

Chapter 29

Women in Global Professional Services Firms: The End of the Gentlemen's Club?

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ABSTRACT

Professional services firms (PSFs) have traditionally relied on professional partnerships as an organizational principle. This system was developed more than a century ago, when women did not actively pursue careers in professional services. Professional partnerships are very resistant to change and have managed to preserve their main features for decades. Their formal and informal practices still have exclusionary effects on female professionals. However, professional services firms are increasingly facing a deregulated, competitive, and very dynamic environment and are pressured by the labor market and client firms to rethink their stance on gender diversity. This chapter presents an overview of the management practices in professional services firms and outlines the major changes in their environment. Recent trends in changing management practices in the professional services sector and their impact on female professionals are analyzed. Implications for theory building and future research on management practices in professional service firms are discussed.

INTRODUCTION

Professional services firms traditionally rely on professional partnership as an organizational principle. This mode of governance and ownership is very resistant to change and managed to preserve its main features for decades. Quite a few of the policies and procedures used by law firms today were developed in times when women did not pursue careers in professional services, at least not at the senior level. Thus, one of the main drawbacks of the traditional professional partnership now is the inflexible and often exclusionary effect its formal and informal practices have on female professionals. However, professional services firms are increasingly facing deregulated, competitive, and very dynamic environment and are pressured by labor market and client firms to rethink their stance on firm diversity in general and gender diversity in particular (Wilkins, 2007).

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This chapter provides an overview of the existing trends in changing management practices in professional services sector and suggests the possible outcomes of these changes for female professionals. To this end the paper first summarizes the literature on management practices in a professional partnership - traditional and still prevailing model of professional services firm organization and governance (Greenwood & Empson, 2003). Then, it briefly outlines the major changes in the environment of professional services firms followed by the discussion of the new emerging archetype – managed professional business (Pinnington & Morris, 2003). It concludes with the comparison of management practices in two archetypes and their impact on female professionals.

Women face many gendered structural barriers in their careers. Social processes segregate women into female-dominated occupations and job ladders. Even the women who managed to succeed in the male-dominated fields, experience formal and informal barriers to their career growth (Cech & Blair-Loy, 2010). Although these trends can be found in many professional services industries, this chapter primarily focuses on the legal profession as perhaps one of the extreme examples of gender-dominated industry facing drastic changes. Originally, research on professional services firms was primarily conducted in the U.S., U.K., and Canada and reflects developments of professions in Anglo-American system. Although some differences exist, institutionally these markets have a lot in common (Burrell, 2003). During the last decade, research on female professionals from other countries started to emerge. It suggests that the trend of feminization of legal profession around the world shows remarkable similarities across cultures and institutional settings (Cooke et al., 2013; Michelson, 2013). Thus, the chapter reviews the studies based on data from around the world.

TYPOLGY OF PROFESSIONAL SERVICES FIRMS

In the 20th century service industries, including accounting, law, engineering, and some others became dominant around the world. Currently, knowledge-intensive services constitute the fastest growing segment of the world economy (Gross et al., 2013). Professional services firms employ significant numbers of professionals, who apply specialized knowledge to serve their clients (Lopes et al., 2015). Usually, background of professionals is characterized by high-level skill, acquired learning, and commitment to ethical standards and their clients. Professionals are often required to demonstrate their expertise by continuing education, certification, and membership in professional associations. They are held in high esteem, assert their status and autonomy, and capitalize on their expertise by charging high fees. High-skill labor processes common in professional service firms require specialist knowledge, personal judgement and responsibility, as well as relatively high levels of trust in the ability of the professional to adhere to the highest standards of professional ethics (Danford et al., 2013; Fasterling, 2009; Krausert, 2014). Interest in professional service firms is fueled by the notion that due to their emphasis on professional work they are different from other types of firms and require distinctive organizational principles and management practices (Von Nordenflycht, 2010).

Two types of organizational configurations or “archetypes” were identified in the literature on PSFs (e.g., Empson, 2007, Greenwood & Empson, 2003; Malhotra et al., 2006; Pinnington & Morris, 2003). The professional partnership archetype is based on partnership as a governance and ownership model. Strategic and organizational characteristics typical in professional partnerships include: strong internal labor market, hierarchical structure, meritocratic system of promotion and advancement based on up-or-out principle or so called tournament model, loose management control and strong emphasis on

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