

Are Freelance Networks Disrupting the Swedish Management Consulting Market?

A qualitative study of the purchasing process of Swedish corporations

Sara Myrenfors (22860) and Tim Westander (22840)

Abstract

The uncertainty in the purchasing process of management consulting services has been examined thoroughly through several studies. However, there is a lack of knowledge concerning how corporations evaluate a new type of player entering the Swedish management consulting market, the freelance networks. These provide management consulting services through a large roster of freelance management consultants whom they hire on a project basis. The aim of this study is therefore to outline how Swedish corporations evaluate these networks in their purchasing process. In order to examine this new phenomenon, an explorative study was conducted through interviews with CPOs at some of Sweden's largest corporations. By applying screening theory to the purchasing process, we were able to deduce that several of the criteria used to disqualify the networks were in fact not specific to the networks per se but rather new consulting firms in general. First of all, there needs to be an awareness of the networks and their offering. Furthermore, the networks have to show proof of concept in order for the large corporations to even consider them. Through a process map, we were able to demonstrate how the freelance networks are evaluated, concluding that projects typically performed by a single consultant could be an appropriate fit. With regards to larger projects, requiring teams of consultants and structural capital, the networks were disregarded in the purchasing process.

Keywords: Management Consulting, Freelance, Purchasing Process, Selection Criteria, Screening Theory

Supervisor: Frida Pemer

Acknowledgements

To start with, we would like to thank our encouraging supervisor, Associate Professor Frida Perner, for always being available when we needed her support and for her invaluable comments throughout the whole process. We know few other supervisors who would answer an email within two minutes on a bank holiday. We would also like to express our gratitude for the two freelance management consulting networks participating in this research study and special thanks for allowing us to interview their clients. Moreover, we would like to thank all the participating interviewees for their time and their valuable contributions.

Table of Contents

1. Introduction	5
1.1 Background.....	5
1.2 Problem Definition.....	6
1.3 Research Outline	7
1.4 Delimitation.....	7
1.5 Structure of Thesis.....	9
2. Literature review	10
2.1 Professional Services	10
2.2 Management Consulting	10
2.3 Uncertainty in Purchasing Management Consulting Services.....	11
2.4 Purchasing Management Consulting Services.....	14
2.5 Synthesis of Literature Review.....	16
3. Theoretical Framework.....	18
3.1 Signaling Theory	18
3.2 Screening Theory.....	19
4. Methodology.....	21
4.1 Methodological Decisions	21
4.2 Data Collection and Analysis	22
4.3 Quality of Study	25
5. Empirical Findings.....	28
5.1 Use of Freelance Management Consultants.....	28
5.2 The Screening Process.....	28
5.3 The CPO	29
5.4 Selection Criteria.....	29
5.5 Forecasted Development.....	35
6. Analysis	36
6.1 Evaluating Freelance Networks Through the Process Map.....	37
7. Concluding Discussion.....	40
7.1 Managerial Implications	41
7.2 Theoretical Contributions	41
7.3 Generalizations.....	42
7.4 Limitations.....	42
7.5 Opportunities for Future Research.....	43
8. List of References	45
9. Appendices	58

Glossary

Corporation: The entity purchasing management consulting services

Chief procurement officer (CPO): The executive responsible for the purchasing of management consulting services within the corporation

Established consulting firm: Consulting firms such as McKinsey, BCG and Bain

Freelance management consultant: Self-employed consultants hired for a specific project

Freelance management consulting network (freelance network): A management consulting firm staffing projects with freelance management consultants

Management consulting: The rendering of independent advice and assistance about the process of management to clients with management responsibilities (ICMCI, 2018)

Traditional consulting firm: A management consulting firm staffing projects with their own employees

1. Introduction

In this section, a short introduction to the concept of management consulting and the new phenomenon of freelance management consulting networks is presented. This is followed by a problem definition, delimitation and the structure of the thesis.

1.1 Background

The management consulting industry has seen rapid growth during the last decades (Bronnenmayer, Göttel, & Wirtz, 2014; FEACO 2017; Kipping & Clark, 2012; Mauerer & Nissen, 2014; Sahlin-Andersson & Engwall, 2002). One proposed explanation is the development towards a more globalized knowledge society with an accelerated progress of information technology, leading to an increased need for quick transformations in organizational procedures and structures (Clark, 1995; Furusten & Werr, 2005; Glückler & Armbrüster, 2003; Greiner, Bennis & Poulfelt, 2005). The corporations that do not have the human resources to perform these transformations in-house often choose management consultants to assist them (Glückler & Armbrüster, 2003).

Bäcklund (2003) has developed a segmentation of the different firms on the Swedish management consulting market including Classic American, The Big 4, large local firms, and small to medium sized local firms. However, a new type of provider of these services has started to appear in the last couple of years. The networks are part of a larger trend with a labor marketplace characterized by short-term contracts and freelance work, the so-called gig economy (De Stefano & International Labour Office, 2016; Friedman, 2014; Manyika, Lund, Bughin, Robinson, Mischke, & Mahajan, 2016). More individuals see the benefits of being one's own boss and an increased number of corporations see the flexibility of the services and the expertise that can be reached through these networks.

The freelance networks differ from the traditional firms as they, instead of having all the consultants on the payroll, have access to a large roster of freelance consultants who they hire on a project basis when there is a demand for their services. These consultants often have a background at one of the established firms, thus eliminating the need for on the job training of new recruits. Further cost saving can be accomplished by not hiring as many junior consultants as these have a tendency to be more expensive for the firm (Hitt, Bierman, Shimizu, & Kochhar, 2001). Adding to the fact that the networks do not need a large office space, these factors mean that the consulting services can be offered at a lower price than what the established firms can offer (Christensen et al., 2013). Furthermore, with a large roster of consultants with various backgrounds, the networks can facilitate the matching of very specific requests.

Christensen, Wang, and van Bever (2013) predicted that this new way of providing management consulting services would disrupt the management consulting market in the years to come, but five years later the concept of freelance consulting is still relatively unknown. This is proven by the latest report from the European Federation of Management Consultancies Associations (FEACO), as their survey on the European management consulting market for 2016/2017 hardly mentions the concept at all (FEACO, 2017). One might wonder what is delaying the forecasted development or if the disruption ever will take place.

The management consulting industry is defined by uncertainty in the purchasing process and unlike many other professional services, the title management consultant is not protected by licensing standards or other qualifications. Additionally, the provided service is intangible and the projects are

usually of great importance to the corporations' future business and profitability. As a result, the choice of a management consulting provider is of high relevance and the quality is difficult to evaluate beforehand (Glückler & Armbrüster, 2003; Kipping & Clark, 2012).

1.2 Problem Definition

1.2.1 Research Gap

Some previous studies have focused on how corporations work to mitigate this uncertainty and try to evaluate the quality of the management consulting service *ex ante* (Corcoran & McLean, 1998; Dawes, Dowling, & Patterson, 1992; Glückler & Armbrüster, 2003; Patterson, 1995; Page, 1995). A factor such as experience-based trust has been shown to be an important selection criterion as the creation of close-knit relationships means that the different actors are familiar with each other and know what to expect from the transaction (Glückler & Armbrüster, 2003). Furthermore, the reputation of the firm indicates that they have performed well on previous projects (Dawes et al 1992). However, to the best of our knowledge, there has been no earlier research done on how the freelance networks are viewed in this purchasing process. Given the outlined new trend of these networks, combined with the lack of academic attention, we argue that it is of high relevance to study this phenomenon.

While there are plenty of studies applying signaling theory (Bergh & Gibbons, 2011; Bergh et al., 2014; Connelly et al., 2011; Kirmani & Rao, 2000), its less reputable counterpart, screening theory, has been more scarcely used in research. Signaling and screening theory are concerned with the reduction of information asymmetry between two parties, the signaler and the receiver (Connelly, Certo, Ireland, & Reutzel, 2011; Spence, 1973). The signaler tries to signal their true and desired quality and the screener tries to screen through the signals in order to reduce the unbalance of information. As far as we know, there are no studies done on the purchasing of management consulting services using screening theory, which makes this an interesting research gap to fill. Especially considering its applicability to the uncertain purchasing process.

1.2.2 Research Question

In order to fill these research gaps, we aim to perform a client-based analysis of the purchasing process and to study how corporations try to overcome the uncertainty in the selection of management consulting providers. A client-based approach was chosen, as it is the demand of the market which determines the fate of the freelance networks new business model. We formulate the research question as:

How are Swedish corporations evaluating freelance management consulting networks in their purchasing process?

Through this research question we first aim to study how corporations purchasing management consulting services value freelance networks. Furthermore, by studying how corporations evaluate the freelance networks, we will explore whether or not the corporations see the networks as feasible alternatives to traditional management consulting firms.

1.2.3 Expected Contribution

With regards to the growing management consulting industry, it is important to study this new concept of freelance networks and follow its evolvement in order to potentially revise and complement existing literature, especially since this field of management consulting involves ambiguity and has a variety of

definitions. The aim of this thesis is therefore to contribute to the relatively unexplored research field of management consulting by studying how the corporations evaluate the freelance networks. Furthermore, the addition of screening theory was made in order to contribute to the very limited amount of studies using the theory, by applying it in a new context.

Moreover, previous researchers have found that the purchasing process is similar in different professional services sectors (Kotler, Hayes, and Bloom, 2002; Day & Barksdale, 1994). By investigating the phenomenon of freelance networks in the management consulting sector, there are likely to be contributions to the purchasing process of other professional services sectors where a similar trend can be expected in the years to come.

Although our study is client centered, we believe that there are managerial implications for several parties. Starting with the corporations, this thesis will hopefully create awareness regarding this new business model but most importantly it will analyze their purchasing process and generate an understanding for how it is structured. This will enable them to deduce possibilities for improvements.

Furthermore, the outcome of the study can potentially serve as an indication for the established management consulting firms to evaluate possible effects that the new players can have on the market. Thirdly, it can give the networks an idea about how they are evaluated and how they potentially should alter the communication of their offering in order to be a better match for the corporations purchasing process.

1.3 Research Outline

In order to fill the empirical gaps, a qualitative study was conducted through in-depth interviews with Chief Procurement Officers (CPOs). The uncertainty of the purchasing context motivates a qualitative approach (Dey, 1993; Saunders, Lewis, & Thornhill, 2012) and as we are not aware of any studies investigating the phenomenon of freelance networks, an explorative study to research this nascent field is appropriate (Edmondson & McManus 2007). Moreover, we used an abductive approach that allowed us to alternate between empirical observations and previous research, thereby setting a relevant scope for the study (Saunders et al., 2012). In order to get a full understanding of the purchasing process, interviews were performed with managers of two freelance networks (coordinators), clients of the two freelance networks (clients), as well as Swedish corporations that currently use more traditional firms (non-clients). Because of a wish to remain anonymous, the two freelance networks will from here on be called Networks X and Y.

1.4 Delimitation

In order to define our meaning of the purchasing process, we have used the purchasing model developed by Van Weele (2014) shown in Figure 1. This is divided into tactical purchasing and operational purchasing with three sections in each, covering the entire process, starting with defining the specifications and finishing with a follow-up and evaluation after the purchase is done. For the purpose of this thesis, we are interested in the second step of the tactical purchasing, the selection of a supplier. For the rest of the thesis, the term purchasing process will therefore be equated to the selection of a supplier, in this case the management consulting provider.

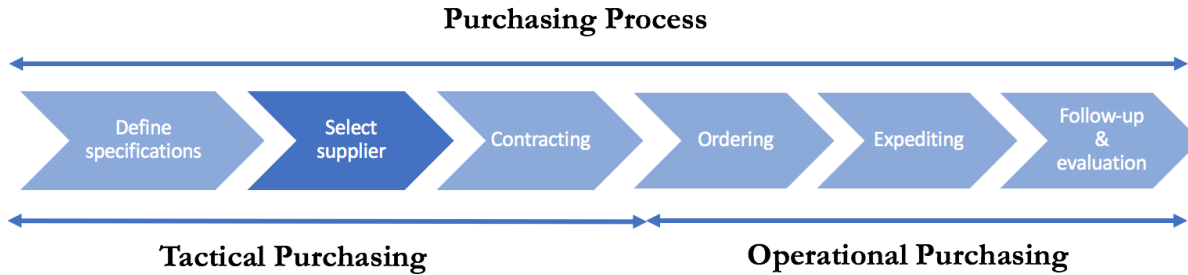


Figure 1: Van Weele's Purchasing Process

Since there is a multitude of firms offering similar freelance management consulting services, it is important to define what types of firms that are defined as freelance networks in this thesis. By naming these as examples to the interviewees we could therefore ensure that they all shared the same starting point and had the same types of networks in mind.

Our selection of Networks X and Y over other freelance networks was mainly based on five criteria. First, as we study the use of freelance management consultants in large Swedish corporations, we have chosen to focus on freelance management consulting networks with high demands for whom they take onto their roster. It is not reasonable to believe that these large corporations would use networks such as *upwork* or *keyman* for management consulting services, as the requirements for joining are much more lenient and almost anyone can sign up.

The second criterion is the structure of the process whereby a consultant is chosen for a project. While the way Networks X and Y help their clients might differ to some degree, both networks help their clients in the choice process and make sure that the consultants that are selected are a suitable pairing to the clients. Other networks, that we have chosen to exclude, operate more as a marketplace, where one can search among the many freelance consultants in the roster and choose based on previous reviews.

Thirdly, the projects performed by management consultants vary greatly and can include temporary assignments such as interim roles. In this study, an interim role is defined as a temporary hiring of an individual for a role that is permanent at the organization and thus includes staff liabilities. This research aims to target services with an overall strategic focus and with a solution-oriented approach. In other words, management consulting performed in the operational division of the corporation, such as an interim, is not included in the scope of this research. We have therefore chosen to focus on networks that have more traditional management consulting work as their primary focus. We have noticed other freelance management consulting networks that focus more on providing interim solutions and have management consulting as a side business. This disqualified them from our selection of networks.

Fourthly, in a country where nearly everyone working as a freelancer is called a consultant, it is important that we disregard companies providing other forms of consultants for less qualified work. The projects of Networks X and Y are focused on high-level management consulting.

Finally, there are other networks, with similar business models as Networks X and Y, currently working in other parts of the world, most notably companies like Eden McCallum, Business Talent Group and Catalant. Since this study is centered around Sweden, we have chosen to only focus on networks that are active in the Swedish market, defined as having a committed presence and performing continuous work for multiple clients.

An overview of the characteristics and backgrounds of these two freelance networks can be found in Appendix 1.

1.5 Structure of Thesis

The upcoming literature review will cover the definitions for professional services and management consulting. The same section will also include previous research about the uncertainty in the purchasing process of management consulting services as well as the selection criteria used to mitigate this uncertainty. Thereafter, a theoretical framework section will follow, covering the theories of signaling and screening that are used to understand the purchasing process and to answer the research question. In the ensuing methodology part, we will have three sections covering methodological decisions, research design and the quality of the study. After this, the empirical findings section will cover the results encountered during our interviews, followed by an analysis section where we will study these findings through our theoretical framework. Finally, a concluding discussion will outline our findings as well as the managerial implications and theoretical contributions. The section also includes the limitations of the study and opportunities for future research.

2. Literature review

This section will first present previous research on professional services and its subcategory management consulting. It is important to outline the characteristics of management consulting to understand what implications these have on the corporations' purchasing process. Furthermore, the uncertainty characterizing the purchasing process of management consulting services will be explained through institutional and transactional uncertainty. To better comprehend the context, other factors that can affect the purchasing process will also be demonstrated. Previous studies have shown that in order to deal with the uncertainties, clients use different selection criteria. The most common criteria will be outlined in this section.

2.1 Professional Services

Previous research within the field of services has generally associated the term service with four characteristics: intangibility, inseparability, heterogeneity and perishability (Hill & Neeley, 1988; Lovelock, 1991; Solomon, Surpient, Czepiel, & Gutman, 1985; Vargo & Lusch, 2004; Zeithaml & Bitner, 2003). In essence, it is described as a helping action that fulfills a need or a demand. The collective term services can in turn be divided into two subcategories. First, there are professional services such as legal, accounting and management consulting (Greenwood, Suddaby, & McDougald, 2006). Secondly, there are generic services such as cleaning and secretarial tasks (Hill & Neeley, 1988; West, 1997). The purchasing process of the two subcategories differ greatly, where the purchase of professional services is viewed as much riskier and costlier, but also yielding higher profit opportunities (West, 1997). Due to the different implications of the two subcategories, the research field has been ramified and during the last decades, professional services has grown its own literature ramification. The following section will thus focus on describing how professional services stand out from generic services.

To begin with, previous literature distinguishes employees of a professional service firm (PSF) to possess a certain expertise or knowledge base (Anand, Gardner, & Morris, 2007; Greenwood, Li, Prakash, & Deephouse, 2005; Teece, 2003; Winch & Schneider, 1993). With their expert knowledge, the skilled workforce provides advising services, with a high degree of customization and interaction, in order to solve the clients' problems (Gummesson, 1978; Schmenner, 1986; von Nordenflycht, 2010). In cases of knowledge differences between the PSF and the client, this can result in information asymmetry, adding to the complexity and uncertainty for the client to assess the quality of the services (Empson, 2001; Levin & Tadelis, 2005; Løwendahl, 2005; Sharma, 1997).

Von Nordenflycht (2010) highlighted the complexity in finding a definition for professional services but also recognized three characteristics of professional services: knowledge intensity, low capital intensity and professionalized workforce. It is not a question of meeting all these three components, thus being a dichotomous definition, but rather seen as a degree of professional service intensity. Management consulting firms, as well as law and accounting firms, are often used to indirectly describe a PSF (von Nordenflycht, 2010). In the following subsection, the characteristics of management consulting and the different types of firms and projects will be discussed.

2.2 Management Consulting

Management consulting covers an especially wide range of activities and practices and is entitled with several various descriptions. The characteristics of management consulting services contribute to the difficulty in formally giving management consulting a common definition. The service is abstract,

vague and ever-changeable which all add to the complexity of defining the service (Benett & Smith, 2004; Corcoran & McLean, 1998; Dawes et al., 1992; Glückler & Armbrüster, 2003; Kipping & Clark, 2012). It is instead common to use established organizations' and associations' own definitions to define the profession and the service (Kipping & Clark, 2012; Perner, 2008). For example, The International Council of Management Consulting Institutes (ICMCI) defines management consulting as "the rendering of independent advice and assistance about the process of management to clients with management responsibilities"¹. This is the definition that will be used in this research study.

2.2.1 Types of Firms and Projects

To understand which contexts the purchasing process is applied to it is important to outline the different management consulting segments that exist on the market. Bäcklund (2003) has developed a model for segmenting the management consulting firms present on the Swedish market into four segment types. Classic American, The Big 4, large local firms (turnover above 50 MSEK) and small to medium sized local firms (turnover between 10-50 MSEK). These segments represent the majority of the market and work with relatively diverse clients and types of services.

The types of the services depend on the goal and scope of the project and in the case of a larger project, it also depends on which part of the process it involves (Kubr, 2002). For the different segments, there are differences in what types of projects, and of which size, they can offer. The established management consulting firms have more resources to perform larger projects as well as participating in more parts of the project process. Since different parts of the process demand various expertise and resources, specialties and niches are created among the management consulting firms (Bäcklund, 2003).

2.3 Uncertainty in Purchasing Management Consulting Services

Considering the previously mentioned characteristics of management consulting services, the service can be classified as a credence good. This term implies a difficulty, or even an impossibility, to determine the quality of a good or service *ex ante* the purchasing phase (Sharma, 1997). Since the management consulting firms are more aware of the quality of their consultants than the client is, this leads to a purchasing situation highly affected by asymmetric information (Stiglitz 2002). Moreover, there are several uncertainties in the purchasing process that add to the asymmetric information for the client (Nayyar, 1990, Clark, 1993, 1995, Glückler & Armbrüster, 2003). This subsection will further describe why these uncertainties occur in the management consulting market.

According to Glückler and Armbrüster (2003), there are two significant types of uncertainty in the management consulting sector. First, there is institutional uncertainty which derives from the lack of formal institutional standards, industry boundaries and product standards. Secondly, there is transactional uncertainty which derives from confidentiality of information, intangibility of the consulting service as well as the interdependence and interaction between the consultant and the client. The characteristics of transactional uncertainty are generally common and applicable to several knowledge-based services. However, the characteristics of institutional uncertainty are especially distinctive for the management consulting industry (Glückler & Armbrüster, 2003). This is why it is important to study both uncertainties when discussing the purchasing process of management consulting services.

¹ <https://www.cmc-global.org/>

2.3.1 Institutional Uncertainty

According to institutional theory there are areas of formal institutions that coordinate clients' expectations and consequently reduce uncertainty in the interactions between different market actors (Meyer & Rowan, 1977; Tolbert & Zucker, 1996). In the management consulting market, there are mainly three formal institutions that are lacking, thus increasing the uncertainty. These are the profession, the industry and the product standards (Glückler & Armbrüster, 2003).



Figure 2: Institutional Uncertainty

2.3.1.1 Unbounded Profession

The management consulting profession is not legitimized in the same way as auditors, doctors and accountants who take tests and receive licenses (Alvesson, 1993; Armbrüster, 2004; Kyrö, 1995). Since there are no general rules, standards or regulations concerning demands for education or experience, anyone can call themselves a management consultant. The uncertainty concerning professional background and qualification of the workforce result in a reduction of market transparency (Glückler & Armbrüster, 2003; Clark, 1995). The lack of institutional indicators between qualified and less qualified consulting firms entails a high degree of uncertainty for the client (Alvesson, 1993; Clark, 1995). This cause of uncertainty is known as performance risk (Das & Teng, 2001).

In situations with inadequately performed consulting work, the client has limited measures to take. For example, there are lacking licensing standards, qualification requirements or codes of conduct to respond to in case of malpractice (Glückler & Armbrüster, 2003). All in all, this complicates the client's purchasing process and how they evaluate and compare different consultants (Clark, 1995; Fincham & Clark, 2002).

2.3.1.2 Unbounded Industry

According to Glückler and Armbrüster (2003) there are also issues with the unboundedness of the management consulting industry. The earlier mentioned growth potential and the low barriers to entry leads to a high rate of new firms. As this rate is higher than the increase in demand, this also leads to a high mortality rate. The high market volatility implies an increased uncertainty about the sustainability of the firms in the market (Glückler & Armbrüster, 2003).

2.3.1.3 Unbounded Service Lines

It is not only the background of the service providers and the consulting sector that seem to have its boundaries blurred, but also the differentiation of consulting services. As previously touched upon,

there is no commonly accepted definition of what management consulting services include. Since institutions use different classifications for management consulting services, they announce different data. This results in ambiguous information concerning the segments of the market and market shares, adding to the opacity of the market and the difficulty for the clients to find suitable consultants (Glückler & Armbrüster, 2003).

Previous findings indicate that formal institutionalization is a historically contingent process and a frequent feature in the formation of a new industry (Hannan & Freeman, 1989; Powell & DiMaggio, 1991). Consequently, one could expect the lack of formal institutions to only be a transitory problem within the management consulting sector. However, because of the characteristics of knowledge-intensive services, there is another cause of uncertainty, transactional uncertainty (Glückler & Armbrüster, 2003). This will be presented in the following section.

2.3.2 Transactional Uncertainty

As concluded by Bateson (1992) and Hill and Neeley (1988), the service characteristics of professional services, intangibility, inseparability between production and consumption, and heterogeneity, all have important implications for the so-called transactional uncertainty in the purchasing process. These characteristics will now be examined one by one.



Figure 3: Transactional Uncertainty

2.3.2.1 Intangibility

Since the consulting offer is characterized by expert advice, it is hard for a client purchasing consulting services to make the choice based on quantifiable criteria (Clark & Salaman, 1998; Smeltzer & Ogden, 2002). In contrast to spot-exchange commodities, where the customer can compare, test and evaluate the product before purchase, the product in a knowledge-intensive service only starts to be created when the agreement is signed. It is therefore the client who is exposed to the main risk (Levitt, 1981).

Since the financial result of the client is determined by a great variety of conditions and decisions, it is also difficult to evaluate the outcome and the quality of a consulting project even long after the finish date (Mitchell, 1994; Clark, 1995; Armbrüster, 2004). To evaluate the service *ex ante* phase is thus even more problematic.

2.3.2.2 Inseparability of Production and Consumption

The client is not only active in consuming the management consulting service, but also in the production. Thus, the collaboration between the consultant and the client plays a central role in the

result of the service. The dependency on a well-functioning supplier-client interaction, leads to difficulties in evaluating the outcome of the consulting services *ex ante* (Clark, 1995; Gummesson, 1991; Lindberg & Nordin, 2008). Difficulties in creating a common perspective of the situation and the actions that need to be taken can complicate the interaction between the consultant and the client (Mitchell, 1994). As a result of this dependency on collaboration, it is hard to decide who is responsible in case of a negative outcome (Sahlin-Andersson, 1998).

Offering access to confidential information to the consultants can almost be seen as an obligation, but doing so also puts the clients at the risk of opportunistic behavior by the consultant (Nayyar, 1990; Clark, 1993). The uncertainty that a consultant might act opportunistically during the project is described as relational risk. In longer and well-established supplier-client relations, the client might perceive this risk to be smaller (Das & Teng, 2001).

2.3.2.3 Heterogeneity

Since there is a great variety in the different types of management consulting projects and how they are executed, it is hard to implement standardization and quality controls. This creates uncertainty which further complicates the process of assessing and choosing consulting firms. This is especially true in the cases of first-time purchases (Glückler & Armbrüster, 2003)

To conclude, the two uncertainty types, institutional and transactional, cause asymmetric information for the client in the purchasing process. This implies low institutional trust (Zucker, 1986; Giddens, 1990) and high relation risk (Bachmann, 2001). Despite the uncertainties, the market for management consulting is growing. This indicates that certain tools exist in order to bridge the uncertainty and facilitate the selection of the most appropriate firm.

2.4 Purchasing Management Consulting Services

Given the uncertainties described above it is not unexpected that previous studies have focused on how corporations attempt to overcome these. The main focus of this section is the selection criteria and the purchasing process concerning management consulting services. However, in order to fully grasp the complexity of the selection of management consulting providers, one also needs to study factors such as how the decision is taken and who the decision makers are. The upcoming sections will therefore shortly cover previous research on these factors before continuing to present previous research on the topic of selection criteria.

2.4.1 Purchasing Process

In literature concerning the purchasing process of management consulting services, there are mainly two approaches identified: a decentralized and a centralized approach. In the decentralized approach the power lies with the functional managers who determines whether or not consulting services are needed. Within the realms of the managers' decision are also factors such as which consulting firm to hire as well as the budget for these services (Höner & Mohe, 2009; Mohe, 2005; Werr & Perner, 2005). In the centralized approach, power lies within a certain department, normally a purchasing department, which is in charge of the purchasing of several types of services (Werr & Perner, 2007). However, there are also cases where the approaches have been combined to form a hybrid approach (Werr & Perner, 2005). In these cases, there are some steps in the purchasing process that are centralized, whereas others still are decided upon by the functional managers. Previously, the decentralized approach was most commonly used but there has been a shift towards a more centralized

approach in many corporations (Bäcklund & Werr, 2005; Freedman & Stinson, 2004; Mohe, 2005; Werr & Perner, 2007).

2.4.2 The CPO

The shift towards a more centralized purchasing process inevitably brings more focus on the individuals making the decisions within the purchasing department. Corcoran and McLean (1998) discuss the role of the purchasers' confidence in making a sound decision. They claim that confidence is crucial in these risky purchases and that it is affected by their degree of expertise concerning this type of service (Corcoran & McLean, 1998).

2.4.3 Selection Criteria

After a comprehensive search through the existing literature on the selection criteria of management consultants, four comprehensive categories were deemed as the most important. These are the reputation of the firm and consultant, previous experiences in working with the firm or the consultant, the referral from other satisfied clients and finally the fees charged for the services (Corcoran & McLean, 1998; Dawes et al., 1992; Glückler & Armbrüster, 2003; Patterson, 1995; Page, 1995).

2.4.3.1 Reputation

As defined by Clark (1995), the reputation of a firm is the perception of a consulting firm's past performance. There are several previous studies indicating that this criterion is widely used in the purchasing process (Dawes et al., 1992; Glückler & Armbrüster, 2003; Page, 1995). However, it is not only the general reputation of the firm that has shown to be of importance for clients. The general reputation of specific consultants and their reputation within a certain functional area are both highly ranked in many of the studies. In a study by Dawes et al. (1992), the consultant's reputation within a specific functional area was deemed as the most important of all selection criteria, closely followed by the general reputation of the firm.

2.4.3.2 Experienced-Based Trust

To maneuver the experienced risk and uncertainty in the purchasing process, many CPOs choose firms and consultants that they have previously worked and created long-term relationships with. The aim is to rely on the knowledge obtained during previous commitments in order to boost performance in the next time project. Thus, one can decrease the time, financial and psychosocial risk of the purchasing process leading to price stability, shorter lead times and a better idea of the estimated performance of the consultants (Mitchell & Groatorex 1993; Mitchell, 1995).

Given the nature of the service provided, experienced-based trust is tightly connected to the individual consultants as these are the ones forging the relationships with the clients. In the study by Dawes et al. from 1992, it was shown that a relationship to a specific consultant is ranked higher than if the client has previous experience with the consulting firm. Nonetheless, both these criteria are ranked among the top four criteria showing the importance of previous relationships.

While these relationships often are highly appreciated, Glückler and Armbrüster (2003) also mention the difficulties in creating close knit relationships with one's provider of management consulting services. There is a risk that one might stop searching for better alternatives and choose the same firm and same consultants even though they might not be the most suited for the project, a phenomenon Uzzi (1997) dubbed over-embeddedness. Glückler and Armbrüster (2003) proposed a solution to this

by expanding one's network through acquaintances and business partners and utilizing networked reputation.

2.4.3.3 Networked Reputation

Glückler and Armbrüster (2003) argue that an acquaintance's or business partner's positive opinion on a certain consulting firm makes it possible to access additional alternatives that otherwise would not have been considered. Even though, one has never heard of or interacted with the management consulting firm, the networked reputation gives the firm credibility. Granovetter (1985, p. 490) declared that "better than the statement that someone is known to be reliable is information from a trusted informant that he has dealt with that individual and found him so". The data Glückler and Armbrüster (2003) base these insights on are taken from three German studies made by Meffert (1990), Kaas and Schade (1995) and Kohr (2000), which all show the same pattern. While Meffert (1990) only pointed to the importance of recommendations as the main category, Kaas and Schade (1995) found that the recommendations given by the clients' business partners were of higher importance than those given by other firms. Finally, the study conducted by Kohr (2000) indicated that recommendations from colleagues were of higher importance than the ones given by business partners.

2.4.3.4 Fees

Given the strategic importance of the projects where one requires the services of a management consultant, the fees are often substantial (Kipping & Clark, 2012). This is therefore an important criterion to study. When studying the rankings of the selection criteria, fees often play a minor role in the purchasing decision (Dawes et al., 1992; Page, 1995). For example, Dawes et al. (1992) found that the criterion fees ranked ninth out of seventeen possible, making it deemed as less important than factors such as the written proposal and whether or not the consultant would also be part of the implementation process.

On the other hand, there are studies that rank fees as highly important in the purchasing process. Patterson's (1995) study on 142 corporations in Australia found that fees were ranked second, only beaten by the consultants' reputation in specific functional area. Patterson himself speculates whether this could be an effect of the state of the economy when he conducted the study in the early 1990's. He argues that the economic downturn might have made people more cost-conscious.

One other interesting finding from Patterson's (1995) study was a negative correlation between the client's experience with purchasing consulting services and how they rated the importance of fees in the purchasing process. Those who were inexperienced purchasers demonstrated a greater tendency to value fees as an important factor. Patterson (1995) argues that this tendency means that they are more inclined consider higher fees as a proxy for quality.

2.5 Synthesis of Literature Review

In the literature review, previous research about the professional services and its subcategory management consulting were outlined. Due to the characteristics of management consulting, the service is difficult to evaluate ex ante, which creates uncertainty for the client in the purchasing process. Consequently, selection criteria are used to overcome these uncertainties. As shown in the literature review, earlier studies have focused on the purchasing process and selection criteria for traditional management consulting firms. It is therefore of relevance to also research how new types of firms

such as freelance networks are viewed upon and evaluated when choosing between different management consulting providers. For example, how clients experience the uncertainty concerning the new concepts and if their current selection criteria are applicable or will be adjusted in their evaluation of such a new provider.

To fill these research gaps and to further explain the client side of the purchasing situation, a screening framework will be used. As far as we know, this theory has not been applied to the purchasing process of management consulting providers. In the following section, the theoretical framework will be presented.

3. Theoretical Framework

In this section, the theoretical framework used in the research study will be outlined. In order to analyze our findings and answer the research question, a signaling and screening framework has been chosen. Signaling theory will mainly be outlined to understand the theoretical framework as a whole whilst screening theory will be used to describe and analyze the evaluation process used by the corporations.

Signaling theory describes how different actors attempt to reduce information asymmetries by trying to signal their true or desired quality (Connelly, Certo, Ireland, & Reutzel, 2011; Spence, 1973). These signals can for example be attributes or activities performed by the signaler (Spence, 1974). Screening theory describes the other side of the economic exchange. Specifically, how the client receives these signals, how they examine and value them and finally how they attempt to determine if the signal is accurate to the signaler's quality (Sanders & Boivie, 2004).

The motivation for the choice of theoretical framework is mainly its applicability to the purchasing situation. Because of the uncertainty involved in purchasing management consulting services and the unobservable quality of the service, signals indicating the provider's quality are valuable in the screening process used by the corporations (Bergh, Connelly, Ketchen, & Shannon, 2014; Sanders & Boivie, 2004). Secondly, the lack of a track record, such as in the case of newly founded freelance networks, leads to higher information asymmetry and uncertainty considering their ability to perform (Sanders & Boivie, 2004). In combination, these two factors result in difficulty evaluating the quality of management consulting providers, making the screening framework an appropriate choice for this research study.

3.1 Signaling Theory

Signaling theory was first developed by Spence in 1973 when he applied the theory to the labor market and explained the signaling effect of education. In essence, the employers often lack information about the applicants' quality. The applicant can therefore attain higher education to send a signal of quality and thus reduce the level of asymmetric information. For the lower quality applicants, attaining higher education is difficult, thus the signal is seemingly reliable for the receiver. Since Spence's article in 1973, signaling theory has commonly been applied within the literature field of strategic management, human resources, entrepreneurship and marketing (Bergh & Gibbons, 2011; Bergh et al., 2014; Connelly et al., 2011; Kirmani & Rao, 2000).

The signaling process can be described through a timeline starting with the signaler possessing the hidden quality and sending signals of the quality to the receiver, such as a client or a consumer. The receiver interprets and examines the sent signals and subsequently makes a choice about which signaler to interact with. Finally, depending on the actions of the receiver, feedback is sent to the signaler (Connelly et al., 2011). In a purchasing situation, the client's choice among the different signalers, provides important information about which signals the client values and thus how the signaler should target and form their future signals (Connelly et al., 2011; Spence, 1973).

3.1.1 Signal Cost

Signals are considered to be effective if they are observable to the desired receiver and costly or impossible to imitate for competitors not possessing the same quality characteristics (Connelly et al., 2011; Spence, 1973). However, if the signalers, regardless of their quality, can express the exact same

type of signal, the signal will no longer be discriminative. Consequently, the core of the theory is the cost of the signals aiming to reduce the information asymmetries (Spence, 1973).

The cost of sending a trustworthy signal is inversely related to the sender's quality, meaning that the sender with the higher quality has lower signal costs and vice versa. Consequently, the difference in the firm's quality is reflected upon in the signal cost. Due to this cost and quality relationship, the receiver can credibly evaluate the signals and thus attain information that helps them in reducing the information asymmetries (Gomulya & Mishina, 2017; Bergh et al., 2014; Connelly et al., 2011).

3.2 Screening Theory

Signaling and screening theory can be said to be mirror images of each other. The difference lies in which actor acts first (Sanders & Boivie, 2004). In contrast to signaling theory, which assumes the informed signaler to be the first-mover, screening theory sees the uninformed receiver to be the first one to act by actively looking for signals (Weiss, 1995). Similar to signaling theory, screening theory was first applied to the labor market. Desired attributes for the employer might be unobservable *ex ante* the choice of applicant. Thus, they instead screen the applicants for observable characteristics. For example, dedication can be a desired trait that positively impacts productivity (Klein, Spady, & Weiss, 1991). Since dedication is unobservable, employers instead search for applicants with higher education, which can be observable and can be linked to dedication.

The characteristics of the receiver impact the effectiveness of the signal. First, the receiver must actively search for signals and know what to search for. This is called receiver attention and concerns how carefully the receiver screens the market for signals (Connelly et al., 2011). The receiver attention is especially important in situations where the signals are weak, meaning that the signals are difficult to observe and the receiver must actively screen for them (Ilmola & Kuusi, 2006). Cohen and Dean (2005) showed that when making an informed and successful decision based on a received signal, the receiver is more probable to catch similar signals in upcoming situations.

There can also be differences in how receivers translate the same signal (Perkins & Hendry, 2005; Srivastava, 2001). This is called receiver interpretation, described as the procedure of interpreting signals and how the receivers apply their own perceived belief to these (Connelly et al., 2011). Consequently, this term is the amount of subjective misinterpretation of the receiver and/or the different weights the receiver apply to the signal based on their own biased opinions (Branzei, Ursacki-Bryant, Vertinsky & Zhang, 2004; Ehrhart & Zieger, 2005).

3.2.1 Signal Noise

While signaling theory considers effective signals to be costly for an imitator, screening theory highlights the value for a receiver to focus on signals that indicate the possession of unobservable and desired characteristics (Sanders & Boivie, 2004; Weiss, 1995; Zhang & Wiersema, 2009). Thus, for both theories, the so-called noise level is central. This measures the amount of the signal that is not adding any explanatory value concerning the hidden and desired characteristic. As a consequence, the sender and the receiver try to send and select signals which involve less noise. As shown by Stiglitz (2000), noisier signals tend to lead to higher level of decision errors.

Noise can emerge in two ways: i) from the signal and/or ii) from the behavior of the signaler (Connelly et al., 2011). The first type emerges because the signal does not fully reflect the unobservable and

desired characteristics (e.g. Busenitz, Fiet, & Moesel, 2005; Zhang & Wiersema, 2009). One example of this are patents, which indicate the R&D capabilities of a firm (Stuart, Hoang, & Hybels, 1999). However, due to the complexity of attaining a patent, it might not fully show the R&D capabilities. The second type emerges from the behavior of the signaler and concerns if the signaler, intentionally or unintentionally, affects the trustworthiness of a signal (e.g. Arthurs, Busenitz, Hoskisson, & Johnson, 2009; Busenitz et al., 2005). In the case of patents, an intentional misrepresentation or miscount of the self-reported number of patents can instead imply more noise for the receiver, as they are deemed untrustworthy. Consequently, the signal will be less informative about the R&D capabilities of the firm (Gomulya & Mishina, 2017).

If the behavior of the signaler contravenes with the expectations, the sent signal will be less trustworthy (e.g. Karpoff, Lee, & Martin, 2008; Rhee & Haunschild, 2006; Zavyalova, Pfarrer, Reger, & Hubbard, 2015). This happens if the signaler is not able to or not willing to fulfill certain expectations (Gomulya & Mishina, 2017). Whether a signal is self-reported or reported by a third-party affects the verifiability. On average, self-reported signals are more affected by manipulation by the signaler in comparison to signals presented by a third party (Gomulya & Mishina, 2017).

Given this theoretical framework there is an opportunity to reformulate the research question by including concepts from the chosen theory. We argue that the outlined definition of the term purchasing process can be replaced with screening process as these have equal meanings. Therefore, the research question for the remainder of the thesis will be:

How are Swedish corporations evaluating freelance management consulting networks in their screening process?

The methodology used for answering this rephrased research question will be presented in the next section.

4. Methodology

This section covers the choices leading up to our methodological approach. The research onion framework has been the cornerstone in making the methodological decisions for this study, see Appendix 2 (Saunders et al., 2012). This includes research philosophy, approach, choice and strategy, as well as data collection and analysis. Finally, the decisions made concerning research design and the attempts to increase the quality of the study will be outlined.

4.1 Methodological Decisions

4.1.1 Research Philosophy

To account for what is already viewed as knowledge and consequently, how this study can contribute to the development of this knowledge, a research philosophy needs to be determined (Saunders et al., 2012). This study is based on an interpretive paradigm which highlights the differences between individuals in their roles as social actors (Saunders et al., 2012). In this study, the purpose is to research how corporations evaluate the freelance networks, thus we need to interpret the interviewees' behavior in the screening process. According to the interpretive paradigm, it is central to understand the different motives, meanings and experiences of the interviewees. Therefore, the philosophy is appropriate for understanding the views of the CPOs (Hudson & Ozanne, 1988; Neuman, 2000).

Furthermore, the interpretive paradigm is a suitable choice for this study, since it claims that knowledge is built upon social constructions rather than an objective definition of knowledge (Carson, Gilmore, Perry, & Gronhaug, 2001). In contrast to the positivism paradigm, the interpretive paradigm allows a more flexible structure (Carson et al., 2001). Because of the relational dependency in the process of purchasing management consulting services and the complexity in exploring a new phenomenon, both the flexibility and the personal structure make the interpretive paradigm an appropriate choice (Hudson & Ozanne, 1988).

The interpretive paradigm was also chosen over other philosophies since it recognizes multiple realities and acknowledges that realities are based on several systems of meanings (Lincoln & Guba, 1985). A view with a fixed reality would thus make it hard to show the varieties in the interpretations given by the interviewees and the complexity of the new phenomenon (Neuman, 2000). The research study has been developed through discussions with the interviewees. This is in line with the interpretivist perspective of being open to new knowledge and distinguishing individuals' ability to adopt (Saunders et al., 2012).

4.1.2 Research Approach

The research approach was influenced by an abductive logic, as we continually alternated between empirical observations and previous research (Bryant & Charmaz, 2007; Saunders et al., 2012). This is done as a means to explore a new phenomenon in an unexplored context, and thus an attempt to refine and contribute to existing theory (Ketokivi & Choi, 2014). Flick (2014) described an abductive approach as starting off with something "surprising". Our research study started with interesting findings in a Harvard Business Review article written by Christensen et al. (2013) called "Consulting on the Cusp of Disruption". This was our first meeting with the innovative concept of freelance networks.

4.1.3 Research Choice

The research choice concerns the design decisions we have made in order to answer the research question (Saunders et al., 2012). According to Edmondson and McManus (2007), one benefits from adapting the design of the research to the maturity level of previous literature in the field, ranging from nascent to mature. Even though the purchasing process of management consulting has been investigated throughout the years (Corcoran & McLean, 1998; Dawes et al., 1992; Glückler & Armbrüster, 2003; Patterson, 1995; Page, 1995), the screening process of freelance networks has, to the best of our knowledge, not been studied. The field can thus be classified as nascent, which motivates our choice of a qualitative approach (Edmondson & McManus 2007). In order to reach a high level of disclosure, finding potential cues and clues, and thus a comprehensive understanding of the screening process, a qualitative design is once again viewed as a beneficial choice (Day & Barksdale, 2003, Holme & Solvang, 1997).

Furthermore, previous research such as Day and Barksdale's study from 2003, has mainly focused on data from self-reports. Thus, future research, as ours, would enable greater contributions to the understanding of the screening process for management consulting services by using other methods, such as in-depth personal interviews.

4.1.4 Research Strategy

The research strategy is the systematic approach used to find explanations to the research question (Saunders et al., 2012). Considering the purpose of exploring the new phenomenon of freelance networks and its nascent research field, this does not only motivate a qualitative research method, but also an exploratory research strategy (Eisenhardt, 1989; Saunders et al., 2012; Yin, 2014). Moreover, an explorative study is further suitable to find insights to the screening process and to assess the new concepts from the perspective of the clients. The uncertainty about how the phenomenon will evolve, further motivates the research strategy (Robson, 2002; Saunders et al., 2012).

4.2 Data Collection and Analysis

The qualitative data collection includes one pre-study consisting of a focus group and twenty-one semi-structured interviews. Four were interviews with the freelance networks, twelve were with non-clients and five were interviews with clients of the freelance networks. A list of all interviews can be found in Appendix 3. In this section, the interview sample, the interview design, and the data processing will be presented.

4.2.1 Pre-Study

In order to attain an overview and to capture the variation of screening processes of management consulting services in Sweden, we started with participating in one focus group with CPOs of large Swedish corporations. This helped us discover the main uncertainties that corporations face when purchasing management consulting services and their view on freelance networks. Moreover, possibilities and challenges with the new players' business models and their view on the development of gig economy were also discussed. Thereupon, we identified the opportunity to contribute to the research field of selection criteria of management consulting services using the theories of signaling and screening (Flick, 2014). Secondly, the pre-study helped us understand the mindset of a CPO, which was reflected upon in our modified question themes, see Appendix 4. The interview questions

were adapted to be more easily understood as well as to capture the interviewee's full experience and knowledge (Wengraf, 2001; Empson, 2017).

4.2.2 Interview Samples

4.2.2.1 Non-Clients

Non-clients were interviewed in order to gain knowledge about their screening process and their view on freelance networks. The aim was to identify how the interviewees would evaluate freelance networks as a management consulting services provider.

The non-clients were targeted on the basis of corporation size as larger corporations have a higher tendency to purchase management consulting services (Bäcklund, 2013). First, a ranking of Sweden's 500 largest corporations was created through data gathered from the database Amadeus². The ranking was based on the revenue of the corporation as well as the number of employees, where both factors were given an equal weighting. Starting from the top of the list, the switchboards of the corporations were called to ask for the executive responsible for purchasing management consulting services. Some corporations stated that they were not using this type of service at all or not to such an extent that they had an executive responsible for it. These corporations were thus disregarded. The selection process of finding the interviewees can therefore be described as a purposive sampling method, which is viewed as a suitable method when performing a qualitative study (Bryman, 2012).

4.2.2.2 Clients

The clients were interviewed in order to attain the perspective of a successful screening process for the freelance networks. Further, answering questions such as how they had evaluated them, why they had chosen them and their experience from working with them.

The clients of the freelance networks were reached through our contact person at the respective network. Both of the networks sent out an enquiry to its clients and the CPOs who were willing to perform an interview were forwarded to us. All of the clients were also found on the same list used to find the non-clients. This should be considered as an indication of comparability.

4.2.2.3 Networks

The two interviews performed with each of the freelance networks were conducted in order to attain an understanding of their operations, structure and offerings. The initial interviews were also necessary to further describe the research study to the networks and to receive access to their clients. Follow-up interviews were conducted to ask questions that had derived from the previous interviews and to ask for clarification concerning these matters.

4.2.3 Interview Design

The interviews were conducted in a semi-structured manner with theme-based questions. This design choice enabled an open interview with room for discussion, thus the interviewees could more freely share their experiences and perspectives (Flick, 2014). A so-called responsive interviewing technique, including using a friendly approach, was applied to gain the trust of the interviewees (Rubin & Rubin, 2012). In cases where we succeeded with this, the interviewees expressed themselves with greater

² Access was granted through the SSE Library. Data was retrieved 31/1-2018

detail and with concrete examples, further helping us to answer the research question (Flick, 2014). Achieving this trust is seen as especially difficult when interviewing individuals in senior positions concerning highly sensitive information (Empson, 2017). Finally, the theme-based questions and the method of probing, allowed us to ask follow-up and clarification questions, while also enabling us to collect comparable data (Flick, 2014).

Six of the interviews were held in person, thirteen over phone and two using Skype. The majority of the interviews were held in Swedish and all the interviews that were held face-to-face were performed in the Stockholm region. All of the interviews ranged between 20–60 minutes. Before conducting each individual interview, the interviewee was sent background material, such as the research scope, to be able to prepare for the interview (Yin, 2014). Furthermore, we performed research through secondary sources such as the corporation's website, LinkedIn and newspapers to have a better understanding of the corporation as well as the background and the role of the interviewee. Finally, before starting every interview, the interviewee was informed about the upcoming data processing and their anonymity in the thesis. They were thereafter asked for consent to have the interview recorded (Flick, 2014).

The number of interviews with non-client was motivated by the saturation approach (Guest, Bunce, & Johanson, 2006). After performing around ten interviews with this sample the variation in answers from the interviewees diminished. Consequently, the benefits of performing additional interviews did not outweigh the time and cost. The ratio of interviews between the different samples was dependent on access to clients of the networks. This was difficult since there is a limited number of Swedish corporations using freelance networks in relation to traditional management consulting services providers.

4.2.4 Data Processing

When performing qualitative studies, the interpretation of the data is of high importance (Flick, 2014). To ensure that all information from the interviewees was collected, we recorded all the interviews with an audio device. Furthermore, all the interviews were transcribed *in extenso* directly after they had been completed to have the interview fresh in mind. Details concerning body language and differences in tones were noted down on a separate document (Flick, 2014).

The interpretation and analysis of the data was inspired by a qualitative research approach developed by Gioia, Corley, and Hamilton (2013). This type of method is characterized by tandem reporting, allowing for both the informant's voice as well as the researcher's voice to be heard.

In the first order analysis, the transcripts were read several times and all so-called informant-centric themes that we discovered, concerning the screening process of the corporations, were noted down. The data was classified with regards to the needs of different types of management consulting services, purchasing systems, and selection criteria. In this step, the number of themes were kept to a high number to ensure that all potentially relevant insights were covered. This step allowed us to become more familiar with the data and also to pay attention to details that we might have missed during the actual interview.

In the second order analysis, we analyzed the informant-centric themes in comparison to earlier research. This was done to retain a wider and deeper understanding of the data and to discover common patterns, as well as differences, among the previously identified themes. The informant-

centric themes were then examined through the theory of screening which implied alternating between the data and the theory. The related research themes were clustered into different categories, such as screening process and selection criteria. In turn, these were divided into subdimensions, such as structural capital and fees. As a result, the categories decreased in number allowing us to analyze and find a deeper structure in the collection of data. As a final step, the data structure was built. An example of this can be seen in Figure 4. The data structure visualizes the steps taken to process and analyze the data (Pratt, 2008; Tracy, 2010).

Analytical process	Informant-centric themes	Research-centric themes	
Illustrative data	Description	Subdimension	Dimension
“...if you go to McKinsey or Capacent you also buy a part of their structural capital”	The offer of the established firms also includes their structural capital	Structural capital	Selection criteria
“...price is a factor for us early on in the process. If a provider is not willing to meet our desired level then they are disregarded”	The importance of fees early in the process	Fees	

Figure 4: Example of Data Structure

This way of collecting and processing the data was primarily done for two reasons. First, in order to examine if our findings are authoritative examples of the previous literature and, secondly, to analyze if we have found new concepts. Gioia et al. (2013) recommend researchers to not fully know all the literature at this stage of the research since this can result in confirmation bias in the form of prior hypothesis bias. Thus, the data gathering, processing and analyzing were performed in parallel with the literature studies. Consequently, the research process was inductive in the beginning, transition to an abductive approach, where the analysis alters between the collected data and previous theory (Alvesson & Kärreman, 2007).

4.3 Quality of Study

To ensure high authenticity in the gathered qualitative data and thus possibly develop theoretical contributions (Merriam & Tisdell, 2016; Shenton, 2004), Wallendorf and Belk's (1989) five trustworthiness criteria have been used. This criteria list is an extension of Lincoln and Guba's version from 1984. The following subsection will outline the study's compliance with each of these criteria: credibility, transferability, dependability, confirmability and integrity. Finally, the reflexivity of the research study will also be presented.

4.3.1 Credibility

In qualitative research, credibility concerns how believable the findings are and to which extent they are acceptable representations of the gathered data (Bryman, 2012, Wallendorf & Belk, 1989). In order to improve our understanding of the management consulting market, reports describing the management consulting market in Europe and in the Nordics were read (FEACO, 2017; Source Global Research, 2017).

Inspired by peer debriefing, insight about the research, such as the process, methodological choices and concluding remarks, were shared and discussed with our classmates. This was performed continuously throughout the study to validate the chosen approaches and insights (Lincoln & Guba, 1984). To further increase the credibility of our findings, an approach influenced by member checking was used (Lincoln & Guba, 1984). This was done by asking follow-up question to ensure that the interviewees answers were interpreted correctly.

In order to validate the interview data and ensure it is reliable, it is important to speak to CPOs who are conversant in the screening process. Dawes et al (1992) emphasized finding the key informants in the organization, thus the title of the interviewees was given attention and the interviewees were also asked to describe their role at the corporation.

4.3.2 Transferability

Transferability is described as the applicableness of the research study to other contexts (Wallendorf & Belk, 1989). This is viewed as especially difficult in qualitative research studies (Yin, 2014). The main attempt to improve transferability of the empirical findings from this study has been to comprehensively describe the context of the study, including its characteristics and the limitations we have chosen to make (Lincoln & Guba, 1984, Tracy, 2010). This will enable researchers to determine if, and to what extent, the chosen context and our results can be applicable and transferable to other situations (Lincoln & Guba, 1984).

4.3.3 Dependability

Dependability is explained as the extent to which the findings are unique to a specific time and place, also described as the consistency of the conducted explanations (Wallendorf & Belk, 1989). To increase consistency, the interviewees were given time to consider as many management consulting projects as possible, both regarding different time periods, type of projects and when applicable also geographical locations or organizational divisions. If the examples given by the interviewee was not in line with the definition used in this research study, we intervened and described the scope. Moreover, the transcribed interviews were compared with the original audio recordings to ensure consistency. Special consideration was also given to the translation of quotes from the transcribed data from Swedish to English (Gibbs, 2007). By predetermining the interview themes and performing the transcription of the audio recording the same day as the interview, higher consistency could be reached. Since many of the answers given by the interviewees supported each other, it shows an indication of consistency among the findings (Bryman, 2012).

4.3.4 Confirmability

Confirmability can be explained as the opposite to researchers' biases, specifically the extent to which the results are given by the interpretations and experiences of the interviewees and not the researchers' preconceptions (Wallendorf & Belk, 1989). With confirmability in mind, the interviews were designed with open-ended questions to minimize the risk of leading effects. Once again, an approach inspired by peer debriefing was conducted with the attempt to avoid researchers' biases in the study (Lincoln & Guba, 1984). This was mainly achieved by anchoring the research process with the focus group in the pre-study. In the beginning of the study we developed a reflexive journal, which worked as a diary where important reflections and decisions were noted down (Lincoln & Guba, 1984). This facilitated the separation of our own values and interests as researchers and the insights brought by the interviewees.

4.3.5 Integrity

Integrity describes the extent to which interpretations are affected by evasion or misinformation by the interviewees (Wallendorf & Belk, 1989). To avoid evasion, the interview location was in all cases performed at the interviewee's workplace, unless the interview was performed over phone or Skype. When contacting the interviewees, anonymity was emphasized. Moreover, the interviewees were informed that the data was only to be used by the authors and were later on also promised that the recording would be deleted. Finally, a responsive interviewing technique was used in attempt to avoid misinformation (Rubin & Rubin, 2012).

4.3.6 Reflexivity

Reflexivity refers to the researchers' impact on the data collection and how the researchers make decision based on their own perception of reality (Dowling, 2006; Palaganas, Sanchez, Molintas, & Caricativo, 2017). First, our own opinions about the new concept might have affected how we formulated our themes-based questions and how we chose to scope the study. We might have overestimated the innovativeness of the new business model, thus faulty assuming the potential of the concept. Secondly, the way we analyzed and coded the collected data might have been exposed to researchers' biases. It was only the authors who performed the categorizing into different informant and research-centric themes.

In summary, a qualitative study was performed, consisting of one pre-study and seventeen semi-structured interviews with two different samples, current clients of the freelance networks and non-clients. In addition to these, four interviews were held with the freelance networks in order to attain a better understanding of the concept. The research approach was influenced by an abductive logic and as we aim to describe a new phenomenon we chose a research strategy of an exploratory character. The structure of the upcoming section on empirical findings will be sorted according to the research-centric themes outlined in the data processing section.

5. Empirical Findings

In this section, the empirical findings obtained throughout the qualitative interviews will be presented. Moreover, the findings will be broken down in accordance to the research-centric themes found in the data processing part described earlier. In order to understand how the selection criteria are used, it is first important to explain the usage of freelance consultants by Swedish corporations as well as the varieties in purchasing processes that were encountered in this study. Since the opinions of the clients and the non-clients were very similar, the empirical findings from the two samples will be presented together and where there were differences, these will be indicated.

In order to understand the selection criteria used in the process of screening management consultants, it is important to first make a distinction. One needs to differentiate between one-person consulting and projects carried out by larger teams as the screening process for the two types of services diverge.

5.1 Use of Freelance Management Consultants

Apart from the clients interviewed, some of the non-clients had been using freelance management consultants. However, among all the users, both clients and non-clients, there was not a single example of freelance consulting teams. These were all one-person projects. This is coherent with the networks' statements about the work they had done in Sweden so far, which to a large extent was one-person projects. There were, however, several examples of larger teams of freelance consultants working for the networks in other parts of the world.

Among the non-clients, the awareness of Networks X and Y differed, as some had never heard of them while others had been in contact with them or even received proposals. There were, however, many misconceptions regarding their business model and what they offer. The use of freelance consultants among the non-clients was instead facilitated by their own networks or by providers that were disregarded as a result of our delimitations.

5.2 The Screening Process

For every corporation that we interviewed, there was a unique screening process. Many interviewees stated that the purchasing process of management consulting services differs greatly from the purchasing process of other services. They described themselves as having a well-functioning tendering process for most other products and services, but purchasing management consulting services was different and more centered around previous relationships and recommendations.

We are very good at exposing other goods and services to competition, but not management consulting services. They are more of a personal purchase. - Client

On one side of the spectrum, one would find corporations where there was not even an attempt to use a tendering process. It was rather understood that the board and management would choose a firm they had faith in. This could be based on personal experience, references from trusted sources or simply the brand name. On the other side of the spectrum, there were corporations that had a relatively well-functioning tendering process. One example was a corporation whose organizational structure would be described as a hybrid. They had a couple of preferred suppliers that were organized through a purchasing department. If a request was issued somewhere in the organization, the purchasing department would send out project briefs to the preferred suppliers, who would then send back a pitch on how they could solve the problem. However, even in the most organized and well-functioning

processes, the interviewees' comments indicated that not all decisions were kept in line with this structure. Sometimes the board or management of the corporation simply circumvented the purchasing department and went straight for the consulting firm of their choice. When asked about how this was viewed within the firm one interviewee answered:

It is accepted to a certain level, but a lot depends on the maturity of the purchasing department. In certain cases, the new rules and processes haven't been properly established. - Non-client

Many of the CPOs mentioned that this was more common in situations of time sensitivity and of critical importance to the firm.

Often it is regarding deliveries that can make or break this employee. They are therefore extremely focused on getting a good result rather than obtaining a low price. - Non-client

5.3 The CPO

It was not uncommon for the CPOs to have had a history as a management consultant. This was especially true among the executives at the clients of Networks X and Y, where four out of six had this background. Some described the benefits of having previously worked as a consultant as an increased ability to see through the smokescreen and to evaluate whether or not a consultant was appropriate or not. Some also had experience from holding job interviews at their previous employer meaning that they were used to situations where they were evaluating candidates. According to ex-consultants, they were also able to properly scope the assignment and more effectively work as the firm's point of contact.

Since I have been a consultant myself, I know how important it is to scope it correctly and being involved on a daily basis. - Client

5.4 Selection Criteria

As a result of the uncertainty when hiring a management consulting firm, the CPOs screened the candidates and the firms in order to find the best possible match for them. This section will cover the empirical findings with regards to the criteria used for screening management consulting providers. The first part will cover the selection criteria that are applicable to both traditional firms and freelance networks. The second part will focus on the selection criteria that are especially critical to the freelance networks.

5.4.1 Overall Criteria for Management Consultants

5.4.1.1 Reputation

One recurring criterion was the reputation of the individual consultant. However, the results were split when discussing the importance of the reputation of the firm. Some wanted to put more focus on the individuals and their subject matter expertise and claimed that the firm brand had a minor impact.

It comes down to the person and if they have knowledge in certain area. We don't mind that it's not a big established firm. It's about the resource. Therefore, we have used and will continue to use freelance consultants. - Non-client

Some went as far as completely disregarding the role of the firm:

If you have the right person at right job getting enough exposure, it is the consultant and not the firm who delivers the service. - Client

These CPOs were also in several cases willing to follow skilled consultants to another firm, in case that they had switched firms. One client claimed that “the consultant has created a name for herself wherever she works”.

For those also interested in a strong brand, they described some of the many benefits a brand brings to the client. Among several other factors, choosing a strong brand could be seen as buying security for oneself in case of misfortunate events. By saying that one was only following the advice of an established firm, this justifies one’s action, or as stated by one of the interviewees:

Many turn to the top strategy firms because the board wants an alibi. - Client

Hiring consultants representing a firm with a strong brand can also work as a mean for speeding up the process internally. As one non-client put it: “If you go out in the organization and tell them that you have purchased services of McKinsey, you will have a completely different effect while retrieving information out in the organization.” The role of a management consultant was described as focused around the retention of information from all corners of the firm in order to attain a full view of the problem. By having the authority of one of the more established firms, this was described as a way of speeding up the process according to several interviewees. The quality label provided by a strong brand was not only an effective tool internally, but also externally. Especially for larger strategy projects, where one had the board or other external partners as one’s counterpart.

The CPOs’ opinions regarding the importance of the consultant’s reputation was in many ways correlated with the size of the management consulting firm. Smaller firms without a strong brand required the corporations to pay further attention to the individual consultants. Also, the size and type of project were central in determining this division.

When it comes to smaller implementation projects the individual is crucial. Then it’s the people presented in the tendering that are actually going to perform the job. Looking at a larger transformation project, you often have a good connection to the project leader but it’s not always that you get to meet all of the consultants working on the project. - Non-client

Furthermore, the absolute majority of our interviewees would feel a security from knowing that a freelance consultant had previously worked at an established consulting firm. One non-client described that “It is a seal of quality. There are high demands to get a job there and you learn a lot regarding structure and analysis.”

However, a few interviewees went as far as claiming that this is no longer a defining factor, as everyone talks about how they used to work at the established firms. They described it rather as a hygiene factor that is required for one to even be considered for the project.

It is a very common pitch. It doesn't differentiate between the firms at all. There are a lot of people that used to work for a top-tier consulting firm and then decided to go to a smaller firm or start their own business. But, of course, it is not a disadvantage. - Client

5.4.1.2 Previous Relationships

Previous relationships played a central role in many of the screening processes described, especially in the corporations without a structured tendering process. In these, it was more common for the decision to be made directly by the CEO or the functional manager.

If the decision was to be made at CEO level the process was very easy. The CEO would pick a consultant that she thought was good and whom she knew from before. - Non-client

Another non-client was quick to confirm that “the choice of management consultants is often based on previous relationships”. It was described as convenient and that these decisions almost always had been taken at a very high level.

Several of the interviewees also pointed to the benefits of having previous consulting experience from the corporation. Even within the corporations that had a structured tendering process, this was seen as an important criterion in the screening process. By already having previous consulting experience with the corporation, one can reduce the research phase at the start of the project and easily get up to speed.

How familiar someone is with our corporation absolutely matters. Especially since we have a unique business model. - Non-client

From the perspective of the freelance network, the clients of Network X both talked extensively about the importance of a good connection with the coordinator. Being the one who performs the matching of the consultants, the experiences from previous projects meant that the coordinator had gained a comprehensive understanding of their corporations, their issues and what type of consultants that would fit them.

Regardless of which firm it is, it's extremely important for me who the 'partner' is. We have a long-lasting reciprocal relationship. That means that it's guaranteed that Network X will be ready to handle any problem that may arise. - Client

Some interviewees were sure to mention the potential downsides with experienced-based trust. One interviewee spoke of a structure-less screening process where the board and management team themselves chose firms. As a result, they choose consultants like-minded to themselves where they expected a certain outcome and received it without really challenging their own views.

It's unfortunate that we bring in someone who thinks along the same lines as us. Then we just take in someone to confirm what we already believe. - Client

5.4.1.3 Personal Networks

Some interviewees used their own personal networks in order to find appropriate consultants. One interviewee who had experience from working as a consultant said that he used the alumni network from his previous employer in order to increase his reach and find appropriate candidates.

It's not at all that we know everybody that we take in. It's through our network. Someone will say 'that guy used to work for McKinsey and now he runs his own business. He was really good'. We'll take him in based on that. - Client

Another interviewee talked about using his connections within other larger corporations.

It's also an important factor that one has worked with other large corporations in Gothenburg. Then you can talk to them and hear which firm they have been working with and if they are satisfied. - Non-client

5.4.1.4 Fees

There were major differences between how the corporations reasoned with regards to fees and this was largely correlated with the size of the corporation. For the less price-sensitive, and often larger, corporations there was an overwhelming belief that regardless of how expensive it may be, this is the cost to receive the best service possible. The CPOs from these corporations pointed out that this is truly a minor cost compared to the potential gains of a project well-performed.

It can seem pretty stupid but you're not that focused on the cost. Even though you take in a consultant to look at costs in the firm you're not that sensitive when you're looking at the price tag of the consultants. Relatively speaking, it's not a lot of money. - Non-client

Among the more price-sensitive corporations, they made it clear that there were limits on how far up the cost scale they could go. These, often smaller corporations, were aware of the price range that they could afford and were therefore almost only in contact with firms at this level. For them, the fee was in the screening process at a very early stage.

It depends on where you are in the food chain. We are generally not buying these services from McKinsey, Bain or BCG for the simple reason that they are too expensive. We use more of Centigo, Cupole and maybe Accenture. - Client

However, the same client was positive to the idea of freelance networks as they enable him to "... get a project leader à la McKinsey cheaper than actually going to McKinsey".

One non-client from a corporation with a hybrid approach for the purchasing process claimed that the importance of fees versus quality was tightly connected to the maturity of the process and the experience of the purchaser in the organization. While quality is uncertain and hard to measure, "everybody knows what kronor are and it is easy to compare different alternatives on cost basis. We try to help them see the whole picture".

5.4.1.5 References

Among a majority of the interviewees, there was a reluctance against being the first to try a new concept. When purchasing expensive management consulting services that could make or break their corporations, the CPOs were conscientious to choose consultants with a proven track record. If the consultants had experience from similar projects, it was considerably easier for the executives to choose them.

You can't hire a firm that hasn't done similar projects for other companies. Then there is no added value for us to hire them and we can do it better ourselves. - Non-client

This was confirmed by a representative of one of the networks. “Previous engagements are primarily useful in the pitching process as a proof of concept.” - Network X

5.4.2 Criteria of Special Interest for The Freelance Networks

This section will first cover the selection criteria that are applicable to both one-person consulting projects and larger teams. The second part will cover criteria mentioned specifically around the concept of teams of freelance consultants.

5.4.2.1 Criteria Applicable to All Types of Projects

5.4.2.1.1 Uncertainty Regarding Malpractice and Unexpected Events

One of the major selection criterion that led our interviewees to question the concept of freelance networks was an insecurity regarding the actions taken in case of malpractice. Many questioned how the governance would work within the team and who to contact in case of misfortunate events. At the established firms, there is a structure in place where one relatively easy can replace a consultant who is underperforming or who turns ill. The new consultants know the structure and the methodology, and can thus quickly come up to speed. There was a skepticism regarding how a situation like this would unfold in a team full of freelance consultants and the networks were therefore disregarded.

At the bigger firms, you know how they work as an organization. If something goes wrong you go to their partner and demand a change of personnel. Personally, I wouldn't feel as comfortable with a freelance network. How do we act if we're not happy with this person or the job he has done? - Non-client

A lot can happen when we hire someone for a consulting project. The person can get sick or get hit by a car. If this person has Accenture behind him, you know that there are a number of consultants who are ready to jump in. - Non-client

5.4.2.1.2 Uncertainty Regarding Legal Issues

Several of the interviewees also showed concerns regarding the legal aspect of hiring a freelance network. In case of misfortunate events and a situation where damages are due, there was an insecurity concerning whom would be the defending part in the case and if the networks were able to handle the damages. This was especially important for corporations whose projects could involve sensitive customer data, in such cases a leak or potential misuse would be devastating. One interviewee explained why a network of freelance consultants never would work for her business:

We choose carefully so there is a certain stability within the firms we hire. If we choose a freelance consultant who makes a huge mistake or intentionally conveys secret information, then he can be put into personal bankruptcy. Then what happens to us? These aspects are of huge importance to us. - Non-client

This insecurity was enough for some CPOs to disregard the networks.

5.4.2.1.3 Flexibility

One advantage with the business model that many pointed out was the flexibility around the networks and that one could get a single consultant by the hour in a way that the established firms do not offer.

Several interviewees highly appreciated this flexibility and looked forward to increased competition concerning this characteristic of the service.

If the freelance networks specialize on these kinds of services, there will be a lot more competition on a per hour basis. We lose a lot of our suppliers when it comes to high level consulting services by the hour. - Non-client

The flexibility of the networks can also be an advantage when the corporations want to increase their capabilities on a short notice.

When you're in the process of acquiring a corporation, you're not sure about it until the very day the papers are signed. We can't hire someone on a hunch that they might be needed. The flexibility of the networks means that we can have someone on board to work on the integration process 2–3 days later - Client

5.4.2.1.4 Specific Competence

Several of the interviewees acknowledged and appreciated the very specific competences that one could hire through a freelance network. Simply using one's own network to find a niche competence could be very difficult, if not impossible. This was where many saw the offering of Networks X and Y as valuable.

The hard thing is to actually find good consultants. It's not like you can google them. Sometimes you have to go through a network. - Non-client

The great advantage with Network X is that no matter how specific my demands are, in 2–3 days they are usually able to present a few individuals who are surprisingly spot-on. That is a great value added. - Client

5.4.2.2 Criteria Applicable to Teams

5.4.2.2.1 Structural Capital

The CPOs pointed to the fact that purchasing consulting services from one of the established firms is more than the chosen consultants. While individual consultants can possess previous experiences from similar engagements, access to databases, research facilities, PowerPoint operations in India and other forms of structural capital, are not attained by hiring individual consultants. These are instead inherent to the firm.

When you hire a McKinsey team it is not only the 2–3 people that you see, but behind the curtains they turn on the expertise of the entire McKinsey network. That is crucial for a great end result and this is something that Network X does not have. - Client

Asking the same client whether he thought the same structural capital could be built at Network X he answered: “Well of course! Everything is possible but it is giant leap for them. You might say it's a different business model”.

5.4.2.2.2 Staffing Teams

When discussing the ability of the networks to compete with established firms for larger projects, some CPOs had difficulties understanding what type of projects the networks could perform. They were questioning how the networks would be able to staff a larger project without junior consultants,

as in the example of Network Y. As one client stated: “It is likely that the older you get, the worse you get at Excel. So, who is going to do the dirty work behind the scenes?” Other interviewees talked about how one might not create a fully efficient team with consultants possessing backgrounds at different firms.

Working at McKinsey, you could take four consultants from four different offices and they would work great together. There is an established way of working. If I was supposed to pick a few consultants that didn't have this connection, I think it would be a mess. - Client

One non-client had not even considered networks merely based on the staffing issue. “They don’t have the capacity to fill up a large project. The projects we are doing are quite large, often requiring over ten people”.

5.4.2.2.3 International Capabilities

Among large Swedish corporations it is not at all uncommon to have operations in countries outside of Sweden, meaning that they value international capabilities in the consulting firms they hire. There was a clear belief that this disqualified the networks from these types of projects.

Being a global corporation, we need a global scope on the challenge. That means an international network is a great advantage and the large firms can offer that. - Non-client

We require our firms to be agile and support us in every location and not just fly in people from Sweden or their hub. Most often we are looking at the global firms that have established entities where we are. - Non-client

5.5 Forecasted Development

Characterizing for almost all of our interviewees was a belief that freelance consulting is a concept that will continue to grow in the upcoming years. There was an expectation that more individuals will choose to work as a freelancer and that they in their role as CPOs therefore will have to adapt to a new reality.

They are a new kind of provider in line with the way more and more people want to work. It's more and more common that you are your own boss. I'm soon atypical as I only have one employer paying me. - Non-client

When asked whether or not the interviewees believed that freelance networks would be able to compete with the established firms, many had doubts. Many believed that a proof of concept would have to be established before their corporations would choose Network X or Y over the established firms.

They are going to have to start on a smaller basis with smaller projects and then maybe evolve into larger projects where they are able to compete with the major firms. - Non-client

6. Analysis

In this section, our findings will be analyzed through the theoretical framework of signaling and screening. From the starting point of the CPO, we will present a process map, defining the different steps the corporations take in their screening process as they try to evaluate a management consulting firm ex ante. First, we will shortly describe the process map before demonstrating how the corporations evaluate the freelance networks according to it.

By applying screening theory to the purchasing of management consulting services, one can better understand how the CPOs screen for signals indicating desired characteristics. This is done in order to receive indications regarding the true quality of the firm and thus reduce the uncertainty of the purchase (Connelly, 2011; Spence, 1973). We argue that many of the selection criteria described in the empirical findings can be seen as signals by which the CPOs screen in their purchasing process for management consulting providers. We have further divided these signals into capability signals and quality signals. The capability signals are those needed in order to be able to perform the consulting project, whereas the quality signals give an indication of the quality of the execution. While the process map is centered around the CPO's role as a screener, this individual should rather be seen as proxy for the entire purchasing department. As defined in the delimitations section the screening process only refers to the selection of a supplier in the purchasing process by van Weele (2014). The process map is outlined in Figure 5.

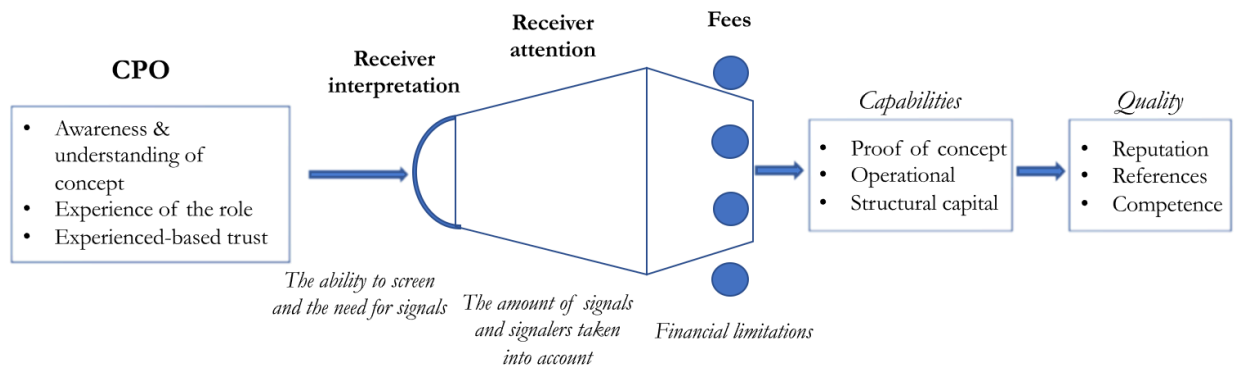


Figure 5: The Process Map

The process map used by the CPOs starts with the background of the CPO which affects their ability to screen and their need for signals. Their background further influences how they interpret signals, and their awareness of the different alternatives define their attention scope. The initial evaluation phase considers the providers' fees, possibly diminishing the evaluated alternatives as the CPO will not even consider the firms that are too expensive. If the alternatives are within the corporation's financial limitations, they continue by screening for capability signals, indicating if the provider is capable to perform the project. If the alternatives proceed to the next and final step, their quality signals, indicating the quality of the execution, are evaluated and a purchasing decision is made.

6.1 Evaluating Freelance Networks Through the Process Map

6.1.1 CPO

The CPOs play a central role in the evaluation of the firms as they determine the receiver attention of the corporation, affecting the possibility to find new firms, as well as the receiver interpretation, how they interpret the signals (Connelly et al., 2011; Gomulya & Mishina, 2017; Spence, 1973). As described in the two subsections below, these factors are crucial in determining if new players, such as the freelance networks, are evaluated and how. The process map can also be applied to corporations without a structured tendering process, as the role of the CPO in these situations instead is taken by the CEO or similar functional manager who has the authority to purchase the services.

6.1.1.1 The CPO's Awareness and Understanding of the Concept

The first requirement for the freelance network to be evaluated is to ensure awareness. Without knowledge of the freelance networks' existence, the CPOs are unable to evaluate them in the process at all. This all comes down to the receiver attention and whether or not the CPO is actively screening the market. We found a lack of awareness among many of our interviewed non-clients who were unfamiliar with the freelance networks and therefore had not even considered them in their screening process.

If awareness has been created it is then crucial that the CPO has an understanding of the freelance networks' business model. Throughout the interviews it became clear that non-clients lacked an understanding of how the freelance networks work in practice. Since the receiver interpretation did not correspond to reality, many were unsure about the practicalities of the networks' operations and how it would affect them as a potential purchasing client. Many of the worries they had did not correlate to how the freelance networks are working and there was also a confusion regarding their offering. Several CPOs did not initially understand that the freelance networks do not only provide interim services, but also management consulting projects. Therefore, many non-clients interpreted the freelance networks as non-applicable to their needs and thus did not include them in their screening scope.

6.1.1.2 Experience of the CPO

While a certain level of uncertainty is always present in the purchasing of management consulting services (Dawes et al 1992; Glückler & Armbrüster, 2003), the experience of the CPOs seemed to influence their ability to screen and to evaluate signals. After having performed a screening process, successful or not, the CPOs level of experience increases which affects the procedure of the next screening process (Corcoran & McLean, 1998). The signals used from successful projects are likely to be used again and if the performance of the firm does not meet the standard, the sent signal will be less trustworthy the second time (Karpoff, Lee, & Martin, 2008; Rhee & Haunschild, 2006; Zavyalova, Pfarrer, Reger, & Hubbard, 2015). The CPOs thus improve their understanding of the screening process after every try and therefore also improve their assessment of signals.

Furthermore, the CPO's experience with a certain provider decreases their perceived uncertainty of the purchasing situation with this provider (Glückler & Armbrüster, 2003). As our empirical findings show, it is common for the CPOs to hire the same firm once more. The scope of their receiver attention is therefore narrower and with regards to the firm that they already have hired, they are in less need to screen as they know what they will receive.

Finally, we found that CPOs of the freelance network clients were ex-consultants to a larger extent than those of the non-clients. Having this background implies that they have experience from both sides of the economic exchange, thus enabling a more comprehensive portrayal. According to our findings they are therefore in less need of the security that one attains by hiring an established firm and feel more confident in their ability to handle freelance consultants. Having seen both sides of the transaction further means that they have been a signaler and thus might be better at seeing through the smokescreen and assessing the signals for their true worth.

6.1.1.3 Fees

Whilst all of the CPOs who we interviewed worked at one of Sweden's 500 largest corporations, our impression was that many had accepted their financial limitations and which consulting firms that were possible for them to hire. Thus, the fees can be seen as a screening criterion since these corporations disregard the firms that they cannot afford. When advancing in the process, this means that CPOs at some of the more price-sensitive corporations do not even consider the established firms. At the same time, there are larger corporations who are less price-sensitive. These firms have a lower incentive to evaluate other alternatives, such as freelance networks, rather than simply choosing an established firm. If the selection criterion of fees is not applicable for them in the process, then there are many benefits from directly choosing the stronger brand, even though it is more expensive.

6.1.2 Capability Signals

Many of the problems raised with the freelance networks were related to capability signals and the notion of proof of concept. The interviewees simply did not think the networks would be able to perform certain projects and therefore screened for proof of concept in order to reduce performance risk. The management consulting projects are often of great importance and the CPOs will therefore not risk hiring a firm or concept that is untested. Many of the interviewed CPOs emphasized this issue and claimed it was a major obstacle for them to even consider these networks.

In line with the small amount of team projects that Networks X and Y have performed over the years, many were critical of the idea of teams of freelance management consultants. Whilst issues such as clashes between corporate cultures can be eased by only creating teams of senior consultants with the same previous consulting employer, other factors such as a lack of junior consultant are harder to overcome for certain types of projects. With lacking capability signals concerning structural capital and an international scope, the freelance networks were disqualified in the screening process for many large strategy projects typically performed by the established firms.

There were however scenarios where the freelance networks were viewed as capable of performing. These were for example one-person projects on short-time notice and where there was a need for a specific competence. Moreover, when informing the interviewees that many of the consultants of the freelance networks were previous employees of the established firms, the CPOs interpreted the networks as more capable. Additionally, the flexibility to relatively quickly hire an individual consultant on a project basis, was also viewed as a capability that the freelance networks possessed to a larger extent than many of the established firms. With the large roster, the CPOs also considered the freelance networks as capable of providing consultants with a wide range of backgrounds and competences.

6.1.3 Quality Signals

After ensuring that the providers have the capacity to perform the project, the final step of assessing the quality of the provider starts. This refers to the assessment of which firm that would execute the project in the best way and achieve the highest quality. One can argue that the unobservability of the desired characteristics increases when moving from the capability to the quality phase, and thus also increasing the difficulty in assessing the providers and increasing the need for signals (Connelly et al., 2011; Sanders & Boivie, 2004; Spence, 1974). The CPOs need to rely on signals such as reputation of the firm, networked reputation and references in order to correctly assess the provider's quality. These signals give an indication about the skill of the consulting firm or consultant and can therefore be seen as a proxy for the quality of a future project. A good reputation works as a strong signal of quality as this shows that the firm has a successful track record. For the CPO, this signal is deemed as more trustworthy than signals sent directly by the firm as the source is a third-party contributor, in this case the market. While the signals sent by the firm can be manipulated, the signals sent by the third-party contributors cannot, increasing its verifiability (Gomulya & Mishina, 2017). The same logic applies for personal recommendations as well as references, although the signal sent from references loses some of its value as it is commonly sent indirectly by a third party via the firm.

As stated, the less price-sensitive corporations screen for a strong brand that externally can be seen as a sign of trustworthiness and that internally can speed up processes. The credibility generated by the established firms works as an alibi, which cannot be reached to the same extent by using freelance networks. However, many interviewees considered a strong reputation of the individual consultants connected to the freelance networks as a trustworthy quality signal. One can thus argue that the notoriety of the individual consultant partly transfers to the network.

Our findings indicate that one of the main strengths of the networks, the diverse backgrounds of their consultants and their very specific competence, is a highly valuable quality signal. Many of the traditional firms do not necessarily meet these niche requests, leaving the CPOs no choice but to widen their screening scope of evaluated alternatives and increase their receiver attention. Given that the project description passes through the capability screening, the networks therefore have much to offer as they can meet a wide array of demanding requirements.

6.1.4 Summarizing the Process Map

We noticed throughout our interviews that many of the selection criteria that the CPOs used to disqualify Networks X and Y were in fact not specifically pointed at freelance networks, but rather applicable to new management consulting firms overall. Issues such as a lack of reference cases and a difficulty to perform international projects are equally applicable to freelance networks as newly started consulting firms with regular employees and limited resources.

As described by the process map above, there seems to be a match between the screening process of the corporations and the signals sent by the freelance networks for certain types of projects, specifically one-person consultant projects that require specific competence. As for the team projects, these currently not an alternative for the corporations as the networks do not pass the capability screening phase of the process map.

7. Concluding Discussion

This section will present the concluding remarks for our analysis and the managerial implications and theoretical contributions of our study. Finally, the limitations of the study and the opportunities for future research will be discussed.

By applying screening theory as a way of analyzing our empirical findings we have proposed a process map in order to better understand how Swedish corporations evaluate freelance networks in their purchasing process for management consulting providers.

We found that many of the criteria mentioned to disqualify the networks were in fact not unique for freelance networks per se, but rather applicable to all new management consulting firms. Corporations only consider the freelance networks if they are aware of the concept and can be found within their receiver attention. Today, many corporations lack knowledge about the freelance networks, thus their receiver interpretation does not go in line with the provider's actual operations and offering. Furthermore, the findings indicate that the importance of experience-based trust will remain.

Given that they fulfill the requirements above, the freelance networks are within the screening scope of the corporation and can be evaluated in their screening process. The corporations screen for capability signals showing proof of concept, which according to the majority of the corporations is still lacking. However, there is a potential for the offering of freelance networks to match the screening process. By focusing on one-person projects, the networks can utilize one of their greatest strengths, the individual consultants' specific competence and expertise, in the best possible way. As the established firms, usually hired by the corporations, might not meet the very specific request, the corporations have to widen their screening scope of evaluated alternatives and increase their receiver attention. This will work in the favor of the freelance networks. Furthermore, there are corporations that cannot afford the services of the established firms. These corporations screen for fees early in the process and are more willing to evaluate the freelance networks.

There are projects where we believe the corporations will not be able to use the freelance networks. First, team projects are not optimal in consideration to the freelance networks' offering. Despite similarities in consulting practices among the consultants, there are still differences in corporate culture and additionally, team projects often involve tasks more suitable for junior consultants. Secondly, as many of our interviewees mentioned, the purchasing of consulting services from an established firm does not only include the hiring of a consultant, but also access to the structural capital of the firm. As the same structural capital is not offered by freelance networks, they are currently not able to match the screening process for these types of projects.

To conclude, the concept of freelance networks must attain awareness and proof of concept to be evaluated by corporations. While there are future opportunities for the freelance networks in the market, there are also projects that are not suited for their business model. For all of these reasons, we believe that the prophecy of Christensen et al. (2013), that freelance networks will disrupt the management consulting industry, might be slightly exaggerated. Thus, the segmentation of the Swedish management consulting market developed by Bäcklund (2003) currently still holds. The future will have to determine if an extension with a fifth segment, freelance networks, will better represent the developing market.

7.1 Managerial Implications

For the corporations, these findings can create awareness about their screening process and indirectly suggest improvements about how they screen for management consulting providers. By outlining the screening process, the corporations can apply the presented process map to evaluate their own accuracy in screening for signals and assessing them in consideration to their needs and financial situation. Furthermore, our thesis can hopefully introduce some CPOs to the new concept of freelance networks and thus increase their receiver attention. For example, our findings indicate that corporations with financial limitations screen on the basis of fees at an early stage, even before scanning for capability signals. For the corporations that cannot afford the services of the established firms, the freelance networks give the client an opportunity to hire the same type of brain power but for a lower price.

Even though our research study has a client perspective, there are implications for two other actors, the networks and the established firms. First, for the freelance networks, the findings show how they are screened and evaluated by the corporations and thus how they can improve the quality and precision of their signal by optimizing it to the receiver attention and interpretation.

Our findings indicate that the freelance networks still are at the phase where they should focus on sending signals as to reach awareness among the corporations. This would spread the knowledge about their concept and therefore include them in the receiver attention. To proceed to the screening phase and be evaluated, it is crucial to overcome the experienced uncertainty concerning malpractice and legal matters.

As shown in the process map, the relational experience of the CPOs affects their different needs for signals and which providers they assess in their scope. The freelance networks will therefore need to adapt to how the established firms operate on the market to win new projects, particularly by making use of and developing the networks of their coordinators. This will create a level of trust that the clients demand in their screening process. For example, the clients of Network X highly valued the coordinator and his ability to understand their needs and to propose suitable consultants. The increased trust for the coordinators will positively impact their signals' trustworthiness and thus diminish the noise level from the behavior of the coordinator.

These findings can further give an indication to the established firms about the possible effect the freelance networks will have on the industry. Up until now, the concept of freelance networks has received limited attention, but a future expansion concerning one-person projects requiring specific expertise is not unthinkable. With regards to team projects, the established firms' offerings still outperform the freelance networks'.

7.2 Theoretical Contributions

First, we have contributed to how corporations use selection criteria to evaluate management consulting providers in their purchasing process. With regards to selection criteria, the empirical findings of this study were in many ways aligned with the previous research covered in the literature review (Corcoran & McLean, 1998; Dawes et al., 1992; Glückler & Armbrüster, 2003; Patterson, 1995; Page, 1995). For example, our findings indicate that the purchasing of management consulting services is characterized by factors such as high uncertainty, long-lasting trustful personal relationships and firm reputation. In contrast to earlier research concerning fees in the purchasing process, our data

shows that the selection criterion is mainly considered when there are financial limitations and in the very start of the screening process. We therefore found that the criteria quality and cost are not evaluated against each other, but rather valued in different phases of the purchasing process.

Moreover, we paid further attention to how corporations evaluate freelance networks. By applying screening theory, we were able to theorize the purchasing process and thus develop a process map to better understand the screening process of CPOs. To the best of our knowledge, such a process map concerning purchasing processes, have not previously been developed in the literature. Thus, we have also showed the applicability of screening theory to a new context. Considering the relatively low number of studies specifically focusing on screening theory, we hope to also have raised interest for future applications of the theoretical framework.

Our empirical findings showed a higher ratio of former consultants among the clients than the non-clients, this has not been seen or studied in earlier research. This interesting finding helps to describe the behavior of a CPO and which factors that can affect it. Moreover, there is a lack of studies showing the effects of an individual possessing experiences from both the side of the signaler and the receiver. As a result, this discovered pattern is a valuable indication of future research needed to possibly confirm our finding.

Finally, by performing an explorative study of the new phenomenon of freelance networks, we have contributed to its nascent field of research. Our study will hopefully spread the awareness of freelance networks and inspire other researchers to perform further studies on the topic.

7.3 Generalizations

Regarding the transferability of our findings to other professional services sectors, Kotler, Hayes, and Bloom (2002) argue that there are various similarities between how firms are selected across the different sectors. Day and Barksdale (1994) make the same conclusion, after comparing the findings from their research on the management consulting sectors with other professional services sectors. This would imply that our findings might be applicable to other sectors where a similar freelance network trend might be possible. Given the trend of more individuals working freelance, this is not at all unreasonable.

Furthermore, the basics of the developed screening framework could be applicable to other contexts where uncertainty is high and the receiver needs to overcome asymmetric information. However, the factors influencing the level of experience and knowledge will differ depending on which product or service that is evaluated in the screening process, as well as which signals are interpreted as capability or quality signals.

7.4 Limitations

While the results concerning the screening process of management consulting services were similar to previous studies, there are factors that one has to account for when evaluating the trustworthiness of this study. There is always a risk that the interviewees we talked to were not the most suitable to answer our questions. While we asked to talk to the executive responsible for the purchasing process of these services, it could be that some interviewees were not fully conversant in the subject and therefore lacked knowledge needed to answer all of our questions. Furthermore, there is a risk of bias given that Networks X and Y connected us with their clients and we were thus not able to make any type of

randomization procedure to ensure a diverse and representative sample. They are unlikely to put us in contact with clients of theirs that are unsatisfied with their offering and would heavily criticize the networks.

While previous researchers have found that larger corporations are the main consumers of management consulting services, the cheaper offering of the freelance networks might be more compatible with the corporations that previously were not able to afford it. It could therefore be that we talked to corporations of the wrong size, as the larger corporations' screening process is more tilted towards established firms.

There is also a risk that we are underestimating the lack of structure within the purchasing process of management consulting services as the non-client corporations that decided to talk to us could be skewed towards those with more of a structured approach. When first contacting the corporations, we asked to talk to the executive responsible for the purchasing process of the management consulting services. If there was no such individual because of an ad-hoc process, these corporations could be the ones that did not reply. This might have affected the sample and created a skewness towards corporations with a more structured purchasing process.

As this process map has its origin in the knowledge of a firm's existence it may be more relevant for new firms and concepts within the management consulting industry. It makes less sense to use it for already established players, as these by definition already are at the last step of the process given that they are in the correct range with regards to fees.

Even though we reached similar conclusions as previous research on the selection criteria, we cannot be certain that these views can be extrapolated to other Swedish corporations as we had a relatively small sample. Thus, our research should simply be used as an indication of how the freelance networks can be screened by Swedish corporations. Therefore, further research is needed.

7.5 Opportunities for Future Research

To start with, it would be valuable to perform further research to confirm our findings as well as to explore how the freelance networks are evaluated by slightly smaller Swedish corporations. Considering the novelty of freelance networks to the Swedish market, it would also be interesting to perform research that explore potential geographical differences. For example, comparing how the concept is evaluated on the domestic market of the freelance networks to markets such as the Swedish, where they are trying to enter and to expand.

To attain a wider understanding of the freelance networks and the variety within the concept, it would be interesting to further investigate other freelance networks that were considered out of scope for this thesis. Specifically, their way of working as well as what the screening process of their clients looks like. Thus, a broader area of the market can be covered with the possibility of discovering differences and draw conclusions on a greater scale. Additionally, given that we only focused on differences with regards to the size of the project, i.e. one-person projects and team projects, it would be interesting for future researchers to further study which types of projects that are most suitable for the freelance networks.

Moreover, it could also be valuable to investigate how similar freelance networks concepts are evaluated in other types of PSF. Thus, contributing to the selection criteria of professional services when it comes to offerings influenced by the trend of gig economy.

As previously touched upon, further additions to the process map of how CPOs screen would be interesting. Such development can concern a tendering process' possible effects on the screening scope and the receiver attention, moreover, how a public procurements process can widen the evaluated alternatives.

8. List of References

- Alvesson, M. (1993). Organizations as rhetoric: Knowledge-intensive firms and the struggle with ambiguity. *Journal of Management Studies*, 30(6), 997–1015.
- Alvesson, M., & Kärreman, D. (2007). Constructing mystery: Empirical matters in theory development. *Academy of Management Review*, 32(4), 1265–1281.
- Anand, N., Gardner, H., & Morris, T. (2007). Knowledge-based innovation: Emergence and embedding of new practice areas in management consulting firms. *Academy of Management Journal*, 50(2), 406–428.
- Armbrüster, T. (2004). Rationality and its symbols: Signalling effects and subjectification in management consulting. *Journal of Management Studies*, 41(8), 1247–1269.
- Arthurs, J., Busenitz, L., Hoskisson, R., & Johnson, R. (2009). Signaling and initial public offerings. *Journal of Business Venturing*, 24(4), 360–372.
- Bachmann, R. (2001). Trust, power and control in transorganizational relations. *Organization Studies*, 22(2), 337–365.
- Bateson, J. (1992). *Managing Services Marketing*. Fort Worth, TX: Dryden Press. G.
- Bennett, R., & Smith, C. (2004). The selection and control of management consultants by small business clients. *International Small Business Journal*, 22(5), 435–462.
- Bergh, D., Connelly, B., Ketchen, D., & Shannon, L. (2014). Signalling theory and equilibrium in strategic management research: An assessment and a research agenda: Signalling theory in strategic management. *Journal of Management Studies*, 51(8), 1334–1360.
- Bergh, D., & Gibbons, P. (2011). The stock market reaction to the hiring of management consultants: A signalling theory approach: The stock market and management consultants. *Journal of Management Studies*, 48(3), 544–567.

- Black, I. (2006). The presentation of interpretivist research. *Qualitative Market Research: An International Journal*, 9(4), 319–324.
- Branzei, O., Ursacki-Bryant, T., Vertinsky, I., & Zhang, W. (2004). The formation of green strategies in Chinese firms: Matching corporate environmental responses and individual principles. *Strategic Management Journal*, 25(11), 1075–1095.
- Bronnenmayer, M., Göttel, V., & Wirtz, B. (2014). Success factors of management consulting. *Review of Managerial Science*, 10(1), 1–34.
- Bryant, A. & Charmaz, K. (2007). *The SAGE Handbook of Grounded Theory*. Los Angeles: Sage.
- Bryman, A. (2012). *Social Research Methods* (4th ed.). Oxford, UK: Oxford University Press.
- Busenitz, L., Fiet, J., & Moesel, D. (2005). Signaling in venture capitalist–new venture team funding decisions: Does it indicate long-term venture outcomes? *Entrepreneurship Theory and Practice*, 29(1), 1–12.
- Bäcklund, J. (2003). Arguing for relevance. (Dissertation). Global and local knowledge claims in management consulting. Stockholm: Stockholm University.
- Bäcklund, J. & Werr, A. (2005). Breaking the Personal Tie: On the Formalization of the Procurement of Management Consulting Services. In S. Furusten & A. Werr (Eds.), *Dealing With Confidence: The Construction of Need and Trust in Management Advisory Services* (p. 184-200). Copenhagen: Copenhagen Business School Press.
- Carson, D., Gilmore, A., Perry, C., & Gronhaug, K. (2001). *Qualitative Marketing Research*. London: Sage.
- Christensen, C., Wang, D., & Bever, D. van. (2013). Consulting on the Cusp of Disruption. *Harvard Business Review*, 91(10), 106–114.

- Clark, T. (1993). The Market Provision of Management services, information asymmetries and service quality—Some market solutions: an empirical example. *British Journal of Management*, 4(4), 235–251.
- Clark, T. (1995). *Managing Consultants: Consultancy as the Management of Impressions*. Buckingham: Open University Press.
- Clark, T. & Salaman, G. (1998). Creating the “right” impression: Towards a dramaturgy of management consultancy. *Services Industry Journal*, 18(1), 18–38.
- Cohen, B., & Dean, T. (2005). Information asymmetry and investor valuation of IPOs: Top management team legitimacy as a capital market signal. *Strategic Management Journal*, 26(7), 683–690.
- Connelly, B., Certo, S., Ireland, R., & Reutzel, C. (2011). Signaling theory: A review and assessment. *Journal of Management*, 37(1), 39–67.
- Corcoran, J., & McLean, F. (1998). The selection of management consultants: How are governments dealing with this difficult decision? An exploratory study. *International Journal of Public Sector Management*, 11(1), 37–54.
- Das, T., & Teng, B. (2001). Trust, control, and risk in strategic alliances: An integrated framework. *Organization Studies*, 22(2), 251–283.
- Dawes, P., Dowling, G., & Patterson, P. (1992). Criteria used to select management consultants. *Industrial Marketing Management*, 21(3), 187–193.
- Day, E., & Barksdale, H. C. (1992). How firms select professional services. *Industrial Marketing Management*, 21(2), 85–91.
- Day, E., & Barksdale, H. C. (1994). Organizational purchasing of professional services: The process of selecting providers. *Journal of Business & Industrial Marketing*, 9(3), 44–51.

- Day, E., & Barksdale, H. C. (2003). Selecting a professional service provider from the short list. *Journal of Business & Industrial Marketing*, 18(6/7), 564–579.
- De Stefano, V., & International Labour Office. (2016). The rise of the "just-in-time workforce": On-demand work, crowdwork and labour protection in the "gig-economy". Geneva: ILO.
- Dey, I. (1993). *Qualitative data analysis: A user-friendly guide for social scientists*. London: New York, NY.
- Dowling, M. (2006). Approaches to reflexivity in qualitative research. *Nurse Researcher*, 13(3), 7–21.
- Edmondson, A., & McManus, S. (2007). Methodological fit in management field research. *Academy of Management Review*, 32(4), 1155–1179.
- Ehrhart, K., & Ziegert, J. (2005). Why are individuals attracted to organizations? *Journal of Management*, 31, 901–919.
- Eisenhardt, K. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532–550.
- Empson, L. (2001). Fear of exploitation and fear of contamination: Impediments to knowledge transfer in mergers between professional service firms. *Human Relations*, 54(7), 839–862.
- Empson, L. (2017). Elite interviewing in professional organizations. *Journal of Professions and Organizations*, 5(1), 58–69.
- FEACO (2017). Survey of the European Management Consultancy 2016/2017.
- Fincham, R. & Clark, T. (2002). Introduction: The Emergence of Critical Perspectives. In T. Clark & R. Fincham (Eds.), *Critical Consulting* (p. 1–20). Oxford: Blackwell Business.
- Flick, U. (2014). *The SAGE handbook of qualitative data analysis*. London: Sage.

- Freedman, A., & Stinson, G. (2004). Herding cats: Lessons learned from managing and coordinating organization development consultants. *Consulting Psychology Journal: Practice and Research*, 56(1), 44–57.
- Friedman, G. (2014). Workers without employers: shadow corporations and the rise of the gig economy. *Review of Keynesian Economics*, 2(2), 171–188.
- Furusten, S., & Werr, A. (2005). *Dealing with Confidence: The Construction of Need and Trust in Management Advisory Services*. Copenhagen: Copenhagen Business School Press.
- Gibbs, G. (2007). *Thematic coding and categorizing*. In *Analyzing qualitative data*. London: Sage.
- Giddens, A. (1990). *The consequences of modernity*. Stanford, CA: Stanford University Press.
- Gioia, D., Corley, K., & Hamilton, A. (2013). Seeking qualitative rigor in inductive research: Notes on the Gioia methodology. *Organizational Research Methods*, 16(1), 15–31.
- Glückler, J., & Armbrüster, T. (2003). Bridging uncertainty in management consulting: The mechanisms of trust and networked reputation. *Organization Studies*, 24(2), 269–297.
- Gomulya, D., & Mishina, Y. (2017). Signaler credibility, signal susceptibility, and relative reliance on signals: How stakeholders change their evaluative processes after violation of expectations and rehabilitative efforts. *Academy of Management Journal*, 60(2), 554–583.
- Granovetter, M. (1985). Economic action and economic structure: The problem of embeddedness. *American Journal of Sociology*, 91(3), 481–510.
- Greenwood, R., Li, S., Prakash, R. & Deephouse, D. (2005). Reputation, diversification, and organizational explanations of performance in professional service firms. *Organization science*, 16(6), 661–673.
- Greenwood, R., Suddaby, R., & McDougald, M. (2006). Introduction. In R. Greenwood & R. Suddaby (Eds.), *Research in the Sociology of Organizations: Professional Service Firms* (vol 24, p. 1–16).

- Greiner, L., Bennis, L., & Poulfelt, F. (2005). *The Contemporary Consultant: Handbook of Management Consulting: Insights from World Experts*. Mason, OH: Thomson South-Western.
- Guest, G., Bunce, A., & Johnson, L. (2006). How many interviews are enough? An experiment with data saturation and variability. *Field Methods*, 18(1), 59–82.
- Gummesson, E. (1978). Toward a theory of professional service marketing. *Industrial Marketing Management*, 7(2), 89–95.
- Gummesson, E. (1991). *Qualitative Methods in Management Research* (rev. ed.). Newbury Park and Beverly Hills, CA: Sage.
- Halpern, E. (1983). *Auditing Naturalistic Inquiries: The Development and Application of a Model*. (Unpublished Doctoral Dissertation, Indiana University.)
- Hannan, M., & Freeman, J. (1989). *Organizational ecology*. Cambridge, MA: Harvard University Press.
- Hill, C. & Neeley, S. (1988). Differences in the consumer decision process for professional vs. generic services. *Journal of Services Marketing*, 2(1), 17–23.
- Hitt, M., Bierman, L., Shimizu, K., & Kochhar, R. (2001). Direct and moderating effects of human capital on strategy and performance in professional service firms: A resource-based perspective. *The Academy of Management Journal*, 44(1), 13–28.
- Holme, I. & Solvang, B. (1991). *Forskningsmetodik. Om kvalitativa och kvantitativa metoder*. Lund: Studentlitteratur.
- Hudson, L., & Ozanne, J. (1988). Alternative ways of seeking knowledge in consumer research. *Journal of Consumer Research*, 14(4), 508–521.
- Höner, D., & Mohe, M. (2009). Behind clients' doors: What hinders client firms from “professionally” dealing with consultancy? *Management Consulting: Introducing the Client*, 25(3), 299–312.

- ICMCI (2018). International Council of Management Consulting Institutes www.icmci.org
- Ilmola, L., & Kuusi, O. (2006). Filters of weak signals hinder foresight: Monitoring weak signals efficiently in corporate decision-making. *Futures*, 38(8), 908–924.
- Kaas, K., & Schade, C. (1995). Unternehmensberater im Wettbewerb. Eine empirische untersuchung aus der perspektive der neuen institutionenlehre. *Zeitschrift für Betriebswirtschaft*, 65(10), 1067–1089.
- Karpoff, J., Lee, D., & Martin, G. (2008). The consequences to managers for financial misrepresentation. *Journal of Financial Economics*, 88(2), 193–215.
- Ketokivi, M. & Choi, T. (2014). Renaissance of case research as a scientific method. *Journal of Operations Management*, 32(5), 232–240.
- Kipping, M. & Clark, T. (2012). *The Oxford handbook of management consulting* (1. ed.). Oxford: Oxford University Press.
- Kirmani, A., & Rao, A. (2000). No pain, no gain: A critical review of the literature on signaling unobservable product quality. *Journal of Marketing*, 64(2), 66–79.
- Klein, R, Spady, R & Weiss, A. (1991). Factors affecting the productivity and quit propensities of productions workers. *Review of Economic Studies*, 58(5), 929–953.
- Kotler, P., Hayes, T. & Bloom, P. (2002). *Marketing Professional Services* (2nd ed.). Paramus, NJ: Prentice-Hall.
- Kohr, J. (2000). *Die Auswahl von Unternehmensberatungen. Klientenverhalten — Beratermarketing*. Munich: Hampp.
- Kubr, M. (2002). *Management consulting — A guide to the profession*. Geneva: International Labour Office.
- Kyrö, P. (1995). *The management consulting industry described by using the concept of “profession”*. Dept. of Education, University of Helsinki, Helsinki

- Levin, J., & Tadelis, S. (2005). Profit sharing and the role of professional partnerships. *The Quarterly Journal of Economics*, 120(1), 131–171.
- Levitt, T. (1981). Marketing intangible products and product intangibles. *Cornell Hospitality Quarterly*, 22(2), 37–44.
- Lincoln, Y., & Guba, E. (1985). *Naturalistic inquiry*. Beverly Hills, CA: Sage.
- Lindberg, N., & Nordin, F. (2008). From products to services and back again: Towards a new service procurement logic. *Industrial Marketing Management*, 37(3), 292–300.
- Lovelock, C. (1991). *Services Marketing*. Englewood Cliffs, NJ: Prentice-Hall.
- Løwendahl, B. (2005). *Strategic Management of Professional Service Firms*. Copenhagen: Copenhagen Business School Press.
- Manyika, J., Lund, S., Bughin, J., Robinson, K., Mischke, J., & Mahajan, D. (2016). *Independent work: choice, necessity, and the gig economy*. San Francisco, CA: McKinsey Global Institute.
- Mauerer, C. & Nissen, V. (2014). Portraying the social dimensions of consulting with structuration theory. *Journal of Service Science and Management*, 7, 110–130.
- Meffert, H. (1990). Unternehmensberatung und unternehmensführung. eine empirische bestandsaufnahme. *Die Betriebswirtschaft*, 50(2), 181–197.
- Merriam, S. & Tisdell, E. (2016). *Qualitative research: a guide to design and implementation* (4. ed.). San Francisco, CA: John Wiley & Sons.
- Meyer, J., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2), 340–363.
- Mitchell, V. (1994). Problems and risks in the purchasing of consultancy services. *The Service Industries Journal*, 14(3), 315–339.
- Mitchell, V. (1995). A survey of chief planning officer attitudes towards planning consultants. *International Journal of Public Sector Management*, 8(1), 20–34.

- Mitchell, V. & Greator, M. (1992). *Customer Services: A perceived risk, working paper series*.
Manchester: Manchester School of Management.
- Mohe, M. (2005). Generic strategies for managing consultants: Insights from clients' companies in Germany. *Journal of Change Management*, 5(3), 357–365.
- Nayyar, P. (1990). Information asymmetries: A source of competitive advantage for diversified service firms. *Strategic Management Journal*, 11(7), 513–519.
- Neuman, L. (2000). *Social Research Methods: Qualitative and Quantitative Approaches* (4. ed.). Boston, MA: Allyn and Bacon.
- Page, C. (1998). How clients pick management consultants in Australia and New Zealand. *Journal of Management Consulting*, 10(2), 56-58.
- Palaganas, E., Sanchez, M., Molintas, M., & Caricativo, R. (2017). Reflexivity in qualitative research: A journey of learning. *The Qualitative Report*, 22(2), 426–438.
- Patterson, P. (1995). Choice criteria in final selection of a management consultancy service. *Journal of Professional Services Marketing*, 11(2), 177–187.
- Pemer, F. (2008). *Framgång eller fiasko? En studie av hur konsultprojekt värderas i klientorganisationer*. (Dissertation). EFI. Stockholm.
- Pemer, F. & Werr, A. (2013). The uncertain management consulting services client. *International Studies of Management and Organization* 43(3), 22–40
- Perkins, S., & Hendry, C. (2005). Ordering top pay: Interpreting the signals. *Journal of Management Studies*, 42(7), 1443–1468.
- Powell, W. & DiMaggio, P. (1991). *The new institutionalism in organizational analysis*. Chicago: University of Chicago Press.

- Pratt, M. (2008). Fitting oval pegs into round holes: Tensions in evaluating and publishing qualitative research in top-tier North American journals. *Organizational Research Methods*, 11(3), 481–509.
- Rhee, M., & Haunschild, P. (2006). The liability of good reputation: A study of product recalls in the U.S. automobile industry. *Organization Science*, 17(1), 101–117.
- Robson, C. (2002). *Real World Research: A Resource for Social Scientists and Practitioner-Researchers*. Oxford: Blackwell
- Rubin, H., & Rubin, I. (2011). *Qualitative interviewing: The art of hearing data*. Thousand Oaks, CA: Sage.
- Sahlin-Andersson, K. (1989) *Oklarhetens strategi. Organisering av projektsamarbete*. Lund: Studentlitteratur
- Sahlin - Andersson, K., & Engwall, L. (2002). *The Expansion of Management Knowledge: Carriers, Flows, and Sources*. Stanford: Stanford University Press.
- Sanders, W., & Boivie, S. (2004). Sorting things out: valuation of new firms in uncertain markets. *Strategic Management Journal*, 25(2), 167–186.
- Saunders, M., Lewis, P. & Thornhill, A. (2016). *Research methods for business students*. Harlow: Pearson Education Limited.
- Schmenner, R. (1986). How can service businesses survive and prosper. *Sloan Management Review*, 27(3), 21–32.
- Sharma, A. (1997). Professional as agent: Knowledge asymmetry in agency exchange. *The Academy of Management Review*, 22(3), 758–798.
- Shenton, A. (2004). Strategies for ensuring trustworthiness in qualitative research projects. *Education for Information*, 22(2), 63–75.

- Smeltzer, L., & Ogden, J. (2002). Purchasing professionals' perceived differences between purchasing materials and purchasing services. *Journal of Supply Chain Management*, 38(1), 54–70.
- Solomon, M., Surpient, C., Czepiel, J. & Gutman, E. (1985). A role theory perspective on dyadic interactions: the service encounter. *Journal of Marketing*, 49(1), 99–111.
- Source Global Research. (2017). The Nordics Consulting Market in 2017.
- Spence, M. (1973). Job market signaling. *The Quarterly Journal of Economics*, 87(3), 355–374.
- Spence, M. (1974). *Market signaling: Informational Transfer in Hiring and Related Processes*. Cambridge, MA: Harvard University Press.
- Spence, M. (2002). Signaling in retrospect and the informational structure of markets. *American Economic Review*, 92(3), 434–459.
- Srivastava, J. (2001). The role of inferences in sequential bargaining with one-sided incomplete information: Some experimental evidence. *Organizational Behavior and Human Decision Processes*, 85(1), 166–187.
- Stiglitz, J. (2000). The contributions of the economics of information to twentieth century economics. *Quarterly Journal of Economics*, 115(4), 1441–1478.
- Stiglitz, J. (2002). Information and the change in the paradigm in economics. *American Economic Review*, 92(3), 460–501.
- Stuart, T., Hoang, H., & Hybels, R. (1999). Inter-organizational endorsements and the performance of entrepreneurial ventures. *Administrative Science Quarterly*, 44(2), 315–349.
- Teece, D. (2003). Expert talent and the design of (professional services) firms. *Industrial and Corporate Change*, 12(4), 895–916
- Tolbert, P. & Zucker, L. (1996). The institutionalization of institutional theory. In S. Clegg, C. Hardy & W. Nord (Eds.), *Handbook of organization studies* (p. 175–190). London: Sage.

- Tracy, S. (2010). Qualitative quality: Eight "big-tent" criteria for excellent qualitative research. *Qualitative inquiry*, 16(10), 837–851.
- Uzzi, B. (1997). Social structure and competition in interfirm networks: The paradox of embeddedness. *Administrative Science Quarterly*, 42(1), 35–67.
- van Weele, A. (2014). *Purchasing & supply chain management: Analysis, strategy, planning and practice*. Andover: Cengage Learning EMEA.
- Vargo, S. & Lusch, R. (2004). The four service marketing myths – remnants of a goods-based, manufacturing model. *Journal of Service Research*, 6(4), 324–35.
- von Nordenflycht, A. (2010). What is a professional service firm? Toward a theory and taxonomy of knowledge-intensive firms. *Academy of Management Review*, 35(1), 155–174.
- Wallendorf, M. & Belk, R. (1989). Assessing trustworthiness in naturalistic consumer research. In E. Hirschman (Eds.), *SV-Interpretive Consumer Research* (p.69-84). Provo UT: Association for consumer research
- Weiss, A. (1995). Human capital vs. signalling explanations of eages. *The Journal of Economic Perspectives*, 9(4), 133–154.
- Wengraf, T. (2001). *Qualitative research interviewing: biographical narrative and semi-structured methods*. Thousand Oaks, CA: Sage.
- Werr, A. & Perner, F. (2005). *Purchasing management consultants – From personal ties to organizational procedures*. Paper presented at the Academy of Management Honolulu, Hawaii.
- Werr, A. & Perner, F. (2007). Purchasing management consulting services - from management autonomy to purchasing involvement. *Journal of Purchasing and Supply Management*, 13(2), 98–112.
- West, D. (1997). Purchasing professional services: The case of advertising agencies. *International Journal of Purchasing and Materials Management*, 33(2), 2–9.

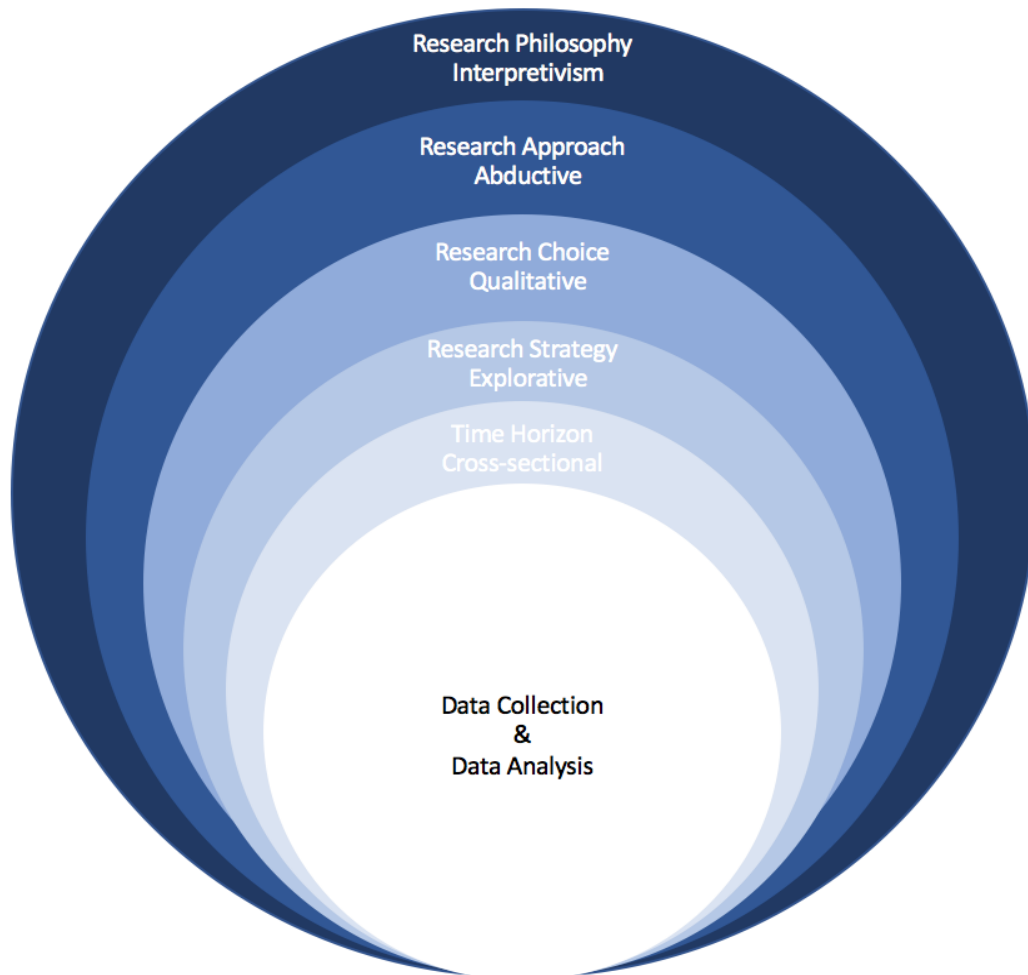
- Winch, G., & Schneider, E. (1993). Managing the knowledgebased organization: The case of architectural practice. *Journal of Management Studies*, 30(6), 923–937.
- Yin, R. (2014). *Case study research: Design and methods*. Thousand Oaks, CA: Sage
- Zavyalova, A., Pfarrer, M., Reger, R., & Hubbard, T. (2015). Reputation as a benefit and a burden? How stakeholders' organizational identification affects the role of reputation following a negative event. *Academy of Management Journal*, 59(1), 253–276.
- Zeithaml, V. & Bitner, M. (2003). *Services Marketing: Integrating Customer Focus across the Firm* (3. ed.). New York, NY: McGraw-Hill.
- Zhang, Y., & Wiersema, M. (2009). Stock market reaction to CEO certification: The signaling role of CEO background. *Strategic Management Journal*, 30(7), 693–710.
- Zucker, Lynn G. (1986). Production of trust: Institutional sources of economic structure, 1840–1920'. *Research in Organizational Behavior*, 8, 53–111.

9. Appendices

Appendix 1 – The networks

	Network X	Network Y
Roster	~2,000 consultants (~800 BCG & McKinsey)	~1,800
Offering	Traditional & interim solutions	Traditional
Matching process	Coordinator searching through the database	An algorithm conducts the first search phase. The coordinator then makes the final call on the proposed consultants
Staff	~45 employees (including ~10 junior consultants)	~60 employees

Appendix 2 – Research Onion



Appendix 3 – List of Interviews

Status	Length	Format	Date
Pre-study	4 hours	Face2face	15 February
Network Y	35 min	Skype	15 February
Network X	39 min	Phone	27 February
Non-client	34 min	Phone	20 March
Non-client	46 min	Face2face	20 March
Non-client	39 min	Face2face	21 March
Non-client	33 min	Phone	22 March
Non-client	29 min	Phone	23 March
Client	59 min	Face2face	29 March
Non-client	21 min	Phone	29 March
Client	21 min	Face2face	6 April
Non-client	20 min	Phone	9 April
Client	23 min	Phone	12 April
Non-client	27 min	Phone	13 April
Client	27 min	Face2face	16 April
Non-client	28 min	Phone	17 April
Non-client	22 min	Phone	17 April
Client	35 min	Face2face	18 April
Non-client	24 min	Phone	24 April
Network Y	27 min	Skype	25 April
Network X	22 min	Phone	26 April
Client	21 min	Phone	3 May

Appendix 4 – Interview Themes

Phase 1 Briefing

- Presentation of the interviewers, the research study, the scope and the research question
- Information concerning the interview process (recording, anonymity, removal of recordings, etc.)

Non-clients and clients:

Phase 2 Familiarizing with the interviewee

- Role description and responsibilities of the interviewee

Phase 3 Definition and need of management consulting

- Definition/perception of management consulting
- Frequency and size of purchase
- Type of management consulting services

Phase 4 Purchasing process

- Structure
- Selection criteria (cost, reputation, networked reputation)
- Repurchasing or new clients

Phase 5 Evaluation of freelance networks

Non-clients:

- Familiarity with the concept
- Initial thoughts (positive, negative, reputation)
- Advantages (for example price, flexibility & expertise)
- Disadvantages (for example governance & malpractice)
- Applicability (scenarios & projects)

Clients and non-clients interested in trying freelance networks

- Most important criteria
- Firm versus consultant reputation
- Effects of having worked for an established firm
- Consultant mobility