



Trinity College Dublin
Coláiste na Tríonóide, Baile Átha Cliath
The University of Dublin

Internationalisation of Professional Service Firms: Evidence from Chinese Law Firms

By
Xianwu Zhang

Supervisors: Dr Na Fu and Professor Louis Brennan

TRINITY BUSINESS SCHOOL
TRINITY COLLEGE DUBLIN
UNIVERSITY OF DUBLIN

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Declaration

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List of Abbreviations

DMNEs: Multinational Enterprises from the Developed Countries/Economies or Developed

Country MNEs

EMNEs: Emerging market multinational enterprises

EPSFs: Professional service firms (PSFs) from emerging markets

FDI: Foreign Direct Investment

HQ: Headquarter

IB: International Business

IHRM: International Human Resource Management

M&A: Mergers and Acquisitions

MNEs: Multinational enterprises

OFDI: Outward Foreign Direct Investment

PSFs: Professional service firms

Abstract

The globalisation of professional service firms (PSFs) has garnered increasing attention in research and practice since accounting firms expanded internationally in the 1970s. PSFs from emerging markets (EPSFs) are a distinctive phenomenon, which have been rapidly growing but remain relatively under-explored in the International Business (IB) or PSF literature. Drawing upon well-established IB theoretical frameworks on MNEs from an emerging country (EMNEs) (e.g., springboard theory, Luo & Tung, 2007, 2018) as well as the paradox theory (Lewis & Smith, 2014; Smith & Lewis, 2011), this thesis seeks to answer the following questions: (1) what are the recurring themes and evolutionary trends in PSF internationalisation? (2) how do Chinese EPSFs address the national-international paradox, i.e., going global and maintaining the Chineseness, and (3) how do Chinese law firms, as a type of EPSFs, internationalise their services?

The aim of this thesis is to investigate how EPSFs internationalise. To do so, this thesis is organised into three logically interconnected studies which address the above research questions. In particular, Study 1 answers the first question and presents a systematic review of 227 articles published on PSF internationalisation in the past fifty years (1970-2020). Focusing on the second and third research questions and based on the findings from Study 1, Study 2 investigates the internationalisation of EPSFs via qualitative interviews with partners and experienced lawyers from 20 internationalised Chinese law firms. Study 3 conducts a longitudinal case study of a rapidly internationalised Chinese law firm – Dacheng. These two empirical studies address the research questions on how EPSFs internationalise as well as how they overcome the challenges in overseas markets.

Overall, the thesis reveals the current challenges and innovative practices in PSF internationalisation, especially the internationalisation of EPSFs. It advances IB and PSF literature by offering novel insights on people management, knowledge learning & innovation and digitalisation adoption that support the rapid internationalisation of EPSFs.

Chapter 1 Introduction

1.1 Research Context

As an emerging market, China's outward foreign direct investment (OFDI) has experienced rapid growth in the recent two decades (Brennan & Vecchi, 2021; Collison, Brennan, & Rios-Morales, 2017; De Beule, Somers, & Zhang, 2018). For example, in 2020, the OFDI from China amounted to 153.7 billion US\$¹ (www.statista.com). An increasing number of Chinese firms, as latecomers and newcomers, developed a competitive capacity and became MNEs from an emerging country (EMNEs). This has become a central puzzle and a topic of interest for academic research (e.g., Li & Ding 2017; Li 2007; Liedong et al. 2020; Luo & Rui 2009; Luo & Tung 2018; Mathews 2006a).

In studying EMNEs from China, there has been growing interest in the relationship between government policy and the investment location choice of Chinese firms (De Beule & Zhang, 2022), as well as the relationship between the Foreign Direct Investment (FDI) of Chinese firms and European response (Brennan & Vecchi, 2021; Collison et al., 2017; De Beule & Zhang, 2022). As a result, theories have been developed to explain the EMNEs, particularly in the product industry, i.e., manufacturing multinationals from China. These theories include the springboard theory (Luo & Tung, 2007, 2018), strategic intent perspective (Bass & Chakrabarty, 2014; Rui & Yip, 2008) and government steward perspective (Deng, 2004; Han, Liu, Xia, & Gao, 2018).

The increasing number of Chinese manufacturing firms internationalised overseas provides a great opportunity for Chinese law firms to start global expansion due to the client-following strategy adopted by PSFs (Dou, Li, Zhou, & Su, 2010; Majkgård & Sharma, 1998; Walsh, Beatty, & Holloway, 2015). Law firms are classic examples of PSFs, which are characterised as “knowledge intensity, low capital intensity, and a professionalised workforce” (von Nordenflycht, 2010, p.155). PSFs are distinctive from manufacturing and general service firms. Their input and output are the knowledge embedded in their people (Von Nordenflycht, 2010; Zardkoohi, Bierman, Panina, & Chakrabarty, 2011). When it comes to the internationalised EPSFs, as knowledge-

¹ Excluding data of Hong Kong, Macao and Taiwan.

intensive EMNEs, there are significant differences from manufacturing firms (Von Nordenflycht, 2010; Zardkoohi et al., 2011). EPSFs are knowledge-intensive and highly dependent on their people rather than on products.

The internationalisation of PSFs began in the 1970s with the internationalisation of accounting firms from developed countries driven by their domestic clients' globalisation (Baker, 1977). PSFs provide their professional and customised service to help multinational enterprises (MNEs) smooth their transnational transactions and address the challenges of global business operations (Boussebaa & Morgan, 2015). PSFs have faced significant challenges and need to adopt different internationalisation strategies and processes due to their distinctive characteristics (Brock & Hydle, 2018; Kolk & Margineantu, 2009; Li, 2019). For example, PSFs provide services characterised by intangibility, perishability, the simultaneity of production and consumption, and customisation (Boehe, 2016). Internationalised PSFs need to adapt to the local environment, thus limiting their internationalisation speed and increasing the risk of failure in unknown markets. In this regard, PSFs are more likely to adopt transnationality as their strategic approach and network as their entry modes (Brock & Hydle, 2018; Salvoldi & Brock, 2019). Transnationality refers to the specific organisational structure of internationalised PSFs with high levels of global integration and local responsiveness (Brock & Hydle, 2018). The network entry modes refer to PSFs adopting different types of networks to enter new markets (McQuillan, Scott, & Mangematin, 2018; Salvoldi & Brock, 2019). In the study of Abdelzaher (2012), PSF internationalisation was shaped like a cautious 'tightly knitted spider web-like approach. PSFs can be described as "network firms" to some extent. More recently, EPSFs started to internationalise due to the rapid economic development in their home countries and economic globalisation. For example, 123 Chinese law firms expanded rapidly between 2000 and 2018 (Li, 2019; Liu & Wu, 2016).

1.2 Research Objectives and Questions

Despite the fast growth of the internationalised Chinese law firms, the questions of whether and how the nature of knowledge-intensive EMNEs influences their internationalisation and how they overcome challenges along with their internationalisation still remain under-explored to date (see Li, 2019; Liu & Wu, 2016 for exceptions). Liu and Wu (2016) find that different ecological

positions affected the organisational growth of Chinese law firms. Li (2019) unveils that internationalisation has symbolic value to the clients of Chinese law firms. While they have made the first step into the internationalisation of Chinese law firms, the internationalisation drivers, strategies, processes, and entry modes of these firms still require deeper investigation. They call for more studies in this direction, especially on the internationalisation of law firms from emerging markets (Li, 2019; Liu & Wu, 2016).

Meanwhile, EMNE theories mainly focus on manufacturing firms and could not be directly applied to the professional service context. The challenges of EMNE theories in applying them into internationalised PSF will be detailed in Chapter 2. The focus of this thesis is on the internationalisation of law firms, as one type of PSFs, from China, a distinctive emerging market with its own political settings, economic development, and internationalisation process.

Drawing upon well-established emergent IB theoretical framework on EMNEs [e.g., springboard theory (Luo & Tung, 2007, 2018), strategic intent perspective (Rui & Yip, 2008), and government steward perspective (Deng, 2004)] as well as the paradox theory (Lewis & Smith, 2014; Smith & Lewis, 2011), this thesis seeks to answer the following three questions:

- (1) What are the recurring themes and evolutionary trends in PSF internationalisation?
- (2) How do Chinese EPSFs address the national-international paradox to turn their disadvantages into advantages as latecomers in the international legal service market?
- (3) How have Chinese law firms, as a type of EPSFs, internationalised their services in the past decades?

1.3 Overview of Three Studies

In order to answer the above research questions, this thesis is organised into three studies. All three studies share the same research focus on the internationalisation of EPSFs. Each of them has separate aims and methodologies. In particular, Study 1 presents a systematic literature review to identify what is already known about PSF internationalisation. It clarifies the four directions for future research. Following the findings of the first study, Study 2 aims to explore how Chinese law

Table 1.1 Summary of the three studies

	Study 1	Study 2	Study 3
Research title	A half-century review of PSF internationalisation research: Looking back and looking forward	EPSFs: Managing the national-international paradox	Internationalisation of EPSFs: A longitudinal case study of Chinese law firm Dacheng
Research focus/aim	To systematically review PSF internationalisation across five decades.	To better understand how EPSFs address the national-international paradox to turn their disadvantages into advantages as latecomers.	To better understand the internationalisation process of EPSFs.
Methodology	Systematic review	Qualitative interviews	A longitudinal case study
Data collection	227 peer-reviewed articles published from 1970 to 2020 were included in the review.	Interviews with 20 partners and experienced lawyers in the internationalised Chinese law firms	Data (3000+ items) collected from company websites, databases, internal documents/achieve, public multi-media and interviews.
Findings	This study identifies the evolution of PSF internationalisation on business context, focus and competitive advantages across three time periods: sequential (1970-2000), growth-based (2001-2010) and spiderweb-like (2011-2020) expansion phases. It offers an agenda for future research.	This study finds that internationalised Chinese law firms have the desire to go global and to maintain national identity simultaneously, forming national-international paradoxes. Managing such paradoxes via management practices found in this study enabled EPSFs to build their competitive advantage.	This study identifies the drivers, strategies and processes undertaken by Dacheng across the three international expansion stages. Knowledge management based on digital tools was found to be central to its rapid and successful internationalisation.
Status	Presented at IAM 2020 Under R&R in GSJ	Under R&R in JIBS, and presented at AIB 2022	Presented at IAM 2019 Accepted by AOM 2022 and won Best Paper Award

firms expand rapidly in the international markets via a qualitative interview method. It draws on identity (Fortwengel, 2021; Glynn, 2012; Kreiner, Hollensbe, Sheep, Smith, & Kataria, 2015) and paradox (Lewis & Smith, 2014; Pant & Ramachandran, 2017; Smith & Lewis, 2011) theories to understand how the internationalised Chinese law firms manage their national and international identities to form firm-specific advantages during the internationalisation process. Study 3 extends the first two studies and explores the internationalisation process of PSFs from China via a longitudinal case study. It traces the three-decade development of the case firm, Dacheng, which started with a 10-lawyer firm in 1992 and became the largest law firm in Asia in 2009, and the top law firm globally in 2015. Table 1.1 provides an outline of the three studies, including research aims, methodology, data collection and main findings. More details of included studies are presented below.

1.3.1 Study 1 – a half-century review of PSF internationalisation research: looking back and looking forward

In the last five decades, PSFs have become one of the faster-growing sectors of the world economy, having started internationalising since the 1970s (Baker, 1977; Brock, Yaffe, & Dembovsk, 2006; Elango, Talluri, & Hult, 2013; Salvoldi & Brock, 2019). However, existing literature on PSF internationalisation was undertaken separately in the three disciplines of international business (IB), international human resource management (IHRM), and PSF research. It led to a research gap with a lack of systematic review to advance our understanding and guide future research. In order to address this issue, Study 1 sets to systematically search and collect the peer-reviewed papers regarding PSF internationalisation in six primary databases in Social Science (Web of Science, Science Direct, ProQuest, EBSCO complete, Wiley and Sage). By applying the selection criteria and deleting the duplication and less relevant papers, 227 articles were included in the full-text review.

The included papers were published over fifty years (1970-2020). By identifying recurring themes across the three phases, this study reveals the evolution of PSF internationalisation over the past five decades in terms of business context, focus and competitive advantage. In addition, an agenda is offered for future research on PSF internationalisation in four

directions. One is to integrate IB and IHRM research in PSF internationalisation to overcome the separation of PSF internationalisation research in these disciplines. The second direction is to address flexible and agile management in global PSFs. The third direction is to study digitalisation as a new business context of PSF internationalisation. The third direction is to investigate the internationalisation of EPSFs.

1.3.2 Study 2 – EPSFs: managing the national-international paradox

Internationalised EPSFs, as a type of EMNEs, need to overcome the liabilities of foreignness, disadvantages of being late movers, and the liability of outsidership (e.g., Contractor, Kumar and Kundu, 2007; Luo et al., 2011; Li and Fleury, 2020). Existing literature on PSF internationalisation has focused on the PSFs from developed countries such as the USA (Powell, 2014a; Powell & Rhee, 2018; Silver, 2007), UK (Boussebaa, 2015a; Jones, 2007; Segal-Horn & Dean, 2009) and Australia (Pinnington & Gray, 2007; Suseno & Pinnington, 2018a, 2018b). Due to the significant difference between manufacturing firms and PSFs, it is impossible to simply copy the experiences of product industries into PSFs. Despite the increasing literature on EMNEs focusing on manufacturing firms (e.g., Luo & Tung, 2007, 2018; Mathews, 2002, 2006), how EPSFs internationalise and address these challenges still remains unknown.

Study 2 aims to explore how EPSFs manage the national-international paradox to develop their firm-specific advantages. Data were collected through in-depth interviews with experienced lawyers and partners from 20 internationalised Chinese law firms. This study identifies that internationalised Chinese law firms have the desire to go global and to maintain national identity simultaneously, forming the national-international paradox. Drawing on paradox theory (Lewis & Smith, 2014; Smith & Lewis, 2011), this study explores how EPSFs manage such a paradox. The findings show that these firms adopted experimentation-based internationalisation strategy, and ambidextrous management during their internationalisation processes. As such, this study answers how EPSFs navigate the complexity between home and host countries and how they compete with counterparts from developed economies in the international markets.

1.3.3 Study 3 – internationalisation of EPSFs: a longitudinal case study of Chinese law firm

Dacheng

EPSFs have been rapidly internationalising in recent decades. Many of them have climbed into high-value areas in traditional professional services by developing attractive, highly innovative services and improving their competitive advantages (Bello, Radulovich, Javalgi, Scherer, & Taylor, 2016). For example, Chinese law firms started internationalisation in 2000, and there were 123 Chinese law firms purposefully expanded abroad by 2018 (Li, 2019). The internationalisation speed and magnitude of these law firms became a new phenomenon in the history of the global legal profession (Liu & Wu, 2016). However, this phenomenon remains relatively under-explored in the IB or PSF literature. Additionally, the significant differences between manufacturing firms and PSFs, as well as the diversity between emerging markets and developed economies, lead to great challenges that EPSFs face. The question of how they internationalised their services in the past decades also remains relatively under-explored in the international business (IB) or PSF literature (see Li, 2019; Liu & Wu, 2016 for exceptions).

In order to fill the above gap, Study 3 adopts a longitudinal case study approach and focuses on Dacheng law firm, an internationalised Chinese PSF. Dacheng was established with ten lawyers in 1992 and rapidly expanded to be the largest law firm in Asia and then became the largest firm in the world after combining with Dentons in 2015. This study focuses on its internationalisation process, including 1) internationalisation in Asia (2003-2009), 2) internationalisation beyond Asia (2010-2014), and 3) network internationalisation (2015-2020). Network internationalisation was used by Salvoldi and Brock (2019) in investigating the internationalisation of 177 European law firms, referring to the internationalisation based on different types of networks. The network can help global PSFs enter foreign markets and manage knowledge worldwide (Suseno & Pinnington, 2018b; Winch, 2014; Zhang, Gregory, & Neely, 2016).

Based on the thematic analysis of more than 3000 items of data collected from multiple sources between 1992 and 2020, this study reveals the internationalisation drivers, strategies, and processes of Dacheng. It also finds that digitalisation-based knowledge management was the key

to its rapid and successful internationalisation. By tracing and analysing the development process of Dacheng, it sheds light on the question of how EPSFs, with limited resources and experiences, can internationalise their services in the past decades and develop their competitive advantage in the international markets.

1.3.4 Synthesis of Three Studies

Overall, the three studies collectively answer the question of how PSFs, especially EPSFs, internationalise. Study 1 addresses the question of what recurring themes and evolutionary trends explain the phenomena of PSF internationalisation via a systematic review of 227 articles on PSF internationalisation published in the past fifty years (1970-2020). Study 2 follows the future research directions from Study 1 to investigate the internationalisation of EPSFs via qualitative interviews with partners and experienced lawyers from 20 internationalised Chinese law firms. Following the research recommendations in Study 1, Study 3 extends Study 2 by conducting a longitudinal case study of a rapidly internationalised Chinese law firm – Dacheng. These two empirical studies address the research questions on how EPSFs internationalise their services as well as how they overcome challenges and develop competitive advantages.

The three studies, collectively, present a multi-level analysis design. Study 1 builds a foundation that draws a whole picture of the existing literature on PSF internationalisation. It identifies the recurring themes, evolution trends and future research directions. Study 2 (qualitative interview study) provides an overall understanding of the Chinese legal sector and the development of internationalised Chinese law firms. It focuses on internationalised Chinese law firms to answer how they address the national-international paradox to turn their disadvantages into advantages as latecomers. Then Study 3 (longitudinal case study) deepens our understanding by looking into the details of the three-stage internationalisation process. It presents a historical view of how these Chinese law firms internationalised in the past decades. And it explores how they navigate the complexities between home and host countries along with their internationalisation processes.

1.4 Structure of the Thesis

Chapter One first introduces the research context of the internationalisation of PSFs, including EPSFs. It then presents the research gaps, objectives, and questions. Following that, it provides a brief introduction of each study and then presents the synthesis of the three studies. Finally, the thesis structure is presented to provide an outline of the following chapters.

Chapter Two firstly introduces the research context of China's fast economic development and the internationalised Chinese law firms. Next, it introduces service internationalisation and PSF internationalisation, including the definition of PSFs and their distinctive characteristics that affect their internationalisation strategy, entry mode and process. Thirdly, it reviews newly developed IB theories regarding the EMNEs and identifies the research gaps when applying these theories into EPSF internationalisation. Finally, based on the previous review of existing literature, the research gaps are identified, and the methods of how these gaps are addressed via three studies individually and collectively are presented.

Chapter Three presents the first study titled "*A half-century review of PSF internationalisation research: looking back and looking forward*". This study presents a review of the 227 peer-reviewed articles published over the past five decades and offers a research agenda for future research on PSF internationalisation. The findings of this study provide the direction for the subsequent two studies.

Chapter Four presents the second study titled "*EPSFs: managing the national-international paradox*". This study further investigates the internationalisation of EPSFs via in-depth interviews. In particular, this study explores how PSFs can manage the national-international paradox.

Chapter Five presents the third study titled "*Internationalisation of EPSFs: a longitudinal case study of Chinese law firm Dacheng*". This study adopts a longitudinal case study to investigate the internationalisation process of an internationalised Chinese law firm, Dacheng. It aims to trace the internationalisation process of Dacheng to provide a historical picture of how EPSFs internationalise rapidly and develop their firm-specific advantages in the international markets.

Chapter Six discusses the theoretical and practical implications of this thesis. It also presents the limitations and suggestions for future research on the internationalisation of EPSFs. Lastly, *Chapter Seven* concludes the thesis by briefly summarising the three studies and their collective contribution.

Chapter 2 Literature Review

2.1 Introduction

This chapter firstly introduces a review of the context, i.e., the Chinese economic development and the internationalised Chinese law firms. It then reviews the literature on PSFs and the process of PSF internationalisation, followed by the newly developed IB theories associated with EMNEs. The challenges are identified when these theories are applied to PSF internationalisation. Finally, based on the review, research gaps are identified, and how these gaps are addressed via three studies individually and collectively is described.

2.2 Research Context: China's Fast Economic Development and the Internationalised Chinese Law Firms

In 1978, the Chinese economy was restructured when Deng Xiaoping led the People's Republic of China toward a market economy. Since then, China has experienced fast economic growth, with almost 10% annual growth in its GDP (<https://www.worldbank.org>). In 2001, China joined the World Trade Organisation (WTO), speeding its economic development and scaling the exports of products from China. In 2013, the Chinese government adopted a global infrastructure development strategy, so-called "The Belt and Road Initiative (BRI, or B&R)", or One Belt One Road (Chinese: 一带一路). This strategy leads to China to invest in nearly 70 countries and international organisations. During the past four decades, the Chinese OFDI increased significantly, and a lot of Chinese firms expanded their business into international markets (Ai & Tan, 2020; Brennan & Vecchi, 2021; Collison et al., 2017). In addition to its rapid economic development, the institutional context of the Chinese economy has a significant influence on Chinese EMNEs. For example, China has strong systems of local governments where local governments adopt policies and procedures to protect firms located in their managerial regions by providing both financial and non-financial support to these firms (Law, Tse, & Zhou, 2003). Such institutional impact also helps Chinese EMNEs' global expansion.

The phenomenon of internationalisation from emerging markets into developed economies, “reversed internationalisation”, has attracted increasing attention from scholars (e.g., Deng, 2004; Luo & Tung, 2007, 2018; Mathews, 2002, 2006; Pinkham & Peng, 2017; Rui & Yip, 2008). Previous research has established that EMNEs differ significantly from the DMNEs (MNEs from developed countries or economies), where the DMNEs have dominated the global economy since post-World War II (Guillén & Garcia-Canal, 2009). While the DMNEs follow a gradual approach of internationalisation to exploit firm-specific capabilities developed in home markets and explore low-cost resources in foreign markets, EMNEs are trying to acquire strategic resources through aggressive M&A (Luo & Tung, 2007) and to avoid the institutional and market constraints in home markets (Cuervo-Cazurra & Genc, 2008; Pinkham & Peng, 2017; Witt & Lewin, 2007). EMNEs see internationalisation as a channel to acquire strategic resources in developed economies (Luo & Tung, 2007). Meanwhile, they internationalised abroad in order to minimise institutional constraints, such as foreign acquisitions made by Chinese firm Lenovo (Rui & Yip, 2008).

Such fast growth of Chinese EMNEs, mainly in manufacturing industries, provides a great opportunity for Chinese law firms to internationalise. This is because Chinese law firms follow their domestic clients who have internationalised, and the cross-border operation of Chinese EMNEs seek legal services mainly from Chinese law firms. Research shows that Chinese law firms have scaled up and internationalised rapidly in the past ten years (Li, 2019; Liu & Wu, 2016). According to the data from the Ministry of Justice of the People’s Republic of China (PRC) (www.moj.gov.cn), by the end of 2021, there are 217 representative offices of foreign law firms, 69 representative offices of Hong Kong law firms, 14 representative offices of Taiwanese law firms, and 15 partnership joint law firms established by Hong Kong, Macao law firms and mainland law firms. On the other hand, more than 200 Chinese law firms have internationalised into overseas markets, handling more than 93,000 legal affairs. As one example of internationalised Chinese law firms, Yingke Law Firm (盈科) has experienced rapid domestic growth and internationalisation process. It only had less than 30 lawyers in a single office in 2008,

and it grew into an international law firm with more than 10,000 lawyers in 78 domestic and 60 overseas offices in 2021.

The rapid growth and internationalisation of Chinese law firms have drawn some scholars' attention in various disciplines. For example, Liu and Wu (2016) draw on a sociological perspective and find that Chinese law firms adopt different internationalisation strategies based on their ecological positions. For example, those elite Chinese law firms located on the top of the ecology tend to develop as "global generalists", with a substantial proportion of their business associated with cross-border transactions and international clients, such as Dacheng, Yinke and King & Wood. They adopt the transnational strategy in which they pursue global integration and local responsiveness simultaneously. However, other Chinese law firms, specialised in a few niches but highly profitable areas, tend to develop as "elite boutiques". They focus on legal services, including initial public offering (IPO), venture capital, private equity, or commercial arbitration. These law firms, such as Haiwen, Fangda, and Han Kun, have high reputations in their market niches, while they are not well known among general clients. More recently, management scholars started to explore this phenomenon by providing an overview of internationalised Chinese law firms. For example, Li (2019) finds that 123 Chinese law firms started internationalisation with international offices, most of which were located in the UK, US, and EU countries.

Despite the rapid development of the internationalised Chinese law firms, the questions of whether and how the nature of knowledge-intensive EMNEs influences their internationalisation, how they address the national-international paradox to turn their disadvantages into advantages as latecomers and how they navigate the complexities between home and host countries along with their internationalisation processes remain under-explored to date. As an important emerging market, China provides an excellent environment to construct a theory of law firm expansion and internationalisation (Li, 2019; Stern & Li, 2016). This thesis focuses on the internationalisation of law firms, as one type of PSFs, from China, a distinctive emerging market with its own political settings, economic development, and internationalisation process.

2.3 Service and PSF Internationalisation

2.3.1 Service internationalisation

The service industry plays a critical role in the global economy, accounting for more than two-thirds of the gross domestic product (GDP) in most Western industrialised economies, with market share continuously increasing (Boussebaa & Morgan, 2015; Edvardsson, Edvinsson, & Nyström, 1993). Service internationalisation has been accelerating since the 1980s (Braga, Marques, & Serrasqueiro, 2018; Doloreux & Laperrière, 2014; Vandermerwe & Chadwick, 1989). This is based on the shift involving manufacturing firms changing from selling products only to stressing value-added service activities to their clients, which pushed services to be provided across country borders (Roberts, 1999; Vandermerwe & Chadwick, 1989). Meantime, service firms also started internationalising into unknown markets and establishing their global service capability to facilitate their client organisations to internationalise. For example, accounting firms adopted the strategy of establishing wholly-owned subsidiaries and expanded gradually from near to far markets, mainly from developed countries to developed countries in the 1970s (Cooper, Greenwood, Hinings, & Brown, 1998; Gaedeke, 1973).

The most fundamental differences between service and manufacturing firms include the intangibility of services, the inseparability of the service provision and consumption, and people-to-people delivery processes in the service environment. Intangibility, inseparability, heterogeneity and perishability were found as four key differences between services and products, which leads to different market problems and solutions (Zeithaml, Parasuraman, & Berry, 1985). As a result, service internationalisation differs significantly from those of manufacturing firms. Firstly, knowledge plays a key role in the success of service firm internationalisation. During the process of their internationalisation, more adaptation in unknown markets is needed than manufacturing firms, and service firms require more knowledge flow between overseas subsidiaries and parent firms (Lindsay, Chadee, Mattsson, Johnston, & Millett, 2003). Secondly, according to Ball, Lindsay, and Rose (2008), service firms adopt less resource-intensive entry modes (e.g., partnerships), while manufacturing firms often adopt resource-intensive entry modes (e.g., FDI and equity joint ventures). Thirdly, while tariff levels on manufactured goods have been

falling, affecting the entry mode choices of manufacturing MNEs, there has not been an equivalent reduction of barriers to global services (Zeithaml et al., 1985). Lastly, service firms mainly adopt the client-following first and then market-seeking strategies (Majkgård & Sharma, 1998; Sallis & Sharma, 2009), while manufacturing firms primarily focus on the market-seeking strategy along their internationalisation.

2.3.2 PSFs: Definition and characteristics

Within the service industry, PSFs are steadily becoming a critical driver of economic development based on their employment and financial contribution (Apfelthaler & Vaiman, 2012; Simon & Welsh, 2010). PSFs have three distinctive characteristics, namely high knowledge intensity, low capital intensity, and professionalised workforce (von Nordenflycht, 2010). They provided customised solutions to their clients based on their professional knowledge (Maister, 2012; Von Nordenflycht, 2010). Despite the significant differences between various types of PSFs, ranging from legal services to consulting offerings, they can solve client problems as they specialise in the creation, validation, and application of knowledge (Reihlen & Apel, 2007). Based on the seminal study of Von Nordenflycht (2010), PSFs differ from manufacturing firms and general service firms (e.g., bank services and public transportation services). Table 2.1 presents the differences between product firms, service firms and PSFs. These differences affect their choices of internationalisation strategies and their responses to various external market and institutional changes (Malhotra & Hinings, 2010). For example, PSFs widely adopt professional partnerships (P2 form organisation structure), while manufacturing firms and general service firms seldom adopt this structure (Greenwood, Hinings, & Brown, 1990; Smets, Morris, Von Nordenflycht, & Brock, 2017). PSFs often employ the transnational strategy with both high levels of global integration and local responsiveness (Brock & Hyde, 2018), while other firms have more choices (e.g., international, multi-domestic, and global strategies).

Human capital with professional knowledge is considered as the key asset of PSFs. Professionals, as knowledge repositories, have the intelligence, skill, knowledge, and expertise to provide customised services to domestic and international clients (Bello et al., 2016). As knowledge-intensive organisations, PSFs depend heavily on their intellectually skilled

workforce, reflecting the important role of human capital (Fu, Flood, Bosak, Morris, & O'Regan, 2015; Fu, Flood, Bosak, Rousseau, Morris, & O'Regan, 2017; Von Nordenflycht, 2010; Zardkoohi et al., 2011). The diversity of their client needs requires their service personnel to improve their abilities and effectiveness when they diagnose problems, think creatively, and develop novel solutions (Ployhart, Van Iddekinge, & Mackenzie, 2011; Skaggs & Youndt, 2004). Therefore, due to the high dependence upon human capital resources to sustain competitive advantage (Javalgi & Todd, 2011), PSFs have to manage their professionals to form and maintain competitive advantages during their international expansion.

Table 2.1 Comparison between product, general service firms and PSFs

	Product firms	Service firms	PSFs
Representative firm	VW	Vodafone	Deloitte
Input and output	Raw materials → products	Human resource → general service	Knowledge → professional service
Key resources	Technology, raw materials, etc.	Skilled workforce	Professionalised workforce
Employee Promotion opportunity	Openness and Flexibility	Openness and Flexibility	Lockstep (up-or-out)
Ethical codes	Normal	More	Most
Employee Autonomy and impendence	Low	Low	High
Knowledge intensity	Low Knowledge orientation	Low knowledge orientation	Knowledge intensity
Capital intensity	High Capital Intensity	Medium capital intensity	Low capital intensity
Standardisation of operation	Yes	Yes	No
Ownership	Private	Private	Partners
Liability	Limited	Limited	Unlimited
Strategic approaches	International, multi-domestic, global or transnational approach		Transnational approach

The success of PSF internationalisation cannot be separated from their people management, as global PSFs rely heavily on their people to provide customised services to their clients in domestic and international markets (Fu, Flood, Bosak, Morris, & O'Regan, 2013; Fu, Flood, et al., 2015; Fu, Ma, Bosak, & Flood, 2015). They cannot rely on cutting-edge technology

and low-cost raw resources to develop their competitive advantages in international service markets. In addition, HRM in PSFs can also affect professional commitments when they internationalise overseas. HR practices in PSFs, e.g., recruitment & selection, training & development, performance & rewards management, participation etc., can increase professional commitment (Kaiser, Kozica, Swart, & Werr, 2015). Human resource is the key resource in the field of PSFs. Therefore, it is necessary to consider the IHRM when studying PSF internationalisation from emerging markets.

The phenomenon of PSF internationalisation which is affected by their distinctive features, calls for a deep understanding. In terms of their knowledge-intensive characteristics, knowledge learning and sharing play a critical role in the internationalisation process of PSF, as their internationalisation is influenced most by internal and tacit knowledge (Scott-Kennel & von Batenburg, 2012). Due to the importance of knowledge and knowledge-embedded staff, international PSFs emphasise the mobility of professionals and the transfer of tacit knowledge in the intra-organisational setting by using global teams to overcome local nationality requirements (Guo, Jasovska, Rammal, & Rose, 2020). Additionally, PSFs also face challenges arising from multilateral trade agreements, different legal systems, regulations, and national cultures during the internationalisation process (Apfelthaler & Vaiman, 2012; Freeman & Sandwell, 2008).

In terms of organisation structure, PSFs employ professional partnerships (P2-form) that inevitably influence their strategic management processes and internationalisation strategy. The study of Greenwood et al. (1990) finds that P2-form organisations differ from other types of organisations. Internal partners own and control the PSFs, while other types of firms have external stakeholder groups. A professional partnership refers to an organisational structure with distinctive strategic control, market-financial control and operating control (Greenwood et al., 1990; Smets et al., 2017). For strategic control, the formal voting system in PSFs underpins the equality of authority, while shareholders in other firms constitute a stakeholder group and their interests are represented by a board of directors. For market-financial control, PSFs have both nonfinancial and financial goals, while other firms emphasise their financial goals. For operational control, PSFs are decentralised, while other firms tend to centralise their management.

The primary tasks of PSFs are conducted by professionals who enjoy greater autonomy and more involvement in organisational governance (Von Nordenflycht, 2010). This distinctive organisation structure affects the choices of internationalisation strategy (Malhotra & Hinings, 2010). For example, global PSFs with professional partnerships tend to adopt the network internationalisation strategy, which can help retain their decentralised structure and tradition of high autonomy (Greenwood et al., 1990; Salvoldi & Brock, 2019). Due to their high embeddedness in local institutional environments when they compete internationally, networks can help them balance local responsiveness and global integration (Salvoldi & Brock, 2019).

2.3.3 PSF internationalisation

The internationalisation of PSFs emerged and increased substantially since the late 1970s when accounting firms started global expansion (Baker, 1977), drawing considerable attention from researchers to this phenomenon (Cooper et al., 1998; Ferner, Edwards, & Sisson, 1995; Kolk & Margineantu, 2009; Perera, Rahman, & Cahan, 2003; Welch, 2004). The study of PSF internationalisation has experienced five decades of development. In the beginning, the literature focuses on the market expansion of PSFs that are internationalised among developed economies. Such literature studied global PSFs in and from developed countries when they extended cross-border cooperation.

Taking the internationalisation of law firms as an example, most extant studies collected empirical data from developed economies, investigating IB drivers and barriers of law firms in the UK and US (Flood, 2013; Segal-Horn & Dean, 2011; Spar, 1997), network internationalisation of law firms in France, Germany, and Italy (Salvoldi & Brock, 2019), relational proximities and distances of law firms in Germany (Stein, 2014). For the internationalisation of accounting firms, most existing literature has focused on the internationalised firms in and from developed countries, such as the internationalisation process of accounting firms in Canada (Greenwood, Cooper, Hinings, & Brown, 2009) and those from the UK (Sikka, 2008; Stringfellow, McMeeking, & Maclean, 2015), and the cross-border management of accounting firms from the UK (Ferner et al., 1995; Mohd Kharuddin & Basioudis, 2018). For consulting firm internationalisation, most of the extant research has been conducted

in the context of Australia (Saravanamuthu, 2004), Canada (Laperrière & Spence, 2015), Germany (Kittler & Schuster, 2010), UK (Boussebaa, 2015a; Greenwood, Hinings, & Brown, 1994) and the US (Kipping, 1999; Morris, Zhong, & Makhija, 2015; Mors, 2010).

In the first stage (1970-2000), PSFs internationalised into other developed countries for specific opportunities, especially when their domestic markets became saturated. In terms of the expansion process, they preferred national mergers, international referrals and world-city office networks in developed countries (Beaverstock, Taylor, & Smith, 1999; Budden, 1992). They also sought new markets in Eastern Europe to follow multinational clients by developing local firms to fit local market institutions. Global PSFs extend their services into different countries with the aim of capturing more foreign markets and benefiting from first mover advantage. Kumar et al. (2000) studied why and how PSF went abroad and succeeded in international competition from the market-oriented perspective and found that market-expansion was the main driver for PSF internationalisation. During this process, there are regulatory factors which raise challenges for those PSFs. For example, four different regulatory modes of accountancy exist in the UK, US, Germany and Sweden: legalism, liberalism, association and corporatism (Puxty, Willmott, Cooper, & Lowe, 1987). Regulatory factors have different levels, including national level (e.g., jurisdictional boundaries), regional level (e.g., EU policies and RCEP agreement) and international level (e.g., WTO). In addition, cultural differences also challenge the internationalisation of PSFs. In order to avoid cultural differences and regulatory conflicts, Fjetland (1996) finds international law firms choose or are required by legislation to cooperate with local law firms in international transactions. For firm performance management, scholars studied how to deal with complex and changing environments by establishing firm reputation and relationship marketing (Ewing, Caruana, & Rinson Loy, 1999; Hart & Hogg, 1998).

When it comes to the 2000s, researchers started a new research context of developed-to-developing markets and shifted focus to resource acquisition by adopting a resource-oriented perspective. Studies included the literature addressing the internationalisation process of developed-market PSFs in Jamaica, Thailand, Malaysia, Vietnam and China (Freeman, Cray, & Sandwell, 2007; Freeman & Sandwell, 2008; Liu, 2008), HR staffing of these PSFs in the

Caribbean (Bakre, 2006a), their HR professionalisation in Russia (Mennicken, 2010), firm performance management of these PSFs in Jamaica, Argentina and Brazil (Bakre, 2006b; Miozzo & Grimshaw, 2008), as well as knowledge management of these PSFs in China, South Africa, Russia, and Fiji (Baker, Biondi, & Zhang, 2010; du Plessis & du Toit, 2006; Lin & Hung Chan, 2000). At this stage, scholars found that global PSFs competed for human and social capital (Hitt, Bierman, Uhlenbruck, & Shimizu, 2006). As expertise based on professional knowledge is the critical resource in global PSFs, researchers looked into a coordinated biannual coaching consortium as management tools and mechanisms for PSFs to improve firm performance (Elder & Skinner, 2002). Additionally, knowledge was considered as one type of competitive resource and resource-based theory was applied in this period. For example, Sherif and Xing (2006) investigate adaptive processes for knowledge creation involving the transfer of knowledge created at the individual level to the organisation as a whole. As such, PSFs can shift competitive advantages from individual expertise to PSF organisational knowledge. Competitive and collaborative relations were found between people practising in the same professional occupation but working within different organisational contexts of employment (Pinnington, Kamoche, & Suseno, 2009).

Due to economic development and technology advancement in their home countries, EPSFs have started internationalisation in recent decades. These firms are likely to expand into developed economies, so-called reverse internationalisation. For example, Li (2019) finds that 123 Chinese law firms started internationalisation with international offices, most of which were located in the UK, US, and EU countries. The IB literature has argued that EMNEs frequently possess less significant resources and weak capabilities prior to their internationalisation (Luo & Tung, 2007, 2018). As a result, EMNEs tend to use internationalisation as a channel or springboard to access and absorb critical resources and competitive capabilities from developed economies (Luo & Tung, 2007; Mathews, 2002, 2006). In the same vein, EPSFs face similar challenges when they start global expansion from their home countries.

EPSFs face challenges in building the reputation of their service quality. Based on the studies of Von Nordenflycht (2010) and Smets et al. (2017), the knowledge-intensive nature of

PSFs leads to opaque quality, referring to the situation that clients as non-experts are not able to evaluate the service quality provided by PSF professionals. This is significantly different from manufacturing firms whose clients can judge their product quality by themselves. As a result, mechanisms to signal quality are required in the market of professional services, and reputation is a way of signalling high-quality output (Von Nordenflycht, 2010). Therefore, an international reputation for quality service is more critical for PSFs as clients cannot judge the service quality and thus rely heavily on PSF's reputation to find professional service providers (Hitt et al., 2006; Von Nordenflycht, 2010). As latecomers, EPSFs do not have the advantages of reputation compared to PSFs from developed countries. Therefore, there is a need to investigate internationalised EPSFs by considering the above challenges to enrich existing IB theories and guide manager practices in knowledge-intensive industries. The next section will present the relevant theories, including new emerging theories of EMNEs.

2.4 Theoretical Development on EMNEs

This thesis aims to investigate the under-explored phenomenon of PSF internationalisation from emerging markets. These knowledge-intensive firms became a type of EMNEs when they expanded their business beyond their domestic markets. The research on PSF internationalisation from emerging markets needs inspiration from the existing EMNE theories. In addition, extensive studies find differences between PSFs and manufacturing firms (Von Nordenflycht, 2010; Zardkoohi et al., 2011). Existing literature on manufacturing EMNEs needs to be re-examined and developed in the new context of PSF internationalisation from emerging markets.

Stepping into the 21st century, with the economic globalisation and fast development of developing countries such as Brazil, Russia, India, and China (BRIC), firms from emerging markets, expanded globally, so-called EMNEs (Kumar, Singh, Purkayastha, Popli, & Gaur, 2020; Luo & Tung, 2007; Mathews, 2002, 2006). New theoretical frameworks have been developed to explain the EMNEs, to understand how they internationalise successfully into international markets, including springboard theory (Luo & Tung, 2007; 2018), strategic intent perspective

(Chen, Liu, Ni, & Wu, 2015; Rui & Yip, 2008), and government steward perspective (Deng, 2004). They are presented below.

2.4.1 Springboard theory

While mature DMNEs exploit their competitive advantages and explore low-cost resources in emerging countries, EMNEs aggressively acquire critical assets from mature MNEs, e.g., the acquisition of IBM's laptops by a Chinese firm, Lenovo. Focusing on such phenomena, Luo and Tung (2007, 2018) developed the springboard theory to reveal that EMNEs internationalise via adopting a series of aggressive, risk-taking M&A strategies when they enter the developed markets. This theory states that EMNEs consider internationalisation as a compensatory springboard to seek assets (including knowledge and technology) and opportunities. Springboard theory explains why EMNEs with poor resources and weak competition pursue global expansion. They aim to acquire strategic resources from the targeted markets and reduce inborn institutional and market constraints in their home countries (Luo & Tung, 2007). By doing so, EMNEs can address the latecomer disadvantages in the international markets. For example, during its internationalisation, TCL, a Chinese electronics company, acquired Schneider Electronics in Germany, the television arm of Thomson and the handset operations of Alcatel in France. Their actions are based on the consideration of compensating for their competitive weaknesses rather than reducing transaction costs. Thus, springboard theory provides a new perspective to understanding EMNEs by identifying the distinctive motivations of EMNEs towards internationalisation into developed markets. Instead of considering transaction costs, EMNEs target long-term benefits from internationalisation. They regarded external expansion as a key tool to gain and seek assets (including knowledge and technology) and opportunities (Luo & Tung, 2007, 2018).

Challenges exist when applying springboard theory to the internationalisation of EPSFs due to their distinctive nature compared to manufacturing firms (Von Nordenflycht, 2010; Zardkoohi et al., 2011). Springboard theory assumes EMNEs have competitive weaknesses when entering a new market which motivates them to gain competitive advantages via acquiring other firms in host countries. But EPSFs mainly follow their clients who go abroad. They understand

their clients better than incumbents from host countries, which forms their competitive advantage. In addition, PSFs do not adopt aggressive M&As in developed economies (Toryanto & Hasyim, 2017; Zhang et al., 2016). Thus, springboard could not be used to explain the internationalisation of EPSFs.

2.4.2 Strategic intent perspective

Another newly-developed framework for EMNEs is the strategic intent perspective (Chen et al., 2015; Rui & Yip, 2008). This theoretical perspective focuses on the relationship between the entrepreneurial ambitions of the firm and its international expansion strategy. It suggests that EMNEs proactively pursue cross-border acquisitions to exploit distinctive ownership advantages and offset their competence deficiencies. Research shows that Chinese firms strategically adopted cross-border acquisitions to acquire strategic capabilities to compensate for their competitive disadvantages in the international market (Child & Rodrigues, 2005; Rui & Yip, 2008). The Chinese EMNEs were categorised by Rui and Yip (2008) in terms of different strategic intents behind their acquisitions abroad as below.

- (1) The internationalisation-oriented firms aim to seek global competitive positions, such as Lenovo, Huawei, and Haier, with their own internationalisation strategies similar to other DMNEs. They enjoyed a high proportion of revenue generated from overseas markets and set up headquarters, regional headquarters, and R&D centres in different countries.
- (2) Domestic-market-oriented firms aim to compete with MNEs in Chinese markets, such as Dalian Machine Tool and Shenyang Machine Tool, with the acquisition of their US and German counterparts in 2005. By doing so, they can get competitive strategic assets overseas to compete with those MNEs that entered China.
- (3) Trade-oriented firms have the purposes of short-term trade expansion and long-term business transformation, such as Minmetal and Sinochem. Their cross-border M&As aim to increase their major revenue from the trading business.

- (4) Niche market players aim to strengthen competitive advantages in the specific market, such as Wanxiang, which expanded its business in the car component market by acquiring the UAI of the USA.
- (5) Other firms without certain orientations, such as Nanjing Automobile, have overseas acquisitions to offset their competitive weaknesses.

The internationalisation of EPSFs challenges the strategic intent perspective in two ways. Firstly, PSFs depend heavily on their own professionals to provide customised services to clients (Von Nordenflycht, 2010; Zardkoohi et al., 2011). Based on the seminal work of Von Nordenflycht (2010), PSFs are characterised as knowledge intensity and low capital intensity. Knowledge intensity implies the importance of professionals and human resources as critical resources in PSFs. Cross-border acquisitions involve high risk for PSFs because they have difficulty in retaining professionals from the acquired firms. In addition, EPSFs do not require cross-border acquisitions to offset their competence deficiencies, as they have the advantages of knowing their clients and having the knowledge required by their clients. Secondly, PSFs follow their domestic clients and enter the markets based on their clients' needs (Gaedeke, 1973; Majkgård & Sharma, 1998), and they do not need to strategically choose the markets to enter. Thus, the strategic intent perspective cannot be directly applied to explain the phenomenon of the internationalisation of EPSFs.

2.4.3 Government steward perspective

The last theoretical perspective is the government steward perspective (Deng, 2004). This perspective aims to explain the phenomenon of EMNE internationalisation from the intention of the government of their home countries. It claims that there are two main drivers for EMNEs to acquire scarce natural resources abroad. One driver is the political mandates of their home governments, while the other is to serve the economic and social development of their home countries. The governments of home countries play an important role in persuading EMNEs to pursue outward investment (Deng, 2004). This perspective can explain why some manufacturing firms expanded overseas through aggressive M&A strategies in developed economies, such as Chinese state-owned firms (Yang, 2009). By doing so, they can receive two types of support from

their home-country governments: 1) financial support and 2) non-financial policy support (Han et al., 2018). This perspective was developed in the manufacturing industry (Deng, 2004; Han et al., 2018), which provides a valuable understanding of EMNE internationalisation.

When coming to the internationalisation of Chinese PSFs, this government steward perspective faces challenges. Firstly, PSFs in China are private firms rather than state-owned ones (Li, 2019; Zhu, Zhao, & Liu, 2020). Their internationalisation depends more on economic considerations and is provided with less support from their home-country governments. Secondly, PSFs offer services based on their professional knowledge (Von Nordenflycht, 2010; Zardkoohi et al., 2011), and they cannot acquire scarce natural resources abroad to serve the economic and social development of their home countries. As such, the government steward perspective cannot be directly applied to explain the internationalisation of EPSFs.

2.5 Research Gaps and Three Studies

Over the past fifty years, there has been increasing research on PSF internationalisation as presented in previous sections. Despite the significant progress made, research on the internationalisation of EPSFs still remains under-explored (Boehe, 2016). In addition, the current EMNEs theory cannot be applied to explain the internationalisation of EPSFs. The above-reviewed theoretical frameworks for EMNEs provide valuable insights into why and how EMNEs internationalise. They mainly focus on manufacturing EMNEs, which have grown significantly in the international markets, with less knowledge-intensive products (e.g., Luo & Tung, 2007, 2018; Mathews, 2002, 2006). The distinctive characteristics of EPSFs lead to the inability or inappropriateness of applying these theories to explain their internationalisation. While EMNEs in product industries seek to exploit existing advantages and explore low-cost resources in foreign markets (Parthasarathy, Momaya, & Jha, 2017), EPSFs expanded globally in order to follow their clients to enter developed markets (Li, 2019; Liu & Wu, 2016). As such, the reverse internationalisation trend of EPSFs, such as Chinese law firms venturing into advanced economies, calls for more scholarly attention to their international process and strategies.

This thesis focuses on this overarching gap, which is divided into three sub-gaps. The first sub-gap is the lack of an entire picture of the existing literature on PSF internationalisation,

which requires a systematic review of the relevant research to identify what has been done in the past and what to do in the future. The other two sub-gaps are the unknown puzzles of how EPSFs address the national-international paradox to turn their disadvantages into advantages as latecomers and how they internationalise their services in the past decades. These two sub-gaps require explorative studies by collecting data from EPSFs.

2.5.1 Lack of a systematic investigation of PSF internationalisation

Due to the important role of PSFs in economic development based on their employment and financial contribution (Apfelthaler & Vaiman, 2012; Simon & Welsh, 2010), there is increasing research on their internationalisation in search of new markets, supporting clients that require services across nations (Boussebaa & Faulconbridge, 2019). Global PSFs engage in transnational businesses by providing cross-border professional services and helping international market entities to expand their business over the last five decades (Boussebaa & Faulconbridge, 2019; Mero, 2002).

Despite their critical role in transnational businesses and increasing literature on PSF internationalisation, there is still an absence of any systematic review to advance our understanding and to guide future research. This omission may cause confusion in theoretical and practical ways. In particular, PSFs have exhibited new features in recent decades as a result of digital technology and the economic development of emerging markets. These features comprise new internationalisation modes (e.g., network, Salvoldi & Brock, 2019) and new expansion directions (e.g., from emerging markets to developed economies, Liu, Wu, & Li, 2016). As such, systematic analysis is imperative. Therefore, Study 1 seeks to fill this sub-gap by systematically reviewing the past five-decade literature on PSF internationalisation.

2.5.2 Unknown puzzle of how EPSFs turn their disadvantages into advantages as latecomers

EPSFs have presented rapid internationalisation in recent decades. For example, an increasing number of Chinese law firms expanded into the EU, UK and US by setting up their local branches or establishing long-term strategic cooperation with elite local law firms (Li, 2019; Liu & Wu, 2016). Despite the rapid internationalisation of EPSFs, very limited studies have

investigated this new phenomenon (see Li, 2019; Liu & Wu, 2016 for exceptions). As a result, there is a critical omission regarding PSF internationalisation from emerging markets.

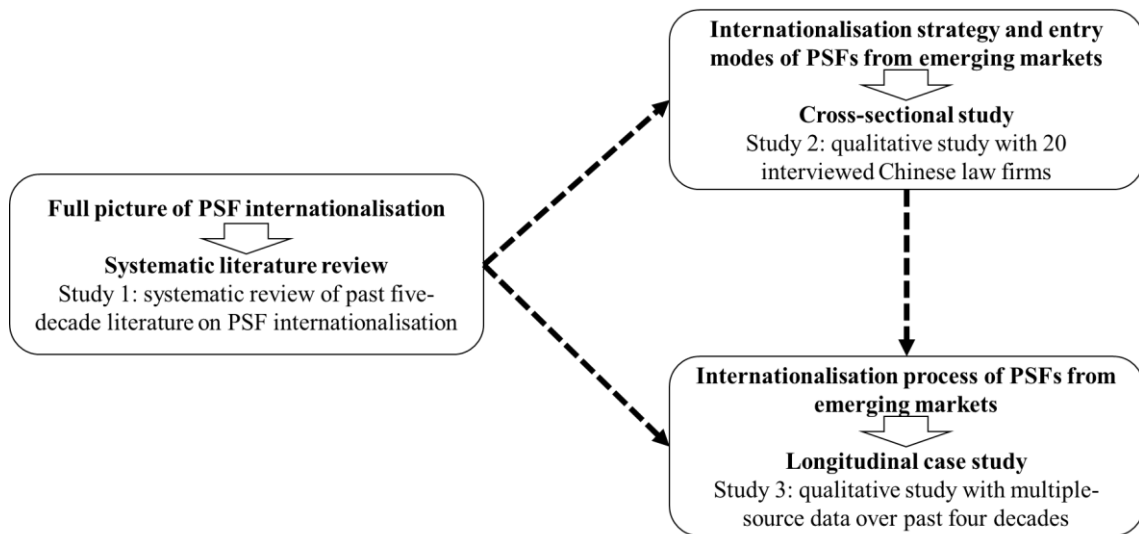
To address this research gap, Study 2 explore how EPSFs address the national-international paradox to turn their disadvantages into advantages as latecomers in the international legal service market, i.e., the strategy, entry mode and process adopted by the internationalised Chinese law firms. In particular, Study 2 investigates the internationalisation of EPSFs via qualitative interviews with partners and experienced lawyers from 20 internationalised Chinese law firms. This empirical study addresses the research questions on how EPSFs turn their disadvantages into advantages as latecomers.

2.5.3 Unknown puzzle of how EPSFs internationalised their services in the past decades

Given the significant differences between home and host countries, EPSFs have to navigate the complexity between two types of markets if they expand into unknown markets, especially when they enter developed economies. How EPSFs internationalised their services in the past decades is unknown.

To address this gap, Study 2 addresses the question of how these firms navigate the complexity via a paradox perspective on the national (maintaining Chinese identity) and international (building international brand) tension. Study 3 deepens the understanding by looking into details of the three-stage internationalisation process of a longitudinal case – Dacheng. It presents a historical line about how these Chinese law firms managed their internationalisation in terms of people, knowledge and technology management in the past decades. Figure 2.1 shows the outlines of the three studies.

Figure 2.1 Outline of the thesis with three studies



2.6 Summary

This chapter first provided an analysis of the research context, i.e., the fast development of China's economy and the growth of internationalised Chinese law firms. It then presented the review of PSFs and PSF internationalisation literature. After that, the theoretical frameworks developed for EMNEs and their implications for EPSFs were analysed. Due to the distinctive nature of PSFs, these theoretical frameworks could not be used to explain the internationalisation of EPSFs, leading to three research gaps identified in the literature. These research gaps were discussed, and three studies were proposed to address these gaps. These three studies will be presented in subsequent Chapters 3 to 5.

Chapter 3 Study 1

A Half-Century Review of PSF

Internationalisation Research: Looking Back and Looking Forward

3.1 Abstract

The globalisation of PSFs has garnered increasing attention in research and practice since accounting firms expanded internationally in the 1970s. Academic enquiry on how PSFs internationalise their operations has extended over the past five decades with separate undertakings in international business (IB), international human resource management (IHRM), and PSF research. As a result, there is still an absence of any systematic review to advance our understanding and to guide future research. In order to fill this gap, this study presents a systematic review of 227 articles published on PSF internationalisation in the past fifty years (1970-2020). This study identifies recurring and evolving research patterns in PSF internationalisation across three time periods, i.e., sequential (1970-2000), growth-based (2001-2010) and spiderweb-like (2011-2020) expansion phases. The findings reveal the evolution of PSF internationalisation across these three time periods in terms of their business context, focus, and competitive advantages. This study provides an integrative review addressing complementary streams of IB, IHRM and PSF research. An agenda is also offered for future research on PSF internationalisation. The paper concludes that PSFs offer a distinctive, fruitful, and timely context for investigating the integration of IB and IHRM, flexible and agile management, and digital internationalisation.

Keywords: PSFs, PSF internationalisation, IB, IHRM, integration of IB and IHRM, digital internationalisation

3.2 Introduction

PSFs, including accounting, law and consulting firms, internationalise in search of new markets and to support clients that require services across nations (Boussebaa & Faulconbridge, 2019). PSFs are becoming an increasingly critical driver of economic development based on their employment and financial contribution (Apfelthaler & Vaiman, 2012; Simon & Welsh, 2010). For example, Deloitte, one of the Big Four accounting firms, employed over 334,880 professionals (7.3% more than in 2019) in more than 150 countries and generated 47.6 billion USD in revenue (3.9 % more than in 2019) from the global market in 2020 (www.deloitte.com). Similarly, elite law firms such as Kirkland & Ellis (the largest law firm by revenue) and Dentons (the largest law firm by the number of lawyers), as well as management consulting firms such as McKinsey & Company and Tata Consulting Services, all operate internationally. They engage in transnational businesses and serve international market entities to expand their business across nations, prospering the economy with an impressive global reach in the last five decades (Boussebaa & Faulconbridge, 2019; Mero, 2002).

Despite their rapid internationalisation and in contrast to other industries such as manufacturing and general services industries, how PSFs expand globally has been relatively less researched (Dunning, 1988; Roberts, 1999). Research on multinational enterprises (MNEs) has primarily focused on these traditional industries (Boussebaa & Morgan, 2015). PSFs' internationalisation started in the 1970s when accounting firms began their globalised journey (Baker, 1977). Compared to manufacturing and general service firms, PSFs are knowledge-intensive, low-capital and professionalised-workforce organisations that need a considerable well-educated workforce to offer customised solutions to their clients (von Nordenflycht, 2010). The knowledge embedded in professional employees is considered as a core asset of PSFs (Kaiser & Ringlstetter, 2010). Professional staff, thus, plays a vital role in maintaining and improving PSFs' service quality, innovation, and business performance (Brockner, Flynn, Dolan, Ostfield, Pace, & Ziskin, 2006). These distinctive features of PSFs lead them to embrace different ways of internationalisation, which involve expanding geographical scope while hiring the best talent to build reputations (Hitt et al., 2006) and/or enlarging global service networks to project their global identity (Beaverstock et al., 2000; Freeman et al., 2007). In particular, PSFs have exhibited new

features in their internationalisation in recent years as a result of globalisation and new technology. The features include new formats /structures (e.g., network, Salvoldi & Brock, 2019) and directions (e.g., from developing to developed countries instead of moving from developed to developing countries, Li, 2019; Liu, 2008).

Given the importance and distinctiveness of PSF internationalisation, scholars have tried to understand this phenomenon from different perspectives. For example, international business (IB) research has focused primarily on business strategy (e.g., Brock & Hydle, 2018; Quack, 2012; Silver, 2007), entry mode (e.g., Cooper, Greenwood, Hinings, & Brown, 1998; Niñerola, Sánchez-Rebull, & Hernandez-Lara, 2017; Suseno & Pinnington, 2018b), and expansion process (e.g., Abdelzaher, 2012; Beaverstock et al., 2000; Liu, 2013). Differently, international human resource management (IHRM) research focuses on the people side of PSF internationalisation, including human capital (e.g., Contractor & Mudambi, 2008; Kumra & Vinnicombe, 2008) and culture integration (e.g., Galperin & Lituchy, 2014; Law, Yuen, & Lei, 2016). Literature on global PSFs focuses on institutional complexity (Faulconbridge & Muzio, 2016) and the management model of professional partnership versus corporate structure (Greenwood et al., 1990). Such research provides valuable insights for understanding how PSFs go global. However, the division between disciplines creates barriers to systematically understanding the internationalisation of PSFs.

This research addresses the above gap by providing a comprehensive review of research at the nexus of PSF internationalisation. This study focuses on three objectives. Firstly, this study identifies and summarises the main themes on PSF internationalisation over the past fifty years as identified in previous studies. Second, this study shed light on managing global PSFs in terms of people and process. Finally, this study provides a whole picture of how PSFs internationalise and present theoretical and empirical avenues for further research in PSF internationalisation. In doing so, this study makes a number of contributions. It includes a historical analysis of PSF internationalisation, which reveals the evolution of research on PSF internationalisation. The questions this study addresses include: What recurring themes explain the phenomena of PSF internationalisation in the past fifty years? Are there evolutionary trends in the existing literature

on PSF internationalisation? This study thus contributes to management scholarship by bringing together research findings spanning multiple disciplines (e.g., IB, IHRM and PSFs) to develop a framework to stimulate future research in this area. It also responds to the call to integrate IB and HRM Research by systematically analysing the research on PSF internationalisation (Andersson, Brewster, Minbaeva, Narula, & Wood, 2019; Reiche, Lee, & Allen, 2019). Furthermore, this study significantly contributes to the PSF literature by focusing on the internationalisation of PSFs. Existing research in PSFs has focused on internal management, such as organisational structure and models, people management, as well as knowledge and innovation management. This systematic review advances our understanding of PSF internationalisation and management and proposes a new research agenda for the areas of IB, IHRM and PSF internationalisation.

3.3 Methodology

3.3.1 Data collection

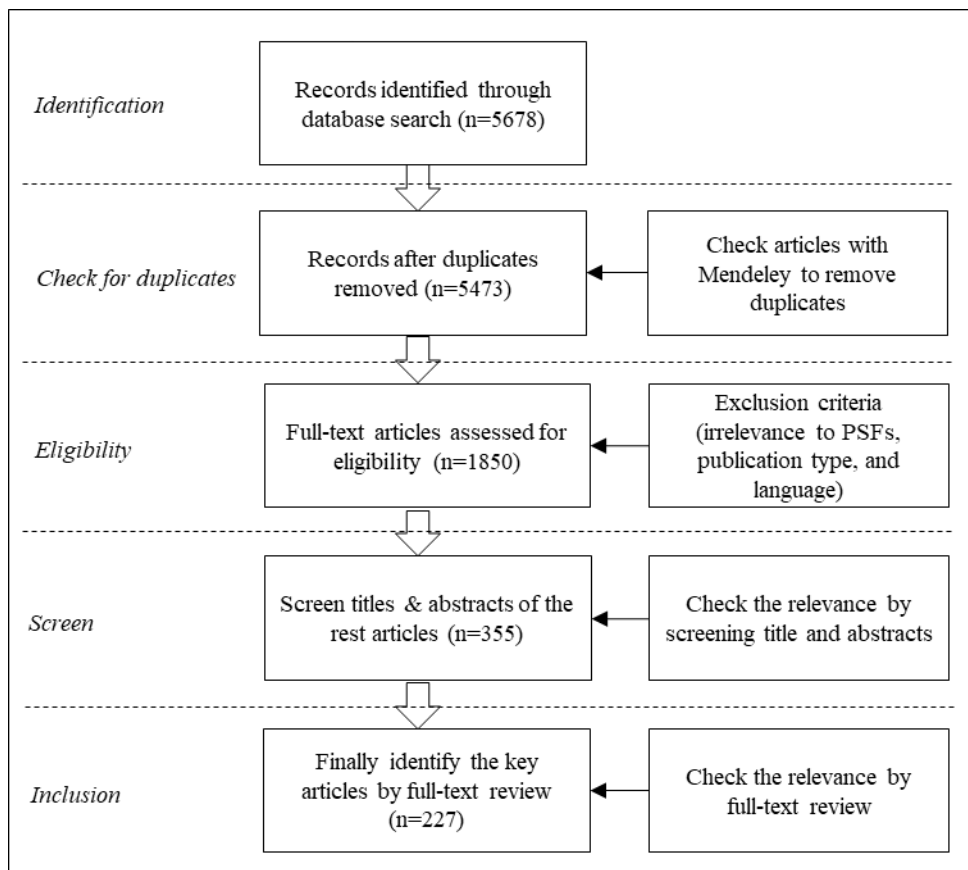
To answer the research questions, the established systematic review method was employed as the research approach (e.g., Arregle et al., 2021; Meyer et al., 2020) to collect, summarise, and synthesise findings from existing research on PSF Internationalisation. This study systematically searched existing peer-reviewed articles published from 1970 to 2020 (Tranfield, Denyer, & Smart, 2003) through six primary databases in Social Science (Web of Science, Science Direct, ProQuest, EBSCO complete, Wiley and Sage). The following key search terms were used to identify and select articles for inclusion: (“professional service firm” OR “PSF” OR “accounting firm” OR “law firm” OR “consulting firm”) AND (“international human resource management” OR “IHRM” OR “Global HRM” OR “Comparable HRM” OR “international*” OR “global*”). Peer-reviewed articles enabled the author to concentrate the attention on rigorous, evidence-based work.

The choice of keywords is based on the PSF definition and the research aim of this thesis. Firstly, the keywords that represent PSFs are based on a well-established PSF definition. According to the seminal paper of Von Nordenflycht (2010), PSFs have three distinctive characteristics: knowledge intensity, low capital intensity and a professionalized workforce. His paper clarifies the definition of PSFs to overcome the ambiguity in PSF research. Law firms,

accounting firms and consulting firms are three typical PSFs (Von Nordenflycht, 2010). This group of keywords representing the PSF element includes ("professional service firm" OR "PSF" OR "accounting firm" OR "law firm" OR "consulting firm"). Secondly, the keywords representing the IB element are based on the research aim. This thesis aims to investigate PSF internationalisation from emerging markets. Thus, the IB element needs to be included in searching the relevant papers. The group of keywords chosen to represent the IB element conclude ("international*" OR "global*"). The "*" can work as any letter and any group of letters in search engines. Thirdly, PSFs are service firms in which human resources are the most important. PSFs depend heavily on their highly educated and professionalised workforce to provide clients with customized services (Greenwood, Li, Prakash, & Deephouse, 2005; Von Nordenflycht, 2010). The HRM positively affects PSF firm performance, including their innovation performance and professional service supply chain performance (Fu et al., 2013; Fu, Flood, et al., 2015). Therefore, it is necessary to include the IHRM element in this study. The group of keywords chosen to represent the IHRM element conclude ("international human resource management" OR "IHRM" OR "Global HRM" OR "Comparable HRM").

Figure 3.1 presents the process of literature search and evaluation and summarises the distribution of results from the different databases. The initial literature search yielded 5678 articles. The selection criteria required that the articles need to be peer-reviewed in the English language and limited to the management field. This study deleted duplicates, then screened the title and abstract of these articles, and, where necessary, reviewed full papers to determine whether the articles fall within the domain of PSF internationalisation. During the screening process, this study reviewed and identified the titles, abstract, keywords, introduction, and conclusion. In this manner, this study prioritised the papers that were directly and explicitly related to the research focus. This study removed papers that were less relevant either because their focus was not on PSF internationalisation or because their scope was extremely narrow, such as the papers on PSF definition (von Nordenflycht, 2010; Zardkoohi et al., 2011). Finally, this study included 227 articles for review. These articles on PSF internationalisation over the past 50 years are listed in Appendix 1 and data collection process is presented in Figure 3.1.

Figure 3.1 Literature search and evaluation for inclusion



3.3.2 Data coding

This study adopted a three-step theme-coding method in the systematic review (Sivesind, 1999) to analyse the collected articles (e.g., Xiao & Cooke, 2020). Such a method enabled me to compare and summarise studies that address similar themes and identify emerging themes and factors explaining PSF internationalisation. Firstly, each article is thoroughly examined and summarised in an Excel spreadsheet using nine categories: study title, journal title, year of publication, research question/hypothesis, country/region, industry, methods (theoretical/conceptual, qualitative, and quantitative), findings, and implications. Secondly, this study reviewed the papers carefully and identified the main research questions, findings, and implications as the first-level code. Thirdly, this study incorporated similar first-level codes together to identify the second-level codes as research topics. After that, this study identified the third-level codes from the second level ones to form research themes with the same method.

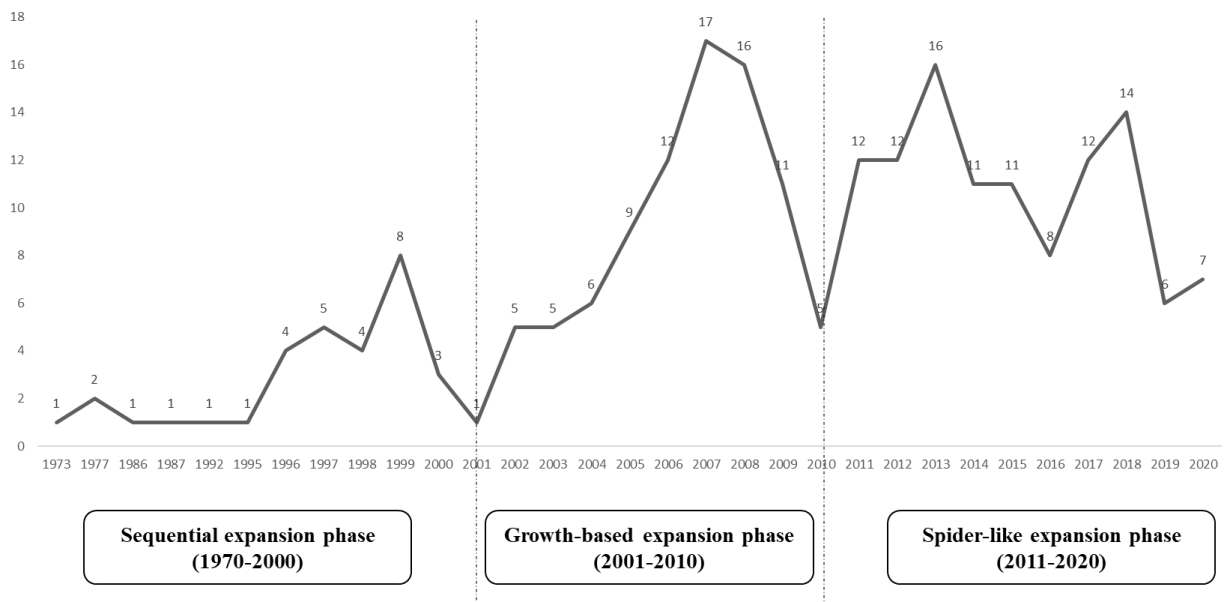
3.4 Findings

3.4.1 Overview of selected articles

3.4.1.1 Three phases of PSF internationalisation research

Figure 3.2 presents the number of articles per year published on PSF internationalisation from 1970 to 2020 (including papers published ‘advance online’ by 2020). It demonstrates the considerable research interest in PSF internationalisation during the past five decades. In addition, it shows that research on PSF internationalisation experienced three waves which is consistent with the PSF internationalisation context.

Figure 3.2 Number of articles on PSF internationalisation from 1970 to 2020^a



Note: ^a N = 227. This study sets the time range from 1970 to 2020. The first paper on PSF internationalisation was published in 1973.

To illustrate the evolution of this broad literature on PSF internationalisation, this study identifies three distinct phases of the collected theoretical and empirical studies on PSF internationalisation over the past five decades. The identification of these three phases is based on the phenomenon of PSF internationalisation across different historical stages as well as the observed three waves in Figure 3.2, which corresponds to the PSF internationalisation phenomenon. Although some nonlinear developments and overlaps happen in three phases, this

study based most of the relevant papers in each phase to find the recurring themes and evolution trends.

The first phase was between 1970 and 2000, when accounting firms, especially the Big Four accounting firms, expanded their professional service into other markets during that time frame (Baker, 1977; De Beelde, 1997; Morris, 1999). In this phase, empirical studies find that PSFs mainly adopted the strategy of establishing wholly-owned subsidiaries and expanded gradually from near to far markets, mainly from developed countries to developed countries (Cooper et al., 1998; Gaedeke, 1973). Therefore, this study labels this phase as the sequential expansion phase to capture the main characteristics of PSF internationalisation.

The second phase began to emerge in the year of 2001 when other types of PSFs (e.g., law firms) internationalised their business significantly to seek profitable markets and to follow their clients (David M. Brock, Yaffe, & Dembovsky, 2006; Morgan & Quack, 2005). It reflects the recognition that internationalisation is important to all types of PSFs. Many types of PSFs expanded globally in this phase, including law firms (Hitt et al., 2006; Terry, 2008), consulting firms (Contractor & Mudambi, 2008; Kittler & Schuster, 2010) and other types of PSFs (McColl-Kennedy, Sweeney, Soutar, & Amonini, 2008; Ojala, 2009). In addition to expanding from developed to developed countries, PSFs started to enter developing countries to scale up their size (Freeman et al., 2007; Freeman & Sandwell, 2008; Liu, 2008). Therefore, this phase is characterized as growth-based expansion.

The third phase, i.e., post-2010, is by and large characterized by building loose and agile networks in PSF internationalisation (Salvoldi & Brock, 2019). With the development of globalisation and digital technology after 2010, PSFs are empowered to provide services globally to meet their clients' needs, yielding another wave of PSF internationalisation. During this phase, rather than sequential expansion in the initial phase, PSFs are more flexible. Empirical studies in this phase suggest that PSFs adopt a spiderweb-like expansion process (Abdelzaher, 2012), and various networks were adopted to moderate the relationship between internationalisation and firm performance (Abdelzaher, 2012; Salvoldi & Brock, 2019). Network internationalisation refers to a wide variety of cooperative activities among firms, especially among PSFs, which aim to build

their cross-border service capability (Jones, Hesterly, & Borgatti, 1997; Salvoldi & Brock, 2019). The network of PSFs was established in four main ways: 1) international network of offices by M&As and setting up wholly-owned offices by themselves; 2) formal alliances with local partners; 3) multidisciplinary conglomerates; and 4) membership in a loose affiliation or network, such as the group of top-tier law firms or associations of small-sized law firms (Faulconbridge, Beaverstock, Muzio, & Taylor, 2007; Li, 2019). The network was widely adopted as the internationalisation strategy and entry mode by PSFs because it can help build dynamic capability (Agarwal & Selen, 2013), achieve economic growth by operating locally within an international network (Ariwa & Syversten, 2013), effectively manage professional services on a global scale (Zhang et al., 2016), and build social capital and human capital (Suseno & Pinnington, 2018b). The network was also adopted by PSFs due to external factors, such as geographical/jurisdictional boundaries between different countries and the requirement of balancing local responsiveness and global integration (Salvoldi & Brock, 2019). Due to these external factors, Salvoldi and Brock (2019) find that different types of PSF networks lead to different relational spaces in the global legal market by investigating the seven international peer networks of European PSFs. Therefore, this phase is labelled as a spiderweb-like expansion.

3.4.1.2 Descriptive Analysis of PSF internationalisation Research

In terms of journal distribution, the articles identified through the literature search represent 126 distinct academic journals, demonstrating the vast array of journals currently focusing on the topic of PSFs internationalisation. Table 3.1 below lists ten journals with the greatest frequency of articles that this study identified. In terms of methodology, there were 191 (84%) empirical studies, with the remaining being conceptual papers, reviews, or discussion papers (Table 3.2).

Table 3.1 Top 10 journals in the selected articles

Journal title	No of articles
<i>Critical Perspectives on Accounting</i>	10
<i>Service Industries Journal</i>	8
<i>Journal of International Business Studies</i>	7
<i>Accounting, Organisations and Society</i>	7
<i>Journal of Economic Geography</i>	6
<i>Accounting, Auditing and Accountability Journal</i>	6
<i>International Business Review</i>	6
<i>Journal of World Business</i>	5
<i>Journal of Services Marketing</i>	5
<i>International Journal of the Legal Profession</i>	5

Table 3.2 Article distribution based on research methods

Research methods	Sequential expansion (1970-2000)	Growth-based expansion (2001-2010)	Spiderweb-like expansion (2011-2020)	Total
Qualitative method	5.7%	22.9%	28.2%	56.8%
Single case	0.4%	3.1%	6.2%	9.7%
Multiple cases	0.9%	4.4%	3.5%	8.8%
Interview	2.6%	7.0%	11.5%	21.1%
Archival data	1.3%	6.6%	3.5%	11.5%
Other	0.4%	1.8%	3.5%	5.7%
Quantitative method	3.1%	8.4%	10.1%	21.6%
Survey data	1.3%	3.5%	5.7%	10.6%
Secondary data	1.8%	4.8%	4.4%	11.0%
Mixed method	1.8%	2.6%	1.3%	5.7%
Interview + survey				
Theoretical papers	3.1%	4.4%	8.4%	15.9%
Conceptional papers	2.6%	3.5%	7.5%	13.7%
Discussion papers	0.4%	0.9%	0.9%	2.2%
Total	13.7%	38.3%	48.0%	100.0%

Table 3.3 Industry distribution across the three phases

Industry	Sequential expansion (1970-2000)	Growth-based expansion (2001-2010)	Spiderweb-like expansion (2011-2020)	Total
Accounting	5.1%	13.2%	14.9%	33.2%
Law	2.6%	13.6%	12.3%	28.5%
Consulting	3.0%	8.9%	15.3%	27.2%
Architecture	0.0%	1.3%	1.7%	3.0%
Financial advisory	0.0%	1.7%	0.9%	2.6%
Advertising	0.9%	1.3%	0.0%	2.1%
Other (e.g., talent agencies, securities services etc.)	0.0%	0.4%	1.7%	2.1%
Total	11.5%	40.9%	47.7%	100.0%

Table 3.4 Article distribution across the three phases and major themes

Discipline*	Main Theme	Sequential expansion (1970-2000)	Growth-based expansion (2001-2010)	Spiderweb-like expansion (2011-2020)	Total
IB	Internationalisation process	2.6%	6.2%	8.4%	47.1%
	Strategy & entry mode	2.6%	4.0%	6.2%	
IHRM	People management	0.4%	7.0%	7.5%	15.0%
IB & IHRM	Drivers & barriers	2.6%	5.3%	9.3%	55.1%
	Firm performance management	4.4%	8.4%	10.1%	
	Knowledge management	0.9%	7.5%	6.6%	
Total		13.7%	38.3%	48.0%	100.0%

Note: The discipline information is mainly based on the journal categorisation in the Association of Business Schools journal list and the research topics.

In relation to the industries covered (see Table 3.3), this study found that existing research mainly focused on accounting firms (33% in total), followed by law (29%) and consulting firms (27%). The industry being studied also varied across different phases. For example, research on accounting firms accounted for 44%, 32% and 31% respectively in the three phases. Law firms and consulting firms received increased attention (22%, 33%, and 26% for law firms; 26%, 22%, and 32% for accounting firms across the three phases). In addition, literature on other professional service industries such as architecture, advertising, and talent agencies increased significantly from 2 articles to 12 and 11 across the three phases. All of these results demonstrate the increasing

attention to PSF internationalisation in terms of scale (increased number of articles) and scope (wider coverage of professional service industries).

3.4.2 Main themes of PSF internationalisation research

Using the theme-coding method, this study identified six themes on PSF internationalisation. They were: (1) firm performance management (23%); (2) drivers and barriers for PSF internationalisation (17%); (3) process of PSF internationalisation (17%); (4) knowledge management (15%); (5) people management in PSF internationalisation (15%); and (6) internationalisation strategy and entry modes (13%). Table 3.4 provides an overview of the themes in terms of the number of articles across the three phases. As the research focuses on the evolution of PSF internationalisation, this study presents a detailed analysis of these themes across the three phases.

3.4.2.1 Firm performance management in global PSFs

The question of why some global PSFs perform better than others has been an important research question over the past five decades, which both IB and IHRM scholars seek to answer from different perspectives. There were 52 out of 237 articles (23%) on this topic, i.e., 10, 19 and 23 articles in the sequential (1970-2000), growth-based (2001-2010) and spiderweb-like (2011-2020) expansion phases, respectively.

In the sequential expansion phase (1970-2000), key studies on this stream for global PSFs, particularly on accounting firms, identified management tools and mechanisms such as reputation construct (Baker, 1977; Carlson, 1997; Ewing et al., 1999), organisational choice of integrating technology, standards and services (Sluyterman, 1998), human resources (Ferner et al., 1995), relationship marketing (Gallouj, 1997; Hart & Hogg, 1998) and strategic capabilities such as integrity and honesty, client-consultant communication and credibility (Kumar, Simon, & Kimberley, 2000).

In the growth-based expansion phase (2001-2010), the literature stresses cross-cultural management and competitive advantages for global PSFs, particularly law firms, along with some topics encountered in the first phase. Scholars started to investigate the cross-cultural management of global accounting firms (Mohe, 2008; Robie, Brown, & Bly, 2005) and cross-

border management of large corporate law firms (Segal-Horn & Dean, 2009), which have been enhancing internal consistency to provide clients with an ‘effortless experience’ of the service across multiple locations worldwide. Cross-border operations lead to organisational challenges for large global law firms, including 1) reduced professional autonomy, 2) post-acquisition integration and 3) operationalising global practices (Segal-Horn & Dean, 2007). Internal integration across national legal jurisdictions and consistent service delivery across multiple locations are sources of sustainable competitive advantage (Segal-Horn & Dean, 2009). Additionally, developing countries, such as Argentina and Brazil, became a research context for clients’ outsourcing relationships of service multinationals (Miozzo & Grimshaw, 2008).

In the spiderweb-like expansion phase (2011-2020), more drivers were found to impact global PSFs’ performance, including dynamic organisational capabilities needed for effective international operations (Brock, 2012) and network capabilities for overcoming operations challenges on a global scale (Zhang et al., 2016), while the relationship between internationalisation and firm performance of global PSFs (Zhang et al., 2018) and various managerial strategies (e.g., Davison, 2011; Harvey et al., 2017) were also studied. Managerial strategies for global PSFs included image management and people promotion (Davison, 2011; Harvey et al., 2017), cultural strategy and non-market strategies (Faulconbridge, 2008; Rodgers et al., 2019), risk-adjusted performance (Elango et al., 2013), measuring performance for value creation and governance (Breunig & Hyde, 2013), national- and city-specific industry leadership (Mohd Kharuddin & Basioudis, 2018), and onshoring legal services (Carroll & Vaughan, 2019). Scholars elaborated managerial strategies that not only enrich our understanding of PSF cross-border management but also provide multiple choices to address the challenges from changing foreign markets.

3.4.2.2 Drivers and barriers for PSF internationalisation

The analysis of drivers and barriers for PSF internationalisation has gained increasing attention, with 39 out of 237 articles (17%) exploring what drives or hinders PSF internationalisation. In particular, there were 6, 12 and 21 articles in the sequential (1970-2000), growth-based (2001-2010) and spiderweb-like (2011-2020) expansion phases.

In the sequential expansion phase (1970-2000), the drivers identified in the reviewed studies included internal resources (Aharoni, 1996; Nachum, 1996; Spar, 1997) and specific opportunities from the external market (Alon & McKee, 1999; Frazer Winsted & Patterson, 1998). Internally, the size, scope, creativity, and reputation of PSFs have a positive relationship with their international competitiveness (Nachum, 1996). Drawing on resource-based and agency theories, Alon and McKee (1999) indicated that sufficient resources, time and financial constraints, competitive domestic environments, and opportunities abroad affected PSFs' decisions in relation to internationalising their operations and seeking franchisees overseas. In this phase, IHRM scholars found that people, information, and services across national borders were important for PSFs' successful globalisation (Aharoni, 1996). Cultural and regulatory differences were identified as barriers to PSF internationalisation (Aiken, Ji, & Lu, 1997).

In the growth-based expansion phase (2001-2010), researchers found that additional drivers focused on the people side of PSFs, such as human capital (Hitt et al., 2006), social capital (Kittler & Schuster, 2010), and cultural capital (Skaates et al., 2002), state-capital relationship (Sikka, 2008), managerial mindset (Cort, Griffith, & Steven White, 2007); as well as modern communication technologies (Gable, 2006). Different technologies and accountant stereotypes were studied as barriers (Dimnik & Felton, 2006; Stephen, 2002).

In the spiderweb-like expansion phase (2011-2020), more diverse drivers for PSF internationalisation were identified by IB and IHRM scholars in the reviewed research. They included clients' internationalisation (Jensen & Poulfelt, 2017), revenue growth (Al Qur'an, 2011), and efficiency benefits (Gallhofer et al., 2011) on the business side; and organisational genes, and status positions (Flood, 2013; Powell, 2014a; Powell & Rhee, 2018), social mechanisms of symbolic domination (Stringfellow et al., 2015; Tsao, Lu, & Keung, 2017), professional employees' enactment of career aspirations (Pinnington & Sandberg, 2014) and corporate-driven culture (Boussebaa, 2020) on the people management side. A lack of political will and organisational transition issues were identified as barriers to PSF internationalisation (Chhina, 2012; Ogata & Spraakman, 2013). Additionally, a dynamic organisational capability

that stimulates service innovation in collaborative service organisations was identified as a driver for PSF internationalisation (Agarwal & Selen, 2013).

3.4.2.3 Process of PSF internationalisation

Regarding the process of PSF internationalisation, there were 39 papers out of 237 articles (17%) mainly in IB research, comprising 6, 14 and 19 papers in the sequential (1970-2000), growth-based (2001-2010) and spiderweb-like (2011-2020) expansion phases, respectively.

In the sequential expansion phase (1970-2000), the investigation of the internationalisation process of PSF identified mergers (Budden, 1992; Greenwood et al., 1994), spatial expansion (Beaverstock et al., 1999, 2000) and loose international referral networks (Budden, 1992). Mergers were considered an important method for PSFs to expand business in different countries during this period. For example, PSFs started merging with each other due to the demand from global clients for diversified services from their professional advisors (Empson, 2000). For the spatial processes, studies focused on the geographic expansion of PSFs, for example, the development of world-city office networks by leading London law firms (Beaverstock et al., 1999) and geographical classification of the global market by American PSFs (Beaverstock et al., 2000).

In the growth-based expansion phase (2001-2010), researchers investigate the PSF international process by studying geographical expansion (Anne Skaates, Tikkanen, & Alajoutsijärvi, 2003; Liu, 2008; Pandit, Beaverstock, Cook, & Ghauri, 2008; Van Criekingen et al., 2005), networks (Faulconbridge, 2007; Freeman et al., 2007; Freeman & Sandwell, 2008), expansion modes (Sokol, 2007) and emerging markets (Freeman et al., 2007; Liu, 2008). From a geographic perspective, territoriality plays the most significant role in situations where a PSF moves from one national market to another with similarly well-developed norms, rules, and representations (Anne Skaates et al., 2003). Some studies started to integrate the network perspective into IB process research, including a focus on networks and PSF internationalisation into emerging markets (Freeman et al., 2007) and on relational networks of knowledge production in transnational law firms (Faulconbridge, 2007). Referral networks were adopted by Austrian

law firms when entering European and North American markets (Pinnington & Gray, 2007). Social networks (Glückler, 2006) and network relationships (Ojala, 2009) can help PSFs achieve market entry. Regarding the internationalisation of PSFs from developed countries into emerging markets such as China (Liu, 2008), the elements of orientating, positioning and timing were identified as critical in the context of foreign entry (Freeman & Sandwell, 2008).

When it comes to the spiderweb-like expansion phase (2011-2020), more scholars extended the research on the internationalisation process of global PSFs using the network perspective (Agustinus, Hasyim, Toryanto, & Hasyim, 2017; Jones, Temouri, & Cobham, 2018; McQuillan, Scott, & Mangematin, 2018; Salvoldi & Brock, 2019; Winch, 2014). Instead of the sequential and linear internationalisation process (Krull, Smith, & Ge, 2012), a spiderweb-like expansion process (Abdelzaher, 2012) and loose networks (Salvoldi & Brock, 2019) were used by PSFs in their internationalisation processes. These approaches enabled PSFs to go into the global market in a much faster way. This is evidenced by the ecological positions and rapid growth of internationalised Chinese law firms (Liu & Wu, 2016).

3.4.2.4 Knowledge management in global PSFs

Given the knowledge-intensive nature of PSFs, how to manage knowledge in global PSFs has been a great challenge for internationalising PSFs. There were 34 papers out of 237 articles (15%) on this topic, with 2, 17 and 15 articles in the sequential (1970-2000), growth-based (2001-2010) and spiderweb-like (2011-2020) expansion phases, respectively.

In the sequential expansion phase (1970-2000), researchers discussed the importance of knowledge management in global PSFs (Gibbins & Wright, 1999) and different regulatory modes of foreign markets affecting cross-border service provision (Puxty et al., 1987). Knowledge management is at the core of their business success as global PSFs have to retain talented, diverse professionals to share and leverage their knowledge of these professionals (Gibbins & Wright, 1999).

In the growth-based expansion phase (2001-2010), researchers dived deeper and analysed how global PSFs leverage the knowledge between experienced and junior professional staff (Faulconbridge, 2006; Sherif & Xing, 2006), promote knowledge sharing among

professionals via effective HRM practices such as distinctive scientific practices for managing gold-collar workers (Majeed, 2009), knowledge innovation (Anand et al., 2007; Mors, 2010; Muller & Doloreux, 2009), knowledge dynamics as social interaction with the socio-cultural environment (Ceptureanu, Ceptureanu, Olaru, & Popescu, 2018; Reihlen & Apel, 2007), tools to manage knowledge (du Plessis & du Toit, 2006) and maintaining knowledge quality via international service standards such as International Financial Reporting Standards (IFRSs) (Baker et al., 2010; Chand & White, 2007; Jones et al., 2004; Leventis & Caramanis, 2005; Lin & Hung Chan, 2000; Raar, 2009).

In the spiderweb-like expansion phase (2011-2020), scholars investigated the knowledge management of global PSFs from a strategic perspective, for example, geographical market extension of global PSFs via knowledge codification, personalisation, and knowledge creation (Bettiol, Di Maria, & Grandinetti, 2011). PSFs thus achieved greater innovation and sustained competitive advantages by carefully selecting and using dynamic capabilities (Salunke, Weerawardena, & McColl-Kennedy, 2011). Additionally, some papers explored the relationship between knowledge management and the PSF internationalisation process. Existing literature studied the roles of knowledge and learning in the internationalisation process of PSFs (Scott-Kennel & von Batenburg, 2012) and the dynamics of experiential learning and adaptation during the internationalisation process of PSFs (Bunz, Casulli, Jones, & Bausch, 2017). Other studies concentrated on knowledge management within global PSFs, such as inter-firm contract and knowledge management (Rosenbaum, 2013), knowledge and knowledge creation of transnational project work (Hydle & Joachim Breunig, 2013), creating a sustainable innovation environment within large PSFs (Kliewe, Davey, & Baaken, 2013) and organisational learning processes affecting the enactment of international opportunities (Laperrière & Spence, 2015). These findings contribute to the strategic understanding of knowledge management in the process of PSF internationalisation.

3.4.2.5 People management in PSF internationalisation

An increasing number of studies were found on the topic of people management in global PSFs, explaining how global PSFs select, train, retain, motivate, and locate their professionals

globally. There were 34 papers out of 237 articles (15%), i.e., 1, 16 and 17 papers in the sequential (1970-2000), growth-based (2001-2010) and spiderweb-like (2011-2020) expansion phases, respectively.

In the sequential expansion phase (1970-2000), Fjetland (1996) discussed the shortage of attorneys in the US law firms who were competent in international business law (Fjetland, 1996). Coming into the growth-based expansion phase (2000-2010), two main streams of research emerged. The first theme was human capital investment via strategic HRM such as selection, training, development and promotion. Human capital had a significant effect on the exports of services (Contractor & Mudambi, 2008; Vedd & Kouhy, 2005). The other stream of the research relates to investigating the relationship among professionals within global PSFs. There was a division in law firms between fee earners and support staff where talented support staff facilitated the high performance of professional staff (Forstenlecher, Lettice, & Tschida, 2009). On a global scale, professionals face challenges in protecting their resources and knowledge to maintain their advantages while sharing their knowledge to benefit firm performance (Pinnington et al., 2009). In addition, gender bias in the promotion process of PSFs was addressed and studied in this research phase (Kumra & Vinnicombe, 2008).

In the spiderweb-like expansion phase (2011-2020), broader HRM issues were examined in global PSFs, including perception bias among professional accountants and cultural differences perceived by professionals between Australia and India (Patel & Millanta, 2011), competence development and career advancement of professionals (Pinnington, 2011), emergent learning practices in globalised work (Toiviainen, Lallimo, & Hong, 2012), the pros and cons of expanding employees' global knowledge reach (Morris et al., 2015), the factors influencing auditors' willingness to relocate nationally and internationally (Law et al., 2016), social exclusion in elite PSFs (Ashley & Empson, 2017), and the competencies and diversity movements (Seuffert, Mundy, & Price, 2018). Due to the need to respond to markets, temporary staff were used in global PSFs, which created challenges in respect of the centralisation of control and the standardisation of business practices (Coe, Johns, & Ward, 2011).

3.4.2.6 *Internationalisation strategies and entry modes of global PSFs*

There were 29 articles out of 237 articles (13%) on the topic of PSF internationalisation strategies and their entry modes, i.e., 6, 9 and 14 articles in the sequential (1970-2000), growth-based (2001-2010) and spiderweb-like (2011-2020) expansion phases, respectively.

During the sequential expansion phase (1970-2000), research focused on the differences in internationalisation strategies between service and other types of MNEs, such as manufacturing MNEs (Boehe, 2016) and different strategies used by global PSFs (Coviello & Martin, 1999; Grönroos, 1999). While most manufacturing MNEs adopted the export or FDI strategies, service-based MNEs, especially global PSFs, adopted the “direct entry” strategies to follow clients (Grönroos, 1999). As the definition and characteristics of PSFs had not been clarified in this period (Von Nordenflycht, 2010; Zardkoohi et al., 2011), some internationalisation strategies and entry modes developed from the theories of product industries, for example, multinational accounting firms entering new markets in Eastern Europe by developing local firms (Cooper et al., 1998).

In the growth-based expansion phase (2001-2010), researchers discussed two forms of internationalisation, i.e., geographical and service globalisation (Perera et al., 2003) and localisation (multi-domestic) strategy (Kolk & Margineantu, 2009; Silver, 2007). Perera et al. (2003) found two forms of PSF internationalisation: geographical expansion which refers to the establishments in different locations, and service globalisation which means the addition of new services to extend global reach. Due to the challenges of economic globalisation facing global PSFs, PSFs adopted a localisation strategy (multi-domestic) by transforming themselves into global organisations and embracing local lawyers to offer local advisory services (Silver, 2007).

In the spiderweb-like expansion phase (2011-2020), research extended previous literature by investigating multiple strategies used by global PSFs (Breunig et al., 2014; Houlder & Williamson, 2012; Jayaraman et al., 2013; Li, 2019), new strategies particularly for entering emerging markets (Demirbag et al., 2016; Li, 2019), and the balance between different strategies such as integration and localisation (Belal et al., 2017; Brock & Hydle, 2018; Manning et al., 2017). Multiple strategies, such as continuous, repetitious, and distinctive modes, were adopted

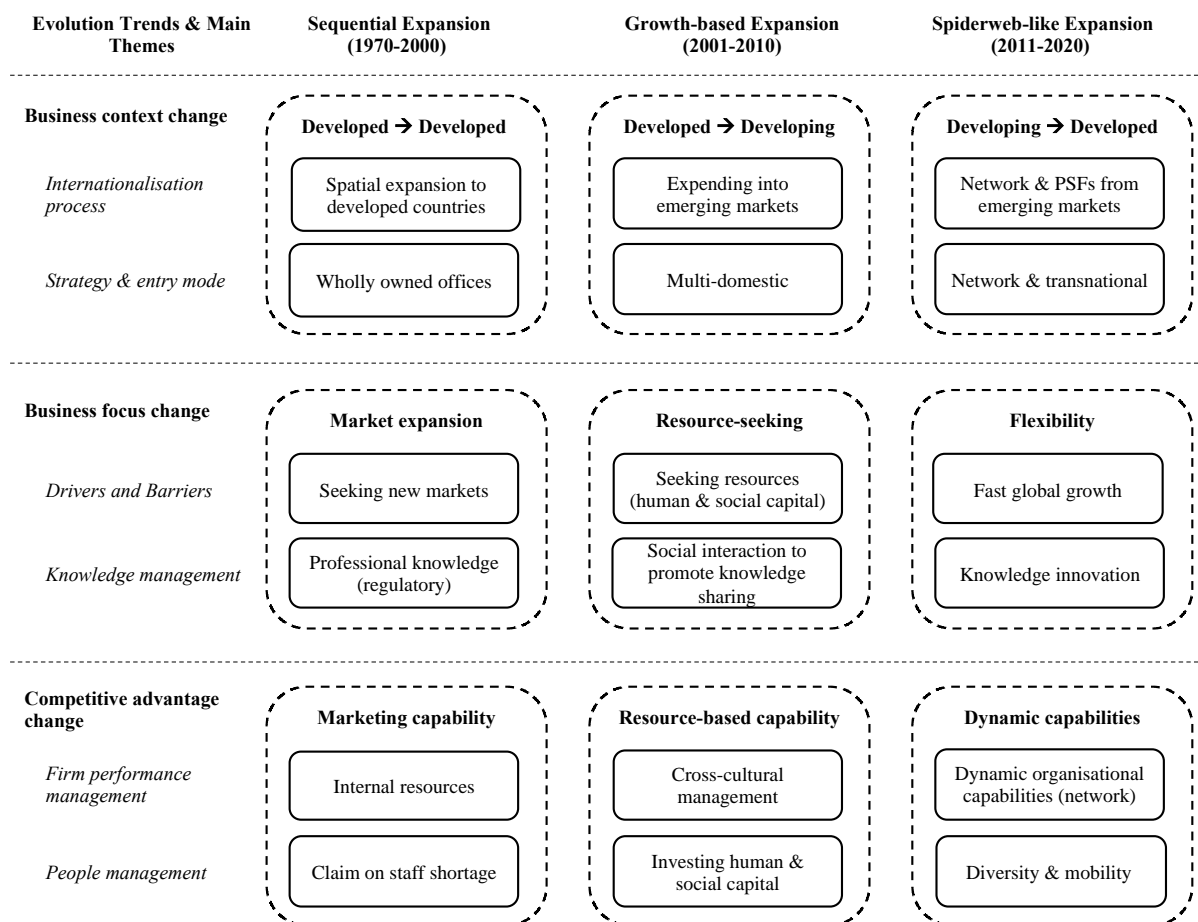
by PSFs to enable growth without undermining trust, professional knowledge and integrity (Breunig et al., 2014; Houlder & Williamson, 2012). The firms' choice of entry mode to the international markets is related to domestic market position, with top-tier PSFs preferring joint venture arrangements, while both mid-tier PSFs and boutique PSFs choose 'fly-in, fly-out' methods as internationalisation entry modes (Suseno & Pinnington, 2018a).

When it comes to emerging markets, the springboard strategy was used by Chinese firms where internationalisation signals symbolic value to their clients (Li, 2019). The balance between different strategies was researched. For example, Brock and Hydle (2018) studied the balance between global integration and local responsiveness during PSF internationalisation and found that transnationality can trade-off the integration-responsiveness relationship. Other studies paid attention to new IB strategies based on technology advancement, such as the shared network strategy (Ariwa & Syvertsen, 2013; Toiviainen et al., 2012). In entering more complex and turbulent markets, information technology can help PSFs achieve economic growth within an international network (Ariwa & Syvertsen, 2013; Toiviainen et al., 2012). Digital learning systems enable a global PSF to acquire external knowledge and integrate it into its global network (Zhang et al., 2016). On the other hand, digitalisation and information technology widened the knowledge gap between the employees of local and international PSFs in emerging markets (Yapa, Ukwatte Jalathge, & Siriwardhane, 2017). These studies sought to explore technology advancement in internationalised PSFs; however, these studies have not yet specified whether and how digitalisation affects PSF internationalisation strategy.

3.5 Discussion and Future Research

PSF internationalisation has attracted increased attention in IB, IHRM and PSF research. It experienced the sequential (1970-2000), growth-based (2001-2010) and spiderweb-like (2011-2020) expansion phases. Based on the findings, this study discusses the evolution of PSF internationalisation based on their business context, market focus and competitive advantages, which varied across the three stages. A future research agenda is offered to advance PSF internationalisation research.

Figure 3.3 Evolution of PSF Internationalisation Research in the Past 50 Years



Note: This figure presents how evolution trends emerge from the recurring themes over the three phases. The first column shows the names of recurring themes (smaller and italic text) and the names of the evolution trend (bold text). The first row presents the three phases over fifty years. From the left to right side, the evolution trends (bold text) show up, supported by the evidence with existing studies (smaller text).

3.5.1 The evolution of PSF internationalisation research

3.5.1.1 The change of business context

The findings on the international process, strategy, and entry modes indicate the changes of business context in PSF internationalisation research. As shown in Figure 3.3, in the sequential expansion phase (1970-2000), most studies were conducted in the context of developed economies, where PSFs internationalised from developed home countries to developed host countries. For example, Western Europe, Eastern Europe, and Pacific Asia (Japan, Hong Kong, and Singapore) are three targeted arenas for large US law firms (Beaverstock et al., 2000). Such expansion was explained by the ownership, location and internalisation (OLI) framework (Dunning 1977, 1988). PSFs try to improve their own competence, such as firm size, scope, creativity and reputation, to gain more markets (Nachum, 1996) and establish wholly-owned

offices to expand their markets (Grönroos, 1999). Therefore, they are likely to consider specific geographies.

In the growth-based expansion phase (2001-2010), scholars started to extend their research into the context of developing countries, observing PSFs that expanded from developed markets to developing markets. For example, Freeman and Sandwell (2008) studied PSFs from a developed market (Australia) expanding rapidly into Asian emerging markets and explored the challenges involving face-to-face communication, language, culture, work practices, and government regulations (Freeman & Sandwell, 2008). As a result, PSFs adopted a multi-domestic strategy by providing localised services (Silver, 2007).

In the spiderweb-like expansion phase (2011-2020), a new phenomenon emerged as PSFs from developing countries initiated their business into developed markets, benefiting from the development of technology and improvements in networks. Due to the advancement in technology, PSFs can use varied networks to establish their globalisation (Ariwa & Syvertsen, 2013; Salvoldi & Brock, 2019). Different networks form a spider-like expansion of PSFs in this period. This accelerated the internationalisation of law firms from China (Li, 2019; Liu & Wu, 2016) and the adoption of networks in EU law firms (Salvoldi & Brock, 2019).

3.5.1.2 The change of business focus

From the reviewed papers relating to the drivers, barriers of PSF internationalisation as well as knowledge management in global PSFs, this study found that global PSFs' business focus in internationalisation changed, i.e., market expansion, resource-seeking, and flexibility in the three phases, respectively. Figure 3.3 presents the change of business focus over the three phases.

In the sequential expansion phase (1970-2000), market expansion became the main focus of PSFs that internationalised their service into other developed markets. Studies on IB drivers and barriers uncovered the opportunities in foreign markets that push PSFs to follow their globalised clients (Frazer Winsted & Patterson, 1998). In doing so, they aim to establish world-city office networks (Beaverstock et al., 1999) and follow their specific geographies (Beaverstock et al., 2000) in developed markets. The literature explored PSFs' focus on improving their firms' strengths to enter developed markets. Studies on knowledge management in global PSFs noted

the importance of knowledge when facing a rapidly changing global market (Gibbins & Wright, 1999). Therefore, geographic market expansion into different markets is the main characteristic of the sequential expansion phase.

In the growth-based expansion phase (2001-2010), research on global PSFs started to stress the importance of crucial resources in their internationalisation process. Resource-seeking became the main focus in this phase. Due to significant differences between their home countries (developed markets) and host countries (developing countries), PSFs have to seek and establish critical resources to support their cross-border movement and activities. These resources include human, social capital and cultural capital (Hitt et al., 2006; Kittler & Schuster, 2010; Skaates et al., 2002), state-capital and client relationships (Sikka, 2008; Smedlund, 2008) and managerial mindset (Cort et al., 2007). PSFs sought strategic management capabilities (Simon & Kumar, 2001) and organisational integration and internal consistency as a source of sustainable competitive advantages (Segal-Horn & Dean, 2009).

In the spiderweb-like expansion phase (2011-2020), PSFs' business focus shifted to flexibility to cope with the fast-changing business environment. Given the development of technology, some professional services have been automated (Brivot, Lam, & Gendron, 2014), and AI was introduced to PSFs (Pemer, 2021). PSFs develop dynamic capabilities to be flexible and agile to overcome the uncertainty of markets. As PSFs are knowledge-intensive firms, knowledge innovation plays a crucial role in their cross-border competition. Salunke et al. (2011) found that global PSFs selected and adopted dynamic capabilities to form their innovation-based competitive strategy, which helped them achieve greater innovation and sustained competitive advantage. Meanwhile, dynamic capabilities in knowledge learning were also under investigation in this phase. In the process of PSFs entering foreign markets at an early date and engaging in rapid international expansion, Bunz et al. (2017) found that dynamic experiential learning can save their venture time and resources, thus promoting sustainable growth.

3.5.1.3 The change in competitive advantages

The competitive advantages that PSFs have developed during their internationalisation changed across the three phases. The changes included marketing capability, resource-based

capability, and dynamic capability in the three phases, respectively. As shown in Figure 3.3, these changes are mainly reflected in the studies on firm performance management and people management in global PSFs.

In the sequential expansion phase (1970-2000), marketing capability was the main competitive advantage when PSFs followed their clients into other developed economies. During this period, internationalised PSFs stressed the factors affecting the international competitiveness of PSFs (Nachum, 1996), developed local firms, institutions and markets (Cooper et al., 1998), and maintained relationships with their clients in global markets (Hart & Hogg, 1998). Therefore, researchers identified five market-related reasons for PSF internationalisation: 1) profit opportunities, 2) following clients aboard, 3) seeking expansion overseas, 4) assisting international clients in doing business in PSFs' home countries, and 5) market diversification (Gaedeke, 1973). Additionally, culture conflict as a people management issue was studied in this phase. Cooperation with local firms was found to overcome this issue (Fjetland, 1996).

In the growth-based expansion phase (2001-2010), the resource-based capability was at the centre of PSF internationalisation research, which reflected the shift of these knowledge-intensive MNEs. As analysed in the previous section, PSFs entered developing markets where institutions, culture, legal systems, and market environments differ from their home countries (Freeman et al., 2007). The advantages of resource-based capability help PSFs from developed economies enter developing markets in this phase. Accordingly, scholars investigated human capital and relational capital as the basis of PSF internationalisation (Hitt et al., 2006) and strategic human resource management in global PSFs (Vedd & Kouhy, 2005)

In the spiderweb-like expansion phase (2011-2020), dynamic capability plays a key role when PSFs provide cross-border services and manage operations in different countries. Competition rose from not only the rivals of developed markets but also from those of emerging markets. As a result, PSFs shifted to the development of dynamic capabilities to survive in this fiercely competitive environment. The extant literature investigated dynamic capabilities in innovation-based competitive strategy (Salunke et al., 2011) and dynamic learning and adaptation in the internationalisation process (Bunz et al., 2017). Since network and service innovation can

help develop the PSFs' dynamic capabilities in global operations (Agarwal & Selen, 2013), many scholars studied the networks of internationalised PSFs, for example, network capabilities (Zhang et al., 2016) and "network" internationalisation (Salvoldi & Brock, 2019). Networks also help global PSFs to provide transnational services by local professionals rather than transnationally mobile professionals (Spence, Sturdy, & Carter, 2018). In this phase of research, internationalised PSFs were found to emphasise dynamic capability as the source of their competitive strength in the global market.

Based on the findings and the above evolution analysis, PSF internationalisation is a multi-disciplinary and dynamic phenomenon. Next, this study offers suggestions for future research and the practical cross-border operation of global PSFs in three main areas: integration of multiple disciplines (i.e., IB and IHRM), flexible and agile management, digitalisation and EPSFs as the new context.

3.5.2 Future research directions

3.5.2.1 Integrating IB and IHRM research in PSF internationalisation

The previous themes fall into the fields of IB and IHRM, where the drivers & barriers, process, strategy, and entry model are the focus of IB research, while people management and performance management are the focus of IHRM. Knowledge management has been a key issue for PSFs research. This illustrates that the extant research on PSF internationalisation has been conducted in the IB or IHRM fields separately without cross-fertilisation. By tracing the three phases, this study found that some aspects of PSF internationalisation research attracted scholars on both sides. In the case of IB drivers, which is traditionally considered as an IB research field, there are five papers written from the IHRM perspective. These studies addressed human capital and relational capital as the bases of internationalisation (Hitt et al., 2006), identified the factors motivating managers toward internationalising their firms (Cort et al., 2007) and explored employers' PSF internationalisation strategies and individuals' enactment of career aspirations (Pinnington & Sandberg, 2014). On the topics of knowledge management and performance management, there are 15 and 14 papers from IB, while 17 and 37 papers from IHRM. For example, IB papers investigated knowledge learning during PSF internationalisation as a process

of social interaction with the socio-cultural environment (Reihlen & Apel, 2007), while IHRM scholars focused on knowledge management, knowledge sharing and HRM practices in the knowledge-intensive MNEs (Majeed, 2009). Moreover, when it comes to performance management, IB researchers studied the relationship between international diversification and risk-adjusted performance (Elango et al., 2013). Meanwhile, IHRM scholars studied strategic capabilities, including the ability to listen to and comprehend the client, quality of service, client-consultant communication, integrity, honesty and technical knowledge, which lead to successful management consulting (Simon & Kumar, 2001).

The limited cross-fertilisation between the studies on PSF internationalisation is apparent. If IB and IHRM fields can benefit from key concepts and concerns accumulated by each other, it can further our understanding in the international business field (Andersson et al., 2019). IB studies on PSF internationalisation tend to neglect the management of people, a critical resource within global PSFs, which results in staffing issues and professionalisation issues when PSFs go abroad. Similarly, IHRM scholars often ignore the economic aspects of PSF internationalisation, such as drivers, barriers, entry mode, business strategy and expansion process. As a result, they fail to explain the relationship between people management and decision-making on economic aspects. Therefore, in order to further our current understanding of PSF internationalisation, more cross-fertilisation studies are needed in the future.

For global PSFs, professionals are of increasing importance because they bring expert knowledge to a large variety of social and economic settings (Brock et al., 2014; von Nordenflycht, 2010; Zardkoobi et al., 2011). People, thus, have to be managed carefully and effectively along PSFs' globalisation path. Future research on PSF internationalisation can adopt a multi-disciplinary approach to investigate why and how PSF can extend business successfully in the global market by adopting various people and non-people strategies. This can provide a more comprehensive and more in-depth understanding of PSF internationalisation. Table 3.5 presents research needs, questions and methods for integrating IB and IHRM in future PSF internationalisation.

3.5.2.2 *Addressing flexible and agile management*

For MNEs, including global PSFs, to adapt to increasing volatility, complexity, and uncertainty in the changing environments of different markets, there is an urgent need to develop and leverage more innovative and flexible forms of global mobility (Reiche et al., 2019). For example, information asymmetry and lack of experience from foreign markets can hinder the internationalisation process of PSFs and the ability to grasp various market knowledge. There are substantial differences between their home markets and foreign markets involving internal structures, human resource policies and practices, and relations with contiguous occupations, clients, and even pricing systems (Malhotra & Morris, 2009). These differences across professions can affect their responses to various external market and institutional changes. There is a need to establish a structure where each unit is rooted deeply in the local culture, recruiting local experts as workforce and understanding local law systems and government policies. Platform networks can link small professional service businesses and marketing by using their networks for marketing activities (Menelec & Jones, 2015). For global PSFs, networks offer an organisational solution to conditions where timely and flexible responses to various client needs are preferred but where human resource managerial action is diverse and unaligned.

The nature of PSFs is knowledge-intensive, implying that professionals expect high independence and subsidiaries need high autonomy. For example, Brock et al. (2007) found a global professional network with the specific characteristics of international scope, organisational systems, reward systems, corporate governance, and significant diversification. A more recent study focused on transnationality, which has become a more popular choice for international PSFs and has increasing relevance to contemporary PSFs (Brock & Hydle, 2018). This type of transnational PSFs can be a specific organisational structure of PSFs with high levels of globalisation and local responsiveness. Despite the network and transnational strategy in existing literature, future research needs to consider adopting flexible and agile management in global PSFs. As people management and business operations are nested in a diverse world, global PSFs have to maintain a trade-off between being globally integrated and locally responsive by adopting flexible and agile management. Few studies have investigated this to date. Further research should

Table 3.5 Future research directions in PSF internationalisation

	Integrating IB and IHRM	Flexible and Agile Management	Digitalisation as New Business Context	Investigating EPSFs
Research needs	<ul style="list-style-type: none"> ▪ To extend research on PSF internationalisation with multi-disciplinary insights 	<ul style="list-style-type: none"> ▪ To help firms to adapt to fast-changing markets 	<ul style="list-style-type: none"> ▪ To better understand the impact of digitalisation on PSF internationalisation 	<ul style="list-style-type: none"> ▪ To explore the drivers, strategies, processes and entry modes of EPSFs
Research questions	<ul style="list-style-type: none"> ▪ How to integrate IB and IHRM in PSF internationalisation research? 	<ul style="list-style-type: none"> ▪ What flexible and agile management has been adopted by global PSFs? ▪ How does flexible and agile management influence PSF internationalisation? 	<ul style="list-style-type: none"> ▪ How does the digitalisation of management and work influence PSF internationalisation? 	<ul style="list-style-type: none"> ▪ How do EPSFs internationalise? ▪ How do EPSFs manage their internationalisation?
Research methods	<ul style="list-style-type: none"> ▪ Qualitative methods to explore the integration of IB and IHRM in the PSF internationalisation process 	<ul style="list-style-type: none"> ▪ Qualitative methods to explore the practices of flexible and agile management in global PSFs ▪ Quantitative methods to measure the relationship between flexible and agile management and firm performance in global PSFs 	<ul style="list-style-type: none"> ▪ Qualitative methods to explore what influences digitalisation has on PSF internationalisation ▪ Quantitative methods to measure the impact of digitalisation of management and work on PSF internationalisation 	<ul style="list-style-type: none"> ▪ Qualitative methods to explore the internationalisation drivers, strategies, and entry modes during the internationalisation process of EPSFs ▪ Qualitative methods to explore the management of navigating the complexity between home and host countries of these firms

give more scholarly attention to the flexible and agile management of PSFs, to balance the expectations of high independence by professionals, high autonomy of subsidiaries and the global effectiveness of the entire firm.

3.5.2.3 Digitalisation as a new business and research context

Over the last 50 years, scholars have built up an extensive body of knowledge on PSF internationalisation. The internationalisation of born-digital firms is affected dramatically by technological adoptions, including direct engagement with stakeholders, automation, network effects, flexibility and scalability (Monaghan, Tippmann, & Coviello, 2020). However, little attention is given to digitalisation's impact on global PSFs. Digitalisation has substantial implications for PSFs, not only by introducing technology and efficient processes but also by driving profound changes to their distinctive characteristics (Kronblad, 2020). Digitalisation results in new distinctive features of PSFs. For example, digitalisation enables legal service delivery at lower levels of knowledge intensity, whereas it increases capital intensity for most firms and decreases the workforce's professionalisation.

In addition, digitalisation can be a basis to help understand current global PSFs. Professional services can be categorised into standardised services and non-standardised services. For standardised services, such as auditing, PSFs can train their staff to provide high-quality auditing services and then send them into subsidiaries overseas. Nevertheless, auditors have to engage in face-to-face interactions with clients and then offer professional reports to them. Thus, they have to set up branches overseas for their staff to work and communicate with clients. On the other side, in the context of non-standardised service (e.g., law and advertising), PSFs have to cope with the problems that clients define by providing customised solutions. Cultural diversity, local education, national jurisdiction and institutional environment put high pressure on these PSFs (Malhotra & Morris, 2009; von Nordenflycht, 2010; Zardkoohi et al., 2011). Therefore, global PSFs have to face the challenges arising from the degree of face-to-face interaction required and the nature of customised service. They have to keep diversity among different locations (Boussebaa & Morgan, 2015; Malhotra & Morris, 2009). As such, PSFs need to adopt digitalisation to advance their capability (Caserta & Madsen, 2019; Perner, 2021).

However, there is little research on the relationship between digitalisation and PSF internationalisation. To respond to the information asymmetry and lack of experience, many global PSFs set up platform networks and allow professionals and subsidiaries to enjoy a high level of autonomy and independence (Salvoldi & Brock, 2019). The people management and business operations are nested on a shared digital platform that distinguishes themselves from the traditional global expansion models. It needs to extend our understanding of business strategy and people management in a digitalised world. Therefore, future research should conceptualise the integration of digitalisation into international modes for multinational PSFs.

3.5.2.4 Investigating EPSFs

From the perspective of IB research, PSFs that internationalised from emerging markets into foreign markets can be seen as a type of EMNEs. In the Literature Review (Chapter 2), three main theories of EMNEs were introduced, including springboard theory (Luo & Tung, 2007, 2018), strategic intent perspective (Bass & Chakrabarty, 2014; Rui & Yip, 2008), and government steward perspective (Deng, 2004; Han et al., 2018). The challenges of applying these theories from manufacturing firms to PSFs were also identified and outlined. Some questions are still under-explored to date. For example, what kind of advantages and disadvantages do EPSFs have prior to their internationalisation? Do they adopt the same strategies as manufacturing EMNEs? If not, what new strategies are adopted by them? What factors affect their choices of internationalisation strategies? Does the nature of PSFs influence their internationalisation? These questions need more scholarly attention.

Compared with EMNEs from manufacturing industries that have received sufficient scholarly attention (e.g., Deng, 2004; Luo & Tung, 2007, 2018; Luo & Witt, 2021; Pinkham & Peng, 2017; Witt & Lewin, 2007), the internationalisation of EPSFs remain still under-explored to date (see Li, 2019; Liu & Wu, 2016 for exceptions). On the other side, existing literature on PSF internationalisation focuses on those from developed economies, as discussed in the second chapter of this thesis. Despite the lack of academic studies, EPSFs internationalised rapidly in recent decades and played an important role in international business. By 2018, 123 Chinese law firms had expanded globally, aiming to carry symbolic value in maintaining their existing clients

(Li, 2019). Among Chinese law firms, different ecological positions in their home market generated four types of organisational growth, including global generalists, elite boutiques, local coalitions, and space rentals (Liu & Wu, 2016). Liu and Wu (2016) found these internationalised Chinese law firms dominate the Chinese legal market, competing with elite rivals from developed economies. As a new phenomenon, it requires more investigation into its internationalisation drivers, strategies, entry modes and process, as well as the impacts of digital technology.

Doing so can apply and test emergent IB theories on EMNEs into the knowledge-intensive PSFs in emerging markets. As a type of EMNEs, they lack significant resources and capabilities prior to their global expansion (Boehe, 2016; Luo & Tung, 2007, 2018). In addition to challenges as EMNEs, the context of their home markets differs from developed economies. For example, Chinese PSFs were born in the context of relatively high-power distance and the hierarchical management structure in Chinese PSFs (Fu, Bosak, Flood, & Ma, 2019; Fu, Ma, et al., 2015; Fu, Ma, Flood, Bosak, Liu, & Zhang, 2016). This distinctiveness encourages researchers to explore how PSFs internationalise, how they address the national-international paradox to turn their disadvantages into advantages as latecomers and how they navigate the complexities between home and host countries along with their internationalisation processes.

3.6 Conclusion

Over the past half-century, a substantial body of research has been developed to study PSF internationalisation. This work has generated valuable insights to understand why and how PSFs have internationalised as well as the management of the internationalisation process via people and knowledge management. This review consolidates extant findings from the complementary streams of IB, IHRM and PSF research providing an integrative review. It identifies the evolution of PSF internationalisation based on their business context, focus and competitive advantages and presents recommendations for future research into how PSFs internationalise in the digital era. This study encourages scholars to advance the integration of IB, IHRM and PSF research to further explore the internationalisation of PSFs.

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Chapter 4 Study 2

EPSFs: Managing the National-international paradox

4.1 Abstract

This paper focuses on the internationalisation of EPSFs. While these firms have grown significantly in their practices, they have been under-investigated in the existing literature. Data were collected from 20 internationalised Chinese law firms via in-depth interviews with their experienced lawyers and partners. These firms were found to have the desire to go global whilst simultaneously maintaining national identity, forming the national-international paradox. The drivers for such a paradox were identified as government policies, international expansion of clients, and the international perspective of the Chinese founders/managers with overseas backgrounds. In addition, the findings reveal how the internationalised Chinese law firms manage such paradox, i.e., via the experimentation-based internationalisation strategy, the adoption of specific management practices to maintain the Chinese identity and managing ambidexterity such as structure and service during the internationalisation process. These findings shed invaluable insights into IB and PSFs research on how EPSFs navigate the institutional complexity of home countries and compete with counterparts from developed economies in the international market.

Keywords: Professional service firms, PSF internationalisation, EPSFs, Chinese management, experimentation, digitalisation, ambidexterity

4.2 Introduction

Emerging Market Multinational Enterprises (EMNEs) have attracted increased attention on how they overcome the liabilities of foreignness, disadvantages of being late movers, and the liability of outsidership (e.g., Contractor, Kumar and Kundu, 2007; Luo *et al.*, 2011; Li and Fleury, 2020). Among the growth of EMNEs, professional service firms (PSFs) from emerging markets have become a distinctive phenomenon (Al Qur'an, 2011; Li, 2019; Liu & Wu, 2016). Existing research on PSF internationalisation has been focused on the PSFs from developed countries such

as the USA (Powell, 2014a; Powell & Rhee, 2018; Silver, 2007), UK (Boussebaa, 2015a; Jones, 2007; Segal-Horn & Dean, 2009) and Australia (Pinnington & Gray, 2007; Suseno & Pinnington, 2018b, 2018a). However, the question of how EPSFs, as latecomers, internationalise has been overlooked.

PSFs are knowledge-intensive firms with low capital intensity and professionalised workforce (Von Nordenflycht, 2010; Zardkoohi et al., 2011). They provide customised services to their clients (Maister, 2012; Von Nordenflycht, 2010). Based on their differences from the product industries, the internationalisation of PSFs differs from the manufacturing or general service firms. For example, product industries mainly adopt entry modes such as wholly-owned subsidiaries, joint ventures, and non-equity arrangements (Anderson & Gatignon, 1986; Brown, Dev, & Zhou, 2003; Elia, Larsen, & Piscitello, 2019), while PSFs are more likely to adopt networks (Salvoldi & Brock, 2019; Suseno & Pinnington, 2018b). In addition, PSFs are highly regulated by the local institutional environment, which also makes challenging the replication and implementation of strategies from product industries (Salvoldi & Brock, 2019). The institutional settings of emerging markets are significantly different from developed economies as emerging market firms suffer from institutional constraints in home countries (Pinkham & Peng, 2017; Witt & Lewin, 2007). These challenges have discouraged the internationalisation of EPSFs (Witt & Lewin, 2007) and led existing PSF internationalisation literature to focus on the PSFs from developed economies only, e.g., PSFs from the US, UK, and other European countries (Suseno & Pinnington, 2018b), lacking sufficient investigation on EPSFs.

Due to the development of the global economy and the advancement of technology, EPSFs have started to internationalise, including the rapidly internationalised Chinese law firms (Li, 2019; Liu & Wu, 2016). Between 2000 and 2018, 123 Chinese law firms expanded overseas. As latecomers and newcomers, EPSFs face significant challenges due to reputational weakness outside of home markets (Luo & Tung, 2007; Mathews, 2002, 2006). Reputation is a key enabler for PSFs to signal their service quality and attract new international business in host countries (Hitt et al., 2006; Lu, Quester, Medlin, & Scholz, 2012). Similar to other industries' internationalisation, PSFs need to manage the tension between global integration and local

responsiveness. Taking the internationalisation of law firms as an example, jurisdictions differ across borders, so they need to be localised (Segal-Horn & Dean, 2011). The local adaptation to different foreign markets and circumstances hinders the global expansion of PSFs (Salvoldi & Brock, 2019). In addition, cultural difference brings challenges for EPSFs. Emerging countries, such as China, have a relatively high-power distance and mainly adopt the hierarchical management structure within PSFs (Fu et al., 2019; Fu, Ma, et al., 2015, 2016). This results in internationalised Chinese firms maintaining their Chinese identity during internationalisation, which can be developed as a country-specific advantage in terms of retaining and attracting Chinese clients overseas (Suter, Munjal, Borini, & Floriani, 2021). Most EPSFs follow their existing clients who go abroad from domestic markets. To better serve their international clients, EPSFs need to maintain their national and international identities simultaneously in order to provide consistent service to their clients. This particular “dual identities” challenge faced by the EPSFs during internationalisation, requires scholarly attention.

To better understand how EPSFs maintain both national and international identities, this study adopts paradox theory to analyse the internationalised Chinese law firms via an inductive approach. Paradox theory claims that firms can deploy contradictory practices to enhance performance (Fu, Flood, Rousseau, & Morris, 2020; Lollar, 2015; Poole & Van de Ven, 1989; Schad, Lewis, Raisch, & Smith, 2016). Data were collected from 20 internationalised Chinese law firms via in-depth interviews with experienced lawyers and partners. These firms were found to have the desire to go global and simultaneously maintain their national identity, forming the national-international paradox. Drivers for such paradox were identified as the government policies, following their internationalised clients, as well as the Chinese founders/managers with an international background. In addition, the findings revealed how the internationalised Chinese law firms managed such paradox, i.e., via the experimentation-based internationalisation strategy, the adoption of specific management practices to maintain the Chinese identity and managing ambidexterity such as structure and service during the internationalisation process.

The findings from this study make three contributions to IB and PSFs research. Firstly, this study contributes to the IB research by employing paradox theory to study the

internationalisation of EMNEs, especially EPSFs. The adoption of paradox theory explains the new phenomenon of EPSFs, which cannot be fully explained by existing IB theoretical frameworks. Secondly, this study contributes to the EMNES research by investigating how EPSFs address the national-international paradox to turn their disadvantages into advantages as latecomers in the international legal service market and compete with counterparts from developed economies in the international market. Finally, this study delivers novel insights into the PSFs literature, illustrating that EPSFs as EMNEs maintain national identity to overcome the latecomer disadvantages when they go global. Doing so also extends our knowledge of PSF internationalisation into EPSFs, by studying internationalised Chinese law firms.

4.3 Literature Review

4.3.1 Internationalisation of EPSFs

PSF internationalisation is mainly driven by following their domestic clients who establish an international presence (Frazer Winsted & Patterson, 1998; Hitt et al., 2006; Krull et al., 2012). A body of research on PSF internationalisation has been undertaken in the past five decades (Baker, 1977; Breunig et al., 2014; Perera et al., 2003; Sluyterman, 1998). Such research has mainly focused on the global PSFs from developed economies, including the UK (Boussebaa, 2015a; Carroll & Vaughan, 2019), the US (Alon & McKee, 1999; Hitt et al., 2006; Silver, 2007), the EU countries (Kittler & Schuster, 2010; Nachum, 2003; Tsao et al., 2017), Australia (Freeman et al., 2007; Pinnington & Gray, 2007) and Canada (Spence et al., 2018; Zhang et al., 2018). Although some studies involved developing economies, they focused on global PSFs that originated from developing countries and expanded into these developing countries. Examples include the IB process of global PSFs into Jamaica, Thailand, Malaysia, Vietnam and China (Freeman et al., 2007; Freeman & Sandwell, 2008; Liu, 2008), HR staffing of global PSFs in the Caribbean (Bakre, 2006a), performance management of global PSFs in Jamaican, Argentina and Brazil (Bakre, 2006b; Miozzo & Grimshaw, 2008), knowledge management of global PSFs in China, South African, Russia, Fiji (Baker et al., 2010; du Plessis & du Toit, 2006; Lin & Hung Chan, 2000). Few studies have investigated the phenomenon of PSF internationalisation from emerging markets into developed economies (see Li, 2019; Liu & Wu, 2016 for exception).

Along with the rapid development of EMNEs, cross-border professional services such as accounting and legal services from emerging markets have been growing faster (Abdelzaher, 2012; Bello et al., 2016). For example, Li (2019) found that 123 Chinese law firms internationalised into developed economies. PSFs from India, such as Singhanian law firm and Kochhar law firm, expanded into the USA, UK, UAE and Singapore markets (Mathew, Javalgi, Dixit, & Gross, 2021). Due to the distinctive institutional context of home countries, this type of PSFs developed their firm-specific advantages in order to expand in domestic and global markets and avoid being merged by large global incumbents (Liu & Wu, 2016). In following their clients into the international arena, they have maintained their national identity to provide consistent services. In doing so, they have to overcome different challenges not faced by the incumbents from developed economies. For instance, due to the emerging market origins (Javalgi & Steven White, 2002), they suffer from a financial dilemma when moving up the value chain of professional service. While they utilise higher-wage professionals to enhance service quality in the global markets, the inborn status of emerging-market firms weakens their bargaining power (Bello et al., 2016).

This new phenomenon of reverse internationalisation with EPSFs provides a rich opportunity for scholars and practitioners in IB and PSFs fields. EMNEs are latecomer firms with poor resources, less-sophisticated technology, and limited market access (Cuervo-Cazurra & Genc, 2008; Mathews & Zander, 2007). Recent IB theoretical frameworks, such as the springboard perspective (Luo & Tung, 2007, 2018; Mathews, 2002, 2006), focus on manufacturing firms that mainly adopted cross-border acquisition as an entry mode and low-cost strategy. PSFs are distinctive from manufacturing firms in terms of low capital requirement, knowledge intensity, professional staff dependency, and client-driven focus. These distinctive features of PSFs affect their internationalisation strategies and processes (Brock & Hydle, 2018; Kolk & Margineantu, 2009; Li, 2019). In addition, drivers for PSF internationalisation are different from other EMNEs. Most PSFs followed their clients to go aboard (e.g., Brock, Yaffe, & Dembovsky, 2006; Hitt, Bierman, Uhlenbruck, & Shimizu, 2006; Morgan & Quack, 2005), while other EMNEs internationalise in order to get strategic resources and compensate their

inborn disadvantages (Luo & Tung, 2007; Mathews, 2002, 2006). EPSFs cannot directly copy other EMNEs' internationalisation strategies. EPSFs, thus, challenge the adoption of existing theories of EMNEs.

In the absence of significant resources and capabilities (Boehe, 2016), EPSFs follow their existing clients by overcoming different challenges such as the financial dilemma (Bello et al., 2016) and developing their firm-specific advantages (Liu & Wu, 2016). The reputation of PSFs plays a much more critical role than common EMNEs. International reputation is critical for PSFs as clients cannot judge the service quality. Therefore, they rely heavily on PSF reputation to find professional service providers (Hitt et al., 2006; Von Nordenflycht, 2010). EPSFs suffer from a poor reputation because they are considered as latecomers without sufficient resources (Luo & Tung, 2007; Mathews, 2002, 2006). Another key challenge for internationalised firms is to manage the tension between internationalisation and localisation (di Norcia, Bartlett, & Ghoshal, 1991; Leong & Tan, 1993). PSFs stress localisation as they rely on professionals to deliver customised services to attain profit and succeed in markets (Kolk & Margineantu, 2009; Silver, 2007). In this process, they have to maintain a national identity rooted in the institutional environments of their home countries while internationalising themselves to move up the value chain of professional service and enhance their firm reputation with the international identity (Hitt et al., 2006). Therefore, it needs to investigate internationalised EPSFs by considering the above challenges to enrich existing IB theories and guide managerial practices in knowledge-intensive industries.

4.3.2 Cultivating foreignness with identity theory

Foreignness is an umbrella construct, a central and well-studied concept in IB research, covering the studies of the country of origin, institutional distance, firm-specific advantages, and the eclectic paradigm (Lu, Ma, & Xie, 2022). Foreignness presents the main identity of MNEs when they enter unknown markets, i.e., the national identity representing the home country, which was considered as “foreignness” in host countries. Research considers foreignness as a liability that MNEs need to address in host countries, e.g., liability of foreignness (LOF, Rugman, 1978), liability of outsidership (Johanson & Vahlne, 2015) and liability of origin (Thite, Wilkinson,

Budhwar, & Mathews, 2016). MNEs have to leverage their firm-specific assets, knowledge, and capabilities to trade off the costs caused by liabilities of foreignness (LOF). The rationale behind such liability is due to the risks of transactional costs and disadvantages faced by MNEs when entering into a new market (Buckley & Casson, 1991; Hennart, 1982).

Meanwhile, foreignness can be considered as being an asset, i.e., the advantages of foreignness (AOF, Edman, 2016). AOF states foreignness can bring potential benefits to MNEs. For example, Edman (2016) finds that foreignness is an organisational identity that can benefit MNEs through purposeful management. While foreign images were a liability in entering developed markets, they were favourably received in other markets (Brannen, 2004). For example, German products are considered to be of high quality in both developed and developing markets. Empirical studies find that the first-mover strategy can make foreignness to be an AOF for MNEs (Sethi & Judge, 2009; Wöcke & Moodley, 2015). In conclusion, foreignness leads to a mixed effect on MNEs.

Foreignness can be studied from the organisational identity theory, which relates to the recognition of how organisation members think about 'who we are' (Anteby & Molnár, 2012; Fortwengel, 2021; Pant & Ramachandran, 2017). Applying it into the IB field, identity theory can help explain how customers perceive who the MNEs are. MNEs have identity duality where they strive to seek legitimacy and articulate an organisational identity within their dual institutional contexts, viz home and host markets (Pant & Ramachandran, 2017). In other words, the subsidiaries of MNEs have both foreignness (national identity, from the perspective of host countries) and localness (international identity, adapted to be local) identities. They have to face the juxtaposition of the contradictory, interdependent, and persistent characteristics of their identity duality.

Very few studies have examined how DMNEs manage their dual identities (e.g., Edman, 2016a, 2016b; Fortwengel, 2021). They focused mainly on the conflict between the national and international identities of DMNEs. Even less research has sought to explore how EMNEs or EPSFs actively manage dual identities during their internationalisation. Existing literature identifies the importance of contextualised explanation to understand MNEs and their

internationalisation in IB research (Welch, Paavilainen-Mäntymäki, Piekkari, & Plakoyiannaki, 2022; Welch, Piekkari, Plakoyiannaki, & Paavilainen-Mäntymäki, 2011). For EPSFs, they follow their clients to go abroad, and they need to be national (foreignness in host countries) as well as international (adopting localised management practices in different countries). Such a new context provides a rich space for exploring the dual identities of EMNEs. Recently, in studying the dual identity, Pant and Ramachandran (2017) adopt a paradox perspective (Lewis & Smith, 2014; Smith & Lewis, 2011; Poole & Van de Ven, 1989) in studying how subsidiary managers navigate the global-local tension based on a longitudinal case of Unilever in India. Following this seminal work, this study adopts the paradox perspective to study the national and international identity of EPSFs. In particular, this study seeks to explore the national and international identities of internationalised Chinese law firms and to answer the question of how they manage their dual identities to form specific advantages in client-following and market-seeking.

4.3.3 Paradoxical perspective of EPSFs

Paradox theory has a long history in philosophical studies, providing an alternative perspective to understand the tensions, oppositions, and contradictions in explaining the same phenomenon (Poole & Van de Ven, 1989). Instead of prevailing best practice theory by adopting an *either/or* approach to tensions in response to contingencies, paradox theory emphasises a *both/and* solution to tensions to seek competing demands (Lewis & Smith, 2014; Smith & Lewis, 2011). A paradox perspective assumes that organisations can simultaneously seek two seemingly contradictory and persistent demands for their long-term sustainability (Smith & Lewis, 2011). It has a metatheoretical nature without constraints on particular contexts, phenomena, or methods (Lewis & Smith, 2014).

Paradox theory has been adopted by IB scholars to address the various tensions encountered in the internationalisation of MNEs. These organisations need to manage local-global tensions (Ambos, Fuchs, & Zimmermann, 2020), autonomy–control tension (Ambos et al., 2020), and exploration-exploitation tension (Bandeira-de-Mello, Fleury, Aveline, & Gama, 2016). Existing research adopted paradox theory to explain the above tensions, mainly focusing on the

content – the paradox itself. The key drivers and how MNEs manage these paradoxes need to be better understood.

In this study, the author draws on paradox theory to understand the new phenomenon of EPSFs. PSFs survive with various tensions within the firms: flexibility and control (Breunig & Hyde, 2013), exploration and exploitation (Fu, Flood, & Morris, 2016), control and autonomy (Greenwood et al., 1990), social capital and financial capital (Stringfellow & Shaw, 2009), as well as globalisation and localisation (Breunig et al., 2014). The distinctive characteristics of PSFs lead to some different tensions within global PSFs. Boussebaa (2015) finds global PSFs have two types of headquarters-subsidary tension: vertical (headquarters-subsidary) axis and horizontal (inter-subsidary) axis, while other MNEs only have vertical tension. Ferner, Edwards and Sisson (1995) identify the tension between the firm structure and business strategy in an international PSF.

Due to the significant differences between their home and host countries, PSFs from emerging economies need to maintain multiple strategies to fit different market environments and pursue long-term sustainability. These strategies may be contradictory but interrelated, resulting from the different institutional settings of home and host markets. Li (2019) finds that most internationalised Chinese law firms set up overseas branches in wealthy developed countries, including the UK, EU, US, Australia, and Canada. There are vast historical, cultural, and institutional differences between developed and emerging countries (Elango & Pangarkar, 2021; Luo & Tung, 2007). The power distance is larger in emerging countries such as China than in other developed countries (Fu, Ma, et al., 2015; Humborstad, Humborstad, Whitfield, & Perry, 2008). This leads to Chinese-style management in internationalised Chinese firms as well as the tension between internationalisation and localisation, which forms the national-international paradox. This study will unlock this paradox by investigating how EPSFs manage such a national-international paradox. Given the limited research on EPSFs, this study is exploratory in nature. It seeks to find answers to what drives the development of such a paradox and how EPSFs manage this paradox. In particular, this study asks the below research question:

How do EPSFs manage the national-international paradox to turn their disadvantages into advantages as latecomers?

4.4 Methodology

4.4.1 Research context

As the largest emerging market, China experienced successful economic development over the past four decades (Brennan & Vecchi, 2021; Collison et al., 2017), providing an excellent environment for Chinese law firms to domestically and globally expand. As a result, it gave birth to many of the world's youngest and largest corporate law firms, and some of them internationalised their legal service rapidly across the world (Liu & Wu, 2016). For example, Firm Zeta, a Chinese law firm, rapidly grew and internationalised from less than 30 lawyers in a single office in 2008 to more than 10,000 lawyers, 78 domestic offices and 60 overseas offices in 2021. According to the data from the Ministry of Justice of the People's Republic of China (PRC) (www.moj.gov.cn), by the end of 2021, more than 200 Chinese law firms have internationalised overseas, handling more than 93,000 legal affairs of various types. As an important emerging market, China provides an excellent environment to construct a theory of law firm expansion and internationalisation (Li, 2019; Stern & Li, 2016). Thus, this study focused on internationalised Chinese law firms that have offices outside Mainland China².

4.4.2 Data collection

The research question underpinning this study is a relatively under-explored topic that warrants a qualitative research strategy. The data collection was accomplished by conducting open-ended, semi-structured, and in-depth interviews with lawyers who have been working in internationalised Chinese law firms for at least five years. They are familiar with the internationalisation process and the management of international offices. In order to serve my research focus on EPSFs, this study selected law firms based on four criteria: 1) country of origin, which means sample firms have to be established in Mainland China and owned by Chinese lawyers; 2) official registration, which means sample firms were registered officially in China; 3)

² Based on the different legal systems, Hongkong is regarded an international location for Chinese law firms.

having local branches in China, which means sample firms own local branches in Chinese cities and exclude those who were set up in China but only operated in foreign markets; and 4) having overseas offices, which means sample firms own at least one overseas branch/office, including those in the regions of Hong Kong, Macao, and/or Taiwan as well as in the countries of Japan, Singapore, the US, UK, Germany and other countries. These criteria ensured that all sample firms were Chinese law firms that had been internationalised. The author randomly selected the law firms registered in China that have overseas offices from East Asia to the EU, UK and US and got the contact information from the firm websites. The author sent out invitations, and 20 managing partners, partners, and experienced lawyers from 20 internationalised Chinese law firms agreed to participate in this study. Table 4.1 presents the profiles of the participants and their firms.

Among the participating firms, 35% of interviewed firms were internationalised for more than ten years, and another 25% for between seven and nine years. The well-established international law firms from China are expected to confront a national and international identity paradox. In addition, in providing services, they need to show their clients (both Chinese MNEs and international clients) that they have expertise in providing services related to both Chinese and international contexts. Internationalised Chinese law firms need to have both national and international identities. In this regard, internationalised Chinese law firms are confronting the national and international identity paradox.

An interview guide (in Appendix 2) was developed based on the literature about internationalisation and management (McQuillan et al., 2018; Pinnington & Gray, 2007; Segal-Horn & Dean, 2007; Winch, 2014). These open questions helped us to gain a detailed understanding of how Chinese law firms internationalise their legal service and manage cross-border cooperation, especially the tension between global integration and local responsiveness. Each interview lasted between 30 and 90 minutes. All interviews were recorded and transcribed, and all respondents were anonymous. In addition to the interview, this study also collected archival data about the sample firms from firm websites, industry analyses, media articles and government documents to supplement the firm information that the interviewee

Table 4.1 Profile of interviewees and law firms (sorted by the years of internationalisation)

Interviewee ID	Tenure (years)	Title	Location	Law firm	Firm age	Years of internationalisation	Firm size (2021)	Overseas office (Locations)
P1	5	Lawyer	Beijing	Alpha	32	28	930	Hong Kong , New York, and Silicon Valley
P2	12	Partner	London	Beta	28	22	3,000	Almaty, Brussels, Dubai, Hong Kong , Laos, New York, Noor Sultan, Paris, Silicon Valley, Tashkent, and The Hague
P3	16	Managing Partner	Sydney	Gamma	27	13	1000	Hong Kong , New York, Sydney, and Toronto
P4	10	Partner	Beijing	Delta	29	12	10,000	Hong Kong , New York, Paris, Singapore, San Francisco, and Taipei
P5	5	Lawyer	London	Epsilon	28	10	2,400	Almaty, Hong Kong , London, Los Angeles, New York, Tokyo, and San Francisco
P6	20	Managing Partner	Beijing	Zeta	20	10	10,596	Budapest, Hong Kong , London, New York, Poland, Turkey and so on, Covering 82 countries and 141 cities
P7	6	Lawyer	Beijing	Eta	26	10	3000	Hanoi, Tokyo, Sydney, and Silicon Valley
P8	5	Lawyer	Hongkong	Theta	28	9	700	Hong Kong
P9	8	Lawyer	New York	Iota	23	9	4000	Hong Kong , Madrid, New York, Paris, Silicon Valley, and Stockholm
P10	6	Lawyer	Beijing	Kappa	28	9	1,800	Hong Kong , New York, Paris, Singapore, Sydney, Tokyo
P11	12	Partner	Hongkong	Lambda	17	7	600	Hong Kong
P12	15	Managing Partner	Hongkong	Mu	28	7	170	Hong Kong
P13	7	Lawyer	Beijing	Nu	29	4	300	Hong Kong
P14	11	Partner	Shenzhen	Xi	29	3	3,300	Hong Kong , London, Seattle
P15	15	Managing Partner	Beijing	Omicron	28	3	2,000	Berlin, Hong Kong , Mexico, Mosco, Seoul, Singapore, Sydney, St. Petersburg, Tokyo, Toronto, and Washington DC
P16	14	Managing Partner	New York	Pi	23	3	4,000	Hong Kong , Madrid, New York, Paris, Silicon Valley, and Stockholm
P17	8	Partner	Austin	Rho	20	3	1,000	Austin, Dallas, Houston, and Silicon Valley
P18	10	Partner	Hongkong	Sigma	29	2	700	Hong Kong
P19	26	Managing Partner	Hongkong	Tau	33	2	1,000	Hong Kong
P20	5	Lawyer	Hongkong	Upsilon	24	1	300	Hong Kong

mentioned (Welch, 2000). The use of archival data is limited to secure the preciseness of information, such as checking firm foundation time and the start time of their internationalisation.

4.4.3 Data analysis

The interviews were conducted in English and Chinese, depending on the participants' preferences. Consistent with the method of Torres de Oliveira and Rottig (2018), this study adopted verbatim translations from Chinese into English to ensure equivalence of the Chinese and English versions. The author and two professional translators interpreted the codes respectively and then compared and checked the three translated versions together to increase reliability and accuracy.

To analyse the interviews, this study used a thematic analysis process (Gioia, Corley, & Hamilton, 2013; Gioia & Pitre, 1990) to assist with the categorisation and interpretation of the data. This method is adopted widely in qualitative research on DMNEs and EMNEs (e.g., Lynch and Jin, 2016; Witek-Hajduk and Grudecka, 2019). NVivo was used to conduct the thematic analysis, including categorisation, abstraction, comparison, dimensionalisation, integration, iteration, and refutation. This study followed an established qualitative data analysis process to extract relevant themes (Spiggle, 1994). This process is an open-coding approach that involves three steps (Corbin & Strauss, 2012). The first step is to select, categorise, and label direct statements (informant-centric codes as first-order). The second step is to assemble informant-centric codes into more theoretical perceptions (researcher-centric themes as second-order). The third step is to condense researcher-centric themes into more general theoretical concepts, i.e., overarching dimensions (Gioia et al., 2013).

This study observed some recurring patterns and emerging themes, which helped construct a narrative to base my analysis on and ensure the overall qualitative analytical process was trustworthy (Kornbluh, 2015; Sinkovics & Alfoldi, 2017; Sinkovics, Penz, & Ghauri, 2008; Williams & Morrow, 2009). This study combined these recurring patterns and emerging themes into more coherent chunks to form higher-level themes, then added new and deleted marginal or sole codes. Coding data in this method can ensure an open-minded and context-sensitive analysis rather than simply force-fitting the data into the pre-existing framework (Brandon-Jones, Lewis,

Verma, & Walsman, 2016). In adopting this open and inductive coding process, this study extracted meaning, categorised the contingent codes, sought common themes, and reached conclusions (Gioia et al., 2013; Gioia & Pitre, 1990). Through this inductive method, this study explored the shared patterns in managing the national-international paradox by internationalised Chinese law firms.

4.5 Findings

The results from the thematic analysis are presented below. Four main themes emerged: (1) drivers for growing globally and maintaining the Chinese identity, demonstrating why paradoxes emerged due to contextual embeddedness in Chinese institutions; (2) experimentation-based internationalisation, presenting the internationalisation strategies and entry modes of interviewed Chinese law firms, given the above condition of national-international paradox; (3) management practices to maintain the Chinese identity, showing how these firms invested in human capital, associated with the Chineseness; and (4) managing the national-international paradox via ambidextrous management, presenting how Chinese law firms trade-off the tensions between national identity and international identity. Table 4.2 presents the illustrative quotes and subthemes for these main themes, respectively.

In addition, this study conducted cross-case analysis (Yin, 2003) or so-called comparative analysis (Glaser & Strauss, 1967; Hajro et al., 2017). Unfortunately, this study did not have access to financial information due to confidentiality issues. Therefore, this study uses the number of lawyers as a measure of firm size. Table 4.3 presents the cross-case analysis results of 20 interviewed firms.

4.5.1 Sources for National-international paradox

In this section, we identified the main paradox sources when Chinese law firms internationalised their legal services into overseas markets. While Chinese law firms snowballed and expanded globally, they intentionally maintained their national image in the international market, what I term the national-international paradox. Based on the outcomes of our data analysis, we identified three sources of paradox. They were: 1) the Chinese economy and

Table 4.2 Illustrative quotes, sub-themes, and themes

Illustrative quotes	Sub-theme	Theme
<i>Because the Chinese government encourages (Chinese firms) to go global, these firms want to expand their business abroad. It leads to an increasing need for legal services abroad. (P5)</i>	Following Chinese government policies	Drivers to grow global and maintain Chinese identity
<i>So many branches were built because of the needs of clients, including overseas [Chinese] customers. (P1)</i>	Internationalised Chinese clients	
<i>In 1992, the founders rented a mezzanine floor to set up Firm Sigma. They all had undergone overseas education and work experience in China. They are international and local. (P18)</i>	Chinese founders with international backgrounds	
<i>Our firm (Sigma) usually provides only one kind of legal service, namely overseas IPO, related to overseas legal service. We set up a branch in Hong Kong. (P18)</i>	Starting from one to more locations	
<i>We set up overseas offices in London, Seattle and Singapore. At the same time, we have established strategic partnerships with Hong Kong-based law firms and with other international law firms. (P14)</i>	Existence of multiple modes of internationalisation	Experimentation-based internationalisation
<i>In order to follow the Chinese firms to “go out”, in April 2000, our firm reformed from a state-owned institution into a private partnership. Internationalisation is mainly represented in the establishment of the Hong Kong branch, which connected with the world. (P10)</i>	Shifting/testing different modes	
<i>We (Omicron) are like this: the main leaders of the local branches must be sent from our domestic HQ. It must be Chinese. For example, when I was studying in the United States, I was sent to work in the branch office for several months. (P15)</i>	Ethnocentric approach in staffing	
<i>(Overseas branches) are legally independent of each other, but we have a potential control-controlled relationship. We may use a financial system and an HR management system (to control the overseas branches). For example, after setting up the American branch, our China branches have a lot of business directly referred to this branch. There is long-term operational cooperation between overseas branches and domestic branches, and also there is labour dispatch among different branches. This is a kind of soft control. (P6)</i>	Building Chinese hierarchical decision culture	Management practices to maintain the Chinese identity
<i>A few years ago, clients all looked for foreign law firms because they thought foreign law firms were more professional (than domestic ones), but foreign law firms were more expensive (than domestic ones). But now, Chinese law firms recruit more and more English-speaking staff, and these legal services like this cross-border business can be provided by Chinese law firms at a low cost. (P2)</i>	Adopting Chinese fixed-fee low-pricing model	
<i>In 2014, our firm (Xi) began to investigate the applications of the law firm’s information system... conducted in-depth research and internal discussion, and then chose the cooperation with domestic technology enterprises to create our own application. (P14)</i>	Developing digitalised working system by Chinese law firms	
<i>Under the unified brand, our firm (Delta) has a diversity policy with relative independence in all member law firms. Although operating under a brand, member law firms can maintain relative autonomy, and financial revenues are not mixed, management can also have their own characteristics. (P4)</i>	Co-existence of globalisation and localisation	Ambidextrous management
<i>Our firm (Kappa) is a semi-corporate law firm. The semi-corporate law firm is between the corporate law firm and the partnership law firm. Part of its business adopts corporate management; the others adopt business partnership management. (P10)</i>	Co-existence of business-like & partnership in structure	

<i>Our existing experience in domestic and foreign securities and capital markets, cross-border mergers and acquisitions, international trade, banking and finance, dispute resolution and other fields for more than 20 years. We explore new service areas when cooperating with UK law firms. (P14)</i>	Co-existence of exploration and exploitation in service
<i>For the promotion of lawyers in our firm (Alpha), those who have been working as a lawyer for five years and have 3-million-yuan revenue each year can get promoted to third-level partners. In fact, the rule is not so restricted. If you are resigned from a prosecutor or judge, you can be a partner in our law firm. (P1)</i>	Co-existence of standardised and flexible management

Table 4.3 Cross-case analysis results of 20 interviewed Chinese law firms

Theme	Sub-theme	20 firms in total	Years of internationalisation			Geographical diversity		Firm size (lawyers)	
			< 5 years 8 firms	5-9 years 5 firms	10+ years 7 firms	HK only 7 firms	The rest 13 firms	< 1000 7 firms	1000+ 13 firms
Experimentation-based Internationalisation	Starting from one (Hong Kong) to more locations	11 (65%)	3 (38%)	2 (40%)	6 (86%)	--	11 (85%)	1 (14%)	10 (77%)
	Co-existence of multiple modes of internationalisation	10 (50%)	3 (38%)	2 (40%)	5 (71%)	--	10 (77%)	1 (14%)	9 (69%)
	Testing and swiftly shifting different entry modes	11 (65%)	3 (38%)	2 (40%)	6 (86%)	--	11 (85%)	1 (14%)	10 (77%)
Management practices to maintain the Chinese identity	Adopting an ethnocentric approach for branch leaders	13 (65%)	5 (63%)	3 (60%)	5 (71%)	5 (71%)	8 (62%)	5(71%)	8 (62%)
	Building Chinese hierarchical decision culture	10 (50%)	2 (25%)	4 (80%)	4(57%)	4 (57%)	6 (46%)	6 (86%)	4 (31%)
	Offering the Chinese fixed-fee low-pricing model	20 (100%)	8 (100%)	5 (100%)	7 (100%)	7 (100%)	13 (100%)	7 (100%)	13 (100%)
	Implementing digital working systems developed by Chinses law firms	20 (100%)	8 (100%)	5 (100%)	7 (100%)	7 (100%)	13 (100%)	7 (100%)	13 (100%)
Ambidexterity Nested in National-international paradox	Co-existence of local and global services	20 (100%)	8 (100%)	5 (100%)	7 (100%)	7 (100%)	13 (100%)	7 (100%)	13 (100%)
	Co-existence of partnership and business management structures	11 (65%)	4 (50%)	2 (40%)	5 (71%)	2 (29%)	9 (69%)	--	11 (85%)
	Co-existence of exploration and exploitation in services	10 (50%)	2 (25%)	2 (40%)	5 (71%)	3 (43%)	7 (54%)	4 (57%)	6 (46%)
	Co-existence of standardised and localised people management	20 (100%)	8 (100%)	5 (100%)	7 (100%)	7 (100%)	13 (100%)	7 (100%)	13 (100%)

government, 2) the internationalised Chinese client firms, and 3) Chinese founders/managers with international backgrounds.

First, due to the rapid development of the Chinese economy and government, Chinese law firms had opportunities to expand their service globally. This led Chinese law firms to keep their Chinese identity during their internationalisation to leverage the reputation of the Chinese economy and government. Similarly, as the majority of their clients were Chinese, they followed their clients. In addition, Chinese law firms attracted overseas clients doing business associated with China. In doing so, the Chinese law firms needed to keep their national (e.g., expertise in the Chinese markets) and international identities (knowledge of international markets) to build trust and cooperation with their Chinese and international clients, leading to the national-international paradox. Lastly, the international background of Chinese law firm founders and managers empowered their firms to pursue fast internationalisation. During this process, the founders and managers embedded their values, which was found to be another source of the paradox.

4.5.1.1 Driven by the Chinese economy and government

As an emerging country, China has experienced rapid economic development since its opening up over four decades ago, joining the World Trade Organisation (WTO) in 2001 and implementing the recent “One Road One Belt” initiative. These policies have helped Chinese EMNEs mushroom in past decades (Buckley, 2020; De Beule & Zhang, 2022). This provided a great opportunity for Chinese law firms to expand overseas as PSFs need to follow their clients to internationalise (Gaedeke, 1973; Majkgård & Sharma, 1998). In addition, China opened its legal market to foreign law firms from developed countries since it joined WTO, which brought fierce competition. This drives Chinese law firms to internationalise to improve their competitive advantages to maintain their clients. These policies created a paradox for Chinese law firms: opportunities to internationalise and challenges from elite foreign law firms in the China market. The below quote is typical of the firms’ motivations to expand overseas:

To adapt to the implementation of the “One Belt and One Road” Initiative, Chinese firms “going out” and the growing trend of overseas business, travel, and

education of Chinese people, Zeta cooperated with the Chinese Academy of Social Sciences to establish a “global one-hour legal service circle”. Based on its global network, our firm integrates the strength and resources of domestic and overseas subsidiaries, covering 200 international cities in 100 countries and regions around the world. It ensures Zeta with localised service capabilities. When encountering any legal issues, you (clients) can get a quick response from all over the world within an hour. (P6)

4.5.1.2 Driven by internationalised Chinese client firms

As a result of China’s economic development, Chinese firms, especially manufacturing and information technology firms, have internationalised. The clients of PSFs prefer service providers where relationships have been long established, resulting in familiarity and ease of proximity, enabling constant access to specific partners (Muzio & Faulconbridge, 2013). On the one hand, these client firms who have internationalised had a preference to stay with Chinese legal service providers. Chinese EMNEs need legal services to smooth their business and management in different countries which have their own legal systems. Therefore, their services must be locally embedded in host markets.

On the other hand, Chinese law firms need to have their national identity to help them establish long-term cooperation with Chinese EMNEs. They needed to maintain their national image, which can help them continuously build trust with their clients. However, when Chinese EMNEs entered foreign markets, they need localised legal services embedded in host countries. Therefore, Chinese law firms have to provide localised legal services by adopting various internationalisation strategies. This is the second source of the national-international paradox. The below quotes, typical of the responses from all the firms, show that the main clients are Chinese EMNEs.

Most of our clients were Chinese clients who went abroad (Chinese EMNEs). I don’t know the specific proportion, but it must be high. Regarding the amount of revenue, I think 95~96% of them may come from Chinese clients. They need legal services in different markets; thus, we (Firm Sigma) must meet their needs. Or our clients will choose other law firms who can (provide this kind of service) ... Chinese clients prefer Chinese law firms, but we need to recruit local lawyers to serve them. Chinese lawyers cannot serve (them) in foreign countries. (P18)

Our law firm (Firm Xi) has a huge number of clients, and many of them have businesses globally (this is why we have to start internationalisation and set up branches overseas). Take our Hong Kong branch, for example. Our domestic offices have brought a lot of foreign-related business to the lawyers of the Hong

Kong branch. We can do business very well by doing it together because our client wants to go out. In this case, the client doesn't like or doesn't want to deal directly with various overseas local law firms. They hope that a law firm they trust and have worked with for a long time can help them solve each issue abroad (P14).

In addition to internationalised Chinese MNEs as their main clients, Chinese law firms also provide legal services to foreign MNEs who have established subsidiaries in China or have cross-border transactions with Chinese firms. For example, the interviewee in Firm Xi pointed out that they target foreign clients who entered China, especially foreign education firms. Xi can help their foreign clients deal with legal issues because they know what those clients need and what they can provide. Xi can help foreign clients build a good relationship with local Chinese governments; thus, they can effectively meet the clients' requirements. Both international reputation and Chinese identity can help them attract these foreign clients. However, foreign firms account for a small proportion of their total clients, but the number is still increasing.

...our team has some foreign clients, such as foreign-funded subsidiaries set up in China. This pushes us to internationalise, especially in the past few years. Many of them (foreign clients) come to China to establish international schools. In fact, there are many international schools in China nowadays. Their principals and CEOs are foreigners. In this process, lawyers are needed to provide professional legal services to help them. (P14)

4.5.1.3 Driven by Chinese founders/top managers with international backgrounds

In the interviews, the founders of seven interviewed firms were originally from China and received their education abroad. The Chinese founders with international backgrounds had the intention to keep the Chinese identity during internationalisation. Their local knowledge and international experience contribute to firm internationalisation. The multiple backgrounds of the founders were a key driver for the internationalised Chinese law firms to go global and maintain the Chinese identity. The typical example of Firm Kappa presents how Kappa founder's working experience and overseas education affect Kappa's internationalisation by focusing on foreign-related legal services.

In early 1993, the founder of Firm Kappa, together with three colleagues from the China Council for the Promotion of International Trade (CCPIT), established Kappa, one of the first partnership law firms approved by the Ministry of Justice of China. Under the context of the Chinese legal market at that time, few lawyers had the ability to engage in foreign-related legal services. The experience of working in the CCPIT provided the founders with foreign-related business

capabilities, professional expertise, and customer resources. In 1998, the founder went to Cambridge as a visiting scholar. From 1999 to 2007, he studied at Berkeley Law School of the University of California for his master and doctorate degrees in law while also managing his law firm. After his graduation, he led Kappa to start internationalisation. (P10)

The rest of the interviewed law firms have top managers (“managing partners” in law firms) who are Chinese with international backgrounds. As a typical example, Firm Delta law firm has a managing partner who received overseas education in the UK and has many years of working experience in international law firms. He implements the internationalisation decisions of Firm Delta into practice, including negotiating with counterparts of foreign law firms about strategic cooperation and setting up whole-owned branches in the US and UK markets.

4.5.2 Experimentation-based internationalisation

The internationalised Chinese law firms were found to adopt an experimentation-based internationalisation which facilitates serving Chinese clients, and promotes knowledge learning and access to increased business opportunities. Three sub-themes included: 1) starting from one (Hong Kong) to more locations; 2) co-existence of multiple modes of internationalisation; and 3) testing and swiftly shifting different entry modes. Most firms (18 out of 20 interviewed firms) set up Hong Kong branches as their first step into the international market because Hong Kong has a similar legal system to the UK and US. Particularly, these Chinese law firms trialled various international modes simultaneously and tested and changed between different modes in foreign markets.

4.5.2.1 Starting from one (Hong Kong) to more locations

As an Asian financial centre, Hong Kong is an attractive branch location for both elite international law firms and Chinese law firms. Chinese law firms were able to learn about and access international cases and also find foreign law firms in Hong Kong to develop cooperative relationships with. Most Chinese law firms (18 law firms) regarded Hong Kong as their springboard to entering the global markets. After knowledge learning and accumulation in Hong Kong, they stepped into the UK, the US, and European markets. Only two firms (Eta and Pho) were exceptions in that they followed their clients and entered developed economies directly,

such as the US and Japanese markets. The below example, firm Xi, showed that they regarded Hong Kong as a springboard to internationalise into the UK legal service market.

Our firm (Firm Xi) is well aware that the international layout cannot be finished in a day, so it is strategic to step gradually into the global legal services market. Taking cooperation with Stevenson Wong in Hong Kong as the first step in the international expansion, then our firm took its second step in the European legal services market by cooperating with a UK law firm. The third step is to set up our first overseas branch in London, UK. As of April 2020, our firm and Bird & Bird LLP have referred more than 300 cases to each other. More than 60 cases have been successfully cooperated, generating more than 10 million yuan in revenue. (P14)

Among the 18 firms, seven interviewed law firms set up their overseas branches only in Hong Kong. Their choice was based on their international strategy and needs. The below quote presents why Sigma just needs its Hong Kong branch.

Our law firm (Firm Sigma) specializes in overseas business. In order to do overseas business, an office was set up in Hong Kong. The businesses in other countries are carried out through our Hong Kong branch office. For example, we have businesses in the United States, but we don't need to set up a branch in the United States. We will find well-known local law firms in the US as partners, such as Samson Law Firm. The partners of securities companies are Goldman Sachs, Morgan Stanley, JPMorgan Chase, etc. These partners are fixed in the long term, so there is no need to set up local branches in other countries. (P18)

Similarly, Firm Upsilon explained:

Our firm has always adopted a prudent development internationalisation strategy. So far, we have only 300 lawyers, and the internationalisation is only by setting up an office in Hong Kong. 'Big' has never been our goal, and 'best is what is called 'to be the best, not necessarily the biggest. (P20)

4.5.2.2 Co-existence of multiple modes of internationalisation

The co-existence of internationalisation modes simultaneously reflected the flexibility of internationalised Chinese law firms in entering foreign markets. We found that most firms tend to establish more overseas branches aggressively when trying other kinds of internationalisation modes (13 law firms, as shown in Table 4.1). Other interviewed law firms tend to set up an overseas hub in Hong Kong and strengthen long-term cooperation relationships with developed-market PSFs (7 law firms as shown in Table 4.1). Due to different regulations from local governments of host countries, Chinese law firms need to maintain multiple modes of internationalisation. A typical example is that Firm Zeta established its wholly-owned branches

if host countries allowed. In contrast, they established long-term strategic cooperation with local law firms or law firm alliances to cover the countries where local governments do not allow Zeta to set up wholly-owned branches. It also provided an opportunity for them to test different modes to find the most suitable one for themselves. Below is the quote of the interviewee from Firm Zeta, demonstrating how Zeta adopted multiple modes in foreign markets.

Our firm (Firm Zeta) prefers to set up wholly-owned branches in countries where foreign law firms are allowed, such as the United States, South Korea, Kazakhstan, Kyrgyzstan, Uzbekistan, Australia and Cambodia. In addition to the previously established Mongolia and UAE branches, our firm already has wholly-owned branches in nine countries... At the same time, our firm launched the “Zeta Global Legal Services Alliance,” the first international law firm alliance named and led by a Chinese law firm. The alliance currently covers 82 countries, and its members are highly recognised by international rating agencies. (P6)

4.5.2.3 Shifting/testing different entry modes

Chinese law firms shifted among different entry modes in foreign markets when they encountered business issues. As young latecomers, they kept flexible structures and management activities among different modes. Due to the diversity among foreign markets, shifting/testing different entry modes helped them fit the changing needs of international market environments. Below is a typical example of Firm Delta, which joined and left an international law firm alliance based on its service capability development.

In 2010, our firm (Firm Delta) joined WSG, an international law firm alliance, as the only member of Chinese law firms. Then our firm left WSG as we combined with Dentons in 2015. After this combination, our firm has the capability to provide legal services globally, and there is no need to stay in WSG. (P4)

The word “combine/combination” was used by Delta on its website and other public media. It refers to the approach to the cooperation of Delta and its overseas subsidiaries in building loose and agile cooperation. It indeed was a merger, but used a Swiss Verein structure, “a corporate structure under Swiss law adopted in a number of major Anglo-American law firms (e.g., Baker & McKenzie, DLA Piper, and Hogan Lovells) as well as some Big Four accounting firms (e.g., KPMG and Deloitte) in the history of their global expansion” (Liu & Wu, 2016: 816). Such a structure allows the merged entity to remain compliant with Chinese regulations, which has a big impact on the internationalisation decisions of Chinese law firms (Liu & Wu, 2016).

This study uses 'combine' and 'combination', the terms used by informants themselves, for the sake of consistency.

4.5.3 Management practices to maintain the Chinese identity

Law firms depend heavily on their pools of existing expertise rather than physical capital (such as real estate, equipment, and inventory) to survive and compete in the legal service market. The data show that Chinese law firms emphasise the investment and management of human capital. A number of management practices were found to help internationalised Chinese law firms maintain the Chinese identity in their international branches/offices. These included assigning Chinese lawyers from headquarters overseas as branch managers, hiring local legal professionals to overcome language barriers, adopting a hierarchical decision structure, and applying self-designed digital systems among international branches/offices. These practices are related to people management, cross-border control, and digitalisation. These management practices reflected that Chinese law firms were trying to maintain a national identity while internationalising among foreign markets.

4.5.3.1 Ethnocentric approach for branch leaders

Chinese law firms assigned Chinese lawyers from headquarters to manage the overseas branches. This ethnocentric approach helped Chinese law firms to control overseas branches, even though their branches enjoyed high independence and autonomy. The 13 interviewees stated that their firm sends leaders to overseas branches if these branches were established by themselves as greenfield investments. However, the overseas offices may be owned and managed by non-Chinese staff if these offices were joint ventures. Below are typical examples of Firm Alpha and Firm Omicron, which present how they practice an ethnocentric approach for branch leaders.

If our firm (Firm Alpha) wants to set up an overseas branch, partners at its Beijing headquarters invest most of the money, and some of the well-known local lawyers can jointly invest the rest. The leaders of local branches are appointed and removed by the Beijing headquarters. (P1)

We (Firm Omicron) are like this: the main leaders of the local branches must be sent from our domestic HQ. For example, when I was studying in the United States, I had a few months to be sent to work in our American branches. Many of our

partners have gone abroad. For example, some have settled in Canada, becoming the main leaders of the local branches there. In order to comply with local legal requirements or meet the needs of doing local business, (our firm) also recruits some local (lawyers). It must be Chinese (priority); other local lawyers can also be recruited (P15).

4.5.3.2 Building Chinese hierarchical decision culture

Law firms generally adopt a partnership structure (P2 structure) in which partners have equal rights to make decisions, and lawyers may also be involved in the process (Greenwood et al., 1990; Smets et al., 2017). Internationalised Chinese law firms adopted the partnership structure, which is widely required by government policies in PSFs (Greenwood et al., 1990; Morgan & Boussebaa, 2015). While Chinese law firms follow this traditional way, this study found that some of them incorporated a hierarchical decision-making culture with this P2 structure. In these firms, the decisions were often top-down, mainly made by the top and/or experienced partners. Our interviewees all introduced the partnership structure of their firms, and 10 of them specified they have a hierarchical decision-making culture incorporated into their partnership structures. Below is a typical example of how hierarchical decision culture exists in Firm Alpha.

Specific international strategies must be made by the committee of headquarters with senior partners. I (as a partner) have no right to say anything about these decisions, but from my point of view, internationalisation is an inevitable trend, as our clients are going out abroad. (P14)

4.5.3.3 Adopting Chinese fixed-fee low pricing model

Chinese clients prefer the fixed fee model when choosing law firms as their long-time business partners in and out of China. This contrasts with the dominant pricing model of international law firms from developed economies, which is based on billable hours and dependent on the time spent by lawyers. Such a pricing model with billable hours has been used by PSFs from developed economies for a number of decades. For Chinese clients, such a pricing model led to uncertainties, as they could not predict the service cost. To overcome such uncertainty, Chinese law firms adopted the fixed-fee pricing model, often with a low price for their clients. Doing so helped the clients to quickly get budget approval from the managers of client firms. In internationalised Chinese law firms, such a fixed-fee pricing model was adopted

widely and extended into their overseas offices. They provide two pricing modes from which clients can choose based on their own requirements. The flexible pricing strategy can help Chinese law firms attain more clients, increasing the incomes of local partners or outsourced service providers. All 20 interviewed firms adopted this flexible pricing strategy in their overseas branches. Below is an example of Firm Xi, presenting how this flexible pricing strategy helps Chinese law firms develop competitive advantages.

Chinese clients have a characteristic: they like the package price. You tell me how much I will pay you if you help me deal with the whole case. But foreign law firms are more used to hourly billing. How much clients should pay depends on the hours that the lawyer spends on the issue. In fact, many Chinese clients are less receptive to such a way because it will make them hard to report the business proposal to managers and shareholders. Foreign law firms may meet this cultural conflict, but Chinese law firms and lawyers do not. And when Chinese law firms go abroad, their fee culture may be taken abroad. Perhaps some overseas clients will be surprised by such a good thing. It is a source of (competitive advantage) because packaging fees require more business competence for law firms and lawyers to make their proposals more predictable and competitive. (P14)

Similarly, according to Interviewee P1 from firm Alpha,

When we went abroad, we brought the charging culture [the fixed-fee low pricing model]. Some international clients think this is a good model, which has a certain impact on winning clients. The packaged fee has higher requirements on the business capabilities of law firms and lawyers, making services more predictable and more competitive in the market. The good news is that the younger generation of lawyers who have grown up in China have strong professionalism and a high level of service orientation and quality. (P1)

4.5.3.4 Digital working system developed by Chinese law firms

The interviewed law firms developed digital working systems in China and implemented them across their international branches to improve efficiency, control risk, and enhance cross-office cooperation. Chinese law firms preferred to design their own digital system by cooperating with Chinese technology companies rather than adopting existing suppliers abroad. Among the interviews, 13 interviewees specified that their digital platforms were designed and updated by the cooperation between their firm and Chinese technology firms. The rest adopted digital platforms from third parties that specialised in providing platforms for Chinese law firms. The below example presents how Firm Lambda utilises its digital platform.

Of course, we have our data platforms. For example, in our law firm, if I want to accept a new case from my clients, the contract has to do profit-conflict screening

on this platform, and then the contract will be reviewed by other professionals. Only by getting approval can I sign the contract with clients. Now all are processed in electronic versions. Our digital platforms may result from development needs because the conflict of profit cannot be screened by people but can only be done through digital platforms with high efficiency and low cost. (P11)

4.5.4 Ambidexterity nested in national-international paradox

Maintaining a Chinese image in the Chinese law firms raised challenges for their internationalisation because law firms from China, an emerging market, tend to be considered as newcomers with low service quality and weak international reputation. And law firms rely on reputation to signal service quality, as reputation is an important way of signalling high-quality output (Hitt et al., 2006; Von Nordenflycht, 2010). Clients have no capability to judge the work of professionals; thus, they tend to choose law firms with high reputations. As noted before, Chinese law firms have to maintain their Chinese image. However, on the other side, they have to develop their international image to strengthen their reputations, which is critical in unknown markets (Hitt et al., 2006). In addition to the management practices to maintain the Chinese identity, a key theme that emerged was that these firms adopted ambidextrous management to balance the tension between the country of origin relevant and the country of domicile relevant. Such ambidextrous management was related to the co-existence of 1) local and global services; 2) partnership and business management structures; 3) exploration and exploitation of services; and 4) standardised and flexible management.

4.5.4.1 Co-existence of local and global service

Clients who have received legal services from internationalised Chinese law firms in China tend to choose their legal services to support their cross-border business when they become EMNEs. This requires Chinese law firms to provide localised and globalised services simultaneously. The interview data showed that Chinese law firms develop their competitive advantages in providing localised and globalised services in foreign markets, given that they follow their clients to go globally. For example, Firm Kappa set up its Hongkong branch, which has professionals to provide localised services in Hongkong. Meanwhile, this branch integrated elite lawyers in Australia, Hong Kong and Mainland China to develop its capability to provide globalised services. Interviewee (10) from Kapa introduced their services as below:

In 2020, the number of lawyers in the Hong Kong branch had ranked first among law firms in Hong Kong. Under integrated management, the Hong Kong office has successfully integrated with partners in Australia, Hong Kong and Mainland China, providing clients with local and cross-border legal services. (P10)

4.5.4.2 Co-existence of partnership and business management structure

Traditional PSFs adopted the partnership form only, differing from the corporate form (Greenwood et al., 1990). In organisations with partnership structures, firms are owned and defined by their senior members. The firms can be considered as the agglomeration of their partners. These partners pursue and retain their own clients and interests, subject only to review by their peers (Greenwood et al., 1990; Smets et al., 2017). This kind of organisation was based on the regulatory requirements of the government. It aims to avoid potential conflicts of interest between commercial considerations driven by shareholders and professional ethics and principles of best advice (Morgan & Boussebaa, 2015). Differently, the corporate form is widely adopted in most sectors of the economy. This form can enable firms to access capital for investment purposes because it can separate personal wealth from investment in any particular enterprise, and the investors take limited liability (Liability limited to its investment). Chinese law firms adopted the traditional partnership structure (limited liability partnership, viz. LLP) based on Chinese government requirements. In the meantime, they adopted a business management structure mainly used by corporate firms. Among the interviewed law firms, 11 informants confirmed that their law firm adopted a mixed structure, integrating partnership and business management structure together. Below is an example to show how this mixed structure works.

In fact, our law firm (Firm Tau) has traditional and corporate models at the same time, according to the different types of business. A lawsuit is not very predictable about the total time that it needs. It is very hard to measure the workload of lawyers by working hours, so it cannot be managed in a corporate model. Another issue results from the client-lawyer trust. For example, in some cases, clients only believe me. These clients don't accept the service from other lawyers. This type of case can't measure the workload with the corporate model either. (P19)

4.5.4.3 Co-existence of exploration and exploitation in service

The interviewees indicated that Chinese law firms exploited their existing service areas while exploring new service areas that could help them to establish market-leading positions in the legal market associated with China. They exploit their advantages embedded in China market,

including more knowledge of Chinese legal service markets, a larger number of Chinese professionals, and a better understanding of their clients. Simultaneously, they learned and developed new legal services to provide to their clients, which helped them climb up to the value chain in the legal sector. Additionally, exploration and exploitation of services play an important role in their internationalisation due to the knowledge-intensive nature of PSFs (Von Nordenflycht, 2010; Zardkoohi et al., 2011). The typical example below presents how Firm Beta exploited its existing competitive services and explored new legal services along with its internationalisation.

From 1996 to 2003, our firm (Beta) had three core businesses (legal service fields): capital market, dispute resolution, infrastructure construction and real estate development (that developed in China market). Relying on these three core businesses, our firm expanded into the international markets. We have learned and developed new legal services (from the international markets), including services in cross-border investment, restructuring and mergers and acquisitions, labour law, intellectual property rights, financial insurance, and anti-monopoly. (P2)

Another representative example demonstrates how law Firm Sigma explores new knowledge from international legal markets.

At present, all kinds of equity-related agreements used in our firms are basically learned from abroad. These agreements are very standardised. (P18)

4.5.4.4 Co-existence of standardised and localised people management

The increase of lawyers and branches, cross-border operations, and cross-culture management led to internal management challenges. The data revealed that internationalised Chinese law firms pursued both standardised and flexible management simultaneously. They required the branches to comply with the headquarters' policy to maintain the firm reputation, service quality and control. At the same time, they remained a flexible space to keep the branches agile to respond to the dynamic external environment and to maintain the branch's autonomy and professional independence. The interviewee from Firm Epsilon introduced their people management as below.

Human resources management of branches must be consistent with the standards of firm headquarter. Not only foreign offices but also domestic offices, if they want to recruit a new partner, must comply with the management mechanism of our firm (Epsilon). Of course, there are many channels to recruit new partner lawyers.

Some are submitted CVs by themselves; others are recommended by other partners or firm leaders. Different channels have a different rate of recruitment. For example, candidates who are recommended by the leaders are indeed 100% recruited. However, applications from other channels may not be passed by the management committee. (P5)

In summary, it is evident from the study that firms' dual identities were driven by the specific institutional context of the home country, the nationality of most clients, and the background of their founders/managers. Due to this paradox, law firms from China adopt experimentation-based internationalisation to exploit their existing competitive advantages into international legal markets and address the challenges due to liabilities of foreignness (Rugman 1978; Zaheer 1995), latecomer disadvantages (Bonaglia, Goldstein, & Mathews, 2007), and country constraints (Rui & Yip, 2008). In order to maintain dual identities, this study found that Chinese law firms adopted various management practices, including people management, decision culture, pricing model and digital adaptivity. More importantly, this study identified four pairs of ambidexterity that are associated with the paradoxical identities of internationalised Chinese law firms.

4.6 Discussion

The focus of this study is on how Chinese law firms were able to turn their disadvantages into advantages as latecomers in the international legal service market. Unlike counterparts from developed economies which have long transnational experiences (Budden, 1992; Spar, 1997), most Chinese law firms have internationalised since the 2000s (Li, 2019; Liu & Wu, 2016). This study aimed to explore how internationalised Chinese law firms manage the national and international identity paradox to overcome their disadvantages during their internationalisation process. Factors were found to form such national and international identity paradoxes, including (1) the context of China's economic development, (2) following internationalised Chinese clients, and (3) Chinese founders/managers with an international background. Particularly, this study found that the internationalised Chinese law firms managed such paradoxes via experimentation-based internationalisation and ambidextrous management in service, structure, and people management. These findings contributed to the national-international paradox associated with the complexity between home and host countries of EPSFs.

EPSFs have inborn disadvantages, which are associated with PSFs' nature and the context of developing countries. As latecomers (Bonaglia et al., 2007), EPSFs lack the tacit knowledge that is accumulated from long-time cross-border business activities (Majkgård & Sharma, 1998; Sallis & Sharma, 2009). Compared with EMNEs in product industries with intangible ownership advantages (Mathews, 2002, 2006), EPSFs emphasised partnership and cross-border cooperation to provide both local and global services. Unlike PSFs from developed countries, EPSFs suffered from the country-of-origin effects that included less competitive advantage and weak reputation (Cuervo-Cazurra & Genc, 2008; Ramachandran & Pant, 2010; Rui & Yip, 2008). Knowledge plays an important role in PSF internationalisation (Bettiol et al., 2011; Scott-Kennel & von Batenburg, 2012; Von Nordenflycht, 2010). EPSFs have a short term of knowledge accumulation. Thus, these EPSFs have to overcome these challenges if they enter the international legal market. In addition, EPSFs depend heavily on highly educated employees to provide customised services. They have to compete to attract and retain professionals to improve their core competencies in the local/host market (Edgley, Sharma, & Anderson-Gough, 2016; Suseno & Pinnington, 2017). This study found that internationalised Chinese law firms mainly followed their domestic clients who had business abroad. As most clients are Chinese firms, retaining the national identity can help establish long-time trust between lawyers and clients. Chinese law firms developed their competitive advantages, for example, utilising their knowledge of Chinese law and Chinese clients, recruiting Chinese legal students and lawyers living abroad, and adopting their low-cost fee strategy. By doing so, they also developed their international reputation and service capability through rapid internationalisation into developed economies. Contradictory to the existing research, the above disadvantages can be turned into advantages of Chinese law firms by maintaining their national identity. Meantime, internationalised Chinese law firms need to develop their international identity to show both Chinese MNEs and international clients (MNEs from other countries) that they have the expertise in providing services related to both Chinese and international contexts. Even though international clients account for a small proportion of total clients, Chinese law firms are in a transition process through which they shift from domestic

law firms to international law firms. Thus, internationalised Chinese law firms confront the national and international identity paradox.

This study focused on how internationalised Chinese law firms manage the national-international paradox to overcome challenges such as liabilities of foreignness (Rugman 1978; Zaheer 1995), latecomer disadvantages (Bonaglia et al., 2007), and country constraints (Rui & Yip, 2008). It found that experimentation-based internationalisation and ambidextrous management helped the internationalised Chinese law firms manage the national-international paradox. The success of internationalised Chinese law firms was not based on the simple duplication of the experiences of incumbents from developed countries. Conversely, they proactively participated in the global competition to build capabilities, moved into profitable legal service segments, and leveraged latecomer status into a source of competitive advantages. Experimentation-based internationalisations helped them acquire knowledge from unknown markets before ultimately moving into these markets. Ambidexterity in management allowed them to overcome diverse challenges from different host countries and maintain agility in the face of dynamic and changing international markets.

4.6.1 Theoretical implications

This study makes a meaningful contribution to IB research by exploring how EPSFs develop and manage the national and international identity paradox. The findings in this study support that identity duality can help EMNEs to develop their firm-specific advantages. These findings on the paradox of national and international identity are consistent with the studies of Edman (2016b, 2016a) as well as Pant and Ramachandran (2017). The new insights provided by this study are the findings of how EPSFs manage such a paradox. The experimentation-based internationalisation and ambidextrous management helped the internationalised Chinese law firms manage the national-international paradox. The success of internationalised Chinese law firms is based on their innovative practices. They proactively participated in the global competition to build capabilities, moved into profitable legal service segments, and leveraged latecomer status into a source of competitive advantages. Experimentation-based internationalisation helped them acquire knowledge by themselves to find an optional mode

before ultimately moving into unknown markets. Ambidexterity in management allowed them to maintain agility in facing dynamic and changing international markets, especially for the legal sector with geographical/jurisdictional boundaries and localised service requirements (Salvoldi & Brock, 2019).

This study employed paradox theory to explain the identity duality of EMNEs and contribute to the identity theory by investigating the national and international identity paradox in knowledge-intensive EMNEs. As the majority of existing literature on identity duality focuses on DMNEs from developed markets (Pant & Ramachandran, 2017), there is a gap in which the identity duality of EMNEs was ignored by existing literature. Law firms from China were driven by national economic and political development, internationalised clients derived from domestic markets, and their national founders/managers with an international background. Despite the significant differences between home and host countries (Elango & Pangarkar, 2021; Luo & Tung, 2007), these drivers led these Chinese law firms to adopt ambidextrous management practices in order to maintain their national identity in their global offices/branches, forming the national-international paradox. This study extends the identity duality research into a new business context, knowledge-intensive EMNEs. Such a contextualized explanation is very significant in IB research (Welch et al., 2022, 2011).

In addition, this study also contributes to the EMNE research by investigating how PSFs from emerging develop and manage the national-international paradox. It unpacked how EPSFs navigated the challenges and gained competitive advantages in the international market. Existing literature on EMNEs focuses on product industries (e.g., Aulakh, Kotabe and Teege, 2000; Luo, Maksimov and Bu, 2021). Little research focuses on the internationalisation of EPSFs (see Li, 2019; Liu & Wu, 2016 for exception). Few studies provide an overview of the current status of EPSFs, e.g., the number of internationalised Chinese law firms (Li, 2019), spatial and processual patterns of Chinese law firms (Liu & Wu, 2016) and internal firm competencies and capabilities of Indian PSFs (Mathew et al., 2021). This study finds that EPSFs managed the national-international paradox through experimentation-based internationalisation to accumulate experience and knowledge by themselves. They were different from EMNEs in the product

industries. Manufacturing EMNEs mainly adopted the springboard internationalisation (Luo & Tung, 2007, 2018) and learned from DMNEs in developed economies (Mathews, 2002, 2006). Therefore, this study furthers our understanding of EMNEs by investigating the internationalisation of EPSFs and exploring how paradoxical identities are managed during the global expansions of PSFs.

Importantly, this study enriches existing literature on the internationalisation of Chinese law firms, particularly on client-following strategy. PSF internationalisation has been researched in the past five decades (Alon & McKee, 1999; Baker, 1977; Brock & Hydle, 2018; Guo et al., 2020; Nachum, 2003). However, such research on PSF internationalisation has mainly focused on the PSFs from developed countries. For example, the internationalisation of accounting firms from the UK and US (Ferner et al., 1995; Perera et al., 2003; Sikka, 2008), law firms from the UK and Germany (Morgan & Quack, 2005) as well as Australia (Pinnington & Gray, 2007; Suseno & Pinnington, 2018a), consulting firm the UK and US (Boussebaa, 2015a; Greenwood et al., 1994) as well as Germany (Kittler & Schuster, 2010). The internationalisation of EPSFs has not been fully investigated. This study finds the context-specific and firm-specific advantages and disadvantages that differ from the previous study findings on manufacturing EMNEs (Luo & Tung, 2007, 2018; Mathews, 2002, 2006). The key finding of this study relates to how Chinese law firms use national and international identities to follow clients and seek markets. They are in the stage of transition from client followers to market seekers, which furthers the previous studies on client-following and market-seeking strategies of service multinationals (Majkgård & Sharma, 1998; Sallis & Sharma, 2009).

4.6.2 Practical implications

The findings suggest that practitioners of EPSFs need to be more mindful of managing the national-international paradox when they enter foreign markets and provide cross-border professional services. This study found that EPSFs needed to develop their firm-specific advantages by adopting national and international identities. In this study, we found that Chinese law firms internationalised based on the advantages of Chineseness, their national identity. Firstly, the rapid development of China's economy provides a conducive business environment for them

to internationalise their legal services. China's economy experienced rapid growth in the last four decades, and a rising number of Chinese manufacturing firms internationalised globally (De Beule & Duanmu, 2012; De Beule & Zhang, 2022). This requires a lot of legal services to facilitate their cross-border business. Chinese law firms have a much closer relationship with their Chinese clients than other law firms. Secondly, they have the tacit knowledge of Chinese law and Chinese clients, which form their bargaining power to cooperate with international law firms. It also helps them attract international clients who have business in China and need local legal services. Thirdly, they can provide lower-cost price services than incumbents. Chinese law firms adopted the fixed-fee pricing model with a lower price, which can help them maintain existing clients and attract more new clients. Fourthly, they have a more comprehensive network in China and the East Asian markets than their rivals from developed markets. The data show that most of these Chinese law firms set up branch offices in each city of China, while international law firms only established their subsidiaries in Beijing, Shanghai, and Shenzhen (Liu, 2008). Chinese law firms have offices in the main markets of East Asia, such as Japan, South Korea, Singapore, Taiwan, Hongkong. They can provide integrated legal services in these markets to attract international clients. In addition, Chinese law firms positively developed digital working systems in China and applied them across their international branches to improve efficiency, control risk, and enhance cross-office cooperation. In conclusion, this study finds that distinct advantages were established in the internationalised Chinese law firms, and it is recommended that they maintain and continue to do so.

Meanwhile, international identity can help EPSFs forge a niche market in which they dominate. In analysing the qualitative interview data, this study finds that the majority of their clients are Chinese firms that are internationalising overseas, and their international clients are those which have businesses related to China. They dominated this China-specific legal market, in which demand increased in recent decades. As service multinationals are client-followers and market-seekers (Majkgård & Sharma, 1998; Sallis & Sharma, 2009), Chinese law firms are able to utilise their distinct advantages to dominate the legal market in China and East Asia. However, this study also finds that Chinese law firms were not fully competing with more established

Western law firms in the UK, US and EU markets at the current stage. In these markets, Chinese law firms focus mainly on China-related business. They may face challenges when competing with non-Chinese clients in the UK, US and EU markets.

4.6.3 Limitations and future research

The study has some limitations resulting from its exploratory and qualitative nature. This study focuses on a single industry and a single target country. The results of the qualitative analysis may not be fully generalised into other industries or countries which have significant differences from PSFs and China. We encourage future research to extend this study by examining other PSFs, such as accounting and consulting firms, from a few emerging markets. Doing so will enable a more comprehensive understanding of the EPSF internationalisation.

In this study, we regard the national and international identity paradox as a static concept. Most of the participating firms were well-established internationalised Chinese law firms that were confronting such a paradox. All participating firms in this study and the internationalised Chinese law firms in general hire staff from host countries, mostly required by the employment law in the host countries and needed by the firms to build their human capital. The firms need to manage both Chinese and non-Chinese staff using standardised management practices, mostly from the headquarter (China), to ensure the consistency across units; as well as tailored management practices, mostly formed in the host country (international) to allow flexibility to manage an international workforce. Such management also represents a national and international identity paradox. In this regard, this study focused on the management of the national and international identity paradox by internationalised Chinese law firms. It is acknowledged that the paradox may evolve. In other words, such a paradox is a dynamic process that can evolve over time. In this regard, firms may adopt different responses to it, e.g., avoiding, delaying/postponing, and/or promoting such paradox to protect their organisations. To better understand the national and international identity paradox, future research is encouraged to conduct longitudinal studies to follow the formation and evolution of the paradox among the EPSFs.

Despite the fast growth, internationalised Chinese law firms are still under-explored. Questions remain regarding the existence of the national and international identity paradox.

Among the 20 participating firms (Table 4.1), 35% of them internationalised for more than ten years, and 25% did between seven and nine years. All firms hired staff from host countries who were expatriates with non-Chinese backgrounds. Such national and international identity paradox existed in these firms and has been studied in this research. In addition to the national and international identity paradox, other paradoxes may exist, such as the local-global (Ambos et al., 2020), autonomy–control (Ambos et al., 2020), and exploration-exploitation (Bandeira-de-Mello et al., 2016) paradoxes. Future research is encouraged to explore these paradoxes among EMNEs and the internationalised Chinese PSFs.

This study also encourages further questions and empirical research on the internationalisation of EPSFs to construct a conceptual framework and find measured and validated variables for robust quantitative surveys. The author also hopes future research can explore more empirical evidence from different emerging markets to test the conclusions of this study. The author adopted the paradox theory in this study. However, other theoretical frameworks might also be helpful in explaining this new internationalisation phenomenon from emerging markets. For example, due to the cultural and language differences between home and host countries, future research may use translation theory (Chidlow, Plakoyiannaki, & Welch, 2014; Wæraas & Nielsen, 2016) to investigate the practices of what the internationalised EPSFs did to overcome the cultural and language differences. In addition, translation theory can also help to explain the knowledge movement between the branches in different countries. Future research can explore knowledge movement within internationalised EPSFs to further our understanding of these knowledge-intensive organisations.

4.7 Conclusion

Since EPSFs followed their clients into developed economies, they need to navigate the significant complexity between home and host countries. These firms seek global expansion to retain clients who internationalised, while they keep their national identity as their main clients are from their home countries and they need to follow the economic policies of the home country governments. In addition, the background of their founders/managers also requires them to keep

their national and international identities simultaneously. This study provided a timely investigation of EPSFs that have been rapidly internationalised in recent decades. By revealing how they developed and managed the national-international paradox via experimentation-based internationalisation and ambidextrous management, this study unlocked the puzzle regarding the internationalisation of EPSFs.

Internationalised EPSFs, as a distinctive type of EMNEs, are characterised as a paradox of adopting contradictory but interrelated strategies. Doing so helps them fit the different market environments and pursue long-term sustainability. The internationalisation of EMNEs is changing the international business landscape. The author hopes this study serves as a starting point to encourage more research into this important phenomenon.

4.8 References

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Chapter 5 Study 3

Internationalisation of EPSFs: A Longitudinal Case Study of Chinese Law Firm Dacheng

5.1 Abstract

As one type of emerging market multinational enterprises (EMNEs), EPSFs are a distinctive phenomenon. They have been rapidly internationalising but remain relatively under-explored in the IB or PSF literature. Unlike manufacturing firms, EPSFs face great challenges due to the differences in culture, regulations, and cross-border management of a highly autonomous professional workforce between host and home countries. Using a longitudinal case study approach, this study focuses on a Chinese law firm – Dacheng, which was established as a single site with ten lawyers in 1992. It has experienced three stages of rapid expansion: 1) internationalisation in Asia (2003-2009); 2) internationalisation beyond Asia (2010-2014); and 3) network internationalisation (2015-2020). Over 3000 items were collected from multiple sources between 1992 and 2020 along with 16 in-depth interviews. Using thematic analysis, this study explores the drivers, strategies, and processes undertaken by Dacheng across the three international expansion stages. Knowledge management based on digital tools was found to be central to its rapid and successful internationalisation. This study provides insights into how EPSFs, as latecomers and newcomers, internationalise their services in the past decades.

Keywords: Professional service firms (PSFs), emerging markets, internationalisation, digitalisation, China, internationalised Chinese law firms

5.2 Introduction

Research on emerging market multinational enterprises (EMNEs) has attracted growing interest (e.g., Chang, Mellahi & Wilkinson 2009; Luo & Tung 2007a, 2007b, 2018; Ramamurti 2009; Ramamurti & Singh 2009). While DMNEs seek to exploit their existing advantages and explore low-cost resources in foreign markets, EMNEs seek to acquire strategic resources in host

countries and reduce their various constraints within home markets (Luo & Tung, 2007, 2018). Starting from the assumption that EMNEs are without superior resources and capabilities prior to internationalisation and are inborn with institutional restrictions, existing theories find that EMNEs utilised internationalisation as a channel to get strategic resources and better institutional environments in developed economies. These theories were developed by collecting and analysing data from manufacturing firms, such as the springboard theory (Luo & Tung, 2007, 2018), strategic intent perspective (Bass & Chakrabarty, 2014; Rui & Yip, 2008), and government steward perspective (Deng, 2004; Han et al., 2018). When it comes to the internationalised EPSFs, as knowledge-intensive EMNEs, there are significant differences from manufacturing firms (Von Nordenflycht, 2010; Zardkoohi et al., 2011). The questions of whether and how the nature of knowledge-intensive EMNEs influences their internationalisation still remain under-explored to date.

On the other side, literature on service multinationals and PSF internationalisation need to be developed by investigating new business context. PSFs offer customised services to their clients (Von Nordenflycht, 2010; Zardkoohi et al., 2011). Existing studies find that service multinationals mainly adopted two different foreign market entry strategies: client-following and market-seeking strategies (Majkgård & Sharma, 1998; Sallis & Sharma, 2009). Rather than seeking low cost in the market-seeking strategy, PSFs mainly adopt a client-following strategy (Abdelzaher, 2012). Existing research on PSFs internationalisation primarily focuses on those from developed countries (Li, 2019; Liu & Wu, 2016). EPSFs, as a distinctive phenomenon, have been rapidly growing but remain relatively under-explored in the international business (IB) or PSF literature (see Li, 2019; Liu & Wu, 2016 for exceptions). There is little research on how EPSFs adopt client-following or market-seeking strategies. The contextualised explanation plays a key role in IB research (Welch et al., 2022, 2011). Therefore, this study seeks to explore how Chinese law firms, as a type of EPSFs, internationalise their services in the past decades.

The internationalisation of EPSFs into mature markets, such as the internationalised law firms from China, is developing rapidly and expanding globally. For example, Li (2019) finds that Chinese law firms started internationalisation from 2000, and there were 123 Chinese law

firms purposefully expanded abroad by 2018. Though these firms adopt a similar client-following strategy, their internationalisation is different from the traditional and earlier internationalisation of PSFs, where accounting and law firms from developed countries set up offices in other developed or developing countries (Henderson & Alderson, 2016; Powell, 2014b; Shore & Wright, 2018). Unlike the PSFs from developed countries, law firms from China are at a disadvantage when internationalising into well-established markets, e.g., lack of international reputation. Chinese law firms need to overcome more challenges, such as cultural, regulatory, and people management differences (Bello et al., 2016; Mathew et al., 2021). For example, China has a very high level of power distance (Farh, Hackett, & Liang, 2007; Humborstad et al., 2008), where a hierarchical management structure exists compared to the partnership structure in western PSFs (Fu, Ma, et al., 2015). In most internationalised Chinese law firms, such hierarchical management still exists (Liu & Wu, 2016). Despite the challenges, Chinese law firms have been internationalising rapidly in the past two decades (Li, 2019; Liu & Wu, 2016).

EPSFs provide great opportunities for scholars to extend IB research due to their distinctive characteristics. To extend our understanding of the internationalisation of EPSFs, this study focuses on the internationalised Chinese law firm. As an emerging market, China's outward foreign direct investment has experienced rapid growth in recent decades (Brennan & Vecchi, 2021; Collison et al., 2017; De Beule et al., 2018). For example, in 2020, the outward flows of foreign direct investment (FDI) from China amounted to 153.7 billion US\$³ (www.statista.com). How Chinese firms, as latecomers and newcomers in the international markets, developed their competitive capacity that became a central puzzle and a topic of interest for academic research (e.g., Li & Ding 2017; Li 2007; Liedong et al. 2020; Luo & Rui 2009; Luo & Tung 2018; Mathews 2006a). The very limited research on internationalised Chinese law firms only focuses on the current international status of Chinese law firms, i.e., who these firms were (Li, 2019) and what different types of internationalised Chinese law firms were categorised (Liu and Wu, 2016). How Chinese law firms navigate the complexities between home and host countries is unknown to date.

³ Excluding data of Hong Kong, Macao and Taiwan.

This study adopts a qualitative research method to explore how Chinese law firms have internationalised their services in recent decades. A longitudinal case study was conducted to comprehensively study a Chinese law firm – Dacheng, which expanded from a single site with ten lawyers in 1992 and started rapid international expansion in 2003. It became the largest law firm in Asia in 2012 and the largest one in the world, following its combination with Dentons in 2015 (the word “combination” was adopted by the Dacheng law firm on their website and other public media). The combination implies the new firm has one brand, network, and digital system, but joiners enjoy high autonomy. For example, branches can decide to recruit staff and not share revenue with HQ or other branches. It indeed was a type of merger, but with a Swiss Verein structure, which was adopted by major Anglo-American law firms (e.g., Baker & McKenzie, DLA Piper, and Hogan Lovells) and some Big Four accounting firms (e.g., KPMG and Deloitte) in the history of their global expansion” (Liu & Wu, 2016: 816). Such a structure allows the merged entity to remain compliant with Chinese regulations, which has a big impact on the internationalisation decisions of Chinese law firms (Liu & Wu, 2016). This fits the nature of the P2 structure in which professional employees enjoy high levels of autonomy (Greenwood et al., 1990; Von Nordenflycht, 2010). The new Dacheng-Dentons (hereafter Dacheng-Dentons refers to the new firm combined by Dacheng and Denton) provides global services. The combination strategy was chosen by Dacheng because this entry mode can provide the joiners with high independence and autonomy in their local markets. This study focuses on the internationalisation of the Chinese law firm, Dacheng, by investigating its internationalisation process between 2003 and 2015 before combining with Dentons as well as its role in the ongoing internationalisation of Dacheng-Dentons between 2015 and 2020. In this longitudinal case study, over 3000 items were collected from the company website, archives and social media covering the years from 1992 to 2020 along with 16 in-depth interviews with solicitors in Dacheng. The results from the thematic analysis revealed the drivers, strategies and processes of internationalisation and knowledge management based on digital tools along with its internationalisation.

By examining the internationalisation of Chinese law firms, this study advances IB and PSF research in three ways. Firstly, this study extends IB research by finding that agile

experimentation-based internationalisation can fit changing business environments. The agile experimentation-based mode stresses that Chinese law firms try different modes simultaneously and test them in international markets. As such, these firms respond and make changes very quickly to adapt to the international markets. By tracing three stages of the rapid internationalisation of Dacheng, this study found that it adopted an agile approach to capture the opportunities from its home markets and overcome inborn disadvantages and challenges when entering foreign markets. Secondly, this study contributes to PSF internationalisation literature by extending our knowledge of the internationalisation of knowledge-intensive organisations from developed economies to emerging markets. As latecomers and newcomers without significant resources and capabilities prior to internationalisation, digitalisation-enabled knowledge innovation created competitive advantages for the PSF that this study investigated. Thirdly, this study contributes to Chinese PSF management by identifying the ways through which Chinese PSFs are innovating their service and gaining competitive advantages. This study found that digitalisation helped Dacheng create its firm-specific advantages derived from the Chinese market and smooth cross-border management when Dacheng expanded globally. Digitalisation in knowledge management and innovation was found to be central to successful internationalisation.

5.3 Literature Review

5.3.1 Service multinationals and law firms from emerging markets

The service industry plays a critical role in the global economy. Existing studies find that they account for more than two-thirds of the gross domestic product (GDP) in most Western industrialised economies (Boussebaa & Morgan, 2015; Edvardsson et al., 1993). On the one hand, as manufacturing MNEs increasingly provide value-added service to their products, service internationalisation has been accelerating accordingly since the 1980s (Doloreux & Laperrière, 2014; Turunen & Nummela, 2017; Vandermerwe & Chadwick, 1989). On the other hand, service firms also started internationalisation to follow and serve their internationalised clients. For instance, accounting firms established wholly-owned subsidiaries in the 1970s and expanded gradually from near to far markets, mainly from developed countries to developed countries

(Cooper et al., 1998; Gaedeke, 1973). As such, service multinationals have mushroomed since the 1970s.

Service multinationals are different from the manufacturing MNEs, including the intangibility of services, the inseparability of the service provision and consumption, and people-to-people delivery processes in the service environment. As a result, service internationalisation differs significantly from those of manufacturing firms. Firstly, knowledge plays a key role in the success of service firm internationalisation. During the process of their internationalisation, more adaptation in unknown markets is needed than manufacturing firms, and service firms require more knowledge flow between overseas subsidiaries and parent firms (Lindsay et al., 2003). Secondly, according to the study of Ball, Lindsay and Rose (2008), service firms adopt less resource-intensive entry modes (e.g., partnership), while manufacturing firms often adopt resource-intensive entry modes (e.g., FDI and equity joint ventures). Lastly, service firms mainly adopt the client-following and market-seeking strategies (Majkgård & Sharma, 1998; Sallis & Sharma, 2009), while manufacturing firms primarily focus on the market-seeking strategy in internationalisation.

Among the service multinationals, PSFs, including accounting, law and consulting firms, are knowledge-intensive and low-capital organisations that consist of a well-educated workforce (Fu 2015; Fu et al. 2017; von Nordenflycht 2010; Zardkoohi et al. 2011). PSFs also differ from manufacturing firms in terms of intangibility, perishability, simultaneity of production and consumption, and customisation of service (Boehe, 2016). Additionally, PSFs are different from general services such as banking due to the customisation of their services (Fu, Flood, Bosak, Morris, & O'Regan, 2013; Fu, Flood, et al., 2015). Knowledge is regarded as a critical factor for the survival of PSFs (Fu, 2015; Mårtensson, 2000). The significant differences between PSFs and industrial firms lead PSFs to adopt different internationalisation strategies and processes. PSFs mainly adopt a client-following strategy (Aharoni, 2012; Freeman & Sandwell, 2008; Krull et al., 2012; Spar, 1997), while MNEs from product industries mainly seek low-cost resources and extend product markets (Dunning 1977, 1988).

Table 5.1 Comparison between accounting and law firms

	Accounting firms	Law firms
Representative firm	Deloitte	Kirkland & Ellis
Executive codes and standards	Region-specific	Country- specific
National sovereignty	Less-involved national sovereignty	National judicial sovereignty
Influencing factors for work	Technical elements	Cultural and political elements
Start point of internationalisation	1970s	1990s
The focus of existing research in their internationalisation	<ul style="list-style-type: none"> • The determinable elements of the competencies, emergent global strategy, including the federative structure and structure of the auditing profession in western countries (Sluyterman, 1998). • The international strategy of accounting firms in western countries, e.g. the merger (Sidhu, Stevenson-Clarke, Joshi, & Halabi, 2020). • Debates regarding global integration (standardisation) and responsiveness (adaptation) in accounting firms (Kolk & Margineantu, 2009). 	<ul style="list-style-type: none"> • International collaboration patterns, institutional changes, international networks, and internationalisation-performance relationship of law firms of western countries (Van Criekingen et al., 2005). • Large U.S. law firms switched their business model from the traditional and professional model (P2 form) to a global corporate business model (Greenwood, Hinings, & Prakash, 2017). • Growing interest in the domestic and international development of the legal profession and legal market in China (Li, 2019; Liu, 2008).
Research on internationalisation from emerging markets	Limited	Scarce

As a classic type of PSF, law firms have their own distinctive characteristics affecting their internationalisation. Compared with other types of PSFs, such as accounting and consulting firms, Table 5.1 presents the differences between accounting and law firms. Accounting firms had extensively internationalised during the 1970s based on relatively standardised services to meet their clients' needs. As accounting work refers to how to make financial statements correct and reliable, accounting firms in different countries share similar standards, such as the International Standards on Auditing (Haapamäki & Sihvonen, 2019). In contrast, legal systems differ significantly across national boundaries. For example, German law is codified in statutes in order to balance interests between parties with different bargaining power. German lawyers adopt minimal documentation with implicit recourse to codified statutes to examine whether and how the desired outcome can be achieved under the constraints of the law. UK law is seen as case law. Solicitors follow ideal-typical expertise logic to spell out every clause and remedy by producing comprehensive documents with several hundred pages for a single transaction (Smets, Morris, & Greenwood, 2012). There is heterogeneity among PSFs as substantial differences exist in legal systems, organisational structures, human resource policies and practices, relations with contiguous occupations, clients, and even pricing systems (Malhotra & Morris, 2009). These differences across professions can affect their responses to various external market and institutional changes. For example, the differences between law firms and accounting firms are shown in Table 5.1. Therefore, heterogeneity among PSFs, such as differences among law firms, accounting firms and consulting firms, may affect their choice of internationalisation strategies, including market entry and presence requirements in foreign markets (Malhotra & Hinings, 2010).

Law firms from emerging markets encounter more barriers when entering unknown markets than incumbents from developed markets. Law firms from emerging markets such as China need to translate the language, legal systems and generate new knowledge to meet their clients' needs during the process of internationalisation. They have to overcome the hurdles of liability of foreignness (Rugman, 1978), liability of outsidership (Johanson & Vahlne, 2015), and liability of origin (Thite et al., 2016). While the liability of foreignness and liability of outsidership is unavoidable for MNEs from both developed and developing countries, the liability

of country of origin tends to be distinctive to EMNEs as they may be associated with perceived weakness and are lacking in global dominance (Chang et al., 2009; Thite et al., 2016). Due to the liability of origin, the services of EPSFs are recognised as low quality. As such, EPSFs have to establish their reputation along with their internationalisation process. Given their knowledge-intensive nature and the consequent opaque nature of PSFs, clients may lack the ability to judge the service quality directly. As a result, PSFs need some mechanisms to signal quality to establish client-professional trust (Von Nordenflycht, 2010; Zardkoohi et al., 2011). Well-known brands and excellent reputations can signal high quality of service and secure a client's business (Greenwood et al., 2005). As latecomers and newcomers in the international markets, law firms from emerging markets are challenged to establish a reputation and client-firm trust when they go aboard.

In conclusion, law firms from emerging markets have to overcome three types of barriers when going abroad: 1) barriers faced by all MNEs, such as liability of foreignness (Rugman, 1978), liability of outsidership (Johanson & Vahlne, 2015); 2) barriers faced by EMNEs, such as liability of country of origin (Thite et al., 2016); and 3) barriers faced by EPSFs, such as reputation establishment. The present study aims to explore the internationalisation process of Chinese law firms, i.e., how they manage their people, knowledge, and service to overcome these disadvantages.

5.3.2 EMNE theories and EPSFs

The vast IB literature has explored the DMNEs, which refer to MNEs from developed markets with a relatively long development history (e.g., the US, Europe and Japan). Recent IB research started investigating the newly industrialized economies with relatively short development history (e.g., Korea, Singapore, and China), i.e., EMNEs (Luo & Tung, 2007; Pinkham & Peng, 2017; Witt & Lewin, 2007). EMNEs, as latecomers and newcomers in the international market, differ significantly from DMNEs as incumbents of the current international markets in many ways. By analysing the location-bounded and non-location-bounded strategic assets, Sutherland, Anderson and Hu (2020) reveal that EMNEs perform comparatively stronger in seeking patents (location-bounded strategic asset) but weaker in pursuing trademarks (non-

location-bounded strategic asset) than DMNEs. By comparing the organisational learning, unlearning and re-internationalisation between EMNEs and DMNEs, the study of Surdu and Narula (2020) shows that EMNEs have more advantages in the re-internationalisation process as they lack the experience that is deeply associated with DMNEs' international heritage. In addition, the aim of internationalisation activities differs between DMNEs and EMNEs. While DMNEs aim to explore low-cost resources and exploit their existing advantages in foreign markets, EMNEs mainly seek to acquire strategic resources from developed economies (e.g., high-cut technologies) and reduce their institutional and market constraints in their home countries (Luo & Tung, 2007, 2018; Pinkham & Peng, 2017; Witt & Lewin, 2007).

To respond to the new phenomenon of EMNEs and the differences between DMNEs and EMNEs, a number of theoretical frameworks have been proposed to explain the growth of newcomers and latecomers from emerging markets, including springboard theory (Luo & Tung, 2007, 2018), strategic intent perspective (Bass & Chakrabarty, 2014; Rui & Yip, 2008), and government steward perspective (Deng, 2004; Han et al., 2018). Springboard theory states that EMNEs regard international expansion as a compensatory springboard to seek assets (including knowledge and technology) and opportunities, mainly via aggressive M&As (Luo & Tung, 2007, 2018). The strategic intent perspective indicates that EMNEs proactively pursue cross-border acquisitions in order to exploit distinctive ownership advantages while offsetting their competence deficiencies (Chen et al., 2015; Rui & Yip, 2008). The government steward theory claims that EMNEs are pushed to acquire scarce natural resources abroad by the political mandates of their home governments and to serve the economic and social development of their home countries (Deng, 2004).

These EMNEs-related theoretical frameworks mainly focus on product industries and are less applicable in explaining how PSFs internationalise. For example, PSFs provide customised services to follow their clients rather than bring resources from abroad back to their home countries, which does not align with the springboard perspective of EMNEs (Luo & Tung, 2007, 2018). Secondly, the strategic intent perspective can explain the merger and acquisition used by manufacturing firms but fail to understand PSF internationalisation. PSF internationalisation

mainly adopts the network structure because networks can help them establish a global service capability and allow overseas branches to enjoy high-level autonomy to fit local market institutions (McQuillan et al., 2018; Salvoldi & Brock, 2019; Winch, 2014). Lastly, the government steward theory has been used to explain the internationalisation of manufacturing firms from emerging markets with the aim of acquiring natural resources in host countries (Deng, 2004). However, PSFs cannot adopt entry modes used by manufacturing firms, such as export, licensing, or franchising. As such, they cannot help their home governments acquire scarce natural resources abroad.

As shown above, the findings from the extant IB literature cannot be directly transplanted into the context of the PSF field (Li, 2019). This leads to a critical omission regarding EPSFs. The aim of this study is to explore how EPSFs internationalised and competed with incumbent PSFs from developed economies. For these reasons, this study seeks to answer the following question:

How do Chinese law firms, as a type of EPSFs, internationalise their legal services in the past decades?

5.4 Methodology

5.4.1 Research design and case organisation

The aim of this study is to explore how EPSFs have internationalised. Based on the explorative nature of this study, this study took an open, interpretive perspective in the research design, which was qualitative (Schwandt 1994; Kvale 1996). In particular, this study adopted a single longitudinal case study method because this method helps the researchers to allocate more time and attention to studying undocumented or under-investigated patterns and practices (e.g., Mees-Buss, Welch and Westney, 2019; Stendahl, Schriber and Tippmann, 2021) and find more in-depth answers to the research questions than other research approaches (Gioia, 2021; Gioia et al., 2013). The choice of a single longitudinal case with the qualitative method is consistent with other studies regarding the various process questions of MNEs (e.g., Mees-Buss, Welch and Westney, 2019; Stendahl, Schriber and Tippmann, 2021).

This study follows the four-step procedure of a case study by Larsson (1993). It involves case selection, data collection from varied sources, coding and analysing data to find the answers to the research questions (Larsson, 1993). In the case selection stage, this study traced the development process of a Chinese law firm, Dacheng, to explore how it expanded in domestic and foreign markets and how it grew into a top law firm in such a short time. Dacheng was founded with only ten lawyers (including the founder Xuefeng Peng) in Beijing in 1992. In 2003, Dacheng started a new development strategy, and the number of its lawyers increased from about 100 in 2003 to 835 as the largest law firm in China in 2008 (eight-fold growth in five years' time). It grew internationally and became the largest law firm in Asia in 2012. In 2015, Dacheng and Dentons merged as Dacheng-Dentons, becoming the world's largest law firm in terms of the number of licensed lawyers.

The fast pace and large scale of its internationalisation make Dacheng an ideal case to study the internationalisation of PSFs from an emerging market. This study focuses on the internationalisation of the Chinese law firm, Dacheng. It explores Dacheng's rapid growth and expansion between 2003 and 2015, as well as Dacheng-Dentons' network internationalisation between 2015 and 2020.

5.4.2 Data collection

This study adopted retrospective and real-time data collection with multiple data collection methods to cover the whole timeline of case firm development. In order to get a full picture of Dacheng's development, this study collected time from 1992 when it was established to 2020. In particular, 3,335 items were collected from multiple sources between 1992 and 2020, including company websites, firm databases, internal documents, and public media. In addition, the author conducted in-depth interviews with 16 lawyers who had been working in Dacheng for at least five years to ensure that they were familiar with the internationalisation of Dacheng. A wide variety of data sources can provide sufficient information for data analysis (Eisenhardt & Graebner, 2007). This method is widely used in international business studies (e.g., Krull, Smith & Ge, 2012; Stendahl, Schriber & Tippmann, 2021). More information about the data collection is presented below.

5.4.2.1 Secondary data collection

This study collected various types of archival data to enrich the database (Larsson, 1993). This captured the entire period between 1992 and 2020, thus providing insight into the context of the nearly 30-year evolution of Chinese law firms. In this case study, secondary data were collected from four primary resources: the company website, firm databases, internet documents, and public multi-media resources. Keywords used in the search included “Dacheng,” “internationalisation,” and “expansion” – all in Chinese. Table 5.2 presents information on the data collected from these sources. The data covers the years from 1992 (establishment) to 2020 (present). After the initial search, 4,184 items were found. After deleting duplications and invalid documents, 3,335 items including the interviews, were retained for data analyses. Figure 5.1 presents the number of recorded data by year.

Table 5.2 Data collection sources

Data Source	Raw Data	Clean Data	Reference code
Official Website	2387	1952	OW0001-OW1952
Firm Database	197	73	FD01-FD73
Internal Documents	206	172	ID001-ID172
Public Media	1378	1122	PM0001-PM1122
Interviews	16	16	IV01-IV16
Total	4184	3335	

5.4.2.1 Interview data collection

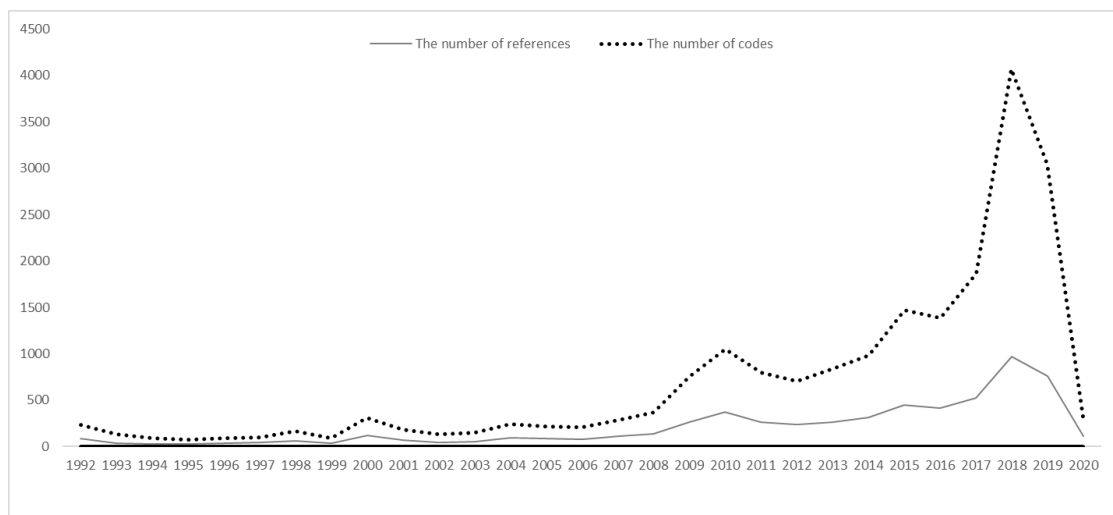
The author interviewed 16 lawyers from the case firm to collect primary data. Numerous and diverse knowledgeable informants can mitigate bias in the data collection approach (Kathleen et al., 2007). For this study, the author selected participants at different levels, including solicitors, junior partners, senior partners, and a manager. All of them have worked in Dacheng for at least five years and have deep knowledge about the internationalisation process of Dacheng in China. In collaboration with the interviewees, the author carried out three face-to-face interviews and 13 online-video interviews based on the interviewees’ preferences. All interviews were open-ended and semi-structured, lasting between 30 and 60 minutes each. This study designed an interview guide based on the literature about internationalisation and management (McQuillan et al., 2018;

Pinnington & Gray, 2007; Segal-Horn & Dean, 2007; Winch, 2014). These interviews were recorded and fully transcribed for the following data analysis. The interview guide used in this study is presented in Appendix 3.

5.4.3 Data analysis

The majority of the information and documents collected were in Chinese with some items in English. Given the large amount of data, the researchers decided to code the data in Chinese in NVivo and then report them in English. For the information originally in English, data were coded in NVivo directly. Based on the longitudinal nature of this case study, data on which year the item was published or the event that took place was coded as a classification attribute in NVivo. The distribution of codes by year is included in Figure 5.1.

Figure 5.1 Time coverage of the case study



Thematic analysis was adopted to analyse the data. This analytical approach entails searching, identifying, analysing and reporting patterns (themes) within the qualitative dataset, unpacking and interpreting different aspects of the target research topic (Braun & Clarke, 2006). In particular, this study followed the commonly used six-step coding method of Braun and Clarke (2006), i.e., familiarising with the data, creating initial codes, looking for themes, reviewing themes, defining and naming themes, and producing the report. The author met two supervisors regularly and discussed the coding to ensure the reliability and standardisation of codes.

This study adopted an open-coding approach (Corbin & Strauss, 2012), which involves three steps: 1) the first step is to select, categorise, and label direct statements (informant-centric codes as first-order); 2) the second step is to assemble informant-centric codes into more theoretical perceptions (researcher-centric themes as second-order), and 3) the third step is to condense researcher-centric themes into more general theoretical concepts (overarching dimensions) (Gioia et al., 2013).

5.5 Findings

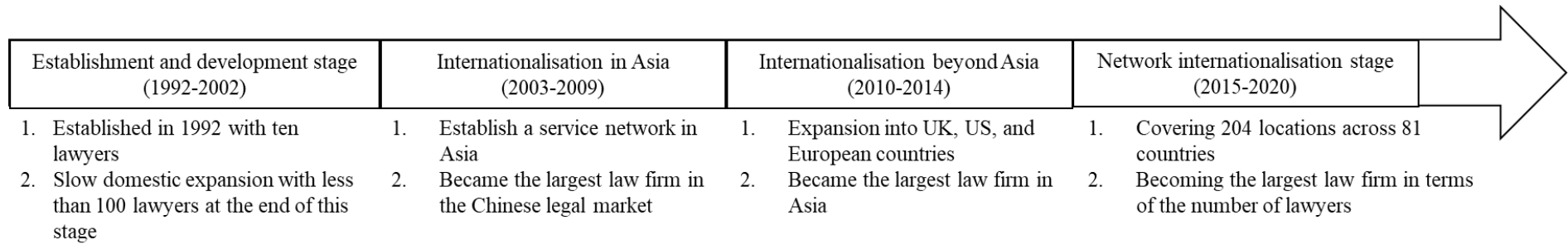
In this section, this study first presents a descriptive analysis by tracing the historical development of Dacheng, from which this study found four main stages of development. This study then presents the thematic analysis of the data collected from multiple sources.

5.5.1 Descriptive analysis: four stages of Dacheng's development and internationalisation

This study traced the historical development of Dacheng and found that Dacheng experienced four stages: 1) establishment and development (1992-2002), 2) internationalisation in Asia (2003-2009), 3) internationalisation beyond Asia (2010-2014) and 4) network internationalisation (2015-2020) stages. Figure 5.2 presents the whole process, including its domestic expansion in China and global internationalisation.

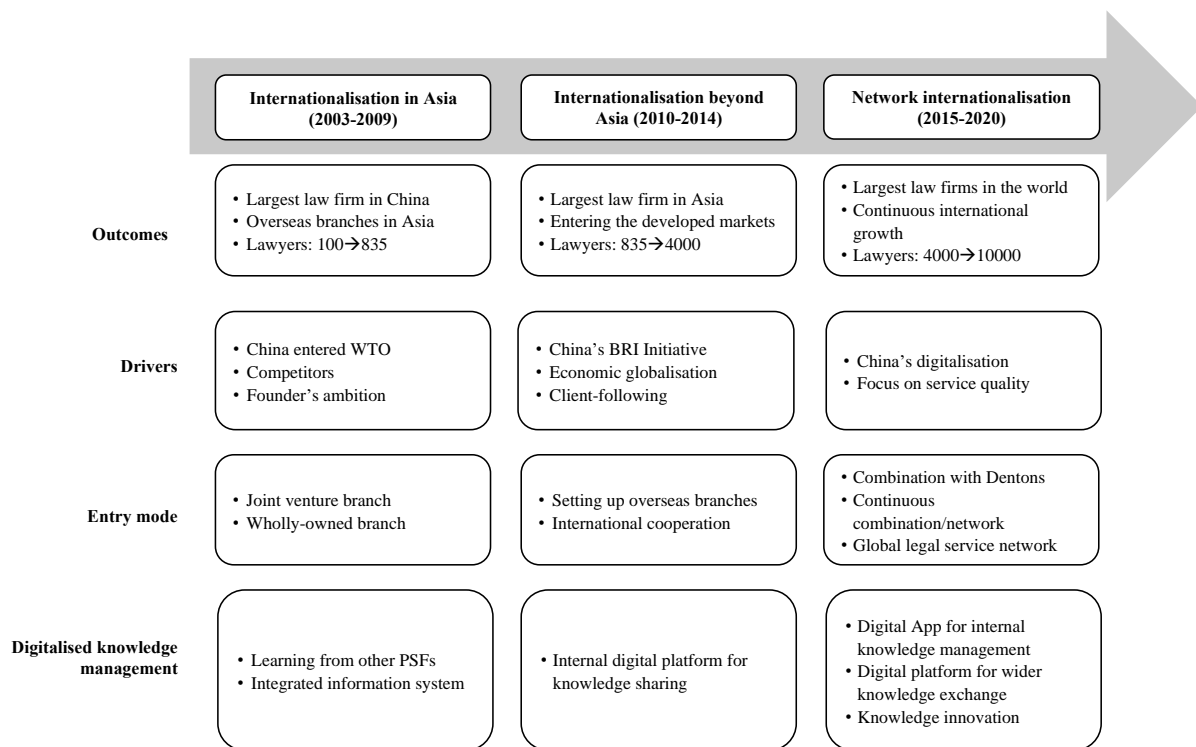
- In the establishment and development stage (1992-2002), Dacheng was set up in 1992 with less than ten lawyers (including the founder Mr Peng Xuefeng). Dacheng developed slowly in this stage without any comparable competitive advantages compared with other Chinese law firms. At the end of this stage, Dacheng had less than 100 lawyers.
- In the stage of internationalisation in Asia (2003-2009), Dacheng started rapid expansion in the Asian market, including Hongkong, Taiwan, Japan, and Singapore. It sought to establish a service network in Asia. At the end of this stage in 2009, Dacheng became the largest law firm in the Chinese legal market.

Figure 5.2 Domestic expansion and internationalisation of Dacheng Law Firm



- In the stage of internationalisation beyond Asia (2010-2014), Dacheng continued its global expansion into other developed countries, such as the UK, US, and European countries. In 2012, it became the largest law firm in Asia, with 4,000 lawyers in total. At the end of this stage, it had a service capability in 14 countries or regions.
- In 2015, Dacheng combined with Dentons, becoming the largest law firm in terms of the number of lawyers, starting its network internationalisation stage (2015-2020). By 2020, Dacheng-Dentons had more than 10,000 professionals covering 204 locations across 81 countries.

Figure 5.3 Internationalisation process of Dacheng



This study aims to explore why and how EPSFs internationalised and navigate the complexities between home and host countries. As such, this study focuses on the last three stages in which Dacheng experienced internationalisation from 2003 to 2020 (as shown in Figure 5.3). This study presents the three main themes that emerged from the data across these stages. They were: 1) drivers for internationalisation, 2) internationalisation entry mode, and 3) knowledge management based on digital tools. The main themes and sub-themes are presented for each topic

across these three stages. Figure 5.2 provides a summary of the whole development process of Dacheng, especially its three internationalisation stages.

The key finding will be reported in the coming sections. Section 5.5.2, titled “Drivers for internationalisation”, presents the changing drivers across three stages to show the dynamic business environment. Dacheng demands various capabilities for effective and efficient organisational responses towards such uncertainty, complexity and unpredictability. It answers *why* Dacheng did so in its internationalisation stages. Section 5.5.3, titled “Internationalisation entry mode”, shows the various entry modes that Dacheng adopted to scale up over three internationalisation stages. It aims to demonstrate the agile response to fit the changing business environment. It answers *how* Dacheng internationalised in three expansion stages. Section 5.5.4, titled “Knowledge management based on digital tools”, shows the knowledge learning and innovation during its internationalisation. Through it, Dacheng purposely adopted digital tools to manage knowledge, which is a key resource due to the knowledge-intensive nature of PSFs. Knowledge learning and innovation can support its rapid internationalisation. It answers *how to learn and innovate* the knowledge in the Chinese law firm. More details will be reported in the below sections.

5.5.2 Drivers for internationalisation

The drivers for internationalisation include internal and external factors. Previous studies on PSF internationalisation find that internal factors include the size, scope, creativity, and reputation of PSFs (Nachum, 1996), internal resources (Aharoni, 1996; Nachum, 1996; Spar, 1997), human capital (Hitt et al., 2006), social capital (Kittler & Schuster, 2010), and cultural capital (Skaates et al., 2002), state-capital relationship (Sikka, 2008), managerial mindset (Cort et al., 2007), organisational genes and status positions (Flood, 2013; Powell, 2014a; Powell & Rhee, 2018), social mechanisms of symbolic domination (Stringfellow et al., 2015; Tsao et al., 2017), professional employees’ enactment of career aspirations (Pinnington & Sandberg, 2014) and corporate-driven culture (Boussebaa, 2020). The external factors found in the existing literature include specific opportunities from the external market (Alon & McKee, 1999; Frazer Winsted & Patterson, 1998), clients’ internationalisation (Jensen & Poulfelt, 2017), revenue

growth (Al Qur'an, 2011), and efficiency benefits (Gallhofer et al., 2011). However, this study finds some different drivers for Dacheng's internationalisation across its different expansion stages. Table 5.3 presents representative quotes and subthemes for this theme.

5.5.2.1 Drivers for internationalisation in Asia (2003-2009): WTO, competitors, and the founder's ambition

In the stage of its internationalisation in Asia (2003-2009), Dacheng focused on Asian countries as its starting point of internationalisation. It also experienced a rapid domestic expansion at this stage. The drivers of this stage include: 1) China joined the World Trade Organisation (WTO), after which Chinese firms (main clients of Dacheng) started to internationalise rapidly; 2) increasing competition from domestic and international law firms; and 3) the founder's ambition.

After China joined in WTO in 2001, Chinese firms went abroad and became an important group of EMNEs in the international markets. The main clients of Dacheng in this stage are Chinese firms. Therefore, they need to follow their steps into foreign markets to maintain their existing clients. The below quote demonstrates how Dacheng needed to provide cross-border legal services to their clients.

Foreign trade and investment increased dramatically after China entered the "WTO". Chinese firms actively pursued overseas expansion after 2001, which led to the sixth wave of overseas mergers and acquisitions after the 2008 financial crisis. Dacheng needs to provide legal services to these Chinese firms. (PM-0866)

The second driver at this stage was the competition from domestic and international law firms. After joining WTO, China opened its legal market to international law firms. The fierce competition in the Chinese legal market pushed Dacheng to start internationalisation to improve its service capability. At the same time, Dacheng rapidly expanded its domestic service network in the main cities of China to establish its competitive advantages, which was the foundation for internationalisation in Asia.

After entering WTO, China opened its legal service market gradually. Foreign law firms can set up representative offices in China. These firms have strong competitive advantages compared with Dacheng. (ID-117)

Table 5.3 Illustrative quotes, sub-themes for the theme of drivers for Dacheng’s internationalisation

Illustrative quotes	Sub-theme	Stage
<i>The legal industry in China has developed steadily after China entered the WTO in 2001. There have been remarkable developments and achievements in foreign-related fields [for law firms]. (IV-9)</i>	Chinese context: joined WTO	
<i>In 1999, Jinlian, Tianhe, and Great Wall, three Chinese law firms, merged to form Allbright law firm, which created competitive ability in the foreign-related legal service market. (PM-0755)</i>	Competitors	Internationalisation in Asia (2003-2009)
<i>The internal driver of Dacheng’s development at this stage is mainly the ambition of Dacheng’s leaders. They want to develop Dacheng into a large firm. (IV-3)</i>	Founder’s ambition	
<i>Along with the Belt and Road Initiative, Dacheng has set up offices in 33 countries. Our [Dacheng] lawyers have the knowledge required to smooth cross-border transactions and resolve disputes. (DW-288)</i>	Chinese context: “One Belt One Road” initiative	
<i>Globalisation is a powerful force for the internationalisation of Chinese law firms. The vast majority of major foreign-related legal cases are non-litigation or arbitration cases, and it has become normal for lawyers to provide cross-border non-litigation and legal arbitration services. (PM-0761)</i>	Economic globalisation	Internationalisation beyond Asia (2010-2014)
<i>New Hope Group is a key leading enterprise in China’s agriculture industry. The firm is now committed to implementing a proactive and robust internationalisation strategy. It has 18 overseas subsidiaries. It signed a contract with Dacheng to provide legal services in 2013. (DW-206)</i>	Client-following	
<i>China’s legal science and technology industry continues to develop together. The ‘law + technology’ model has become a new trend in China’s legal industry development, and law firm management with technical support has become the norm in the industry. (PM-0069)</i>	Chinese context: Digitalisation	Network internationalisation (2015-2020)
<i>Dacheng’s internationalisation is not simply opening branches abroad or merging with local law firms but focusing on lawyers’ service quality that can truly reach international first-class standards and can truly integrate into local cultural and economic activities. (PW-1164)</i>	Focus on service quality	

The third driver for Dacheng's internationalisation was the ambition of its founders, who had a clear and strong ambition to develop Dacheng into an international law firm at this stage. For example, according to an internal document (ID-013), Mr Peng, the founder of Dacheng, has a strong intention to internationalise his law firm:

Mr Xuefeng Peng, the founder of Dacheng, said that "a law firm must really think about its scale. If the leader and managers do not emancipate their minds, this law firm will not be able to develop in scale. ... I wish Dacheng to be an international law firm. I have to adopt a democratic decision system (founders and partners share the equal right to make decisions in Dacheng), which is very efficient. In the past few years, Dacheng has run in the traditional way (only a few founders can make the decision in Dacheng), but it reached its peak in 2003. That is why I reformed the decision system that year". (ID-013)

The above quote shows the leadership of Dacheng's founder, who adopted a democratic decision-making system where decision-making was shared among partners. This change towards international alignment in management demonstrated the ambition of Dacheng leaders to internationalise their law firm.

5.5.2.2 Drivers for internationalisation beyond Asia (2010-2014): BRI, economic globalisation, and client-following

In the internationalisation beyond Asia stage (2010-2014), three drivers were found to lead Dacheng into European and North American markets. The first driver is the Chinese political context with the national policy on the One Belt One Road initiative (BRI). BRI was launched by China in 2013, a large state-led portfolio of global infrastructure linking East Asia and West Europe, including railways on the land and ships on the sea (De Beule & Zhang, 2022; Li, Van Assche, Li, & Qian, 2022). Based on BRI, outward flows of China's FDI grew to 116 billion US\$ in 2014, making China the third-largest home country of FDI (Sauvant & Nolan, 2015). Existing studies find that service firms follow their clients to internationalise their service (Majkgård & Sharma, 1998; Sallis & Sharma, 2009). As Chinese MNEs that were the main clients of Dacheng went abroad along the BRI, Dacheng followed them to set up branches in the member countries of BRI to provide cross-border legal services. This study finds how BRI, as a Chinese government policy, drove the internationalisation of Chinese manufacturing firms. As a result, it indirectly affected Dacheng's choice of entry mode when Dacheng internationalised beyond the Asian

market at this stage. The below quote shows why and how the lawyers of Dacheng follow the BRI initiative.

Our lawyers (of Dacheng) have seen a massive demand for legal services from the 'One Belt One Road' initiative, which is the national policy of China. Therefore, in 2014, my team and I worked on the 'One Belt One Road' project called Great Stone and began to provide legal services to enterprises involved in this project. (PM-0758)

The second driver is economic globalisation, which led Chinese firms to go abroad (Chinese EMNEs) and international firms (traditional MNEs from developed economies) to enter Chinese markets. These firms required both internationalised and localised legal services provided by Chinese law firms. The below quote demonstrates how economic globalisation brought Dacheng some challenges and opportunities.

Before combining with Dentons, Dacheng cooperated with other foreign law firms to meet the needs of Chinese international clients. In the course of cooperation, we found that these law firms are very strong, but they still don't have a large scale of global coverage. Under the new normal of the globalisation of the world economy, we (Dacheng) have to meet the needs of cross-border legal services. (ID-65)

The third driver was to follow clients. A client-following strategy is widely adopted by PSFs and general service firms (Majkgård & Sharma, 1998). Due to their main clients becoming EMNEs, Dacheng needed to follow them to expand beyond the Asian market. The quote below shows that Dacheng aims to develop its service capability by establishing its international service network, through which Dacheng can promptly respond to its client need.

Dacheng aims to establish an international network of legal services. That is, wherever our clients go, they can be served by our lawyers from Dacheng. These lawyers can be local or international based on clients' needs. (IV-02)

5.5.2.3 Drivers for network internationalisation (2015-2020): digitalisation and focus on service quality

In the network internationalisation stage (2016-2020), Dacheng continued expansion in the international markets. One key external driver for Dacheng's internationalisation was digitalisation in China. According to the data from the Ministry of Industry and Information Technology (www.gov.cn), the digital economy in China experienced an annual average growth of more than 16.6% between 2016 and 2020. Aligning their services with digital transformation,

Dacheng needed to offer digital tools for their lawyers to provide services. The quote below presents how Dacheng considers the effects of digitalisation on the future of law firms.

In the era of digitalisation, law firms will face its impact. The role of law firms may become more prominent or weakened. Various law firms are making various attempts. There is no unified standard, and they are all changing themselves to adapt to the future. This process of lawyers and law firms choosing each other will be faster and more intensified than before. We (Dacheng) have to grab these opportunities. (ID-023)

In the network internationalisation stage (2016-2020), Dacheng's development was driven by its focus on enhancing service quality and overcoming conflicts of interest among lawyers from different Dacheng-Dentons offices. Dacheng-Dentons does not have headquarters but a global committee. The regional managing partners sit on the committee. The rapid internationalisation of Dacheng-Dentons was coupled with weak controls regarding the standards of service quality because its services are provided by different offices across the world. For example, there was a need to overcome conflicts of interest when Dacheng scaled up to become the largest law firm in the world. Lawyers can incur conflicts of interest if they represent both the plaintiff and the defendant in the same case. The quote below shows the challenges that arise from Dacheng's rapid expansion.

There is no doubt that the combination with Dentons was successful, and it has created a miracle in the firm history. However, there are some shortcomings. One of them is the increasing conflict of interest when we have a large number of lawyers in branch offices. When we involve both sides of the same case, our benefits must conflict, and some lawyers have to withdraw from this business. (IV-06)

5.5.3 Internationalisation entry mode

To respond to the above drivers at each stage, Dacheng adopted various strategies and entry modes during its internationalisation process. Table 5.4 presents representative quotes, subthemes, and themes for this topic.

5.5.3.1 Internationalisation in Asia (2003-2009) via joint venture and wholly-owned branches

Dacheng clarified its development objective in 2004 and aimed to be a large law firm to provide services nationally and internationally. Therefore, Dacheng established joint-venture

Table 5.4 Illustrative quotes, sub-themes for the themes of internationalisation entry mode

Illustrative quotes	Sub-theme	Stage
<i>In 2009, Dacheng set up the first Sino-Singapore joint venture law firm in history. (OW-0090)</i>	Joint venture branch	Internationalisation in Asia (2003-2009)
<i>In 2009, Dacheng had its international development plan: to establish branches in the countries of Southeast Asia. (IV-03)</i>	Wholly-owned branch	
<i>We have our own law firms in the United States, Canada, Australia, Singapore and other countries. (IV-03)</i>	Setting up international branches	Internationalisation beyond Asia (2010-2014)
<i>In March 2012, Dacheng and the Irish law firm Arthur Cox strategically cooperated in overseas investment, mergers and acquisitions and overseas contracting. (PM-860)</i>	International cooperation	
<i>On November 10, 2015, Dacheng combined with Dentons, an international law firm. The combined new law firm – Dacheng Dentons, became the largest law firm in the world, with more than 6,500 lawyers and professionals in 120 offices in more than 50 countries. (ID-061)</i>	Combination with Dentons	Network internationalisation (2015-2020)
<i>In 2017, Dacheng-Dentons combined with Maclay Murray & Spens, a leading Scottish law firm, and Kampala Associated Advocates, an international elite law firm in Uganda, which further strengthened Dacheng-Denton's strength in the UK and eastern Africa. (OW-0586)</i>	Continuous combination/network	
<i>Dacheng-Dentons' free referral network platform can achieve global cooperation timely. It has a full coverage of legal service fields and explores a new way to integrate global legal resources, likely changing the Chinese legal industry significantly. Dacheng referred cases to nearly a thousand law firms during the first year after its establishment. Dacheng also received more than 500 transfers from other international law firms. (ID-29)</i>	Global legal service network	

branch offices and *cooperated with foreign law firms as long-term partners, as demonstrated by the quote below.*

Dacheng has established joint-venture branch offices in Hong Kong, which can provide clients with localised legal services, and has also absorbed five foreign law firms as its overseas cooperation members. (PM-0368)

Dacheng also set up its wholly-owned branches in Taiwan, which has a different legal system from Mainland China.

Dacheng set up its branches in Taiwan, and 230 lawyers moved from Mainland China to Taiwan. Our lawyers should obtain their status in the international legal service market as they have experience working in different branches across Asia. (IV-01)

As such, Dacheng scaled up into the largest law firm in China at the end of this stage. Dacheng benefited from its expansion at this stage. For example, its revenues increased dramatically, as presented by the quote below. The successful growth of this stage formed the base for Dacheng's further internationalisation in the next step.

The outcome of Dacheng's expansion is remarkable. In 2003, Dacheng's total revenue in Beijing was 16.8 million yuan, ranking 36th, and the per capita income of lawyers was 280,000 yuan, far lower than Beijing's average of 400,000 yuan. In 2005, the revenue generated by the Beijing headquarters alone reached 88.1 million yuan, which quadrupled. As of 2007, the revenue generated by the Beijing headquarters reached 170 million yuan, a 10-fold increase over 2003; the national revenue generated exceeded 200 million yuan, exceeding a lot of other Chinese law firms. (FD-19)

5.5.3.2 Internationalisation beyond Asia (2010-2014) via overseas branches and international cooperation

Dacheng adopted multiple strategies to maintain flexibility in different foreign markets when they expanded outside Asia. Dacheng entered the EU, US, and UK markets which differ significantly from Asian markets. Firstly, Dacheng established overseas branches in the EU, US, and UK at this stage. The quote below shows that Dacheng established overseas branches in the US, Germany, Sweden, Canada, Australia, Italy, and South Korea.

In 2010, Dacheng had just taken a substantial step towards internationalisation by establishing its first international branch in New York. (PM-775)

As early as 2010, Dacheng set up its New York office, followed by overseas branches in Los Angeles, Paris, Chicago, Singapore, and Moscow. At the same

time, Dacheng established long-term and stable strategic partnerships with local law firms in Germany, Sweden, Canada, Australia, Italy, and South Korea. (IV-03)

Secondly, Dacheng joined World Services Group (WSG), an international association of law firms, to enhance its service capability by cooperating with member law firms of WSG. When Dacheng cannot provide legal services in some countries or regions, they can seek cooperation with local members of WSG. The cooperation between them is case-by-case, not long-term strategic cooperation. As Dacheng had not established its global legal service capability at this stage, joining WSG works as an alternative and temporary method. Dacheng left WSG when it finished its own one-stop global legal service network at the end of this stage.

In 2010, Dacheng joined an international law firm alliance-Legal Service Alliance Group, World Services Group (WSG), and is the only Chinese law firm member. It then left this organisation after merging with Dentons. (OW-0596)

5.5.3.3 Network internationalisation (2015-2020) via multiple modes

Network internationalisation refers to network-based cross-border expansion. In the PSF field, the network was studied in the previous literature, including the important role of the network in PSF internationalisation (Beaverstock et al., 2000, 1999; Freeman et al., 2007; Freeman & Sandwell, 2008), knowledge management with the network (Glückler, 2004), spiderweb-like expansion process (Abdelzaher, 2012; Salvoldi & Brock, 2019), and internationalisation from outsidership to insidership within client networks (McQuillan et al., 2018). Recently, Salvoldi and Brock (2019) study the internationalisation of 177 European law firms and find that seven different types of networks were adopted by these law firms. The networks in these studies present the relationship within global PSFs or between PSFs and their co-operators. However, the network used by Chinese law firms is still under-explored to date.

Dacheng adopted network expansion since 2015 by combining with Dentons, an international law firm. The combined new law firm – Dacheng-Dentons, became the largest law firm globally, with more than 6,500 lawyers and professionals in 120 offices in more than 50 countries in 2015. The sub-themes in this stage conclude: 1) network combination with Dentons; 2) continuous combination with other firms; 3) global legal service network. Network expansion helped Dacheng complete its internationalisation by establishing a worldwide legal service

network, providing services to its clients who had international business. However, Dacheng chose a loose structure to form the new firm when combined with Dentons. This structure was also adopted by top accounting firms (e.g., KPMG, Deloitte) and other law firms (e.g., Baker & McKenzie, King & Wood Mallesons). The newly combined firm had Canadian, Chinese, European, UK and US partnerships without a global headquarters. Each partnering firm maintained high autonomy and independence.

Dacheng could share its brand and knowledge, refer clients, and adopt the same integrated digital platform with branches. Nevertheless, Dacheng can establish its global service capability in a short period via this combination, which brings competitive capabilities compared to other top Chinese law firms and other international law firms in China. It also helps Dacheng to maintain its existing clients of internationalised Chinese firms and capture more new clients who enter the Chinese market and seek localised legal services.

In 2015, Beijing Dacheng law firm (the largest law firm in Asia), and Dentons law firm (one of the top ten law firms in the world), signed an agreement to combine, becoming the largest law firm in the world. In terms of firm name, the combined law firm uses the Chinese name “Dacheng Law Firm” and the English name “Dentons” globally. At the same time, Mr Peng Xuefeng from Beijing Dacheng law firm became the chairman of the global board of the newly combined law firm. (ID-069)

5.5.4 Knowledge management based on digital tools

Law firms are typical PSFs with knowledge-intensive nature (Von Nordenflycht, 2010; Zardkoohi et al., 2011). Knowledge management (learning, transferring and innovation) has been at the centre of PSF research (Faulconbridge, 2015; Malhotra & Morris, 2009). When PSFs internationalised their services, human capital with professional knowledge had a positive relationship with internationalisation and moderated the linkage between internationalisation and firm performance (Hitt et al., 2006). Knowledge resources were treated as representative of human capital in some studies of law firm internationalisation (Suseno & Pinnington, 2018b). Therefore, it is necessary to investigate knowledge management when studying the internationalisation of Chinese law firms.

Table 5.5 Illustrative quotes, sub-themes, and themes for knowledge management based on digital tools

Illustrative quotes	Sub-theme	Stage
<i>In order to avoid the conflict of interests between internal lawyers, all lawyers are required to enter the knowledge management information system to register their cases before business starts. (FD-053)</i>	Internal knowledge management information system	Internationalisation in Asia (2003-2009)
<i>In 2011, Dacheng established its own global legal service network and integrated information management system with different functional modules to help its lawyers to connect and share knowledge. (DW-438)</i>	Internal digital platform for knowledge sharing	Internationalisation beyond Asia (2010-2014)
<i>Dacheng has created the “Dacheng APP”, which conducts live broadcasts, recording and broadcasting, and training courses on the platform, and this online platform is accessed by more than 10,000 person-times every day. (IV-01)</i>	Digital App for internal knowledge management	
<i>In 2016, Dacheng-Dentons created a unique global legal referral network, i.e., the Nextlaw Referral Network. The new digital platform enables member law firms to connect with other top legal talents for their clients. (OW-0181)</i>	Digital platform for wider knowledge exchange	Network internationalisation (2015-2020)
<i>Asia-Pacific Region Innovative Lawyers Award was announced at the Asia Society Hong Kong Centre in 2015. Dacheng lawyer Mr Qu Feng, a senior partner of the Shanghai branch, won this honor for his outstanding performance in the financial field and finally ranked among the top, becoming the only Chinese lawyer to receive this honour. (DW-1134)</i>	Knowledge innovation	

The results from the thematic analysis revealed that Dacheng had been using digital tools to improve their knowledge learning and innovation for rapid growth at different stages. Table 5.5 presents representative quotes and subthemes across different stages for this theme.

5.5.4.1 Knowledge management and learning during internationalisation in Asia (2003-2009)

At this stage, Dacheng mainly focused on managing their knowledge via an integrated information system and learning from other top PSFs. This system helped Dacheng overcome the deficiency in knowledge management, especially when its lawyers increased dramatically.

For case management, Dacheng requires its lawyers to input the case information into Dacheng Integrated Information Management System. As such, the firm's risk control and customer management department can screen this information to avoid benefit conflicts among its lawyers in different locations. After conflict searching, the partners can continue their work with clients. (IV-07)

As a law firm from an emerging market, Dacheng focused on learning from other top PSFs. It did so by joining an international association of international elite PSFs. This association provided a channel for Dacheng to acquire knowledge from incumbents with long-term experience in the global market.

Dacheng was a member of the world's largest professional services organisation. This organisation brings together the world's top law firms, accounting firms, investment institutions, financial institutions and other professional services firms. Through this organisation, Dacheng has established long-term channels of information exchange and platforms of stable business cooperation with more than 80,000 professionals from law firms, accounting firms, investment institutions and financial institutions in more than 100 countries to meet the need to provide global legal services more effectively than before. (DW-896)

5.5.4.2 Knowledge sharing during internationalisation beyond Asia (2010-2014)

At this stage, Dacheng focused on knowledge sharing among offices and branches in different locations to improve efficiency and quality control. It did so via its own internal digital platform. This system connected its branch offices across the world so that lawyers could use it for their daily work (e.g., work allocation) and cooperation with lawyers in other offices.

The internal digital platform connects our law firm and branch offices. I am likely to choose lawyers with the proper knowledge and skillsets in our overseas branch offices via our platform rather than those from other foreign law firms because we have the trust if we are in the same firm. I can learn knowledge through this kind of cross-border cooperation. (IV-03)

We have established a platform or an internal system, and then this system connects branch offices and lawyers around the world. In addition, client management and knowledge management can also be carried out in this system. (IV-08)

5.5.4.3 Knowledge innovation during network internationalisation (2015-2020)

At this stage, Dacheng achieved its goal of becoming the world's largest law firm. It shifted its focus to service quality enhancement instead of scaling up its firm size. Dacheng built its capability to innovate its service offerings with the help of digitalisation. Dacheng created its digital platform to smooth its internal knowledge transfer, such as Dacheng Apps. Through this App, professionals can reach various knowledge sources at their convenience. This study found that Dacheng aims to create knowledge to enhance the organisation's and individuals' abilities to provide cross-border legal services.

Dacheng has 19 professional groups which organise at least one forum or business activity every week on average, and all lawyers can choose to participate according to their needs. It is worth mentioning that Dacheng has also created the "Dacheng APP", which conducts live broadcasts, recording and broadcasting, and other training. This APP can reach more than 10,000 person-times every day. (IV-01)

Dacheng-Dentons also has a global referral system with free availability to law firms. Regarding regional coverage and the number of member law firms, its referrals network has become the world's largest legal referral network. On the first day after its launch, the network had 18,600 registered lawyers worldwide, with more law firms joining subsequently. This network uses a self-operated technology platform that allows members to refer clients to the law firm that best meets clients' needs.

In 2016, Dacheng-Dentons released the world's only free referral network-the "Nextlaw Referrals Network". The new technology platform enables member law firms to associate and track referral cases. (OW-0181)

Given the digital platforms adopted by Dacheng, it explores new services to meet clients' needs while strengthening its traditional service.

For law firms, in fact, there are no "evergreen" service areas. No matter what service areas we focus on, we need to change in time. According to legal services' characteristics, we must improve efficiency, reduce costs, and constantly transform and upgrade our existing services, especially since we are in a digital era. (IV-11)

The data collected in this study suggests that knowledge innovation based on digital platforms is critical for Dacheng to develop its competitive advantages. The quote below presents that Dacheng lawyers created new service offerings and won an international award in the financial field, which improved the international reputation of Dacheng.

Asia-Pacific Region Innovative Lawyers Award was announced at the Asia Society Hong Kong Centre in 2015. Dacheng lawyer Mr Qu Feng, a senior partner of the Shanghai branch, won this honour for his outstanding performance in the financial field and finally ranked at the top, becoming the only Chinese lawyer to receive this honour. (DW-1134)

5.6 Discussion

In this in-depth longitudinal case study of an internationalised Chinese law firm, China's political and economic development was found to be a key driver for Dacheng's three stages of internationalisation. Existing research shows that most PSFs followed their clients to go abroad (e.g., Brock, Yaffe, & Dembovsky, 2006; Hitt, Bierman, Uhlenbruck, & Shimizu, 2006; Morgan & Quack, 2005) but does not capture the influence of their home countries. The political and economic impacts of emerging markets on knowledge-intensive EPSFs are worth further investigation in the literature on EMNEs and PSFs.

In the internationalisation stage, the case firm adopted varied entry modes across three stages to follow clients and seek markets, e.g., joint-venture branches at the beginning, setting up new offices, and networks in the most recent stage. It often utilises different types of modes in a stage, thus having the opportunity of having diverse experiences to compare these internationalisation modes. This indicated that the case firm adopted an experimentation-based internationalisation strategy which helped the case firm keep agile in entering unknown markets. Agility refers to the capability that enables organisations to respond agilely and flexibly to the turbulent and changing business environment (Christofi, Pereira, Vrontis, Tarba, & Thrassou, 2021; Shams, Vrontis, Belyaeva, Ferraris, & Czinkota, 2021). From the evidence collected from Dacheng, it adopted different internationalisation strategies in three states as its internationalisation drivers (i.e., changes in client needs) changed over time and made constant adjustments due to changes in government policies and regulations, which is consistent with the

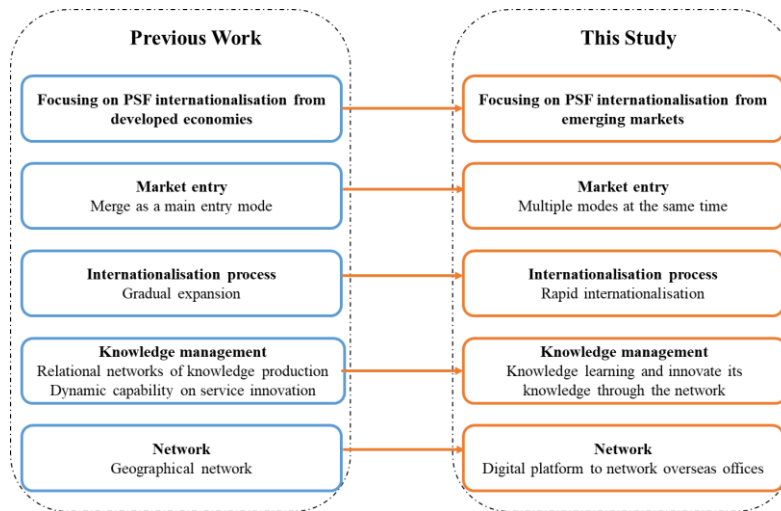
existing literature on agility (Christofi et al., 2021; Shams et al., 2021) and incremental internationalisation (Barkema & Drogendijk, 2007; Wach, 2015). Due to the inborn disadvantages from an emerging market, Dacheng needed to overcome the challenges of liability of foreignness (Rugman, 1978), liability of outsidership (Johanson & Vahlne, 2015) and liability of country of origin (Thite et al., 2016). Dacheng adopted the agile approach to internationalising rather than simply duplicating the strategy of the successful incumbent PSFs from developed economies or EMNEs from product industries. This approach can help Dacheng overcome the above challenges.

As a critical asset, knowledge was managed differently by Dacheng across its three internationalisation stages. From knowledge management, Dacheng experienced learning, leveraging and innovation. This sheds new insights into the internationalisation of EPSFs. Existing literature has been focusing on knowledge learning and leveraging by product-based EMNEs for a long time (Mathews, 2002, 2006). Unlike DMNEs from developed countries that aim to exploit their existing competitive advantages and maximise benefits by entering foreign markets, EMNEs primarily explored critical assets and upgraded their capabilities by expanding into global markets. This is achieved through acquiring R&D capabilities, learning managerial know-how from incumbents, and linking international brands in advanced economies (Guillén & Garcia-Canal, 2009). Because PSFs have distinctive features, including knowledge-intensive, low capital and professionalised workforce (Von Nordenflycht, 2010; Zardkoohi et al., 2011), this study showed that EPSFs not only need to learn and leverage knowledge from other firms or offices but also to innovate and create new knowledge to develop their competitive advantages.

To successfully manage knowledge, this study revealed that digitalisation played an important role in helping EPSFs to achieve knowledge learning, sharing and innovation during rapid growth in domestic and international markets. A key finding of this study was that Dacheng firstly adopted digitalised tools to facilitate knowledge management. Then, Dacheng created its integrated information management system to support its knowledge collection, storage and sharing within the firm. Finally, with digital platforms and its global digital network in the case firm, lawyers and branch offices across the world were connected to establish a one-stop global

legal service capability. These digital networks and platforms also helped Dacheng access big data and analyse the legal service market to focus on market segments with high-profit margins. As shown in Figure 5.4, it presents consistent findings with existing literature and new findings in this study.

Figure 5.4 Comparison between previous studies and new findings in this case study



5.6.1 Scholarly implications

Firstly, this study contributes to IB research by investigating how EPSFs internationalise rapidly. It advances our understanding of why and how EMNEs, particularly EPSFs, can succeed in internationalisation when expanding into developed and other developing markets. Consistent with existing literature, Dacheng adopted internationalisation to follow clients and seek markets. The findings on how Dacheng developed and maintained agility and flexibility during the three internationalisation stages provide new insights into IB research. Due to the turbulent and changing business environment, firms demand various capabilities for effective and efficient organisational responses towards such uncertainty, complexity and unpredictability (Christofi et al., 2021). By adopting the agile approach, Dacheng constantly changed its entry mode and knowledge management during its internationalisation to fit the demands of the government, clients and markets. Dacheng established a digital platform, welcomed others to join them, and allowed joiners to remain independent. For example, the combination of Dacheng and Dentons in 2015 left the joiners with high autonomy in their local markets. The findings of this study extend IB research, particularly on EMNE's rapid internationalisation, by exploring the country's

political and economic influence, agile experimentation-based internationalisation, and digitalisation-enabled knowledge management and innovation along with the Dacheng internationalisation process.

Secondly, this study contributes to our understanding of the internationalisation strategy used by service multinationals. Existing research shows that service multinationals mostly use either the client-following or market-seeking strategy during the internationalisation process (Majkgård & Sharma, 1998; Sallis & Sharma, 2009) and ultimately become knowledge-seeking firms (Sallis & Sharma, 2009). This study found that Dacheng, as a latecomer, did not follow this process. For example, Dacheng adopted both client-following and market-seeking strategies during its internationalisation process, first adopting a client-following strategy and then starting the market-seeking strategy once it established a global scale. In addition, Dacheng did not experience the shift towards knowledge-seeking but started with and maintained knowledge learning and innovation throughout its internationalisation process. These findings on the inconsistency of EPSF internationalisation with existing service multinationals provide fresh and valuable insights into our understanding of internationalisation strategies used by service multinationals.

Furthermore, by focusing on the internationalised law firm from China, this study enriches PSF internationalisation literature. Existing research on PSF internationalisation concentrates mainly on the earlier PSFs internationalisation in the 1970s and 1980s (Baker, 1977) or on the PSFs from developed countries into developing countries (e.g., Hitt et al., 2006; Freeman and Sandwell, 2008; Breunig, Kvalshaugen and Hydle, 2014; Powell, 2014a). As latecomers and newcomers, PSFs from the emerging market are on the rise, as evidenced by increasingly internationalised Chinese law firms (Li, 2019; Liu & Wu, 2016). This study furthers our understanding of the network in PSF internationalisation. Previous studies stress that the network is the geographical network, such as world-city office networks (Beaverstock et al., 1999) and three “globalisation arenas” (Western Europe, Eastern Europe, and Pacific Asia) (Beaverstock et al., 2000), but Dacheng developed the digital platform to network its overseas offices. Previous studies find that networks help PSF internationalisation into emerging markets

(Freeman et al., 2007; Freeman & Sandwell, 2008), but Dacheng utilised the digital network to expand into developed markets. Furthermore, this study enriches the knowledge of entry modes of PSF internationalisation. Previous studies explore M&A as the main entry mode for PSF internationalisation, but Dacheng chose multiple modes at the same time, especially the combination that helped it to become the largest law firm. Previous studies find that PSF internationalisation presents a gradual expansion. However, this study finds that Dacheng demonstrates relatively rapid internationalisation with different strategies to fit the changing markets.

Fourthly, the key role of knowledge management was found in the case firm, which is consistent with existing studies of Faulconbridge (2007) as well as Agarwal and Selen (2013). The most significant finding of this study is the role of technology in promoting knowledge management and innovation in the internationalisation of EPSFs. Various digital platforms have been used to bridge the gaps between clients and connect to clients, entrepreneurs, businesses and general networks (Mair & Reischauer, 2017; Lehdonvirta et al., 2019). More advanced digitisation involves big data, artificial intelligence, technology, and machine learning to match service providers and clients, track market changes, perform managerial functions, and enhance quality control (Mair & Reischauer, 2017; Lehdonvirta et al., 2019). This study extended knowledge management by exploring knowledge learning and innovation of a Chinese law firm along with its internationalisation. This study found how digitalisation-enabled knowledge innovation created competitive advantages for the EPSFs.

Finally, this study focused on an emerging country, China, and studied the internationalisation of Chinese PSFs, contributing to Chinese PSF management. It does so by identifying the ways through which Chinese PSFs are innovating their services and gaining competitive advantages via agile experimentation-based internationalisation as well as digitalisation-enabled knowledge innovation. Since China is one of the leading digital economies globally (Li, 2019), it affects the internationalisation process of Chinese firms born in this context. In this study, the case firm utilised various digitalised tools and platforms during its relatively rapid expansion, including the integrated information management system, intranet working

system, as well as digital apps and platforms. As such, digitalisation helped the case firm from China to strengthen its firm-specific advantages derived from the Chinese market. Internationalisation can be considered as a process of learning, including knowledge movement, understanding, comprehension and integration (Brivot, 2011; Reihlen & Apel, 2007). The findings on knowledge management based on technology contribute to a better understanding of Chinese PSF management.

5.6.2 Managerial implications

This study has implications for practice. The internationalisation process is being disrupted by technology. In this regard, EMNEs can have advantages when compared to DMNEs. As late and newcomers into the global market, EMNEs can rapidly capture market opportunities, meet clients' needs, and adopt a digital transformation strategy to transform their management and service delivery. EMNEs need to pay more attention to the developments in technology. They need to think ahead to consider how they can use technology to provide better services. For EMNEs, this study reveals that rapid internationalisation of EPSFs is based on digitalisation as well as knowledge learning and innovation. Learning and innovation enabled by digitalisation in Dacheng were found to be central to its rapid and successful internationalisation. Digitalisation also facilitates and accelerates the knowledge translation process and enhances knowledge effectiveness of learning and innovation in global law firms from emerging markets.

Chinese law firms need agility in other ways too. 'Agile experimentation-based' mode stresses that Chinese law firms try different modes simultaneously and test them in foreign markets. This agility is necessary because of the regulatory barriers that they face. Therefore, EMNEs, including EPSFs, should reflect on their leadership and vision, analyse the national and international context around them, and promote integration, learning and innovation during the internationalisation process.

Globalisation has become a driver for firms and industries to expand internationally and provide products and services for global citizens and organisations. Having a global, forward-looking, and long-term vision is the starting point. Embracing digitalisation and enabling learning and innovation will be the key step towards successful internationalisation. It is time for all MNEs,

including EMNEs and DMNEs, to evaluate their systems and processes in order to ensure they are able to transform themselves to meet the needs and demands of the current and future global market.

5.6.3 Limitations and future research

There are several considerations in evaluating internationalisation modes, knowledge learning and innovation, and digitalisation related to PSFs. First of all, the generalisability of a single case study is relatively limited, even though the longitudinal research design provides a more in-depth exploratory investigation into Chinese law firm internationalisation. Further research can extend this study into other developing countries and different types of PSFs to support and strengthen the conclusions. Additionally, further research can collect quantitative data to measure the relationship between the proposed model and firm performance.

Secondly, the present study focused on PSF internationalisation from emerging markets and then found platform-based knowledge management to explain why and how PSFs from developing countries can catch up with the elites from developed countries. However, significant differences between PSFs and manufacturing firms may lead PSFs to adopt different internationalisation strategies and processes. And differences across PSF professions can affect their responses to external market and institutional changes. Therefore, future research needs to carefully consider the homogeneity and heterogeneity of PSF professions when adopting this study's findings.

5.7 Conclusion

Most extant IB theories associated with EMNEs from emerging markets, fail to provide a thorough explanation of the internationalisation of EPSFs. That is because of the distinctive characteristics of PSFs and the challenges derived from the context of their home countries. To achieve consistency in meeting client expectations, law firms in China have internationalised rapidly in recent decades. Their internationalisation has, in turn, contributed to substantial development in their firm-specific advantages and service quality, which are critical in providing cross-border legal services.

Rapid internationalisation can be achieved by EPSFs for three reasons. First, these firms adopted agile experimentation-based internationalisation to accumulate their experience and find the best fit with the situation and status of their firms rather than copy the strategies of successful incumbents. Second, they proactively used digital technology in firm management and knowledge management. Born in a well-developed digital market, China, Dacheng created various digital tools across its three internationalisation stages, improving the effectiveness of firm management and knowledge management. Third, they followed their domestic clients to expand globally, which means the existing clients underpin their internationalisation.

In light of the highly distinctive nature of national, cultural and geographic differences, EMNEs, including EPSFs, present a distinctive case of rapid internationalisation. This study shows how EPSFs, as latecomers and newcomers, can internationalise their legal services into well-established markets. The answer is that these firms proactively engage with experimentation-based agile internationalisation as well as knowledge learning and innovation based on digital technology. In the future, knowledge learning and innovation of EPSFs enabled by digitalisation will continue to be the key driver of their rapid and successful internationalisation. This study calls for more research to study the strategies of PSFs from emerging markets.

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Chapter 6 Discussion

6.1 Summary of Three Studies

While an increasing number of studies focused on PSF internationalisation over the past five decades, the main question of how EPSFs internationalise remained unanswered. Three studies were designed to fill three sub-gaps but together to address the overarching question. These three sub-gaps include 1) lack of systematic review of PSF internationalisation, 2) unknown puzzles of how EPSFs address the national-international paradox to turn their disadvantages into advantages, and 3) unknown puzzles of how they internationalise their services in the past decades. To address these gaps, this thesis adopted a three-study format. Each study had its own research question, research aim, and research conclusion, and they interrelate together to answer the overarching question of this thesis.

Study 1, titled “*A half-century review of PSF internationalisation research: looking back and looking forward*”, adopted a well-established systematic review method to investigate PSF internationalisation in the past five decades. After reviewing the selected 227 articles, recurring and evolving research patterns in PSF internationalisation were identified across three time periods, viz. sequential (1970-2000), growth-based (2001-2010) and spiderweb-like (2011-2020) expansion phases. Across these three phases, business context, focus, and competitive advantage showed clear evolution trends. Following these trends, an agenda was also offered for future research, including 1) integrating IB and IHRM research on PSF internationalisation, 2) addressing flexible and agile management, 3) digital internationalisation, and 4) studying PSFs from emerging countries. As such, this study filled in the first sub-gap of the lack of systematic review in PSF internationalisation.

Following the conclusion of Study 1, Study 2, titled “*EPSFs: managing the national-international paradox*”, investigated how EPSFs address the national-international paradox to turn their disadvantages into advantages. By analysing the data collected from partners and experienced lawyers in internationalised Chinese law firms via in-depth interviews, this study found that internationalised Chinese law firms had the desire to go global and to maintain their

Chinese identity simultaneously, forming the national-international paradox. In order to manage this paradox, these firms adopted experimentation-based internationalisation and ambidextrous management to develop their competitive advantages. This study thus filled the second sub-gap regarding the unknown management of the national-international paradox of EPSFs.

Still following the conclusion of Study 1 and extending the findings of Study 2, Study 3, titled “*Internationalisation of EPSFs: a longitudinal case study of Chinese law firm Dacheng*” explored how Chinese EPSFs internationalised their services in the past decades. Using a longitudinal case study approach, this study found that the case firm experienced three stages of rapid international expansion: 1) internationalisation in Asia (2003-2009); 2) internationalisation beyond Asia (2010-2014); and 3) network internationalisation (2015-2020) stages. By tracing three international expansion stages, the drivers, strategies, and processes were explored and found to be different in each stage. Overall, being agile in responding to the market challenges and opportunities, as well as digitalised knowledge management, were critical to the case firm’s rapid and successful internationalisation. This study answers how latecomer EPSFs navigate the complexity along with their internationalisation process. Doing so filled the third sub-gap concerning the under-explored rapid internationalisation process of EPSFs in the past two decades.

The three studies collectively presented a multi-level analysis design. Study 1 served as a foundation that provides a full picture of the existing literature on PSF internationalisation. The recurring themes, evolution trends and future research directions were provided. Study 2 (qualitative interview study) provided an overall understanding of the legal industry and the development of the internationalised Chinese law firm. Then Study 3 (longitudinal case study) deepened the understanding of EPSFs by looking into details of the three-stage internationalisation process of the case firm. It presented a historical line about how these Chinese law firms internationalised and developed competitive advantages in the past twenty years.

6.2 Theoretical Contributions

This thesis focused on PSF internationalisation and investigated the internationalisation of Chinese EPSFs. By doing so, this thesis makes original contributions to the IB, EMNE and PSF research, which are discussed as below.

6.2.1 Contributions to IB research

Firstly, this thesis contributes to IB research by providing a new perspective to understand the overlooked internationalisation of PSFs from China. These Chinese law firms have experienced rapid internationalisation over the past decades. Due to the distinctive characteristics of PSFs and the recent development of digitalisation, the newly developed theories including the springboard perspective (Luo & Tung, 2007, 2018), strategic intent perspective (Rui & Yip, 2008), and government steward perspective (Deng, 2004) cannot provide a complete understanding to this new phenomenon. Study 2 found how law firms from China adopted ambidextrous management to manage the national (maintaining national identity) and international (building international brand) paradox. This finding is consistent with the literature on product industries of Luo et al. (2011) that EMNEs maintain some degree of ambidexterity to address their late-mover disadvantages. Importantly, this study unveiled that ambidexterity could help Chinese law firms to manage national-international paradoxes. Study 3 found that agile experimentation-based and network internationalisation, as well as digitalisation-enabled knowledge management and innovation, can help EPSFs capture opportunities and overcome inborn disadvantages when entering foreign markets. Studies 2 and 3 found that Chinese law firms established their firm-specific advantages rather than utilising internationalisation as a tool to gain resources (Deng, 2004; Luo & Tung, 2007, 2018) or avoiding the institutional constraints as manufacturing EMNEs did (Cuervo-Cazurra & Genc, 2008; Pinkham & Peng, 2017; Rui & Yip, 2008). Overall, this thesis contributes to the IB research by identifying the distinctive practices, activities, and strategies that Chinese law firms adopted during their internationalisation.

Secondly, this thesis is contributable to the understanding of service internationalisation by exploring how service multinationals internationalise from emerging markets. From the

perspective of EMNEs, service multinationals from China, as latecomers and newcomers in the international markets, tend to be less competitive due to their vulnerability and complexity caused in part by home country institutions (Luo & Tung, 2018). From the lens of service firms, they are born in China, making it difficult to establish an international reputation. However, reputation is critical for service firms to survive and succeed in foreign markets (Ewing et al., 1999; Greenwood et al., 2005). Specifically, service internationalisation is a distinct field of research and has been studied for a long time, but those from China are still under-explored up to date (see Li, 2019; Liu & Wu, 2016 for exceptions). This thesis contributes to filling this gap by focusing on the intersection of those two fields: EMNEs and service multinationals. The findings of this thesis answer questions of how EMNEs internationalise as well as how service firms internationalise. Study 2 explored the paradox of national and international identities to help Chinese law firms to turn their disadvantages into advantages in the international legal market. Study 3 finds that the case firm adopted agile experiment-based internationalisation and digitalised platforms to fit the market changes across its three internationalisation stages. Therefore, this thesis furthers our understanding of how service multinationals internationalise from emerging markets.

Thirdly, this thesis contributes to our understanding of the client-following strategy. As mentioned in the literature review, client-following and market-seeking strategies are mainly adopted by service firms in internationalising their business abroad (Majkgård & Sharma, 1998; Sallis & Sharma, 2009). Existing literature focus on comparing the difference between client followers and market seekers, suggesting that client followers face less uncertainty in entering foreign markets as they are a part of an international network of exchange (Sallis & Sharma, 2009). However, little is known about the details of how service firms follow their clients into foreign markets. By collecting and analysing the data of Chinese law firms, this thesis aims to answer how they follow their clients. As latecomer firms, they face fierce competition in the international legal service market, where Western law firms began their internationalisation earlier and dominated the market (Liu & Wu, 2016). This thesis contributes to our understanding of client following under certain conditions in which firms are trying to catch up with incumbents.

Study 2 demonstrates how Chinese law firms managed their national and international identities to follow Chinese clients. They stressed national identity in the domestic market to maintain stable relationships with domestic Chinese clients and international clients who have business in China. Meanwhile, they showed their international identity when their Chinese clients went abroad or when they attracted international clients in foreign markets. Study 3 revealed that the case firm experienced three stages of internationalisation and utilised the digital tool to prompt knowledge learning and innovation, aiming to follow their clients. Overall, this thesis detailed the client-following strategy adopted by internationalised Chinese law firms, contributing to our understanding of how knowledge-intensive latecomers follow their clients to catch up with the incumbents.

Furthermore, this thesis contributes to IB research by adopting the paradox theory to study the internationalisation of EMNEs, especially EPSFs. As discussed before, the existing IB theoretical frameworks failed to provide a thorough answer to the internationalisation of EPSFs. Study 2 extended the IB research by adopting the paradox theory to explain the internationalised Chinese law firms. Their internationalisation was driven by national economic and political development, internationalised clients derived from domestic markets, and their national founders/managers with international backgrounds. Because of significant differences between home and host countries (Elango & Pangarkar, 2021; Luo & Tung, 2007), these drivers required law firms to go global and keep their Chinese identity simultaneously. They need to manage the national-international paradox. Managing such a paradox by adopting experimentation-based internationalisation and ambidextrous management helps EPSFs develop their competitive advantages. The adoption of paradox theory provides a starting point for future IB research to better understand EMNEs and EPSFs.

6.2.2 Contributions to EMNEs research

By focusing on EPSFs, this thesis makes two contributions to the EMNEs research. Firstly, it extends to EMNE research by focusing on the Chinese market and investigating the internationalised Chinese PSFs. The review of Study1 indicated that existing research on EMNEs has primarily focused on manufacturing firms (e.g., Luo & Tung, 2007, 2018; Mathews, 2002,

2006), and the research on EPSFs is very limited (see Li, 2019; Liu & Wu, 2016 for exception). Studies 2 and 3 focused on Chinese law firms to study the internationalisation process and cross-border management of EPSFs. EPSFs were found not only to learn from other global PSFs but also to innovate their services to gain competitive advantages. They did so via agile experimentation-based internationalisation, digitalisation-enabled knowledge innovation and ambidextrous management. By focusing on knowledge-intensive EMNEs in China, an emerging market, this thesis enriches our understanding of EMNEs.

In addition, this thesis contributes to the EMNEs literature by investigating digitalisation adopted by internationalised Chinese law firms. Digitalisation not only brings updated technology and efficient processes to the current PSFs but also drives profound changes in their distinctive characteristics (Kronblad, 2020). China is one of the leading digital economies globally (Li, 2019), and EMNEs from China have been affected by its digital context. Study 2 found that internationalised Chinese law firms preferred to design their own digital systems in China and apply their own digital systems across their overseas branches to improve efficiency, control risk, and enhance cross-office cooperation. Similarly, Study 3 found that various digitalised tools and platforms of the case firm boosted its rapid expansion, including the integrated information management system, intranet working system, as well as digital apps and platforms. Digitalisation helped the case firm develop its firm-specific advantages derived from the Chinese market. As existing EMNEs research mainly focused on the learning and leveraging knowledge (Mathews, 2002, 2006), Studies 2 and 3 contributed to our understanding of EMNE knowledge management by finding that digitalisation enabled knowledge innovation in EPSFs. Knowledge innovation based on digitalisation was found to be critical to their competitive advantages.

6.2.3 Contributions to PSF research

The third main contribution of this thesis is to enrich PSF internationalisation research by focusing on Chinese EPSFs. As discussed in the literature review section, the extant literature on PSF internationalisation focused on developed economies (e.g., Hitt et al., 2006; Freeman and Sandwell, 2008; Breunig, Kvålshaugen and Hydle, 2014; Powell, 2014a). Compared to global PSFs from developed countries, those from emerging markets have to face the challenges caused

by liabilities of foreignness (Rugman 1978; Zaheer 1995), latecomer disadvantages (Bonaglia et al., 2007), and country constraints (Rui & Yip, 2008). This thesis aims to address this omission by investigating the internationalised Chinese law firms.

Study 1 found that in recent years, PSFs started internationalisation from emerging markets into developed economies. As latecomers and newcomers, the number of global PSFs born in emerging markets are on the rise, as evidenced by increasingly internationalised Chinese law firms (Li, 2019; Liu & Wu, 2016) and Indian law firms (Mathew et al., 2021). Study 2 found that internationalised Chinese law firms adopted experimentation-based internationalisation and ambidextrous management to manage their national-international paradox. It investigated how Chinese PSFs expanded globally by maintaining national and international identities to overcome the disadvantages of latecomers. Study 3 traced three rapid internationalisation stages of a Chinese law firm with a longitudinal method. It found that agile experimentation-based internationalisation and digitalised knowledge management underpinned the rapid internationalisation of the case firm. Taking together, this thesis advances PSF research, particularly the PSF internationalisation research, by adding novel insights into how Chinese EPSFs internationalise and gain competitive advantages in the international markets.

6.3 Practical Implications

The findings of this thesis also provide several implications for practitioners. First, it provides positive experiences for the practitioners of EPSFs. Study 1 offered a systematic overview of the five-decade research on PSF internationalisation, providing practitioners with a clear picture of IB drivers, IB strategies, entry modes, IB process, cross-border knowledge management and people management. Study 2 equipped practitioners with the knowledge of how to build their competitive advantages by managing the national-international paradox. Study 3 answered how to internationalise rapidly and navigate the complexity between home and host countries as a Chinese EPSF, increasing the confidence of managers of PSFs born in emerging markets. Firms from emerging markets suffer from liability of origin (Thite et al., 2016), which is a distinctive challenge to EMNEs. Nevertheless, they can create different internationalisation

strategies to overcome this challenge. Through three studies, practitioners can gain inspiration for their businesses.

Second, the findings suggest that practitioners of EPSFs need to be more mindful of adopting agile experimentation-based internationalisation rather than simply copying other firms' experiences. Study 1 presented various choices of entry modes, IB strategies, cross-border knowledge management and people management of global PSFs. Study 2 found that agile experimentation-based internationalisation can help EPSFs to manage the national-international paradox, which facilitated them in turning their latecomer disadvantages into advantages. Study 3 also found agile experimentation-based internationalisation can help a Chinese law firm internationalise rapidly into developed economies in a three-stage expansion.

Finally, practitioners should pay close attention to digitisation-based knowledge management, especially knowledge innovation, which can help firms to establish firm-specific advantages. As latecomers and newcomers, EMNEs, including EPSFs, can rapidly capture market opportunities and meet clients' needs by adopting a digitalisation-based strategy to transform their management and service delivery. Study 1 found that technology advancement affected PSF internationalisation. For example, modern communication technologies helped PSFs transcend geographical boundaries (Gable, 2006), and technology platforms can improve the operationalisation of global practices in global law firms (Segal-Horn & Dean, 2007). Study 2 further found the importance of digital platforms. The interviewed Chinese law firms preferred to design their own digital system that helps them improve efficiency, control risk and enhance cross-office cooperation. Study 3 unveiled that digitalisation-enabled knowledge learning and innovation in Dacheng were critical to its rapid and successful internationalisation. Therefore, practitioners of EMNEs, including EPSFs, need to consider adapting digitalisation to improve their firms' internationalisation.

6.4 Limitations and Future Research

There are several limitations in this thesis. The first limitation relates to the data collection. Study 1 used the keywords to capture all relevant articles. As the university library database may not subscribe to all the English academic journals related to the field, some articles

may not be contained in Study1. Study2 was conducted via in-depth interview, which affects the generalisability of the findings. In addition, Study 3 adopted a longitudinal case study. The generalisability of a single case study is relatively limited, even though the longitudinal research design provides a more in-depth exploratory investigation of the rapid internationalisation of EPSFs.

The second limitation is the transferability of the findings to other contexts. This study was conducted in a single industry and in a single market, limiting the transferability of the findings from the data analysis. Study 2 collected interview data from 20 internationalised Chinese law firms, and Study 3 was based on longitudinal data from a single Chinese law firm. The results of the qualitative analysis may not be fully generalised to countries with different business contexts from China. The characteristics also need to be considered when applying the finding to other industries, as this study focuses only on law firms. Due to the limitation on the transferability of the findings, future research is suggested to extend the studies of PSF internationalisation into other emerging markets, such as Russia, India, and Brazil. And future research is also suggested to investigate the internationalisation of other types of PSFs, such as accounting firms and consulting firms from emerging markets.

Thirdly, studies 2 and 3 only adopted the qualitative method. Although this method could provide an in-depth understanding of unexplored phenomena, future research is needed to develop hypotheses from the findings and measure them with quantitative data.

6.5 Summary

This chapter first provided a summary of three studies and then outlined theoretical and practical contributions. Theoretical contributions include the implications of knowledge in IB, EMNEs and PSF internationalisation. Practical contributions associated with EPSFs, including agile experimentation-based internationalisation and digitisation-based knowledge management & innovation. Finally, the chapter concluded by discussing the research limitations and suggestions for future research.

Chapter 7 Conclusion

In the past five decades, PSF internationalisation has been well-researched since accounting firms expanded internationally in the 1970s. A new phenomenon involving EPSFs and their rapid internationalisation has been the subject of little research. In order to fill this research gap, this thesis seeks to answer the overarching research question of how EPSFs internationalise. By adopting a three-study approach, this thesis contributes to existing knowledge by addressing the following three questions: 1) What are the recurring themes and evolutionary trends in PSF internationalisation? 2) How do Chinese EPSFs address the national-international paradox to turn their disadvantages into advantages as latecomers in the international legal service market? 3) How have Chinese law firms, as a type of EPSFs, internationalised their services in the past decades? As such, the thesis was organised into three papers, separately but interconnectedly, to serve the overarching research objective of this thesis.

Study 1 presented a systematic review of 50-year literature to better understand PSF internationalisation. It identified recurring themes and evolutionary trends of PSF internationalisation research across three periods. A research agenda was also provided in this study. Studies 2 and 3 built on the findings and research agenda identified in Study 1 and investigated the rapid internationalisation of EPSFs. Study 2 explored how internationalised EPSFs address the national-international paradox to turn their disadvantages into advantages as latecomers. Study 3 followed the findings of Study 1 and deepened the findings of Study 2 by adopting a longitudinal case method to trace the three internationalisation stages. Empirical studies, Studies 2 and 3, found that internationalised Chinese law firms adopted agile experimentation-based internationalisation and digitalised knowledge management & innovation.

Overall, despite its limitations, this thesis makes several significant contributions to IB literature, including 1) providing a new perspective to understand the overlooked internationalisation of Chinese EPSFs; 2) deepening our understanding of service internationalisation by exploring how service multinationals internationalise from China; 3)

furthering our understanding of client-following strategy; 4) adopting paradox theory to study the internationalisation of EMNEs, especially EPSFs. In addition, this thesis contributes to EMNE research by 1) focusing on the internationalised Chinese EPSFs, a type of knowledge-intensive EMNEs, and 2) exploring the digitalisation-enabled knowledge management and innovation in EPSFs. Third, this thesis extends PSF internationalisation research by focusing on under-explored Chinese law firms that have been internationalising rapidly in the past two decades.

Knowledge-intensive EMNEs are rapidly changing the business landscape on a global scale. This thesis provides a timely investigation of Chinese law firms that have been rapidly internationalised in recent decades. It works as a starting point to encourage more research to unlock the puzzle of EPSFs in the future.

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Appendix

Appendix 1 Selected articles in Study 1 (Sorted by author names)

Study	Country/Region	PSF type	Theme*	Method	Data	Research focus
Abdelzaher (2012)	N/A	N/A	IP	Theoretical	N/A	A spiderweb-like expansion process and PSF characteristics moderating the internationalisation to performance relationship
Agarwal & Selen (2013)	Australia	Consulting	IP	Quantitative	Survey	The incremental and cumulative effects of dynamic capability building on service innovation
Aharoni (1996)	N/A	N/A	DB	Theoretical	N/A	1) gain and maintain clients; 2) recruit and maintain human resources; 3) integrate activities, and local autonomy, flexibility
Aiken, Ji, & Lu (1997)	US, UK	Accounting	DB	Qualitative	Archival data	Conflicts between the CPA profession in western countries and the control by powerful government agencies.
Alon & McKee (1999)	US	Multiple types	DB	Quantitative	Archival data	Sufficient resources, both human and financial, time and financial constraints.
Anandarajan, Kleinman, & Palmon (2008)	US	Accounting	PM	Qualitative	Archival data	Auditor independence
Anne Skaates, Tikkanen, & Alajoutsijärvi (2003)	Denmark	Architecture	IP	Qualitative	Interview	Territoriality in moving from one to another national milieu with similarly well-developed norms, rules, and representations
Ariwa & Syvertsen (2013)	N/A	N/A	IP	Theoretical	N/A	Economic growth by operating locally within an international network
Ashley & Empson (2017)	UK	Multiple types	PM	Qualitative	Interview	Social exclusion in elite professional service firms
Baker (1977)	US	Accounting	FP	Qualitative	Observation	Management strategy in an international accounting firm
Baker, Biondi, & Zhang (2010)	China	Accounting	KM	Theoretical	Conceptional paper	Two distinct aspects of disharmony in international accounting standards setting
Bakre (2005)	Jamaica	Accounting	FP	Qualitative	Archival data	Independent professional body
Bakre (2006a)	Jamaica	Accounting	IP	Qualitative	Archival data	The evolving dynamics of accountancy in former colonies
Bakre (2006b)	Jamaica, Guyana	Accounting	PM	Qualitative	Archival data	Integration or internationalisation for professional education and training in accountancy
Beaverstock, Smith, & Taylor (2000)	US	Law	IP	Quantitative	Archival data	Classification of U.S. firm's geographical schemes-three "globalisation arenas"
Beaverstock, Taylor, & Smith (1999)	UK	Law	IP	Qualitative	Interview	World-city office networks

Study	Country/Region	PSF type	Theme*	Method	Data	Research focus
Belal, Spence, Carter, & Zhu (2017)	India	Accounting	SE	Qualitative	Interview	Caught between the global and the local---establishing correspondent firms
Bello, Radulovich, Javalgi, Scherer, & Taylor (2016)	India	Multiple types	KM	Quantitative	Survey	Service innovation and global expansion for well-managed emerging market PSFs
Bettiol, Di Maria, & Grandinetti (2011)	Italy	Consulting	KM	Quantitative	Survey	Market extension and knowledge management strategies
Bodewyn, Halbrich, & Perry (1986)	US	N/A	SE	Theoretical	N/A	Qualifying the nature of ownership, internalisation and location advantages
Boni-Le Goff, Lépinard, Le Feuvre, & Mallard (2020)	Swiss and France	Law	FP	Mixed	Interview + Survey	Internationalisation effects on lawyers' relation to work and potential experience of alienation
Boussebaa & Faulconbridge (2019)	N/A	N/A	DB	Theoretical	Conceptual paper	Businesses offering services across the globe and active participants in the globalisation
Boussebaa (2015a)	N/A	N/A	FP	Theoretical	Literature review	Management and organisation of global PSFs.
Boussebaa (2015b)	UK	Consulting	PM	Theoretical	N/A	Polycentric case of global professional service firms
Boussebaa (2020)	N/A	N/A	DB	Theoretical	Literature review	Corporate-driven cultural globalisation
Breunig & Hydle (2013)	Australia	Consulting	FP	Qualitative	Interview/archive data	Measuring performance for value creation and governance of globally distributed knowledge work
Breunig, Kvålshaugen, & Hydle (2014)	UK, US	Consulting	SE	Mixed	Interview + Survey	Three different business models (continuous, repetitious, and unique)
Brock & Hydle, (2018)	US, Norway	Consulting	SE	Qualitative	Interview	Transnationality – Sharpening the Integration-Responsiveness vision in global professional firms
Brock (2012)	N/A	N/A	FP	Theoretical	N/A	Managerial and organisational capabilities
Brock, Yaffe, & Dembovsky (2006)	US, UK	Law	DB	Quantitative	Survey	The reverse u-shaped internationalisation-performance relationship
Budden (1992)	Swiss	Law	IP	Theoretical	Conceptual paper	Five different types of internationalisation
Bunz, Casulli, Jones, & Bausch (2017)	Singapore	Consulting	KM	Qualitative	Observation Interviews Archive data	The dynamics of experiential learning and adaptation in the internationalisation process
Caramanis (2005)	Greece	Accounting	IP	Qualitative	Archive data Interview	Complex processes of contemporary changes
Carlson (1997)	US, Australia, etc.	Accounting	FP	Theoretical	N/A	An alternative mechanism for the harmonisation of international accounting

Study	Country/Region	PSF type	Theme*	Method	Data	Research focus
Carnegie, McBride, Napier, & Parker (2020)	N/A	N/A	IP	Theoretical	N/A	History of accounting firms
Carrera, Carmona, & Gutiérrez (2008)	Spain	Accounting	PM	Quantitative	Archival data	human capital and job stability of auditors
Carrera, Gómez-Aguilar, Humphrey, & Ruiz-Barbadillo (2007)	Spain	Accounting	PM	Qualitative	Archival data	Mandatory audit firm rotation in Spain
Carroll & Vaughan (2019)	UK	Law	FP	Qualitative	Interview	Onshoring legal services for global law firms
Chand & White (2007)	Fiji	Accounting	KM	Qualitative	Archival data	Debates on formulation and promulgation of International Financial Reporting Standards (IFRSs)
Chhina (2012)	India	Law	DB	Qualitative	Archival data	The lack of political will
Clarke, Dean, & Persson (2019)	N/A	Accounting	IP	Theoretical	Literature review	International association for accounting education and research
Coe, Johns, & Ward (2011)	UK, US, The Netherlands, etc.	Talent agencies	IP	Qualitative	Archive data Interview	The internationalisation processes of global PSFs
Contractor & Mudambi (2008)	Australia, Canada, Ireland, etc.	Consulting	PM	Quantitative	Archival data	The influence of human capital investment
Cooper, Chow, & Yun Wei (2002)	China	Accounting	KM	Qualitative	Archival data	The development of auditing standards and related emerging issues in China
Cooper, Greenwood, Hinings, & Brown (1998)	Eastern Europe countries	Accounting	SE	Qualitative	Interview	Focus on multinational clients or on developing local firms, institutions and markets
Cort, Griffith, & White (2007)	US	Multiple types	DB	Quantitative	Survey	The managerial mindset
Cortese & Irvine (2010)	US, UK, South Africa, etc.	Accounting	KM	Quantitative	Archival data	The roles of powerful entities and coalitions in shaping international accounting standards
Coviello & Martin (1999)	New Zealand	Consulting	SE	Qualitative	Interview	Patterns and influences related to the decision to internationalize, market selection, and mode of entry
Davison (2011)	UK	Accounting	FP	Theoretical	N/A	Accounting communication and visual images of professional accountancy
De Beelde (1997)	US, Japan, Germany, etc.	Accounting	SE	Quantitative	Archival data	Local specialisation of international audit firms
Dedoulis & Caramanis (2007)	Greece	Accounting	PM	Theoretical	N/A	State-profession relationship

Study	Country/Region	PSF type	Theme*	Method	Data	Research focus
Demirbag, McGuinness, Akin, Bayyurt, & Basti (2016)	Turkey	Securities service firm	SE	Quantitative	Survey	Liabilities of foreignness (LOF) and localness (LOL) in an emerging market economy
Dimnik & Felton (2006)	Canada, US, UK	Accounting	DB	Quantitative	Archival data	Accountant stereotype
Dou, Li, Zhou, & Su (2010)	China	Advertising	KM	Qualitative	Interview	Relationship satisfaction between global PSFs and their local clients.
du Plessis & du Toit (2006)	South Africa	Law	KM	Quantitative	Survey	Knowledge management and applications of information and communication technologies
Edgley, Sharma, & Anderson-Gough (2016)	UK, Europe	Accounting	PM	Qualitative	Archival data	Diversity and professionalism: Expectation, celebration and weapon in the battle for talent
Elango, Talluri, & Hult (2013)	US	Financial Advising	FP	Quantitative	Archival data	Relationship between international diversification and risk-adjusted performance
Elder & Skinner (2002)	N/A	Consulting	FP	Theoretical	N/A	The management tools and mechanisms of PSFs
Empson (2000)	UK	Consulting	IP	Qualitative	Archival data	PSF merging as their clients demand global and diversified services from their professional advisors
Ewing, Caruana, & Rinson Loy (1999)	Singapore	Consulting	FP	Theoretical	Literature review	Corporate reputation and risk-a three-dimensional reputation construct
Fasterling (2009)	UK, US	Law	FP	Qualitative	Archival data	Strategic management and corporate business structures
Faulconbridge & Muzio (2007)	US	Law	PM	Qualitative	Interview	Occupational autonomy for professionals
Faulconbridge & Muzio (2008)	US, UK	Law	PM	Qualitative	Interview	Liberal/independent professions and organisational professionalism
Faulconbridge & Muzio (2015)	Germany	Law	DB	Qualitative	Interview Achieve data	Power relations
Faulconbridge & Muzio (2016)	UK, Italy	Law	SE	Qualitative	Interview	Organisational tactics – re-scoping, re-scaling, and re-staffing
Faulconbridge (2006)	UK, US	Advertising firm	KM	Qualitative	Interview	Two different epistemologies of organisational knowledge leverage: ‘knowledge transfer’ and ‘the social production of new knowledge’
Faulconbridge (2007)	US, UK	Law	IP	Qualitative	Interview	Relational networks of knowledge production in transnational law firms
Faulconbridge (2008a)	UK, US	Law	FP	Qualitative	Interview	Managing the transnational law firm: professional systems, embedded actors, and time-space-sensitive governance
Faulconbridge (2008b)	UK, US	Law	FP	Qualitative	Interview	Cultural strategy in transnational law firms

Study	Country/Region	PSF type	Theme*	Method	Data	Research focus
Ferner, Edwards, & Sisson (1995)	UK, UK	Accounting	FP	Qualitative	Interview	Human resource (HR) implications of internationalisation
Fjetland (1996)	US	Law	PM	Qualitative	Interview	Cooperation with the local law firm to avoid the cultural conflict
Flood (2007)	UK, US	Law	SE	Qualitative	Archival data	The management of uncertainty and stabilisation of expectation
Flood (2013)	UK, US	Law	DB	Qualitative	Archival data	Organisational genes of large law firms
Forstenlechner, Lettice, & Tschida (2008)	UK	Law	PM	Mixed	Interview + Survey	Division in law firms between fee earners and support staff
Frazer Winsted & Patterson (1998)	US	Consulting	DB	Mixed	Interview + Survey	Specific opportunities in foreign markets; managerial commitment and following clients who globalize
Freeman & Sandwell (2008)	Thailand, Malaysia, and Vietnam	Multiple types	IP	Qualitative	Interview	PSFs entering emerging markets: the role of network relationships
Freeman, Cray, & Sandwell (2007)	Australia, Thailand, Malaysia and Vietnam	Law/Consulting	IP	Qualitative	Interview	Network and PSF internationalisation into emerging markets
Fu, Ma, Flood, Bosak, Liu, & Zhang, (2016)	Ireland, China	Accounting	FP	Quantitative	Secondary data	High-performance work systems in Chinese and Irish PSFs
Gable (2006)	N/A	Consulting	DB	Theoretical	N/A	Adoption of modern communication technologies
Gaedeke (1973)	Europe	Multiple types	IP	Quantitative	Survey	Rapidly entrenched in the global market arena.
Gallhofer, Haslam, & Kamla (2011)	Syria	Accounting	DB	Qualitative	Interview	The accountancy profession and the ambiguities of globalisation
Gallouj (1997)	US	Accounting	FP	Qualitative	Interview	Considerable asymmetry of information between consultants and their clients
Galperin & Lituchy (2014)	N/A	N/A	PM	Theoretical	N/A	Human Resource Development (HRD) alignment with national and organisational culture
Gibbins & Wright (1999)	Canada, US	Accounting	KM	Qualitative	Interview	Expertise and knowledge management in public accounting professional services firms
Glückler (2004)	Germany	Consulting	IP	Qualitative	Survey	The global network of management knowledge transfer
Glückler (2006)	UK, Spain, Germany	Consulting	SE	Mixed	Interview + Survey	Social networks as international market entry, affecting the organisational form of entry.
Greenwood, Cooper, Hinings, & Brown (2009)	Canada	Accounting	IP	Quantitative	Archival data	Strategic nature of mergers in accounting firms

Study	Country/Region	PSF type	Theme*	Method	Data	Research focus
Grönroos (1999)	US, EU	N/A	SE	Theoretical	N/A	Different types of internationalisation strategies
Guo, Jasovska, Rammal, & Rose (2020)	US, Romania, Ukraine, etc.	Consulting	KM	Qualitative	Interview	Global mobility of professionals and the transfer of tacit knowledge in multinational service firms
Hanes (2013)	N/A	Accounting	PM	Theoretical	N/A	Geographic distribution of audit work
Hanlon (2004)	N/A	N/A	FP	Theoretical	N/A	Institutional forms and organisational structures: homology, trust and reputational capital
Hansen & Schnittka (2018)	Germany	Consulting	PM	Quantitative	Survey	Job applicants' likelihood in a classic PSF versus a Neo-PSF
Hart & Hogg (1998)	UK	Law	FP	Mixed	Interview + Survey	Customer evaluation and relationship marketing of international law firm
Harvey, Tourky, Knight, & Kitchen (2017)	China, UK	Consulting	FP	Qualitative	Interview/focus groups/observation/workshops/fieldwork diary	Reputation between and within stakeholder groups, with perceptions changing across dimensions and geographies
Hitt, Bierman, Uhlenbruck, & Shimizu (2006)	US	Law	DB	Quantitative	Archival data	Human capital and relational capital
Holm & Zaman (2012)	UK	Accounting	FP	Qualitative	Archival data	Regulating audit quality: image management and the promotion of audit quality
Holtzman (2004)	USA	Accounting	SE	Qualitative	Archival data	Transformation of the accounting profession in the United States
Hopper & Bui (2016)	N/A	Accounting	FP	Theoretical	Literature review	Organisations, politics, and civil society involvement
Hopper, Lassou, & Soobaroyen (2017)	N/A	Accounting	IP	Theoretical	N/A	Accounting globalisation in developing countries
Houlder & Williamson (2012)	US, UK, France, Germany	Accounting	SE	Qualitative	Interview	Business strategy of GPSFs and challenges faced by global PSFs
Hydle & Joachim Breunig (2013)	UK	Consulting	KM	Qualitative	Interview/Archive data/Observation	Knowledge and knowledge creation of transnational project work
Jack, As-Saber, & Edwards (2015)	Australia	Multiple types	DB	Qualitative	Interview Achieve data	Service embeddedness
Jayaraman, Narayanan, Luo, & Swaminathan (2013)	India	Multiple types	SE	Quantitative	Survey	Offshoring business process services and governance control mechanisms in India
Jensen & Poufelt (2017)	N/A	N/A	DB	Theoretical	Literature review	Clients' internationalisation or by the internationalisation processes.
Jones (2007)	UK	Law	FP	Qualitative	Archival data	The complex role of face-to-face interaction in globalizing law firms

Study	Country/Region	PSF type	Theme*	Method	Data	Research focus
Jones, Rahman, & Wolnizer (2004)	Australia	Accounting	KM	Qualitative	Archival data	The competing standard in setting reform agendas
Jones, Temouri, & Cobham (2018)	UK, US, Australia	Accounting	IP	Quantitative	Secondary data	Tax haven networks of Big 4 accountancy firms-
Käpylä, Laihonen, Lönnqvist, & Carlucci (2011)	N/A	Consulting	KM	Qualitative	Interview	Knowledge assets as an analytical framework to identify the sources of value creation
Khalifa, Sharma, Humphrey, & Robson (2007)	UK	Accounting	FP	Qualitative	Interview	Transformations: switching from one of “business value” to one of “audit quality”
Khuong, Harindranath, & Dyerson (2014)	Portugal, Spain, France, etc.	Consulting	KM	Qualitative	Interview	Potential sources of misalignment between knowledge management software and the implementing organisation
Kipping (1999)	US, UK, Germany, Italy, France	Consulting	FP	Quantitative	Survey	The expansion of American management consulting companies to Western Europe
Kipping, Furusten, & Gammelsaeter (2003)	UK, France, Netherlands, etc	Accounting	FP	Quantitative	Survey	The relations between the structure of the consultancy industry and developments in management practice
Kittler & Schuster (2010)	Germany	Consulting	DB	Quantitative	Survey	Human and social capital
Kliewe, Davey, & Baaken (2013)	Australia	Multiple types	KM	Qualitative	Interview	Relationship between change management and innovation development of organisations
Kolk & Margineantu (2009)	Germany, UK	Accounting	SE	Qualitative	Archival data	Sustainability services fitting in the globalisation/ regionalisation/localisation spectrum
Kosmala & Xian (2011)	China	Accounting	FP	Qualitative	Interview/observation/archival material	Aspects of the construction of professional identity
Krull, Smith, & Ge (2012)	New Zealand	Consulting	IP	Qualitative	Interview Archive data	The internationalisation of engineering consulting from a strategy tripod perspective
Kumar, Simon, & Kimberley (2000)	Australia	Consulting	FP	Mixed	Interview + Survey	Strategic capabilities: integrity and honesty, client-consultant communication and credibility
Kumra & Vinnicombe (2008)	UK	Consulting	PM	Qualitative	Interview	Gender bias in the promotion process of PSFs
Laperrière & Spence (2015)	Canada	Consulting	KM	Qualitative	Interview	Organisational learning in knowledge-intensive business services
Law, Yuen, & Lei, (2016)	US, Hongkong	Accounting	PM	Quantitative	Survey	The determinants of factors influencing auditors’ willingness to relocate nationally and internationally
Lepadatu et al. (2014)	Europe countries	Accounting	DB	Theoretical	N/A	Accounting-taxation correlation
Leventis & Caramanis (2005)	Greece	Accounting	KM	Quantitative	Archival data	Adoption of international accounting standards

Study	Country/Region	PSF type	Theme*	Method	Data	Research focus
Li (2019)	China	Law	SE	Qualitative	Archival data	Internationalisation strategies of Chinese law firms
Liu & Wu (2016)	China	Law	IP	Qualitative	Interview	An ecological theory of organisational growth of Chinese law firm
Liu (2008)	China	Law	IP	Qualitative	Interview	Boundary-blurring and hybridisation in the globalisation
Liu (2013)	China	Law	IP	Theoretical	N/A	Processual theory of the legal profession
Liu, Lu, & Chizema (2014)	UK, US	Law	FP	Quantitative	Archival data	Strategies and measures of the effectiveness of global PSFs
Loscher & Kaiser (2020)	Germany	Accounting	FP	Qualitative	Interview	Commercial and professional management instruments combined in global accounting firms
MacFarlane (2013)	Australia	Law	DB	Qualitative	Archival data	The shrinking of domestic firms, the increase in international firms, and the growth in international commercial transactions
MacLulich (2003)	UK	Accounting	FP	Qualitative	Interview	Greater emphasis on commercialisation of the service delivery
Majeed (2009)	N/A	N/A	KM	Theoretical	Literature review	Knowledge management, knowledge sharing and HRM practices
Malsch & Gendron (2013)	UK, US	Accounting	FP	Theoretical	N/A	Accounting firms' structures and practitioners' mindset
Manning, Kannothra, & Wissman-Weber (2017)	Egypt, Morocco, Kenya, etc	Global business service firm	SE	Qualitative	Interview	A hybrid model that combines profitability with serving local communities
Masum & Parker (2020)	India	Accounting	DB	Qualitative	Interview	Stakeholder intentions and financial reporting practices
McCole & Ramsey (2005)	New Zealand	N/A	DB	Quantitative	Survey	Differences between adopters and non-adopters of electronic commerce
McColl-Kennedy, Sweeney, Soutar, & Amonini (2008)	Australia	Multiple types	FP	Qualitative	Interview	Relationship management, database marketing and size expansion in PSFs
McQuillan, Scott, & Mangematin (2018)	Ireland	Architecture	IP	Qualitative	Interview	PSF internationalisation from outsidership to insidership within client networks
Mennicken (2008)	Russia	Accounting	KM	Qualitative	observation in-depth interviewing document analysis	international auditing standards within a large post-Soviet Russian audit firm
Mennicken (2010)	Russia	Accounting	PM	Qualitative	Archival data/interview/observation	Dynamics of professionalisation and the changing relations between politics and expertise

Study	Country/Region	PSF type	Theme*	Method	Data	Research focus
Meredith & Baxter (2017)	Australia	Accounting	FP	Quantitative	Survey	A perceived conflict between accountant's creativity and their ethical decision-making
Miozzo & Grimshaw (2008)	Argentina and Brazil	Consulting	FP	Qualitative	Interview	Clients' outsourcing relationships
Mohd Kharuddin & Basioudis (2018)	UK	Accounting	FP	Quantitative	Secondary data	Fee premiums for national- and city-specific industry leadership
Mohe (2008)	N/A	Consulting	FP	Theoretical	N/A	Management consulting: a culture-based framework
Morgan & Quack (2005)	UK and Germany	Law	IP	Quantitative	Archival data	The growth and internationalisation of corporate law firms
Morgan & Quack (2006)	US, the UK and German	Law	IP	Qualitative	Interview	A gradual process of legal globalisation and new hybrid types of firms
Morris, Zhong, & Makhija (2015)	UK, US	Consulting	PM	Mixed	Interview + Survey	The pros and cons of expanding employees' global knowledge reach
Mors (2010)	US, UK, France, Germany, etc.	Consulting	KM	Mixed	Interview + Survey	Knowledge innovation and network in global PSFs
Muller & Doloreux (2009)	N/A	N/A	KM	Theoretical	Conceptional paper	Specific features of knowledge-intensive business services (KIBS) and their role in the innovation system
Muzio & Faulconbridge (2013)	Italy	Law	DB	Qualitative	Interview Achieve data	Local institutions
Nachum (1996)	N/A	Consulting	DB	Quantitative	Archival data	1) Duration and intensity of business activity outside the domestic market; 2) Size, scope, creativity and reputation
Nachum (2003)	UK, US, France, Germany, etc.	Multiple types	SE	Quantitative	Archival data	Nationality and different strategies of international activity
Nguyen & Gong (2014)	Vietnam	Accounting	KM	Quantitative	Secondary data	Formal convergence between Vietnamese Accounting Standards (VAS) and IAS/IFRS
Niñerola, Sánchez-Rebull, & Hernandez-Lara (2017)	China, Span	Management consulting	SE	Qualitative	Interview	Entry mode choice of the Spanish companies in China
Ojala (2009)	Japan	Consulting	SE	Qualitative	Interview	The role of network relationships in the entry into a psychically distant market
Pandit, Beaverstock, Cook, & Ghauri (2008)	UK	Financial Advising	IP	Qualitative	Interview + Survey	Global PSF location in geographical business clusters
Papa & Wilkins (2011)	India	Law	IP	Theoretical	Conceptional paper	The processes of globalisation with the sociology of the Indian legal profession
Patel & Millanta (2011)	Australia and India	Accounting	PM	Quantitative	Survey	Perception bias among professional accountants and cultural differences between Australia and India

Study	Country/Region	PSF type	Theme*	Method	Data	Research focus
Perera, Rahman, & Cahan (2003)	UK, US	Accounting	SE	Qualitative	Archival data	Establishment globalisation and product globalisation
Pflanz (2013)	US, UK, France, The Netherlands	Consulting	IP	Quantitative	Secondary data	Spatial patterns of internationalisation within the engineering consulting sector
Pickering (2012)	Australia	Accounting	DB	Qualitative	Interview Archive data	Executive benefit expectations: revenue growth and efficiency benefits
Pinnington & Gray (2007)	Australia	Law	SE	Mixed	Interview + Survey	Wholly owned operations in the Asia-Pacific and on strategic alliances or referral networks in Europe and North America
Pinnington & Sandberg (2014)	US	Law	DB	Qualitative	Interview	Internationalisation strategies and individuals' enactment
Pinnington (2011)	Australia	Law	PM	Qualitative	Interview	Competence development and career advancement
Pinnington, Kamoche, & Suseno (2009)	Australia	Law	PM	Qualitative	Interview	The competitive and collaborative relations between people
Pless, Maak, & Stahl (2006)	UK	Accounting	PM	Qualitative	Interview	Corporate social responsibility and sustainable development strategy
Poufelt, Smith, & Christiansen (2014)	India	Consulting	SE	Qualitative	Observation	Entry strategy from developed countries into developing countries - 'reverse consulting'
Powell & Rhee (2018)	US	Law	DB	Quantitative	Archival data	Economic status positions and socially constructed status positions
Powell (2014)	US	Law	DB	Quantitative	Secondary data	Firm-specific attributes and firm-specific optimal levels of multinationality
Puxty, Willmott, Cooper, & Lowe (1987)	Germany, UK, Sweden and UK.	Accounting	KM	Theoretical	N/A	Regulatory modes: Legalism, Liberalism, Association and Corporatism
Quack (2007)	UK, US	Law	PM	Qualitative	Archival data	Practical problem-solving and sense-making efforts of transnational legal practitioners
Quack (2012)	US, UK, Germany	Law	SE	Qualitative	Archival data	Integrative organisational model and mobilisation of versatile legal competences
Qur'an (2011)	Saudi	Consulting	DB	Qualitative	Interview	Firm and location-specific factors, firm's competitive advantage, company's management attitudes and profit growth
Raar (2009)	N/A	Accounting	KM	Theoretical	N/A	Transition of international standards into a diversity of business cultures
Reihlen & Apel (2007)	N/A	N/A	KM	Theoretical	N/A r	Learning during the internationalisation process of PSFs
Richardson & Kilfoyle (2012)	Canada	Accounting	IP	Qualitative	Archival data	The history of the creation of new professional accounting associations
Robie, Brown, & Bly (2005)	US, Japan	Accounting	FP	Quantitative	Survey	Cross-cultural management

Study	Country/Region	PSF type	Theme*	Method	Data	Research focus
Rodgers, Stokes, Tarba, & Khan (2019)	Ukraine	Accounting	FP	Qualitative	Interview	Non-market strategies to mitigate market costs and develop the legitimacy
Rosenbaum (2013)	Serbia and Albania	Consulting	KM	Qualitative	Interview/ Archive data	Inter-firm contract and knowledge management
Salunke, Weerawardena, & McColl-Kennedy (2011)	Australia	Multiple types	KM	Qualitative	Interview	Dynamic capabilities in innovation-based competitive strategy
Salvoldi & Brock (2019)	France, Germany, and Italy	Law	IP	Qualitative	Archival data	PSF network internationalisation---the various kinds of networks
Samsonova-Taddei & Humphrey (2014)	N/A	Accounting	DB	Theoretical	N/A	The national professional bodies as important players in the transnational governance scene.
Saravanamuthu (2004)	Australia	Consulting	PM	Quantitative	Survey	The “ethics versus profits” dilemma
Scott-Kennel & von Batenburg (2012)	UK, New Zealand	Specialised weather forecast service	KM	Qualitative	Interview	The role of knowledge and learning in the internationalisation process
Sechooler (2008)	US	Law	FP	Qualitative	Archival data	Increasing concentration of economic power
Segal-Horn & Dean (2007)	UK, US	Law	FP	Qualitative	Interview	Organisational changes arising both from the creation and their internal integration
Segal-Horn & Dean (2009)	UK	Law	FP	Qualitative	Interview	effortless experience as a source of sustainable competitive advantage
Segal-Horn & Dean (2011)	UK, US	Law	DB	Qualitative	Interview	The pressures towards globalisation reshaping the corporate law sector
Seuffert, Mundy, & Price (2018)	Australia	Law	PM	Qualitative	Interview	The competencies and diversity movements-reshaping law firm practice and partnership models
Sherif & Xing (2006)	US	Consulting	KM	Qualitative	Interview	Four processes of knowledge transferring in global PSFs
Sian, Agrizzi, Wright, & Alsallloom (2020)	Saudi	Accounting	PM	Qualitative	Interview	Gender difference in international auditing firms-the interaction of gender, politics and religion
Sidhu, Stevenson-Clarke, Joshi, & Halabi (2020)	Australia	Accounting	IP	Qualitative	Archive data Interview	Merger of international accounting firms in Australia
Sikka (2008)	UK	Accounting	DB	Qualitative	Archival data	The state-capital relationship
Silver (2007)	US	Law	SE	Qualitative	Archival data	US law firms’ IB localisation strategy (multi-domestic)
Silver, Lee, & Park, (2015)	Korea	Law	FP	Qualitative	Archival data	Influence of globalisation on the market for lawyers in Korea

Study	Country/Region	PSF type	Theme*	Method	Data	Research focus
Simon & Kumar (2001)	Australia	Consulting	FP	Mixed	Interview + Survey	Ability to comprehend the client, quality of service, client-consultant communication, integrity and honesty and technical knowledge
Skaates, Tikkanen, & Alajoutsijärvi (2002)	Germany	Architecture	DB	Qualitative	Interview	Social and cultural capitals
Sluyterman (1998)	The Netherlands	Accounting	FP	Qualitative	Archival data	Integration in technology, standards and products, and the sharing of clients
Smedlund (2008)	N/A	Architecture	DB	Qualitative	Archival data	The relationship with the client and the incremental-radical nature of innovation
Smith, Morris, & Ezzamel (2005)	UK	Accounting	FP	Mixed	Interview + Survey	Cause-and-effect relationships between organisational change, outsourcing and management accounting
Sokol (2007)	UK, US	Law	IP	Qualitative	Archival data	Law firm expansion models
Southon, Todd, & Seneque (2002)	N/A	Law	KM	Qualitative	Interview	Dynamics of knowledge in PSF organisations
Spar (1997)	UK, US	Law	DB	Qualitative	Interview	Size, reputation, 'walking assets,' and a balance between global and local interests
Spence, Sturdy, & Carter (2018)	UK, Bangladesh, Canada, China, etc.	Multiple types	PM	Qualitative	Interview	The relationship between mobility and transnationalism in global firms
Stein (2014)	Germany	Law	FP	Qualitative	Interview	Relational proximities and distances between counsel and client
Stephen (2002)	UK, Germany	Law	DB	Quantitative	Archival data	Barriers between two autarkic legal markets with different technologies
Stringfellow, McMeeking, & Maclean (2015)	UK	Accounting	DB	Qualitative	Interview	The social mechanisms of symbolic domination
Sun & Pang (2017)	N/A	N/A	SE	Quantitative	Secondary data	Service quality is found to significantly drive global competitiveness
Suseno & Pinnington (2018a)	Australia	Law	KM	Qualitative	Interview	Network ties and knowledge resources
Suseno & Pinnington (2018b)	Australia	Law	SE	Quantitative	Survey	Top-tier firms preferring joint venture arrangements, and both mid-tier law firms and boutique law firms preferring 'fly-in, fly-out' methods
Terry (2007)	US	Law	DB	Qualitative	Interview	The opportunities and the challenges presented by globalisation
Thornbury (1999)	The Netherlands	Accounting	IP	Qualitative	Archival data	Culture change process during the internationalisation
Thornton (2014)	Australia	Law	PM	Qualitative	Archival data	The contrasting gendered representations of flexible work

Study	Country/Region	PSF type	Theme*	Method	Data	Research focus
Toiviainen, Lallimo, & Hong (2012)	Finland	Consulting	PM	Qualitative	Interview	Emergent learning practices in globalizing work
Toryanto & Hasyim (2017)	Indonesia	Law	IP	Quantitative	Survey	Networking quality and trust in professional services
Tsao, Lu, & Keung (2017)	US, Europe	Accounting	DB	Quantitative	Secondary data	The extent of internationalisation positively related to audit quality
Van Criekingen, Decroly, Lennert, Cornut, & Vandermotten (2005)	Belgium	Law	IP	Qualitative	Archival data	The transnational linkages, local strategies and intra-urban spatial distribution
Vedd & Kouhy (2005)	UK, Canada	Accounting	PM	Qualitative	Interview	Training and leadership development
Weinstein, Journals, & Studies (1977)	US	Advertising	SE	Mixed	Interview + Survey	Two models of the overseas investment behaviour of U.S. multinational advertising agencies.
Wilson, James, Partington, Singh, Vinnicombe, & Butler (2004)	UK	Law	PM	Qualitative	Interview	Integration of work and non-work in professional services
Winch (2014)	France and UK	Architecture	IP	Qualitative	Interview	Strategic business and network positioning for internationalisation
Yamamura, Frakes, Sanders, & Ahn (1996)	US, Japan	Accounting	FP	Quantitative	Survey	Audit decision-making in an international context
Yang, Clark, Wu, & Farley (2018)	China	Accounting	KM	Quantitative	Survey	China's Convergence with IFRS
Yapa, Ukwatte Jalathge, & Siriwardhane (2017)	Sri Lanka	Accounting	PM	Qualitative	Archival data Interview	The professionalisation of auditing in less developed countries
Zhang, Gregory, & Neely (2016)	US, Europe	Consulting	FP	Qualitative	Interview Achieve data	The operation challenges of effectively managing professional services on a global scale
Zhang, Yang, & Zhang (2018)	US, India, Australia, etc.	Consulting	FP	Quantitative	Secondary data	Strategic resource decisions and the performance of global PSFs
Zhang, Zhong, & Makino (2015)	Asia, Europe, North America, etc.	Multiple types	FP	Quantitative	Survey	Positive relationship between customer involvement and the perceived internationalisation performance

Note: * IP = Internationalisation process; SE = IB strategy and entry modes; DB = IB drivers and barriers; FP = Firm performance management; KM = Knowledge management; PM = People management.

Appendix 2 Interview guide in Study 2

PSFs from Emerging Markets

Participant Consent Form

- I voluntarily agree to participate in this research study.
- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
- I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.
- I have the opportunity to ask questions about the study.
- I understand that participation involves an interview for collecting data and publishing findings.
- I understand that I am not incentivised from participating in this research.
- I agree with my interview being audio-recorded.
- I understand that all the information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.
- I understand that disguised extracts from my interview may be quoted in PhD's dissertation projects.
- I understand that if I inform the researcher that myself or someone else is at risk of harm, they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.
- I understand that signed consent forms and original audio recordings will be retained in the research team.
- I understand that under freedom of information legalisation, I am entitled to access the information I have provided at any time while it is in storage.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Contact details:

- PhD Xianwu Zhang (xzhang1@tcd.ie)
- Professor Na Fu (funa@tcd.ie)
- Professor Louis Brennan (brennaml@tcd.ie)

Signature of research participant:

Print name	Signature	Date
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I believe the participant is giving informed consent to participate in this study

Signature of the Researcher	Date
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Thank you very much for meeting me and agreeing to talk to me.

Before we start, could you tell me a bit about yourself and your current role?

Could you tell me a bit about your unit?

1. How does your parent firm internationalise?
2. How was your firm established?
3. How does your unit build relationships with the parent firm and other units?
4. About your strategy, how does your unit implement your firm strategy?
5. About your current office, what is your market segmentation? For example, how much service is delivered to local clients compared to international clients?
6. To what extent do you think that your unit is aligned with your headcounter with globalisation in your service design and delivery?
7. How does your firm fit in the local market?
8. How does your firm balance global integration and local responsiveness?
9. Next, let's have a look at your people management. Does your unit fully use the standardised HRM practices from the headquarter of your firm? Or does your unit design your HRM, such as how to hire, train and performance management?
10. Do you think your HR function is strategic or operational? Why?
11. When making a plan about people, does your unit focus on the short or long term? How?
12. Thinking about people and business, which one is more important? How?
13. How does your unit create or design new services?
14. How does your unit balance innovation and exploitation for efficiency?
15. What kind of digital tools does your unit adopt to improve your legal service? How?
16. Looking back, what do you think are the most important factors for your firm's internationalisation and for your own office's performance?
17. Looking forward, what do you think are the challenges and opportunities for law firms?

Thank you very much for taking your valuable time to talk to me. This is the end of my interview. Is there anything that you feel that I have not asked about?

Appendix 3 Interview guide in Study 3

Internationalisation of Dacheng

Participant Consent Form

- I voluntarily agree to participate in this research study.
- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
- I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.
- I have the opportunity to ask questions about the study.
- I understand that participation involves an interview for collecting data and publishing findings.
- I understand that I am not incentivised from participating in this research.
- I agree with my interview being audio-recorded.
- I understand that all the information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.
- I understand that disguised extracts from my interview may be quoted in PhD's dissertation projects.
- I understand that if I inform the researcher that myself or someone else is at risk of harm they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.
- I understand that signed consent forms and original audio recordings will be retained in the research team.
- I understand that under freedom of information legalisation, I am entitled to access the information I have provided at any time while it is in storage.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Contact details:

- PhD Xianwu Zhang (xzhang1@tcd.ie)
- Professor Na Fu (funa@tcd.ie)
- Professor Louis Brennan (brennaml@tcd.ie)

Signature of research participant:

Print name

Signature

Date

I believe the participant is giving informed consent to participate in this study

Signature of the Researcher

Date

Selection question: (This question was asked during the participant recruitment stage)

- Does your role involve interactions with colleagues in offices in other countries?
 - Yes – go ahead
 - No – finish

Thank you very much for meeting me and agreeing to talk to me.

Before we start, could you tell me a bit about yourself and your current role?

1. How and why did Dacheng expand in the domestic and international markets?
2. What is the relationship between Dacheng and Dacheng-Dentons?
3. How does Dacheng manage people?
4. How does Dacheng manage knowledge in the firm?
5. How is Dacheng Dentons using the digital platform?
6. Do you have experience in conducting international projects, i.e., by working with people in different countries?
7. In your view, how will Dacheng further develop its people and organisation in the future?

End

The information that you offer will not be disclosed or shared in any form. All data will be used for academic study, and participants' personal data will not be presented in the paper or published in any way. We abide by all the data protection laws and privacy protection laws.

Thank you very much for your time.