

A Study on the Profile of Management Consulting
Firms in Turkey

Thesis submitted to the
Institute of Social Sciences
in partial fulfillment of the requirements for the degree of

Master of Arts
in
Business Administration

by
Kerem Kadakal

Bogazici University Library



39001100020521

14

Boğaziçi University

1996

ACKNOWLEDGEMENTS

I am profoundly grateful to my thesis supervisor Prof. Dr. Behlül Üsdiken, who gave of his time and advice. His counsel enriched the thesis in many ways.

I also wish to thank to all consultants, who helped me throughout this study.

ABSTRACT

A Study on the Profile of Management Consulting Firms in Turkey

by

Kerem Kadakal

Popularity of management consulting, which is defined as “replacement of expertise with money” by some consultants, as an emerging business area has increased in Turkey in recent years. The purpose of this study is to analyse the profile of management consultancy firms in terms of

- organizational structure,
- areas of activity,
- marketing,
- production of management knowledge,
- personnel.

The study covers the literature to the extent possible because the literature on management consulting is very limited. Interviews with managers or owners were held to gather information about consultancy firms in Turkey. The sample consisted of those consultancy firms, where members of YDD (Association of Management Consultants) work.

As a result of the study, a categorization of consultancy firms based on the size and the diversity of activity areas is made. The categorization implied that there exists a positive correlation between these two dimensions of consultancy organizations. Additionally, it can be argued that, multinational consulting firms, which are included in the study, do differ from local consulting firms in terms of size, diversification of services, and formal training of consultants.

Most of the consultancy firms expect an increase in the demand for consultancy services in the long run. Consequently, the market attracts entrepreneurs as well as foreign firms that closely monitor the developments in the Turkish market. Whether local consulting firms will be able to compete with huge multinational organizations remains as a question of time.

KISA ÖZET

Türkiye’deki Yönetim Danışmanlığı Şirketlerinin Yapısı Üzerine Bir Çalışma

Kerem Kadakal

Türkiye için yeni sayılabilecek bir iş alanı olan ve bazı danışmanlar tarafından “parayla aklın yer değiştirmesi” olarak tanımlanan yönetim danışmanlığı mesleğinin popülaritesi her geçen gün artmaktadır. Bu çalışmanın amacı bu mesleğin icracıları olan yönetim danışmanlığı firmalarının profilini

- organizasyonel yapı,
- hizmet alanları,
- pazarlama,
- yönetim bilgisinin oluşumu,
- personel,

açısından incelemektir.

Çalışmada, yönetim danışmanlığı alanında çok kısıtlı olan mevcut literatür mümkün olduğu ölçüde gözden geçirilmiştir. Türkiye’deki yönetim danışmanlığı firmaları hakkındaki bilgiler, danışmanlık firmalarının yöneticileri veya sahipleriyle yapılan mülakatlardan elde edilmiştir. Örnek grubunun içinde Yönetim Danışmanları Derneği’nin üyelerinin çalıştığı firmalar yer almıştır.

Çalışmanın sonucunda, firma büyüklüğü ve hizmet çeşitliliğini baz alan bir sınıflandırma yapılmıştır. Yapılan sınıflandırma, firmalardaki bu iki değişkenin birbirleriyle pozitif korelasyonu olduğunu ortaya çıkarmıştır. Buna ek olarak çalışmada yer alan uluslararası danışmanlık firmalarının büyüklük, hizmet çeşitliliği ve danışmanların eğitimi konularında Türk firmalarından önemli farklılık gösterdikleri söylenebilir.

Danışmanlık firmalarının çoğu danışmanlık talebinde bir artış beklemektedir. Bu durum, gerek Türk pazarını yakından izleyen uluslararası firmaların gerekse yerli girişimcilerin pazara girmesine sebep olacaktır. Yerli firmaların uluslararası büyük firmalarla rekabet edip edemeyeceklerini ise zaman gösterecektir.

TABLE OF CONTENTS

INTRODUCTION	1
MANAGEMENT CONSULTING	5
DEFINITION OF MANAGEMENT CONSULTING.....	5
NORMATIVE APPROACHES TO MANAGEMENT CONSULTANCY.....	6
<i>Reasons for using consultants.....</i>	<i>8</i>
<i>Management consulting firm users.....</i>	<i>9</i>
<i>External and internal consulting.....</i>	<i>10</i>
<i>Range, scope and characteristics of consulting work.....</i>	<i>11</i>
<i>The consultant's roles.....</i>	<i>14</i>
<i>Basic types of consulting assignment.....</i>	<i>15</i>
ROLE OF MANAGEMENT CONSULTANTS IN THE CREATION AND DISSEMINATION OF MANAGERIAL KNOWLEDGE	18
CRITICAL VIEWS ON MANAGEMENT CONSULTANCY.....	20
<i>Organization.....</i>	<i>23</i>
<i>Competition.....</i>	<i>25</i>
<i>Individual.....</i>	<i>26</i>
DEVELOPMENT OF THE CONSULTANCY SECTOR.....	28
<i>Knowledge and skills.....</i>	<i>28</i>
<i>Objectivity.....</i>	<i>29</i>
<i>Teaching people to work without consultants.....</i>	<i>29</i>
<i>Confidentiality.....</i>	<i>30</i>
<i>Social implications.....</i>	<i>30</i>
MANAGEMENT CONSULTING IN TURKEY	35

GENERAL INFORMATION	35
REVIEW OF PREVIOUS WORK	39
STUDY QUESTIONS.....	42
DATA AND METHOD	44
DATA COLLECTION METHOD.....	44
DATA COLLECTION PROCEDURE	44
SAMPLING PLAN	45
STUDY DIMENSIONS.....	47
FINDINGS AND DISCUSSION	51
FIRM DEMOGRAPHICS	51
<i>Age</i>	51
<i>Size</i>	52
<i>Departments</i>	54
<i>Relations with foreign consulting firms</i>	58
AREAS OF ACTIVITY	60
<i>Strategy and organizational development</i>	65
<i>Human resources</i>	67
<i>Marketing and institutional communication</i>	68
<i>Information technology and systems</i>	69
<i>Financial and management systems</i>	70
<i>Production and service management</i>	71
<i>Project management</i>	71
<i>Economic and environmental analysis</i>	72
MARKETING	72

<i>Target markets</i>	72
<i>Promotional activities</i>	75
<i>Pricing</i>	77
<i>Number of clients</i>	78
KNOWLEDGE / EXPERTISE DEVELOPMENT	78
<i>Professional & academic background</i>	84
<i>Cooperation with other organizations</i>	84
CONCLUSIONS	86
BIBLIOGRAPHY	96
APPENDIX	98

LIST OF TABLES

TABLE 1: TYPES OF KNOWLEDGE ABOUT MANAGEMENT	20
TABLE 2: NUMBER OF CONSULTANCY FIRMS REGISTERED IN THE GUIDE OF EUROPEAN MANAGEMENT CONSULTANCY FIRMS IN 1996	33
TABLE 3: SUMMARY INFORMATION ABOUT THE FIRMS IN THE SAMPLE	46
TABLE 4: FOUNDING DATES	51
TABLE 5: NUMBER OF EMPLOYEES	53
TABLE 6: NUMBER OF CONSULTANTS	54
TABLE 7: DEPARTMENTS	57
TABLE 8: TYPE OF THE RELATIONSHIP WITH FOREIGN FIRMS	58
TABLE 9: TYPE OF THE RELATION AND ORIGIN OF FOREIGN FIRMS	59
TABLE 10: AREAS OF ACTIVITY	61
TABLE 11: DIVERSITY OF ACTIVITIES	61
TABLE 12: TARGET MARKETS OF THE FIRMS IN THE SAMPLE	73
TABLE 13: PERCENTAGE OF NON-BILLABLE TIME SPENT ON MARKETING IN EUROPEAN CONSULTANCY FIRMS	75
TABLE 14: DISTRIBUTION OF CLIENTS	78
TABLE 15: FORMAL TRAINING PER YEAR	81
TABLE 16: PERCENTAGE OF NON-BILLABLE TIME SPENT FOR TRAINING ACTIVITIES IN EUROPEAN CONSULTANCY FIRMS	82
TABLE 17: CLASSIFICATION OF CONSULTANCY FIRMS IN THE SAMPLE	88

INTRODUCTION

Management consulting has long been recognized as a professional service that helps managers to analyze and solve managerial problems and to learn from the experiences of other managers and organizations. Hundreds of thousands of private businesses and public organizations in both industrialized and less developed countries have used management consulting services, separately or in combination with training, feasibility and market studies, systems design, action research, engineering consulting and other professional services.

The 1980's regenerated a great interest in what appeared as novel management ideas in the United States (Huczynski, 1993). There was a shift of the center of gravity during this business period away from manufacture towards service and away from supplier towards customer. The move away from producer-control was facilitated by new technology, liberalization and the disappearing frontiers between the nations. The changed corporate environment of the 1980s was reflected in the emerging new models which concerned the critical management tasks and the context in which people did their work. The certainty of management tasks had declined. The perceived potential of the rest of the workforce to contribute to the solution of organizational problems had increased. The theme was that, regardless of the organizational level, management had to take other people into account. This included shopfloor workers, customers and suppliers. The employee involving strategies of the 1980's, such as quality circles and industrial citizenship programs, fitted well with these organizational change strategies, and "allowed consultants to sell their wares" (Huczynski, 1993). This situation in turn caused a boom in management

consultancy business, which is a major channel of "distribution" of management ideas and techniques. The change in corporate environment allowed consultants to offer change management products and services, thereby "turning other people's confusion into profitable business" (Fortune, 1989). In 1989, American companies paid \$10 billion for high level advice on strategy and the like (Fortune, 1989).

However, in more developed economies the process seems to have reversed and the mystique of the management consultant has evaporated in the harsh economic conditions of the 1990s. Competition is increasingly tough. Some consultancy firms have closed their offices and laid off staff in the United States and Europe. A management magazine describes the situation as:

"Gone forever are the days when consultants in thousand dollar suits could turn in huge bills for providing customers with some 'strategic' advice or vague recommendations."

(International Management, 1994: 20)

What happened in Turkey while management consultancy firms in America and Europe witnessed times of boom and recession? The emergence of management consultancy in Turkey dates back to the 1960s. The first professional management consultancy firm was established in 1973. The president of the Association of Management Consultants in Turkey estimates the number of existing management consultancy firms to be around 600 (Dünya, 1996). *more than 1000 as of today 2000 he said in a conference at B.U* It conflicts with the estimate made by a management magazine, in which this number is reported to be around 150 (Economist, 1996). Whatever the number is, there are indications that the demand for consultancy services in Turkey is increasing whereas the American and European firms suffer from the recession. Consultancy is viewed as an area of business which is ready to "explode" in Turkey (Economist, 1996).

Industrial as well as commercial firms in Turkey are trying to adopt modern management techniques to survive intense global competition. They focus on product development, quality, efficiency, cost, marketing and human resources strategies (Dünya, 1996). Consulting firms help organizations in designing and implementing those strategies; therefore they play an important role in the dissemination of management ideas, which are “imported” from United States or Europe in most of the cases.

This study discusses the concept of management consultancy, the profile of management consultancy firms, their role in dissemination of management ideas and fads, and the state of the sector in Turkey in the mid-nineties. It is aimed at identifying similarities and differences between consultancy firms and proposing a classification based on characteristics of them. The data were gathered through interviews held with managers or partners of consultancy firms, which were selected among the members of YDD (Yönetim Danışmanları Derneği - Association of Management Consultants).

The study consists of five chapters. The first chapter presents different approaches towards management consulting. It includes normative approaches, ideas of academics, critical views on management consultancy, and an overview of development of the consultancy sector in general.

The second chapter provides a brief overview of the sector in Turkey. The review of previous work on the subject and study questions are also presented in this chapter.

The third chapter gives information about the data and method of the study. Summary information about the consultancy firms in the sample is also provided.

The fourth chapter is about the findings of the study. It focuses on various dimensions of management consultancy firms, including firm demographics, areas of activity, marketing activities, and development of knowledge and expertise.

The fifth chapter includes conclusions that can be drawn from the study and implications for further research.

MANAGEMENT CONSULTING

Definition of management consulting

In the guide to membership, the Institute of Management Consultants in the United Kingdom defines management consulting as:

“The services provided by an independent and qualified person or persons in identifying and investigating problems concerned with policy, organization, procedures and methods, recommending appropriate action and helping to implement these recommendations.”

(ILO, 1977: 7)

Definitions used by other professional associates of management consultants, such as the Association of Consulting Management Engineers in the USA and YDD in Turkey, are very similar. This shows management consulting to be a special service, to which managers may address themselves if they feel a need for help in problem solving.

Despite the fact that definitions of management consultancy as a professional service are very similar, there are various different perspectives on management consultancy and its interaction with management. Three of those approaches are presented in the following sections.

The first approach discusses the management consultancy profession from a normative viewpoint. It describes the characteristics of the profession, the range and scope of consulting work and basic type of consulting assignments. Additionally, reasons for using consultants are reviewed in this section. The view is normative

rather than being descriptive, i.e. it portrays the ideal consultant and consultancy assignments.

The role of management consultancy in the creation and dissemination of managerial knowledge is the central issue in the second approach. The section includes a brief overview of ideas of academics on the topic.

A critical view on management consulting is presented in the third section, which debates on management gurus, consultants, and popular management ideas and fads. Emphasis is placed on the distribution of popular management ideas and the factors affecting the “purchasing decisions” of managers, which are viewed as consumers of management ideas.

Normative approaches to management consultancy

This section presents features and functions of management consultancy, as indicated before, from a normative viewpoint. The guide to the profession of management consulting, published by ILO (International Labor Office), was used as the main source.

ILO (1977) describes major features of management consulting as follows:

First, consulting is an independent service. This is characterized by the detachment of the consultant, which is the major feature of his / her role (ILO, 1977). However, independence means at the same time that consultants enter into a very complex relationship with their client organization and people working with them. The consultant has no direct authority to decide on changes and implementing them. It can be argued that independence can only be a feature of external consultants.

Internal consultants, whose functions will be explained in the following sections, may not claim independency, since they are part of the organization and their activities are subject to the constraints that the organization imposes on them.

Secondly, consulting is an advisory service. This means that consultants are not recruited to run organizations or take decisions on behalf of managers. They are advisors and their responsibility is for the quality and integrity of their advice; the clients carry all the responsibilities that accrue from taking it. Of course, in the practice of consulting there are many variations and degrees of advice. The client needs to become skillful in taking and utilizing the consultant's advice.

Thirdly, consulting is a service providing professional knowledge and skills relevant to practical management problems. An individual becomes a management consultant in the full sense of the term by accumulating considerable knowledge of varying management situations and problems and acquiring skills needed for problem solving, for identifying problems, finding relevant information, analyzing and synthesizing, choosing between alternative solutions, communicating with people and so on. Managers need to possess these particular types of skill. What is unique to consultants is that they have experience from various previous assignments to handle new assignments skillfully.

Fourthly, consulting is not a service providing miracle solutions to difficult managerial problems. It would be an error to assume that once a consultant is brought in, life becomes easy for management. Consulting is difficult, systematic and disciplined work based on the analysis of hard facts and the search for imaginative but feasible solutions. Strong management commitment to solving the problems of the

organization and client-consultant cooperation are at least as important to the end result as the quality of the consultant's advice.

Reasons for using consultants

Managers would see no reason for using consultants if they did not expect changes in their organization or if they had not aimed for reaching a particular mission in favor of their company. Expressed reasons for using consultants are one or more of the following (ILO, 1977):

Providing special knowledge and skill

Consultants are called in when an organization is short of people able to solve a given problem with the same chance of success. It may often involve new techniques and methods in which a consultant has acquired special expertise. In other cases, the problem submitted may be of a general nature, if the organization is failing to achieve its principal purpose and there are gaps in knowledge concerning general management policy, planning, coordination or leadership.

Supplying intensive professional help on a temporary basis

A deep examination of major problems, such as the company organization or marketing policy, would require the full attention of senior management for long periods of time, and it is difficult to concentrate on operational and conceptual problems simultaneously. Consultants not only provide the time but will leave the organization once the job is completed. Unlike middle managers, consultants, though expensive, are a variable cost, not a fixed one. "Consulting has become a high-level temp service. Companies have caught on how cost effective it can be" comments Bob

Waterman, who co-authored the book titled *In Search of Excellence* (Fortune, 1989:59).

Giving an impartial outside viewpoint

Even the best people within an organization may be influenced by their personal involvement and existing traditions and habits to see a problem in its true light and propose feasible solutions. Because the consultant is expected to be independent of the client organization, he / she is likely to be impartial in situations where no one from within the organization would be.

Providing management with arguments which justify predetermined measures

From time to time consultants are approached with a request to undertake assignments, and submit reports, so that a manager can justify his / her decision by referring to the consultants' recommendation. In other words a manager may know exactly what he / she wants and what his / her decision will be, but prefers to order a consultant's report to obtain support from his / her views.

Management consulting firm users

Management consulting as a professional service and method for implementing change is not limited to a particular type of organization or economy. In the course of its development consulting has been spreading to new areas of human activity and this has led to varying patterns of specialization.

Consultants are closely associated with the design and diffusion of new management systems, methods and technologies. A proper use of a consultant's knowledge and skills in order to complement those of the company's management has

become a method in the hope of enhancing managerial effectiveness and competitive strength. Management consulting has its origin in free market economies where independent business companies use consultants in many different ways at their own discretion. Over the years, however, consulting has spread from private business to government. Although large organizations possess considerable management experience and specialist staff in various management functions and techniques, they use consultants for reasons indicated before. Some large companies have their permanent consultants, available to provide help quickly if the need arises.

In a small enterprise the decision about the use of a management consultant may be a difficult one. The owner or manager may find such professional service too expensive, he / she often does not see how in his / her particular situation he / she could cooperate with a person from outside. Nevertheless, a growing number of small enterprises in both industrialized and developing countries call for consultants' services, especially in matters of overall business policy or for the introduction of specific management techniques (ILO, 1977).

External and internal consulting

Consulting has developed as an external and internal service, seen from the viewpoint of an organization using consultants (ILO, 1977).

An external consultant is administratively and legally fully independent of the organization for which he / she works. An internal consultant is part of a particular organization, a company, a group of companies, a government ministry or department, and so on. However, precise limits between the two are difficult to draw. An independent consultancy firm reporting to an industrial ministry might be viewed

as an internal unit since it is part of the government services, but may have the same working relationship to the public enterprises reporting to this ministry as have independent consulting firms.

Internal consulting services are often thought to be more appropriate for problems that require a deep knowledge of the complex internal relations, procedures and political factors in large organizations; and an awareness of the various functions of the organization or of specific constraints affecting its operation. In government, they may be used for national security and interest reasons. If there is a steady demand for advice in special methods and techniques, an internal consulting service may be cheaper and more productive. External consultants are preferred, even by organizations which have some internal consulting capability, in situations where an internal consultant would not meet criteria of impartiality and confidentiality or would be short of particular expertise.

In some cases, complex assignments are given jointly to external and internal consultants, or internal consultants may be requested to define precisely the assignment for an external consultant, and to collaborate with him / her in order to learn as much as possible from him / her during the assignment.

Range, scope and characteristics of consulting work

Managers call in consultants if they need help in problem solving. The term “problem” is used here to indicate a situation about which management is concerned and which requires some managerial action to take. Therefore, the range of problems, which consultants are expected to define and solve is extremely very broad. They can be classified as corrective, progressive and creative problems (ILO, 1977).

Corrective, progressive and creative problems

The consultant may be asked to rectify a deteriorated situation (corrective problem), improve an existing one (progressive problem) or create a totally new situation (creative problem).

In an enterprise, for example, difficulties may have arisen in marketing. The volume of sales of a product which has been manufactured and distributed successfully for several years suddenly drops and this starts causing serious financial difficulties. The reasons, in this case, may not be very clear. Everybody will agree that this is an urgent management problem which calls for immediate action. It is a corrective problem. This means that, with almost the same resources, a more satisfactory performance was achieved in the past than is the case now. The problem is clearly defined if it is accepted that restoration of the original condition is all that is required. This is trouble shooting, a terminology very commonly used by consultants. The process of solution is the tracking back of the deviations that have taken place, and finding and correcting the reasons for them. It is likely that opportunities are found for ending up with something better than the original.

Progressive problems represent another group. They involve the task of taking an existing condition, and improving it. They may concern partial elements of management, such accounting techniques or administrative procedures. In such cases the consultant may have models or standards used elsewhere and his / her main job will be to examine the conditions of their application, decide on necessary adjustments and help to persuade and train the staff directly concerned by an improved procedure.

Creative problems provide the consultant with the least amount of starting information. There may be little more than a few desires and some ideas. This applies, for example, to an enterprise with no operational or financial difficulties and no particular need for interventions that would improve its performance in the short run. In spite of that, management feels that the enterprise has a much greater potential for development than has been achieved so far. In such a case, the consultant may have to do a great deal of creative thinking.

Many assignments will have elements of all three types of problem mentioned above. While working on an apparently progressive type, the consultant may discover that many corrective measures are needed first; or, on the contrary, a corrective problem may require an entirely new, creative approach.

The nature of consulting requires that any situation is seen in the perspective of future opportunities (ILO, 1977). If called on to deal with a corrective problem, the consultant would ask whether a revision of a deteriorated situation is really what is needed, or whether the organization should look for new ways of defining its purpose and objectives, and enhancing the effectiveness of its activities. A basically corrective problem may thus be turned into a progressive or creative one.

Technological and social aspects

Another aspect of the scope of management problems handled by consultants is the relationship of management to technology and the social sciences.

It can be argued that, the majority of management consultants are not equipped to deal with problems that are purely technological. But they must know something about the relationships between technology and management. In areas where

technology and management are jointly involved, such as production engineering, problems of organization have to be seen in relation to the technological aspects of plant layout, choice of machines, design and choice of tools and transfer equipment, and so on.

The position is similar with regard to the social side of organizations. Without some knowledge of the social sciences and their methodology, the consultant would be approaching in an unprofessional way the task of generating and monitoring change which affects people and requires their involvement. However, a management consultant may in certain cases have to apply for specialist help from a professional psychologist, sociologist, or other social scientist. This might be available within the same consulting unit (in the larger ones) or from specialized institutions (ILO, 1977).

The consultant's roles

The consultant, as an agent of change, can assume two basic roles - that of a resource consultant and that of a process consultant (ILO, 1977).

Resource consultant

This type of consultant provides expert information and service, or recommends a program of action, thus transferring knowledge to the individual, group or organization. In turn, the knowledge provided is expected to affect attitudes, individual behavior and finally the performance of the organization.

This approach depends for its success upon correct diagnosis of needs, effective communication between client and consultant, the consultant's expertise in providing

the appropriate information or service and an understanding of the full consequences of implementing recommended changes.

Process consultant

In this case, the consultant as the agent of change attempts to help the organization to solve its own problems by making it aware of organizational processes, of their likely consequences and of techniques for accomplishing change. As opposed to the resource consultant, who is primarily concerned with passing on knowledge and solving problems, the process consultant is concerned with passing on his / her approach, methods and values so that the organization itself can diagnose and solve its own problems.

E. H. Schein (1969) has provided a detailed approach to process consultation. He defines process consulting as “a role of activities on the part of the consultant which help the client to perceive, understand, and act upon process events which occur in the client’s environment”.

In a modern concept of consulting, these two roles should be seen as mutually supportive. Therefore it would be wrong to think that each of the two roles applies to different areas or functions of management (ILO, 1977).

Basic types of consulting assignment

In practice, management consultants commonly undertake one or more of the following assignments (ILO, 1977).

A management survey

Consultants are most commonly involved in management surveys. The consultant surveys the organization's resources, results, management policies and patterns, with a view to identifying, or defining more precisely, its strength and weaknesses and key problems that prevent smooth operation or further growth.

Special surveys and studies

Special surveys and studies may be requested from consultants in any management area. Examples are feasibility studies for new investment, market research studies, surveys of consumer attitudes to the company's products, collection and analysis of information for long-term planning or studies of trends in the supply of raw materials.

These studies might go into great detail and depth, both in the collection of information and in the analysis. The consultant completes his / her work by submitting the study report and discussing it with the client.

Working out solutions to a defined problem

In most cases the client wants more help than a survey of his / her problems. He / she asks the consultant to work out solutions to the problem, to draw up a new organization for the company, redesign an information system prepare a new wage scheme, devise a training program for supervisors, propose a new plant layout and material flow, and so on.

Assisting in implementation

The consultant may be requested to stay in the organization while his / her proposals are being put into effect. He / she may be involved in implementation in many different ways, including selecting and training personnel, helping management to persuade people about the priorities of the new system and correcting the system during implementation.

Acting as an advisor

Every consultant is an advisor, but consultants have an advisory capacity in the narrower sense, as well, such as answering questions when asked and probably also expressing certain views on his / her own initiative, but not directly undertaking new systems development and application (ILO, 1977).

For example, managers in some firms like to apply to a consultant before launching new projects or presenting various proposals to the board of directors. Management or worker's representatives may agree on the use of an expert in a dispute concerning working conditions and wages. However, in all cases such as this, the consultant needs to be careful that he / she does not slip unintentionally from his / her advisory role into the role of arbitrator in the course of presenting his / her findings.

In different assignments these activity types are combined in varying ways. Every client has the right to decide how far he / she wants the consultant to go - if he / she wants to receive a survey report with some criticism and recommendation, or detailed proposals for changes to be prepared, and if he / she wishes the consultant to participate in implementation. Clarity on this point may be an important factor for

effectiveness in consulting (ILO, 1977). In preparing an assignment, it is crucial to define precisely what is to be considered as the end result and at what stage management wants the consultant to leave the organization.

Role of management consultants in the creation and dissemination of managerial knowledge

This section includes a brief overview of academics on the role of management consultants in the creation and distribution of management ideas.

Two of them, Nohria and Eccles (1995: 2) from Harvard, remarked about management knowledge:

“(It) comes from everywhere: it comes from manager’s own experience, from the experiences of others, from books and articles on a variety of topics, from videotapes and live speeches by managers and management scholars, from formal education in business school MBA and executive programs, and, **increasingly, from consulting firms.**”

In their view, consultants occupy a middle position between academics and managers in terms of their role in the production of management knowledge. It can be argued that although they are more directly connected to practice than most academics, they are not as directly involved in the issue itself as the managers they advise. Nohria and Eccles (1995) state that consultants are on average more familiar with formal theory than managers, but less than academics. Consultants are expected to have a better sense of the most urgent problems facing managers in the present since they spend more time in companies working with managers than academics do. However, the economic pressures make it difficult for them to extract the data that

they gather and to write up what they have learned from it. Sometimes they may be reluctant to do so based on a fear of losing knowledge advantage. This situation is described by a consultant from the United States as:

“Because the projects are bigger and longer, you’re getting so close to your clients that they come to know all your tricks. You’re no longer the guru with all the clever ideas.”

(Business Week, 1994: 64)

Additionally, consultants may also be restricted by their clients who do not want certain information made publicly available.

In spite of these restrictions, consulting firms, especially the larger ones, may engage in research. In many cases, research, which focuses on a specific problem, comes out of work done for a client on a project, which is expected to be applicable to various situations (Nohria and Eccles, 1995). On the same point, Whitley (1988: 49) argues that:

“Management research oriented to collegiate reputations differs from that undertaken by practitioners, consultants, and advocates of general principles in a number of important aspects.”

These aspects are summarized in Table 1 (Whitley, 1988).

He adds that knowledge produced by management consultants is less specific to individual organizations or industries but is closely related with current ‘best practices’. This type of knowledge may be related with some generally available knowledge, such as academic research results. However, in order to claim special expertise and superior knowledge, consultants have to modify and develop this publicly available knowledge (Whitley, 1988).

	Managers	Consultants	Principles	Reputational
Audience	managerial colleagues	clients	managerial public	researchers
Purpose	corporate success	domination of consultancy market	general influence	intellectual influence
Specificity to individual organization	high	medium	low	low
Reliance on current practices	high	high	high	low
Public availability	low	low	high	high
Dependence upon publicly available knowledge	low	low to medium	low to medium	high

Table 1: Types of knowledge about management
(Source: Whitley, 1988)

Finally, Nohria and Eccles (1995) conclude that:

“Consulting firms are a great source of semiprocessed ore in the form of data and client experiences, ore which needs further refining in order to become gold.

While they view the consultancy firms as a mine of data and expertise, Huczynski (1993) presents an alternative view on management consultancy. His approach will be discussed in the following section.

Critical views on management consultancy

Huczynski (1993) indicates that an analysis of popular management ideas should not only involve applied theory, but it must also consider the sector of management

consultancy and training which need these ideas for the development and legitimization. He states that this fact imposes two types of restrictions on the nature and form of management ideas. First, he argues, the ideas and techniques must be acceptable to organizations which pay the fees. Therefore, key aspects of organizational life, such as its political nature should be excluded.

A second limitation results from the connection between the management idea and the paying organization. This affects how the management idea is packaged and sold by a consultant as a service. The popular management ideas are likely to be presented in the form of logos which form the basis of two or three day training programs. Thus, ideas in the form of Maslow's "Hierarchy of Needs" or Herzberg's "Motivators and Hygiene Factors" can be summarized on one page, which can be distributed as handouts in a training program (Huczynski, 1993).

Critics of the managerialist school, as quoted in Huczynski (1993), argue that an important function of management ideas has been to legitimize the existing structure of power and authority in organizations. Because of this reason, management ideas need to be understood by a wider group of people other than just top managers. They have to be understood by both middle and junior managerial ranks as well as by those being managed.

What part do consultants play in the continued substitution of one management idea by another? Huczynski (1993) considers the topic under the heading of planned obsolescence and of searching and deciding on techniques.

The first explanation is planned obsolescence. A consultant can enter the management idea market with the expectation that a particular product which is

selling today will be displaced by another one at a future time. This involves totally withdrawing the product, and replacing it with something else. Thus some “wholesalers”, who are currently promoting popular management ideas, submit the limited life of their product. The president of a consultancy firm in the USA estimated that training programs would have a two or three year life cycle. This strategy can be contrasted with the relaunching of an old product (e.g., the NEW Management Grid) or extending its target market. Peters and Waterman described the process as follows:

“Our objective is first and foremost to have a steady flow of new products. Then, once we hit, we expect to dominate the niche, sometimes for three or four years. During that stretch we price according to full value to the customer. We’re providing both a tool that is some kind of labor saver and we expect the market to pay what it’s worth. Sure we create an umbrella. But when others come in with approximations, perhaps at lower cost, rather than fight them for share, we usually give in - that is, get out. Because by then we’re developing the next several generations of products for the market and others.”

(Peters and Waterman, 1982:184)

Second, consultants free the managers from the task of extensively searching for solutions. How extensively do managers search for the techniques based upon management ideas, and where do they obtain their information about their efficiency? In Britain, according to a study conducted by Blagden, managers read 7.8 hours per week (Huczynski, 1993). Their main reading was the Financial Times and Management Today. These two publications were read by more managers than all the remaining ones put together. Nohria and Eccles (1995: 8) comment on the same issue that “prestigious refereed journals, rarely receive even a glance by managers”.

Consequently, it can be suggested that managers scanned their environment for techniques in a limited way. Janis and Mann, as quoted in Huczynski (1993), also supported this conclusion, arguing that individuals tend to avoid cognitive strain by considering a limited number of alternatives and frequently only one. Managers use simple decision rules such as “consult an expert and do what he says” (Huczynski, 1993: 287).

By following and imitating others, managers try to reduce the burden of choice, and dissipate the responsibility for failure. Huczynski (1993: 206) describes the situation as :

“...consultants add legitimacy and support for what a manager may want to do. In addition to providing a knowledge solution, the consultant also gives a chosen approach his blessing and ‘the mystical force of the right name’. In a sense, he gives the manager the permission to go ahead. He justifies the manager’s choice and shifts some of the responsibility for possible failure off the manager.”

Why do managers buy training events and organizational development programs? Huczynski groups the explanations under the headings of organization, competition, individual, and suppliers, i.e. consultants.

Organization

At the organizational level, four explanations are offered by Huczynski (1993). First, the new idea can be perceived as a solution to a company problem. It is argued that the objectives of managers running companies within a capitalist economy are broadly the same (e.g. profitability, efficiency, effectiveness, market share) (Huczynski, 1993). The problems that they face have generally remained the same

both between companies and over time. What has changed is managers' perception of the intensity of certain problems. For example, in the United States, the growth of unionization caused the popularity of human relations management ideas and their associated techniques to increase. Once the problem had been overcome and the union threat declined, so did human relations ideas and techniques. Pascale, as quoted in Huczynski (1993) felt that in times of declining fortunes, companies were more willing to experiment with new ideas.

Second, the new idea can act as an internal motivational device. It has been argued that companies use training events, interventions and programs to keep their employees motivated. These people-programs involve incentives and training. In their research, Peters and Waterman (1982) found out that the frequency with which people-programs were replenished was very high. They reported that service-incentive programs were changed at least once a year by the excellent companies they studied to "keep them fresh". None of the companies expected their programs to last forever, claiming that they had life cycles just as products did, but that these tended to be shorter.

Third, the new idea may offer a new solution to a continuing problem. The message that the company wants to get over to employees will relate to the necessity for profitability, productivity and quality of work. Both managers and workers will tire of the same old approaches. They are likely to be open to new ways of achieving the same old business objectives. This does not mean that the old approaches are incorrect, only that they may be seen as boring. From this perspective, the termination of a technique, or more accurately its exhaustion over a period of time, is not considered as unusual and it may be inaccurate to label it a failure.

Fourth, the management idea can be a tool which helps organizational change. Management techniques generally seek to produce not only behavioral changes but also attitudinal ones, thus an intervention technique such as a quality circles program may have a higher order objective than just reducing the reject rate.

Competition

First, competition may encourage idea adoption. Kanter, as quoted in Huczynski (1993), suggested that organizations were forced to pay attention to and experiment with anything, that might offer a solution to the problems that cause trouble. What is seen as the appropriate solution is decided by imitation at the organizational level. Similarly, Abrahamson's fashion perspective assumes that under conditions of uncertainty organizations in a group imitate administrative models promoted by "fashion-setting-organizations" - organizations, outside this group, such as consulting firms or business mass media, whose missions involve the creation or dissemination of such models (Abrahamson, 1991).

Second, if a company wishes to promote an image of itself as progressive in the eyes of its customers or employees or both, it would not make sense for it to adopt a previously tried intervention. Instead it would be searching for the latest idea ahead of its competitors. It could then claim to have been progressive by being among the pioneers with respect to the introduction of some technique.

Third, a company may want to match the competition in terms of any possible advantage resulting from a new technique. This explanation is not concerned with actual or potential benefits but with customer perceptions. The success of the technique itself is not very important. Instead, the company considers how a customer

might view it if it is not seen to be using a technique. Thus a company may introduce a quality circle program to signal to its customers that it is concerned with quality.

Individual

First, a new idea may act as a career enhancer. Any technique based upon an idea will be introduced into an organization by an "idea champion" who promotes its adoption. Huczynski (1993: 281) indicates that:

"The effect of this is that the visibility of the person doing the championing is increased within the company. Moreover, this demonstrates to others that this individual is both creative and actively seeking improvements."

Second, the idea may represent a managerial defense. It is argued that no management could be blamed for failure due to lack of knowledge. However, no management could be excused for a failure to implement an available technique which could be learned by cooperating with the relevant consultant.

Third, the idea may be seen as offering quick results to difficult problems. Mayer, as quoted in Huczynski (1993: 282), described the "panacea conspiracy":

"Many of today's managers, though they may deny or not realize it, are members of a flourishing movement I call "the Panacea Conspiracy". These managers typically promoted into management from such technical specialties as engineering or law, or finance, have little managerial know-how. Most do not have the time, interest, or awareness needed to learn their new craft, but they are anxious to produce immediately. What they are looking for, although they may profess to know better, are quick-fix solutions to dynamic complex problems."

Mayer implied that the adoption of a technique by this type of manager was a defensive act, that is defending themselves against their ignorance. Pascale, as quoted in Huczynski (1993), noted that one of the consequences of the mass marketing of fads by consultants has been the promotion of superficiality. In his view, it has become professionally legitimate in the United States to accept and use management ideas without an in-depth understanding of their underlying basis.

Fourth, the adoption of the technique offered the manager an insider-status. This explanation of adoption has also been described as “me-too-ism” by Huczynski (1993: 283):

“Managers and trainers who adopt new training devices or interventions can be seen to be up-to-the-minute. The concept of reference group is central here. Such groups either directly or indirectly influence a person’s behavior or attitude. According to marketing theory, in the introductory phase of the product life cycle, the decision to buy a new product is heavily influenced by others. In the market growth stage, the group influence is strong on both product and brand choice. In the product maturity stage, brand choice and not product choice are heavily influenced by others. In the decline stage, group influence is weak on both.”

Thus the sellers of management products, i.e. consultants, are likely initially to target those individuals who are opinion formers in the relevant groups. Once big companies have adopted a quality awareness program, the remaining companies follow.

Mayer argued that panaceas usually did little more than produce more panaceas, each with their own defenders, literature and markets. Those attracted by the latest fad promoted it, and the more successful panaceas became fashionable. Eventually

however, their deficiencies became evident and they either disappeared or some parts of them became incorporated into the life of the organizations.

Having presented different views on management consulting, the following section discusses the development of the consultancy sector.

Development of the consultancy sector

The development of management consulting towards professionalism is part of a wider movement which aims at developing management into a profession. As advisors to managers on the application of the science and art of managing, consultants are expected to follow the major trends that affect management practice and theory. At the same time consultants constitute a specialized group, which has its own way of operating and has adopted a set of its own behavioral rules and working procedures. The problem of professionalizing management consultancy is therefore not completely identical with professionalizing management as such. Following are the key aspects of professionalism in consulting (ILO, 1977).

Knowledge and skills

As consultants influence managerial decisions, of which some may be very important for the future life of organizations, it is fully justified to require them to possess the professional knowledge and skills needed for this role.

Some professional associations of management consultants try to define and continuously “update a common body of knowledge for consultants” and consulting organizations that want to achieve a high professional reputation require a new consultant to possess a certain amount of depth of knowledge through initial and

further training programs. However, the common body of knowledge for consultants has not been generally adopted and it is used rather for broad guidance of their members than as a binding standard (ILO, 1977).

Objectivity

It is often stated that consultants are objective in their analysis, judgment and conclusions. This is true as far as the consultant's will to avoid any bias is concerned. However, consultants do not possess absolute, ideal skills of handling various situations and their attitudes have been shaped by their life experience. Consciously or unconsciously, they develop not only certain work patterns but also beliefs in certain types of methods and solutions because they and their colleagues have applied such methods or solutions successfully in previous cases. Some consultants clearly favor one methodological approach which they consider as the most powerful tool for solving management problems.

Teaching people to work without consultants

“The only work that is really worth doing as a consultant is that which educates - which teaches clients and their staff to manage better for themselves” said L. Urwick, one of the major contributors to the development of management consulting (ILO, 1977: 47). The transfer of all information on methods used in the assignment, and the training of a client's staff so that they can repeat the same operations without consultants, is a key element in a consulting assignment.

Confidentiality

Management consultants engage themselves not to publicize any confidential information about clients, nor to make any use of this information, to obtain benefits or advantages. The clients must be convinced that they can trust consultants, otherwise it is very unlikely that the desired performance from the assignment will be achieved.

In internal consulting the situation with regard to confidentiality is complicated. In certain cases consultants have an obligation to forward information to a common superior. However, under such circumstances managers are reluctant to use consultants. There has been, therefore, a tendency in a number of countries to apply confidentiality also to the public sector consulting services (ILO, 1977).

Social implications

Assignments undertaken by management consultants may affect the position of people working in organizations and have important social implications for the environment in which a given organization operates. This raises the very important issue of consultants' social responsibility.

The current trend is towards increased awareness of the social consequences of managerial decisions and the enhanced social responsibility of managers. Professional management consultants are expected to make client managers sensitive to the social consequences of various decisions that may be taken as a result of consulting assignments (ILO, 1977). Whenever possible, the solution of social and environmental problems which arise from the proposed technological and organizational measures may be included in the assignment, thus giving the consultant the opportunity to

suggest measures that are not only technically or financially feasible, but also socially desirable.

Management consulting can play a useful role in industrialization and economic development in developing countries. It may accelerate the transfer of management expertise and help to design and introduce management systems adjusted to the local setting. It may help thus to enhance the country's managerial competence, which is one of the key conditions of effective development. In centrally planned socialist economies there was little scope for consultancy services in the period when the planning and control of all important economic activities were still highly centralized, and enterprises had only limited economic autonomy. This situation started changing in the late 1950's. In more and more cases, enterprise management became able to consider alternative courses of action to increase efficiency. Furthermore, the sectoral ministries and other central bodies started attaching more importance to economic and financial analysis, and to the evaluation of effects of alternative technological, investment and other policies. As a result, various specialized professional institutions started providing advisory services both to enterprises and to ministries.

Most consulting assignments have been in industrial and commercial enterprises. However, from these sectors, consulting spread to transport, catering, banking, insurance and so on. The growth of social organizations and services led to demand for advice on their structuring and management. To give some examples, important management consulting assignments were carried out for trade unions, sports and religious organizations, and international governmental organizations in the United States and Europe (ILO, 1977). At the present time, management consultants are used in all sectors where management problems exist and have to be solved and this applies

to all organized sectors of human activity. While some consultants have remained generalists, others have preferred to specialize sectorally, e.g., in the management of construction work, hospitals, transport or banking.

The use of consultants may be related with the preferences of managers, which may vary from one country to another. For example, some observers attribute the absence of any major British “management gurus” to British managers’ preferences to learn more from practical experience, either their own or that of other managers. In Britain there are comparatively fewer opportunities for consultant exposure (Huczynski, 1993). The seminars tend to feature fellow managers as presenters. It is rare for a British management consultant to be the speaker at a management conference. Some management seminars have only practicing managers as speakers. Management Today commented that British managers believed that:

“lessons are best learned from practical experience, your own, and that of other people. The view that managers learn more from each other than from teachers is perhaps one reason for the extraordinary dearth of leading lights in the academic teaching world.”

(Management Today, 1985: 73)

Table 2 gives the number of firms for various countries, including Turkey, registered in the Guide of European Management Consultancy Firms in 1996.

The data listed in the table conflict with Huczynski’s argument about British managers. Britain seems to be leader in terms of quantity among those countries listed in the table. This contradiction between the attitude of British managers and the supply of management consultancy services should be analyzed further to grasp the underlying factors.

Country	Number of firms
Turkey	41
Belgium	143
Denmark	115
Finland	112
France	352
Germany	425
Greece	88
Ireland	118
Italy	134
Netherlands	151
Norway	76
Spain	104
Switzerland	149
United Kingdom	497

Table 2: Number of consultancy firms registered in the Guide of European Management Consultancy Firms in 1996
(Source: Ekonomist, 1996)

The figures suggest a relationship between industrialization and the size of the management consultancy sector. The number of management consultancy firms in developed countries such as Germany, United Kingdom, and France are much larger than the number in Turkey, although the differences between the populations are not that great. It can be argued that, the development of the economy gives rise to expansion in the consultancy sector. Plotting the number of consultancy firms in countries versus gross national product per capita may reveal an interesting correlation between these variables.

Cultural differences may also have played a role as indicated before. During an interview in the course of this study, a consultant pointed out that:

“Most of the owners or managers of Turkish firms do not want to pay high fees for intangible things. In their view, the value is associated with physical characteristics. For example, the more pages a report, which is submitted at the end of an assignment, consists of, the more valuable it is. The content is of secondary importance in most cases.”

Additionally, the abundance of distribution channels of management ideas may have affected the size of the sector in each country. Turkey presents an example. In the 1990's, the increase in the number of management magazines in Turkey possibly created interest towards popular management ideas and consultants as “retailers” of them. In magazines, some consultants and academics were introduced as “management gurus”. In the same period the development of the management consultancy sector in Turkey seems to have accelerated. It is likely that, countries listed in the table have passed through this period much earlier than Turkey, thus, the consultancy sector in Turkey can be viewed as immature. The purpose of this study, as mentioned before is to understand the state and structure of this “immature” sector.

MANAGEMENT CONSULTING IN TURKEY

General information

The emergence of management consultancy in Turkey dates back to the 1960s. It is the period in which the private sector started to increase its weight in economic activities and the Turkish economy started to integrate with western economies (Ekonomist, 1996: 26). The establishment of the Association of Management (Sevke ve İdare Derneği) can be considered as the first step in efforts towards the establishment of management consultancy in Turkey. MPM (Milli Produktivite Merkezi - National Center for Productivity), an institution whose primary mission was to provide consulting services to governmental organizations, was also established in the 1960s.

In 1973, the first professional management consultancy firm, one of the firms in the sample of this study, was founded. The owner of the firm indicates that:

“the major difficulty was that we had to promote the concept of consulting as a professional service, since organizations, which were established previously, were all governmental. “

(Dünya, 1996: 13)

Today, the number of firms providing management consultancy services is estimated to be around 150. Client firms spend approximately 500 billion TL yearly for consultancy services. The market is expected to be tripled in the next two years (Ekonomist, 1996: 26).

According to a survey conducted among European firms in 1994, 26 out of every 100 firm were using management consultancy services. "This number is not even 1 in Turkey" says a management consultant interviewed in the course of this study, but he is hopeful about the future of the sector.

According to a management magazine, the demand for management consultancy services in Turkey usually comes from those firms (Ekonomist, 1996: 27):

- which try to define a strategy and ask the question "What do we have to do next?"
- where everything is running smoothly but a check-up is needed
- which have serious managerial problems
- which want to invest in new business areas
- which want to improve their "managerial quality"

There are indications that the management consultancy sector in Turkey is growing with increasing speed. Customs union, certification requirements such as CE and ISO 9000, the increasing volume of foreign trade, foreign investment, and competition are the factors that triggered growth in this 23 year old sector. One consultant claims that "second generation industrialists are more open-minded and feel the need for professional management support", which may also have stimulated the growth in the market in Turkey (Ekonomist, 1996: 27).

What are the factors which force the clients to look for and to work with consultants? Almost all consultants in the study indicated that the lack of expertise and experience is the main factor. Some of the answers are as follows:

“We are objective, experienced, impartial, and courageous.”

“Some people feel the need for change and apply to experts.”

“If partners have management problems, they need a third party to solve those.”

“Clients do not have time to analyze and develop solutions to managerial problems.”

“In some cases, management of the client organization knows possible reasons and effects of problems, but they want consultants to say those.”

“Competition is getting tough. Firms must adapt themselves to changing conditions.”

“The process of employee search and selection is long and requires expertise. We take that burden from human resources departments and speed the process.”

“In case of multinationals, the headquarters forces the firm to work with consultants.”

“The need for change is the main motive behind that.”

“If a client produces tires, this is its core business. The client should not allocate resources to gather information about recent managerial trends, or ideas of a thought-leader from Harvard. This is our core business.”

Management consultancy is not defined by İTO (İstanbul Ticaret Odası - Istanbul Chamber of Commerce) as a profession. Consequently, consultants cannot establish a professional group within this organization. YDD, established in 1991, is the only organization representing members of the profession. As of March 1996,

YDD had 71 members, working in 54 different organizations. Two of the members are from DPT (Devlet Planlama Teşkilatı - State Planning Organization) and MPM.

YDD defined its main targets as follows:

- publicize the contribution of management consultancy to economic activities,
- make use of resources, which cannot be accessed by individual firms
- establish “professional ethics” by applying the rules and regulations accepted and used by international organizations such as United Nations, World Bank etc.,
- ensure that activities of consultants and consultancy firms comply with the above mentioned professional ethics
- determine the profile of a management consultant and support individuals with suitable qualifications to join the profession, thus improving the human resources of the profession qualitatively and quantitatively.
- represent subjects, problems, and interests management consultancy against third parties
- unify management consultancy organizations under a single roof
- cooperate with international consultancy organizations
- increase the demand for consultancy services and expand the market
- coordinate the information flow between management consultants

- prevent unfair competition

YDD launched a new project in cooperation with KOSGEB in 1996. The project involves training of consultant candidates in Bursa, Adana, İzmir and several other cities in Anatolia. The candidates are selected and trained by the members of YDD. The aim of the project is twofold. YDD tries to create interest towards the profession and promote it, while expanding the target market of consultancy services geographically.

Review of previous work

Previous work on management consultancy in Turkey is limited to the study conducted by Bonofiyel (1987). This study was aimed at analyzing the consultancy firms and the attitude of existing or potential client firms towards management consultancy and management consultancy firms in Turkey, thus it included both the supply and demand side of the market.

Although it was planned to be in the form of a descriptive research at the initial stage, the study turned out to be an exploratory research, since “the subject was very new in Turkey and it was not known what variables affect what features”. 9 local and 9 multinational consultancy and / or auditing firms were included, representing the supply side of the sector. There is no indication of the sampling method used for the selection of these 18 consultancy firms. 33 client firms, which represented the consumers of management consultancy services, were selected from a sample of 250 largest firms in İstanbul by non-probabilistic judgment sampling. The top executives of consultancy firms were interviewed to gather general information about the consultancy firms. Data from client firms were collected by a structured questionnaire.

Prior to the study, Bonofiyel (1987) classified the consulting firms in Turkey, into three groups:

1. indigenous Turkish firms or consultants,
2. international consulting firms with no connection with major public accounting firms,
3. international firms affiliated to major public accounting firms,

It was indicated that the firms in the second group were large US consulting firms, which had been active in the Turkish market temporarily. They left the market as soon as the project was over. None of these firms were included in the sample of the study conducted by Bonofiyel. Half of the sample (9 firms) of consultancy firms consisted of firms, which were in the third group and were involved in accounting and / or auditing.

One conclusion derived from the study was that “six out of the big eight consulting firms in the world had come to Turkey since they had the impression that there was a potential market for consultancy services in Turkey”. Another observation was that “consulting firms were usually not specialized in a certain sector of the economy and they wanted to get involved in every kind of consulting assignment without taking into consideration whether the client is located in big cities or in remote places in Anatolia”.

Bonofiyel argued that consulting firms transferred managerial knowledge and techniques to Turkey.

“The way accounting departments of firms are to be organized, the way liquidity problems are to be solved, the way quality control circles are going to be used in production and quality departments of organizations, the way management accounts are to be prepared are all new issues that have been brought to Turkey by way of management consulting firms.”

(Bonofiyel, 1987: 137)

Another finding of the study was that the demand for consultancy services for organization management, management information services, accounting, and finance is higher than other areas of activity. It was also observed that “international consulting firms which are accounting based were better known than the Turkish consulting firms” and “companies would rather work with international consulting firms since they are considered to be more experienced than Turkish firms and they know and understand international problems better.” Finally, Bonofiyel proposed that the market would be more price sensitive and that client firms would be asking for high quality work as well as low fees in the future and the Turkish consulting firms might be more advantageous since their fees would be lower due to the employment of Turkish staff.

In short, conclusions that can be drawn from Bonofiyel’s study can be summarized as follows:

- client firms prefer to work with international consultancy firms,
- international firms bring new methods and techniques to Turkey,
- demand for management consultancy services in the near future will be higher.

This study differs from the previous one conducted by Bonofiyel in several respects. First, the emphasis is given to consultancy firms. Bonofiyel's study was more concerned with the attitudes of client firms towards management consultancy and consultancy firms. Second, the information about the consultancy firms included in the previous study was of a general nature. This study aims at identify characteristics of consultancy firms, and the homogeneity or heterogeneity in this sector. Third, the classification in this study is based on the findings rather than presumptions. The dimensions of the consultancy firms have been analyzed to the extent possible and the correlation between them were investigated.

Study questions

The main objective of the study, which is an exploratory one, is to obtain a better understanding of the management consultancy sector in Turkey and to identify the central features of the firms that currently populate the sector. Within this broad aim, the study constitutes an attempt to find answers to the following more specific research questions:

1. How can the recent evolution and the present state of the management consultancy sector in Turkey be characterized?
2. What are the characteristics of consultancy firms in Turkey? What degree of heterogeneity exists among the firms in terms of these characteristics? How can firms in the sector be classified?
3. What role do consultancy firms in Turkey play in developing and disseminating managerial knowledge?

Due to the limitations of the study, especially the sample size and the sampling frame, results of the study should not be accepted as definitive. The study is a first step towards attempting to answer these questions. The following chapter describes the methods employed in the study and the nature of the data collected.

DATA AND METHOD

Data collection method

The study is an exploratory one. Zikmund (1990) indicates that when a researcher has a limited amount of experience with or knowledge about a research issue, exploratory research is a useful preliminary step. Exploratory research provides qualitative data. Usually, it provides a greater understanding of a concept or crystallizes a problem, rather than providing precise measurement or quantification. A rigorous mathematical analysis is not performed. An exploratory research method is adopted since the study is aimed at determining broad features rather than determine the quantity or extent of some phenomenon in the form of numbers. Additionally, previous data and research on the subject were very limited.

Data collection procedure

The form of the study can be described as an experience survey. An experience survey consists of talking to experienced people to obtain insights into the relationship between variables. The purpose of these conversations in an experience survey is to exhaust the information available from relatively inexpensive sources (Zikmund, 1990). To gather the necessary information about consultancy firms, face-to-face interviews were held with consultants during April and June 1996 in İstanbul. An interview guide, which consisted of mostly open-ended questions given in the Appendix, was used during the interviews. Respondents were allowed to discuss the questions with few constraints. The purpose was to clarify the subject rather than develop conclusive evidence. On the average, three telephone calls had to be made to

arrange an appointment for the interview and an interview took on average one and a half hours.

Sampling plan

The sampling method is nonprobabilistic judgment (or purposive) sampling. This kind of sampling involves personal judgment somewhere in the selection process. The sample elements are hand picked because it is expected that they can serve the research purpose. Most typically the sample elements are selected because it is felt that they are representative of the population of interest (Churcill, 1983).

The population consists of the management consultancy firms in Turkey. The size of the population could not be defined since the number of consultancy firms was unknown. The sample consisted of those consultancy firms, where members of YDD work. YDD had 71 members as of March 1996. Those 71 members work in 54 different organizations, 11 of which were eliminated from the sample at the outset, since these were not consulting firms. 4 organizations were eliminated from the sample since they were not located in İstanbul. This reduced the number of organizations to 39. All of these were contacted by telephone. The managers or partners of 17 firms either could not allocate time for an interview or they could not be reached at all. 22 firms responded to the request for an interview. Thus the response rate was 56%. The sampling unit is the firm. Interviews were held with one respondent each time. In 18 of the cases, respondents were owners or partners in the firm, the rest being the top level managers. The names of consultancy firms will not be given for the sake of confidentiality, instead they will be named with letters. Table 3 gives summary information about the firms included in the study.

Firm	Number of employees	Founding date
A	10	1984
B	120	1983
C	3	1993
D	12	1984
E	16	1991
F	1	1992
G	2	1991
H	7	1991
I	2	1995
J	3	1990
K	1	1995
L	5	1986
M	27	1994
N	10	1991
O	9	1973
P	5	1993
Q	1	1992
R	200	1974
S	3	1995
T	7	1989
U	3	1994
V	7	1994

Table 3: Summary information about the firms in the sample

Study dimensions

Given the research questions guiding this investigation, the study focused on the following firm properties:

- firm demographics
 - founding date
 - size
- organizational structure / form
 - departmental structure
 - relations with foreign consultancy firms
- areas of activity
- marketing of consultancy services
 - target markets
 - marketing methods
 - pricing policies
 - number of clients
- the role of consultancy firms in development and diffusion of management knowledge
 - academic and professional background of consultants
 - management models or ideas to be implemented
 - support from the foreign partner (if there exists any)
 - training
 - methods for keeping the knowledge up-to-date

The following questions, questions 1.1 to 1.2 in the interview guide, aimed at understanding the firm demographics:

- 1.1 What is the founding date of the firm?
- 1.2 What is the total number of employees?

Questions 2.1 to 2.6 focus on the organizational form.

- 2.1 Which departments do exist in the firm?
- 2.2 How many consultants are working in each department?
- 2.3 Does the firm have any relationship with a foreign consultancy firm?
- 2.4 What is the type of the relationship (representative, partner, member)?
- 2.5 Did the form of the relationship change over time?
- 2.6 What is the origin of the foreign firm?

Question 3.1 is about the areas of activity of consultancy services. YDD defined eight major fields of activity for management consultants. These areas were taken as a basis in classifying the activities of consultancy firms in the sample.

- 3.1 In which area(s) does the firm provides consultancy services?
 - Strategy and organizational development
 - Financial and management systems
 - Human resources
 - Production and service management
 - Marketing and institutional communication
 - Information technology and systems
 - Project management
 - Economic and environmental analysis

Questions 4.1 to 4.4 focus on marketing of consultancy services.

- 4.1 What is the target market of the firm in terms of ownership (private, public), industry and size?
- 4.2 Which promotional tools does the firm use in marketing of its services?
- 4.3 Which methods are adopted in pricing of products and services?
- 4.4 How many clients did the firm have in 1995?

Questions 5.1 to 5.8 are aimed at understanding the role of management consultancy firms in the creation and dissemination of managerial knowledge:

- 5.1 What is the academic background of consultants in the firm?

	BSc/BA	MSc/MA/MBA	Ph.D.	Other
Business adm./ Economics				
Other social & adm. sciences				
Engineering				
Natural sciences				
Other				

- 5.2 What is the professional background of consultants in the firm?
- 5.3 Does the firm employ any management model or standard product in consultancy assignments?
- 5.4 Does the foreign partner (if any) support the local project team in consultancy projects?
- 5.5 Which periodical, newspaper or other publications does the firm subscribe?

- 5.6 What was the average number of days in 1995 which a consultant in the firm spent in formal (including in-house) training?
- 5.7 Which institutions or persons does the firm cooperate with?
- 5.8 What do the consultants in the firm do to keep their knowledge-base up-to-date?

The findings of the study will be discussed in the next chapter.

FINDINGS AND DISCUSSION

Firm demographics

Age

Table 4 gives a breakdown of founding dates of management consulting firms in the sample.

Period	Number of firms
1970-1975	2
1975-1980	0
1980-1985	3
1985-1990	2
1990-	15

Table 4: Founding dates

The data imply that management consultancy in Turkey is a phenomenon of the 90s. It is notable that the two multinational firms also started consulting in the 1990s. One of the multinational firms established its management consulting department in 1992 although the branch office in Turkey had been active since 1974. Another multinational firm has been active in the Turkish market for more than ten years, but management consulting department was established in the second half of 1995. An interesting point to note is that no consultancy firm was established between 1975 and 1980, a period of heavy political and social problems. This fact may indicate the link between social and economic stability and consultancy business. The data imply an expansion of the market for management consulting services in the last five years. As

mentioned before, an increasing volume of foreign trade, foreign investment, and integration with global economies are some of the factors that may have led to increase in demand. Turkish firms, which have enjoyed the protection of the state for many years, sought for outside help and applied to consultants in turbulent times, when they encountered fierce competition. In the same period, various management ideas and fads, which originate from industrialized countries, have been introduced to the Turkish market by the consultancy firms. In short, the times of uncertainty may have caused a growth in the consultancy business, as indicated by a consultant from the United States:

“We are in the uncertainty-absorption business. The more uncertainty there is, the more people look for outside help.”

(Fortune, 1989: 59)

Size

Most consulting firms started on a limited scale, with a relatively very small investment in fixed assets. Operating costs are predominantly labor costs and can normally be considered as fixed costs. These constraints usually mean that most firms have small beginnings. Two multinational firms can be viewed as exceptions, as they are much larger than the rest of the firms in the sample. From a legal viewpoint, most consulting firms are established as a sole ownership or partnership. Sole ownership involves either the practitioner or the owner plus a small number of associates employed perhaps only for the duration of specific assignments. A partnership, where all partners are joint owners, is usually confined to a comparatively small number of people. The figures in Table 5 give the number of employees in consultancy firms in the sample.

Number of employees	Number of firms
<= 5	11
6 - 10	6
11 - 20	2
21 - 50	1
51 -	2

Table 5: Number of employees

In the study, the number of consultants for each firm, instead of total number of employees, is taken as the indicator of size, since in multinational firms management consultancy departments constituted the smaller proportion of total size. At this point, it must be emphasized that a precise definition of “consultant” is not available. The author’s impression is that people call anyone “consultant”, if he or she is directly involved in a consulting assignment. In other words, a junior employee, who enters the client data into a computer, summarizes it, and creates reports may well be called consultant. Few firms, including multinationals, classify employees according to their seniority level. In those firms, a person must have job experience and fulfill the requirements, which may vary from one firm to another, before being promoted to a consultant position. The figures in Table 6 give the number of consultants in firms in the sample.

Number of consultants	Number of firms
<= 5	14
6 -10	5
11-15	1
16-20	1
21-30	1

Table 6: Number of consultants

Departments

The structure of consultancy firms in the study is very much like the “simple structure”, proposed by Mintzberg (1979), with few exceptions.

Mintzberg characterized the simple structure by a loose division of labor, minimal differentiation among its units, and a small managerial hierarchy. The behavior in the simple structure is not formalized in most cases. A chief executive, who is the central figure of management and makes all the important decisions, coordinates the activities by direct supervision. The positions are grouped into units on a loose functional basis and information flows informally between the chief executive and everyone else. Another important aspect of the simple structure is the work flow, which tends to be flexible, thus the jobs of the operating persons being relatively unspecialized and interchangeable.

An important variable that affects the structure of the firm is the stage of development. Mintzberg (1979) proposed that a new organization tends to adopt the simple structure, regardless of its environment, because it has not had time to develop its administrative structure. It is forced to rely on leadership to get things done. Thus it

can be concluded that most organizations pass through the simple structure in their early years. The structure of the majority of consultancy firms included in the study comply with this assertion. Mintzberg (1979) also argued that many small organizations remain with the simple structure beyond the period of establishment, since informal communication is convenient and effective. Moreover, the small size may mean less repetition of work, which means less standardization.

Another reason for the existence of simple structure is owner-management which is the case for most consultancy firms in the study. Owner-management prevents outside control, which encourages bureaucratization (Mintzberg, 1979). The classic case of the owner-managed organization is the entrepreneurial firm. Mintzberg (1979), indicates that these firms are usually small and young, since firms tend to grow and be more bureaucratic as they age. In his view, the entrepreneur tends to be autocratic and sometimes charismatic. He / she has founded his / her own firm because he / she could not tolerate the controls imposed upon him / her by the bureaucracies in which he / she has worked.

Most of the firms in the sample present examples of this simple structure. 14 of the firms in the sample do not have any formal departmental structure. Those firms, which have a departmental structure, established departments according to the type of service provided. All firms with 10 or more employees have grouped positions into departments. The most apparent similarities between most of the firms in the sample and Mintzberg's simple structure are the informal division of labor, small size and owner-management. In fact, 18 of the firms in the sample are managed either by owners or partners, which have founded their firms after having accumulated managerial experience as professional managers. The information flow seems to be

informal and casual. However, multinational consultancy firms do stand out at this point. They have a more formal structure, where positions, reporting relationships, rules and procedures are described in detail.

Table 7 summarizes the departments to give an idea about the structure of consultancy firms. The numbers for firms B and R include only consultants in the management consultancy department (MCD) of the respective firm. Founding dates are given as additional information to demonstrate the relationship between the age, size and structure of the firm.

The figures in the table imply that the structure of the firm is closely associated with the size of it. The average number of consultants for firms, where departmental structure exist, is approximately 12, whereas the figure is 3 for the rest of the firms in the sample. The relationship between the age and size of the firm is not very clear. Age does not seem to have an effect on size. The oldest firm in the sample, which is firm O, employs 8 consultants, while firm E, which was established in 1991, has 14 consultants.

Firm	Number of consultants	Departments	Founding dates
A	7	Management consulting Human resources	1984
B	8 (MCD only)	Audit Corporate finance Tax Human resources Management consulting	1983
D	8	Consultancy Training Marketing Accounting Back-up and documentation	1984
E	14	No departments but business lines	1991
M	18	Research Data processing Field services Accounting	1994
N	8	Training Foreign trade Management	1991
R	30 (MCD only)	Audit Corporate finance Business consulting Tax Human resources	1974
V	5	Management Temporary employment service Recruitment consultancy Executive search	1994
C, F, G, H, I, J, K, L, O, P, Q, S, T, U	Average number of consultants: 3	No departmental structure	

Table 7: Departments

Relations with foreign consulting firms

Eleven of the firms in the sample have a relationship, summarized in Table 8, with one or more foreign consultancy firms.

Type of the relationship	Number of firms
Member firm	2
Partner	2
Representative	3
Cooperation (no legal relationship)	4
No relations with foreign firms	11

Table 8: Type of the relationship with foreign firms

As the figures in the table present, foreign relationship seem to be important. Half of the firms have some kind of relationship with one or more foreign consultancy firm, which may be viewed as major source of knowledge and exercise. The origin of the foreign firms are summarized in Table 9. R, M and P stand for representative, member, and partner respectively. Representative firms, as implied by the name, represent one or more foreign firms in Turkey. The products and methods of the foreign company are being marketed by the local representative. For example, firm D sells training programs on "Management Grid", a product which is developed by a firm from the United States. In larger projects, the foreign firm supports its representative by assigning its consultants to the project in Turkey. Partnerships are formed with a domestic firm and a foreign partner. Two of the firms in the sample, M and V, have foreign partners. Their main fields of interest are marketing research and human resources respectively. Firm M sells marketing research and analysis methods

Firm	B	C	D	L	M	R	V
Origin							
USA			R(3)			M	
Denmark				R(2)			
Finland				R(2)			
Australia			R				
France							P
Germany					P		
Italy			R				
Netherlands		R					
UK	M						

Table 9: Type of the relation and origin of foreign firms

of its partner firm in Turkey and firm V uses employee search and selection methods of its foreign partner. As far as the services are concerned, there is no great difference between being the representative of a foreign consultancy firm or having it as a partner. Member firms are parts of multinational consultancy organizations. Therefore, they are "foreign" themselves. They are fully owned by the multinational firm. The policies, procedures, organizational structure, and activities comply with the rules set by the headquarters. By cooperation, it is meant that there is no legal relationship, i.e. no written agreement between the local firm and the foreign firm. They cooperate in larger assignments, if the local firm lacks the knowledge or resource in a specific area.

The first row in Table 9 indicates the firm, which represents one or more foreign firms, or is a member of a multinational consultancy organization, or have a

foreign consultancy firm as a partner. The first column gives the origin of the foreign consultancy firm. For example, firm D is the representative of three consulting firms from the USA and firm B is a member firm of a worldwide consultancy organization from the UK.

Table 9 suggests that there is really no concentration in terms of origins of the foreign consultancy firms. A relationship between the size and the age of the consultancy firms and the existence of a relationship with a foreign firm can not be observed. However, it must be noted that member firms are larger than other firms in the sample in terms of total number of employees.

Areas of activity

Table 10 gives information about the number of firms which provide service in each area defined by YDD.

Strategy and organizational development is an activity that about 75% of the firms in the sample are engaged in. Other activities seem to be more evenly distributed. The possible reasons for the popularity of strategy and organizational development will be discussed in the last chapter.

Areas of activity	Number of firms
Strategy and organizational development	17
Financial and management systems	9
Human resources	9
Production and service management	7
Marketing and institutional communication	8
Information technology and systems	7
Project management	7
Economic and environmental analysis	6

Table 10: Areas of activity

Table 11 illustrates the diversity of activities.

Areas of activity	Number of firms
1	4
2-4	15
5-	3

Table 11: Diversity of activities

As can be seen from the table, 15 of the 22 firms in the sample are involved in 2 to 4 activities. Those firms in the first group, with services limited to one specific area, may be called specialists. This group includes the two human resources consultancy firms, firms S and V, in the sample plus two firms specialized in information technology and marketing research.

There are also other areas, which are not listed above and which management consultancy firms are involved in. Firm C sells industrial equipment such as plastic

processing machines, whereas firm Q translates commercial documents. A reason for nonconsulting business activities has been reported as “variability of demand for consulting services”.

The variability in the demand has two important consequences. First, consultancy firms are forced to work with temporary staff, since most of them cannot afford the fixed cost associated with keeping a group of qualified consultants. The owner of firm O claims that smaller firms, or persons, go bankrupt in periods of recession. In the last 30 years more than 100 consultancy organizations, with some of them being non-profit organizations, have been founded (Dünya, 1996:13). However, 95% of them had to quit the business due to the instability of demand, and ex-consultants have started to work as professional managers, usually in firms where they have come from (Dünya, 1996: 13). Second, consultants remain generalists. Firms are trying to conduct their business activities with a few number of consultants, consequently they cannot specialize in specific areas of the business, on the contrary, they try to diversify as much as possible, in order to obtain new assignments from various sectors of business. Whether the quality of the service is affected negatively or positively by the lack of specialization is beyond the scope of this study and is subject to further research.

Since most of the firms have been established in the last five years, it was not possible to find out whether there was a significant shift in areas of activity or not. “The demand for consultancy services shifted from production to finance in the 80’s, and from finance to marketing in the 90’s” says the owner of firm O. The partner of firm D and a manager from firm R, which have been in consultancy business for more than 10 years, do not agree with this statement and stress that the weight of

marketing decreases whereas strategy and organizational development gains importance. "The weight of management consultancy among our other services will increase from 30% to 60% in the next five years" is an estimate made by a manager of firm R.

A management survey is usually the starting point for most consulting projects. In most cases such a survey is undertaken as the first stage of a consulting assignment, which would continue once the conclusions of the survey were agreed between the consultant and the client; but one consultant indicated that most of consulting assignments consist of a survey only, the suggested action being left entirely to the client for detailed specification or implementation. A survey may take a few days or several months depending on the complexity of the organization. "The management survey is about one fifth of the total work in a consulting assignment" according to a consultant.

During a management survey the consultant reaches an understanding with the client on:

- what the problem really is,
- terms of reference for the consultant or team.

The problem may be very clear to the consultant, or it may be very hazy or even unrecognized. One consultant classifies the organizational problems into three groups. The management is aware of the problems and of their consequences in the first group. The second group consists of those problems which are recognized by the management but their further effects are unknown. The last group of problems are not

even recognized by the management. The consultant's task is to find out those "hidden" problems.

In the case of a clear problem, discussion with the consultant assures that he / she too has the same view, but the client may mistake the real cause of difficulties, or may overlook some opportunities for improvement. If the problem is hazy, or even unrecognized by the client, discussion reveals it.

The management survey includes discussions with selected managers, supervisors and other key people, both inside and outside the client organization. These discussions may indicate that there have been differences of opinion among managers on the nature of problems and the best way of tackling it. In Turkish firms, the dominant figure in management is usually the owner. For this reason, the survey includes even the private life of the owner(s) in some cases.

The essential point is to take a dynamic and comprehensive view of the organization, its environment, resources, goals, activities and achievements. Dynamism in this context means that the consultant examines key achievements and events in the life of the organization, and probable future trends. In particular, the dynamism of the client's strengths and weaknesses has to be analyzed - a present strength may be of a passing nature, while a new weakness hidden at present time, may become a threat to the client's organization in the near future.

Comprehensive means that the consultant examines the organization as a whole, even if the problem is likely to be in one functional area. All consulting firms working on strategy and organizational development projects apply this comprehensive approach.

Management consultants emphasize the need for some wider appraisal of the organization before confirming the existence even of a fairly narrow problem, they make a “check-up as corporate doctors”.

The following sections give information, where available, about the specific services which consulting firms provide in the Turkish market. The information on financial and management systems, production and service management, project management, and economic and environmental analysis is very limited. Therefore only types of consulting assignments are listed in respective sections.

Strategy and organizational development

“No wind helps a ship, which does not know where to go” is a statement made by Montaigne, not a management consultant but a French writer. After 400 years, management consultants make the following comments about strategy.

“A company resembles a ship. It must define its route, constantly monitor the environment, have necessary tools to control that it is on the right direction, take action in case of deviation from the route.”

(quote from the interview with the partner of firm P)

“Definition of strategy is the first step of every activity aiming at increase in performance. It is more important to choose the right target than being a good sharpshooter. Therefore we pay special attention to definition of strategy.”

(from the information pamphlet of firm E)

“Every firm has a strategy. It may be very well defined or it may be in the depths of the boss’ brain. What we try to do first is to dig out that vague strategy.”

(quote from the interview with the partner of firm A)

Strategy is defined as a unified, comprehensive, and integrated plan that relates the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization.

Consultants search the environment to (1) determine what factors in the environment present threats to the company's present strategy (if there exists any) and objectives accomplishment (2) determine what factors in the environment present opportunities for a greater accomplishment of objectives through an adjustment in the company's strategy. Environmental factors are classified into three groups, which are:

1. General

- Socioeconomic
- Technological
- Governmental

2. Industrial

- Customers
- Suppliers
- Competition

3. International

Environmental analysis is followed (in some cases preceded) by internal analysis. Some of the factors analyzed in this stage are

- Marketing and distribution factors

- Production and operations management factors
- Human resource factors
- Financial factors

Data for analysis of factors come from various sources. One source of data is the internal data generated in doing business and available from management information (or data processing) system. Other sources are surveys, meetings, interviews and research.

Human resources

There are nine firms which offer consultancy services on human resources, with two of them working on human resources only.

Human resources consultancy is a “derivative service” for some consulting firms. Derivative means that the need for consultancy derives from a larger project on reengineering or restructuring. One of those firms “perceives each task in executive search as a management consultancy project and pursues it as such. It focuses on client’s values, systems, products, technology, management structure and corporate culture as much as it does on the candidates considered throughout the search process. Accordingly, it helps with job descriptions, profile definitions, remuneration packages and with clarifying how the candidate could best be deployed.”

Not all firms provide the above mentioned services. Two of the firms only create a pool of suitable applicants selected according to the specifications defined by the client. Two firms design and implement performance evaluation and appraisal

systems for the clients. They also make job analysis for a specific position or for all positions in client firms.

One consultant stated that his firm was not involved in human resources consultancy since “it would be unethical to place, for example, a product manager in pharmaceutical industry from one of their clients to another.”

A recent survey conducted by a management magazine (Power, 1996) revealed that 37% of managers in Turkey prefer to work with a consultancy firm while selecting an employee. The rapid increase in the demand creates in turn the supply, and new firms are established. A consultant estimates the number of firms working on search and selection consultancy as 400.

One consultancy firm provides “temporary managers”. Consultants actually “manage” a department(s) of the client firm until the end of the assignment. Also one consultant acts as a member of the board of directors during the project, in some cases even after the project is finished.

Marketing and institutional communication

Consulting work involving the client’s marketing activities differ in several ways from that dealing with the other functions. In marketing the firm finds itself in contact with external entities (competitors and clients) which have an independent existence. A consulting assignment that embraces a marketing function usually develops into two tasks, one at the strategy-formulating level and one at the activities level. It is convenient to note a third type of consulting activity which is market research. It supplies analyzed information to the client, leaving him / her to take any necessary action. There is one firm among those included in the study specializing in market

research. It conducts market surveys on customer loyalty, organizational image, market segmentation, public opinion, and effectiveness of advertisement. The firm also provides consultancy services based on market surveys. Consultants working on a client's marketing activities, unless the organization is large enough to have its own marketing research division (and this is very rare), often need to call upon one or more of these market research organizations for help.

The first is strategic market assessment. Strategic decisions in marketing have far-reaching implications for the enterprise as a whole and for the management of particular functions, such as production, product development, or financial control. Therefore, even minor proposals meet with strong objections from production or other parts of the firm and require the intervention of a higher level of management.

Customer satisfaction management, development of product and marketing strategies, sector analyses are services provided by consultancy firms on marketing. The clients are usually foreign firms that plan to enter into the Turkish market or firms which want to develop and/or introduce a new product.

Information technology and systems

"Information technology has become critical to the core of the business and how it functions." according to a consultant from a multinational consulting firm. Information technology remains the one area of Europe's service economy which continues to enjoy impressive growth, and "half of all consultancy work in Europe is tied to IT (Information Technology)" (International Management, 1994: 20); but is not as popular among consultancy firms in Turkey as it is in Europe. Although there

are seven firms involved, information technology is not a major area of activity. Most common consultancy assignments in information technology are:

Development of IT strategy

Management of IT departments

Requirement analysis

System design

Application development

Training on advances in technology/new products(software/hardware)

Details about activities in financial management, production and service management, project management, and economic and environmental analysis were not available. Information on services provided in respective areas, which are presented below, are taken from the information pamphlets of consultancy firms in the sample.

Financial and management systems

Financial restructuring

Accounting and budgeting systems

Financial control and management

Financial report evaluation

Company evaluations/Financial & Credit analysis

Stock market/company/sector analysis

Feasibility studies

Advisory services to funds, insurance companies and individuals

Advisory services on debt and equity structures

Estate management

Stock price determination for IPO's (Initial public offerings)

Acting as confidential intermediary for company takeovers, sales

Evaluation, design and review of merger/acquisition contracts

Joint-venture establishment

Foreign investment consultancy

Investment finance

Production and service management

Production and services management

Production planning

Production management systems

Material management, logistics

Retailing

Quality control

Product development

Maintenance

Layout planning

Project management

Project planning

Project management

Monitoring systems

Coordination of subcontractors

Preparation of offers

Organization of the personnel

Selection of the equipment

Coordination of subcontractors

Tracking the time schedule and resource usage

Coordination of relations with legal entities

Economic and environmental analysis

Economic analysis

Cost analysis

Feasibility studies

Environmental effects analysis

Marketing

Target markets

The target markets for the firms are given in Table 12. Based on the information presented in the table, it can be argued that, consulting firms adopt an undifferentiated marketing policy in general. An important point is that none of the consulting firms prefers to work with the organizations from the public sector, whereas as indicated by Bonofiyel (1987) just the opposite was true in 1987:

“..government organizations will always be classified amongst the most important clients in terms of accessibility to a lot of new and valuable opportunities since there is a central government in Turkey and 50% of the economy is state owned.”

The main reason is that consultancy firms cannot collect money from government organizations.

Firm	Size	Sectors
A	Middle to large	No differentiation
B	Large firms or multinationals	No differentiation
C	Small to middle	No differentiation
D	No differentiation	No differentiation
E	Large (\$40-50 mil. annual revenue)	Textile, banking, tourism, energy
F	Small	No differentiation
G	No differentiation	Finance (factoring, banking), textile, metal
H	Middle to large	No differentiation
I	Small to middle	Fertilizer, oil, chemical, environmental technology
J	Large	No differentiation
K	No differentiation	No differentiation
L	Small to middle	Construction
M	Large	No differentiation
N	Middle to large	Retailing, export
O	Middle to large	No differentiation
P	No differentiation	Food, textile, service, automotive
Q	Small to middle	Glass, construction, textile, chemicals
R	Large (\$50 mil. annual revenue)	No differentiation
S	Middle to large, multinationals	No differentiation
T	Top 500	No differentiation
U	Small to medium	No differentiation
V	Multinationals, large company groups	No differentiation

Table 12: Target markets of the firms in the sample

There are some common characteristics of marketing approaches of consultancy firms.

First, the market is not divided into geographical sections. Almost all consultancy firms, including those which are not in the sample of this study, are located in İstanbul. However, they also undertake assignments in other cities as well. Some of the firms currently conduct projects in Bursa, İzmir, Adana and other cities in Anatolia.

Second, the type of the client, whether an individual, a limited partnership, or a corporation makes very little or no difference at all, except that the client firm is not from the public sector as indicated before.

Third, the industry of the client firm is of little importance. However, the size happens to be an important factor, especially for larger consultancy firms, since their costs are relatively higher than those of smaller firms. Consequently, they are forced to undertake larger assignments.

Fourth, segmentation according to industry, if it exists, is usually formed by the consultants previous professional management experience. For example, the partners of firm I prefer to work with firms from fertilizer or chemical industry since they have managerial experience in those fields.

Because of the reasons indicated in the section about the areas of activity, it is difficult for a consultancy firm to keep a team of consultants which have experience on a specific industry or subject, a fact, which forces consultancy firms to follow an undifferentiated marketing strategy.

Promotional activities

The promotion of consulting services is an essential activity in every consulting organization. The purpose is to identify new clients and maintain contacts with former ones, in order to obtain new requests for consulting work. The main responsibility for promotion tends to rest with the senior people in the firm. The results of the European survey of key management information, a survey conducted by the association of management consulting firms (ACME) in Europe in 1995, revealed the information presented in Table 13. In the survey report it was not indicated whether consultancy firms in Turkey were included in the survey or not.

Percentage of non-billable time spent on marketing	All firms	Professional staff under 25
Senior partners	44.4	47.5
Junior partners	43.8	43.6
Senior consultants	33.4	33.6
Management consultants	21.0	18.1
Entry level consultants	14.5	10.8

Table 13: Percentage of non-billable time spent on marketing in European consultancy firms
(Source: ACME Survey)

It can be concluded that top level consultants in European consultancy firms spent about half of the non-billable time, that is the time that can not be charged to a client, on marketing of their services. In contrast with these results, marketing seems to be the least important business function of consultancy firms in Turkey. Some consultants believe that efforts towards marketing of consultancy services are useless. Despite that, most of them use one or more of the following promotional media:

- Technical articles, books, speeches and conference papers written and presented by the staff of the consulting organization
- Teaching assignments at training centers
- Information pamphlets
- Recommendations made by past or present clients, trade associations, etc.
- Direct mailing to selected addresses
- Social meetings (in societies, clubs or other places)
- Visits to potential clients
- Participation to fairs (HR)

Consultancy firms in the sample do not use advertising as a promotional tool. Most associations of management consultants in Europe have banned the consulting profession from using standard advertisements in the daily and business press. There is no such prohibition for management consultancy firms in Turkey.

Almost all consultants believe that the best reference is a successfully completed project since the contact between a management consultant and a potential client usually originates either from a lead, i.e. word-of-mouth advertising (the consultant is recommended or introduced to a potential client by a colleague, a friend, a former client) or former work with the client (the client turns again to a consultant whose work satisfied him / her in the past; this may be a direct extension of a recent assignment, or a new assignment suggested after the consultant's follow up visit to the client organization, etc.).

Pricing

There are various policies used in the pricing of consultancy services. The most common methods are:

- lump sum amount on project basis
- fixed consultant-day (consultant-hour) pricing
- monthly/weekly fees

The first policy is applied in consultancy assignments where the start and finish are known and the tasks are clearly identified. In some cases, the number of consultant-day is estimated and the price for a consultant-day is fixed at the beginning of the project. A reasonable level of deviation, e.g., $\pm 10\%$, is usually accepted by the client. If the assignment happens to be a longer one, or if the client demands periodic service from the firm, the third method is applied and a monthly or weekly fee is charged to the client. There is an additional pricing policy used by personnel search and selection consultants. In such cases, the fee is calculated as a percentage of the yearly salary of the selected employee. If the assignment involves establishment of a performance appraisal system, it is evaluated as a project and charged accordingly.

One consultancy firm adopts a pricing policy, where discount is made if the predefined, numeric targets are not achieved. No other firm makes such numeric commitments.

Number of clients

The number of clients in 1995, given in Table 14, varies between 2 and 728. For one firm, this figure was not available. Sectors of client firms are so diversified that a classification could not be made.

The last two groups in the table consist of those firms which are involved in search and selection consultancy, and / or management training. For most of the firms, the numbers include former clients, since they think that the client turns again to a consultant whose work satisfied him / her in the past. For example, the partner of firm A stated that his firm has 120 clients, because it has completed projects for these 120 clients since 1984 and is still working with all of them. These figures, though unrealistic, were used in the study.

Number of clients	Number of firms
< 10	9
10-20	5
21-50	1
51-100	3
> 100	3

Table 14: Distribution of clients

Knowledge / expertise development

Almost all consultants stressed that it is the consulting work itself which produces the knowledge. Each project is viewed as an opportunity to learn new aspects of organizational life. For those firms, which have a multinational partner, the

“information pool” created by consultants all over the world, is a major source of information. Since this information should be applicable in various situations, specificity is not very high, rather it provides consultants some broad guidelines on current best practices, as argued by Whitley (1988). In some projects, local teams are supported by foreign consultants, who bring considerable experience and knowledge to the project. Only one consulting firm uses Internet and CompuServe, two communication networks, as a source of information. Those networks supply consultants a huge amount of information, which can be accessed in one or two minutes. One or more of the following staff development methods are used in consulting organizations.

- Consultant self development

Because of the nature of the consulting work, self development is the main method of staff development. It is stated that consultants have to acquire the habit of reading the main professional periodicals and important new publications relevant to their field. For this purpose, consulting firms subscribe to both local and foreign popular periodicals and newspapers. Dünya, Ekonomist, Bilim ve Teknik, Computerworld, BT Haber, Capital, Power Economy, The Economist, Business Strategy, Fortune, Journal of Organizational Dynamics, Harvard Business Review, Personnel Journal, Publications of American Association of Management, and Institute of Industrial Engineers are some of them.

- Professional guidance by senior consultants

In multinational consulting organizations in the sample, senior consultants are responsible, among others, for the development of junior consultants who report to

them. They provide guidance when examining work progress and discussing solutions proposed by the junior consultants.

- Dissemination of information

While dissemination of information by itself does not guarantee training and development, it is a basic input for learning in consulting organizations. A properly organized system of information and documentation supplies consultants with facts and ideas which they should know and, if appropriate, apply in their assignments.

- Seminars and conferences

Short seminars and conferences for professional staff are organized by a few organizations. They are viewed as a major source of information.

- Special training courses

If new techniques or subject areas need to be learned; for example advances in computer technology, or total quality management, consultants participate in management and specialist courses, or the unit arranges internal courses for its staff if the organization is large enough.

Table 15 gives information about time allocation for formal training per consultant per year. The information was not available in 4 firms. Current readings of professional literature are not included.

Formal training per year (days)	Number of firms
No formal training	5
< = 10	7
11 - 20	4
> = 21	2

Table 15: Formal training per year

It must be noted that, the firms in the last row in the table are the two multinational consultancy firms in the sample of the study. The results of the survey of key management information by ACME are presented in Table 16 to make a comparison. The table exhibits the percentage of time that consultants spend for personal professional development, training others, and program and services development. A remarkable point is that lower level consultants in the European consultancy firms spend more than half of the non-billable time on personal professional development. The breakdown of training times was not available in the firms in the sample. The author's impression is that the values for consultancy firms in Turkey are less than those in other European firms.

An interesting point to note is that no consultancy firm in the sample has predefined, "plug and play" solutions for organizational problems. Solutions are "tailored" according to the needs, abilities, and resources of the client since each organization is unique. Consultants do not agree with the idea that they are "distributors" of management fads and fashions. However, most of the consultants stress the importance of popular terms such as total quality, organizational culture, restructuring, and reengineering.

Percentage of non-billable time spent for		All firms	Prof. staff under 25	East Europe firms
personal professional development				
	Senior partners	7.7	7.1	10.3
	Junior partners	11.9	12.9	15.3
	Senior consultants	24.6	30.3	31.8
	Management consultants	33.3	39.4	44.1
	Entry level consultants	46.8	52.3	63.6
training others				
	Senior partners	5.6	5.8	9.2
	Junior partners	9.6	10.7	13.7
	Senior consultants	12.6	10.6	14.9
	Management consultants	9.3	7.9	10.9
	Entry level consultants	3.5	1.9	2.9
program and services development				
	Senior partners	9.9	9.4	16.8
	Junior partners	9.1	8.8	11.2
	Senior consultants	12.6	15.3	14.4
	Management consultants	17.7	22.5	20.0
	Entry level consultants	12.9	13.9	5.0

Table 16: Percentage of non-billable time spent for training activities in European consultancy firms
(Source: ACME Survey)

Firm D, which also claims to “tailor” solutions, offers two products: The Grid Organizational Development Program and TPM (Total Productive Maintenance). These methods are highly standardized and used by many organizations over the world, a fact which conflicts with the claim that they work out solutions to organizational problems by considering the needs of the client firm.

Another example can be found in an IT magazine. It is reported that the “fashion of TQM (Total Quality Management) will be replaced by reengineering. It is not like strawberry syrup, it may taste bitter” (Computerworld Türkiye, 1996: 16). A consultant from a firm, which is not included in the study, argues that total quality only changes the salt and butter, while reengineering changes the whole menu of the restaurant. While he makes these comments about reengineering in 1996, Business Week reported in 1994 that:

“Consultants show no signs of running out of spells to cast. CSC Index Inc., the Cambridge (Mass.) firm that gave the word ‘reengineering’ its buzz, is launching a new nostrum called ‘value discipline’. Gemini consulting, meantime, is pushing ‘business transformation’. Translation: It will cost you a lot of money.”

(Business Week, 1994: 60)

It can be argued that consultancy firms are “retailers” of management ideas and fashions whether they accept it or not. It may also be asserted that the management ideas are imported to Turkey after a time lag as it is the case in the above example. The popularity of the term “restructuring”, in Turkey supports the statement, which has emerged in the late 80s in the United States (Pascale, 1990). Today, almost all consultants stress the need for restructuring of organizations in their assignments, although, according to the author’s impression, the context is not very clear to them.

Professional & academic background

Management consultancy seems to be the profession of retired senior managers in Turkey. One consultant claims that “experience in a practical management situation is a prerequisite of management consulting”. In fact, the majority of consultants have managerial experience from their previous jobs. Some of them worked as top level managers in company groups, holding companies and large multinational organizations.

All consultants are university graduates. Further details, such as the main subject were not available in about half of the firms.

One consultant defines an ideal consultant candidate as an “industrial engineer, with an MBA degree and experience in one business line”.

Cooperation with other organizations

Do consultancy firms cooperate with other organizations or persons? Almost all consulting firms cooperate with other ones if part of the assignment requires knowledge on a specific subject or the client organization is so large that the assignment cannot be accomplished with resources of one firm only. Consultancy firms also cooperate with

- hardware and software firms
- training firms
- universities
- real estate agencies

- psychologists
- lawyers

One consultant stresses that those who do not have any professional managerial experience cannot identify organizational problems. That is the reason why they do not work with academicians on consultancy projects. He views academicians as insufficiently familiar and involved with the world of management. Cooperation with universities is usually limited to technical subjects, such as choice of machinery, statistics.

CONCLUSIONS

The aim of this study was to provide information on the profile of management consultancy firms in Turkey. Before the discussion of the conclusions, limitations of the study will be reviewed.

The major limitation of the study is related with the sample of the study, which consisted of consultancy firms, in which members of YDD are working. This sampling method excludes the consultancy organizations, which do not employ consultants from YDD. The reason for employing such a sampling method was that a list of consultancy firms in Turkey was not available. No organization, including chambers of commerce, excluding YDD, classifies management consulting as a separate professional business line.

It must be noted that the study covers the existing consultancy firms. However, several consultancy firms were established and quit the business in the past years due to several factors. A thorough investigation of the sector should include those firms.

During the course of the study, it was observed that some firms, multinationals as well as local ones, which are excluded from the study, play key roles in the market. Another sampling method should be devised to include such firms in future research.

Another limitation was the lack of organized data in consultancy firms, which is surprising, since most of them sell advice on how to organize data in client firms. With few exceptions, they could not give precise information about training, academic and professional background of consultants, and the number of clients. A partner of firm C indicated that they could not supply the relevant information when

international consultancy associations request data on management consultancy firms and market in Turkey.

As a result of the study consulting firms are classified into five groups by taking the area of activity, target market, and size of the consulting organizations into account. This classification is presented in Table 17. One must not forget that the figures for size exhibit the number of consultants in each firm. These numbers may be misleading for firms B and R since these firms have several departments and the numbers include only those consultants which are working in the management consultancy department. The size would be much larger for these firms, if consultants from other departments are included in the figures. Several other classification schemes can be formed by using other dimensions of consultancy firms.

The first group consists of subsidiaries of multinational consulting firms. They have been in the Turkish market for more than 10 years. Their main field of activity is auditing and tax consultancy. Other services such as human resources, strategy and organizational development, project management, IT constitute the smaller part of the business volume, but the volume of management consulting is expected to increase. They provide all services the client firms may need. Local consulting teams are supported by consultants from foreign branch offices when the assignment requires expertise on a specific subject. Training is considered as an essential part of consulting. Intensive training programs furnish junior as well as senior consultants with information on various aspects of management consultancy. The size of multinationals, which have more than 100 employees, is considerably larger than other consultancy firms and they prefer to work with multinational firms and large company groups.

	Firms	Areas of activity	Number of consultants	Target markets
Group 1	B, R	7-8	8-30	large organizations, holding companies, multinationals
Group 2	A, D, E, O	4-6	7-14	large organizations, holding companies, multinationals
Group 3	H, N, P, T	3-4	4-8	middle-sized firms
Group 4	C, F, G, I, J, K, L, Q, U	1-2	1-3	small and middle sized firms
Group 5	S, V	1 (Human resources)	3-5	large organizations, holding companies, multinationals

Table 17: Classification of consultancy firms in the sample

The second group includes local consulting firms, which are relatively large and well established. Types of services are not as much diversified as those in the first group. They cooperate with other firms in technical subjects such as IT technology. The number of consultants varies between 7 and 14. The target market consists of multinational firms, large company groups, and leading companies. The central activity is strategy and organizational development.

Firms in the third group are similar to those in the second group but they differ in size and consequently in target markets. The number of consultants varies between 4 and 8. The target markets consist of medium-sized to large firms.

The majority of management consultancy firms in Turkey consists of those firms which are in the fourth group. These firms are small, with one to three consultants.

Most of them were established after 1990. Consultants in these firms are specialized in one or two fields. The target market consists of small and medium-sized enterprises.

The fifth group consists of human resources consulting firms. By “human resources consulting firms” it is meant that the firm has no other activity. Those firms constitute a separate group since they differ from other firms in several dimensions. The target markets consist of large organizations, despite their small size, since small firms cannot afford the selection of employees by a consultant due to costs associated with the process. The pricing method is also unique to these organizations, where the fee is calculated as a percentage of the yearly salary of the selected employee.

Firm M seems to be an outlier and is not included in the above classification. It has 18 consultants, however, it specializes in a single area which is marketing.

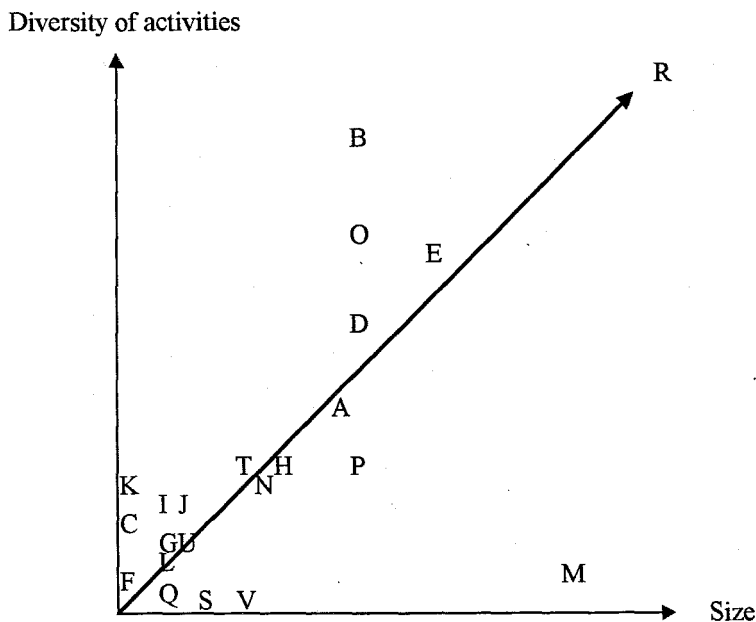


Figure 1

The combination of size and area of activity play an important role in the number of clients of consultancy firms. The number of customers for consultancy

firms in human resources and training is significantly higher than others, because consultancy in those areas requires less resources to be allocated and the duration of assignments is usually short. Therefore, the number of clients within the above groups significantly differs.

The relation between the size and diversity of areas of activity for consulting firms in the sample is presented in Figure 1. Firm B, which is a multinational firm and may be viewed as an outlier, established the management consultancy department in Turkey in the second half of 1995 and is expanding its operations. The local consultant team is currently assisted by consultants from other headquarters. It cannot be evaluated as an outlier, as far as the whole firm is concerned.

The chart provides support for hypothesizing a positive relationship between the size of the firm and the diversity of activities. Two major factors may have played a role in the formation of this structure.

The first one may be the fluctuation in demand for consultancy services. Growing firms tend to diversify as much as possible to enlarge their potential market and ensure the survival of the business. The existing local market for consultancy services is estimated to be 500 billion TL. This amount is smaller than the annual revenue of a middle-sized manufacturing firm in Turkey. In a market of this size, firms cannot specialize in specific areas of the business. One firm, M, which specializes in marketing research, presents an exception to the assertion. Although, it is the third largest firm in the sample, its activities are concentrated on a single area.

Another factor may be the employment policy of consultancy firms, as described by a partner of firm E:

“When we recruit a new consultant or consultant candidates, we prefer those who have mastered a subject, which may well be novel to our firm. This way, we can expand our knowledge base and add a new perspective to our projects.”

Similarly, firm R looks for experience in members joining the consulting team. The main difficulty associated with this type of employment policy is the shortage in skilled workforce, and experienced consultants in particular.

An alternative, more simple scheme, which would classify the consulting firms into three groups, can also be considered. In this case, the first group would consist of the two large multinational firms, B and R, which provide services in almost all areas. The second group would consist of the human resources consultancy firms and the marketing research firm, . These firms, S, V and M, are specializing in a single area and their foreign relations seem to be more intense. They may be called the “specialists”. The firms in the rest of the sample would constitute the third group. Their characteristics are more or less similar. However, it must be noted that it was not possible to figure out whether the differences between the firms in this group are associated with the age of the firm or not.

Most consultants complain that management consultancy has not been generally accepted as a professional service. They indicate that most of the firms do not use management consulting services since they believe that the problems of an organization can best be solved by its own members. Unqualified consultants, who produce nothing but dissatisfied customers are viewed as the major handicap the profession is faced with. Almost all of them admit that the quality of consultancy services is decreasing, in contrast with the increase in the number of consultancy firms. This may be attributed to the lack of a control mechanism which would

prevent incapable persons from entering the profession. YDD tries to establish such a mechanism by forming professional committees and imposing several constraints for membership.

Some are more optimistic and state that things are changing positively. In earlier times of the management consultancy business, senior executives or partners called in consultants to make a diagnosis and come up with a diagnosis report after a certain time period. Now, however, the business is changing in ways that allow consultants to deliver more value to client firms. They are forming teams with members of client firms and working together to analyze the problem and develop solutions. Assignments, that were narrowly focused, have evolved into longer efforts that encompass various functions of organizations. Instead of producing dust-gathering reports, which are quickly forgotten, client-consulting teams work together to perform an implementation that is needed to deliver results. Additionally, the relationships with the client firms tends to be longer than before for most consultancy firms, although the trend toward such long term relationships could undermine some of the benefits of consulting. In fact, a key strength of consultants is thought to be that they can bring a fresh and impartial eye to an organization's problems. That may no longer be the case if they work with clients for longer time periods. A consultant from a firm from USA comments on the same problem:

“When outsiders become de facto members of management teams, they lose perspective. Instead of helping a company gain a broader perspective, they create another room full of mirrors.”

(Business Week, 1994: 61)

Another finding of the study is that there is no consensus on the definition of management consulting. This may be the reason why a management consultant asserts that

“there isn’t any management consultant in Turkey. Those firms, which call themselves ‘management consultancy firms’ are either head-hunters or training firms.”

(Para, 1996: 51)

Surprisingly, most of the consultants agree with this statement. Only those activities directed toward strategy, organizational development, and restructuring are viewed as management consultancy. The departmental structure in firms clearly supports this hypothesis. Most “management consultancy” firms usually have a separate “management consulting” department, if any exists. A manager from firm R indicated that consulting constitutes about 30 % of their business volume. The rest consists of “**non-consulting**” activities such as project management, financial markets, human resources, IT , and so on.

“Our firm is not a management consultancy firm. What we do is search and selection consultancy.”

“We cannot help you. We are only involved in feasibility studies.

These are the responses of two “consultants” to the request for an appointment. There are also various other examples showing the ambiguity about the concept of management consultancy.

Consultancy firms in Turkey are faced with intensive foreign competition. Turkey, with its developing economy, attracts multinational consulting firms. Some of

them have already opened branch offices in Turkey. Bonofiyel (1987) proposed in her study:

“it is concluded that companies would rather work with international consulting firms since they are considered to be more experienced than Turkish firms and they know and understand international problems better.”

The scheme does not seem to have changed. The partner of firm P stressed that client firms prefer to work with multinationals although they charge higher prices and the quality of the service is not superior when compared with local firms. Consequently, multinationals constitute an important threat for small local consulting firms. According to a consultant they will have two alternatives in the long run. Either they will go bankrupt or they will be taken over by a multinational. This may not be the case for all consultancy firms since multinational consultancy firms do not operate in all areas of management consultancy.

In Europe and North America, growing customer independence and awareness has given birth to a new generation of small “information only” consultancies that provide the raw data managers need to make choices for themselves (International Management, 1994). These consultancies spend far less time on projects and are thus much more affordable, even to small organizations. The time they do spend is dominated by tight joint teams of consultants and their customers, where company data is analyzed and analytical knowledge and techniques are rapidly transferred to the client, allowing him / her to make his / her own choices. These “information only” firms present an alternative for smaller consultancy firms in Turkey.

Training of consultants seems to be the least important activity for all firms except multinationals and a few firms from other groups. The author's impression is that some of the consultants do not consider continuous training necessary because of their previous managerial experience.

It can be argued that change and uncertainty are the two major driving forces behind the consultancy business. As managers struggle with change and uncertainty, consultants, which provide managers with educational programs compounded of recipes and simplifications, distillations of general explanations of human behavior, catalogues of the best way to handle people, select them, promote them, motivate and control them, may find it easier to market the latest ideas and fads. Therefore, events such as customs union are expected to increase the demand. Reengineering and TQM seem to be the hottest issues in the market for advice, but they can be easily replaced by a novel idea created by a management guru or a consultancy firm.

It should be noted that this study has several limitations. Therefore, the results of the study should not be generalized for all firms in Turkey. The results may be helpful in understanding trends in consulting, rather than being conclusive.

On the whole, the study aimed at understanding the supply side of management consultancy business in Turkey, which can be viewed as a by-product of liberalization efforts. It is found out that there is heterogeneity in this market. The extent of the diversity has tried to be explained as much as possible. One should bear in mind that management consulting is a profession which is trying to establish its institutions, rules and regulations in Turkey. The other side of the business, i.e. the effects of management consultants on client organizations is subject to further research.

BIBLIOGRAPHY

- Abrahamson, E. 1991. Managerial fads and fashions: The diffusion and rejection of innovations. Academy of Management Review, 16: 586-612.
- Bonofiyel, K. 1987. A study on demand and supply of management consulting services. Unpublished Master's Thesis , Boğaziçi University, İstanbul.
- Business Week. 1994. The craze for consultants. July 25: 60.
- Churchill, G. 1983. Marketing research: Methodological Foundations (3rd ed.). Orlando: The Dryden Press.
- Daft, R. L. 1994. Management. Orlando, FL.: The Dryden Press.
- Dünya. 1996. Special issue on research and consulting. September 5: 5.
- Ekonomist. 1996. Akıl satan 150 şirket var. May 19: 26.
- Fortune. 1989. The ever-bigger boom in consulting. April 24: 59.
- Huczynski, Andrzej A. 1993. Management gurus: What makes them and how to become one?. London: Routledge.
- International Labour Office. 1977. Management consulting: A guide to the profession. Geneva: La Tribune de Geneve.
- International Management. 1994. The consultancy game. June: 20.
- Management Today. 1985. Business schools learn their lesson. December: 73-76,95.
- Mintzberg, H. 1979. The structuring of organizations. Englewood Cliffs, N.J.: Prentice Hall.
- Nohria, N., & Eccles, R. G. 1995. Where does management knowledge come from?. Paper prepared for Workshop on the Production, Diffusion, and Consumption of Managerial Knowledge, Barcelona, Spain.
- Para. 1996. Türkiye'de yönetim danışmanı yok. January 14: 51.
- Peters, T. J., & Waterman, R. H. 1982. In search of excellence. New York: Harper & Row.
- Power. 1996. June: 19.
- Schein, E. H. 1969. Process consultation. Mass.: Addison-Wesley.
- Whitley, R. 1988. The management sciences and managerial skills. Organization Studies, 9/1: 47-68.

- Zikmund, W. G. 1991. Business research methods. Orlando: The Dryden Press.

APPENDIX

APPENDIX

INTERVIEW GUIDE

Firm demographics

- 1.1 What is the founding date of the firm?
- 1.2. What is the total number of employees?

Organizational form

- 2.1 Which departments do exist in the firm?
- 2.2 How many consultants are working in each department?
- 2.3 Does the firm have any relationship with a foreign consultancy firm?
- 2.4 What is the type of the relationship (representative, partner, member)?
- 2.5 Did the form of the relationship change over time?
- 2.6 What is the origin of the foreign firm?

Areas of activity

- 3.1 In which area(s) does the firm provides consultancy services?
 - Strategy and organizational development
 - Financial and management systems
 - Human resources

- Production and service management
- Marketing and institutional communication
- Information technology and systems
- Project management
- Economic and environmental analysis

Marketing of consultancy services

- 4.1 What is the target market of the firm in terms of ownership (private, public), industry and size?
- 4.2 Which promotional tools does the firm use in marketing of its services?
- 4.3 Which methods are adopted in pricing of products and services?
- 4.4 How many clients did the firm have in 1995?

The role in the creation and dissemination of managerial knowledge

- 5.1 What is the academic background of consultants in the firm?

	BSc/BA	MSc/MA/MBA	Ph.D.	Other
Business adm./ Economics				
Other social & adm. sciences				
Engineering				
Natural sciences				
Other				

- 5.2 What is the professional background of consultants in the firm?
- 5.3 Does the firm employ any management model or standard product in consultancy assignments?
- 5.4 Does the foreign partner (if any) support the local project team in consultancy projects?
- 5.5 Which periodical, newspaper or other publications does the firm subscribe?
- 5.6 What was the average number of days in 1995 which a consultant in the firm spent in formal (including in-house) training?
- 5.7 Which institutions or persons does the firm cooperate with?
- 5.8 What do the consultants in the firm do to keep their knowledge-base up-to-date?