

# A Research on the Effects of Partnership between Consultant and Client in Accordance with Differentiation of Innovative Organizational Culture on the Consulting Performance

Chang Soo Han, Yen yoo You

**Abstract:** *This study aimed to verify the moderating effects of innovative organizational culture for customers' change on the effects of partnership between consultant and client on the consulting performance. This study performed an empirical research through a survey targeting the companies that had received consulting for once or more. Based on the LIKERT 5-Point Scale, the survey items included five demographic questions, six questions about partnership between consultant and client as an independent variable, six questions about consulting performance as a dependent variable, and four questions about innovative organizational culture as a moderating variable. Using the SPSS 23.0 for the empirical analysis, the factor analysis was not conducted as there was just one independent variable. The moderating effects were verified through the reliability analysis, correlation analysis, and regression analysis. As there was just one independent variable, the factor analysis was not performed. In the results of reliability analysis, the Cronbach Alpha values were all 0.6 or more. In the results of correlation analysis, the correlations between partnership and consulting performance(0.529), partnership and innovative organizational culture(0.328), and innovative organizational culture and consulting performance(0.656) were a bit high in the significance probability as 0.000. In the results of reliability analysis and correlation analysis, there were no problems with the measuring tools. In the results of regression analysis, the partnership had significant effects on the consulting performance. In the results of analyzing the moderating effects, the R2 value was increased and the significance probability was under 0.05, so that the moderating effects of innovative organizational culture were verified. Even though the partnership has effects on the consulting performance, if there is no organizational will to change, it could have negative effects on the consulting performance.*

*In the future, there should be more researches on methods to strengthen the partnership and also design and development of measuring tools for new competencies of consultants as an element of partnership.*

**Keywords :** *Business consulting, Business consultant, Partnership, Consulting performance, Innovative organizational culture, Inquiry Consulting Model*

## I. INTRODUCTION

In preceding researches, the significant effects of

consultants' competencies or service quality on the business performance and consulting performance have been already verified. The moderating effects of innovative organizational culture on the significant effects of consulting service quality on the non-financial business performance have been verified as well. This study aimed to verify the significant effects of partnership between consultant and client as a key element of Inquiry Consulting Model suggested in the Consulting in Uncertainty: Power of Inquiry by Ann K. Brooks & Kathy Edwards, on the consulting performance through empirical research, and also to verify the moderating effects of innovative organizational culture that showed the moderating effects on the service quality of consultants and non-financial business performance, on the relationship between partnership and consulting performance.

## II. MATERIALS AND METHODS

### A. Business consulting

Business consulting is providing helps about process or contents without directly participating in the business, suggesting solutions to managerial problems of customers, or providing advices to change the organization for solving problems of client companies by using the experience and knowledge of consultants.

Summarizing the contents of such preceding researches, it is to advise solutions to customers' problems for the purpose of problem-solving by analyzing the corporate problems.

However, as a service with uncertainty, the consulting might have a risk caused by wrong advices, which could cause a gap of desired results between consultant and client.

### B. Business consultant

As a subject of consulting, business consultant is a person who gets paid for providing recommendations or advices for improvement by researching, analyzing, and diagnosing customers' problems based on the specialized knowledge and experience. Their roles could be summarized as provision of information, suggestion of problem-solving methods, provision of advices about diagnosis and execution methods, and reinforcement of organizational members' competencies.

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**C. Inquiry Consulting Model**

The Inquiry Consulting Model aims to bring about the results desired by clients, not for the purpose of solving problems with consulting results caused by wrong advises, which is differentiated from the existing consulting models.

Contrary to the service form simply delivering knowledge, performing projects, and providing knowledge, the key element of this model might be the partnership for the mutual respect and win-win strategy by jointly creating the essential knowledge based on the organizational expertise, instead of simply receiving the knowledge from consultants..

**D. Innovative organizational culture**

As an organizational culture based on the competing value model, the innovative organizational culture is to establish the organizational culture in which the organizational members could innovatively think and act through the process of maximizing the organizational competencies based on their efforts and cooperation, so that the current state could be adjusted to the rapidly-changing new environment.

**E. Partnership**

Partnership delivers goods and services to customers, forms relationships between companies, and creates synergy effects in accordance with the degree of cooperation between companies. For the establishment of this supply chain, the reliability in the relationship with partners is very important. For the reinforcement of reliable relationship, the mutual efforts would be needed to maintain the cooperative relationship through mutual reliability, cooperation, and smooth communication. As a relationship sharing risks and rewards, the partnership between companies aims for the long-term partnership for the achievement of mutual purposes.

**F. Consulting Performance**

Consulting performance could be defined as achieving the purpose of consulting requested by customers within given time and budget. The main factors of consulting performance could include time required for consulting, given budget, purpose of consulting, customers' satisfaction, and organizational utilization of consulting.

**III. STUDY MODEL AND HYPOTHESIS**

**A. Study Model**

As shown in Figure 1, this study used partnership as an independent variable, consulting performance as a dependent variable, and innovative organizational culture as a moderating variable.

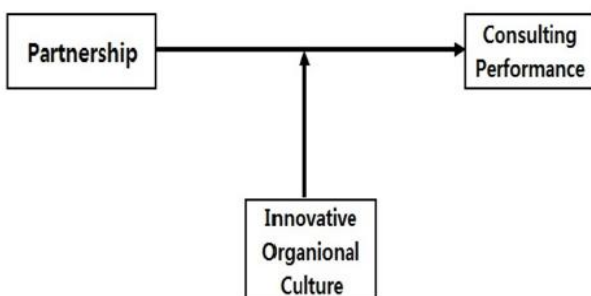


Fig1. Research Model

**B. Hypothesis**

Hypothesis1(H1): The partnership between consultant and client has positive(+) effects on the consulting performance.

Hypothesis2(H2): The innovative organizational culture plays moderating roles in the effects of partnership between consultant and client on the consulting performance.

**C. Research Tools and Operational Definitions of Variables**

Out of many methods of empirical analysis, this study used the questionnaire method. In order to secure the statistical and actual significance, the selection of survey subjects is important. Targeting the workers of small & medium-sized companies that had received consulting for once or more, about 300 questionnaires were distributed and total 250 questionnaires were collected. Out of them, total 238 questionnaires were collected after excluding the questionnaires including insincere responses or data omission, and the rate of collection was 79.3%. The measuring variables of this study were three items such as partnership, innovative organizational culture, and consulting, and the items suggested in a preceding research by Ryu Chang Su(2012) et al. were fully used. The questionnaire was composed of five demographic questions, six questions about partnership, six questions about consulting performance, and four questions about innovative organizational culture, based on the Likert 5-Point Scale.

**IV. PROOF ANALYSIS RESULTS**

**A. Demographic Characteristic Analysis**

Out of total 238 companies, 13 companies were the listed companies(5.5%) while 225 companies were the unlisted companies(94.5%). In terms of business history, 24 companies had business history for less than three years(10.1%), 38 companies for 3-5 years(16%), 71 companies for 5-10 years(29.8%), and 105 companies for ten years or more(44.1%). In case of region, 122 companies were in Seoul, Gyeonggi, and Incheon region(51.3%) while the rest 116 companies were located in non-capital area.

Regarding the number of employees, only 31 companies had employees for 100 or more(13%) while the rest companies had employees for 100 or less. Regarding the business type, 190 companies were verified as manufacturing business(79.8%) while the rest was verified as non-manufacturing business(20.2%).

**B. Reliability Verification and Validity of Research Tools**

Using the Spss 23.0 Program, the reliability analysis on the 16 questions except for the five demographic questions was conducted. As there was just one independent variable, the factor analysis was not performed. In the results of reliability analysis, the Cronbach Alpha value was 0.6 or up, so that all the survey items were used as research tools.

### C. Correlation Analysis

In the results of correlation analysis, the correlation between partnership and innovative organizational culture was low(0.328) while the correlations between partnership and consulting performance(0.529) and between innovative organizational culture and consulting performance(0.656) were a bit high. As the significance probability were all 0.000, the hypothesis H1 should be considered to be properly set up.

### D. Testing the H1 Hypothesis

Regarding the hypothesis H1, “The partnership between consultant and client has positive(+) effects on the consulting performance”, just as shown in Table1, the P-value was 0.000, the F-variation was 91.684, and the Durbin-Watson was 1.618, so that the hypothesis H1 was selected.

Table- I: Verification of Hypothesis H1

Dependent Variable	Independent Variable	Standardized Error	$\beta$	t	p
Consulting Performance	(Constant)	.246		4.616	.000
	Partnership	.063	.529	9.575	.000
R = .529, R <sup>2</sup> = .280, Modified R <sup>2</sup> = .0.277, F = 91.684, P= .000					

### E. Testing the H2 Hypothesis

Regarding the hypothesis H2, “The innovative organizational culture has moderating effects on the relationship of partnership between consultant and client and consulting performance”, just as shown in Table.2, the R-squared value was increased to 0.280, 0.540, and 0.551. The F-variation of significance probability was 0.020 under 0.05. As the moderating effects were verified, the hypothesis H2 was also selected.

Table- II: Verification of Hypothesis H2

Dependent Variable	Model	Variables Entered	R <sup>2</sup>	Significance F Variation
Consulting Performance	1	Partnership	.280	.000
	2	Innovative organizational culture	.540	.000
	3	Interaction term	.551	.020

## V. CONCLUSION

### A. Study Results and Implications

In the results of this study, the partnership that would be a key factor of Inquiry Consulting Model had significant effects on the consulting performance. Thus, this study verified that the theory of Inquiry Consulting Model would accord with the practical site. With the changed era and business environment, the purpose of consulting has been changed from problem-solving to mutually-beneficial results for both customer and client, which is supported by this study. Also, the moderating effects of innovative organizational culture were shown, which explains the importance of organizational members' will to change rather than the contract relationship between consultant and client. For the successful consulting,

the result desired by client should be clearly discussed with consultant. To obtain the desired result, it should be thoroughly prepared in advance to reflect the organizational members' will to change.

### B. Improvement

As a verification of Inquiry Consulting Model suggested in a book, Consulting Uncertainty The Power of Inquiry by Ann K. Brooks & Kathy Edwards through empirical research, this study verified the significance of partnership as a key element of Inquiry Consulting Model. When a consulting model is changed, the competencies required for consultants and consulting methods should be changed as well. Thus, the follow-up researches should study on the elements of competencies required for consultants suggested by Inquiry Consulting Model, design the research tools, and also additionally research the methodology and framework suitable for the new consulting model.

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