



Cass Business School
CITY UNIVERSITY LONDON

Academic Seminar

The Globalising Professional Service Firm: Managerial and Organisational Challenges



Dr David M Brock spoke at an academic seminar hosted by Cass Business School and the Centre for Professional Service Firms, on 25 March 2010.

At the seminar, David outlined how the global strategies of service firms in general, and professional service firms (PSFs) in particular, are increasingly common phenomena in the contemporary international business arena. Recent literature has contributed to our understanding of relevant theories, resource management, performance effects as well as internal managerial issues. He argued that there is persistent evidence of the failures and losses suffered by service firms when they become international and that relatively little is known about how managerial and

organisational capabilities may contribute to the effectiveness of international ventures. He is investigating the context of globalising PSFs in order to learn more about managerial and organisational practices that may be implemented to improve effectiveness in global markets.

David said that globalisation presents significant challenges for PSFs. Historically, professional services were delivered locally, and thus most PSFs were small, local organisations. Other characteristics of PSFs such as: the partnership structure; difficulties in raising capital; localised qualifications; and a tradition of collegiality, are also barriers to international strategy formation and implementation. Against a backdrop of institutional theory his research is interweaving aspects of the resource-based view of the firm, global strategy and organisational learning to understand what it may take for a PSF to develop strategic capabilities across foreign intra-firm boundaries and across national borders.

He outlined two sets of analyses that he has undertaken.

First, he analysed the capabilities for improving the effectiveness of globalising PSFs. This differentiated between those capabilities associated with growing organisations in general versus those associated with international management and organisation. For each the research also looks at the capabilities relevant to the short, medium, and long term. So, for "growth capabilities" the issues of liability of foreignness, cross-selling, and socialisation techniques are being analysed. For "global capabilities" he is looking at creating linkages within/between divisions, expatriate assignments, language, network experience, and the risks of over-expansion.

The second set of analysis considers evidence from current PSF research that illustrates how contemporary global PSFs are responding with organisational changes that help them improve their effectiveness in increasingly global markets. He presented the findings in five categories. The first category, "changes in scale and scope", considers statistics relating to the growth in PSF size (numbers of professionals) and trends in various practice areas. The second category, "trends in market entry strategies", observes an increase in M&A and lateral moves. The third category, "trends in governance", includes managerialism, corporate (rather than collegial) processes and specialisation. The "changes in organisational structure" category includes an analysis of changes in leverage. The final category, "integration processes" revisits some of the organisational competencies which were discussed earlier, such as the socialisation processes, filtering and organisational learning. David said these represented specific areas of managerial and organisational development within globalising PSFs in a variety of sectors. He concluded by discussing how PSFs can approach these issues and the ongoing challenges. Some avenues for future research were also outlined.

Dr David M Brock

Dr David M Brock is an Associate Professor at the Guilford Glaser School of Management, Ben-Gurion University. Prior to that he was on the faculty of the University of Auckland Business School, and before that at North Carolina State and UNC at Chapel Hill (1988). He is a graduate of the University of South Africa, the University of Cape Town, and North Carolina State University.

David's research on the professions is based in the theories of the structure of professional service firms and currently focuses on understanding the necessary managerial and organisational changes that are required to enhance firm effectiveness in the changing global context. His 1999 edited volume, *Restructuring the Professional Organization: Accounting, Health Care & Law* (with Michael Powell and C R Hinings), continues to be one of the most extensively referenced works in research on the professions, professionals and professional firms. David is on the editorial board for, and just completed editing a special issue of, *Journal of International Management*; and has recently begun (with Daniel Muzio and Roy Suddaby) a special issue of *Journal of Management Studies* on "Professions and Institutional Change". He is a chair (with Alison Dean & Ragnhild Kvålshaugen) of the sub-theme "Learning to be Global" at the 2010 EGOS Colloquium, Lisbon.