

Foreword

In recent decades, the influence of consultants in our economy has increased continuously. Many large client organizations regularly involve consultancies in managerial projects. At the same time, clients have become more discerning in how they involve these advisors. They have gained experience in dealing with consultants. In addition, a larger spectrum of alternatives for the execution of projects, such as external consultants, in-house consultants and internal project teams is available to them. Given these contractual choices and the heavily debated use of consultants, the question arises why managers choose to involve consultants in their project activities and how they structure the contractual relationship with them.

Sandra Niewiem provides an empirical examination of the contractual relationship between clients and consultants on the basis of the transaction cost economic (TCE) theory of vertical integration. The comparative contracting perspective is the traditional focus of TCE research. Despite offering a fundament of concepts and empirical evidence, TCE has not yet been applied to consulting settings. Sandra Niewiem's work includes a meta-review of the empirical literature on TCE, which, with a selection of 160 studies, is the largest and most comprehensive review of TCE literature ever conducted.

Building on TCE, the author develops a portfolio of hypotheses on the contractual relationship between clients and consultants, which are tested using client data (project scenarios). Based on personal interviews conducted with 41 managers of large corporations in Austria, Germany and Switzerland she assembles a sample of 86 projects allocated in part to external advisors and in-house consultants, but also to internal staff. She evaluates this database using a combination of quantitative and qualitative techniques, in particular content analysis, an innovation in this context.

The results reveal that clients are inclined to choose close, personal relationships with consultants, these relationships taking such diverse forms as longstanding contacts, mixed client-consultant teams and/or on-client site work settings. Another major finding is that the TCE framework does not provide a comprehensive explanation of the contractual relationship between clients and consultants. Based on these insights, the author derives important implications for academic researchers, managers and consultants. She also outlines options for future research studies.

Sandra Niewiem provides an excellent analysis and interpretation of the contractual relationship between clients and consultants. No doubt, this work is a major contribution to the ongoing controversy regarding management consulting in research and in society in general. Researchers in organization, management and TCE will also discover a wealth of new insights in this book.

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