



# EUNIP 2003

## 18-20 Setembro

### **Business services within networks for innovation**

Celeste Amorim

Universidade de Aveiro

Departamento de Economia, Gestão e Engenharia Industrial

Campus Universitário de Santiago, 3810-196 Aveiro

Tel. ++351 234 372583

Fax. ++351 234 370215

e-mail. [camorim@egi.ua.pt](mailto:camorim@egi.ua.pt)

#### **ABSTRACT**

According to the systemic view, innovation at firm level is understood to be a cumulative learning process, whereby the firm complements its internal knowledge with knowledge and competencies available externally. We argue in favour of the development of complex divisions of labour and of intense interactions between the innovative efforts of the firm and external agents to building up dynamic innovation systems. This view calls for a deeper understanding of the interactions within the innovation system, namely between firms and consulting services, of the role and growth of consultancy. This avenue opens also up for a richer description of various types of service providers and their interaction with firms, as well as for an evaluation of the services provided. This paper addresses these issues using data from a 1999 survey on the use of consultancy by corporations located Portugal and Spain. The empirical study focuses on the range of suppliers used and on the success of the consulting assignment in terms of client judgement of the results compared to the expected. A final issue concerns the evaluation of consultants' job. Implications for policy are derived.

# **Business services within networks for innovation**

## **I INTRODUCTION**

According to the systemic view, innovation at firm level is understood to be a cumulative learning process, whereby the firm complements its internal knowledge with knowledge and competencies available externally. Therefore the external environment also impacts on innovation diffusion by defining the boundaries of the knowledge that firms have access to (Lundvall, 1992; Edquist, 1997; Wood, 1998). Within the growing sources of knowledge, and of growing policy significance are business service providers. They have been identified amongst the most important agents that have the ability to influence companies' innovation by playing a particular important role for the development, transmission and implementation of knowledge, and therefore, on the dynamics of innovation systems (Hauknes, 1998). Amongst these agents are those providing some sort of consultancy. The growth rates of the consulting industry speak for themselves: consultants intervene at all levels of organisations, from the shop floor to the boardroom (FEACO, 2002). They play a vastly increasing role in technological development, financial support, corporate restructuring, value chain organisation, not only at private corporations, but also at public organisations such as hospitals, governmental organisations and regional/ local administrations (Bessant and Rush, 1995; Tordoir, 1995; Bennett and Robson, 1999a and 1999b).

Contributing factors to this growth have been the increasing demand for specialists services and for outsourcing of activities formerly undertaken in-house, low barriers to entry, expansion and emergence of new service providers. Probably the most important move in the field, and certainly the most visible, has been the strategic move of a group of leading consultancies. Here we include not only the globalisation of a number of firms (e.g. McKinsey, BCG, Bain and Company, AT Kerney) offering consulting at corporate level, but also the consolidation of the so called big-five accounting firms in consultancy. In parallel, it is notorious the emergence of small and medium consultancies (SMCs hereafter), investment banks, public and non-public organisations, some of which became leading players in domestic markets (e.g. EU, 1986-92, Tordoir, 1995, Matthias and Armbruster, 1997). As a result, the field is characterised by a high degree of heterogeneity and turbulence particularly among SMCs (Clark, 1995).

Behind this general trend, the use of external consultancy seems to differ considerably across firms (Tordoir, 1995, Bennett and Robson, 1999a and 1999b) and also countries (Armbruster and Kipping 1999; FEACO, 2002). The use of external advisory is often associated to managerial characteristics, amongst which tradition in using external services and professionalisation of management have been highlighted (Tordoir, 1995; Kipping and Amorim, 2002). Consulting consists on exchanges of problems to be solved and means to accomplish them, where the client's well-being is supposedly improved (Greiner and Metzger, 1983, Schein, 1999). By contrast to this positive view, consultants have been often presented as hostile agents, which are communicating management fashions to passive managers (Micklethwaite and Wooldridge, 1996)<sup>1</sup>. Consultancy service requires high level of expertise (Greiner and Metzger, 1983), and is characterised by high intangibility, inseparability of interactions, heterogeneity and perishability (e.g. Clark, 1995). These views are not contradictory or exclusive, but highlight the specificity of each consulting assignment, and its dependence not only on client structural characteristics, but also on knowledge-based skills that are exchanged between consultant and client. The latter depends chiefly on the characteristics of the consulting process, namely, on deep interaction between service provider and client, and on the expertise of the both parts involved.

In spite of all controversy surrounding consultancy support schemes, we argue in favour of the development of complex divisions of labour and of intense interactions between the innovative efforts of the firm and external agents to building up dynamic innovation systems. This view calls for a deeper understanding of the interactions within the innovation system, namely between firms and consulting services, of the role and growth of consultancy. This avenue opens for a fuller understanding of companies' innovative behaviour and innovation systems. This avenue opens also up for a richer description of various types of service providers and their interaction with firms, as well as for an evaluation of the services provided.

In spite of the above referred developments and arguments, the consulting industry has remained largely overlooked. Academics focused mainly on the supply-side, and there have been few large-scale surveys over a range of external advice sources, and assessment of why differences in suppliers arise (Bennett and Robson, 1999a and 1999b). For example, Kipping (1999) studies of the

---

<sup>1</sup> See for instance O'Shea and Madigan (1997), who provide a critical examination of management consultants.

UK, France and Germany, and of the Netherlands focus mainly on supply-side. Tordoir (1995) Bennett and Robson (1999a, 1999b and 2000) attempted to fill this gap, using information from large survey questionnaire on the use of external advice in the USA and Netherlands and by SMEs in the UK respectively. Yet, academics focused mainly on the largest and most developed countries.

This paper attempts to fill these gaps using new information from a 1999 survey on the use of management consultancy by corporations in Portugal and Spain. The relatively low use and supply of business services, consultancy included, has been often cited amongst the major weaknesses of the Portuguese and Spanish business and a barrier for their development (Bairrada, 1989, Buesa and Molero, 1998, Ferreira, 1991, Ferrão, 1992, Barata and Moura, 1993, Simões, 1995). Here the expansion of consultancy occurred later than in most developed European economies, but has accelerated considerably in recent decades (Amorim, 1999). Nevertheless, the consulting industry in Portugal and Spain has so far received very little attention.

The empirical study focuses on the range of suppliers used and on the success of the consulting assignment in terms of client judgement of the results compared to the expected. A final issue concerns the evaluation of consultants' job. This however it is not an easy neither objective analysis. "The outputs of business service advice and use of information are a change process, not an instantaneous transfer like the purchase of a good" (Bennett and Robson, 1999a referring to O'Farrell and Moffat, 1991). The outcome is often long-term, inherently intangible, and its effects difficult to separate from other influencing factors. Thus, we focus our evaluation here on clients' satisfaction with past consulting experiences. This type of methodology has been used in previous studies, such as those evaluating the services from business shop and business connect services in the UK (Bennett and Robson, 1999a). Satisfaction offers considerable advantages over impact assessments because it does not require control and comparison groups (cf. Bennett and Robson, 1999a referring to DTI, 1997 and to Summon, 1998). This empirical focus seeks to highlight two aspects: one, firm characteristics and geographical location favouring overall use of consultants and by type; and second conditions favouring satisfaction with consulting services.

With this approach in mind, the paper first examines the theoretical literature to determine the expectations concerning the use and success of consultancy. These are then examined empirically using a new survey questionnaire conducted in 1999. The study opens for a richer and better

understanding of the innovation system in both economies, and of the characteristics of firms in relation to the use of external consultancy.

## II USE AND SUCCESS OF MANAGEMENT CONSULTANCY

One first aim of the paper is to identify conditions favouring the use of consultants in general and by type. A wide range of consultancy providers is available in most countries, ranging in the private sector from large international consultancies, domestic consultancies to individual consultants. There are also banks and a wide range of (sector-based) trade, professional and technical associations. In most countries there is also a range of (semi-)public bodies that seek to offer advice services to business. One second matter of concern refers to the evaluation of the services provided. A number of conditions identified in the literature are used to investigate both, i.e. use and success of consulting advice. These are discussed next and investigated in the empirical section.

### *FIRM STRUCTURAL VARIABLES*

Firm size is often an important factor influencing the overall use of consultants, by type, and success of external advice. Larger firms may be more easily able to finance external advice, or need greater inputs of advice in order to continue to develop<sup>2</sup>. They are expected to use consultants in higher extent. Furthermore, size is also expected to influence the type of supplier used. In this regard, it has been argued that a dualistic market may exist, with large firms using mainly international consultancies, and smaller firms' using small consultancies, individual consultants or other generalists business advisors such as banks, professional and technical associations. Concerning the success of the assignments, it may be positively or negatively related to firm size. While larger firms have more potential to achieve a good result, at least because they have more resources to commit to consulting assignments, they are also more difficult to change.

The skill level of the employees at clients' organisations may also be important. It affects the range and type of tasks that managers and workers can perform. Skill is a measure of internal capability and potential and requires not only experience on the job as well as formal education of varying degrees of intensity. Tordoir (1995) found a positive relation between internal and external

---

<sup>2</sup> Recall that knowledge seeking is not the only reason why firm look for consultancy advice, however (Kieser, 1998).

professional support development, except for accountancy and legal services. Yet, the case can be argued for either a positive or negative relationship between skill level and use of external advice. The higher the skills of the managers the greater the capacity to identify needs which require external consultancy, and the higher the capacity to understand the formal models introduced by consultants (e.g. Tordoir, 1995). Kipping and Amorim (2002), for example, argue for a symbiotic relationship between management consultancies and business schools (namely MBAs). Otherwise, Petit (1986) suggests that the high development of internal professional staff in German companies explains the low usage of external services. It can also be argued that low skilled firms lack important technical knowledge and may require a greater level of external advice, which encourage use of external consultancy. Furthermore, Consequently, there are no expectations between skill level and use of different types of consultants.

Other firm characteristics which are important are sector (manufacturing / services), ownership (domestic/ MNE), degree of adoption of innovations. One must consider that recent studies on management consultancy point at a notable increase in demand for consultancy from service firms, namely financial firms, in the 1990s (FEACO, 1997). Tordoir argues that in the U.S., Canada, and The Netherlands professional services are generally low in traditional industries such as apparel manufacturing. Even high-tech industries have a culture of extreme self-reliance. Consequently, sector of activity has to be considered. We expect manufacturing firms to use less external advice than service firms. Yet, there are no prior expectations to suggest that manufacturing firms register better or worst achievements.

MNEs, especially those of larger size, are major users of management consultants. Managerial complexity and necessity to standardise several practices across subsidiaries stimulate the use of external advice for large scale complex projects. Yet, they often use intra-MNE transfer of knowledge using internal consultancy services. Thus, foreign firms may also use less external consultants than domestic firms because they count with intra-MNE support. When external consultants are used, foreign firms are said to prefer consultancies with which they had previous experiences in other countries, and those with capacity to offer standard services across countries. Thus, while there are no previous expectations whether foreign firms use consultants more or less intensively, it can be argued that international consultancies may have an advantage over domestic consultancies and individual consultants in the foreign firms market.

Innovation is defined here as the adoption of new practices, independently from how old they are to other organisations, and how many other institutions are already using them. We consider management concepts such as business process reengineering, total quality management, outsourcing, lean management, downsizing, mergers and acquisitions, alliances, innovation in logistics and in human resources, IT, etc... Considering the novelty of these concepts, and their popularity within the consultancy field, more innovative firms are expected to use external consultants more intensively.

### ***GEOGRAPHICAL LOCATION***

National systemic conditions are also expected to interfere with the use of consultancy. Despite an increasing homogenisation in terms of consultancy markets, country specific conditions are still important. On the one hand, demand side conditions are affected by economic cycles, country specialisation and tradition in the use of consultants. Tordoir (1995), for example, argues that tradition is the main explanatory variable explaining the low level of use of external support in Germany. On the other hand, the national supply-side should also be considered. The supply of consultancy developed in different countries with relatively different time lags, and this industry owns different levels of reputation across countries. As a result, location may be significant to explain use of consultancy.

In this line of thought, the dominant players in each market may also differ. Large international consultancies, namely of American origin, have taken considerable market share in several domestic markets. Considering the scale and scope of their activities, they may be at advantage. However, there is also the case that domestic markets are characterised by the presence and relevance of domestic consultancies, either large or small, some one shop man. They coexist with large international consultancies and country specificity still exists (Armbrüster and Kipping, 1999). (EU, 1986-92, Tordoir, 1995, Armbrüster and Kipping, 1999). Here we consider the use of consultants in two economies, Portugal and Spain where the consultancy market developed relatively late when compared to leading European economies. They caught-up fast in the recent decade.

As discussed above, firms' structural variables and geographical location may influence not only use and type of consultant used, but also the result of the assignment. Yet, the latter is chiefly affected by qualitative variables related to the specificity of the assignment (Sturdy, 1997, Fincham, 1999), and potentially to the consultant type. These are discussed next.

### *ASSIGNMENT CHARACTERISTICS*

#### **Level of interaction**

The type of interaction between client and consultant is likely to influence the success of the consulting (e.g. Schein, 1999). Service intensity is assessed here by consultants' degree of involvement at implementation level. Previous researchers (Shapiro et al., 1993, Bennett and Robson, 1999a and 1999b and 2000, Schein, 1999) have argued that consultants involvement at the implementation level influences significantly the outcome of the consulting assignments. Hence it is expected a positive relation between degree of involvement, impact and satisfaction with their services.

#### **Consultant skills**

Consultant skills are without doubt a central competence in consultancy and to the quality of the service provided (Greiner and Metzger, 1983, Maister, 1986, Clark, 1995, Schein, 1999). On the one hand, large consultancies in particular are often criticised of using inexperienced, young graduates for complex assignments. On the other hand, quality control over small consultancies and individual consultants is a complex task. As a result, an important development in the consultancy field has been the renewed drive to increase quality, including giving greater emphasis to consultants' education, training, experience and even accreditation (Tordoir, 1995, Schein, 1999). Thus, consultants skills are expected to be positive related to the success of the assignment.

#### **Barriers for the implementation**

Amongst the numerous factors affecting decisively the consulting assignment are those related to client behaviour during the assignment. One first factor concerns client managers' commitment to the project. They are the ones that ultimately have the capacity to introduce changes. Indeed, the lack of client involvement has been often found critical for the success of any consulting assignment. Secondly, there is the need to consider firms' barriers for change. Firms' activities are

of routine type (Nelson and Winter, 1982) and difficult to change. On the one hand, there is a natural internal resistance to change due to inertia and “not-invented here” syndrome. On the other hand, consulting assignments may fail due to lack of absorptive capacity, i.e. capabilities to learn, interpret and implement knowledge and practices induced by consultants. These might be due to lack of skills, or lack of coordination within the project team, for example (Tordoir, 1995, Shapiro et al., 1993). Thus, all the four variables are expected to impact negatively on the course of the implementation, and thus to be negatively related to the outcome of the project when compared to the expected.

### III METHODOLOGY AND DATA COLLECTION

#### DATA COLLECTION

The study on the demand for consultancy is based on a survey questionnaire. It was mailed in April 1999 (follow-up in June 1999) to 300 firms in Portugal and 450 in Spain. The firms in the sample were selected randomly among the 500 largest firms in Portugal in 1997/8 (*Exame Maiores Empresas*, 1998) and the 3.000 largest in 1997/8 in Spain (*Actualidad Economica Maiores Empresas*, 1998). All in all, the survey comprises 115 valid questionnaires, 66 from Portugal and 49 from Spain, i.e. total answer rate of 15.3%, 22% and 11% for Portugal and Spain respectively.<sup>3</sup>

As shown in Table 1, out of 115 respondents, 54 per cent and 46 per cent are domestic and foreign owned (MNE hereafter) respectively. Domestic firms correspond to 61 per cent of the respondents in Portugal and to 45 per cent in Spain. Domestic firms are in an average over 14 years older than MNEs.

**Table 1 Firm ownership and age: total and percentage (in brackets)**

	Total		Domestic		MNE	
	N	Av.age <sup>1</sup>	N	Av.age	N	Av.age
Total	115	42.2	62 (53.9)	49.4	53 (46.1)	34.4
Portugal	66	39.1	40 (60.6)	44.9	26 (39.4)	30.7
Spain	49	46.5	22 (45.0)	57.5	27 (55.1)	38.2

<sup>1</sup> Average age of the firm in years.

<sup>3</sup> In this regard it should be highlighted that other researchers have also experienced considerable difficulties in terms of questionnaire survey research in Spain (e.g. Benders, J., Huijgen, F., Pekruhl and O’Kelly, K.P., 1999).

**Table 2 Sales in Millions of EUROS**

	Total			Domestic			MNE		
	Min	Max.	Mean	Min	Max.	Mean	Min	Max.	Mean
Total	0.04	3819.22	218.67	2.24	3819.22	263.97	0.04	2246.43	168.15
Portugal	0.04	3819.22	188.23	2.24	3819.22	245.57	0.04	747.01	104.43
Spain	0.10	3540.74	261.03	3.90	3540.74	298.93	0.10	2246.43	231.87

Concerning sales, the total average is 218,67 million EUROS. In terms of sales value, Portuguese and domestic firms are in an average smaller than Spanish or domestic. Manufacturing clearly predominates, accounting for 67% of the total respondents. The weight of manufacturing is higher for MNEs.

**Table 3 Sectoral distribution**

	Total			Portugal			Spain		
	Total	Domestic	MNE	Total	Domestic	MNE	Total	Domestic	MNE
Services	33.0	46.7	17.3	36.9	33.3	23.1	27.7	53.8	11.5
Manufacturing	67.0	53.3	82.7	63.1	66.7	76.9	72.3	46.2	88.5

### **DEFINITION OF VARIABLES**

The survey includes firm sales as measure for firm size. In order to capture the skill composition of the respondents a skill variable is incorporated in our analysis. This is defined as the percentage of top managers with high degrees and with MBAs. Other firm characteristics which are included in the analysis are sector (manufacturing / services), ownership (domestic/ MNE), innovator / less innovator. In this regard, firms were asked whether they have introduced a number of management innovations in the last decade. This variable was then used to characterise firm innovativeness (CLUST\_INO). Firms were classified accordingly to a cluster analysis based on the total number of innovations they have implemented. Respondents were asked whether they have used consultants or not to implement such type of innovations, and which type of consultants they used. These were grouped in individual consultant (IndCons), small national consultancy (SMC), large national consultancy (LNC), international consultancy (ICs), academic/ research, financial, professional association and public institutions (grouped as OTHER). The respondents were then asked to evaluate in a likert scale their degree of satisfaction with the results compared to the expected (REAEXPEC). REAEXPEC is used to assess assignment success. Values 1-3 were grouped as not

satisfied (=0), 4 and 5 as satisfied (=1). With this transformation into a dichotomous variable a binary response logit model could be used.

**Table 4 Summary on variables and expected relationship with use of consultants**

Dependent variable		Type of variable	
USECONS	Used consultants	0=No, 1=yes	
Independent variables		Type of variable	Expected relationship
Client characteristics			
SALESEU	Size (sales)	Continuous	+
GRAD	Percentage of top managers with BA	Continuous	?
MANMBA	Percentage of managers with MBAs	Continuous	?
CLUS_INO	Innovation	0= less innovative, 1=more innovative	+
FOR1*	Ownership	0=domestic, 1=MNE	??
FIRM2	Sector of activity	0=service, 1=manufacturing	-
Location: COUNTRY	Country	0=Spain, 1=Portugal	??

\* expected positive related to the use of international consultancies and negative to domestic.

In order to measure the level of interaction between client-consultant, firms were inquired about the degree of consultants involvement with the implementation (IMPLE). Consultants' skills was measured by firms' degree of satisfaction with consultants skills (SSKILLS) (1-5, totally dissatisfied to totally satisfied) during the assignments.

Barriers for change were also evaluated using a 5 point likert scale. Firms were asked to evaluate to which degree internal resistance (INTERESI), lack of internal skills (INTSKILLS), lack of internal motivation and involvement (INTINVOL), and problems of coordination within the project team (COPERTEAM) had been a problem for the implementation. Table 4 above and Table 5 below summarise the variables, how they were measured, and expected relations between explanatory variables and use of consultants and success of the assignment.

**Table 5 Summary on variables and expected relation with success of the assignment**

Dependent variable		Type of variable	
REAEXPECT	Satisfaction with results compared to expected	(1-5) not at all, totally satisfied. Grouped as (1,2,3) =not satisfied (=0), (4-5)=satisfied (=1)	
Independent variables		Type of variable	Expected relationship
Client characteristics			
SALESEU	Size (sales)	Continuous	??
GRAD	Percentage of top managers with BA	Continuous	+
MANMBA	Percentage of managers with MBAs	Continuous	+
CLUS_INO	Innovation	0= less innovative, 1=more innovative	+
FOR1	Ownership	0=domestic, 1=MNE	??
FIRM2	Firm business	0=service, 1=manufacturing	??
Location: COUNTRY	Country	0=Spain, 1=Portugal	??
Characteristics of the assignment			
a)Level of interaction: IMPLE	Consultants involvement with implementation	(1-5) not at all to very high involvement	+
b) Consultant skills SSKILLS	Satisfaction with consultants skills	(1-5) not at all, totally satisfied	+
c) Barriers / problems during the assignments:			
PROINTSS	Internal resistance	(1-5) not at all, very important	-
INTSKI	Lack of Internal skills	(1-5) not at all, very important	-
INTERINV	Lack of Int. involvement	(1-5) not at all, very high	-
COOPERTEA	Lack of Coordination	(1-5) not at all, very high	-

The next section first compares likelihood of firms seeking external advice in general and from different type of consultants in specific, then the likelihood of success of assignments in relation to several explanatory variables. In each case assessments are made using logit regression modes because the nature of the responses are nominal (use/ non use, satisfied, not satisfied).

#### IV USE OF CONSULTANTS

In both countries about 70% of the companies had employed consultants recently (Table 6), and the results for MNEs do not differ significantly. The value is relatively low when compared to the 90% of use of external business advice by SMEs in Britain (Bennett and Robson, 1999b).

**Table 6 Use of consultants (total, by country and firm ownership)**

	Total			MNEs		
	P/S	P	S	P/S	P	S
Used consultants, in percent of total	70	70	71	68	69	67

T test for independent samples, Mann-Whitney test. \*\*\*  $p < 0.01$ , \*\*  $P < 0.05$ , \*  $p < 0.1$

In order to investigate the influence of firm-type and locational variables together we have used a logit model in order to identify which conditions favour the use of external consultants.

**Table 7 Estimates of a logit model of the expectation of using consultants**

Variable	Use consultant
SALESEU	2.27E-09 (2.436E-09)
GRAD	-.0275** (.0118)
MANGMBA	.0458* (.0260)
FIRMB2	1.0090* (.5823)
FOR1	-.4511 (.5479)
CLUS_INO	.4222 (.5650)
COUNTRY	.5493 (.6229)
Constant	1.0366 (1.0525)
N	87
-2log likelihood	94.217
% correctly classified	72.41

Significant at \*\*\*  $p < 0.01$ ; \*\*  $p < 0.05$ ; \*  $p < 0.1$

As shown in Table 7, three of the seven firm variables are statistically significant to explain use of consultants. Manufacturers and firms with higher percentage of MBAs at management level are more likely to use consultants. Yet, firms with higher level of graduates are less likely to use external consultants. The result for manufacturing might be justified by the predominance of manufacturing firms in the sample. Yet, it also suggests that manufacturing is still much behind the growth in management consultancy in the most recent decade. This result is not surprising when local context is considered. Manufacturing restructuring has been a central concern of policies in both countries, and significant EU funds have been allocated to this objective. This policies are also said to have stimulated the use of external support, also among SMEs (e.g. Amorim, 1999, 2000c).

Bennett, Robson and Bratton (2000) study on SMEs in the UK also found manufacturing firms more likely to use consultants of the business link scheme.

Formal education at management level has a surprising relationship with the use of consultants, and it is statistically significant. The percentage of graduates at management level has a negative relation with the use of consultants, suggesting that higher formal internal skills preclude the need for external support. Yet, when we consider more precisely managers with MBAs, it is positive related. These apparently contradicting results suggest that not only the level but also the field of graduation matter when explaining the use of consultants. Professional managers with postgraduate studies in business may be more likely to use external management consultants. Furthermore, the strong relation between MBAs and consultancies has been fairly discussed. The movement of former consultants (amongst which MBAs are popular) into firms for example, is said to open doors to consultancies into those clients (Kipping and Amorim, 2002).

Firm size and innovativeness appear with positive relation, but not statistically significant. Contrary to our expectations, there is no clear evidence that larger and more innovative firms have more likelihood of using external consultants. With the proliferation of small and medium-sized firms, there was also financial stimulus for smaller firms to use external consultants. Furthermore there was also a boom in terms of public and semi-public bodies aiming at the promotion of R&D, the strengthening of greater communication at the European level and the simplification of often bureaucratic management structures (Bruton, 1994) at smaller firms. Concerning innovativeness, Bennet et al.' (2000) study did not find a statistical relationship at this level either. It can be argued that high level of use of external advice may also be found in less innovative firms because they may need greater amounts of external advice in order to catch up with the others.

Location appears to have no influence on the use of consultants once other variables are controlled for. Additionally, foreign firms seem less likely to use consultants, but the influence of ownership is not significant. These four variables may have some influence when we consider type of consultants used, and this is explored next.

**IV.1 USE OF CONSULTANTS BY TYPE**

In terms of service suppliers, about 60% of the firms using consultants used international consultancies. However half of them also used domestic consultancies. Within the later, small consultancies predominate, with 33% of the firms reporting to have used their services (Table 8). By contrast to what is often suggested, Mann-Whitney test revealed that domestic and foreign firms do not differ significantly in type of consultancy providers. What is surprising is the level of use of domestic consultancies (small and large together) by MNEs, thus, apparently, contradicting previous suggestions that a negative relationship between them exist. As shown in Table 7, 67% of the MNEs using consultants reported to have employed domestic consultancies, and the same for international ones. The use of individual consultants by all types of firms it is also worth noting.

**Table 8 Use of consultants by type (total, by country and firm ownership)**

Type of consultants	Total			MNEs		
	P/S%	P%	S%	P/S%	P%	S%
In percent of those using consultant:						
International consultancy	61	67	51	67	78	61
Domestic consultancies, of which:	52	48	57	67	61	73
Small national consultancy	33	28**	40**	56	44*	67*
Large national consultancy	19	20***	17***	11	17	6
Individual consultant	20	20	20	17	22*	11*
Academic or research institutions	12	9**	17**	8	6	11
Financial institutions	7	11***	3***	8	17	
Professional or technical association	7	11***	3***	6	11	
Public institution	5	4**	6**	3		6

Note: significant different at \*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$

Tested using T-test for independent samples, and Mann-Whitney test for two group comparisons

The results were tested against company sector and size. There were no significant differences when considering firm sector of activity. Concerning firm size, with the exception to financial institutions and international consultancies, all the other type of consultants appear positively related to company size. It appears that larger firms tend to rely less on financial institutions as sources of advice.

As shown in Table 8, there is however considerable differentiation along host economy. On the one hand, and by contrast to the Portuguese case, in Spain there is not hegemony of international

consultancies. 57% of the firms have used either small or large domestic consultancies, against the 51% for international consultancies. In Spain the percentage of MNEs using domestic consultancies in the MNEs market is even higher than that using international consultancies. These results suggest not only the development of the Spanish domestic supply of management consultancy when compared to the Portuguese one, but also greater linkages between foreign MNEs and domestic business suppliers.

On the other hand, it is worth noting the significance of academic and research institutions in Spain, and of professional and technical associations and financial institutions in Portugal. These results are in line with previous studies (Amorim, 2000a) which pointed out the role of business schools in Spain and of professional associations on Portuguese firms' mimetic behaviour. The use of such type of services is however rather limited.

In order to investigate all these firm-type and locational variables together we have used a logit model in order to identify which conditions favour the use of external consultants. Considering the reduced observations for academic or research institutions, financial institutions, professional or technical association, public institution we have grouped them into "Other".

**Table 9 Estimates of a logit model of the expectation of using consultants, overall, by type**

Variable	Use consultant	Indconsultant	Small National	Large National	International	Other
SALESEU	2.27E-09 (2.436E-09)	-1.7E-08 (1.082E-08)	1.14E-09 (7.322E-10)	2.07E-09** (1.089E-09)	8.25E-09*** (3.262E-09)	-1.6E-10 (8.126E-10)
GRAD	-.0275** (.0118)	-.0108 (.0145)	-.0130 (.0119)	.0028 (.0137)	-.0031 (.0104)	-.0055 (.0124)
MANGMBA	.0458* (.0260)	.0060 (.0208)	.0122 (.0198)	.0275 (.0313)	.0186 (.0171)	.0072 (.0184)
FIRMB2	1.0090* (.5823)	.1024 (.8126)	.1028 (.6859)	4.8191 (3.1806)	.0979 (.5732)	-.0439 (.6622)
FOR1	-.4511 (.5479)	-.4555 (.6836)	1.5782*** (.6010)	-1.2439* (.7306)	.5175 (.5177)	-.5054 (.6029)
CLUS_INO	.4222 (.5650)	1.1336 (.7722)	.0953 (.6019)	-.1858 (.7331)	-.0038 (.5357)	-.1383 (.6079)
COUNTRY	.5493 (.6229)	-.2625 (.7365)	-.0808 (.5905)	.3234 (.8198)	.7630 (.5681)	-.1187 (.6318)
Constant	1.0366 (1.0525)	-.6952 (1.4534)	-1.4825 (1.1012)	-6.5612* (3.6657)	-1.9536** (.9710)	-.7741 (1.1431)
N	87	87	87	87	87	87
-2log likelihood	94.217	64.099	85.634	56.449	101.166	81.668
% correctly classified	72.41	85.06	78.16	87.36	72.41	81.61

Significant at \*\*\* $p < 0.01$ ; \*\*  $p < 0.05$ ; \*  $p < 0.1$

As shown in Table 9, firm size and ownership are the variables with higher influence on the type of consultant used, with statistically significant relationships. Larger firms have more likelihood of using large national consultancies and international consultancies, which confirm the expectations. They seem to use less individual consultants and other consultancies, but the relation is not statistically significant in these cases. Concerning ownership, the results are relatively surprising.

As shown in Table 9, foreign firms have more likelihood of using small domestic consultancies. Yet, they are less likely to use large domestic ones. At this point, one must consider that the results may be biased due to different perceptions between domestic and foreign firms. Consultancies considered large by for the first, may be considered small by the latter. Foreign firms may use small domestic consultancies offering specialist services. The extent of this phenomenon depends also on the development of the domestic market in host economies.

Country specificity seems to exist. When the analysis is conducted for each country individually, MNEs appear significantly more likely to use small domestic consultancies in Spain ( $B=2.9748$ ,  $P=0.0166$ ), but not in Portugal. Use of large domestic consultancies by MNEs appears negative in both countries, but the relationship is significant only in Spain ( $-2.2570$ ,  $P= 0.0714$ ).

Innovativeness is positive but non significant related to use of consultants by type.

The variable skills influences the use of consultants in general, but does not seem to influence significantly the use of each type of consultant. Yet, country specificity is again evident. Percentage of graduates appears negative related to the use of individual consultants, but the relation is significant only for the Spanish case.

## V ASSESSMENT OF THE ASSIGNMENT

In our study only 30% of the respondents affirmed to be very to totally satisfied with the results when compared to the expected (Table 10). The result does not seems considerably good when compared to other studies. Tordoir's (1995) study in the US for example reports that almost 60% of the firms had good to very good experiences with outside professional services. Yet, 8% of the firms had "rather bad" experiences. In our survey only 1.2% of the firms reported to be totally dissatisfied with consultants.

There are few statistically significant differences in satisfaction levels. Portuguese and domestic firms reported higher degree of satisfaction. The differences between countries and between domestic/ foreign firms) are not significant however (Mann-Whitney test for differences between means) (Table 10). Similarly, sector and size are not correlated (Spearman's correlation) to level of satisfaction.

**Table 10 Assessment of consultants` service**

	Total		Portugal		Spain		Domestic		MNEs	
	M	%	M	%	M	%	M	%	M	%
Result compared to the expected	3.38	42.0	3.44	47.9	3.29	34.3	3.48	44.5	3.26	38.9

Mann-Whitney test for two group comparisons: significant at \*\*\* $p < 0.01$ ; \*\*  $p < 0.05$ ; \*  $p < 0$

**Table 11 Level of interaction**

	Total		Portugal		Spain		Domestic		MNEs	
	M	%	M	%	M	%	M	%	M	%
Implementation	3.01	29.6	3.11	31.8	2.75	26.5	2.93	40.0	3.12	44.5

Mann-Whitney test for two group comparisons: significant at \*\*\* $p < 0.01$ ; \*\*  $p < 0.05$ ; \*  $p < 0$

As shown in Table 11, nearly 30% of the firms reported consultants to have had high to very high participation at implementation level<sup>4</sup>. There were no significant differences across firms when considering country, ownership, size or ownership (each considered individually).

Despite criticisms on consultants “actual knowledge and skills”, the respondents classified the skills of the consultants quite positively (Table 12). About 64.2% of the firms using consultants reported to be very to totally satisfied with their skills during consulting assignments (mean of 3.72, and standard deviation 0.76). Any firm (overall, by country and by ownership) revealed to be totally dissatisfied with their skills. Yet, domestic firms reported significantly higher levels of satisfaction ( $p < 0.010$ ). Larger firms reported higher level of satisfaction with the skills of the consultants (Spearman's correlation coefficient not reported here).

<sup>4</sup> In the same study, respondents emphasised much more consultants` role as “architects”, either suggesting or planning the introduction of innovations. Forty four and thirty seven percent of the firms reported consultants` strong or very strong impact at these levels (Amorim, 2002).

**Table 12 Assessment of consultants skills**

	Total		Portugal		Spain		Domestic		Foreign firm	
	M	%	M	%	M	%	M	%	M	%
Skills of the external organisation	3.72	64.2	3.78	73.8	3.65	51.4	3.91**	71.1	3.49**	55.6

Mann-Whitney test for two group comparisons: significant at \*\*\* $p < 0.01$ ; \*\*  $p < 0.05$ ; \*  $p < 0.1$

**Table 13 Client- type barriers for success**

	Total		Portugal		Spain		Domestic		Foreign firm	
	M	%	M	%	M	%	M	%	M	%
Internal resistance to change	3.25	48.4	3.09	43.0	3.47	57.0	3.27	51.1	3.23	47.2
Lack of internal skills	2.87	22.2	2.98	28.0	2.72	14.0	2.95	33.3	2.76	8.3
Lack of internal involvement	2.17	12.3	2.30	16.0	2.00	9.0	2.07	15.5	2.29	8.4
Lack of coordination within the project team	2.32	12.3	2.36	11.0	2.27	14.0	2.14*	13.3	2.54*	11.1

Mann-Whitney test for two group comparisons: significant at \*\*\* $p < 0.01$ ; \*\*  $p < 0.05$ ; \*  $p < 0.1$

Table 13 shows that internal resistance to change was identified as the the most significant barrier for consulting success. Nearly 50% of the firms considered it to have been a high to very high problem during consulting assignments, followed by lack of internal skills for the implementation. Lack of internal involvement and coordination within the project team were less reported. Indeed, 33.3% and 22.2% of firms reported that these issues did not represent any problem at all.

Portuguese and domestic firms reported considerably higher values for lack of internal skills and internal involvement. Excluding the lack of coordination within the project team, domestic firms reported higher levels than foreign. Similarly, it represented any problem at all for 31.1% and 11% of domestic and foreign firms respectively. Yet, the differences are not significant. Foreign firms reported significant higher problems due to lack of coordination. There are no differences when considering size, while firm business influence only for coordination within the project team. Manufacturing firms reported significant higher barriers.

The next step is to examine the success of the assignment considering the variables above. In Table 13 the results of the logit model are reported.

For firm-type variables, sector of activity is the only variable with a statistically significant relation to the satisfaction level.

**Table 13 Estimates of a logit model of the client assessment of the consulting assignment**

Variables	B	S.E.
SALESEU	-2.6E-10	(1.164E-09)
GRAD	-.0024	(.0187)
MANGMBA	.0363	(.0471)
FIRMB2	2.5771*	(1.5513)
FOR1	-1.4280	(.9363)
CLUS_INO	-1.2679	(.9076)
COUNTRY	2.3550**	(1.1850)
IMPLE	.1522	(.3589)
PROINRSS	.1717	(.5577)
INTSKI	-.6722	(.4855)
INTERINV	-.0585	(.4778)
COORPTEA	-.4664	(.6188)
SSKILLS	2.4563***	(.9640)
Constant	-10.1914**	(4.5161)

Significant at \*\*\* $\rho < 0.01$ ; \*\*  $\rho < 0.05$ ; \*  $\rho < 0$

Manufacturers are more likely to have significantly higher satisfaction than service sector firms. With the exception for percentage of managers with MBAs, all the other client-type variables (firm size, ownership, percentage of graduates, and innovativeness) have a negative relation with satisfaction. Surprisingly, more innovative firms do not show higher degree of satisfaction with consultants. Firm skills in terms of formal education appear negative related to satisfaction for percentage of graduates, but positive for percentage of MBAs. One could suggest that shared educational backgrounds between consultants and client managers increases the likelihood of success. The relation is not significant however. Firm-type variables thus have a relatively weak effect on satisfaction.

Turning to the local specificity, host country has a significant influence on satisfaction. Portuguese firms are more likely to have statistically higher satisfaction than its Spanish counterparts.

Amongst the barriers to success, internal resistance to change is the only variable with a positive relation to satisfaction. But the relation is non-significant for all of them.

Concerning the specificity of the assignments, the most important variable explaining success is the skill level of consultants. As expected, this variable has a positive and significant relation to satisfaction. Consultants with appropriate skills have higher potential to achieve success, even in the presence of barriers at firm level. When clients do not reach the necessary level of controlling and

interfacing capacities, the professional responsibility of a consultant comes more to the forefront (Larson, 1977). The principle that a client is finally responsible for the quality of the service is not entirely valid when clients are looking for a “doctor of management” (Shein, 1999). Such client cannot be held fully responsible for the eventual quality of the service.

Consultants involvement at implementation is also positive related to satisfaction, but it is not significant. However, if we exclude consultants skills from the model, IMPLE emerges has the most significant variable influencing satisfaction. The result is also in line with Bennett et al. (2000) which suggest intensity to be important but not essential. One group reported high satisfaction from a very intensive service. However they found a second group of firms reporting high level of satisfaction from a non-intensive service based chiefly on information and rapid response advice. Thus, the intensity and scale of the service provided must be in line with the aims of the project and client characteristics. In some cases it may be suffice to provide a diagnostic and alternatives for action, with implementation being carried out by knowledgeable internal while in others operational knowledge might be essential. In general, the absence of much systematic effect of client satisfaction from client type variables indicate that the main cause of variable quality is differences in the skills of consultants.

## **VI CONCLUSION**

This paper reported one of the few surveys of consultancy use and satisfaction in Spain and Portugal available to date. It has also been able to compare differences across countries and different type of users of these services. In spite of the growth of the consulting industry in the two economies under consideration, the use of consultancy is still relatively low.

Sector of activity and client management skills are the most important variables explaining use of consultancy. Professional managers with postgraduate studies in business seem more likely to use external management consultants. Furthermore, the results are in line with arguments of strong relation between MBAs and consultancies. Contrary to our expectations, there is no evidence that whether or not ownership, size and innovativeness influence the likelihood of a firm using external consultants. No significant differences were found across countries.

The results further reflect not only the expansion of international consultancies, but also the development of the domestic supply. Firm size and ownership are the variables with higher influence on the type of consultant used, with statistically significant relationships. Larger firms have more likelihood of using large national consultancies and international consultancies, confirming the expectations. They seem to use less individual consultants and other consultancies, but the relation is not statistically significant in these cases. Foreign firms have more likelihood of using small domestic consultancies. Yet, they are less likely to use large domestic ones.

Country specificity seems to exist. Small domestic consultancies have clearly more significance in Spain. On the one hand, the use of small domestic consultancies by MNEs is significantly higher in Spain. On the other hand, the use of large domestic consultancies appears negative related to MNEs in both countries, but the relationship is significant only in Spain.

Finally, there is the issue of quality control. From the satisfaction analysis, the overall conclusion to be drawn is that the level of satisfaction achieved so far by consultants is relatively disappointing. Almost equal numbers of clients are very satisfied or very dissatisfied. The results show that there can be considerable variation in satisfaction as a result of differences in firm business, consultants skills and geographical context. They highlight the need to develop a solid base of consultancy providers.

In spite of all controversy surrounding consultancy, we argued in favour of the development of complex divisions of labour and of intense interactions between the innovative efforts of the firm and external agents to building up dynamic innovation systems. Here we discussed a number of interrelated issues to be addressed in order to improve the operation of such agents. On the one hand, there is a need for policy intervention improvements in this regard. Policies, and economic theories, have tended to ignore services and how they can benefit the economic and innovation system. This phenomenon is clear in the Portuguese and Spanish context. Actions on the demand side became prominent only in the 1990s with programmes stimulating the use of consultancies by smaller firms and/or by those located in less privileged regions. There were also some initiatives on the supply side, based mainly on the establishment of public lead institutions, many oriented to the SMEs market. The survey results however did not show a significant use of public institutions, neither of consultants overall. At least two lessons can we derive from here: first, more emphasis should be put on the qualitative development of (semi-)public institutions and on their evaluation;

second, it is imperious to emphasise the development of the interactions between firms and external agents. This fact has been clearly acknowledged recently, and became one of the pillars of the European Innovation Policy. In Portugal so far, this issue has received very little attention, and a clear and generalised conscience about this fact by managers and policy makers, and by the society as a whole, does not seem to exist.

The analysis also raises the discussion ‘how to make the best use of consultants?’. Associated with this is the possibility of providing some form of training to users in how to make best use of consultants, and for consultants in how to work with different types of clients. Similar schemes already exist, for instance in Norway and Ireland, and with marked positive effects. It is also determinant to investigate the degree of involvement of consultants. Their limited involvement at the implementation level raises the potential for a decoupling between concepts or formal adoption and actual practices, or firms may even forget implementation all together. Clearly quality variation is high, and the results are significantly independent from client type. Thus, variations in satisfaction might be much related to differences in consultants’ capacities and not so much to differences in the type of client. This evidence raises the question ‘how to maintain high standards, especially within a business involving a number of active consultants within a sector or country?’. As more agents get involved in the process, so the risk increases of poor quality service and even of fraud and other dishonest practices. This is of particular concern for policy initiatives involving consultants: the damage which such poor service can inflict is not only to individual projects but also to the credibility of the whole programme. There is thus the need for some form of quality assurance within the system, to vet prospective suppliers of consultancy services, to monitor their performance and to improve the long term operation of such consultancy based schemes. Governments can act to establish acceptable standards and to restrict support for consultancy services to those suppliers who can demonstrate capacity and integrity, for example, by operating some form of qualification or approval process. This is of particular relevance in Portugal, where there is any active association of consultants which could make advances at these level. In Spain otherwise, the national association for consultancies has potential to take the lead in this regard. Yet, we found that Portuguese firms have more likelihood of having better results.

Finally the study opens further research agenda. Also in these two economies governments have put in place consultancy-based schemes as part of broader regional and national development policies.

The use and assessment of these initiatives has not yet been analysed in detail. This is an avenue for future research. Secondly, the study indicates that beyond superficial perspectives on recent developments of the management consultancy market, most of which largely ignore geography, a number of cross country differences were found. However, the interpretation of the range of use and impact in terms of institutional environment clearly requires further comparative research at international and regional level. In particular it is important to see how far differences in institutional environments, national or regional, affect the extent of use and success of external business advice. These studies open for a richer and better understanding of the economic and innovation system of regions and countries, and of the characteristics of firms in relation to the use of external consultancy.

## References

- Armbrüster, T. and Kipping, M. (1999): *The Management Consultancy Field in Western Europe*. CEMP Report, July.
- Amorim, C. (2002): *Diffusion of Innovations in Economies in the Periphery-core Transition*. PhD Thesis. Department of Economics of the University of Reading, UK.
- Amorim, C. (2000a): "TQM- The institutionalisation of a practice". Paper presented at the Conference "EGOS- 16<sup>th</sup> Colloquium", Helsinki, 2-5th July 2000.
- Amorim, C. (2000b): "TQM-Translating Magic Into Reality". Paper presented at the Conference "Managerial Knowledge Between Globalisation and Local Contexts", Rome, 15-17 June 2000.
- Amorim, C. (2000c): "Global consultancies: determinants of market entry and strategies for conquering clients in foreign locations". Paper presented at the Conference "European Business in the Global Network"-EIBA, December 2000, Maastricht.
- Amorim, C. (1999): "Catching-up? The Evolution of Management Consultancies in Portugal and Spain". *The European Yearbook of Business History*, Vol. 2.. Society for European Business History.
- Bairrada, M.N.G. (1989): *Crescimento dos Serviços e Mutação dos Sistemas Económicos: o processo de terciarização. Ensaio sobre a Economia Portuguesa*. PhD Thesis Economics. Instituto Superior de Economia. Universidade Técnica de Lisboa.
- Barata, J.M., Moura, J.P. (1993): *A Oferta de Serviços à Indústria: Uma Análise Estratégica*. Lisboa: Fundetec.
- Barley, S.R. and Kunda, G. (1992): "Design and devotion: Surges of rational and normative ideologies in managerial discourse". *Administrative Science Quarterly*, 37, 363-399.
- Benders, J., Huijgen, F., Pekruhl and O'Kelly, K.P. (1999): *Useful but unused-group work in Europe. Finding from de EPOC Survey*. Luxembourg: European Foundation for the Improvement of Living and Working Conditions.
- Bennett, R. and Robson, P. (1999a): "Business link: use, satisfaction and comparison with business shop and business connect". *Policy Studies*, 20: 2, 107-131.
- Bennet, R.J. and Robson, P.J.A. (1999b): "The use of external business advice by SMEs in Britain". *Entrepreneurship and Regional Development*, 11, 155-180.

- Bennett, R.J., Robson, P.J.A. and Bratton, W.J.A. (2000): "Government advice networks for SMEs: an assessment of the influence of local context on Business Link use, impact and satisfaction". *Applied Economics*, forthcoming.
- Bessant, J. and Rush, H. (1995): "Building bridges for innovation: the role of consultants in technology transfer". *Research Policy*, 24, 97-114.
- Boisot, M. (1993): "The revolution from outside-Spanish management and the challenges of modernization". Hickson, D.J. (ed.): *Management In Western Europe: Society, Culture And Organization In Twelve Nations*. Berlin: De Gruyter.
- Bruton, K. (1994): "The business culture in Spain". Randlesome, C. et al. (eds.): *Business Cultures in Europe*. 2<sup>nd</sup> ed., Oxford: Butterworth Heinemann.
- Buesa, M. and Molero, J. (1998): *Economia Industrial de España: organizacion, tecnologia e internacionalizacion*. Madrid: Biblioteca Civitas Economia y Empresa, Coleccion Economia, Editorial Civitas.
- Clark, T. (1995): *Managing Consultants: Consultancy as the Management of Impressions*. Buckingham: Open University Press.
- Cunha, R.C. and Marques, C.A. (1995): "Portugal". Brunstein, I. (ed.): *Human Resources Management in Western Europe*. Berlin: de Gruyter, 211-229.
- Edquist, C. (ed.)(1997): *Systems of Innovation. Technologies, Institutions and Organisations*. London: Pinter.
- Engwall, L. (1999): *The Creation of European Management Knowledge*. CEMP Report 7.
- EU (1986-1992): *Panorama of EC Industry: Management Consultancy*. several issues. Luxembourg, Official Publications of the EU.
- FEACO (2002): *Survey of the European Management Consultancy Market*. Brussels: European Federation of Management Consulting Associations.
- Ferrão, J. (1992): *Serviços e Inovação. Novos Caminhos para o Desenvolvimento Regional*. Lisbon: Celta Editora.
- Ferreira, J.M.C. (1991): "Novas tecnologias e tendências de mudança organizacional do trabalho em Portugal". *Organizações e Trabalho*, 516, December.
- Fincham, R. (1999): "The consultant-client relationship: critical perspectives on the management of organisational change". *Journal of Management Studies*, 36:3, 335-351.
- Fridenson, P. (1994): "La circulation internationale des modes manageriales". Bouilloud, J.-P., Lecuyer, B.P. (eds.): *L'invention de la Gestion. Histoire et Pratiques*. Paris: L'Harmattan, 81-89.

- Hauknes, J. (1998). *Dynamic Innovation Systems. Do services have a role to play?*. STEP Report. November.
- Hauknes, J. (1996). *Innovation in the Service Economy*. STEP Project Report 7/96.
- Kieser, A. (1998): "How management science, consultancies and business companies (do not) learn from each other. Applying concepts of learning to different types of organizations and to interorganizational learning". Sonderforschungsbereich 504, 28-20, University of Mannheim.
- Kipping, M. (1999): "American management consulting companies in Western Europe, 1920s to 1990s: Products, reputation and relationships". *Business History Review*, 73: 2, Summer, 190-220.
- Kipping, M. and Amorim, C. (2002): "Consultancies as management Schools". Amdam, R. P., R. Kvålshaugen and E. Larsen (eds.) *Inside the Business Schools: Management Education in Europe*, Oslo: Abstrakt Press, 133-154.
- Larson, M.S. (1977): *The Rise of Professionalism*. Berkeley: University of California Press.
- Maister, D.M. (1986): "The thee E`s of the professional life". *Journal of Management Consultancy*, 3:2, 39-44.
- Lundvall, B. (1992). *National Systems of Innovation: Towards a Theory of Innovation and Interactive Learning*. London: Pinter.
- Micklethwaite, J. and Wooldridge, A. (1996), *The Witch Doctors. What the management gurus are saying, why it matters and how to make sense of it*. London: Heinemann.
- Mintzberg, Henry (1996): "Musings on management". *Harvard Business Review*, 74, July-August, 61-67.
- Molero, J., Buesa, M. and Casado, M. (1995): "Technological strategies of MNCs in intermediate countries: the case of Spain". Molero, J. (ed.): *Technological Innovation, Multinational Corporations and New International Competitiveness: The case of intermediate countries*. Harwood Academic Publishers, 265-291.
- Nees, D.B. and Greiner, L.E.: (1985): "Seeing behind the look-alike management consultants". *Organizational Dynamics*, 68-79.
- Nelson, R.R. and Winter, S. (1982): *An Evolutionary Theory of Economic Change*. Cambridge, MA: Harvard University Press.
- Nonaka, I. (1994): "A dynamic theory of organizational knowledge creation". *Organizational Science*, 5:1, 14-36.
- O'Shea, J. and Madigan, C. (1997): *Dangerous Company. Management Consultants and the Businesses They Save and Ruin*. New York: Times Books.
- Petit, P. (1986): *Slow Growth of the Services Economy*. London: Francis Pinter.

Schein, E. (1999): *Process Consultation Revisited: Building the Helping Relationship*. Reading, MA: Addison-Wesley.

Shapiro, E.C., Eccles, R.G. and Soske, T.L. (1993): "Opinion: consulting-has the solution become part of the problem?". *Sloan Management Review*, 34:4, Summer, 89-95.

Simões, V.C. (1995): "Innovation in Portuguese manufacturing industry". Molero, J. (ed.): *Technological Innovation, Multinational Corporations and New International Competitiveness: the case of intermediate countries*. Australia: Harwood Academic Publishers, 214-237.

Sturdy, A. (1997): "The dialectics of consultancy". *Critical Perspectives of Accounting*, 8, 511-535.

Tisdall, P. (1982): *Agents of Change. The Development and Practice of Management Consultancy*. London: Heinemann

Tordoir, P.P. (1995): *The Professional Knowledge Economy: the Management and Integration of Professional Services in Business Organisation*. Netherlands: Kluwer Academic Publishers.

Wood, P. (1998). *The Rise of Consultancy and the Prospect for Regions*. Paper presented at the 38<sup>th</sup> Congress of the European Regional Science Association. 28<sup>th</sup>-31<sup>st</sup> August, Vienna.

Vogler-Ludwig, K., Hofmann, H. and Vorloou, P. (1993): "Business services". *European Economy*, 381-401.