

Preface

This volume is the fruit of various collaborative efforts to trace the evolution of firms in a professional service sector that happens to be located in the Netherlands but which could be viewed as paradigmatic of the evolution of organizations and their sectors over a wide range of fields and geographies.

This monograph comprises both previously published and unpublished chapters. Chapters that appeared as edited articles in refereed journals have been refashioned in such a way to coherently and thoroughly conform with the topic of the book. We have added two introductory chapters (Part I) to theoretically position the studies reported here and to provide a more integrative perspective on an important class of organizations, namely single proprietorships and partnerships. The completion of this book has been possible thanks to the invaluable collaboration of an evolving network of authors who, at one time or another, were conducting empirical research regarding the Dutch audit industry. They represent several disciplines, including industrial economics, strategic management, human resources management and, above all, organization theory.

Chapters on the single proprietorships and partnerships that constitute the players in the Dutch accounting sector are presented in two groups. The book builds upon recent developments within macro organizational theory to investigate the role of individuals in shaping firm-level and sector-level processes of mutualism and competition. Theoretically, the book deals with two main subjects: human (and social) capital and inter-firm mobility in relation to firm evolution, change and performance. We theorize about the contribution of people (that is, human and social capital) into macro-organizational theories with specific reference to ecological and institutional theory. Moreover, taking into account the fact that geographical proximity increases social interaction and the circulation of knowledge and information via personal contacts, in several of the following chapters we consider the role of geography in an examination of the institutional and ecological mechanisms under investigation. Part II provides conceptual and factual background on professional services firms to set the stage for people in organizational behavior and decision-making. Part III elaborates on Part II: as people matter for organizational behavior, the consequences related to their individual conduct, such as mobility between firms and their demographic, are further explored.

Much of the original data used in these chapters was collected as part of a research project conducted by Willem Bujink, Steven Maijoor, Arjen van Witteloostuijn, and Maurice Zinken, NIBOR, Department of Economics, Maastricht University, the Netherlands. The investigation was launched by these colleagues at the University of Maastricht who converted hard copies of membership directories into a spreadsheet that comprised bi-annual data from the inception of the sector into the year 1992. Johannes Pennings was a part-time faculty member at Maastricht University and soon joined the team to probe deeper into what proved to be a very rich data set.

Maurice Zinken, in collaboration with Ilja Gottfried, was critical in the conversion of the data from hard copy to electronic format – a truly gargantuan task. Kyungmook Lee also played a major role in the data management, cleaning the entries, which were fraught with inconsistencies. He eliminated many false duplicates that inevitably surfaced when sourcing and transmitting names from paper to the keyboard. Eliminating the numerous errors in the directories was an equally gargantuan task. To reduce the workload of data entry, it was decided to skip every other year during the most recent decades, up to the beginning of the 1990s. The entry of the hard copy data was financed by the Limpberg Institute in Amsterdam, an organization created for the advancement of accounting research in the Netherlands.

The membership directories of successive Dutch accounting associations were available in book format for transfer to electronic files. The directories provided extensive information on various demographic attributes of members, for example gender, educational level, location, private address, office and firm affiliation, and rank within the firm. The individual data could be aggregated to firm, regional and national level, thus also producing sector or market information. The longitudinal data permitted a further culling of false duplicates, and even more so the construction of information on career progression, firm size and firm growth. The multi-level nature of the data was also a major advantage. While the data permitted the creation of ‘frequency-related’ analyses, much deeper and more interesting analyses could be performed on a remarkable sample of firms with their members in an emerging and evolving industry showing a wide range of events including entrepreneurship, merger and acquisition, splits, bankruptcy and mobility. All this could be examined at the firm level, but as firms comprise a membership, the analysis was extended to phenomena such as career steps, turnover, mobility between competitors and organizational demography. The data used in these chapters permitted a longitudinal examination of demographic profiles within and between firms. Such inquiries are quite unique in the literature to date where demographic studies are often approached via a cross-sectional design.

Many colleagues have been involved in the production of the chapters that are included in this volume. Foremost are those who co-authored papers. Arjen van Witteloostuijn from Antwerpen University, formerly at the University of Groningen and at Maastricht University, was a major instigator of the research reported here and co-authored Chapter 4. He was the catalyst for moving the inquiry beyond a study of the accounting sector into a study of accounting as a market, comprising firms endowed with human assets and connected via personnel mobility.

Kyungmook Lee, now at Seoul National University in Korea, formerly a doctoral student at the Wharton School, not only provided major clerical input, such as the cleaning of the data, but was also a major architect of the data files, and performed significant econometric analysis on the data. Most importantly, he co-authored chapters 3, 4, 5 and 6. Later, Gino Cattani, then at the Wharton School of the University of Pennsylvania, and Filippo Carlo Wezel jointly developed an interest in the strategic aspects of partnerships by exploiting the multi-level nature of the data. Revisiting the data revealed the potential to exploit the individual level of analysis for understanding strategic and sector-level inquiries, drawing on implications from evolutionary economics and biology. Our collaboration on chapters 7 and 8 was fun, enhancing and very fruitful. Thank you very much Gino for all that. In Philadelphia, Rahul Patel of Drexel University provided magnificent data management assistance.

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