Reinserting the professional into the study of globalizing professional service firms: the case of law

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Abstract *In discussions of the globalization of professional service firms there is an increasing recognition that understanding the 'social construction' of organizational architectures is essential. In this article we argue, using the management of transnational law firms as an example, that to understand effectively these social constructions we must reincorporate an understanding of the principles of professionalism into discussions. We highlight the importance of occupational autonomy to professionals and how this is likely to influence the strategies that global professional service firms use. We also point to what we term the 'varieties of professionalism' and the spatially variable professional projects that underlie the values and identities of lawyers. This reveals the way rational and efficient forms of organizing have to be adapted as a result of professional values and the diverse ideals and beliefs of lawyers in different international jurisdictions.*

Globalization, and the emergence of transnational corporations, has posed a range of challenges in terms of the organizational architectures of firms. The globalization of service firms over the last two decades clearly illustrates this trend (Aharoni 1993; Daniels et al. 1988; Enderwick 1989). Occupations ranging from retailers (Wrigley et al. 2005) to temporary staffing agencies (Ward 2005) have set about establishing overseas subsidiaries. Perhaps of most significance has been the globalization of a number of professional industries, exemplified most prolifically by accountancy firms and more recently by the newly emerging cadre of transnational law firms. Intricately wrapped up in the globalization process as 'lubricators' of global economic activities

(Dicken 2003), these global professional service firms (PSFs) are now involved in all the major cross-border corporate deals and operations that dominate discussions in publications such as *The Financial Times*.

In the earliest stages, the emergence of a *multinational* configuration was noted in transnational service firms (Daniels 1993). Their respective headquarters controlled the new outposts of predominantly US and UK originating companies and leveraged competitive advantages developed in the home country of the firm. Consequently, overseas branches primarily catered to the needs of existing clients as they themselves globalized. By contrast, it is now increasingly recognized that *new* forms of competitive advantage have to be generated through globalization. Bartlett and Ghoshal (1998) describe how *transnational* forms of control are based on inter-subsidiary and subsidiary headquarters consultation and collaboration that informs innovation, decision-making and strategy. As has been described in relation to law firms, this can take the form of inter-office collaboration, knowledge sharing and learning (Faulconbridge forthcoming) as well as cross-referrals of work and the inter-office mobility of employees (Beaverstock 2004). Implicit, yet not always central in discussions of such contemporary organizational architectures, is acknowledgement of their social foundations. For example, Jones (2002) draws our attention to the fact that diffuse, transnational modes of control and power mean 'global corporate strategy is a negotiated and fluid phenomenon that emerges … from a continual process of discussion' (Jones 2002: 346). Such negotiations are inevitably politically charged. Bartlett and Ghoshal (1998: 204 original emphasis) point out that chief executives who are successful at managing contemporary TNCs are those 'concerned with the perceptions and behaviours of *individual managers* within the organization, trying to ensure that they share an understanding of the company's purpose and values, an identification with broader goals, and commitment to the overall corporate agenda'. Hence, for Morgan (2001), managing a transnational firm is a delicate process that involves negotiating the construction of social, relational spaces and communities that facilitate managerial coordination and control.

In this article we use the management of transnational law firms to point to what we see as a surprising void both in these 'socially sensitive' approaches to the analysis of global PSFs (for example, Jones 2002; Morgan 2001) and in more normative theories of recent organizational change (for example, Cooper et al. 1996). These literatures acknowledge the difficulties of implementing the hierarchical, efficiency-led management systems used in many TNCs and the lack of HQ-led coordination in PSFs. However, they often struggle to account for this peculiarity, in part because they try to explain the globalization and management of PSFs using theory developed through the study of manufacturing organizations and without consideration of the peculiarities of professional behaviours and norms. Therefore, here we use empirical data collected through interviews with lawyers working for transnational law firms to begin to explain how the agency of reflexive and spatially heterogeneous professionals compromises the archetypal transnational organizational form in PSFs. In particular, we show that the peculiarities of professionalism as an occupational principle (Freidson 2001; Mintzberg 1983; Raelin 1991) mean that

lawyers, as professionals, demand autonomy in their work and input into the strategic direction of the firm. This prevents most forms of hierarchical, top–down management, makes global coordination of the firm more difficult and makes negotiations cumbersome as all partners seek to contribute to decision-making. In addition we show how spatially variegated, institutionalized professional projects create nationally contingent work behaviours, beliefs and ideals. The latter is what we term the 'varieties of professionalism' (Hall and Soskice 2001; Whitley 1998) and what others have called the national system of the professions (Burrage and Torstendahl 1990). Combined, this means that not only are negotiations relating to the organization and coordination of the firm awkward to manage but also that agreement about management strategy is hard to reach as the principles and work-related beliefs and ideals of lawyers vary between offices. It is our contention that understanding these characteristics and effects of professionalism might provide more intricate and insightful analyses of the globalization of PSFs and explain the unique organizational forms used by globalizing PSFs, their spatial variability and consequently their often suboptimal, irrational and idiosyncratic nature.

The rest of the article continues over five further sections. In the next section, we explore the different ways the globalization of PSFs has been theorized and documented and, in particular, why 'socially sensitive' analyses have been called for. In the next section, we then suggest that such 'socially sensitive' analyses might benefit from the incorporation of understandings of professionalism and its affects on the organizational structures of global PSFs. Here we elaborate on the idea of 'national varieties of professionalism'. In the two sections after that, we then explore original empirical material that highlights the peculiar management strategies used in global legal PSFs (consultation and consensus) and the way professionalism and its spatial varieties create fragmented organizational forms that are anomalous compared with those used in many manufacturing firms. In the final section, we offer some conclusions and call for further consideration of the nature and effects of professionalism in a range of industries and the implications of this for the all-encompassing use of the term PSF.

Globalization and the changing PSF

There is much debate about the exact meaning of the term PSF (for example, Alvesson 2004; Lowendahl 2005), something we do not want to become overly embroiled in here. Instead, for the purposes of this article we use PSF to refer to firms employing professionals, as defined in the strictest sociological sense. This means industries in which entry and practice is closely regulated as part of a professional project, something that creates shared identities and values for all in the profession (Burrage and Torstendahl 1990; Freidson 2001). This usually refers principally to accountants, architects, lawyers and medical doctors (Broadbent et al. 1997) and not some of the other industries (like advertising or management consultancy) classed as PSFs because of the bespoke and knowledge-rich characteristics of the services they provide. As we show below, deliberately using such a strict definition, something

others including ourselves have not done in the past, is significant and has important implications for the way we use the term PSF. However, this also means that we should be careful not to over-generalize from our findings. Our data pertain to globalizing law firms. This can begin to inform discussions of other professional industries because of the principles of a formalized education system, market closure and self-regulation shared with accountancy, architecture and medicine. Many of the organizational challenges law firms face have been, or are currently being, faced by these professional occupations. However, law is also potentially different in many ways from these other professions. We, therefore, use the case of law to support our call for wider studies of all professions as a pressing research need and return to definitional issues at the end of the article.

Away from such definitional concerns, interest has been shown across the social sciences in, broadly defined, the globalization of PSFs (Aharoni 1993; Brock et al. 1999; Cooper et al. 1996; Daniels 1993; Lowendahl 2005). Interest in law firms is one of the most recent preoccupations because of the relatively late globalization of these firms. While the first transnational law firm, Baker and McKenzie, began opening overseas offices in 1955 it was not until the late 1970s that others began to develop a coordinated globalization strategy. Thus, law firms have a significantly less pronounced global footprint than other professions such as accountancy (Beaverstock et al. 1999). The globalization strategy of these law firms (Table 1) is to target key financial centres and open offices where existing clients have business interests and new clients can be recruited. They seek 'to provide consistently high quality advice that combines technical expertise, and an understanding of the commercial environment in which our clients operate'. Thus, their strategy is to 'offer in-depth local knowledge and a uniquely global perspective'.[1] In effect, these law firms stitch together global deals by using transnational legal arrangements.

Table 1: Top ten transnational law firms by number of offices

Firm	Country of Origin	No. Offices (2006)
Baker & McKenzie	USA	69
White & Case	USA	39
Clifford Chance	England	34
Linklaters	England	31
Freshfields Bruckhaus Deringer	England	28
Allen & Overy	England	26
Skadden Arps Slate Meagher & Flom	USA	23
Latham & Watkins	USA	22
Jones Day	USA	18
Weil Gotshal & Manges	USA	16

Source: company websites

Rationalising globalization

In many ways, we can explain this globalization process by using existing scholarship. Here, the more intricate analyses have used Dunning and Norman's (1987) eclectic paradigm to theorize the logic behind globalization (Bagchi-Sen and Sen 1997; Beaverstock 2004). This reveals how one can explain globalization with reference to three forms of advantage gained through foreign direct investment (FDI). First, an *ownership advantage* arises when the unique assets of the firm, whether they are the knowledge of employees or the reputation accrued through years of high quality service provision, are leveraged overseas. Second, *location advantage* pertains to the payback gained from presence in a particular place or market. For instance, presence in a particular strategic location can generate significant benefits by supporting firm-wide innovation through the knowledge assets generated by key overseas offices (Faulconbridge 2006; Lowendahl 2005). Third, *Internalization advantage* arises when FDI rather than licensing or franchising allows control of service standards and delivery. Thus, in the contemporary PSF the aim is to create competitive advantage by organizing in a way that allows the assets held by one branch to be leveraged by all subsidiaries of the firm in a synergistic fashion. This, however, requires effective coordination strategies.

Managerial practices in global PSFs

One consequence of the globalization of PSFs is said to be the need to reinvent the organizational forms used to manage office networks. In particular, the abandoning of traditional organizational configurations of professionalism and partnership (P2) has been noted (Greenwood et al. 1990). In the P2 form, control and coordination are characterized by intimacy, informality, negotiation, compromise and collegiality. It has been suggested that firms are restructuring themselves around a new archetype, the Managerial Professional Business (MPB), where there is a 'significant refocusing of the professional organization towards the business and management values of efficiency, cost-effectiveness, central strategic control, and internally differentiated structures' (Brock et al. 1999: 219). In other words, new opportunities connected with globalization, deregulation and technological innovation are said to have triggered a *managerial* revolution and the emergence of new optimal forms of governance in firms that allow the centralized coordination of worldwide activities.

There should therefore be an expectation of global PSFs, according to archetype theorists (Brock et al. 1999; Cooper et al. 1996), such that a global PSF 'introduces, rationalizes and bureaucratizes the process of strategic planning' in order to create new competitive advantage across global office networks (Hinings et al. 1999: 141). This is expected to include the emergence of a dedicated managerial hierarchy, equipped with powers of imperative coordination, which can help minimize the disruptions caused by political negotiations between actors in different parts of the firm. Hybrid figures such as lead partners and managing partners are appointed and equipped with increasing executive powers. The former are given a 'strong responsibility for directing partners in other offices, setting fee levels and hours to be

worked' while the latter 'have responsibility for the business plans of their units and for the evaluation of other partners and all staff' (Hinings et al. 1999: 142). Such descriptions suggest a clear departure from the democratic, participatory and equalitarian traditions of the P2 form and recommend that functions such as billing, customer service, training, recruitment and quality assessment are extracted from the idiosyncratic and *ad hoc* approaches of individual professionals and administered according to official company-wide procedures and regulations.

There is little doubt that important changes have been taking place in the way law firms are managed as they have globalized. As Hanlon and Shapland (1997) describe, large law firms in particular have had to be reorganized to fulfil the requirements of ever more demanding corporate clients. In this context, growing commercial pressures and the realities of operating in increasingly large and complex organizations that can employ several thousand professionals are reconfiguring the work of lawyers. Our interpretation of this significant process, however, departs somewhat from the account offered by archetype theorists. In particular, we are sceptical about the extent to which such a wholesale, uniform and uncontested 'managerial' revolution has occurred and argue that, while work on archetype reconfigurations captures some important empirical trends, it is under-socialized, especially when compared with the body of literature reviewed below. As a result, it fails fully to recognize the role played by professional values, behaviours and identities in the organization of PSFs. Indeed, Gray (1999) suggests that the reflexivity of professionals in law firms and their resistance to the outright abandonment of traditional professional values are likely to restrict any change. Meanwhile, Flood (1999) argues that spatial variability (in his case between English and US lawyers) means that isomorphism and the adoption of homogeneous organizational forms and practices across space are unlikely.

We attempt to understand how reflexive *professional* agents have influenced the globalization of legal and other PSFs. When Morgan (2001:119) suggested that 'there is very little recognition that firms are social spaces with actors and rules that are socially embedded', he pointed to an increasingly troubling lacuna in research on global firms. Too often firms are positioned as 'black boxes', devoid of human subjectivities, agency and relationships (Taylor and Asheim 2001). Much corrective work has begun to rectify this issue in recent years (for example, Beaverstock 2004; Empson and Chapman 2006; Jones 2002) but often the insights gained do not percolate into wider theorizing relating to the management and organization of contemporary global PSFs. We, therefore, focus in detail on how an appreciation of the oddities of *professionals* as social actors, their professionalism and professional practice can help us understand the organizational forms adopted by PSFs.

Bringing the professional back into Professional Service Firms

A useful starting point in the search for ways to fertilize recent studies of PSFs with understandings of professionalism is through the insights provided by work on the sociology of the professions. The contribution of Terry Johnson (1972) represents a

key moment in the study of professionalism. His realization that professions are not always specific occupations *per se* but that they can also be groups adopting a particular method of organizing and controlling work helped free the sociology of the professions from its earlier taxonomic concerns. Professionalism is, thus, recast as a particular work organization method where the occupation itself, rather than 'consumers in an open market [entrepreneurship] or functionaries of a centrally planned and administered firm or state [managerialism]' (Freidson 1994: 32), retains control over work, ideally, including the social and economic methods of organizing and performing this work (Freidson 1970: 185–6). This autonomous form of working contrasts with alternative occupational principles, such as entrepreneurship and managerialism, where work is organized according either to contractual relationships in (relatively) open markets or through a rational-legal apparatus of formal regulations implemented through managerial hierarchies.

This distinction between different occupational principles provides us with an important reference point for understanding recent development in PSFs. Professional workers are not only bound by the rules of their employing organization but also by the standards, principles and objectives of their occupation, something they internalize after a long period of formal training and informal socialization (Montagna 1968). The most important point here is that professional values are not always reconcilable with organizational employment. Indeed, there is extensive research documenting the frictions and conflicts faced by professionals in bureaucratic settings. Work by Johnson (1972), Mintzberg (1983), Montagna (1968) and Raelin (1991) consistently suggests that professionals tend to resent supervisory arrangements and regard managerial decisions as 'arbitrary and inconsistent'. Consequently, there is a fundamental tension as managers expect professionals to follow organizational procedures and goals, just like any other employee, while professionals often struggle to reconcile their employment duties with the occupational principles and methods of their profession (Raelin 1991: 2). Indeed, more recently, Covaleski et al. (1998) suggest that transnational accountancy firms attempt to override these professional norms by using a socialization mechanism, whereby senior partners champion the benefits of managerial coordination and control of work. However, as they note, both socializers and socialized often resist this because of the persistence of professional ideals.

In addition, there is an extra layer of complexity associated with professionalism. Larson's concept of the *professional project* is particularly useful in understanding the foundations of important work-related norms, values and identities (Larson 1977). This, then, is the strictest sociological definition of professionalism and identifies the way professionalism can act as a socio-economic advancement strategy. Two features of professionalism are important here (Abel 1988).

Control over the production of producers (occupational closure): this represents an ensemble of technical, cultural and social requirements that limit access to occupational opportunities (and the various associated rewards) to a restricted circle of eligibles. Most commonly, this exists in the form of the registration requirements necessary to practice as a lawyer, architect or other formal professional. Registration is granted only to those meeting the clearly defined conditions of entry to the profession.

In particular, such closure allows professions to control the supply side of their market (Abel 1988) with the benefits being considerable as professionals can maximize the financial (and social status) rewards associated with their work while enjoying the possibility of reconciling supply and demand trends in their own markets.

Control over production by producers: the professional project is not only concerned with 'who produces the services but also [with] how they are produced, distributed and consumed' (Abel 1988: 177). This brings us back to the occupational definitions described above as existing regulations can help to isolate professionals from managerial coordination and rationalization.

The current organization of the legal profession (and accountancy and architecture) is, in Larson's terms (1977), the outcome of such a sustained occupational project. This is grounded and facilitated by a dynamic web of relationships between a number of distinct actors (Burrage et al. 1990; Nelson and Trubek 1992). These include:

- The s*tate* that can recognize monopolies, legitimize restrictive practices and, particularly in the common law world (namely England and the USA), grant an autonomous regulatory capacity.

- The *practicing professionals* who, through their actions and collective behaviour, apparently sustain a common identity or culture. Together, as described below, the interactions between professionals and the other actors listed here lead to agreement on the technicalities and modes of professional practice followed by all in the profession.

- *Educational institutions* reinforce the ideals of regulators and the practices of professionals by socializing a new generation of practitioners as they undergo compulsory regulated training. They also support evolutions in practice through the development of a coherent body of knowledge and provide the formal credentials that can support effective closure regimes.

- *Clients* define and legitimize professional practice through their demands and expectations.

This is important in our argument, for the interactions between these actors create regulated and institutionalized norms, values and ideals relating to professional work that are shared by those in closed, regulated and defined professional arenas. Moreover, these norms vary over time and space according to the shifting roles, interests, priorities and resource capabilities of the actors. This has important consequences for the characteristics of any one national professional project (Burrage et al. 1990; Larson 1977).

National varieties of professionalism?

The embeddedness of the global organizational networks of PSFs both in home and host countries creates added layers of complexity in the management of firms. As the main arguments in the varieties of capitalism literature highlight, approaches to the

organization of firms vary between countries because of nationally distinctive institutional settings. Hall and Soskice (2001: 13) argue that 'the institutions of a nation's political economy are inextricably bound up with its history in two respects. On the one hand, actions, statutory or otherwise, create them. On the other, repeated historical experience builds up a set of common expectations that allows the actors to coordinate effectively with each other.' In professional contexts, the nationally specific influences of the various actors involved in their professional project and the ways these socializing influences affect the early years of professionals' training and practice determine expectations and institutionalized norms. This, then, is what others have called the national system of the professions (Burrage and Torstendahl 1990; Lane et al. 2002) and what we term the '*varieties of professionalism*'. Nelson and Trubek (1992: 179) describe its effects on professionalism in law firms in the following way:

> lawyer professionalism is not a fixed, unitary set of values, but instead consists of multiple visions of what constitutes proper behaviour by lawyers. Conceptions of lawyer professionalism reflect 'the arenas' in which they are produced, that is, the particular institutional settings in which groups construct, explicitly or implicitly, models of the law and lawyering.

Law provides, then, an ideal case study to see how the influences of national professional projects affect the organization of globalizing PSFs. Despite moves towards transnational jurisdictions and institutions (Sklair 2001; Trubek et al. 1994), the legal profession is closely connected to the political and juridical system of its country of origin. After all, lawyers in their role as mediators and adjudicators of entitlements and obligations, make a fundamental contribution to those 'governmentality' networks that support independent nation-states and their capacity to govern. In other words, of the four agents previously identified, the state, which is arguably the least transnational in its orientation, exercises a particularly strong influence on the development of the legal profession, its work and organization. Inevitably, these strong local connections reduce the extent to which legal knowledge and practices can be reproduced across jurisdictions, while the differences between legal systems and cultures multiplies the scope for tensions, incompatibilities and misunderstandings within globalizing law firms. For example, Morgan and Quack (2005) note how such influences mean that German lawyers have traditionally been less entrepreneurial and business oriented than English or American lawyers. Space prohibits us providing further detailed examination of these variations (but see also Flood 1995; MacDonald 1995). The important point here is that it is necessary to develop analyses of how professionalism as an occupational principle and as a professional project influences the behaviour of all professionals working for globalizing PSFs and, related to this, the spatially fragmented nature of professional practice, systems and ideals. This will make it possible to understand better the forces constraining and determining the organizational forms used by globalizing PSFs. Below, we examine empirical material to make this case for law firms before considering the significance of these findings to other professional industries such as accounting.

Professionals and their influence on organizational forms in law firms

We base the rest of the article on a series of 25 interviews with partners in the London and New York offices of 15 of the top 20 transnational law firms by number of offices. Individuals held a range of roles, which are identified in the quotations used, and, significantly, all had experience of various aspects of the 'management' of global legal PSFs. London and New York were chosen as venues for the interviews for two reasons. First, the major globalizing law firms (Table 1) emerged from these two cities and partners in these offices often have extensive experience of the challenges of setting up overseas offices/practice groups. Talking to these individuals allowed the complexity of opening overseas offices that employ locally qualified personnel to be uncovered. Second, it allowed exploration of the challenges US and UK firms face when opening offices in one another's backyards. US and British business systems are often lumped together as one category – Anglo-American – because of the points of convergence that exist. However, this is especially misleading in relation to professional industries where as many differences as similarities can be identified (MacDonald 1995). While the well-known and less subtle differences between UK and German systems have been extensively explored (for example, Lane et al. 2002; Morgan and Quack 2005), variations within Anglo-American professional systems have received limited attention. We begin to rectify this issue here.

All interviewees were questioned about (a) the way the global legal PSF for which they worked was organized to create effective integration and coordination; (b) the distinctiveness of the approaches used and the reasons for this; and (c) the advantages/disadvantages of the forms of organizing used. Interviews lasted 50 minutes on average with all but two recorded and fully transcribed. The themes outlined below emerged as key issues in all the interviews completed.

Professional autonomy and transnational negotiations

Interviews suggested that lawyers entered the profession with the belief that autonomy over both ends (the type of work completed) and means (how work is completed) is necessary in the type of innovative, bespoke legal practice in which global law firms specialize. They became even more fervently wed to this belief over time. Consequently, it was suggested that management styles and systems must not impede the ability of individual lawyers, and partners in particular, to behave and work independently as 'responsible' professionals. As two lawyers described it:

> So in terms of initiatives to build a practice and build workflow, yes I do have a fair degree of autonomy. … Autonomy is extremely important to partners and there has to be a sense in which within the confines of a strategy of the office, practice group or firm, there must be a degree of autonomy where each partner acts.
>
> (5, partner, US law firm in London)

> I don't like being managed and want to have autonomy [but] It's important to be part of a firm and share resources because it allows you to do the most interesting work that otherwise you wouldn't be able to manage.
>
> (12, Partner, US law firm, London)

This suggests that the ideals of managerialism described in archetype theory are overplayed. Instead, professional values and logics remain in law firms. This does not mean global PSFs can operate without any form of management. Rather, as the quotations suggest, managerial approaches need to be colonized and adapted not only to allow coordination but also to maintain professional ideals. Different firms have adopted managerial approaches to varying degrees with some placing greater degrees of imperative coordination and control in the hands of senior/managing partners than others. This is the dilemma faced by those running global legal PSFs. Heavy-handed, hierarchical management that enforces policies, procedures and narrow strategy is likely to cause dissent and ultimately the departure of lawyers. As one interviewee said, 'my preference as a manager is that people consult me in advance so that I do not have to jump and try to implement something. It is awkward, it undercuts the other people, it doesn't make them feel very good if you do that' (8, head of practice group, London). However, too many degrees of *laissez-faire* control can be equally destructive. Consequently, negotiated forms of what one might call *organizational professionalism* are needed. This requires a unique approach whereby an inclusive form of consultation is used in the 'management' process that recognizes the value of professional autonomy but also the constraints that large-scale organizing brings. Table 2 provides details of areas interviewees highlighted as being subject to such forms of professional-sensitive 'managerial' coordination.

Table 2: Organizational challenges in global legal PSFs and 'managerial' responses

Challenge	Managerial approach
The creation of a corporate identity and reputation	Focusing of work on certain practice specialities that underlie the long-term strategy of the firm
Avoidance of conflicts of interest that hinder the acceptance of strategic work	Centralized control of client acceptance to ensure that any new clients will not create significant 'off limits' issues (like firms specializing in M&A are unlikely to accept a case in which a bank is sued because this will prevent them from representing a client using that bank in the future)
Effective leverage of knowledge and capabilities within the firm	Knowledge management initiatives, often at the practice group level, and the creation of expertise databases and forms of computerized knowledge management (for example, case review reports; blogs)
Maintenance of profits margins	All staff subject to formal review process that includes various targets and performance criteria

Source: Lead author's field-work

Despite the introduction of such degrees of managerial coordination in PSFs, the approach to developing and implementing organizational strategy continues to be unlike that found in most TNCs and certainly cannot be understood in strictly functional or efficiency-optimization terms (Ackroyd 2002). In hierarchical organizations, as most TNCs are, the chief executive surrounded by an executive board of directors makes strategy decisions, while managers at the branch level see to their implementation (Empson and Chapman 2006). By contrast, in law firms all partners (and partners represent at least one-eighth and up to half the workforce) are given the opportunity to contribute to strategic planning. This, in part, is a function of the partnership system. In effect, every partner is a co-owner of the firm and has an equal right to influence the way the firm operates. Indeed, the all-partner vote remains the ultimate sanction for changes to the organization of the firm. The day-to-day running of the largest firms is delegated to committees, typically at the practice group level. Through these committees, all partners are consulted about plans and strategy for the practice group of which they are a part. As one lawyer describes the management process:

> you cannot manage a law firm in the same way as you can in a corporation where there is a power structure and someone orders you to do something, and this is the reporting line, it just doesn't work. … What you do find at all levels within these structures, at practice group level or geography, is a process of ideas bubbling up, consultation coming down, well before you ever get to the decision level. … And you have a lot of 'low level' one on one consultation, not necessarily very formal consultation, where you are trying to identify and build a consensus before you ever put anything to a formal decision.
>
> <div align="right">(22, managing partner, New York)</div>

Those on committees have to be voted into the position they hold and a vote from fellow partners can equally have their limited authority removed. In effect, they represent rather than manage their peers when heading or chairing one of these committees.

Understanding these impacts of professionalism on PSFs is made all the more significant by the further complicating affects of the 'varieties of professionalism'. Together, the focus on partner autonomy in firms and cultural heterogeneity mean that orthodox forms of globally aligned organization become difficult. Instead, one needs reconstituted architectures to be responsive to the interests, values and aspirations of the powerful professionals who ultimately generate profit for the firm. However, this means that gelling the firm together and aligning the priorities of all the strategic workers can become difficult.

'Varieties of professionalism' and complex organizational forms in global legal PSFs

For globalizing legal PSFs, the effects of the geographically distributed and embedded office networks that reach across Europe, North American and Southeast

Asia exaggerate the challenge of managing professionals. The type of negotiation and consensus building alluded to earlier has to be sensitive to the norms, ideals and beliefs of professionals emerging from different national systems or what, as suggested previously, might be termed the 'national varieties of professionalism'. This dilemma is not particularly new and all globalizing PSFs have faced it. Indeed, when Baker and McKenzie, the original global law firm, opened its first overseas office in Caracas in 1955 and subsequently other offices in Europe it was recognized that the key challenge was the fact that:

> The firm had no blueprint to show it how to patch together a mélange of partners from every major culture, religion, race, and language group on earth … it had no model for whether to give local offices autonomy or weld them together in tight hierarchical structure. Compounding the problem of facing totally new issues, the personalities or the early partners sometimes created stumbling blocks. Many were highly individualistic and entrepreneurial men who rankled at any attempt to control the way they practised law.
>
> <div align="right">(Baumann 1999: xi–xii)</div>

One could argue that little progress has been made in the past 50 years to rectify this problem. As one lawyer put it:

> it happens all the time, you comment 'that is very German' or 'that is very American' or 'that is very British'. You do tend to recognize and see and comment upon it, but also understand and accept, the cultural differences. … And you can come to decisions and create consensus, recognizing that people are coming from different cultures and creating something that works across the cultures.
>
> <div align="right">(2, managing partner, UK law firm, London)</div>

Nearly all law firms have chosen to approach globalization through the creation of global partnerships, whereby all partners, wherever they are located, abide by the same partner constitution and have an equal input into the strategy of the firm. Perhaps one of the best examples of the challenge this can create is the recently demised Coudert Brothers partnership. This firm, which Beaverstock et al. (1999) identified as a leading globalizer, collapsed in 2005 after an exodus of partners from offices throughout the world. While there are multiple stories about the firm's demise, a significant element in the process was the inability of senior and managing partners to implement an organizational structure that recognized the need for partner autonomy and sensitivity to cultural difference, yet also the need for a strong centre that tied the firm together (*New York Law Journal* 2005).

At one level, the difficulties of this have been documented in relation to the challenges of managing different conceptions of lawyering in common and civil law traditions (Morgan and Quack 2005). In addition, more subtly and closer to the focus of this article, organizational and working arrangements in UK and USA originating

global law firms have also been shown to be distinct, creating challenges for firms when opening offices overseas and implementing 'home' country influenced strategies (see Table 3).

Table 3: The characteristics of US and English law firms and lawyers

Characteristic	US approach	English approach
Degree of specialization of firm	High – focused on a limited range of transaction types	Moderate – more 'complete service'
Coordination of activities	High levels of partner review, usually annually	Moderate – 'light touch' coordination with more informal reviews taking place biannually or at more infrequent intervals
Internal stratification	High – partner/associate (senior/junior) divisions marked	Moderate – partners and associates interact in a less formalized fashion
Managerial 'power' held by partners	Greater presence of an elite strata (partners with power) willing to enforce decisions	Management by consensus with even the most senior partners holding less sway and tending to be less authoritarian
Performance management	Ruthless 'up or out' mentality where associates' performance is closely monitored	'Up or out system' used, but performance standards less harsh
Training and staff development	Responsibility taken by a restricted circle of partners with many unwilling to spend time on training activities. Little or no use of professional support lawyers	Collegial responsibility taken on by all senior partners. Informal supervision through one-to-one mentorship system and office sharing. Use of professional support lawyers to provide training
Remuneration model	'Eat-what-you-kill'. Remuneration is tied to individual contributions	'Lock-step'. Remuneration is tied to seniority
Workload	Formal billable hours targets for various categories of employees. Targets in excess of 2000 hours per annum	Varies across firms but less reliance on formal targets. Targets where they exist are not as demanding as in the USA

Source: Based on Ackroyd (1996), Flood (1989) and lead author's field-work.

We can characterize UK lawyers, then, as being more collegial in their approach to management, practice and organization. The importance of seniority in remuneration systems, as well as the sharing of responsibility on key activities such as training and decision making, provides evidence of such a collectivist approach. This is in contrast with the more individualist style that typifies US-based firms. Similarly, UK solicitors seem to prefer more informal arrangements and methods, with less reliance on formal targets, procedures and mechanisms than their American counterparts. The reasons for such differences are complex but we can begin to explain them by considering the differences in the legal professional projects in each country. For example, the extent to which a large-scale, commercially orientated legal practice is permitted in England and the USA varied significantly until relatively recently. As noted earlier, for many years (since at least the late 1800s) US lawyers have had the freedom to develop commercial, megalaw, practices.[2] By contrast, in the UK the emergence of large, commercial law firms is a recent phenomenon. Regulation prohibited law firms from having more than 20 partners until 1967 and even then large firms failed to emerge until the mid-1980s, in particular being spurred by 'big bang' in London (Flood 1995). Consequently, the norms of professionals in law firms, and the values universities created and reinforced differ because of divergent expectations about the characteristics of professional work. Similarly, clients have different expectations of their lawyers.

These norms translate themselves into a heterogeneous set of practical arrangements that can cause all kinds of tensions when bought together in one firm. As the lawyer quoted above also went on to note, 'Our office in Bangkok cannot expect us to run it as a Thai law firm. Our office in Dubai cannot expect us to regard the Middle East as the centre of our universe because it is only 2 per cent of our business. … And the UK is in no way the major jurisdiction now, 40 per cent is UK, 20 per cent is USA, 30 per cent is in Europe, so it is really quite a diverse mix.' This complexity is a major challenge. It is recognized that having 'locally embedded' offices is important but this cannot lead to locally fragmented islands. This would be untenable in organizations that aim to provide globally aligned and integrated services. Consequently, somewhat idiosyncratic organizational forms are needed.

Organizing globally around multiple professional cultures

As a result of the issues described above, the organizational forms used by global legal PSFs exhibit unique spatial variegation and reflexivity towards the influence of the 'local' cultures within which they are embedded. As one interviewee suggested:

> Here you have one of the fundamental management dichotomies in managing large law firms. … Generally, the practice group is given a high degree of autonomy as to how it manages its practice. So there will be steers from the global practice head that filter down but how we execute the game plan, who we think our targets are, how we implement them is totally down to us [locally]. … It is different from how you manage from a business services point of view, where it is much more centralized policy, much more output to

the region saying this is what you need to do. When it comes to partnership affairs, every member has an input with high involvement. So, the centre has to reach out to all the partners in all the offices to communicate things, so you get a persuasive mode.

(24, partner, UK law firm in New York)

This highlights, then, how in global legal PSFs a limited array of top–down, hierarchically controlled policies exist alongside numerous spatially variegated, locally peculiar and 'embedded' approaches that professionals control and dictate. Table 4 gives examples of how key operational, strategic and financial issues (Cooper et al. 1996) are dealt with in the legal PSFs studied using such an approach.

Table 4: Management strategies in global PSFs and their mediation by professional practices and identities

Organizational challenge	Exemplary management issues	Approach used
Strategic	Conflicts of interest	Centrally managed conflict of interest checks and procedures that all lawyers have to follow in a uniform fashion
	Practice group structuring	A number of practice areas are defined as being 'firm-wide' and all offices have to specialize in these areas. The local organization of the exact types of work done within those groups and the types of speciality lawyers have are determined at the local level depending on local norms (for example, corporate litigation is always the biggest practice in the USA)
Financial	Remuneration models	Negotiated 'hybrid' forms used throughout the firm. These have to be acceptable in the two dominant remuneration cultures in global law firms – eat what you kill and lockstep – and reflect 'local' norms and expectations in each of the jurisdictions operated within
	Financial performance targets	Minimum firm-wide billable hours targets exist for partners and associates throughout the firm but each office monitors and enforces (with varying degrees of stringency) these as they see fit (for example, in the USA billable hours are expected to be much higher than the firm average)
Operational	Associate training and development programmes	Each office designs its own associate training and development programme

Source: Lead author's field-work.

Designing effective remuneration models for use in transnational PSFs is probably one of the best-known challenges associated with the varieties of professionalism (Flood 1995). The legal press have also extensively documented the differences that exist, in particular between the models US and UK law firms use (*The Lawyer* 1999, 2004; *New York Law Journal* 2005). In the UK, remuneration is normally determined using the lockstep system. This privileges years of service as the major variable in remuneration level. Its underlying ethos is one of teamwork and the model uses the ideal that seniority conflates with ability and contribution to the success of the firm. By contrast, in the USA the 'eat what you kill' model tends to dominate.[3] Here the major variable is billable hours charged to clients (namely profits made) and there is no relation to years of service. Lawyers 'compete' and are self-reliant in the sense that their salary is a direct reflection of their financial success in the past 12 months. These approaches reflect the differing and ingrained professional logics of lawyers in the two jurisdictions (Table 3) and can even be traced back to the socializing effect of law school where, in the USA, students are ranked hierarchically according to performance, whereas this is not the case in the UK. Consequently, when, for example, the lockstep is implemented in New York (or vice versa and the 'eat what you kill' model is used in London) this causes significant tensions. As one interviewee noted:

> One of the problems many firms are facing is that if you are in a lockstep you do not know anything else. And you jealously protect the system because it is part of your culture. And you are suspicious about systems that try to differentiate because it is counter cultural. In a performance-related culture, the problem is it tends to promote a star culture. And it tends to incentivize partners to become stars, which is not necessarily a bad thing, but it tends to be at the expense of collegiate and cooperative behaviour. So, there is a different in ideals between the two, and it can be very interesting.
>
> (2, managing partner, UK law firm, London)

Being 'interesting' has meant, for many English firms merging with US firms and implementing lockstep remuneration, the loss of many of the most skilled and respected lawyers in the US office. These individuals normally earn most in an 'eat what you kill' system and forcing them to accept lockstep normally causes so much ill feeling that they leave the firm and take their intellectual capital and rainmaking (profit generating) abilities with them. The legal press (*The Lawyer* 2004) has therefore noted that many firms have reverted to a type of reconfigured 'hybrid' model, as described in Table 4. This not only maintains global coordination and alignment of remuneration but also allows local embeddedness and sensitivity to professional peculiarities. So, for example, a number of English firms now use a modified lockstep that maintains years of service as the primary variable in remuneration but also adds in performance measures that can provide 'super points' to boost a partner's salary. These super points are used to reflect high levels of fee earning and are used most extensively in 'eat what you kill' jurisdictions.

This shows, then, that law firms continue to face a real quandary because of conflicting organizational/managerial logics and professional sensibilities. An alternative strategy to that described above is the logic many firms use for the management of training programmes (Table 3). Here it is recognized that a combination of different regulatory environments controlling training programmes for newly-qualified lawyers (defined by disciplinary enforcement bodies such as the Law Society in England) and the different cultural approaches to associate mentoring taken by lawyers, reinforced by the nature of university education, result in the need for locally-specific organizational approaches that cannot be replicated throughout the firm. Of course, this is the most extreme form of non-isomorphism and it creates even less centralized 'control' structures than in hybrid approaches. A limited degree of sharing of best practice and an inability to standardize training is the likely outcome. In organizations so reliant on the knowledge of their workforces this would seem paradoxical. It is, however, necessary because of the peculiarities of professionals who demand the autonomy to work in ways they see (culturally) fit.

Conclusions

This analysis of the impact of professionalism and its spatialities on the organization of PSFs returns us to our initial discussions of extant theory on the globalization and definition of PSFs. In terms of globalization, professional idiosyncrasies mean that ownership, location and internalization advantages are not necessarily as easy to exploit as the eclectic paradigm implies. As our analysis suggests, lawyers, as professionals, treasure the occupational principles of independence and discretion. This legacy of autonomy is reflected in a series of practices in transnational law firms such as the reliance on committees and the consensual approach to decision-making, something that interferes with the 'managerial' priorities of integration, expediency and efficiency often associated with successful globalization strategies. Existing studies of global PSFs have under-theorized these impacts of the employed professionals on organizational strategies and hence the problematic nature of attempts to transplant concepts developed from studies of manufacturing organizations to the study of PSFs.

We have also shown that the existence of spatially diverse forms of professionalism and professional projects hinder integrated organizational designs, coherent practices and that this results in variations in how professional work is defined, managed, evaluated and remunerated across national jurisdictions. This is what we refer to as the 'varieties of professionalism' and it has a dramatic impact on how the embedded relational networks PSFs use are organized and managed (Dicken et al. 2001). It means that bridging the cultural gap between spatially heterogeneous professionals and their values through negotiations is essential (Ackroyd 2002). This all points to the importance of fully exploring the spatial peculiarities of professionalism; something that has been neglected in recent times and not incorporated into discussions of the organizational forms of globalizing PSFs.

Out of necessity, the remit of this article is more to set a number of future research questions and highlight current empirical lacuna in relation to these topics, rather than provide substantive and definitive discussions. The example of accountancy firms shows why such a task is so important. As noted, these firms have a much greater geographical reach than law firms, and have been negotiating the challenges of professionalism for many years. We drew on the work of Covaleski et al. (1998) to highlight how these firms manage professionalism through attempts to socialize professionals into organizational logics. However, we know little about how the principles and values of professionalism vary compared with those described here for law and the complexity of the varieties of professionalism is not addressed in this work. The fact that accountancy firms remain national partnerships operating as jurisdictionally independent entities under an overarching corporate umbrella does, of course, mean that the challenges of the national varieties of professionalism will be different to law firms where global partnership agreements have to cater to the sensitivities of lawyers worldwide. Increasingly, accountancy firms have suggested they may adopt the global partnership mode, although to date there are few signs of movement in this direction, and the case study of law offered here might provides us with a conceptual lens through which to approach the study of this issue. Providing a conceptual frame for such research is, then, one of the main aims of this article.

This brings us back to the start of the article where we noted the importance of raising questions about how to define PSFs. It may be legitimate to question the broad use of the term Professional Service Firm and attempt to redefine the concept based on comparative studies of both 'traditional' professional industries (accountancy, architecture, law) and the so-called nouvelle professions (advertising, executive search and project management) with, in the case of management consultancy and accountancy, the two breeds coming together in one firm. It seems likely that we will find significant variations in the meaning and values of professionalism between these industries and, therefore, diverse management challenges. In such studies the distinction between occupational professionalism (the principle of autonomy) and professional projects and their associated actors and legacies seems likely to be important. We suggest that theorizing the identities, values and associated behaviours of professionals, in a range of organizational settings, should be based on under-standing these two dimensions, thus requiring in-depth studies of professionals and their values and how these, together with regulators, educational institutions and clients, negotiate historically and spatially contingent structures, configurations and practices. Here it might also be profitable to make links to debates on transnational governance regimes and changing institutional systems (Djelic and Sahlin-Andersson 2006; Morgan and Quack 2005). The way each profession, as a coherent group of actors, is or is not becoming global through the standardization of procedures, ideals and norms and the mechanisms behind this (including the role of TNCs as drivers of change and national institutions as resisters or enablers of change) seems increasingly important. In this sense, what we offer here is an initial attempt at reincorporating the professional into the study of PSFs through a selective case study of law that highlights some of the main issues in need of further consideration.

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Notes

1. http://www.cliffordchance.com/about_us/about_the_firm/, accessed 12 December 2006.
2. Megalaw is the term used to refer to large law firms where teams of associates, managed by partners, are used effectively, efficiently and profitably (for the law firm) to manage large transactions.
3. Of course, creating such a dichotomy is misleading and in recent years particular firms have begun to change the models they use, often away from what is traditionally associated with their home country. The distinction proposed holds true for all but three of the firms represented by interviewees. Of these outliers, one UK firm used a merit based approach and two US firms used a lockstep model.

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