



Academic Seminar

Institutional analyses of the global professional service firm: the 'one firm' model versus (Italian) institutional specificities in organizational forms and practices



Dr Daniel Muzio spoke at an academic seminar hosted by Cass Business School and the Centre for Professional Service Firms, on 24 March 2011.

At the seminar, Daniel presented a study of UK law firms' attempts to enter the Italian legal market, an ESRC funded project on which he has been working with Dr James Faulconbridge. Empirically the research documents and explains the significant difficulties that global law firms have encountered in Italy. Theoretically, it highlights how local institutional factors mediate the internationalisation and organisation of Global PSFs.

Daniel first described the rise of large transnational law firms in the UK. He argued that such firms are increasingly moving away from a federated model towards organising their offices around a "one firm" model. "Vast degrees of operational autonomy" in national offices around the globe are replaced by "integrated profit pools and career structures", a corporate brand, "formalisation and standardisation of practices and processes", and leveraging of best practices and unique capabilities throughout the network. When UK firms attempt to apply this "one firm model" to offices outside the UK, however, they can encounter political, institutional, economic and cultural obstacles.

Through historical analysis of media sources since 1995 and semi-structured interviews with practitioners, regulators, staff in law schools, consultants and the media, Daniel constructed a history of English law firms in Italy. English law firms established a presence in Italy in the early to late 90s, typically through partnering a local firm, with the intention of further integration. English firms were "very successful in winning work, clients and staff." From the late 90s in to the early 00s local mergers were completed and the offices integrated in the global partnerships, following the 'one firm' model. Daniel reported that since then all these mergers have collapsed and the original Italian big name partners have defected. Instead of aiming to become 'top 3' firms in the Italian market, the large UK firms are focusing on transnational work, merely servicing the Italian leg of clients' global operations. Some English firms have now closed their local offices in Italy.

Daniel used institutional theory to analyse this history. Scott (2005) set out three pillars of institutions: regulative, normative and cognitive-cultural. Examining the regulative differences, Daniel highlighted how the English/Welsh procedure for qualification as a solicitor, in contrast to the Italian procedure, emphasises collaborative, firm-based service delivery, rather than autonomous theoretical excellence. Italian legal practice is also more tightly regulated, for example, fee levels are set, lawyers cannot name their clients in advertising, and a lawyer cannot be employed. Exploring the normative institutions, he shed light on the differences in client relationships and expectations, the socialisation of trainees and the dominance of small independent producers of legal services in Italy. Third the cognitive-cultural category contrasts the common law system in England and Wales with the civil code system in Italy. Daniel also used it to illustrate that the degree of individualism in legal practice in Italy is far higher and reward systems favour the big-name partner, being typically based on an 'eat what you kill' rather than the lock-step mechanisms that dominate in the English/Welsh firms.

Through their 'one firm' organisation model the London-based transnational law firms attempted to impose global practices and policies which were based on English institutions. These practices

were not tenable in the, institutionally very distant, setting of Italy. Daniel concluded that local institutional pressures hindered the reproduction by global law firms of their 'one firm' strategy in Italy and forced them to modify their strategy to re-focus on transnational clients/work.

Dr Daniel Muzio

Dr Daniel Muzio is a Senior Lecturer in Employment Relations at Leeds University Business School. His research interests include the organisation and management of Professional Services Firms, gender and the professions, and the interplay between professional occupations and professional organisations. Daniel has published in several leading management, sociology and law journals, including: *Organizational Studies*, *Sociology*, the *Journal of Economic Geography* and *Work, Employment and Society*. He has recently completed an ESRC research project on how global firms use HRM techniques to manage local institutional pressures and form their next generation of transnational lawyers in the different jurisdictions in which they operate. He is currently (co-)editing a special issue of the *Journal of Management Studies* on the role of professions and professionals in processes of institutional change.

Imogen Cleaver