

Optimization of consultants' added value to information-intensive companies by improving transfer of consultants' individual to firm-specific knowledge

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Abstract

Literature suggests that knowledge is key to create and maintain sustainable competitive advantage for information-intensive companies. It also suggests that external consultants add value to companies by 'shuffling knowledge around'. This study aims to explore the role and importance of key factors that affect the identified added value of individual external consultants to the selected information-intensive companies. It will be an explorative qualitative case study that will serve as a pilot study for extensive follow-up research.

1. Introduction and research purpose

In information-intensive companies, using knowledge in an effective and efficient way seems essential to create and maintain competitive advantage. Consultants can add value to companies by transferring their knowledge and thus contribute to companies' sustainable growth, as they 'shuffle knowledge around'. This study aims to explore the role and importance of key factors that affect the identified added value of individual external consultants to the selected information-intensive companies. Deeper insight will be gained into ways to improve the policies for hiring individual external consultants. This will be done by answering the following question: "What can purchasers of consultancy services in information-intensive companies do to improve their hiring policies with the aim of increasing the perceived added value of individual external consultants that are hired by these companies?"

2. Theoretical framework

In the past few decades, a vast amount of literature on knowledge transfer and application has been produced. With reference to the research topics mentioned above, the following themes can be distinguished in literature:

- Knowledge is considered to be a source of value for information-intensive companies, as described by among others Glazer (1991) [1], Choo (1996) [2], Davenport and Prusak (1998) [3], and Andriessen and Tissen (2001) [4]. In this research, a broad definition of knowledge will be used, in line with that of Fosstenløkken et al (2003) [5];
- Consultants can play an important role as a source of knowledge: information is most valuable when shared or 'shuffled around', since each party that the information is shared with, brings additional knowledge to the table, as is among others argued by Glazer (1991), and Smedlund and Toivonen (2007) [6];

- For consultants, there is a relationship between value and satisfaction on customer retention, as shown by Trassoras et al (2009) [7]. Hence, it can be argued that value is an important factor to focus on for consultants. So far, not much literature has been found on the added value of consultants. Literature often focuses on added value from an end-customer perspective, e.g. Trassoras et al (2009), Raval and Grönroos (1996) [8] and De Chernatony et al (2000) [9] who all emphasize that value is subjective, i.e. can be perceived differently depending on the context and experience customers have. This is in line with the concept of 'value-in-social-context' as introduced by Edvardsson et al (2010) [10]. As this study focuses on what managers in organizations perceive to be the added value of consultants, one might argue that the managers are in fact the consultants' customers and the concept of perceived added value as used for end-customers, can also be used in this case. Hence, the concept of perceived value will be used here;
- The extent to which knowledge is transferred and applied, can be influenced by many factors related to the consultants' characteristics, their relationships with the people they work with, and/or the company culture, e.g.: trust, management culture, perceived reciprocity, attitudes, and expected rewards, as is described in research by among others Fosstenlökken et al (2003), McFayden and Cannella (2004) [11], Scarso and Bolsani (2011) [12], and Carmeron and Quinn (2011) [13];
- In addition, the extent to which knowledge is transferred and applied, can also be influenced by the company's purchasing process. The purchasing process, and primarily the specification of the service to be delivered, is key to the success of the service, as described by Van der Valk and Rozemeijer (2009) [14].

So far, little research has been done on the interdependency of the above-mentioned topics. Gaining insight into the role and importance of key factors that affect the perceived added value of individual external consultants and into ways to improve the policies for hiring these consultants, might help information-intensive companies as well as consultants to increase their competitive advantages. The objective of this pilot study is firstly to find and formulate expectations for an extensive follow-up research project and secondly to establish whether the following conceptual model can serve as an appropriate research basis:

Knowledge transfer and application have an influence on the added value of consultants, company culture has a moderating role on the relation between knowledge transfer and application and added value, and hiring policies have and consultants' characteristics have an influence on knowledge transfer and application.

3. Case selection and methodology

In the explorative qualitative pilot study, the focus will be on exploring aspects that might be relevant for building a theoretical model for the extensive follow-up research, and on non-comparable cases. A convenient case selection of companies in various industries (telecommunications, energy, and financial services) will be used. Two important characteristics of these companies will be that they are all information-intensive and based in the Netherlands. Data will be

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collected through face-to-face interviews based on a topic list derived from literature, among 8 companies, with per company: CEO/CFO, purchaser/buyer, individual external consultant and possibly the (project) manager who hired the consultant if there is no overlap with purchaser/buyer. By selecting this amount, the suggestion of Guest et al (2005) [15] on saturation in qualitative research is followed. Boyatzis'(1998) [16] thematic analysis methodology will be used, and Atlas Ti software will be used as analysis instrument. Data collection and analysis of the explorative qualitative pilot study are expected to be completed in April 2013.

4. Discussion

This study examines what factors are associated with perceived added value of the (individual) external consultant. A first impression of what could serve as a basis for the follow-up study includes the following:

- perceived knowledge transfer during the project as well as perceived knowledge transfer at the completion of the project and after the project are directly related to perceived added value;
- company culture has a moderating influence on the relation between knowledge transfer during, at the completion and after completion of the project and perceived added value;
- consultant's willingness to share knowledge has a direct influence on knowledge transfer during, at the completion and after completion of the project;
- quality of the specification of the service to be delivered is indirectly highly correlated with perceived added value.

Please note that this research involves larger companies operating in the Netherlands; the results will not necessarily apply to smaller companies, nor companies operating in other countries. This implies that results do not necessarily apply to companies operating in, or working with, countries with different cultural backgrounds. In addition, this research focuses on the consultant in the role of 'trusted advisor', i.e. a consultant who is asked for semi- or unstructured assignments. This implies that the outcomes do not necessarily apply to consultants who are asked to do more 'routine' jobs such as e.g. the implementation of an already defined software solution.

The outcomes of the overall research can contribute to the further development of theory of added value of consultants with respect to the role of knowledge transfer and application. The outcomes of the study can also be used by both information-intensive companies and consultants to further enhance their cooperation by aligning their mutual interests and goals in a more effective manner, thereby increasing the effectiveness of knowledge transfer and application.

5. References

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