

Professional service firms and the manufacturing of the corporate nobility

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Global professional service firms (GPSFs) are key actors in contemporary capitalism. They (co-) produce and disseminate new business practices, linking firms, sectors, and countries, integrating them into a global system. We examine a second, less studied function of these firms: underpinning capitalism's status hierarchies. We ask whether these firms have emerged as producers of a new *corporate nobility*—as an extension of elite universities, and as a stepping stone in the selection and promotion of top executives. Focusing on the US, we ask: do global professional service firms merely amplify the credentials of elite universities, or can they compensate for an absence of an elite education in the careers of US top managers? and do professional service firms equip future top managers with specific expertise or merely with symbolic capital? Based on a sample of 2,610 top executive managers from leading American firms in 2005 and 2018, we study the role law, consulting, or audit firms played in their careers. Using multinomial regression analyses, we find that the career function of GPSFs varies: consulting firms amplify existing status and enhance the symbolic capital of alumni, aiding their ascent to the most prestigious jobs in US top firms. In contrast, top managers leverage audit firm roles to compensate for a non-elite background, yet then tend to be channelled into narrow, specialist roles in top management. We relate these results to Bourdieu's state nobility analysis and propose an augmented typology of these firms at the heart of contemporary capitalism.

KEYWORDS: global professional service firms; elites; symbolic capital; cultural capital; universities.

INTRODUCTION

Professional service firms play a crucial role in the circulation of both business knowledge and practices (for an overview, see [Empson et al. 2015](#)). But they are also increasingly important career stepping stones for aspiring business elites—individuals seeking to secure the most prestigious positions in the corporate world ([Valeeva et al. 2022](#)). We address the role of (global) professional service firms (GPSFs) as brokers of expertise and prestige in the status hierarchies of contemporary capitalism. The literature shows that these firms are one of the main entry portals into the labour market for graduates of prestigious elite universities ([Rivera 2012, 2016](#)). Large numbers of graduates from those top universities land a first job at one of the top law, consulting, or accountancy firms. This is no wonder, as these firms' recruitment policies explicitly aim to engage the 'best and brightest' and use their symbolic value among their clients and as to justify the very high fees they charge. During their tenure in

these firms, young professionals acquire an elite identity ([Alvesson and Robertson 2006; Stenger 2017](#)), come to embody the prestige of the firm in the eyes of peers and employers ([Burris 2004](#)), and familiarize themselves with crucial practices in corporate law, accounting, or strategic management. When they move on, they profit from their knowledge, networks, and the organizational status of the firm to secure high-prestige positions in other sectors ([Kipping, Bühlmann, and David 2019](#)). It appears as if GPSFs have become important (co-) producers of what, in reference to Bourdieu's notion of state nobility ([1998](#)), we here term a 'corporate nobility'. In a globalized and finance-led form of capitalism, GPSFs, as a complement to elite universities, inject flexibility and independence from state-controlled instances into the system of production of the business elite. We analyse two aspects of this process: first, the relationship between educational prestige and a spell at prestigious professional service firms for individuals who secure top management positions in

the US. Is a career spell in a top professional service firm more frequent for graduates of elite universities or—conversely—can a spell in a GPSF boost those who did not attend a top university? Second, the specific impact a spell at a professional service firms can have on a top manager's career: does it equip future top managers with expertise and specific knowledge that helps them win specific positions? Or does it arm them instead with prestige and general symbolic capital that allows them to take generalist but hierarchically superior roles?

We unpack these questions using data from a sample of 2,610 US top managers from a set of selected sectors in 2005 and 2018. We collected data on the members of the executive management of the 10 most important firms (in terms of asset under management, fee revenues, and market capitalization) in both the US financial sector (investment banks, asset managers, hedge funds, and private equity) and a selection of non-financial sectors (pharma, industry, food and retail, commodities, insurances, and technology). In addition, we noted if these top managers, during their career, had moved through one of the eight leading audit firms, 9 leading consulting firms or 100 leading law firms. To understand the development in the careers of US business elites and the role that professional service firms play in these trajectories, we measure individuals' educational prestige, the GPSF they worked at, and the occupational and organizational status of the positions they subsequently occupy. Our results, based on a series of multinomial regressions, show that the umbrella term 'professional service firm' has rather different meanings and functions for the career of business elites. The function of a prestigious law firm is different from that of an audit firm or a consulting firm—even though all three can equally be crucial career steps on the way to a top management position in a US corporation. First, we see that only business elites with a consulting firm (and to some extent with a law firm) background are closely linked to elite universities—as opposed to audit firm alumni, who are selected from a much wider, non-selective pool. Consulting firms amplify an existing elite status, while a job in an audit accounting firm can win individuals the experience needed to secure a top management position even without a prestigious education. Second, we observe that top management positions won by law and audit alumni are founded in their expertise and specialized knowledge. In contrast, consulting firms, based on their capacity to create a 'separate, sacred group' (Bourdieu 1998: 92) and ability to endow employees with symbolic capital, often propel their alumni to the top positions, such as CEO or chairman.

This article contributes to the literature on professional service firms by proposing two new analytical dimensions

to the typology sketched by Von Nordenflycht (2010)—their link to the university system and their position in the system of prestige exchange among the most important US companies. We conclude that these firms have become part of the production system of a *corporate nobility* which is particularly adapted to today's global and finance-led capitalism.

(GLOBAL) PROFESSIONAL SERVICE FIRMS

According to Von Nordenflycht (2010) professional service firms are characterized by 'knowledge intensity'. This means that the frontline workers—and not only the executive managers—contribute to the firm's output with their particularly sophisticated intellectual skills, respectively their prestigious educational credentials. What is more, these firms have a comparatively low capital intensity: their production does 'not involve significant amounts of non-human assets, such as inventory, factories and equipment' (Nordenflycht 2010: 162). Perhaps most importantly, professional service firms have a 'professionalized workforce'. This means that most of their employees are professionals, with a strong knowledge base, able to control access and regulate their activities themselves, and champion pronounced professional norms and ethical codes.

The literature on specific fields of professional service firms—for instance, the field of management consulting firms (Kipping and Engwall 2002; McKenna 2006; Muzio 2011) or of law firms (Morgan and Quack 2006; Faulconbridge and Muzio 2008)—shows that these fields are structured in strong hierarchies. Professional service firms exist in a continuum from small, local firms working for local businesses to large, international companies catering to prestigious, complex, and international clients. Colloquial descriptive terms such as 'the big four' audit firms or the 'silver circle' law firms are testament to this embedded hierarchy. Such labels are reinforced by rankings and metrics, including information on salaries, revenue per partner, or the reputation these firms enjoy among student aspirants. A small number of professional service firms play a central role in contemporary capitalist elites and are instrumental in the brokering of prestige and expertise. These firms are among the largest and most international (Muzio and Faulconbridge 2013; Harrington and Seabrooke 2020) and are able to cater to the biggest clients—the multinational firms (Ajdacic, Heemskerck, and Garcia-Bernardo 2021). In recent literature, the most prestigious and international subgroup of professional service firms has been characterized as 'global professional service firms' or 'GPSFs' (Brock 2006; Morgan and Quack 2006; Seabrook and Henriksen

2017). This specific cohort pursues a ‘one firm’ strategy based on integrated global profit pools and remuneration structures, as well as an alignment of work processes around best practices usually derived from the firm’s home jurisdiction (Muzio and Faulconbridge 2013). Most GPSFs are also the most prestigious ones, charging the highest fees to clients, paying the highest salaries, and entrenching their ability to recruit a pipeline of the ‘best and brightest’ (Alvesson and Robertson 2006).

GPSFs produce, diffuse, and broker key expertise and practices in the modern business world (McKenna 2006). In this way, professional service firms connect industries to each other and contribute to the diffusion and imposition of some central paradigms in capitalism, such as the m-shaped firm, shareholder value orientation, or digitalization. Historically anchored in the Atlantic heartland of Western Capitalism, GPSFs have conquered almost the whole world and can be considered as one of the key agents of (economic) globalization (Kipping and Bjarnar 1998; Djelic 2001). GPSFs also have an important function for the individuals they employ: to build and maintain a reputation among clients (and to legitimize their exorbitant fees) they recruit fresh graduates from elite universities—who then themselves in turn become the figureheads of these organizations. In this way, GPSFs have become bastions of elite status for young professionals, offering successful supplicants an oven-ready elite identity. Alvesson & Robertson (2006) or Stenger (2017) have shown how even short career spells instil self-perceptions of elite status—set apart from nominal peers by dint of smartness, work ethic, or competitive spirit. Consequently, a spell at one such firm acts as a symbolic signal for a future career and can play an important role in the selection and promotion of future top executives (Kipping, Bühlmann, and David 2019). But firms not only endow future managers with expertise and prestige. As part of an exchange between individuals and organizations, the firms also profit from the prestige of highly educated recruits of the alumni networks they create and nurture (Bourdieu 1998; Burris 2004). Their capacity to attract the best and brightest, or to place alumni in the most dominant firms, will directly define their position in the hierarchy of professional service firms, and therefore determine their client base, the fees they can charge, or the knowledge they produce.

Even though the different types of firms—law firms, consulting firms, audit firms—are routinely subsumed by the umbrella term of GPSFs, the lack of comparative research, may hide differences (Van Nordenflycht 2010; Brock et al. 2007). To capture this internal diversity in professional service firms—mainly in terms of their function—Van Nordenflycht developed a taxonomy based

on specific combinations of three defining characteristics: knowledge intensity, low capital intensity, and a professionalized workforce. He distinguishes between classic PSFs, Neo-PSFs, Professional Campuses, and Technological Developers. While the classic PSFs, such as law or accounting firms, share all the definitional characteristics, Neo-PSFs, which include consulting firms, lack a professionalized workforce. As a result, these types then face specific management challenges—which receive organizational responses (such as restricted autonomy or a renunciation of external ownership).

While this typology is important for the most visible and manifest function of GPSFs—the global and intersectoral production and diffusion of practices and knowledge—we know little about how different types of GPSFs compare when it comes to their function in the brokering of careers and status hierarchies. In particular, comparative studies on the career-related brokering of expertise and prestige are rare. Either studies blend different types of GPSFs (Rivera 2012) without discussing potential differences systematically, or concentrate on one single type of firm (Kipping, Bühlmann, and David 2019). We argue that a second, latent, role of GPSFs—their function as career hubs and prestige brokers—is secondary only superficially (Bühlmann et al. 2023). In his analysis of the French system of elite universities, Bourdieu (1998) discussed the replacement of a regime of a family-based transmission of capital by a—less efficient, but more legitimate—system of school-based transmission mechanism. Historically and culturally every context has a different hierarchy of status and power (a different ‘system of chances for profit’ as Bourdieu calls it), which corresponds to a ‘system of investment strategies’ employed by the social groups who seek to occupy the most prestigious positions (Bourdieu 1998: 292). In other words: when the structure of the ‘field of power’ changes, this also changes the system of production of the most powerful groups. We argue that under conditions of globalized capitalism and in the US—a country in which state-owned firms play a dramatically less important role than in 1970s France—GPSFs have become an important facet of the system that produces the current business elites. We hypothesize that in contemporary globalized capitalism, these firms with transnational presence, an internationally homogenized business culture, and a key position in the system of prestige exchange, have become important producers of what we might dub ‘the corporate nobility’. Comparable to the ‘state nobility’ in Bourdieu’s analyses of French elite universities, GPSFs create a ‘separate and sacred group’ (Bourdieu 1998: 92) and endow it with symbolic capital.

To explore the systematic entanglements and exchanges between the firms and their individual employees we

formulate two questions that puts the GPSF in relation to both the educational system and the rest of the career.

AMPLIFY OR COMPENSATE?

One important initial question when examining the career function of GPSFs is their link to the educational system (Ho 2009; Rivera 2016; Davis and Binder 2019). A large literature—both historical and contemporary—describes the close links between elite universities and the top professional service firms. In 1953, McKinsey was one of the first firms to recruit fresh graduates from elite universities, instead of relying on the experience of older specialists (McDonald 2013). In this arrangement, McKinsey lent legitimacy to elite universities, which in turn trained the most promising graduates for consulting careers. Today, the same connection between professional service firms and elite universities persists. In a description of ‘on campus’ recruitment by top law firms, consulting firms, and investment banks, Rivera (2012) shows that these firms specifically go after graduates of elite universities, even employing precise recruiting quotas. Large proportions of elite university graduating classes—whatever their subject—head for consulting and banking firms (Binder, Davis, and Bloom 2016). Managers at elite firms evaluate graduates from top private universities more for ‘cultural fit’ with their firms’ current employees than for their cognitive skills (Rivera 2012, 2016), which only reinforces the status signalled by elite institutional attendance. Therefore, graduates of (private) elite universities have a higher chance of recruitment into more prestigious industries (IT, consulting, banking, and audit), by the most prestigious firms within these industries (the big three in consulting, respectively, the big four in audit), and the most prestigious roles within these firms (Davis and Binder 2019). All this hints at a functional relationship between elite universities and GPSFs that works to mutually reinforce their legitimacy and prestige (Burris 2004). Formulated differently, GPSFs—*teaching fish to swim* (Bourdieu 1998: 92)—amplify the symbolic capital that students from elite universities already have. We formulate our first hypothesis:

H1: *Top managers who have attended one of the US elite universities are more likely to have spent a spell at a global professional service firm.*

Some studies on professional service firms indicate that GPSFs contribute positively to the careers of their alumni, and offset the absence of a prestigious education. We know that firms like McKinsey systematically attempt to transform the language, looks, clothing style, behaviour,

working style, external social engagements, and other facets of their consultants’ lives (McDonald 2013: 46–50). Firms try to foster self-confidence, competence, and efficiency among their professionals to make a favourable impression on clients (Alevsson and Robertson 2006; Stenger 2017). As a result, these professionals develop an elite habitus, learn to perform to a specific work ethic and, through a climate of constant competition (‘up or out’), come to see themselves as socially superior to other professionals or managers working in ‘boring’, ‘mundane’, or ‘non-competitive’ environments (Stenger 2017). An abundant literature on organizational socialization discusses how early career-stage employees in professional service firms are disciplined, moulded, and educated within the firm (Fogarty 1992; Coffey 1994; Grey 1998; Anderson-Gough et al. 2001; Kornberger, Justesen, and Mouritsen 2011). These studies indicate that GPSFs fundamentally shape the self-image and the habitus of future managers in a way that goes beyond what elite universities can inculcate in their graduates. This also means that graduates who did not attend an elite university can still adopt a habitus of a future top manager—through organizational socialization within a professional service firm. GPSFs can become agents of compensation for those future top managers without a degree from an elite university. We can formulate this in hypothesis 2:

H2: *Global professional service firms have the capacity to transform their employees and to increase their chances of becoming top managers—even if they do not hold a degree from an elite university.*

CULTURAL AND SYMBOLIC CAPITAL?

A second question regarding the career function of GPSFs concerns the link between GPSFs and the (multi-layered) positions their alumni are able to secure—in terms of sector or occupational position (Borkenhagen and Martin 2018; Davis and Binder 2019). We have seen that professions are occupations characterized by a use of abstract knowledge, by specific professional norms secured by autonomy, and self-regulation (Abbott 2014). Professional service firms are therefore defined by their professionalized workforce (Von Nordenflycht 2010). Employees of these GPSFs work as consultants, as accountants, or as lawyers, and develop a specific substantial expertise—sometimes grounded in a previous university education (lawyers), sometimes not (consultants). So even when they leave a GPSF, their career path will remain linked to their professional knowledge base (Kipping, Bühlmann, and David 2019). Therefore, as top managers, they will have a higher likelihood of working in

sectors or in positions intrinsically linked to their professional knowledge base. Alumni will embody the strategic capacities and the knowledge of the firm they work, or have worked, in [Morris & Empson \(1998\)](#). In comparison to (elite) universities who teach their graduates ‘theoretical’ forms of knowledge (embodied cultural capital) and endorse it with an educational credential (an institutional form of cultural capital), GPSFs offer a guarantee that technical skills are also being ‘practically’ applied and mastered ([Bourdieu 2018](#)). In interviews, young professionals routinely mention the ‘gap’ between their university knowledge and the knowledge requirements in the field at the onset of their career ([Stenger 2017: 105–7](#)). They, therefore, see their entry as a steep learning curve and GPSFs as a kind of ‘practical grad school’ where they absorb the technical skills of their metier (not just the ‘polish’ and ‘networks’).

H3: Alumni of global professional service firms are equipped with professional knowledge that serves as an important resource in their future careers as top managers and channels them into specialized sectors and positions.

A different strand of literature insists on the strong internal hierarchy in the GPSF field—both between specializations (like law, audit, and consulting) and within each domain (between top firms and lower tiers)—and the ensuing importance and prestige of the firm ([Kipping, Bühlmann, and David 2019](#)). Such bold prestige hierarchies hint at a career link between spells at (specific) GPSFs and particularly prestigious management positions—to a large part independently of knowledge and specialization. In this view, the prestige or the symbolic capital of the career spell supersedes the technical skills or professional knowledge these actors acquire or deepen during their GPSF tenure ([Bourdieu 1998](#)). According to [Von Nordenflycht \(2010\)](#), prestige-based recruiting is a functional requirement for professional service firms, as their services are often of ‘opaque quality’. He argues that in ‘situations where the quality of an expert’s output is hard for non-experts (i.e., customers) to evaluate, even after the output is produced and delivered’ ([Von Nordenflycht 2010](#)), it is important for GPSFs to signal their quality and performance to the client, for instance by reputation or appearance. Therefore, GPSFs lay emphasis on the social and personal characteristics of their employees which the client can actually observe. The particularly steep hierarchies which can be found among these firms—in terms of reputation, but correlatedly also in terms of the fees these firms can charge—might be a result of such systematic and strategic reputation management. This prestige at the firm level is then transferred to individuals—even

after they have left the firm. Having worked at one of the top consulting, accounting, or law firms would give these alumni an edge over other managers who do not have such an experience—it works as an ‘act of consecration’ ([Bourdieu 1998: 92](#)). Professionalism, as attested through a career spell at a GPSF, would become a form of symbolic capital ([Noordegraaf and Schinkel 2011; Ellersgaard et al. 2019](#)). In exchange for placing their alumni in those most prestigious positions, the firms get a return: status or, boosted client relationships.

H4: Top managers who spent a spell at a global professional service firm are more likely to end up in the most prestigious positions and sectors of the US top firms.

DATA AND METHODS

Data

To study the role that GPSFs play for the careers of business elites in the US we use a comprehensive sample of individuals occupying leading positions in the most important US firms. We study their educational trajectory, their careers spells in GPSFs, and the positions they occupy in the years 2005 and 2018.

Our analysis is based on the FINELIS database, which has been built up over two years utilizing both automated and manual data collection, made robust by meticulous data quality procedures ([Bühlmann et al. 2022](#)). Sources are large-scale business databases (Boardex, Capital IQ, Orbis), augmented by hand-collected information from annual reports, the business press, Wikipedia, or other biographical sources. Our sample is composed of top managers from key financial and non-financial sectors ($n = 2,610$).

We first chose the ten most important firms (see definition of ‘importance’ below) in four financial industries (investment banks, hedge funds, private equity firms, asset managers) and in five non-financial industries (manufacturing, food and retail, pharmaceutical, commodities, and insurance). We concentrated on firms headquartered in the US and on standalone firms—hedge funds, private equity firms, or asset managers forming subsidiaries of large banks were excluded. Firms were included in data from 2005 and 2018, covering a longer period before and after the financial crisis of 2008. The differences between the two years are rather minor; the recruitment strategies—both when it comes to types of universities, and professional service firm attendance—have hardly changed. The pooled sample strengthens the explicatory power of our analyses. Some firms figure in the 10 most important corporations list in both years, others are present in only one (2005 or 2018). Financial firms were

chosen based on volume of assets under management (AuM); banks (which often earn a large part of their overall income from fees) based on league tables compiled by the financial press. Non-financial firms were chosen based on market capitalization from the Forbes 2000 list. In each firm, we selected executive top management team members based on annual reports. For the non-public firms with more opaque organizational forms (LLCs and LLPs) we chose to include partners and individuals presented as part of the top executive team on the firms' websites. We include between 2 and 38 individuals from each firm.

Measures

We use measures for three moments in the biographical trajectories of these top managers: their educational level, their passage (or not) through an GPSF and their sector and position in 2005 and 2018.

Educational achievement: Since we seek to understand the influence of education on a career spell at a GPSF we identified three educational variables: subject, educational title, and type of university. For degree subject, we distinguish between 'Business', 'Engineering', 'Law', 'STEM', and 'Social Sciences'. Business includes all studies in business administration, management, economics, or finance. Engineering comprises all applied technical studies (electrical engineering, computer engineering, machine engineering, or space engineering). For the category 'STEM', we united mathematics with all forms of natural sciences and medicine. The variables are coded as a dummy: if the person has studied a subject at BA, MA,

or PhD level, we assign a value of 1; if not, we assign a value of 0. Individuals can also be coded as having studied several disciplines. We identify the highest attained degree and use categories 'No degree or Bachelor's degree', 'Master's degree' (including MBA), and 'Doctoral degree' (including 'JD', 'PhD', and 'MD'). The type of university variables was coded in three categories: we distinguish between 'elite universities' (Harvard, Princeton, Yale, Stanford, and University of Pennsylvania's Wharton School of Business), the top 25 universities (according to [Brint et al. 2020](#)), and all remaining universities. Our overall data strategy is to first identify the most prestigious university, and then classify individuals by the most prestigious university attended.

Spell at elite professional service firm: We first identified the eight most important audit firms, the nine most important consulting firms, and the 100 most important law firms ([Table 1](#)).

While there are certainly other firms that we could have included, a majority of people with a period employed in an audit or consulting firm worked for one of the biggest ones—the Big Four in accounting (Deloitte, PwC, KPMG, and EY) and the big three in consulting (McKinsey, BCG, and Bain). The field of law firms being less concentrated, we took a list of 100, mostly US and British firms.

In a second step, we used the Boardex data on career spells and other collected biographical notes to check if the members of the sample spent a career spell in any one of those firms—be it in consulting, audit, or law. These career spells were coded as binary variables: yes versus no

Table 1 Sample of top audit, consulting, and law firms.

	Audit firms (8)	Consulting firms (9)	Law firms (100) ^a
1	Deloitte	McKinsey	Kirkland & Ellis
2	Ernst & Young	Boston Consulting Group	Latham & Watkins
3	PriceWaterhouseCoopers	Bain & co	DLA Piper
4	KPMG	Oliver Wyman	Dentons
5	Grant Thornton	Roland Berger	Baker McKenzie
6	BDO	A.T. Kearney	Skadden, Arps, Slate, Meagher & Flom
7	Baker Tilly/RSM	Mercer	Clifford Chance
8	Arthur Anderson ^b	Monitor ^c	Sidley Austin
9	—	Booze Allan Hamilton ^d	Morgan, Lewis & Bockius
10	—	—	Hogan Lovells

^aWe show only first ten firms, the full list <https://www.law.com/americanlawyer/2020/09/21/the-2020-global-200-ranked-by-revenue-405-68243/?slret urn=20221105113336> (consulted in December 2022).

^bCollapsed in 2002.

^cMerged with Deloitte in 2012.

^dMerged with PwC in 2004.

accounting GPSF, yes versus no consulting GPSF and yes versus no law GPSF. In rare cases these career spells can be cumulative: a person might have been first at an audit, then at a consulting firm. In these cases, we prioritised the coding thus: consulting, law, then audit.

Sector and position: In terms of sectors, we distinguish roughly between non-finance and finance, and code the latter with a particularly granular scheme. Within finance we distinguish between hedge funds, private equity, investment banks, and asset managers. Within non-finance, we differentiate between industry, commodities, pharma, tech, insurance, and food and retail. When it comes to position, we distinguish between CEO, CFO, chief officer (including general counsel), and ‘other positions’ (including executive vice-president, etc.). CEO and CFO positions occur in almost all companies, whereas the rest of the ‘chief officers’ can vary in nomenclature and occurrence. Chief officers (including ‘chief legal officer’ or ‘general counsel’—positions related to legal knowledge) differ from ‘other positions’ (such as senior vice-president) by the fact they are characterized by a clear functional task (such as legal affairs, HR, etc.). ‘Other positions’ are most often about either minor functional tasks or about geographical entities (for instance ‘senior vice-president Americas’). Therefore, the highest legal position can always be found within the category ‘chief officer’—even though we were not able to isolate ‘general counsel’ positions.

Control variables: As control variables, we use sex (female vs. male), race (white vs. non-white), nationality (American vs. non-American), year of survey, and the type of university (when testing the influence of GPSF on position and sector). For race, we searched for photos

of the individual and categorized the person using the categories ‘white’ and ‘non-white’ (including categories Middle Eastern, black, Asian, Indian, and native). See [Hermanowicz & Claton \(2020\)](#) or [Brint et al \(2020\)](#) for similar, recent coding schemes. Our underlying assumption is that race is a categorization system enforced on individuals by social institutions. We resolved any uncertain cases by assigning the variable to a missing value. When coding nationality for individuals holding dual nationality (US and ‘other’ nationality), we gave priority to the ‘other’ nationality. We assume that a second nationality signifies a relative outsider status (compared to those with only US citizenship). Age is coded as a continuous variable.

RESULTS

From university to GPSF

Our first hypothesis concerns the relationship between (elite) universities and GPSFs. About 30% of our sample went to an elite university—Harvard, Princeton, Yale, Stanford, or the Wharton Business School. Of those who went to neither an elite university nor a top 25 university, 16.5% went on to a career spell at one of the top professional service firms (all types included). Of those who attended an elite university, 24.5% then moved to a professional service firm at one stage or another of their career. There seems to be a link between elite university attendance and being recruited by a professional service firm, albeit a weak relationship. If we descriptively examine the three types of GPSFs separately, an interesting pattern appears ([Fig. 1](#)).

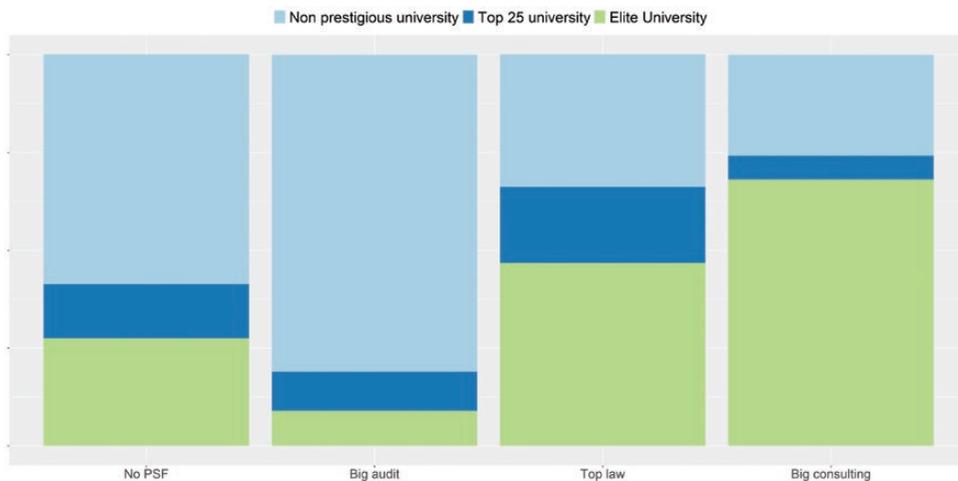


Figure 1 Proportion of type of university according to type of GPSF.

Of those top managers who were employed at a big consulting firm, almost 70% also attended an elite university. In contrast, among the audit firm alumni only about 10% attended an elite university—most of this cohort attended non-prestigious universities. This proportion is even larger for audit firms than for those without a spell in any professional service firm. Law firm alumni fall between these extremes, with about 50% having attended an elite university.

When we run a multinomial regression analysis estimating the impact of the attendance at a specific type of university on the subsequent likelihood of spending a career spell at a GPSF, these descriptive results are reinforced. In Fig. 2, where we also integrate variables such as the degree subject (business, engineering, law, STEM, or social sciences) or the type of degree (BA, MA, Doctorate), there is a clear difference between audit, and law and consulting.

While those who attended an elite university have a much higher likelihood of joining a law or consulting firm, the relationship between audit firms and elite universities is negative. Consulting and law firms act as multipliers of elite pedigree, audit firms are compensators.

It is also noteworthy that those who hold a higher degree (an MA or doctorate) have a higher probability of becoming a consultant. Consulting attracts managers with higher (certified) cultural capital—especially compared to audit firms. The disciplinary profile of those who went through consulting is more diverse than that of those who went through law or audit firms. This means that it is not their degree subject matter or specialist knowledge that is important. Very clearly, and as expected, specific cultural capital is particularly important in law firms (and to a lesser degree for audit firms).

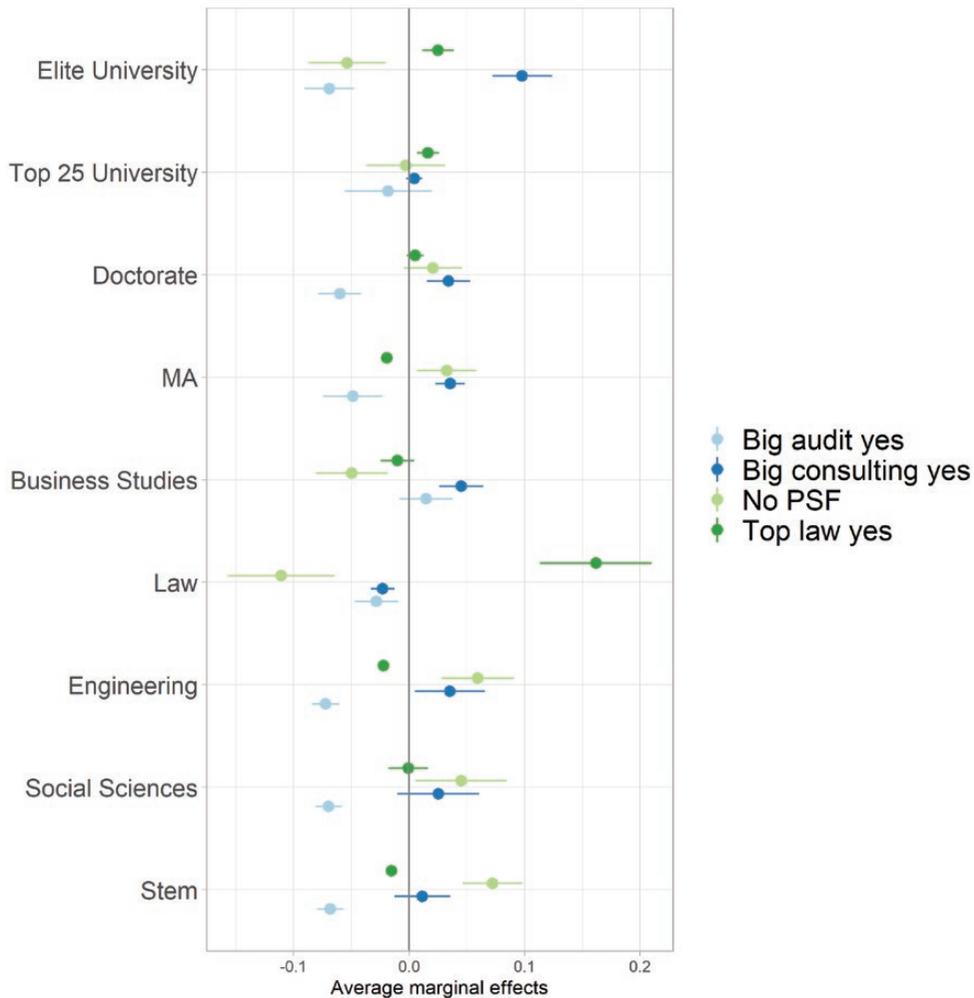


Figure 2 Coefficient plot of multinomial regression (type of university vs. type of GPSF).

From GPSF to top management

Our second set of hypotheses examines a potential link between the cultural and symbolic capital provided by a stint at a professional service firm—measured by the sectors and positions these managers later work in. Overall, we find that 18.7% of all top managers pass through one of the major GPSFs: 7.7% go through an audit firm, 6.3% through a consulting firm, and 4.8% through one of the top law firms. [Fig 3](#) focusing on the sectors in which top managers with experiences in GPSF tend to work, shows that all business sectors have at least some top managers with a stint at a professional service firm.

Alumni of audit firms become executives most frequently in insurers (15.5%), investment banks (11%), and private equity firms (10.5%). Hedge funds (5%) and

industry have the lowest proportion of managers with an audit background. Consulting seems to be particularly closely linked to private equity (18.7%); technology firms (7.5%) and investment banks (7.5%) also have a high proportion of consulting firm alumni. Almost no consulting alumni work in commodities (0.5%). Law firm alumni seem to be distributed evenly across sectors, with investment banks (8.5%), private equity (8.0%), and hedge funds (6.0%) as top destinations. This descriptive analysis hints at a special relationship between professional service firms and finance, as noted by [Rivera \(2012\)](#) or [Ho \(2009\)](#).

For hierarchical positions, we see large differences between the three types of professional service firms—alumni from each type are clearly funnelled into specific positions when they access top management ([Fig 4](#)).

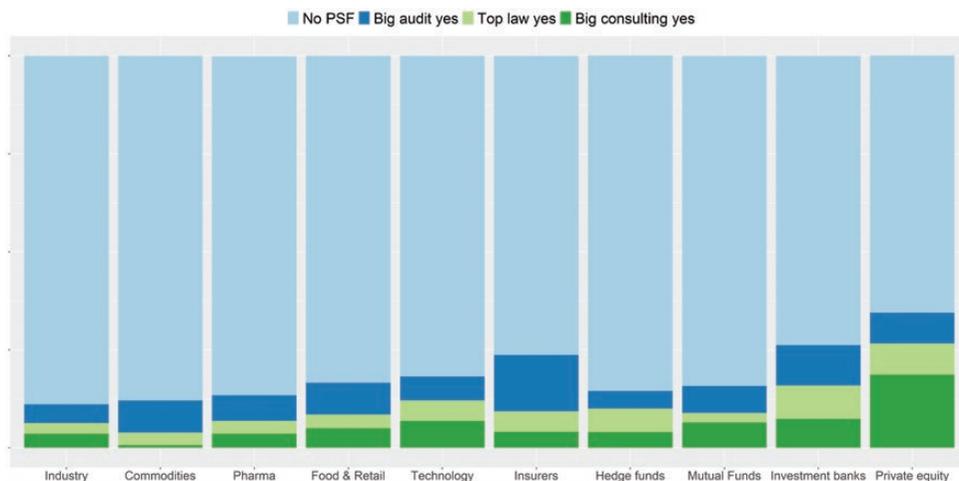


Figure 3 Proportion of top managers with GPSF spell, by sector.

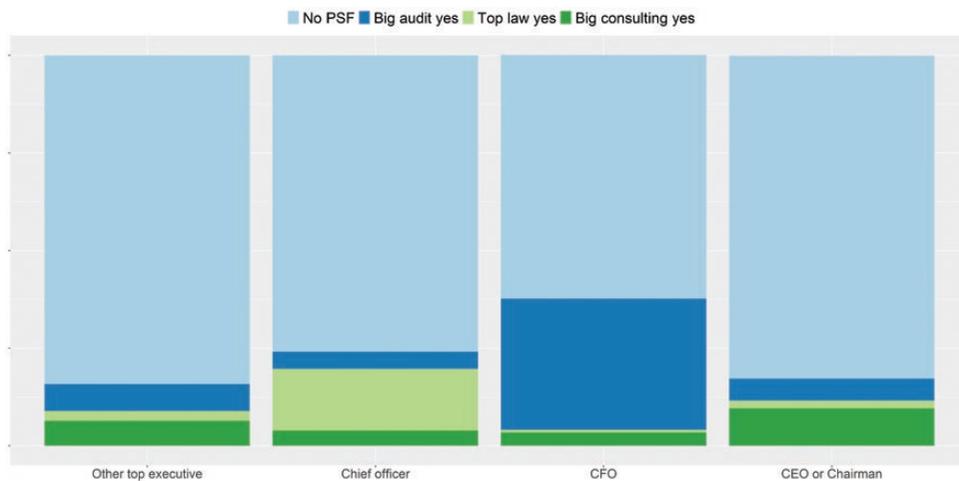


Figure 4 Proportion of top managers with GPSF spell, according to position.

Audit alumni become for a large part CFOs. About 34% of all CFOs have a background in audit, but just 6% of CEOs have likewise. Audit firm alumni seemingly secure these positions based on their financial expertise. Those who have a law firm spell in their CV have a higher likelihood of working as a chief officer (including general counsels) (16.3%), but only rarely become a CEO (2%). Consulting alumni are rather evenly distributed by position; only their higher likelihood of becoming a CEO stands out. About 9.5% work as a CEO and only 3.5% in a CFO position.

To confirm these descriptive results, we have run two further multinomial regressions, this time, with the type of professional service firm as independent variable and the sector (respectively the position) as outcome variable. The results are controlled for the type of University (see full regression tables in Table A.2)

The same types of sectors are most attractive to managers with a background in a GPSF: private equity, investment banks, and insurers. There is no clear difference between the types of professional service firm. However, hedge funds are a sector with particularly few GPSF alumni. To become a top executive in a hedge fund it seems to be a disadvantage to have spent a spell at a GPSF. Industry, asset management, or pharma are also sectors which have consistently and significantly fewer top managers with a spell at a GPSF.

In hypotheses 3 and 4 we posited that the link between a spell at a GPSF and a top management position can

be explained by cultural or symbolic capital. If this link is based on expertise, we should see that a spell at a specific type of professional service firm would be linked to specific sectors or positions specialized in this expertise. Such a link is difficult to discern, especially since none of the sectors can be said to rely on these qualifications more than others—legal or accounting knowledge is used across the board. If a link between a type of professional service firm and a sector relies on symbolic capital, we could expect that alumni of professional service firms are over-represented in the most prestigious sectors. Our results (Fig 5) show that there is no difference among the three types of GPSF when it comes to sectors. Consulting alumni—as the most prestigious of the three groups—do not gravitate to more prestigious sectors than law or audit firm alumni. These results are controlled for the type of university (see the full regression tables in Table A.3).

Our analysis of the positions that GPSF alumni go on to occupy produces clearer results—each type of alumni group exhibits a clear relationship with a specific type of position (Fig 6). Those who spent a spell in a law firm are most likely to become a chief officer—typically, general counsel. Those who spent a spell at a big audit firm have a high chance of becoming a CFO. Those who spent time in a consulting firm are correlated with subsequent CEO positions. Each type of professional service firm is thus clearly linked to a specific position.

When the link between GPSF and a subsequent position as a top manager is based on cultural capital, we would

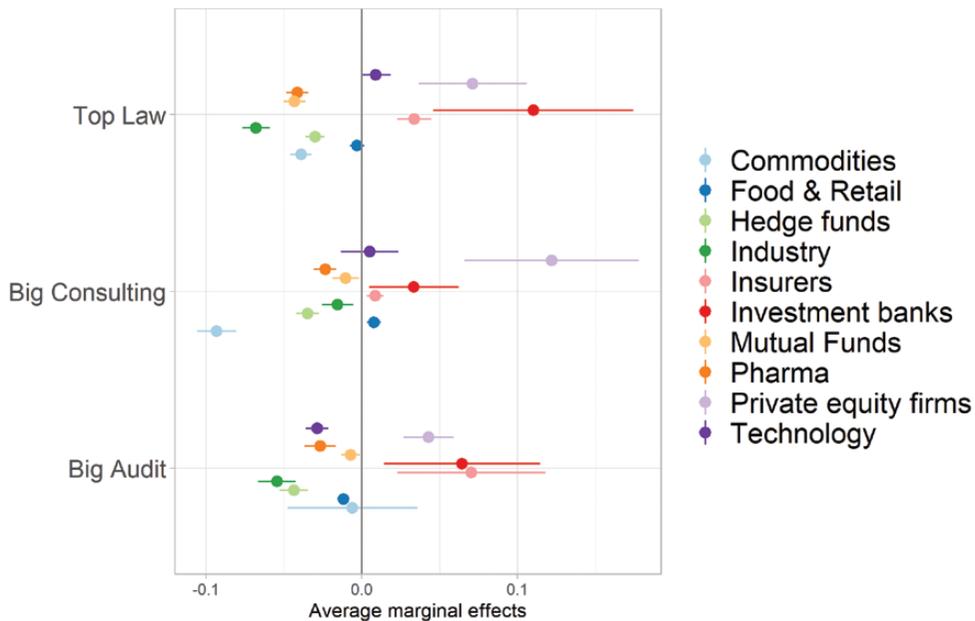


Figure 5 Coefficient plot of multinomial regression (GPSF vs. sector).

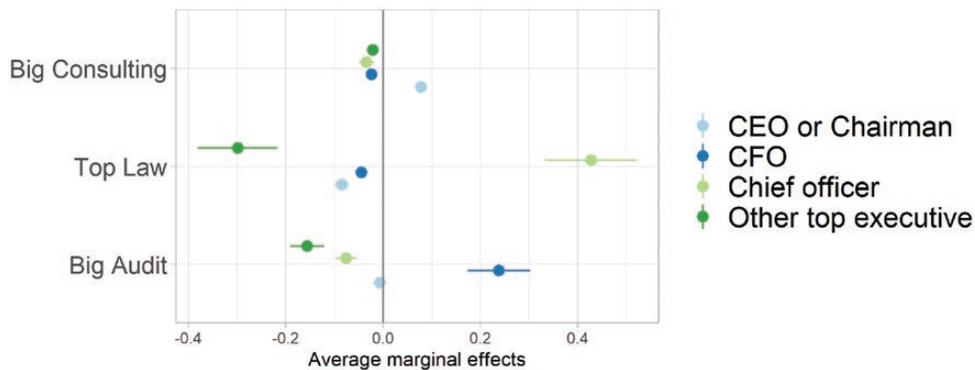


Figure 6 Coefficient plot of multinomial regression (GPSF vs. position).

expect that the position is connected to a specific type of knowledge. This is clearly the case for law and audit. Those with an expertise in law—through their studies, but also via a spell at a top law firm—are channelled into positions like general counsel when they become executives of a large firm. Only rarely do they become CEO or assume roles grounded in other forms of expertise. The same is true for audit alumni—on becoming top managers, they are channelled into financial roles, like CFO. The case of management consulting is trickier: on the one hand, there is a case that management consulting is the most prestigious of the three types of GPSF. The fact that the alumni of consulting firms are over-represented among CEOs appears to confirm a link based on prestige: endowed with the highest status, these alumni would be expected to secure the most prestigious positions in the largest US firms. Yet we could also argue that the expertise of consulting firm alumni is (strategic) management, which as a type of expertise, channels these people to general management positions.

DISCUSSION

What do these results mean for our two research questions addressing (1) the linkages between the educational system and elite GPSF and (2) these GPSF and the top position in the most prestigious US firms? Considering the link between the (US) university system and GPSF, our results show that GPSF deliver two discrete outcomes: some amplify elite university backgrounds, yet others allow young professionals to compensate for the lack of such a pedigree. The same dichotomy is present when we examine the transition from GPSF to positions in higher management: some GPSF reinforce the existing (elite university derived) cultural capital of these managers, increasing the likelihood that they will be recruited to positions requiring

specific knowledge, while others are promoted to more generalized positions less linked to specific expertise, and to hierarchically more prestigious jobs. In this cohort, recruitment is based on—and reaffirms—the mutual acknowledgment and recognition between GPSF and the nationally most important firms (Burris 2004: 243–4).

Consulting firms' functioning is prestige based for two reasons. First, consulting firms are closely aligned to elite universities. As the numbers of consultancy alumni are significantly smaller than those of audit firms, consultancy recruitment is more highly selective and relies heavily on on-campus campaigns and pro-active targeting of students by the top firms in the sector (Rivera 2016). As the knowledge base is less controlled by professional norms (compared to law or accounting) and so more difficult to 'read' by potential clients, symbols of excellence and of expertise are vitally important in consulting (Alvesson and Robertson 2006; Von Nordenflycht 2010). In addition, their reputation for hiring only the brightest and best—consecrated by a highly visible and socially readable elite university tag—allows those firms to charge exorbitant fees for relatively inexperienced employees (McKenna 2006). Second, the linkage between top consulting firms and top management is based more on symbolic than cultural capital. The proof of the relative unimportance of technical or professional skills is that consulting alumni come from a relatively diverse range of degree subjects, including engineering or natural sciences. Unlike audit alumni (promoted to financial roles) and law alumni (occupying legal positions), the promotion of consultants to top management does not follow a pre-determined path of expertise and technical skills. Consulting alumni have a high likelihood of being promoted to general and hierarchically high roles, such as CEO. Symbolic capital counts for more than mere expertise.

Audit firms are the opposite, being the archetype of an expertise-based GPSF. Compared to law and consulting, their recruitment pool is relatively wide and not restricted to elite universities. This means that prestige derived from educational background is not key to getting into a top audit firm. Audit also has a narrow disciplinary footing, mainly sourced from degrees in business administration. The main reason for this, in our eyes, is that the number of professionals in audit GPSFs is much larger than in consulting or law. The largest audit firm, Deloitte, globally employs over 400,000 people, an order of magnitude more than the biggest consulting firm, McKinsey, with 30,000 consultants. Audit's selection is therefore less discriminating than in consulting, and new employees are not exclusively recruited from elite universities. At the same time, audit firms are able to transform employees without an elite university education into future top executives, by dint of the expertise they acquire during their stay (typically resulting in professional credentials). Such alumni have a high likelihood of becoming a CFO—but a low likelihood of securing other, more generalist role. Their social transformation is thus dependent on a relatively narrow knowledge-based path.

Top law firms combine elements of both: they have a highly professionalized workforce who almost exclusively have studied law, (compared to the diverse specialisms in the consulting domain) and law alumni are almost always promoted to executive positions which have a clear link to their law expertise. Hardly ever does a position in a law firm serve as a stepping stone to a financial or general top executive position. In this respect, law firms are similar to audit firms, which exhibit a comparable expertise-based logic. At the same time, recruitment by top law firms amplifies the choices already made by elite universities. This might be because law has traditionally been an upper-class profession, or because law firms are more selective: the number of lawyers in top law firms is much smaller than in the two other professions.

Our results can now be used to amend the typology proposed by Von Nordenflycht (2010). They help us to refine the—somewhat crude—differences between 'classical/regulated PSF' and 'neo-PSF'. While Von Nordenflycht's typology has the merit of covering a large variety of different organizational situations and professions working in firms—including advertisers, architects, or physicians—its analytical ability to differentiate between the most important GPSFs at the heart of current capitalism is relatively poor. The only difference between 'classical PSF' and 'neo-PSF' is that the latter has no 'professionalized workforce'. Considering the wider role of these firms in contemporary capitalism through the lens of their role in setting career and status hierarchies, the

Table 2 Typology of GPSF based on exclusivity and cultural capital.

		Importance of cultural capital	
		High	Low
Exclusivity	High	Law firms	Consulting firms
	Low	Audit firms	—

differences become sharper. It seems as if the relative size and the selectivity of a specific GPSF type must be integrated into the equation. According to Bourdieu, the symbolic capital a group can confer 'increases with the degree of restriction and exclusivity of the group so established' (1998: 98). Both top law and top consulting firms are very exclusive, and can therefore generate much more symbolic capital than audit firms. When we combine this criterion with the importance of expertise and cultural capital in the GPSF we can (1) confirm a clear difference between classic and neo-PSF and (2) disentangle exclusive and non-exclusive GPSF memberships (Table 2).

Consulting firms do not endow future top managers with an abundance of cultural capital, but they are exclusive, and therefore confer and amplify substantial symbolic capital. Audit firms are less exclusive, and do not necessarily equip their alumni with symbolic capital. But they do signal a high level of cultural capital, and so can compensate for an absence of an elite university background and still channel managers into specialized top positions. Top global law firms are both exclusive and rich in cultural capital. They endow their alumni with a valuable blend of symbolic and cultural capital.

CONCLUSIONS

GPSFs are at the heart of today's global capitalism. The leading firms are operational in almost all countries, where they advise the most powerful multinationals on management strategy, legal matters, merger and acquisition deals, or tax structures. This article has investigated the role these GPSFs play as career hubs for top managers in the US, and unpicked their function in the brokerage of status hierarchies in the business world. We studied the connection between the US educational system and these firms, as well as linkages between these firms and the positions their alumni occupy later in their careers. We asked whether GPSFs merely amplify the elite status their employees have already acquired during their education or if they can compensate for the absence of such an elite education because they mould their employees (in terms of behaviour, habitus, and knowledge) to become

future elite members. Our results showed that while consulting firms do amplify and reinforce the careers of graduates who attended elite universities, audit firms compensate for an absence of an elite education. In a second step, we focused on the role expertise (and prestige) acquired during a spell at an GPSF can play in the future career of alumni. We show that alumni from law and audit firms are recruited for their expertise, but consulting alumni use their symbolic capital to reach the highest positions in general management. These results allow us to refine Von Nordenflycht's typology, by unpicking the type and volume of capital these GPSFs can generate for their alumni: spells at a 'classic PSF' generally require, and then produce, a large amount of cultural capital. We combine this with the capacity of GPSFs to produce symbolic capital, which depends on their recruitment selectivity. In this typology, audit firms produce cultural capital but are non-exclusive; law firms generate similar levels of cultural capital, but are more exclusive; consulting firms are very exclusive, but produce less cultural capital.

Our contribution shows that GPSFs play a role of the utmost importance in the shaping of current capitalism's status hierarchies and the formation of contemporary top elites. These GPSFs have become institutions which burnish the process of selection and production of future business elites. Through an intermediary role in a system of prestige exchange—between elite universities and the most important companies—they produce a 'corporate nobility'—analogous to Bourdieu's (1998) state nobility. The state nobility is a privileged group produced by selective state universities, which occupies dominant positions in state bureaucracy and state-owned companies and distinguishes itself by set of specific disposition shaped by their social position and experiences. Similarly, the corporate nobility can be considered as a group that has been selected by a coalition of (elite) universities and prestigious GPSFs, which certifies a specific form of cultural capital and allows these actors to aspire to the highest positions in contemporary globalized and finance-led capitalism. This does not mean that GPSFs replace a strongly hierarchized university as the main sorting machine of US capitalism, or emerge as a parallel alternative to this university system. Rather, we argue that GPSFs have been integrated into this system as an additional layer that makes elite recruitment more flexible, practical, and international. GPSF as an additional layer of elite recruitment are both relatively independent from state control and among the most globalized actors—they thus help to standardize elite recruitment across national borders. As the recruitment system is homologous to the structuration of the field of power, every historical and cultural context develops its own specific

system of 'investment strategies' (Bourdieu 1998: 292). We argue that in a globalized form of capitalism, the integration of GPSFs into recruitment systems allows elites to gain more autonomy from universities, and create a form of symbolic capital that is highly transferable across sectoral and national boundaries.

This article seeks to inspire further research to improve our understanding of the role GPSFs play in contemporary capitalism. First, it shows the heuristic value in comparative studies of GPSFs. Even today, too many studies concentrate on one type of profession, or one type of professional service firm, and are not able to situate their specific case in a wider, more comparative context. Second, our study suggests that we should not limit ourselves to the inner functioning of professional service firms. We must also focus on the role GPSFs play in the careers of their alumni, and more generally as status brokers in networks of mutual acknowledgment and recognition (Burris 2004). Finally, our article urges future research to forge closer ties between research into professional service firms and research into elites (Harrington and Seabrooke 2020). It would be interesting to read research that comparatively analyses recruitment processes between law, audit, and consulting firms, as well as studies on how these young professionals are 'socially transformed' during their tenure in a GPSF, and how this impacts their future trajectory (from a sociology of the life course perspective). In addition, systematic and comparative research on the historical emergence of the corporate nobility and its likely different role in countries outside the US would be highly welcome (Bühlmann et al. 2023).

SUPPLEMENTARY DATA

Supplementary data is available at *Journal of Professions and Organization* online.

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