

Management Consulting in Human Resource Management: Central and Eastern European Perspectives in Light of Empirical Experiences

József Poór¹, Ágnes Milovecz²

¹Faculty of Economics and Social Sciences, Szent István University, Gödöllő, Hungary; ²Faculty of Business and Economics, University Pécs, Pécs, Hungary.

Email: poorjf@t-online.hu, milovecza@ajk.pte.hu

Received January 14th, 2011; revised April 2nd, 2011; accepted April 25th, 2011.

ABSTRACT

We analyze the evolution of management consulting in the field of human resources (HR) for the past 20 years in the transitional economies of Central and Eastern Europe (CEE). Our framework for HR consultancy is based on extensive professional experience in the region, several sets of multiyear surveys, and a review of the literature. We focus on the evolving HR theory and the current HR practice in Bulgaria, Czech Republic, Hungary, Poland, Romania, and Slovenia. Our paper relies on three major sets of multiyear surveys, conducted by the authors' direct or indirect involvement. Special attention is paid to HR consulting in multinational firms and public sector organizations.

Keywords: Central and Eastern Europe (CEE), Human Resource Management (HRM), Hungary, Management Consulting, Multinational Companies (MNCs), Transitional Economies

1. Introduction

In undertaking a study of management consulting with specific attention on HR consulting practices in different countries in Central and Eastern Europe, and specifically in Hungary, we begin by adopting a broad framework encompassing the major external and internal factors that

affect the evolution of such activity. **Figure 1** proves particularly useful when discussing the phases of development that consulting organizations and their clients have experienced during the past 18 years in Hungary and elsewhere in Central and Eastern Europe.

While a discussion concerning each item and the rela-

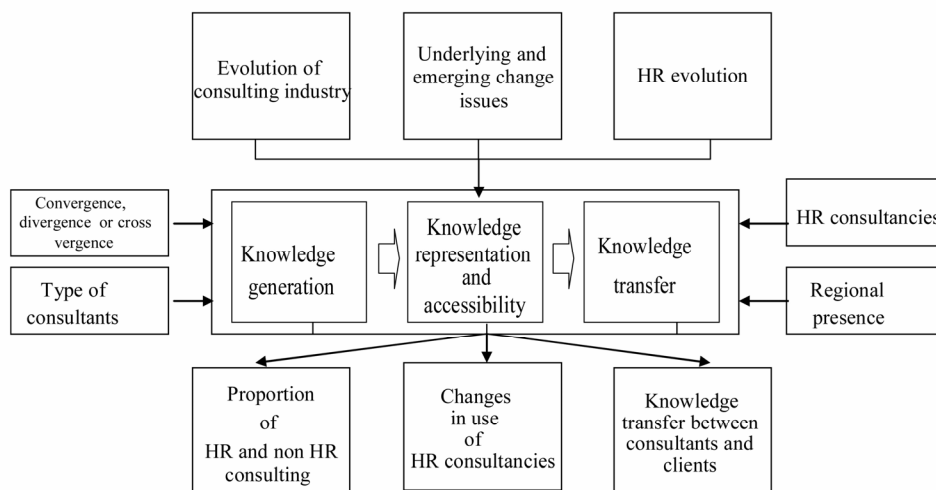


Figure 1. Generic model on the context of management consulting industry in six CEE countries.

tionships among them in this model is beyond the scope of this paper, this model provides a context for the discussion, consistent with recent presentations highlighting the criticality of HR consulting variables in the context of situational variables. This model is based on different publications regarding general and HR related consulting industry analysis [1-5]. Generally speaking, consulting is “a knowledge-based service, it can be sold and bought, but it cannot be dropped on your foot, and it cannot be displayed in a shop-window. The service of a consultant is often intangible, hard to store and/or transport, and difficult to demonstrate its advantages to potential clients” [6]. Sveiby [7] describes a knowledge-intensive organization as one in which the majority of employees are highly educated, and the product is not standardized and involves a high degree of problem-solving skills and information manipulation. In this respect of such services we need to highlight four important aspects in the following areas:

- Human capital and knowledge intensive,
- High degree of intangible activities and services,
- Difficulties in standardization,
- Intensive interaction between consultants and clients.

Management consulting is the rendering of independent advice and assistance about management issues. This typically includes identifying and investigating problems and/or opportunities, recommending appropriate action and helping to implement those recommendations. Besides traditional management consulting (e.g. strategy, organization, HR, change management, IT advice and project management) new service lines (e.g. development and integration excluding software development and outsourcing) also belong to this profession [2,5].

1.1. Underlying Issues

The one-party political and power system in CEE countries collapsed at the end of the 1980s and these countries are now well on their way in the move from dictatorship to democracy. The dizzying speed of the capitalist renaissance in the past 18 years has tied a number of countries—ten new EU members (the Czech Republic, three Baltic States, Hungary, Poland, Slovakia, Slovenia, Romania and Bulgaria)—more closely to the West than at any time in previous decades. Such a quick transition from centralized state control and national economic planning to free-market, globally competitive capitalism is unprecedented in the history of the world. This difficult political and economic process has had the consequences shown below.

First, the political and administrative map of the region has undergone drastic change. Before the sweeping po-

litical transformation, eight countries existed in this region; now, besides the Eurasian region of the former Soviet Union, there are 16 different sovereign countries with a combined population of more than 200 million. Before these changes, from a cultural perspective, the whole region had been treated in a very similar manner by the Western world, all were considered to be “behind the Iron Curtain”. These nations belonged to the communist bloc. We have to recognize that, behind the new borders, there is a historically and culturally highly diversified environment. Recognizing the complexity of this increasing regional diversity both perceived and real, is critical to understand the different management practices and their logical consequences on management consulting.

The second major consequence of the transition has been privatization. The private sector has become dominant in the CEE in GDP terms. The highest level of privatization occurred in the Czech Republic, Poland and Hungary. An important characteristic of Central and Eastern European privatization is that besides internal forces (managers and workers buy-out) [8] foreign capital played a key role in the process. Certain western politicians refused to create a new Marshall Plan. FDI into CEE countries has gradually increased since the beginning of the 1990s when these countries abandoned their socialist systems and started market-oriented reforms [9,10]. According to data gathered by Lewis [11], around US\$ 260 bn. of foreign direct investment (FDI) has arrived in our region over the past 15 years. The plan for CEE countries was that multinationals’ investments were going to fill this gap.

Third, the transition has been overshadowed by high inflation and a drastic decrease in output performance during the 1990s, with more and more countries in the region trying to change this trend. Today, most of their economies have begun to grow. Despite the recent economic growth and lower inflation rates of many CEE countries, a wide range of differences in GDP and GDP per capita remains between the earlier EU members and those countries that have recently joined. Due to the latest global economic crisis, “the growth rates in CEE region are beginning to slow down, the opposite is the case with inflation” [12].

From the point of view of our topic, it is worth taking an overview of the socio-economic characteristics in the countries examined. If we compare the six countries based on economic performance and cultural indicators (based upon 2008), we can conclude that:

- Of the six, Poland is the biggest in terms of both population and territory. Bulgaria, Czech Republic and Hungary are roughly the same size. Romania is

second largest in terms of territory and population. Slovenia is the smallest in terms of both territory and population.

- With regard to GDP per capita—based on 2008 World Fact Book data—the ranking of the countries is: Slovenia \$30,000; Czech Republic: \$26,000; Hungary \$18,600; Poland: \$17,300 Romania: \$12,300 and Bulgaria \$12,300.
- In recent years, including 2008 (the basis of the comparison) the Bulgarian, Czech, Polish, Romanian and Slovenian GDPs increased significantly more than 2.5% and 7.1%. The Hungarian GDP increases hardly above 0%.
- Inflation was lowest in Poland (4.2%). The Bulgarian, Czech, Hungarian and Romanian inflation data were approximately the same for 2008, around 6 and 7.8%.
- Probably due to the high number –3 - 3.5 million, according to certain estimates—of Romanian guest workers, the unemployment rate there is 4.4%, well below the EU average. Bulgarian, Czech, Hungarian and Slovenian rates approximated to the EU average, at around 5.4 and 8.7%. Unemployment was highest in Poland (9.8%).
- With regard to culture, following the dimensions set up by Hofstede [13], we can affirm that power distance is greatest in Romania (90). Bulgarians and Romanians are the least individualistic (30), whilst this indicator in the other countries varies between 58 and 60. Slovenians are the most individualistic. Hungarians the most masculine (88) while the same indicator is 55 in Czech Republic, 42 in Romania and 40 in Bulgaria. Slovenians have the lowest uncertainty avoidance index (27). The highest score of this indicator (93) is occurred in Poland [14].

It can be seen that all six countries differ in territorial, economic, and cultural aspects. However, the crisis had reached all by the end of 2008 and governments were forced to respond to the challenges. Most responses were similar although a few minor differences could be seen due to the above variations.

1.2. Emerging Issues

In addition, the latest trends of globalization and enlargement of the European Union have influenced the transformation of the CEE countries. Today's globalization is very different from the 1990s. Key drivers of the globalization are the market and no ideology [15]. New MNEs from China, Latin America and oil-rich Russia have moved into this region. "By manufacturing in these countries they avoid the substantial tariffs that the European Union imposes on imports e.g. from China [16]. In fact

nowadays, traditional investors looking for cheap labour have already started to relocate from the region, but knowledge-intensive industries and service-sector investments appear to be taking their place. According to different sources [17], many investors choose this area, not only because of its cheap labour; the skilled, blue-collar workforce, engineers, technicians and perceived higher flexibility are also among the key motives.

2. General Evolution of Management Consulting in the Region

2.1. Early Years and Communist Past

Management consulting on a global scale traces its origins to the 19th century, with the early pioneers appearing in England and the United States. Among companies, Arthur D. Little claims to be the first "pure" consultancy, tracing its founding to 1886. But even before ADL, we can cite the names of Samuel Price, George Touch, and William Deloitte of auditing fame. This group of individuals and small firms constitute the true first generation of advisors to business. They were followed by a big wave of second generation whose members include Edwin Booz, James McKinsey, Tom Kearney, George Fry, Lydon Urwick, Charles Bedaux and others; they and their small consulting firms made their appearance on the two sides of the Atlantic during 1910-1940.

But it was the advocates of the "scientific management" doctrine who made their presence first in Central Europe: F. Taylor, L. Gilberth, and H. Gantt. These system analysts focused on work processes, productivity, and the man-machine interface. Their appeal to the many manufacturers of Central and Eastern Europe emphasized squeezing more output from a given input; but their understanding of human motivation or the role of fatigue was meagre. Thus, for example, in the 1920s, the 'Taylor Office' ran full-page print ads in Hungary offering big cost savings, organization, mechanization and "rationalization" of office and factory processes. These advertisements offered a free initial visit, access to 60 experts, and alternative solutions to achieving higher productivity in all operations.

During the late 1920s and the 1930s, West European management consultants entered Central and Eastern Europe, emphasizing their proximity and their expertise in the field of office procedures, accounting, and administration. The "Bedaux Office" opened branches in several countries. German companies came to be dominant, stressing their expertise. Others, such as the Dutch firm of Indorag, also assisted large manufacturing and service firms in the area of re-engineering business processes. One of the largest local consulting firms was Evolut of

Hungary, patterned upon German examples. But almost all activity, by foreign and domestic firms, was suspended during the years of World War II.

After the Soviet Union asserted its political and economic power over the small nations of Central and Eastern Europe in the late 1940s, the puppet dictatorships have put into place cultural and managerial changes as well. Studies of leadership, managerial practice and what today we call organizational behaviour were widely disdained. Management theoreticians and practitioners were out; bureaucrats and planners were in. The regimes of the 1950s proved to be truly despotic and depressing in every way and in every country of the region. Factories focused on meeting quotas set in unit terms, with no heed to profits. The laborers' favorite phrase was: "We pretend to work and the state pretends to pay us."

However, by the 1960s, various institutes affiliated with ministries began to give advice and direction to companies belonging to their sector (e.g. agriculture, heavy industry, etc.) in regard to improving productivity, profits, and exports. In the previous regime scientific and branch institutes, universities, the Institute for Industry Development and the Institute of Management were the bases of management consulting. These institutes followed the Soviet school of management, political economics and management science (Russian acronym NOT = Scientific Organization of Work). Most projects and assignments were exclusively related to Industrial Organization and Management Information Systems (MIS) [18].

By the mid-1970s, especially in Hungary and Poland, staff members of institutes and leading corporate officers were allowed occasional visits abroad. A few select Western consultants were invited to assist in certain landmark projects, e.g. at the Taurus Rubber Works in Hungary, Podem and Balkancar in Bulgaria.

International Labor Organization (ILO), UNIDO, World Bank and other international development agencies have started to provide internships and engagement opportunities to professionals from CEE countries. Later on management training and development institutions have been created upon insistence of ILO and UNIDO in almost all CEE countries [1].

The universities began to offer training, and textbooks were published in management and marketing. Researchers began to probe why the East lagged so far behind the West on almost all indicators. Then in the early 1980s, independent advisers made their appearance offering consulting services; some were just domestic, but others were joint ventures with "name partners" from the West, especially from Austria, Switzerland, and West Germany.

Slovenia, as part of the former Yugoslavia, has followed a divergent socialistic approach in comparison with other CEE countries. The first post-Second World War management consulting company in Slovenia was established in 1953. Consulting then focused on cost reduction and auditing of balance sheets. By the mid-1960's they started with market research, financial consulting, support in exports and international cooperation, introduction of information systems, company organization, teamwork and training company executives and experts. Even at that time Slovenian consulting companies have always been open to market requirements and adapted their services to accommodate these requirements [19,20].

As it was previously, consulting approaches in CEE countries were predominantly similar to the school of scientific management. Human Resource Consulting (HRC) hardly existed at that time. Since the changes that happened in the various regimes, consulting activity linked to privatization, firm restructuring and development has been improving significantly in all countries. Management consulting including HR consulting underwent a significant development in the region.

Before we continue our analysis on the evolution of management consulting with a particular view on HR consulting let's take a bird's eye view on the development of the region and general trends of the HR practice in these countries.

2.2. The New Era (1989-Present)

Management consultants made their appearance, relatively quickly, led by the invasion of large Western accountants such as Andersen, Price Waterhouse, Ernst & Young, *et al.*; law firms such as Baker & McKenzie, Squire Saunders; and, the "pure players" such as McKinsey, Bain, BCG, Roland Berger, Hay, Mercer and others. In all countries, domestic consultants surfaced, some staying independent, some soon merging with larger entities. Several government "think tanks" and institutes spun themselves off from ministries and began aggressive campaigns, seeking consultancies from both government and the private sector. Finally, a few "Blue Ribbon" commissions emerged—staffed by big name domestic and foreign experts—advising central governments on needed privatization and other reforms.

The major subjects for management consulting evolved over the decades in Eastern Europe reflecting the special situation of each nation and the region. In general, however, the pattern followed that of the West, with emphasis on improving agriculture and manufacturing processes early on, followed by focus on corporate streamlining, investment, and market development. Since 1989,

the emphasis shifted to business strategy, human resources, information technology, and a mix of “old topics” ranging from workplace operations to inventory control.

2.3. Key Drivers of Growth and Decline

Many positive factors came together to promote growth of management consulting in Central and Eastern Europe in the 1990s; some of these will pass from the scene in the current decade, but others will remain. The “regime change” as some labelled the shift from socialism to capitalism and from one party rule (or outright dictatorship) to democracy, gave impetus to large-scale privatization. The mechanics of this undertaking, whether by voucher or other schemes, offered many opportunities for consultants. Coupled with this process, many domestic firms were to be sold off to foreign entities or merged with them to form joint ventures. In either case, there was a veritable flood of “M & A” or merger and acquisition activity, representing assignments for lawyers, accountants, and, yes, management consultants. A generous inflow of “greenfield investments” for new factories or office buildings necessitated the use of advisory services. An increasing number of theorists and experts claim that privatization does not automatically improve the effectiveness of the government, the companies and the social welfare systems [8]. On the contrary, it may well increase opportunities for corruption and bribery. When a company is privatized or managed by Western-type business rules, there is no guarantee that the values and mindsets of the people will change along with it. The adaptation of all the financial, legal, technical and sales frameworks in a privatized local company or in companies with foreign participation represents only the first stage in the creation of a Western-type enterprise. Once all this is in place, one must start to consider how to get the people and the organization to perform in a competitive way. Even the best financial infrastructure in the world will not turn companies around from a command economy to a market economy if the people and the organization do not perform appropriately. Today more and more signs indicate that in these countries other areas of the consulting business besides financial and privatization consulting will also emerge.

Management consultancy received an impetus from the government and the nonprofits sectors as well. Ministries had to be re-organized; regulations had to be revised or reinterpreted; and the relationship between policy-makers and private sector leaders had to be re-built. In addition, government offices also had to tackle new human resource, technology, and operational problems. Bain, BCG, Berger, Kearney, McKinsey, and others were

ready to assist and advise. Transforming socialist ministries and bureaucracies required new thinking. Besides traditional consultancies, many different donor organizations including e.g. EU, ILO, World Bank, US-Aid, and Japanese Productivity Centre have contributed to the immense work of transformation.

On the academic and practitioner fronts, new books and journals appeared, including some translated classics from the West, e.g. M. Kubr’s comprehensive volume (sponsored by the International Labor Organization). Universities started to offer many more business subjects; e.g. the University of Pecs in Southern Hungary and University Pitesti in Romania offered specialization in management consultancy at the master’s (Msc.) level.

Finally, several professional groups, associations, and federations established standards, especially FEACO, the European Federation of Management Consultancy Organizations. Today, six countries in the region have national associations that are full members of FEACO: Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovenia.

The Institute of Management Consultants Institutions (ICMCI) was founded in 1968 in England, to further the professional training of the local consultants (Certified Management Consultant, CMC). The ICMCI is represented in all 6 FEACO member countries. They operate under the umbrella of local FEACO institutions.

The slowdown in the global economy during 2001-2003 adversely affected consultancy in the region as did cutbacks in direct foreign investment. Numerous German, US, and other Western firms which provided ample sums in the past have chosen to move further East, especially to China, in search of both more lucrative deals and lower wage-scales.

An offset to the above trends is the needed preparation for entry into the European Union which has required major efforts on the part of private and public sector managers. On balance, however, consultants will focus more on the continuing demand to refine or re-engineer business processes, including aligning HR and IT policies with overall strategic plans. Of course, consultants will have to do more than deliver reports—they are being asked to become partners and help to implement recommended changes.

Meanwhile the recovery cycle began in earnest in 2003 and the upward trend has been fairly consistent for the past three years” [21]. This region has gained from this upward trend as well. Due to the latest FEACO statistics (2010) the CEE management consulting market amounted to 2.3% (2.1 billion Euros) of the total European management consulting market. Six and half percent of consulting staff (37,275 professionals) are em-

ployed in CEE countries. **Table 1** demonstrates the average growth rate in 2009 in the CEE MC market that was -13%.

3. HR Evolution in the Region

3.1. HR beyond Communist Bloc

Generally speaking, HR activity in most East European countries, prior to the changes, was very tightly controlled by the state. Personnel- (meaning management-) related issues were under the close control of the party and heads of state. The key positions in companies were closely monitored by the party and by state bureaucracy. Management was not considered as a profession and decisions regarding promotion were not based on performance assessment [22]. In several cases; the selection of specialists and personnel-related decisions were greatly influenced by party- and government politics and objectives, and the party instructed company directors to blend together the aspects of individual and collective leadership [23].

Certainly, there were significant differences between the certain countries in this respect. It is worth mentioning the surveys of Tung and Havlovic [24] revealing that the influence of the socialist party and the home affairs authorities was much lower in the field of Polish HR than in the case of human resource departments in the meanwhile split-up Czech-Slovakia. It is important to point out that in the 80 in Hungary “the view was given voice that economic reform should be accompanied by the reform of the organizational relations and personnel activity. Before, the renewal of the personnel function was a “top”-down process”. As a result of the referred surveys, a party decree was formed in 1985 ordering that professional management activity has to be separated from party political activity.

The traditional personnel department consisted of two separate sections. One dealt with office staff and man-

agement and the other with blue-collar workers.

Although it may seem strange for somebody used to a different type of economic system, under this regime, the managing directors of state companies had little decision-making power in respect of the amount to be paid to most employees; and they could only marginally influence the award of non-wage benefits [25]. High performance at work was a rarity; all that was expected was average performance. Performance-related pay did not exist and unified pay structures were preferred. Employees who simply turned up to work could keep their jobs; and, if their superior wanted them to carry out some important task, he had to offer a premium in return, a premium which could sometimes be as high as 200% of an employee’s basic salary. Since the level of a premium was decided at a personal meeting; an atmosphere of tension and distrust was created, since employees suspected that their colleagues might have succeeded in bargaining for higher remuneration than they.

People attempted to avoid taking individual responsibility to the maximum extent possible [22], and only a few directors accepted the risks. Employees, superiors and directors seldom had sufficient information to make appropriate decisions and communication often moved in a single direction; that is, downwards. Trade unions existed in the time of the previous regime also; but only as part of the government machinery; and no less than 90% of employees were trade union members.

3.2. HR in Transition

Key trend of HR in transition can be summarized as follows [26-28]:

- First comes the creation of a new labour law environment. The New Labor Law was implemented in all CEE countries and covers all aspects of employment in the private (although not in the public) sector. In respect of the latter, a separate Law was

Table 1. Consulting in FEACO member Central/Eastern European countries (2006 and 2009).

Country	Year of establishment	Feaco Member Association		Member 2010		CMC		Market (2006)			Market (2009)		
		Individual	Firms	Individuals	Firms	Introduced	Certified	Revenue (Million)	Consultant (person)	Growth (%)	Revenue (Million)	Consultant (person)	Growth (%)
Bulgaria	1990	0	32	Not	Not	1999	57	56	2500	6.1%	90	1400	n.a.
Czech R.	1990	12	39	Not	16	2008	4	407	9200	6.4%	460	8500	n.a.
Hungary	1990	0	55	Not	26	1994	153	270	4800	3.9%	245	4300	-22.0%
Poland	1990	120	31	115	30	1997	44	260	6000	6.1%	310	5500	na
Romania	1992	0	73	Not	84	2001	31	260	6500	7.7%	350	8000	-16.0%
Slovenia	1992	0	73	Yes, n.a.	Yes, n.a.	1997	40	142	2100	5.7%	268.5	2700	1.5%

Sources: FEACO (2007). Survey of the European Management Consultancy Market 2006-2007. Brussels: FEACO and FEACO (2009). Survey of the European Management Consultancy Market 2008-2009. Brussels: FEACO.

enacted regarding the status of civil and public servants, including the establishment of educational and promotional requirements [29]

- Second is the ending of the egalitarian pay structures which had been a priority during the early years of socialism. In his book about the roles played by international enterprises in Eastern Europe; Lewis [11] explains that in, many respects, these multinational companies have redrawn the labor market maps of the former socialist countries. They eliminated the equality factor and introduced basic salaries which were in accordance with the importance of jobs. Outstanding job performance was awarded by outstanding pay, and, in addition to technical skills, they emphasized the importance of foreign language ability. Pay differentials are now more common and have, in fact, increased from 1:5 up to 1:15/20 between highly paid managers and skilled workers.
- Third came the end of the era of the right to work – job entitlement. In parallel with the right to change jobs there came for many workers considerable difficulty in finding jobs as unemployment became common in CEE countries.
- Fourth came the restructuring of the social welfare system—something which is now placing a tax burden on both employers and employees. The relatively cheap labour-force is made more expensive with increasing payroll taxes for services once provided entirely by the state. Employers' social security contributions for health and pensions in different CEE countries total somewhere in the range of 28.7 - 33.5 percent. Political and economic changes have created unprecedented issues and demonstrated the need for a total reconstruction of the whole social and welfare system.

At the beginning of the change or system, the labour markets of the Eastern European countries were not able to satisfy the special needs (e.g. market-oriented management skills, new kind of marketing, financial and controlling knowledge, etc.) expected by international companies coming to different countries of the region. This situation described above had changed a lot by the end of the 90s. Shekshena [30] writes that “by this time the labour market had significantly transformed, the business knowledge of local people had highly increased their concept of business ethics improved and applicants developed a more practical attitude”. At the same time researchers of this field recognized that “Eastern-European—including Russian—tended to underestimate the new challenges and the complexity of tasks arising from the free market environment” [31]. The labor markets of

Eastern European countries have significantly changed by now. The shortage in the case of managerial, legal, economic and administrative positions has notably decreased. However, there is severe shortage of technicians, IT engineers, doctors and skilled workers.

High amounts of workforce have migrated from many Eastern European countries to some Western EU countries. This has created an interesting situation e.g. in Romania, one of the neighboring countries of Hungary, already mentioned above. The earlier very cheap labor force has suddenly become expensive what has made life difficult for local employers seeking for labor force and for HR specialists. After the EU expansion in 2004, a new wave of emigrants set off from East towards the West. It is important to indicate that no sooner than the significant wave of emigrants reached the Western countries, mainly Ireland, England, Italy and Spain, an opposite trend has started to take shape. As a result of the Irish economic recession, many Polish guest workers consider returning home.

In former socialist countries (excluding Slovenia) the number of organized employees in the public sector has dramatically decreased [32]. After the text edit has been completed, the paper is ready for the template. Duplicate the template file by using the Save As command, and use the naming convention prescribed by your journal for the name of your paper. In this newly created file, highlight all of the contents and import your prepared text file. You are now ready to style your paper.

4. Consultancies in HRM in Analysed Markets

4.1. HR Consultancies

The Eastern European HR consulting market is highly fragmented. The competition is much intensified between global players and local firms in each CEE country. HR consulting seems to be a great business opportunity for traditional firms and new entrants as well. According to several researchers' opinion [33,34] significant consolidation is expected in the global HR consulting business between global and local firms.

Most of the global consulting companies opened local offices in CEE countries during the transition or earlier. Some of them led by their own business interests, others settled as helping partners of MNEs. The local market had been underrepresented; therefore the early birds (PWC, IBM, Accenture, Deloitte, KPMG, Mercer, Hay, Hewitt, AON) could gain significant market shares. The competition for the bigger clients was among the global firms. The domestic/local consulting firms had several disadvantages:

- Lack of know how
- Lack of practice

By analyzing and learning the “way of the consulting business” local firms started to strengthen. As subcontractors, local consulting companies had been partakers in the knowledge transfer as well. The domestic market in the CEE region has also changed. SMEs also demand consulting services within their range of possibilities (money, time, power).

In 2007 we can declare that both the traditional global competitors and local competitors (e.g. Selectio/Croatia and MCS/Hungary etc.) are very strong. Competition has been sharpened and the market shares also have changed significantly. Local HR consulting firms have also extended their services.

According to Kennedy’s report [35] the big firms own 70% of the total European HR consulting market. This proportion, based on different country analysis’ at the latest FEACO conferences 2006 (Budapest), 2007 (Warszawa) and 2008 (Dubrovnik), is less in different countries of the CEE region. Globally there are 32 major HR consulting firms or business of general or IT firms. Due to our estimation one third of these firms are present in the CEE region. As **Table 2** below presents the overwhelmingly majority of big HR businesses which have offices in this region.

4.2. Path to CEE Markets—Regional Presence

In seeking to understand the various factors driving in-

Table 2. HR consulting in Central/Eastern European countries (2006-2007).

No	Firm	Market share		Present	
		Europe total	CEE Countries	Other parts of Europe	CEE Countries
1	PWC			Yes	Yes
2	Mercer			Yes	Yes
3	Accenture			Yes	Yes
4	Watson Wyatt			Yes	Yes
5	Deloitte	67%	55%	Yes	Yes
6	Towers Perrin			Yes	No
7	Hay Group			Yes	Yes
8	Aon Consulting			Yes	Yes
9	IBM			Yes	Yes
10	Ernst & Young			Yes	Yes
11	Hewitt			Yes	Yes
12	Buck Consultants			Yes	No
13	Other	33%	45%		
	Total	100%	100%		

Source: Kennedy (2006): Kennedy HR Consulting Marketplace 2007-2011. Kennedy Information Institute and firms’ websites.

ternational or local firms to extend their operation to CEE countries, we can identify the following important factors [36,37]:

1) Client demand has played an important role in insisting that international consultancies move to this region. The internationalization of consultancy has been immensely facilitated by the fact that during the last years there has been a very strong globalization in the whole business world. The expansion of industrial, banking and other clients of the home country have forced to expand these companies, as well. The possibility to take an active part in preparation and managing government-level projects, international banking projects (e.g. World Bank, EBRD) and EU projects (e.g. PHARE) contributes to their entering this region as well. Many Western European consultancies (e.g. Atos, ECO etc.) with strong EU assignment references have created local project offices. These units offer coordination and back office support to any HR and non HR assignment occurring in these countries.

2) The consultancy companies’ inclination for international growth cannot be explained simply by economic reasons. Those employees, who join such companies, have a motivation to feel intellectual satisfaction every day. These people have come from business schools. They work hard, they are ready to travel extensively and work under tremendous pressure. The international expansion of consultancy companies is a good possibility to attract these kinds of people. This personal factor was as an underlying motivation in the case of CEE countries as well. We met such partners who have hired first-year associates from the native labor pools within these countries. These partners remained outside of targeted countries and helped to build business. This approach requires a longer business development process than the previous one.

3) Today an average consultant fee amounts to 1000 Euro/day at international consultancies. Revenue factor plays an increasing role in entering the region or into a new country of the CEE region.

4) The latest development of globalization put in further ground the cost factor in the internationalization of the professional service industry. These companies try to consolidate their local offices into their newly developed global or pan-European organizational structure. HR consultancies run between 3 - 4 (Human Capital/HC, Information, Research etc.) and 6 - 10 (HC, HR Transformation, Talent Management, Health & Benefit, Merger & Acquisitions/M & A, Executive Compensation, Employee Engagement, Outsourcing etc.) lines of business. With the increasing maturity of their local subsidiaries, a number of major HR consultancies try to integrate local

operational units into their regional or pan-European business lines. It means that their country managers lose traditional business development and operational roles. As their new emerging role will be coordinating joint efforts of different business lines, managed directly outside of the country.

5) Due to our field experience, few big local companies stated that they have an interest to set up a presence in neighbouring countries. We found such firms among HR consultancies mostly in the field of personnel selection and training.

We already identified four major drivers of growth that govern path of management consultancies in the region: client demand, economic reason, revenue and cost factors as well. In addition to these fundamental features, the domestic (or: local, national) management consultancies of the region have chosen to emphasize the following aspects in their service offerings and promotion schemes: 1) language skills; 2) specialization by industry and/or function; 3) use of multiple avenues of communication; and 4) lower per diem fees. While a few of these consultancies forged joint ventures with Western counterparts, many refused opportunities to merge and stayed entrepreneurial (Lunsford & Fussell, 1993).

5. Convergences and Divergences in HR Consulting

Consultancy, like any kind of problem-solving activity is a multi-step process. Typical consultant intervention methods in relation to HR—based on the Markam model (1999)—can be divided into four major categories as follows: provide information-benchmarking, design systems and framework, delivery change & learning and carry out outsourcing. Depending on the characteristics of the problem (e.g. operation management, organizational development or IT) various consulting companies and theorists will recommend different solutions on how to proceed with the consultancy assignment. Various consulting books [3,38-41] offer several models. In general, a consulting process consists of five steps. Regarding this matter one of the most typical discussion subjects is the cultural aspect. The subject matter of convergence and divergence is not new in Human Resource Management [14,42,43] but it is brand new in the management consulting literature. Three major cultural streams can be identified in connection with the matter:

5.1. Convergence (Universalist) Stream

Representatives of the so-called convergence (universalist) stream [45,46] believe that technological development dims cultural differences and fosters convergence among nations and sectors as well. The expansion of

globalization has made this theory increasingly widely accepted in the field of HR [47,48]. Due to this theory, a universalistic consultant doesn't recognize cultural and people related differences. For him the world is flat, indifferent to where he stays and works.

Today, the increasing range of product and service are marketed online not only in Western Europe but in Central/Eastern Europe. As changes are accelerating, the companies specialized in delivering these services will have to satisfy their clients' needs more quickly, and new technologies and e-solutions will probably provide a lot of support in this.

The above discussion has centered on the positive outcome of the usage of new technologies and the universalistic management style. But we shouldn't forget that a robust, expensive expert system, developed in US does not always satisfy specific needs of the CEE consulting market. Consequently, we argue that a jointly developed system, less expensive and closer to the specific demands of these markets in the CEE region is needed.

5.2. Divergent (Cultural) Stream

At the opposite pole, a divergence perspective stresses national, cultural and sectoral differences. The divergent (contextual) stream, however, highlights the importance of local culture, business and institutional systems and the labor market when applying management techniques [14,44,49,50]. According to Moran [50] "each technological transfer has a cultural dimension". Consultancies are less globalized than manufacturing firms [37]. In our view, the complexity of a HR consultancy business in different countries and employing different professionals is a key variable that reinforces divergent approaches. Regardless of headquarter, donor organization (e.g. EU, World Bank etc.) or expat (who is a foreign representative of mother company in host country) driven assignments, local language plays a primary role. Reports, presentations and workshops are delivered in the local language or in a bilingual way. HR is specifically subject to specific forms of local regulation including labor law, taxation and benefit scheme.

5.3. Cross-Vergence Stream

According to the middle-of-the-road, cross-vergence approach, convergence and divergence coexist in the world [52]. Looking at Europe, Brewster [42] identifies the differences between the US and European HR management systems, the differences between regional groupings within Europe, and then the differences at the national level. Traditional values of the organizations of the private and public sectors are fundamentally different [53], which, in consequence, results in the difference of

substance of the organization, management, and management environment of human resources. Broad research has shown the influence of ownership on HRM policies and practices. Local subsidiaries of multinational companies emphasize and promote globalized, regionalized or localized HR frameworks and systems. HR practices of local public organizations are driven by collective bargaining; however, certain convergence has been initiated on behalf of these institutions to learn and absorb modern HR tools [54,55].

6. Consulting in HRM

This section of our paper relies on three major sets of multiyear surveys, conducted by the authors' direct or indirect involvement.

6.1. Proportion of HR Consulting

The first set was and is conducted by FEACO among its 23 member institutions including the previously mentioned 6 CEE countries. The authors of this paper have been involved in reviewing the result of the data analysis. In this subsection of our paper we rely on a subset of the FEACO data (1999-2004 and 2007)—the proportion of HRM consulting in Western Europe and in Eastern Europe in light of the total consulting market. For example, in Eastern Europe the use of HR consulting service exceeded 15% - 24% of firms surveyed, far beyond the US or Western European average (10.8%) [55-57] until 2004. This difference may stem from the fact that this region has no tradition of Western like people management and training. Before leaving this issue it is appropriate to acknowledge that the latest research data shows a more consolidated development in CEE countries regarding HR and non-HR consultancies between Eastern and Western European practices. Most of HR related critical changes are over in this region. In other words, there is no need to involve HR consultancies in CEE countries above the usual level of developed economies. Concerning the European Management Consulting market, the decreasing trend in the contribution of HR consulting of the total turnover of MC had been continued; the share of HRC reached 9% at the whole European MC market in 2008. **Table 3** shows that in 2005 the propor-

tion of HRC equaled to 20% of the European MC market. In the year of 2008, in the Hungarian MC market 16 million euros (3% of the Hungarian MC turnover), in Slovenia 34million euros (6% of the Slovenian MC turnover) were generated in HRC. There are no discrepancies between the trend characterizing the Western European MC market and the Eastern European MC market concerning only the HR consulting field.

6.2. Changes in Use of External HR Consultants

The second set was and is conducted by the Centre for European HRM at the School of Management, Cranfield University, in the UK. Cranet surveys were conducted in the 1990s and again in 2003 and 2005. In this subsection of our paper we rely on a subset of the 2005 Cranet dataset—external service providers.

Table 4 provides data on the significance of typical areas of external consulting providers' practices in six Eastern European countries (including all analyzed countries), and all 32 European and Non-European countries. The total international sample comprises 7952 elements, of which 864 respondents are from Eastern Europe. The studied samples show great similarity in training and development being the HR function where external professional providers have a robust presence everywhere. More than 85% of the responding organizations in all three samples stated that they used the specialist services of training firms. External providers are also used by organizations in all three samples (at a rate of about 70%) when HR information systems are configured and developed.

In the other HR fields surveyed it can be seen that the use of external professional providers is higher in the

Table 3. HR Consulting 2008.

Items	Bulgaria	Czech R.	Hungary	Poland	Romania	Slovenia
Total Turnover of MC (million €)	97	475	315	324	460	265
MC as% in GDP	0.29	0.32	0.3	0.09	0.34	0.71
HR Consulting as% of MC	5.5%	8.8%	5.0%	12.9%	7.0%	6.5%

Sources: FEACO (2010). Survey of the European Management Consultancy Market. 2009-2010. Brussels: FEACO and Primary research by the authors.

Table 4. Typical areas of external consulting providers.

Country(ies)	Use of external professional providers (%)					
	Payroll	Benefits	Pensions	Training and development	Workforce reduction, outplacement	HRIS
Hungary	45.20	48.40	37.00	86.20	45.20	78.70
European	45.80	47.50	35.60	86.20	10.00	69.10
European	59.20	64.00	67.30	88.60	57.10	74.30

Source: Primary research by the authors and Cranet (2006). International Executive Report 2005. Cranet-Survey on Comparative Human Resource Management, Cranfield: Cranet-Cranfield University.

total sample than in the Eastern European one. The largest differences may be found in the areas of pension administration (nearly 30 percentage points) and downsizing and workforce outplacement (almost 20 percentage points).

Nearly half of the Eastern European organizations turn to external providers when developing, running and managing pay and benefits systems. In the area of payroll, the difference from or the lag behind the frequency of use in the total sample is not significant (only 5 percentage points), but it is remarkable in the area of benefits (nearly 15 percentage points).

According to our studies, the increasing use of external providers is the most typical at organizations rooted in the Anglo-Saxon culture [20]. In all HR fields surveyed it can be seen that the use of external professional providers is higher in the private sector of the all surveyed countries sample than in both samples of the public sector and the private sector of Eastern Europe countries **Table 5**.

The total sample comprises 5443 private and 1944 public companies and institutions from 32 countries. The Cranet database was adjusted to exclude nonpublic and non-private institutions (1041). The Eastern European sample includes 647 private and 160 public companies and institutions from the previously mentioned six countries. The studied samples show differences with the previous comparison in pension administration. Eastern European Public Sector samples are slightly higher than Eastern European Private Sector samples. The last survey of IPMA-HR (2006) highlights an emerging trend. More and more public sector organizations try to replace traditional distributed HR operational models and build up shared-service or outsourced services.

It was also observed that whilst the organizations that

had large HR departments had decreased the use of external providers, the ones with small personnel departments had increasingly turned to such specialists. The smallest organizations rarely or never use external providers.

Nearly half (48.9%) of the respondents in Hungary claimed that they had increased the use of external service providers in the field of training and development in the past three years, **Table 6**. The importance of external consultants has increased in the fields of benefits, redundancy, workforce reduction and outplacement, and HR information systems to a smaller extent than in training and development, but approximately by the same rate according to roughly a quarter of the respondents. The survey, however, also revealed that more than half of the organizations did not use external specialists in fields outside training and HR information systems.

6.3. Empirical Evidences on Changes of Use of Consultants at Hungarian MNCs

The third set was a primary study of multinational companies in Hungary, conducted by the authors, a total of 42 MNE subsidiaries were surveyed in 2004 and 2005. We chose large corporations that—within somewhat varying time frames—had gone through the five steps of development (privatization/firm establishment, firm restructuring/development, learning & development, slow-down and stabilization). An important selection criterion was that participating firms should come from several nations, including large European countries, the USA, and from other regions. We contacted 50 subsidiaries, and 42 participants accepted our invitation. Of these, forty participants were legally independent companies. The remaining two were divisions of another company. The selected sample represents almost 5% of the large

Table 5. Typical areas of external consulting providers in private and public sector comparison.

Sectors	Countries or regions	Use of external professional providers (%)					HRIS
		Payroll	Benefits	Pensions	Training & Development	Workforce reduction, outplacement	
Private sector	Eastern European countries	46.8	49	35	87.7	38.6	68.2
	All surveyed countries	59.3	65.9	67.3	88.9	57.3	73.5
Public sector	Eastern European countries	42.7	43.1	37.9	80.1	40	70.4
	All surveyed countries	58.1	58.2	66.2	86.8	54.7	75.3

Source: Primary research by the authors and Cranet (2006). International Executive Report 2005. Cranet-Survey on Comparative Human Resource Management, Cranfield: Cranet-Cranfield University.

Table 6. Percentage changes in the use of external HR providers in the Hungarian sample.

	HR areas					
	Payroll	Benefits	Training & Development	Workforce reduction and outplacement	HRIS	Pension
Increased	6.5	26.9	48.9	24.7	29.8	4.3
Decreased	1.1	n.a.	7.5	2.2	n.a.	2.3
Same	37.6	21.5	29.8	18.3	48.9	30.4
Not used	54.8	51.6	13.8	54.8	21.3	63.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

n.a. = not available

Source: Primary research by the authors and Cranet (2006). International Executive Report 2005. Cranet-Survey on Comparative Human Resource Management, Cranfield: Cranet-Cranfield University.

multinational subsidiaries operating in Hungary.

One of our research topics was to analyze changes in areas of consulting in light of firms’ development. Consulting is widely used among MNEs’ subsidiaries in Hungary, with staffing ranked as the top assignment, followed by training, **Table 7**. Outsourcing is still in an immature phase in Hungary, although rapidly gaining ground. Big American and Western European MNEs have traditionally relocated their business services to India. “But India is not the only destination of substantial outsourcing work. Firms in the CEE region perform support work for payroll, HR, architecture and engineering as well.

6.4. Client and Consultant Relationship under Changes

Since changes in regimes, consulting linked to privatization, firm restructuring and development has been developing significantly in all countries. HR consulting has undergone significant development in the region. During the past decades the relationship between consultant and client has changed significantly in Eastern Europe as

well. Within traditional consulting the client and the consultant were not equal partners. The consultant, especially Western consultants, knew much more about the methods and processes than the client who employed him/her. In the meantime, however, managers and professionals made up for this shortfall.

After the recession of the early 1990s the major clients of consultancy services had become more sophisticated buyers on consultancy services. Before consultancy firms set the price for their services, but due to the entrance of new, smaller firms on the MC market and due to the attitude change of clients to consultancy firms, on the MC market there existed excess supply of management consultancy services. That resulted in emerging influence of clients in the process of setting consultancy fees and project prices [3].

Clients now expect consultants not just to simply transfer the knowledge and documentation related to given HR methods and procedures, but also to develop an organizational capability that enables the company or public institution to efficiently apply the tools implemented, when the consultant’s assignment is finished.

Table 7. Changing topical utilization of external consultants (n = 42), Hungary, 2004-2005.

Ranking of topics assigned to consultants	Research phases		
	Transition & Learning	Economic Slow-Down	Steady-State
1	Staffing	Staffing	Staffing
2	Salary Survey & Salary Management	Training and development	Training and development
3	Training and development	Salary Survey & Salary Management	Organizational cultu
4	Job and person profiling	HRIS	Salary Survey & Salary Management
5	Organizational cultu	Internal Communication	HRIS

Source: Primary research by the authors.

The new era creates new opportunities both for traditional consulting (facilitating change, implementing privatization) and for new (cross-border, intercultural) consulting.

7. Conclusions

In the introduction of this article, we pointed out that management consulting has been a knowledge-intensive industry, and we turned our focus on the Eastern European Region, where management consulting has been undergone significant transformation from the political changes to 2008. (We would like to highlight that at certain parts of the article we gave insight on the effects of the financial crisis, thus our analysis basically concerns the time period until 2008.)

In this article we demonstrated the most substantial aspects (e.g. privatization, appearance of multinational corporations, development of public services and administration, the accession to the EU etc.), that have significantly influenced the evolution of management consulting in the six referred Eastern European countries (Bulgaria, Czech Republic, Poland, Hungary, Romania and Slovenia). (Comments of the authors: we did select those six Central and Eastern European countries because upon our pre-research we found the most similarities in the MC evolution among the given countries.)

We set the point in this article that function of HR has started at least as “deep” as management consulting in the six altering countries analyzed. We gave impact on the substantial transition of HR consulting that has been possessed in the referred countries in the last decades. We also stated that the multinational companies played an important, pioneer role in the transition of HR. These MNCs did employ high ratio of HR consultants. The HR transformation had been introduced at big national public organizations as well. In scope of national statistical data we denoted the appearance of the New Public Management HR methods in this field. With regard on the accession to the European Union the number of assignments of HR consulting had dramatically increased.

Thus these concerns were not due in case of the SME’s HR practice.

We recognized deep changes in the client-consultant relationship. The working process and relations of HR clients and consultants showed serious modifications resulting from the increased HR knowledge of clients and from the implications of new interventions of the HR practice. Consultants also did recognize that general solution picked up from the shelf of global HR consultancies had not been successfully applicable for the long run.

Finally let’s quote a statement of the Czech President,

Vaclav Havel, made back at the beginning of the 1990’s: “In Central and Eastern Europe everything is possible but difficult”. If we keep this in mind during our assignments, our consulting activity will be successful in this region as well.

7.1. Limits and Further Plans of Research

As we have said earlier, trying to process the HR practice of the region from a historical point of view may turn out to be a difficult bit. We were and are aware of the indicated difficulties but if we don’t even try, we won’t see what we have achieved and where it is necessary to carry out further research. Within the framework of a new region-wide research project, we plan to examine the role and function of consultants in changes of HR functions, knowledge transfer and practical applications of HR, and the historical evolution of these factors, at the subsidiaries of the international companies settling down in Hungary and the Eastern European region. We try to find answer to the question how these functions and practical applications have adapted amidst the turbulent economic changes of the past years by involvement of management consultants. Our future aim is to extend our research on analyzing the effects of the financial crisis on the Eastern European Management Consulting industry.

REFERENCES

- [1] M. Kubr, “Management Consulting: A Guide to the Profession,” International Labour Organization, Geneva, 1996.
- [2] Chr. Nidereicholz, “Management Consulting,” R. Oldenbourg, München-Vienna, 1996.
- [3] B. Curnow and J. Reuvid, “The International Guide to Management Consultancy,” Kogan Page, London, 2003.
- [4] J. O’Mahoney, “Management Consultancy,” Oxford University Press, Oxford, 2010.
- [5] FEACO, “Survey of the European Management Consultancy Market 2009-2010,” Fédération Européenne des Associations de Conseils en Organisation, Brussels, 2010.
- [6] I. Miles, R. Coombes and S. Metcalfe, “Services and Innovation Background Paper for the 6 Countries Programme Workshop,” Manchester, 22-23 April 1999.
- [7] K. E. Sveiby, “Strategy Formulation in Knowledge-Intensive Industries,” In: D. E. Hussay, Ed., *International Review of Strategic Management*, John Wiley & Sons Ltd, Hoboken, Vol. 3, 1992.
- [8] M. W. Peng, “Business Strategies in Transition Economies,” Sage, Thousand Oaks, 2000.
- [9] UNCTAD, “World Investment Report 2004,” United Nation, New York-Geneva, 2004.
- [10] UNCTAD, “World Investment Report 2007,” United Nation, New York-Geneva, 2007.
- [11] C. P. Lewis, “How the East Was Won,” Palgrave, New

York, 2005.

- [12] International Monetary Fund, "Global Financial Report," IMF, Washington, 2008.
- [13] G. Hofstede, "Culture's Consequences: International Differences in Work Related Values," Saga, Beverly Hills, 1980.
- [14] G. Hofstede and G. J. Hofstede, "Culture and Organisation," McGraw-Hill-VHE Publishing Co., Boston, 2010.
- [15] A. K. Gupta, V. Govindarajan and H. Wang, "The Quest for Global Dominance," Jossey-Bess, San Francisco, 2008.
- [16] S. T. Cavusgril, P. N. Ghauri and M. R. Agarwal, "Doing Business Emerging Markets," Sage Publications, Thousand Oaks, 2002.
- [17] M. W. Peng, "Global Business," South-Western Cengage Learning, Mason, 2008.
- [18] D. Hristov and E. Ignatov, "Bulgaria," In: J. Poor and A. Gross, Eds., *Management Consultancy in an Eastern European Context*, KJK Publishing, Budapest, 2003.
- [19] A. Janko, "Contribution of Management Consultants to the Development and Renewal of Emerging Countries of Europe," *FEACO-Conference*, Budapest, 1 June 2001.
- [20] A. Janko, "Specialities of Management Consulting in Newly Joined and Candidate Countries," *10th Conference of FEACO-Federation European Management Consulting Association*, 2006.
- [21] P. Gronwall, "Global and US Trends in Management Consulting. A Kennedy Information Perspective," *10th Conference of FEACO*, Federation European Management Consulting, *New Trends and Tendencies in the Consulting Industry in an Enlarging Europe—Consulting the 21st Century*, Budapest, 8-10 November, 2006.
- [22] J. L. Pearce, "From Socialism to Capitalism: The Effects of Hungarian Human Resources Practices," *Academy of Management Executive*, Vol. 5, No. 4, 1991, pp. 75-89.
- [23] M. Cakrt, "Management Education in Eastern Europe: Toward Mutual Understanding," *Academy of Management Executive*, Vol. 7, No. 4, 1993, pp. 63-68. [doi:10.5465/AME.1993.9503103214](https://doi.org/10.5465/AME.1993.9503103214)
- [24] R. L. Tung and S. J. Havlovic, "Human Resource Management in Transitional Economies: The Case of Poland and Czech Republic," *International Journal of Human Resource Management*, Vol. 7, No. 1, 1996, p. 1.
- [25] J. Koubek and C. Brewster, "Human Resource Management in Turbulent Times: HRM in the Czech Republic," *International Journal of Human Resource Management*, Vol. 6, No. 2, 1995, pp. 223-247. [doi:10.1080/09585199500000018](https://doi.org/10.1080/09585199500000018)
- [26] J. Koubek, "Managing Human Resources in the Czech Republic," In: M. Morley, N. Heraty and S. Michailova, Eds., *Managing Human Resources in Central and Eastern Europe*, Routledge, London, 2009.
- [27] I. Svetlik, "Managing Human Resources in Slovenia," In: M. Morley, N. Heraty and S. Michailova, Eds., *Managing Human Resources in Central and Eastern Europe*, Routledge, London, 2009.
- [28] T. Listwan, A. Poczowski and M. Stor, "Managing Human Resources in Poland," In: M. Morley, N. Heraty and S. Michailova, Eds., *Managing Human Resources in Central and Eastern Europe*, Routledge, London, 2009.
- [29] M. Morley, N. Heraty and S. Michailova, "Managing Human Resources," Routledge, London, 2008.
- [30] S. Shekshena, "Western Multinationals' Human Resource Practices in Russia," *European Management Journal*, Vol. 16, No. 4, 1998, pp. 460-465. [doi:10.1016/S0263-2373\(98\)00022-X](https://doi.org/10.1016/S0263-2373(98)00022-X)
- [31] R. May, C. B. Young and D. Legerwood, "Lessons from Russian Human Resource Management Experience," *European Management Journal*, Vol. 16, No. 4, 1998, pp. 447-459. [doi:10.1016/S0263-2373\(98\)00021-8](https://doi.org/10.1016/S0263-2373(98)00021-8)
- [32] Cranet, "International Executive Report 2005, Cranet Survey on Comparative Human Resource Management," Cranet-Cranfield University, Cranfield, 2006.
- [33] A. Inkpen, "Learning, Knowledge Acquisition, and Strategic Alliances," *European Management Journal*, Vol. 16, No. 2, 1998, pp. 223-229.
- [34] D. Shelgren, "HR Outsourcing," *The Journal of Business Strategy*, Vol. 22, No. 4, 2001, p. 4.
- [35] Kennedy, "Kennedy HR Consulting Marketplace 2007-2011," NH Kennedy Information Institute, Peterboro, 2006.
- [36] C. Lovelock, "Developing Marketing Strategies for Transnational Service Operations," *Journal of Services Marketing*, Vol. 13, No. 4-5, 1999, pp. 278-295. [doi:10.1108/08876049910282538](https://doi.org/10.1108/08876049910282538)
- [37] A. Bernard, "The Management Consulting Industry Confronts Globalization," Center for International Business, Tuck School of Business, Dartmouth, 2007.
- [38] D. H. Meister, "Managing the Professional Service Firm," Free Press, New York, 1993.
- [39] C. Markham, "The Top Consultant," Kogan Page, London, 1999.
- [40] E. Sadler, "Managing Human Resources," In: E. Sadler, Ed., *Management Consultancy*, Kogan Page, London, 1999, pp. 220-242.
- [41] E. H. Schein, "Consulting: What Should it Mean?" In: C. T. R. Fincham, Ed., *Critical Consulting*, Blackwell Business, Oxford, 2002.
- [42] C. Brewster, "European Perspectives on Human Resource Management," *Human Resource Management Review*, Vol. 14, No. 4, 2004, pp. 365-382. [doi:10.1016/j.hrmr.2004.10.001](https://doi.org/10.1016/j.hrmr.2004.10.001)
- [43] M. J. Morley and D. G. Collings, "Contemporary Debates and New Directions in HRM in MNCs," *International Journal of Manpower*, Vol. 25, No. 6, 2004, pp. 487-499. [doi:10.1108/01437720410560406](https://doi.org/10.1108/01437720410560406)
- [44] G. Kerr, J. Dunlop, F. Hortison and C. C. Myers, "Industrialism and Organisational Man," Harvard University Press, Cambridge, 1960.
- [45] D. Hickson, C. Himngs, C. McMillen and J. Schnitter,

- "Culture Free Context of Organization Structure," *Sociology*, Vol. 8, No. 1, 1974, pp. 59-80.
[doi:10.1177/003803857400800104](https://doi.org/10.1177/003803857400800104)
- [46] P. Sparrow, R. Schuler and S. Jackson, "Convergence or Divergence: Human Resource Practices and Policies for Competitive Advantage Worldwide," *The International Journal of Human Resource Management*, Vol. 5, No. 2, 1994, pp. 267-299.
- [47] L. Kelley, A. Whatley, R. Worthley and I. Chow, "Congruence of National Managerial Values and Organizational Practices: A Case for Uniqueness of the Japanese," *Advances in International Comparative Management*, Vol. 10, 1995, pp. 185-199.
- [48] S. Ronen and O. Shenkar, "Clustering Countries on an Attitudinal Dimension. A Review and Synthesis," *Academy of Management Journal*, Vol. 10, No. 3, 1985, pp. 435-454.
- [49] C. Brewster, W. Mayrhofer and M. Morley, "New Challenges for European Human Resource Management," Macmillan, Basingtoke, 2000.
- [50] R. T. Moran, P. R. Harris and S. V. Moran, "Managing Cultural Differences," Elsevier, Amsterdam, 2007.
- [51] N. Adler, "A Typology of Management Studies Involving Culture," *Journal of International Business Studies*, Vol. 14, No. 2, 1983, pp. 29-47.
[doi:10.1057/palgrave.jibs.8490517](https://doi.org/10.1057/palgrave.jibs.8490517)
- [52] M. Dawley, "Strategic Human Resource Management," Prentice Hall, Upper Saddle River, 2002.
- [53] J. M. Hiltrop, "Human Resources Practices of Multinational Organizations in Belgium," *European Management Journal*, Vol. 9, No. 4, 1991, pp. 404-411.
[doi:10.1016/0263-2373\(91\)90101-U](https://doi.org/10.1016/0263-2373(91)90101-U)
- [54] P. S. Budhwar and G. Boyne, "Human Resource Management in the Indian Public and Private Sectors: An Empirical Comparison," *International Journal of Human Resource Management*, Vol. 15, No. 2, 2004, pp. 346-370.
- [55] FEACO, "Survey of the European Management Consultancy Market," Fédération Européenne des Associations de Conseils en Organisation, Brussels, 2006.
- [56] FEACO, "Survey of the European Management Consultancy Market 2008-2009," Fédération Européenne des Associations de Conseils en Organisation, Brussels, 2009.
- [57] F. Czerniawska, "Management Consultancy in the 21st Century," MacMillen Press, London, 1999.