

Historical Evolution, Strategic Transformation, and Methodological Foundations of Business Consulting in the European and Digital Economy

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ABSTRACT

Business consulting has evolved as a distinctive professional field shaped by historical economic transformations, changing organizational needs, and the progressive sophistication of managerial knowledge. From its early emergence alongside industrial capitalism in Europe to its contemporary role in digitally transformed economies, consulting has continuously redefined its value proposition, methods, and epistemological foundations. This article develops an original, theory-driven analysis of the historical evolution, strategic orientation, and methodological underpinnings of business consulting, with a particular focus on Europe and small and medium-sized enterprises. Drawing strictly on established economic histories, consulting practice literature, and information systems research, the study integrates macroeconomic context with micro-level consulting practices. The paper adopts a qualitative, interpretive methodology grounded in case research traditions to synthesize insights from economic history, pricing theory, professional services strategy, and digital transformation studies. The findings reveal that consulting has transitioned from expert-driven advisory models toward value-based, customer-centric, and digitally mediated forms of engagement. This evolution reflects broader shifts from industrial to knowledge-based economies and from hierarchical management to networked organizational forms. The discussion highlights theoretical implications for understanding consulting as both an economic institution and a knowledge-intensive service, while also identifying limitations related to contextual dependency and methodological generalizability. The article concludes by outlining future research directions that address the increasing complexity of consulting in digitally transformed and globally interconnected markets.

Keywords: Business consulting, economic history, digital transformation, professional services, case research methodology, value-based pricing

INTRODUCTION

The business consulting industry occupies a unique position at the intersection of economic development, organizational strategy, and managerial knowledge. Its evolution mirrors the broader transformations of capitalist economies, particularly in Europe, where industrialization, war, reconstruction, and globalization have successively reshaped the nature of firms and the problems they face. Consulting emerged not merely as a response to managerial inefficiencies but as a structured professional activity designed to translate abstract economic and managerial principles into actionable organizational practices. Understanding this evolution requires situating consulting within its historical and economic context, as well as examining the theoretical foundations that inform consulting methodologies and value creation.

The European economy of the twentieth century provides a critical backdrop for this analysis. The period between 1914 and 1990 was marked by unprecedented disruption and transformation, including two world wars, the Great Depression, the rise and fall of centrally planned economies, and the gradual integration of European markets (Aldcroft and Penelis, 1993; Berend, 2006). These macroeconomic shifts fundamentally altered organizational structures, managerial priorities, and the demand for specialized expertise. Consulting firms emerged as intermediaries capable of interpreting economic change and advising organizations on adaptation and growth. Early consulting practices were closely linked to engineering, accounting, and efficiency studies, reflecting the dominant concerns of industrial production and cost control.

Over time, consulting expanded beyond technical efficiency to encompass strategic planning, organizational design, human resource management, and, more recently, digital transformation. The growth of global consulting firms such as Arthur D. Little and Booz Allen Hamilton illustrates how consulting professionalized and internationalized in response to complex organizational challenges (Arthur D. Little, 2017; Booz Allen Hamilton, 2017). These firms developed proprietary methodologies and frameworks that promised systematic problem-solving and measurable value creation. However, the legitimacy and effectiveness of such approaches have been subject to ongoing debate, particularly regarding their adaptability to diverse organizational contexts.

A critical gap in existing literature lies in the integration of historical economic analysis with contemporary consulting theory and methodology. While economic historians have richly documented structural transformations in European economies (Aldcroft and Penelis, 1993; Berend, 2006), and consulting scholars have examined pricing models, client relationships, and professional identity (Baker, 2010; Bly, 1998), these strands are often treated separately. Moreover, the rise of digital technologies has introduced new forms of organizational complexity that challenge traditional consulting models, especially for small and medium-sized enterprises that lack extensive internal capabilities (Kovalchuk, 2025).

This article addresses this gap by developing a comprehensive, historically grounded, and theoretically nuanced analysis of business consulting. It draws on insights from economic history, professional services strategy, and information systems research to examine how consulting has evolved in response to changing economic regimes and technological paradigms. Particular attention is given to methodological foundations, especially the role of case research in developing consulting knowledge and practice (Benbasat, 1987; Eisenhardt, 1989; Dubé and Paré, 2003). By synthesizing these perspectives, the article contributes to a deeper understanding of consulting as both an economic institution and a dynamic professional practice.

METHODOLOGY

The methodological approach adopted in this study is qualitative and interpretive, reflecting the complex, context-dependent nature of business consulting as a social and economic phenomenon. Rather than seeking causal generalizations through statistical analysis, the study emphasizes theoretical elaboration and conceptual synthesis grounded in established research traditions. This approach aligns with the case research strategy widely recognized in information systems and management studies as particularly suitable for exploring

emerging or multifaceted phenomena (Benbasat, 1987).

Case research provides a flexible yet rigorous framework for examining consulting practices, organizational contexts, and methodological innovations. It allows for in-depth analysis of processes, relationships, and decision-making mechanisms that are often obscured in large-scale quantitative studies. Eisenhardt (1989) emphasizes that theory building from case research involves iterative comparison between empirical observations and existing theoretical constructs, enabling the development of rich, grounded explanations. In the context of consulting, this approach is especially valuable because consulting engagements are highly customized and shaped by client-specific factors.

The study also draws on methodological guidance regarding rigor in positivist and interpretive case research. Dubé and Paré (2003) highlight the importance of transparency, triangulation, and theoretical coherence in ensuring the credibility of qualitative findings. While this article does not present new empirical case data, it applies these principles in synthesizing insights from diverse literature streams. Each major analytical claim is explicitly linked to established sources, ensuring traceability and scholarly rigor.

In addition to case research methodology, the study incorporates perspectives from digital transformation research, which emphasizes the interplay between technological capabilities, organizational structures, and strategic decision-making (Bensberg, 2016; Hanelt et al., 2015). This interdisciplinary orientation reflects the evolving nature of consulting, which increasingly requires consultants to integrate technological, managerial, and economic expertise. By adopting a text-based, theory-driven methodology, the article avoids reliance on numerical models or visual representations, instead providing detailed descriptive analysis consistent with the stated constraints.

RESULTS

The analysis reveals several interrelated findings regarding the evolution and current state of business consulting. First, consulting has historically developed in close alignment with dominant economic regimes. In early industrial economies, consulting focused on efficiency, standardization, and cost control, reflecting the priorities of mass production and hierarchical management. As European economies transitioned toward mixed and welfare-oriented models in the mid-twentieth century, consulting expanded to include organizational design, labor relations, and strategic planning (Aldcroft and Penelis, 1993; Berend, 2006).

Second, the professionalization of consulting was closely linked to the emergence of large, internationally oriented consulting firms. Organizations such as Arthur D. Little

and Booz Allen Hamilton institutionalized consulting knowledge through formal methodologies, training programs, and branding strategies (Arthur D. Little, 2017; Booz Allen Hamilton, 2017). These firms positioned themselves as trusted advisors capable of delivering objective, research-based recommendations. However, this institutionalization also created tensions between standardized approaches and the need for contextual sensitivity.

Third, pricing and value creation emerged as central strategic challenges for consulting firms. Traditional time-based billing models were increasingly criticized for misaligning consultant incentives with client outcomes. In response, value-based pricing models gained prominence, emphasizing the economic impact of consulting interventions rather than the inputs consumed (Baker, 2010). This shift required consultants to develop deeper understanding of client value drivers and to articulate their contributions in measurable terms.

Fourth, the rise of digital transformation significantly altered the scope and methods of consulting. Digital technologies not only created new consulting opportunities but also transformed client expectations and consultant skill requirements. Consultants increasingly needed competencies in information systems, data analytics, and digital strategy, reflecting broader labor market trends in IT consulting (Bensberg, 2016; Gallagher et al., 2010). For small and medium-sized enterprises, digital transformation consulting became a critical means of accessing external expertise and mitigating resource constraints (Kovalchuk, 2025).

Finally, the analysis underscores the importance of customer-centric frameworks in contemporary consulting. The “jobs to be done” perspective emphasizes understanding client needs in terms of underlying objectives rather than surface-level demands (Christensen et al., 2016). This approach aligns with the broader shift toward relational and co-creative consulting models, in which value is jointly produced through ongoing collaboration between consultants and clients.

DISCUSSION

The findings have significant theoretical and practical implications for understanding business consulting as an evolving professional field. From a theoretical perspective, the historical analysis reinforces the view that consulting cannot be understood independently of its economic context. The shifts from industrial to post-industrial economies, and from national to global markets, fundamentally redefined the problems organizations faced and the types of expertise they sought. Consulting emerged as a mechanism for translating macroeconomic change into micro-level organizational adaptation (Aldcroft and Penelis, 1993; Berend, 2006).

The discussion also highlights the tension between standardization and customization in consulting practice. While standardized methodologies enhance efficiency and scalability, they risk oversimplifying complex organizational realities. Case research traditions emphasize the importance of contextual understanding and theoretical sensitivity, suggesting that effective consulting requires balancing generalizable frameworks with situational judgment (Eisenhardt, 1989; Benbasat, 1987). This tension is particularly pronounced in digital transformation projects, where technological solutions must be aligned with organizational culture and capabilities (Hanelt et al., 2015).

Another important implication concerns the evolving role of consultants as knowledge brokers. Rather than merely transferring best practices, consultants increasingly facilitate learning and capability development within client organizations. This shift aligns with contemporary leadership models that emphasize empowerment and networked collaboration over top-down control (Buhse, 2014). It also raises questions about professional identity and legitimacy, as consultants must demonstrate value through relational and process-oriented outcomes rather than purely technical expertise.

The discussion acknowledges several limitations. The reliance on secondary sources and theoretical synthesis limits the ability to assess causal relationships or empirical effectiveness of specific consulting interventions. Additionally, the European focus, while analytically valuable, may not fully capture dynamics in other regional contexts. Future research could address these limitations through comparative case studies and longitudinal analyses of consulting engagements in diverse economic settings.

CONCLUSION

This article has presented a comprehensive, historically grounded, and theoretically elaborated analysis of business consulting as an economic and professional phenomenon. By integrating insights from economic history, consulting practice literature, and methodological research, the study demonstrates that consulting has continuously adapted to changing economic regimes, organizational needs, and technological paradigms. The evolution from efficiency-focused advisory services to value-based, customer-centric, and digitally mediated consulting reflects broader transformations in the nature of work and management.

The findings underscore the importance of methodological rigor and theoretical sensitivity in both consulting practice and research. Case research traditions offer valuable tools for understanding the complexity and contextuality of consulting engagements, while economic history provides essential perspective on the structural forces shaping demand for consulting services.

As organizations continue to navigate digital transformation and global uncertainty, consulting is likely to remain a critical mechanism for knowledge integration and strategic adaptation.

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