

# **Selling Expert Knowledge: The Role of Consultants in Singapore's New Economy**

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## 1 Introduction<sup>1</sup>

### 1.1 Knowledge Society

We are currently witnessing a major transition from the old type of industrial society with its traditional dominance of manufacturing work and old industrial classes to an information and knowledge-based society (Albrow and King 1981; Drucker 1994; Stehr 1994; Hannerz 1996; Baber 1998; Evers 2000, 2000a,b,c) which is believed to have the following characteristics:

- Its members have attained a higher average standard of education in comparison to other societies and a growing proportion of its labour force are employed as knowledge workers. In other words, there is a significant reduction in the number of people working in operational roles, while employment in professional, knowledge-based roles has risen.
- Its industry produces products with integrated artificial intelligence (usually with the help of IT as in the case of JIT production) such as *voice-recognition software and technology* which is used increasingly in smart cars.

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<sup>1</sup> The paper is prepared within the framework of a DFG-funded project on "Globalisation of Knowledge" (Sociology of Development Research Centre, Bielefeld University, and Center for Development Research, University of Bonn). It is based in part on discussions with members of the Research Group on Knowledge Society, Dept. of Sociology, National University of Singapore (Syed Farid Alatas, Zaheer Baber, Hans-Dieter Evers, Thomas Menkhoff, Tan Ern Ser) which was formed by Prof Hans-Dieter Evers while he was attached to the Dept. of Sociology (NUS) as Distinguished Visiting Professor from February to April 2000.

- Service-based industries, retailing etc. are also undergoing dramatic changes as indicated by an increasing number of virtual stores such as Amazon.com or CD World.
- Its organisations - private, government and civil society - are transformed into intelligent organizations.
- There is increased organised knowledge in the form of digitalised expertise, stored in data banks, expert systems, organisational plans and other media.
- There are multiple centres of expertise and a polycentric production of knowledge.
- There is a distinct epistemic culture of knowledge production and knowledge utilization (Knorr-Cetina 1998).
- We see the growing importance of so-called communicates of practice in and between organizations, i.e. self-organizing informal social structures which have the capacity to create and use organizational knowledge through informal learning and mutual engagement to leverage both internal and external stakeholders.

In this paper we shall focus on one group of knowledge workers, which we believe to be typical, and of strategic importance for a knowledge society: *experts and consultants* (Hitzler, Honer and Maeder 1994). Experts and consultants sell knowledge. They are either working free-lance as self-employed professionals or as members of consultancy firms. They are distinct from producers as well as end-users of knowledge, very much like traders and trading companies buy and sell goods and services. Consultants do not own any physical means of production (at least not to a significant degree), but they have access to information and experience. As we are going to show, the number of experts and

consultants is growing world-wide and the quality of their professionalism is a bench-mark for the stage which a knowledge-driven economy and a knowledge society has reached.

Why are experts strategically important and why is their importance – socially in terms of number of persons and economically in terms of output or turnover - growing?

Three reasons account for the strategic importance of experts and consultants:

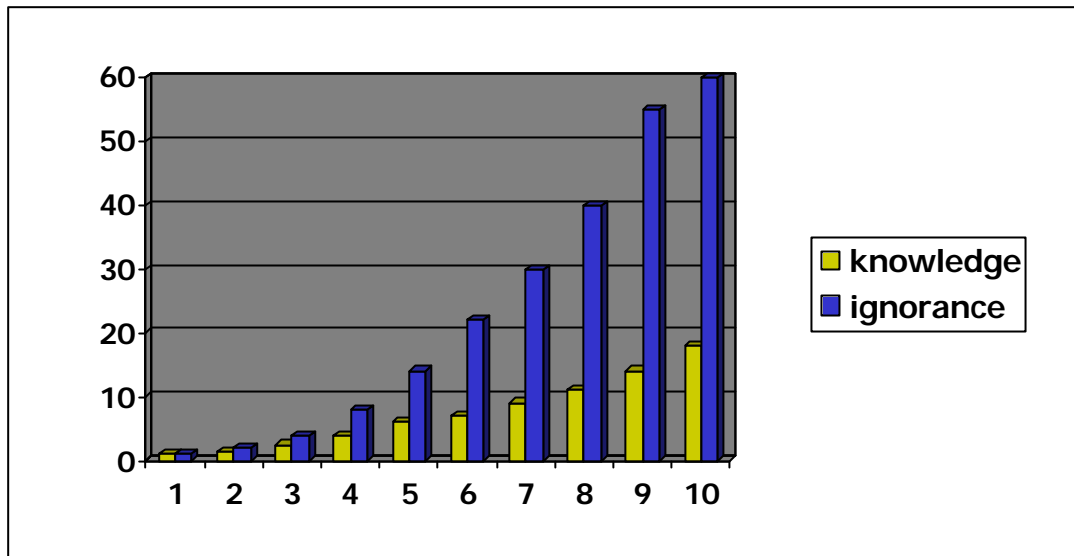
- The growth of ignorance, which will increase the demand for expert knowledge.
- The increasing rather than diminishing marginal utility of the use of knowledge, which will add importance to, specialised expert knowledge.
- The usefulness of expert knowledge as legitimisation of political decisions.

Let us elaborate on these three points in greater depth.

## **1.2 *Expert Knowledge and Its Functions***

### **1.2.1 The Growth of Ignorance**

Globalisation brings about a vast increase of what we know, but an even greater amount of ignorance, i.e. of what we know that we don't know (Luhmann 1971; Lyotard 1984; Stichweh 1995; Evers 2000). While on one hand we are truly heading into the direction of becoming a knowledge society, we also become more ignorant at the same time. Each time a research project is successfully concluded, a number of new questions arise. While knowledge is increasing fast, the knowledge about what we do not know is increasing even faster. Reflexive modernisation (Beck 1992; Delanty 1999) is stimulating the growth of ignorance, because new knowledge is put into question as soon as it appears. Thus the growth of ignorance is a reflection of the growth of knowledge. The faster the wheel of knowledge production is turning, the greater uncertainty is likely to become.

Diagram 1 **The Growth of Knowledge and of Ignorance (fictional)**

This condition can be illustrated by the following examples. We do not know for certain whether or not an atomic energy plant will experience an accident with disastrous consequences and even experts are not able to tell us in advance, in which direction exchange rates will head. It is extremely "risky" to speculate in the futures market of commodities, stocks or currencies. It is only after the fact, after the crash that economists or social scientists come up with an explanation, which more often than not is based on conjecture rather than on hard facts or knowledge.

Risk consultancy, including political risk or environmental risk analysis has therefore become an important field of activity for consultants and their companies.

### 1.2.2 The Increasing Marginal Utility of Expert Knowledge

Another important aspect of knowledge in a 'new economy' is its specific characteristic as a factor of production that has grown in importance in relation to the other factors of labour and capital. Whereas other goods are succumbed to the law of diminishing returns, knowledge actually experiences rising marginal utility. The more an expert, a group of consultants or an organisation know, the

more valuable become individual pieces of knowledge; or to put it differently: Knowledge is needed to utilise knowledge effectively (Willke 2000:2)<sup>2</sup>.

### **1.2.3 The Legitimizing Function of Expert Knowledge**

The third aspect explaining the increased demand for expert knowledge is its legitimising function. Experts reduce the unscrutinable complexity of the globalised world and allow planners, politicians, business executives and other decision makers to base their actions on the executive summaries of the reports prepared by experts and management consultants, rather than on their own knowledge. Ignorance is thus transformed into expert knowledge. From the perspective of the firm, experts and consultants provide 'instant knowledge' and 'instant solutions'.

The attitudes of clients towards knowledge work to the advantage of the large and well-known consultancy corporations. A government officer or a middle management executive will prefer to ask 'world-class consultants' to advise his department or company, because he or she will not be blamed if the advice given by the consultants is not applicable, the proposed measures are not successful and the consultation proves to be an utter failure. If one has hired 'the best', one is in a better position to legitimise one's decision as if one has hired a local and less glorified consulting firm that will have a hard time to convince its client that it has the right knowledge to successfully complete a consulting assignment.

As ignorance has grown under the conditions of globalisation, "rational planning" in the narrow sense of the word has become almost impossible. In fact, ignorance is the prerogative of the expert. Only the expert can assess the risk involved in planning under conditions of minimal knowledge and maximal ignorance. When the balance between what we know and what we do not know is tilted towards the latter, experts are needed to fill the void of ignorance with authorised opinions.

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<sup>2</sup> It is therefore somewhat misleading to speak in this context of 'knowledge capital' or 'human resource capital'. Both capital and labour have quite different properties.

The social function of experts and consultants is, among other things, to enable and to legitimate political action. Without experts the political decision-making machine would not be able to function. Politicians and bureaucrats can, so to speak, "off-load" their responsibilities to experts, and can get easier off the hook if they fail in their assessment, because they can pass on the blame to experts without losing their political legitimacy. This poses a problem for the legitimacy of the political system as a whole, as the accountability of decision makers is bypassed through an excessive use of experts (Reddy 1996). In this context it may be wise to remember a statement made by US President Woodrow Wilson in a campaign speech in 1912, in which he said: "What I fear... is a government of experts, God forbid that in a democratic country we should resign the task and give the government over to experts" (Woodrow Wilson quoted in Smith 1991:1).

### **1.3 Who is a Consultant?**

Consultants are a special kind of experts. Consultants acquire, package and sell specific knowledge that is to be applied or acted on by their clients. In contrast university lecturers and members of research institutes or R&D divisions are supposed to create new knowledge, but also pass on generalised knowledge to a general public, mainly students and colleagues. University-produced knowledge has to be published to be valued. Consultants, however, have specific clients to whom specific confidential knowledge is delivered. Consultants are usually bound by a contract that demands confidentiality.

Consultants may work free-lance, often part-time or as employees of consultancy companies mostly with a high degree of freedom and responsibility. The word 'consultant' in itself is interpreted differently by those that see themselves as working in the consulting business. The term itself is not protected and any person may use the designation 'consultant' as he or she may like. This makes it

difficult to define the field of consultancy and to give exact figures on how many consultancy firms and how many free-lance consultants operate in a given country, like Singapore or Malaysia. The Singapore Yellow Pages list 740 companies alone under the heading “management consultants”, the Malaysian Yellow Pages 526. But there are many other categories from acoustical consultants to vibration measurements consultants. There are also swimming pool consultants, recreation program consultants, and image consultants. In the medical profession, the term consultant is also used in the sense, that it designates a medical practitioner, one might like to consult. In addition there are companies which would fit our definition but do not call themselves consultancy firms, but go under different labels. We shall therefore attempt to give a formal definition first and then list a number of significant clusters of companies and consultants that fall into our categories.

The following is a very short and formal definition of experts and consultants:

- An expert has obtained knowledge. He is a professional knowledge broker, a middleman between knowledge producers and knowledge users.
- A consultant is an expert, who acquires, packages and sells specific and confidential knowledge for a fee with the expectation that his knowledge is applied and his advise is acted upon.

#### ***1.4 The Knowledge Market: Experts, Consulting Firms and Think-tanks***

The marketing of knowledge has, indeed, become a multi-billion Dollar business (see Table 1). There are about 100,000 people worldwide working full-time in the management consulting industry who generate about US\$25 billion in annual revenues (Collis 1998:1). The US based firm Anderson Consulting, worldwide the largest consulting firm, employed less than 10,000 consultants in 1987. Their

number increased to over 21,000 in 1991 and over 27,000 in 1994 (UN 1993, Miller 1998). More than half of these consultants worked in foreign countries outside the USA. The number of consultants in the ten largest companies increased by 99.6 % between 1987 and 1994, the revenues by 221.6%. The rapid growth of the consulting industry is shown in Table 1 and Diagram 2.

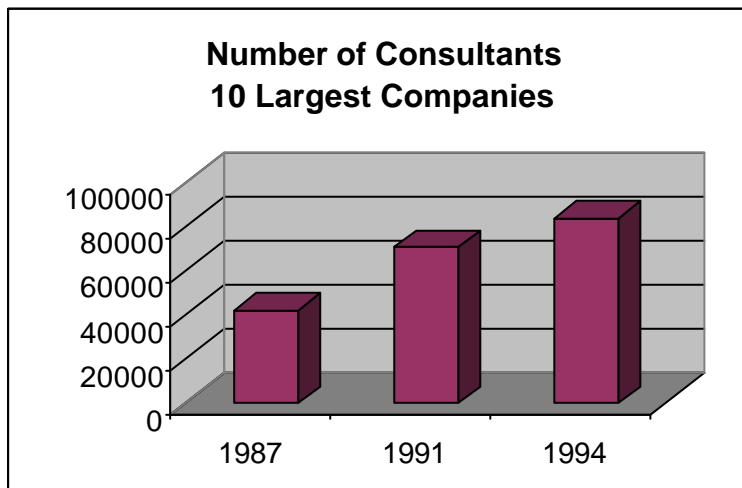
Table 1

**Total Consulting Revenues and Number of Consultants,  
Ten Largest Management Consulting Firms, 1987-1994**

<b>Year</b>	<b>Consultants</b>	<b>Revenues in Million US\$</b>
1987	41908	4541
1991	70409	9491
1994	83637	14604

Source: United Nations (1993:13); Collis (1998)

Diagram 2



Source: Table 1

Management is only one of many other fields of the consultancy industry, though most probably the most important in terms of turnover, profits and professionals employed.

Experts and consulting firms sell what is considered to be superior knowledge. Consulting in engineering, business management, government development projects, construction of housing estates, setting up golf courses - and a host of other activities is carried out by local and foreign experts in many countries around the globe. To cite just one other example: In one field of consulting, namely development cooperation, we have estimated that there were approximately 42.000 professionals employed or self-employed in the Federal Republic of Germany in 2000/2001<sup>3</sup>.

The number of research institutes and think-tanks has proliferated, selling advice to private corporations and government departments. Though not all can turn in a profit from the marketing of expertise and knowledge, most of them can at least convince their governments, charitable foundations and other donor agencies that it is worthwhile to sink their money into institutions engaged in the production and sale of knowledge.

Governments have become major consumers of knowledge, but so have large multinational corporations. It is very likely that the knowledge market is going to expand further as part of the expansion of the service sector. Experts, consultants and consultancy companies will be increasingly in demand with the spread of a knowledge society and the new economy.

Economic globalization, the continuous influx of technological innovations, intense competition and so forth have made the world very complex for both small and large companies (McCune 1997). Many large companies were forced to downsize and to become leaner. Hence they do not have sufficient internal staffs to get certain projects completed. As companies have cut back the number of middle managers, there are not enough executives for long term strategy

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<sup>3</sup> Preliminary results of a study within the research project on "Globalisation of Knowledge", carried out by Hans-Dieter Evers and Markus Kaiser.

planning and other corporate activities in an era of e-commerce and virtualization.

Due to the lack of qualified staff and size, even small and medium enterprise (SME) owners are increasingly forced to seek the services of external consultants (Cheok 1991). Most SMEs are too small to justify specialized in-house staff to troubleshoot company problems, e.g. in terms of accounting or strategy or to employ HR specialists (Nahavandi and Chestern 1988; Menkhoff and Kay 2000). Due to the structural peculiarities of SMEs, many small entrepreneurs do not systematically develop and upgrade their human resources. As in other areas, management consultants have tried to fill this gap by providing virtual HR and other services.

External consultants are especially appreciated by management when there is an urgent need for outside help (Tunwall and Busbin 1991). The Asian crisis has been a major trigger in this respect, motivating managers of both small and large firms to approach external consultants for assisting them in restructuring operations and, more importantly, to prevent them from going into receivership and bankruptcy (Yoshihara 1999). Due to Asia's economic downturn 1997-99, many local firms were forced to reposition their competitiveness, often with the help of external management consultants. Singaporean management consultants interviewed in the context of this study reported an increase in clients during the crisis as both small and large firms had not been spared from the rapidly changing environment and in view of their need for effective change consultants / OD specialists as facilitators of change processes.

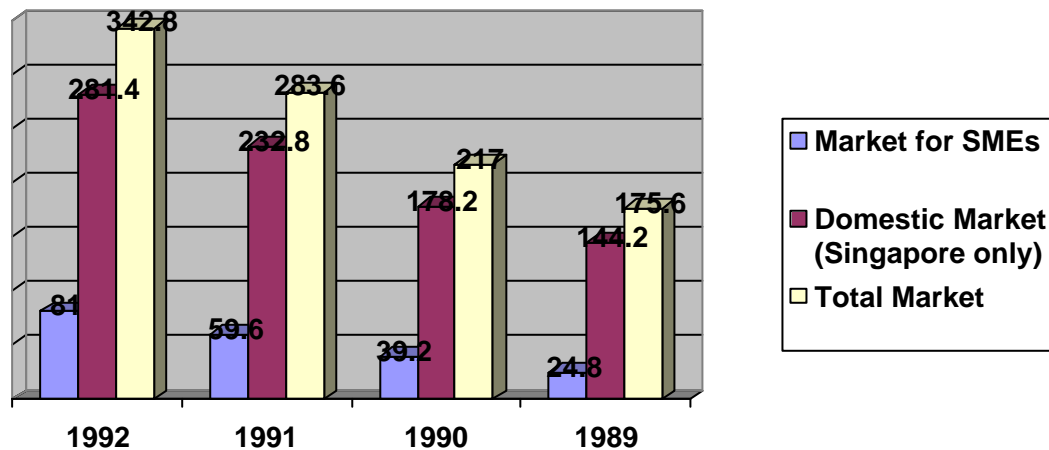
We shall now discuss the case of the management consulting industry in Singapore, which appears to be well suited to illustrate some of the points made so far. Singapore is a small country of some 3 million inhabitants with no resources except its labour force and its location at the crossroads of shipping lanes from the Indian to the Pacific Ocean. The development of a knowledge economy is therefore the pronounced aim of the Singapore government. The infusion of knowledge through consulting services is the prime strategy employed by the government to overcome the Asian economic crisis of the late 1990s. The strategy is based on the assumption that knowledge rather than just capital is the source of increased productivity and economic growth.

## **2 Consulting Firms in Singapore**

The field of consulting in Singapore is dominated by the big European and American Consulting giants on the one hand and the statutory bodies of the Singapore government on the other. According to a 1990 survey on the usage and provision of management consultancy services commissioned by the then

National Productivity Board (NPB)<sup>4</sup>, the total billings by management consultancy firms were expected to double from \$175 million in 1989 to \$342 million by 1992 (Cheok 1991:2). The hiring of external experts allows both SMEs (small and medium enterprises) and larger firms to get important jobs done without adding employees or having an additional fixed cost. Such benefits were stressed by small Singaporean entrepreneurs who were interviewed in the context of a related study on change management practices (Menkhoff 2001; Menkhoff and Kay 2001). As the owner of a small fish farm in Singapore who had enlisted external consultants to aid him in upgrading the firm's technology argued: "a good outsider can provide generic diversity to an inbred organization". Another local SME owner pointed out that: "a consultant gives us an outside perspective and can act as a coach for change since we all have anxieties about the uncertainties of tomorrow" (source: interviews 1999/2000).

Figure 3  
**Profile of the Singapore Management Consultancy Market**  
 (Million S\$)



Source: Cheok 1991: 2

<sup>4</sup> According to the Productivity and Standards Board (PSB) more recent figures / surveys are not available.

The total number of staff in management consultancy firms in Singapore was estimated at about 2,800 in 1989, with an average of 14 staff per company (see table 2).

Table 2  
**Profile of the Singapore Consulting Industry 1990**

- Over 200 firms employing 2,772 consultants
- Average strength:

Total Management	2
Managers	3
Senior Staff	5
Junior Staff	4
Total	14

- Breakdown of Most Common Consulting Products

	<u>% of 1989 Billings</u>
Computerization/IT usage	12
Productivity/Training	11
Financial Management	10

- 56% of consultancies have undertaken overseas assignments. 18% of total industry billings came from overseas assignments.

Source: Cheok 1991; DeGuzman 1993

Some 50 management consultancy firms are organised in the Singapore Management Consultancy Association, which publishes a list of its members. Members are vetted by the Economic Development Board (EDB) and are allowed to receive subsidies set aside for consultations with emergent companies. EDB spends more than one billion S\$ on loans to emerging companies, marketing support and consulting services. Very high sums are also allotted by the Productivity and Standards Board (PSB) and the Trade Development Board (TDB). The approved local companies get employed directly or indirectly by the big statutory boards, which also engage the services of the big multinational consultancy firms.

Big multinational corporations often contract the big Consultancy Corporations through their headquarters, and local branches have to service the multinational corporations (MNCs) in Singapore and elsewhere in the region accordingly. Some key informants allege that despite all the rhetoric on globalisation, the big companies engage increasingly only consultancy firms from their home-countries. Large corporations usually have their strategic planning departments in their headquarters rather than in Southeast Asia. They then order data from Consultancy or market research firms, which they interpret themselves. They do not ask for knowledge but for information. One key informant volunteered the information that German companies in particular are very much engaged “in a mindless collection of numbers” and are not interested in solid analysis and advice from local Singaporean consulting companies.

All this shows that there is tough competition but also some animosity between local and foreign consultancy firms.

In Singapore as elsewhere consulting firms depend on powerful clients such as governments or private sector firms who are willing to pay for the products and services being produced by them. How consulting firms are affected by the economic and political power of these primary stakeholders (power may be exercised through the refusal to pay, legislation, regulations, lawsuits etc.) and how they initiate, structure, maintain and cultivate ties to them, however, is not easily analysed. Academic studies on business networks and interlocking directorships in the US and elsewhere indicate that there might be a visible socio-economic network linking local consulting firms, government bodies and perhaps even some of their competitors characterized by active mutual networking activities and the exchange of resources such as knowledge or favors. On the other hand there are tendencies to monopolise knowledge by creating management tools protected by copyrights. Thus the importance of *trade secrets* in the world of consulting suggests that the opposite is also possible, i.e. that networking is not that pronounced and confined to a handful of

knowledgeable individuals or knowledge brokers, propositions which should be further examined. In this context it would also be necessary to scrutinize the role of professional consulting associations such as Singapore's Institute of Management Consultants (ICM) as well as the consulting divisions of public sector clients. It appears that they function primarily to protect the interests of the industry rather than function as communities of practice or networks for the exchange of knowledge.

## **2.1 Professional Associations**

Management consultants are often organised in a professional organisation, like architects, accountants and similar professions. In Singapore, the Institute of Management Consultants (Singapore) was registered with the Registrar of Societies on 9 October 1992. It replaced the *Association of Management Consultants (AMC)* formed in 1986, the members of which comprised 44 consultancies including the consulting arms of all the big six accounting firms. On its formation IMC had 39 founder members, drawn from the existing membership of AMC. IMC's ordinary membership comprises individual members, not institutional members. IMC (Singapore) became a full member of the International Council of Management Consulting Institutes (ICMCI) on 1 January 1993. Through IMC's membership of ICMCI, Certified Management Consultants will have reciprocal recognition in the US, UK and other participating countries worldwide.

According to its prospectus, the prime object of the IMC is to promote the skills and knowledge of, and the adoption of the highest standards of conduct by, members of the management consulting profession. With the formation of IMC a process is now in place to certify management consultants in Singapore. Those who meet the criteria set could be admitted as Certified Members of the Institute and be entitled to use the designation CMC or Certified Management Consultant.

Certified members will be persons, age 30 or over, who are and have been engaged in management consultancy for 1200 hours per annum for three consecutive years immediately preceding the date of application and can demonstrate his / her competence and experience in management consultancy.

The situation in Singapore confirms a general trend in the consulting industry, namely an increasing professionalization of its practitioners. By adhering to standards of ethics and professionalism and by submitting themselves to the scrutiny of professional bodies consultants will be able to convince clients to trust their competence. The certification of its practitioners and generalisation of quality standards can also be interpreted as a move to improve the knowledge management within the consulting firms and to turn them into intelligent organisations.

## ***2.2 Educational Background and Life Histories of Consultants***

So far we have only some tentative data on the education and job history of Singapore consultants. Work experience in a large MNC, a university education with an engineering or management degree, work with one of the large management consulting corporations seem to be a precondition for later free-lance work or for setting up of an own company. The guiding question appears to be which experience and knowledge is a precondition for making money. Academic knowledge as such is seen as totally irrelevant<sup>5</sup>. In fact, most consultants hide their academic degree, as they do not wish to project an overly academic image. Clients may otherwise regard their analysis and advice as too far removed from reality, difficult to apply and in the long run irrelevant.

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<sup>5</sup> In the 1990 PSB survey mentioned earlier, 'relevance of experience', 'experience in consulting work for local companies' and 'well trained staff' (rather than academic qualifications and cost of the consultancy project) were cited as the most important criteria for selecting a management consultant (see Cheok 1991).

Consultants take great care in “profiling” themselves. The word ‘consultant’ in itself is constructed differently by those that see themselves as working in the consulting business. International consulting firms with branches in Singapore do not hesitate to advertise their ‘experience’, ‘expertise’, ‘their ‘professionals with extraordinary qualifications’, ‘thought leaders’, ‘innovators’. They claim to possess ‘a tried and tested methodology’, ‘high ethical standards’, ‘rigorous quality standards’. But despite all the boasting academic degrees are seldom mentioned. Local companies are more modest and also here academic degrees are seldom mentioned.

There seems to be an attempt to distance oneself from the producers of knowledge, though following a popular management guru is seen as a viable sales ploy. Interviews with consultants elsewhere in Southeast Asia confirm that many work in fields in which they have no formal training. In the process of their career they have gained “experience”, which is held in great esteem. University education is seldom mentioned as a factor in professional attainment.

### **3 Constructing Virtual Problems and Offering Real Solutions**

#### ***3.1 Consultants as Change Agents, Catalysts, and Healers***

Consultants often play an important, catalytic role, e.g. in organizational change processes (Ginsberg and Abrahamson 1991; French and Bell 1978; Huse 1975). They can assist key decision makers and others by contributing to the creation and evolution of new perspectives in business management, strategizing, organizational transition and so forth. Change is about taking people outside of their comfort zone. Management consultants and change agents in particular find

themselves working simultaneously across the borders of conflicts and almost always outside their own comfort zones since they often challenge the existing cognitive order:

“They state the obvious, ask foolish questions and doubt - all of which helps organizational members get outside of themselves” (Smircich and Stubbart 1985:731).

External consultants have the advantage of being experienced observers and analysts which allows them to challenge previously established positions and/or ways of thinking. By ushering in new viewpoints, conceptualizations and jargon, they act like fashion setters, creating new frames of references that may force owners of both small and large firms to recognize the ‘antiquated’ nature of previous strategic orientations and the criticality to embrace new business approaches and practices.

The role of external change advocates has been characterized as both holistic and healing. The change agent’s concern is on alleviating problems in the organization’s social system by focusing on past, present and future constructions of reality. By focusing on the past, a change agent acts as a guide for understanding the impact of past organizational events on the current context. By focusing on future realities in terms of probabilities, a change agent helps the client to trace the implications of alternative current time activities on effecting desired future realities.

One of the interviewed SME owners in our study on change management (Menkhoff and Kay 2001) stated, “external change agents should act as doctors”. He subscribed to the belief that change agents must be able to “heal the ailments” of his company:

“... by transforming employees from behaving like stereotypical Chinese businessmen into actors who have adopted professional business practices” (source: interviews 1999).

As he pointed out, most of his staff members had been working for him for more than 15 years. But despite their loyalty, he found them unwilling to adapt to the changes he was trying to institute. He felt that “it is inevitable that they change”. However, the external consultant he had hired was “not effective” because he had developed a “general strategy” for his company rather than catering to “individual needs”. He would have preferred the consultant to work with individual employees and to “transform” them. The prescribed medicine apparently had no positive effect.

As with shamans, change agents are sometimes positioned as modern day medicine men (and women) that are expected to “cure” the organization even it is terminal ill. The concept of consultants as healers has been addressed by Barber and Nord (1977) who have argued that the true power of the external change agent as shaman lies in empowering and assisting others to determine their own process of change and offering a process for individual discovery and self healing. External change agents act as shamans in helping organizations to bridge the transition from former ways of acting, believing and being to new ones. In this way, external change agents act as spiritual guides in the transformational process (Beck and Beck 1989). If the consultation is successful, the shamanic consultant’s impact can indeed remain long after he/s has left the organization.

### ***3.2 Packaging Knowledge***

As we have argued above, the use of knowledge does not seem to suffer from the law of diminishing utility, but to the contrary entails increasing value the more it is applied or consumed. Packaging knowledge by using additional expertise is greatly enhancing the profitability of the product. Consultants therefore package their statements into beautiful graphics and slide shows so that the clients are convinced that they buy a valuable product. Constructing virtual realities is one of the specialties of consultants.

In analysing problems they, in a way, sometimes create them in the first place. They then suggest solutions to the problems they have constructed beforehand. Constructing virtual problems and then offering real solutions appears to be the mainstay of the consulting business.

Consultancy in general and management consultancy in particular have to rely on theories and concepts that are regarded as valid. At least clients of consultants have to be convinced that they are being treated to the latest and most up-to-date knowledge. Management 'gurus' appear to play a major role in this game by providing simple and easy to remember principles according to which a company should be 'turned around' or 'restructured'. Lean administration, knowledge management, outsourcing, change management and similar terms are used to scale complicated procedures down to manageable and understandable pieces of information. It is, however, necessary to attach legitimacy to a concept by referring to its source, its pedigree and its context. It is important to turn a concept or strategy into a 'tool', i.e. to make it applicable in a practical way.

This issue is of particular relevance to the practice of consultants in developing areas (Dore 1973; Dahl and Hjort 1984; Menzel 1992; Lachenmann 1994). Development experts are used to transmit knowledge to underdeveloped countries to assist in the design and implementation of development projects. To this avail they first have to define and therefore "create" underdevelopment in fact finding missions, feasibility studies and project proposals<sup>6</sup>. A country becomes "least developed" if UNDP defines it as such; handicraftsmen and petty traders are defined as an "informal sector" and thus transformed into a target

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<sup>6</sup> We are here deliberately following a line of argument that was forcefully developed by Michel Foucault. In his study "Madness and Civilization" (1965) he had shown how knowledge and power were combined to define insanity. The language of psychiatry, he argues, is "a monologue of reason about madness" and a failure to listen to those labelled "mad" (Foucault 1965:xii-xiii). If we substitute "madness" with "underdevelopment" and "psychiatry" with "development economics", we may reach similar conclusions as Foucault.

group for development assistance; women are transformed from "not gainfully employed" housewives to "women in development", thus enabling consultants to suggest adding a "women component" to a development project.

Experts and consultants use a special kind of language that contains key words and metaphors that are defined as legitimate. By imposing an "authorized way of seeing the social world helps to construct the reality of that world" (Bourdieu 1991:106).

Concepts and strategies, used or advocated by consultants, emanate from centres of power as "authorised language", are propagated by spokespersons and eagerly marketed to, accepted by or forced upon experts as practitioners of knowledge. They, in turn, disseminate their knowledge to their target group or client. Evaluating the success or failure of a consultancy is often based on the elegance of report writing rather than the actual performance of the involved consultants. Choosing the right language and the appropriate concepts is an essential prerequisite for success.

#### **4 Trends: Consultants in the New Economy**

As the New Economy is taking shape and the demand for expert knowledge is, according to our analysis, rising, consultants are faced by a number of challenges, which can be briefly summarized as follows:

- Knowledge becomes easily available on the Internet. The question is therefore frequently asked whether expert knowledge is still necessary. In this case the value of the information available through the Internet is probably overestimated. It requires further specific knowledge to combine various sets of data and information, to evaluate them through 'best

practices' in order to create new knowledge and solutions to new problems.

- Intelligent firms create their own proprietary knowledge. With the growth of the 'knowledgeable company' and knowledge management, the expertise of consultants might become obsolete. Empirical evidence points into a different direction. Consultants have to live up to the challenge and have to be one step ahead of competitors and clients. They have to introduce structures and processes that are superior and more intelligent than those in place at their client organisations. As this becomes increasingly difficult they have to resort to impression management and to inventing new epistemic constructs different from those known to clients. Strategic alliances and mergers between consulting firms could be seen as another consequence of the mounting pressure of the IT revolution. Larger units are able to provide 'one-stop-solutions', to engage in 'butterfly collections' of best practices and to 'add value'. Consultancy firms have to become 'intelligent organizations' themselves.
- Consultants have to give advise to clients by making them familiar with new knowledge, but they also have to keep their knowledge a secret. Once their experience and knowledge is commonly known, their consulting services are no longer needed. Consultants need networks to get access to new information, but have to keep this information to themselves as long as possible. New tools have to be invented or recycled. The fast development of information technology has decreased the survival time of management consultancy tools and concepts. 'Trade secrets' have become more important but are more difficult to maintain. Intellectual property rights are therefore emphasized by countries that produce knowledge. Franchising management concepts and tools can be seen as a move into the direction of safeguarding or monopolizing knowledge.
- Consultants can no longer rely on "bench-marking" based on experience, but have to engage in knowledge production themselves. This may in the

long run be only feasible in larger consulting corporations that are able to maintain their own research and development divisions.

We predict, that the future of the consulting profession will to no small degree depend on the solution to these problems. As we have now successfully increased 'ignorance' by posing questions we are not able to answer at this stage, we in true consultancy fashion may now plead that further research on the topic will be necessary.

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## APPENDIX

Appendix Table 1  
The World's 40 Largest Management Consulting Firms, 1978, 1987, 1991

Rank	Firm	Home country	1991			1987				1978
			Consulting revenues	Per cent foreign	Number of professionals	Rank	Consulting revenues	Per cent foreign	Number of professionals	Consulting revenues
1	Andersen Consulting	United States	2260	52	21668	1	838	38	9639	114
2	McKinsey & Co.	United States	1050	60	2600	3	510	50	1600	100
3	Coopers & Lybrand	United States	930	57	7000	7	381	48	4712	83
4	Mercer Consulting Group	United States	894	35	7857	2	530	26	6400	-
5	Ernst & Young	United States	862	36	6297	8	374	38	3255	51
6	KPMG Peat Marwick	United States	801	56	5880	5	438	42	4700	70
7	Deloitte & Touche	United States	800	41	5300	11	248	36	2142	72
8	Price Waterhouse	United States	733	59	7207	9	345	54	4300	33
9	Towers Perrin	United States	622	29	3500	4	465	18	3085	60
10	Booz-Allen & Hamilton	United States	539	25	3100	6	412	16	2075	150
11	Wyatt Co.	United States	418	24	2300	12	237	13	1600	-
12	CSC Consulting	United States	407	44	3375	..	..	..	..	-
13	Hewitt Associates	United States	320	7	2100	19	161	..	1380	-
14	Alexander Proudfoot	United States	312	33	1100	18	170	65	1100	-
15	PA Consulting Group	United Kingdom	308	94	3615	17	175	..	..	-
16	Gemini Consulting	United States	293	50	900	..	..	..	..	-
17	American Management Systems	United States	285	9	3150	20	145	0	1583	-
18	Arthur D. Little	United States	269	44	1500	13	218	31	1465	121
19	Noble Lowndes	United Kingdom	255	81	2735	..	..	..	..	-
20	Alexander Consulting Group	United States	250	30	1400	21	143	25	1516	-
21	Boston Consulting Group	United States	215	65	662	26	85	45	375	27
22	Hay Group	United States	200	60	1000	..	..	..	..	-
23	A. T. Kearney	United States	178	47	770	27	84	39	450	30
24	Bain & Co.	United States	175	50	600	..	..	..	..	-
25	Buck Consultants	United States	163	25	1080	25	95	..	750	-
26	A. Foster Higgins	United States	157	20	1200	24	120	10	1035	-
27	Bossard Consultants	France	153	99	810	..	..	..	..	-
28	Roland Berger & Partner	Germany	136	..	400	..	72	..	..	-
29	RCG International	United States	119	20	1400	29	..	19	515	42
30	P-E International, Plc.	United Kingdom	118	98	1100	..	69	..	..	-
31	Miliiman & Robertson	United States	115	0	350	31	60	..	200	-
32	Grant Thornton	United States	114	67	915	34	60	50	675	-
33	Godwins International	United States	84	60	350	33	70	42	800	-

34	SRI International	United States	80	34	400	30	..	45	400	123
35	WF Corroon	United States	73	28	750	..	..	..	..	-
36	Kenneth Leventhal	United States	64	0	317	..	..	..	..	-
37	TSC	United States	63	0	450	..	..	..	..	-
38	The Segal Co.	United States	61	5	501	..	..	..	..	-
39	Japan Mgt. Assn. Consultants	United States	59	99	355	..	..	..	..	-
40	Miller Mason & Dickenson	United Kindom	55	20	350	..	..	..	..	-

Source: United Nations 1993:13

## Appendix - Table 2

### Types of Consultants and Consultancy Firms in Singapore

Field of Activity	International Companies	Local Companies
Management Consulting	<ul style="list-style-type: none"> <li>Accenture</li> <li>PriceWaterhouseCoopers</li> <li>Deloitte Consulting</li> </ul>	<ul style="list-style-type: none"> <li>Droege &amp; Co. (German firm with a small local office)</li> </ul>
Market Research	<ul style="list-style-type: none"> <li>Dow Jones &amp; Co. Inc.</li> <li>Forrester Research, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>Research Plus</li> </ul>
Conference Organizer	<ul style="list-style-type: none"> <li>The Economist</li> </ul>	<ul style="list-style-type: none"> <li>Centre for Management Technology</li> </ul>
Human Resources Development	<ul style="list-style-type: none"> <li>KPMG Peat Marwick</li> <li>Hay Management Consultants</li> </ul>	<ul style="list-style-type: none"> <li>Garry Ng Management Consultants Pte Ltd</li> <li>Adrian Teo HR Ltd</li> </ul>
Environmental Impact Consultants	<ul style="list-style-type: none"> <li>IPSM</li> <li>Molino Stewart</li> </ul>	<ul style="list-style-type: none"> <li>Kiso-Jiban Consultants Co. LTD.</li> </ul>
Political Risk Assessment	<ul style="list-style-type: none"> <li>Howell International, Inc.</li> <li>Control Risks Group</li> </ul>	<ul style="list-style-type: none"> <li>Sreekumar@Siddique</li> </ul>
E-Commerce Consultants	<ul style="list-style-type: none"> <li>Symantec</li> <li>McConnell International</li> </ul>	<ul style="list-style-type: none"> <li>First Asia Publishing Pte Ltd</li> </ul>
Think Tanks and Research Institutes	<ul style="list-style-type: none"> <li>Association for Public Policy Analysis and Management (APPAM)</li> <li>Aspen Institute</li> </ul>	<ul style="list-style-type: none"> <li>ISEAS</li> <li>RIMA</li> </ul>
Engineering and Physical Planning Consultants	<ul style="list-style-type: none"> <li>Systra Consulting, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>ECAS Consultants Pte Ltd</li> <li>Tan Yip Pin &amp; Partners</li> </ul>