Common Threats and Managing Reputation in Executive Search Firms

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This paper provides important insights into how executive search firms can successfully manage their reputations to overcome major threats to their organizations. The paper focuses on three threats faced by executive search firms: the global financial crisis; questions around the sector's professional status; and the proliferation of social media for recruitment. Our data show that there was not a single coherent response from firms, but a piecemeal approach that focused on three forms of reputation management. First, diversifying service offerings; second, highlighting their symbolic capital; and third, connecting their firms to clients and candidates through partners. Building on our data and the theoretical literature, we provide a framework for understanding how professional service firms can manage their reputations in response to common threats, based on three categories from the English idiom 'keep up with the Joneses'. First, moving away from the Joneses; second, fencing out the Joneses; third, networking more than the Joneses. We provide theoretical and practical insights around how organizations can manage their reputations in response to threats which are common across sectors.

Introduction

In July 2017, the *Financial Times* (2017) reported that HSBC plc instructed Russell Reynolds, one of the top three leading global executive search firms, to find a new Chief Executive Officer (CEO). Whilst this was an unprecedented strategy for HSBC to fill a senior role from outside its leadership pool, the bank was finally engaging with the industry norm of using one of the most highly reputable executive search firms to compete in the global 'war for talent'. Since the 1990s, FSTE500 and S&P500 corporations, to public sector, education and not-for-profit organizations have hired executive search firms to recruit leaders and functional specialists, rather than promoting talent from within (Faulconbridge *et al.*, 2009). The leading global executive search firms have worked tirelessly to position themselves as highly professional organizations to fulfil the recruitment demands of clients worldwide. The success of executive search as a profession has been founded on its aptitude to enhance and successfully manage its reputation as an elite labour market intermediary, particularly during times of economic change. The sector has had to nurture its reputation as a new professional project offering a suite of search, advisory and consultancy functions underpinned by self-regulated professional standards outside of normal legal closure (Muzio *et al.*, 2011).

Executive search firms live and die by their reputation and ability to manage change (Beaverstock, Faulconbridge and Hall, 2015; Finlay and Coverdill, 2002; Hamori, 2010). While we are witnessing an era of declining public trust in firms (World Economic Forum, 2010), like many agents in a market, executive search firms rely on their professional reputation, buyer–seller trust relations and market intelligence to secure new business in a highly competitive environment (Byrne, 1986; Finlay and Coverdill, 2002; Garrison-Jenn, 2005). There is an extensive

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A free video abstract to accompany this article can be found online at: https://www.youtube.com/watch?v=IziwDorbeGU

literature on reputation threats and crises (Elsbach and Kramer, 1996; Gioia, Schultz and Corley, 2000; Ravasi and Schultz, 2006; Rhee and Valdez, 2009) as well as important literature on the consequences of reputation damage (Fombrun, 2012; Graffin *et al.*, 2013; Rindova *et al.*, 2005). Research has also focused on how organizations respond to reputation challenges through impression management such as advertising and rebranding (Carter and Dukerich, 1998), which are considered 'superficial'; more 'substantial' responses (Rhee and Kim, 2012) that might involve centralizing control or selling assets are rarer. At the same time and following calls from Rhee and Kim (2012), there has been little exploration into more substantial responses, which are neither an organizational crisis nor a superficial event, such that they cannot be simply ignored (Harvey, Morris and Müller Santos, 2017). This is an important context to explore because many organizations confront significant political, economic and social shocks, which require careful reputation management. We suggest that the coupling of a common threat and a reputation management response is a significant context requiring further exploration. We also argue that exploring this form of reputation management has valuable implications for our understanding of how organizations are perceived in relation to their competitors over time.

This paper explores how leaders of executive search firms manage reputation in response to multiple common threats. Building on the concept of the 'tragedy of the commons' and King, Lenox and Barnett's (2002) notion of organizations in a sector sharing a 'reputation commons', we refer to 'common threats' as those which are not exclusively reputation threats nor particular to a single individual or organization, but are either common to a sector (e.g. a tarnished sector's status) or multiple sectors (e.g. the global financial crisis (GFC)). This empirical context is not a standalone example, as is demonstrated by the uncertainties for organizations around the UK's future relationship with the European Union.

The empirical context of this study is retained executive search firms (hereafter referred to as executive search firms), which involve clients paying a non-refundable retainer fee to these firms for high-end searches of executives, irrespective of the success of the search (Garrison-Jenn, 2005). We analyse how they have responded to common

threats in Sydney, Australia through the GFC. The executive search firms have historically faced few common threats because of the powerful networks of their partners and consultants who matched the demands of clients with the supply of candidates in elite labour markets in a confidential, professional and discrete manner (Britten, Doherty and Ball, 1997; Byrne, 1986; Garrison-Jenn, 2005; Jones, 1989). The Australian economy has also experienced several decades of growth because of the resource-rich economy, which has meant high demand for executive search firms owing to high demand for talent in the labour market. However, along with the GFC, other issues have emerged such as the trustworthiness of the sector and alternative forms of recruitment through technology.

Our focus is on executive search firms during the GFC, which is an important empirical context because clients find quality difficult to evaluate. Yet, in this sector as well as within professional service firms (PSFs) more broadly, it is not well understood how these organizations manage their reputation in response to common threats to their sector and to other organizations within the wider economy (Glückler and Armbrüster, 2003; Greenwood *et al.*, 2005; Harvey and Mitchell, 2015; Sturdy, 2011). Based on in-depth face-to-face interviews in 2009 and 2013 with managing partners and partners of executive search firms in Sydney, Australia, we explore these different threats and how executive search firms have sought to enhance and manage their reputations through focusing on three specific forms of reputation: functional, symbolic and individual. Our study provides rich insights, which have important theoretical and practical implications more broadly for PSFs seeking to manage their reputations in response to common threats.

Managing reputation

Reputation is the aggregated evaluations of different organizations compared to their competitors, based on the perceptions of various stakeholders. Reputation is considered particularly important across multiple types of PSFs, because service quality is hard to judge ex ante and ex post (Pollock *et al.*, 2015; Sturdy, 2011). Given high levels of information asymmetry (Greenwood *et al.*, 2005), reputation represents an important social signal for reducing client uncertainty

and enhancing client retention (Caminiti, 1992; Fombrun, 1996; Selnes, 1993; Walsh *et al.*, 2009).

In the context of executive search, which is one type of PSF, the rapid growth of the sector in the latter part of the twentieth century has been dominated by so-called 'iconic individuals', senior or managing partners employed in the 'big six' wholly owned firms[1] (Hall *et al.*, 2009), who have been 'splintering ... [these] ... firms' (Jones, 1989, p. 9) through establishing new start-up companies in the USA, Europe and Asia (Britten, Doherty and Ball, 1997). These iconic individuals relied on their personal reputations and 'rolodex' of personal contacts, both clients and candidates, to quickly solidify their reputation, which was cemented during their last employment (Beaverstock, Faulconbridge and Hall, 2015; Hall *et al.*, 2009). This literature has important parallels with the work on celebrity CEOs (Hayward, Rindova and Pollock, 2004; Wade *et al.*, 2006) when leaders receive heightened attention from a broad group of stakeholders. While there has been some research on the contagion effect between individual (micro-level) and firm (meso-level) reputation, as Barnett and Hoffman (2008) observe, there is less understanding around the interdependence between firm and sector (macro-level) reputation, which we explore in greater depth below.

There has been a scarcity of research around how organizations manage their reputation in uncertain contexts such as a GFC, even though scholars have argued that reputation can be 'sticky' and hard to change (Ang and Wight, 2009; Greenwood *et al.*, 2005; Schultz, Mouritsen and Gabrielsen, 2001). On the one hand, the literature shows the fragility of reputation destruction (Hall, 1992) and the time it takes to build up, given the complexity of the stakeholders involved (Helm, 2007), their geographic dispersity (Harvey *et al.*, 2017) and the time it takes to have an impact on perceptions and organizational outcomes such as performance (Fombrun and Shanley, 1990; Roberts and Dowling, 2002). On the other hand, any change that an organization initiates requires going beyond the organization's boundaries and therefore its direct control. Key stakeholders such as clients may not accept new claims uncritically (Harvey, Morris and Müller Santos, 2017). For instance, Davies and Chun (2002) show empirically how

internal and external perceptions of organizations can vary because reputation involves the accumulation of different interactions, experiences and communication signals, which make it difficult to change. Indeed, this represents a common challenge across multiple types of PSFs, because assessing the quality of individuals and organizations is notoriously difficult and reputation provides reassurance to third parties by signalling a collective analysis of quality (Boivie, Graffin and Gentry, 2016). In extreme circumstances, poor management of reputation can have implications for the survival of PSFs (Greenwood *et al.*, 2005).

Despite the problems and risks associated with reputation change, PSFs are under great pressure from their leaders and clients to demonstrate innovation in the services they offer (Anand, Gardner and Morris, 2007). In some cases, demonstrating thought leadership has been used as a strategy to legitimize new service offerings and thus reduce the gap between a PSF's identity and reputation (Harvey, Morris and Müller Santos, 2017). Nevertheless, managing reputation through change creates a potential tension between consolidating existing areas of expertise and creating new practice areas which stray away from historical areas of reputational strength. Given the ferocious competition between PSFs, including executive search firms, it is likely that such organizations face greater risk when seeking to change their reputations as change is difficult in saturated markets where there is less room to negotiate manoeuvre (Delgado-García, Quevedo-Puente and Díez-Esteban, 2013). David (2001) found that specialization can reduce the risk of failure in certain PSFs such as management consulting firms, whereas Greenwood, Suddaby and Hinings (2002) found that within another type of PSF, accounting firms, they need to offer clients new forms of services, particularly when the margins of existing services deplete. In both cases, PSFs need to carefully manage how they are perceived by clients, otherwise their reputations will be challenged.

The effective management of reputation in executive search firms is a fundamental competency that firms must achieve if they wish to succeed in the market (Beaverstock, Faulconbridge and Hall, 2015; Finlay and Coverdill, 2002; Garrison-Jenn, 2005; Jones, 1989). These firms must be able to show clients a track record of successful placements to signal to them that their professionals (partners and search consultants) have the specific

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[1]Boyden International, Egon Zehnder, Heidrick & Struggles, Korn Ferry, Russell Reynolds, Spencer Stuart.

knowledge of the market, such as functional expertise (e.g. financial services, energy, government, etc.), placement experience at senior levels (e.g. at CEO, CFO, COO, etc.) or 'old boys network' (Hall *et al.*, 2009) to seek out the exact match for any client search project. In short, reputation lies at the heart of successful executive search firms with specific partners and search consultants needing to undertake searches in the utmost confidence to protect the reputations of both candidates (the elite labour under search) and clients (the paymasters).

Managing reputation in response to common threats

Often, organizations are required and expected to change their reputations in response to reputation crises. Wartick (1992) argues that the salience and recentness of media exposure to organizations influences perceptions of their reputations. There is an established literature on how organizations may repair their reputation following damage at a macro-level (Dukerich and Carter, 2000; Rhee and Kim, 2012; Rhee and Valdez, 2009). Rhee and Kim (2012) suggest that there are three important processes of reputation repair: problem recognition, search for solutions and implementation of solutions. They suggest that one challenge is too much focus around superficial rather than substantive problem solving. There is also an extensive literature on impression management solutions to reputation damage, which include restructuring and defensive rebuttals (Carroll, 2009; Fombrun, 1996). Other scholars, such as Marcus and Goodman (1991), argue that the response from organizations should depend on the causal attributions, with strong attributions such as corporate scandals requiring adaptive responses and weak attributions such as accidents requiring defensive responses. While this literature is important for understanding the management of reputation repair, it is focused on threats specific to an organization, when often threats may be common across multiple organizations within and beyond particular industries.

The reputation commons literature argues that it is not only individual but multiple organizations who face threats. Barnett and King (2008) argue that many organizations can face reputation threats from the actions or attention of a single organization. Barnett and Hoffman (2008) question how organizations manage such threats, which are common across many industries. They argue that an organization's reputation depends not only on its own actions but also on the actions of competitor organizations, which they refer to as interdependence. Despite its significance, this has been scantly addressed in the reputation literature:

> But reputation researchers have given little heed to the comparative context. Firms can look better, and often worse, by comparison with other firms, not just by comparison with their own histories. As the opening quotes point out, one firm's poor behavior can taint the reputation of all firms in an industry. On the other hand, one firm's exemplary behavior can ratchet up expectations, leading to a decline in the reputation of firms that do not keep pace. (Barnett and Hoffman, 2008, p. 2)

As the authors argue, often stakeholders have little information on organizations and therefore use a firm's reputation as a basis for how they perceive the organization and intend to interact with it.

While Barnett and Hoffman (2008) rightly highlight that there are reputation commons threats across organizations, we suggest that the threats may not be exclusively reputation threats or particular to a single individual or organization, but common to a sector or multiple sectors, which we refer to as 'common threats'. There are several means of managing organizational threats which affect organizations as well as sectors, according to Barnett and Hoffman (2008). One approach is 'teaming up with the Joneses'[2] when organizations cooperate with each other in their response, although this assumes that organizations are able and willing to collaborate. Another approach is what the authors term 'keeping up with the Joneses' when the actions of organizations are perceived to be behind those of their competitors. Finally, the authors suggest 'fencing out the Joneses' when organizations want to communicate to key stakeholders that their standards are distinct and higher than those of their competitors. The authors recognize that there is much more fine-grained research needed 'to identify the "breadth of the brush" in terms of determining how much an accident at one firm will lead to a "tarring by the same brush" of other firms within the same industry' (Barnett and Hoffman, 2008, p. 8). As discussed above, we suggest that threats which cut

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[2]'Keep up with the Joneses' is an English idiom referring to comparison with peers in relation to social class.

Table 1. Leading executive search firms in Australia, 2009–2013

Firm	Opened	Network	Australian offices	No. of Australian consultants	
				2009	2013
Asia Pacific Management	1990	Taplow Group	North Balwyn	3	N.A.
Alexander Hughes	N.A.	Alexander Hughes	Sydney	N.A.	1
Boyden International	1966	Integrated	Sydney, Melbourne	6	3
Cordiner King[1]	1985	Amrop Hever	Sydney, Melbourne	7	5
Cornerstone Sydney	1989	Cornerstone Int.	Chatsworth (NSW)	1	1
Crown & Marks	2001	Signium International	Sydney, Melbourne, Perth*	7	5
De Jager & Ass	1990	IIC Group	Sydney, Melbourne	5	N.A.
Douglas Walker International	1980	World Search Group	Melbourne	2	N.A.
Egon Zehnder Int. PTY LTD	1973	Integrated	Sydney, Melbourne, Perth*	10	10
EMA Partners Australia/Slade	1988	EMA Partners Int.	Melbourne, Sydney	21	N.A.
Geddes Parker & Partners	1989	IESF	Sydney	6	N.A.
Harvey Nash	N.A.	Integrated	Sydney	N.A.	3
Heidrick & Struggles	1989	Integrated	Sydney, Melbourne	22	15
Horton International	1992	Horton International	Melbourne	2	8
Jo Fisher	N.A.	IMD International	Melbourne, Sydney	N.A.	9
Korn/Ferry	1979	Integrated	Sydney, Melbourne	3	N.A.
Mode HR PTY LTD	2005	INAC Worldwide	Sydney	1	N.A.
Odgers Berndtson	1976	Integrated	Sydney, Canberra*	7	7
Russell Reynolds	1984	Integrated	Sydney, Melbourne	9	5
Search International	N.A.	IESF Group	Sydney	N.A.	N.A.
Spencer Stuart	1970	Integrated	Melbourne, Sydney	7	5
Stanton Chase	1986	Stanton Chase	Sydney	5	5
Strategic Executive Search	1986	Alexander Hughes	Sydney	1	N.A.
Walford Partnership	1993[2]	World Search Group	Sydney	3	N.A.
Watermark Search	N.A.	Transearch	Sydney	1	N.A.

[1]Included in the 2013 survey, renamed as Amrop Cordiner King (Amrop Group).
[2]Approximate date of establishment.
*New office opened since 2009.
N.A. Information not available.
Source: Firm websites; *The Executive Grapevine* (2009, 2013).

across organizations often do not stem from an 'accident at one firm' but could be the result of the actions of multiple organizations or the result of a macroeconomic phenomenon such as a recession. We explore, empirically, whether and how these 'common responses' to common threats are deployed in the context of executive search firms.

In summary, it is not well understood how executive search firms manage their reputations when facing common threats. This is an important oversight given that we know that reputation management is vital for organizational survival and success, particularly in executive search (and PSFs in general) given the esoteric, elusive, customized and co-produced nature of the sector during times of economic and institutional challenge. This leads us to ask the following research question:

How do firms manage their reputation in response to common threats?

Methodology

The aim of this study was to collect data related to the common threats and management of reputation change among executive search firms in Sydney. The unique characteristic of retained executive search firms, which is the focus of this research, is that a retainer fee is paid (often 25–33% of the final remuneration package) for high-end searches involving senior executives, irrespective of the success of the search, which highlights the importance of reputation for clients.

Australia's executive search sector has been established since the late 1960s (Table 1). We were particularly interested in studying this sector for two main reasons. First, at a theoretical level, there remains a dearth of knowledge and understanding of the strategic and reputational management of a professional service that does not have bounded,

legal closure (like accounting and law). Executive search has had to legitimize itself as a new professionalization project (Beaverstock, Faulconbridge and Hall, 2015; Muzio, Brock and Suddaby, 2013). As a knowledge-intensive organization with no legal closure, executive search has had to derive a demand and cultivate a reputation for its services in a new market, Australia, which has involved new forms of institutional work (Lawrence and Suddaby, 2006; Lawrence, Suddaby and Leca, 2011). Our main theoretical reason for investigating this sector, therefore, is that it provides a unique study of a new professional project, executive search, which enhances our understanding of the role of managing reputation in new forms of institutional work, particularly in a sector where reputation produces the aura of being 'professional' and 'professionalized'. Second, at an empirical level, executive search has become the normalized intermediary for driving the mobility of talent. Executive search firms are now commonly used by clients across multiple sectors to recruit executives and functional specialists, including boards of directors, but they are not well understood in the context of reputation management. We chose Australia because, while there has been an established literature on key mature markets in North America and Europe (Byrne, 1986; Garrison-Jenn, 2005; Jones, 1989), there is a dearth of work on executive search in mature markets in the Asia Pacific, which are significant in size, growth and reputational clout, yet poorly understood (Beaverstock, Faulconbridge and Hall, 2015).

We undertook face-to-face interviews in 2009 and 2013 with the managing or senior partners of executive search firms located in Sydney's downtown central business district (CBD). We were keen to capture perceptions through two waves of interviews to avoid only capturing a snapshot of events through one round of interviews. Contacts were identified from websites and an analysis of *The Executive Grapevine*'s (2009, 2012) entries in 2008/9 and 2012/13, where named managing partners and consultants were listed. We interviewed 9 interviewees in 2009 and 18 interviewees in 2013, one of whom included the head of a major organization who represented the executive search sector, with five re-interviews from 2009. Overall, we interviewed 22 senior members of the executive search sector in elite, mid-tier and boutique firms in Sydney (see Table 1),

Table 2. List of interviewees

Number	Position	Gender
2009		
1	Partner	Male
2	Partner	Male
3	Partner	Male
4	Managing Partner	Male
5	Managing Partner	Male
6	Managing Partner	Male
7	Partner	Male
8	Partner	Male
9	Director	Female
2013		
10	Senior Manager	Female
11	Partner	Male
12	Managing Partner	Female
13	Managing Partner	Male
14	Managing Partner	Male
15	Partner	Male
16	Managing Partner	Male
17	Managing Partner	Male
18	Managing Partner	Male
19	Managing Partner	Male
20	Managing Partner	Male
21	Managing Partner	Male
22	Director	Female

generating over 30 hours of primary data (see Table 2).

Deliberately undertaking interviews at these two different points in the market in the durée of a truly major global financial crisis of unprecedented magnitude presented a unique and rich opportunity to gain new insights around how organizations manage their reputation in response to a common threat. The 2009 interviews coincided with the trough of the GFC in Europe and North America, which for the organizations interviewed in Sydney was an extremely challenging market for promoting their reputation and capturing new or repeat business from clients. During 2009 and beforehand, from the outset of the GFC, firms were experiencing low levels of client projects being commissioned, including internal referrals from other firm offices outside of Australia, and local candidates were very risk adverse to change employers. The execution of a second round of interviews in 2013, approximately 4 years after the first round, focused on firms during a period of ascendency in the market for executive search. Firms could reflect on how they managed their reputation and diversified through the crisis, during the relative shift from a period of flat-lining to growth in the market, post-2011/12. Thus, the first round of interviews in

2009 focused on the reactive perceptions of interviewees of the common threats and how they were *operationally* managing in response to a major economic shock. In this light, the main thrust of the interview questions centred on how the firms were responding to the severe threat of the global economic crisis. For example, we asked 'how are you exploring the viability of existing and new markets, how are you attracting new and retaining existing clients, how are you preserving the legitimacy of executive search and what are the current organization and reputation challenges of mustering and coordinating executive search briefs for clients?' The second round of interviews in 2013 was more retrospective and focused on the effectiveness of the previous 'reactive *operational* responses' and 'proactive *strategies*' for managing the reputations of firms in the relative ascending post-GFC market. For example, some of the questions we asked were: 'how would you describe the reputation of the executive search sector and the reputation of your firm since 2009, how has the GFC affected the way you present your business to clients over the past few years, how have you restructured your business to influence client perceptions and to distinguish yourselves from your competitors, and how have you changed the way you present to and network with your clients?' As has been outlined in the literature on interviewing elites, we deliberately asked open and semi-structured questions rather than closed and structured questions because leaders tend to provide richer responses in a conversational style rather than through answering a narrow list of interview questions (Aberbach and Rockman, 2002).

As noted above, the timing of interviews took place during and after the height of the GFC, which represented a major common threat to all executive search firms as there was a significant fall in their clients making new appointments and candidates looking to move jobs. Our themes emerged via induction, with a preliminary structure which was identified from the reputation literature (Clarke and Holt, 2010; Langley, 1999). To supplement the interviews and provide greater contextualization, we drew on secondary sources (see Tables 1, 3 and 4) (Beaverstock, Faulconbridge and Hall, 2015; Byrne, 1986; Garrison-Jenn, 2005) and analysed data from *The Executive Grapevine* (2007, 2009, 2013) and the *Association of Executive Search Consultants* (AESC). The data in the tables include many of

Table 3. Executive search services offered by the leading executive search firms in Sydney pre-GFC

Korn Ferry	Spencer Stuart	Heidrick & Struggles	Egon Zehnder	Boyden International	Russell Reynolds
Board and CEO services	Executive search & recruitment	Executive search	Executive search	Executive search & HR	Executive search
Diversity	Board services	M&A effectiveness	Management appraisal	Management assessment	CEO/Board services
HR	M&A consulting	Coaching	Talent management	Compensation planning	Executive assessment
IT	Succession planning	Succession planning	Board consulting	Interim management	
Executive search	Leadership assessment	Executive assessment			
Talent management					

Source: The Executive Grapevine (2007).

Table 4. Executive search, talent management and leadership services offered by the leading executive search firms in Sydney, post-GFC

Korn Ferry	Spencer Stuart	Heidrick & Struggles	Egon Zehnder	Boyden International	Russell Reynolds
Talent strategy	Executive search & recruitment	Executive search	Executive search	Executive search & HR	Executive search
Board & CEO services	Board services	Executive leadership	Board consulting	Board services	CEO/Board advisory
Succession management	Advisory	Board effectiveness	Leadership strategy	Director search	Succession planning
Leadership development	Assessment	CEO succession planning	CEO succession	Assessment	Digital transformation
Workforce performance, inclusion & diversity	Director recruitment	Culture shaping	Family business advisory	CEO succession	Leadership & succession
Board recruitment	Executive assessment	Leadership assessment and development	Diversity & inclusion	Consulting	Cultural assessment
Executive recruitment	Intelligence	Talent strategy	Accelerated integration	Finance	Multicultural integration
Professional recruitment	CEO succession planning	Team alignment		CFO placement	Cultural fit
Outsourcing	Leadership advisory				Organizational culture
Onboarding					
Employer brand & talent communication					

Source: https://www.kornferry.com/; https://www.spencerstuart.com/what-we-do; https://www.heidrick.com/What-We-Do; https://www.egonzehnder.com/about-us.html; https://www.boyden.com/practice_areas/functional_practices/index.html; http://www.russellreynolds.com/our-services.

the firms that we interviewed,[3] which is important as there is a lack of published material on the sector (Bonet, Cappelli and Hamori, 2013).

The data were transcribed and coded manually following template analysis (King, 2012). As co-authors, we followed a four-stage procedure. First, we read the transcripts independently and initially highlighted the data related to common threats and managing reputation. Second, we tentatively coded a long list of a priori themes based on our initial review of the reputation literature. Next, we adopted an inductive approach to narrow them to provide further insight into higher order categories (King, 2012). The main themes in the findings section under common threats (global financial crisis, sector status and social media for recruitment) and managing reputation (diversifying service offerings, highlighting symbolic capital and connecting through individuals) stem from our process of data analysis. Lastly, we re-examined the data and discussed the empirical evidence through building upon the framework of 'keeping up with the Joneses', which we conceptualize as 'common sector responses'. Table 5 provides an illustration which, building on Corley and Gioia's (2004) data structure (see also Gioia, Corley and Hamilton, 2012), provides a column of terms from the data which were used by interviewees (first-order concepts), theoretical concepts which were relevant at an organizational level (second-order themes) and a distillation of these theoretical concepts at sector level (aggregated dimensions). This forms the basis for answering our research question (how do firms manage their reputations in response to common threats?). The above analytical structure is how we develop our 'keeping up with the Joneses' framework, where the iteration between our data and the reputation literature enables us to identify common sector responses of: moving away from the Joneses, fencing out the Joneses and networking more than the Joneses.

Findings

The Australian executive search sector was exposed to the GFC. The slowdown in new and

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[3]We do not stipulate how many or which firms we interviewed to avoid disclosing their identities, which is particularly sensitive given that we interviewed managing partners and partners.

Table 5. Data structure

First-order concepts (terms referenced at an individual level)	Second-order themes (theoretical concepts at an organizational level)	Aggregated dimensions (theoretical distillation at a sector level)
Severe economic crisis Fall in client demand Threats from lower prices	Global Financial Crisis (GFC)	Common threats
Professionalization Sector status tarnished by 'cowboys' Price competition	Sector status	
Business eroded from social media like LinkedIn Easy access to a large candidate database No major threat to the high-end segment of executive search	Social media for recruitment	
Leadership development Succession planning Upstream and downstream	Diversifying services (functional)	Common sector responses to threats to manage reputation: - Moving away from the Joneses - Fencing out the Joneses - Networking more than the Joneses
Highlighting elite status Office location Proximity to clients Showing added value	Highlighting symbolic capital (symbolic)	
Connecting through partners Individual reputation Informal networks Trust	Connecting through individuals (individual)	

repeat business generated from clients, and the difficulty of securing candidates seeking new employment opportunities, reduced revenues per consultant. Many of these firms responded to the downturn by reducing their number of partners and consultants, or by opening up new offices to offer new services (see Table 1).

Under these conditions of organizational restructuring and change, our data demonstrate three important common threats. First, the GFC and the consequent major reduction in demand from clients around placing talent. Second, sector status, where there was some disquiet around the opacity and general trustworthiness of the sector. Third, new technology and in particular the proliferation of online recruitment services which questioned the value of using executive search firms. We explore in more detail the nature of these common threats, which in this context are not exclusively reputation threats nor particular to a single individual or organization, but rather common to a sector (e.g. a tarnished industry's status) or multiple sectors (e.g. the GFC). We then discuss some of the strategies that these executive search firms adopted to manage their reputation as a response to such threats.

Common threats

Global Financial Crisis. The first common threat for all executive search firms was the GFC. While the sentiments in the 2009 interviews suggest that it was a similar scale of problem to previous global or regional economic crises, the interviews in 2013 suggest that the problem was more severe:

> The naked answer is I find the market dreadful … I have been through ups and downs before … to me, this actually seems worse … I've talked with many senior executives … feeling … almost the same thing. (Managing Partner, 2013)

In all cases, there was a clear fall in demand for placements from clients:

> From September 2008 to May 2009 it was very tough as client-demand dried-up. There was deep retrenchment in the market in almost all sectors. (Managing Partner, 2009)

> We've just finished our financial year, which was, as a percentage down roughly 14% on the previous financial year, and it was the worst year since 2009 for us. (Managing Partner, 2013)

In addition to a fall in demand, interviewees found themselves having to lower their prices to secure work with clients:

> They [clients] expect cheaper fees. There are always the same demands on service and quality and that has not changed … They are under cost pressures and they want to keep costs down … that's what's changed. (Director, 2013)

Not only did the GFC put pressure on the ability of executive search firms to maintain their revenues, it also created concerns that it might erode the reputation of certain firms. In other words, if firms had to significantly lower their prices then they were concerned that this could signal to their clients that their reputation was eroding:

> Who we're competing against may want to win it simply on price … we have restrictions around those sorts of things … And then it's a question of how do you get back up there if you cut your prices significantly, when things turn around – it's about holding your position in the market. (Director, 2013)

Indeed, the GFC not only challenged the reputation of certain individual firms, but also brought the sector's status into question.

Sector status. The second common threat relates to many executive search firms seeking to professionalize, distinguish themselves from their competitors and compete on price. Interviewees typically said that they had very strong and trusted relationships with their clients and relied heavily on repeat business to reinforce their professionalization with prestigious clients. Hence, acting professionally was the foundation of success:

> All of our work is still retained. We get very high scores on our customer feedback after each search. We do about 60% repeat business. We've also worked quite hard at retaining the relationships we've got even though there is no work going on. (Managing Partner, 2009)

Several interviewees were frustrated by a small number of 'cowboys' who were tarnishing the status of the sector or impacting upon those organizations who considered themselves as having an elite status among clients in the sector. 'Cowboys' was a term used by multiple managing partners and partners from elite, mid-tier and boutique firms to describe individuals who had quickly set up their own executive search practices and had been successful at winning a significant volume of executive search business. Many interviewees considered these individuals as threats to their ability to win work, both because they increased the competition and because they perceived that their working practices created disillusionment among candidates and clients, which could undermine the reputation of the sector. Some of the smaller boutique firms were relaxed because the feeling was that these 'bad apples' would go out of business during the recession:

> There are low barriers to entry. Regulation won't stop or eliminate the cowboys. Many individuals and firms are in it for a quick return and they quickly gain a bad reputation from poor practice. (Managing Partner, 2009)

Other firms who had strong global operations and reputations felt uncomfortable being categorized in the same sector as some of these small operators who could potentially compromise their reputation:

> Essentially … anyone can set up … a business and start conducting executive search. We feel that it can dilute the market and it really confuses the message about what executive search is. (Managing Partner, 2013)

A couple of other firms complained that some of these smaller, less reputable executive search firms were undermining its status because they were significantly cutting prices at a time when clients were highly price sensitive:

> The retained status is being severely questioned by clients. [… We] recently lost out in pitching for a search with a client because they were under-cut by a lean-bid. (Managing Partner, 2009).

While it is essential for executive search firms to be professional, their individual reputations were impacted by the unfavourable behaviour of 'cowboys', which compromised the professional status of the sector. The undercutting price tactics also compromised the sector's elite labour market status. Moreover, the threats not only came from emergent competitors, but also from the proliferation of social media.

Social media for recruitment. The third common threat was social media for recruitment, which challenged the previously taken-for-granted value of the executive search sector:

LinkedIn as an example … an immediate impact is that organizations would say, you know, 'Well, why would we use an executive search firm when we could just find them ourselves?' (Director, 2013)

Social media has been threatening in terms of its capacity to take business away from executive search as client firms use the site as a means of searching for candidates. Many interviewees found that social media sites were quite superficial because candidates could self-select their profiles:

I recruited a chief executive for a small organization. Embarrassingly, it didn't work out. If I were to direct you to that person's LinkedIn profile, that nine months has vanished. (Managing Partner, 2013)

Other interviewees recognized the value of having access to a large database on LinkedIn, but argued that this was not enough to succeed in a search:

Enormous availability of data itself … will not produce an outcome for a search. So, what we get paid to do is value-add … to review the data, synthesize it, and then draw conclusions around that data. (Managing Partner, 2013)

Other interviewees argued that social media was clearly prevalent, but less of a threat to the high-end segment of executive search:

Not the senior executive search industry, no … What it has changed is it's opened up, I guess, new avenues of research for us because there's a lot more information out there on the internet, in various forms. (Managing Partner, 2013)

In short, there were deviant voices surrounding the influence of social media. While it had some negative impact, like taking away business, many interviewees recognized the value of social media and saw such services as complementary to their intermediary offering rather than as a substitute, although they recognized that they needed to educate their clients about this.

Managing reputation in response to common threats

The different common threats faced by firms brought into question the whole notion of executive search, where a fee is paid by clients regardless of the success of the search. This is a demonstration of a major leap of faith among clients in the reputation of the sector. We asked interviewees to explain how they were responding to the three common threats identified above, and found from the data that there were broadly three types of response that executive search firms were adopting, which were functional (diversifying service offerings), symbolic (highlighting symbolic capital) and individual (connecting through individuals) (see column 2 of Table 5). The first response, diversifying service offerings, appeared new for most firms, whereas highlighting symbolic capital and connecting through individuals were something firms had previously engaged with in a limited away, but the sentiment from managing partners was that their firms needed to do this in a much more proactive and sophisticated manner.

Diversifying service offerings. Many firms were making a distinct attempt to diversify their reputation, particularly into areas such as leadership development, succession planning and consulting, as a means of overcoming the shortfall in work on pure executive search and boardroom appointments. Tables 3 and 4 illustrate such diversification in the six leading global US and European firms pre- and post-GFC, respectively.[4] Some interviewees agreed that having a diverse portfolio of service offerings meant that the firm could have a wider range of conversations with clients around potential business opportunities, which was not possible previously when they were just focused on candidate search:

It opens a number of doors … we can … talk to them about their business … getting a broader understanding of their business has been really, really important, and so we can represent a number of requirements a client might need. (Director, 2013)

There was evidence of executive search firms branching out into service areas such as leadership development and succession planning, which were historically offered by human resource consulting and strategic management firms:

So the whole sort of leadership and succession piece … I've talked to quite a lot of clients about this recently. The overriding view is clients are happy to engage with search firms on these exercises. (Managing Partner, 2013)

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[4]We do not stipulate which of these firms we interviewed to avoid disclosing their identity and the identity of the managing partners that we interviewed.

In Sydney, many firms found themselves advising clients on a much broader range of issues. Some interviewees argued that this was a proactive strategic decision rather than a reactive response to a crisis:

> The concept of leadership advisory services, which is really where a lot of search firms are moving their work into, and it makes sense, as the search market is going more upstream and the search firms are dealing with those higher end searches. (Managing Partner, 2013)

Several interviewees suggested that while on the surface many firms portrayed their transition into related service areas as a measured diversification from search, in reality they were forced to do so because of a major reduction in search work:

> There's very much a trend by those listed companies, who are … driven by shareholders, and share price, to deviate from the core service of executive search … I think it's dangerous for the profession. (Managing Partner, 2013)

Other firms have sought to either move up or downstream to seek out new work. In terms of downstream:

> What you see with […] two global executive search firms] is actually them taking their leadership consulting services downstream from CEO succession much more to large mass-market middle management, and they've bought […] leadership management assessment tools] and that's a product-based proposition for them. (Managing Partner, 2013)

In terms of upstream:

> Clients will continue to see the executive search industry as profoundly relevant in the $300k and above category … You've got to be able to add more value … really act as a trusted advisor, consulting around succession and leadership issues. Search firms that operate in that $150–250k space have a probably pretty dim future … margins will be eroded. (Managing Partner, 2013)

Many executive search firms found themselves forced to offer new types of services to clients to survive. Notwithstanding the different approaches that firms adopted to diversify either proactively or reactively, our data suggest that clients wanted to support them during this process of change.

Highlighting symbolic capital. Demonstrating an elite status was something that became more pronounced among these firms in response to the GFC, where the status of firms was coming under particular threat from a lack of business during the GFC, from new entrants, and because of the substitution of their services by social media recruitment. What was striking in all instances of our interviews was the 'tangible' symbolic capital demonstrated through the location of offices. Interviewees highlighted the significance of being in a prestigious location (e.g. overlooking the iconic Harbour Bridge) to signal their elite global status. However, they were divided on the benefits of being geographically proximate to potential and existing clients. Some interviewees argued that being in Sydney's CBD was important both for access to high-quality clients and candidates, and for signalling to them their elite status. These firms sought the 'Sydney CBD' location to enhance their reputational and network capital:

> There is more commercial activity in Sydney than the rest of the country … with important sectors in financial services, industry and government. (Managing Partner, 2009)

Some other interviewees saw benefits from being somewhat distant from the client:

> Being a 'Sydney'-based firm is important … But, in reality, it isn't critical to be located close to the client. […] Our firm] benefits from being outside of Canberra for government work as the government like to do business with a Sydney-based firm. (Managing Partner, 2009)

The above interviewees clearly understood the value of being in Sydney and in the right part of the city, but this was not necessarily to be close to clients. In contrast, the interviewee below saw distinct benefits for his firm from being geographically proximate to its clients for winning repeat business:

> Essential. We've always tended to be in the low-volume end of the market and it is those client relationships that get the repeat business and the referrals. (Managing Partner, 2009)

The expression of symbolic capital was also shown through how these firms marketed themselves on their websites and on their premises through images of Sydney, their professionals and commissioned art work. These examples show the

important value that was placed on symbolic capital as a means of signalling their elite identities and value to clients.

Some other interviewees highlighted the importance of signalling 'intangible' social capital such as value and professionalism. For example, the interviewee below is trying to convey the added value of his firm without coming across as too frank:

> When I'm meeting with potential clients, people with whom I do not do business yet, I'm continually trying to – without being too overt about it – trying to demonstrate the value that I can bring to their business. (Managing Partner, 2013)

A further strategy adopted by firms was metrication and demonstrating the sophistication of search, which the interviewee below clearly used as a means of showcasing his firm's value compared to that of his competitors:

> We're very metricated, so know what our average time to short-list and average time to fill a search is … it's materially better than our big competitors. We're running at 88 days for average time to complete an assignment, which, if you look at industry norms, they're sitting in the 150-plus day category. (Managing Partner, 2013).

Another approach to demonstrating symbolic capital was highlighting the professionalism of the business:

> We became a lot more strategic in terms of nature and focus. A lot more corporatized I would think about how we go about doing business, whereas it was an old firm style when I joined. (Managing Partner, 2009)

Part of professionalizing was showing that the firm was not unduly reliant on one person:

> I think the demands being placed on search firms in the mature state of the market is harder now for people who are purely one man [sic] bands to exist because clients want to see who's being asked to demonstrate depth of capability, depth of experience and that you've got a level of capability. (Managing Partner, 2009)

Although it was important to show that firms were not overly reliant on single individuals, we found that powerful individuals played a central role in convincing clients of their firm's reputation.

Connecting through individuals. Given the GFC and the fading sector status, the role of individuals, and particularly partners, informal contacts and personal reputation, was important for establishing long-term connections and helping to win new and retain existing work. This was not only about the networks of partners, but also of key organizational members who managed the company's rolodex and its organizational networks over many years. In a sense, this seemingly non-professional knowledge or relationship could silently sustain a firm's reputation. During the frantic chaos of the GFC, long-term individual connections and familiarity became an anchor that customers could rely on to reduce their uncertainties and enhance their stickiness:

> We had a farewell for somebody on Friday. She essentially was in a support role, but the role she played over those 19 years in the practice group she worked in was phenomenal in terms of, you know, who she knew and the client interaction, and the candidate care and those sorts of things. (Director, 2013)

Second, some other interviewees reinforced the importance of informal networking for strengthening connections with clients and candidates, which was predicated on individuals:

> It's really personal relationships having coffee, seeing how their business is going … and even if there's no work from them, it's still very important to maintain the relationship, that personal relationship. (Managing Partner, 2013)

Lastly, our data also show that the role of key individuals was important for building up the firm's reputation, particularly for firms where there was a close alignment between individual and corporate reputation:

> Personal reputation and organizational reputation definitely counts, absolutely. So, you know, sometimes that's really in our favour … If we're competing with a smaller firm or a newer firm, that's really in our favour. (Managing Partner, 2013)

The importance of individual reputation was also reinforced by the following partner, who recognized that a firm's 'brand' could get you so far, but the team within a pitch was what won the work:

> We did a survey with a number of our clients and we asked that question and what came back was brand is important, brand gets you to the table, but it's the

team that pushes you across the finish line. (Partner, 2013)

Although individual reputation was important in some way, clients were mainly looking for more than a trusted partner with an extensive rolodex, particularly when faced with common threats such as the GFC:

> In the current environment, clients are somewhat risk-averse, and so choosing a firm that has a reputation, however you wish to define that, is seen as a way of minimizing that risk. (Managing Partner, 2013)

In short, while facing common threats to reputation at a macro-level, individual forms of relationship management with clients enabled partners to reassure clients of their claimed expertise.

Discussion

This paper provides a rich illustration of how executive search firms manage reputation in response to multiple common threats. We began by identifying three distinct common threats to the executive search sector in Sydney: the GFC, sector status and social media for recruitment. The reputation literature has highlighted several challenges that PSFs can face in relation to threats, such as transactional uncertainty (Glückler and Armbrüster, 2003). When uncertainty exists, typically clients use reputation as a proxy for the perceived quality of service (Clark, 1993; Fombrun, 1996; Rindova *et al.*, 2005). We find that this uncertainty previously existed in the executive search sector because of the nature of clients paying a retainer fee to firms in advance of the search, regardless of the success of the search. However, this uncertainty became more pronounced given the severity of the common threats discussed above. It also became more salient as these firms shifted their business models and the types of work they offered clients, which required careful reputation management of how these firms were perceived by clients. The circumstances of this study have important implications for other contexts, because common threats such as financial crises, concerns among clients and customers around sector practices and the power of social media are salient for many organizations, including but not limited to PSFs.

Existing research has focused on the meso-level when organizations face challenges to their reputation. Responses, for example, can include impression management to re-categorize certain identity dimensions (Elsbach and Kramer, 1996), attempts to alter the firm's identity (Gioia, Schultz and Corley, 2000; Ravasi and Schultz, 2006) or steps to align organizational identity and reputation (Harvey, Morris and Müller Santos, 2017). Our study shows that executive search firms managed reputation through functional, symbolic and individual responses to counteract the above-mentioned common threats. First, they diversified service offerings (see Table 4); second, they highlighted symbolic capital; third, they strengthened their connections with clients and candidates through key partners. This stance pinpoints how these firms effectively respond to common threats by integrating individual-level with firm-level responses. We suggest that general management alone does not adequately explain how firms manage common threats. For example, Tables 3 and 4 demonstrate the major transition of business activity among some of the elite executive search firms before and after the GFC. The strategic decision to change the services which are offered, and how they can become operational, are clearly broader management decisions. However, because of the above-mentioned transactional uncertainty for clients within PSFs, particularly during the GFC when there are additional economic and political uncertainties, this highlights the importance of reputation management because these firms need to build trust and credibility for multiple new areas of business, which requires major changes in how clients perceive them.

Barnett and Hoffman (2008) argue that while the actions of individual firms are important, it is also significant to understand the actions of other surrounding firms. We do not find empirical support for 'keeping up with the Joneses' (firms trying to improve their activities to the same standard to keep pace with their competitors), although as we discuss below we do find a group of elite firms unconsciously offering similar activities as they seek to 'move away from the Joneses'. We also do not find evidence of 'teaming up with the Joneses' (working with competitors to protect the sector's reputation). However, we suggest two further categories which executive search firms adopt in response to common threats. First, 'moving away from the Joneses', which is when firms are doing very different activities to what they were doing previously that mean they may no longer be
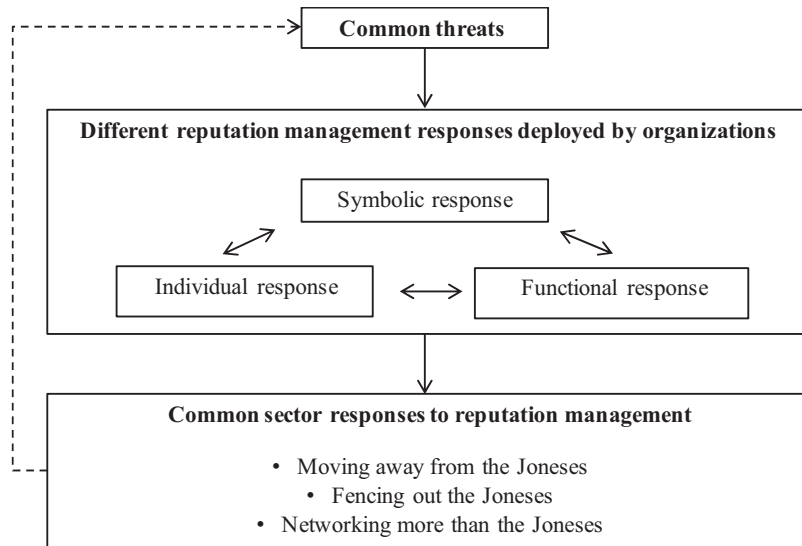
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┌─────────────────────┐
│   Common threats    │
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Common threats

Different reputation management responses deployed by organizations

Symbolic response

Individual response ⟷ Functional response

Common sector responses to reputation management

- Moving away from the Joneses
- Fencing out the Joneses
- Networking more than the Joneses

Figure 1. Theoretical model of how firms manage reputation in response to common threats

comparable to their competitors. The outcome of this is both moving away from and moving closer to competitors, where a set of elite firms end up doing similar activities to each other (moving closer) but a distinct set of activities from their mid-tier and boutique firm counterparts (moving away). Second, 'networking more than the Joneses', which is when firms are relying on informal communication channels to convince clients about the value of their work. In addition, we find empirical evidence of 'fencing out the Joneses' (demonstrating distinctiveness from the poor behaviour of other competing firms). We argue that these activities constitute reputation management because they require careful communication and interaction with their clients to convince them that their claims are credible. We now discuss these in more depth and summarize our argument by providing a theoretical model of how firms can manage reputation in response to common threats (see Figure 1).

Moving away from the Joneses. Our results show that executive search firms were forced to engage in tangible changes to their business models, including diversifying service offerings and often upscaling the business, which were an important means of meeting client demand and reducing uncertainty (Sturdy, Wylie and Wright, 2013). These initiatives enabled firms to develop competitive advantage through building a unique and elite reputation (Wæraas and Sataøen, 2015), which effectively responded to common threats. The

literature around business change demonstrates the ability of partners to craft new business through understanding the field and carefully deploying rhetoric to persuade different stakeholders of the value of their new areas of expertise (Suddaby and Viale, 2011). This is a similar line of argument to the literature on firms who have faced reputation damage and need to signal capability and positive intent to a broad group of stakeholders (Rhee and Valdez, 2009). We find that the elite firms moved away from their mid-tier and boutique counterparts through offering a suite of new services to their clients, such as leadership development and succession planning. This reputation management strategy by the elite firms was effective because the mid-tier and boutique firms did not have the capacity or scale to offer such diverse services. This meant that the elite firms had significantly fewer competitors to build their reputation in new areas of business among their clients. Although these offerings were claimed to be unique, as Table 4 illustrates, there was in fact a lot of clustering of activity among elite firms. Theoretically, this is important in terms of how organizations can manage their reputation because it can entail both moving away from and moving towards their competitors, which is at the heart of the relational nature of reputation as a construct (Fombrun, 2012). We argue that reputation management can have major implications for influencing client perceptions of which organizations they consider credible and elite.

Furthermore, although the literature suggests that managing reputation is difficult (Ang and Wight, 2009) and extensive time is needed to build reputation (Delgado-García, Quevedo-Puente and Díez-Esteban, 2013), we suggest that clients may not be the buffer but the enablers of reputation management. While executive search firms had to compromise somewhat on the source of their revenue streams during the GFC, they continued to seek out prestigious clients upstream (i.e. those looking to place board members or senior managers) to achieve or maintain (in the case of established global firms) their elite status. Part of this process included working in new areas of business which veered away from what was considered core work in the executive search sector and required careful consultation with clients to be credible. Within PSFs, partners are expected to establish new practice areas (Anand, Gardner and Morris, 2007), despite problems with 'reputational stickiness' (Greenwood *et al.*, 2005, p. 664). Our findings suggest that clients were supportive of executive search firms, with whom they held close professional relationships, diversifying their service offerings during a difficult financial period when they were offering them little work in the search business. The regular face-to-face contact between partners and clients was important for helping to achieve client support. This is important because, when PSFs make new claims around their identities without close consultation with clients, the latter will challenge those claims, which may compromise the ability of firms to win new business (Harvey, Morris and Müller Santos, 2017) as reputation is perceived by stakeholders based on their experiences and observations, which is inextricably linked to attitudes, emotions or behaviours (e.g. Fombrun, Ponzi and Newburry, 2015; Money *et al.*, 2012). Hence, working closely with clients on potential new areas of business is an important and effective strategy for PSFs to manage their reputation among clients in response to common threats.

Fencing out the Joneses. Fencing out the Joneses is one strategy for firms to distinguish themselves from their discreditable competitors (Barnett and Hoffman, 2008), such as the 'cowboy' firms some interviewees felt could undermine the reputation of the executive search sector. We find evidence of this through firms emphasizing symbolic capital, which was used as a persuasive tool to signal particular elite qualities (Bourdieu, 1990; Kipping,

2011) to clients and to influence the behaviour of their staff to reinforce this high status, which enabled firms to justify charging premium prices to clients (e.g. Dowling, 2006; Obloj and Obloj, 2006; Rindova *et al.*, 2005) and also reduced employee turnover (Fombrun, 1996; Fombrun and van Riel, 2004; Roberts and Dowling, 2002). This is particularly important in the context of PSFs, where professionals play an important relational role with clients and candidates (O'Mahoney and Sturdy, 2016).

We found that one way that symbolic capital was demonstrated by executive search firms was through location. In terms of symbolic capital and location, to date reputation has been under-researched (Newburry, 2012). Given that reputation is derived from the direct experience of external stakeholders (Rindova, Petkova and Kotha, 2007), we found mixed responses in terms of the importance of proximity to clients. Interviewees recognized the benefits of proximity, but also realized that in certain markets outside of major global cities proximity could be perceived as parochial and therefore negative in terms of reputation. In contrast, being distant in a prominent city sometimes signalled global in perspective, less partisan to local politics and therefore more reputable, which is an important element of competitive advantage (Fombrun and Shanley, 1990; Zyglidopoulos, 2005). That said, regular discussions with clients, even when there were no specific business transactions involved, were important for managing reputation among this stakeholder group.

We also found that architecture served as an important artefact (Hawkins, 2015) in terms of demonstrating symbolic capital, which is particularly salient during common threats because it is a means of signalling quality in relation to competitors, which is a key dimension and building block of reputation (Frandsen *et al.*, 2013; Lange, Lee and Dai, 2011). Our data enrich the existing literature on impression management through consultants (Glückler and Armbrüster, 2003) and through the materiality of buildings and location, which were not simply 'material constitution' (Bloomfield, Latham and Vurdubakis, 2010, p. 415) but generated affordances linking to 'action possibilities' (Gibson, 1979, p. 133) when clients and candidates visited the premises. All of this may appear superficial, but it was an important reputation management strategy by organizations to

counteract threats (Rhee and Kim, 2012). The implication is on the one hand that firms are seeking to demonstrate their elite status and openness through hosting meetings in prestigious locations, but on the other hand these sites are not visible to all and there is some degree of closure because PSFs are only open to the most prestigious clients and candidates. In both cases, this is a strategy to decouple from competitors, particularly those 'cowboys' at the lower end of the executive search market.

Inevitably, deploying symbolic capital to manage reputation means winners and losers, particularly given the common threats of the sector, because the same organizational stimuli might lead to various perceptions held by different stakeholders related to demographic, geographic and cultural dimensions (Bhattacharya and Sen, 2004; Walker, 2010). The executive search firms in this study were notoriously unregulated, which provided firms with unlicensed opportunities to express symbolic capital to legitimize their existence to clients in relation to the 'cowboy' firms who were tarnishing the sector with the same brush and compromising some of the elite reputation claims of other firms. This supports Kipping's (2011) argument, in the context of management consulting, that this model of impression management is increasingly hollow and also relates to the reputation commons argument of Barnett and King (2008) that all firms suffer in a sector when the actions of one firm negatively impact upon the reputation of the entire sector. We found, because of the unregulated nature of the sector and the risk of damaging new entrants, that there is a clear stratification between different firms, or 'dis-identification' with other Joneses. This was not so much in terms of their social class, as Bourdieu (1990) would suggest, but in terms of their reputation among clients and candidates.

Networking more than the Joneses. Our data show that many executive search firms sought to connect even more with their clients and candidates. In part, this was a response to issues experienced across PSFs around information asymmetries (Clark, 1993; Clark and Salaman, 1998), as clients do not have access to complete information or the same information as employees of PSFs (Walsh *et al.*, 2016). The problem seemed to be particularly acute given the challenges of the common threat of the GFC, in addition to the negative press around headhunters (Forbes, 2014). Hence the firms sought a variety of discursive channels through their partners to signal their elite qualities in the marketplace (Lange, Lee and Dai, 2011; Walsh and Beatty, 2007).

Our results suggest that partners of executive search firms tried to network with both clients and candidates, not only as a means of winning work during a highly difficult and extended financial period, but also to be more persuasive around their 'value add' reputation, which according to interviewees required initiatives beyond the standardized candidate offerings via social media websites. This strategy has important implications for how employees of PSFs can convince clients of their value, not only in areas of existing strength (e.g. candidate search), but also in new business areas (e.g. leadership development, consulting and succession planning). Pratt, Rockmann and Kaufmann (2006) suggest that individuals who pitch themselves as sector experts can bolster their professional identity, which impacts on reputation given that reputation is considered an external reflection of identity (Foreman, Whetten and Mackey, 2012). We found that, despite a trend towards professionalization and institutionalization in PSFs (Muzio, Brock and Suddaby, 2013; Nikolova, Möllering and Reihlen, 2015), executive search firms sometimes adopted 'unprofessional' or informal approaches (i.e. personal connections and networking) as well as professional approaches (i.e. greater use of metrics) to build trust at an individual level and to buffer and reinforce organizational reputation. This supports the argument that experienced-based trust and networked reputation between consultants and clients at the individual level play a pivotal role in enabling firms to manage their reputation in ways which clients accept (Glückler and Armbrüster, 2003).

The implication of our findings is that there is an important interplay at an individual, organizational and sector level associated with managing reputation in the process of responding to common threats. While there has been an extensive literature examining the role of celebrity CEOs and reputation (Graffin *et al.*, 2013; Zavyalova, Pfarrer and Reger, 2017), our study expands this remit by demonstrating the role of other leaders such as partners, and how their regular interactions with clients and candidates is an important part of managing their own individual reputations

as well as the reputations of their organizations, which also has wider implications for how the sector is perceived. Finally, reputation management requires an understanding and awareness of sector and market trends outside of the organization, where external threats and activities from other firms and institutions can impact on the organization's reputation.

Conclusions

This paper provides a rich empirical illustration of how PSFs, particularly a new profession, can manage reputation in response to multiple common threats to the sector. We suggest that the combination of a common threat and a reputation management response is an important context requiring further understanding. We explore the case of common threats faced by executive search firms: the GFC, questions around the sector's status and the proliferation of social media for recruitment. We find that executive search firms who were facing common threats were able to successfully manage their reputation when they diversified their service offerings, highlighted their symbolic capital and connected their firms to clients through key individuals. Building on these three insights from our case study and building on the literature on managing reputation and professional service firms, we identify a series of theoretical insights around how organizations can manage their reputation in response to common threats, which we briefly summarize below.

Building on the work of Barnett and Hoffman (2008) and based on the English idiom 'Keep up with the Joneses', when firms respond to multiple common threats, we do not find empirical support for a deliberate attempt at keeping up with the Joneses (firms attempting to improve to the same standards as their competitors), although many of the elite firms in our study did appear to offer similar business alternatives. We also did not find evidence of teaming up with the Joneses (firms working with competitors to protect the sector's reputation). We identify two alternative categories that explain how PSFs manage their reputation in response to common threats. First, moving away from the Joneses (doing very different economic activities, which means firms may no longer be compared to their competitors), when firms seek to upscale and maintain their

professional ties with clients. Second, networking more than the Joneses (when individuals seek to build trust and convince clients about the value of their work), through more informal processes. In addition, we find support for Barnett and Hoffman's (2008) fencing out the Joneses (demonstrating distinctiveness from the poor behaviour of other competing firms), through firms reinforcing their elite status. These are challenges that are likely to be salient not just for PSFs but also for other types of firm, particularly when entry and legal barriers are relatively low, meaning that organizational reputation is used by clients and customers as a signal of likely quality.

Theoretically, this paper provides an important and timely explanatory framework for how PSFs (and potentially other types of firm) can successfully respond to common threats and manage their reputation to survive by intersecting individual, organizational and sector approaches. We argue that reputation management is particularly important as part of a wider management response to common threats. We find that reputation management can lead to organizations becoming simultaneously closer to and more distant from their competitors, which highlights the relational nature of reputation as a construct, and has significant implications for how organizations are perceived and who they are compared with over time.

Limitations and further research

There are several limitations and opportunities for further research. We focus on the specific context of the GFC, which, while empirically important, needs to be placed in the context of other events. Therefore, we encourage studies to investigate how executive search and other PSFs manage reputation to counteract common threats in other macroeconomic contexts. This paper has focused on the perceptions and experiences of a group of partners and senior partners. While the perceptions of this group of senior managers are valuable, there are likely to be wider perceptions both within and between stakeholder groups. Therefore, we need to explore how other internal and external actors at various levels and in different geographic and temporal contexts perceive an organization's reputation as it responds to common threats.

Practical implications

This paper has several important practical implications. First, we show that when faced with threats that are common to a sector, PSFs can adopt three responses: functional responses, which entail a diversification of the services that they offer; symbolic responses, which signal the value and status for their clients; and individual responses, which require greater levels of connection, trust-building and reputation management at the partner level. Second, reputation is inherently relational, meaning that PSFs need to demonstrate to their clients how and why they are distinct from their competitors. We identify three important practical steps to achieve this: moving away from the Joneses, which involves offering unique services to clients compared to competitors; fencing out the Joneses, which is showing how the firm is morally and ethically distinct from any negative practices of other firms; and networking more than the Joneses, which entails a greater level of individual engagement with clients to build trust and signal value. Finally, when new professional organizations emerge with limited or no legal closure, this creates new opportunities for new entrants, but greater uncertainty for clients. In such contexts, evidencing reputation is even more important for these professional organizations to reassure and send positive signals to clients that they are trustworthy and distinct from their competitors.

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