

## EMERGING TRENDS IN BUSINESS AND MANAGEMENT CONSULTING

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**Abstract:** *The article highlights the importance of business and management consulting field and its current trends, especially in the context of pandemic and worldwide changes. The author highlights the role of consulting in accelerating best practices in collaboration, flexibility, inclusion, and accountability to its clients in order to create a better future for all, and also includes a statistical analysis of the development of consulting on a global and European scale, outlining the most important indicators according to the nature of the services rendered, the locations of the clients, and the types of client's industries. The author argues that the trends show that consulting is becoming an increasingly important component of the business environment, and that the emergence of new economic sectors and professions will condition the need to develop new capacities and apply new managerial knowledge and tools, which will stimulate the growth of both consulting and related fields. The article provides data on the development of the consulting in the Republic of Moldova, including the difficulties faced by the companies. Author believes there is "room for growth" in the national consulting despite the fact that it is a young market marked by the challenges facing society and influenced by the small size of the national economy. The author believes that the future of it will be profoundly influenced by remote work and digitization, service export, collaboration, and improved quality.*

**Keywords:** *business, management consulting, trends, collaboration, digitalization, industry regulation.*

**JEL Code:** *L84, O14, O19, O50, O52, Y10.*

### Introduction

Over the past 50-60 years, the field of consulting, and especially business and management consulting, has been a source of fascination and inspiration for managers, businessmen, the media, politicians, and academic society. Its allegedly phenomenal growth and presence within and "around" well-known corporations, and cooperation with governments of highly developed nations have sparked both praise for its management practices and positive effects on the economy, as well as criticism. One thing is certain: consultants have served as change agents in the society and continue to do so.

### 1. The significance of business and management consulting industry and its evolution.

#### 1.1. The role of the consulting in the economy.

There are various definitions of consulting, which are reflected by the global organizations that oversee the industry. For instance, according to the European Federation

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of Management Consultancies Associations (FEACO) the added value is the "raison d'être" of any consulting activity, thus consultancy aims to optimize the resources of public and private sector organizations, to improve process efficiency, train employees, and select and integrate human and technological resources based on the unique needs of the respective businesses (European Federation of Management Consultancies Associations [FEACO], 2005). On the other hand, the International Council of Management Consulting Institutes (ICMCI) defines consulting as the activity of giving advice/ professional support to a certain group of people.

Management consultancy, on the other hand, is defined as "a set of multidisciplinary activities of intellectual work, within the field of management, which aims to create value or promote changes, by providing advice and proposing solutions, by taking into account actions or by producing deliverables" (International Organization for Standardization [ISO], 2017, p. 8).

Business and management consultancy, in the author's opinion, represents, therefore, qualified support/assistance services provided to the business environment, based on the independent vision and creative intellectual activity in the field of management, which typically includes analysis-diagnostic processes and the development of further recommendations in order to solve problems and improve business efficiency.

In this context, consultants are frequently labelled as knowledge carriers (Gammelsaeter, 2002), who give to their clients something they did not previously have - information, ideas, knowledge, ways to apply this knowledge in the practice (Legge, 2002), or as "transmitters" of management concepts, techniques, and practices (Glückler & Armbrüster, 2003; Fincham, 2007; Kipping & Wright, 2012). As a result, the significance of this branch in a country's economy is clear:

- Support and development of business environment. Consultants assist their clients in achieving high results or in overcoming critical situations and confrontations by selecting optimal and timely strategies, improving organizational structures, processes, and working methods, writing, and implementing projects, exchanging experience and best practices, developing organizational capacities, etc.
- Contribution to the development of a collaborative society. Consultancy projects frequently combine expertise and resources from other sectors (for example, technical experts, legal experts, engineers, educational service providers, representatives of the academic environment, civil society, the public sector, etc.), resulting in inter- and intra-industry synergies. A collaborative and integrated approach like this maximizes the benefits of the infrastructure for the economy and the society.
- Contribution to the development of innovations and knowledge dissemination. Consultants assist clients in disseminating knowledge and providing access to methodologies and original thinking. Consultants are both innovators (bringing new knowledge) and validators (validating existing knowledge) (Bouwmeester & Werven, 2011).

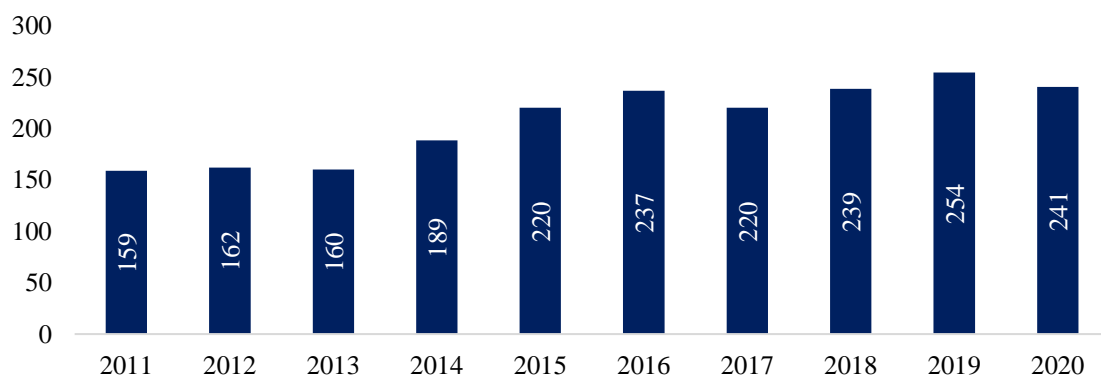
- Catalysing economic and social change. Consultants, in fact, facilitate, but also catalyse changes in organizations, at the industry level, and in the economy through their versatile role (providing information, knowledge, and expertise, developing innovations and offering new perspectives, validating managerial decisions, and providing support for obtaining resources for clients).

We also believe that the contribution of consultants to the "new normal" of today's economy, which, according to some world-class consulting firms, will be surprisingly different from what was considered normal not long ago (Sneader & Singhal, 2020), will be expanded and emphasized. They will work with industries in order to accelerate best practices in collaboration, flexibility, inclusion, and responsibility, as well as to focus managers on leadership and collaboration in order to create a better future.

### 1.2. The international evolution of consulting.

Despite the industry's relatively mature evolution, there is currently no agreement on how to define and calculate global consulting volume due to the wide variety of services provided and customer categories (i.e. by industries, size of organizations, focus on markets/regions, etc.). Various profile organizations (for example, ICMCI at the global level or FEACO at the European level), as well as the most representative research companies (for example, ALM Intelligence, Gartner, Source Global Research, etc.) use different methodological approaches to estimate consulting market size, which vary significantly. Some of them, for example, include services related to management consulting in these estimates, such as financial-accounting and audit services, or legal consulting services, and IT, while others estimate the volume that directly refers to management consulting.

The global consulting market has grown to a billion-dollar industry over the last few decades. Not only has it grown in size and international reach, but it has also gone through several professionalization cycles, becoming one of the most developed segments of the professional services industry. The data in the figure demonstrates the global evolution of consulting in five basic areas from 2011 to 2020.



**Figure 1. Global business consulting market, 2011 - 2020, billion EUR, 2011-2020, by turnover**

Source: Developed by the author based on [Global consulting market, 2011-2016] (n.d.) & Mordor Intelligence (n.d.) data

The figure represents the contribution of over 2000 bln. EUR of the consulting industry to the development of the global economy over a ten-year period since 2011, represented by turnover, with an average annual growth rate of 5% (from 159 bln. EUR in 2011 to 241 bln. EUR in 2020), conditioned by globalization and intensive promotion of large companies, increased demand for consultancy due to donor-based and infrastructure projects, and increased services in the field of IT and automation. The recent 5% drop in the global market volume (241 bln. EUR in 2020) is the result of turbulence in various industries, exacerbated by the onset of the COVID-19 pandemic and changes in customer preferences.

Furthermore, a CAGR (Compound Annual Growth Rate) of 8.6% is projected from 2021 to 2027, according to the Maximize Market Research Report. According to international experts, the significant increase is also based on the growing need for businesses, particularly SMEs, to reduce costs in recent years and improve process efficiency.



**Figure 2: Global consulting market and share of top-10 countries, bln. EUR, 2019**

*Source: developed by the author based on Statista Research Department (2022) data*

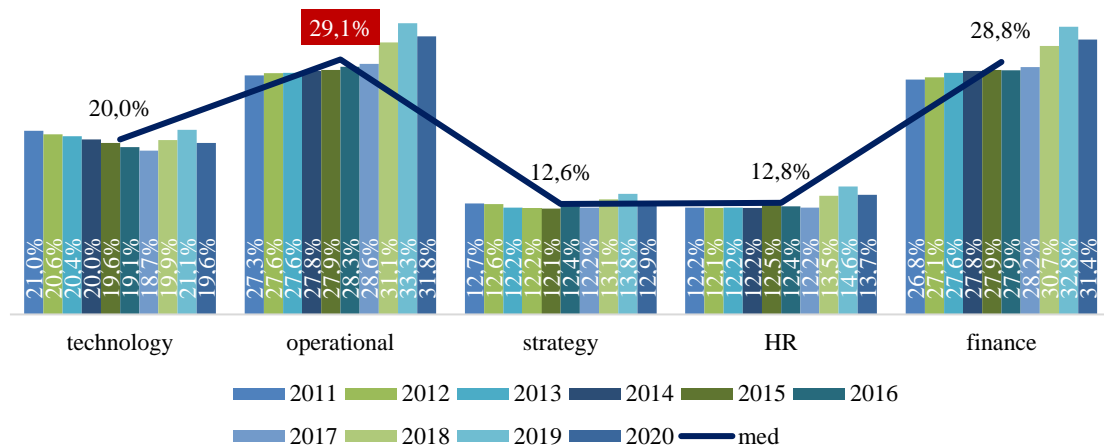
The graph depicts the volume distribution of the global consulting market by country, with a turnover of USA of remarkable \$63.6 bln. EUR (or 25% of the total in the above figure). The gap between the other countries and the leader in the field is significant: the United Kingdom and Germany have approximately 4% (9.7 and 9.3 bln. EUR), followed by Australia, France, and China (2% - between 4 and 6 bln. EUR), with the rest of the countries having a share of less than 1.5%.

This disparity can be explained by the United States' significant contribution to the development of management theory and consulting practices against the backdrop of global crises and war, as well as the government's support programs for this industry. In 2018, for example, the US government spent \$25.27 bln. USD on management consulting industry support, resulting in 27813 contracts for 5609 companies. These contracts were worth an average of 4.5 mln. USD per company (Linchpin SEO, 2022).

Simultaneously, the UK faces competition in Europe from three countries: Austria, Germany, and Switzerland, collectively known as the DACH region. This region is currently positioning itself as a location for large management consulting firms. For example, the DACH region's management consulting sector was worth EUR 8.7 bln. in 2016.

With all of this, it is estimated that North America and the EMEA countries (Europe, the Middle East, and Africa) will have a 5% CAGR until 2026, accounting for around 80% of global consultancy volume. In contrast, Asia Pacific countries are expected to grow at a

faster rate (+10%), despite accounting for only 20% of total volume, followed by Latin America (growth of +4% and less than 4% the share) (Laffitte, 2022).



**Figure 3. Global business consulting market: turnover structure, by services provided, %, 2011-2020**

Source. developed by the author based on [Global consulting market, 2011-2016] (n.d.) & Mordor Intelligence (n.d.) data

The graph depicts the evolution of the global consulting market by service type, with shares of the total market (% of total) indicated for service segments (IT and technology consulting, operational, strategic, human resources, and financial consulting). The figure shows the dominance of operational consulting, reflecting the growing demand for automation, efficiency, standardization, and quality in recent years (on average, this segment's share is about 29%), and the financial consulting too (28.8% average share during the analyzed period), due to infrastructure and investment projects, the need for cost and resource optimization, and increasing consultancy for access to finance.

Given that strategic, human resources, and technology consulting are less accessible to SMEs due to price and geography (for example, the global market includes Africa and Latin America, where the emphasis is on financial and operational consulting), their market share ranges between 12 and 20%. Therewith, considering the trends revealed in major company analytic forecasts, these segments are expected to grow, particularly in digitalization, outsourcing, IT management, artificial intelligence, blockchain management, and other relevant areas.

It should be noted that there are approximately 700,000 consulting firms operating on the global market (Maximize Market Research, 2022), the most prominent of which are: Deloitte Consulting, PwC, EY, KPMG, Accenture, IBM, McKinsey, Booz Allen Hamilton, The Boston Consulting Group, Bain & Company, Capco, Capgemini Consulting, CGI, Cognizant Technology Solutions, Ernst & Young, Fulcrum Worldwide, FTI Consulting, Grant Thornton, Hay Group, HCL, Axon, Hewitt Associates, Hitachi Consulting, whose development trends are the basis of estimates of the global market evolution.

### 1.3. The evolution of consulting in Europe.

The FEACO organization presents European market statistics, which are compiled annually from the profile associations in 13 countries: Austria, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Romania, Slovenia, Spain, Switzerland, and the United Kingdom, which account for roughly 80% of European GDP. The indicators in the table show the average annual growth rate of 7.2% of turnover in consulting services, which reached 80426 mln. EUR in total and an average of 6187 mln. EUR per country in 2019. At the same time, employment in the field is increasing at a 4% annual rate (out of a total of 403 thousand employees, 86% are experts directly involved in the consulting process). The average expert earns EUR 161 thousand, and approximately 22% of the services provided are exported (with 12.6% staying in the EU).

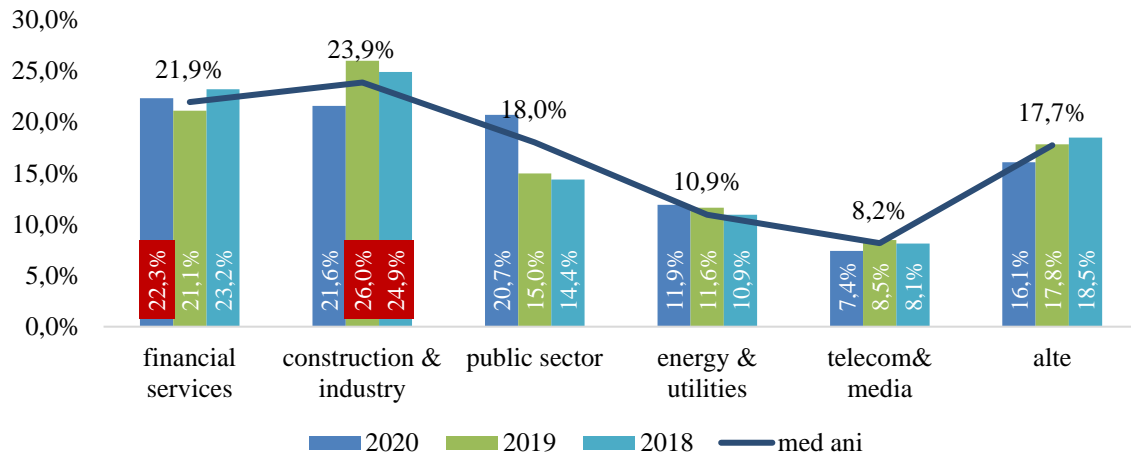
**Table 1. European management consulting market, 2017 - 2022, main indicators**

Turnover	average UE	total UE
<i>2017, mln. EUR</i>	<b>5,231</b>	<b>68,000</b>
<i>2018, mln. EUR</i>	<b>5,688</b>	<b>73,939</b>
<i>2019 forecast, mln. EUR</i>	<b>6,187</b>	<b>80,426</b>
<i>total</i>	<b>17,105</b>	<b>222,365</b>
<i>average</i>	<b>5,702</b>	
<i>2017/2016, %</i>	<b>7.2%</b>	
<i>2018/2017, %</i>	<b>7.3%</b>	
<i>2019/2018, %</i>	<b>8.7%</b>	
<i>2020/2019, %</i>	<b>0.3%</b>	
<i>2021/2020, %, estimated</i>	<b>9.6%</b>	
<i>2022/2021, %, forecast</i>	<b>10.1%</b>	
<i>average</i>	<b>7.2%</b>	
<b>Number of employees, 2018</b>	<b>30,999</b>	<b>402,984</b>
<i>% experts</i>	<b>86.3%</b>	
<i>% employees</i>	<b>13.7%</b>	
Turnover /expert/year (average 2017-19), EUR	<b>160,885</b>	
Export, % from total turnover	<b>22.0%</b>	
<i>% in EU</i>	<b>12.6%</b>	
<i>% outside EU</i>	<b>10.0%</b>	
Employment rate		
<i>average 2017-2019, %</i>	<b>5.1%</b>	
<i>2020/2019, %</i>	<b>2.4%</b>	
<i>2021/2020, %, estimated</i>	<b>4.6%</b>	
<i>average</i>	<b>4.0%</b>	

Source: developed by the author based on Cerruti; Borra & Appolloni (2019, 2020, 2022) data

Germany, the United Kingdom, and France had the best results, with an average annual turnover of 7-30 thousand EUR. At the same time, the top three countries in terms of turnover per employee differ, with Switzerland, Germany, and Finland all having more than 220,000 EUR per year.

However, the recent pandemic has had a smaller impact on the European management consulting industry than on the general economy: in 2020, consulting turnover fell by 2.3% compared to a -5.2% drop in GDP, and consulting employment remained stable (+0.3%) compared to a -0.5% drop in general employment. Management Consulting turnover rebounded quickly in most European countries in 2021 and was higher than in 2019 with an impressive growth rate (+11.5%) and in 2022 (+9.9%) (European Federation of Management Consultancies Associations, 2022, p. 4).



**Figure 4. Evolution of the European management consulting market: breakdown of turnover/employee by customer industries, %, 2018-2020**

Source: developed by the author based on Cerruti; Borra & Appolloni (2019, 2020, 2022) data

As in the case of the global market, digital transformation is driving positive trends in Europe as well. Thus, consulting in technologies is the leader (21.3% average over three years in the total of services), but strategic consulting is also rapidly developing (20.1%), highlighting the way in which consulting firms have assumed the role of contribution to the advancement of its clients' strategic transformation processes: during the pandemic, radical changes in the market and various social scenarios pushed many markets and clients to request more advice in terms of strategic transformation processes: during the pandemic, radical changes in the market and various social scenarios compelled many markets and clients to seek additional strategic repositioning advice.

France, Hungary, and the United Kingdom have the highest share of technology consulting (more than 26%), while Denmark, Austria, and Romania have the highest share of strategic consulting (more than 21%). The presence of professional associations, such as FEACO and ICMCI, which actively promote international certifications and the need for strategic thinking among the top management elite of the major industries, contributes to the concentration of strategic consulting in Europe.

In contrast to the global market, operational and financial consulting is lower in Europe compared to the other two mentioned above and obtain values of 18.4 and 10.7%, respectively, as a 3-year average share. The highest values are in Germany - over 40% in operational consulting, due to the high demand for automation and consulting in

automotive industries, Greece and Slovenia (over 20%), as well as Romania and Slovenia - over 20% for financial and risk consulting.

HR consulting and change management have grown in importance during the pandemic, owing largely to new working methods and techniques, mostly online and remote, with a three-year average share of 12.4% and the top countries - Finland, France, and the United Kingdom (over 17%). (Table 2)

Consulting in sales and marketing, on the other hand, has an even lower weight - 7.9% on average over three years, driven primarily by demand from Finland, Denmark, and Romania - more than 13%. (Table 3)

**Table 2. Evolution of the European consulting market by country and type of services (technology, operational, strategic and HR & change consulting), %, 2018-2020**

	technology				operational			
	2020	2019	2018	avg. year	2020	2019	2018	avg. year
Austria	4.5%	5.1%	7.9%	5.8%	16.1%	16.5%	16.9%	16.5%
Denmark	n/a	17.0%	17.0%	17.0%	n/a	15.0%	15.0%	15.0%
Finland	n/a	15.0%	15.0%	15.0%	n/a	15.0%	15.0%	15.0%
France	32.0%	28.0%	18.0%	26.0%	13.3%	14.0%	16.0%	14.4%
Germany	22.4%	21.8%	21.8%	22.0%	40.6%	40.5%	40.6%	40.6%
Greece	18.0%	16.0%	17.0%	17.0%	22.0%	28.0%	20.0%	23.3%
Hungary	51.0%	47.0%	45.0%	47.7%	9.0%	14.0%	16.0%	13.0%
Italy	23.7%	22.2%	21.8%	22.6%	13.7%	13.8%	14.1%	13.9%
Romania	16.0%	6.0%	8.0%	10.0%	15.0%	9.0%	16.0%	13.3%
Slovenia	n/a	21.0%	18.0%	19.5%	n/a	24.0%	28.0%	26.0%
Spain	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Switzerland	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
UK	24.0%	34.0%	36.0%	31.3%	9.0%	13.0%	12.0%	11.3%
average	24.0%	21.2%	20.5%	21.3%	17.3%	18.4%	19.1%	18.4%
	strategy				HR & change			
	2020	2019	2018	avg. year	2020	2019	2018	avg. year
Austria	20.0%	18.9%	31.7%	23.5%	15.9%	13.7%	17.7%	15.8%
Denmark	n/a	24.0%	24.0%	24.0%	n/a	13.0%	13.0%	13.0%
Finland	n/a	20.0%	20.0%	20.0%	n/a	20.0%	20.0%	20.0%
France	18.3%	19.0%	21.0%	19.4%	17.0%	19.0%	20.0%	18.7%
Germany	19.2%	19.0%	18.9%	19.0%	12.0%	13.0%	13.0%	12.7%
Greece	16.0%	22.0%	23.0%	20.3%	6.0%	6.0%	5.0%	5.7%
Hungary	18.0%	20.0%	21.0%	19.7%	5.0%	6.0%	7.0%	6.0%
Italy	17.0%	16.5%	16.8%	16.8%	7.7%	7.9%	7.9%	7.8%
Romania	30.0%	9.0%	25.0%	21.3%	10.0%	6.0%	4.0%	6.7%
Slovenia	n/a	20.0%	21.0%	20.5%	n/a	13.0%	13.0%	13.0%
Spain	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Switzerland	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
UK	24.0%	13.0%	14.0%	17.0%	20.0%	17.0%	16.0%	17.7%
average	20.3%	18.3%	21.5%	20.1%	11.7%	12.2%	12.4%	12.4%

Source: developed by the author based on Cerruti; Borra & Appolloni (2019, 2020, 2022) data



**Table 3. Evolution of the European consulting market by country and type of services (finance & risks, sales & marketing, and other types of consulting), %, 2018-2020**

	finance & risks				sales & marketing			
	2020	2019	2018	avg. year	2020	2019	2018	avg. year
Austria	6.2%	7.9%	6.1%	6.7%	12.9%	14.2%	7.4%	11.5%
Denmark	n/a	0.0%	0.0%	0.0%	n/a	14.0%	14.0%	14.0%
Finland	n/a	5.0%	5.0%	5.0%	n/a	15.0%	15.0%	15.0%
France	8.0%	8.0%	9.0%	8.3%	3.0%	3.0%	5.0%	3.7%
Germany	2.3%	2.1%	2.1%	2.2%	3.5%	3.6%	3.6%	3.6%
Greece	14.0%	16.0%	17.0%	15.7%	2.0%	1.0%	3.0%	2.0%
Hungary	10.0%	9.0%	7.0%	8.7%	7.0%	4.0%	3.0%	4.7%
Italy	25.9%	26.7%	26.8%	26.5%	6.1%	6.6%	6.1%	6.3%
Romania	15.0%	25.0%	20.0%	20.0%	14.0%	12.0%	15.0%	13.7%
Slovenia	n/a	11.0%	10.0%	10.5%	n/a	11.0%	10.0%	10.5%
Spain	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Switzerland	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
UK	19.0%	11.0%	12.0%	14.0%	2.0%	2.0%	1.0%	1.7%
average	12.6%	11.1%	10.5%	10.7%	6.3%	7.9%	7.6%	7.9%
	others							
	2020	2019	2018	avg. year				
Austria	24.4%	23.7%	12.3%	20.1%				
Denmark	n/a	17.0%	17.0%	17.0%				
Finland	n/a	10.0%	10.0%	10.0%				
France	8.4%	9.0%	11.0%	9.5%				
Germany	n/a	0.0%	0.0%	0.0%				
Greece	22.0%	11.0%	15.0%	16.0%				
Hungary	n/a	0.0%	1.0%	0.5%				
Italy	5.9%	6.3%	6.5%	6.2%				
Romania	n/a	33.0%	12.0%	22.5%				
Slovenia	n/a	0.0%	0.0%	0.0%				
Spain	n/a	n/a	n/a	n/a				
Switzerland	n/a	n/a	n/a	n/a				
UK	2.0%	10.0%	9.0%	7.0%				
average	12.5%	10.9%	8.5%	9.9%				

Source: developed by the author based on Cerruti; Borra & Appolloni (2019, 2020, 2022) data

Romania, in this context, benefits from European programs such as Operational Programme Human Capital (POCU), National Rural Development Programme (PNDR), The Operational Program (OP) on Technical Assistance (TA), Large Infrastructure Operational Programme (POIM), and others. Management consultants are thus employed in both the proposal preparation and the implementation of EU-funded projects. International projects account for roughly 40% of the total management consulting market in Romania.

## 2. Global trends in business and management consulting and the evolution in Moldova.

### 2.1. Global trends in the industry development.

According to the branch's evolution, consulting is becoming an increasingly important component of the business environment. As a result, it is necessary to examine the trends in the development of this industry. On a global scale, we are currently highlighting several trends that have emerged from our analysis and accumulated experience:

- Outsourcing in the consulting services. Previously, project teams were made up of consultants from a company or organization. Today, in addition to the fact that consulting projects result in multicultural teams from various countries, some processes can be outsourced to companies in related fields such as data analytics and forecasting, as well as the development of IT solutions.
- Clients enhancing their internal consulting capabilities. Clients, on the other hand, are increasingly investing in experts/associates and/or full-time experts who can manage projects, access financing, or find solutions for top management, among other things. Some companies, particularly those with complex projects and processes, invest in specialized information programs for business architecture modelling, process automation, etc., and then hire consultants for data analysis and monitoring (Methi, 2020).
- Co-creation and virtual collaborative platforms. Because of the impact of the pandemics, virtual consulting has increased through digital and collaborative platforms, allowing clients to access flexible consulting with an immediate response to simple requests (for example, filling in some initial data through forms online, chat answers, etc.). At the same time, this encourages collaboration with IT companies to create various information products for consultants and their clients, as well as collaboration with the academic environment to create distance training programs to develop entrepreneurs' capabilities. In this context, there are various ways for consultants and clients to co-create certain solutions: for example, recently, the so-called "Uber-ization"<sup>2</sup> of consulting has been discussed, expressed not only by shifting to work with freelancers, but also by developing auction platforms where the client can choose the best price, or where potential clients can register and search for consultants with the skills and experience required for a specific project. Furthermore, the client can select various individual consultants and combine them to form a project team.
- Digitalization of consulting processes. Even after the pandemic situation has stabilized, remote work and the numerous digital tools that facilitate it will continue to be widely used due to the cost savings while maintaining a satisfactory level of

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<sup>2</sup> The term refers to a business model in which services are provided on demand via direct contact between a customer and a provider, typically via mobile technology. The working methodology of Uber, which is one of the world's largest taxi networks but does not own a single car, is frequently cited as an example.

service quality. Digitalization had a particular impact on remote client-consultant interaction, remote collaboration among several consultants within consulting projects, increasing remote work productivity, remote team management, etc. Another significant technology is distributed ledger technology (blockchain), a new approach to information exchange and storage that can reduce document management costs while increasing transparency, trust between parties, and security.

- The emphasis is on change, risks, and quick fixes. Consultants today devote more time to risk management (particularly operational risks) in the analysis of their clients' activities (Hodges, 2021, p. 6). Today, consultants emphasize knowledge through learning and adaptation to rapid changes in the environment when identifying solutions for their clients, solutions that currently require a flexible framework and must be immediate. This necessitates new methodologies being researched and developed by consultancies and academia, which can only be achieved through intra- and inter-industries exchange of practices and knowledge.
- Customers' trust becomes less emotional. Many consulting firms have recently made the transition to digital customer service, and this has created an interesting trend. Fewer than ten years ago, clients placed a high value on trusting the consultant and his services for two main reasons: the consultant's role (which is obligated to reduce the client's fear and uncertainty) and the particulars of consulting services (which assume quality and solutions for the client) (Colina, 2021, p. 18). Due to the lack of standardization and regulation of these services in many countries, but also because of the nature of the results of the consulting process, which are often intangible, creative, and the effects of which can be seen over the long term, this trust was more emotional and was based on the client's preferences, the recommendations that the consultant had, and his certifications. However, nowadays, the consulting cycle is shorter, services are becoming more standardized, selling them involves formal procedures and the use of IT, and direct client interaction is decreasing. As a result, the client perceives trust more rationally on data confidentiality and security, responsiveness, efficiency, and less emotionally in relation to the consultant's personality (Breuer et al., 2019), which means that the gap between "face-to-face" and virtual trust can be bridged through providing more information about ability, predictability, integrity, and transparency. Relevant to this is the modern client's ability to solicit recommendations for a consultant from individuals the consultant has never met (through social networks, or from other sources).
- Niche consulting. Companies are increasingly looking for consulting firms that can provide industry- or sector-specific solutions based on in-depth analyzes of their businesses. Experts (technicians, engineers, etc.) who are familiar with operational processes will benefit from this change (Methi, 2020). Specialist knowledge in a particular field or industry, especially in one that is undergoing rapid change now (such as robotics, bioproduction, precision medicine, etc.), is

expected to dominate the emerging market for strategic and operational consulting. Consulting fee efficiencies can be achieved through collaboration with technical experts during analysis and recommendation development (through the formation of strategic alliances, the sharing of projects, or outsourcing).

- Customer's return on investment. The pricing methodology for consulting services is also currently being shaken up as a result of customer concerns around price acceleration and sales volatility. In addition, the margins for profit in the consulting industry have shrunk due to the rise of online tools and intense competition. In light of this, simple solutions that are also economical are currently being sought out as an alternative to the payment of complex projects on an hourly basis. In this context, it is important to bring up the Bain & Company early motto: "We don't advice by the hour; we sell profits at a discount." (CB Insight, 2020). This development also raises the desire for working together with smaller businesses, also known as boutique consulting, or with independent consultants, also known as freelancers, in order to lower prices at various phases of the consulting process.
- Augmented workforce and the transparency of intellectual capital. Today, the information of consulting firms is widely disseminated throughout both the corporate world and society as a whole: consulting firms have blogs, consultants talk a lot about themselves online, corporations go to conferences and master classes, give speeches, and share their experiences. As a result, in environments in which information is rapidly disseminated, consulting firms are required to make consistent investments in their intellectual capital as well as their creative capacities in order to discover new ways of retaining staff members and providing them with value within the organization. In its study on the fourth industrial revolution, the consulting firm Deloitte noted the need to change the work culture by developing new methods of talent management, temporary employment and ad hoc teams, the use of artificial intelligence, and other related topics. In the model of the augmented workforce that has been presented, the projects of the company will involve not only the permanent staff, but also a whole network of external people, remote employees, and specialists. Additionally, the processes for the creation of jobs will need to be rethought "from scratch" (Deloitte, 2020, p. 13).
- Cooperation and export of services is a growing trend in recent years, especially against the background of the globalization of consulting services, the emergence of multi-cultural and multi-governmental projects; and the pandemic, at the same time, reinforced the need for risk sharing through strategic partnerships and collaborations.
- The circular economy and sustainability. If companies wish to improve their social image and remain competitive in today's market, they must take steps to reduce their impact on the environment and ensure that they follow all applicable legislation. As a result of all of this, there is an increased demand for consultants

who can assist businesses in becoming more socially and environmentally responsible in their operations.

- Regulation and collaboration with the Government. All of these shifts clearly necessitate, in today's world, a closer collaboration between consultants and governmental organizations and projects. At the present time, large corporations such as McKinsey, Boston Consulting Group, Bain, and AT Kearney are providing assistance to decision makers of state organizations in a variety of countries with resource planning, economic modelling, and crisis exit strategy formulation. For example, BCG collaborates with ministries of health, AT Kearney helps with infrastructure development, and Ernst & Young works directly with 9 states in addition to over 15 central ministries and 210 districts (Kumar, 2020).

## 2.2. Evolution and trends in the development of consulting in Moldova.

The current state of the business and management consulting industry in the Republic of Moldova is characterized by a sluggish growth rate, which can be attributed to the "micro" format of most of the companies operating in this sector, the majority of which have no more than 10 employees. There are currently 551 businesses and management consulting firms on the market, employing a total of 1668 people (Association of Management Consultants from Romania, 2020). These businesses provide business and management consulting services. Approximately 20% of these are found in rural areas, and the number of those residents rose by 18% between 2019 and 2020.

**Table 4. The main indicators of the management consulting market in Moldova**

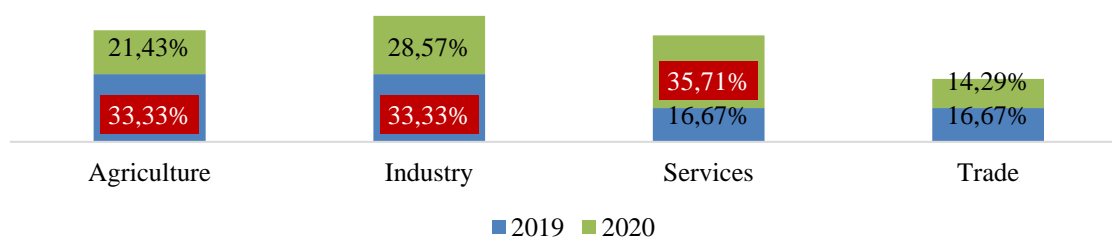
	No economic agents			No employees		
	2019	2020	2020/2019	2019	2020	2020/2019
CHISINAU	462	439	-5%	1611	1440	-11%
REGIONS	95	112	18%	220	228	4%
total	557	551	-1%	1831	1668	-9%
	Turnover, mln. EUR			Profit, mln. EUR		
	2019	2020	2020/2019	2019	2020	2020/2019
CHISINAU	26.7	24.7	-7%	5.5	6	9%
REGIONS	3	3.5	17%	0.9	1.2	33%
total	29.7	28.2	-5%	6.4	7.2	13%

Source: developed by the author based on Association of Management Consultants from Romania (2020, 2021) data

According to the table, these businesses have generated a total turnover of approximately 30 mln. EUR annually over the past two years, with a growth of 17% in the regions (2020 compared to 2019), and a profit of over 6 mln. EUR annually (in the regions – more than a 30% growth in 2020). The expansion of support from the government, donors, and organizations that support the business environment in rural areas, particularly

in agriculture, is largely responsible for the growth of these types of services in the regions in recent years (i.e. the International Fund for Agricultural Development (IFAD) programs, Agency for Payments and Intervention in Agriculture (AIPA), Entrepreneurship Development Organization (ODA), etc.).

It is important to note that in 2019, the percentage of consulting work done in agriculture was comparable to the percentage of consulting work done in the industrial sector, which was over 33%. However, in 2020, the percentage of consulting work done in the service sector predominated, coming in at approximately 35% (figure 4).



**Figure 4. Sales structure by sector, 2019-2020**

Source: developed by the author based on Association of Management Consultants from Romania (2020, 2021) data

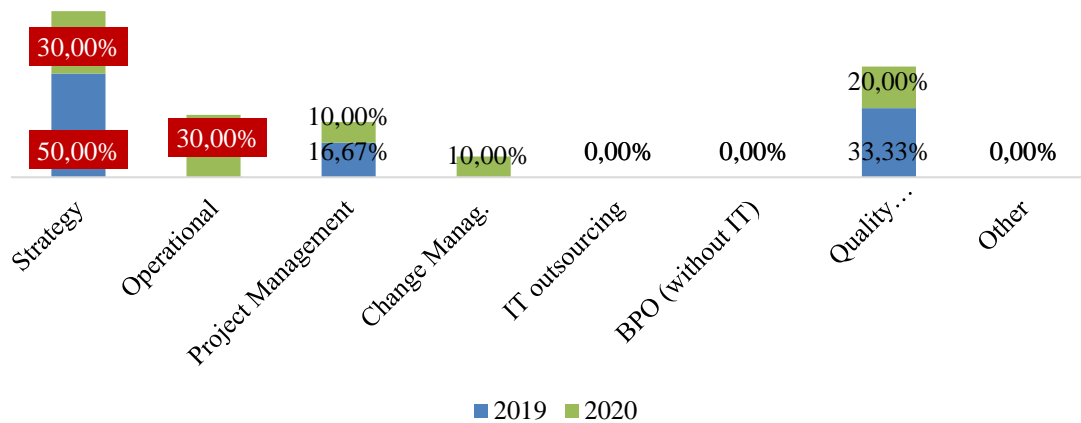
In addition, consulting for the public sector and donors dominates the market structure, accounting for fifty to sixty percent of total sales in both of the years analyzed, and this percentage is growing (figure 5).



**Figure 5. Sales structure by customer, 2019-2020**

Source: developed by the author based on Association of Management Consultants from Romania (2020, 2021) data

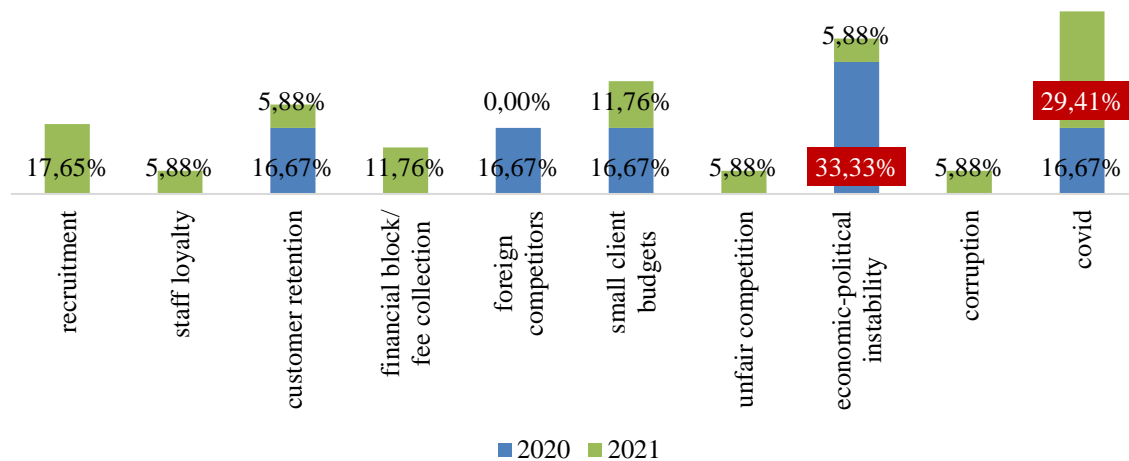
In terms of the structure of sales in accordance with the type of services offered, strategic consulting was prioritized in 2019 and accounted for 50% of the total. However, in 2020, the structure shifted in favour of operational consulting, which resulted in its weight becoming equal to that of strategic consulting — approximately 30% (Figure 6). This was caused by a shift in the priorities of customers, who now require more immediate solutions, particularly in relation to pandemic influences and changes in certain business processes.



**Figure 6. Sales structure by services, 2019-2020**

Source: developed by the author based on Association of Management Consultants from Romania (2020, 2021) data

The Covid-19 crisis has had a significant impact on the economic climate in the Republic of Moldova, including the consulting industry there. If the companies that took part in the survey cited economic and political instability as a primary concern at the beginning of the year 2020 (representing approximately 33 % of the total), then by the end of the year 2021, the focus had shifted to the difficulties posed by the pandemic (representing approximately 29 % of the total) (figure 7).

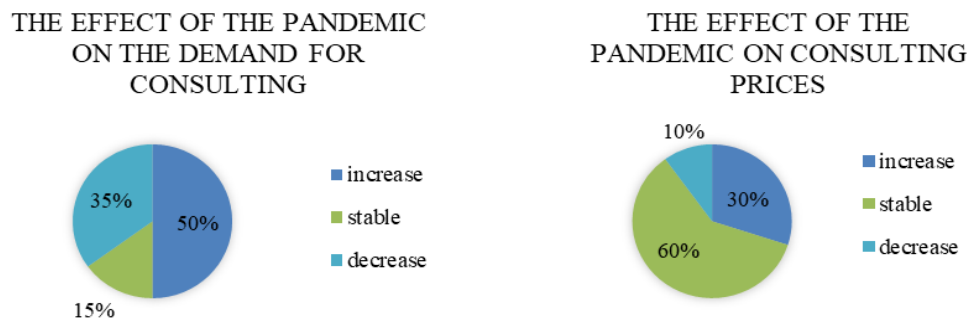


**Figure 7. Challenges of consulting companies in Moldova**

Source: developed by the author based on Association of Management Consultants from Romania (2020, 2021) data

At the same time, according to the recent survey of 20 main players in the industry (Association of Business and Management Consultants from Moldova, 2021), the majority of consulting companies saw growth in demand for their services in 2021, keeping prices constant (figure below). On average, there was a 30% increase in demand at 10 companies,

and at the same time, demand decreased by 33% at 7 companies. Prices were reduced in 2 companies (-20%), and increased (+33%) in 6 companies out of the 20 respondents.



**Figure 8. The effect of the pandemic on consulting companies in Moldova**

Source: developed by the author based on Association of Business and Management Consultants from Moldova (2021) data

In addition to the pandemic effects and global trends affecting consulting in Moldova, it is necessary to note that the branch will be especially marked by:

- Digitalization and IT consulting. The developments in technology, computerization, and globalization are all having a significant impact on the future of consulting at this stage in its development. The Internet has brought about profound shifts in the way that businesses are structured. Companies are increasingly providing remote services, and a variety of solutions are emerging to digitize certain consulting stages to accommodate this trend. In light of these circumstances, there has been a clear pattern of sustained growth in the demand for consulting services in the field of information technologies over the past few years.
- Intra- and inter-sectoral cooperation and partnerships, which will intensify collaborations between local and international consulting companies, as well as collaborations with related sectors and the academic environment, modelling themselves after companies in developed countries and following the trend of businesses in those countries. In this regard, one example to consider is the projects that are being carried out by the Tekwill Moldova Center of Excellence. These projects contribute to the growth of multiple sectors of the economy by combining the efforts of consultants, academic environments, the associational sector, information technology, etc.
- Improving the quality of services and the regulation. There has been a recent uptick in the number of local consultants who hold a variety of international certifications (for instance, Project Management Professional (PMP), Certified Management Consultant (CMC), and Business Analysis (BA), in addition to their membership in various regional or global profile organizations. On the other hand, local clients are becoming increasingly demanding in the selection of consultants, and the necessity to regulate this field is emerging on the market, for example from the professional associations (such as the Association of Business and Management Consultants through initiatives to create the professional standard of



the industry, to create university courses for young specialists, etc.), as well as from donors and various interested organizations (i.e. by training consultants and by creating databases and networks of accredited consultants – ODA, the World Bank, European Bank for Reconstruction and Development, etc.).

- The export of consulting services. In recent years, there has been a growing trend among international consulting firms to hire local consulting services. This trend has been made possible by international collaborations (within tenders and complex projects) (based on cost savings, but also based on the search for knowledge of the specific of Commonwealth of Independent States' space). At the same time, the government is taking steps to create opportunities that will facilitate the export of consulting services within specially designed areas. One such step is the creation of the Park for International Business Services (Draft Law No. 428/ME/2022), which is an example of one of these opportunities.

## Conclusions

Consulting is one of the important branches, in our opinion, for the economy because of its influence on the business environment, its contribution to the creation of a collaborative society, to the development of innovations and the dissemination of knowledge, but also due to the impact of inspiration for managers and academia.

The level of development of the industry is currently determined by several factors, including the diversification of services, the intensification of competition, and the complexity of consulting projects, as well as the progression of technical, scientific, and informational advancements, the globalization of business, and the changes brought about by the COVID pandemic.

Against the background of these changes, according to forecasts, a global market value of 514 billion EUR is estimated in 2027. Agile, artificial intelligence and complex data analytics, respectively, are three benchmarks in the field of consulting that will develop intensively. At the same time, we believe that the emergence of new economic branches and professions will condition the need for the development of new capacities and the application of knowledge and new managerial tools, which will stimulate both the growth of the consulting field and related fields.

At this point, all of this necessitates a more close-knit collaboration between consultants, an intensification of certifications and trainings, and membership in representative organizations to promote professional standards and promote the profession among clients.

The consulting market in the Republic of Moldova is on the verge of developing gradually, as it is being marked by the challenges facing society and influenced by the small size of the national economy. The market is relatively young in comparison to developed Western markets, which have been around for over a hundred years. Only about fifty of the more than five hundred businesses that have this registered field of activity as

their primary focus are considered "visible," and their primary activity is providing business and management consulting.

However, we can highlight an increase in this branch in general, and an expansion of services in the regions, mostly caused by the support of State programs, partners, donors and organizations that support SMEs and their access to consulting services. The culture of cooperation and partnership between market actors is in its infancy and largely depends on the level of development of the entrepreneurial culture in the country. A special role is played by the collaborations of the main players in the formation of professional associations, and initiatives to certify consultants and regulate the services provided.

The national consulting market consequently "has room for growth," and the current trends indicate that the industry will be profoundly impacted particularly by remote work and digitalization, the export of services, cooperation, and the increase in the quality of both services and products. The cooperation, on the other hand, will be able to create premises for the creation of synergies with a view to the contribution of companies to the development of the branch, as well as the development of new products and services, from co-creation with the academic and educational environment.

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