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Conference Paper

The rise of consultancy and the prospect for regions

38th Congress of the European Regional Science Association: "Europe Quo Vadis? - Regional Questions at the Turn of the Century", 28 August - 1 September 1998, Vienna, Austria

Provided in Cooperation with:

European Regional Science Association (ERSA)

Suggested Citation: Wood, Peter (1998) : The rise of consultancy and the prospect for regions, 38th Congress of the European Regional Science Association: "Europe Quo Vadis? - Regional Questions at the Turn of the Century", 28 August - 1 September 1998, Vienna, Austria, European Regional Science Association (ERSA), Louvain-la-Neuve

This Version is available at:

<https://hdl.handle.net/10419/113586>

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38th CONGRESS OF THE EUROPEAN REGIONAL SCIENCE ASSOCIATION

VIENNA

28 August - 1 September 1998

The rise of consultancy and the prospect for regions

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ABSTRACT

Reviews recent research, especially in the UK, on the growth of 'knowledge-intensive services' (KIS), based on processes of consultancy. This trend is a significant symptom of new divisions of labour in the provision of key technical and business expertise especially in the corporate sector. KIS growth is regionally highly concentrated in all European countries, but their influence on patterns and rates of change in other sectors is perhaps becoming even more significant across all regions. Global consultancies, in particular, now link global, national and local sources of expertise, exerting a powerful influence on national and regional KIS through both competitive and collaborative processes. Important elements of economies, including small-medium firms, and peripheral regions, may not benefit from these changes, thus accentuating patterns of unequal economic development.

Key Words

business consultancy, knowledge-intensive services, regional development, expertise, globalisation

The rise of consultancy and the prospect for regions

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Information and expertise

During the past thirty years information exchange has become widely accepted as a principal basis for innovation and economic development in the industrialized world. The continuing expansion of 'white collar' service work has been perhaps the major symptom of this trend, and over recent years technological breakthroughs in computing and communications have progressively increased the capacity to gather and process information at unprecedented rates. Information and computer technologies (ICT) are now rightly regarded as among the leading components of modern economies, supporting global competitiveness while displacing old, and creating new forms of employment (Hepworth, 1989; Graham and Marvin, 1996; Castells, 1988).

These technologies are also credited with transforming many other aspects of production. One important effect, for example, has been the emergence of inter-linked clusters of manufacturing and service functions, serving particular market sectors, for example in 'aerospace', 'tourism', 'healthcare' or 'the media', based on extended networks of information exchange supporting financial, strategic, marketing and logistical control. This control is sometimes exerted within large firms and sometimes shared between firms. Traditional divisions between manufacturing and service industries have become largely arbitrary. The information revolution has thus transformed the relations that sustain the economy, collapsing both time and space, bringing global events and pressures to bear on the daily decisions of each business, and on the lives of each locality (Harvey, 1989).

Missing from many accounts of the information-driven nature of contemporary economic change, however, is a complementary emphasis on the human technical and managerial capacities required to conceive, plan, and deliver such change. From the point of view of the management of business or public organisations, simply gaining access to greater volumes of

information causes many more problems than it solves, and this is more true the larger the organisation. What all active organisations seek is not just more information, but better forms of individual or group **expertise** to acquire, interpret and respond to the flood of intelligence in relation to their strategic operational goals (Wood, 1992).

In large organisations, expertise has traditionally mainly been acquired through the recruitment and in-house training of technical and business experts and managers, developing their on-the-job experience through career development. There have been some radical changes in such ‘internal labour market’ practices in recent years, driven by the pace of commercial change, including the impacts of ICT. Firms have ‘downsized’ their management staffs and devolved many responsibilities away from headquarters or other centralized functions to divisional and regional units (Dahlman, 1979; Drucker, 1988; Clegg, 1990; Aksoy and Marshall, 1992; Marshall 1994).

Increasingly, however, the rate and diversity of outside change have driven even the largest organisations to recognize that they cannot recruit or train all the experts they require to serve all their specialist needs into the indefinite future. They know they have to look elsewhere for specialist expertise and advice. This realization, of course, is a significant cause of the rise of business consultancy.

The growth of business consultancy: UK and European evidence

Using outside expertise is hardly a new trend. In manufacturing, subcontracting specialist processing or component production has long been commonplace. Transaction cost analysis (TCA), as a branch of institutional economics, has sought to define the circumstances under which internally-controlled production by firms might be preferred to acquiring outside goods and services through market exchange (Williamson, 1985). Interestingly, TCA generally concludes that quality of control and uncertainty of information exchange dominate decisions even about manufacturing outsourcing. It is thus usually deduced that significant strategic and specialist information-based exchanges must remain controlled within the organisations that rely on them and cannot be trusted to others (Buckley and Casson, 1985; Goe, 1991; Zajac

and Olsen, 1993)

In spite of this, it is also not novel for organisations to seek strategic significance outside service expertise, for example for engineering advice or market research, public relations and advertising. These practices have expanded in recent years, especially to support the exploitation of computer and communications technology, acquire more sophisticated personnel and training skills, gain access to specialist transport and distributional skills, and even to seek out innovative forms of strategic organisational planning and control, through 'business reengineering' or 'total quality management'.

The most obvious evidence for these trends lies in the growth of the business services, especially consultancy, based on a high intensity of expertise exchange with client staffs.

Table 1 indicates the principal business services, .

Employment in management-related services

Some of this growth is simply 'outsourcing', in the sense that the same job is done more cheaply by an outside provider than in-house. Much, however, arises from the growing cost and technical complexity even of traditional management functions which may now be better undertaken by outside experts. Consultancy growth, however, reflects more than such changing divisions of labour for established functions between in-house and outside expertise. A powerful incentive to employ consultancy also comes from changes in the very nature and role of commercial and public sector organisations, restructuring and reforming how they operate. These transformations arise from the impacts of new ICT technology, intensified global competition, post-merger or privatisation adjustments, high rates of product or process innovation, and even the development of completely new management cultures within and between firms.

Thus, even for strategic change, consultancies now offer experience which senior client managers may never have faced before. The expertise of the consultancy may thus enter into the very core of the client management process, influencing its success and even survival. In these cases, at least, such exchange relies on close relations of trust between consultancies

and clients in adopting highly sensitive and often radical approaches to change (Wood, 1995a). So the growth of consultancy is a significant component of wider organisational responses to modern change. Much is relatively routine, but in a growing range of situations it now occupies a key position, bringing to bear new sources of expertise in response to novel business problems, upon which clients increasingly rely.

Regional concentration and international extensions

In spite of the widely acknowledge significant of technical and managerial expertise for competitiveness and innovation, these developments have so far attracted little systematic analysis. This is partly because of the recentness of consultancy growth, but also because of a sort of conspiracy of silence about what consultancies contribute in association with clients. Some of the most active empirical research has been undertaken at regional scales where the majority of consultancies, although not necessarily the most influential, operate. Here, the relationships between consultancy activities and their clients can be associated with wider regional economic development processes including often the extension of consultancy markets into other regions (O'Farrell, et.al. 1992; 1994; 1996). Concentrated patterns of specialist consultancy activity, especially into dominant urban regions, certainly suggest that part of their success depends on the regional economic environment within which they operate.

In the UK, for example, it is no exaggeration to state that the growth, with the financial services, of business service activities generally, has been one of the dominant forces sustaining regional inequality in the last twenty years. This is not the whole story, however, because business consultancy is also becoming increasingly international in its scope. Local exchange is not the only source of expertise. Indeed, the most novel characteristic of consultancy in recent years, increasing its economic and regional development significance, has been its growing 'tradability'. This means the ability to transfer expertise over increasingly long distances, not just from core to peripheral regions within countries, but also increasingly through the emergence of a global system of expertise exchange.

This exchange may be achieved by various means, (all of them poorly monitored);

- Using information technology, enabling consultancies in one country to deliver their expert advice directly overseas:
- Through the movement of experts, as business travellers or more permanent secondees:
- Through collaboration between experts in different countries, establishing networks of exchange including many joint ventures.
- Through the influence of global consultancies, such as Arthur Andersen, KPMG and McKinsey's, transmitting state of the art global expertise into local situation wherever they have branch offices or partnerships.

Like their growth, the regional concentration and tradability of consultancy skills are also responses to wider trends in modern business organisation. The information explosion has increased the need to gain access to specialist expertise. Many client-consultancy relations develop within often intense regional concentrations of exchange. But organisations also need to draw on international sources of intelligence. It is at this international scale that many of the changes which need to be responded to originate (see Amin and Thrift, 1991; 1994; 1995).

The growth of business consultancy thus affects the prospect of regions not just because of its own obvious tendency to concentrate in core regions, but also because of how it increasingly serves the needs of global organisations, accelerating the pace of business change everywhere. There can hardly be a better illustration of shifting relationship between regional-scale economic change and global developments than in the developing exchange of commercial expertise, of which a key symptom is the growing influence of global business consultancies.

Research in recent years has documented the regional conditions which favour the growth and

development of business consultancy, confirming the importance of the corporate sector even at this scale. There is also evidence that such large firms increasingly depend on consultancy advice in planning wider business change. Most recently, in the light especially of recent European comparisons, the importance of the growing tradability of consultancy expertise has become clearer, and especially the influence of global consultancies for regional restructuring. After a brief review of evidence for the UK, this paper thus seeks to present a systematic framework for analyzing patterns of regional expertise exchange, linking them to global patterns, as a guide to future inquiries into both regional patterns of consultancy development and, even more significant, their impacts on other regional sectors.

Evidence for the regional context of consultancy development.

In the UK, empirical research by both Patrick O'Farrell in Edinburgh, comparing Scotland and the SE, and by David Keeble, John Bryson and myself, examining inner London, the rest of the South East region and northern England, has demonstrated the significance of the regional scale in consultancy development (for detailed evidence, see O'Farrell et.al. 1992; Bryson et. al. 1993; Keeble, et. al. 1991; Wood, et.al. 1993). What emerges most significantly is the dependence of these agglomerations on links to large firm, corporate demand. Both studies demonstrated that successful small-medium, regionally-based consultancies rely on large, often multinational and blue-chip companies for their major markets, although this was relatively more true in core regions, and in functions such as market research and advertising compared with technical consultancy.

A regional influence was nevertheless still strong through the client sectors predominantly served. For example, much management consulting work is undertaken for manufacturing in northern regions of the UK, and for financial and other services in the south. The work of small-medium consultancies for large clients was also seldom merely routine. Much was advisory, in relation to human resource management, corporate strategies, information systems, R&D, market response and marketing strategy. They thus often offered quite high-level strategic advice to corporate clients. Most significantly, especially among the management consultancies, the South East offered the greatest opportunity to specialise in the

expertise offered, supported by the scale and diversity of the regional corporate market.

In northern England and Scotland, consultancies more commonly offered broader advisory services, with companies having to seek out more new business than in the south, more often among smaller clients, with less work secured through repeat projects or recommendations from clients. They were also more dependent on government-sponsored (Department of Trade and Industry) projects. Although, on average, about half of business came from outside the local region, inner London firms could rely much more on nearby clients, and also had the largest proportion of overseas clients.

The origins of small business service firms were also regionally distinctive and linked to the corporate sector. Most depended on the reputations of their key consultants developed while working earlier for established, often large companies. The inner London nexus provided a powerful seedbed for consultancy, although some companies also became established in, or move out to, other parts of the South East. Elsewhere, especially in the North West, consultancies more often spin-off from client-sector, and smaller firms.

In London, therefore, the supply of skilled and motivated consultancy entrepreneurs, oriented through close network links to various types of corporate client, including other business and financial services, seem to form a vital part of the capital's economy. They not only created a high rate of employment growth during the 1980s, but also an important and flexible repository of crucial commercial expertise to support other business in the region. The outer South East benefits from spill-over from this nexus, involving experienced individuals in specialist functions, and a growing and accessible local market, especially in corporate headquarters and divisional offices, including decentralizing functions from the capital.

By contrast, similar small business service firms in the North West and Scotland generally play a much more limited and derivative role in the regional economy. Sources of entrepreneurship are fewer and more hesitant, networks more difficult to establish as the basis for a secure flow of business, and a wider market area needs to be covered, including fewer corporate and more small clients. Levels of specialisation are thus relatively lower, oriented

to more general client functions particularly within manufacturing. Founders tend also to be younger and less experienced, with less scope to develop specialist skills and trade them to new markets. Business service expertise is dominated more by branches of the large, London-based consultancies.

These contrasts also reflect the success of consultancies in entering overseas markets. Patrick O'Farrell and I have examined the internationalisation of over 850 small-medium consultancy firms in the SE and Scotland, including engineering, management, computer software and market research consultancies (O'Farrell et.al, 1994; 1996). Only one third of Scottish firms had been engaged in international business compared with 55% in the South East, with even higher proportions in management consultancies and computer software companies.

The key to London's success in developing consultancy exports is, once more, specialisation in relation to corporate needs. Closer and more permanent relationships with key clients, both at home and abroad, also ensure a higher probability of repeat business. South East England also has access to a markedly more expert and experienced staff. Successful Scottish firms, on the other hand, had to employ export agents more and enter into joint ventures, and undertake projects in association with larger consultancies. In general, they suffer from a less discriminating local demand, which is more price-, rather than quality- sensitive, offering less specialized services.

Corporate change and consultancies use

The success of consultancies depends on developing effective relationships with corporate clients, often but not exclusively in a regional context. Why do large clients, with ample staff resources of their own, employ consultancies, including many small firms, to assist them with strategic change? Is this primarily a matter of employing specialist expertise which they cannot or do not wish to recruit, train or employ themselves? Examination in the UK of how clients view consultancy inputs, manage these relationships, relate the skills of consultants to those of their own staff, and control the outcomes, suggest that the relationship is more complex, and often more strategically significant than this.

First, in a sample of 124 large UK firms, over 70% customarily employed consultancies in planning significant strategic change (see detailed evidence in Wood 1996a/b). This itself was somewhat startling given the significance of the projects and the traditional self-sufficiency of in-house management. Secondly, across a wide range of manufacturing, utilities and services, consultancies were most often employed on key change projects by large, expanding, service and utility firms with decentralized management structures, and in the south of the country. Consultancy thus appears to reinforce change in the more dynamic elements of the corporate sector.

Thirdly, in examining particular forms of strategic change projects, even major companies admitted gaps, often quite conscious, in their own management capability to address them. In general, clients showed high in-house levels of experience in financial management and administration, and personnel and human resource management, but relatively low experience in marketing, market research, IT and systems, and environmental expertise.

Fourthly, a variety of relationships was struck up with consultancies, ranging from avoiding using them altogether to strategically planned dependence for key management and technical functions. Within this range, corporate clients used consultancies to compensate for in-house deficiencies most when acquiring IT and systems and market research expertise. In contrast, even when they possessed experienced in-house staff, with organisational change and personnel and human resource expertise, companies tended to employ consultancies more for projects requiring these skills.

Similarly, manufacturing or utilities firms using technical production and services management and environmental consultancies, usually already had experienced staff in these specialisms. Companies which claimed not to employ consultancies for strategic change were generally experienced in technical areas such as IT and systems, production management and environmental expertise. They thus did not see the need to employ consultancies. Significantly, however, they were also among the least experienced in organisational change, personnel and human resource management and especially in managing strategic planning.

In general, when it comes to the broader organisational, personnel and strategic aspects of change, therefore, and also in production-related expertise, consultancies tend to reinforce the strengths of experienced corporate clients rather than compensate for the weaknesses of the inexperienced.

Consultancy selection

Consultancies are employed for one or more of three basic contributions they bring to planning change: their specific expertise; their detachment and impartiality in relation to the processes of decision-making undertaken by clients, and their ability to provide specialist extra capacity at times of change. They are generally expected to work closely with client staffs, especially in long and significant projects, sometimes providing specific technical advice, sometimes a wider blueprint for change, and sometimes training client staff themselves to acquire new methods. The output of effective consultancy work is a co-product, combining client and consultancy expertise.

One of the most revealing pieces of evidence about the relationship between clients and consultancies was the variety of consultancies employed by corporate firms. There was incidentally no significant evidence that corporate clients consciously looked for strategic consultancy needs in local regions. They were able to gain access to whatever outside expertise they needed wherever they were located. Sometimes this is based in the local region, although the general outcome of this choice, of course, was to favour consultancies based in the core regions of southern Britain.

Among those using consultancies, only 61% engaged large multi-functional consultancies, and only one third of these used them alone. Smaller specialist consultancies, specialist technical consultancies and many individual sole proprietors or consulting professors, were usually employed as well. Corporate clients thus combined the use of large, international consultancies with the specialist expertise of smaller firms to serve their various needs.

Many experienced clients with a clear in-house vision of what they required thus often

employ consultancies on an almost routine basis, engaging them selectively, with close liaison and control. This was especially common among the major service-based corporations, for example in retailing. There were also many important projects where consultancies supported clients in undertaking profound strategic change. Major consultancies often worked closely with client staffs, with smaller specialists undertaking particular technical aspects of the work. The best examples of this were probably the privatisation and post-privatisation of the major utility companies, in electricity, gas and water supply, in the early-mid 1990s. Consultancies were also often critical for manufacturing firms undergoing radical restructuring, and in post-merger restructuring in all sectors.

The client-consultancy relationship was thus adapted to individual project circumstances. In the most successful cases it developed into sustained exchange, based on repeat projects and the development of familiarity and trust, associated with significant changes in client business culture. There nevertheless always remains a tension between the client's wish to manage its own affairs and to be the primary owners of any change, and the need to draw on wider sources of expertise than they directly command themselves.

Consultancy use was extensive and evidently growing, but many corporate clients had developed greater sophistication in the use and control of these activities. A learning process had taken place since the early 1980s. Both nevertheless increasingly require each other for success, and the relationship is becoming an increasingly central element of modern organisational functioning.

Implications of international tradability for the role of consultancy

There are good reasons to believe that growing consultancy use has made a difference to business performance, in association with changes in the management of client in-house expertise. Consultancies are sources of significant technical and managerial skills which are available to a wide range of clients rather than being trapped within the corporate control of individual companies. Consultancies may also promote innovative and flexible means of working, exerting a significant catalytic effect on the client community, including public

agencies and privatised utilities.

In this context, perhaps the most rapidly developing innovative attribute of consultancy is its growing tradability and the access this increasingly provides to international and even global sources of expertise. International developments have further enhanced the quality of expertise now available to those national and regional clients which are able to tap it. They have also exerted a competitive impact on the established national patterns of /consultancy provision.

Internationalisation poses a dilemma for consultancies (Moulaert, 1996). On the one hand, they wish to serve a variety of international clients and tap global sources of intelligence. On the other hand, as we have seen, they must retain close and sustained relationships on a project basis with many clients in a way that is sensitive to client culture, as well as national and even regional diversity.

The strategies of the global consultancies are dominated by these concerns, and they have traditionally taken various approaches to them. Their entry into many countries often occurs through mergers and acquisitions of local firms offering detailed knowledge of local markets. In 1989, UNCTAD reported that, for accountancy, advertising, legal and consultancy work, this has been, 'by far the most significant trend which is structuring the international market in these services' (UNCTAD, 1989).

Figure 1 pulls together these still somewhat speculative ideas, on the basis of the recently completed EU-sponsored KISINN Thematic Network¹. Schematically it presents the dominant scales of business demand for consultancy expertise, from global to national and regional clients, and the emerging patterns of consultancy supply response.

It also suggests the direction of net dependence in influencing business change by arrows pointing from sources of expertise. This is not meant to imply that dependence is only one-way. As we have seen, consultancies and clients necessarily learn a great deal from each other and consultancy use must be validated through client-consultancy interaction, and in relation

to client capacity to change.

Consultancies promote change and innovation especially when transmitting experience from larger to smaller clients or from specialist to less specialist clients (for example within a particular industrial or regional innovation system). The nature of these demand-supply interactions varies widely between different scales of activity and between types of consultancy expertise and in different regional and national economic environments.

The aggregate relations suggested by the diagram thus represent the general pattern of inter-company learning which has developed in recent years from the expanding activities of global, national and regionally-based companies and consultancies, in a growing system of expertise exchange.

The numbered relationships in Figure 1 thus imply that:

- i) **Global** consultancies respond primarily to the requirements of **MNC clients** and agencies. MNC requirements, for example in ICT developments, corporate restructuring, management systems or international market strategies, mould the primary contribution of global consultancies to change and innovation. Global consultancies nevertheless also assist MNC clients to change and innovate by disseminating current best management and technical practice and supporting their expansion into new production areas and markets.
- ii) **Global** consultancies increasingly act as conduits of innovative ideas and methodologies between the global and **national** scales. They provide nationally based firms and agencies with expertise, for example in response to intensified international competition in the home market or when they wish to expand into foreign markets or production. At the same time they develop familiarity with national market conditions which may of value in their dealings with MNC clients.
- iii) Successful medium-small **nationally-based** consultancies may develop

internationalisation strategies by serving **MNC clients** seeking specialist expertise or familiarity with home country conditions. This may also enhance the quality of their expertise in relation to national clients (v).

- iv) Successful **regionally-based** consultancies may also work for **MNC clients** operating in their regions on a similar basis to (iii), although their growth more often depends on serving national clients (viii).
- v) **Nationally-based** consultancies, serving private and government clients **within that market**, provide the predominant volume of consultancy exchanges across a wide variety of expertise. Such clients thus mould the contribution to change or innovation of national consultancies. In spite of growing competition from global consultancy (ii), distinctive national characteristics, reflecting cultural conventions and economic conditions are strongly reflected in such consultancy practice and expertise.
- vi) Within national systems of consultancy-client interaction, **regionally-based clients** seeking consultancy support often depend on **nationally-based** consultancies. These may be active agents of innovation when engaged by regionally-based clients, as conduits of ideas derived from experience with national (v) and international (iii) clients. Where regionally-based clients possess specialist expertise, however (see vii), these exchanges may enhance the capabilities of national consultancies in dealing with other clients.
- vii) **Regionally-based** consultancies originate largely to **serve regional clients**, and adapt to these needs on the basis of local exchange and innovativeness. In some regional systems, specializing for example in high technology production, financial services, primary production or tourism, innovativeness may be high, forming the basis for wider consultancy markets.
- viii) Successful **regionally-based** consultancies most often grow by serving **national or even international (iv) clients** on the basis of specialist skills or knowledge of local

conditions.

- ix) Contingent links may exist between **international, national and regionally-based** consultancies, either directly through subcontracting or networking relationships, or indirectly as a result of client tendering policy. Clients generally combine the expertise of various types of consultancy in relation to their in-house expertise capacities, the types of skills required and the costs of acquiring them. When combined expertise is employed international/national consultancy expertise is likely to be more innovative in relation to national and regional clients.

Conclusions

What we see represented here is therefore a developing global system of expertise exchange, whose significance extends far beyond the simple transfer of information. It includes the complementary activities of consultancies and their clients, whether international, national or regional, with the different spatial levels in the hierarchy interacting and competing.

Among the prospects for regions arising from these growing interdependencies are:

- 1) Regional consultancy specialisation and success is reinforced by access to the corporate functions of large companies, including MNCs. These influence both the supply of and demand for consultancy skills. They also encourage the specialisation which enables the expertise of smaller consultancies to be more widely traded in their own right. The result, however, is a generally a stronger polarization of the availability of expertise even than that occurring through the traditional corporate hierarchies of large companies.
- 2) The adaptation of other regional sectors to change, at least where they are receptive to consultancy inputs, is being promoted by consultancy culture and increased access to a range of specialised and internationally tested technical and managerial skills. There are gaps in this access, as we have seen, most evidently for SMEs. All but the most

innovative of these lack the resources of time and experience to engage with consultancies except in a relatively routine manner. One result has been a plethora of regionally-based policies to provide consultancy support to SMEs, often by quasi-public development agencies.

The exceptions appear to be in specialist agglomerations of high technology industry, high quality consumer production, or financial and business services. Here, thresholds of demand supporting specialist consultancies make them integral to local economic success, both by providing vital support to other local firms and in contributing themselves to the regional export base. These conditions may develop in other specialist industrial regions; ports, airports or other communication nodes; regions of primary extraction (e.g North Sea Oil); tourist-based regions; and around major educational or health service nodes. Such concentrations also attract attention from national and international consultancy firms. Sectors, firms and regions which lack access to consultancy inputs are thus likely to be increasingly disadvantaged in gaining access to up-to-date expertise.

- 3) The form taken by regional consultancy concentrations are increasingly moulded by the activities of the major international consultancies, whether directly through their local branch offices or indirectly through the raised expectations of their mutual clients based in the regions. In some cases, this is displacing local expertise, but more generally, it may actually stimulate consultancy developments in the region by encouraging competitive specialisation, and creating demands for specialist skills, as spin-offs from their larger projects.

The expertise base of regions, and thus increasingly their competitiveness, depends on a combination of client in-house and specialist consultancy inputs. Growing dependence on internationally-oriented but regionally concentrated consultancy may often bypass specific regional expertise. In the right circumstances, local consultancy can nevertheless offer the basis for specialised export-based growth, and they remain particularly important for locally-based clients, including SMEs.

Thus consultancies' independence of conservative influences within established corporate cultures, including those embedded in spatial arrangements, allows them freedom to act as agents and supporters of change. They clearly cannot act alone in this respect, but they legitimate and offer ways forward for managers favouring particular forms of change. Their temporary role also divorces them from the wider corporate consequences of such change. This separation is manifest in their very spatial mobility and locational independence of client activities and, more broadly, in the apparently accentuating spatial division of elite management to which their growth is contributing in the UK.

In geographical terms, consultancies are primarily agents of globalising change, offering 'state of the art', internationally promoted management techniques to speed the pace of restructuring through willing corporate managers. They draw on sources of intelligence and authority which are increasingly remote from traditional corporate cultural and social, including employment and community consequences.

1. Knowledge-Intensive Services and Innovation (KISINN) was a Thematic Network under the EU Fourth Framework Programme, (targeted Socio-Economic Research, Area 1) with nine partner institutions. Its Final Report was presented in September 1997.

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Table 1:**EUROPEAN KNOWLEDGE-INTENSIVE SERVICES: EMPLOYMENT TRENDS,
('000S)****France: Salaried employment, 1975-81-91**

	1975	1981	1991	%81-91
Other business services	30	81	209	+158
IT and organisational consultancy	13	31	140	+351
Advertising	28	42	70	+67
All business services	669	923	1451	+57

West Germany: employees:

	1980	1991	1994	%80-91
Other business services	568	994	1135	+112
Advertising	37	66	72	+95
Technical services	205	330	378	+61
All business services	568	994	1135	+75

Greece:

	1978	1988	% Change
All KIS:	26	44	+66

Italy:

	1981	1991	% change
Computer services	52	181	+248
Professional consulting	185	314	+70
Advertising	22	41	+86
Technical services	122	189	+55
Total	412	776	+88

Spain:

	1988	1996	% change
Technical services	42	70	+66
Legal, tax management consultancy	106	192	+81

Great Britain

	1981	1991	1994	% 1981-91
Business services not elsewhere specified	153	402	527	+162
Computer services	55	148	157	+169
Professional and technical	169	230	212	+36
Advertising	36	46	47	+28
Total	500	968	1090	+94

Figure 1:

Dominant transfers of expertise by consultancies at global, national and regional scales