Should law firms predicate their mergers upon client interests?

Robert Millard

Director: Cambridge Strategy Group Limited, Cambridge, United Kingdom

---

ABSTRACT

Purpose – This paper explores whether sound business imperatives exist, and whether clients and society have a right to expect, that law firms should predicate their mergers upon client interests. Most Merger Theory literature is premised on the optimisation of shareholder value, and almost exclusively in economic terms. Almost all such literature from the perspective of Stakeholder Theory concentrates on internal stakeholders, mostly managers and employees. Very little research has been undertaken on the specific role of customers/clients in mergers generally and very little indeed specifically in the case of law and other professional service firm mergers. Besides assumptions implied in the Resource-Based View (RBV) of the Firm and Theory of Competitive Advantage, that clients will simply seek other alternatives if the merged firm's value proposition falls below that of other options available, little has been published about how clients perceive value in such mergers, either.

Furthermore, to the economic and ordinary moral imperatives that might exist might also be added a societal imperative. Society has clothed lawyers and their firms with a measure of protection from market forces, to safeguard the special relationship required of lawyers toward their clients and the role that this plays in upholding the rule of law. The resulting social contract is articulated in rules and codes such as the Solicitors Regulation Authority (SRA)'s Handbook in the United Kingdom (SRA 2018) and the American Bar Association (ABA) Model Rules of Professional Conduct in the United States (ABA 2018).

<u>Study design</u> – The study comprises a literature review that examines the duties of lawyers towards their clients in the context of law firm mergers through the lenses of different schools of thought on Ethics Theory and as codified in the SRA Handbook and the ABA Model Rules of Professional Conduct, together with literature covering relevant aspects of Merger Theory and Stakeholder Theory.

<u>Findings</u> – Strong economic and moral imperatives do exist for predicating law firm mergers on the interests of the merging firms' clients, but these need to be balanced with those of the owners of the merging firms. Firms also have a duty of care to ensure that the quality of their work does not deteriorate as a result of the merger activities, and that client conflict and other professional limitations are properly managed. However, the literature on Legal Professional Ethics deals almost entirely with the obligations of law firms during mergers, as codified in the rules and codes, rather than on general virtues or best practice.

While enhanced value to clients is implied simply by the additional resources that a merged firm can offer, including an enhanced capability to innovate, a strong argument can be made that deeper and *explicit* consideration of client interests in the merger process creates opportunities for client interests to be further enhanced, which can lead to greater benefits for clients, the merged firm's owners and also for society in general. This is especially important when considered against the almost uniform theme across literature addressing mergers, that the majority of mergers fail to achieve their strategic objectives.

Practical implications – The number and scale of large law firm mergers that have taken place over the past ten years are unprecedented and it seems reasonable to assume that this trend will continue. This paper contributes to the framework of knowledge available to law firm leaders when contemplating and executing mergers, providing insights that aim to guide how they approach their strategic decisions and enhance the probability of success.

Originality/value – The role of lawyers and law firms is evolving as their clients are disrupted by similar technological, geo-economic and socio-political trends to those that are disrupting law firms. Regulatory environments are becoming more complex and penalties for non-compliance more severe. Law firms are evolving their business models away from the 'billable hour' and new kinds of legal advisory businesses are entering the market. Under such conditions of complex and dynamic uncertainty, it is imperative that what must remain constant is clearly defined and understood; also what needs to change. The special relationship between lawyer and client is one of the most fundamental of these, in both ways. By drawing together the professional and scholarly perspectives on law firm mergers, this paper brings a new dimension to this definition and understanding.

Keywords: Law firms, Professional Service Firms, Clients, Ethics, Merger Theory, mergers, Stakeholder Theory, legal ethics, professional ethics, normative ethics, contractualism.

Introduction

Judging by press releases announcing the hundreds of law firm mergers of all sizes that have taken place in recent decades, leaders of those firms would be appalled by the suggestion that their mergers were not <u>deeply</u> predicated upon the needs of their clients. Almost universally, such press statements present the primary purpose of such mergers to be delivering better, broader and more comprehensive services to clients. To queries about whether the firm's clients were consulted during the process of setting the strategy underpinning the merger, the most likely response would be that the insights of the firm's lawyers are adequate to determine what is in their clients' best interests. Indeed, pre-merger discussions between law firms are typically kept deeply confidential and their very existence even not confirmed, until the merger is announced.

Lack of client engagement during these early stages of a merger does not mean that the merger is <u>not</u> being predicated upon client needs. Merger discussions and decisions can also be informed by input previously received from clients on the adequacy of the firm's service. Observation of the relative success of competitors with greater or level scale and diversity of competencies is another indicator of clients' needs. Client needs in the context of a merger can also be explored with clients without explicitly mentioning that a merger is being contemplated.

In exploring this topic through the lenses of Merger Theory, Stakeholder Theory and Legal Ethics, and furthermore very much at the intersection between scholarly and practitioner approaches to research, I conclude that a good business case can be made for overtly predicating law firm mergers on the needs of clients. The literature does not make as strong a case that clients have a right as Stakeholders to expect it, however. The ethical case is also unclear outside of narrow, specifically defined protections of client interests.

Since the development of the RBV in the 1980s (Wernefelt 1984, Barney 1991, amongst others) it has become well recognised that a law firm's competitive advantage stems from (Empson, 2014: 179, Mayson 2007: 125):

a) its ability to assemble and deploy an appropriate (and if possible unique) combination of resources and to continuously adapt those in response to changing markets (reflected in law firms largely by changing client legal needs and client wishes as to how external advice that they acquire to meet these, is delivered)
b) the perceived credibility of that firm to assemble and effectively deploy those resources, and
c) the perceived value of those resources to the client, relative to value propositions offered by its competitors or that the client can generate by other means.

It is logical that a law firm's resources would be increased by a merger. Whether the second and third points are met would depend on the effectiveness of post-merger integration processes and the merged firm's ability to retain its most important talent. While it might be possible to execute a successful merger within minimal client input during the planning and execution phases of that merger, it is more difficult to imagine how that might be possible without close client involvement during the post-merger integration phase.

Technological resources are increasingly supplanting human resources as a source of competitive advantage in law firms (e.g. Cohen 2018: 40) and this trend seems poised to accelerate. For the present, though, scale in terms of headcount and revenues remain important contributors to and indicators of superior resources, except where clients perceive the quality of the lawyers or the service to become inferior to other options available. The re-entry at scale of the 'Big 4' Global Advisory Firms (aka 'accounting firms') to legal services (Wilkins and Esteban 2018) reinforces the notion that scale might be increasingly important in the future in convincing clients that a firm is able to adequately meet their needs, especially across international borders.

A study of >600,000 small to mid-sized companies over a fifteen year period, admittedly in the largely pre-digital era (Kroeger et al 2008) posits that all industries, without exception, progress over time through a cycle that includes radical consolidation and that all 'niche strategies' (Porter 1980) are inherently transient. If this finding holds true for law firms in the digital age of the '4th Industrial Revolution' (Schwab 2016, Susskind and Susskind 2015) then the drive to merge will continue to be inexorable except for firms that make an active choice to exploit transient market positions instead.

Conversely, though, the highly fragmented nature of the law and the regulations governing its practice across the world's jurisdictions might be a powerful force against wholesale consolidation (such as, for instance, occurred in the accounting profession). International law firms have to pursue a dual strategy of creating mechanisms to deploy their resources across markets while at the same time deeply focusing on the unique attributes and client needs of each individual market, a phenomenon that has been termed "glocalisation" (Silver et al 2009). Failure to harness the firm's resources to create value propositions that clients perceive to be compelling in a particular market, relative to the leading local firms in that market, can create an inability to compete sustainably in that market (Millard 2019).

This paper examines the question posed in the title from three perspectives. In the first instance, we examine the literature on Merger Theory to discover what it reveals about whether predicating business mergers in general and law firm mergers in particular upon customer/client needs creates more value than not doing so. In other words, we test the hypothesis that it makes good business sense to do so.

In the second, we examine what literature on Stakeholder Theory reveals about the role of clients as stakeholders in the law firms that advise them and hence the legitimate interest that they have in strategic decisions that the firms make about their business, including those to merge with another firm. In other words, we test the hypothesis that clients have a right as stakeholders for mergers to be predicated upon their needs.

Finally, we examine what literature on Business and Legal Ethics Theory, combined with the rules and codes governing the practice of law in England & Wales in the United Kingdom, and the United States of America, reveal about the relationship between lawyers and law firms, and their clients, relevant to the question of predicating law firm mergers upon the latter's needs. In doing so, we will test whether law firms should be held to a higher standard than other kinds of business in their mergers, by virtue of the 'social contract' that exists between society and the legal profession (Boon 2014: 4, Adler 2014, amongst others).

These questions are important for three reasons. In the first instance, it is now widely recognised that a serious gap exists between client needs and the degree to which law firms are meetings these, and that gap is widening (e.g. Heineman 2016: 402, Barton 2015: 55, amongst others). A survey of the British legal market commissioned by LexisNexis and Judge Business School at Cambridge University for instance found: *"unambiguous evidence of a significant and persistent disconnect between law firms and their clients. While both sides are aware of the disconnect, their interpretations of the magnitude and underlying causes are different. The disconnect permeates everyday interactions and is increasingly prompting clients to look to non-traditional sources for legal services"* (Smith, 2017).

In the second instance, both the number and the scale of law firm mergers has grown over the past decade, and this trend seems likely to continue and to accelerate the process of business model transformation of traditional law firms (Beaton and Kaschner 2016: 89).

In the third instance, a diverse range of legal advisory businesses have emerged with traditional law firm partnerships, some employing highly technology-driven platforms and business models and integrating legal with other professional services (e.g. Barton 2015: 88) so increasing the need for focus on the inherent tension that has been recognised for more than a century, between the ethical principles that underpin the practice of law and the commercial interests that underpin the business of law (Cohen, 1916.)

Such a disconnect could logically result in the actions and decisions of the law firms concerned not being predicated upon the needs of their clients, even when they in good faith believed that they were.

The business imperative perspective

A considerable body of literature currently exists on mergers and acquisitions, spanning many decades. Mergers are frequently regarded as an excellent means for increasing the competitiveness and performance of the participating firms (Porter 1987). Early work concentrated mostly in the finance literature, with a particular focus on whether mergers added value to the firm and its shareholders. This focus manifested through assessing the relationship between acquisition activity and firm performance through changes in shareholder value (Carper, 1990) and market expectations of future cash flows related to discrete events, such as acquisition announcements through event study methodology (e.g. Brown & Warner, 1980, 1985). Quoting multiple sources, Haleblian et al (1990) note a recurring theme that emerged in early studies, that mergers seldom delivered real value in either the short or the long term and were frequently dilutive of firm value. Citing the phenomenon that acquirers frequently pay too much for targets in an M&A transaction, they note that the target firms typically fare far better in a merger than the acquiring firms and indeed this accounts for most of the value created during a merger.

A broad consensus appears to exist across the merger literature that most mergers fail to deliver the value that was expected (e.g. Haspeslagh and Jemison 1987; Kohers and Kohers 2001, and many more). Success and failure is defined in many ways, using a host of different methodologies. Poor post-merger integration is frequently cited as a reason for failure (Haspeslagh and Jemison 1987; Hunt 1990; Beusch 2007) but also poor strategy beforehand, poor strategic rationales and poor understanding of the strategic levers (Gadiesh et al,

2001) severe cultural mismatch (Gadiesh et al, 2001, Ulijin et al 2010) or over-estimating synergies (Seth, Sond and Pettit 2000).

Conversely, analysis by consultancy Bain & Company of deals over an 11-year period showed that as a group, companies that engaged in M&A activity averaged higher shareholder returns than inactive companies (Umbeck and Bron, 2017). Furthermore, the notion of widescale merger failure is not always supported by the leaders of firms that have undergone the mergers. A study that examined shareholder returns in firms that had merged, relative to overall trend in the relevant industry (Harding & Rovit 2004) concluded that while 83 percent of the mergers had failed, interviews with executives of the merged firms revealed that 82 percent of them regarded their mergers as successful! One would likely be similarly hard pressed to find many leaders of law firms that have undergone mergers, who would express the view that their mergers had failed.

This dissonance might be explained by hubris (e.g. Yang 2015, Billett 2008) but perhaps also by examining mergers through the lens of a broader process-oriented integrative model (Larsson and Finkelstein 1999, Friedman et al 2015). This model describes synergy realization between merging firms as a function of the similarity and complementarity of the two merging firms, the extent of interaction and coordination during the organizational integration process, and the lack of employee resistance to the merger. Success of the merger is assessed by the degree of synergy realization rather than by more distant and perhaps less relevant criteria such as accounting or market returns.

The degree of success achieved is probably also impacted by the timing of the decisions made and activities undertaken before, during and after the merger (Shi, Sun and Prescott, 2012), not only be the nature of those decisions and activities.

A vast body of literature also exists concerning the importance of aligning the firm's value propositions with client needs, and indeed this is one of the core concepts of marketing. The importance of such alignment is all-pervasive, ranging across strategy, to operations, to new product and service development, to marketing, to approaches to innovation. In a hypercompetitive market, such as currently exists for legal services markets, the need for firms to field value propositions that are compellingly attractive to clients is even more urgent. In short, that clients need to be at the core of a professional service firm's business (Aquila and Marcus 2004) is so obvious as to be almost trite.

Almost all the research on mergers has focused on the businesses themselves and shareholders, and to the extent that stakeholders are mentioned on internal stakeholders such as shareholders, employees and managers (Birkinshaw, Bresman, and Håkanson 2000; Napier 1989; Raukko 2009). In particular, comparatively little research has been conducted on how external stakeholders such as customers/clients are affected by, and respond to, mergers and acquisitions (Kato & Schoenberg, 2013). An early paper (Rydén 1972) points to the difficulty of retaining customers following a merger but very little has been published subsequently, on the role of customer/clients in merger success and failure. In horizontal mergers, where former competitors integrate, the customer/clients might not remain as loyal as expected (Lusch et al 2011). When the businesses that are merging experience conflicts of interest between clients, e.g. law firms, and such conflicts exist between clients of merging firms, the merger makes it necessary to terminate the relationship with some of those clients. For the specific clients so terminated, the merger would hardly have been predicated upon their needs.

A great deal of work over the past decade especially has focused on the antecedents (drivers) of mergers, as scholars sought to understand what motivated the various actors in the mergers to undertake them. Specific motives for mergers have been extensively researched (e.g. Seth, Sond, and Pettit 2000; Trautwein 1990) and those identified include to lower costs through economies of scale, acquire new technology, improve innovative capabilities (Al-Laham, Schweizer, and Amburgey 2010) enter new markets, reach new customers (e.g. Lee and Lieberman 2010) and increase market share. In the case of law firms, mergers are also frequently a response to increasingly complex regulatory environments, and hence more sophisticated and demanding client needs:

> *"The main reason corporate law firms grew so large in the period [1980-2015] is that as the legal and regulatory environment became more elaborate and differentiated, legal work became increasingly specialised. The development of a more complex regulated economy had generated a thriving new line of legal work to add to litigation and simple transactions: helping to negotiate and structure complex deals and to design organisations, products and practices that complied with regulations and maximised tax and jurisdictional advantages"* (Hadfield 2017).

Insofar as some mergers are motivated by manager interests as opposed to shareholder interests (McCarthy and Weitzel 2013) in law firm partnerships these are the same actors.

A qualitative study of client reactions to law firm mergers in the United Kingdom (Edsberg 2016) offers the four principal reasons for law firms to merge to be distress mergers, the need to merge out of a chronic problem, to address a strategic weakness, and to capture a market (e.g. a new geography, jurisdiction).

Law firms when merging tend to focus heavily on the internal operation practicalities of joining the businesses. Communications with clients about a merger is generally poor, beyond a notification that it is occurring and an assurance that it will be to their benefit. As a consequence, according to Edsberg, clients are frequently left questioning whether:

- the merger will disrupt matters or deals at hand
- they will still be able to work with the same legal team
- they will be more or less of a priority for the newly-merged firm
- fees will increase as a result
- a proper reason exists for the merger and (most importantly from the perspective of whether the merger will ultimately succeed)
- whether the merger will deliver more or less value to them, as clients?

Many law firm mergers have been driven upon a presumed client demand for “one stop shopping” (Aronson 2007) which may no longer be valid as increased need for specialisation has led clients to select their external legal advisors more critically (Heineman 2016: 417).

With the development in the 1990s of the RBV of the firm and the increased emphasis of knowledge as a core resource, M&A has also become widely recognised as an opportunity to create value through gaining access to new knowledge (Empson 2017: 179). The RBV suggests that, all else being equal, positive correlation exists between scale and competitive advantage (Wernerfelt, 1984, Barney 1986, 1991, Hamel and Prahalad 1989 amongst others and many others subsequently) and the RBV is well represented in the extant strategy and international business literature on Mergers and Acquisitions (Ferreria et al 2014). This includes that RBV explains how mergers have a significant impact on business performance.

Mergers have also been shown to have a positive impact on IT innovation (Dao et al 2017) which is today widely recognised as an important source of competitive advantage (Tanriverdi et al., 2011, Ashurst et al., 2012, Anning-Dorson 2018, Wu and Chiu 2014). Not only do mergers create opportunities for firms to select the best systems from each legacy firm when choosing the systems for the merged firm, but frequently they lead to entirely new systems and strategies being adopted, frequently to the direct benefit of the firm's clients.

Some research has attempted to create taxonomies of merger types. For instance, where a business merges with one or more supplier/s or customer (vertical merger) or with a competitor (horizontal mergers) or with businesses that offer unrelated products or services (conglomerate mergers) (Ansoff and Weston 1962: 50–52). Because of restrictions in many jurisdictions on lawyers sharing fees with 'non-lawyers', almost all legal sector mergers to date have involved law firms merging with law firms, hence horizontal mergers. Recent mergers whereby law firms acquire other kinds of advisory businesses and technology companies (in jurisdictions where this is allowed) might be described as something of a hybrid between horizontal mergers and vertical mergers, because of the degree to which the services produced by each entity are integrated when servicing client needs.

The many thousands of deals that take place every year that are characterized as mergers and acquisitions differ vastly in the character as strategic activities (Bower 2001: 93) and in their effects. This diversity increases further if one includes the many forms of strategic alliances, networks and other forms of business-to-business partnerships that have emerged in legal services (e.g. Ulijn, Duysters, and Meijer 2010).

It might therefore be argued that the inquiry should focus less on the implied (and rather superficial) question of whether or not a sound business imperative exists to predicate a law firm merger on the needs of clients, and more on what that means in deeper, more practical terms. Through this lens, it would be reasonable to accept that for the “sound business imperative” to exist, the merging firms need to ensure that the merged firm has resources that offer a more compelling value proposition to clients than those of either of the legacy firms, and that the post-merger integration phase needs to proceed in such a manner that these resources and the manner in which they are made available to clients is competitive relative to other options available to clients, in the firm’s markets.

The Stakeholder Perspective

Stakeholder Theory has its origins in a book on corporate strategy (Freeman 1984). It challenges the notion that the primary purpose of a business is to optimise profits and other interests for its owners, arguing instead that it is to serve the interests of all the business's shareholders. Stakeholders may be defined in a general way as: "*groups or individuals who benefit from or who are harmed by , and whose rights are violated or respected by, corporate actions*" (Freeman 1999:250).

Arguments derived from transactions cost economics and incomplete contract theory can also be used to show that RBV's model of profit appropriation must incorporate a stakeholder perspective (Barney 2018).

In addressing the position of clients as stakeholders in law firm mergers, it is important to distinguish between clients in their role as clients of the firm in a current or previous legal matter, and clients more generally as stakeholders by virtue of their interest in using the firm in the future. The regulatory constraints placed upon lawyers and their firms by the codes and rules governing the practice of law refer exclusively to the former, inferring real rights for the clients and obligations upon the law firm. The lawyer-client relationship is not a simple contractual matter that can be explained using 'pure' contract law, but one of agency law principles largely translated into those codes and rules (Nicholson & Webb 1999: 130). The degree to which clients might have legitimate expectations that a law firm advising them would predicate a merger on their needs therefore depends on the degree to which these principles of agency have been translated into a deeper, ongoing relationship rather than one which is purely transactional, based on the matter in hand. In turn, this would depend on the complexity of the legal matters on which those clients are being advised and the importance of those clients to the firm. In other words, the degree the relationship between the law firm and those clients is one of a 'Trusted Advisor' (Maister et al 2000). Many law firms have, in words that vary from firm to firm, a strategic aspiration for their partners to have this kind of relationship with the firm's most important clients. To achieve this requires that:

> "*… you must convey—and more importantly, honestly believe—that your goal is to advance your client's interests, not your own. And when you do have some competing self-interest, as sometimes happens, you should reveal it and then continually check your motives to minimize the risk that your personal interest will skew your judgment*" (Rothman 2017).

It is difficult to contemplate that a lawyer who has this kind of relationship with her clients would not expect that her firm's strategy (including any decisions to merge) would not be very explicitly predicted upon the needs of the firm's clients, even beyond what makes sense from the purely commercial perspective.

Clients who acquire more 'commoditised' services from the law firm, and for whom switching costs are low, would have less claim to a right that the firm predicate its mergers upon their needs if their range of alternatives is adequate. In neither case would that right be absolute, either. Writing primarily about the Wall Street firms in the late nineteenth century in the seminal 'A history of American Law,' Lawrence Friedman writes that: "*most lawyers have always served, mainly themselves, next their clients, last of all their conception of that diffuse, nebulous thing, the public interest*" (Friedman 2005: 489). Yet if lawyers in rendering legal advice to business clients follow only their own business interests then, even without violating strict ethical requirements, the advice might be incomplete and raise a compromise of the client's commercial interests (Mescher 2007).

It is therefore undeniable that clients are stakeholders in a law firm, but also that merely being a client would not infer an automatic right to expect that the law firm would predicate its mergers upon that client's need, beyond the ethical considerations and what makes sound business sense.

The Ethics perspective

Should merging law firms be held to a higher ethical standard than other kinds of business, in ensuring that those mergers are in the interests of clients? The answer to this lies within the realms of Professional Ethics Theory and at the very root of what it means to be a lawyer. While both metaethics (the nature of ethics) and normative ethics (what constitutes ethical and unethical behaviour) apply, the latter is probably of more direct and practical application in the relationship between lawyers and clients, so it is on this perspective that this study focuses. Business ethics may be defined as the study of the relationship between ethics and economics and the analysis of the role of ethical decision-making in commerce (LaFolette 2003: 517) but given that economics have already been well addressed under the previous two perspectives, we will focus on ethics in its purer senses.

Virtue ethics, which can be traced back to Ancient Greece and in particular to Aristotle and Plato, focuses on the notion of moral character. In this context, lawyers need to elevate client needs above their own.

The Virtue Ethics Perspective

In illustrating this perspective, an ethicist of the Virtue Ethics school might point to Lord Henry Brougham's impassioned defence of Queen Caroline in the House of Lords in 1820, which is still today held out as an eminent example of zealous advocacy and lawyerly excellence (Deutsch 1971, Freedman,2006). Lord Brougham was defending Queen Caroline against charges of adultery brought against her by King George IV. In his opening statement, he delivered a fearsome threat that in defending his client, he would prove that the King had by previous actions impeached himself and had so forfeited the crown. Although today such a threat might itself be considered unethical 'graymail' it led to the charges being withdrawn. In his address, Lord Brougham described his role as an advocate thus:

> *"[A]n advocate, in the discharge of his duty, knows but one person in all the world, and that person is his client. To save that client by all means and expedients, and at all hazards and costs to other persons, and, amongst them, to himself, is his first and only duty; and in performing this duty he must not regard the alarm, the torments, the destruction which he may bring upon others. Separating the duty of a patriot from that of an advocate, he must go on reckless of the consequences, though it should be his unhappy fate to involve his country in confusion."*

It would be inconceivable, our ethicist might argue, that a professional with such a deep fiduciary duty towards her clients would not predicate major decisions about the direction of her practice - including the decision for her law firm to merge with another law firm upon the needs of her clients (although law firms as we understand them today did not exist in the early nineteenth century). This view would be supported by modern literature defining professionals and professional services, which lists as one of the defining characteristics of a professional service that it is "*delivered within the constraints of professional norms of conduct, including setting client needs higher than profits* …." (Løwendahl 1997: 20).

The Deontological Perspective

Rooted in the work of Immanuel Kant (1724 – 1804) deontological theories emphasise rules, codes of conduct and other moral norms as a basis for ethical behaviour.

An ethicist of the Deontological School might agree with his learned colleague of the Virtue School, but he would likely add that whether viewed from an agent-centred perspective or that of client rights (Alexander and Moore 2012) the duties to which Lord Brougham referred needed to be interpreted in practical terms through the rules and codes governing the practice of law, into which they had been codified. Every jurisdiction has their own such requirements and these as the means by which the professions themselves define their ideals of professional conduct (Dinovitzer et al 2016: 118) although in the case of the United Kingdom and other externally regulated jurisdictions the rules were imposed (albeit in consultation with the legal profession). For the purposes of this paper we have limited consideration to the SRA Handbook in the United Kingdom and the ABA Model Rules of Professional Conduct in the United States, the latter as interpreted by State Bar Associations and others that have issued opinions relevant to the topic of law firm mergers.

The only specific references to law firm mergers in Version 21 of the SRA Handbook are an 'indicative behaviour' (IB) that requires that entities regulated by the SRA should inform the SRA promptly in the event the firm merges with or is acquired by another firm (IB 10.8) and requirements with regard to changes in accounting periods and payment of fees to the SRA, following a merger. Further requirements may be imputed however from provisions regarding the treatment of clients, for instance in clause 2 (underlining added):

> *"This Handbook sets out the standards and requirements which we expect our regulated community to achieve and observe, <u>for the benefit of the clients they serve and in the general public interest</u>. Our approach to regulation (i.e. authorisation, supervision and enforcement) is outcomes-focused and risk-based so that <u>clients receive services in a manner which best suits their own particular needs</u> and depending on how services are provided."*

Of the ten SRA principles, with which compliance by solicitors is mandatory, three specifically mention clients. These require not only solicitors by all members of entities regulated by the SRA to act in the best interests of each client (Principle 4); provide a proper standard of service to clients (Principle 5); and protect client money and assets (Principle 10). Principle 2, that requires solicitors to act with integrity, also interprets that term in the context primarily from the perspective of clients.

"Personal integrity is central to your role as the client's trusted adviser and should characterise all your professional dealings with clients, the court, other lawyers and the public."

Principle 9, which requires that members of entities regulated by the SRA to run their business or carry out their role in the business effectively and in accordance with proper governance and sound financial and risk management principles, is further elaborated as follows:

"Whether you are a manager or an employee, you have a part to play in helping to ensure that your business is well run for the benefit of your clients and, e.g. in meeting the outcomes in Chapter 7 (Management of your business) of the Code."

It is noteworthy that of all classes of stakeholder recognised in Stakeholder Theory, only clients, the public and society in general are explicitly mentioned in the SRA Principles. This is sharply at odds with the literature outlined earlier on Merger Theory, which focused almost entirely on the shareholders in the business and, in literature specifically addressing Stakeholder Theory and mergers, mostly on managers and employees.

Whilst not mentioning mergers specifically, Chapter 3 of the SRA Code addresses the proper management of conflicts of interest, which it recognizes as a 'critical public protection.' Chapter 4 of the code, which likewise does not specifically mention mergers, addresses confidentiality and disclosure including several provisions that become relevant when firms merge and conflicts of interest exist between clients of the legacy firms.

Chapter 7 of the Code, which addresses management of the business, addresses neither mergers directly, nor even strategy. The outcomes required in this chapter and the defined indicative behaviours however focus on ensuring sustaining effective, clear governance and also compliance with all the Principles, rules and other outcomes in the Handbook.

This would clearly apply under all business circumstances, including when a firm is contemplating or executing a merger, or integrating the merged businesses thereafter.

The ABA Model Rules for Professional Conduct form the basis for the rules that apply to the individual State bar associations in the United States of America. Although the Model Rules contain no provisions explicitly addressing law firm mergers, several of the Rules do impute specific obligations with regard to a law firm's relationships with its clients, during a merger.

Rule 1.6 for instance prohibits (with limited exceptions) the disclosure of confidential client information, the comment to the Rule noting that this requirement "*applies not merely to matters communicated in confidence by the client but also to all information relating to the representation, whatever its source*." Clearly, this could apply to information that law firms would want to share with each other about their clients, during the course of developing a merger strategy. One of the exceptions to the Rule is where a client has provided an informed consent to that disclosure.

Rule 1.7 addresses conflict of interests and the lawyer's duty of loyalty to a client. This rule would, for instance, prohibit a law firm from adopting a particular strategy or a negotiating position with the firm with which it intends to merge, irrespective of its merits, if that compromised its fiduciary duty towards an existing client. This Rule, together with Rule 1.9 (conflict of interest with regard to former clients) would also govern the merged firm's continued representation of clients of the legacy firms between which conflicts of interest exist, and the merged firm's relationship with clients with which it needs to end its representation as a result of the merger.

Rule 1.4 (on communications) requires that lawyers keep their clients reasonably informed about their matters including developments that might affect it, so that clients can make informed decisions about the lawyer's continued representation.

In addition, several State bar Associations have issued Ethics Opinions that shed light on the topic of a law firm's obligations towards its clients in the event of a merger. In 1999, a committee of the New York City Bar (New York State Bar 1999) explored whether: *"there is any ethical obligation to obtain the consent of clients to their matters being handled in a new merged firm. That is, regardless of whether the client can look only to the former partners of Firm A to enforce the retainer agreement, or also to the partners of the now-larger Firm B, is there an ethical requirement of obtaining consent from all clients to their matters being handled by the new law firm?"*

The Opinion notes that there is nothing in the Code that directly addresses this question (and it should be noted that seeking the permission of clients for a merger would be a different matter to predicating that merger upon their needs) but it concludes that no such requirement exists. It does however find that clients need to be informed about the merger, if the merger is material to them - which might not always be the case. If a large firm were to merge with a tiny firm, perhaps in an entirely different jurisdiction, then that merger might not be material to all the clients of the firms. The committee concluded that:

> *"while express consent is not required, when a merger would leave a client represented by a firm materially different from the one that had previously represented the client, the client should be notified of that fact as a matter of the lawyer's general duty to advise the client of all material developments in the matters entrusted to the lawyer's case."*

The committee also noted a prohibition on the fees being charged to a client by a firm undergoing a merger being increased by reason of that merger.

A Formal Ethics Opinion issued by the Kentucky Bar Association states that law firms may without client consent exchange basic information (client names, whether the client is a former or current client, adverse parties, and, if necessary, a brief statement of the nature of the representation) so that the firms may identify possible conflicts of interest, but may not exchange information protected by the attorney-client privilege or that might adversely affect a material interest of a client, or even the client identity or the nature of the representation if the lawyer knows or should know that the client might object to that disclosure (Kentucky Bar Association 2017).

Several other State Bar Associations have also issued Opinions that aim to clarify issues related to conflict of interest, client confidentiality and other matters relevant to law firm mergers and it should be noted that the interpretation of the ABA Model Rules varies considerably from State to State.

The use of Swiss Vereins as a construct to effect law firm mergers raises an additional layer of ethical issues during and following mergers (Richmond and Corbin 2014, Robertson 2019). Insofar as these mergers give rise to a looser arrangement between the firms than is the case with full mergers of the businesses, the ABA Formal Opinion 94-388 (American Bar Association, 1994) on relationships between law firms has specific relevance. In particular, this opinion states that:

> *"Lawyers have an obligation not to mislead prospective clients as to what the lawyer is able to bring to bear on the client's matter in terms of the size of the firm, the resources available to the firm or the relationship between the firm and other firms with which it is affiliated. Words like "affiliated," "associated," "correspondent," or "network," without further explanation, can be misleading and, therefore, use of these terms, without a meaningful description of the nature of the relationship, violates Model Rule 7.1."*

This Opinion implies that clients should be comprehensively advised of the arrangements that will exist between the lawyers of the merging firms, within the merged entity, to the extent that those arrangements might impact the representation that they are receiving from those lawyers, as compared to that which they might expect from the merged firm. A number of court rulings in recent years have also highlighted the difficulties that arise following mergers where the merged firm finds itself representing a client against an entity that used to be a client of one of the legacy firms or, in the case of verein, occasionally against an entity that is a client of another firm in the "network" and operating under the same brand, for instance the Matter of Certain Abraded Denim Garments (case number 337-TA-930, at the U.S. International Trade Commission). In this matter the Commission ruled initially that Dentons, in holding itself out to the public as a single international law firm, could not simultaneously invoke juridical separateness of its member firms in order to circumvent a conflict. Upon appeal, the Commission concluded that it could not determine whether members of the Dentons Verein could be treated as a single law firm and vacated the order (Schweibenz and Roa, 2016). Similar issues have been encountered by DLA Piper and Norton Rose Fulbright (Robertson 2019: 77,78).

A noteworthy difference exists between the US and UK positions with regard to a lawyer's duty to her client (Boon 2014: 327). The American model is notably less 'paternalistic' and involves loyalty to a client's wishes more than interests (Luban 1984.) A lawyer following that model might promote a client's autonomy, if that is what the client wishes, even if doing so is not strictly in that client's interests. The English model involves no obligation to promote client autonomy, but to act in the client's best interests. Doing so might require an English lawyer to explore the client's particular circumstances in greater detail than her American counterpart, in order to discover what those best interests are. This principle might translate also into a deeper duty of care being implied as expected with respect to law firms in the United Kingdom, to seeking to ensure that their merger strategy aligns with the collective best interests of its clients, than to law firms in the United States.

The aforementioned Rules and Opinions focus on fiduciary duties of law firms (and the lawyers who practice in them) that are relevant in the case of a merger. None go so far as to explore the topic outside of the confines of the applicable regulations, except in very general terms. In other words, they address what is obligatory, but not necessarily what would constitute best practice. Besides Virtue and Deontological theories of ethics, though, there is another school that remains to be considered, namely Consequentialism.

The Consequentialist Perspective

Consequentialist theories assess moral choices against the outcomes or consequences that result from them (Simnot-Armstrong 2013).

An ethicist of the Consequential School would likely agree with both previous arguments but add to that the need to consider the consequences of law firms predicating their mergers upon client needs, or not. As the name implies, consequentialist theories of ethics focus on the outcomes or consequences of actions (Alexander and Moore 2013).

> "*An act is wrong if its performance under the circumstances would be disallowed by any set of principles for the general regulation of behaviour that no one could reasonably reject as a basis for informed, unforced, general agreement*. (Scanlon 1998, p. 153)."

Paraphrasing Scanlon's statement to fit the context of a law firm merger might yield:

> *"Failing to predicate a law firm merger on client needs is unethical if a set of principles exists that requires law firms to elevate client needs above other considerations in strategic business decisions, that no one could reasonably reject as a basis for informed, unforced, general agreement, and if failing to so predicate the merger might place client interests at risk."*

Especially when viewed together with the Virtue and Deontological perspectives, it would be difficult to argue that such a set of principles does not exist.

While this may bring more clarity to the question, it does not necessarily better illuminate the answer. Scanlon's contribution to normative ethics is important because it builds on whether an act is simply right or wrong, to account for the underlying reasons and reasoning and the grounds upon which these are justifiable or not. Our ethicist of the Consequentialist School would therefore be concerned less with the obligations imposed by Rules and Codes than the thinking that guided the decisions of the leaders of the merging firms. Our ethicist would question not only whether those leaders were predicating their merger on client needs, but also whether they genuinely believed that they were doing so, and adequately.

To what degree are the ethical strictures on lawyers more stringent than those on leaders of other kinds of firms undergoing mergers? Should law firms be held to a higher ethical standard than other kinds of business? Barring the additional obligations contained in the rules and codes governing their practices, which have parallels both in other highly regulated professions and industries, there seems little justification in an affirmative response and not simply on the basis of deontological or consequentialist ethical theories. To answer this adequately, one needs to return to virtue ethics and initiatives under way to redefine the role of lawyers in society as protectors of the Rule of Law (e.g. Wood 2016) and as 'lawyer-statesmen' (e.g. Heineman 2016).

These questions are likely to become more pressing as the '4th Industrial Revolution' unfolds and new generations of legal needs emerge for clients. More compelling arguments might yet emerge that law firms do need to be held to a higher ethical standard in their mergers than conventional for-profit enterprises, if law firms are to retain the positions in society that they have occupied for at least a century, as essential guardians of the 'rule of law' . While beyond the scope of this study, and to a large degree imponderable because of the dependence of trends yet to unfold, this might offer an area for useful future research.

References

Aktas, N. de Bodt, E. and Roll, R. (2009). “Learning, hubris and corporate serial acquisitions”, *Journal of Corporate Finance*, Vol. 15, Issue 5, December 2009, Pages 543-561

Alexander, L. and Moore, M. (2012). “Deontological Ethics”, The Stanford Encyclopaedia of Philosophy, accessed at https://stanford.library.sydney.edu.au/archives/win2013/entries/ethics-deontological/ on 8 July 2019.

Al-Laham, A., Schweizer, L. and Amburgey T.L. (2010). “Dating before marriage? Analyzing the influence of pre-acquisition experience and target familiarity on acquisition success in the "M&A as R&D" type of acquisition”, Scandinavian Journal of Management, 2010, vol. 26, Issue 1, 25-37.

American Bar Association. (2018). “Model Rules of Professional Conduct”, accessed at https://www.americanbar.org/groups/professional_responsibility/publications/model_rules_of_professional_conduct/model_rules_of_professional_conduct_table_of_contents/ on 7 July 2019.

American Bar Association. (1994). “Formal Opinion 94-388: Relationships among law firms”, *American Bar Association Standing Committee on Ethics and Professional Responsibility. December 5, 1994*.

Anning-Drson, T. (2018). “Innovation and competitive advantage creation: The role of organisational leadership in service firms from emerging markets”, International Marketing Review, Vol. 35 No. 4, pp. 580-600.

Ansoff, H.I. and Weston, J.F. (1962). “Merger Objectives and Organization Structure”, Quarterly Review of Economics and Business, Vol. 2, No. 3, 1962, pages 49-58.

Aquila, A.J. and Marcus, B.W. (2004). "Client at the Core: Marketing and Managing Today's Professional Services Firm", *John Wiley & Sons, Inc.*

Aronson, B.E. (2007). "Elite Law Firm Mergers and Reputational Competition: Is Bigger Really Better? An International Comparison", *Vanderbilt Journal of Transnational Law*, Vol. 40:763

Ashurst, C. Freer, A. Ekdahl, J. and Gibbons, C. (2012). "Exploring IT-enabled innovation: A new paradigm?", International Journal of Information Management, Vol. 32, Issue 4, August 2012, Pages 326-336.

Barney, J.T. (1986). "Strategic Factor Markets: Expectations, Luck, and Business Strategy", *Management Science*, Vol. 32 Issue 10, October 1986, Pages 1231-1241.

Barney, J.T. (1991) "Firm Resources and Sustained Competitive Advantage", *Journal of Management*, 17(1): 99-120.

Barney, J.T. (2018). "Why resource-based theory's model of profit appropriation must incorporate a stakeholder perspective", *Strategic Management Journal*, Vol. 39, Issue 13 December 2018, Pages 3305-3325.

Barton, B.H. (2015). "Glass Half Full: The Decline and Rebirth of the Legal Profession", *Oxford University Press*.

Beaton, G. and Kaschner, I. (2016). "Remaking Law Firms: Why & How", *American Bar Association*, Chicago.

Beusch, P. (2007). "Contradicting management control ideologies - A study of integration processes following cross-border acquisitions of large multinationals", *Department of Business Administration. Gothenburg, School of Economics and Commercial Law, Göteborg University.*

Billett, M.T. and Qian, Y. (2008). “Are Overconfident CEOs Born or Made? Evidence of self-attribution bias from frequent acquirers”, *Management Science, Vol*. 54.6 (Jun 2008): p1037+

Birkinshaw, J., Bresman, H. and Håkanson, L. (2000). “Managing the Post-Acquisition Integration Process: How the Human Integration and Task Integration Processes Interact to Foster Value Creation”, *Journal of Management Studies* 37:3 May 2000.

Boon, A. (2014). “The Ethics and Conduct of Lawyers in England and Wales”, 3rd Edition, *Hart Publishing*, Oxford.

Bower, J.L. (2001). “Not All M&As are Alike – And That Matters”, *Harvard Business Review*, 79/2: 93-101.

Carper, W.B. (1990). “Corporate Acquisitions and Shareholder Wealth: A Review and Exploratory Analysis”, *Journal of Management* 1990, Vol. 16, No. 4, 807-823.

Certain Laser Abraded Denim Garments, Inv. No. 337-TA-930, USITC Pub. 43 (May 7, 2015)

Cohen, J.H. (1916). “The law: Business or Profession?”, *The Banks Law Publishing Company*, New York (Republished in facsimile form by Forgotten Books in 2012).

Cohen, M.A. (2018). “Legal tech and Big Law: The legal industry in transition – how did we get here and how has technology changed the marketplace?”, in Hartung, M., Bues, M. and Halbleib, G. “Legal Tech: A practitioner’s guide”, *Hart Publishing*, Oxford.

Dao, M.A., Srobl, A., Baurer F. and Tarba S.Y. (2017). “Triggering Innovation Through Mergers and Acquisitions: The Role of Shared Mental Models”, *Group & Organization Management* 2017, Vol. 42(2) 195–236.

Degbey, W.Y. (2012). “Customer Retention in a Cross-Border Acquisition: A Single Case Study of a Knowledge-Intensive Firm”, *Turku School of Economics*, University of Turku, Finland.

Deutsch, E.P. (1971). “The Trial of Queen Caroline”, *American Bar Association Journal* Vol. 57, No. 12 (Dec. 1971), pp. 1201-1208

Dinovitzer, R., Gunz, H. and Gunz, S. (2015). “Professional Ethics: Origins, Applications and Developments”, in The Oxford Handbook of Professional Service Firms, *Oxford University Press*.

Edberg, J. (2016). “Do law firm mergers benefit clients?”, LexisNexis Future of Law blog, accessed at https://www.lexisnexis.co.uk/blog/future-of-law/do-law-firm-mergers-benefit-clients on 7 July 2019.

Empson, L. (2017). “Leading Professionals: Power, Politics, and Prima Donnas”, *Oxford University Press*.

Ferreira, M.P., Santos, J.C., de Almeida M.I.R. and Reis, N.R. (2014). “Mergers & acquisitions research: A bibliometric study of top strategy and international business journals, 1980–2010”, *Journal of Business Research.* Vol. 67 Issue 12, December 2014, Pages 2550-2558

Freeman, R. (1984). “Strategic Management: A Stakeholder Approach”, *Ballinger*, Boston.

Freedman, M.H. (2006). “Henry Lord Brougham, Written by Himself”, *Georgetown Journal of Legal Ethics*, 2006. Hofstra Univ. Legal Studies Research Paper No. 06-1

Friedman, L.M. (2005). “*A History of American Law*”, (3rd ed), Simon & Schuster, New York.

Friedman, Y., Carmeli, A., Tishler, A. and Shimizu, K. (2015). “Untangling micro-behavioral sources of failure in mergers and acquisitions: a theoretical integration and extension”, *The International Journal of Human Resource Management*, Vol. 27, Issue 20, Pages 2339-2369.

Gadiesh, O., Ormiston, C., Rovit, S. and Critchlow, J. (2001). “The ‘why’ and ‘how’ of merger success”, *European Business Journal* 2001, pages 187–193.

Hadfield, G.K. (2017). “Rules for a Flat World”, *Oxford University Press*.

Haleblian, J., Devers, C.E., McNamara, G., Carpenter, M.A. and Davison, R.B. (2009). “Taking Stock of What We Know About Mergers and Acquisitions: A Review and Research Agenda”, *Journal of Management*, Vol. 35 No. 3, June 2009 469-502.

Hamel, G. and Prahalad, C.K. (1989) “Strategic Intent”, Harvard Business Review

Harding, D. and Rovit, S. (2004). “Mastering the Merger: Four Decisions That Make or Break the Deal”, *Harvard Business School Press*.

Haspeslagh, P.C. and Jemison, D.B. (1991) “Managing Acquisitions: Creating Value Through Corporate Renewal”, Simon & Schuster.

Heineman, B.W.Jr. (2016). “The Inside Counsel Revolution: Resolving the Partner-Guardian Tension”, *American Bar Association*, Chicago.

Kato J. and Schoenberg R. (2014). “The impact of post-merger integration on the customer–supplier relationship”, *Industrial Marketing Management*, Vol. 43, Issue 2, February 2014, Pages 335-345.

Kentucky State Bar Association. (2017). “Formal Ethics Opinion Kentucky Bar Association Ethics Opinion KBA E-443 Issued: November 17, 2017”, accessed at https://cdn.ymaws.com/www.kybar.org/resource/resmgr/ethics_opinions_(part_2)_/KBA_E-443.pdf on 9 July 2019.

Kohers, N. and Kohers, T. (2001). "Takeovers of technology firms: Expectations vs. reality", *Financial Management* 30(3): 35-54.

Kroeger, F. Vizjak, A. and Moriarty, M. (2008). “Beating the Global Consolidation Endgame: Nine Strategies for Winning in Niches”, *McGraw Hill*, New York.

LaFollette, H. (Ed). (2003). “The Oxford Handbook of Practical Ethics”, *Oxford University Press*.

Larsson, R. and Finkelstein, S. (1999). “Integrating strategic, organizational, and human resource perspectives on mergers and acquisitions: a case survey of synergy realization”, *Organization Science*. 10.1 (January-February 1999).

Lee, G.K. and Lieberman, M.B. (2010). “Acquisition vs. Internal Development as Modes of Market Entry”, *Strategic Management Journal*, 31: 140–158 (2010).

Løwendahl, B.R. (1997). “Strategic Management of Professional Service Firms”, *Handelshøjskolens Forlag*, Copenhagen.

Luban, D. (1984). “The Sources of Legal Ethics”, 48 *Rabels Zeitschrift* 262.

Lusch, R.F., Brown, J.R. and O.Brien, M. (2011). “Protecting relational assets: a pre and post field study of a horizontal business combination”, *Journal of the Academy of Marketing Science*. Apr 2011, Vol. 39 Issue 2, p175-197.

Maister, D.H., Green, C.H. and Galford, R.M., 2000. “The Trusted Advisor”, *The Free Press*, New York.

Mayson, S. (2007). “Law Firm Strategy: Competitive advantage and valuation”, *Oxford University Press*.

McCarthy, K.J., Weitzel, U. (2013) “Merger Motives”, In: Understanding Mergers and Acquisitions in the 21st Century. *Palgrave Macmillan*, London

Mescher, B.R. (2008). “The Business of Commercial Legal Advice and the Ethical Implications for Lawyers and Their Clients”, *Journal of Business Ethics*, Vol. 81, No. 4 (Sep. 2008), pp. 913-926.

Millard, R.F. (2019). “The Global Law Firms in South Africa and the World, Ten Years Ago and Now”, *Without Prejudice*, Gleason Publications Johannesburg, April 2019 edition.

Napier, N.K. (1989). “Mergers and Acquisitions, Human Resource Issues and Outcomes: A Review and Suggested Typology”, *Journal of Management Studies*, Vol. 26, Issue 3 May 1989, Pages 271-290

New York State Bar. (2019). “Committee Report: Formal Opinion 1999-04: Law Firm Mergers, April 01, 1999”, accessed at https://www.nycbar.org/member-and-career-services/committees/reports-listing/reports/detail/formal-opinion-1999-04-law-firm-mergers on 6 July 2019.

Nicholson D. and Webb, J. (1999). “Professional Legal Ethics: Critical Interrogations”, *Oxford University Press*.

Porter, M.E. (1980). “Competitive Strategy”, *The Free Press*, New York.

Porter, M.E. (1987). “From Competitive Advantage to Corporate Strategy”, *Harvard Business Review*, May 1987.

Richmond D.R. and Corbin M.K. (2014). “Professional responsibility and liability aspects of vereins, the Swiss Army Knife of global law firm combinations”, *St John’s Law Review.* Vol. 88.917. pp 917-984.

Robertson C.B., 2019. “Conflicts of Interest and Law-Firm Structure”, *Case Western Reserve University School of Law. Faculty Publications*. 2031.

Rothman, R. (2017). “How to Become a Trusted Advisor – Richard Rothman*”, Lexis Practice Advisor Journal* 02 September 2017, accessed at https://www.lexisnexis.com/lexis-practice-advisor/the-journal/b/lpa/posts/how-to-become-a-trusted-advisor-richard-rothman on 7 July 2019.

Scanlon, T. (1998). “What we Owe To Each Other”, *Belknap Press*, Harvard University.

Schwab, K. (2017). “The Fourth Industrial Revolution”, *Crown Publishing Group, Division of Random House Inc*

Schweibenz E. and Rao S. (2016). "ITC Issues Public Version of Opinion Regarding Law Firm Disqualification In Certain Laser Abraded Denim Garments (337-TA-930)", *International Trade Commission Law Blog* accessed at http://www.itcblog.com/7491-itc-issues-public-version-of-opinion-regarding-law-firm-disqualification-in-certain-laser-abraded-denim-garments-337-ta-930 on 6 July 2019.

Seth, A. and Song, K.P. and Pettit, R. (2000). "Synergy, Managerialism or Hubris? An Empirical Examination of Motives for Foreign Acquisitions of U.S. Firms", Journal of International Business Studies 31(3):387-405.

Shi, W., Sun, J. and Prescott, J.E. (2012). "A Temporal Perspective of Merger and Acquisition and Strategic Alliance Initiatives: Review and Future Direction", *Journal of Management*, Vol. 38 No. 1, January 2012 164-209.

Silver, C., Phelan, N.de B. and Rabinowitz, M. (2009). "Between Diffusion and Distinctiveness in Globalization: U.S. Law Firms Go Glocal", *The Georgetown Journal of Legal Ethics*, Vol. 22:1431.

Simnott-Armstrong W. (2013). "Consequentialism," in *The Stanford Encyclopaedia of Philosophy.* Ed. E.N. Zalta. Accessed at https://plato.stanford.edu/entries/consequentialism/ on 6 July 2019.

Solicitors Regulatory Authority, 2018. "The SRA Handbook", accessed at https://www.sra.org.uk/handbook/ on 7 July 2019.

Smith, M. (2017). "Amplifying the voice of the client in law firms", *LexisNexis*, London.

Susskind, R. and Susskind, D. (2015). "The Future of the Professions: How technology will transform the work of human experts", *Oxford University Press*.

Tanriverdi, H. and Uysal, V.B. (2011). "Cross-Business Information Technology Integration and Acquirer Value Creation in Corporate Mergers and Acquisitions", *Information Systems Research*, vol. 22, no. 4, 2011.

Trautwein, F. (1990). "Merger motives and merger prescriptions", Strategic Management Journal, Vol. 11, Issue 4, May/June 1990, Pages 283-295.

Ulijin, J.M., Duysters, G. and Meijer, E. (2010). "Culture, strategic alliances, mergers and acquisitions: an introduction", in Strategic alliances, mergers and acquisitions: the influence of culture on successful cooperation, *Edward Elgar Publishing*.

Umbeck, T. and Bron, A. (2017). "Change Management in Merger Integration", *Bain & Company*.

Wernefelt, B. (1984). "A Resource-Based View of the Firm", *Strategic Management Journal*, Vol. 5, No. 2. (Apr. - Jun., 1984), pp. 171-180.

Wilkins, D.B. and Esteban, M.J. (2018). "The Integration of Law into Global Business Solutions: The Rise, Transformation, and Potential Future of the Big Four Accountancy Networks in the Global Legal Services Market", *Law & Social Inquiry*, Vol. 43, Issue 3, 981–1026, Summer 2018.

Wood, P.R. (2016). "The Fall of the Priests and the Rise of the Lawyers", *Hart Publishing*, Oxford.

Wu, I-L. and Chu, M-L. (2015). "Organizational applications of IT innovation and firm's competitive performance: A resource-based view and the innovation diffusion approach", Journal of Engineering and Technology Management, Vol. 35 (2015) 25–44.