



## Research article

## How do design parameters of firm governance affect collaboration process dimensions in professional service firm?

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## ABSTRACT

This article studies the effects of firm governance on the collaboration process dimensions in a public corporation type of professional service firm with one global integrated organization structure and a partnership type of professional service firm with network organization structure. One conceptual model is developed to structure the analysis and guide five expert interviews. This study finds that in the public corporation type of professional service firm, with one global integrated organization structure, the structural dimension of the collaboration process plays a more significant role than the agency and social capital dimension in establishing the collaboration process. On the contrary, in the partnership type of professional service firm, with a network organization structure, the social capital and the agency dimensions of the collaboration process play a more significant role than the structural dimension in establishing the collaboration process. It leads to the practical implementation in a partnership type of professional service firm, and the collaboration process would be started by building the social capital and agency dimensions. In a public corporation type of professional service firm, the collaboration process would be started by following the structural dimensions because being a public corporation forces the firm to have a defined and documented governance and administration (structural dimension).

## 1. Introduction

Today businesses and organizations face multifaceted and complex problems, which requires experts or professionals to collaborate to integrate their unique skill and knowledge to produce optimal and more holistic solutions than any of them could produce on their own (Chih et al., 2019; Gardner, 2016; Ward et al., 2018). Collaboration is a crucial capability for companies, organizations, and specifically for professional services firms. Gardner (2016) also shows that when professions collaborate across boundaries, the organization earns more profits, increases customer satisfaction, produces more innovative work, and retains and attracts the best talent. The ability to innovate successfully is the competitiveness of a modern organization, and many studies have proved that collaboration is required for innovation (Dooley et al., 2016; Hernandez-Espallardo et al., 2018; Nguyen et al., 2020; West and Advistory, 2020).

Collaboration is a powerful business tool for companies, organizations, and professional service firms regardless of their size or industry. Collaboration enables firms to build a relationship with other parties, who provide them with access to resources and capacities that are not

available in-house (Rodríguez et al., 2018). As one example, technical collaboration has been shown to positively affects innovation performance of firms in both domestic and international alliance (Belderbos et al., 2004; Connor et al., 2020; Durst et al., 2015; Ebersberger and Herstad, 2013; Faems et al., 2005; Rodríguez et al., 2018; Rodríguez and Nieto, 2012).

Typically, in professional services firms (PSF), collaboration refers to organizations or practice areas working together to address problems and achieve goals that seem out of reach when working alone. By combining the effort and expertise of different organizations, all collaborative parties in the network can innovate, grow, and increase their competitiveness on many levels.

Collaborating is not easy. The IBM Global CEO Study found that "over three-quarters of 750 CEOs said that collaboration is crucial to innovation, but only half "believed" that their organizations were collaborating beyond a moderate level," according to Weems (2006) of IBM Global Business Services. Barringer and Harrison (2000) showed statistically that 50–70% of inter-organizational collaboration fail and that many collaborations do not meet the expectations of participating organizations.

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The literature reviews conducted in the health care industry by (D'Amour et al., 2008), in professional service firm by Empson et al. (2015a), and Gardner (2016), in the nonprofit organization by Gazley (2017), and public administration, by Bryson et al. (2015) have a similar conclusion that there is still a big knowledge gap for practitioners to understand the collaboration process to build a successful collaboration process. They also stated that there is more knowledge of the pre-conditions and outcomes of collaboration than the process.

Competition and clients' demand create serious challenges to professional services firms. Most professional regulations are created with two objectives: maintaining professional standards and promoting competition Biggar and Wise (2005), and Salvoldi and Brock (2019). Nearly all countries promote and enforce competition in the professional services industry by removing some of the most restrictions on competition in this sector, such as price-fixing agreements and bid-rigging. Price fixing, bid-rigging, and other forms of collusion are illegal in nearly all countries.

Most PSFs' clients increasingly face complex problems that one expert cannot solve. The clients demand multidisciplinary experts to assist them in tackling their complex problems (Empson et al., 2015b; Faulconbridge and Muzio, 2017; Gardner, 2016). On the contrary, most PSFs drive their professionals for high specialization, professional experts into narrowly defined practice areas/capabilities. In the context of PSF, to fulfilling their clients' demands and win the competition, the professionals in PSF need to work together (collaborate) to integrate their separate knowledge bases and expertise to find an innovative solution to solve their clients' complex problems.

A starting point of this study was based on the first author's working experiences. The more than twenty years of working experience for two different management consulting firms, a public corporation firm and a partnership firm, have provided the opportunities to experience and observe two different collaboration process phenomena. How the professionals collaborate and their behaviour toward the collaboration process in those two firms are different (see Table 1). Interested in understanding those two different collaboration phenomena and contributing to filling in the knowledge gap of the collaboration process is the purpose of this work.

PSFs are an ideal setting for learning about collaboration. As mentioned above, competition in the market and their client require the PSFs to collaborate (Hydle and Brock, 2020; Valentine and Gardner, 2015). Also, PSFs are worth studying because of many insights that businesses and organizations within the knowledge economy can learn

from their theoretical significance (Boussebaa and Faulconbridge, 2019; Empson et al., 2015a; B. Hinings et al., 2015). The traditional management models are often derived from manufacturing firms' empirical settings, which offer only limited insight into the complex interpersonal and organizational dynamics within PSFs (Maister, 1997; Teece, 2003). However, by understanding how PSFs are operated and managed, scholars may learn a deeper insight into more contemporary management models, also useful for organizations that plan to transform their traditional management models to more knowledge-based forms of working.

Collaborations have been studied widely, and most of the studies of networks and alliances were conducted quantitatively, using large data and statistical analysis. The quantitative studies provide more board understanding of the collaboration process (Hardy et al., 2003). This study used qualitative methods to understand better the collaboration process and its relationships with other factors, which will contribute to a more comprehensive understanding of the dimensions of the collaboration process.

This study used qualitative methods, including a literature review and five in-depth expert interviews, to examine the two different collaboration phenomena and understand better the characteristics of the collaboration process dimensions in a public corporation type of PSF and a partnership type of PSF. It assumes that the firm governance of the PSF influences the dimensions of the collaboration process in PSF. It analyzes the legal type, organization structure, and performance management system to understand how those firm governance's design parameters influence the five dimensions of the collaboration process and drive different behaviour of the professionals toward the collaboration process in the firm. It also aims to understand the different characteristics of the collaboration process dimensions in the public corporation type of PSF from the one in the partnership type of PSF. Finding the answers to those questions can help professionals collaborate more effectively in both types of PSFs. Moreover, understanding the collaboration process in those two types of PSFs provides insights to be leveraged for other PSFs (non-management consulting firms) and other organizations (non-PSF).

This study finds that the design parameters of firm governance characterize the dimensions of the collaboration process in the PSF, which result in two different phenomena of the collaboration process. In the partnership type of PSF with a network organization structure, the social capital dimension and agency dimensions play a more significant role than the structural dimension in establishing the collaboration process and vice versa the structural dimension play a more significant role than the social capital and organizational dimension in a public corporation type of PSF.

**Table 1.** The two different collaboration process phenomena.

Activities	Public corporation	Partnership
Account management	The account lead has full authority to coordinate with others in managing the account	<ul style="list-style-type: none"> <li>The account lead exists, but the coordination is looser than in the public corporation.</li> <li>Every partner can deals independently with the account, even without involving the account lead.</li> </ul>
Sales	The account lead coordinates service line leaders during the selling process	Every service line leader can sell directly to the account, and no obligation for the service line leaders to report his/her selling activity to the account lead
Project delivery	<ul style="list-style-type: none"> <li>Recognize two KPIs: sales and revenue.</li> <li>A professional who does not involve directly in delivery but involving in the selling process will get the sales number but not the revenue.</li> <li>A professional who is involved in both sales and delivery will get the sales and revenue</li> </ul>	<ul style="list-style-type: none"> <li>Recognize only one KPI: the revenue.</li> <li>Professionals who do not involve directly in delivery will not get the revenue number.</li> </ul>

## 2. Literature review and theory

### 2.1. Collaboration process

There is no doubt about the benefits of collaboration (Cromwell and Gardner, 2020; Gardner, 2016; Valentine and Gardner, 2015; Weems, 2006) to the involved parties. The more or better collaboration will generate more benefits for individuals, teams, and organizations, including better quality products or services, resulting in satisfied customers (Gardner et al., 2012; Haas and Hansen, 2005).

Despite the benefits of collaboration, building collaboration is not an easy task, as mentioned by (Gardner, 2016; Thomson et al., 2009; Thomson and Perry, 2006). "Do not collaborate unless you are willing to thoughtfully consider and educate yourself about the nature of the process involved," and many existing works of literature focus on antecedents and enhancing collaborative performance, but missing an important piece of the puzzle, which is the process (Thomson and Perry, 2006). Another previous study by (Barringer and Harrison, 2000) shows statistically that 50–70% of inter-organizational collaboration fail and that many collaborations do not meet the expectations of participating organizations. More understanding of the collaboration process will further

the value of this emerging field of study and benefit the practitioners and the organizations.

In the early study of collaboration, Gray and Wood (1991), and Wood and Gray (1991) categorize the collaboration into three stages: pre-conditions – process – outcomes. Many literature reviews conclude that the collaboration process is still least understood because most existing studies focus on preconditions and outcomes of collaboration (Bryson et al., 2015; D'Amour et al., 2005; Empson et al., 2015a; Gazley, 2017).

Collaboration may occur at any level of an organizational structure. People collaborate within an organization, between organizations, and between professions (interprofessional), and between countries. In business, it is commonly referred to as inter-organizational (Gazley, 2017; Gray and Wood, 1991; Wood and Gray, 1991). Many publications on the holistic frameworks for understanding collaboration. Table 2 presents the wide range of theoretical perspectives, which results in an equally wide variety of definitions and understandings of the meaning of collaboration.

Most of the discussion in Table 2 does not specifically focus on the collaboration process, except Thomson et al. (2009), and Thomson and Perry (2006). This study intends to compare the collaboration process in two different types of PSFs, the public company and the partnership

types, and to do so. It required one standard model to be used to study and compare the two collaboration process phenomena. This study chooses the five dimensions of the collaboration process as the theoretical model, which provides a systematic approach to analyzing and comparing the collaboration process characteristics in a public corporation and partnership types of PSFs. Thomson et al. (2009), and Thomson and Perry (2006) conceptualize the collaboration process in the five variable dimensions to capture the collaboration multidimensional complexity. They are structural (governing and administering), social capital (mutuality and norms), and agency (organizational autonomy).

## 2.2. Professional service firm (PSF)

There is no one definition of PSF, but (Empson et al., 2015b) offers one broad definition: It is "any firm that uses specialist technical knowledge of its personnel to create customized solutions to clients." Some examples of PSFs: accounting firm, Law firm, management consulting firm, IT consulting firm, HR consulting firm, Investment bank, hospital, architectural firm, advertising agency, and engineering firm (Fu et al., 2017; Morris and Anand, 2015).

**Table 2.** Literature on collaboration.

Authors	Discussion points
Gray (1989), and Wood and Gray (1991)	The articles categorize the collaboration alliance into preconditions-process-outcomes and identify seven elements of collaboration definition.
Huxham (2003)	The article discusses the dimensions of the goal taxonomy and two concepts, collaborative advantage, and collaborative inertia.
Bryson et al. (2006)	The article focuses on cross-sector collaboration and categorizes it around: initial condition, process dimensions, structural and governance dimensions, contingencies and constraints, outcomes, and accountability issues.
Thomson et al. (2009), and Thomson and Perry (2006)	The articles distil the collaboration process's essence into five key dimensions: governance, administration, organization autonomy, mutuality, and norms.
Ansell and Gash (2007)	The article proposes a framework with five variables: starting conditions, institutional design, leadership, collaborative process, and outcomes
Provan and Kenis (2007)	The article discusses three types of network governance: shared governance, lead organization, network administrative organization, and the key predictors: trust, number of participants, goal consensus, need for network-level competencies.
Emerson et al. (2011), Emerson and Gerlak (2014), and Emerson and Nabatchi (2015a)	The articles describe a framework for collaborative governance as nested dimensions: the general system context, the collaborative governance regime (CGR), and its collaborative dynamics and actions. The central feature is the concept of a CGR.
D'Amour et al. (2005)	The article develops a collaboration model with four dimensions: Share goals and vision, internalization, governance, and formalization. This four-dimension model and its ten variables are used to recognize three types of collaboration: collaboration in action, collaboration under construction, and collaboration in inertia.
Aunger et al. (2021)	The article uses a framework of context-mechanism-outcome configuration (CMOC) to explain how inter-organizational collaborations in healthcare work.
Bedwell et al. (2012)	The article proposes a theoretical framework of collaborative performance, consisting of contextual features: entity characteristics, emergent status, collaborative behaviour, and distal collaborative outcomes.
Koschmann et al. (2012)	The article uses the term cross-sector partnership (XSP) to represent a variety of inter-organizational relationships and offers a framework for increasing XSP value rooted in communication as constitutive of the organization ("CCO" theorizing). The framework has four major components: communication practices, development of authoritative texts, trajectory of authoritative texts, and communication practices to assess overall XSP value.
Emerson and Nabatchi, (2015b)	The article proposes a performance matrix to assess the productivity of GCR, using two axes of the performance matrix: performance level and unit of analysis. There are three performance levels: actions/ outputs, outcomes, adaptation. There are three units of analysis: participant organization, collaborative governance regime, and target goals.
Ring and van de Ven (1994)	The article introduces a process framework of the development of the cooperative inter-organizational relationship (IOR), which consists of assessment based on efficiency and/or equity; negotiation of joint expectations, risk and/or trust; commitments for future action through the formal legal contract and/or psychological contract; and executions of commitments through role interactions and/or personal interactions.
Baker et al. (2011)	The article discusses three interconnected factors that affect site performance. The three factors are site culture, site leadership, and Head-Office leadership.
Empson et al. (2015b)	The article discusses the evolution of PSF's teamwork to more fluid, open-ended, peer-to-peer collaboration, but not differentiate collaboration in a public corporation and a partnership.
Hydle and Brock (2020)	The article discusses how PSF manages complexity across multiple locations and integrates various practice areas to deliver services. The study finds six configurations activities that the PSF commonly practices to overcome that complexity.

Professional services can be provided by sole proprietors, partnerships, private corporations, or public corporations. Partnerships and public corporations differ in their structures. A corporation is more complex and includes more people in decision-making than a partnership.

A public corporation is an independent legal entity owned by shareholders who manage it and decide its operation. While the partnership is a business in which two or more individuals share ownership. Private corporations share the same characteristics as a partnership, where the ownership is contained within the private firm. Also, they often operate in the same way as partnerships (Greenwood et al., 2010; Harlacher and Reihlen, 2014).

In PSF, every professional is assigned to a geographic location and either one of the service lines or industry. Figure 1 shows the operating model of the two PSFs. The left picture is a public corporation type of PSF, and the right is a partnership type of PSF. A public corporation type of PSF operate as one integrated global organization, and the headquarter coordinates and directs the business strategy and plan for the whole offices in the organizations. Most of the partnership types of PSF operate in a network organization, as a professional services network firm (PSNF). In a PSNF, each firm/office is an independent entity, and the head office mostly involves professional standards and quality of service. The local office is the center of focus in a PSNF (Pickering, 2015; von Nordenflycht, 2014).

Traditionally, most PSFs used the professional partnership's structure in their firms' genesis (Harlacher and Reihlen, 2014; Pickering, 2015). The agency theory sees the partnership structure as the optimal structure for dealing with potential issues, and it is theorized as the best structure for managing professionals and balancing conflicting interests between shareholders, professionals, and clients (Empson and Chapman, 2006; Lelebici and Sherer, 2015; Pickering, 2015). In partnership, partners own and also govern the business. Examples of public corporations are Accenture, CGI, and BearingPoint, and they operate with one integrated global organization structure. Examples of partnerships are the Big Four firms: Deloitte, EY, KPMG, and PwC, which operate in a PSNF. The Big Four firms function in a network and are owned and managed independently. Each network establishes a global entity to coordinate its activities (Jones et al., 1997; Podolny and Page, 1998; Professional and Division, 2017; Provan and Kenis, 2007). Deloitte, PricewaterhouseCoopers, and EY, the coordinating entity, is a UK limited company,

while for KPMG, it is a Swiss Verein. These coordinating entities do not provide services and own or control the member firms in the network.

Those global professional service firms (GPSFs) are becoming one of the key workplaces for professional work. As stated by Hinings et al. (2015), the PSF industry has emerged to become one of the most rapidly growing and significant industries in the global economy, see Table 3. Some GPSFs have grown as major international organizations and are even bigger and more internationalized than the client they serve (Boussebaa, 2017; Boussebaa and Faulconbridge, 2016, 2019; Empson et al., 2015b; B. Hinings et al., 2015). According to The Business Research Company, the size of the global professional services market is \$ 5.03 trillion in 2020 and expected to grow to \$5,43 trillion in 2021 at a compound annual growth rate (CAGR) of 7% ("Professional Services Industry Overview – Market Size," n.d.).

The Global Professional Services Firms (GPSFs) have evolved in three phases (Greenwood et al., 2010). Initially, PSFs were specialized or grouped by "line of service." The second phase's driving force was that the client became international, and therefore, another axis of specialization was added, the geographic location. Furthermore, in the third phase of evolution, the industry/market axis of specialization was added. Therefore, many PSNFs are structured in a multiplex organizational format, with three axes: line of services/practice groups, geography, and industry specialization (Greenwood et al., 2010; Harlacher and Reihlen, 2014).

Collaboration between different services/practice groups or offices/geographies with different sub-cultures to negotiate task allocation, credit recognition, and decision-making norms is not easy, and it can be politically charged. Other factors increase the complexity in PSNFs, such as expertise specialization, individual/group key performance indicators, and increased competition (Boussebaa, 2009). Despite the difficulty of collaborating in PSNF, the financial benefits of collaboration are definite. The more services/practice areas participate in collaboration to serve the client, the firm's revenue generated from that client increases (Gardner, 2016; Valentine and Gardner, 2015).

Through their services to private and public clients around the world, GPSFs play a significant role in developing human capital, creating innovative business services, reshaping government institutions, establishing and interpreting the rules of financial markets, and setting legal, accounting, and other professional standards (Boussebaa and Faulconbridge, 2016; B. Hinings et al., 2015). GPSFs also play a crucial role in functioning the so-called global knowledge economy (Lorsch and

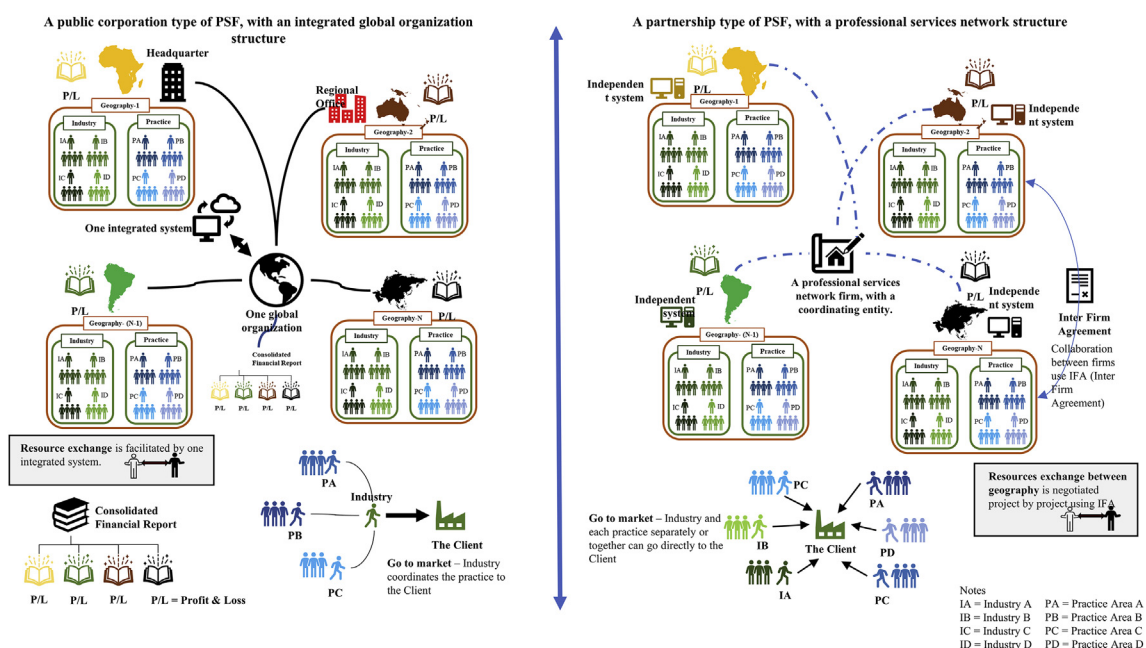


Figure 1. The operating model of two types of PSF. Source: Authors' analysis.



**Table 3.** Selected GPSFs and their size.

Firm	Legal Type	Revenues (2020)	# of Professionals (2020)	# of Countries in which offices present
Deloitte	UK private company limited by guarantee. (Partnership type of PSF)	\$ 47,6 billion	334,800	150
Ernst & Young	UK private company limited by guarantee. (Partnership type of PSF)	\$ 37,2 billion	298,965	150
KPMG	UK Limited company (Partnership type of PSF)	\$ 29,22 billion	227,000	155
PriceWaterhouse & Coopers	UK private company limited by guarantee. (Partnership type of PSF)	\$ 43,0 billion	284,000	157
Accenture	Public corporation	\$ 44,33 billion	537,000	120
CGI	Public corporation	\$ 12,16 billion	77,500	40
Booz Allen Hamilton	Public corporation	\$ 7,46 billion	27,173	12

Sources: Authors' Analysis and Firm's Websites.

Tierney, 2002). Their influences are not limited to the business world but also stretched into broader social arenas; for instance, they are among the top ten "corporate" donors to US presidential and congressional campaigns (Thornburg and Roberts, 2008).

The traditional management models are often derived from manufacturing firms' empirical settings, which offer only limited insight into the complex interpersonal and organizational dynamics within PSFs (Maister, 1997; Teece, 2003). On the contrary, by understanding how PSFs are operated and managed, scholars may learn a deeper insight into more conventional organizations or organizations that are planning to transform from traditional management models to more knowledge-based forms of working. Looking at PSFs for insight regarding organizations is one approach that aligns with (Greenwood et al., 2014) to reintroduce comparative organizational analysis into the study of organizations and institutions.

Organization theorists have a growing interest in professional services firms (PSFs) because PSFs are seen as extreme examples and models of a knowledge-based economy (von Nordenflycht, 2014, 2010). As such and their significance as an empirical setting, it is difficult to disagree that PSFs are worth studying because of many insights that businesses and organizations within the knowledge-based economy can learn from their theoretical significance (R. Hinings et al., 2015).

PSFs are also an ideal setting for learning about collaboration. It is true that professionals are hired, rewarded, and promoted for their specialized expertise (Galanter and Palay, 1991; von Nordenflycht, 2010), but they need to collaborate to integrate their expertise across disciplines to provide the solution for the client's complex issues (Leicht and Fennell, 1997). Competition in the market forces the PSFs to collaborate to produce a new innovative solution for their clients, and the client's complex issues, which cannot be solved by one specialization, demand multidisciplinary skill of professionals to collaborate to solve it (Hydle and Brock, 2020; Valentine and Gardner, 2015). Also, the clients' globalization requires seamless services provided by the PSFs across geography, and it encourages the professionals to collaborate with their

colleagues or other offices across geography (Valentine and Gardner, 2015). However, understanding the collaboration process in PSNFs remains largely under-researched and under-theorized (Empson et al., 2015b; B. Hinings et al., 2015). This study aims at understanding the characteristics of the collaboration process dimensions in the public corporation type of PSF and the partnerships type of PSF.

### 2.3. PSF governance

According to (O'Sullivan, 2001a), organizational governance is the structure and systems that support and control management decision-making and guide managers in prioritizing and reconciling the stakeholders' competing interests. This study is based on the foundation that firm governance can be viewed from two perspectives: governance as a legal form and governance as an organizational form. Governance as an organizational form, the interpretive scheme, is manifested through the organization's structures and systems of governance, and the regulatory requirements are reflected and imposed by the organization's legal form of governance (Empson and Chapman, 2006). Similarly (Harlacher and Reihlen, 2014), also explain that the firm governance is composed of legal type, organization structure, and management systems that define all professionals' rights and obligation to maintain the firm as a going concern. The firm utilizes firm governance to establish its goals and objectives, including monitoring and tracking the firm performance.

Many governance literature studies exist on public corporations, nonprofit organizations, and the public sector, but not on professional service firms (Harlacher and Reihlen, 2014). In PSFs, governance is a critical building block that defines the financial and professional relationships among partners and provides guidelines on how the firm's professionals should interact with each other and with clients (Harlacher and Reihlen, 2014). The most extensively used governance forms by PSFs are the professional partnership (including the limited liability partnership) and the private and public corporation (Blau and Scott, 2003).

Typically, the organizational legal form of governance is distinguished from alternative legal forms, such as the partnership or publicly quoted corporation, by two key characteristics. First, in partnership type of legal form, ownership is confined to an elite group of professionals within the firm; second, partners share unlimited personal liability for the actions of their colleagues. These two elements of personal ownership and collective liability are inextricably connected within the traditional partnership. In a limited liability partnership, the first element will be present but not the second. In a corporation, the first element may be present, but the second will be absent. In partnership, partners own, also govern the partnership. Private corporations have many similar characteristics to a professional partnership, except that they do not impose unlimited liability on their owners (Llopis et al., 2007).

A major distinction between partnership and public corporation PSFs is their governance (Karam et al., 2018). Though large firms tend to be centrally managed, public corporations and partnerships differ in their approach to their centralized management. Public corporations separate ownership and management functions, while partnerships tend to combine them. The organizational structure and management systems follow the concept of governance to manage and control the decision-making process, guiding managers to reconcile and prioritize the stakeholders' competing claims (Harlacher and Reihlen, 2014).

To overcome the limitation of existing research and constrained to the analysis of the partnership and/or public corporation form of governance, Harlacher and Reihlen (2014) take a configurational approach to synthesize existing literature and then proposing three classes of design parameters of PSF governance with eight sub-parameters. Based on configuration theory, ownership and control are translated into three design parameters: legal form, organizational structure, and management systems divided into sub-parameters to model the typology of the PSF governance. The three design parameters of the PSF governance framework are used as the theoretical framework for this study.

### 3. Research method

A qualitative explanatory case study method was selected to learn and explain the two different collaboration process phenomena that happen in the public corporation type of PSF and the partnership type of PSF. A case study is a research method used to explore a phenomenon in its context, using one or more data collections methods. The case study is applicable when: (a) the focus of the study is to answer "how" and "why" questions; (b) the study cannot manipulate the behaviour of those involved in the study; and (c) the study wants to cover contextual conditions, which is believed that they are very relevant to the phenomena under study (Creswell, 2014; Creswell and Guetterman, n.d.; Creswell and Poth, 2018; Yin, 1981, 2017).

The authors designed six stages of the research process to perform this study (Figure 2). Data and information are collected from three sources of evidence: documentation, in-depth face-to-face interview, and direct observation. Documentation is done through literature review, public documents, company websites, company annual reports, and company articles.

Semi-structured in-depth interviews are performed with five competent and credible persons who have worked in a partnership type of PSF and a public corporation type PSF. They all have more than 20 years of working experience and hold a top management position in both types of PSFs; please see Table 4. They are the key actors and the decision-makers in the collaboration process; they are credible persons who can share their real-life experience, knowledge, and insight regarding the collaboration process in both types of PSFs. Each interview was recorded using audiotape, and the interviewer was also taking notes during the interview.

Interviewing key decision-makers or top management is one of the effective techniques for capturing the actual practices, insights, and newly created knowledge, and such qualitative information provides a perspective and a tacit knowledge that numbers alone cannot convey (Brinkmann and Kvale, 2015; Seidman, 2019).

At the beginning of each interview, the interviewer explains to the interviewee regarding the conceptual framework, covering the five dimensions of the collaboration process and the design parameters of PSF governance. Then the interviewer starts with these open-ended questions. Semi-structured interviews consist of several key questions that help define the areas to be explored and allow the interviewer or interviewee to diverge pursuing an idea or response in more detail (Adams, 2015). The interviews were conducted between 1 h to 2 h and recorded using a digital recorder, and the interviewer also took notes during the

Table 4. The interviewee.

Identity	Interviewee's Experiences and Role
Interviewee - 1	<ul style="list-style-type: none"> <li>• More than 23 years of working experience in PSF (in partnership type and public corporation type).</li> <li>• Initially working for one of the Big Five firms.</li> <li>• Last role before retired: Country leader of Technology Solution Workforce in one of the world largest management and technology consulting firm.</li> </ul>
Interviewee - 2	<ul style="list-style-type: none"> <li>• More than 25 years of working experience in PSF (in partnership type and public corporation type).</li> <li>• Initially working for one of the Big Five firms.</li> <li>• Last role before retired: Managing Director for Technology Practice in one of the world largest management and technology consulting firm.</li> </ul>
Interviewee - 3	<ul style="list-style-type: none"> <li>• More than 25 years of working experience in PSF (in partnership type and public corporation type).</li> <li>• Initially working for one of the Big Five firms.</li> <li>• Last role before retired: Country Managing Director in one of the world largest management and technology consulting firm.</li> </ul>
Interviewee - 4	<ul style="list-style-type: none"> <li>• More than 20 years of working experience in PSF (in partnership type and public corporation type).</li> <li>• Previous role: Country leader for Financial Services in one of the world largest management and technology consulting firm.</li> <li>• Current role: Managing Partner in one of the Big Four firms.</li> </ul>
Interviewee - 5	<ul style="list-style-type: none"> <li>• More than 20 years of working experience in PSF (in partnership type and public corporation type).</li> <li>• Previous role: Regional leader for Capital Project Solution one of the world largest management and technology consulting firm.</li> <li>• Current role: Regional leader in one of the Big Four firms.</li> </ul>

interview. The authors use other sources to complement and enrich the data/information gathered from the interviews, such as the company's official website, various research, and reports. These are the key questions that are being asked to the interviewee.

- Question 1: Referring to the conceptual framework. How do you see the relation of the firm governance's design parameters and the five dimensions of the collaboration process?
- Question 2: Based on the reflection of your experiences and observations performing and involving in a collaboration process in a partnership and a public corporation type of PSFs, can you elaborate on the collaboration process in those two types of firms?
- Questions 3: Please elaborate on the differences between the collaboration process in a partnership and a public corporation type of PSFs, using the five dimensions of the collaboration process?

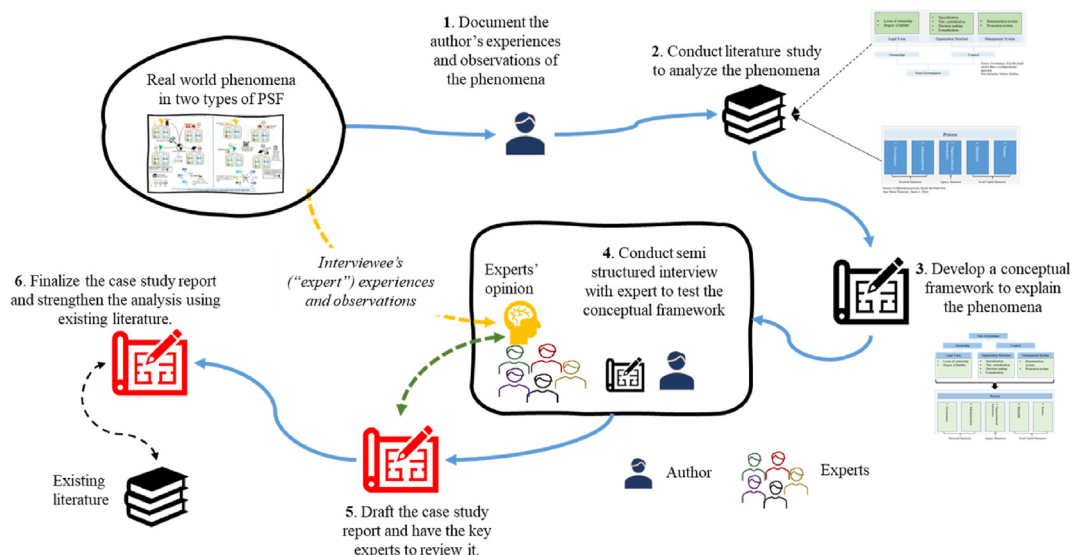


Figure 2. The research processes. Source: Authors' analysis.

4. Results/analysis

This section discussed the interview results into six parts: (1) Firm governance's design parameters and the five-dimensional collaboration process (2) The PSF legal type and the collaboration process dimensions (3) The PSF organization structure and collaboration process dimensions (4) The PSF management system and collaboration process dimensions; (5) the benefits of the collaboration process; and (6) Impact of COVID19 on the dimensions of the collaboration process.

4.1. Firm governance's design parameters and the five-dimensional collaboration process

Many studies relate firm governance with the collaboration within the firm. Sullivan (2001a, 2001b) stated that firm governance defines how decisions and policies should be made, by whom, and for whom in the organization. Blau and Scott (2003) stated that firm governance represents a significant source of organizational variation. Rodríguez et al. (2007) concluded that mandated collaboration requires the mobilization of multiple governance mechanisms in contrast to voluntary collaboration. Llopis et al. (2007) explained that firm governance as the process directs the organizations in a framework of legal, institutional, cultural, and social factors to balancing the interest of various stakeholders and play a big role in ensuring that values are shared by the vast majority of people in the organizations. Friesl and Silberzahn (2012) argued that multinational enterprise global governance structure and approach influence the actual collaborative practice of subsidiaries. Bartlett and Ghoshal (2002) said that Global collaboration enhancement requires a global governance structure that allows maneuvering between the extremes of centralization at the corporate center, formalization through management systems, and local autonomy.

Those existing studies on firm governance and collaboration raise a hypothesis that PSF governance design parameters influence the collaboration process dimensions, which create two different collaboration process phenomena in two different types of PSFs. This hypothesis constructs a conceptual framework, which combines the design parameters of the firm governance framework with the five dimensions of the collaboration process framework, see Figure 3.

During the interview, the interviewees were asked whether, based on their experiences in the collaboration process, their experiences validate the relationship between the design parameters of firm governance and the firm's collaboration process dimensions.

All interviewees stated that based on their working experiences in both types of PSFs, they experience the influences of the firm governance on how the collaboration process is conducted in the firm. Two interviewees stated clearly that the conceptual framework (Figure 3) is applicable for a public corporation and a partnership type of PSFs.

*The conceptual framework is logic. The experiences show a clear relationship, specifically the legal type, with collaboration in the firm (source: Interviewee-2).*

*Five dimensions are standard and apply for a public corporation and partnership type of PSF (source: Interviewee-4).*

The clarifications by the interviewees and the reviews of some existing literature support and validate the conceptual framework.

4.2. The PSF legal type and the collaboration process dimensions

This section will discuss the partnership and public corporation type of PSFs. Besides the ownership and liability differences between a partnership and public corporation, other attributes such as role and tasks of

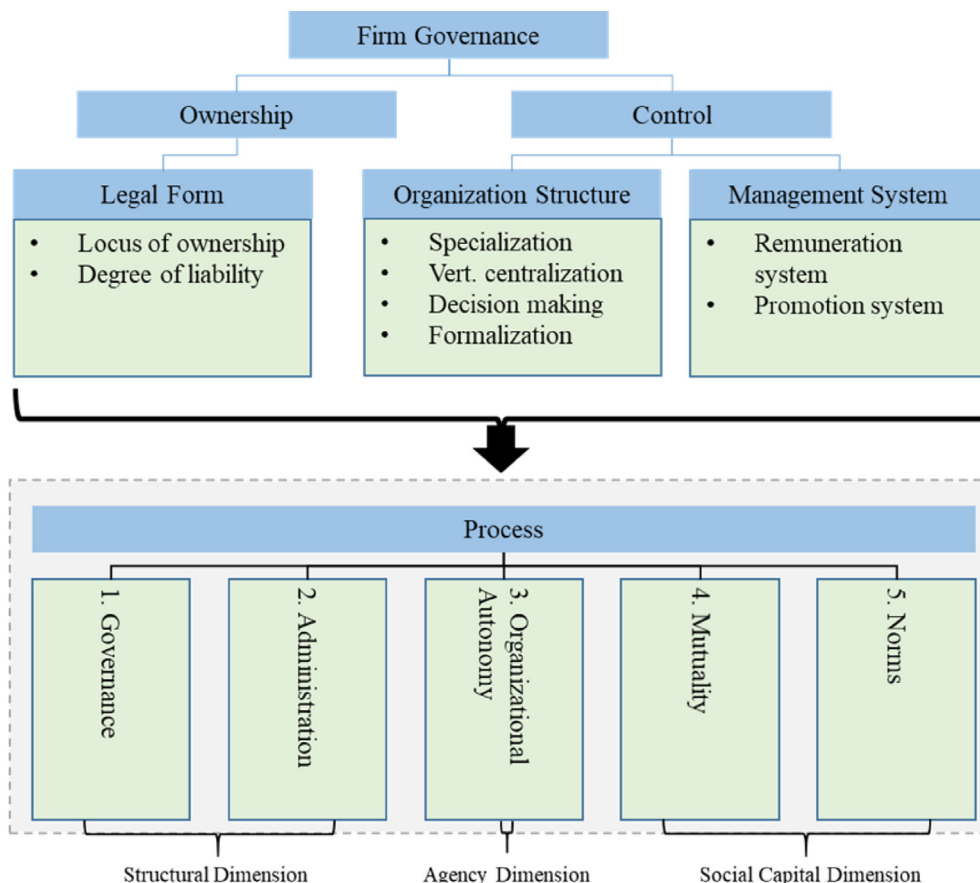


Figure 3. The proposed conceptual framework. Sources: Adapted from; (Harlacher and Reihlen, 2014; Thomson and Perry, 2006; Thomson et al., 2009b).

the senior management team, the role of the head office, decision-making process, primary controls, utilization of technology for offices integration, and professional autonomy differentiates them (Ribstein, 2009).

According to two interviewees (interviewee 2, 3, and 4), on a consequence of being a public corporation, the structural dimension (governance and administration dimensions) of the collaboration process is clearly defined and strong in guarding the collaboration process in a public corporation type of PSF, not like in a partnership type of PSF. It means that in a public corporation type of PSF, the collaboration process must align and comply with the structural dimensions, which are mostly defined by the headquarter.

*Firm governance drives the collaboration process, especially for the corporation, because the corporation is responsible not only to internal stakeholders but also to external shareholders; consequently, the governance and administration dimensions of the collaboration process are clear and formally written (Source: Interviewee-2).*

*Administrative is necessary due to being a public corporation; one small mistake made by one managing director will impact the whole company. (Source: Interviewee-3).*

*Governance and administration in a public corporation are already defined since they have already used regional and global operating models, including the Profit/Loss (P/L), regional and global P/L. (source: Interviewee-4)*

It aligns with (Pickering, 2015) that the head office's role is high in a public corporation, including strategic planning, marketing, and strong operational control. However, in a partnership type of PSF, the head office's role is low and mostly involved in professional standards and service quality. As stated by Greenwood et al. (2014, 2010), and Provan et al. (2007), collaboration at the local office is part of a multinational company's integrated innovation strategies, and it is carried out to create a competitive advantage.

Like a principal-agent relationship, a headquarter, 'the principal' cannot make all decisions because it does not possess all the necessary knowledge. However, using different control mechanisms ensures that subsidiaries' agents work towards a common organizational goal ("Professional services network - Wikipedia," n.d.). These control mechanisms

are implemented by integration, utilizing technology (Provan and Kenis, 2007). These translate into a strong and clearly defined structural dimension of the collaboration process in public corporations. The comment below from interviewee-2 clearly describes how strong the governance and administration dimensions are established in a public corporation type of PSF.

*A colleague from a different operating group needed help, but it could not be rendered in a public corporation because if help were granted, the supervisor in our group would have said that it is not our KPI and, therefore, not our obligation (source: Interviewee-2).*

Another characteristic of a public corporation is that every individual focuses on achieving the company's goals, and in partnership, individuals have high individual professional autonomy (Pickering, 2015). There are fewer external performance metrics available (for example, no market-driven stock price or analyst reports) in a partnership firm, and leadership performance is measured largely by the revenue they bring to the firm (Harlacher and Reihlen, 2014). Compared to a partnership, there is less tension between self and collective interest (organizational autonomy) dimensions in a public corporation. Everything is about corporate objectives, as described by interviewee-2.

*In partnership, every partner has an equal right and autonomy; the self-interest in organizational autonomy is equally represented. In public corporations, mutuality is driven more to comply with the corporate direction (Source: Interviewee-2).*

In a public corporation, the study finds that the social capital (mutuality and norms) also plays a role, although less significant, in the collaboration process. Furthermore, the mutual "win-win" dimension is more about what is best for the corporation. For example, in a collaboration between two geographies, offices A and B, both offices must execute the corporates program to benefit them simultaneously. Local offices must implement global initiatives, even when those initiatives are less relevant to the local market or clients. Interviewee-4 clarifies it from a public corporation's perspective and a partnership type of PSFs.

*We are in a local partnership structure, and our earnings are defined by whatever we make from the projects. If we follow the global, yet the global*

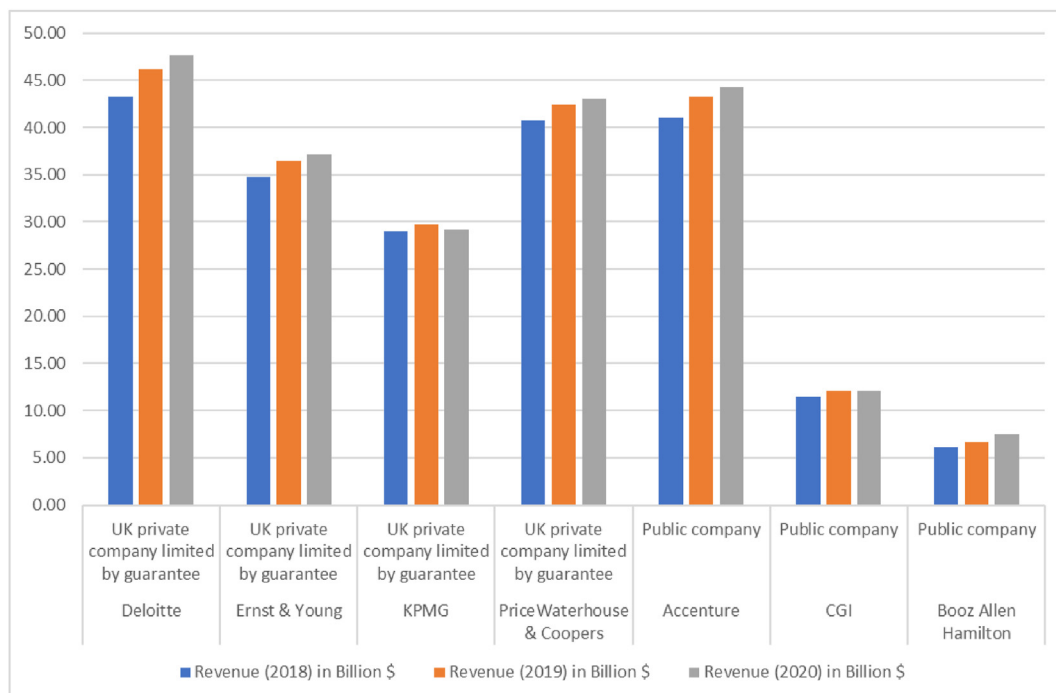


Figure 4. The revenue of selected PSFs in three years. Source: Authors' analysis.



is not responsible for our take-home pay, global cannot fully intervene in our local practice. I take a global direction, but I will adapt it to fits the local market. In a corporation, they can define that we focus on a company with potential revenue for USD X million, and you can direct the local office to follow; even potentially, no company can meet that criteria locally. Here in partnership, we can redefine that category, maybe not USD X million but smaller USD X million (source: Interviewee-4).

Trust' may be interpreted as the 'chemistry' between partners in a collaboration. However, in a public corporation, even the chemistry between professionals is not strong. Nevertheless, they must collaborate to achieve the corporate's objectives.

*In a public corporation, even you do not like your collaboration partner, but if it is already the global direction, so at the country level, you must collaborate to comply with the global direction. (source: Interviewee-2).*

In a PSF public-corporation type, the board of directors monitors their managers, but they generally only provide advice in the PSF partnership type (Greenwood et al., 2010). Furthermore, the owners are the partners in the partnership, translating into the "high individual professional autonomy" (Greenwood et al., 2010; Pickering, 2015).

Many partnership types of PSF are structured as professional services network firms (PSNF), independent firms that come together to provide professional services to clients through an organized framework, and this independence is the foundation of network operations and governance (Harlacher and Reihlen, 2014). A common assumption is that since networks are collaborative arrangements, governance, which implies hierarchy and control, is inappropriate (Provan et al., 2007; Provan and Kenis, 2007). It aligns with the statement from interviewee-4:

*The structural dimension is more loss in a partnership firm and more established in a public corporation (source: Interviewee-4).*

The member firms of a PSNF are primarily organized on an individual country or regional basis. Furthermore, they adhere to the network objective and align their national plans and strategies. However, the member firms' independence or offices' independence is much larger than that in a public corporation, and the headquarter-subsidiary control mechanism does not exist in the professional services network. Nevertheless, the collaboration process's structural (governance and administration) dimensions within partnerships are not clearly defined. In a professional services network structure, the collaboration between geographies or firms is performed on a project-by-project basis. Furthermore, the governance and administration are designed and developed in this format, using the inter-firm agreement.

Norm (trust) dimension is also an important dimension, and partners have more freedom to choose whom to collaborate with. Many times, if the chemistry is not right, a partner may not want to collaborate. It results from their flexibility and "high individual professional autonomy (Harlacher and Reihlen, 2014; Pickering, 2015).

*A personal relationship is stronger in partnership than in a public corporation (source: Interviewee-1).*

*Before converting to a public corporation, the firm-X was in a partnership. During the partnership era, collaboration and helping another practice group were easy. Everything was decided and settled between partners (source: Interviewee-2).*

Moreover, if the social capital is already sufficient, collaborations are easier to execute than in a public corporation. Once the social capital dimension is aligned, the structural (governance and administration) dimension normally follows.

Ring and van de Ven (1994) stated that when personal relationships supplement formal organizational role relationships, psychological contracts substitute for legal contracts, and formal organizational

agreements mirror informal understandings and commitments, inter-organizational relationships may be sustained over time.

In the general network literature, trust has frequently been discussed and identified as critical for network performance and sustainability (Powell, 1987; Uzzi, 1997). Organizational trust is demonstrated in many different ways, such as characteristics-based or norm-based (Provan and Kenis, 2007).

#### 4.3. The PSF organization structure and collaboration process dimensions

The organization structure parameter consists of four sub-parameters: (1) specialization, (2) centralization, (3) degree of participation in decision making, and (4) formalization (Empson et al., 2015b; B. Hinings et al., 2015). This study focuses on discussing the specialization and its influences on the dimensions of the collaboration process because it is one of the important elements for PSF to succeed in facing the challenges of the 21st century (Galanter and Palay, 1991).

Besides the positive value of a multiplex organization, it also creates tensions between national and international lines between services and industries (Janz et al., 1997). Furthermore, both partnership and public corporation types of PSFs face similar tensions; however, it is higher in a partnership type of PSF with a professional services network organization structure than in a public corporation with one integrated global organization structure, as described by interviewee-3 and 4.

*Legally speaking, every partner runs their own business. Resources exchange across geography will be negotiated case per case (source: Interviewee-3).*

*Cross-country collaboration was common in corporations, but it was relatively rare in partnership with local partnership structure, and if it occurred, it must be executed via the regional approach. The split of revenue must be clearly defined for the partner (source: Interviewee-4).*

The study finds that geography specialization impacts how the collaboration process is executed. Furthermore, following the operating model, an integrated global organization, like Accenture and Korn Ferry, tends to strengthen the integration of their offices worldwide, using the technology. It is done to enable the operational control capability of the head office. In a network organization of professional firms, like Deloitte, EY, KPMG, PwC, each region, or each office mostly operates different standard processes, policies, and systems.

*There is a need to ensure that resources from the region perform work. Therefore, teams from other regions will not send people to deliver work to clients in this area. (source: Interviewee-5)*

The comment of interviewee-5 shows how geography specialization impacts the collaboration process within the firm. Centralization is defined as if many control rights are retained at the firm's level, and the decision made affects the whole firm, and decentralization, if mostly the control right is exercised at the subsidiary level and few only at the firm's level (Boussebaa, 2009, 2017). Centralization and decentralization will impact the structural dimension of the collaboration process. A centralized organization will have a strong structural dimension and vice versa.

Hierarchical participation in decision-making, if only a few professionals in the organizations share the right to control and conversely. It is collegial decision-making if many professionals share the right to control the organization (Clark et al., 2005). This hierarchical and collegial participation in decision-making will impact the collaboration process's organizational autonomy dimension, mostly represented in the professional's self-interest.

The organization is called structure formalized if many controls are exercised ex-ante, and not formalized if many controls are exercised ad-hoc (Clark et al., 2005). A public corporation is a structure formalized

organization, and a partnership is a not formalized organization. The formalized and not the formalized organization has an impact on the structural dimension of the collaboration process.

#### 4.4. PSF management system and collaboration process dimensions

The management system parameter of PSF governance is composed of two sub-parameters: the remuneration system and the promotion system (Boussebaa, 2009, 2017). Many PSFs implement competition in talent management rather than foster interdependency. It is one of the fundamental reasons; why building collaborations in PSF is challenging (Empson et al., 2015b; B. Hinings et al., 2015).

The "up-or-out" and ranking system for promotion create tensions among professionals. It might be hard to find a professional using another professional's expertise if, in the end, there will be a need to share both intellectual and financial credit (Galanter and Palay, 1991). All the pressures to achieve the target financial and productivity metric will also make professionals focus on personal performance indicators (KPI) rather than teamwork or collaboration (Janz et al., 1997). The KPI to do extremely well for your local office is another challenge for cross-national resource sharing (Boussebaa, 2009, 2017; Boussebaa et al., 2012; Greenwood et al., 2010). In PSFs, every professional faces a range of incentives and disincentives to cooperate (Clark et al., 2005). Furthermore, all attributes impact the organizational autonomy dimension in collaboration processes.

The below interviewees' comments confirm the situation above:

*If help is rendered to the colleague in question, who is in another industry, the supervisor will say that it is not our KPI. Furthermore, in a public corporation, everyone's KPI is very clear. (source: Interviewee-2).*

*Each partner must carry their weight, the income per unit. At least they must match the firm income per unit. (source: Interviewee-3).*

*The mutuality translates into P/L (profit and loss), which is the driving force for collaborations (source: Interviewee-4).*

In a public corporation, the productivity is defined by overall corporate returns, as evaluated by shareholders, and a commensurate internal performance review, and in partnership type of PSF, the productivity is defined in rates, time billable hours, and fees earned (Clark et al., 2005). It was also found by (Boussebaa, 2009) that a massive incentive to do well at the local office often militated against cross-national resources sharing.

#### 4.5. The benefits of collaboration

There is no doubt about the benefits of collaboration to the involved parties. The more or better collaboration will generate more benefits for individuals, teams, and organizations, including better quality products or services, resulting in satisfied customers (Cabigiosu and Campagnolo, 2019; Gardner, 2015, 2016; Gardner et al., 2012; Haas and Hansen, 2005).

Most of the PSF are clearly stated the importance of collaboration as their key capability and strength (Statsenko and Corral de Zubielqui, 2020; Villani et al., 2021), as described below:

*"Accenture is a global professional services company with leading capabilities in digital, cloud, and security. Combining unmatched experience and specialized skills across more than 40 industries" - ("Accenture – Events Calendar," n.d.).*

*"Individually, our people are talented. Together, they're exceptional. Our success relies on those connections and collaboration—on the ideas that you'll have with your colleagues when you combine your knowledge with their diverse strengths." - ("Collaborative Environment | Deloitte China | Careers | Life at Deloitte," n.d.).*

*"While we come from different backgrounds and cultures, our values are what we have in common. They describe the expectations our clients*

**Table 5.** The adjustment of collaboration process dimensions due to Covid-19.

Impact of Covid19	The adjustment that we could do
Norm dimension - Team members cannot engage directly, face-to-face physically, with their colleagues and leaders. It may create a feeling of disconnected, less productive and less creative.	If possible, always encourage video calls during virtual meetings. Keep socializing not only with your team members but also with other colleagues and the clients to avoid a social disconnect.
Governance dimension – Degrading of commitment, as meetings, focus group discussions (FGD), workshops are conducted in virtual.	State clearly and focus on the benefits of the virtual meetings, FGD, and workshops to get buy-in from everyone (participants).
Administration dimension – Working from home or remotely means facing a new set of challenges, "busting interruptions," e.g., a pile of dirty dishes, a dog barking, a baby crying, or a child wanting attention, etc.	If possible and our house situation allow it. Suggest the team members to find a location in their home to set up an organized and quiet workplace and embrace "distractions" that cannot be avoided under the current circumstances.

should have of us, guide **how we work with each other, and hold us accountable to do our best.**" - ("Our purpose and values: About us: PwC," n.d.).

**"Our high-performing, multidisciplinary teams** help them fulfil regulatory requirements, keep investors informed and meet stakeholder needs." - ("Who we are – Builders of a better working world | EY - Global," n.d.).

The interview results clarified confirmed that the collaboration process in a public corporation type of PSF and the partnership type of PSF is different, as the effect of the design parameters of the firm governance. However, it is not about which one is better, but more on emphasizing that collaboration is unique to the firm governance, and it is a critical capability for the professional services firm (Rodríguez et al., 2018), and it is proved by Figure 4, below. All the firms showed significant growth in their revenues.

#### 4.6. Impact of Covid-19 on the collaboration process dimension

Covid-19 limit or even stop the face-to-face or physical meeting and restricting travel. Most workforces have been encouraged or even mandated to work remotely, except for production workers, and medical staff are still working on-site. Working remotely under these circumstances means adapting to a new environment, battling a new set of distractions, and experiencing an unprecedented fusion of work and private life.

As explained by Thomson et al. (2009), and Thomson & Perry (2006) each situation demands a different equilibrium among the five key dimensions of the collaboration process, and renegotiation among parties is required to achieve the optimal mix of the new equilibrium.

The authors evaluate that Covid-19 significantly impacts the three dimensions of the collaboration processes: governance, administration, and norms. People need to adjust those three collaboration process dimensions to continue the collaboration efficiently and keep creating value under these new circumstances, see Table 5. Technology plays a critical and significant role in supporting people to adjust the collaboration process dimensions during this Covid19 pandemic.

## 5. Conclusion

The five competent and credible interviewees' experiences, knowledge, and insights provide empirical evidence contributing to the scarce research in the collaboration process. This study offers a conceptual framework that helps to understand and answer why the collaboration process phenomena in a public corporation type of PSF and a partnership type of PSF are different.

This study discovers that in a public corporation type of PSF, the structural dimension plays a more significant role than the agency and the social capital dimensions in driving the collaboration process in the

firm. The strong market control of the firm, as a public corporation, directly influences the structural (governance and administration) dimension of the collaboration process in the firm. In a partnership type of PSF, the social capital and the agency dimensions play a more significant role than the structural dimension to establish the PSF collaboration process. These findings suggest building a collaboration process in a partnership type of PSF: first, it would be started with building the social capital dimension. In a public corporation type of PSF, it would be started by following the structural dimension.

The above findings theoretically contribute to the ongoing debate of the collaboration process and the practical implication that the practitioners or new professionals in PSF could use it to effectively build a collaboration process in PSF. The firms can use the conceptual framework of this study to design their two parameters of firm governance (organization structure and management system) to drive an effective collaboration process in the firm. The collaboration process is unique to the firm governance, and it is not about which one is better, but a successful collaboration process will benefit the parties involved, the group, and the organization.

The limitation of the study is that all the interviewees are from consulting or advisory practices. Some adjustments are potentially required if the findings of this study are going to be leveraged for other different industries. However, All of them have worked for the Big Five/Four firms and one of the world's largest technology consulting firms. Their sharing experiences embody the practices in those firms representing the leading practices or the best practices in the PSF industry, which possibly can be leveraged for other smaller or new PSF or organizations in other industries (non-PSF).

The suggested future research can focus on testing the developed conceptual framework in other PSF types, such as law firms, engineering companies, advertising agency firms, and non-PSF organizations, to understand the characteristics of those firms' collaboration process dimensions. This suggested future research will sharpen and enrich our understanding on how the firm governance effect on the collaboration process dimensions.

Covid-19 enforces people to adjust the dimensions of the collaboration process to achieve the new equilibrium. Technology plays a critical and significant role in supporting people to adjust the collaboration process dimensions during this Covid19 pandemic and reach the new equilibrium faster and easier.

## Declarations

### Author contribution statement

Budiarso, Utomo Sarjono Putro, Yos Sunitiyoso and Rachma Fitriati: Conceived and designed the experiments; Performed the experiments; Analyzed and interpreted the data; Contributed reagents, materials, analysis tools or data; Wrote the paper.

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No data was used for the research described in the article.

### Declaration of interests statement

The authors declare no conflict of interest.

### Additional information

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