Patterns of human resource management in consulting firms

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Abstract

Purpose – The purpose of this paper is to analyse the human resource management (HRM) policies and practices in consulting firms. The paper specifically investigates whether or not the HRM approaches in these firms mirror the two organisational archetypes of professional partnerships (P2) and manage professional businesses (MPB) found in the professional services sector.

Design/methodology/approach – The paper draws on interviews with experienced consultants from a sample of 28 large and medium-sized consulting firms with a presence in Germany and Switzerland. The paper uses both qualitative and quantitative methods to evaluate the data.

Findings – The findings in the paper show that P2-type consulting firms take fundamentally different approaches to HRM from MPB-type firms. In P2-type consulting firms, HRM is an integral part of the organisational system and is run in practice by consultants, rather than by specialised HR staff. P2-type firms emphasise the notion of membership of individuals in an organisation tied together by extended socialisation processes and adherence to common values. In contrast, MPB-type firms exhibit HRM systems with "corporate" features widely used in other large-scale service organisations.

Research limitations/implications – The paper shows that the organisational archetypes prevalent in professional service firms have significant implications for their HRM systems. Consulting firms' HRM practices and policies should be interpreted in the light of their respective organisational archetype.

Practical implications – The paper concludes that consulting firms should use HRM practices that fit the organisational archetype they embody.

Originality/value – The paper provides systematic evidence on the HRM policies and practices in an important yet under-researched sector.

Keywords Human resource management, Professional services, Organizational theory

Paper type Research paper

Introduction

The consulting industry[1] is a particularly attractive field for researchers with an interest in human resource management (HRM). Consulting, like any professional service, is a people business (Kubr, 2002; Lorsch and Thierney, 2002; Scott, 1998). The success of consulting firms hinges on how well human resources are managed (Graubner and Richter, 2003; Teece, 2003). Consulting firms serve as an increasingly important gateway into employment relationships for high-calibre candidates from a variety of academic disciplines and experience backgrounds (Armbrüster, 2004; Ruef, 2002). They shape the perspectives, expectations and skills of young professionals at a

critical phase in their lives. In many cases these people move on to constitute the managerial elites in business and public life (Engwall and Kipping, 2002). Therefore, the HR practices prevalent in the consulting industry may exert an influence extending even beyond the scope of consulting firms themselves.

Despite the growing importance of the consulting sector, surprisingly little is known about the HRM policies and practices of the firms in this industry. Most of what has become public information about consulting firms is based on anecdotal evidence. Both theoretical approaches that would explain variations in HRM approaches and reliable empirical evidence on this issue are largely lacking.

In this paper we contribute to filling this gap. Our objective is twofold: First, we provide an overview of two (arche-)types of professional service firms as developed by Greenwood *et al.* (1990), Cooper *et al.* (1996) and others. They distinguish between professional service firms organised along the professional partnership (P2) model, and those characterised as managed professional businesses (MPBs). We apply this analysis to the specific case of consulting firms. Second, we provide empirical evidence showing that the two systems of firms also employ fundamentally different HRM practices. The evidence draws on a series of semi-structured interviews with senior consultants from 28 consulting firms with a presence in the German-speaking market. We conclude that the HRM practices and policies in P2- and MPB-type consulting firms are rooted in and reflective of fundamentally different concepts of the relationship between the organisation and its members in the two types of firms.

Two types of consulting firms

Institutional theory has identified two basic types of organisational configurations, or "archetypes", with respect to professional service firms in law (Cooper *et al.*, 1996; Morris and Pinnington, 1999; Pinnington and Morris, 2003), accounting (Greenwood *et al.*, 1990; Hinings *et al.*, 1991; Rose and Hinings, 1999), and others. The authors in this tradition define an archetype as a set of patterns of organisational structures and control systems that are embedded in and expressive of an underlying "interpretive scheme" (Greenwood and Hinings, 1993). The interpretive scheme refers to the beliefs, ideas and values that allow to recognise and interpret the individual aspects as elements of a coherent whole. Interpretive schemes are fundamental in that they shape prevailing conceptions about what an organisation should be doing, against which criteria of performance or success it should be judged, as well as the structures and processes that serve to implement and reinforce these ideas (Greenwood and Hinings, 1988, p. 295). In their empirical work, the authors in this tradition therefore search for expressions of views, values and patterns of rationalisation by members of organisations, rather than for mere shortlists of potentially disjunct organisation design elements. Despite differences in the definition and content description of the typologies they suggest, in their general approach these authors follow earlier attempts to develop organisational typologies (e.g. Mintzberg, 1979; Weber, 1947). As our work focuses on the consulting industry as a specific segment of the professional services market, we describe the two archetypes with respect to this segment (Morris and Malhotra, 2002).

The professional partnership (P2) archetype draws on the coincidence of the partnership as the predominant ownership and governance model and the professional ideal as the underlying value orientation permeating the organisation. From a historical perspective, the development of P2-type consulting firms can be traced back

to the so-called "second wave" of consulting that has emerged since the 1950s (Kipping, 1999, 2002). It is related to the rise in demand for a broader range of general management consulting services beyond efficiency-enhancing concepts, which had been the primary focus of first-wave consulting firms until the second world war (Ferguson, 2002). The institutionalisation of the professional partnership model is associated with the work of Marvin Bower, managing director of McKinsey & Company in the post-war period, Jim Allen, co-founder of Booz Allen Hamilton, Bruce Henderson, founder of the Boston Consulting Group, and others. The strategic and organisational characteristics established in these "classical" P2-firms include: recruitment primarily at the level of junior consultants (analysts or associates); a hierarchical structure with essentially three levels – junior consultants as the "grinders of work", project managers as the "minders of work", and partners as the "finders of work" (Hinings *et al.*, 1991; Maister, 1982, 1993); promotion and advancement through a system of meritocracy; strict up-or-out policies; admission to the partnership through election; fusion of governance and ownership through the partnership (Hansmann, 1996; Lorsch and Mathias, 1987; Powell *et al.*, 1999; Richter, 2004), coupled with loose strategic and management control; informal communication with easy access and an open culture; and a strong emphasis on independence and professionalism. These values draw on the notion of the professional ideal that emerged during the late part of the nineteenth century (Perkin, 1996, 2002), emphasising values such as meritocracy, expertise, and individual liberty. Professionals belong to an identifiable "body that enforces an ethical code and insists that its values and standards supersede those of employers" (Starbuck, 1992, p. 718). P2 consultancies appeal strongly to the sense of professional commitment (Wallace, 1995) to an ideal-type, unwritten set of rules. They expect employees' behaviours to conform to this body of rules, which includes the "responsibility for dissent" (Bower, 1979, p. 237) from the firm's official policy if warranted by the needs of the client. To an extent, this expectation substitutes formal rules and regulations in more standard employer-employee relationships.

The emergence of the managed professional business (MPB) archetype in the consulting industry can be traced back to the third wave of consulting firms since the beginning of the 1980s (Kipping, 1999, 2002). It is characterised by the market entry of firms from adjacent industries such as accounting, auditing and IT into the consulting market. These firms were characterised by service offerings, organisational and economic models that differ markedly from the classical P2-model which continues to exist in parallel. Due to their origins, many of the new MPB-type consulting firms had access to an established international infrastructure (Aharoni, 1999), to client relationships, and to staff pools. A product of a diversification process themselves, they were prepared to move into further services considered as related to consulting, such as outsourcing. As a result, many MPB-type consultancies grew large relatively quickly. Due to the capital requirements associated with size, partnership structures were often replaced by external ownership (Richter and Lingelbach, 2005). The management function was widely transferred to dedicated administrators with little active involvement in consulting work. Larger size and internal differentiation between service lines also necessitated the development of more explicit administrative structure and rigorous control systems.

Underlying the MPB model is a set of values that differ from those that characterise P2-type organisations. MPB-type firms tend to be managed in a more business-like

fashion, with explicit objectives such as market share, revenue, and profitability targets. In order to achieve these targets, MPB-type firms develop both short- and long-term strategies, which are then broken down by business unit and/or office. The organisation is conceived primarily as a commercial enterprise. Business-like behaviour among consultants is considered desirable. Quality of service is considered vital, yet service is perceived as a programme of activities that can largely be defined and agreed upon with the client in advance of being rendered. Service quality is therefore considered to be the fulfilment of pre-defined service level agreements. In sum, the interpretive scheme underlying MPB-type consultancies exhibits "corporate" features in that it could well be found in other large-scale companies, in particular in those providing project-based services.

Table I provides an overview of the main characteristics of P2- and MPB-type firms in consulting. While some of the individual items in the table differ from those provided by Cooper *et al.* (1996), the structure of the table follows their argument that interpretive scheme, systems and organisational structures constitute major dimensions of organisational archetypes.

As Table I indicates, institutional analysis considers the role of underlying interpretive schemes to be the "glue" that provides coherence to the various organisational design elements and aids the stability of the resulting configurations or gestalts over time. Interpretive schemes and the systems and structures that implement and enforce them also define and support the power structure among economic actors. They facilitate and direct the distribution of rents generated through the firm's economic activity and thus provide privileges to particular groups of stakeholders, rather than to others (Graubner and Richter, 2003). In order to protect and defend these benefits, the advantaged stakeholders have a material interest to maintain the organisational designs that support them. Following Pfeffer (1981), Greenwood and Hinings (1988) describe this phenomenon as an important reason for organisational stability and inertia.

Overall, institutional analysis provides a rich vocabulary for identifying and describing organisational configurations or archetypes that can be usefully applied to the analysis of consulting firms. In line with this approach, we have argued that two major types of consulting firms can be identified, those organised as professional partnerships (P2), and those following the managed professional business (MPB) model. Their differences in internal organisation and governance structures are reflective of different interpretive schemes and value orientations. We expect that these fundamental differences are mirrored in the HRM policies and practices in these two types of firms. As Greenwood and Hinings (1993), p.1054) point out, the HRM dimension of different organisational archetypes is less well developed than their other structural dimensions, such as decisions systems and the allocation of roles and responsibilities. Therefore, in the empirical section of the paper we turn our attention to the HRM practices employed in P2- and MPB-type consulting firms.

Methodology
The purpose of the empirical section of the paper is to investigate the HRM policies and practices of P2- and MPB-type consulting firms and to explore their relationships to the organisational design elements of the two types of firms, including their respective

	P2-type consulting firms	MPB-type consulting firms
Interpretive scheme	Fusion of ownership and control Partnership; autonomy; self-governance	External ownership possible Company management
	Professionalism as guiding principle	Business-like behaviour; performance (e.g. profits, revenues, growth)
	Analytical/expert knowledge-based approach	Pragmatism; implementation orientation
	Strong commitment to clients	Client conceptualised as customer
	Highly tailored services, often with substantial client involvement	Greater standardisation of services
	Focus on management consulting	Vertical integration/diversification possible
	Small to medium size; élitism	Large-scale considered attractive
Systems	Consensus-based decision making	More directive decision
	Low importance of long-term strategy	Both short
	High tolerance for partner decisions; hence decentralisation	Greater centralisation of decision
Organisational structures	Three main hierarchical layers (analysts/associates – project managers – partners or equivalent)	Three or more layers; may differ from service line to service line
	Fixed, low leverage ratio between these layers to facilitate direct supervision; "apprenticeship" system	Medium to high leverage ratio between layers
	Small project teams	Larger project teams possible
	Low specialisation/differentiation in organisational structures; partners share administrative responsibilities on a rotating basis	
	Three main hierarchical layers (analysts/associates – project managers – partners or equivalent)	Greater differentiation, e.g. departmentalisation; greater importance of dedicated administrative staff

Table I.
Characteristics of P2- and MPB-type consulting firms

interpretive schemes. Towards this aim, we used both primary and secondary information.

In order to raise primary data, we conducted a series of semi-structured interviews with senior consultants with responsibilities for people management issues in a cross-section of consulting firms. In order to minimise the variations caused by the external environment influencing our results, we looked at firms operating in a homogeneous socio-political context, namely the German-speaking market of Germany, Austria and Northern Switzerland. These three countries, with similar legal and institutional features, arguably form a common market area.

In order to make meaningful comparisons between groups of consulting firms, our aim was to gather information from both P2- and MPB-type firms with a broad mix of the characteristics mentioned above. We decided to use a specific selection of firms rather

than a random sample to obtain meaningful results. The German consulting market is highly fragmented with the top 40 consultancies accounting for only 0.3 per cent of the total number of firms, albeit having almost 50 per cent market share of revenues (BDU, 2003, p. 8). Of all firms in this market, 69 per cent have less than five consultants and most likely no explicit HRM policies and practices (BDU, 2003). Therefore, we deemed a random sample to be inappropriate, instead focusing on the large and medium-sized consulting firms with a minimum of fifteen consultants. We selected from this segment consultancies with different service strategies, including full service providers and functional or industry specialists. In contrast, in-house consultancies that are closely integrated subsidiaries of large industrial firms and that work mostly for their parent company were excluded, as the organisational structures and HRM policies of these firms were likely to be influenced by the organisation of their parent.

We used established rankings, such as the ASCO (2003) publications for Switzerland and the Lünendonk (2003a, b, 2004a, b) lists for the German consulting market, to define a mix of target profiles of organisations to interview. We gained access to well-informed senior consultants from 28 consulting firms, which met the requirements specified above. This sample of 28 firms covered several large and medium-sized players in both the management consulting and the IT consulting segments. In terms of revenues, it included 11 of the 20 largest management consultancies and three of the top six firms in IT consulting in Germany according to the Lünendonk (2004a, b) lists. The firms had an average of 574 consultants. Our selection comprised consultancies of German, Swiss, and American origin, which had on average been active in the German-speaking market since 1980.

We conducted the interviews in a personal, one-on-one setting, lasting between 60 and 90 minutes each. We used a semi-structured interview guide in order to ensure that all essential topics were covered, without limiting the flexibility to focus on issues of particular interest. All interviewees were experienced professionals with close to seven years of consulting experience in their firms on average. More than one third held partner-level positions. We asked the interviewees about their consultancies' service offering, organisation set-up, HR strategy, and a wide range of HR policies and practices within the areas of recruitment and selection, training and development, performance management, career management and rewards, and HR communication and coordination.

We recorded the interviews on audiotape and then transcribed the material into MS Word format for coding and systematic review with the qualitative data analysis software NVivo. During the process of interview analysis, we refined the coding frame further. We selected statements from their original context and mapped the statements visually in order to optimally interpret the range and nature of the responses.

A number of measures were taken to ensure data accuracy. First, in addition to the 28 regular interviews, we conducted three cross-firm interviews with consultants who had worked in two or more firms. These interviews were used to confirm differences between firms discovered during the regular interviews and data analysis. Second, we interviewed three experienced HR professionals within the consulting firms in the same formal way as consultants to see whether they provided a different or more detailed view. These six interviews confirmed, rather than challenged the findings from the 28 regular interviews, therefore we decided the number of interviews were sufficient (Yin, 2003).

In order to validate and complement our database, we drew on secondary evidence, in particular industry reports from Kennedy (2003, 2004), Alpha (2002), Lünendonk (2003a, b, 2004a, b), and Vault (Lerner, 2003). These reports provided valuable insights into issues such as hiring, training, and rewards. We also used evidence from industry magazines and newsletters such as *Consulting News* and *Consulting Magazine* (e.g. Landriscina, 2002).

Overall, our qualitative approach enabled us to investigate the organisational contexts of HRM policies and practices, including the underlying interpretive schemes emphasised in institutional theory, and to deal with heterogeneous results (Miles and Huberman, 1994).

Evidence on human resource management in P2- and MPB-type consulting firms

In this section, we report on the results of our empirical investigation. We first provide the allocation of the 28 firms in our sample to the two organisational archetypes discussed in the earlier part of our paper. Thereafter, we give an overview of the HRM systems in these two types of firms. After a brief discussion of general HRM principles and objectives, we follow a stylised career path of an individual, beginning with recruitment and selection, training and development, feedback systems, career management, reward systems, and exit management. We provide empirical evidence in terms of both count measures and quotes from our interviews to show how the firms in the two groups differ from one another. The differences in HRM systems between the two groups were particularly strong with respect to their training approaches. We therefore conclude this section with an in-depth comparison of these training approaches, involving a Chi2 analysis of the differences between the two groups.

Results of the classification of firms

We classified our sample of 28 firms on the basis of the archetype dimensions interpretive scheme, systems, and organisational structures discussed above. We used a total of five criteria as indicators for these three dimensions, namely the principles underlying the governance of the firms concerned, their consulting approaches and their client focus (as indicators of the interpretive schemes of the firms concerned); the extent to which decision-making processes were shared collectively or centred around one person or a small and confined group of individuals as an indicator of the systems, and their leverage ratio (i.e. the ratio between junior to senior consultants; see Greenwood *et al.*, 2005; Maister, 1993) as an indicator of their organisational structures. We classified a firm as a P2- or an MPB-type organisation if at least three of these five criteria indicated that the firm belonged to the category concerned (see Table II).

As shown in Table II, on the basis of our rating we classified 17 organisations as P2-type firms, and 11 as belonging to the MPB model. Overall, the rating criteria led to a fairly unambiguous assignment of firms to the categories, i.e. the distinction between the two types of firms were reasonably sharp. The firms contained in our sample therefore match the descriptions of P2- and MPB-type firms summarised in Table I quite well.

	Classification criteria	P2	MPB
Interpretive scheme	1. Governance principles		
	Partnership	15	6
	Non-partnership	2	5
	2. Consulting approach		
	Consulting services related to a particular product, e.g. software, telecommunications system, etc.	0	7
	Consulting services not related to a particular product	17	4
	3. Client focus		
	Preparedness to shift project focus in response to client needs	16	5
	Limited preparedness to shift project focus in response to client needs	1	6
Systems	4. Decision making		
	Collective (e.g. in the partnership group)	14	5
	Focused on an individual or a small, confined group of people (e.g. management board)	3	6
Organisational structures	5. Leverage ratio		
	Low ($\leq 1 : 8$)	13	6
	High ($\geq 1 : 9$)	2	5
	(Unclear/varies)	(2)	(0)
Overall classification: firms that fulfil at least three of the five criteria		17	11

Table II.
Classification of firms as
P2- and MPB-type
consulting firms

HRM approaches in P2 and MPB firms: overview

Our data showed that significant differences in HRM existed between P2- and MPB-type consulting firms. Table III provides an overview of our findings.

The HRM practices and policies listed in Table III are intricately linked to the other organisational design elements of P2 and MPB firms discussed above. Beginning with P2-type firms, the HRM practices reflect the underlying professional ideal that forms the core of the archetype's interpretive scheme. Specific rules and official policies are replaced by overarching values. Partners (or other senior consultants in an equivalent position) carry the main responsibility for most HR-related issues such as interviewing and recruitment, promotion, and termination of employment relationships. For example, in 16 out of the 17 P2 firms, partners were strongly involved in all hiring decisions. One interviewee from a P2-type firm reported: "Hiring decisions are taken at the highest level possible ... [our chairman] himself talks to all candidates before we make an offer". By implication, partners have some leeway in interpreting the overarching professional values and applying them in the concrete situation. Nevertheless, the underlying value orientation provides a strong and pervasive framework, which is upheld by principles of peer monitoring, partnership, shared liability and bonding. In many cases, important HR-related decisions are taken by representative groups of partners (or, in smaller firms, even by all partners) jointly. In one case of a medium-sized P2 firm, important HR decisions such as senior promotions

Category	Aspect	P2-type consulting firms	MPB-type consulting firms
1. General HRM principles	Role/importance of HRM principles and objectives	Only a few but fundamental "professional principles" linked to an overarching mission/vision. Few explicit HRM policies which apply to all staff regardless of differences between seniority levels/job types	Some explicit and detailed objectives, in particular for different functional specialties/job categories (e.g. different policies for programmers and strategy consultants)
	Variance in HRM principles across organisational units	Identical or similar principles apply across units (e.g. offices/countries), often rooted in "one firm concepts"	Some heterogeneity in HRM principles across different units (e.g. offices/countries)
	Extent and type of formal HR planning and reporting	Relatively little formal HR planning and reporting	Some formal HR planning and reporting, especially where centralised HR exists
2. Individual HRM policies and practices 2a. Recruitment and selection	Skill type sought	Focus on a broad range of general skills, ideally combined with some business training (e.g. MBA)	Preference for strong commercial or technological skills over general skills
	Skill level sought	Preference for candidates with postgraduate qualifications	Focus on graduate and some postgraduate candidates
	Selection methods	Selection largely based on personal interaction (case interviews, presentations, etc.), potentially complemented by some formal tests	Selection based on both personal interviews and assessment centre techniques
	Responsibility for operating recruitment/selection processes	Process run primarily by (senior) consultants including partners, with support from HR staff	Process run jointly by consultants and specialised HR staff
2b. Training and development	Training methods	Training primarily through direct observation and experience, supported by workshops largely led by consultants at project manager level or above	Training through both on-the-job experience and formal workshop-type coursework involving HR staff, external specialists/trainers, and some consultants at project manager level

(continued)

Table III.
Overview of HRM
approaches in P2- and
MPB-type consulting
firms

Category	Aspect	P2-type consulting firms	MPB-type consulting firms
	On-the-job training	Mainly provided by higher level consultants such as project managers for junior consultants and partners for project managers	Primarily provided by same-level colleagues, e.g. among junior consultants
	Emphasis on training courses	Strong emphasis on training courses in professional and interpersonal skills, complemented by analytical skills	Emphasis on training courses in analytical, managerial and technical skills (e.g. programming languages), depending on job specification
2c. Feedback mechanisms			
	Frequency and type of feedback	High frequency of feedback by immediate supervisor (e.g. project manager); feedback schemes with strong emphasis on personality-related and behavioural aspects frequently used	Medium to high frequency of feedback; higher importance of specific skills over personality-related and behavioural aspects in feedback schemes
	Importance of upward feedback	Upward feedback and evaluation by juniors important part of performance metrics for seniors	Upward feedback by juniors often part of performance metrics for seniors, but carries limited weight relative to other performance indicators such as business acquisition
2d. Career management			
	Career paths available	Long-term career possible, but no long-term commitment from career starters expected; little choice of different career paths; progression depends on performance evaluation	Elaborate long-term career plans and programmes; some choice of different career paths possible; progression sometimes underpinned by formal HR instruments such as internal assessment centres
	Availability of international staffing opportunities	International staffing upon individual demand, primarily on short-term project basis or for temporary office transfers; opportunities available at all levels	International staffing opportunities upon individual demand available for high performers (but may be handled restrictively due to local interests overruling global policies)

(*continued*)

Table III.

Category	Aspect	P2-type consulting firms	MPB-type consulting firms
2e. Reward systems	Homogeneity of reward structure across offices/countries	Common point of reference for reward levels in those firms that operate a global profit pool, although salary levels, in particular at junior levels, are adjusted by differences in living costs and income levels in different countries; some commonalties but also some variance in benefit levels across countries (e.g. car policies)	Rewards primarily on a local (country-by-country) basis; some degree of international standardisation for senior consultants
	Ownership rights	Major participation in ownership rights restricted to upper-level consultants; in partnerships granted through election	In publicly quoted firms widely distributed among employees; offered, for example, as bonus
2f. Exit management	Exit mechanism	In most firms explicit up-or-out systems, using forced rankings; individuals leave often through self-selection, but are asked to leave if necessary, even if utilisation is good	Expectation of continuous development (sometimes underpinned by "grow or go" principles, but less strictly enforced). If utilisation is good, employees leave primarily through self-selection
	Retirement	Forced retirement of the most senior partners before respective national retirement age. Firm buys back shares from retiring partners	Retirement at national retirement age possible. In publicly quoted firms, retirees keep shares allocated to them throughout their careers
	Support for firm leavers	Substantial support for employees who leave voluntarily or involuntarily. In larger firms, continuous support through alumni networks	Limited support for firm leavers at junior levels; growing stronger on senior levels

Table III.

and termination of employment relationships required that "80 per cent of the partners agree". Many of the representatives from P2-firms – without being prompted to do so – mentioned the importance of "one firm principles" or "firm-wide values" that provided common value orientations for their firms, despite some leeway in the application of these guiding principles.

Our data suggest that in P2-type firms, individual career paths are defined by accession to the partnership, which entails a generalist role (e.g. in terms of the firm-related administrative tasks involved, etc.), despite any functional or sector specialisation that a partner may possess. Most of our interviewees from P2-type firms saw a functional or industry-related specialisation as a natural by-product of a consultant's development over time, rather than as something that should be fostered at the very beginning of a career, or as a criterion for hiring a consultant in the first place. Therefore, in their recruitment policies the P2-firms in our sample tended to look for candidates with a broad range of general skills from a variety of disciplines (see Table III). Similarly, in only two out of the 17 P2-firms young consultants were expected to decide upon a particular area of specialization very early on in their career (i.e. over the first half-year of their tenure), whereas in the other cases consultants were given time to gain experience in different functions or client industries (as long as they were covered by the firms concerned), before they would be expected to develop a more stable affiliation.

Many of the individual HR practices listed in Table III as characteristics of P2-firms (e.g. training through direct experience; high frequency of feedback in either direction) can be considered as means for ensuring a common socialisation of individuals into the firm. The socialisation process is based on close interaction of junior and senior professionals as part of an "apprenticeship model". Therefore, P2-type firms provide opportunities for interaction between junior and senior consultants in a systematic fashion, for example through the close involvement of senior consultants in training programs (see Table IV). Junior consultants get to know their senior colleagues, and grow into more advanced professional roles.

Training approach	P2 (%)	MPB (%)
Training on the job (for junior consultants)		
Senior consultants (i.e. partners or equivalent) are strongly involved	20	0
Project managers or equivalent are strongly involved (in addition to peers)	80	44
Only peers are involved	0	56
		$\chi^2 = 6.78$[a]
Formal off-the-job training (for junior consultants)		
Senior consultants (i.e. partners or equivalent) are strongly involved	19	0
Project managers or equivalent are strongly involved	62	36
Largely provided by internal or external professional trainers	19	64
		$\chi^2 = 6.46$[a]
Mentoring		
Existent but not formalized	18	10
Formal program only at the introductory level	6	40
Formal program for an extended period of time	76	50
		$\chi^2 = 4.86$[b]

Notes :[a]$p < 0.05$; [b]$p < 0.10$

Table IV.
Comparison of training
approaches in P2- and
MPB-type consulting
firms

The HR practices in MBP firms, in contrast, reflect a greater differentiation of roles between senior consultants, junior consultants, and functional support staff, than is the case in P2 firms. The work of senior consultants in MPB-type consulting firms focuses on the generation of revenues from selling project work in accordance with overall market-related objectives. In nine of the 11 MPB firms, sales were recognized as the most important task of senior consultants, who were often supported by specialized sales or marketing functions. As one interviewee reported, "on the partner level, the work consists almost exclusively of sales, hardly of project work". Organisational structures, including HR policies and practices are geared at leveraging the resulting revenue stream. The expectation to generate revenue leaves little time for direct interaction between senior and junior consultants. Professional HR units therefore tend to play a bigger role in the design and implementation of HR-related practices and activities, such as recruitment, selection and staffing, than is the case in P2-type firms. For example, in our interviews with representatives of consulting companies that were classified as MPB firms, we heard the following comments about how staffing was organized:

Our central staffing department takes these kinds of decisions.

We have a resource manager who uses a staffing tool for this purpose.

In each country unit there is a member of our support staff who does staffing. Usually these people will take staffing decisions in coordination with the country manager.

HRM practices are guided by formal policies, which in turn are designed to support explicit market strategies. At the same time, there is greater differentiation and independence between offices or service lines. One interviewee said that "most units, such as HR, exist at two levels, the regional and the international one". This differentiation requires formalised structures of communication and reporting between administrative units, such as local and global HR functions.

Structural differentiation implies the need to define roles and responsibilities for both consultants and support staff more specifically than would be the case in P2-type consulting firms. Performance requirements are derived from the overall market strategy of the company. As they progress, consultants are expected to be able to manage increasingly larger packages of work and break them down further to ensure a consistently high leverage ratio. The values underlying these HR policies and practices are commercial ones. They reflect the underlying interpretive scheme of MPB-type consulting firms in terms of market orientation, productivity, and business management.

Different HRM approaches between P2- and MPB-type firms: the case of the training
Our results suggest that the differences between the HRM practices and approaches between P2 and MPB firms are most pronounced with respect to the training approaches prevalent in these two types of firms. In P2 type firms, senior consultants (i.e. partners of equivalent) and project managers are strongly involved in the provision of both on-the-job and off-the-job training for juniors. One interviewee commented: "95 per cent of training is on-the-job … and is mostly provided by the VP, if he lives his role as he should". In contrast, in MPB firms, peers (i.e. consultants with only slightly higher seniority that the trainees themselves) provide on-the-job training for juniors; and formal off-the-job training is provided by internal or external professional trainers in two thirds of all cases. An interviewee from a firm classified as an MPB firm said that on-the-job training "is

rarely provided by partners. They do not have time for that. Sometimes [training is provided] by project managers, but often this is simply done by colleagues who are just one step more advanced and more experienced than the trainees concerned". Similarly, off-the-job training is frequently procured from external service providers, including the companies providing the software around which the consulting service might revolve. Overall, training focuses primarily on the provision of clearly circumscribed skills that enable juniors to execute predefined "packages" of work. Inspection of the results from Chi2-tests indicates that these results are statistically significant at the 95 per cent significance level (see Table IV). Along the same lines, three quarters of the P2 firms in our sample provide formal mentoring programs for junior consultants for an extended period of time, as compared to only half of the MPB-type firms.

Overall, the differences in HRM approaches found between P2 and MPB-type consulting firms broadly supported our expectations. We interpret the differences in HRM approaches as being reflective of the underlying interpretive schemes in P2 and MPB firms. In P2 firms, the HRM model emphasizes the importance of membership of individual consultants in a group of professionals, rather than mere employment. Attaining membership is a gradual process that begins in the pre-employment phase and intensifies as consultants progress through the hierarchy and ultimately attain partnership status. As membership does not begin at a clearly defined moment, it does not end abruptly. Instead, membership tends to loosen before the termination of the formal employment relationship, as even those consultants who are asked to leave often receive some considerable support and time to look for alternative options. Similarly, consultants may maintain a reduced form of membership after the end of their employment contracts, e.g. through alumni networks and even the participation in office or firm events. The notion of membership is reinforced by the frequent interaction between senior and junior consultants, be it through actual project work, or through the involvement of senior consultants in formal and informal training, mentoring, and so on.

The HRM practices and policies in MPB-type consulting firms, in contrast, are reflective of more standard employment relationships typically found in corporate organisations in other service sectors outside consulting. In standard employment relationships, employees transfer control and decision-making rights, e.g. regarding the exact definition of tasks, within boundaries of acceptability, to the firm in lieu for stability and security, e.g. in terms of regular salary (Simon, 1951). MPB-type firms are characterized by a greater differentiation of tasks, involving the devolution of responsibilities for HR-related tasks to specialized units, and a lower degree of interaction between senior and junior consultants.

Discussion and conclusion
In this paper, we have applied the notion of organisational archetypes to the consulting sector and investigated the implications of these archetypes for the HRM systems, policies and practices in consulting firms. We have drawn on the distinction between professional partnerships and managed professional businesses proposed in institutional theory. According to Greenwood *et al.* (1990), Hinings *et al.* (1991), Cooper *et al.* (1996) and others, these organisational archetypes involve fundamentally different governance and management systems, organisation structures, and underlying interpretive schemes (beliefs, ideas and values that allow to interpret individual design aspects as elements of a coherent whole).

The focus of the empirical part of the paper was on whether consulting firms that adhere to either of these two archetypes also exhibit different HRM systems, policies and practices. Based on our analysis of data from interviews with consultants in 28 large and mid-sized consulting firms in Germany and Switzerland, the results show that they do. We specifically found that in P2-type consulting firms, HRM is an integral part of the organisational system and is run in practice by consultants, rather than by specialised HR staff. P2-type firms emphasise the notion of membership of individuals in an organisation tied together by extended socialisation processes and adherence to common values. In contrast, MPB-type firms exhibit HRM systems with "corporate" features widely used in other large-scale service organisations. They tend to have more specific HRM policies and regulations, which are adapted to local conditions and rely to a greater extent on specialised HRM units.

The empirical findings broadly confirm our expectations that organisational archetypes matter for the way firms manage their human resources. We would argue that HRM principles, policies and practices form an integral part of the overall organisational system, and can only be understood in this frame of reference. According to this perspective, HRM is not a collection of singular practices, but part of a system of mutually reinforcing elements. Crucially, such systems involve shared beliefs, values and norms which are then reflected by individual policies and practices, whether these are in the area of HRM or of other organisational and managerial domains such as strategy and governance.

Our research has implications for both theory and practice. In terms of the theoretical implications, we note that our finding that HRM policies and practices form an integral part of an overall organisational (arche)type would be consistent with several strands of literature in organisation theory, not just the institutional perspective (as represented by Greenwood, Hinings and their co-authors), on which we have drawn in this paper. For example, the interconnectedness of various organisational characteristics has also been highlighted in the literature on organisational fit (e.g. Henderson and Clark, 1990; Pennings, 1987; Siggelkow, 2001). In addition, the economic theory of complementarities (Milgrom and Roberts, 1994, 1995a, b; for an application in the context of HRM see Ichniowski et al., 1997) has provided a microeconomic explanation for the "glue" that keeps distinct organisation configurations (in this literature often labelled "design types") together, namely through the value created through complementarities among design elements (see also Richter, 2004). However, in these literatures, the importance of what Greenwood, Hinings and their co-authors call the underlying interpretive scheme – values, governance principles, fundamental beliefs – has generally received less attention than it deserves. Our results indicate that the interpretive scheme is important for a better understanding of the connectedness among the individual HR practices and approaches in different organisation types.

Our research also has implications for analysing the notable stability and inertia in the design of professional service firms. We surmise that change in these firms is rendered difficult by the stable interrelationships among the various elements of the P2 and MPB archetypes (Milgrom and Roberts, 1994; Roberts, 2004). From our point of view, even the more cautious metaphor of "sedimentation" (rather than "transformation") employed by Cooper et al. (1996) (see also Greenwood and Lachman, 1996) may overestimate the capabilities for organisational change among

professional service firms, at least in the consulting sector. Various authors (e.g. Siggelkow, 2001; for the earlier literature see Miller and Friesen, 1980a, b) have shown that strong connections among various organisational elements may hold organisations back from change, rather than facilitate it. This debate is clearly beyond the scope of the present paper. Further work is needed to address the issue of organisational change more fully.

The discussion of the importance of fit among different elements of organisational configurations also suggests implications for managerial practice that can be drawn from our work. The evidence provided in this paper indicates that two types of consulting firms, both of which have been successful in terms of growth and value generation for their owners, employ fundamentally different HRM approaches. This finding suggests that there is no single approach to HRM that would be universally optimal across the range of organisational types. In light of this finding, standard recipes for "good" HR management appear overly simplistic. Rather than to follow such standard recipes, managers should seek to maximise the coherence between different elements of their organisation systems. They should avoid organisational "mix and match" strategies that involve combining singular practices from different systems. They should rather grow and apply those HR approaches and policies that are consistent with the overall configuration of their organisation, including the underlying beliefs, values and behavioural norms.

Our paper comes with the usual caveats pertaining to the extent to which the findings from exploratory, qualitative research can be generalised across a larger number of firms or applied across sectors and geographies. Future research should seek to confirm or disconfirm our results. Nevertheless, our study has provided persuasive evidence on the linkages between second-order phenomena (organisational structures) and third-order aspects (HRM policies and practices) (Kochan *et al.*, 1986) in an increasingly important yet under-researched sector of the economy.

Note

1. We use the term "consulting" to refer to both management consulting (strategy, operations, corporate finance, marketing, organisation, etc.) and IT consulting.

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