

13 Managing Employability in the German Consultancy Industry

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13.1 Introduction

After decades of rapid growth, the consultancy industry is currently experiencing a slowdown, which commenced in 2001 (Kipping 2002). For the first time, employees in this industry are faced with personnel reduction (Graubner and Richter 2003), hiring freezing (Bornmüller 2005) or other alternatives to downsizing (Fritzel and Vaterrodt 2002) at such scale. According to employee data from 2001 to 2003 for Germany, five of the largest IT consulting companies have reduced their personnel by 1,315 heads (Lünendonk 2002, 2003 and 2004). Now that consultancies are planning to hire again, they are faced with one of the consequences of these personnel reductions: the decrease in job security has in turn caused a decrease in employer attractiveness (BDU 2005). This example serves as an illustration of the negative consequences personnel reductions within the consultancy industry has had for both employee and employer. Consequently, both parties have an interest in finding an alternative to job security. The alternative currently on offer is called employability. Very generally, employability refers to the ability of a person to obtain and maintain a job now and in the future. Ideally, employability is based on a principle of responsibility shared between the organization and the individual and if the idea of employability is embraced fully by employer and employee it has potential for creating Win-Win situations for both parties. We argue that under certain conditions, offering support to staff that enables them to develop their individual employability does present a viable alternative to job security. We also argue that fostering employability of staff in a proactive manner will have a positive effect on employer attractiveness in the consultancy industry.

To the best of our knowledge there is no contribution addressing the issue of employability within the consultancy industry. Therefore our aim is to close this gap and deliver first insights based on a pilot study that we carried out in the German consultancy industry. For the purpose of the present article we offer some further reasons for the relevance of employability for the German consultancy industry and then highlight activities both employers and employees can engage in to develop individual employability.

In the following sections of this article, we first focus on the industry-specific demand for employability within the German consultancy industry. Then we present some background information on the concept of employability and employability development referring to a conceptual framework for analyzing individual activities and organizational offers enhancing employability. Finally, we will present the results of the pilot study. More specifically, the pilot study has three research objectives: (A) to identify areas of strength and weakness regarding employability activities for both employers and employees in the consultancy industry; (B) to investigate differences between consultants and back office employees in the context of employability and (C) based on these results propose several starting points for consultancies that want to strengthen their efforts with regard to employability development.

We have put the focus of our contribution on the large IT and management consultancies in Germany for three particular reasons. *Firstly*, Germany is the second largest consulting market in Europe (BDU 2005). *Secondly*, large German consultancies are currently experiencing the consequences of the above-mentioned slowdown to a greater extent than small and medium-sized firms (BDU 2005). *Thirdly*, IT and management consulting represent 88.5% of the consulting market in Germany (BDU 2005).

13.2 Employability Demand in the German Consultancy Industry

In this section we focus our attention on the industry-specific *demand for employability* caused by the relevant business context of the German consultancy industry. Certain driving forces in the business environment may influence the demand for employability. Such drivers can be developments in the industry and characteristics of the market where firms operate. In this context, Riddell and Sweetman (1997) distinguish between four major developments: *technological*, *organizational*, *economical* and *demographical* (see Figure 13.1.).

These phenomena and market characteristics influence the *demand for employability* in the German consultancy industry to differing degrees. In order to specify the influence of the above-mentioned driving forces on the demand for employability within the German consultancy industry we have used data mainly from the annual reports of the Federal Association of German Management Consultants Bundesverband Deutscher Unternehmensberater (BDU 2005; BDU 2004) and annual market studies (Streicher and Lünendonk 2004a; 2004b) which are focused on the 25 largest players in the management and IT consultancy market.