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From consultants to integrators: the evolution and transformation of a consulting business model into technology enterprises in the HR technology market

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Abstract. The development of technology opens up many opportunities for creating e-business, digital platforms and entrepreneurship. However, the evolution of economic and business processes creates unique platforms and ecosystems, and forces companies to quickly meet the demands of a changing economic environment. In such conditions, consulting becomes a key tool for business and helps to ensure a quick response of the company in challenging times. This study aims at studying business consulting from several points of view: historical development, the present and the future forms, the implementation of new solutions to mitigate current and strategic business risks. The authors of the study attempt to establish the patterns of formation and development of consulting business, to determine the behavior of consulting actors at the national and international levels, to evaluate the key elements of the consulting business model, its reaction to technological changes and success in solving staff-related problems. The research was based on facts and statistics of HR and consulting business experts, data on the structure and dynamics of the consulting services market, scientific research by Russian and foreign scientists, and the authors' own observations. The results of the study may be of interest to specialists in HR technologies, in digitalization and adaptation of business processes, experienced and novice entrepreneurs, management consultants and those who might be interested in the issues discussed.

Keywords: consulting business, consulting market evolution, HR technologies, digitalization, business models

Authors' contribution. Gladysheva I.V. — research concept and design, text writing; Gorlov A.O. — startup idea, business model formation, collection and processing of materials, text writing.

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Из консультантов в интеграторы: эволюция и трансформация консалтинговой бизнес-модели в технологические компании на рынке HR-технологий

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Аннотация. Развитие технологий открывает множество возможностей для создания электронного бизнеса, цифровых платформ и предпринимательства. Однако эволюция экономических и бизнес-процессов не только позволяет создать уникальные платформы и экосистемы, но вынуждает существующие и функционирующие компании оперативно трансформироваться под запросы меняющейся экономической среды. В этих условиях консалтинг выступает для бизнеса одним из ключевых инструментов, который способен обеспечить быструю реакцию компании в условиях турбулентности. Целью исследования выступает изучение бизнес-консалтинга с нескольких точек зрения: исторического развития, форм существования сегодня и в перспективе, внедрения новых технологических решений для нейтрализации или сокращения текущих и стратегических проблем бизнеса. Авторами предпринята попытка выяснить закономерности формирования и развития бизнес-консалтинга, определить специфику поведения консалтинговых игроков на национальном и международном уровне, оценить ключевые элементы бизнес-модели консалтинга, его реакцию на технологические изменения и успех в решении проблем, связанных с персоналом. В качестве базы исследования были использованы факты и статистика экспертов HR-сферы и бизнес-консалтинга, данные о структуре и динамике рынка консалтинговых услуг, научные изыскания российских и зарубежных ученых, собственные наблюдения авторов. Результаты исследования могут быть интересны специалистам в области применения HR-технологий, практикам по вопросам цифровизации и адаптации бизнес-процессов, опытным и начинающим предпринимателям, управленческим консультантам и тем, кто имеет реальный или потенциальный интерес к обсуждаемым вопросам.

Ключевые слова: бизнес-консалтинг, эволюция рынка консалтинга, HR-технологии, цифровизация, бизнес-модели

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Introduction

Companies are faced with an extremely high degree of uncertainty, variability and unpredictability of events in the modern world. It has led to the need to find tools to detect such manifestations, respond and adapt to current changes. Development according to a template or clear scenario has become unacceptable or difficult for many companies, as the latter do not meet the challenges of the business environment and are not able to put the company on an effective development trajectory promptly. Consulting is able to solve this problem or at least reduce it operationally or strategically due to its main purpose to improve the management quality and company manageability, increase the efficiency as a whole and the effectiveness of each employee in particular. Companies can not only reduce risks through consulting but also find ways out of development impasses by going through various types of transformations (digital, infrastructural, organizational, personnel, etc.). In addition, when solving business problems as a whole, consulting itself is moving from the gradation of a process or tool to the status of a separate business and a specific market.

Taking into account that people and their intellectual potential are the key consulting resource, HR technologies are of particular importance in implementing consulting. This determines the relevance of the research and the interest in the designated topic on the part of theorists and practitioners.

The aim of this study is to demonstrate a consulting business formation and the possibility of its use as a tool for companies to adapt to turbulence, socio-political challenges and rapid technological changes.

Methodology

The authors discuss the development of consulting business in Russia and abroad, models of its existence, introduction of modern tools for adapting to new challenges of our time, implementation of HR technologies to modern business structures.

To obtain the results the authors used data analysis, processing and systematization; comparative analysis in terms of time, market structure and nationality of companies; surveys and interviews of researchers in this sphere; modeling of a startup based on their own observations, experience and intended market coverage.

Results and discussion

Consulting activities have evolved from accounting practices to complex scientific management methodologies, going through transformations in response to changes in the economic environment. These were simple accounting consultations and technology firms at the beginning. Such institutions as Stanford Research and Battelle Memorial positioned themselves as technical and management consultants (Biswas, Twitchell, 2002; Gross, Poor, 2008). The economic and industrial progress required expert management, which involved not the formal performance of managerial functions, but their understanding, the search for new tools and approaches to achieve greater productivity of industrial enterprises and factories (Meyer, 1981). Later came the period of scientific management, whose principals were described by F. Taylor. The representatives of expert management during this period are E. Booz, D.O. McKinsey, A. Kearney (Kipping, Clark, 2012).

Further changes led to the emergence of new directions, including information technology and HR management. It was reflected in the general chronology of consulting development in the works of such authors as A.A. Yussuf, D.S. Timokhina, E.A. Grebenyuk (Yussuf et al., 2020). It is shown in Table 1.

Table 1

Evolution of consulting

Consulting model	Period	Content
Pre-stage	1950–1960	Temporary division into immediate and future assistance, focus on performance growth
I	1970–1980	The creation of management systems, division into functional areas: production, staff, changes, etc.
II	1980–1990	Consolidation of management systems, specification by levels, aims, forms Implementation of data strategizing and analysis
III	Early 21st century	Increased risks, the need for high-quality external analysis and consulting as a separate management tool to solve current and strategic business tasks
IV	2008 — present	The consultant is moving from a purely analytical role to a solution development actor. Formation of new consulting niches (digital). Business Partner Consultant

Source: built by I.V. Gladysheva, A.O. Gorlov.

As consultants became independent management actors, the consulting business model changed. It went through four key stages, each of which had a significant impact on the development and formation of the consulting industry as a whole. Advances in digital technology led to the creation of the Consulting 4.0 model, which

subsequently led to the growth of the professional services industry and the economy. According to a number of researchers (Tkhор, Volkova, 2022) “Consulting 4.0 is more than digitalization of the industry”. Such interpretation of this business structure is caused by its connection with various fields of activity. Consulting first relied on their fundamentals, and then provoked innovations in them to counter economic challenges such as uncertainty and difficult-to-control variability. While in the past access to databases was limited for both clients and consultants, the possession of information is often not a unique resource for consultants in the era of universal digitalization and the introduction of technology platforms. It leads to a change in the demand for consulting services, intensifying competition and creating the need for a higher quality consulting product.

The ability of consulting to adapt to changes in the business environment quickly increased its role in management, strategizing and decision making. The demand for consulting led to its development as a separate industry. Subsequently it became an effective business tool (Bouteau, Millerd, 2023).

The technological breakthrough has prompted many leading companies to create separate divisions dealing with innovative technologies. In the digital boom context, the appeal of leading companies for consulting agencies to solve business problems will form a support for their strategic development and adaptation.

In addition, the consulting market was the ground for attracting investments, especially in technology startups, which were actively formed in the context of digitalization. Currently, there are successful practices of implementing Consulting 4.0 business model. For example, McKinsey & Company formed its ecosystem corresponding to the challenges of the external environment.

Nowadays consulting is represented by several key areas that have been formed in the subject area: from classical managerial business consulting at different levels to industry areas in the specific context, such as marketing, staff, finance, production, etc. According to experts, the consulting business offers the market about 200 types of consulting services. Many of the subjects in this market work as freelancers or individual entrepreneurs, which makes up about 80...85% of the total market share¹. Due to the identification difficulties of participants in the consulting business and the wide range of offered services, it is not possible to estimate the real scale of this business. However, experts ² of the consulting market note its significant breakthrough in development over the past few decades. The consulting services market has developed faster than the global economy over the same period. Thus, the revenues of the top 10 companies have increased 250 times in 20 years, and the number of staff employed by these companies has increased more than 20 times (Mazareanu, 2020).

¹ Consulting Industry. Retrieved 20.06, 2024 from <https://www.consultancy.uk/consulting-industry>

² Management Consulting Services Market Review. Retrieved 25.06, 2024 from <https://exactitudeconsultancy.com/ru/отчеты/36335/management-consulting-services-market/#request-a-sample>

Despite the global economic crises caused by the COVID-19 and subsequent economic changes, the structural integrity of the consulting sector remains intact. Market volumes continue to grow, which confirms its relevance, including during crisis periods (Fig. 1).

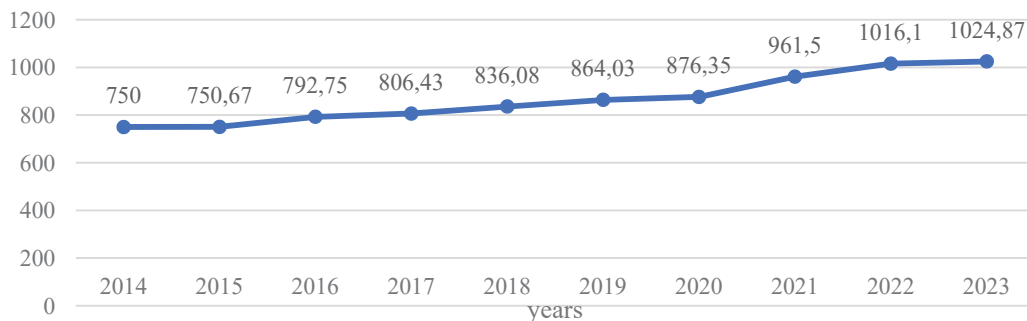


Figure 1. Market volume of the management consulting industry in the world, USD billion

Source: Statista, global-management-consulting-services-market-size3.

The optimistic forecasts of IBIS WORLD⁴ predict the growth of the consulting market to \$ 1.1 trillion by 2029. It will result from the active manifestation of technological progress, innovation adoption and widespread digitalization, etc.

Those companies that took a serious and complex approach to modern trends were interested in using the tools to improve their production processes and the economic system of enterprises. So they needed the expert help of consultants. Consultants, in turn, should be prepared methodologically and understand the technological nuances of the solutions proposed by progress. Thus, new economic challenges led to the need for comprehensive solutions from consulting, including updating or developing a business model, strategy, and tools that meet customer needs. As for the development of Russian consulting, its formation coincided with market restructuring. Therefore, we can talk about the dynamics of the Russian consulting market over the past 30 years. The first requests to Russian consultants concerned the problems of strategizing and formation of private property. Then the consulting market was revived, as foreign experienced consulting actors showed interest in Russian realities. This caused competition, methodology implementation and eventually led to a qualitative change in consulting products. Over the past few years, Russian consulting has depended on the pandemic and economic and political threats. Serious adjustments to the Russian consulting development were caused by structural changes associated with the international companies that left the Russian market.

³ Market size of the management consulting industry worldwide from 2014 to 2023, with a forecast for 2024. Retrieved 20.12, 2023 from URL: <https://www.statista.com/statistics/1234833/global-management-consulting-services-market-size/>

⁴ Global Management Consultants — Market Size, Industry Analysis, Trends and Forecasts (2024–2029). Retrieved 20.12, 2023 from <https://www.ibisworld.com/global/market-research-reports/global-management-consultants-industry/#IndustryStatisticsAndTrends>

The remaining actors had to take measures to adapt to the situation (Voronin, Asaturov, 2023).

The segmentation of the Russian consulting business takes place according to new criteria (Table 2).

Table 2

Consulting market segmentation in 2023

Markets	Classification groups		
	<i>The Big Three companies</i>	<i>Second tier companies</i>	<i>The Big Four companies</i>
International market	McKinsey, BCG and Bain, specializing in the most ambitious and expensive management projects	ATKearney, Oliver Wyman, Roland Berger, Arthur D. Little, Accenture, Partners in Performance and others	PwC, E&Y, KPMG, Deloitte, whose main activities are finance, taxes and law
	<i>Strategic leaders</i>	<i>Niche leaders and players</i>	<i>Auditors and financial advisors</i>
Russian market	Yakov and Partners, Strategy Partners, SBS consulting	Arthur Consulting, “Aenix”, Partners in Efficiency, Ecopsy	Technologies of Trust (TeDo), FBK, DRT (Delret), Kept (KEPT), Unicon, FinExpertiza, B1 Group

Source: compiled by I.V. Gladysheva, A.O. Gorlov based on materials^{5, 6}.

Today, business consulting in Russia is emerging and developing at a fast pace. In addition to the traditional product line in terms of functional areas and industries (Fig. 2), consulting market actors are able to offer new products and technologies in accordance with global trends. The Russian market is characterized by a peculiar proportion of supply and demand. 15–20% percent of consulting products are provided by large actors, and 80–85% by freelancers and individual entrepreneurs. As for the demand for consulting products, their customers are large mature companies. However, in the future, SMEs will surpass corporations due to the fact that they have a harder time surviving in a time of change. They potentially need expert support more than large and sustainable companies.

⁵ Review of the management consulting services market. Retrieved 25.06, 2024 from <https://exactitudeconsultancy.com/ru/отчеты/36335/рынок-услуг-управленческого-консалтинга/#request-a-sample> (In Russ.).

⁶ Rogulenko V. RUBIG instead of BIG-3: what do domestic consulting companies offer. Retrieved 25.06, 2024 from <https://trends.rbc.ru/trends/innovation/cmrm/6501b9b89a79471316cd89d9> (In Russ.).

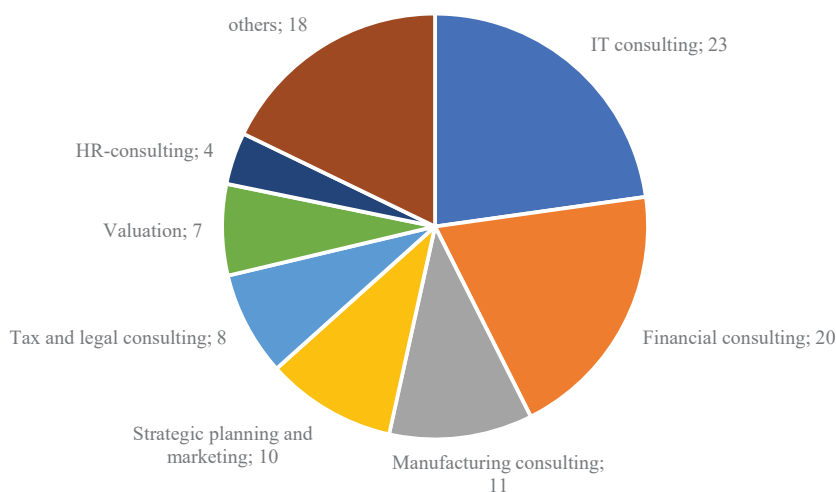


Fig. 2. Revenue distribution of ranking participants by the areas in 2022, %

Source: RAEX. Retrieved 02.01, 2024 from https://raex-rr.com/b2b/consulting/technical_audit_and_consulting/2023/analytics/consulting_analytics_2023/

As for the dynamics and revenue volumes of the Russian consulting market, it shows constant, albeit slower growth of 12% and 8%, in 2021 and 2022 respectively. Increased need for consulting from companies in the real sector of the economy can be explained by the existing uncertainty of the external environment and the search for tools capable of ensuring sustainable development⁷.

The dynamics of the leading actors in the consulting market, in particular the HR sector, demonstrates an annual growth of 1.5 times (Table 3). It can be explained by problems in the labor market related to its structure imbalance.

Despite sanctions, limited resources, and changes in the structure of participants, Russian consulting is developing and adapting to changes. However, the key issues to discuss are still staff retention and optimizing resources, studying and implementing innovative tools, increasing competition and creating new high-quality consulting products.

HR consulting in Russia is developing at a lower rate than abroad, but such trends as technology growth, adaptability and digitalization are identical.

According to Vial (Vial, 2019), the introduction of digital technologies can act as a trigger for the transformation of existing business models, due to the combination of different technologies from IT to communication. So it can act as a starting point for changes in business models, overcome traditional limitations, accelerate service delivery and improve service availability and efficiency (Laudien, Pesch, 2019). Technological progress, socio-political challenges and the pandemic forced many companies and their industry associations, including consulting, to focus not on finding methods to change production or organizational processes, but on creating new business models capable of realizing the potential of digitalization (Crişan, Stanca, 2021).

⁷ Advisers to Misfortune: 2023 Rankings of Consulting Firms and Groups. Retrieved 01.02, 2024 from URL: https://raex-rr.com/b2b/consulting/technical_audit_and_consulting/2023/analytics/consulting_analytics_2023/

Table 3

Revenue of TOP-20 companies in the HR consulting segment, thousand roubles

Companies	Years						
	2016	2017	2018	2019	2020	2021	2022
Ecopy consulting		588945	707992		759035	1026102	1026375
Tsentr Korporativnyh Reshenii							1011559
Severstal. Shared Services Center (SSC)			79025	110054	179790	753672	998641
Molga Consulting	344744	424648	410359	455899	510694	423943	437764
SRG	99465	56085	111351	157448	195625	248051	338874
ABU Accounting Services				137671	185062	182737	198102
Unistaff Payroll Company		298905	240964	217091	164743	173879	163422
Ssupport Partners Ki Pi Ai						85651	89810
Business profile						39341	51138
Borlas	66617	68851	79548	78307	97189	108125	49230
Konsu						30275	26107
YANS audit							22464
Intelligent Analytics							21491
A.C.G. Listik and Partners							10416
Tekart Consulting Group					4938	7050	9072
Vash Konsalting						6437	3433
Partner audit consulting network RUKON							2721
Tonkiy & Partners						1065	1229
Rosexpertiza, GC							1200
Total	510826	1437434	1629239	1156470	2097076	3086328	4464101
Growth (year/year), %		181	13	-29	81	47	45

Source: compiled by I.V. Gladysheva, A.O. Gorlov based on RAEX data⁸.

⁸ Major consulting companies and/or groups (2000—2024). Retrieved 25.06, 2024 from https://raex-rr.com/b2b/consulting/biggest_consulting_companies_and_groups/2024/

Technological progress, especially in AI, machine learning, and blockchain, is opening up new opportunities for consulting services.

Human-centricity, attention to digital changes, development and implementation of new technologies coupled with social responsibility and sustainable development are considered key success factors. The authors of the publication (Nissen, 2017) describe the digital transformation of consulting and predict the need for assembling and reassembling business models. In the article “The digital transformation of management consulting companies: a review” (Crişan, Marincean, 2023) the authors describe various levels of digital transformation in the management consulting industry based on the complexity of the solutions identified. The study by Deelmann T. (Deelmann, 2018) confirms the hypothesis about the impact of digitalization on consulting. Moreover, it is indicated that it will help not only the company itself but also its clients with digitizing. The article concludes that consulting firms will at least be affected regarding their client obligations and internal measures to improve efficiency. Another study (Werth, Greff, 2018) explores the tools that promote scalability in business models of various industries, including consulting, and suggest reviewing their business models, choosing appropriate digital technologies to create new services.

In this context, those leaders of Russian consulting who possess a strategic vision, use a flexible approach to the business formation or adaptation and take into account the benefits of progress and digitalization are guaranteed to succeed. This, in turn, allows not only individual consulting agencies to develop, but also to intensify the development and rise of the entire consulting market in Russia.

The combination of traditional management approaches and innovative business organization technologies brings the consulting industry to a new level. In order to ensure an acceptable level of competitiveness, consulting companies, in addition to business architecture (model, organizational structure, hierarchy and network cooperation), need to focus on employee training. Staff is supposed to work with a huge amount of information, understand technological and digital aspects, retrain quickly and respond to challenges. Such conditions can be provided in organizations where self-learning and self-development are the basis of functioning, and the organizations themselves become self-learning (SLO). Such organizations are able to respond quickly to changes, use new knowledge for business development and form effective teams ready for continuous improvement and innovation. This model can create a culture of knowledge sharing, openness to learning and collaboration. This, in turn, increases employee satisfaction and loyalty and strengthens the bond between them and the company. In the current reality of understaffing, it is extremely difficult to find the right employee who can be entrusted with the entire business process without destroying the current team. That is why it is important to form a market for HR technologies that are designed to solve personnel problems.

HR technologies are technologies that are used in the activities of HR services and allow us to systematize HR processes, simplify the work of employees, thereby increasing the efficiency of HR activities. The main areas of HR technologies implementation are solutions for talent search and recruitment, employee assessing and

monitoring, creation and maintaining electronic personnel document flow, automating the full work cycle and working with gig-employees.

In order to achieve high results for the company and its employees in a challenging environment, HR technologies are able to solve the issue of effective personnel management. Online platforms can serve as a base for collecting and sharing knowledge between employees. Digital systems and automation process can reduce costs, errors and bureaucracy level. In parallel, HR technologies can reduce the impact of demographic imbalance, understaffing, and falling productivity by analyzing data on potential and real employees, forecasting labor market trends and business needs. One of the important issues of improving the PM efficiency is the issue of staff recruitment and retention. Startups can also cover the need for technological HR solutions for the problems mentioned above.

This conclusion can be confirmed by statistics on the demand by foreign companies for various systems of interaction with staff. Its volume, according to some estimates⁹, increased by 1.4 times over the five-year period (from 80 to 112 units within one company). The dynamics of the global PM technology market shows growth (Table 4).

Table 4

Dynamics of the global HR technology market volume

Source:	The global market volume of PM technologies, billion dollars								
	Years								
	2021	2022	2023	2024	2025	2026	2027	2028	2032
Future Market Insights	25	31.5	34.3	37.1	39.9	42.7	45.4	48.3	63, 6
IMARC Group	–	–	–	–	–	–	–	53	–
Statista	–	–	–	–	–	92	–	–	–

Source: Compiled by I.V. Gladysheva, A.O. Gorlov based on (HR-Tech in emerging markets: Results of 2022)¹⁰ and (HR Tech 2023, Statista overview report on the global market for digitalized human resources solutions)¹¹.

We can agree with the opinion (Bersin, 2023) that a market with positive dynamics becomes attractive for investments. Further this causes a multiplier effect: “market growth — investment growth in this market — growth of new products, services, solutions — market growth”.

According to Smart Ranking estimates, the Russian HR technology market¹² reacted with growth to the following challenges in 2023:

- understaffing, that manifested itself in a shortage of about 4.8 million specialists. It spurred the demand for HR Tech, especially in recruiting and

⁹ Businesses at Work 2024. Retrieved 01.06, 2024 from <https://www.okta.com/businesses-at-work/>

¹⁰ HR-Tech in emerging markets: Results of 2022. Retrieved 01.07, 2024 from <https://hredtech.vc/research2022#global>

¹¹ HR Tech 2023, Statista overview report on the global market for digitalized human resources solutions. Retrieved 01.07, 2024 from URL: [//www.statista.com/study/85007/hr-tech/](https://www.statista.com/study/85007/hr-tech/)

¹² The HRTech market volume exceeded 78 billion rubles in 2023. Retrieved 01.07, 2024 from <https://smartranking.ru/ru/analytics/hrtech/obem-hrtech-rynka-prevysil-78-mlrd-rublej-v-2023-godu/>

alternative employment. Revenues in these segments increased by 56% and 48%, respectively. HH.ru, Avito Rabota and Superjob were the leading players, while Solar Staff and Ventra Go stand out among the freelance platforms;

- growing demand for HR processes digitalization in order to reduce costs, for example, 96% growth was seen in “Solutions” document management, where VK HR TEK and HRlink were the leaders, while “Kontur” and Mirapolis occupied the niche in the segment of integrated solutions;
- import substitution and consolidation have given rise to the emergence of startups ready to occupy niches vacated by foreign companies (Table 5).

Table 5

Startups that appeared in the period 2019 to 2023 and foreign solutions that left the market

Foreign solutions that left the market	Analog startups
Articulate	iMPact LMS, Leenda
BetterUp	careerspace
LinkedIn	GetMatch, KonTxT
Qualtrics	PeopleKnow
Mentimeter	TreningSpeis
Confluence	SVOI.club
People Force	People Force, HRBOX
Miro	TrainingSpace, sBoard
SAP Success Factors	Univertus, Edstein, HRBOX, Websoft HCM, Potok, Sever.AI, Knomary TMS, StartExam
SHL	TeamUp
Oracle	Websoft HCM, HRBOX, Knomary TMS
FB Workplace	SVOI.club, Round
Infor	Verme, TeamUp
WayUp	Enterteam
Questionmark	StartExam
Twilio	WAMRG
ManyChat	WAMRG
Assessfirst	TeamUp
Workday	Knomary TMS

Source: compiled by I.V. Gladysheva, A.O. Gorlov based on (HR-tech in emerging markets: results for 2022)¹³ and (Russian HR-tech market, 2023)¹⁴.

¹³ HR-tech in emerging markets: results for 2022. Retrieved 01.06, 2024 from <https://hredtech.vc/research2022#global>

¹⁴ Russian HR-tech market. Retrieved 01.06, 2024 from https://www.tadviser.ru/index.php/%D0%A1%D1%82%D0%B0%D1%82%D1%8C%D1%8F:%D0%A0%D0%BE%D1%81%D1%81%D0%B8%D0%B9%D1%81%D0%BA%D0%B8%D0%B9_%D1%80%D1%8B%D0%BD%D0%BE%D0%BA_HR-tech

According to Smart Ranking, the revenue of the TOP-80 HRTech companies reached more than 78 billion roubles in 2023, compared to 52.4 billion roubles in 2022, which was a 49% increase. Moreover, almost 40% of this amount comes from hh.ru. At the moment, the Russian market has about 400 solutions for each of the HR processes, including new solutions that replace foreign products.

The HR technology industry is poised for a dynamic year. This is facilitated by AI progress, large-scale employee retraining, the entry of Generation Z into the workforce, blockchain and a growing focus on employee well-being. Despite economic instability, the unstable consulting market and the lack of investment, the current conditions can be prerequisites for launching new models and technological startups in the HR sector (Table 6).

Table 6

Global and key HR Technology market trends

Global megatrends	Key Trends
<p>1. The widespread AI use to bridge the gap in the competencies of employees whose skills were formed with a difference of more than 3–5 years.</p> <p>2. Growing attention to flexible and remote work. According to a Forbes expert (Reynolds, 2024), 32.6 million Americans will be working remotely by 2025. Therefore, companies are looking for technologies that can provide this and also promote collaboration and productivity management in virtual environments. The implementation costs will increase annually (McDaniel, 2021).</p> <p>3. Employee Experience 2.0 in hybrid workplaces, that not only generates income, but also leads to increased job satisfaction, personal growth and professional development. An IBM and Globoforce study showed that increasing in Employee Experience score by 0.25 points corresponds to a 0.86 percentage-point improvement in return on assets (ROA) and a 1.81 percentage-point improvement in return on sales (ROS) (IBM and Globoforce 2016 WorkTrends Survey).</p> <p>4. Skills are the new currency in the labor market. The transition to “hiring skills” ensures further growth and development of both employees and the company. Statistics show that employee development contributes to employee retention and satisfaction. According to the data provided, 76% of employees are motivated to grow their careers, and 86% are ready for a career change (Hanson, 2021). The WEF predicts a change of 1 billion positions upon the request of the Industry 4.0.</p> <p>5. Innovative technologies and large databases in HR. Staff and their experience are analyzed via special platforms (People Analytics, ИИ, DXP, LXP) (Ledet, McNulty, Morales and Shandell, 2020).</p> <p>6. Robotic process automation (RPA) in HR. Decreased bureaucracy and errors, 2/5 less time required to perform current tasks. Increased quality of staff work and PM. The ESI index growth by 60%</p>	<p>1. The large-scale economy is changing attitude to the employee’s status. It is ready to solve understaffing problem due to the self-employed who work remotely and without fixed working hours.</p> <p>2. Technical platforms simplify the hiring process, and digital learning platforms help applicants improve their skills.</p> <p>3. On-demand pay access (or Earned Wage Access, EWA) allows employees to receive wages on any day. It reduces both their dependence on loans and stress level as well.</p> <p>4. The act of working at an extra job (moonlighting) reflects workers’ desire for an additional source of income and experience.</p> <p>5. The 4-day work week contributes to employee productivity and well-being, and 86% of companies that participated in the UK pilot project considered to maintain it (Gomes, Fontinha, 2024)</p>

Source: compiled by I.V. Gladysheva, A.O. Gorlov the based on open data from analytical reports from weforum.org, zety.com, forbes.com, uipath.com, flexearn.com, linkedin.com, blog.clearcompany.com, help.4dayweek.com, mckinsey.com, powerautomate.microsoft.com, consultancy.uk, balancedscorecard.org.

The analysis of consulting market trends and prerequisites for the development of new technological business models served as the basis for a new approach to solving HR problems. The proposed “Solution” (TeamUp product name) is a single SaaS platform. It will help automate the forming process of management teams for specific business goals, manage their performance based on accurate data on compatibility and the current level of skill development. Also it will help integrate COO elements into business processes seamlessly through a continuous consulting model.

The project implementation will allow business to increase the management team efficiency by 40% using a unique methodology for competency analysis, including elements of AI, expert support and working atmosphere.

A detailed competency analysis of applicants and employees, its results, process automation for building personal and group development path as a united system will form a mechanism that helps to manage staff effectively.

The target audience of the new TeamUp product is several groups that differ in scale, lifecycle, innovation strategy and/or are being transformed.

Key segments:

- Large organizations interested in finding internal growth potential without increasing staff;
- Medium-sized organizations with a defined growth strategy;
- Small organizations in the initial growth stage.

The key success factors of the developed solution (Intelligent Cloud HR Platform) are summarized in Table 7.

Table 7

Key success factors of the TeamUp intelligent cloud HR platform

Key success factor	Description	Advantages
Technological innovation and validity	Strive for innovative development	Increased efficiency, High level of technological effectiveness, Technological, functional and economic supply elasticity
Product quality and user experience	Creating a reliable product that meets customer expectations	Building a positive experience, increase in customer loyalty
Efficiency and scalability	Big data processing Convenience ensuring, simplicity and HR process support efficiency, scaling model formation	Reduced effort for both candidates and HR specialists, customer satisfaction increase, demand growth
Model adaptability	Customer-centricity, Customized functions based on client requirements	Solution transformation to meet unique demand, HR activities efficiency increase
Reputation and references	Building a positive reputation by maintaining the existing customer base. Expanding the customer base by creating a “proactive business model”	A positive reputation and good reviews from clients are the basis for attracting the new ones
Continuous improvement and integration with partners	Interaction with HR experts, active participation in industry events and research, integration with existing HR systems such as applicant tracking systems and learning management systems to maximize efficiency and minimize duplication of effort	Strengthening the company’s position in the market and gaining valuable knowledge about market needs Maintaining the continuity of intellectual solutions combined with the introduction of innovations
Data security and privacy	Ensuring customer data protection through continuous improvement of approaches to monitoring and security growth	Client and partner trust building and its growth Customer satisfaction increase Company competitiveness increase

Source: compiled by I.V. Gladysheva, A.O. Gorlov.

Access to the product is expected to be carried out using a hybrid model. End users/companies receive access to the system and its use on a monthly subscription basis and a fixed cost of services.

The implementation of the proposed business model in the medium term may face the problem of attracting the necessary amount of investment and require special expert support at all stages of the project, from auditing existing processes to implementation and subsequent training in the use of systems. However, it can be argued that the concept of creating a TeamUp company, proposed by the authors, redefines the consulting business and moves from the traditional model focused on direct hiring and paying per hour of expert time to an innovative subscription model. This business model is based on a combination of classical management aspects, new technological solutions and human-centricity for both the client and the staff of the developer team.

The TeamUp model offers a wide range of solutions from a consultation to complex HR process support. The model implements consulting services based on understanding the target audience, analytics, adaptability, innovation, scale and consideration of all the benefits brought by progress and digitalization.

Conclusion

An analysis of HR consulting in the context of evolutionary, substantive and country-specific development has shown that the industry is in an active phase, has a sectoral structure, and is influenced by both socio-political and technological factors. The features of the foreign and Russian consulting market development are manifested in different degrees of methodological support, the demand for certain types of consulting products, and the overall market structure.

New technologies and economic challenges led to the need for a prompt response from business consulting. It is manifested not in the adjustment of separate elements of the system or stages of business processes, but in an integrated approach to transformation, and more often to the creation of new business models.

The study of the theory of formation and practice of development of consulting as a separate industry in the international and national contexts allows us to state that consulting is diverse in the specifics of its activities, evolution and geographical manifestation. However, identical factors can be observed that influence the ongoing consulting formation, its varieties and HR consulting:

- changes in the general external environment of the economy;
- uncertainty and unpredictability of environment changes;
- technological progress and digitalization;
- paradigm shift in business models, etc.

The analysis of the consulting industry has shown that along with traditional business models, market actors are increasingly resorting to the creation and implementation of new formats. This manifests in different types of consulting, such as immediate, operational, synergetic, based on unique request, current consulting, regular, etc. It became possible due to the use of IT and digital intelligent platforms.

HR consulting also changed. Digital opportunities allow to increase the performance of employees and teams, reduce costs, avoid errors, optimize organizational structures and overall management processes.

Today, it is safe to say that prerequisites have been formed for launching a business based on innovative solutions both abroad and in Russia. HR technologies are suggested to solve organizational and economic problems, as well as HR consulting development that meets current market challenges.

The article presents not only the analysis results and transformation of the consulting services market. Both global and Russian trends in the consulting and HR technologies development under the influence of external factors are reflected. Also a new consulting model based on the TeamUP intelligent cloud HR platform is presented for discussion to all interested parties.

The authors plan to continue researching the HR consulting market and finding new solutions based on digitalization. The groundwork has already been laid today for the successful launch and sustainable growth of an innovative HR technology startup.

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