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Global Law Firms: Globalization and Organizational Spaces of Cross-border Legal Work

James R. Faulconbridge, Jonathan V. Beaverstock, Daniel Muzio & Peter J. Taylor[*]

I. INTRODUCTION

> Like the drummers, messengers and concubines that accompanied ancient armies on the march, professional-service firms followed their industrial clients as they expanded around the world in the 1980s and 1990s. Wherever western multinationals went to set up or buy a new business, there too went their accountants, bankers, consultants and *lawyers* . . . to advise on what deals to do, how to finance them, how to compute their consequences and how to tie up all those messy loose ends.[1]

It is now widely accepted that the global law firm has arrived and is a central actor in the global economy.[2] Indeed, the globalization of the legal

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[1] *Home Torts from Abroad; Professional Service Firms*, ECONOMIST, Feb. 28, 2004, at 12–13 (emphasis added).

[2] *See* J.V. Beaverstock et al., *The Long Arm of the Law: London's Law Firms in a Globalising World Economy,* 31 ENVTL. AND PLAN. A. 1857 (1999) [hereinafter Beaverstock et al., *The Long Arm of the Law*]; James R. Faulconbridge, *Relational Spaces of Knowledge Production in Transnational Law Firms*, 38 GEOFORUM 925 (2007) [hereinafter Faulconbridge, *Relational Spaces*]; J. Flood, *Megalawyering in the Global Order: The Cultural, Social and Economic Transformation of Global Legal Practice*, 3 INT'L J. OF THE LEGAL PROF. 169 (1996) [hereinafter Flood, *Megalawyering*]; Glenn Morgan & Sigrid Quack, *Institutional Legacies and Firm Dynamics: The Growth and Internationalization of*

profession has been rapid with exponential growth from the halcyon period of the mid-1980s onwards.[3] After a decade or so of a number of large law firms pursuing a global strategy designed to serve existing clients and to extend their market coverage, by the year 2000 legal services had firmly joined other professional services in creating organized global service provision using networks of offices in numerous cities, thus bringing the global and local together in the products offered to clients.

The aim of this paper is not, however, to generically chart the rise of the global law firm; others have already done this.[4] Instead, our interest lies in better understanding how existing geographies of globalization of law and lawyers, alongside the new geographies of professional partnership and legal work, have created opportunities and challenges for global law firms. More specifically, we seek to unravel the complexities of: (a) the factors driving the presence and absence of global law firms in different cities; and (b) the way that law firms have been reconfigured to operate as spatially distributed organizations present in cities as far a part as New York and Tokyo and London and Hong Kong. As we show, the decision "to be there" and the intricacies of operating as a global organization are both issues that have unique peculiarities when examined in relation to law and law firms, something that prevents generalization from existing studies of other professional industries. To date, however, limited attention has been paid to these organizational peculiarities. This paper seeks to fill this research void, something that is significant because the peculiarities of how global law firms operate provide the foundations upon which allow the likes of Clifford Chance to become lubricators of global capitalism through transnational lawyering and lawmaking.[5]

UK and German Law Firms, 26 ORG. STUD. 1765–85 (2005).

[3] *See, e.g.*, P. W. DANIELS, SERVICE INDUSTRIES IN THE WORLD ECONOMY (Blackwell 1993); MARC GALANTER & THOMAS PALAY, TOURNAMENT OF LAWYERS: THE TRANSFORMATION OF THE LARGE LAW FIRM (Univ. of Chicago 1991); PROFESSIONAL COMPETITION AND PROFESSIONAL POWER: LAWYERS, ACCOUNTANTS AND THE SOCIAL CONSTRUCTION OF MARKETS (Yves Dezalay & David Sugarman eds., Routledge 1995) [hereinafter PROFESSIONAL COMPETITION AND PROFESSIONAL POWER]; Richard L. Abel, *Transnational Law Practice*, 44 CASE W. RES. L. REV. 737 (1994); Debora L. Spar, *Lawyers Abroad: The Internationalization of Legal Practice*, 39 CAL. MGMT. REV. 8 (1997); Barney Warf, *Global Dimensions of US Legal Services*, 53 THE PROF. GEOGRAPHER 398 (2001); *Red Tape Around the World: The Globalisation of Corporate Law*, ECONOMIST, Nov. 23, 1996, at 109.

[4] *See, e.g.*, JOHN R. BAUMANN, PIONEERING A GLOBAL VISION: THE STORY OF BAKER & MCKENZIE (Harcourt Professional Education Group 1999); Beaverstock et al., *The Long Arm of the Law*, *supra* note 2.

[5] *See, e.g.*, John Flood, *Lawyers as Sanctifiers: The Role of Elite Law Firms in International Business Transactions*, 14 IND. J. GLOBAL LEGAL STUD. 35 (2007) [hereinafter Flood, *Lawyers as Sanctifiers*]; Sigrid Quack, *Legal Professionals and Transnational Law-Making: A Case of Distributed Agency*, 14 ORGANIZATION 643 (2007); Roy Suddaby, David J. Cooper & Royston Greenwood, *Transnational Regulation of Professional Services: Governance Dynamics of Field Level Organizational Change*, 32 ACCOUNTING, ORGS. &

II. GLOBALIZED LAWYERING AT THE BEGINNING OF THE TWENTY-FIRST CENTURY

Three empirical barometers aptly illustrate the unprecedented rates of globalization of the legal profession and firms from the 1980s. First, there has been a remarkable increase in international trade in legal services involving the two most significant countries in the world economy, the United States and the United Kingdom. For example, an analysis of the exports of U.K. legal services abroad indicates that it stood at £2,612 million in 2006, which was almost six times more than in 1991 (£445 million).[6] Such increases in revenues have been generated by the annual growth of U.K. law firms providing legal services abroad (including intra-firm trade within transnational legal firms), barristers providing services to foreign clients, and legal services supplied by U.K. lawyers who are employed by firms that are not legal firms.[7] Second, there has been significant growth in the stock and flow of foreign direct investment ("FDI") in legal services in the world economy, an indicator which directly illustrates the investments of firms outside of their home country. For example, in almost two decades, the United States' stock of outward FDI in legal services has expanded seventy-two fold, from $27 million in 1988 to $1.956 billion in 2006.[8] During this same period, the United States' outflow of FDI in legal services has increased over eighty-fold, from $6 million to $502 million, with much of these investments targeted to the London and European market.[9] Third, and related to the second, there has been the steady internationalization of the leading global firms into established and new global markets, both directly leading to increases in the number of partners and lawyers (solicitors) employed in such firms, and the global coverage of their international operations. Table 3 shows the internationalization of eight leading global law firms from 1987 to 2002. There have been average growth rates of 182 and 414%in the numbers of

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SOC'Y 333 (2007).

[6] Table 1, *infra* at 458; OFFICE FOR NATIONAL STATISTICS [ONS], UNITED KINGDOM BALANCE OF PAYMENTS: THE PINK BOOK 2001 50 (Perry Francis ed. 2001); ONS, UNITED KINGDOM BALANCE OF PAYMENTS: THE PINK BOOK 2006 51 (John Bundley ed. 2006).

[7] INTERNATIONAL FINANCIAL SERVICES, LEGAL SERVICES: CITY BUSINESS SERIES (Feb. 2007), *available at* http://www.ifsl.org.uk/upload/CBS_Legal_Services_2007.pdf.

[8] Table 2, *infra* at 458–59; UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT [UNCTAD], WORLD INVESTMENT REPORT 2004: THE SHIFT TOWARDS SERVICES 112; U.S. Dept. of Commerce, Bureau of Economic Analysis, U.S. Direct Investment Abroad: Balance of Payments and Direct Investment Position Data, http://www.bea.gov/international /di1usdbal.htm.

[9] Bridget Cullen-Mandikos & Alan MacPherson, *U.S. Foreign Direct Investment in the London Legal Market: An Empirical Analysis*, 54 THE PROF. GEOGRAPHER 491 (2002).

partners/lawyers (solicitors) and international offices, respectively during this period. The dominance of U.S. and U.K. (English in particular) firms and the rise of the global firm in this period are significant: they signal a new era where Anglo-American transnational lawyering is central to the global economy. This is a theme that cuts across our discussion in this paper. But, where were these firms opening offices in the 1980s and 1990s and why?

Table 1. International Trade in U.K. Legal Services, 1991–2006 (£ million)[10]

Year	Exports	Imports	Net Exports
1991	445	20	425
1992	496	24	472
1993	495	24	471
1994	563	24	539
1995	570	24	546
1996	767	173	594
1997	924	209	715
1998	1160	249	911
1999	1171	307	864
2000	1520	490	1030
2001	1779	380	1399
2002	2031	486	1545
2003	2030	453	1577
2004	1991	416	1575
2005	2167	429	1738
2006	2612	520	2092

Table 2. United States' Outward Foreign Direct Investment in Legal Services, 1988–2006 (millions of dollars)[11]

Year	Stock	Outflows
1988	27	6
1989	94	44
1990	138	44
1991	181	43
1992	242	60

[10] Office for National Statistics, United Kingdom Balance of Payments: The Pink Book 2001 50 (Perry Francis ed. 2001); Office for National Statistics, United Kingdom Balance of Payments: The Pink Book 2007 43 (John Bundey ed. 2007).

[11] U.N. CONF. ON TRADE AND DEV., WORLD INVESTMENT REPORT 2004: THE SHIFT TOWARDS SERVICES 112 tbl.III.5.1, U.N. Doc. UNCTAD/WIR/2004, U.N. Sales No. E.04.II.D.33 (2004).

1993	88	44
1994	75	65
1995	145	70
1996	214	69
1997	413	71
1998	504	85
1999	370	297
2000	559	241
2001	738	232
2002	918	232
2003	1109	243
2004	1315	258
2005	1505	237
2006	1956	502

Table 3. A Selection of the Largest Law Firms, 1987–2002 (Ranked by Number of Foreign Office, 1987)[12]

Firm	No. of Staff			No. of Offices		
	1987	2002	%Change	1987	2002	%Change
Baker & MacKenzie	1070	3762	+252	30	68	+127
Clifford Chance[13]	803	3180	+296	12	33	+175
Jones, Day, Reavis[14]	933	1735	+86	5	29	+480
Shearman & Sterling	517	1027	+99	4	18	+350
McKenna & Co.[15]	351	1007	+187	4	N/A	-
Freshfields	351	1604	+357	4	28	+600
Sidley & Austin[16]	689	1278	+85	3	8	+167
Skadden & Arps[17]	852	1680	+97	2	22	+1000

[12] *Id.* at 326 tbl.A.III.6; U.N. CENTER ON TRANSNAT'L CORPS., TRANSNATIONAL CORPORATIONS IN WORLD DEVELOPMENT: TRENDS AND PROSPECTS 570-71 tbl.B11, U.N.Doc. ST/CTC/89, U.N. Sales No. E.88.II.A.7 (1988) (law firm names reflect name changes since 2002).

[13] Known as Clifford Chance/Punder/Roger Wells in 2002.

[14] Known as Jones Day Reavis & Pogue in 2002.

[15] Known as CMS Cameron McKenna in 2002.

[16] Known as Sidley & Austin in 2002.

[17] Known as Skadden Arps Slate Meagher & Flom in 2002.

III. MAPPING THE GEOGRAPHY OF GLOBAL LAW FIRMS

A comprehensive worldwide survey of the geography of this globalization was carried out in 2000 covering 100 banking and professional service firms.[18] Here we report the results for the sixteen law firms in the survey.[19] In effect, we provide a snapshot of the globalization of selected global law firms at the beginning of the twenty first century. Overall the law firms were found to be present in 105 cities worldwide. Using data on these offices we can estimate the importance of these cities—where most "global lawyering" takes place within and between the cities. This defines a city network of law provision through which the global law market operates. Within this network the key measure of importance is the "network connectivity" of a city. Table 4 shows the top twenty cities for this global lawyering—connectivities are presented as a proportion of the most connected city (London). The first thing to note is the duopoly at the top of this ranking: in global lawyering, London and New York stand out as the prime centers of the service. The centrality of London and New York as legal service centers has led to the centrality of Anglo-American common law as the system of neoliberal capitalism. We return to the implications of this for the operation of global law firms later in the paper.

Table 4. Top 20 Global Law Centers, 2000[20]

Rank	City	Connectivity
1	London	1.00
2	New York	0.89
3	Frankfurt	0.68
4	Hong Kong	0.67
5	Washington	0.66
6	Brussels	0.62
7	Paris	0.55
8	Singapore	0.53
9	Tokyo	0.49
10	Moscow	0.42
11	Amsterdam	0.42

[18] For details of the full survey, see P.J. Taylor, G. Catalano & D.R.F. Walker, *Measurement of the World City Network*, 39 URB. STUD. 2367 (2002) (The underlying model is presented in Peter J. Taylor, *Specification of the World City Network*, 33 GEOGRAPHICAL ANALYSIS 181 (2001), and full results are presented in PETER J. TAYLOR, WORLD CITY NETWORK: A GLOBAL URBAN ANALYSIS (Routledge 2004)).

[19] These sixteen firms are those listed in Table 7, *infra* at 468, and Coudert Brothers, which no longer exists.

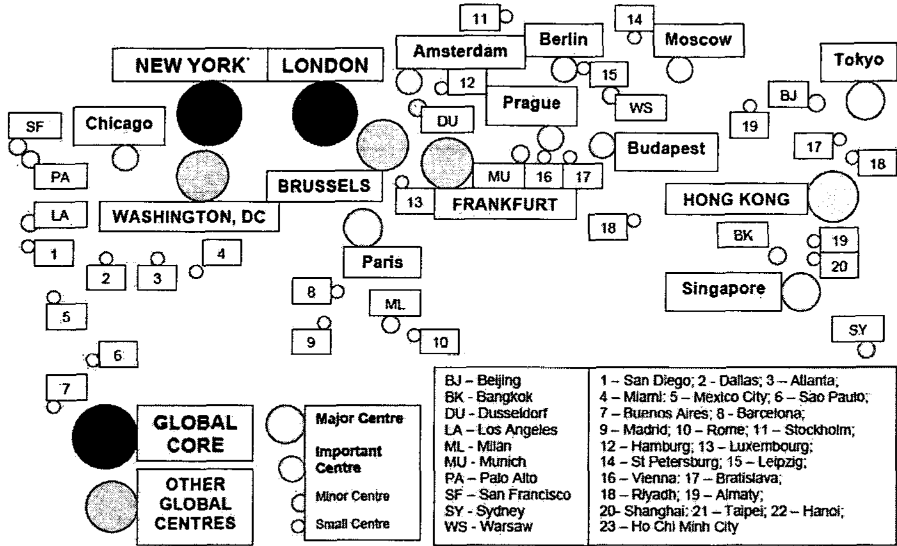
[20] Calculated from data from P.J. TAYLOR & D.R.F. WALKER, WORLD CITIES AND GLOBAL FIRMS DATA SET (2000), *available at* http://www.lboro.ac.uk/gawc/datasets/da6.html. More details on methodology are available in Taylor, *supra* note 18.

12	Berlin	0.40
13	Budapest	0.39
14	Prague	0.38
15	Chicago	0.38
16	Los Angeles	0.34
17	Munich	0.33
18	Dusseldorf	0.32
19	Bangkok	0.31
20	Milan	0.30

The remainder of the rankings in Table 4 highlight several aspects of global lawyering. First, there is the importance of financial centers as attractors of law firms, obviously including London and New York, but also Frankfurt and three other Pacific Asian financial centers, Hong Kong, Singapore, and Tokyo. Second, capital cities feature prominently, with Washington, D.C. and Brussels as leading examples. Thirdly, Eastern European cities are well-represented; these are from ex-COMECON countries that privatized their economies in the 1990s and were therefore particularly in need of new global lawyering for a new capitalism. Overall the table show, then, global lawyering centers in the three main "globalization areas": the United States, Europe, and Pacific Asia. Significantly for our argument here, not only are these cities major financial centers, but they are also centers located in jurisdictions where re-regulation has permitted the effective operation of global law firms. Regulation is not the only a definer of the geography of global law firms, but is integral to their current organizational form and mode of operation. But, what of the rest of the world? What other important trends exist in the geography of presence and absence?

Delving further into the results, Figure 1 shows forty-eight cities with at least one-eighth of London's connectivity. That is to say, they all encompass an appreciable amount of global lawyering: they are centers in the city network through which this global servicing takes place. This map shows a consolidation of the regions identified in Table 4, but with some extension into the rest of the world economy: Latin America, the Middle East and Central Asia are now represented. However, in 2000 neither Africa nor South Asia were fully incorporated into this network: Johannesburg and Mumbai are among the 105 cities with a global law presence, but with rankings respectively of 60th and 100th, they do not constitute global law network centers. As relative latecomers to the global economy, their lawyering networks are smaller and less global than other business services.

Figure 1. The Global Geography of Law Firm Offices in 2000.



The effects of this relatively smaller scale of operations can be further explored by comparing these results from the sixteen law firms with the overall results for all 100 business service firms in the original survey. The most direct way of doing this is to regress law connectivities against general business service connectivities (including accountancy, advertising, banking/finance, insurance, and management consultancy). Such an exercise tells us which cities are over- and under-provisioned for global lawyering compared to the other professional services. These are presented as percentages in Tables 5 and 6. For instance, in Table 5, Washington, D.C. has nearly 25% more global lawyering compared to the global activities of the other services in the city. This confirms Washington as the "emblematic lawyer city" even at this global scale of operations. These results replicate Table 1 to some extent featuring as they do capital cities, financial centers and ex-COMECON cities (including Almaty). However, there are two new results: (i) the identification of Palo Alto as the global lawyering center for Silicon Valley: and (ii) Ciudad Juarez as the local center for dealing with trans-jurisdictional law issues in the Mexican-U.S. border zone.

Table 5. Cities Over-Provisioned by Global Law Firms[21]

Rank	City	% Over-Provisioned
1	Washington	24.27%
2	Palo Alto	12.38%
3	Frankfurt	11.37%
4	Brussels	6.19%
5	Berlin	3.34%
6	Almaty	2.82%
7	Leipzig	1.09%
8	St Petersburg	0.97%
9	Ciudad Juárez	0.65%
10	Moscow	0.23%

Table 6. Cities Under-Provisioned by Global Law Firms[22]

Rank	City	% Under-Provisioned
1	Toronto	53.16%
2	Mumbai	45.26%
3	Kuala Lumpur	44.48%
4	Dublin	42.97%
5	Auckland	41.76%
6	Madrid	41.45%
7	Lisbon	41.43%
8	Copenhagen	41.27%
9	Seoul	39.05%
10	Istanbul	37.35%
11	Zurich	37.08%
12	New Delhi	36.28%
13	Athens	36.13%
14	Jakarta	36.06%
15	Santiago	35.53%
16	Melbourne	35.42%
17	Buenos Aires	34.35%

[21] Calculated from data from P.J. TAYLOR & D.R.F. WALKER, GLOBAL NETWORK SERVICE CONNECTIVITIES FOR 315 CITIES IN 2000 (2000), *available at* http://www.lboro.ac.uk/gawc/datasets/da12.html. More details on methodology are available in Taylor, *supra* note 18.

[22] Calculated from data from TAYLOR & WALKER, *supra* note 21. More details on methodology are available in Taylor, *supra* note 18.

18	Montreal	33.91%
19	Johannesburg	32.68%
20	Mexico City	32.30%

This, then, shows that the location of law firms, unsurprisingly, is actually an interaction between market demand and regulation. Table 6 is even more interesting in this regard though because it shows numerous cities that are very under-provisioned in global legal services compared to the other services. Toronto, outstandingly under-provisioned, is perhaps the surprise here. Since Montreal is also listed in Table 6, it seems that although the United States has been a key center in the development of global lawyering through New York, its North American Free Trade Association ("NAFTA") partner Canada has not been part of this expansion. There are also some European capital cities under-provisioned but the main feature of the table relevant to our argument is the number of important world cities from the South that are featured: Mumbai, Kuala Lumpur, New Delhi, Jakarta, Santiago, Buenos Aires, Johannesburg and Mexico City. As previously suggested by Figure 1, global lawyering has hardly begun to penetrate the major cities of the South. This brings us back to the point made earlier about regulation, that beyond the oddity of the fact that Canadacontinues to be under-represented in global, independent-firm legal networks, it is in the South where we might expect further expansion of the office networks of global law firms in the twenty-first century if and when political and regulatory hurdles facilitate expansion into such cities.

In the remainder of the paper we explore the importance of Anglo-American law or more specifically New York state and English law and the regulatory burdens influencing the globalization process, and explain how these have defined not only where law firms operate, but the actual way they have globalized and now organize themselves. We begin by considering the way these have influenced the organizational strategies used by globalizing firms and then move on to consider the impacts on the role of global law firms in the contemporary economy and legal world.

IV. GOING GLOBAL: TYPOLOGIES OF GLOBALIZATION

John Dunning's Ownership-Location-Internalization ("OLI") paradigm provides perhaps the most useful conceptual framework that can be used to explain the rationale for law firms undertaking activities outside of their national boundaries.[23] Dunning forcefully argues that firms will only engage in such international activity if they possess competitive advantages over indigenous firms with respect to ownership-location-

[23] *See* JOHN H. DUNNING, EXPLAINING INTERNATIONAL PRODUCTION (Unwin Hyman 1988); JOHN H. DUNNING, THE GLOBALIZATION OF BUSINESS: THE CHALLENGE OF THE 1990S (Routledge 1993).

internalization factors.[24] All three of these relate in some way to our themes of regulation and the diffusion of Anglo-American lawyering. With respect to ownership advantages, law firms will only internationalize if they have specific advantages in technology, management and marketing, which will give them a competitive edge over indigenous firms. For law, such ownership competitive advantages must be accrued with regard to access to transnational clients and in quality and style of service *vis-a-vis* indigenous firms. Equally, a law firm will internationalize if it has a location advantage in undertaking professional business in a particular country. As law cannot be very easily traded as a service on an international scale, law firms require a physical presence outside of their nation-state, not least because of the need to overcome host country regulatory frameworks. Finally, law firms will wish to internationalize their operations, rather than license or sell those advantages to indigenous firms, if they have advantages in governing and managing ownership and location advantages within the firm. The ability to deliver consistent, home-country (U.S./English) style legal services is significant here and as Dunning's paradigm suggests, the organizational mode of entry into new markets for firms is through "some overseas partnerships, but often services are provided via movement of people (clients to home country lawyers or vice versa)."[25] The significance of this for the diffusion of Anglo-American law becomes clear later in our discussion. Several case studies focusing on the globalization of legal services and law firms shows the nuances of such international expansion and market penetration in this highly-competitive globalizing arena.[26]

A. Organizational Forms

The organizational form used to globalize has evolved over the past twenty years, predominantly as part of a trial and error process as firms sought the optimum strategy. Only those finding the right recipe prosper today. In short, the modus operandi, or what we shall call the "typologies of globalization" of law firms operating outside of their national boundaries, has taken four common forms:

1. As independents operating as global firms developed through organic growth of international office networks staffed by expatriate

[24] DUNNING, THE GLOBALIZATION OF BUSINESS, *supra* note 23, at 256.

[25] *Id.* at 276.

[26] *See, e.g.,* J.V. Beaverstock et al., *Geographies of Globalization: United States Law Firms in World Cities*, 21 URB. GEOGRAPHY 95, 95–120 (2000) [hereinafter Beaverstock et al., *Geographies of Globalization*]; Andrew Jones, *More than "Managing Across Borders?" The Complex Role of Face-to-Face Interaction in Globalizing Law Firms*, 7 J. OF ECON. GEOGRAPHY 223 (2007) [hereinafter Jones, *More than "Managing Across Borders?"*]; Morgan & Quack, *supra* note 2; Barney Warf & Chand Wije, *The Spatial Structure of Large U.S. Law Firms*, 22 GROWTH AND CHANGE 157 (1991).

partners and lawyers, and locals (including partners),[27] merger and acquisition activity with local, host firms,[28] or combinations of organic growth and M&A activity;[29]

2. As exemplified by firms like CMS Cameron and McKenna (ranked 82nd in The Lawyers Top 100 Global Firms), through formal network relationships and making strategic alliances/partnerships with local, host firms. CMS's mission statement reads as follows, "CMS is the alliance of major European law firms providing clients with a full range of legal and tax services based on a thorough understanding of their business. CMS's activities are coordinated through a European Economic Interest Grouping ("EEIG") registered in Frankfurt, Germany."[30] Such alliances have become less and less popular, however (Linklaters terminated its Linklaters and Alliance arrangement at the end of the 1990s in favor of a global firm model), because of the difficulty of developing consistent worldwide services;
3. Through the emergence of conglomerates providing a suite of professional services of which law is one. These effectively died out with the Enron scandal and the end of multidisciplinary partnerships;
4. Through ad hoc membership in a loose, ephemerally-formed affiliation or network, this may arise in two circumstances. First, at the "magic circle"/"charmed circle" end of the spectrum, where the leading global players come together in informal so called, "best-friend" networks. Slaughter and May's strategy of not opening overseas offices, but having close relationships with overseas partners, shows how this can work when the "right" friend is chosen. Second, at the boutique or smaller-size firm level, where independent firms join informal associations to engage in international legal practice. The Interlex Group,[31] founded in 1973, is an association of over forty independent law firms operating in over 125 cities around the globe that facilitates global operation for

[27] Including most of the global firms listed in Table 7, *infra* at 468. For example, the lineage of Skadden, Arps, Slate, Meagher & Flom international office development reads as follows: Tokyo (1987), London (1988), Hong Kong (1989), Sydney (1989), Paris (1990), Frankfurt (1990), Toronto (1990), Brussels (1990), Beijing (1991), Moscow (1992), Vienna (1993), and Singapore (1995). Offices, http://www.skadden.com/index.cfm?contentID=5 (last visited May 1, 2008).

[28] For example, Freshfields moved into Germany with the creation of Freshfields Bruckhaus Deringer. *See* Morgan & Quack, *supra* note 2.

[29] *See, e.g.*, Freshfields Bruckhaus Deringer.

[30] CMS Alliance, About Us, http://www.cmslegal.com/aboutcms/pages/default.aspx?crawl=true (last visited May 1, 2008).

[31] The Interlex Group, http://www.interlexgroup.com/index.asp (last visited May 1, 2008).

such firms.

It is difficult to suggest which is the most cost-effective typology of globalization for both firm and client. Sunk costs are extremely high in the development of organic, new office networks as opposed to joining a strategic alliance or network, but the global firm can reproduce the reputation and quality of service in any location as expected by the client. Indeed, only in the global, single firm form can the type of transnational lawyering others describe occur, and it is, therefore, this model that has become most prominent.[32] Indeed, many of those in Table 7 are now key players in the production of transnational spaces of lawyering. But, surprisingly, in existing literatures most attention has been given to theorizing transnational lawyering itself and to the processes by which U.S. and English styles of legal work might be changing incumbent national systems.[33] In these literatures the presence of global firms in foreign jurisdictions is often discussed as being influential and driving change in host-systems, whilst the role of firms' engagement in entrepreneurship at the level of institutions and legislative actors is examined. Yet the actual organization of the firm and the way this ensures that transnational lawyering and the diffusion of English or U.S. practices are possible receives limited exploration. We find this troublesome because effective organizational strategies that deal with regulatory challenges and allow the effective diffusion of home-country practices undergird all forms of transnational lawyering. We, therefore, focus upon these issues under the rubric of regulation and the diffusion of Anglo-American law that we highlighted earlier. We pose the question of how global firms like those in Table 7 actually develop the integration all seem to seek and view as so important for enabling the reproduction of their models of lawyering worldwide. As we show, organizing and operating in a way that fulfills such a role is not a formality, but requires careful strategic maneuvering and recognition that lawyers are produced by professional systems with distinctive national characteristics.[34]

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[32] *See, e.g.*, Flood, *Lawyers as Sanctifiers*, *supra* note 5.

[33] *Id.;* Morgan & Quack, *supra* note 2; David M. Trubek et al., *Global Restructuring and the Law: Studies of the Internationalization of Legal Fields and the Creation of Transnational Arenas*, 44 CASE W. RES. L. REV. 407 (1994).

[34] *See* James R. Faulconbridge & Daniel Muzio, *Reinserting the Professional into the Study of Professional Service Firms: The Case of Law*, 7 GLOBAL NETWORKS 249 (2007) [hereinafter Faulconbridge & Muzio, *Reinserting the Professional*].

Table 7. The Top Fifteen Global Law Firms 2007 [35]

Firm	Nationality	Turnover (£m)	Number of Lawyers	Number of Offices[36]
Clifford Chance	U.K.	1,030	2,432	28
Linklaters	U.K.	935	2,072	30
Skadden Arps Slate Meagher & Flom	U.S.	884	1,699	22
Freshfields Bruckhaus Derringer	U.K.	882	2,013	28
Latham & Watkins	U.S.	776	1,668	24
Baker & MacKenzie	U.S.	742	2,975	70
Allen & Overy	U.K.	736	1,760	28
Jones Day	U.S.	706	2,178	29
Sidley Austin	U.S.	617	1,495	16
White & Case	U.S.	574	1,783	37
Weil Gotshal & Manges	U.S.	558	1,129	19
Mayer Brown	U.S.	538	1,331	15
Kirkland & Ellis	U.S.	533	1,056	8
DLA Piper	U.S.	489	1,327	64
Sullivan & Cromwell	U.S.	480	589	12

V. THE CHALLENGES OF GLOBAL LAWYERING

For global law firms, the need to operate as an integrated community of lawyers, rather than as set of isolated offices, each providing coverage for one market only, has driven recent strategic decisionmaking. A browse through the publicity materials of leading U.S. and English firms confirms this and the now widespread recognition of the need for the whole organization to be more than the sum of its constituent (individual office) parts (Table 8). This is particularly relevant to our argument about the importance of global law firms for spreading Anglo-American lawyering. Only if the organization is integrated and able to maintain a worldwide culture can it offer aligned, common services to clients worldwide based on the principles of New York state and English law that dominate in the commercial world.[37] But what are the challenges to, and how do firms

[35] The Lawyer.com, The Lawyer Global 100, http://www.thelawyer.com/global100/2006/tb_1-25.html (last visited May 1, 2008).

[36] Data derived from firms' web sites (last visited May 1, 2008).

[37] *See generally* Trubek et al., *supra* note 33.

achieve, such integration?

Table 8. Examples of How Global Law Firms Emphasize Their Ability to Work As A Globally-Integrated Organization

Firm	Promotional Rhetoric
Clifford Chance	An ambition to be the world's premier law firm underpins our business strategy. We aim to achieve this goal through sustained investment in managing knowledge and information, and by creating a working culture in all our offices that enables our people to offer consistently high standards of client service.[38]
Freshfields Bruckhaus Deringer	We value teamwork highly, whether it relates to working with client teams or to operating in teams across our international network of offices. We aim to be open and communicative, responsive and supportive.[39]
White & Case	Our knowledge, like our clients' interests, transcends geographic boundaries. All of our clients have access to the expertise of our lawyers, wherever they are based. As a single partnership, White & Case functions as an integrated team. Our lawyers are linked by constant interaction and an electronic infrastructure that allows us to bring the Firm's wealth of experience and all its global resources to bear on clients' most demanding business and legal issues—promptly and efficiently.[40]
Shearman & Sterling	Together, our lawyers work across practices and jurisdictions to provide the highest quality legal services, bringing their collective experience to bear on the issues that clients face.[41]

[38] Clifford Chance, About Clifford Chance, http://www.cliffordchance.com/about_us/about_the_firm/?LangID=UK& (last visited May 1, 2008).

[39] Freshfields Bruckhaus Deringer, About Us—Our Values, http://www.freshfields.com/aboutus/ourvalues/ (last visited May 1, 2008).

[40] White & Case, About the Firm, http://www.whitecase.com/about/overview/ (last visited May 1, 2008).

[41] Shearman & Sterling, About the Firm: Overview, http://www.shearman.com/about/overview/ (last visited May 1, 2008).

A. "National" Systems of the Professions and Global Law Firms

Many of the "internal" dilemmas faced by global firms stem from the fact that they are operating across a diverse set of national legal professions. Historically, professions emerge as negotiated orders from the spatially and temporally contingent interactions between different parties, including the professions, their clients, the state and academia.[42] The interests, agendas, and resource capabilities of such actors vary over space and time as do the occupational settlements that emerge from their interactions with regards to the definition, operation, organization, delivery and reward of their professional services.[43] Legal services are a particular example of this nationally diverse system and the experience of global law firms in any one country is influenced by how the law and the legal profession are intimately bound to the political and juridical system of their country of origin. After all, lawyers, in their role as mediators and adjudicators of entitlements, disputes, and obligations, make a fundamental contribution to those governance networks that support independent nation-states and their capacity to govern. Thus, despite moves towards transnational jurisdictions and institutions, lawyering and the legal profession continue to be colored with the characteristics of their national contexts. The persistence of these nationally-based oddities and peculiarities can prevent the development of coherent management and seamless service provision.

But, how are these national differences relevant to the case of global firms? An exhaustive account is beyond the scope of this article, but we want to highlight three salient features. First, there are doctrinal/legal differences. Each country continues to have its own nationally specific law and legal system, something that produces diversity in approaches to legal work. The situation is clearly emblemized by the split between civil law and common law traditions, which are characterized by very different legal doctrines, procedures and approaches, resulting in diverse ideas about the role and function of law and the legal profession.[44] At the heart of the civil tradition lies the civil code with its emphasis on formal rationality, coherence and predictability. Here, law is viewed as a neat collection of consistent, self-contained and relatively static pronouncements: a "purely analytical, intellectual construct, a sealed system of logically interconnected propositions impermeable to the economic pressures of the business

[42] *See* MAGALI SARFATTI LARSON, THE RISE OF PROFESSIONALISM: A SOCIOLOGICAL ANALYSIS (Univ. of Cal. 1977); KEITH M. MACDONALD, THE SOCIOLOGY OF THE PROFESSIONS (Sage 1995); THE FORMATION OF PROFESSIONS: KNOWLEDGE, STATE AND STRATEGY (Rolf Torstendahl & Michael Burrage eds., Sage 1990).

[43] *See* ANDREW ABBOTT, THE SYSTEM OF PROFESSIONS: AN ESSAY ON THE DIVISION OF EXPERT LABOR (Univ. of Chicago Press, 1988).

[44] *See* Flood, *Lawyers as Sanctifiers*, *supra* note 5, at 47–49; *see* Morgan & Quack, *supra* note 2.

world."[45] Thus, the emphasis is on faithfulness if not reverence to the code and on an "academic" approach to lawyering, which is mindful of theoretical categories, nuances and distinctions. Conversely, the common law tradition with its emphasis on the ad hoc, piecemeal and historically contingent decisions of case law has always emphasized flexibility, adaptability and the use of interpretation to support client interests. This has historically sustained a more entrepreneurial vision of lawyering with lawyers developing an intimate connection with their corporate clients and proactively developing new services and solutions to support their interests.[46]

In other words, as Morgan and Quack note, such influences mean that common law tradition lawyers have historically been more entrepreneurial and business orientated than their civil law counterparts.[47] This includes not only an emphasis on the development of real time commercial rather than purely technical solutions, but also the earlier involvement of lawyers in the structuring of business transactions. Hence the creation of large corporate firms, which effectively operate and compete as corporate entities, took place much earlier in common law jurisdictions than in their civil law counterparts.[48] Indeed, echoing these doctrinal differences as well as differences in their economic orientation, countries offer varying levels of tolerance to the practices and activities of the large globally integrated law firm. In particular, some jurisdictions may use local legislation and informal understandings to restrict the activities of foreign lawyers and global law firms.

Second, professional jurisdictions are also specific time- and space-bound settlements, which emerge from the political interaction between different groups. This is hardly surprising as professional jurisdictions confer valuable privileges and rewards, both symbolic (such as proximity to the centers of established power) and material (self-regulation, the creation of skill scarcity, the exclusive authority over the application of certain knowledges and techniques).[49] Thus professional jurisdictions are contested by the rival claims of different occupational groups equipped with their own particular cultural capital and rhetorical devices.[50] The fluid,

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[45] Mark J. Osiel, *Lawyers as Monopolists, Aristocrats and Entrepreneurs*, 103 HARV. L. REV. 2009, 2052 (1990) (Book review of LAWYERS IN SOCIETY (Richard L. Abel & Philip S.C. Lewis eds., Univ. of Cal. 1988)).

[46] *See* Flood, *Lawyers as Sanctifiers*, *supra* note 5, at 48; Trubek et al., *supra* note 33.

[47] Morgan & Quack, *supra* note 2, at 1767–70.

[48] Flood, *Megalawyering*, *supra* note 2; GERARD HANLON, LAWYERS, THE STATE, AND THE MARKET: PROFESSIONALISM REVISITED (MacMillan Bus. 1999).

[49] ELIOT FREIDSON, PROFESSIONALISM: THE THIRD LOGIC (Polity 2001); TERENCE JOHNSON, PROFESSIONS AND POWER (Macmillan 1972).

[50] ABBOTT, *supra* note 43; PROFESSIONAL COMPETITION AND PROFESSIONAL POWER, *supra* note 3; David Sugarman, *Who Colonized Whom? Historical Reflections on the Intersections*

changeable and contested demarcation line that separates accountants and lawyers on issues of tax advice would be a very good example of such spatially contingent occupational settlements, with some jurisdictions giving prominence to the former and others to the latter.[51] The division of the English legal profession in solicitors and barristers is an even more pertinent example for the purposes of this discussion.[52] The de facto monopoly that barrister historically hold on rights of audience in the higher court and therefore on advocacy has meant that English law firms have not been able to offer such services in house and to develop an integrated litigation service. The situation is different in most other jurisdictions and most relevantly in the United States, where litigation crucially including advocacy is one of the most profitable specialties offered by large commercial firms.

Finally, there are some important nationally-based cultural differences which affect individual lawyers' (as well as their clients') expectations of how legal services should be legitimately defined, performed, delivered, and evaluated.[53] These differences in cultural norms, beliefs and expectations reflect, once again, the various nationally specific influences involved in the process of professional formation and the ways these socializing influences affect the early years of training and practice of professionals. As Faulconbridge and Muzio describe, "For globalizing legal PSFs [Professional Service Firms], the effects of the geographically distributed and embedded office networks that reach across Europe, North America and Southeast Asia exaggerate the challenge of managing professionals . . . [Management] has to be sensitive to the norms, ideals and beliefs of professionals emerging from different national systems."[54] Thus deeply rooted cultural assumptions and institutional legacies require the effective management of local realities, expectations and sensitivities; something that can push global law firms towards compromises at the

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Between Law, Lawyers and Accountants in England, *in* PROFESSIONAL COMPETITION AND PROFESSIONAL POWER, *supra* note 3.

[51] Sugarman, *supra* note 50.

[52] *See* RICHARD L. ABEL, THE LEGAL PROFESSION IN ENGLAND AND WALES (Blackwell 1988); RICHARD L. ABEL, ENGLISH LAWYERS BETWEEN MARKET AND STATE: THE POLITICS OF PROFESSIONALISM (Oxford 2003); John Flood, *Professionals Organizing Professionals: Comparing the Logic of United States and United Kingdom Law Practice*, *in* RESTRUCTURING THE PROFESSIONAL ORGANIZATION: ACCOUNTING, HEALTHCARE, AND LAW 154 (David M. Brock, Michael J. Powell & C.R. Hinings eds., Routledge 1999); Andy Boon & John Flood, *Trials of Strength: The Reconfiguration of Litigation as a Contested Terrain*, 33 LAW & SOC. REV. 595 (1999).

[53] *See* Faulconbridge & Muzio, *Reinserting the Professional*, *supra* note 34; James R. Faulconbridge & Daniel Muzio, *Organizational Professionalism in Global Law Firms*, 22 WORK, EMPLOYMENT AND SOCIETY 1, 7–25 (2008) [hereinafter Faulconbridge & Muzio, *Organizational Professionalism*].

[54] Faulconbridge & Muzio, *Reinserting the Professional*, *supra* note 34, at 261.

expense of integration and the development of optimally efficient solutions.

One recent example of the way cultural differences create such trials and tribulations is the case of Clifford Chance's merger with the U.S. firm Roger Wells. The merger took place in 2000, but by January 2005 the front page of the Financial Times was reporting how "Clifford Chance has struggled to create a top-class U.S. legal practice . . . The firm was hit by a string of big-name departures in the U.S."[55] Such losses should, however, have come as no surprise. When the merger was announced The Lawyer noted that "[o]ne of the more interesting aspects of the potential culture "clash" in such mergers is the perceived differences in methods of remuneration between U.S. and English law firms . . . The lockstep system has been traditionally linked with the English's more conservative attitudes."[56] In the lockstep system remuneration is based on an individual's years of service not the profits they generate. This contrasts with "the U.S. 'style' . . . where hard work and overall top performance (primarily billings) is rewarded with the highest compensation and non-performers find themselves down and out."[57] It was predicted that this difference would create problems for the firm.

Inevitably, The Lawyer was soon reporting that "Clifford Chance equity partners are being asked to vote . . . on sweeping proposals on partner underperformance . . . The management is asking partners to back a scheme whereby they can be not only frozen on the lockstep, but also moved down."[58] When English partners resisted, this was followed by reports of "managing partner Peter Cornell . . . issu[ing] a stern warning to partners . . . that failure to amend the firm's strict lockstep would be tantamount to closing offices."[59] It became clear that U.S. partners in New York were leaving the firm because, amongst other things, the lockstep approach "clashed" with their ideals of professional organization and practice. This was basically a financial clash—lawyers felt they weren't being paid as much as they expected. This culminated in late 2005 when it was announced that partners had "voted to reform the 2,500-lawyer firm's lockstep compensation system to better account for differences in partner pay across geographical markets," something the firm had wanted to avoid because of the disintegration and inter-partner friction that variations in the way lawyers are remunerated between jurisdictions could cause, thus challenging the one-firm culture seen as critical to effective transnational

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[55] Bob Sherwood, *Head of Clifford Chance Focuses on Shake-Up with Move to New York*, FIN. TIMES, Jan. 5, 2005, at 1.

[56] Peter Wood, *Industry Groups Need New Culture*, THE LAWYER, June 21, 1999, at 15.

[57] *Id.*

[58] *Lockstep Revolution Beckons for CC*, THE LAWYER, Mar. 8, 2004, at 1.

[59] *CC's Cornell Warns Lockstep Must Become More Flexible*, THE LAWYER, Feb. 28, 2005, at 3.

lawyering.[60] Below we look further at the management strategies used to deal with such cultural differences, as well as the challenges of doctrinal/legal and jurisdictional diversity, as firms seek to develop an integrated firm-model capable of producing transnational spaces of lawyering.

VI. NEW MANAGEMENT STRATEGIES

A. Managing the Challenges of Doctrinal/Legal and Jurisdictional Varieties

The steadfastly "national" nature of legal systems is one of the most fundamental problems global law firms face.[61] This is true at the level of the legislature and courts and legal systems themselves, but also at the level of lawyers and legal professionals as nationally regulated agents. One way many U.S. firms initially overcame this was to practice U.S. law overseas. More recently, though, English and increasingly U.S. firms also practice local law in most of their offices.[62] At its simplest, this means locally-qualified lawyers able to deal with the local legislature and courts are needed. Yet even this can be difficult when regulatory hurdles either prevent overseas firms from employing locally-qualified lawyers or require a majority locally-owned alliance arrangement.

Consequently, both the need for re-regulation to permit the operation of global firms, and the desire to limit the impacts of national peculiarities in legal systems on the provision of worldwide integrated legal services by the firm (common law versus civil law especially) mean that global law firms have had to be active advocates of legislative change that favors their operation and work as servers of transnational corporations. Examples of the role of global firms in forms of legislative and institutional entrepreneurship are given in Table 9. Organizations such as the World Trade Organization ("WTO") (through its working party on professional services formed in the 1990s) and the International Competition Network are also central to supporting the aims of transnational law firms and their clients and are engaged with as part of a broader aim to smooth the operation of firms in different national contexts.[63]

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[60] *Clifford Chance Partners Approve Lockstep Reform*, N.Y. LAW J., Dec. 19, 2005, at 1.

[61] Trubek et al., *supra* note 33.

[62] Carole Silver, *The Case of the Foreign Lawyer: Internationalizing the U.S. Legal Profession*, 25 FORDHAM INT'L L.J. 1039 (2002); Carole Silver, *Local Matters: Internationalizing Strategies for U.S. Law Firms*, 14 IND. J. GLOBAL LEGAL STUD. 67 (2007).

[63] Marie-Laure Djelic & Kerstin Sahlin-Andersson, *The International Competition Network: Moving Towards Transnational Governance*, *in* TRANSNATIONAL GOVERNANCE: INSTITUTIONAL DYNAMICS OF REGULATION 287 (Marie-Laure Djelic & Kerstin Sahlin-Andersson eds., Cambridge 2006); Suddaby et al., *supra* note 5.

Table 9. Examples of How Global Law Firms Engage in Regulatory Entrepreneurship to Facilitate the Global Spread of Their Operations

Regulatory Hurdle	Firms/Actors Involved	Actions	Outcome
Acceptance of first transnational law firm in Germany.	Baker and McKenzie (and Founding Partner Russell Baker especially).	Protracted (often quarrelsome) negotiations between Baker and the head of the German BAR, Heinz Brangsch, to find a way to change the regulatory regime to allow the firm to operate.	A negotiated compromise: Baker and McKenzie was allowed to operate as long as the firm didn't display its name in the offices where its lawyers worked and the German lawyers practiced under their own names.
Opening up of Indian market to allow overseas lawyers and firms to practice freely.	Under the guise of the U.K.-India Joint Economic and Trade Committee: Allen & Overy; Ashursts; Clifford Chance; Pinsent Masons; CMS Cameron McKenna; Eversheds; Herbert Smith.	The Law Society in England established relations with The Society of Indian Law Firms and formed this group to help agree an accord for market deregulation and exploit India's desire for economic development. Intensive discussions about the	The signifying of an accord in January 2007 that sees exchanges of information and ideas between the two societies and annual seminars. Ultimately expected to lead to deregulation in the forthcoming years.

		cost/benefits to India of deregulation, driven by key partners in the law firms themselves.	
Acceptance of "class actions" in France.	In particular, the litigation partners of Clifford Chance, DLA and Sullivan & Cromwell's in Paris.	By reinterpreting domestic law and using it to allow reconfigured forms of 'class action' these lawyers both show such a practice is possible and expected by investors in France. This adds pressure on regulators to devise structures that make such actions more straight forward.	After the rejection by the French parliament in 2003 of attempts to put class action regulations in place, in 2005 Jacque Chirac setup a working group charged with incorporating suitable procedures to avoid France being the odd man out in Europe.

Baker and McKenzie as a firm became vastly experienced in dealing with such challenges because of its early entrance into multiple overseas markets as providers of "local" legal services.[64] However, regulatory difficulties are just one of the hurdles a global firm has to overcome if it is to be effective at transnational lawyering. By the 1990s one unintended side-effect of the Baker and McKenzie strategy was becoming clear: the firms had many pins in the map, but a limited amount of "glue" binding the organization together.[65] As the firm found out, once regulatory hurdles over

[64] BAUMANN, *supra* note 4.

[65] *See* Beaverstock et al., *Geographies of Globalization*, *supra* note 26; James R. Faulconbridge, *Managing the Transnational Firm: A Relational Analysis of Professional Systems, Embedded Actors and Time-Space Sensitive Governance*, 84(2) ECON. GEOGRAPHY

overcome a whole new set of problems emerge. "Because customers and cultures were so different, lawyers around the globe saw legal practice as a localized profession that did not travel well."[66] As a result, the firm gained the unflattering reputation of being the "McDonald's" of law firms—a franchise-like operation that lacked any genuine coherence beyond the worldwide mandates, policies and procedures. It is clear that Baker and McKenzie is now actively seeking to overcome both the problems that may have once existed and the reputation the firm has gained as a result of this. A whole page of Baker and McKenzie's website is now dedicated to outlining how the firm has developed "Global Systems for Seamless Service." The claim made is that "[o]urs is not the virtual reality of a virtually global firm. It's the actual reality of a law firm that has always operated with confidence across cultures, time zones, communications grids and power networks."[67] The question is, how do you create such integration in ever larger, ever more geographically dispersed firms?

B. Spatially Stretched Partnerships and Global "Culture"

Globalization has, in many ways, exercised a strong pressure on the management of law firms increasingly rendering traditional arrangements apparently inefficient and obsolete.[68] In particular, the associated challenges of managing growth and of integrating geographically dispersed resources and activities, has encouraged the development of new organizational strategies, structures and practices designed to deal not only with the increase in the size of partnerships, but also with the geographically-induced issues described above. In particular, it is expected that this would require the development and introduction of more hierarchical structures and a more "executive" approach to decision-making as well as the standardization of global practices and methods and the development of genuine transnational capability through cross-jurisdiction teams and knowledge management systems.[69] The expectation is that law

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(forthcoming April 2008); Andrew Jones, *Truly Global Corporations? Theorizing "Organizational Globalization" in Advanced Business-Services*, 5 J. ECON. GEOGRAPHY 177, 194–95 (2005); *See* Jones, *More than "Managing Across Borders?"*, *supra* note 26.

[66] BAUMANN, *supra* note 4, at 122.

[67] Baker & McKenzie, Global Systems for Seamless Service, http://www.bakernet.com/BakerNet/Firm+Profile/Our+Global+Systems/default.htm (last visited May 1, 2008).

[68] *See* David M. Brock, Michael J. Powell & C.R. Hinings, *The Restructured Professional Organization, Corporates, Cobwebs, and Cowboys*, *in* RESTRUCTURING THE PROFESSIONAL ORGANIZATION, *supra* note 52, at 215, 219–23; John Flood, *The Cultures of Globalization: Professional Restructuring for the International Market*, *in* PROFESSIONAL COMPETITION AND PROFESSIONAL POWER, *supra* note 3, at 139, 142–46; Hanlon, *supra* note 34; Michael I. Reed, *Expert Power and Control in Late Modernity: An Empirical Review and Theoretical Synthesis*, 17 ORG. STUD. 573, 587 (1996).

[69] Royston Greenwood et al., *"P^2-Form" Strategic Management: Corporate Practices in Professional Partnerships*, 33 ACAD. MGMT. J. 725, 748–52 (1990); Cooper J. Hinings et al.,

firms would, in other words, undergo those processes of change already experienced by other multinational organizations as they pursue formal rationality and efficiency optimization.

Proponents of this thesis have been clustered around an influential and increasingly voluminous body of work of archetype theory, largely originating from the University of Alberta in Canada.[70] According to archetype theorists, professional firms are traditionally organized according to a P2 (professional partnership) configuration which emphasizes values and practices of collegiality, consensus and intimacy. The P2 ultimately merges ownership, management and work execution in the small number of partners who collectively and informally govern the long-term direction and everyday administration of their firm. Over the last twenty years or so, exogenous changes including de-regulation of professional services markets, globalization of professional services and technological development, have been said to conspire to push professional organization down the route of radical structural transformation. This can be characterized as an archetypal shift from the P2 archetype to a new configuration: the Managerial Professional Business ("MPB"), which is characterized by rising levels of standardization, bureaucracy and centralization. Thus, a more hierarchical and specialized division of labor emerges, decision-making is expected to become more concentrated, structures refocus around matrixes and multi-disciplinary groups, practices become increasingly standardized and centrally coordinated rather than ad hoc and idiosyncratic while the emergence of a managerial structure with executive powers signifies the demise of collegiality and beginning of the separation of ownership and control.

While the original archetype theory viewed change as a unidirectional and transformational process inexorably leading from the P2 to the MPB, more recent variants have introduced more nuanced approaches that recognizerecognize sedimentation and hybridity.[71] Equally importantly, recent work has expanded the range of potential configurations to recognize the multi-faceted complexity of the current legal services industry.[72] One category the "Global Professional Network" ("GPN") is particularly

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Sedimentation and Transformation in Organizational Change: The Case of Canadian Law Firms, 17 ORG. STUD. 623, 631–32 (1996).

[70] *See, e.g.*, Greenwood et al., *supra* note 69; Royston Greenwood & Roy Suddaby, *Institutional Entrepreneurship in Mature Fields: The Big Five Accounting Firms*, 49 ACAD. MGMT. J. 27 (2006); Hinings et al., *supra* note 69; Ashly Pinnington & Timothy Morris, *Archetype Change in Professional Organizations: Survey Evidence from Large Law Firms*, 14 BRIT. J. MGMT. 85 (2003).

[71] Hinings et al., *supra* note 69, at 635–43; Pinnington & Morris, *supra* note 70, at 95–96.

[72] *See* David M. Brock, *The Changing Professional Organization: A Review of Competing Archetypes*, 8 INT'L J. MGMT. REV. 157, 166–69 (2006); C.R. Hinings, *The Changing Nature of Professional Organizations*, *in* THE OXFORD HANDBOOK OF WORK AND ORGANIZATION 404, 414–17 (Stephen Ackroyd et al. eds., 2005).

important in the context of our discussion. This model is most likely to be relevant for the largest global law firms and is characterized by perhaps the most pronounced changes. In particular, we have the adoption of network forms of business, corporate-style governance over partnership, executive decision-making, internal differentiation and global reach. These developments are viewed as functional necessities insofar as their adoption is seen as essential in sustaining service delivery and financial performance for the largest firms. Thus in many ways, according to archetype theorists, the exogenous changes alluded to previously have triggered a managerial revolution, centered on the principles of standardization and organizational efficiency and resulting in the adoption of more corporate patterns of operation and organization. Nowhere is this tendency stronger than in the case of the very large global firms in question that face both regulatory and cultural hurdles to effective operation.

C. Organizational Professionalism

While these "models" of organizational change are insightful in many ways, we are however left wondering whether such an epochal change has really occurred. As Faulconbridge and Muzio report, interviews with partners in global firm seem to suggest that the process of change has been limited by a series of considerations, which reflect the intrinsic characteristics of professional work, the historical formation of the various national legal systems and the nature of law as a product and which have so far hindered the development and adoption of optimally efficient organizational solutions and managerial practices.[73]

Lawyers, despite great heterogeneity and spatial variation in their cultures and legacies, tend to share a culture of autonomy, independence and discretion and are suspicious if not hostile to the practices and vocabularies of management and its associated rubrics of routinization, standardization and control.[74] Of course, values of autonomy and discretion are at the heart of process of professional formation and socialization (and reproduced in the self-imagery and popular portrayals of this occupation). This is particularly important, as law firms are autonomous professional organizations, where professionals (at least at equity partner level) themselves both own and control the means of production and therefore are in a position to effectively resist unpalatable change. Furthermore, there is a strong functional argument for professional autonomy as this guarantees the innovative, bespoke legal services in whichwhich global law firms specialize. It follows, then, that any drive towards management in global law firms, besides the existence of spatially heterogeneous forms of

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[73] *See* Faulconbridge & Muzio, *Organizational Professionalism*, *supra* note 53.

[74] FREIDSON, *supra* note 49; HENRY MINTZBERG, THE STRUCTURING OF ORGANIZATIONS 371–76 (1979); JOSEPH A. RAELIN, THE CLASH OF CULTURES 105–08 (1986).

professionalism and legal practice, has to come to terms with the preferences, sensitivities and interests of individual professionals and with their deeply rooted culture of autonomy.

Hence, while it is inevitable that large firms employing thousands of professionals across the globe must make adjustments to the imperatives of large-scale organization and modern administration, these adjustments assume the characteristics of subtle reconfigurations which crucially preserve vast pockets of practitioner autonomy, rather than of a straightforward managerial takeover. Exclusively managerial roles are still relatively thin, and most crucially they tend to be filled by qualified and often practicing lawyers.[75] Furthermore, their powers are seldom executive or directive, but are rooted in extensive consultation and broader conversations within the whole partnership.[76] The bubbling-up process, whereby senior professionals widely canvass opinion on proposed change with a view to securing the consensus of their peers, the reliance on committees as decision-making forums, and ultimately the whole partner vote with regards to crucial decisions are all a clear testament to the traditions of partnership democracy which survive even in the largest global practices.[77] Meanwhile, within the realm of work planning and execution lawyers retain significant amounts of autonomy.

Of course, the nature of the markets in which these firms operate, has brought developments such as multidisciplinary teams, project managing roles, templates and knowledge-management systems. But, the imperative of providing individually tailored solutions to extremely demanding clients continues to minimize the potential for programs of rationalization, routinization and standardization. Overall, the situation in global firms, despite academic and practitioner predictions of a managerial revolution as occurred in other sections of the economy, continue to reflect core professional values of autonomy. This is essential in avoiding dissatisfaction, turnover and therefore, the erosion of a firm's very own competitive foundation.

Thus, what we see is a careful reconfiguring of partnerships in global law firms so as to: (a) recognize the need for executive control and power; yet also (b) maintain many of the principles of legal practice and partnership. The former is important because of the need to create integration, consistent services and reproduce the Anglo-American model of legal service worldwide; the latter is important because of the need to simultaneously maintain the autonomy, entrepreneurship and local market responsiveness and assimilation of lawyers. This is clearly a delicate

[75] Stephen Ackroyd & Daniel Muzio, *The Reconstructed Professional Firm: Explaining Change in English Legal Practices*, 28 ORG. STUD. 729, 737–39 (2007).

[76] Pinnington & Morris, *supra* note 70, at 86.

[77] *See* Faulconbridge & Muzio, *Organizational Professionalism*, *supra* note 53.

balancing act that many have had to and continue to struggle with—a balancing act that often requires the careful use of not an archetypal hierarchy, but instead of what Alvesson calls a heterarchy: a model of management that emphasizes negotiation and coercion to convince lawyers of the value of managers' approaches.[78] We, therefore, review two of the most important strategies adopted by global law firms to manage their geographically dispersed partnerships and the way these allow organizations capable of transnational lawyering to emerge.

VII. ENGINEERING FIRM-WIDE SPACES OF TRANSNATIONAL LAWYERING

A. The Community Fix—Transnational Spaces of Learning

Practice groups have been important since the emergence of the large, mega-law firm.[79] Used to organize the large teams of lawyers needed to complete advanced corporate transactions and also to help clients identify the firm's specializations, the practice group and the project-teams within it are key to the sociology of work in the large law firm. In global firms their significance is elevated by the role they play in binding dispersed lawyers together into a shared community of practice.[80] Practice groups allow lawyers in different offices to form a shared identity on the basis of common legal practice. This then helps turn the many pins (offices) in a map into a worldwide community of lawyers, not least because practice groups allow partners to develop an awareness of a group of fifty or seventy-five other partners within the firm who have shared interests, rather than trying to become familiar with all of the 400 or more partners throughout the firm. Indeed, the practice group now operates as a pseudo-organization in many ways; they are often used as administrative units of the firm with turnover and profits measured at practice group level; and they usually have one or multiple "heads" of group that act as mini-senior partners who report to firm-wide managing and senior partners and act as the mouthpiece of partners, thus facilitating the bubbling-up process and allowing the input into decision making professionals demand.

Developing transnational practice-group communities is, therefore, a priority of all global law firms. Successful relationships between lawyers in different offices are, however, not always easy to foster. While relationships might be built upon virtual interactions—emails, telephone and video-conference calls between members of the practice group—this is

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[78] *See* MATS ALVESSON, UNDERSTANDING ORGANIZATIONAL CULTURE (2002).

[79] ERWIN O. SMIGEL, THE WALL STREET LAWYER: PROFESSIONAL ORGANIZATION MAN? 33 (1969); Flood, *Megalawyering*, *supra* note 2, at 177–82.

[80] *See* ETIENNE WENGER, COMMUNITIES OF PRACTICE: LEARNING MEANING, AND IDENTITY (Cambridge Univ. Press 1998)

often not enough to secure a long-term and profitable partnership. Instead, occasional moments of proximity are critical. These moments can be in the form of meetings to close a deal, but, most significantly, are normally enabled by practice-group activities designed to meet the obligations of social proximity associated with relationship consolidation and renewal.[81] Annual, global practice group conferences are most important in this respect. Although it is hard to involve all lawyers in these, for partners the practice group conference acts as an essential way to meet, get to know and develop a long-lasting bond with overseas colleagues. The all-partner conference can, to a certain extent, serve a similar purpose. In a firm of hundreds of partners it is no longer the case that an all-partner conference is the place for "debating" strategic decisions or amendments to the partnership constitution. While an auditorium filled with lawyers might in principle provide an arena for such discussions, in reality much of the consultation needed for significant changes takes place prior to the meeting, often at the practice-group level. As a result, while these events retain their business focus, many of the events organized are designed to allow lawyers to meet one another and develop relationships that will then draw offices together through transnational relationships and social spaces of learning, collaboration and mutual support.

For the global law firm, then, long-lived structures like practice groups take on a new significance for the management of the firm. However, it should not be assumed that this effort to reproduce "collegiality" is solely associated with compensating for the difficulties caused by larger and spatially stretched partnerships. Transnational communities developed at practice-group level or otherwise also have a role in more uncomfortable management projects associated with running an effective global firm, in particular, being used to manage the diverse professional cultures described above. This can be easily missed at first glance. On occasions, as Faulconbridge has shown, the communities formed within practice groups are used to "spread" best practice and effectively teach lawyers about the "firm's" way of doing things.[82] Also, for lawyers outside of the Anglo-American context, these relationships are often used to promote the common-law way of delivering legal services. Interviews with partners in global firms revealed that:

> [t]he networks of knowledge production are imbued with uneven geographies of power. This has an important structural affect [sic] on both the firms themselves but also more widely, on the nature of

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[81] James R. Faulconbridge, *Stretching Tacit Knowledge Beyond a Local Fix? Global Spaces of Learning in Advertising Professional Service Firms*, 6 J. ECON. GEOGRAPHY 517, 522 (2006); John Urry, *Social Networks, Travel and Talk*, 54 BRIT. J. SOC. 155, 163–70 (2003).

[82] Faulconbridge, *Relational Spaces*, *supra* note 2, at 932–34.

> "global" corporate law . . . global knowledge production and circulation networks are used to encourage, in particular, continental European offices and increasingly offices in the East of the continental block, to adopt mega-lawyering practices. This was a form of power that was predominantly (though not exclusively) exercised by partners in the New York offices of both U.S. and U.K. transnational legal PSFs.[83]

This "politics" of the new management spaces inside global law firms should not, then, be ignored and is central to firms' successful operation. Indeed, the communities that are formed through occasional encounters between lawyers in practice are also complemented by a cadre of expatriates that are also vital for managing the firm and ensuring that transnational spaces of lawyering emerge.

B. The Human Resource Fix—Expatriates and Mobile Workers

Expatriation remains a significant organizational strategy of professional service firms.[84] Based upon the seminal work of Edstrom and Galbraith,[85] Beaverstock, using examples drawn from accounting and investment banking, has compiled a conceptual frame which characterizes the different dimensions of international mobility in contemporary professional service transnational firms (Table 10).[86]

Table 10. Dimensions of Expatriation Policies in Transnational Professional Service Firms, Including Global Legal Firms[87]

	Reasons for transfers		
Dimensions	**Fill positions**	**Develop managers**	**Develop organization**
Relative numbers	Many	Many	Many
Specialties transferred	Fee-earning	Fee-earning	Fee-earning
Location of host	All countries	All countries	All countries

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[83] *Id.* at 936.

[84] *See, e.g.*, Jonathan V. Beaverstock, *World City Networks "From Below": International Mobility and Inter-City Relations in the Global Investment Banking Industry*, *in* CITIES IN GLOBALIZATION: PRACTICES, POLICIES AND THEORIES 52, 58–68 (Peter J. Taylor et al. eds., 2007).

[85] Anders Edstrom & Jay R. Galbraith, *Transfer of Managers as a Coordination and Control Strategy in Multinational Organizations*, 22 ADMIN. SCI. Q. 248 (1977).

[86] *See* Jonathan V. Beaverstock, *Transnational Work: Global Professional Labour Markets in Professional Service Accounting Firms*, *in* THE HANDBOOK OF SERVICE INDUSTRIES, 403–29 (John R. Bryson & Peter W. Daniels eds., 2007).

[87] *Id.*

Direction of flow	Between subsidiaries and between HQ and subsidiaries	Between subsidiaries and between HQ office and subsidiaries	Between subsidiaries and between HQ office and subsidiaries
Age of assignee	Throughout career	Young to middle	Throughout career
Frequency	Many moves	Several moves	Many moves
Nationality of assignee	All nationalities	All nationalities	All nationalities
Personnel information system	Extensive lists of candidates monitored by personnel in all offices	Extensive lists of candidates monitored by personnel in all offices	Extensive lists of candidates monitored by personnel in all offices
Power of personnel department	Strong	Strong	Strong
Strategic placement	Extensive	Extensive	Extensive

In essence, qualified staff are deployed outside of their home offices to: (a) check specific employment opportunities; (b) develop professional competencies as managers (of offices or divisions); and (c) take forward the corporate strategy of the organization, including the cultural dimension. In this conceptual framework, expatriation within professional service firms is highly-frequent in scope, involves mobility of many time-scales between many different locations, is composed mainly of fee-earning staff and/or managing partners of all nationalities, can move from headquarters to subsidiaries and vice-versa, and between subsidiaries (lateral moves); and importantly, these staff can move at any stage throughout their career paths.

Expatriation is, then, a crucial organizational strategy of the global legal firm. In July 2006, the number of solicitors (lawyers) from England and Wales working outside of these two countries totaled 3,890, nine times as many as were recorded in 1990, with a significant group being based in Hong Kong (twenty percent) (Table 11).[88] Individual firm data reveals the scale of expatriation in global law firms. Research undertaken by the International Financial Services London organization, based upon their analysis of The Lawyer and The American Lawyer, estimated that the ten largest London based law firms had an average of sixty-one percent of their lawyers working outside of their home jurisdiction in 2003–2004 (Table

[88] INTERNATIONAL FINANCIAL SERVICES, *supra* note 7.

12).[89] Beaverstock, Smith and Taylor have noted that London firms have high clusters of expatriate lawyers working throughout North America, Europe and Pacific-Asia because these firms operate in many different multi-jurisdiction legal services (for example, corporate finance, banking, capital markets, taxation, intellectual property, employment), yet need to maintain integration.[90]

In effect, global law is an expatriate business because of the need to deal with the challenges of operating across multiple legal jurisdictions. Drawing upon interviews with senior human resource partners in ten global law firms, Beaverstock has unraveled this role in more detail.[91] In this study, it was noted that these global law firms sent lawyers primarily to international offices like New York, Singapore, Hong Kong, Frankfurt, Paris and Tokyo, for three major reasons. First, expatriation was used to staff international offices in multi-jurisdictional markets with trainees on rotation or post-qualified lawyers who practice English Common Law to service a transnational clientele.[92] Second, expatriation was used to establish and manage new, organic international offices or to replace managing partners returning to London after an international posting.[93] Third, expatriation was used to execute the global law firm's organizational development. Trainees, post-qualified and partner staff were expatriated so that they could experience working in different jurisdictional environments for different clients, which would ultimately enhance their skills and competencies, develop new and extended business and social networks, and, for some, accelerate promotion to partner. The first two reasons for expatriation are most significant for our argument here. In summary, Beaverstock's study noted that "expatriation is a business system used for transnational knowledge development and diffusion . . . expatriation is an invaluable globalization strategy because capital can only be accumulated through the embodied knowledge, professional skills, trust, and reputation of its fee-earning staff in any locational environment."[94] As we have hinted already, the geography and organization of global law firms and the strategies used to create integrated organizations are intimately linked to the way firms manage the worldwide proliferation of Anglo-American law and the regulatory hurdles that influence the globalization processes. In this context, expatriates, aside from promoting the development of transnational communities, are often charged with the socialization of lawyers in

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[89] INTERNATIONAL FINANCIAL SERVICES, LEGAL SERVICES: CITY BUSINESS SERIES (Mar. 2005), *available at* http://www.ifsl.org.uk/uploads/CBS_Legal_Services_2005.pdf.

[90] Beaverstock et al., *The Long Arm of the Law*, *supra* note 2, at 1859–62.

[91] Jonathan V. Beaverstock, *"Managing Across Borders": Knowledge Management and Expatriation in Professional Service Legal Firms*, 4 J. ECON. GEOGRAPHY 157 (2004).

[92] *Id.* at 168.

[93] *Id.* at 169.

[94] *Id.* at 172–73.

overseas offices, a process that aims to convince them of the importance and legitimacy of the American or English way of organizing law firms and delivering legal services.

Table 11. Distribution of Solicitors Overseas from England and Wales, 2006 [95]

Location of Offices	Number of Solicitors Overseas	% Share
Hong Kong	760	20
United Arab Emirates	292	8
Singapore	288	7
Channel Islands	285	7
United States	282	7
France	253	7
Netherlands	234	6
Germany	171	4
Japan	130	3
Spain	66	2
Other	1,190	29
Total	3,890	100

Table 12. Lawyers (Solicitors) Working Outside of Their Home Jurisdiction in London's Top Ten Legal Firms, 2003/04 [96]

Global Rank	Firm	% Outside of Home Jurisdiction
5	Baker & McKenzie	83
3	Freshfields Bruckhaus Deringer	66
94	Coudert Brothers	64
1	Clifford Chance	62
11	White & Case	59
20	Lovells	57
66	Norton Rose	57
4	Linklaters	55
6	Allen & Overy	53
79	Simmons & Simmons	52

[95] Adapted from Table 4, INTERNATIONAL FINANCIAL SERVICES, *supra* note 7, at 4.
[96] Adapted from Table 6, INTERNATIONAL FINANCIAL SERVICES, *supra* note 89, at 5.

VIII. CONCLUSIONS

In this paper we have begun to draw attention to the need for a more sophisticated analysis of the way global law firms organize themselves in order to deliver globally consistent services to clients and to develop in transnational approaches to lawyering. There is now a broad literature documenting the rise and importance of the global law firm and increasingly attention is shifting towards understanding the role of these firms in the diffusion of Anglo-American legal practice and the development of transnational spaces of lawyering and legal arbitrage.[97] Yet in much of this literature, the firm itself is hidden in the background. We hear little about how managing and senior partners struggle to create the organizational forms that facilitate such legal work and the novel strategies being developed to manage lawyers distributed across multiple jurisdictions in a way that allows transnational lawyering.

In this paper we have sought to unveil some of the complexities of this process in the context of the globalization of U.S. and English law firms over the past twenty-five years or so. The emergence of a number of key firms that have developed the capability to operate across multiple legal jurisdictions and cultures has been significant to the development of international business. Here we have shown how the process behind the emergence of these firms deserves better attention because the geography of global law firms—where firms are and are not present—is intimately linked to the nature of international business and its future development, yet it is also driven by the complexities of legal doctrines, cultures and ultimately law firm management. We have also shown that the dominance of New York state and English law in commercial transactions and the worldwide proliferation of an Anglo-American style of legal service provision is closely connected to the activities of global law firms and, in particular, to specific strategies which allow the multiple challenges to global practice to be overcome.

Our analysis, therefore, provides the foundations for better understanding how transnational business and lawyering occur today and for getting to grips with the complex social processes that allow for the functioning of a global law firm. As we explained above, the road leading to the creation of an integrated firm has not been simple and has required the crossing of many a political hurdle inside and outside the firm. Moreover, each hurdle has had to be overcome separately and in a different way in each jurisdiction. Hence it is essential that we have a geographically sensitive analysis of globalization that is able to deal with the subtleties of

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[97] *See* BAUMANN, *supra* note 4; Beaverstock, et al., *The Long Arm of the Law*, *supra* note 2; Suddaby et al., *supra* note 5; Faulconbridge, *Relational Spaces*, *supra* note 2; Flood, *Megalawyering*, *supra* note 2; Flood, *Lawyers as Sanctifiers*, *supra* note 5; Morgan & Quack, *supra* note 2; Quack, *supra* note 5.

national legal traditions and structures, global law firms and the multinational businesses they support.

Clearly in making our argument we have only given superficial treatment to some important issues. We recognize that it is somewhat simplistic to lump U.S. and English lawyers and law firms together into one category. We also recognize that our descriptions of variations between common and civil law lawyering only begin to scratch the surface. However, this should not detract from our wider argument about the importance of understanding the construction of the global law firm. The aim of our discussion has been to stress the need to acknowledge when studying the global law firm the importance of recognizing the many changes that have occurred to facilitate the emergence of effective firms, something often taken for granted. The geographers amongst us would argue that this means taking spatiality and the geographies of globalization seriously; others might want to couch this in terms of the sociology of work in global law firms. Whatever terminology is used, it is clear to us that understanding the many strategies firms use to stitch together global partnerships, the many strategies used to deal with diverse varieties of capitalism and professionalism, is essential to developing wider debates about the implications of global firms for the field of legal studies.