

Corporate Professionalism The Case of Management Consulting

Ian Kirkpatrick, Matthias Kipping, and Daniel Muzio

Objective of the paper

- ▶ “There is a need to revisit theories of professionalism, which did not fully anticipate the shift of professional work to the context of large organizations or the rapid globalization of professional work....”

Suddaby et al., 2007: 25



Presentation outline

- ▶ Current understandings of the relationship between professions and professional service Firms (PSFs)
- ▶ Case study: Management Consulting in UK
 - ▶ Professional project and emergence of “corporate professionalism”
- ▶ Summary of findings and implications for theory



Relationship Professions - PSFs

- ▶ PSFs as passive sites for professional colonization and domination
 - ▶ Sociology of professions: Centrality of the professionalization project
 - ▶ Institutional theory: Professions as 'Lords of the dance' (Scott 2008)
- ▶ An alternative view: PSFs as 'significant actors' in professional development and regulation
 - ▶ Archetype theory, post-structuralist accounts: New forms of management control, socialization and identity construction
 - ▶ Firms as institutional entrepreneurs: Re-shaping the nature and goals of professional formation and 'regulation'



Emergence of corporate professionalism

- ▶ Professions and forms of regulation that are increasingly skewed to the interests and priorities of employing organizations
 - ▶ Support for new organizational forms, e.g. multi-disciplinary practice in accounting
 - ▶ Forms of regulation that emphasize commercial as opposed to social trusteeship logics
 - ▶ Certification and representation of firms as opposed to individuals
- ▶ **BUT:** Existing accounts of corporate professionalism are based on fields where PSFs are historically embedded actors, namely law and accounting



Questions for research

- ▶ Explore dynamics of change in fields where firms pre-date professions and have been and remain dominant actors
- ▶ Stronger tendency towards corporate professionalism because leading firms have weak incentives to support external regulation and may be indifferent towards it...
 - ▶ ...although not necessarily to 'own brand' forms of professionalism
- ▶ In response, professional associations are forced to adopt strategies that seek to appeal to and accommodate the interests of firms



Case: Management consulting in UK

- ▶ **Research focus: Explore the changing relationship between firms and professions over time**
 - ▶ Did this result in strong forms of corporate professionalism?
- ▶ **Sources: Archival and interviews**
 - ▶ MCA archive and systematic search of available trade journals
 - ▶ 15 interviews with industry insiders (past and present)
- ▶ **Context: Characteristics of industry since 1950s**
 - ▶ Fee income rises from £4 million in 1956 to £7.7 billion in 2006
 - ▶ Domination of larger firms: around 70% of fee income
 - ▶ Shift over time in the business focus of management consulting and population of leading firms
 - ▶ Formation of Management Consultancies Association (MCA) in 1956
 - ▶ Proper professional project launched with the formation of the Institute of Management Consultants (IMC) in 1962, re-named IBC in 2007



Industry evolution: New entrants

Type of Firm	First member admitted	First MCA Presidents
Engineering: AIC, UOP, PE, PA (Big 4)	1956 (MCA founded)	1956
Accounting: Coopers, Price Waterhouse, Arthur Andersen	1964	1970 and 1973
Strategy: A.T. Kearney (McKinsey never joins)	1971	1975 and 1982
IT: IBM, Capgemini, Accenture, national players	1996	After 2001



Evolution of professionalization

- ▶ **1950s-1960s: Reluctant leadership: Firm led professional project**
 - ▶ External pressure from government and competitors
 - ▶ Large firms establish the MCA (regulating the behaviour of producers) and IMC (regulating the supply of producers)
- ▶ **1970s-mid 1980s: Disengagement: Gradual withdrawal of large firms**
 - ▶ IMC pursues formal certification and membership growth
 - ▶ But declining support from larger firms, esp. new entrants such as McKinsey
- ▶ **Mid 1980s-mid 1990s: Marginalisation: Failure of IMC to expand membership or secure Royal Charter**
 - ▶ Large firms either disengage or (with new entrants) ignore the IMC
 - ▶ Focus insteadg on developing 'own brand' professionalism.
- ▶ **Mid 1990s – today: Rendition: Re-defining the professional project**
 - ▶ IMC adopts radical new strategy of inclusiveness and organizational professionalism: Certified Practices
 - ▶ Limited success



IMC membership vs total employment

	1964	1970	1980	1990	2000	2008
Estimated total employment (based on MCA)	1,950	4,160	6,000	20,000	42,000	95,000 (2006)
IMC members	500	1,350	3,000	3,500	4,000	7,000
IMC as % of total employment	26%	32%	50%	18%	10%	7%



Selected quotes

- ▶ “...the more successful they [the leading firms] became, the more they believed their own PR and the more they believed that the brand name of PWC was more important to them than the third party endorsement of the IMC or the MCA. In other words, it was to do with self-validation and ego rather than peer assessment and professional recognition.” (Ex-IMC President I)
 - ▶ “We introduced the idea of a certified practice, which was to say well if you’re a large practice and you have systems for developing consultants and assessing them, then we can outsource the assessment to you rather than doing it ourselves. So whereas an accountant who perhaps is working for themselves perhaps comes in front of a board of assessors to have their competence assessed by the institute, if you’re working for IBM say, then IBM has been deemed to be an approved practice. And it can then do the assessment.... It was a way of embracing large practices or trying to get them on board....” (Ex-IMC president II)
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	1950s-1960s	1970s- mid 1980s	Mid 1980s- mid 1990s	Mid 1990s-today
<i>Strategies of leading firms</i>	Pragmatic support for professional associations to forestall more intrusive government regulation	Declining support for professional association. Emergence of alternative models of 'own-brand' professionalism	Disengagement from professional association. Focus on brand-building	Continued focus on brand building. Partial re-engagement (by a minority of firms) with professional associations
<i>Strategies of professional association (IMC)</i>	Traditional model focused on: recruitment of individual practitioners, social trusteeship and labour market closure	Traditional model combined with attempts to include and represent small firms	No change for IMC. MCA pursues strategy of inclusiveness	IMC engages in major re-branding and focus on corporate membership
<i>Characteristics of population of leading firms</i>	Big 4 (Engineering), Accounting firms	Big 4, Accounting firms, Strategy firms	Accounting firms, Big 4	Accounting firms, IT firms

Findings and implications

- ▶ Management consulting an example of strong corporate professionalism and organizational capture
- ▶ Importance of foundation conditions for explaining change, although some caveats:
 - ▶ Firms did initially support professionalization, albeit for pragmatic reasons: Legitimacy
 - ▶ Professional association (IMC) were slower than one might expect to change their strategies: Inertia
- ▶ Need for more fine grained distinctions between organizational fields in terms of relationships between professions and firms



Types of professionalization

	Association-led professionalisation	Firm-led professionalisation
<i>Examples</i>	Law, Accountancy, Architecture	Management Consulting, R&D?, PR?
<i>Foundation conditions</i>	Late 19 th century Associations formed prior to large firms	Mid 20 th century onwards Large firms precede associations
<i>Role of the state with regard to professional regulation</i>	Supportive, interventionist	Indifferent, laissez faire
<i>Characteristics of core business</i>	Knowledge a public good Boundaries relatively easy to define, stable populations	Knowledge a key competitive asset of firms Open boundaries, population change

