

# ISTORIJSKA PERSPEKTIVA MENADŽMENTA ZA KONSULTOVANJE

## HISTORICAL PERSPECTIVE OF MANAGEMENT CONSULTING

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### Summary

This topic is popular because of internationalization of production and substantial integration of Ukraine in a world economy. The economy of country became more open and apt to the changes on the world market. In the conditions of proceeding in an economy after the crisis of 2007, the Ukrainian companies run into new calls. It influences both productive sphere and service business. However, the crisis in the global economy has occurred in the past. For this reason, it is important to analyze the events that accompanied the cutbacks of economic activity of past years. As separate industries operated in the terms of crisis, we will get a necessary base for making decisions in modern world, especially in consulting service business that still is in the stage of development in Ukraine.

For twenty years of independence the market of consulting services of Ukraine developed considerably. Development is associated with the transition from a centrally planned economy to the market, changes of property structure, exit of the Ukrainian companies to the world markets and by interest of foreign investors in the new market. The world market of consulting also developed in accordance with development of economy in the whole. However, economic events influenced not only especially on it but also other factors. Consulting, in turn, with every new stage of development of world economy offered the new going near doing business, that in turn resulted in the increase of the productivity of companies and, accordingly, new period of increase of economy.

Historical method of research is the most appropriate. It is necessary to mark limitation of this research related to the ambiguousness of quantitative data in relation to the market, only methodology of analysis of this sphere of business caused by absence in different sources, and also taking into account, that most companies in this industry of economy are private. That is why considerable part of data is based on questioning of experts, representatives of industry and companies-clients.

**Exposition of basic material.** Appearance of the management began at the end of 19th to the beginning of 20th century [15-17]. Exactly at this time the second wave of industrial revolution, marked appearance of the scientific going near organization of labour, begins in the USA and

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Western Europe, by development of the systems of remuneration of labour, depending on job and other administrative conception performances. These conceptions did not exist in it. Their authors and followers, such as Taylor, Harrington, Bedo and others, created companies and actively inculcated developments in the real sector of economy [1].

A consulting process consists of combination of professions such as engineers, lawyers and accountants. It happened very soon that the basic activities of the companies, record-keeping, legal support and engineering consulting (George Touche, William Deloitte, Arthur Young, Ernst & Ernst, Arthur D. Little, McKinsey, Booz Allen & Hamilton etc.), was extended the activity on the sphere of audit and administrative advising [12]. Historically, by the first consulting firm that began the activity in the field of the administrative advising and testing there was a company in chemical industry Arthur D. Little founded in 1886 in Boston [2].

The new type of activity appeared soon enough, and resulted in rapid increase of number of personnel, opening of offices in the USA and Europe and circumstance that the first consulting companies testifies to, exist until now, for example, the company Du Pont, General of electric, BF Goodrich and other [7, 8, 9].

Next stage of development management-consulting was related to the consequences of Major depression" and acceptance in the USA of Bank Act 1933 [4]. According to the real act, activity bank to the sector was divided into commercial (deposits, credits) and investment. Also, it was forbidden that commercial banks occupy unbank activity, including administrative advising of companies-clients. Simultaneously with the acceptance of this law, there was the created commission on securities, which set requirements to opening of financial information. According to these requirements organization that carries out preparation of such accounting must be extraneous organization authorized by a regulative organ. In turn, the Act did not forbid to the investment banks to carry on with consulting activity. However, commission on securities set requirements to underwriters about external verification of reliability of the financial state of company and reorganization of companies. As a result of it, from one side an enormous niche was created for public accountant companies, and on the other hand, commercial banks forced to hire extraneous consultants in an order to understand with organization of companies-bankrupts, and investment banks, to estimate the prospects of new public companies [5].

During the world war II activity of consultants in Europe ceased and recommenced only with their completion. Beginning basic factors that had influence on industry of the management consulting from 1950th, there were general post-war increase of world economy, development of consumer society, enlargement and diversification of business, strengthening of international competition and other Tendencies of this period compelled consulting companies to revise going near advising from corporate organization and strategy on the management of value and external and internal copulas of organization a chain [15]. Also it is separately needed to mark appearance in 1963 of consulting company Boston Consulting Group (BCG), which was specialized in corporate strategy using the row of innovative approaches, such as a matrix of BCG, curve of experience and other In turn of the former consultants of BCG founded other consulting companies. Yes, in 1967 there was the created company Roland Berger (today the most German consulting company) in 1973 - Bain. All these companies now occupy leading positions in the industry [6].

A main factor that influenced on a world economy and accordingly management-consulting in 1970th was a world petroleum crisis. Financial efficiency became the primary objective of the companies in this period, and only then the productivity and management of a personnel.

Accordingly, consulting companies that were specialized in a book-keeping and finances considerably improved the position at the market [6]. By factors that influenced to the world market, in 1980th were liberalization of world trade, expansion of the Japanese and European commodities to the world markets and development of information technologies. The management of quality appeared in the brief-cases of services of consulting companies, positions became stronger in the field of global corporate and marketing strategy [8].

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The last decade of XX century was marked by swift development of information technologies and going into the market of consulting of large companies of sphere of IT. Some of the oldest consulting companies were purchased. Cap Gemini ate up consulting business of Ernst & Young, and IBM ate up PricewaterhouseCoopers [7]. By the main idea of such the reorganized consulting to the company the ideas of informatization and automation became automations of the business processes.

We can divide Ukrainian market of consulting development into several stages:

- 1) From 1991 to 2000. As a consulting market was absent in 1991. The role of consultants of enterprises was carried out by the research institutes of Academy of sciences of the USSR. After disintegration of the USSR and receipt of independence of Ukraine, the economy of country is headily reformed. In connection with the first wave of privatizing the real demand appears on to consulting and public accountant services, to what going testifies into the Ukrainian market of companies of large four (PWC, KPMG, Ernst & Young, Deloitte) and international organizations economic development;
- 2) From 2001 to 2007. Development of consulting is related to the general increase of the Ukrainian and world economy [3], by the increase of interest of foreign companies to the Ukrainian enterprises [23], and also placing of actions of the Ukrainian companies on international exchanges [6, 7]. Also in 2007 the offices of companies of BCG and Bain were open;
- 3) From 2007. This stage is related to the world financial crisis and his consequences, that influenced both on economy on the whole and on industry of consulting. The cutback of economic activity of 2008-2009, that took place after the collapse of the world market in 2007 and the world financial crisis testifies to it. It was reflected by direct character at the market of consulting to Ukraine. Yes, the rate of market increase grew short from 30 2007 to - 19, 7 2009, and a market capacity grew short from 500 to 340 million dollars [1].

**Conclusions.** Management-consulting is the industry from the recent history. However, exactly this industry pushed slightly leading enterprises to the increase and development. With every new stage of development of economy, the representatives of industry of the management consulting offered the answers for the nascent problems of the world economy.

Thus, consulting again must present to the whole world an instrument by means of that the world economic system again will be able effective to begin to work. As for consulting in Ukraine, this industry is very young. However, on the whole it repeats the structure of world market of consulting and depends on large clients in basic industries of economy. Without regard to the cutback of economic activity, the economy of Ukraine did not yet exhaust the potential, and strengthening the competition, caused by a crisis, necessarily will result in a market entry from the strong Ukrainian consulting companies that will be able to compete with the representatives of foreign countries.

**Keywords:** development, management, banks, market

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