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HUMAN RESOURCE MANAGEMENT IN PROFESSIONAL SERVICE FIRMS:
A SYSTEMATIC LITERATURE REVIEW

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Abstract: Human resource management in professional service firms is one of the most important instruments for promoting sustainable competitive advantage. However, the questions of what HRM-related challenges such firms face and how they utilize HRM practices in order to address these challenges are not fully answered. Using a systematic literature review of 79 peer-reviewed journals, we attempt to contribute to answering these questions. We analyzed the contribution of the articles by four HRM issues in PSF: “herding cats” problem, multiple commitment, autonomy and informality, and alternative incentives. As a result, we identified possible gaps in the literature that could serve as the directions for future research.
Human Resource Management in Professional Service Firms: a Systematic Literature Review

1. Introduction

Professional service firms (PSF) gain increasing attention of management and organizational science scholars in recent few decades. The interest of studies is usually reasoned by the importance of such firms for modern knowledge economy and by specific features that PSF have in ways they manage their business (Kaiser et al., 2015). Nowadays, professional service sector has emerged as one of the most rapidly growing, profitable, and significant sectors of the global economy, and became comparable in terms of revenues to the global commercial banking sector (Empson et al., 2015). On the other hand, theoretical significance of studying PSF as organizations becomes maybe even more evident. For human resource management (HRM) researchers they represent particular interest as they derive their competitive advantage from knowledge and expertise of their employees, and, therefore, HRM practices constitute the most sensible lever for promoting high organizational performance. They stand in the forefront of the changes in a modern workplace, implementing innovative HRM practices in order to succeed in a “war for talents”.

The process of PSF being “coming out of the shadows” (Empson et al., 2015) is a notable trend in academic literature manifested by emerging of specialized research in this field. In particular, such manifestations are special issues on PSF in Journal of Organizational Behavior (2008) and German journal of research in human resource management (2015) or release of Oxford handbook of professional-service firms (2015). The critical importance of human assets for PSF reflected in a growth of HRM-related literature in this field. HRM-related issues indeed occupy the majority of studies conducted in the context of PSF. Although the growing body of work in the literature has revealed some critical features of HRM as well as particular HRM practices and policies inherent to PSF, the questions of what HRM-related challenges PSF face and how they utilize HRM practices in order to address these challenges are not fully answered (Fu et al., 2017). This paper aims to contribute in the literature by systematizing findings from the studies directly or indirectly devoted to answering this questions. It additionally focuses on the changing nature of HRM in PSF and intends to identify the trends and future research opportunities in this field.

The paper is organized as follows. First section details the methodology of systematic literature review carried out. The aim of methodological efforts is to ensure that we included the overwhelming majority of representative studies and are able to identify the current state-of-art in the field. Second section provides the analysis of the critical characteristics of the sample structure and the discussion of identified contribution of the collected papers. Finally, the third section is devoted to the conclusions of the review.

2. Methodology

We aimed at synthesizing the best available research concerning a variety of HRM issues relevant to PSF. Pursuing this aim we set up a reviewing protocol. By setting up the protocol, we tried to prevent possible reviewer bias and make further research able to replicate our findings. The intention of the review was to include in the analysis only journal articles, omitting other sources such as books, book chapters, conference articles, and working papers series, as we tried to ensure, following previous systematic literature review authors (e.g. Marin-Garcia, Tomas, 2016), that our review includes only scientifically validated resources with high impact on the literature

The protocol implied three stages. At the first stage, we ran the automatic search in Scopus and Web of Science databases. In the search queries we put the most used in research papers variations of terms HRM (HR, HRM, human resources, human resource management)
and PSF (professional service(s) firm(s)/organization(s)/organization(s)) (exact search queries are presented in the Table 1).

<table>
<thead>
<tr>
<th>Database</th>
<th>Search query</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scopus</td>
<td>( ABS ( hr* ) OR ABS ( human AND resource AND management ) AND ABS ( professional AND service* AND organisation* OR organisation* OR firm* ) ) AND ( LIMIT-TO ( DOCTYPE , &quot;ar &quot; ) ) AND ( LIMIT-TO ( SUBJAREA , &quot;BUSI &quot; ) OR LIMIT-TO ( SUBJAREA , &quot;SOCI &quot; ) OR LIMIT-TO ( SUBJAREA , &quot;PSYC &quot; ) ) AND ( LIMIT-TO ( LANGUAGE , &quot;English &quot; ) )</td>
<td>180</td>
</tr>
<tr>
<td>Web of Science</td>
<td>((TS=(professional service* firm* OR professional service* organisation* OR professional service* organization*) AND TS=(HR OR human resource management OR HRM)) AND LANGUAGE: (English) AND DOCUMENT TYPES: (Article)</td>
<td>303</td>
</tr>
</tbody>
</table>

The initial search yielded 180 results in Scopus and 303 in Web of Science. We analyzed resulting lists by both titles and abstracts in order to select only the articles that relevant to investigated topic. Taking into consideration both the diversity of HRM issues and the ambiguity of the category of PSF, we tried to provide for different concepts and terms that might be relevant for the discussion. As HRM issues we treated the concepts of human capital, talent management, human resource development, organizational behavior (such as job satisfaction, organizational commitment, organizational identity, psychological contract, organizational citizenship behavior, etc.), and specific HRM practices (such as recruitment, training and development, promotion, motivation enhancement, etc.). All the selected articles either directly indicated the context of professional service firms or investigated specific industries that are most frequently marked as professional services by previous research (von Nordenflycht, 2010). After the selection stage, the sample totaled 58 articles.

In the second stage, we intended to augment the resulted list with the notable articles that were cited by the most relevant papers. For this purpose, we chose the most recent papers that conducted the thorough literature review focusing on general features of HRM in PSF (Kaiser et al., 2015; Swart et al., 2015; Fu et al., 2017). The appropriate articles from the articles’ reference lists were analyzed similarly as on the previous stage. After the supplement, the final list comprised 79 articles in the time span of 1995-2017.

In the third stage, we read the full text of every article in the list with the aim of extracting the information of interest in a structured manner. Thus, the investigation of the articles resulted in the table with the following items:

- Title
- Year
- Authors
- Methodology
- Sample and data
- Main concepts and constructs
- Theoretical frameworks
- Hypotheses or propositions
- Main findings

The information in the table served as the main source for further analysis.
3. Results and discussion

Analysis of the sample structure

Table 1 presents information about the journals of the collected articles, including the number of papers in each journal, the citation score in the Scopus database (CiteScore 2016) and the rating (out of 4) in Academic Journal Guide (by Chartered Association of Business Schools).

<table>
<thead>
<tr>
<th>Journal</th>
<th>Papers in the sample</th>
<th>Scopus CiteScore 2016</th>
<th>CABS AJG 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>The International Journal of Human Resource Management</td>
<td>11</td>
<td>2.21</td>
<td>3</td>
</tr>
<tr>
<td>Human Resource Management Journal</td>
<td>5</td>
<td>2.53</td>
<td>4</td>
</tr>
<tr>
<td>German Journal of Human Resource Management</td>
<td>5</td>
<td>0.73</td>
<td>2</td>
</tr>
<tr>
<td>Human Relations</td>
<td>4</td>
<td>3.13</td>
<td>4</td>
</tr>
<tr>
<td>Human Resource Management</td>
<td>4</td>
<td>2.72</td>
<td>4</td>
</tr>
<tr>
<td>Academy of Management Journal</td>
<td>3</td>
<td>8.41</td>
<td>4</td>
</tr>
<tr>
<td>Employee Relations</td>
<td>3</td>
<td>1.54</td>
<td>2</td>
</tr>
<tr>
<td>Personnel Review</td>
<td>3</td>
<td>1.64</td>
<td>2</td>
</tr>
<tr>
<td>Accounting, Organizations and Society</td>
<td>2</td>
<td>3.23</td>
<td>-</td>
</tr>
<tr>
<td>Asia Pacific Journal of Human Resources</td>
<td>2</td>
<td>1.01</td>
<td>2</td>
</tr>
<tr>
<td>British Journal of Management</td>
<td>2</td>
<td>3.96</td>
<td>4</td>
</tr>
<tr>
<td>Career Development International</td>
<td>2</td>
<td>1.85</td>
<td>2</td>
</tr>
<tr>
<td>International Journal of Organizational Analysis</td>
<td>2</td>
<td>0.73</td>
<td>-</td>
</tr>
<tr>
<td>Journal of Management Studies</td>
<td>2</td>
<td>5.25</td>
<td>4</td>
</tr>
<tr>
<td>Management Research News</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other (1 article per journal in the sample)</td>
<td>27</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

¹ Chartered Association of Business Schools Academic Journal Guide rating
² Scopus CiteScore measures average citations received per document published in the serial

With few exceptions, the sample covers the high ranked journals in management and organizational science. The majority of journals in the table is top tier (4th rank) journals (6 journals), one of journals is 3rd rank, five – 2nd rank, and two more journals are not currently indexed in CABS AJG rating. It suggests that the collected research represents the forefront of the scientific knowledge in HRM and related fields. It additionally proves the relevance of the contribution reported in the selected articles. Nine of the journals in the table (comprising 39 articles) focus specifically on HRM and organizational behavior, six remaining (13 articles) publish articles on broad range of topics.

Analyzing the sample structure, three important observations are notable. First, there is significant growth of interest of researchers in HRM issues in PSF. The published articles captured by the analysis demonstrated sustainable growth over the last 22 years (1995-2017). Moreover, comparing with both 2012-2014 and 2009-2011 periods, the number of research of
the topic in last 3 years (2015-2017) increased almost two times (13 articles in 2012-2014, 14 articles in 2009-2011, 36 articles in 2015-2017). Considering not full coverage of 2017 (review was made in June 2017), it can be expected that the research will grow even more. Thus, we conclude that the recent years are characterized by drastic gain of interest to the phenomena of HRM in PSF.

Another notable observation regards to the methodology choice in the sampled articles. A noticeable majority of articles utilize qualitative research strategies (e.g. case studies or interview-based investigations). 41 out of 78 articles are empirical articles based solely on qualitative data, 4 more use mixed research design with core qualitative methodology. The sample also comprises 25 exclusively quantitative empirical articles and 8 theoretical studies without any empirical investigations. This results generally suggest a trend toward more quantitative approach.

The differences in selected research strategies can be explained by the level of maturity of the field. Starting with almost exclusively qualitative research from 1995 to 2008, the literature has developed towards “quantification” of concepts and overall knowledge of the field. It resulted in a situation that in recent three years, judging by our sample, the half of the empirical research utilized quantitative methodologies. Figure 1 represents the distribution of articles by years of publishing and utilized methodology.

**Figure 1. Distribution of the sample by time and methodology**

Finally, the analysis suggests general methodological diversity of the sample. Although the majority of studies in the sample used mainstream statistical methods (such as regression analysis or structural equation modeling) (30%) or case studies (both single and multiple) for analysis of their data, some scholars utilized innovative methodologies that are rare for HRM field, including interpretive interview-based investigations, grounded theory approach and mathematical modeling (dynamic simulation and game theoretical modelling).
Theoretical frameworks

Although studies rarely specify explicitly theoretical frameworks they rely on, it was possible to identify main broad theoretical perspectives of the collected articles. First, the resource-based view were utilized by the studies to provide rationale for relating human resources to firm performance and to sources of company’s sustainable competitive advantage (Bello et al., 2016; Lander et al., 2013, Swart, Kinnie, 2003; Fu et al., 2016). Second, institutional perspective were as well popular in showing the conflict of institutional logics of professionalized workforce and bureaucratic organizations (Alvesson, Kärreman, 2004; Lander et al., 2013; Bevort, Poulfelt, 2015; Bullinger, Treisch, 2015), in explaining the mechanisms of managerial control (Alvesson, Kärreman, 2004; Cooke et al., 2013), or in providing rationale for cross-cultural differences in PSF (Spence et al., 2015). Third, system (or architectural) view on HRM were used for holistic investigation of the company’s set of inter-related human resource management practices (Swart, Kinnie, 2010, 2013; Chang, Chen, 2011; McClean, Collins, 2011; Fu et al., 2013, 2016, 2017; Kaiser et al., 2015). Fourth, a number of studies referred to intellectual capital theory in order to both theoretically and empirically illustrate mediating mechanisms in HRM-performance relationship (Kim, Lee, 2012; Swart, Kinnie, 2013; Fu et al., 2013, 2016, 2017). Other notable theoretical frameworks included gender and diversity theory (Kumra, Vinnicombe, 2008; Cooke et al., 2013; Cooke, Xiao, 2014), psychological contract perspective (Chasserio, Legault, 2009; Kuchinke et al., 2009; Donnelly, 2011), strategic options theory (Malos et al., 1995, 2000) and culturalist perspective (Rivera, 2012; Cooke, Xiao, 2014).

The overall results of the analysis of the sample suggest that HRM issues in PSF gain increasing attention of scholars and have been studied using various methodological tools at the highest academic level. Although it is clear that the field moves towards using quantitative approach, the current state-of-art comprise comprehensive investigations from diverse methodological and theoretical perspectives.
Contribution of the studies: are there any gaps left?

In order to analyze the contribution of the collected articles we aimed to compare their findings with theoretical propositions of the most impactful articles comprising core contribution in the field. As the latter, we chose three papers that systematically presented the core implications and features of HRM in PSF: by von Nordenflycht (2010), Swart et al. (2015) and Empson et al. (2015). During the analysis of these three papers, we identified four major areas of HRM issues in PSF: “herding cats” problem, multiple commitment, autonomy and informality, and alternative incentives. Table 3 presents these four HRM issues and corresponding articles included in the sample.

Table 3. HRM issues and corresponding articles

<table>
<thead>
<tr>
<th>HRM issue</th>
<th>Papers in the sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Herding cats” problem</td>
<td>Ferner et al., 1995; Boxall, Steeneveld, 1999; Agrawal, Thite, 2003; Cai, Kleiner, 2004; Teo et al., 2008; Vaiman, 2008; Snell, White, 2009; Babio, Rodriguez, 2010; Sparrow et al., 2013; Bullinger, Treisch, 2015; George, 2015; Bhatti, Ahsan, 2016; Kaiser et al., 2015; Kim et al., 2016; Solberg, Dysvik, 2016; Suseno, Pinnington, 2017; Wiblen, 2016</td>
</tr>
<tr>
<td>Multiple commitment</td>
<td>Alvesson, Kärreman, 2007; Empson, 2008; Chang, Chen, 2011; Donnelly, 2011; McClean, Collins, 2011; Rivera, 2012; Cooke et al., 2013; Lander et al., 2013; Wapshott, Mallett, 2013; Bevort, Pouflet, 2015; Jørgensen, Becker, 2015; Ollila et al., 2015; Yalabik, 2017</td>
</tr>
<tr>
<td>Autonomy and informality</td>
<td>Weick, Revue, 2007; Carvalho, Cabral-Cardoso, 2008; Faulconbridge, Muzio, 2008; Chasserio, Legault, 2009; Nesheim et al., 2017</td>
</tr>
<tr>
<td>Alternative incentives</td>
<td>Malos et al., 1995, 2000; Morris, 1998; Alvesson, Kärreman, 2004; Carvalho, Cabral-Cardoso, 2008; Faulconbridge, Muzio, 2008; Teo et al., 2008; Malhotra et al., 2010; Pinnington, 2011; Brivot et al., 2014</td>
</tr>
</tbody>
</table>

“Herding cats” (Mintzberg et al., 1998) phenomena is usually understood as difficulties with retention and direction of professionalized workforce (von Norderflycht, 2010; Kaiser et al., 2015). Therefore, we comprised in this phenomena the issues of employee retention and talent management in PSF. Using the “herding cats” argument studies looked for HRM challenges and the ways to address them both in general settings of PSF (Kaiser et al., 2015; Suseno et al., 2017) and in specific industries, such as IT software development (Agrawal, Thite, 2003; Bhatti, Ahsan, 2016), employment agencies (Cai, Kleiner, 2004) and engineering consultancies (Boxall, Steeneveld, 1999).

The research on employee retention were mainly focused on revealing possible mechanisms of directing and retaining employees in a company. As such mechanisms, studies proposed investments in employee development (Solberg, Dysvik, 2016), internal marketing (Snell, White, 2009), strategic HRM, cultural and personnel control practices (Teo et al., 2008), and formal hierarchical control (Ferner et al., 1995).

Addressing “herding cats” problem, research widely utilized the concept of talent management. By doing so authors tried to identify the tools that can foster the effectiveness of tal-
ent management (such as electronic HRM systems (Wiblen, 2016) or lateral hiring (Kim et al., 2016)) and discussed HRM policies and principles that might help organizations to attract, develop and retain their talents (Babío, Rodríguez, 2010; Sparrow et al., 2013; Bullinger, Treisch, 2015). Notable research relevant to talent management in PSF discussion was reported by Vaiman (2008), who stressed the importance of talent retention in terms of accumulation of organizational knowledge. He argued that both explicit and implicit knowledge of employees are the major source of PSF’s competitive advantage and their loss is extremely costly to any PSF both in terms of money and interfirm rivalry.

**Multiple commitment.** Employee commitment is as well widely accepted as crucial issue for survival of PSF. Scholars discovered the positive effects of high commitment of employees (Chang, Chen, 2011; Jörgensen, Becker, 2015) and negative outcomes caused by lack of personnel commitment (Cooke et al., 2013; Yalabik, 2017).

The employee commitment in PSF is considered as multiform phenomena: professionals simultaneously commit to professional norms, to their organization, and to the clients they work with. This coexistence of multiple commitment foci may lead both to their mutual reinforcement (Ollila et al., 2015) and to the conflict of different institutional logics (Donnelly, 2011; Lander et al., 2013; Bevort, Poulfelt, 2015). Similar effect were demonstrated regarding to the interaction of organizational and individual identity of professionals (Alvesson, Empson, 2008).

This individual-organizational identity were shown to be decisive in hiring process in PSF (Rivera, 2012) and in intersubjective negotiations between employees and employers (Wapshott, Mallett, 2013). Several articles stressed the role of HRM in fostering different forms of employee commitment and individual-organization identity, and in resolving the conflict of institutional logics. Jörgensen and Becker’s (2015) findings suggest that in PSF, HRM practices encourage high levels of organizational commitment primarily and most often through their influence on professional commitment and that HRM practices related to flexible work design are essential in creating balance between an employee’s commitment to organization and commitment to their profession. Alvesson and Kärreman (2007) similarly demonstrated that HRM might serve to develop both organizational and individual identity of employees. McClean and Collins (2011) utilizing the quantitative methodology related organizational level high-commitment HRM systems to employee efforts and PSF performance.

**Autonomy and informality.** PSF researchers have characterized these organizations as having informal approaches to management processes, including HRM-related ones. This informality allows professionals to have high degree of autonomy and serve as important motivational factor that partially addresses “herding cats” problem.

Some articles proposed possible management practices that help to support autonomy and flexibility in PSF (Carvalho, Cabral-Cardoso, 2008; Chasserio, Legault, 2009). Weick and Revue (2007) argued that informality of managerial practices (recruitment) significantly depend on contingent factors, such as size of organization, whether or not PSF has separate HRM department, or the existence of communal social order.

Other articles focused on explaining the positive outcomes of autonomous and informal work in PSF. Faulconbridge and Muzio (2008) demonstrated how professional lawyers enjoy high degrees of autonomy and traditions of professionalism and respond to substantial amounts of control over their work and service delivery. Nesheim et al. (2017) provided the evidence that autonomy positively related to employees’ networking ability and both in-role and extra-role individual performance. Similarly, Chasserio and Legault (2009) showed that informal HRM practices and forms of work organization are effective in achieving organizational goals in the B2B technology service sector.

**Alternative incentives** for professional work can be considered as a response to both “herding cats” problem and multiple commitment phenomena. Three categories of specific incentive mechanisms are usually discussed in the context of PSF: promotion systems, control systems and compensation systems.
Up-or-out promotion system is something that usually associated with career development process in PSF. Traditional up-or-out systems imply that if employees fail to obtain promotion to partner within a certain time period they are expected to quit or are dismissed. However, such systems (1) substantially changed in recent years and become more elastic or usually combined with development systems that are not implying dismissal of high-valued employees (Malhota et al., 2010); (2) are common only for large consultancy firms (Morris, 1998) and not common for small- and medium-sized firms and new professional service industries (e.g. neo-PSF – von Nordenflycht, 2010); (3) are usually oriented toward specific cohorts of employees for which “war for talent” and “herding cats” are not acute issues (e.g. early stage employees (Pinnington, 2011)). Nevertheless, the effects of up-or-out promotion system still remain in the scope of interest of PSF researchers (Malos et al., 2000; Carvalho, Cabral-Cardoso, 2008; Brivot et al., 2014).

Discussing control systems in PSF research often indicate the coexistence of managerial and cultural control mechanisms. For example, Alvesson Kärreman (2004) suggested that socio-ideological control is not an alternative for bureaucratic control, especially in situation of high uncertainty and complexity. Similarly, Teo et al. (2008) differentiated organizational control systems into personnel and cultural ones and provided evidence on complementarity of both systems in promoting organizational performance.

Research on compensation systems was poorly represented in the sample. Although it is argued that professional service firms adopt various forms of monetary incentives, including individual-, group- and firm-level contingent pay schemes, there is little evidence on the role and determining factors of compensation systems in PSF. The notable exception is the paper of Chatain and Meyer-Doyle (2016) that reported the dilemmas of allocation of key employees to incoming projects and the role that monetary incentives play in aggravating or alleviating these dilemmas. They found that partners have a tendency to be attached to too many projects and not to share enough work, which is exacerbated when individual monetary incentives are stronger.

To summarize, the findings on selected four HRM issues in PSF are very diverse and multidirectional. Despite of some reviewing efforts (e.g. carried out by Kaiser et al., 2015), the knowledge of this field clearly lacks of systematization. Many important HRM issues remain underexplored. Little research devoted to the identification of HRM practices that address the issues of autonomy and alternative incentives, especially those that deal with different pay schemes and non-monetary motivation. There is also no sufficient research on how HRM differs for distinct types of PSF: between large multinational companies and small- and medium-sized firms, or across PSF from different industries. Substantial research required for the question of interdependencies of HRM practices in PSF and for their accordance with general business strategy.

4. Conclusion

This paper reviewed the sample of 79 peer-reviewed articles on HRM issues in PSF with the aim to identify what HRM-related challenges PSF face and how they utilize HRM practices in order to address these challenges. We identified that literature in this field rapidly grow, especially the one that apply quantitative methodologies. This may be interpreted as a sign of the field becoming mature. The contribution of collected articles were analyzed through the prism of four HRM issues inherent to PSF that were manifested by previous research: “herding cats” problem, multiple commitment, autonomy and informality, and alternative incentives. Although all four issues were substantially represented by the articles in the sample, HRM in PSF cannot be considered as comprehensively studied. In particular, some efforts may be required to investigate the complex systems of interrelated HRM practices and their connection with business strategy and other contingent factors.
One limitation of the study relates to the boundaries of chosen time span (1995-2017), which can be enlarged by further research. Another limitation could regard to the keywords and databases used collect the papers in our literature review. Future research could enrich our findings by including other reference databases (for instance, Google Scholar) and by widening the list of keywords that were used in the search queries.

5. References


