Staffing policies of leading professional service firms

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Abstract

Purpose: The aim of this study is to analyse the prevalence of staffing policies associated with the characteristics of the two basic types of organisational configurations identified by Institutional theory (Professional Partnership and Managed Professional Business), or conversely, if they have been evolving as a consequence of contextual factors and trends.

Design/methodology: Exploratory research was performed through the case study method. Six case studies were conducted in Spanish affiliates of leading multinational management consulting firms.

Findings: Our analysis revealed that the staffing policies and practices of the companies differ significantly. It was further deduced that the origin of companies and the practice of activities other than business consulting could influence their staffing policies. It is concluded that mixed models do exist nowadays and that the origin of companies largely determines their policies.

Research limitations/implications: Cultural factors among countries could influence HRM policies and practices. Furthermore, the size of companies could determine (or limit) the implementation of certain staffing policies. The study could be extended to a sample of consulting companies of various sizes and countries to enrich the results.

Practical implications: For HR managers, knowing the staffing policies at these major companies is a benchmark of HRM effectiveness to be applied to their own companies. In particular, these cases are relevant for other knowledge intensive organizations.

Originality/value: The paper provides current empirical evidence on the HRM staffing policies of leading consulting firms and their evolution.

Keywords: Staffing policies, Career model, Consulting firms, Human resource management, Professional business services

Jel Codes: M54

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1. Introduction

Research on human resource management (HRM) in professional service firms, such as management consultancies, remains scarce compared to that on manufacturing firms (Bévort & Poulfelt, 2015; Kaiser, Swart, Kozica & Werr, 2015). Moreover, despite the growing importance of the consulting industry (Donnelly, 2011), little is known about the HRM policies and practices of consulting firms (Richter, Dickmann & Graubner, 2008), perhaps because human resource management in consulting firms has been much less formal and explicit than in other industries (Graubner & Richter, 2003). However, there is an increasing interest in the literature in describing and explaining how consultancies manage their human assets because consulting firms are major actors in the knowledge-based economy (Creplet, Dupouet, Kern, Mehrmanpazir & Munier, 2001; Canato & Giangreco, 2011). Their HR policies and practices can offer relevant insights into HRM for knowledge workers and other knowledge-intensive organisations (Batt & Banerjee, 2012; Lepak & Shaw, 2008).

Staffing is an integral part of human resource management and is particularly critical for any consulting company (Kim & Lee, 2012). The work of consultancies, like that of other PSFs (Professional Service Firms), is based on projects. In this type of companies, staffing can be analysed at the company level (facilitating acquisition and placement of right people on the right jobs) and at the project level (assigning the right people to the projects). This paper analyses staffing at the company level. From this perspective, staffing refers to the process of attracting, selecting and retaining competent employees to achieve organisational goals (Ployhart, 2006). Staffing has been defined as the process of acquiring, deploying and retaining a labour force of sufficient quantity and quality to create a positive impact on organisational effectiveness (Heneman & Judge, 2009). Along the same lines, staffing has been reported to involve the practices of recruitment, hiring, transfer, redeployment, redundancy, outputs, retirement, development and retention (Olivella Nadal & Calleja Sanz, 2014).

Selection and development of management consultants are critical staffing practices for companies due to the economic value of human capital (Kim & Lee, 2012). In addition, performance appraisal and feedback have proven effective for the development of human capital and organisational performance (Kim & Lee, 2012; Swart, Hansen & Kinnie, 2015). The important role of selection and performance appraisal in the management consulting companies has been also highlighted in the literature (Carvalho & Cabral-Cardoso, 2008). Selection was very rigorous, and performance was assessed systematically and regularly.

Staffing has a strategic role in the war for talent and in achieving a competitive advantage in the consulting industry. The nature of the work of these companies presents many challenges for staffing. For knowledge-based work, organisations that better attract, select and retain talent should outperform those that do not (Ployhart, 2006). This is especially true for consultancies, whose main asset is human capital, specifically the expertise and competence of their consultants (Anand, Gardner & Morris, 2007), because most of the work is performed by highly qualified professionals who offer specialised services as a result of their creative and intellectual work (Carvalho & Cabral-Cardoso, 2008; Martínez-Costa, Mas-Machuca & Nadal, 2015).

The aim of this study is to analyse the prevalence of the staffing policies associated with the characteristics of the two basic types of organisational configurations identified by Institutional theory (Professional Partnership and Managed Professional Business), or conversely, if they have been evolving as a consequence of contextual factors and trends. In addition, we also identify the similarities and differences of these types of organizations and determine major trends of change in staffing policies. Accordingly, the general objective of this research is to examine the extent to which the staffing policies of the consulting firms can be characterised by these dual models or have been evolving, due to contextual factors and trends.

In order to achieve the above objectives, exploratory research was performed through the case study method. Six of the top companies in the Spanish consulting sector were selected for the study. This research considered both secondary and primary data obtained from multiple interviews in order to have a broad and comprehensive view of the implemented staffing policies.

The staffing policies of the studied consulting companies are particularly relevant. Because of their prestige and international recognition, these companies are benchmarks for other consultancies. In addition, HRM policies
and practices of top consulting firms can influence other industries because these companies recruit a large number of the brightest students in our universities, many of whom later pursue important work in all types of organisations (Martínez-Costa et al., 2015). For HR managers, the staffing policies of these major companies are a benchmark of HRM effectiveness to be applied to their own companies.

The article is structured as follows. Firstly, the main developments in human resource management in the consulting industry are presented. Second, the methodology and selected cases are briefly described. The following section deals with the results and the most significant trends in the sector. Finally, the last part of the article provides conclusions and limitations, and identifies new directions for future research.

2. Literature review: HRM in consulting firms

Different HRM systems coexist in the consulting sector as a consequence of the historical development of the consulting industry (Dickmann, Graubner & Richter, 2006). The consulting sector is fragmented. Despite the large number of small consulting firms, the market is dominated by large and medium-sized ones, most of which are multinational and even global organisations. In the last two decades, new types of consulting firms have emerged from related professional service industries (accountancies, auditors, actuaries) and established IT firms. The new consulting providers differ substantially from the traditional and first established consultancies in the sector. This heterogeneity results in a wide variety of HRM policies and practices across different consulting firms. The contribution of this paper focuses on this research gap, identifying the factors that characterise staffing policies of consulting firms, as well as differences among them.

PSFs differ from traditional organisations (e.g. manufacturing companies) in a number of ways (Von Nordenflycht, 2010). It has also been stated that the organisational structure and governance characteristics of PSFs are different from those of other large multinational firms (Dickmann et al., 2006). This entails that many aspects of human resource management in PSFs tend to differ considerably from those of other types of firms due to the need to address both professional and organisational interests (Jørgensen & Becker, 2015). According to Kumra and Vinnicombe (2008), PSFs are frequently partnerships, meaning the firm's owners are active in the day-to-day management of the business; promotion and advancement on the basis of professional merit; emphasis on overall performance; a relatively flat hierarchical structure; similar career paths for all professionals; and emphasis on internal labour market, i.e. almost exclusively internal promotion.

Existing literature on PSFs has highlighted the heterogeneity among different types of professional firms (i.e. sectors such as law, accounting, engineering, management consulting) and intra-industry differences, i.e. among firms within a particular sector (Von Nordenflycht, Malhotra & Morris, 2015; Greenwood, Hinings & Prakash, 2017). This heterogeneity has important implications and managerial challenges. Von Nordenflycht et al. (2015) outline the sources of homogeneity and heterogeneity across PSFs and their organizational implications. The authors point out that intra-industry variation is an important source for comparative empirical work.

Kaiser et al. (2015) illustrated how the constitutive characteristics and contingency factors (e.g. size, degree of internationalisation, etc.) of PSFs influence HRM practices. The distinctive characteristics of these organisations are knowledge intensity, low capital intensity, and a professionalised workforce (Von Nordenflycht, 2010), and the professional partnership as the governance form (Kaiser et al., 2015). PSFs have these characteristics in varying degrees, which contributes to the heterogeneity of this sector.

Richter et al. (2008) analysed the HRM policies and practices of two basic types of organisational configurations or archetypes identified by Institutional theory (e.g., Cooper, Hinings, Greenwood & Brown, 1996) in consulting firms: Professional Partnerships (P2) and Managed Professional Businesses (MPB). The results show that the policies and practices of these two types of consulting businesses take different approaches. As described by Greenwood et al. (Greenwood, Hinings & Brown, 1990), in the P2 type, human resource management is an integral part of the organisational system and is carried out mainly by consultants. Greenwood et al., 2017) point out the absence of a defined hierarchy, the lack of any formal long term strategic planning, the partnership form of ownership and governance, and the up-or-out model as characteristics. The up-or-out policy is a form of promotion based on meritocracy (Richter et al., 2008). P2-firms also include recruitment mainly at junior level.
Employees who do not have a good performance and are not promoted to the next organisational level within a specified time period are encouraged to leave the organisation (Kumra & Vinnicombe, 2008). Because of this strict application of up-or-out policy usually a high rotation is necessary to respect the organizational pyramid. Regarding to strategic planning, they used to define the main general figures of the company with non-detailed forecast figures. These kinds of consultancy firms have defined explicitly the staffing procedures and policies. Consequently, there are little flexibility with consultant assignments to projects and lines of activity.

Meanwhile, MPBs have HR specialists not engaged in consulting and their HRM systems are similar to those of other large companies providing project-based services. With regard to career model, most companies have introduced new career policies and alternative roles to partnership have been formally adopted, creating new positions for non-partners that coexist with the traditional up-or-out model (Malhotra, Morris & Smets, 2010). In this sense, there is more flexibility in the assignment of consultants to projects. According to Richter et al. (Richter et al., 2008) these firms were characterised by entry to consulting industry through related services (e.g. accounting, auditing or IT). They tend to be managed like traditional business (in terms of market share, revenues, and profitability). Managers used to define exhaustively the strategic plan of the company, obtained a detailed long-term planning of the HR. By contrast, in HR area, there is low uniformity of procedures. To sum up, Figure 1 summarised the main HRM characteristics of P2 and MPB-type of consulting firms.

![Figure 1. Characteristics HR model in PSF, according to institutional theory](image)

Recently, Martínez-Costa et al. (2015) analysed the staffing policies of three leading consulting firms through case studies. The results suggest that there are similarities and differences among them. The professional partnership model and the managed professional business model remain prevalent but are insufficient to describe all policies.

Regarding the trends of change in the consulting industry, several context factors (e.g. economic globalisation, new technology developments, social changes and employee expectations and needs) influence future trends in consulting, e.g. the way in which consulting companies are training their staff to face future global challenges (Basil, Yen & Tang, 1997). Likewise, Smets, Morris, Von Nordenflycht and Brock (2017) discuss the impact of recent trends (such as deregulation, internationalization, changing career or work-life preferences and technological developments) on the evolution of the organizational archetypes. Staffing policies and practices in consultancies are evolving accordingly (Martínez-Costa et al. 2015); however, trends have not been homogeneously followed by all companies.
Furthermore, the increasing diversity of staffing practices in the consulting industry cannot be fully characterised by dual models. It is necessary to consider heterogeneity among consulting firms. HR policies and practices of each company should be aligned with the specific environment and firm characteristics. Heterogeneity influences HRM in practice (Kaiser et al. 2015). Companies in this industry have evolved from being owned by professionals to being listed, and others coming from the technological world have entered the sector. Bévort and Poulfelt (Bévort & Poulfelt 2015) pointed out a general trend towards a more corporate style of management and organisation in this sector. General changes in the industry, such as the decreasing prevalence of the up-or-out model or the adaptation of traditional practices to include outsourcing, cannot be described easily by using the above traditional models. Contextual changes strongly influence HRM of professional service firms, such as consultancies (Kaiser et al. 2015). As will be explained below, the present research addresses the internal and external fit of the HRM system and identifies the factors that characterise the HR staffing policies of management consulting firms.

Finally, we propose a theoretical framework which is based on previous studies (Kaiser et al., 2015; Richter et al., 2008). The framework contributes to raise awareness of the heterogeneity of the HRM policies and practices in PSFs, and to broaden our discussion of how this heterogeneity among the HRM policies and practices depends on contextual factors, both internal (organisational) factors and external environmental factors of a specific industry.

Firstly, based on previous definitions given above (Ployhart, 2006), we propose to consider three critical elements of the staffing policies: 1) Acquisition and retention in the company (mainly including categories and promotion and continuity decisions); 2) Deployment and Planning (considering decisions related to resource allocation and short and long term capacity planning); and finally, 3) Organizational structure (taking into account at which level those decisions are taken and the level of centralization, and also, the level of uniformity of these staffing policies and practices).

The framework is consistent with the elements recognised in the literature as important, highlighting the crucial role of recruiting and keeping the right expertise in PSFs (Ployhart, 2006), likewise existing research stresses the importance of the systematic development of professionals (Ployhart 2006). Research on HRM has acknowledged that HRM systems are a complex set of interrelated elements and highlighted the importance of the internal and external fit between these elements (Kim & Lee, 2012; Jackson, Schuler & Jiang, 2014).

Secondly, we consider the differentials factors that configure the heterogeneity and diversity of PSF. Extending the work of Martínez-Costa et al. (2015) on staffing policies in consultancies and based on the literature regarding archetypes identified by Institutional theory summarised above (Von Nordenflycht et al., 2015; Cooper et al., 1996; Greenwood et al., 1990; Greenwood et al., 2017) we have identified five different factors (career model, turnover objective, long-term planning, assignment services and task and the level of uniformity of procedures) that show the special characteristics of each PSF regarding staffing policies (e.g. see Figure 1). These five aspects vary across companies and resulting in differentiated staffing policies among companies.

Like Kaiser et al. (2015) do, we integrate heterogeneity and contextual change into our framework. Kaiser et al. (2015) argue that beyond the characteristics that distinguish PSFs from other types of organisations, they can also be identified differences between the single PSF-subsectors as well as between individual firms. HRM policies and practices are likely to differ accordingly (Ployhart, 2006).

Thirdly, the proposed framework considers the influence of contextual factors in the HRM policies and practices. Institutional theory accounts for this fact. Some of these factors refer to specific characteristics of each company. Following Dickmann et al. (2006) new consulting providers have emerged from the 1980s. Companies in related professional service industries, such as accountancies, auditors, and IT firms, began to offer consulting services. These companies differ substantially from other more traditional management consultancies. Some authors argue that differences in the nature of knowledge, directly related to the type of work that companies carry out, may be a key source of organizational heterogeneity (Von Nordenflycht et al., 2015). Accordingly, past and present activity is taken into account in the framework. Likewise, other internal
characteristics such as the ownership structure and governance (Greenwood et al., 2017; Richter et al., 2008) can influence HRM policies and practices and therefore it has also been considered.

Other contextual factors are common to the whole industry, although the external environments that organisations face also can influence HRM system (Jackson et al., 2014). Existing research reveals that technological advances, regulatory changes, competition, globalization and other recent trends can have massive influences on HRM (Ployhart 2006). Accordingly, an increasing level globalization, priority of employees for work-life balance and the growing importance of ICT technologies are explicitly considered into the framework.

All these issues configure our theoretical framework, which is represented in Figure 2.

![Theoretical framework of staffing policies in PSF](image)

In order to fulfil the general objective stated above, the following research questions are proposed:

Are the staffing policies of the leading consulting companies still characterised by Professional Partnership and Managed Professional Business models?

Do the staffing policies of these companies depend on contextual factors such as the ownership and governance structure and the former central activities of these companies?

Are there some common trends of evolution of the staffing policies of the mentioned companies?

3. Methodology

3.1. Sample

In order to achieve our objective, exploratory research was performed through the case study method. This type of methodology is appropriate when complex issues are studied and they have many related factors (Eisenhardt, 1989; Yin, 2014). Moreover, according to Walton (Walton, 1992), case studies tend to produce better theory.

We selected national and international industry-leading consulting companies. Small and medium enterprises were excluded because they may not have formal HR procedures (Lepak & Snell, 2002). The selected companies had more than 200 employees, which guaranteed that they all had documented and standardised human resource
policies (Collins & Smith, 2006). To enable comparability, all the cases were broadly concerned with organisational practices, had similar characteristics (leaders of the Spanish consulting industry) and were based in Barcelona and Madrid and operated in a homogeneous context (permitting us to control for location-based effects). Our study sample includes six large consulting companies: Firm 1, Firm 2, Firm 3, Firm 4, Firm 5 and Firm 6 (fictitious names to ensure anonymity because we are not authorised to reveal the real name of most companies). Table 1 provides the characteristics of the firms.

For practical reasons, company data were obtained from the Spanish branches of the companies under analysis. Following the criterion of previous works, we considered that did not invalidate our conclusions (Carvalho & Cabral-Cardoso 2008). In effect, the policies of the companies are mostly global, as their employees remarked in the interviews. Consequently, the general conclusions and trends obtained should be a good approximation to what is happening globally. Nevertheless, some specific aspects could be influenced by national culture. In this case, a more detailed analysis of these aspects will be proposed.

<table>
<thead>
<tr>
<th>Dimension (Turnover / Nº employees in Spain)</th>
<th>Consulting Firm 1</th>
<th>Consulting Firm 2</th>
<th>Consulting Firm 3</th>
<th>Consulting Firm 4</th>
<th>Consulting Firm 5</th>
<th>Consulting Firm 6</th>
</tr>
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<tbody>
<tr>
<td>715 mill €/ 9000</td>
<td>624 mill €/ 2160</td>
<td>&gt;500 mill €/ &gt;5000</td>
<td>398 mill €/ 13000</td>
<td>443 mill €/ 3200</td>
<td>59 mill €/ 885</td>
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<tr>
<th>Property/Corporate Governance</th>
<th>Consulting Firm 1</th>
<th>Consulting Firm 2</th>
<th>Consulting Firm 3</th>
<th>Consulting Firm 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>NYSE-traded, but comes from a partnership</td>
<td>Listed on the stock exchange / Board of Directors</td>
<td>Partnership / partners</td>
<td>Not listed on the stock exchange / Board of Directors</td>
<td>Not listed on the stock exchange / Partnership</td>
</tr>
</tbody>
</table>

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<tr>
<th>Scope</th>
<th>Consulting Firm 1</th>
<th>Consulting Firm 2</th>
<th>Consulting Firm 3</th>
<th>Consulting Firm 4</th>
</tr>
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<tbody>
<tr>
<td>Global activity (presence in over 126 countries)</td>
<td>Global activity (presence in over 175 countries)</td>
<td>Global activity (presence in over 150 countries)</td>
<td>Global activity (presence in over 41 countries)</td>
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<tr>
<th>Organizational Structure (Consulting division)</th>
<th>Consulting Firm 1</th>
<th>Consulting Firm 2</th>
<th>Consulting Firm 3</th>
<th>Consulting Firm 4</th>
</tr>
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<tbody>
<tr>
<td>It is dedicated to all areas of consulting: strategic, business / process of information technology (IT), digital and operations / outsourcing processes. Structured by service line (finance, supply chain, human resources, etc.) and industry.</td>
<td>By service line (supply chain and operations, technology and customer business, finance and security, organization and people) and industry (communications, energy, financial and banking industry and automotive, public, transportation and distribution).</td>
<td>By service line and industry (tele-communications, health, energy, consumer products, retail, manufacturing, financial sector and government services in general).</td>
<td>By service line and industry (banking, insurance, manufacturing, public sector, telecom, utilities, energy, and health).</td>
<td>By service line (consultancy, audit and legal), sub functions and disciplines. Also, by industry</td>
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<tr>
<th></th>
<th>Consulting Firm 5</th>
<th>Consulting Firm 6</th>
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<tbody>
<tr>
<td>Listed on the stock exchange / Board of Directors</td>
<td>Listed on the stock exchange / Partnership</td>
<td></td>
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<table>
<thead>
<tr>
<th>Dimension (Turnover / Nº employees in Spain)</th>
<th>Consulting Firm 1</th>
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</table>

Table 1. Main characteristics of the consulting firms

3.2. Data collection

In order to collect primary data, we conducted 12 semi-structured interviews with 17 employees in different positions. During the interviews, we focused our interest in the general policies of the companies. We remarked that temporary economic conditions and current circumstances of the companies had to be dismissed.
Two rounds of interviews were conducted. The first was with employees mostly related directly to human resource and staffing policies, whereas the second was with senior managers/consultants or partners in order to obtain information from employees of different hierarchical ranks and areas. Interviews lasted between one and two hours, and at least two researchers were always present. All interviews were transcribed. After each interview, a document with the main content of the interviews was sent to the companies for validation.

In order to assess and complement the obtained information, we drew on secondary evidence, such as archival materials, like marketing brochures, websites, research articles, annual reports and other firm-specific documents. Thus, data were triangulated in various ways, which are detailed after the description of the companies.

An open-question questionnaire was designed to increase the homogenisation and consistency of the interviews. Its structure (see Table 2) was based on the elements making up the concept of staffing according to Ployhart (2006), Heneman and Judge (2009) and Olivella and Calleja (2014). In this way, we ensured that all questions, or at least the most important ones, were answered. In the second round, we asked interviewees about more general aspects, as well as staffing trends in the sector and their expectations about the evolution of staffing practices in the coming years. Given the exploratory nature of the research, we obtained more information than that initially collected in the questionnaire.

<table>
<thead>
<tr>
<th>Part</th>
<th>Topic</th>
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<tbody>
<tr>
<td>Acquisition &amp; retention</td>
<td>Main professional categories. Possibilities. How decisions relating to continuity and promotion are taken. Company wide generalization.</td>
</tr>
<tr>
<td>Planning</td>
<td>Type of long-term planning of staff. Indicators and measures used. Main objectives. Computer tools used. Company wide generalization of the practices described.</td>
</tr>
<tr>
<td>Other features</td>
<td>Organization structure. Level at which the functions relating to recruitment and professional careers are located. Uniformity of procedures. Company wide generalization of the practices described.</td>
</tr>
</tbody>
</table>

Table 2. Questionnaire of the semi-structured interviews

### 3.3. Companies analysed

#### Firm 1

We selected this firm because it is a Spanish leading professional service and consulting company and the most business-focused one in the consulting world (Paik & Cjnoi, 2005). It was founded in 1989 as a result of the separation of the audit and consulting divisions from their parent company. In 2001, the company changed its name and began trading on the New York Stock Exchange. Currently, it employs more than 370,000 professionals and serves clients in more than 120 countries.

Case information was collected through in-depth interviews with two employees in the human resources and staffing department, a senior consultant and the managing director of the consulting division. In addition, the company’s official website and articles about the company were consulted to triangulate the information. Interviews were held in three Barcelona offices.

#### Firm 2

The second company, named Firm 2, has a global workforce of more than 380,000 professionals. The analysed unit is the consulting division, which provides customers with technology solutions, business consulting services and information technology to ensure the success of their businesses. The company has been listed on the New York Stock Exchange for over 40 years.

Two in-depth interviews were held at Firm 2. The first was with the head of Human Resources in Madrid. The second, conducted in Barcelona, was with the head of Firm 2’s relations with the university and the manager.
responsible for resources and capacity in the area of public sector consulting. The obtained information was supplemented with data from corporate websites, academic articles and books (Gerstner & Herrmann, 2002; Dittrich, Duysters & de Man, 2007).

**Firm 3**

Firm 3 was founded in England in the late nineteenth century. This organisation is made up of several companies under the same brand name owned by partners in each country. It employs more than 5,000 professionals with over 20 offices throughout Spain. The percentage of the company’s consulting division staff (according to direct company sources) in Spain is about 25%.

Two interviews were conducted with two employees responsible for staffing and with a partner and one of these employees, respectively, in the Barcelona office. The information was triangulated with other sources of data, including the company’s website and several university sessions led by the head of Human Resources.

**Firm 4**

Firm 4 is a multinational consulting firm that offers business solutions, strategy, development and maintenance of technological applications and outsourcing. It was born with a new idea of consulting and an innovative business model. In 2013, it was integrated within the sixth IT services company in the world, with more than 70,000 professionals and a worldwide presence.

Two interviews were conducted: the first with a partner and the second with the head of HR (People Manager) and a Recruitment staff member. The interviews were held in the Barcelona offices. The obtained information was triangulated with marketing brochures, corporate websites and a university session on HRM by the last interviewee.

**Firm 5**

Firm 5, one of the sector’s leading firms and with 16 offices in Spain, provides audit and tax services, as well as legal, financial and legal advice to 100% of IBEX-35 companies. This company belongs to an international network under the same brand name present in 155 countries.

Two interviews were conducted: one in Barcelona with the person responsible for recruitment and international mobility of Firm 5 in Spain, and the other by phone with a manager. The company’s official website and some organisational commercial documents were consulted to assess the obtained information.

**Firm 6**

Firm 6 is an industry-leading technology company with headquarters in USA. It has the industry’s most comprehensive portfolio. Their technology and services help customers around the world make IT more efficient, more productive and more secure. It employs over 250,000 employees in more than 120 countries.

The technological consulting division, which is referred to in our research, is a section of the Firm 6 Group. In Spain, Firm 6 offers technological advice (consulting infrastructure, especially migration and technological transformation) and has more than 800 consultants.

Two in-depth interviews were conducted: the first with a consultant and the second by phone with the Iberia Talent Acquisition Manager at Firm 6 consulting in Madrid. The website and some specific information related to HR processes were analysed to draw additional evidence of the information obtained in the interviews.

**4. Results of the interviews**

To answer the first research question, it is necessary to analyse previously the main characteristics regarding the staffing policies of the leading consulting companies. The interviews dealt with essential decisions on staffing. Some characteristics are common or clearly predominant in the six companies:
• Organisational structure focused on service lines and industries. Probably because of the focus on customer specific needs of the consulting services offered by the companies, the organisational units are based on specific service lines and industries. Hence, the activity of professionals is tied to a specific context.

• Short-term project-based work planning. Long-term agreements are not usual, at least in the case of management consulting activities. Because of this, the companies tend to adjust their staffing needs according to the evolution and immediate prospects of the projects.

• Chargeability. It refers to the proportion of work cost that can be charged to customers. This critical concept for consulting companies determines staffing. Therefore, efforts to adjust staff and projects are a very important part of managerial work.

• High demandingness, a common trait to all the companies and the industry as a whole. Although not all the companies have rotation objectives, most have a high level of rotation. Management consulting companies expect first-level capacities and commitment from their consultants.

• Importance of performance appraisal processes. All the companies have a multifunction evaluation procedure to increase motivation and professional development of consultants and identify training needs, among others. It also serves as a basis for promotion proposals or changes in employee status. Performance appraisal processes are a central element in career path definition.

• Importance of attracting and retaining the best consultants. This requires an individual project involving new challenges that facilitate the consultants’ professional growth. The prestige of working for a major company is also an important retention factor. These high-level policies condition all other aspects of HRM.

The above common characteristics are consistent with the general traits of PSFs present in the literature, such as implementation of high-performance policies (Lepak & Snell 1999); hard work (Grugulis, Dundon & Wilkinson, 2000), recruitment of high-level professionals (Carvalho & Cabral-Cordoso 2008); and importance of selection, development and performance appraisal of consultants (Collins & Smith 2006).

Other practices are not common and determine alternative policies. Among all the aspects considered in the questionnaire, we selected the following ones as the most important to establish alternative policies: acquisition and retention (recruitment and selection, homogeneity and career model and target of rotation), deployment (flexibility in allocation and short-term staffing needs), workforce planning (strategic capacity planning) and other features (organisational structure, centralisation of processes).

According to the theoretical framework proposed (Figure 2), the following isolated factors were considered: (a) career model, referring to the typical evolution of professional careers in the company; (b) turnover, i.e. the proportion of employees that leave the company; (c) long-term planning, typically referring to staff planning for more than one year ahead; (d) assignment of services and tasks to employees, and (e) uniformity of procedures, referring to staffing procedures and rules established at the company level. These five different factors are isolated, as previously identified by Martínez-Costa et al. (2015). It is interesting to note that both the interviews and differential factors were clearly influenced by the questionnaire (Table 2). Some relevant aspects of the obtained information are included in Table 3.
<table>
<thead>
<tr>
<th>Consulting Firm 1</th>
<th>Consulting Firm 2</th>
<th>Consulting Firm 3</th>
<th>Consulting Firm 4</th>
<th>Consulting Firm 5</th>
<th>Consulting Firm 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career model</td>
<td></td>
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<tr>
<td></td>
<td>Most of the new employees are recent graduates. Recruitment of seniors is possible. Up-or-out model is prevalent, but stable positions conditioned to a high performance also exist.</td>
<td>Juniors follow an initial program of three-year career, after which the career is flexible. Seniors are also hired. High performance model applies. No rigid schemes as up-or-up are followed.</td>
<td>Career plans are mainly defined, by following the up-or-out model. Seniors hiring is possible. A proportion of positions of each level is approximately maintained.</td>
<td>The main objective is recruit talent. Around 50% of the employees hired are seniors. The up-or-out schema is not followed. There is no limit to the maintaining of a position exists.</td>
<td>Both juniors and seniors are hired. Partners are actively involved in the selection process of their employees, supported by the HR services and following general rules. The career model is essentially up-or-out.</td>
</tr>
<tr>
<td>Turnover</td>
<td>Between 5 and 10 per cent of the employees leave the company yearly because of performance issues, while others leave the company voluntarily.</td>
<td>Rotation is high because of the demandingness of the job. No specific levels of rotation are applied.</td>
<td>Rotation is more than 15% and it is mostly voluntary. Certain ratios of rotation are necessary to maintain the proportions of each level.</td>
<td>No specific rotation objective is established, however the policy is preferred that rotation is as low as possible.</td>
<td>There is typical proportion of employees of each level that depends of the activity developed. Certain ratios of rotation are necessary to maintain the proportions of each level and the up-or-out schema.</td>
</tr>
<tr>
<td>Long term planning</td>
<td>Aggregate planning is made for three year periods. The scope is the geographic region. To calculate the people needed, they consider in which areas they want to grow, focus and be a reference worldwide, forecasting demand (turnover) and average chargeability.</td>
<td>A detailed four year plan is made, according to the market prospects, the staffing requirements of the typical projects and the business priorities.</td>
<td>An aggregate long-term plan for four year periods is prepared. Objectives and lines of action are set. They make an estimate of revenue and the number of people required.</td>
<td>A general recruitment plan is prepared yearly. The specific needs are defined during the year.</td>
<td>A business plan is made for three years, but detailed planning is one year ahead. Key issues about future needs are defined, taking into account new profiles and capabilities that may be required for the opening of new services.</td>
</tr>
</tbody>
</table>

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Consulting Firm 1 A detailed plan of 3 or 6 months is made according to the on-going projects or those that will be probably be obtained. A yearly plan is also prepared. Flexibility is limited. Employees usually go on working in a given solution and industry.

Consulting Firm 2 The employees are assigned to projects by using staffing software that assigns the employees automatically. Later, these assignments are validated or modified. Assignments are flexible, both among jobs and among countries.

Consulting Firm 3 The employees are assigned to the projects by group managers supported by the HR services. Flexibility is possible in certain cases.

Consulting Firm 4 Recruitment is made in a continuous manner according to needs. Flexibility is possible.

Consulting Firm 5 The projects are staffed when they are obtained. Flexibility is possible among low-level positions, and is unusual in other cases.

Consulting Firm 6 Recruitment is made in a continuous manner according to needs. Flexibility is possible.

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### Work assignment

In general terms, methods are established at the company level and are strictly followed; however, the units have autonomy in staffing.

### Uniformization procedures

In general terms, methods are established at the company level and are strictly followed; however, the units have autonomy in staffing.

---

<table>
<thead>
<tr>
<th>Factor</th>
<th>Alternative values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career</td>
<td>Up-or-out (up-or-out rule is strictly followed), Mostly up-or-out (up-or-out rule is generally followed but some exceptions are allowed), Flexible (up-or-out rule is not followed).</td>
</tr>
<tr>
<td>Turnover</td>
<td>With objective (the company sets a target value for the proportion of staff leaving the company over year), No objective established (no target)</td>
</tr>
<tr>
<td>Long term planning</td>
<td>Detailed (long term planning does not include specific numbers of employees of each level), Non detailed</td>
</tr>
<tr>
<td>Work assignment</td>
<td>Little flexible (work assignment changes are possible but unusual), Flexible (work assignment changes are common)</td>
</tr>
<tr>
<td>Uniformity of Procedures</td>
<td>High (staffing procedures and rules at company level are detailed and mandatory), Moderate (they refers to some specific aspects), Low (they does not exist or are only generic)</td>
</tr>
</tbody>
</table>

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Table 3. Results of the interviews, by topic

In order to analyse the relation of the results of the interviews with the models, we are considering alternative values for each factor that we have been defined, as showed in Table 4.

Table 4. Alternative values of the differential factors of staffing polices

Based on these definitions, we have identified the values corresponding Professional Partnership model (P2) and the Managed Professional Business model (MPB). The results are represented in Figure 3. Top values (A1, B1, C1, D1 and E1) correspond to the classical P2 model whereas bottom values (A3, B2, C2, D2 and E3) correspond to the MPB model. Following Richter et al. (2008), P2-type consultancies involve recruitment primarily at junior level; strict up-or-out policies; fusion of governance and ownership through partnership and a strong emphasis on independence and professionalism. On the other hand, in MPB-type consultancies ownership is usually external, the management function is mostly developed by dedicated administrators and
rigorous control systems are applied. By showing values corresponding to P2-type and MPB-type at opposite extremes, Figure 3 facilitates the comparison of these traditional methods with the policies of the analysed companies.

Figure 3. Factors and values proposed

Figure 4. Values obtained for the differential factors

The levels corresponding to each company and factor were established according to related information obtained in the interviews. The results are presented graphically in Figure 4. The six companies offer business
consulting services and compete directly among themselves. We could expect companies from the same industry to act in a similar manner. In this sense, we can conclude that there is not an equal pattern that strictly follows the characteristics of Professional Partnership and Managed Professional Business models. Each consulting firm has some predominant characteristics of one of these types of companies but there is a trend to evolve to a mixed model between Professional Partnership and Managed Professional Business models.

In addition, regarding the second research question, we have identified that these differences among the staffing characteristics might be due to contextual factors such as the ownership and governance structure and the former central activities of these companies. Thus, the differences in the rest of activities developed by the companies (e.g. in other business units or divisions), as well as their historical trajectories or the origin of the company, can explain, at least in part, the diversity of practices (Bévort & Poulfelt, 2015).

Indeed, Firm 3 and Firm 5 have an important traditional audit activity, and Firm 1 is a spin-off of another audit company. These three companies have three factors in common that we considered as representative of the classical professional partnership model. They have an implicit turnover objective to maintain the up-or-out model. In the words of the person responsible for staffing at Firm 3, “The structures are pyramidal and require a certain level of rotation. The pyramid system requires companies to constantly grow and hire more staff. Moreover, outplacement tasks are performed to help people find another job”.

These companies do not conduct detailed long-term staff planning, and flexibility is limited. The following excerpt from our interviews to Firm 1’s partner highlights this last factor: “It is difficult to change the location from one business area to another; if a consultant starts to work in the technology area, he/she is unlikely to move to management consulting or outsourcing. It is also difficult to move to another industry or service line, though not impossible”. There are some divergences in the career model and centralisation of procedures, even if companies are close to the classical scheme. However, Firm 3 tends to avoid the strict up-or-out policy in specific business units. Despite the evolution of the industry and the different trajectories of these companies, some basic elements of the Professional Partnership model remain.

Firm 2 and Firm 6 have a strong position in the hardware and software industries and, probably because of this, their staffing policies share some basic elements. Specifically, they do not follow an up-or-out approach, and consequently do not have a turnover objective and promote flexibility. As an HR manager at Firm 2 noted, “The promotion model is not as rigid as in other consultancies. The career model is more flexible because a person may decide, for various reasons, not to promote and remain in the same category, although the normal performance of that level will be required”. Firm 4, which has been historically related to the software industry, shares four of five results with Firm 6. The following quotes by the HR Manager at Firm 4 illustrate this point: “The up-or-out model stopped being applied a few years ago. There is an annual promotion process based on the employee’s assessment in that year. In this year 2015, 90% of employees have been promoted”. The policies of the companies of this block are less homogeneous than those of companies that have or have had connections with audit activities, even though they share some basic elements and adopt solutions similar to the Managed Professional Business model (MPB). With regard to long-term planning, “Firm 2 has its own application for capacity planning. This tool allows you to do a capacity planning for three months, one year and four years ahead” (Manager consultant, Firm 2).

These factors of the staffing approach seem more related to present or past activities developed by the companies.

Finally, in regard to the last research question, some general common trends of change identified for the consulting industry are presented next. The interviews generated a considerable amount of information. Several aspects of the companies reflecting the industry’s changing environment were identified.

Consulting firms compete in a global economy and deal with local, national and international regulations and with challenges due to unpredictable sources of competition. In general terms, companies try to adapt to new fast changing conditions. Several common trends were detected in the interviews. Some are due to contextual or environmental factors whereas others are more specific to HR policies and practices of consulting firms (see
Table 4). Some general aspects explain the current situation and changes in the consulting industry. The volume of activity of the analysed companies has rapidly increased during recent years. Particularly, core activities have been extended to new sectors and services, resulting in highly diversified companies. They all have evolved from consultancies offering services in the hardware and software or audit industry into multi-sector corporations. Currently, most of the income generated in the consulting services comes from technology business units (AEC, 2015). Specifically, the interviewees remarked that outsourcing services have grown significantly in recent years.

Like other companies, consulting firms must face a technological revolution and a geographic and skills mismatch that finds many talented workers far from the most suitable job. The use of technology could have the same effect as development and recruitment in terms of work career, assessment and other relevant HR policies and practices. Companies adjust their policies regarding new technologies for the new generations of employees.

Another general trend is increased competition at a global level, resulting in companies growing into larger organisations. Consultancies must fight fiercely in a demanding and changing market. Currently, their activity is increasing international, providing services to customers in different countries, such as multinational companies. They send consultants to develop projects in different places to cover their own needs and respond to employee requests for international mobility.

With regard to HR trends in the consulting industry, the evolution of the role of the HR department is worth noting. There is a more corporate and bureaucratic style of management in introducing HR practices. This important trend identified in our analysis agrees with previous research, such as that by Bévort and Poulsen (2015) and Kaiser et al. (2015). HR in consulting firms has changed, with more systematic policies and practices being introduced and strategic roles being increased. We found that HR departments change positions within a company in order to increase their relevance. Traditionally, the partner mainly makes decisions related to HR policies and practices whereas the HR department only executes the decisions. In response to how the role of the HR department is evolving, the HR manager at Firm 5 provided the following insight: “The role of HR has evolved within the company. About seven years ago, each role was very independent and autonomous, and HR was composed of a small generalist team that supported different issues. Currently, the HR department has more than 30 employees specialised in all human resources functions so that practices are carried out centrally with the intervention of this department”.

Furthermore, as pointed out by Kaiser et al. (2015), firms have replaced the classical partnership model by non-equity partnership (or salaried partnership). This offers different forms of an enduring non-partner position, resulting in a more managerial HR model and the emergence of a new top management position.

Finally, more flexible staffing policies and practices are appearing. The desire for work-life balance is increasingly felt by workers. This result is consistent with other investigations such as Noury, Gand and Sardas (2017) regarding the emergence of individual demands for work-life balance form professionals in consultancies, and how it is addressed in these organizations. Companies have evolved their professional career policies to accommodate employees who do their job well but do not want to be promoted. A focus on the family and leisure time of employees is an interesting trend of this industry. In the words of a Firm 1 partner, “Currently there are two models, i.e. the traditional up-or-out model and the career expert model. Our mentality has changed over the last 10 years. Sensitivity to work-life balance has increased.

Therefore, there is room for the profile of employees who do their job well but do not want to promote. Experienced professionals may continue as experts indefinitely without becoming partners and gaining expertise (horizontal promotion)”. Moreover, new technology and communication tools allow flexible work schedules and a balance between work and home life. Even in companies that maintain an up-or-out system, it is not applied as strictly as it used to be. Employees can continue indefinitely as experts and need not become partners. According to Malhotra et al. (Malhotra et al., 2010), alternative career paths coexist alongside the up-or-out approach.
5. Conclusions

Our research examines the extent to which the staffing policies of the consulting firms can be characterised by Professional Partnership and Managed Professional Business models or have been evolving, due to contextual factors and trends. To do this, employees from six of the most important companies in the industry were interviewed in order to obtain and analyse information on their staffing activities. Five common factors were identified in these interviews: career model, staff turnover, long-term planning, assignment of services and tasks, and uniformity of procedures.

The research work performed gives place to several conclusions, which answers the research questions stated. In relation to the first research question, we conclude that Professional Partnership and Managed Professional Business models no longer characterize the staffing policies of the leading consulting companies. The diversity between the policies of the different companies cannot be reflected by Professional Partnership and Managed Professional Business models or any other pair of alternative. These results confirm previous studies in this topic (Greenwood et al., 2017; Martínez-Costa et al., 2015; Von Nordenflycht et al., 2015).

The second research question referred to the influence of the former central activities on their staffing policies. The answer, in this case, has to be positive. Effectively, it is apparent that the origin of companies and the practice of activities other than business consulting can influence their staffing policies. Companies that perform or have performed audit activities have similar policies, which are near to the traditional partnership model. In general, they are less flexible. Companies with hardware and software activities also have similar and more flexible policies. This finding, which had not been analysed previously in the literature, can contribute to a better understanding of the staffing policies and practices in the consulting industry.

Finally, according to the third research question, some common trends were detected in the interviews. Companies tend to apply more flexible staffing policies, adjusting them in terms of use of new technologies, international mobility and work-life balance, according to the new employee profile. Another interesting result is the increasingly important role of the HR department. HR in consulting firms has been professionalised by introducing more systematic policies and practices and increasing its relevance.

Our results are an original contribution to the PSF literature, in particular in what refers to management consulting companies. Previous literature regarding institutional theory identifies two organisational models, i.e. professional partnership model, P2, and managed professional business model, MPB (Dickmann et al., 2006). This clear distinction seems to be in question. In this vein, Kaiser et al. (Kaiser et al., 2015) pointed out an increasing heterogeneity due to contextual factors, and Bévort and Poulfelt (2015) stated that PSFs are gradually moving towards more corporate-style approaches. The present paper confirms and expands on the conclusions.
of Martínez-Costa et al. (2015). It concludes that mixed models do exist nowadays and that the origin of companies largely determines their policies. The analysis of trends shows the dynamic evolution of the industry and its policies.

The research presented here is seen as a first research step. In order to analyse the validity of the PP and MPB models, the analysis should be extended to other big companies. The dependence of staffing policies on contextual factors would admit a wider analysis. In this case, future research will be focused on other companies of the business consulting industry, in particular on small and medium-sized companies, because size could determine (or limit) the implementation of certain staffing policies. Finally, the analysis of the trends of evolution of the staffing policies could give place to analysis considering different countries and other sources of information, including the any kind of professionals and experts of the industry. Finally, this research can contribute to future studies providing quantitative tools to plan in a long term staffing police in this kind of companies.

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