Research paper

Accomplish change or causing hesitance – Developing practices in professional service firms

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ARTICLE INFO

ABSTRACT

The scholarly proclaimed truce between professionals and managers in professional service firms (PSFs) is presently being threatened by changes in the business environment, calling for coordination superordinate to the single professions. The issue of managing professionals in PSFs consequently needs to be re-addressed. We do so by using correspondence analysis to explore the interrelatedness between change initiatives and responses to these changes, in an interview-based case study. Our results suggests that managers can successfully change management related practices without particular consideration of the professionals in the firm, but also that professionals can successfully change professional practices in an unassuming and "practice-like" fashion: with actions rather than with words. Managers who wish to change professional practices, however, need to negotiate the content, scope and purpose of the change initiative with the professionals in the firm.

1. Introduction

1.1. Change in professional service firms

The Professional Service Firm (PSF) is of particular theoretical and empirical interest for organizational scholars since it in its form encompasses − and in most cases seems to manage − the classical contraposition of bureaucracy and profession (Brivot, 2011; Noordegraaf, 2011). If external or internal conditions forces the organization to change, however, the bureaucratic-professional antagonism may be pronounced and put strain on the otherwise friendly relationships between bureaucrats (i.e. managers) and professionals.

The organizational challenge facing a change agent in a PSF seem to remain the same regardless of the particular variety of PSF: how can a highly intellectually skilled workforce with a strong preference for autonomy and informality be managed and directed (DeLong & Nanda, 2003; Greenwood, Li, Prakash, & Deephouse, 2005; Malhotra, Morris, & Hinings, 2006)? The standard organizational answer to this challenge is an informal leadership style and a high degree of delegation (Greenwood & Empson, 2003; Malhotra et al., 2006). PSFs can afford this approach due to their characteristically low capital intensity (von Nordenflycht, 2010), which ultimately means that the firm is not subjected to bureaucratic pressure from outside investors seeking to control and protect their investments (Masten, 2006).

Circumstances external to the PSF may, however, complicate the picture. The success of a PSF hinges on its ability to match internal work practices with its clients' specific needs (Pennings, Lee, & van Witteloostuijn, 1998). When clients' needs are altered, so too are the requirements for the PSF. In the PSF, there is therefore a quest for initiatives for radical and structured, as well as incremental and unstructured, changes of the organization's work practices to keep pace with its clients. Increased risk − or increased risk awareness − on the part of the clients further causes clients (rather than investors) to expect and indeed demand standardized work practices in the PSFs (Waring, McDonald, & Harrison, 2006). The cases PSFs face are also increasingly multifaceted, which calls for a coordinating function superordinate to the individual professions (Huotari, 2008; Noordegraaf, 2011). Opposing bureaucratic/management and professional demands thus poses an organizational dilemma: how can the PSF satisfy coworkers' preferences and expectations for informality and delegation *and* the demand for bureaucracy and structured development of work practices (Gleeson & Knights, 2006; Thomas & Davies, 2005)?

The standard organizational PSF answer (of informality and delegation) to this dilemma is less appropriate, at least as a *standard* course of action, since it only takes into account one side of the dilemma. To install a strict bureaucratic regime on the other hand, would for the same reason be equally inappropriate. Instead, the PSF is forced to make recurrent trade-offs between conflicting demands (Currie, Finn, & Martin, 2009; Faulconbridge & Muzio, 2008; Leicht, Walter, Sainsaulieu, & Davies, 2009) in a way that is guaranteed to evoke

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support as well as resistance, and even resentment, in parts of the organization (Kirkpatrick, Ackroyd, & Walker, 2005; Morris & Farrell, 2007). If managers are not attentive to these responses, the organizational dilemma may be transferred to the work practices as well, where it may lead to hesitance, disbelief and, ultimately, inefficiency and failure to accomplish the constantly required improvement of work practices (Stensaker & Falkenberg, 2007).

The classical division of labor in PSFs, where the professionals are left to their own devices and the bureaucratic/management scope is limited, is thus challenged in a way that calls for a renewed understanding of the organizational special case of PSFs. Previous literature has, however, taken a predominantly static view on the inherent and recently pronounced tension between bureaucracy and professionalism in PSFs (e.g. Brivot, 2011; Leicht et al., 2009; von Nordenflycht, 2010). We will in this paper argue that the new challenges facing PSFs and the subsequent trade-offs they are forced to, are most likely to surface in relation to PSFs' initiatives to *change their practices*. Consequently, when studying a PSF's efforts to adjust their practices to face new challenges, we will draw on the contraposition between bureaucracy/management and professionalism in general (von Nordenflycht, 2010), and between bureaucratic/management and professional practices in specific (Brivot, 2011).

The purpose of the study presented in this paper is to identify characteristics of initiatives to change practices in a PSF *and* to explore how the constellation of these characteristics affects the response and ultimate outcome of the change initiative. We contribute to the PSF-literature by developing the understanding of how the new challenges facing PSFs affects the scope, possibilities and difficulties for different change agents when trying to change PSF-practices.

The paper starts with a discussion of how the status quo in the relationship between professionals and managers in PSFs is threatened by changes at a societal level. The scope for the consequential change of practices is then reviewed in relation to the position and knowledge base of the person(s) initiating change, and the practice that is subjected to the change initiative. The notion of critical attitudes in response to change initiatives is then outlined and its effect on the outcome of the change initiative discussed. The research design and the combination of qualitative data and explorative statistics is then described before presenting the result, first in the form of descriptive accounts of the change initiatives and their characteristics, secondly in the in the form of exploration of the latent interrelatedness between change initiatives, critical responses, employee roles and reported effects of the change initiative. The result are summarized in 4 propositions. Finally, the results are discussed in relation to previous research and the methodological considerations and limitations considered, before concluding the main results of the study.

1.2. The challenged truce between managers and professionals

PSF research has come to de-emphasize the classical regulated profession (such as lawyers and accountants), shifting interest to the notion of *knowledge intensity* (Alvesson, 1995; von Nordenflycht, 2010). In the case of PSFs, knowledge intensity is typically understood as being *embodied in individuals*, implying that PSFs are dependent on an intellectually highly skilled workforce (Alvesson, 2000). We will henceforth refer to the non-management part of this workforce as *professionals*. The PSF is knowledge-intensive in both an absolute and relative sense, the latter in relation to the comparatively low capital intensity (von Nordenflycht, 2010). This means that the knowledge that professionals possess is both scarce, because of its complexity and extent, and transferable between companies, since it has not been developed directly in tandem with firm-specific equipment, machines and/or other assets (Teece, 2003). The scarcity and transferability of knowledge affects the conditions for relations between managers and professionals in PSFs, as professionals have a strong bargaining position relative to the firm, due to credible outside options (Anand, Gardner, & Morris, 2007).

Intellectually skilled professionals are furthermore more likely to have a strong preference for autonomy and a specular aversion to supervision and direction (DeLong & Nanda, 2003; Greenwood & Empson, 2003).

In addition to the opposition between professionals and managers, there is also a tension between professional and managerial *practices* and the implicit view of the nature of knowledge (Brivot, 2011). The former rely on a body of organically developed and abstract knowledge that professionals adopt using discretionary judgment to address their clients' needs (Abbott, 1988). The latter, in contrast, constitute a practice that presupposes that knowledge is transferable, universalistic, codifiable and possible to standardize (Grant, 1996; Olgiati, 2008). Where professionals put pride in reinventing the wheel over and over again and suspect that applying standardized knowledge to specific problems can be potentially disastrous, managers seek ways to implement best practices (Brivot, 2011). Professional and managerial practices differ also in their focus. While the typical professional practice is preoccupied with itself and its encapsulated problems, tasks and knowledge (Messner, Clegg, & Kornberger, 2008), the typical managerial practice is engaged in managing and/or reflecting *other* practices (Adler, Goldoftas, & Levine, 1999; Becker & Brauner, 2003). There is, in addition, a notable asymmetry between management and professional practices. While professional practices are typically performed by only professionals, (reflective) management practices (e.g. reporting time) can be carried out by both managers and professionals.

Combining the dissimilarity of managerial and professional practices with the strong bargaining position of the professionals and their aversion for being managed, causes any exercise of authority in PSF to be problematic, and traditional management techniques are therefore believed to be less effective (Choi, Holmberg, Löwstedt, & Brommels, 2011; Greenwood et al., 2005; Malhotra et al., 2006). To accomplish under such conditions, managers in PSFs seek to mitigate the difference of interests between the organization and the professionals by refraining from all-too-blunt direction and supervision, relying instead on leadership based on negotiated and distributed decisions (Greenwood & Empson, 2003; Malhotra et al., 2006) and alignment of interests through alternative compensation systems designed to tie the employee closer to the company (through stock options and pension programs) and enhance performance (through contingent compensation systems) (Roberts, 2004).

The thereby achieved "truce" between professionals and managers in PSFs is nonetheless threatened (Olgiati, 2008). Ongoing, sometimes rapid and far-reaching, changes in the societal, economic and technological environment are mediated at an organizational and managerial level, calling for organizational and managerial action, rather than professional action (Sanders & Harrison, 2008). Impulses to these changes are both political/ideological as well as practical/organizational. Explicit initiatives at different political levels, fueled by an increasing public distrust towards the profession as such (Evetts, 2008), seek to remove "unfair" obstacles to competition by questioning established forms of professional governance (Brivot, 2011). This political attack on professionalism (Allsop et al., 2009) is part of a larger political neo-liberal movement (Clarke, 2004; Hoggett, 2006) that subjects professional practices to the logic and forces of the free market (De Bruijn, 2010) and relocates professional practices into corporate(-like) organizational settings (Abramovitz, 2005; Morrell, 2006).

Less political, but equally profound, are changes that could be described as "service realities" (Noordegraaf, 2011, p. 1358). Here, the collective professional identity is less emphasized by younger professionals, who instead seek a better work-life balance and prioritize diversity and flexibility, all of which are attitudes that may undermine strong identification with a certain profession in favor of organized work conditions (Heiligers & Hingstman, 2000; Noordegraaf, 2011). Further, and conveyed through clients' needs and requirements, the cases professionals meet are increasingly multi-facetted (Edwards, Daniels, Gallagher, Leadbetter, & Warmington, 2009; Nikolova, Reihlen, & Schlapfner, 2009). This amplified complexity may ultimately