UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Master's Degree Project in Management

The dynamics of the relationship between managers and consultants

Exploring the aspects of time, power and ambiguities

Johan Rydberg & Viktor Rönnquist

Supervisor: Sara Brorström
Master's degree Project
Graduate School

The dynamics of the relationship between managers and consultants

Exploring the aspects of power, time and ambiguities

Johan Rydberg
Master of Science in Management, Graduate School, School of Business, Economics and Law, University of Gothenburg

Viktor Rönnquist
Master of Science in Management, Graduate School, School of Business, Economics and Law, University of Gothenburg

Abstract
This article studies what aspects affect the relationship between managers and consultants and what the consequences are. Drawing on interviews with consultants and managers from various sectors, we analysed their relationship by combining principal-agent theory with other theories within client-consultant literature which enabled a deeper understanding of the aspects and interests which shape the relationship. We have identified three aspects; time, power, and ambiguities, which we argue affect the relationship between managers and consultants. Our findings also suggest that the manager-consultant relationship is to be recognized as an agent-agent relationship - where both actors are striving to remain in control. When managers engage in extensive monitoring and controlling of consultants, the manager remains in power as he or she controls what the consultant does and when he or she does it, while also making sure that the client organisation remain its' independence from consultants. For consultants, finding ways to apply their wide range of knowledge within the client organisation is crucial to gain and maintain power over the manager. By combining the notion of an agent-agent relationship between managers and consultants with the aspects of time, power and ambiguities, we shed light on complexities often neglected within the relationship.

Keywords
Managers, Consultants, Principal-Agent theory, Management, Consultancy, Relationships

Introduction
Historically, workers and employers have been tied together through mutual long-term commitments. Over the last decades this has changed, and contract work has become the new norm in the post-industrial economy where full-time employment and long-term engagement between an employer and a worker are becoming increasingly rare (Norbäck, 2019; Norbäck & Styhre, 2019; O'Mahony & Bechky, 2006; Capelli & Keller, 2013). The high degree of knowledge-intensive organisations in the modern economy has elevated considerably leading

to the increasing amount of professional service organisations (Sharma, 1997). One example of such organisations are consultancy firms that deploy consultants for short-term assignments where they provide expertise for their clients (ibid).

The context of consultancy services can be analysed by studying project teams from an organisational perspective, dividing organisations into temporary and permanent organisations (Berggren et al., 2001). The permanent organisation refers to the structure for operations, financial reporting, and legal purposes whereas the temporary organisation is all ongoing projects and initiatives (ibid). The reasons for creating temporary organisations vary but they are generally considered superior to the permanent organisation to drive and achieve a set of change objectives (Berggren et al., 2001; Lundin & Söderholm 1995; Müller & Turner, 2003). In contrast to temporary organisations, permanent organisations are more naturally defined by goals instead of specific tasks, survival instead of time constraints and working organisation instead of project members and often, the interests of the temporary organisation differs from that of the permanent organisation (Lundin & Söderholm, 1995). Given their differences there is a risk of conflicting interests between the permanent and the temporary organisation (Ibid). Also, in temporary organisations there is an acceptance of conflicting interests within the team as the limited timeframe makes loyalty less rewarding than in permanent organisations (Ibid).

One way of studying conflicting interests is to apply principal-agent theory. Principal-agent theory a branch within agency theory and is concerned with problems of information asymmetry that arise when an owner assigns another person to act on his or her behalf in an economic exchange (Meckling & Jensen, 1976). The theory assumes that conflicting interests and information asymmetry will cause agents to act opportunistically toward the principal should their interest conflict and to ensure that this does not happen the principal must engage in monitoring the agent (Ibid). Further, Eisenhardt (1989) argues that principal-agent theory is ideally used in contexts where (a) there is a substantial goal conflict between principals and agents and (b) sufficient outcome uncertainty triggers the risk element of principal-agent theory and (c) team-oriented work makes evaluation difficult. While these criterions reasons well with the context of consultancy work, Eisenhardt (1989) also argues that principal-agent theory is best used when complemented with other theories. This is in line with the recommendations given by Hirsch et. al (1987) who argues that principal-agent theory only captures a partial view of the world and that combining it with other theories helps explain more complex phenomena such as organizations. Examples of such combinations in previous literature are principal-agent theory being combined with institutional theory (Eisenhardt, 1988; Conlon & Parks, 1988), with managerialism (Kosnik, 1987) and with theories on transaction costs (Anderson, 1985).

In a consultancy setting, one way of combining principal-agent theory with other theories is to consider the permanent organisation the principal, as it sets boundaries for the temporary organisation which in turn becomes the agent (Müller & Turner, 2003). However, principal-agent problems within consultancy are by no means restricted to the temporary organisation's relationship with the permanent organisation, but also present within temporary organisations for example between managers and consultants (Müller & Turner; 2003; Ceric, 2014; Sharma, 1997). This is particularly true when agencies such as consultancy firms are used in projects as this introduces an intermediary, with self-interests of their own (Ceric, 2014). Although several studies (Sturdy, 1997; Fincham, 1999; 2004; Kitay & Wright, 2004; Sturdy et al., 2013) address complexities associated with the client-consultant relationship, the underlying interests and aspects that shape the relationship are seldom explored in detail. This is perhaps less surprising as much the growth of professional services in general, and consulting services in particular, has occurred recently. Nonetheless, given the growth of consultancy services, it is becoming increasingly important for managers and consultants alike to understand and manage their relationship.

Combining principal-agent theory with other theories from previous studies on client-consultant relationships enables us to explore aspects and interests that shape the relationship and what it means for consultants and managers. Consequently, it is the purpose of this study to contribute to a deeper understanding of the relationship between managers and consultants. More specifically, we ask the question;

What aspects affect the relationship between manager and consultants and what are the consequences?

The study is structured as follows. First, a theoretical framework describing and problematizing the principal-agent theory is presented followed by theories from previous studies on the client-consultancy relationship. In the chapter following the theoretical framework, the methodology applied in this study is described and after that, the empirical section is presented. The study ends with a discussion of the findings, conclusion and lastly suggestions for further research.

Theoretical framework

Principal-agent theory

Principal agent research is one of two major branches within agency research, governance mechanisms being the other. Theorised by Jensen and Meckling (1976), principal agent research is concerned with relationships where one or more persons (principal(s)) entrusts another person (the agent) in an economic exchange to perform some service on his or her behalf, making the principals wealth subject to decisions made by the agent. One common example of such a setup is when a business owner (principal) appoints a manager (agent) to manage an organisation (Jensen & Meckling, 1976).

According to Jensen and Meckling (1976) separating ownership from control causes inefficiencies as they argue it is reasonable to assume that an agent will not act in the interest of the principal to the exclusion of his or her own interests. Principal-agent theory also presupposes that agents are more willing to take on risks than principals since potential negative outcomes of such risks mainly affect the principal, not the agent (Ibid). Consequently, to ensure that the agent does not pursue interests that conflict with the interests of the principal, the principal must setup controlling mechanisms to monitor the agent, the cost of which is referred to as agency costs (Fama, 1980; Moe, 1995). Consequently, constructing contracts that minimises agency costs by resolving the underlying problems of information asymmetry, different attitudes toward risk and conflicting interests is essential within principal-agent theory (Jensen & Meckling, 1976; Müller & Turner, 2004a).

In contexts where the principal easily can monitor the agent contracts can be designed to pay the agent by the hour, incentivising the agent to work many hours, which presumably is in the interest of the principal (Jensen & Meckling, 1976; Turner & Simister, 2001). This way, information asymmetry is reduced and the possibility to impose sanctions on the agent arises (Sharma, 1997). On the other hand, in situations where it is hard for the principal to monitor agents, for example due to lack of knowledge, outcome-based contracts can be designed as this transfers risk from the principal to the agent and ensures that the objectives are shared (Ibid). However, despite intentions to formulate contracts that aligns the interest of the agent with that of the principal, all contracts are incomplete as it is impossible to formulate contracts which cover all potential behaviours and events (Jensen & Meckling, 1976; Eisenhardt 1989). As incomplete contracts offer a possibility for the agent to behave opportunistic (Zhang & Qian, 2017), risks of adverse selection and moral hazard emerges (Fama & Jensen, 1983).

Adverse selection refers to a situation where the agent uses information asymmetry to his or her advantage for example by claiming to possess certain abilities or skills which the principal is unable to verify prior to signing an agreement (Eisenhardt, 1989; Müller & Turner, 2004b). As the principal is unable to properly evaluate the claims of the agent, he or she risks making sub-optimal choices (Eisenhardt, 1989). In a business context, a supplier (agent) could distort, lie or withhold information about the durability of a new product to a potential buyer (principal) to increase the chance of selling the product (ibid). Another common example of adverse selection is within life insurance, where a smoker can declare to be a non-smoker in order to get a cheaper price, a claim that the principal is practically unable to verify before signing an agreement with the insurancetaker. Moral hazard on the other hand describes events where the agent uses the incompleteness of contracts and information asymmetry to alter his or her behaviour after an agreement is signed (Eisenhardt, 1989). It could be an employee putting in less effort than agreed upon or, referring to the earlier example of life insurance, a person that starts walking out in front of cars because he or she is now insured.

Although principal-agent theory has become increasingly popular within a wide range of scholarly fields, it has received significant criticism (Sharma, 1997). Mostly, the critique has been concerned with the assumptions made about human behaviour (ibid). For example, Perrow (1986) argues that the pessimistic view on human nature implicit in the theory whereas Kaplan (1983) questions the rationality by principals. Perrow (1986) also argue that the theory neglects opportunistic behaviour on behalf of principals and consequently that the generalisability of the theory is in question due to its one-sidedness. Further, the emphasis on control to reduce information asymmetry can invoke feelings of resentment as it can be interpreted as a lack of trust between the principal and the agent, influencing behaviours of both the principal and the agent (Frey, 1993). Also, the fact that the theory does not consider that behaviours and norms of others do influence the agent, has been a source of criticism (Ghoshal & Moran, 1996). Other authors such as Eisenhardt (1989) and Hirsch et al. (1987) recognize the limitations of principal-agent theory, arguing that it only provides a narrow picture of reality. To better capture complexities the authors argue that principal-agent theory should be combined with other theories. Despite the criticism, principal agency has been adopted within a wide range of scholarly fields such as organisational behaviour (Eisenhardt, 1985), finance (Fama, 1980), political science (Mitnick, 1986; Cited in Eisenhardt, 1989), project management (Ceric, 2014) and accounting (Demski & Feltham, 1978).

For industries which have seen significant growth over the past couple of decades, professional services being one, there is a growing body of research where principal agent theory is applied. However, Sharma (1997) argues that principal-agent theory does not lend itself to the business of professional services without the alteration of some of the underlying assumptions. Firstly, agency theory neglects the differences in knowledge between the principal and the agent within professional services, the agent often being more knowledgeable than the principal who consequently develops a dependency on the agent. Secondly, the social embeddedness that the agent operates in means that assumptions on behalf of the agent to pursue self-interests should be loosened, and instead the interests of the agent understood as a mix of self-interests and social norms (Ibid). Lastly, Sharma (1997) argues that the exchanges between principals and agents are usually driven by the agents and not by the principal and that they co-produce intangible services that are hard to quantify or measure. Consequently, using agency theory within a professional service setting spans just adopting a theory but instead provides new insights to the nature of consultancy services (Ibid).

In the next section, theories that complement principal-agent theory are presented. While previous literature covers many theories of consultancy, three themes occurred more often than others during the readings, *perspectives*, *uncertainties* and *organisational blurriness* and the next chapter is structured around those three themes.

Client-consultant relationship

Perspectives

The literature on consulting is often divided into two main perspectives (Werr & Styhre, 2002). The first one, functionalist perspective, emphasises improving and securing the effectiveness of consulting services, as well as guidelines on how to construct a successful client-consultant relationship. The second perspective is the critical approach which has emerged more recently but is rapidly growing (Werr & Styhre, 2002; Pemer & Werr, 2013).

Within the functionalist perspective, the value of consultancy is taken for granted and that the need for the knowledge-based service is a necessity when the client lacks knowledge or resources (Werr & Styhre, 2002). Further, the independency of consultants enables them to view the organisation objectively and avoid being affected by internal power dynamics such as conflicts within the client organisation (Werr & Styhre, 2002). Another important value-adding characteristic in the functionalist perspective is the temporary character of consultant services (Ibid). Adopting the functionalist perspective, the client remains dominant in the power relation with the consultancy as they can direct the actions of consultants and get rid of them when they please (Niewiem & Richter, 2004; Sturdy, 1997).

The second perspective, the critical image, questions the consultant's functional knowledge and expertise as the basis for consulting (Werr & Styhre, 2002). In this perspective, the power distribution in the client-consultant relationship shifts from the rational and informed client that is in control, to the naïve victim of the consultant's rhetorical skills (Ibid). The critical image describes the client as a victim whose uncertainties are exploited by management consultants and is one of the most common bases for criticism (Clark, 1995; Ernst & Kieser, 2002). Other common sources for criticism are the value of often intangible consultancy services (Bloch, 1999; Kitay & Wright, 2004) and the potential harm caused by flawed consulting advice (O'Shea & Madigan, 1997). Lastly, consultants, who are often are said to be in the business of uncertainty reduction (Sturdy, 1997; Furusten 2009; Czarniawska, 1990), are also considered to be in the business of uncertainty creation (Pemer & Werr, 2013; Sturdy 1997).

Further, Pemer and Werr (2013) argue that uncertainties embedded in the client-consultant relationship cannot be understood without considering the client's perception of consultants. The authors describe that there are common ways in which the client organisation perceive consultants. For example, what they call a controlling client regards consultants as disloyal, experienced parasites that lack the willingness to take responsibility. As a result, the manager often engages in controlling and dominating behaviour, consequently, the relationship becomes unequal and distrustful. The instrumental client has a more neutral opinion of consultants, as they are considered tools with valuable competencies, but which need to be controlled and governed. For these two types of client perspectives, the client presumably is keen on safeguarding their dominant power position by keeping their consultants at a safe distance from their organisation. In the eyes of the trustful client, the consultants are perceived as very competent, experienced, and responsible for their work. Further, an equal and trustful relationship between the client and the consultant is built as consultants are considered colleagues. Lastly, the ambivalent client considers the consultants as saviours, competent and experienced. In this case, the relationship between the client and consultant is unequal and trusting, as the lack of self-esteem within its own organisations leads to an idolisation of the consultants and their abilities. Consequently, the authors conclude that uncertainties related to consultancy services are not intrinsic elements of the services themselves, instead they are an inherent part in the relationship between clients and consultants. (Pemer & Werr, 2013).

Uncertainty

Uncertainty is a central concept in the client-consultant relationship (Sturdy et al., 2013). Uncertainties and anxiety can apply for individuals within an organisation as well as entire organisations (Sturdy, 1997). Sturdy (1997) further argues that the persistent usage of consultants is partly because of anxiety among the managers. Factors such as their personal career, power, and status within the organisation or external aspects which they cannot predict may intensify their insecurities as managers (Ibid). According to Sturdy (1997), Managers may also use consultants to exercise control over situations they are not experienced in themselves or to gain legitimacy for the course of action set by the manager. The need for control is seen as an opportunity for consultants, who can contribute with expertise and confidence, which will give a sense of reassurance for the managers. It also provides internal legitimacy within the client company regarding the manager - having expensive consultants contributing to the project that the manager has set out a plan for. Lastly, organisational structures and practices are often implemented in order to conform to the industry norms – which is also taken advantage of by the consultancy firms. (Sturdy, 1997)

Sturdy's (1997) findings on managerial uncertainties are largely aligned with those of Werr and Styhre (2002), as they argue that managers are faced two different challenges in their career: controlling their organisations' performance and managing their own identity as a manager. Werr and Styhre (2002) argue that the ideas and techniques offered by consultants creates an opportunity for managers to get a sense of control, to change and improve, and to reinforce managerial identity. As such, consultants are continuously introducing new management concepts to increase managerial anxiety – ultimately sustaining market demand for consultant services (Ibid).

However, as previously mentioned, uncertainties are not limited to managers but can apply for entire organisations. Pemer and Werr (2013) propose three different ways of categorising uncertainties within the client-consultant relationship from an organisational standpoint; performance, relational, and psychosocial. Performance uncertainty derives from information asymmetry between the consultancy and the client as the client is unable to properly evaluate the competence of the consultants beforehand. Relational uncertainty concerns risks related to opportunistic behaviour on behalf of the consultant vis-à-vis the client, which is the case if a consultant uses the information asymmetry to act in self-interest instead of what is best for the client (Maister, 2003; Sturdy, 1997). Also, Zhang and Qian (2017) also argues that the risk of opportunistic behaviour increases in cases where the client has a hard time defining the issue which they want the consultant to solve. Lastly, Pemer and Werr (2013) describe that psychosocial uncertainties are caused by the reaction of employees and other members of the organisation in which the manager operates react to the decision of bringing in an outsider.

The categorisations of uncertainties described above have a lot in common with those proposed by Sturdy et al. (2013), namely in terms of: product, institutions, relationships and organisational form. Not being able to properly evaluate the outcome of using consultants and their competencies beforehand is what Sturdy et al. (2013) refer to as product uncertainties, which is aligned with what Pemer and Werr (2013) call performance uncertainties. Further, Sturdy et al. (2013) argue that as the outcomes are produced together with the client, it is hard to isolate and determine the input of the consultants. Institutional uncertainties refer to a lack of market boundaries for people occupying the title of consultants (Ibid). This is also something that Pemer and Werr (2013) touch upon in their description of performance uncertainties. Relationship uncertainties are what Pemer and Werr (2013) refer to as relational, meaning risks of opportunistic behaviour due to information asymmetry for example by creating further uncertainties and by doing so prioritising creating market demand over client interest. Lastly, organisational uncertainty describes uncertainties regarding organisational existence and market demand (Sturdy et al. 2013).

Organisational blurriness

Part of the explanation on the complexities surrounding the relationship between clients and consultants are derived from the fact that they operate in what can be described as liminal spaces or organisational blurriness (Scharwz et al. 2006; Czarniawska & Mazza, 2003). An Increase in organisational networks and inter-organisational collaborations means that the client's relationship with consultants often spans organisational boundaries, creating a liminal space between them (Pemer & Werr, 2013; Schawrz et al. 2006). Operating in a liminal space, regular organisational routines of the formal organisation are suspended and generally, actors feel separated from social orders (Schwarz et al. 2006; Turner, 1982). Schwarz et al. (2006) further argue that people operating in liminal spaces tend to either build close personal relationships or very distant relationships.

The complex organisational space in which clients and consultants operate is the reason why Kitay and Wright (2004) argue that consultancy services cannot be reduced to merely something bought and sold on a market, as this notion assumes fixed organisational boundaries between the buyer and the seller. Rather, organisational blurriness and close personal relations mean that the concept of a mere market transaction is too simplistic when it comes to consultancy services, according to Kitay and Wright (2004). To determine the characteristics of the bond between the client and the consultants and how clients and consultants navigate in the space between the organisations, the authors use the terms insider and outsider. Being an outsider means that there are clear organisational boundaries between the consultant and the client, where the role of the consultant is for a brief period to gather data, diagnose a problem, advise and depart (Ibid). Insiders, on the other hand, have long-term relations with the client and although they technically belong to separate organisations, they develop tight emotional bonds, build significant trust, and engage in extensive knowledge-sharing (Ibid).

Drawing on the findings from Pemer and Werr (2013) on different kinds of clients, the controlling and the instrumental client treats consultants as outsiders. According to Kitay and Wright (2004), consultants being considered outsiders saw it as a benefit as they did not have to become involved in office politics or the culture of the client's organisation and thus could remain objective. Hence, the perceived benefits of remaining an outsider show signs of what Werr and Sty (2002) call the functionalist perspective on consulting. However, as Sturdy et al. (2013) point out, being the outsider can raise questions relating to conflicting interests among the client and the consultant, undermining the trust, should there be any, between the two. On the contrary, as an insider, there is a growing relationship between the consultant and the client (Kitay & Wright, 2004). Once again, in relation to Pemer and Werr (2013), the insider role is prominent when working with trustful and ambivalent clients. Although the insider arrangement brings benefits to both parties, regular income for the consultancy firm and competence transfer to the client's' organisation, it means that the power relations tend to be skewed in favour of the consultancy (Pemer & Werr, 2013). This also relates to the discussions earlier by Werr and Styhre (2002) regarding power dynamics and hidden agendas between the consultants and clients.

Further, Fincham (2014) also address issues within client-consultant relationship in terms of power dynamics by applying agency theory, arguing that it is a useful way to map and explore the uncertainties that evolves in the relationship. In the study, Fincham (2014) uses the image of consultants as the 'agent's agent' which portrays the consultant as being the agent of management, and the management the agent for capital. In line with Werr and Styhre (2002) and Pemer and Werr (2013), the findings suggest power dimensions vary between the client and the consultants. Meanwhile the consultants shape the relationship with managerial agents via alliances, strategies and networks. As such and once again, the view of consultants' power roles varies from consultants being seen as puppets involved to legitimise managerial manoeuvres but also as puppet masters who wield unaccountable power from behind the scenes (Micklethwait & Woolridge, 1996 Cited in Fincham 2014)

Methodology

Data collection

When the objective is to capture subjective experiences of individuals, in this case managers and consultants, Silverman (2013, p.11) suggests adopting a qualitative research approach. While there are different forms of qualitative research, the one applied in this study is qualitative interviews. To gain a deeper understanding of the relationship between managers and consultants, we have interviewed both managers and consultants working in various sectors and with various experience. Further, Silverman (2013, p.125) argues that qualitative interviews consisting of open-ended questions are suitable when the objective is to study personal experiences. Given the nature of the topic and the subjectivity regarding the perception of a relationship, the interviews allowed us to explore those personal experiences in an applicable way using open-ended questions and leading on with informal discussions.

The number of respondents in this study were 22 out of which 6 were managers and the other 16 consultants. The interviews lasted between 1-2 hours and were digitally recorded and transcribed with consent of the respondent. This technique was applied in order to gather more reliable information compared to just taking notes (Silverman, 2013, p.253). This allowed us to replay the information gathered throughout the interviews later, which are on the benefits of recording interviews according to Silverman (2013, p.254).

Several questions and themes were prepared before the interviews. The questions changed slightly from the initial interview to the rest, as some of the prepared questions were considered redundant and irrelevant to our research question. Follow-up questions were asked when suitable and the respondents had the freedom to set the pace and elaborate on what they perceived as important, all of which consistent with what defines semi-structured interviews (Silverman, 2013, p.204). Our initial ambition was to conduct most of the interviews face-to-face but as a direct consequence of the pandemic situation due to Covid-19 in Sweden at the time of writing this paper, all interviews were conducted via video conference calls. Due to the circumstances, it also became apparent to us that we would not be able to conduct as many interviews with managers as we initially had planned.

The first four managers were chosen using purposive sampling, meaning on the basis of their relevance to the research question (Silverman, 2013, p.148). From there, we worked with the snowball method discussed by Myers and Newman (2007), which means that the respondents themselves provided us with recommendations and contact information to people they thought would be suitable respondents for our study, i.e other managers in their network. The consultants were chosen using the same sampling method - and from there on we contacted consultants based on their recommendations. All of the initial respondents, both managers and consultants existed in our professional networks, yet none of us were more than familiar with them before the study. This meant we had access to their contact information and after describing the subject for this study and they had accepted to participate, they provided us with contact information to other managers and consultants which they thought would be relevant.

Two of the managers had only a few years' experience leading consultants whereas the other four had significantly more. Most of the consultants had between three- and six-years' experience as consultants, mainly for well-known consultancy firms. The consultancy firms that the consultant respondents work for can be grouped into three sections: The Big Five accountancy-based firms, large information technology (IT) firms and strategy firms. Kipping (2002) state that these groups are overlapping, as strategic advisory is part of all three sections. Hence, we argue that as the context and environment that the consultants operate in are similar regardless of what section of consultancy they belong to, they are relevant to our study. Further, it was not our intention to study possible sector-specific traits or differences, but rather the relationship between the manager and consultant as such. Most of the consultancies and some of the client organisations was universal but all of the respondents were based in Sweden. The managers were all employed by the client, meaning they were not consultants themselves. The consultants were all employed at a consultancy firm, meaning there was a third party between the organisation and the consultant. As such, we only explored the relationship between managers and consultants under conditions where the managers are employed, and the consultants are employed via a third party.

Below is a brief summary of the participants in the study to illustrate the different experiences and sectors the participants was involved in.

Acronym	Within	Years' experience	Main sectors
C1	Finance	4	Real estate
C2	Management	6	Manufacturing
C3	Management	3	Telecom
C4	Management	3	Retail, real estate
C5	Audit	6	Real estate
C6	IT	6	Retail
C7	IT	4	Automotive
C8	IT	7	Retail
C9	Management	7	Real estate, automotive
C10	Management	3	Manufacturing
C11	Audit	5	Construction
C12	Audit	4	Telecom

C13	Audit	6	Telecom
C14	IT	6	Retail
C15	Finance	7	Retail
C16	Finance	5	Construction
M1		22	Transport
M2		24	Automotive
M3		12	Pharmaceutical
M4		4	Telecom
M5		33	Energy
M6		4	Marketing

Table 1, overview of participants

We analysed our data inspired by grounded theory which, according to Martin and Turner (1986), is a useful way of structuring up data gathered by qualitative research methods. Also, grounded theory is appropriate when the ambition is to build a theoretical ground using the gathered material instead of working the other way around, testing existing theories with data (Ibid). Further, the fact that grounded theory does not require a linear process meant that we could begin working with some material while gathering new material at the same time (Ibid). Subsequently, we conducted an extensive coding process by searching for patterns in the data. Initially, a large number of topics emerged in the data and later in the process, these were grouped into four overarching themes, namely *building relationship, growing assignments, internal politics,* and *difficulties of evaluation* and the empirical findings section was structured around these four themes. In practice, this was done by setting up an excel-sheet with different concepts on the top row and which interview the data came from in the columns. The methodology applied in terms of data analysis thus has a lot of common with how Martin and Turner (1986) describes the basic strategy of concept discovery within grounded theory.

Each of the themes in the empirical findings section was then theorized to aspects. The empirical findings chapter *building relationship* describes how consultants try to build long-lasting relationships with their clients, and the consequences that this has for clients over time. *Growing assignments* is a chapter about what managers and consultants argue is the reason for assignments typically becoming more extensive than initially agreed upon. Both these chapters are concerned with the time aspect of the relationship between managers and consultants, and consequently, we theorized the content to be about time, which makes the first chapter in the discussion. The chapter *internal politics* is concerned with experiences that describe how managers and consultants navigate around political struggles within the client organisation and we theorized the content of this chapter to be about power, which makes the second chapter in the discussion. Lastly, the chapter *difficulties of evaluation* are about managers' and consultants' uncertainties before and during assignments, and consequently the content was theorized to be about ambiguities, which is the third part of the discussion. The last part of the discussion is about the consequences which these aspects have on the relationship between managers and consultants.

Limitations and ethics

As with any method of research there are limitations to the methodology applied in this study. First, the risk of the respondents altering their answers in the ambition to provide the "right answers" are present when doing interviews (Watson, 2011; Maanen, 2011). Secondly, Watson (2011) argue that respondents in general, and managers in particular, might distort their answers in a way which makes the organisation which he or she represents looks good. Another aspect that further highlights the complexities with interviews as a research method is the concept of power asymmetry discussed by Kvale (2006). Kvale (2006) criticises the notion of interviews as being free from manipulation while also arguing that interviews rarely take the form of a two-way dialogue. Not only does the researcher have the monopoly of interpretation, but he or she also rules the interview and the interview itself is not, in fact, a conversation for the sake of conversating, but rather as a means to an end, an end which is determined by the researcher (ibid). While it is difficult to fully mitigate these risks and limitations, we have taken certain measures to address and minimise them. First, the fact that the respondents knew that they would be anonymous likely lowered the incentive to distort their answers and lessened the power asymmetry between us and the respondents, according to the reasoning by Kvale (2006). To further address the power asymmetry, all of the respondents were given full disclosure on how their information would be used and the purpose and context of the study.

While there are many ways of judging the quality of qualitative research, one way of doing it is to evaluate the degree to which the research addresses questions of representativeness, validity and reliability, effectively demonstrating methodological awareness (Silverman 2013, p.280-284). To address issues of representativeness, Silverman (2013, p.280-284) suggests purposive sampling based on logical grounds as a solution, which as previously mentioned, was the sample method applied in this study. Although the initial four managers and five consultants existed in our professional networks, we were not more than familiar with any of them prior to this study. While there is a risk that their answers might have been altered in order to please us, the risk should be considered limited as no personal strong relations existed which could have influenced the respondent. To address the issue of possible discrepancies between respondent's descriptions of an experience and how they experienced it, we considered their experiences, not in terms of true or false, but rather as rhetoric and stories (Silverman, 2013, p.282).

Empirical section

Building relationships

Adopting a simple view on the nature of consultancy, the client is a buyer purchasing hours from a seller, a consultancy firm. This assumes fixed organisational boundaries between the two parties. However, our findings suggest that the relationship between the client, consultant and consultancy firm often spans that of organisational boundaries.

Building a long-lasting relationship with the client is something that consultants work extensively to achieve, as it guarantees recurring revenues for the consultancy firm. When successful, the consultants are perceived as colleagues rather than suppliers by the client, leading to an inclusive feeling often referred to as partnership between the two. One consultant described the working conditions in such an environment as;

"They consider my advice significant and important. They listen, they trust in my expertise and that what I say is what is best for the project. I help with structure and prioritisations and we really have a great team spirit." – C4

According to most consultants, working in an inclusive environment has both benefits and disadvantages for the client. As most consultants claimed to be prepared to put in extra effort for the project to be successful when working in an inclusive environment, working as efficiently as possible, the client enjoys greater value for each hour according to the consultant. On the other hand, managers argued that high level of involvement from consultants also means that they quickly risked becoming dependent on the expertise of the consultant, and while that might be a good thing for the consultant, it may not be a sustainable solution for the client. One of the more experienced managers, in particular, emphasised the issue of consultant-dependency, expressing it in the following way;

"Numerous times I have experienced that consultants, over time and as they grow into the organisations, tend to go beyond the original scope and the tasks assigned to them and all of a sudden multiple departments depend on their expertise, making them hard to get rid of in the short term…" - M3

Having the flexibility to downsize the organisation quickly along with expertise were the most important benefits of hiring consultants according to managers. Consequently, when that flexibility decreased as the organisation became consultant dependent, frustration among managers grew. In terms of creating an inclusive environment, none of the managers claimed to make any difference in terms of communication and access to information between employees and consultants. However, most managers were arguing that they spend an insufficient amount of time and effort enrolling the consultants into the organisation but considered this natural due to high workload. Lastly, all managers argued that they expect more from consultants than from employees both in terms of efficiency and expertise.

The motives for consultants to put in the extra effort for the client when working in an inclusive environment was not only because of close personal relationships with the client but also many consultants claimed they were contemplating potential future employment opportunities at the client organisation. According to most consultants, this increased their incentives to perform at their best. In practice, putting in extra effort sometimes meant doing work more efficiently, other times the consultants were working hours which they did not charge the client for. The consultants argue that they regularly and independently make judgements on how many hours to charge the client, weighing the effects of charging each hour on the long-term relationship with the client. Also, many consultants stated that they only charge clients for hours that they had been working efficiently enough.

“In the beginning, I avoid charging hours for tasks which I felt should not take as long time as they did for me to complete. Although I am much more senior now, I still make such judgements every month”- C5

“You must look at the bigger picture. Is it worth charging every minute, or can I build a better relationship with the client by leaving out certain hours as a sign of good-will?” – C7

The ambition to build strong relationships with the clients and working in an inclusive environment did however lead to consultants feeling distant from their employer, the consultancy firm;

“I think it affects my relationship with the consultancy firm in the way that since I’m spending so much time at the client's offices, they become my colleagues. I feel distanced from my consultancy firm" – C14

“To be honest, I feel like the people at the client’s office are my colleagues and I know them way better than most of my actual colleagues at the consultancy firm.”- C12

Consultants pressuring themselves, arguing they did not charge for hours which they do not feel has been productive enough, was in contrast from how managers perceived them. Generally, although understood as efficient, managers expressed significant doubt over the actual number of hours that the consultants put in. Many of them described that they were sent emails during out of office hours but questions if actual work was performed or not. However, it should be noted that there was a large span between the managers in their perception of consultants. The most junior manager expressed extensive scepticism toward the consultants, arguing that they charged unreasonable hourly fees while also claiming that he or she expected them to work way beyond what the contract required them to. More experienced managers expressed greater trust in the consultants and their abilities, as one of them puts it;

“Working with the large consultancy firms, you know that the consultants you are getting are all obsessed with billable time. They do what they should, deliver things on time, not wasting time in vain.” – M1

Although consultants generally worked for clients where they felt welcomed and included, most of them had experienced strained relationships with clients. In these cases, consultants expressed concerns about being perceived as a threat by employees and managers. Consultants argued that while they were hired to perform certain tasks for the client, managers and employees were not necessarily positive to bringing in consultants. Particularly interesting was one case described by a consultant who had worked with a large automotive manufacturer implementing a new CRM-system. During the project, the consultants were treated harshly by the client who continuously questioned the expertise of the consultants. The consultant explains;

“They buy our expertise, but they don’t trust that we know what we say that we know. It creates a weird atmosphere to always be questioned, to feel that you are constantly defending yourself and the work that you do. I feel that we lose a sense of loyalty toward the client and me, as well as the other consultants, can't wait to get another assignment." – C12

The consultant went on the describe that none of the consultant's put an extra effort into the project to be successful, but rather they did what was necessary. However, the consultant did see two positive things coming out of having such a distant relationship with the client. The client demanded extensive and detailed documentation on what each hour was spent on, and by doing so, the consultant felt confident that he or she could argue for every hour should the client choose to dispute hours after assignment completion. Secondly, the consultant expressed relief to not have to engage in internal politics within the client organisation. These two benefits of having a distant relationship with the client was something that other consultants argued as well.

To conclude, there is a wide range between being treated as a colleague by the client and being considered a stranger. Consultants working in an inclusive environment tended to put in extra effort into the project, albeit with different motives. Most managers claimed to make no difference between consultants and colleagues despite having different expectations of efficiency. When working in an excluding environment, consultants claimed to feel less engaged and to only do what was necessary.

Internal politics

Largely, consultants were described by managers as productive and with great expertise within their respective domains. They were considered superior to internal employees in terms of capabilities and many managers expressed the value of the consultants' experience from several different industries. Also, several managers expressed high expectations in terms of work effort on behalf of consultants, something that the consultants mostly were aware of.
While some managers worked in organisations that provided them with what they considered sufficient mandate to drive change in line with recommendations of the consultants, other managers as well as consultants expressed significant frustrations due to lack of mandate to drive change initiatives. In such situations, the manager tended to use consultants to help them. The motives for doing so was partly get mandate to drive a certain project or initiative in the direction that the manager saw fit, but also to get status within the company, as two managers express it;

"Managers often hire consultants because they are hard-working and will deliver a neatly packaged solution that the managers will be able to present to their superiors which essentially makes the managers look good" – M2
"If I as a senior manager want to push the organisation towards a certain direction, for example by implementing a new IT-strategy, I can hire consultants that will work around the clock in order to substantiate the argument to why to implement it and how. Basically, the consultants will do what I ask of them, which I obviously can use as leverage" – M5
The consultants expressed pride in their expertise and considered their objectivity an advantage compared to employees. In general, consultants claimed to be unaffected and disinterested of internal politics within the client organisation. However, in organisations where

there were severe political struggles between managers and other stakeholders, several consultants expressed difficulties handling internal conflicts and to determine who the main stakeholder was. As one consultant put it;

"Although not always easy, it is crucial to know who the main stakeholder is and to really anchor the work you do with the stakeholder paying for it. Sometimes, the manager and the main stakeholder is the same person or at have at similar interests or an agreed-upon process, goals, etc. but when there is friction between stakeholders and managers, that can be very tricky." – C6

"To be honest, I am not always sure who I work for. Of course, I know who is my manager at the clients' office, but how can I know that the objectives that he or she for the project is what will benefit the client as a whole? I can't." - C7

Moreover, consultants expressed difficulties navigating in environments characterised by internal political struggles even when the main stakeholder could be easily identified. However, despite claims of being uninterested, several consultants witnessed about taking an active part in internal political struggles as well. In one case, a consultant was put on a project team to develop a state-of-the-art technical solution. Halfway through the project, external stakeholders within the client organisation decided to change direction and develop a much, simpler solution as it was considered to bring the most value to the organisation. Not only did the consultant express greater interest in developing the initial solution, but he or she also considered the positive effects it would have on his or her resumé going forward. The change of direction was described by the consultant as:

"…a clear political agenda which was not in the best interest for the project. Ultimately, I think they didn't understand what we were trying to accomplish." - C2

Lack of understanding, as argued by the consultant in the case described above, also caused frustration for managers. Most managers argued consultants' lack of understanding for the wider picture caused them to pursue initiatives which benefit a certain project rather than the client organisation as a whole.

Overall, our findings suggest that consultants were being used as passive actors for managers to use for internal political purposes. If the interest of consultants were aligned with those of the manager, consultants often took an active part by consciously providing arguments to strengthen the manager's position.

Difficulties of evaluation

Experiences leading consultants among the managers varied considerably. While most managers perceived consultants which they had worked with as competent, many expressed concerns regarding loyalty, trust, and ownership. M2 articulated it this way;

"As usual there are question marks regarding loyalty and ownership. Consultants do what they should but they do not have any kind of ownership. They can be really good on a certain process or product, but the benefit for the company as a whole or the complete value-chain is not their concern, it is not what they are paid for." -M2

Despite having had mostly positive experiences working with consultants before, managers also expressed frustration being unable to properly judge the skills and competences of the consultants coming in beforehand.

"When I hire a consultant it's really hard to determine their actual knowledge and experience beforehand, as it's often that someone is calling themselves management consultants when they previously have been a coordinator or similar" – M5

"Sometimes you can get consultants right from graduation, or sometimes old people with outdated skills. As far as I know, this is a major concern for all buyers of consultant services."– M3

However, the concerns facing managers were not limited to the expertise of the consultants but issues regarding working hours and actual effort put in became evident. The lack of formal entry barriers for becoming a management consultant was something that consultants themselves were aware of caused trouble for managers and clients. Further, many of them argued that it was a problem for them too, as unserious actors create negative perceptions of the occupancy.

"I think it is important as a consultant to be very skilled in one particular, narrow area. There are lots of people who are not and instead know little about much, which makes it hard for clients to determine what the consultant actually knows."- C10

Consultants articulated major difficulties in getting enough information, both prior to and under assignments. Often, consultants felt they had to chase information and claimed that much of their time is spent getting the client to communicate clearly what they want the consultant to do. Consequently, several consultants argued that this was the major differentiator between a bad manager and a good manager – the ability to clearly determine and communicate the expectations on the consultant and what they want them to do. One consultant put it this way;

"Clients that I have worked with vary tremendously. In some organisations, the manager as well as the organisation is a in a state of chaos, without structure and set goals. In other organisation, there is a very clear description of exactly what you will be working on." – C2

Working with clients with vague descriptions and goals was not seen by the consultants as a bad thing. Instead, most considered this a natural part of being a consultant and that the role could mean anything from performing particular tasks to mapping out entire processes and setting the structure which was missing when they arrived.

Lack of information provided for the consultants was something that most managers were aware of. While one of the managers expressed frustration for the consultant's inability to understand the DNA of the organisation beforehand, others were humble and suggested that it was mostly due to carelessness on their behalf. From a manager's perspective, this was not considered a major issue as they considered consultants to be quick learners and adapt to the situation.

In some cases, the client and the consultants worked together to address each other's ambiguities. For example, consultants explained that consultancy firms regularly replaced senior consultants with junior ones in projects over time and that most managers are aware of this. In these cases, the consultancy generally cut the hourly rate which they charge for the consultant by half for a few months. However, there were cases where this was done without adjusting the hourly rates. Further, consultants are often asked by the client to estimate the number of hours which it will take to complete a task or a project beforehand in order to give the client a rough estimate of the costs associated with bringing in the consultants. As one manager put it:

"Depending on the nature of the project, the consultants themselves are asked to estimate the number of hours it takes for them to do something, given the assignment specification. Usually, the number of hours that it then takes is almost always higher, but at least it gives us something go on." – M4

In summary, our findings suggest that the managers expressed significant uncertainties concerning matters of ownership, loyalty and trust. Consultants on the other hand experienced difficulties extracting the right information from the manager, resulting in uncertainties regarding the nature of the assignment. In one case, when a consultancy firm and a client agreed upon replacing a senior consultant with a junior consultant with a reduced hourly rate, the parties helped address each other's ambiguities.

Growing assignments

The consultants are generally hired to participate in short-term projects arranged to last between 3-12 months. The contracts and payments toward the consultancy firm are either set on an hourly rate or an agreed-upon sum for the project. In most of the projects that consultants had been a part of, clients paid an hourly rate for their services which seemed to have pros and cons. On one side, consultants claimed that they felt motivated to do the most of every hour for them to be able to invoice the client, which ultimately increased their performance and efficiency;

"I bill the customer per hour which I think enhances my incitement to work harder as I can only bill for the hours that I have been efficient and can demonstrate the hours' worth"- C12
"We use hourly rate invoices and the more I cost the more value I want to bring to the table for the client" -C13

However, the scope of the projects almost without exceptions become more extensive than initially estimated. Further, the findings suggest that consultants were more than willing to extend projects and put in extensive effort to increase the scope as this would result in more hours spent at the client's office and therefore more revenues for the consultancy. This was something that all managers were well aware of;

"The projects are almost always more extensive than intended from the beginning, which I believe is the result caused by the consultants and their ability to find side-tracks in the project" – M2

"Consultants rarely focus single-handedly on the project they are assigned to do, they are also trying to find opportunities in other departments of the client organisation. At the end of the day, they are salesmen." – M5

While both managers and consultants agreed that assignments usually increase in scope, they did have different explanations for why it happens. Partly, consultants perceived it natural as obstacles that occurred throughout the assignment but also claimed that insufficient preparations on behalf of the client caused assignments to become longer than initially estimated.

"Projects are usually prolonged as the projects progress new dimensions and necessary activities arise" – C5

"The time-horizon set for the project and the determined outcomes are usually delayed and extended as external factors occurs during the process" – C3

"Most of the time, the client does not really know what they are buying, so before we actually start producing anything, we have to spend a lot of time that we did not anticipate to map out what the client wants." -C7

Further, according to most consultants, it was common that managers were requesting their services in areas not relevant to the initial assignment description. However, as they are there to help the client, they generally were happy to assist the client even if it means doing tasks outside the initial scope. Hence, this was argued as another reason for why assignments are usually prolonged.

"What the client requests and what they actually want to achieve are often two separate things. In my current project they hired me as a consultant but what they need is project management knowledge. But as always, you sell first, then you have to figure out how to manage the delivery." – C4

Managers had different views of the phenomenon, stating that it was in the nature of consultants to observe and discover more areas of development and propose initiatives other than those initially agreed upon. Whether this was appreciated or not differed among managers. A few of the managers seemed to appreciate it and encouraged the behaviour since they did not fully comprehend all the stages of a project and therefore valued the expertise and input from the consultants. Further, all managers stated that they wanted to maximize the value out of the consultant, and consequently, some of them encouraged the side-tracks.

“Consultants wants to please the client and when I as a manager ask questions regarding other areas of possible improvement they gladly take their time to investigate it properly which drifts their focus from the current project, but at least we get their specialist competence in more areas, so I assume it’s a win-win.”- M3

Other managers perceived the behaviour and side-tracks more problematic as it was interfering with their assigned task and hurt their credibility. One of the managers described a case where a consultant was trying to establish a close relationship with the manager. By having both formal and informal meetings daily, steering the topics of conversation to new areas where the consultancy firm could contribute and not focusing on the project the consultancy firm was hired to execute.

“Sometimes it’s obvious that the consultants work with upselling activities by trying to start side-tracks. In my opinion, that lowers their credibility as I have purchased their services for a specific task. I am not sure if other managers appreciate that, but to me, it’s nothing but annoying” – M4

Another manager, whose views were largely shared by other managers, put the concerns regarding scope this way;

“The problem is that the consultants are so eager to please the client that they happily start to investigate this and that. If the client wants to talk about SEO, then they’ll talk about SEO. If the client wants to talk about branding, then they’ll talk about branding. A good consultant should always refer back to the manager responsible if someone comes and asks for tasks that go beyond the current assignment, and it is up to the manager to ensure that the consultant stays on track.” -M5

According to the managers, there were two main reasons why they used consultants: competence and accessibility. Difficulties of getting access to competent people were often expressed by managers, who generally only saw three alternatives to bringing in consultants. First, managers could use internal competence that would also have other projects going on simultaneously, but this was generally understood as not giving the same level of efficiency and commitment as someone being committed to a project full-time. Second, using internal competence and borrow them from their current projects, but according to managers, this was very hard as employees with such competencies are usually very busy. Third, they could try to hire new special competent people that would suit the project and but that would mean that the organisation would need to have future activities and demand for the same services later on, which often was not the case. Also, having internal special competence is generally not preferred in organisations according to managers – as it was considered expensive and unnecessary to have that sort of competence as consultants possess at all times.

“There are differences in using consultants and employees in projects. Consultants will dedicate 100% of their time to the project, meanwhile you can expect the employee to work

30%, as they have other tasks assigned to them in their daily activities. Also, generally, consultants are way more efficient" – M2

M2, developed the reasoning by stating that to get the same output of internal employees that are working several projects at the same time more people would have to be involved in the project. That would reduce quality as they would not be able to work as dedicatedly and compact as a team.

Involving consultants usually required specialist knowledge in certain areas that were common nor developed in the daily activities for the client employees. Projects usually involved organisations establishing new business processes or current departments that required a change of some sort. Managers perceived consultants to be experienced in types of projects involving change or steering the way for new directions. Also, instead of educating or hiring employees with this specific knowledge, managers argued it was more cost-efficient to hire consultants for a set amount of time.

"We hire consultants since they're specialists. It is hard and expensive to establish internal specialist competence. Our resources do not obtain the same amount of training as consultants, as they do not work in other sectors, attend development-courses etc."- M4

Overall, the findings suggest that managers were hiring consultants for their accessibility and competence. Also, though the process of the projects and the ultimate objectives often were set – the scope and timeframe almost exclusively changed during the project. According to managers, the growing scope was a result of consultants' active role in finding opportunities to expand the project, but also due to employees requesting additional services from consultants. On the other hand, consultants argued that inability on behalf of the managers to properly articulate his or her needs beforehand left them spending much time mapping out the client needs – time that had not been considered in the initial estimation.

Discussion

Time

In our findings, consultants and managers alike emphasised subjects related to time. Consultants for example emphasised the importance of building and maintaining a strong relationship with clients. Building relationships with clients is something that is in the interest of both the consultancy firm and the consultants as it guarantees future revenues. Also, according to consultants, having strong relationships within the client organisation allowed them to pursue new business opportunities and sell hours beyond the current assignment.

Considering that a client, through a manager, hires a consultancy to perform work on his or her behalf, the consultant should be considered an agent of the client, according to the definition of what constitutes a principal-agent relationship by Jensen and Meckling (1976).

Consequently, consultants changing their behaviour after an agreement with the client is signed, not putting all effort into the current assignment but instead pursue new business opportunities and relationships within the client organisation witness about a moral hazard problem for the client, according to the definition of Jensen and Meckling (1976). Further, if a client is concerned about getting consultant dependent, knowing the intentions of the consultant and consultancy to build a good relationship overtime beforehand, could lead them to make other decisions on who to hire, meaning the client also faces what Eisenhardt (1989) and Müller & Turner (2004b) describes as an adverse selection problem. Consultants argued that they were expected to build strong relationships with their clients, in their role as consultants. This reasoning relates well to what Sharma (1997) describes as social embeddedness and that the interests of the agent should not be understood as pure self-interest, but rather a mix of self-interest and social norms.

According to Werr and Styhre (2002), having long-term relationships mitigates one of the key characteristics of the functional perspective as the independency and temporary character of consultancy is threatened. This was something managers recognized as they expressed significant concerns about becoming too consultant dependent. The managers explained that the consultants need to be governed and controlled and that lack of such mechanisms leads consultants to engage with other parts of the organisation, increasing the risk of developing consultant dependency over time. When separating ownership and control, Fama (1980) and Moe (1995) argue that controlling mechanisms must be put in place to ensure that an agent acts in the interest of the principal, in this case, the client. Also, Jensen and Meckling (1976) argue that the greater information asymmetry between an agent and a principal, the more controlling mechanisms must be put in place. Consequently, as almost all managers emphasised the importance of extensive control and monitoring, they can be said to implicitly address problems stemming from information asymmetry such as adverse selection and moral hazard.

Efforts to control the consultants does not mean managers became what Pemer and Werr (2013) refer to as controlling clients. Instead, as all managers in our study perceived the expertise of consultants as valuable, albeit recognizing the need for them to be governed and controlled, the description matched that of instrumental clients (Ibid). Further, as managers recognized the value of the services provided by the consultants and perceived themselves as being in control, they primarily seem to adopt the functionalist perspective described by Werr and Styhre (2002). Interestingly, when consultants were asked about what differentiates great managers from bad managers most argued that trust is essential, yet most managers argued that extensive control was much more important and that lack of it results in unsustainable long-term consultant dependency. Presumably, consultants valued trust as this gave them the freedom to operate as they saw fit and pursue interest others than those of the client, whereas managers were concerned with remaining in control.

Further, both managers and consultants recognized that assignments typically became longer and more extensive than initially estimated, however they argued for different reasons. Generally, consultants argued that managers provided them with vague assignment descriptions. Also, Eisenhardt (1989) argues that incomplete contracts increase information asymmetry which opens for opportunistic behaviour and vague assignment descriptions could be interpreted as such. Engaging in extensive monitoring of the consultants could be managers compensating for assignment descriptions being vague, as near complete contracts would decrease the need for monitoring (Ibid). Frey (1993) also states that the emphasis of control to reduce information asymmetry can create a sense of mistrust between the parties, which is aligned with how some of the consultants felt in certain projects. On the other hand, managers expressed significant frustrations for consultants' ability to involve themselves within different parts of the organisation well beyond the current assignment, making them hard to get rid of in the short-term. As most consultancies generally charged the client by the hour, it is in their interest to prolong projects as discussed previously. However, it should be noted that the managers expressed awareness of these intentions and tried to address them during assignments by controlling the consultants.

Power

While experiences differed among consultants, all of them stated that they had been assigned projects where they were treated as what Kitay and Wright (2004) refers to as an outsider, yet they perceived it differently in terms of consequences and possibilities. Some of the consultants stated that it could advantageous as it enabled them to be objective. As they were left outside of internal power struggles, they did not necessarily have to consider conflicts between the manager and the client, and this is also what Kitay and Wright (2004) argue is one of the benefits of being an outsider. On the other hand, many consultants expressed significant dissatisfaction with being treated as outsiders. This was particularly evident in the case where a consultant had been assigned a project for a large automotive manufacturer, where the consultant described being questioned all the time and that the lack of trust from the manager created a bad working environment. This experience and others validate the statement by Sturdy et al. (2013) who claim that being considered an outsider might undermine trust and could lead to conflicts between clients and consultants. To understand why consultants put more emphasis on trust, and managers on control, one could consider the reasoning regarding the interests and risks of building strong relationships previously discussed. Another consequence of being an outsider according to Sturdy (2013) is that it may lead to a lack of engagement by the consultants, meaning that they do not put in an extra effort as they would have if they felt included. Our findings suggest that this was the case for most consultants experiencing an outsider relationship with the client.

Multiple managers argued that the reasons for keeping consultants as outsiders, other than the risk of becoming consultant dependent, were consultants' lack of ownership in the outcome. According to managers, this made them more willing to adopt more risk than employees and propose solutions that employees may not. The discrepancy in risk willingness between actors is recognized by Jensen and Meckling (1976) and Müller and Turner (2004b) who argued that it is reasonable to assume that agents are willing to adopt more risk than principals. On the other hand, managers also described how consultants' lack of ownership enabled them to take tough decisions that were necessary to reach the client's objective even when it was not appreciated by all the internal employees. Further managers believed that lack of ownership is part of being objective - which is what they requested in the first place while also arguing that they did not make any differences in terms of communication and leadership style between employees and consultants. This, together with descriptions of consultants, indicate that the terms insiders and outsiders presented by Kitay and Wright (2004) should be considered two extremes and that most consultants experience elements of both simultaneously.

Our findings further suggest that managers and consultant tended to be either very close or very distant with each other. This strengthens the applicability of the term liminal space to describe the context in which managers and consultants operate as Schwarz et al. (2006) and Czarniawska & Mazza (2003) argue that liminal spaces either induce close or distant relationships. In some sense, the liminal space enabled the manager and the consultant to pursue interests that may conflict with those of the consultancy and the client. For example, managers claimed to utilize the expertise of consultants to pursue interests that may not be in the interest of the client organisation by trying to influence other stakeholders. And while managers using consultants to pursue self-interests can be understood as uncertainty reduction of managers described by Sturdy (1997), it can also be interpreted as a moral hazard problem for the client as the manager pursue interests other than those of the client. Further, when the interest of the manager was aligned with that of a consultant, the consultant took an active part in internal power struggles by consciously providing support and arguments for the manager to use.

Pursuing interests other than those of the employer was not limited to managers trying to influence the client organisation, but consultants also engaged in similar behaviours. In the relationship between the consultants and the consultancy firm, several consultants expressed feeling distant from their firm as they were spending much of their working hours at the clients' office. While this may not be a problem, many witnessed about putting in extra effort for the client and not charging the actual number of hours worked. Instead, multiple consultants claimed that they make their own judgement on how many hours to charge the client. According to Jensen and Meckling (1976) and Turner and Simister (2001), contracts designed to pay the agent per hour incentivizes the consultant to work a lot, which is often the demand by the manager. Further, if the motive behind putting in extra effort and work hours without charging is to benefit the long-term relation with the client, then the interests of the consultancy and consultant could be perceived as aligned. However, there is an obvious risk for opportunistic behaviour among the consultants and in fact, many of them argued that the reason for building a good relationship with the client is not necessarily to benefit the consultancy, instead, consultants stressed the importance of potential employment opportunities within the client organisation as incentives.

Ambiguities

There are several examples of managers and consultants experiencing ambiguities in our findings. For example, managers described the process leading up to an assignment where the manager first met with a consultancy firm to describe the needs of the client organisation. From that description, the consultancy firm was usually asked to estimate the number of hours it would require for the consultancy to complete the objective. The inability of managers to properly estimate the number of hours an assignment should take means that the client is faced with what Sharma (1997) refers to as knowledge asymmetry. According to Sharma (1997), this shifts the power relations between the client and consultancy, to the advantage of the latter.

Further, as discussed previously, both managers and consultants claimed that assignments almost exclusively became more extensive than initially intended. Consequently, one could question the lack of ability of the consultancies to accurately estimate the number of hours for an assignment to be completed was an actual lack of ability, or that they were incentivized to estimate a low number to increase their chances of getting the assignment. If the consultancies purposefully underestimate the number of hours, then there is a risk of adverse selection for the client as they access incomplete information (Eisenhardt, 1989; Müller & Turner, 2004b) Also, given that consultancies generally were paid by the hour, it is in their interest that assignments become more extensive than agreed upon.

Moreover, multiple managers articulated difficulties in properly judging the consultant's skills and competences beforehand. Such difficulties, which stems from information asymmetry, can be categorised as performance uncertainties (Pemer & Werr, 2013) or product uncertainties (Sturdy et al., 2013). Another ambiguity relating to performance was described by managers as they expressed concerns regarding consultancies substituting senior consultants with junior consultants as the assignment progresses. Further, managers stated that the broadness of different skills the consultants possess along with the non-existent boundaries for people to claim the title management consultant are reasons why it is hard to determine their actual knowledge. Since there are no formal barriers to claim the title there is no standardization of what the consultant's expertise are, which Sturdy et al. (2013) refer to as an institutional uncertainty. Furthermore, as previously mentioned, multiple managers articulated that it was common to hire consultants both as they will develop well-put analysis and arguments for whatever it is that the manager wants to achieve but it may also enhance their own position in the organization, which is aligned with Sturdy et al. (2013) who argue that managers consistently use consultants to relieve managerial anxiety and to create legitimacy for the initiatives that the manager has launched.

Consequences

Remembering that principal-agent relationships are when one or more persons (principal(s)) entrusts another person (the agent) in an economic exchange to perform some service on his or her behalf, making the principals wealth subject to decisions made by the agent (Jensen & Meckling, 1976), for several reasons it becomes evident that the relationship between a manager and a consultant is not a principal-agent relationship. First, there is no economic exchange between the manager and the consultant and while the manager's wealth may indirectly be affected by the actions of a consultant (i.e. lose his or her job because of project failure), it is not directly subject to it. Secondly, there is no contract between the manager and the consultant, and not necessarily any trust neither. Thirdly, despite that the manager monitors the consultant, it is not always clear who exerts authority over who, as managers can grow consultant dependent. Consequently, we argue that between the manager and consultant, there is no principal-agent relationship. More accurately, as both the manager and the consultant are agents of other principals, the relationship between managers and consultants can be described as an agent-agent relationship. The idea that there is no principal and no agent within the manager-consultant relationship provides an explanation to the complexities within our findings. Most interestingly, this demonstrates the power dynamic within the relationship, where managers and consultants struggle to remain in control.

When the manager's interests are in line with that of the principal, the manager appears to effectively control the scope of the assignment over time, making sure the consultants stick to the assignment description. When managers engaged in extensive monitoring and controlling of consultants, the manager remained in power as he or she controls what the consultant does and when he or she does it while also making sure that the client organisation remain its independence from consultants. This behaviour indicates that managers recognized problems and information asymmetry and acts in ways which Fama (1980) and Moe (1995) propose in terms of controlling mechanisms. Managers behaving this way also relates well to what Pemer and Werr (2013) describe as an instrumental client. For consultants, finding ways to apply their wide range of knowledge within the client organisation is crucial to gain and maintain power over the manager. When the consultant's interests are in line with that of his or her principal, the consultancy, he or she delivers not only the services agreed upon but also put significant effort into finding new business opportunities within the client's organisation. This is mainly done by using ambiguities within the client organisation but also by what Sharma (1997) refers to as knowledge asymmetry, meaning that the consultant uses their superior knowledge in their respective field to convince the client that their services are needed. When done successfully, the consultant gains power as he or she over time becomes non-dispensable for the manager. Consequently, our findings suggest that the perception of clients as victims of consultant rhetoric's as in the critical image by Werr and Styhre (2002) or consultants as puppets for managerial manoeuvres (Micklethwait & Woolridge, 1996 Cited in Fincham 2014) can both be accurate but varies over time.

Conclusion

This study contributes to the existing body of research on the relationship between managers and consultants, examining it from a combination of principal-agent theory and other theories within client-consultant literature. As we have shown, recognizing the agent-agent relationship enabled us to explore the interests of the managers and consultants which allows for a deeper understanding of the relationship. This study also reveals that aspects of time, power, and ambivalence affects the relationship.

The aspect of time relates to the relationship between managers and consultants in various ways. Consultants are expected to build relationships with their clients which enabled them to pursue new business opportunities within the client organisation (Werr & Styhre, 2002). Consequently, having a strong relationship with the client is in the interest of the consultancy firm as it guarantees future revenues as the client grows more and more consultant dependent, which Pemer and Werr (2013) argue skews the power relation in favour of the consultancy. The risk of becoming consultant dependent was something that most managers recognized and anticipated, and to avoid it, managers engaged in extensive controlling of the consultants and act in ways which Pemer and Werr (2013) refer to as an instrumental client. The behaviour of managers also indicated that they recognized problems and information asymmetry and acts in ways which Fama (1980) and Moe (1995) propose in terms of controlling mechanisms Also, projects tended to become longer than initially estimated. Consultants argued that this was because of vague assignment descriptions from managers, whereas managers claimed that it was because of consultants' ability to sell additional hours and services.

Another aspect central to the relationship between managers and consultants is power. While consultants accounted for experiences relating to the terms outsiders and insiders proposed by Kitay and Wright (2004), most of them described their roles within assignments as somewhere in between insiders and outsiders. Working as outsiders, consultants generally expressed frustration and lack of engagement but also glimpses of positive features, such as the possibility to abstain getting involved of political struggles within the client office. Consultants experiencing an insider relationship with their manager expressed engagement and emphasised the importance of trust. The managers put little emphasis on trust and instead argue that control is of great importance, which presumably relates to information asymmetry and the suggestions by Fama (1980) and Moe (1995) discussed previously. Further, the power aspect also includes experiences where managers used the expertise consultants to initiate changes within the client organisation. If the changes proposed by the manager are not aligned with the interests of the client organisation as a whole, then the client faces a moral hazard problem according to the definition of Jensen and Meckling (1976). The consultants also engaged in similar behaviour vis-a-vis their employer, the consultancy firm. For example, multiple consultants witnessed about considering future employment opportunities within the client organisation as a motive for building relationships and avoided charging the client for hours in order to build such relationships. Consequently, the consultancy firm also faces problems of moral hazard.

Further, experiences described within our findings suggest that ambiguities significantly affect the relationship between managers and consultants. For example, before the project, consultancies are requested to estimate the total number of hours required, but as mentioned previously, most projects become longer and more extensive than initially estimated. The inability of the client organisation to validate the number of hours leads to an adverse selection problem for the client (Eisenhardt, 1989; Müller & Turner, 2004b) as the consultancies are incentivized to underestimate the number of hours. Further, the managers were expressing uncertainties regarding the process of evaluating the competences of the management consultants, as there are no formal barriers to claim the title, which demonstrates the applicability of the term institutional uncertainty proposed by Sturdy et al. (2013) within a consultancy setting. Consultants were also experiencing ambiguities prior to and during projects, such vague assignment descriptions and requirements, which caused the consultancies to staff projects with under qualified consultants. Also, consultants experienced pressure to work more hours than agreed upon, consequently facing moral hazard problem stemming from the behaviour of the client.

Lastly, our study has shown these aspects cause managers and consultants to engage in a dynamic power struggle over control. When consultants are managed effectively by the manager, the manager remains in power as he or she controls what the consultant does and when he or she does it while simultaneously making sure that the consultants are unable to sell additional hours to other parts of the organisation. This behaviour relates to what Pemer and Werr (2013) to as instrumental clients. However, this assumes that the manager acts in the interest of the client, which as this study has shown, is not always the case. If the interests of the manager deviates from that of the client, the client faces what Jensen and Meckling (1976) as a moral hazard problem. For consultants, finding ways to apply their wide range of knowledge, or what Sharma (1997) describe as knowledge asymmetry, within the client organisation is crucial to gain and maintain power over the manager. Mostly, this is done by exploiting managerial and organisational ambiguities. When done successfully, the consultant gains power as he or she over time becomes non-dispensable for the manager.

Recognizing the agent-agent relationship between the managers and consultants opens up for new discussions regarding their relationship. Although having identified ways in which managers and consultants act to remain in power in their relationship, we know nothing about the effects that such behaviour has on the outcome of a project. For example, if a manager controls and monitors a consultant, he or she will most likely remain in power, however, the manager might miss out on expertise which the consultants have and that would have benefited the client organisation if implemented. Consequently, we suggest that further research investigates how different levels of monitoring and controlling affect the value of the services provided by consultants.

References

Bell, E., Bryman, A., & Harley, B. (2018). *Business research methods*. Oxford university press.

Berggren, C., Söderlund, J., Anderson, C. (2001). Clients, Contractors, and Consultants: The Consequences of Organizational Fragmentation in Contemporary Project Environments. *Project Management Journal. 32*. 39-48. doi: 10.1177/875697280103200306

Bloch, B. (1999). How they put the "con" in consulting. *Managerial Auditing Journal*.

Capelli, P., & Keller, JR. (2013). Classifying Work in the New Economy. *AMR,* 38, 575–596.

Ceric, A. (2014). The nemesis of project management: the gaping non-contractual gap. *Procedia-Social and Behavioral Sciences*, *119*, 931-938.

Clark, T. (1995). *Managing consultants: Consultancy as the management of impressions*. McGraw-Hill Education.

Czarniawska-Joerges, B. (1990). Merchants of meaning: Management consulting in the Swedish public sector. *Organizational symbolism*, 139-150.

Czarniawska, B., & Mazza, C. (2003). Consulting as a liminal space. *Human relations*, *56*(3), 267-290.

Demski, J. S., & Feltham, G. A. (1978). Economic incentives in budgetary control systems. *Accounting Review*, 336-359.

Eisenhardt, K. M. (1988) Agency and institutional explanations of compensation in retail sales. *Academy of Management Journal,* 31, 488-511.

Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of management review*, *14*(1), 57-74.

Ernst, B., & Kieser, A. (2002). In search of explanations for the consulting explosion. *The expansion of management knowledge: Carriers, flows, and sources*, 47-73.

Fama, E. F. (1980). Agency problems and the theory of the firm. *Journal of political economy*, *88*(2), 288-307.

Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *The journal of law and Economics*, *26*(2), 301-325.

Fincham, R. (2002). The Agent's Agent: Power, Knowledge and Uncertainty in Management Consultancy. International Studies of Management & Organization, 32(4), 67-86, DOI: 10.1080/00208825.2002.11043668

Frey, B. S. (1993). Does monitoring increase work effort? The rivalry with trust and loyalty. *Economic Inquiry*, *31*(4), 663-670.

Furusten, S. (2009). Management consultants as improvising agents of stability. *Scandinavian Journal of Management*, *25*(3), 264-274.

Ghoshal, S., & Moran, P. (1996). Bad for practice: A critique of the transaction cost theory. *Academy of management Review*, *21*(1), 13-47.

Hirsch, P., Michaels, S., & Friedman, R. (1987) "Dirty hands" versus "clean models": Is sociology in danger of being seduced by economics? *Theory and Society,* 317-336.

Jensen, M. C., & Meckling, W. (1976). Theory of the firm: managerial behavior, agency costs and ownership structure. *Journal of Finance Economics*, *3*.

Kaplan, R. S. (1983). Comments on Wilson and Jensen. *The Accounting Review*, *58*(2), 340-346.

Kipping, M. 2002 “Trapped in their Wave: The evolution of management consultancies” In Clark & Fincham (eds.), *Critical consulting*, pp, 28-49.

Kitay, J. & Wright, C (2004) Take the money and run? Organisational boundaries and consultants' roles, The Service Industries Journal, 24:3, 1-18, DOI: 10.1080/0264206042000247731

Kvale, S. (2006). Dominance Through Interviews and Dialogues. *Qualitative Inquiry, 12*(3), 480-500.

Lundin, R. A., & Söderholm, A. (1995). A theory of the temporary organisation. *Scandinavian journal of management, 11*(4), 437-455

Martin, P. Y., & Turner, B. A. (1986). Grounded Theory and Organizational Research. *The Journal of Applied Behavioral Science, 22*(2), 141–157. https://doi.org/10.1177/002188638602200207

Myers, M., & Newman, M. (2007). The qualitative interview in IS research: Examining the craft. *Information and Organization, 17*(1), 2-26.

Moe, T. M. (1995). Toward a theory of public bureaucracy. *Organization theory: From Chester Barnard to the present and beyond*, 116.

Müller, R & Turner, R. (2003). On the Nature of the Project as a Temporary Organisation. *International Journal of Project Management, 21*, 1-8. doi: 10.1016/S0263-7863(02)00020-0.

Müller, R & Turner, R. (2004a). Communication and Co-operation on Projects Between the Project Owner As Principal and the Project Manager as Agent. *European Management Journal, 22*, 327-336. doi: 10.1016/j.emj.2004.04.010.

Müller, R & T, J. (2004b). The Impact of Principal-Agent Relationship and Contract Type on Communication between Project Owner and Manager. *International Journal of Project Management, 23.*

Niewiem, S., & Richter, A. (2004). The changing balance of power in the consulting market. *Business Strategy Review, 15*, 8-13.

Norbäck, M. (2019). Glimpses of resistance: Entrepreneurial subjectivity and freelance journalist work. *Organization.* doi: 10.1177/1350508419889750

Norbäck, M., & Styhre, A. (2019). Making it work in free agent work: The coping practices of Swedish freelance journalists. *Scandinavian Journal of Management, 35*(4), 101076.

Maister, D. 2003. *Managing the Professional Service Firm.* London: Simon & Schuster UK.

O'Mahony, S., & Bechky, B. (2006). Stretchwork: Managing the Career Progression Paradox in External Labor Markets. *The Academy of Management Journal, 49*(5), 918-941

O'Shea, J. E., & Madigan, C. (1997). *Dangerous company: The consulting powerhouses and the businesses they save and ruin*. Times Books.

Pemer, F. & Werr, A,. (2013) The Uncertain Management Consulting Services Client, International Studies of Management & Organization, 43:3, 22-40, DOI: 10.2753/ IMO0020-8825430302

Perrow, C. (1986). Economic theories of organization. *Theory and society*, 11-45.

Qian, Y. (1996). Enterprise reform in China: Agency problems and political control. *Economics of Transition*, *4*(2), 427-447.

Sharma, A. (1997). Professional as agent: Knowledge asymmetry in agency exchange. Academy of Management Review, 3(22), 758-798.

Silverman, David (2013) Doing Qualitative Research, 4th edition. London: SAGE.ISBN: 978-4462-6015-9.

Sturdy, A. (1997) The Consultancy Process - An Insecure Business? *Journal of Management studies 34:3.* 0022-2380.

Sturdy, A., Wylie, N., & Wright, C. (2013) Management Consultancy and Organizational Uncertainty, International Studies of Management & Organization, 43:3, 58-73, DOI: 10.2753/IMO0020-8825430304

Sturdy, A., Schwarz, M., & Spicer, A. (2006). Guess who's coming to dinner? Structures and uses of liminality in strategic management consultancy. *Human relations*, *59*(7), 929-960.

Turner, R & Simister, S. (2001). Project contract management and a theory of organization. *International Journal of Project Management. 19*. 457-464. doi: 10.1016/S0263-7863(01)00051-5.

Van Maanen, J. (2011), Ethnography as Work: Some Rules of Engagement. *Journal of Management Studies, 48*: 218-234. doi:10.1111/j.1467-6486.2010.00980.x

Werr, A., & Styhre, A. (2002). Management consultants-friend or foe? Understanding the ambiguous client-consultant relationship. *International Studies of Management & Organization*, *32*(4), 43-66.

Watson, T.J. (2011), Ethnography, Reality, and Truth: The Vital Need for Studies of 'How Things Work' in Organizations and Management. *Journal of Management Studies, 48*: 202-217. doi:10.1111/j.1467-6486.2010.00979.x