism, did not require but were rather hampered by digital technologies. In this case, face-to-face meetings and informal contacts were preferred over digital tools.

*4.3.2 Inter-organizational tensions.* Inter-organizational tensions were mainly related to relationships with digital technology providers, other accounting firms and clients. Digital technology providers played an increasingly important role in the digitalization processes of SPSFs, which generated organizational tensions in terms of interdependencies. On one hand, they offered solutions for a variety of needs with various degrees of complexity and complementarity. They also provided advanced services to facilitate digitalization, such as cloud services. Thus, the role of digital technology providers shifted from suppliers of products/solutions to (digital) innovation partners. This was welcomed by SPSFs, as they had limited knowledge and time to devote to the digitalization effort and therefore needed a supportive partner able to respond to all emerging needs, often linked to new – often unexpected – governmental fiscal and accounting regulations. On the other hand, the consolidation of these partnerships was viewed with some fear, as SPSFs could become excessively dependent on digital technology providers and their IT architectures, undermining their well-known flexibility. According to Interviewee 15, *“We are firmly tied to our technological partner. If changing technological providers seemed difficult 20 years ago, it is impossible today.”* Interviewee 13 also noted the impossibility of changing technological providers due to the increasing dependence of SPSFs’ internal processes on the software and management systems provided and managed by these providers.

Inter-organizational tensions also emerged in SPSFs’ interactions with other accounting firms. SPSFs engaged in increasingly complex accounting and consulting activities that required advanced digital technologies because of the wide variety of client needs necessitating different types of business and professional expertise. Due to their limited sizes and resources, SPSFs tended to exploit the business networks in which they belonged to establish partnerships with other accounting firms in various activities, including digitalization processes. However, cooperation was often limited because of the fear of losing clients due to other SPSFs’ opportunistic behaviours. Interviewee 15 explained the importance of being part of a network of accounting firms to consult on common issues but also highlighted that *“despite the repeated efforts we made to share the services offered, cooperation was mostly limited to active benchmarking and dialogue and rarely took the form of collaboration on services and the processing of practices.”* Indeed, there was a common fear that collaborating with other SPSFs and sharing best practices might lead to opportunistic behaviours and increased competition, posing the risk of losing clients.

Another source of inter-organizational tensions was related to interactions with customers. Digitalization solutions offered increased process efficiency, as they enabled accurate

accounting operations in less time and allowed the automation of most operational interactions with clients, eliminating the need for physical meetings, thereby saving time previously allocated to business visits. According to the interviewees, digital technologies provided new ways to contact and manage relationships with clients. As Interviewee 15 noted, *“Technology has greatly facilitated information exchange without undermining the relationship with clients.”* SPSFs learned how to flexibly use a variety of digital tools, such as video calls, email and social media, to adapt digital communication patterns to the needs and habits of diverse clients, including freelance professionals, small and large firms, and non-profit organizations. A related issue was the fact that the effort to learn and modify the internal processes of SPSFs was also transmitted to clients, who took advantage of the digitalization of their accounting and tax consultancy providers to innovate their own processes:

An innovative commercial studio follows the needs of customers, trying to digitize, perhaps avoiding everything that concerns the traditional contact with the client [. . .] – that is, trying to digitize the client too [. . .] look for a way to explain it to the client too. (Interviewee 6)

A great effort is being made to focus on collaboration with the client [. . .], educating, teaching, or – better – giving the client the tools to provide us with data so that they also have a correct return. [. . .] The result is that we can standardize processes and work faster, and the client gets an immediate result, so we shorten the processing times. [. . .] We learn first and then teach clients how to do it. (Interviewee 3)

However, this increasing propensity and ability to use digital tools was combined with the need to maintain an open and informal dialogue with clients – often small-sized firms – which still relied on physical personal interaction and expressed the desire to “keep in touch” with their professional advisors. This was due to some clients’ willingness to complement digital exchanges with personal control over specific accounting operations and the awareness of many SPSFs that their competitive advantage over large competitors still depended on reciprocal trust and personal commitment to clients. This relational approach remained valuable in the case of small client organizations. As Interviewee 15 noted,

These customers are connected to us only through the service and not through personal relationships with the firm’s personnel. It is easier for them to change and evaluate us exclusively on the service provided. Without a personal and informal relationship, you become the mistake you make in the service. Thus, the use of technology inevitably requires the development of relationships with clients.

*4.3.3 Organizational tensions related to the service offering.* The interplay of intra- and inter-organizational tensions due to digitalization processes had a relevant impact on SPSFs’ service offerings. The adoption of digital technologies paved the way to the standardization and more efficient management of the main accounting services, with a subsequent reduction of expected operational times and increased accuracy in completing them. This seems to have led SPSFs to undertake changes in the management of their service offerings along two alternative and, in some cases, coexisting paths: (1) innovation in basic accounting services and (2) expansion of service offerings to consulting services in accounting and other business domains. The smaller PSFs devoted resources to digitalization mainly as a tool for increasing standardization and efficiency, thus innovating their approaches to basic service offerings. For some SPSFs, the emerging challenge was to follow a more complex path towards offering consulting services, as customers increasingly required them due to their own market and managerial difficulties. Interviewee 2 believed that technology and digital interconnection would play a fundamental role in this transformation, leading to *“a new type of consultancy that looks at companies’ deep problems, [. . .] above all, the financial aspect, since here with us, locally, there is not such a strong culture, especially in corporate strategies, where there is everything to build.”*

Thanks to digitalization, traditional services were provided in a different way, and at the same time, new services were created. The new way of providing traditional services generated an increased awareness that a reallocation of temporal, spatial, and human resources to other activities would be required in the future, as *“the same service can be offered by connecting with clients in different ways”* (Interviewee 1), and *“[innovation is] when information can be produced and documents can be delivered to customers digitally. But I am already doing this. It’s just a question of time management rather than innovation, [...] providing digital support to the client, but it is mainly about accurate time management.”* (Interviewee 10)

The creation of new services had a clear connection with the typology of technology adopted by each SPSF. For Interviewee 9, for example, *“Innovation is IT support, databases, being able to connect when I am at the client’s, when we are smart working (now it is mandatory, but we did it before as much as we could) – video conferences, telephone connections, etc.”*

The emerging tensions are summarized in [Table 4](#).

### 5. Discussion and managerial implications

Our empirical findings highlight barriers, drivers and organizational tensions (see [Tables 3 and 4](#) for a summary) related to the undertaking of digitalization processes by SPSFs. In this section, the main drivers and barriers identified in the exploration of digitalization processes are discussed in light of the literature presented in [Section 2.2](#) and summarized in [Figure 1](#). The findings suggest that organizational culture and processes play a key role in shaping the digitalization processes of SPSFs. This is in line with the literature emphasizing the lack of propensity and ability to embed new technologies and the predominance of a compliance focus among PSFs ([Das et al., 2017](#); [Fielt et al., 2018](#); [Pemer, 2021](#)). Our analysis highlights the difficulty of creating synergies between the existing activities/routines and the digital solutions to be implemented. This barrier plays a more prominent role in the case of SPSFs due to their limited size and scarcity of resources, as implementing digital technologies requires allocating time for learning new procedures, modifying existing ones and then sharing them with clients. The same applies to the required level of investment in digital technologies ([Kronblad, 2020](#)), as for SPSFs, digital tools, such as cloud services, hardware and software updates, entail high direct and indirect costs related to the training and learning activities required.

[Tomo et al. \(2021\)](#) highlighted the threat of overreliance on external consultants for PSFs’ digitalization processes. Our empirical findings confirm this barrier in the case of SPSFs due to their limited knowledge and time they can dedicate to the digitalization effort, which leads

Level of analysis	Emerging tensions
Intra-organizational tensions	<ul style="list-style-type: none"> <li>• Exploring new organizational processes vs exploiting existing organizational processes</li> <li>• Pursuing process standardization vs maintaining informal/flexible interaction</li> </ul>
Inter-organizational tensions	<ul style="list-style-type: none"> <li>• Need for digital technology partners vs fear of technology supplier dependence</li> <li>• Search for cooperation vs fear of opportunistic behaviour in relationships with other professional firms</li> <li>• Search for standardized exchanges vs maintaining informal/flexible interaction with customers</li> </ul>
Organizational tensions related to the service offering	<ul style="list-style-type: none"> <li>• Innovation in basic services offering vs diversification towards advanced/consulting-based services</li> </ul>

**Table 4.**  
Main tensions in digitalization processes of SPSFs

to high interdependencies and to the risk of giving up their flexibility. Moreover, our results provide new insights into the indirect impact of this barrier: processes related to technology automation and client “loyalization” triggered by the intrinsic characteristics of SPSFs pose the risk of losing control of a range of basic accounting operations that might be increasingly performed by clients themselves.

Regarding drivers, the extant literature highlights the enabling role of client demand and the impact of relationships with external partners (Tomo *et al.*, 2021). Our analysis emphasizes the pressure placed by clients’ changing needs, which plays a key role in promoting new orientations for SPSFs. In this sense, digital technologies are understood by SPSFs as means of providing a novel type of service that can respond to clients’ needs. The increasing complexity of such consulting activities – also in relation to digitalization processes – pushes SPSFs to explore relationships with external partners who have different business and professional expertise.

An enabling factor that has not been considered in the literature on PSFs is the impact of rules and regulations on digitalization, which appear to compel SPSFs to adopt digital tools, thus shaping the context in which they operate. While the ever-changing regulatory context in the fiscal and accounting fields represents a challenge for SPSFs, compliance with new rules can accelerate digitalization and improve the way in which they provide services.

Our findings show that digitalization processes create a higher level of complexity, which SPSFs need to manage. This increased complexity (Gaim, 2018) emerging from the interplay of the drivers and barriers discussed above generates various tensions (Galvani and Bocconcelli, 2022) at the intra-organizational, inter-organizational and service offering levels. At the intra-organizational level, SPSFs face two types of tensions: (1) *exploring new organizational processes vs exploiting existing organizational processes* and (2) *pursuing process standardization vs maintaining informal/flexible interactions*. These tensions reflect the features of SPSFs’ organizational culture and owners’ and employees’ attitudes (Pemer, 2021). Regarding the former tension, digitalization can pave the way for more than incremental innovation (Kronblad and Pregmark, 2021), which can be addressed in a reactive or proactive way. If SPSFs tend to be reactive, digitalization may be more difficult and less linear, posing the risk of not fully exploiting the potential of digital technologies. This is apparent in the case of digitalization driven by changes in the regulatory context. If, on the other hand, SPSFs follow a more proactive approach, their awareness of the role of digital technologies is higher, their search for appropriate solutions is more active, and their implementation is planned in a more coherent way within the specific organizational and business context of each SPSF. Regarding the latter tension, greater standardization of organizational processes can help improve efficiency and accuracy (Kronblad, 2020), which are key factors in SPSFs’ performance. Pursuing higher efficiency needs to be combined with the limited financial resources of SPSFs, which are reluctant to undertake high investments with uncertain economic and financial results and bear the indirect costs associated with digitalization, including training and learning activities, as well as the costs related to technology updates. Despite this strong drive for standardization, however, our findings show that SPSFs still value informal internal interactions and exchanges, as they can guarantee tacit knowledge flows and flexible problem solving, which are distinctive features of SPSFs (Lowendahl, 2005; Tomo *et al.*, 2016, 2021).

Our empirical findings reveal three main inter-organizational tensions: (1) *need for digital technology partners vs fear of dependence on technology providers*, (2) *search for cooperation vs fear of opportunistic behaviours in relationships with other firms* and (3) *searching for standardized exchanges vs maintaining informal/flexible interactions with clients*. The first two tensions stem from SPSFs’ need to upgrade digital resources and knowledge. The urgency and complexity of digitalization require a careful assessment of the features and benefits of digital solutions and the characteristics and difficulties of their

implementation. These priorities lead SPSFs to search for partners, such as providers of digital solutions (as sources of technological resources and specialized consultancy) and other PSFs facing similar digitalization-related challenges (as sources of advice or horizontal partnerships in shared digitalization projects). While SPSFs are used to engaging in networking to achieve their business goals (Menelec and Jones, 2015; Nolan and Garavan, 2019), these types of relationships lead to “coopetitive tensions” (Smiljic *et al.*, 2022), as they increase their dependence on technology providers and expose them to opportunistic behaviours on the part of other professional firms. Thus, digitalization processes – which require specific resources and advanced competences – create additional complexity due to the ambiguous nature of cooperating with other organizations, often in asymmetric power relations.

At the inter-organizational level, a key factor is the nature of interactions with clients, which is characterized by the emerging organizational tension related to *searching for standardized exchanges vs maintaining informal/flexible interactions with clients*. Digital tools enable the standardization of this type of processes, allowing for better work organization and time management, thus increasing efficiency. However, SPSFs’ clients – often small firms – are used to informal and interpersonal interactions and tend to prefer trust-based relationships with their professional service providers (Kolvereid and Amo, 2019; Tomo *et al.*, 2021). Thus, SPSFs need to manage the organizational tensions caused by the duality of standard and informal approaches to interacting with clients.

Digitalization is also a source of organizational tensions related to service offerings (Fielt *et al.*, 2018; Nissen *et al.*, 2019), as SPSFs face a dilemma between *innovation in basic service offerings* and *diversification towards advanced/consulting-based services*. This type of organizational tension, which – as previously discussed – is to a great extent due to the changing market and regulatory contexts, is common among PSFs. However, the “high road” towards offering consulting services is widely recognized but still only partially implemented by SPSFs, which seem to struggle to find the right service offering mix, as the overall technological, business and regulatory context is continuously evolving. Consequently, SPSFs face a constant tension between innovating their basic accounting service offerings and developing the capabilities to offer consulting services.

Our findings have managerial implications for SPSFs. First, SPSFs should be aware of the various organizational tensions caused by digitalization. They need to adopt a “tension” mindset and practice (Gaim and Wählin, 2016), as tensions are a constant feature of digitalization itself, driven from competing demands. This can help SPSFs overcome the “either/or” approach (Smith and Lewis, 2011), which can limit their digitalization options. Second, SPSFs should devote time and resources to assessing and managing the adoption of digital technologies and pursue a more proactive – thus, strategic (Tomo *et al.*, 2021) – approach. This implies addressing knowledge and skill gaps at both the owner and employee levels, which may impact employee relations. Besides digital solution providers, adopting new digital technologies and upgrading knowledge and skills can be supported by a trusted “third” actor (Gaim, 2018) – an internal or external consultant who can facilitate the multifaceted digitalization processes. Third, it is apparent that a new combination of standardization and informal interactions within and outside firms is required. SPSFs should be aware of how, when and where to use digital tools without sacrificing flexibility, customization and personal interactions (Kolvereid and Amo, 2019). Lastly, it is time for SPSFs to face the “death of the accounting advisor prophecy” – as is known among accounting professionals – to assess and revise their service offerings and introduce value-added services that match their own capabilities and skills and meet their clients’ needs. This may require developing new practice areas by hiring new qualified personnel or establishing partnerships with specialized PSFs.



## 6. Conclusions

Our analysis of drivers, barriers and organizational tensions related to the digitalization processes of SPSFs makes two main contributions to the literature. First, answering *Tomo et al.'s* (2021) call, it addresses a significant research topic – given the important role of SPSFs in the economy – that has thus far received scarce attention in the literature on PSFs. Second, it explores the digitalization processes of SPSFs by adopting a multilevel framework that considers the intra-organizational, inter-organizational and service offering dimensions and focuses on the main emerging organizational tensions, in line with recent research on digitalization processes (*Galvani and Bocconcelli, 2022*).

Notably, this research reveals three key patterns. The first pattern is that SPSFs are increasingly aware of the opportunities and challenges of digitalization, whose combination creates organizational tensions. This awareness is related to their nature as “knowledge-intensive” firms (*Von Nordenflycht, 2010*), despite their small or medium sizes and limited resources. However, this awareness has only partially paved the way to decisions and actions, as the digitalization context is complex and constantly evolving. The second pattern is the pursuit of efficiency and accuracy by exploiting “traditional” – flexible and informal interactions within the firms and with clients and partners – and “new” competitive factors – the opportunity to offer more advanced services. This leads to the emergence of “selective digitalization,” which is shaped by both reactive and proactive approaches, depending on the innovation orientations of both the owners/senior partners and employees of SPSFs. The third pattern is a gradual shift in the boundaries of organizational processes due to digitalization, which requires a different kind of “network governance” (*Galati et al., 2021*). SPSFs – traditionally oriented towards operating in networks while maintaining their autonomy – increasingly involve other actors, such as digital technology providers, clients and other PSFs, in interaction processes, leading to “cooperative tensions” (*Smiljic et al., 2022*) that are difficult to manage.

This study has certain limitations. One limitation is that we considered technology in a general sense, despite the complexity of the technology ecosystem. Another limitation is that we investigated a specific category of SPSFs – those providing tax/accounting services – which may affect the generalizability of our results. Different results can be expected for more IT-based or less knowledge-intensive sectors.

As our study was based on a qualitative methodology, we encourage future research to validate our findings with diverse samples and dimensions or quantitative methods. Moreover, as our analysis was based on data obtained from interviews with SPSF owners and employees, future research could focus on clients’ reactions to the increasing digitalization of SPSFs. Future research may also investigate the longitudinal impact of digital technologies on the transformation of the SPSF business model and examine in greater detail the emerging “connective professionalism” (*Pareliussen et al., 2022*).

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