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From Professionals to Entrepreneurs – HR Practices as an Enabler for Fostering Corporate Entrepreneurship in Professional Service Firms

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1. Introduction

Professional Service Firms (PSFs) such as accounting, consulting, law, engineering or advertising firms are commonly knowledge-intensive industries that are ultimately dependent on acquiring, training and retaining high-skilled staff (Müller-Stewens, Drolshammer, & Kriegmeier, 1999; von Nordenflycht, 2010; Kaiser & Ringlstetter, 2011). Motivation by monetary, career-related and non-monetary incentives is crucial to keep up high performance and attract future professionals (Maister, 1997; Müller-Stewens et al., 1999; Kaiser & Ringlstetter, 2011). Changing attitudes of young high potentials regarding their working preferences force PSFs to question traditional career and human resource management (HRM) concepts (Gmür, Kaiser, & Kampe, 2009; Kaiser, Ringlstetter, Reindl, & Stolz, 2010; Smets, Morris, & Malhotra, 2012). Organizational commitment among professionals to their company on the other hand can be considered a key factor to increase retention (Kaiser et al., 2010). While extrinsic incentives like bonus payments often seem to have a low impact on professionals commitment (Gmür et al., 2009) and striving for autonomy is considered a key professional characteristic (von Nordenflycht, 2010; Kinnie & Swart, 2012), we argue that corporate entrepreneurship is one of the essential factors for motivating future professionals to engage in working long hours. Additionally, corporate entrepreneurship, also known as internal entrepreneurship or intrapreneurship (Pinchot, 1985; Covin & Slevin, 1991; Echols & Neck, 1998; Antoncic & Hisrich, 2001; Armbruster & Kieser, 2003; Kuratko, 2010; Miller, 2011), encompasses a kind of voluntary self-commitment that by far surpasses the responsibility of being just a project manager (Bitzer, 1991; Wunderer, 2007) and has been known to revitalize medium-sized and large companies alike in terms of innovation, risk taking and growth (Thornberry, 2001; Antoncic & Hisrich, 2001; Armbruster & Kieser, 2003).

Despite the fact that many authors have outlined the importance of entrepreneurial professionals in the PSF context (e.g. Kornberger, Justesen, & Mouritsen, 2011; Fischer, 2011; Reihlen & Werr, 2012), few have addressed the issue how exactly corporate entrepreneurship is defined, established and embedded by these firms. Specifically, Phillips and Messersmith's (2013) call for more empirical research that addresses corporate entrepreneurship and its inter-firm variability in the professional services context. While HRM practices are often considered fundamental for fostering corporate entrepreneurship in organisations and promoting a culture of innovation and initiative (Schmelter, Mauer, Börsch, & Brettel, 2010; Castrogiovanni, Urbano, & Loras, 2011), the HRM and entrepreneurship research streams also have only rarely been combined in the past and need further research (Montoro-Sánchez & Soriano, 2011; Hayton, 2005). Montoro-Sánchez and Soriano (2011) therefore encourage research in the recruitment processes as well as the training, identification, retaining and rewards for entrepreneurial employees. Specifically, Hayton, Hornsby, and Bloodgood (2013) argue that empirical research regarding the selection requirements of entrepreneurial employees is almost non-existent. Also, according to Hayton (2005) emergent topics that need to be

examined in the HRM - corporate entrepreneurship relationship include incentives for risk taking and cooperation. In sum, research on HRM in PSFs is relatively sparse (e.g. Kinnie & Swart, 2012; Malhotra, Morris, & Smets, 2010; Richter, Dickmann, & Graubner, 2008), and a perspective on enabling corporate entrepreneurship in PSFs by HR practices seems to be lacking.

We respond to this research gap by taking into account HR practices that are examined in their relationship to corporate entrepreneurship in literature: the selection, development, retaining and rewarding of entrepreneurial employees (Schmelter et al., 2010; Devanna, Fombrun, & Tichy, 1981). Based on six explorative case studies in the professional fields of accounting/consulting and law we address the following research question:

What are the HR practices that PSFs employ to foster corporate entrepreneurship?

By answering this question, we aim for a twofold contribution: First, we seek to expand current literature by addressing state of the art HR approaches related to corporate entrepreneurship in the fields of accounting/consulting and law, map our findings to previous research and explore gaps for future studies. Second, our paper addresses several opportunities for practitioners like HR executives to foster entrepreneurship in their PSF (e.g. by creating awareness, adjusting reward systems).

The remainder of the article is organised as follows: First, we briefly draw on related work in the field of entrepreneurship as well as HRM in PSFs and specify the theoretical foundations of corporate entrepreneurship in general. Second, we depict the research design and method used in our study. Third, in the findings part, we take an in depth look into the professionals' perspective and state of the art practices regarding entrepreneurial behaviour found in some elite companies in the market. Finally, in the discussion and conclusion section implications for both theory and practice are given. Based on the impressions gathered in the interviews, we outline some promising avenues for future research.

2. Foundations

Corporate entrepreneurship as a broad concept is used to describe entrepreneurship within established companies both on the individual and the firm level (Covin & Miles, 1999; Sharma & Chrisman, 1999; Thornberry, 2003). In an attempt to clarify the various concepts of corporate entrepreneurship, Covin and Miles (1999) distinguish between intrapreneurship, corporate venturing, corporate entrepreneurship (as a firm level approach rather than an abstract term) and entrepreneurial orientation. Intrapreneurship as an individual level concept focusses on the individual (intrapreneur) who champions new ideas in an established company (Covin & Miles, 1999; Antoncic & Hisrich, 2001) and has been subject to different interpretations. Pinchot (1985) for instance focusses on the heroic, more or less singular intrapreneur within an enterprise, while Wunderer (1999, 2007) under the label of co-entrepreneurship aims at providing a broader concept

that may be attributed to many employees. Corporate venturing refers to the entrepreneurial creation of new organisations (inside or outside the current firm) that is initiated in the corporate context (Burgelman, 1983; Covin & Miles, 1999; Sharma & Chrisman, 1999). Corporate entrepreneurship in a more narrow sense as the entrepreneurial action of an organisation takes four different (but not mutually exclusive) forms: Sustained regeneration (create new products or services and foster supportive structures and culture), organisational rejuvenation (improve competitive position by processes, resources, structures), strategic renewal (redefine market relationship by mode of competition) or domain redefinition (exploit new or under-recognized product-market combinations) that each characterise a specific strategy of the firm (Covin & Miles, 1999). Likewise, entrepreneurial orientation aims to capture the entrepreneurial action of a firm at the organisational level, a thought that originated from the works of Mintzberg (1973), Khandwalla (1976) and Miller and Friesen (1982) as Covin and Wales (2012) state, but is more commonly associated with the model of Miller (1983, 2011). Miller (1983, 2011) initially defined three dimensions for a firm to be considered entrepreneurial, namely innovativeness, risk taking and proactiveness. This approach has been refined and extended by other authors (e.g. Lumpkin & Dess, 1996) to include two additional dimensions, competitive aggressiveness and autonomy of the firm, so the enhanced model encompasses five dimensions, even though not all studies do include the complete set of dimensions (Rauch, Wiklund, Lumpkin, & Frese, 2009, Miller, 2011). Albeit we acknowledge that there are different approaches with distinct labels for studying entrepreneurial activity of (in) organisations, for the purpose of this paper we consider it sufficient to use the terms corporate entrepreneurship, intrapreneurship, internal entrepreneurship, co-entrepreneurship, entrepreneurial behaviour, action or orientation interchangeably (like other authors do, see Echols & Neck, 1998; McFadzean, O'Loughlin, & Shaw, 2005; Wunderer, 2007), as we consider it important to address both organisational and individual components during our analysis.

Corporate entrepreneurship also offers some links to HRM, however empirical research in this area is still limited as indicated by Hayton's (2005) literature review. In a quantitative study of German small and medium enterprises (SMEs), Schmelter, Mauer, Börsch, and Brettel (2010) show that HRM practices (staff selection, development, training and rewards) have an important impact on fostering corporate entrepreneurship. Similarly, Castrogiovanni, Urbano, and Loras (2011) examine which HRM practices are specifically beneficial for promoting corporate entrepreneurship in Spanish SMEs. Hayton, Hornsby, and Bloodgood (2013) propose a theoretical process model that integrates the HR architecture and entrepreneurial posture of a company by addressing both (selected) dimensions from the entrepreneurial orientation (risk taking, innovativeness, proactiveness) and HR practices (staffing, training and development, rewards, feedback, work design and processes and procedures).

While there have been few links between the areas of entrepreneurship and professionals so far (Reihlen & Werr, 2012), there are some authors who contribute towards a more complete picture of

entrepreneurial aspects in PSFs. Phillips and Messersmith (2013) develop a theoretical model that maps strategic corporate entrepreneurship to professional service intensity (knowledge intensity, low-capital intensity, professionalization of workforce) in different sectors. Fischer (2011) and Sieg, Fischer, Wallin, and Krogh (2012) take a closer look at opportunity recognition and proactive approaches towards the clients by professionals within a large accounting company setting. Kornberger, Justesen, and Mouritsen (2011) elaborate on the role of managers (as entrepreneurial apprentices) in a Big 4 accounting firm. While Polster (2012) explores the broad topic of managing innovation in consulting companies, Anand, Gardner, and Morris (2007) and Gardner, Anand, and Morris (2008) describe how new practices in innovative fields are created in consulting and law firms within a multiple case study. Günther (2012) conducts an explorative study into two law firm spin-offs to discover entrepreneurial strategies. Other authors cover aspects of knowledge management and production (e.g. Reihlen & Nikolova, 2010; Werr, 2012) or institutional action (e.g. Greenwood & Suddaby, 2006; Reihlen, Smets, & Veit, 2010). Whereas many of these authors in the PSF entrepreneurship domain set their core focus on aspects such as service innovation, knowledge, or client interaction, we take an HR-related perspective on corporate entrepreneurship in PSFs in this paper.

Likewise, research on HRM in PSFs seems scarce, although there are several notable exceptions. For instance Ferner, Edwards, and Sisson (1995) examine HRM in international accounting firm setting and specifically organisational structures and the "corporate glue" of PSF cultures. Richter, Dickmann, and Graubner (2008) look at the relationship between HRM practices and PSF archetypes. Kaše, Paauwe, and Zupan (2009) develop and test a conceptual model that combines HR practices, interpersonal relations and intrafirm knowledge transfer in the PSF domain. Gmür, Kaiser, and Kampe (2009) in a large sample study of law firms explore the link between high performance work systems and HRM effectiveness as well as employee commitment. Kaiser, Ringlstetter, Reindl, and Stolz (2010) investigate the impact of work-life balance initiatives on employee commitment in the consulting industry. Swart and Kinnie (2010, 2013) focus on different HR configurations in PSFs, as well as the relationships between organisational learning, knowledge assets and HR practices. Additionally Swart and Kinnie (2014) identify HRM models in networked structures based on multiple PSF cases studies. Donnelly (2008) explores careers and temporal flexibility in a consulting company, while Malhotra, Morris, and Smets (2010) examine new career models in law firms and Smets, Morris, and Malhotra (2012) investigate innovation in relation to these changing career models in law firms.

In sum, judging from prior literature, there is still a lack of research that combines corporate entrepreneurship and the enabling HR practices in the context of PSFs, especially across different PSF industries. As Reihlen and Werr (2012) suggest, there are multiple levels of analysis for entrepreneurship in PSFs like the interaction between professionals on the individual level, the

organisational level, where a firm creates the context for entrepreneurship (and might be an actor itself) as well as the institutional level. By combining the organisational context and the individual level perspective of professionals' and comparing insights from the law and accounting/consulting industries, we follow the recommendation of Smets, Morris, and Malhotra (2012) to consider multiple levels of analysis as well as multiple sectors. Arguably a firm level (entrepreneurial) theory provides a suitable starting point to capture the phenomenon in a multiple case setting. Also, as Low and MacMillan (1988) state it is recommended to conduct theory-driven case studies when exploring the entrepreneurship domain. We thus draw on the entrepreneurial orientation framework (Rauch et al., 2009; Miller, 2011) to guide our study. Despite the notion that entrepreneurial orientation is traditionally considered to be a firm level approach, several authors argue the dimensions (proactiveness, autonomy, innovativeness, competitive aggressiveness, risk taking) can as well be utilized in the individual context (e.g. Fayolle & Basso, 2010; de Jong, Parker, Wennekers, & Wu, 2011; Holtorf, 2011; de Jong, Parker, Wennekers, & Wu, 2013). Thus, within this framework we also investigate the individual perspective of professionals on entrepreneurship and define corporate entrepreneurship as the autonomous, risk-taking, innovative, competitive and proactive behaviour of an organisation or individual respectively. Inspired by the theoretical model of Hayton, Hornsby, and Bloodgood (2013), Table 1 sums up the entrepreneurial dimensions specified by de Jong, Parker, Wennekers, and Wu (2011), de Jong, Parker, Wennekers, and Wu (2013) and Rauch, Wiklund, Lumpkin, and Frese (2009) and its implications for corresponding HR practices:

Table 1: Entrepreneurial dimensions and their implications for HR practices

Entrepreneurial Dimension	General definition (derived from literature)	Implications for HR practices
Innovativeness	Organizational level: "[...] predisposition to engage in creativity and experimentation through the introduction of new products/services as well as technological leadership via R&D in new processes." (Rauch et al., 2009, p. 763)	Reward and incentive structures for innovation in the PSF
	Individual level: "[...] initiation and intentional introduction (within a work role, group, or organization) of new and useful ideas, processes, products, or procedures" (de Jong et al., 2013, p. 3)	Mentors, role-models, trainings for innovation that guide entrepreneurial professionals
Proactiveness	Organizational level: "[...] opportunity-seeking, forward-looking perspective characterized by the introduction of new products and services ahead of the competition and acting in anticipation of future demand." (Rauch et al., 2009, p. 763)	Structures and processes to identify and select professionals that are capable of advancing the PSF entrepreneurially in the future
	Individual level: "[...] self-initiated and future-oriented action that aims to change and improve the situation or oneself" (de Jong et al., 2013, p. 3, citing Parker & Collins, 2010, p. 635)	Mentors and role-models for proactivity that guide entrepreneurial professionals

Risk Taking	Organizational level: "[...] taking bold actions by venturing into the unknown, borrowing heavily, and/or committing significant resources to ventures in uncertain environments." (Rauch et al., 2009, p. 763)	Retention mechanisms of the PSF (related to professionals taking risks and potentially failing -> risk sharing / mitigation)
	Individual level: "[...] facing potential losses in a broader sense, and [...] an inclination to move forward without a priori permission or consensus." (de Jong et al., 2013, p. 4)	Risk perception and exit of entrepreneurial professionals; trainings related to risk taking
Autonomy	Organizational level: "[...] independent action undertaken by entrepreneurial leaders or teams directed at bringing about a new venture and seeing it to fruition." (Rauch et al., 2009, p. 764)	Retention mechanisms of the PSF (related to professionals looking for more autonomy)
	Individual level: "[...] ability to determine independently how to do a job or task" (de Jong et al., 2011, p. 11)	Exit of entrepreneurial professionals
Competitive Aggressiveness	Organizational level: "[...] intensity of a firm's effort to outperform rivals [...] characterized by a strong offensive posture or aggressive responses to competitive threats." (Rauch et al., 2009, p. 764)	Incentives for cooperation and competition among entrepreneurial professionals (also: competition for the best entrepreneurial minds - not in scope of study)
	Individual level: "[employees] compete aggressively with their colleagues" (de Jong et al., 2013, p. 13)	Trainings related to cooperation

3. Research Method

Our research is based on a multiple case study design (Yin, 2009; Eisenhardt & Graebner, 2007) in the fields of accounting/consulting and law. We took a two-stage approach for our study: First, an open preliminary study with participants from both fields was conducted. Following the concept of Schulze-Borges (2011) and Polster (2012), we created a conference in early 2013 specifically dedicated to entrepreneurial activity in professional service firms where participants from both research and practice (accounting, consulting, law) discussed selected topics over two days. Informal, non-tape-recorded conversations with professionals enabled the researchers to identify relevant areas and develop guidelines for the study. To expand our view and outline differences between the PSFs, we gathered input from interviews with two additional partners from different firms who had previous experience in multiple PSFs (Richter et al., 2008).

Second, we conducted six case studies with PSFs operating in the professional fields of accounting/consulting and law, two large and one medium-sized each. Selection of cases in the qualitative research domain is usually driven by theoretical considerations rather than statistical sampling logic (Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Yin, 2009; Lamnek, 2010). Hence we did not choose PSFs randomly but considered firm-characteristics (Benbasat, Goldstein, & Mead, 1987) and selected some of the top firms based on rankings in the German market (turnover, number of professionals employed) (Richter et al., 2008). This is based on the idea that one is likely

to encounter extreme cases in this market segment that are particularly suitable for gathering as much information as possible on the phenomenon (Flyvbjerg, 2006; Lamnek, 2010). For the medium-sized PSFs we applied additional selection criteria like public reports and news reports on innovative service design or fast firm growth.

Table 2: Overview: Case structure and evidence

Case (Industry)	Size; No. of Professionals; Revenue in Germany	Data Sources	Interviewee roles
A (Accounting/ Consulting)	Medium-Sized; 300<; €25m<	Semi-structured interviews, site visit, documents, data from firm website, news reports, public reports (e.g. transparency, financials)	1 Senior Management, 1 Practice Leader, 1 HR Executive
B (Accounting/ Consulting)	Big; 5.000<; €600m<	Semi-structured interviews, documents, data from firm website, news reports, public reports (e.g. transparency, financials)	3 Practice Leaders, 1 Director, 1 Manager, 1 HR Partner
C (Accounting/ Consulting)	Big; 5.000<; €600m<	Semi-structured interviews, site visit, documents, data from firm website, news reports, public reports (e.g. transparency, financials)	2 Senior Management, 2 Practice Leaders, 2 Partners, 1 Director, 2 Managers, 1 Support Executive, 1 HR Executive
D (Law)	Medium-sized; 100<; €30m<	Semi-structured interviews, documents, data from firm website, news reports	1 Senior Management, 1 Practice Leader, 2 Partners, 1 Support Executive, 1 HR Partner
E (Law)	Big; 250<; €100m<	Semi-structured interviews, documents, data from firm website, news reports	1 Management, 1 Partner, 2 Managers, 1 Support Executive, 1 Support Specialist, 1 HR Specialist
F (Law)	Big; 250<; €100m<	Semi-structured interviews, documents, data from firm website, news reports	1 Senior Management, 2 Practice Leaders, 1 HR Partner, 1 Support Executive, 2 HR Specialists

Data was collected from multiple sources (Yin, 2009) (see Table 2). While we put a strong emphasis on interview data, we also triangulated the primary data with documents as well as information available on firm websites and public reports (Brock & Powell, 2005; Anand et al., 2007; Malhotra et al., 2010). All evidence was collected per case in a case study database (Gibbert, Ruigrok, & Wicki, 2008; Yin, 2009). Interviews covered representatives from a broad range of organizational and hierarchical positions, including professionals from manager to senior management/executive level (including HR responsible partners) as well as specialists in HR and other support functions. While in most cases a high ranking contact within the firm enabled us to identify and contact key representatives especially in the support functions, we also asked interviewees to suggest further professionals to interview, a practice found in several other case studies in the PSF context (e.g.

Covaleski, Dirsmith, Heian, & Samuel, 1998; Kornberger et al., 2011). In sum, we conducted 40 interviews between May and November 2013 that usually lasted between 60 and 90 minutes and were fully transcribed, coded by two researchers independently and analysed using structural qualitative content analysis supported by MAXQDA software (Mayring, 2008; Kuckartz, 2010). Criteria for ensuring the quality included both case-study-specific (Yin, 2009) and interview-related measures (Mayring, 2002; Mayring, 2008). In the coding process we combined predefined theoretical concepts and inductively emerging ideas (Kornberger et al., 2011). As a guideline and initial coding framework, we used the abstract dimensions of entrepreneurial orientation (innovativeness, proactiveness, risk taking, autonomy, competitive aggressiveness), whereas sub-codes (e.g. innovation process, opportunity recognition, risk sharing institutions, resource availability, incentives for cooperation) were inductively derived from the coding process. For each sub-code we added a short description and coding rule using the MAXQDA comment function. By several iterations and discussions between the coders, we refined the coding rules (by providing more precise code explanations), managed to eliminate overlappings (e.g. by combination of two similar codes) and thereby reduced the total number of sub-codes to 132. Additionally, we used manual key-word search in several instances to find more relevant data matching individual sub-codes. Finally, we took excerpts from the data to back the findings resulting from our analysis (Kornberger et al., 2011; Eisenhardt & Graebner, 2007). To ensure anonymity of the participating firms (Benbasat et al., 1987; Anand et al., 2007; Yin, 2009), PSF and interviewee names and several lines of related information on persons, PSF and clients were removed. Corresponding to the exploratory nature of the cases, we develop propositions based on our findings from the cross-case analysis (Eisenhardt & Graebner, 2007; Yin, 2009).

4. Findings

Similar to Kornberger, Justesen, and Mouritsen (2011), the findings presented in this paper are part of a broader study that comprises more topics such as proactive behaviour and support structures of the PSFs, service and process innovations and corresponding structures, competition between PSFs as well as between professionals, risk taking of professionals and the role of risk management structures, autonomous behaviour as well as resource autonomy and retention mechanisms. As deduced in Table 1 (foundations), this paper will focus on particular HR-related aspects that are derived from the overall framework. Our analysis thereby encompasses the identification and selection of entrepreneurial professionals, the building and rewarding of entrepreneurial professionals including aspects like trainings, firm culture and incentive structures, and finally the keeping and letting go of professionals including retention mechanisms and the risks associated with internal entrepreneurship. Each part is supported by evidence from the cases (Eisenhardt & Graebner, 2007; Dubé & Paré, 2003) to allow for independent judgement by the reader.

4.1 Classifying corporate entrepreneurship in PSFs

Before we can address corporate entrepreneurship in the PSF context, it is necessary to gather insights on how PSFs themselves define corporate entrepreneurship. Prior to the interviews, we asked professionals, support functions specialists and executives to elaborate on their view on corporate entrepreneurship and its definition. While there are surprisingly few differences between those groups, in sum the aspects covered by the interviewees on what elements would constitute corporate entrepreneurship can be divided into five clusters:

- *Autonomy*: Professionals' preference for autonomous actions and decisions, often considered to be the foundation for entrepreneurial activity
- *Innovativeness & Proactiveness*: Recognition of market opportunities, development of ideas and new services
- *Cooperation*: Professionals (are supposed to) "march in the same direction"
- *Sustainability*: Long-term relationships to colleagues and clients, PSF as a "habitat" for partners
- *Success*: Financial goals (of professionals and PSF) of entrepreneurship, winning challenging and profitable clients by new offerings, personal accountability for revenues

Notably, while there are several similarities in comparison between the professionals' statements and the dimensions of the entrepreneurial orientation concept (Rauch et al., 2009; Miller, 2011) – namely: Autonomy, innovativeness and proactiveness – the aspects of risk taking and competitive aggressiveness are mostly absent in the professionals' definitions. Additionally we were able to spot three perceived antipodes of entrepreneurial behaviour mentioned by interviewees from three different law firm cases: Lack of entrepreneurial expansion, forbearance of entrepreneurial activity and deviant (non-commercial) activity focus (see Table 3).

Table 3: Perceived antipodes of entrepreneurial behaviour

Theme	Description and case evidence
<i>Lack of entrepreneurial expansion</i>	<p>Professionals do not actively engage in the acquisition of new clients, exploration of new markets or the creation of new services, but rather process current clients.</p> <p><i>"For a start, risk for entrepreneurial behaviour, I simply don't act entrepreneurial. I process existing clients, but I don't take care of getting new business. They will watch this for a while and then eventually say: 'You might want to find your challenges somewhere else if you don't care to advance our business.'" (Partner, Law)</i></p>
<i>Forbearance of entrepreneurial activity</i>	<p>Even though professionals know this is not a sustainable long-term solution, they stick to their current core business, as the perceived effort and risk of entering new business are considered high compared to doing "business as usual".</p> <p><i>"[...] and that's the important part, the counterpart of entrepreneurial behaviour would be entrepreneurial forbearance. That I know where I should go, but I don't act as there is inconvenience in the realization."</i></p>

(Management Executive, Law)	
<i>Deviant (non-commercial) activity focus</i>	<p>PSF and professionals set their goals beyond entrepreneurial dimensions like innovation or economic success.</p> <p><i>"Every partner in our firm raises the claim to have way further goals in his job than just entrepreneurial goals. And more objectives than just maximizing profit. There are several other aspects like professional reputation, self-fulfilment at work, recognition by others, the skill to do legal work. That means we are aware to be non-entrepreneurial to a large extent since we have different goals." (Managing Partner, Law)</i></p>

The professionals' definitions in mind, we encountered different opinions on the hierarchy level professionals are starting to act entrepreneurial. Whereas some interviewees regard entrepreneurial behaviour as an element primarily attributed to and expected by senior employees (e.g. described by Maister, 1997; Kornberger et al., 2011; Fischer, 2011) (especially when it comes to acquisition of new clients), several professionals and executives (similar to Reihlen & Werr, 2012) stress that corporate entrepreneurship should be present on all positions (functions) and hierarchy levels:

"[...] in my personal and the company's perspective, it's a matter that concerns every employee. I usually argue that during the development I change from being an employee to being an employer. We have to abandon the view that this happens in one step by promotion to partner. I have to show entrepreneurial behaviour prior to this." (HR Partner, Accounting/Consulting)

"This is not just a subject for partners and senior management, but something even a first year associate needs to know and internalize. He is not yet expected to have success in his entrepreneurial actions however he needs to develop in a direction that he wants to be an entrepreneur. Because we are all entrepreneurs. [...] And this is something that has changed over the last two, three or five years." (Partner, Law)

Typically, entrepreneurial activity at the second or third year junior (associate) level takes place via establishing links to (future) clients. This undertaking is often achieved by attending networking events. Partly, young professionals initiate these networking events themselves (as sometimes found in law firms), in many other cases events are initiated by the PSF (as found in both law and accounting/consulting firms), and in most cases professionals will attend national or international industry-practice-related events for networking purposes if they are granted the time and travel expenses by their superiors. Supporting business proposals and pitches is primarily expected of more experienced (third to fifth year) professionals on the project manager level, often called managers or managing associates. In case of the accounting/consulting firms, entrepreneurial performance outcomes are evaluated for the first time on this level, and in many instances there is a business case that is linked to a specific topic or idea of how the professional intends to create value for the PSF in future. In contrast, in large law firms managing associates may support business proposals, however the notion of developing new ideas for services seems to be less common (establishing whole new

practice groups (Anand et al., 2007) was rarely ever encountered in this context) – contributions of this kind are not expected until the partner level business case. This does however not apply to all law firms in our sample – the medium-sized firm actively encourages even their experienced (managing) associates to look out for market opportunities and carve out their own niche as early as possible. Naturally, in all firms the manager (managing associate) level case is not as "deep" as the partner level case, meaning that there is less focus on the financial returns and more than one professional can be assigned to one idea or topical area.

4.2 Identifying & selecting the entrepreneurial professional

The first step in enabling corporate entrepreneurship by HR practices is to look at approaches that may help identify and select professionals who are expected to show entrepreneurial behaviour. The recruiting and professional development structures and policies found in our sample clearly indicate a managed professional business (MPB) structure (Cooper, Hinings, Greenwood, & Brown, 1996; Brock, 2006) for HRM, as described by Richter, Dickmann, and Graubner (2008). However, most of the important functions such as hiring of young professionals, performance appraisals of juniors and other partners, and promotions or dismissals of professionals are still ultimately a responsibility of partners, who often take add-on management roles (e.g. for recruitment). The relationship between HR specialists and partners was largely perceived as constructive; most professionals seem to appreciate the support they receive from the recruitment function. Still, when it comes to the selection of new professionals, partners clearly emphasize their "sovereign" decision rights:

"<firm> Germany alone [...] that is <n-thousand> people, so you need to have some specialists in the HR function. But if we look at partner autonomy or the partners' self-conception, there are some topics we do not want to pass on. [...] the decision to have job interviews and say 'we want this one or we don't want that one' [...] is one of the most exclusive duties that we partners have."
(Practice Leader, Accounting/Consulting)

"[...] and that pre-selection of applications, I think a guideline is sufficient. In my opinion it is justified that names like <firm> have clear requirements on what <criteria> are expected. But I'm capable of reading and writing myself, I don't need someone sitting in HR [...] to spoon-feed me with applications. Because I am sure they sort out some people, we could actually use very well."
(Partner, Accounting/Consulting)

"They [partners] do it themselves [...] we don't play a role in the decision process." (HR Specialist, Law)

As our analysis of PSFs' websites indicates, many job advertisements for university graduates seem to expect that future professionals will show entrepreneurial skills. So while one might argue entrepreneurship starts at the junior professional level as discussed in the previous section, the question remains: How do PSFs identify entrepreneurial professionals? In most cases, this

identification seems to be beyond the scope of HR specialists. Interestingly, even when we ask partners, in most cases the identification of young entrepreneurial professionals seems to be an instinctive act, so partners rather trust their gut and experience but rarely base identification on specific criteria:

"The selection of employees. How do you ensure you have the right mix at the starting line? The answer is: We don't. We don't have a clue. [...] if at all, we decide based on gut instinct." (Senior Executive, Accounting/Consulting)

"I claim I see them. [...] of course it is easy to say that, but I think it's simply experience. I don't know how many job interviews I led, but I'm sure it has been well over a thousand. And somehow you notice [...] how he or she is like. Whether it's someone who thinks entrepreneurial, whether it's someone who thinks strategically [...] or someone who is calculative. [...] At the latest in everyday work. You realize fast, whether he is just ticking off tasks or thinking beyond." (Practice Leader, Law)

Again, despite the descriptions in many job advertisements, this can to some degree be attributed to the notion that fresh recruits (especially young lawyers without business background) are rarely expected to possess a fully developed entrepreneurial skillset (Swart & Kinnie, 2010). Hence, most partners state that they identify entrepreneurial professionals in everyday operations or based on their business cases instead. In everyday operations, this can often be mapped to self-responsible, (semi-)autonomous behaviour, e.g. if the client contacts a more junior professional directly for follow-up assignments rather than approaching the partner. Here, understanding the reasons behind a client's request and assessing his needs is considered vital. Similarly, especially in accounting/consulting firms (rather than in law firms) it is regarded entrepreneurial if professionals proactively suggest ideas for new services or process improvements, instead of just processing current work. Likewise, the professional's business case will mirror most of the perceived entrepreneurial skills: Identifying opportunities, approaching the client, understanding client needs, offering adequate (new) services and finally contributing to increase the PSF's revenues.

Some PSFs, especially those from the Big 4 accounting/consulting segment, have initial structured approaches for the identification of future corporate entrepreneurs. For instance, one firm employs a questionnaire to determine the potential of (future) managers and directors which can also be used to find entrepreneurial professionals within the PSF. The instrument encompasses topics like the number of instances a professional comes up with new initiatives, the directions of these initiatives, the way how the professional recognizes opportunities and the subsequent reaction to the discovery of an issue or topic.

"[...] starting from the top, we have initiated a discovery process for employee potential. We have done this for all of our partners some years ago, [...] for all our managers, senior managers,

directors. Now we have decided locally, we want to do this for our seniors [associates]. [...] it is a relatively simple model consisting of <n> questions [...] and I would say about one third of these questions are exactly what will be there if I ask about entrepreneurship." (HR Partner, Accounting/Consulting)

Overall, we synthesize the process of identifying and selecting entrepreneurial professionals by the following propositions:

Proposition₁: PSFs do not employ structured approaches or standardized methods to select entrepreneurial future professionals.

Proposition₂: The identification of junior entrepreneurial professionals in PSFs is based on the judgements of partners.

4.3 Building & rewarding the entrepreneurial professional

The second step in enabling corporate entrepreneurship by HR practices is to expand the professionals' entrepreneurial potential. We thus focus on how PSFs support corporate entrepreneurship by trainings and firm culture, as well as how PSFs reward their professionals' entrepreneurial action.

Entrepreneurial trainings and culture

Training is generally known to encourage entrepreneurial behaviour among employees (Schuler, 1986; Schmelter et al., 2010). While training on the job is probably considered one of the most important sources of professional development (Maister, 1997; Hitt, Bierman, Shimizu, & Kochhar, 2001; Stumpf, Doh, & Clark, 2002), there are also skills that need to be trained separately. When it comes to shaping the professional by internal trainings, most PSFs in our sample did not provide courses labelled (corporate) entrepreneurship or alike. Nevertheless, we were able to identify trainings useful for entrepreneurial professionals that can be clustered into three main areas: Person- and position-centred trainings, client-centred trainings and cooperation-centred trainings. In the first area, the PSF offers courses related to personality development, basic communication with clients and introduction trainings for professionals who reached new hierarchy levels that are tied to specific entrepreneurial expectations (manager, partner). The second (and broadest) area focusses on business development (including creative thinking) and client relationships, risk awareness and management, trainings for business proposal and pitch presentations using internal client acceptance and client relationship management systems, as well as cooperation with the business development and marketing support functions. The third area concentrates on leadership trainings that intend to strengthen cooperation and cross-selling between professionals beyond the individual professional's field.

Even though many aspects can be covered in trainings, some professionals argue the best way to communicate internal entrepreneurship will be through the firm's culture that encompasses a vision and values:

"Ultimately, in my opinion you can convey something like this by a value system. Very simple, <values> that is what precisely represents entrepreneurship. [...] Back then our global chairman stood in front of 600 managers [...] and put on a slide that stated our values. Then he talked half an hour about what this meant for him and the firm. It really made me think. And today, we still have this embedded in every training – a serious discussion 'what does this mean?' There we have it, the debate on the topic of entrepreneurship." (HR Partner, Accounting/Consulting)

"[...] but it is crucial for the entrepreneurial evolvement of a professional service firm to build a culture and spirit of entrepreneurship and to keep it awake." (Senior Management Executive, Accounting/Consulting)

While a vision is an important element of the PSF's strategy (Løwendahl, 2005), a major risk persists that the vision to create an entrepreneurial culture remains a lip service (Bitzer, 1991). Authors like Hornsby, Kuratko, Holt, and Wales (2013) have thus assessed criteria that are expected to influence the occurrence internal entrepreneurship like work discretion, time availability, management support, rewards and reinforcement as well as organizational boundaries. These partly overlap with concepts of several other authors, e.g. Pinchot's (1985) freedom factors, Christensen's (2005) intrapreneurial factors or Ireland, Covin and Kuratko's (2009) pro-entrepreneurship organizational architecture that includes an entrepreneurial culture.

In most PSFs, work discretion is a common condition for professionals as there is a high degree of entrepreneurial autonomy (von Nordenflycht, 2010; Reihlen & Mone, 2012). Time availability is a more critical aspect, since there is traditionally a strong focus on billable hours in PSFs (Stumpf et al., 2002; Alvehus & Spicer, 2012). In our cases, we could identify three ways how PSFs try to accommodate their professionals to pursue their entrepreneurial ideas. First, there are short case-by-case investment times, where professionals below the partner level are taken off the project for several hours and are allowed to charge development activity to a non-billable account. Second, sometimes (but less often), professionals who pursue a specific idea are given a budget by the PSF's management and assigned to an internal development project. Third, while in the large law firms there was a stronger emphasis on client work (partly attributed to low leverage), in contrast in the accounting/consulting firms in our sample managers and especially partners have a target between 20 and 50 percent for various non-billable tasks that also include entrepreneurial projects. Even though it is uncommon to take a certain percentage of weekly time off for own entrepreneurial projects, a notable exception was found in one of the law firms, where about a third of the yearly hours were reserved for non-billable activities. Nevertheless, in many instances professionals instead

will walk the "extra mile" and use their spare time for development activities, which may pay off later in performance appraisals.

Furthermore, support by the firm's management is crucial, especially when it comes to openness to new ideas and innovations. Many partners for instance report on open-door policies:

"First of all, we have a culture of innovation. [...] how do we foster it? By saying, my door as managing partner is always open. [...] everyone can step in, '<firstname>, I have a great idea, and nobody else has done it so far'. I say 'come in, explain.' Well, not every idea is brilliant of course. Some ideas violate professional rules [...] but every second idea has potential and every fourth idea has enormous potential. And you can build a lot from that." (Managing Partner, Law)

"When will employees keep innovation to themselves? They will keep it to themselves if they have the feeling they cannot talk openly about fancy ideas, they face closed doors when approaching their superiors, they need to get an appointment in the personal assistants office, they don't see their superiors in person, can't talk to them but are barracked with their peers. In that case, innovation doesn't happen. [...] I actively invite my employees – if my door is open that means 'come in'." (Practice Leader, Accounting/Consulting)

It is important to bear in mind the firms' openness towards the entrepreneurial behaviour of their professionals is only one necessary condition for corporate entrepreneurship to prosper – of course professionals themselves need to contribute their part. Despite the expectation, it would likely be organisational boundaries that hindered professionals to act entrepreneurial, to our surprise several partners from both accounting/consulting and law note that a challenge persists in the more junior professionals' limited imagination of their actual entrepreneurial freedom within in firm. Some partners also state, junior professionals will 'cut off' their own ideas for novel services on the way to the partners' offices or remain reserved in public discussion of ideas with superiors.

"You just have to get them to realize that entrepreneurial behaviour is supported. [...] The problem is that many of our colleagues don't think outside the box and can't imagine this freedom." (Practice Leader, Accounting/Consulting)

"I think the limitation is in people's heads, they believe things don't work, they are not allowed to do something. [...] I wish people would less – I call it 'scissors in their heads' – cut off a thousand ideas by themselves before they approach partners and management. Countless ideas die on the way to the partner's office, because the associate thinks 'that idea is nuts, I can't possibly to talk a partner about this'." (Partner, Law)

Overcoming these obstacles and creating the reassurance and trust necessary (Werr, 2012) for younger professionals to come up with potentially unconventional ideas remains a major issue.

Overall, the results in this section lead to the following propositions:

Proposition₃: PSFs foster entrepreneurial behaviour of professionals by providing person- and position-centred, client-centred and cooperation-centred trainings.

Proposition₄: PSFs foster entrepreneurial behaviour of professionals by partners' openness towards unconventional ideas.

Rewarding entrepreneurial professionals

While it is arguably fairly easy to state a vision of corporate entrepreneurship or expect entrepreneurial behaviour by professionals within the PSF, the question is how entrepreneurial activity impacts the PSF's reward systems and especially on the professionals' compensation. Reward and compensation systems are considered essential HR elements for encouraging CE in organisations (Castrogiovanni et al., 2011). There are different systems for remuneration in PSFs, the most common basic forms of are lock-step systems, where professionals who meet the requirements reach a specific level (step) receive the same compensation on this level, and merit-based (or "eat-what-you-kill") systems, that put a stronger emphasis on the individual professional's performance (Maister, 1997; Brock, 2006; Greenwood & Suddaby, 2006; Brock, Powell, & Hinings, 2007; McDougald & Greenwood, 2012). In our study, we came across both kinds of compensation systems. All three law firms and the medium-sized accounting/consulting firm have implemented a lock-step system, while in the large accounting/consulting firms high performance – despite mitigation by internal systems of redistribution – had a direct effect on individual compensation. We primarily examined the occurrence of evaluation criteria related to (abstract) term entrepreneurship and (specific) aspects like the consideration of service and process innovations as well as cooperation among professionals.

First, in comparison to training courses addressed in the previous section, entrepreneurship is mentioned explicitly from time to time in the incentive structures in our cases, more often though it is implicitly integrated in the performance appraisal categories. As professionals and HR specialists state, the notion of entrepreneurship is specifically embedded in terms of revenue generated by the professional, business development activities (winning clients by new offerings) or sustaining client orientation and relationship. Obviously, the higher the hierarchy level, the more is expected of the professional. Winning new clients for instance is almost exclusively expected by senior professionals; especially in law firms this is typically considered a partner task.

Second, a further important aspect is the consideration of long-term activities like service and process innovations in the compensation systems (Stumpf et al., 2002). Process innovations, characterized by improvements in internal processes of the PSF's service provision (Covin & Miles, 1999; Burr & Stephan, 2006; Reihlen & Werr, 2012), are only implicitly and exclusively included in compensation systems of the accounting/consulting firms. If mentioned, process innovations are

commonly operationalised by the time saved (efficiency) in the completion of a client assignment. Service innovations on the other hand are rarely mentioned. Given the importance of service innovations in PSFs (Fischer, 2011; Reihlen & Werr, 2012; Polster, 2012) the aspect seems to be surprisingly weakly represented in PSFs' reward systems in our sample. This might be attributed to the conception that innovations are subsequently rewarded by increased revenues, as one interviewee states:

"No (laughs). That's a pat on the back in some way, but it is not implemented into the employee reward or incentive system, like 'we can improve something, we have a new offering'. The idea is, if you have something new, something innovative that everyone wants, it will impact on your revenues." (Partner, Accounting/Consulting)

Third, the importance of cooperation between professionals is well documented in literature (e.g. Maister, 1997; Lazega, 2000; Greenwood, Morris, Fairclough, & Boussebaa, 2010; Reihlen & Mone, 2012). Likewise, many interviewees stress the importance of cooperation, especially when it comes to cross-selling and winning large contracts from the most prestigious clients in the market. Several definitions of corporate entrepreneurship included the aspect of mutual goals and "marching in the same direction", which may be summed up by the term cooperation. On the other hand, there is the notion of autonomous professionals that are hard to control ("cat herding") and may rather pursue their own objectives or compete within the organisation (von Nordenflycht, 2010; Empson, 2012; Reihlen & Mone, 2012; Reihlen & Werr, 2012). The question is therefore, whether cooperative entrepreneurial behaviour is backed by the compensation systems. In particular, merit-based systems often feature a balanced-scorecard-like approach that includes multiple axes of evaluation like revenue or earnings generation, professional skills, work quality, maintaining relationship to clients, cooperation with colleagues, recruiting and developing professionals, or leadership skills (also see Alvehus & Spicer, 2012). A major issue is that despite this multitude of aspects, professionals often perceive only "hard factors" like earnings generation really matter in the performance appraisal:

"Because our incentive systems are not built for that. They always ask 'what are your revenues, what are your employees' revenues?' That means you will learn quickly to pay attention to this yourself. [...] a sort of balanced scorecard where multiple aspects are assessed. In theory this also exists in companies like <firm>, but at the end of the day it is only the revenues that count." (Partner, Accounting/Consulting)

"Previously, <firm> had a balanced scorecard and it felt like the perception among people was that the only thing that counts is revenue. And this is currently changing. I've had five [performance appraisal] talks, one for myself and four with partner colleagues, where there seemed to be the notion of change. 'Hey, we are talking about other things here' – yes we do, because that is what

really matters and makes us better. It doesn't matter, whether I sell one engagement more or less." (HR Partner, Accounting/Consulting)

One might expect this would not be a major obstacle in lock-step-based systems in which professionals objectively benefit from superior performance of the firm as a whole. But despite the fact it is not a challenge in all firms, even in lock-step systems, in which equal pay on the same level is common and cooperation would likely lead to a better income for everyone, professionals may have incentives not to cooperate. This for instance applies if supporting other professionals means one's own revenue streams will suffer and therefore a professional will be exposed to the risk that his individual contribution to the PSFs success – relative to other professionals – will be judged insufficient:

"On the one hand, we are a lock-step law firm, that means every partner has incentives to act in the best interest of the firm, [...] in a team-sense, so that will benefit him in the end. [...] The main thing is it yields revenue, profit, and then everything is lumped together and distributed. That's the theory part. In practice, this concept only partly works, because if I support someone else this will increase profits of the global firm, but since <firm> is a huge global firm, de facto there is almost no impact. [...] My personal contribution is so small that the corresponding return is barely existent. Thus, the essential question for each partner is: 'How do I look like in comparison to my peers?' In case I'm obviously on the weak side according to numbers because my own utilisation is too low, or on paper I have barely attracted any clients, this may turn out to be a problem for me."
(Management Executive, Law)

Despite this, our cross-case analysis revealed some approaches by PSFs that attempt to counter negative effects on cooperation. For instance, one accounting/consulting firm integrates partners from different areas to provide for a cross-functional appraisal. Another one has recently changed its appraisal system towards integrating performance measures for the support of other professionals and contribution to their engagements. Likewise, one of the law firms measures certain roles in client interaction, i.e. the role of the client relationship manager or primary contact person as well as the role of the partner who helped to establish the relationship. Also, public appreciation and recognition need to be given to team efforts. While this is already common in internal communications (e.g. intranet news, newsletter), it also seems important to focus on the contribution to other professionals' engagements rather than "own" clients in partner meetings (e.g. industry and practice group), as a management executive of one of the big law firm states. A more radical approach would be to systematically change the appraisal system every two or three years with an alternate focus on individual and cooperative performance, which also may create flexibility in the appraisal mind-set, as an accounting/consulting partner proposes. Nevertheless, in many PSFs the degree how much emphasis is put set on "soft" factors (beyond individual revenues) seems up to the discretion of the appraiser.

Overall, the results in this section lead to the following propositions:

Proposition₅: PSFs foster entrepreneurial behaviour of professionals by including explicit or implicit measures in their performance appraisals.

Proposition₆: PSFs incentivise cooperation among entrepreneurial professionals by cross-functional performance appraisals, consideration of cooperative roles or public appreciation of cooperative success.

4.4 Keeping & letting go of entrepreneurial professionals

As many PSFs are nowadays facing high levels of fluctuation and a fierce competition for high performing professionals (Gmür et al., 2009), another important issue in PSFs is the retention of qualified staff (Smets et al., 2012; Frey, 2013). The third phase of fostering corporate entrepreneurship in PSFs by HR practices therefore concentrates on how entrepreneurial professionals can be retained, how they perceive risks and when exits of these professionals may occur.

Retention of professionals

The analysed statements in our study imply that opportunities for professionals to pursue their own entrepreneurial projects within the firm along with monetary and career incentives may act as an important retention instrument, in case the professionals' conditions are met. First, the professionals need freedom for the development of creative ideas, specifically sufficient time available to do so, but also autonomy regarding their decisions. Second, it is also important for PSFs to offer an attractive financial participation package that rewards success of entrepreneurial initiatives independent of the hierarchy level. For the most part, the findings in our case studies seem consistent with von Nordenflycht's (2010) or Smets et al.'s (2012) notions on the retention of professionals, who assert that granting freedom and profit participation are essential mechanisms, and therefore do not differ much from general incentives provided by the organisation.

A notable exception though is the organisational concept found in one of the accounting/consulting firms that has been initiated by the HR function and goes beyond common job rotation practices. This firm has recently developed and introduced an internal marketplace for client assignments that enables even junior professionals to apply for a project and thereby engage in their projects of choice and expand their skillset. In principle, the PSF thereby serves as a platform that provides compensation, a strong firm branding as well as the necessary infrastructure like offices, processes and support functions, and the entrepreneurial professionals can choose their own (career and development) path. While the concept is implemented parallel to traditional staffing structures, it is created especially to attract a generation that is career-oriented but on the other hand looking for more diverse challenges. At the same time, this concept is an important tool for the retention of

professionals, as it offers more opportunities for development and variety in the professionals' career paths that may prevent (or at least suspend) an exit:

"[...] <project> means that we start offering client assignments over an internal marketplace in certain functions, so employees who ideally have the demanded skillset can decide to apply for a specific project. [...] This is one of the aspects where we try to implement entrepreneurial behaviour at least as a pilot since we believe that the general direction will be employees within the firm acting as autonomous entrepreneurs, who will reflect on what paths they want to go, where they want to get involved and where their deployment may create the most benefits. [...] Second, the topic is retention, as from an HR perspective you often have the situation that someone exists the firm and if you ask 'why' then you would discover that the same opportunities that the new job offers would have been possible within <firm>. By <project> we ensure no one leaves the firm until it is absolutely clear that there is no adequate job position at <firm>." (Senior HR Executive, Accounting/Consulting)

Of course, certain limitations of this approach have to be taken into account. First, the professionals' choice cannot be completely free, but is confined to the available projects, which also implies there may be more and less attractive client assignments that all need to be served. Second, a potential obstacle for this approach is the discontinuity of client relationships. So far the concept has been only applied in one of the functions that features an environment suitable for continuous rotation of professionals (i.e. one-time assignments). As the managing partner of one law firm points out, their PSF for instance wants to offer junior professionals a direct, personal relationship to their clients, but discontinuity in this relationship by frequent rotation would dissatisfy long-term clients, which would subsequently lead to the reduction of direct access for these junior professionals and thus a drop in their satisfaction. Nevertheless one might argue, given the relatively high fluctuation (Gmür et al., 2009; Kaiser & Ringlstetter, 2011) in many PSFs, client relationship continuity is at stake anyhow. And even more critical, currently in law firms the client will often be attached to a certain lawyer rather than the law firm itself (Hanlon, 2004) (which makes retention even more crucial):

"From a systemic perspective – not limited to <firm> – I believe we still have an overly high commitment of clients to individual lawyers, since in general if a lawyer departs from the firm the clients will follow. Institutionalizing client relationships [...] is still a major challenge." (Management Executive, Law)

Third, some partners may be afraid to lose power over "their" associates. It is apparent from our cases that despite professionals are often formally assigned to a partner they are already not necessarily staffed on client assignments of this specific partner. In large client projects it is inevitable to concentrate professionals with all kinds of expertise, thus it may be necessary to draw a professional from other partners. However, in the hypothetical case that all projects are staffed over

a marketplace, the two-way (positive or negative) project evaluations and word-of-mouth-based reputation will directly impact on partners' chance to find professionals for future projects, given these evaluations are publicly attached to the projects announcements. Fourth, a limiting factor persists in the critical size PSFs need to establish internal market structures. The concept is not deemed necessary in smaller structures, as in small and medium-sized PSFs there tends to be a high level of transparency about which senior professional (partner) is involved in certain projects, so junior professionals interested in a specific area, especially in law firms, will be able to address their interest to join a future project directly.

So in sum, while the concept may not be a model for all PSFs, despite these obstacles it seems to be a feasible approach at least for the larger accounting/consulting companies to retain talented staff. Possibly the internal marketplace could also be implemented in large law firms when employed at junior level before the specialisation of professionals takes place, so direct access to clients is granted primarily to the level of more senior professionals.

Overall, the results in this section lead to the following proposition:

Proposition₇: PSFs retain entrepreneurial professionals by offering decision autonomy and profit participation.

Risk perception and exit of professionals

Literature on new practice creation (Anand et al., 2007), new service development (de Brentani, 2001) or knowledge sharing (Werr, 2012) has highlighted that there are high risks involved in these activities that may damage a professionals reputation and put career prospects at stake. Similarly, there are several risks associated with entrepreneurial activity of the professionals, like the failure to create and place new services on the client market, the risk to be sued by clients for delivering perceived inadequate advice or poor service, or the risk of delivering low financial returns to the PSF. It therefore seems striking that the aspect of risk was rarely encountered in any of the professionals' definitions of entrepreneurial behaviour. Based on the interviewees' statements we have identified four different explanations for this phenomenon: Perceived absence of (personal) risk, institutional risk-dispersion, implicit (or low) risk-perception and deferred risk recognition. Table 4 gives an overview and provides evidence from the cases.

Table 4: Themes of low risk-perception by professionals

Risk perception theme	Description and case evidence
<i>Perceived absence of (personal) risk</i>	Professionals perceive that there is no personal risk involved in entrepreneurial behaviour within the PSF context. <i>"Of course, I don't want to conceal that I am glad I don't have to bear an individual, financial entrepreneurial risk." (Practice Leader, Accounting/Consulting)</i>
<i>Institutional risk-dispersion</i>	Risk is either shared between professionals, mitigated by internal

risk management structures (e.g. client acceptance systems, contract design), or transferred to external parties like insurance providers.

"On the one hand, the risk is that you cause a liability case, of course you try to protect yourself from this risk by contractual liability exclusions that are common in the law industry. Same in the accounting firms." (Partner, Law)

"I believe I don't bear enough entrepreneurial risk. If I have a really successful year my royalties go up slightly, if the year is weak they decrease a little. Because we are heavily socialising [profits]. So, my entrepreneurial risk is... I wouldn't say it is close to zero, but they really mitigated it." (Partner, Accounting/Consulting)

Implicit (or low) risk-perception

Risk is considered a common or natural part of business that is not worth mentioning, while it may be implicitly considered. Risk expertise may also be an essential part of professional knowledge in some cases and therefore be deeply embedded needed in everyday operations.

"In my business case I had to deal a lot with legal issues. I believe you develop a certain affinity to discover risks." (Practice Leader, Accounting/Consulting)

"Of course these are risks. No financial risks, but of course I bear a risk, if something goes wrong and it is my responsibility [...] But that's in the nature of things." (Managing Associate, Law)

Deferred risk recognition

The initial focus is on the goals (service innovation, financials), while attention to risk is given in the later stages course of entrepreneurial initiatives.

"I don't think much about the risks, but about the chances. So actually this was never an issue." (Practice Leader, Law)

"I believe innovation lives from ignoring barriers at first, but being open to these risks at some later stage. But you can't approach risks first and then innovation. Then there will be no innovation." (Practice Leader, Accounting/Consulting)

Overall, it is apparent from the cases that the risk perception of professionals is rather low, and many risks are either shared by the professionals or mitigated or transferred by the PSF. The low risk perception might also be related to a lack of "risk-seeking propensities" of professionals (Empson, 2012) or a risk-tolerant culture that embraces trial and potential failure on the PSF's side (Kornberger et al., 2011). The organisational model of partnership already incorporates a certain degree of solidarity and reciprocity among professionals (Greenwood et al., 2010; Morgan & Quack, 2006). Yet, as we experience from our cases, there are limits to solidarity. Despite the fact none of the PSFs in our sample practices a strict up-or-out model (Malhotra et al., 2010), long-term low performance will ultimately lead to an exit of professionals, which even applies to partners. Partners whose (revenue) contributions to the PSF are not considered sufficient in the long run are asked to exit the firm.

On the other hand, the failure of an entrepreneurial initiative (e.g. creation of a new service) or a professional's business case is seldom considered a reason to exit the firm. Especially younger professionals are expected to constantly adjust to the market and regulatory environment, entrepreneurial opportunities and business cases are often quickly emerging (and vanishing) and therefore subject to change:

"Regulatory innovation [...] you can influence these developments only to a limited degree. [...] The whole business model is always exposed to the risk that fields may suddenly vanish due to the measures taken by an external actor [i.e. legislative authorities]. But this also means whole new fields may emerge as business opportunities." (Management Executive, Law)

Now, while a tolerance for failure is beneficial to a certain degree, one might argue that a lack of punishment for failure in innovative initiatives will be equally problematic if this leads to risky explorations by professionals and questionable outcomes for career advancement models (Kriegesmann, Kerka, & Kley, 2006; Stollfuß, Sieweke, Mohe, & Gruber, 2012). But again, if failures accumulate, sanctions by the PSFs can be expected, as the professional's internal reputation among his peers will suffer, subsequently monitoring on his entrepreneurial activities is increased and the professional will most likely be denied access to the PSF's resources (i.e. funding beyond his own budget) that he needs to pursue further initiatives:

"I believe risks are manageable. [...] the highest risk every one of us is exposed to internally and externally is ultimately damaging one's reputation. For instance, if you do things and they fail, you can do it once or twice but the third time you may be taken less seriously. And this is certainly the most valuable asset for all of us, the respect of other partners." (Practice Leader, Law)

"But how does he treat a colleague who does not have a reputation for that? There is that thought in his head 'Well... this colleague has never been particularly innovative – why would his initiative be innovative now? Declined.' So the decline-button is more readily hit than the accept-button." (Practice Leader, Accounting/Consulting)

Additionally, a high degree of specialisation that is often achieved at partner level will likely reduce the professional's ability to adapt to new situations quickly and therefore eventually provoke an exit. A problem encountered both in accounting/consulting and law firms is related to the forbearance of entrepreneurial activity (see section 4.1), when partners have negative incentives to advance into new service areas (although the market is changing), as the risk of temporary low revenue contributions keeps them to stick with current business in their core field. Again, this problem is closely connected to the reward and incentive structures. To solve this issue, some HR executives in PSFs are considering the creation of long-term incentives for investments in future fields of service:

"The challenge is [...] a certain risk aversion that is shaped by a very operative performance appraisal. It is a clear annual rhythm and all hard factors are annual targets. That means judging from a partner's mind-set it is rare someone will say I will do something completely novel. Because if I do, the probability I will fail is clearly higher. I may be very successful in the long run, but I need stamina. And by the soft factors [in the performance appraisal] we are moving in the direction to grant our colleagues that time." (HR Partner, Accounting/Consulting)

Finally, while some authors assert that professionals who can't implement their ideas in the current PSF might found a new firm (Løwendahl, 2005), our case data does seem to support this idea. If we look at exits of professionals due to spin-offs (corporate ventures) as an extreme form of corporate entrepreneurship, this has been the rare exception in our sample, and even these instances are usually not based on innovative ideas. Most HR executives emphasize that professionals who leave the PSF rather take job offers from other PSFs or companies in other industries or work as self-employed freelancers, especially if they obtained a professional degree (e.g. in law or accounting).

Overall, the results in this section lead to the following propositions:

Proposition₈: Corporate entrepreneurship in PSFs is enabled by the professionals' implicit (or low) risk-perception or deferred risk recognition.

Proposition₉: PSFs foster entrepreneurial behaviour of professionals by institutional risk-dispersion.

Proposition₁₀: The exit of entrepreneurial professionals is not related to a pursuit of innovative business opportunities outside the current PSF.

5. Discussion and Conclusion

In this paper, we examined which HR practices PSFs employ to foster corporate entrepreneurship based on a multiple case study in the fields of accounting/consulting and law firms. Specifically, we showed how these PSFs manage to identify, select, build, keep and let go of entrepreneurial professionals.

As our findings indicate, the professionals' definitions of entrepreneurial behaviour partly differ from the theoretical dimensions derived from entrepreneurial orientation. While especially cooperation and sustainability are additional aspects in the PSF context, risk taking seems negligible to the professionals in terms of the definition. Despite they demand entrepreneurial professionals, most HR responsible executives and partners have not yet developed sophisticated measures to identify these professionals. Likewise, in the entrepreneurship literature, authors like Bolton and Lane (2012) have only recently begun to develop a quantitative instrument to measure the individual entrepreneurial orientation. So far, the instrument has been tested on university students and may therefore also be applicable to more junior professionals.

While there is a multitude of person-, client- and cooperation-centred trainings and many PSFs embrace corporate entrepreneurship in their firm culture, there often seems to be a lack of communication regarding the extent of entrepreneurial freedom towards junior professionals. To solve this issue, a culture of openness that has often been called for in literature (Saleh & Wang, 1993; Taminiau, Smit, & de Lange, 2009) could possibly be strengthened by the communication of past unconventional ideas to encourage entrepreneurial behaviour. Regarding the availability of investment time, our results do not fully reflect the findings of other authors like Taminiau, Smit, and de Lange (2009). Despite the fact that several professionals in our cases report they have to invest their spare time to develop service innovations, some PSFs have limited time budgets or even institutionalized investment times dedicated to development efforts. Based on our data we cannot generally confirm the "creative" use of billable hours for development purposes (i.e. the "over-billing" of non-billing-sensitive clients mentioned by Alvehus & Spicer, 2012), even though this may also occur in some cases.

When it comes to incentives, entrepreneurial behaviour, service and process innovations are – if at all – rewarded implicitly by the PSFs' performance evaluation systems. Hence, it seems that the challenge to create compensation systems that incentivise development activities by professionals (Stumpf et al., 2002) is still a present one for most PSFs. Our study also confirms the results of Taminiau, Smit, and de Lange (2009), who conclude that reward systems in the studied consultancy firms are not centred on stimulating innovation.

Also, despite the fact that corporate entrepreneurship is commonly regarded as a team effort (Gardner, Morris, & Anand, 2007; Schmelter et al., 2010; Pinchot, 2011), and cooperation is often important in PSFs (Hartung & Gärtner, 2013; Lazega, 2000; Maister, 1997), the importance for entrepreneurial professionals to work as a team is not reflected in all of our cases' appraisal systems. The strong focus on individual personal revenue (Cooper et al., 1996; Hanlon, 2004) rather than cooperation in these systems is considered a problem by many partners, but also management executives, even though this focus seems to be changing slowly in both law and accounting/consulting firms towards a more team-based structure.

In accordance with prior literature (von Nordenflycht, 2010; Smets et al., 2012), retention of entrepreneurial professionals is commonly based on the provision of increased autonomy and financial participation. However, in some accounting/consulting firms there are also potentially promising structural HR approaches that experiment with internal markets for client assignments to satisfy variety-seeking professionals and create truly autonomous entrepreneurs within the PSF context. The focus on risks of entrepreneurial professionals is surprisingly low, which can be attributed to a (perceived) absence of (personal) risk, institutional risk-dispersion, implicit (or low) risk-perception and deferred risk recognition. While there are both financial and reputational risks

related to entrepreneurial activity by professionals according to the professionals, risk acceptance (in contrast to collaboration) (Hayton, 2005) seems to be encouraged in the examined PSFs.

Furthermore, the (forced) exit of professionals due to a failure to perform well in terms of individual revenue in the long run is not uncommon even at the partner level, while the failure to pursue service innovations or ideas based on business cases is considered less critical and unlikely to lead to an exit, especially for professionals below the partner level.

Overall, the theoretical contribution of this paper relates both to the PSF and the corporate entrepreneurship literature. First, the paper advances research in PSFs by answering the call to address corporate entrepreneurship and its inter-firm variability in the professional services context (Phillips & Messersmith, 2013) in terms of how corporate entrepreneurship is defined, established and embedded in these firms. Specifically, we show how corporate entrepreneurship is fostered in these firms by HR-related measures that are commonly associated with boosting entrepreneurship in established companies (Schmelter et al., 2010; Devanna et al., 1981). We thereby address recruitment processes as well as the training, identification, retaining and rewards for entrepreneurial employees (Montoro-Sánchez & Soriano, 2011). In response to Hayton (2005), we also examine the risk perception and incentives for cooperation in our cases. For each section related to the HR practices we provide several propositions that may be tested and expanded by future studies. Second, we contribute to entrepreneurship literature by taking a more comprehensive perspective of corporate entrepreneurship and applying the complete set of entrepreneurial orientation dimensions both on the individual and organisational level, which has been called for in previous literature (Fayolle & Basso, 2010; de Jong et al., 2013).

The analysis also enables us to offer recommendations for practitioners in PSFs, especially HR responsible executives. First, our results indicate it to be important for PSFs to make more systematic efforts to identify entrepreneurial professionals. While this might not always be a realistic goal at the stage of fresh recruits who can not necessarily be expected to possess a fully developed skillset, it seems even more important to systematically assess and foster entrepreneurial potential as early as possible like one of the accounting/consulting firm intends to do. Recent research (e.g. Bolton & Lane, 2012) may help to guide the development of an appropriate assessment instrument. Second, there are several aspects related to the firms' remuneration and incentive systems that need to be addressed. PSFs should fortify the importance of cooperation by equally weighting individual revenues, the support for other professionals' engagements and further important aspects. Also, it is vital to grant established entrepreneurial professionals with a long term focus to explore and develop new markets and service areas more time to realize their investments. Additionally, internal partner meetings and public praise should be less centred on individual success but rather on entrepreneurial group action, as one of the law firms has realized. Third, while a perceived low risk environment already provides fertile grounds for entrepreneurial behaviour to prosper, especially large firms

should show courage in assessing alternative structural solutions to retain talented junior professionals. One possible solution may be the implementation of market structures for client assignments that – despite all potential organisational risks – could make a strong concession towards the autonomous mind-set of many professionals. However, we need more data to evaluate the effectiveness of these structural approaches.

While we have gathered some insights into corporate entrepreneurship in PSFs, there are also limitations to our study. Despite all the promises offered by corporate entrepreneurship, one has to keep in mind that firms will have to find the right balance between advancing their business and investing in potential future profits by entrepreneurial behaviour and on the other hand exploiting current business opportunities to keep up revenues and offer high quality service to clients (Hayton, 2005; Smets et al., 2012). From the methodical perspective, we collected data from six firms only, which give us some insight, however, more research is needed to critically evaluate and extend our results (e.g. regarding internal market structures; previous entrepreneurial intentions). Due to the selection of firms in the top market segment, we are confident that some findings can also be transferred to other PSFs. Further replications of the study may enable us to complete the picture. Also, in our study we triangulated interview data from professionals with other sources of evidence like documents, but we did not integrate external parties' views, e.g. the clients' perspective on corporate entrepreneurship. The studies of Sieg, Fischer, Wallin, and Krogh (2012) or Nikolova (2007) for instance specifically look at the interaction between professional and client. Likewise Frey (2013) examines client satisfaction as a determinant for the professional's satisfaction and thereby includes the client's perspective. Future studies thus could investigate how employees that are considered highly entrepreneurial in terms of the PSFs' definition are perceived by their clients, as one law firm executive suggests.

Additionally, we could identify several other promising directions for future research that emerged from the cases. First, the interplay between professionals and support functions as well as the interaction between the various support functions themselves deserve more attention. The analysis does not need be limited to the HR function, but could be expanded to other important divisions in the PSFs like marketing and business development, IT, finance or risk management functions. In our study we stumbled across various instances, where support services – although present – were not or only unwillingly used by professionals. It is important to systematically determine the essential factors for the acceptance of specific services by the professionals. Also, it might be interesting to gather insight on how these support functions are backed by IT systems. Second, one of the law firm practice leaders raises the question of tolerance for investment times, i.e. how much time the PSF is willing to give a professional before the investment is expected to flourish and yield financial returns. Future studies could thus evaluate the tolerance for investment times dependent on different business cases in various PSF industries and geographical regions. Finally, and closely connected to

the second aspect, as we have seen in our study, systems for appraisal and remuneration are constantly changing in PSFs, therefore it is vital that more research contributes towards the development of theory, but also to the empirical evaluation of professionals' acceptance in the context of appraisal systems.

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Professional Service Firms (PSFs) such as accounting, consulting, law, engineering or advertising firms increasingly face changing attitudes and fluctuation among young high potentials that question traditional career and human resource (HR) concepts. In this context, it seems vital to foster a spirit of corporate entrepreneurship in PSFs to create an attractive environment that satisfies the autonomy-striving professionals. Our research is based on a multiple case study design that investigates how corporate entrepreneurship in the fields of elite accounting/consulting and law firms can be enabled by HR practices. Specifically, we analyse how contemporary PSFs manage to identify, select, build, reward, keep and let go of entrepreneurial professionals. Our findings imply that there are still open issues in the identification, selection and reward practices, while promising approaches for training and retention exist and the low risk perception by professionals provides fertile grounds for entrepreneurial behaviour to prosper. Based on these findings, we present HR-related recommendations for fostering corporate entrepreneurship in PSFs and highlight some promising avenues for future research.