Abstract

The professional services sector has experienced a dramatic and sustained growth in scale and significance in the past two decades which has been accompanied by a dramatic increase in the size of individual professional service firms. Perhaps inevitably our theorising about professional service firms and modes of organizing professionals has not kept pace with the rapid changes occurring in this sector; there is a pressing need to look beyond the received wisdom of professional service firm research. We argue for an integrative perspective on organizing professionals, one which focuses on the dynamic interplay between the professional service firm and the contending, and sometimes conflicting, perspectives presented by the profession, professionals, and their clients. Viewing research into organizing professionals from this integrative perspective redirects attention toward several important but relatively under-researched areas.

Introduction

Dick Scott argued that professionals “currently exercise supremacy in today’s secularised and rationalised world”; and that, more than any other social category, the professions function as institutional agents, as crafters and interpreters of institutions (2008: 6). Professional service firms underpin our economic infrastructure; Sharma has gone so far as to suggest that without professional service firms, “business as we know it would grind to a halt” (1997: 758). But exactly what constitutes a professional service firm is highly ambiguous, reflecting the long-standing debate about the nature and boundaries of the professions (Leicht & Fennell, 2001; Muzio, Akroyd, & Chanlat, 2008).
The term professional service firm (PSF) has traditionally been used to describe organizations working within those formally accredited professions which operate self-regulating monopolies and barriers to entry, such as law and accountancy (von Nordenflycht, 2010). In recent decades the term has been used more broadly to encompass firms such as management consultancies and investment banks which employ highly expert “knowledge workers” who enjoy the high rewards and social status traditionally accorded to members of traditional professions (Empson, 2008a).

A common feature unites these firms: professional service firms are organizations whose primary agents are individuals who apply specialist technical knowledge to the creation of customized solutions to clients’ problems (Empson, 2008b). The firms are typically concerned with the provision of intangible “business-to-business” services (Mills & Margulies, 1980; Sharma, 1997), though they may also have individuals as clients. While many individuals who provide professional services are not governed by a regulatory body offering formally accredited qualifications, professional service providers typically deliver their services within the constraints of professional norms of conduct (Lowendahl, 2005).

Organizational researchers have conducted numerous studies using various professional services as a context in which to test general theories of organizations. These studies include law firms (Phillips, 2001, 2002; Beckman & Phillips, 2005; Uzzi & Lancaster, 2004; Gorman, 2005), accounting firms (Levinthal & Fichman, 1988; Seabright, Levinthal, & Fichman, 1992; Han, 1994; Cattani, Pennings, & Wezel, 2003; Pennings, Lee, & van Witteloostuijn, 1998), investment banks (Podolny, 1993, 1994; Chung, 1996; Shipilov, 2006), management consultancies (Haas & Hansen, 2005; David & Strang, 2006; Anand, Gardner, & Morris, 2007), and advertising
agencies (Baker, Faulkner, & Fisher, 1998; Broschak, 2004; von Nordenflycht, 2007). Such studies have appeared in prominent management and organization journals and have contributed considerably to our understanding of organizational processes. To many scholars these kinds of studies (i.e. those that use professional services as a context for conducting generalizable organizational research) are their only exposure to research on professional services; they may therefore be left with the false perception that professional service firms are relatively indistinguishable from other types of formal organizations.

In fact professional service firms, beyond providing an interesting context in which to study more generalizable organizational phenomenon, present distinctive organizational challenges which merit study in their own right. First, because individual professionals are central to the delivery of services to clients, those professionals with valuable expertise and client relationships enjoy a particular measure of power within professional service firms relative to the managers of these firms. A fundamental challenge for management, therefore, is to access and integrate the human and social capital that is under the control of individual professionals (Coff, 1997; Cohen, Finn, Wilkinson, & Arnold, 2002) or otherwise persuade professionals to pool their resources and work together for the benefit of the entire firm. Second, managers of professional service firms must contend with the competing demands of clients and professional regulators (Mills, Hall, Leidecker, & Margulies, 1983; Schneider & Bowen, 1985). In the current economic environment professional service firms are required to negotiate the complex dynamics of competing pressures from increasingly sophisticated clients and increasingly
stringent regulatory regimes operated by professional bodies and government regulators.

Over the past two decades the professional service sector has experienced a dramatic and sustained growth in its scale and significance which has been accompanied by a dramatic increase in the size and complexity of individual firms. Yet theorising about professional service firms and modes of organizing professionals has failed to keep pace with the rapid changes occurring in this sector. The substantial body of research on professional service firms that has developed is built on a relatively small number of foundational texts, with the result that research on professional service firms has perpetuated an intellectual orientation and set of assumptions which no longer fully reflect the reality within which professionals now operate. Given the increasing importance of professional service firms to the economy and to society more generally, we argue that there is a pressing need to look beyond the received wisdom of professional service firm research and to chart a new direction for professional service firm research.

The purpose of this essay is, therefore, to make a case for a new emphasis on professional service firm research. We begin by examining the scale and significance of professional service firms, to society and the economy in general, and to organizational theory more specifically, in order to emphasise the importance of focusing attention on research in this area. We then identify some limitations of existing professional service firm research which arise from the historical emphasis on a single level of analysis (the organization) and the overly dichotomised representations of the economic and organizational models that operate within
professional service firms. We go on to develop a more integrative perspective on organizing professionals, one which focuses on the dynamic interplay between the professional service firm and the contending, and sometimes conflicting, perspectives presented by its key stakeholders: its clients, its professional staff, and the regulators of professional services. Viewing research into professional service firms from this integrative perspective redirects attention toward several important but relatively under-researched areas, which we examine in the final sections of this paper.

**Significance of professional service firms**

The significance of professional service firms to organizational scholars derives from two factors: first, the critical position that they occupy in the economic, social, and political realms, and second, the far reaching implications of developments in this area for the study of organizations more generally.

**Significance to economics, politics and society**

Professional service firms engage in a number of activities that impact economic, social, and political systems. For instance, they broker complex commercial activities, help establish and interpret the rules of the capital markets system, and underpin the integrity of the financial markets (Greenwood, Suddaby, & McDougald, 2006). Professional service firms create and promulgate ideas about management (Kipping & Armbruster, 2002; O’Shea & Madigan, 1998) and are the largest recruiters of MBAs from top business schools (Lorsch & Tierney, 2002). They have taken a leading role in reshaping government institutions and privatized industries throughout the world (Arnold & Cooper, 1999; Ernst & Young, 1994). They are also very
influential donors to US presidential and congressional campaigns; for example professional service firms were among the top ten corporate donors to the presidential campaigns of George W Bush (Thornburg & Roberts, 2008; Roberts, Dwyer & Sweeney, 2003).

Reflecting the growing significance of professional service firms within the knowledge economy and society as a whole, the professional services sector has experienced a dramatic and sustained increase in scale in the past three decades, growing by more than 10%\(^1\) per annum between 1980 and 2000 to generate more than US$ 1 trillion in revenues globally (Lorsch & Tierney, 2002). In recent years in the USA the sector has expanded at more than double the rate of growth in GDP as a whole; while within the European Union the professional service firm sector has grown to represent 2.5% of GDP (OECD, 2005).

The increased scale and significance of professional work has been accompanied by a dramatic expansion in the size of individual firms. For example, the Big 4 accounting firms collectively employ over half a million people globally, earning fee income of almost US$ 90 million (MPF Global 500 Annual Report, 2008). The largest of these, PricewaterhouseCoopers, operates in almost 150 countries, i.e. 40% more countries than a giant global retail service provider such as McDonalds. And while many of the largest professional service firms are still privately-owned, those that are publicly listed, such as Goldman Sachs and Accenture, rank among the Fortune 500.

\(^1\) Given the definitional ambiguities previously referred to, comparative measures and sector-wide trend data are subject to anomalies and inconsistencies.
Significance for management research

From the perspective of organization and management theory, professional service firms hold important insights into contemporary management challenges in three key regards. First, professional service firms can be viewed as magnifiers, or extreme cases, of some of the key contemporary issues that confront organizations and preoccupy management researchers. For instance, research on knowledge management as a critical organizational capability has grown over the past decade (Inkpen & Dinur, 1998; Hansen, 2002; Haas & Hansen, 2005). In this context professional service firms can be seen as “idealized organizations” (Greenwood, et al, 2006), as exemplars for the knowledge economy due to the overarching importance of human, intellectual, and social capital in these firms compared to traditional manufacturing, technology, or retail service organizations. Professional service firms have created a context in which highly educated individuals can operate with a relatively high degree of personal autonomy, whilst working together to serve the collective needs of their employing organizations. Thus, professional service firms have grappled with, and to a large extent resolved, one of the most challenging power dynamics at the heart of contemporary organizational life (Clegg, Courpasson, & Philips, 2006).

Second, professional service firms are pioneering responses to management challenges which firms in other sectors are only beginning to address; they thus point the way to the future for organizations more generally. Professional service firms operate in exceptionally dynamic and competitive global environments. The most innovative professional service firms are experiencing dramatic change in their structures, strategies, and external business contexts (Powell, Brock, & Hinings,
These competitive pressures are exacerbated by the relative ease of new business start-ups, arising from the intangibility of the service offering and the relatively low requirements for investments in physical assets. Professional service firms are, therefore, likely to be exposed to (and required to respond to) new competitive and environmental pressures at a faster rate than organizations in many other industrial sectors. As a result, issues at the individual/team level, such as increasing diversity, establishing work-life balance, and meeting the needs of Generation Y, which are relevant for all types of firms, become more critical in professional service firms (Angel, 2007; Trefalt, 2007; Wilkins, 2007). At the organizational level, issues around globalization, outsourcing, and changes in governance structures are occurring at a particularly rapid rate for professional service firms (Aharoni, 1999; Greenwood & Empson, 2003; Hinings, Cooper & Greenwood, 1999; Rose & Hinings, 1999; Seshasai & Gupta, 2004; Stumpf et al., 2002). This highly dynamic environment serves as a natural “laboratory” for experimentation and innovation in managerial practice, which in time becomes relevant to organizations more generally.

Third, professional service firms are significant to organizational research in that, far beyond being presented as organizational exemplars, they can in fact be viewed as aberrant organizational forms, meriting attention from management researchers due to their distinctiveness. Unlike other organizations that face the challenges of managing knowledge and knowledge workers within flexible non-hierarchical organizational structures, professional service firms must contend with an added level of complexity; they operate in a tripartite relationship, needing to balance the distinctive and potentially contradictory demands of three sets of stakeholders: their
clients, their professional staff, and their profession’s regulators. Clients seek the best quality advice at the lowest possible price at the same time that professional regulators insist that this advice be supplied within established ethical norms. The firm’s professional staff may seek to maximise their own personal autonomy and income, whilst striving to maintain an appropriate work/life balance, in the face of their clients demanding exemplary levels of dedication to client service. Finally, the professional service firm must support their professional institutions in their struggle to maintain the right to regulate and control access to the profession in light of sustained assault on these privileges from governmental regulators and aspirant professions, yet at the same time persuade their professional bodies to operate a sufficiently flexible regime to enable them to adapt to the changing commercial environment and the increasing competitive pressure in which they must operate.

**Beyond received wisdom**

For these reasons, professional service firms merit specialised and sustained attention from management researchers, and a sizeable body of literature specific to professional service firms has developed over the past 20 years. Yet much of the theorizing about professional service firms is predicated on overly dichotomized or outdated concepts of the economic and organizational models prevalent in these firms. At the same time, the value of existing organizational theory in this area is constrained by its historical emphasis on a single level of analysis, the organization, thus marginalizing or entirely ignoring the dynamic and complex interplay of the competing demands of the key stakeholders: clients, professionals, and regulating bodies. Given the potential contribution of professional service firm research to the development of management theory more generally, we contend it is time for
organizational researchers to look beyond the received wisdom of existing research and to develop a more subtle and nuanced understanding of contemporary professional service firms, which accommodates new modes of organizing and multiple levels of analysis.

To understand this new direction it is necessary to first examine the received wisdom of this research. We have identified four assumptions which lie at the core of professional service firm research, which make up the foundational elements of their distinctive organizational and economic model, and which are particularly worthy of re-examination. These are: (1) the prevalence of the partnership form of governance, (2) the promulgation of two distinctive organizational archetypes, (3) the emphasis on dichotomized knowledge management strategies, and (4) the persistence of tournament models of careers. As explained below, these assumptions, and the organizational and economic models which underpin them, obscure as much as they reveal about professional service firms and do not fully reflect the reality within which these firms now operate.

**Governance**

Historically, partnership was the prevailing form of governance within the professional service firm sector (Hinings, Brown, & Greenwood, 1991) and was traditionally viewed as uniquely suited to organizing professionals. Partnerships have long been used to balance the competing claims of three sets of stakeholders: professionals seeking to self actualize, owners seeking to maximize shareholder value, and clients seeking high quality service and high value for their money (Empson, 2007). The competing demands of client satisfaction and professional satisfaction are aligned in
partnerships by ensuring that the professionals are also owners of the firm, with unlimited personal liability for the actions of their colleagues.

However in recent years a variety of economic and social forces have led to the wholesale flight from partnership in certain segments of professional services (Greenwood & Empson, 2003). These factors include: 1) increasing organizational size and complexity, 2) declining organizational homogeneity, 3) the increasing need for capital, 4) the increasing risk of litigation, and 5) the declining appeal of partnership. A limited number of studies have begun to explore the implications of changing forms of governance on issues such as the provision of services to clients and the most fundamental features of organizational life such as their systems, structures, and cultures (Augur 2000; Empson & Chapman 2006; Von Nordenflycht, 2007). There is a pressing need for more substantive and wide-ranging cross sectional research to address the questions that arise from these changes. For example, does the abandonment of the partnership form of governance have implications for the quality of service to clients? How can the partnership structure be adapted to respond to pressures that arise as professional service firms develop complex multinational and multidisciplinary practices? What are the implications for performance management and reward systems for professionals in partnerships as opposed to corporations?

**Organizational archetypes**

The flight from partnership as a legal form raises questions about a second fundamental assumption concerning organizational forms within the professional services sector. Studies of professional service firms have identified two
dichotomized archetypes with which to classify organizational forms: the Professional Partnership, or “P²” versus the Managerial Professional Business, or “MPB” (Cooper, Hinings, Greenwood, & Brown, 1996; Greenwood, Hinings, & Brown, 1990) and Adhocracy versus Professional Bureaucracy (Mintzberg, 1983). Both sets of competing forms distinguish between relatively loose associations of autonomous professionals and more conventionally hierarchical and explicitly managed pseudo “corporate” methods of organizing professionals. Among professional service firm scholars the concept of P² versus MPB has been adopted as a form of intellectual shorthand for describing the traditional concepts of professionalism and partnership as opposed to commercialism and corporatism, and the structures and systems that are associated with these alternative interpretive schemes.

By emphasising these dichotomous archetypes however, researchers obscure rather than illuminate many of the intriguing complexities and conflicts that have become inherent within professional service firms. The limitations of these dichotomies are particularly apparent as professional service firms expand into new markets. For example, some professional service firms are increasingly operating as conglomerates, offering a varied set of professional services to global clients, or have developed complex multinational networks through mergers (Powell, Brock, & Hinings, 1999; Stumpf, Doh, and Clark, 2002). Such firms need to accommodate a variety of economic and organizational models with very different systems, structures, and interpretive schemes (Cooper et al., 1996; Greenwood et al., 1990; Pinnington & Morris, 2003; Rose & Hinings, 1999). Relaxing the emphasis on dichotomous archetypes opens up new lines of enquiry for management scholars. For example, how can hybrid organization structures be developed which
comfortably accommodate alternative organizational archetypes? Why, for example, do some large professional service firms succumb to the pressures of commercialism and corporatism while others retain, or at least attempt to retain, traditional models of professionalism and partnership? Where do new models of organizational archetypes originate from and what are the short- and long-run implications of enacting them in terms of client service, financial performance, and professionals’ commitment?

**Knowledge management strategies**

The increased interest in professional service firms amongst management scholars in recent years reflects the increased attention to knowledge as an organizational “asset” and the desire to understand how the “professionals” manage it (Empson, 2001). Typically, studies have perpetuated dichotomized conceptualizations of knowledge, such as tacit versus explicit or individualized versus codified knowledge. Various studies have used this simplistic distinction between forms of knowledge and approaches to knowledge management to construct alternative strategies for professional service firms and alternative economic and organizational models (Hansen, Nohria, & Tierney, 1999; Maister, 1993; Morris & Empson, 1998). For example, these studies demonstrate professional service firms which rely upon predominantly tacit knowledge tend to operate lower ratios of senior to junior staff and accord greater levels of autonomy to professional staff in their delivery of client service than those professional service firms which rely upon predominantly explicit and collective knowledge.
However, such dichotomized models of knowledge management present a highly reductivist perspective on an extremely ambiguous and amorphous concept. In the early days of the development of knowledge management systems such distinctions proved useful. But contemporary professional service firms have moved far beyond these approaches, out-sourcing and off-shoring their more commoditized activities or building-standalone businesses associated with their more “high-end” or highly specialized value-added activities (Seshasai & Gupta, 2004). These hybrid strategies build in additional levels of complexity and carry with them coordination and control issues that may ultimately compromise firm performance (Hui, Davis-Blake, & Broschak, 2008). Hybrid organizations pose distinctive organizational challenges which have yet to receive meaningful attention from management scholars.

Today, professional service firm researchers are confronted by several new and challenging questions regarding the knowledge management strategies of professional service firms. For instance, what knowledge should be retained in-house and what knowledge should firms access from clients and outsource partners? What implications does a network model have for the provision of professional services or client perceptions of performance? Given the increasing pace of commodification, how can professionals continuously expand their knowledge base yet retain the mystique of expertise from which so much of their power relative to the client is derived?
Careers

Research on careers in the professional services area has focused on two areas: the individual professional and the labour market structure within which he or she operates. Researchers have focused on the individual in isolation from the profession or the professional service firm and argued either implicitly or explicitly from an efficiency oriented or value or goal attainment perspective (Pfeffer 1989). Individual career choices have been presumed to reflect individual goals, needs, personality, or interests, while the role of the organization is confined to finding methods through which individual needs, values, and talents can best match the needs and requirements of the job or organization. For example, research on professional careers in accounting has relied on the value of person-organization fit (Chatman, 1991) as a predictor of career outcomes. In the more sociologically-oriented stream of research on labour market structures in the professional sector, career traditionally were thought to evolve within the context of one or two firms in a linear fashion, and it was implicitly assumed that there was some degree of coherence in one’s career moves and choices based on the structural dependency of an opportunity structure. Much of the research on professional service firms in this tradition has emphasized the distinctive internal labour market and career structures that prevailed within these firms; the “Cravath” model of up-or-out tournament models of promotion, coupled with an aversion to lateral hiring and life-time and employment for those who survive the tournament (Galanter & Palay, 1991; Wilkins & Gulati, 1998, 2001).

But professional service firms have witnessed important changes over the past decade. There has been a marked increase in the willingness of professional service
firms to impose early retirement on senior professionals and among individuals. There has also been a notable reluctance among younger professionals to build their careers around one firm or even one profession (Schmitt, 1999). Meanwhile, the one-sided view of professional careers and labour markets that has prevailed in research (focusing as it does only on individuals or on organizational structures) has ignored the fact that careers are products of particular professional milieu as well as the work systems that surround them. Professional service firms cannot be properly understood if we ignore the professions, their evolution, and the career expectations that have evolved within these professions. It is the profession itself which represents the institutions within which professionals receive the credentials to be accepted into the profession, practice their trade, earn income, and gain social and professional status. The profession as an institution also provides the script that articulates what a successful career is like in a given profession. Moreover, the organization of a given profession determines the nature of the relationship between the clients and the professionals as well as the relationship among the professionals themselves. Whether or not professionals perform their practice alone, in small firms, or with others unrelated to their profession, is determined by the historical evolution of a given profession.

Recognising the significant changes that are taking place, and abandoning the one-sided view of internal labour markets and careers in professional service firms to incorporate the characteristics of the profession itself, raises new avenues of inquiry for scholars of professional service firms. For instance, with the decline of the significance of partnership as a means of creating strong attachments between professionals and their employers, what techniques and structures do professional
service firm managers use to cope best with the increasing risk of interorganizational career mobility? How does the enhanced mobility prospect of this new generation of professionals influence the competitiveness of professional service firms and the evolution of different professions? How does the shift in individual needs, wants, and values affect the internal labour market practices across different professions with different sets of institutional rules?

An integrative perspective on organizing professionals

Confronting some of the assumptions that lie at the core of professional service firms research to create a more contemporary perspective of such firms represents merely a preliminary step in moving beyond the “received wisdom” about professional service firms. The challenge for organizational researchers is to go even further, to reconceptualise our approach to studying professionals and modes of organizing professionals. Existing organizational theory as applied to professional service firms is limited by its focus on a single unit of analysis, the professional service firm itself. Such a narrow focus marginalizes or even neglects the complex dynamics which are a characteristic and crucial component of the environment within which these firms must operate. We propose that in order to develop a more subtle and nuanced analysis of professional service firms and modes of organizing professionals, it is important to integrate the competing demands of the three sets of stakeholders: their clients, their professional staff, and their professional regulators. Research which is predicated on the reification of the firm itself will inevitably neglect the fundamental role played by the individuals who enact their professional lives within it, and the clients and professional regulators who shape the context within which firms must operate. We argue, therefore, that researchers should adopt an integrative
perspective on organizing professionals, one which focuses on the dynamic interplay between the professional service firm and the contending, and sometimes conflicting, perspectives presented by the profession, professionals, and their client (see Figure 1).

![Figure 1: An integrative perspective on organizing professionals](image)

This framework is simple, yet significant. It emphasises the study of professional service firms and modes of organizing professionals from a more holistic perspective. It also emphasises the importance of understanding the dyadic relationships that exist between each of the key stakeholders and the professional service firm, and the complex dynamics that arise from their interaction. For instance, professional service firms simultaneously maintain employer-employee relationships with the individual professionals in their employ, market relationships with the client firms they service, and are subject to the jurisdiction of professional or regulatory bodies that influence and limit their structure and practices. But it is not only the professional service firms themselves that are exposed to the forces from tripartite relationships; all the actors are influenced by relationships with the other entities. Professionals, for example,
are subject to the demands of multiple relationships; they are employees of particular professional service firms, members of their profession and/or professional associations, and (by virtue of working closely with client firms) may develop allegiances and relationships with the individuals or organizations they serve.

**Implications of an integrative perspective**

Viewing research into organizing professionals from this integrative perspective suggests several important and intriguing directions for research on professional service firms. To briefly illustrate the potential of our framework we have selected several relatively under-researched areas that hold the potential to enhance our understanding of professional service firms: power, identity, nature of work, division of labour, and promotion processes. Below we briefly describe how an integrated perspective on these topics can advance the theory and practice of professional service firms.

**Power**

In general, power receives little attention from professional service firm researchers. To the extent that professional service firm research has addressed power as a topic of study it has focused almost exclusively on power at an institutional level; the process by which the professions have negotiated, defended and sustained their positions of privilege (Freidson, 1986; Hall, 1985; Johnson, 1972; Ritzer & Walczak, 1986). At the organizational or individual levels of analysis, power is mostly treated as an implicit construct; power is assumed to originate from an individual's position in an organization's hierarchy or an organization's position in a network or industry structure. For instance, partners have greater positional power than associates in
professional service firms; large, central firms have greater market power and influence than small, peripheral firms.

But the integrated framework suggests several new lines of inquiry that might shed light on the behaviour and performance of professional service firms and the professionals within them. For instance, individual professionals’ power may originate from sources other than structural position, such as relationships with prominent clients. Focusing on clients as a source of power for individuals within the firm points to the importance of studying issues such as the profitability and prestige associated with particular client assignments and how this may affect an individual professional’s ability to accumulate and utilize power. Focusing on the changing balance of power between clients and professional service firms may help researchers understand how the increasing pressures placed on individual professionals to act in the “best interests” of clients may result in ethical or legal dilemmas. At the same time, examining the decisions professional service firms make about the structure of work assignments and the duration of relationships between individual professionals and clients may highlight how these factors are used by professional service firms to increase or reduce the power of individual professionals. Finally the integrated framework also can inform studies of institutional entrepreneurship within the profession, by looking not just at the circumstances under which firms challenge the power of professional norms but how individuals within those firms, working in conjunction with their clients, can exercise their own power and develop new working practices and new ways of organizing and delivering services which change the norms within their own firms and the profession as a whole.
Identity

Research on identity in the professional service firm sector have generally emphasized the process by which individuals develop a self-concept as a professional (Gibson, 2003; Ibarra, 1999) or the consequences of organizing professional service firms such that individuals with a strong sense of professional identity are obliged to work alongside “non-professionals” within bureaucratic organizations (Nelson & Trubek, 1993; Wallance, 1995). An integrative perspective on organizing professionals helps researchers create a more complexified perspective on creating and managing identity.

Individuals frequently develop multiple identities as members of organizations that reflect the varied roles, demands, interests, and values that are an integral part of organizational life (Pratt & Foreman, 2000). Managing these multiple identities is a key task of an organization’s managers. In professional service firms, individuals are subject to strong forces that shape the construction of individual identities. One source of identity is derived from the characteristics and demands professional service firms of which professionals are members and from which they derive organizational identities (Albert & Whetten, 1985). Individual professionals also develop professional identities through the norms, values, and training and socialization processes that are characteristic of their professional training (Pratt, Rockmann, & Kaufmann, 2006). Finally, a professional may develop a client identity as his or her self-concept may be influenced by significant client relationships (Alvesson & Empson; 2008).
By applying the integrated framework, researchers can investigate how organizational, professional, and client identities coexist in professional services and lead to the exploration of issues such as the extent to which these identities align or contrast in different professional service contexts. This focus of attention also raises questions about how individual professionals balance the demands of different, salient identities and what tactics and strategies managers utilize to cope with the existence of multiple identities from very different sources.

Nature of work

An integrative framework offers the opportunity to develop a more subtle and nuanced perspective on the nature of professional work, which goes beyond the ongoing academic preoccupation with knowledge management in professional service firms to develop a more thorough and wide-ranging understanding of the practice of professional work in general.

Whilst the training and accreditation processes within the professions are associated with a substantial body of theory about the technical aspects of professional work, relatively little has been written about the actual practice of professional work as it is enacted by individuals within firms. Notable exceptions include studies of accountants (Anderson-Gough, Grey, & Robson, 2000, 2001); consultants (Whittington, 2008); and investment bankers (Fenton- O’Creevy, Nicholson, Soane, & Willman, 2007). However, these focus on very specialized aspects of professional work. As yet organizational scholars know relatively little about what professionals actually do to deliver client service. Just as the clients themselves are dependent upon a credence-based model of service acquisition, and the professional trainees
are dependent upon an apprenticeship model of training, for organizational
researchers much of the day-to-day practice of professional work also remains tacit
and somewhat opaque.

Applying the integrative framework alongside a practice perspective on the nature of
professional work can help to identify the precise mechanisms by which
professionals work with their clients to define the “problem”, how they identify the
appropriate areas of professional expertise to address the problem, how they co-
create knowledge with their clients, and how they adapt and use that knowledge with
their new clients.

It can also help to highlight the gap between what the professional body deems
appropriate to teach trainees and what retraining the individual firms choose to
perform. It also highlights how professionals work with their colleagues and
organizational knowledge management systems to marshal existing organizational
knowledge and identifies areas in which client demands are driving the creation of a
new basis of expertise. In this context the integrative framework serves to
emphasize the complex interdependencies of professional, organizational, individual,
and client knowledge in the development and delivery of professional work.

**Division of labour**

An integrated view of professional services provides insight into the structure and
division of labour in professional service firms. The division of labour in professional
service firms is a historical product of the economic conditions for a given profession
and the professional order that regulates the relationships among professionals, the
clients, the firms, and the broader institutional order within a given society. Thus, professional service firms are organized in ways that directly reflect the nature of their practice, and the professionals who are employed by these firms gain not only the ability to practice but also the privilege of being a member of the profession within these structures (Nelson, 1988). For example, today’s law firms, while very large compared to their counterparts of fifty years ago, are still relatively small organizations. As a result they have relatively simple structures compared to most manufacturing organizations; the work performed in these organizations is craft-like; and the activities of the profession are performed within small work groups that are closely monitored by senior attorneys (Samuelson, 1990). To make sense of how work is divided within professional service firms requires understanding both the internal and environmental competition and client demands of these firms, as well as the constraints and norms imposed by the profession itself.

An integrated perspective can also help researchers understand the rise of new, alternative forms of professional service firms, which are often by-products of the types of clients a firm pursues and how firms provide the services clients need. One such example is multidisciplinary firms of lawyers and other professionals, such as accountants and business consultants (Breakley, 2000). In some cases law firms become diversified service firms by deploying teams drawn from many professional disciplines that are oriented to problem solving rather than to providing specialized legal work. In other cases firms become highly specialized boutique firms, or develop networks of affiliation with firms in different professional service industries. Each of these arrangements requires, or is a direct manifestation of, different client relations. Thus, the integrated perspective helps explain the rise of new
organizational forms as a combination of the pressures of professional regulators and demands of relations with clients.

**Promotion processes**

The promotion processes of individual professionals cannot be understood without simultaneously analyzing their major components: the hiring process and the promotion and mobility structures. How these components shape the career and promotion process of individual professionals depends on how these elements are structured within each profession and professional service firm, together with the impact of individual clients, as highlighted by the integrative framework.

Professional service firms have a long history of introducing recruitment practices that shape the careers and the structures of advancement opportunities for professionals. For example, through selection processes, firms are the main arena in which the new lawyers are "typed" in ways that impact their future careers (Chambliss & Uggen, 2000; Nelson, 1983). Meanwhile the structure of internal promotion determines the internal labour markets and mobility patterns for professionals both within and between firms. Once identified and selected into the firm, their mobility prospects depend not only on their own ability and motivation but also on the promotion policies and the overall status system of the organization. Since professionals’ mobility prospects are affected by whether or not firms have an internal labour market and whether or not their job is in a ladder leading to higher level positions, then it is important to understand both the determinants of internal labour market arrangements as well as the factors affecting the shape and scope of career ladders. For instance, how much different individuals get paid for working in
different positions, and why this is the case, are two of the more important questions associated with understanding careers from either an organizational or an institutional point of view yet, at this point, there has been only limited attention to these questions within the professional service firms literature. The integrative framework highlights the importance of viewing such issues holistically.

Promotion processes are not only influenced by the structure of firms or the norms of professions. Powerful client firms can exert considerable influence on professional service firms, shaping the demographic composition of top management teams, particularly when the professional service firm is heavily dependent on those clients (Beckman & Phillips, 2005). Thus, important outcomes such as social stratification and discrimination are the result of a complex interaction of organizational, profession-based, and client forces that can only be considered through the prism of an integrated framework.

Conclusions

We do not presume to develop a comprehensive, integrative perspective on organizing professional service firms; that is beyond the scope of our paper. Rather, we have attempted to sketch an outline of our approach. Our intent is to redirect research on professional service firms away from the reified approaches to governance, organizational archetypes, knowledge management strategies, and careers in professional service firms, that have long dominated research in this area, and toward a more subtle and nuanced understanding of the contemporary challenges that confront organizations of professionals.
We call for researchers to recognize and build into their research some of the fundamental transformations that have taken place in the professional services sector. We argue that several key topics merit further attention. The shifting power balance in client-firm relationships and professional-firm relationships raises questions about how individual professionals deploy their relationships with clients to challenge the authority of their employing institution, and how the pressure to service the client may lead the professional to compromise his or her organizational and professional ethical norms.

The integrated framework emphasizes that professionals are exposed to three identity points of reference, not simply two as traditionally assumed: the firm, the profession and the client. This raises questions about the way in which individual professionals balance the demands of these different, salient identities and what tactics and strategies managers utilize to cope with the existence of multiple identities from very different sources. Applying the integrative framework alongside a practice perspective on the nature of professional work can shed light on previously under-researched areas such as how professionals work with their clients to define the “problem” and co-create knowledge, and how they access and deploy the organizational expertise and their professional expertise to address these problems.

In studying the division of labour in professional service firms, the integrated perspective helps explain the rise of new organizational forms as a combination of the pressures of professional regulators and demands of relations with clients. And finally, the changing career expectations of today’s professionals present particular coordination challenges, both for individual professional service firms and for the institutional foundations of specific professions. It is the interaction of these
demands, as highlighted by the integrative framework, with which the managers of professional service firms must routinely contend. An explicit consideration of how these demands conflict and interact will enrich our understanding of professional service firms and make our research relevant for the profession and professionals we seek to study.

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