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CONSULTING COMPLEX AS A FACTOR OF COMPETITIVENESS OF A LEGAL SERVICES BUSINESS

The increase of competitiveness of a legal services business is an important term of effective implementation of its social and economic tasks as a factor of adaptive and allocative efficiency of economic entities, which are consumers of legal services (O. S. Marchenko, 2016). Complexity, which is expressed through division of the services into basic and additional (complementary) ones, is a distinguishing feature of legal services. Providing a basic legal service, an expert should supply a number of additional services – to consult, conclude agreements, carry out examination, educate, etc. Secondly, legal consulting of a customer may require involvement of professional knowledge of lawyers as well as economists, financial analysts, accountants, psychologists, et al. In this regard, legal service complexity is defined as combination of various professional advices in the content of a legal service. Legal service complexity is divided into the following groups:

- internal complexity – a number of basic and additional (complementary) services of legal consulting;
- external complexity as combination in the process of legal servicing different intellectual services (legal, economic, educational, etc.). Intellectual services are a special channel of transferring professional knowledge and information. On the one hand, intellectual services are technology. Knowledge on providing educational as well as legal, managerial, scientific and technical services are technologies of legal consulting, educational technologies, technologies of scientific and technical servicing, etc. On the other hand, intellectual services are a special channel of transferring systematized knowledge on production, implementation of a process, or providing services.

Formation of internal and external consulting legal complex is based on a network principle of management, which includes involvement, development, and coordination of activity of autonomous units of a consulting legal cycle. These units are united by horizontal interrelations and obligations, activity of which is directed towards achievement of a general purpose by a network integrator (a legal services firm).

Sectoral internal service networks of legal consulting may be organized as strategic networks of formation of legal services value. Strategic networks, which exist in the form of horizontal cooperation of legal consulting entities that operate in the same segment of a legal services market for strengthening their competitive positions, provide the decrease of transactional costs, usage of additional knowledge sources, implementation of new technologies of legal servicing.

Sectoral inter-service networks are an effective form of involvement of organizations, which provide different types of intellectual services, in a consulting process by a legal services firm. These networks provide vertical integration of participants, which act at different stages of formation of the value of a final product – a consulting legal service complex (O. S. Marchenko, O. V. Yarmak, 2016). Creation of the sectoral inter-service network for formation of the value of a consulting legal service complex enables partners to enhance the level of service quality perceived by a customer and a general estimate of the service value, to enter new segments of the intellectual services market, to expand the knowledge database and the customer base, to decrease transactional costs, and to save resources. All these improvements are possible because a legal services firm as a dominating participant of the network does not need to create own departments, which provide complementary intellectual services.

Secondly, this network conduces to growth of benefits of a legal service customer, thereby increasing a customer's estimate of their values.

Network capital of a legal services firm as a component of intellectual capital is the basis for formation and effective functioning of the consulting legal services complex. Customer and partnership capital is an element of network capital of a legal services firm, which expresses the sense of legal servicing. Network capital alongside with firm-specified human capital and organizational capital constitutes the basis for a legal services business, which uses and produces intellectual products – legal services. Network capital of a legal services firm is its social capital. P. Burde defines it as “a durable network or less institutionalized relationships of mutual acquaintance and recognition” (P. Burde). Relationships with customers, various professional associations of consultants, governmental establishments, and other contact audiences being social capital of a legal services firm directly influence its efficiency as an organizational unit of a legal business.

In general, network capital of legal consulting is one of the most important factors of formation and maintenance of reputation of a legal firm, which directly depends on its interrelations with customers, partners, public organizations, governmental institutions, etc.

Thirdly, application of intellectual capital of customers in a consulting legal cycle is a peculiarity of legal consulting. Legal matters consulting, drawing up agreements, claims, handling court affairs and many other types of legal activity is impossible without active participation of a client, collaboration of a lawyer and a customer. Obviously, a client is always a participator of a process of servicing. Nevertheless, a customer plays the significant role in legal servicing. In such case, a client is a customer and a consumer as well as a producer of legal services to some extent, because a client provides a lawyer with necessary information, learns his recommendations, and acts in accordance with his advices. Active participation of clients in a consulting process stipulates the determinative role of customer capital in both market and consulting activities of a legal services firm.

Fourthly, partnership capital of a legal services firm conduces to enhancement of competitiveness. Partnership capital is divided into professional and communication capital. High-qualified consultants are permanent resources of legal consulting in a short-term period. This peculiarity restrains its opportunity to increase supply of legal services. Overcoming this restriction is possible owing to outsourcing of a staff of other legal services forms, involvement of independent consultants in the work of project teams for the period of execution of a contract, consulting, exchange of knowledge and experience, etc. That is why stable relationships with partners (legal consulting subjects) formed by a legal services firm are based on collaboration and mutual trust. They are an integral element of legal consulting technology. It is professional partnership capital of legal consulting. Communication partnership capital of a legal services firm are formed by its stable relationships with contact audiences of legal services business – press, public institutions, public organizations, et al.

Thus, opportunities of formation and effective usage of internal and external legal complexes influence competitiveness of a legal services business. This fact leads to the necessity of implementation of a network principle of managing consulting activity and development of network capital in practice. In turn, network capital encompasses customer, partnership (professional and communication) capital of a firm.

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