

CONTENTS

- 2 Editorial
- 3 Consulting on the Cusp of Digitalisation
- 5 The Diagnostic Phase of the Consultancy Cycle
- 8 Transformational Consulting: Shifting from Consultant-centered Solutions to Client-centered Solutions
- 11 The Effect of Brexit on the Management Consulting Industry for UK and EU-based Firms
- 16 What Jokes Can Tell: A Top 5 of Ethical Transgressions in Consulting
- 20 ICMCI 2022 NCI Project

EDITORIAL BOARD

Prof. Timothy Clark
Singapore Management
University

Prof. Julie Hodges
Durham University

Calvert Markham

Prof. Daniel Muzio
University of York

Prof. Andrew Sturdy
Bristol University

Jeremy Webster
ICMCI, UK

Kathleen O'Reilly,
Assistant Professor,
UCD Ireland



WELCOME TO THIS NEW VOLUME OF THE MANAGEMENT CONSULTING JOURNAL.

It's with pleasure we bring you Volume 6, Issue 1 of the Management Consulting Journal. As we move further away from the Covid 19 pandemic, the consulting world and its clients face new challenges. The MCJ strives to provide a forum for researchers and practitioners to share their insights on the profession that unifies the MCJ's readership. I hope you find the six papers in this issue interesting and useful.

Thanks as always to the editorial board, to our publishers Sciendo, and to the Chartered Management Institute/Institute of Consulting and FMR Research for their support in bringing this issue to life.

Professor Simon Haslam
Founding Editor

Visiting Professor - Durham
University Business School
Chair: - ICMCI Academic Fellows

CONSULTING ON THE CUSP OF DIGITALIZATION

Mostafa Sayyadi & Michael J. Provitera

ABSTRACT

In the digital economy, consultants must help client's companies develop digital transformation to increase their market value. This implementation requires the solutions we will indicate in this article. These solutions come from our interviews with 81 senior managers from eight countries. Consultants can make their consulting on digital transformation more effective with these solutions.

INTRODUCTION

Digital transformation is one of the most important issues that organizations are facing today (Nadkarni & Prügl, 2021; Rha & Lee, 2022). Today's economy is more digital than ever, and organizations are taking on a new meaning (Litvinenko, 2020; Lynn, et al. 2022). Digital technology helps many organizations solve their issues of cyber security and operational risk management. The question remains of whether the digital investment in technology may cause prices of products and services to increase. This may be true at first, but the digital divide is here to stay, and investing in digital products and services will replace analogue systems of the past. Therefore, the first shift in the organization's strategy to augment this transformation is to move towards reducing costs and increasing profits through investment in digital technologies (Hess, 2022; Mikalef & Parmiggiani, 2022). Our interviews with 81 senior managers in a wide range of industries from eight countries (Australia, China, South Korea, the United States, and four European countries), tell us that there is a significant relationship between market value and the amount of investment in digital technology. Many leadership development sessions are built around new systems and better and more improved ways of conducting business. As organizations increase their investment in digital technology, eventually, their market value will grow increasingly. Organizations that focus only on profitability without considering the importance of investing in digital technologies achieve a lower market value compared to their competitors. This qualitative research is based on the following overarching research question:

How does digital transformation increase market value?

Furthermore, this research indicates that effective consulting on digital transformation also requires the solutions we have revealed in this article for management consultants.

FINDINGS

Our interviews with senior managers indicate that there are several logical reasons behind this significant relationship between the market value and investment in digital technologies. Consistent with previous studies (Homburg & Wielgos, 2022; Van Veldhoven & Vanthienen, 2022), this study has also shown that the first reason is that with the growth of digital technologies, organizations achieve a level of complexity that will cause the competition to be unable to imitate them. This acts as an important strategic flank for organizations to achieve a high level of competitive advantage (Mosca, Gianecchini & Campagnolo, 2021; Thornhill, White & Raynor, 2021; Beugelsdijk, 2022).

Second, the implementation of digital technology projects for organizations acts as a suggested attempt to reduce costs which, if announced, offers a bounce up on the stock price temporarily (Abdallah Shehab & Al-Ashaab, 2022; Bogdanova, Rytova & Krasilnikova, 2022; Kreuzer, et al. 2022). Organizations that implement digital technologies with extensive investment have a higher potential to reduce costs compared to other organizations. For example, our research shows that many successful organizations in East Asia, especially in countries such as South Korea and China, use the digital transformation strategy as an important weapon in the competition with American, Australian, and European organizations. They drastically reduce costs and increase the profit and market value of their organizations. Also, Korean and Chinese organizations have brought the implementation of digital technology to a level of optimal performance that can minimize the time between the product development life cycle and the management of the relationships with customers and the supply chain of goods and services. This eventually adds to the flow of cash more quickly in their organizations.

The following framework illustrates how the road to market value is paved with digital transformation:



How to Better 'Consulting on Digital Transformation'?

Our research also suggests several solutions for the better consultation of digital transformation. First, our findings suggest that consultants help organizations design and implement an integrated information technology system that allows the organization's departments and employees to communicate with each other all over the world. At the same time, this integrated and extensive system, which has led to the growth of complexity and competitive advantage of the organization, has also reduced the chances of competitors imitating them (Grösser, 2017; Herden, 2020). In addition, this organizational design also provides an important role for the growth of innovation by sharing ideas and communication (Samara, et al. 2022). A successful example of this integrated information technology system can be seen in Alibaba, which compared to many of its international competitors such as Amazon, has reached an amazing level of cost reduction and innovative growth.

The second suggestion is to use new project management consulting techniques and design an organizational culture that is suitable for this digital transformation of organizations – a Level Three Leadership. Jim Clawson coins the phrase that level three leadership focuses on vision, purpose, values, stories, music, and symbols. Training and development of human resources should also become an inseparable part of the strategic management of organizations. Working together, Strategic Human Resource Management can bridge the digital divide. In fact, this

proposal is to maximize the role of digital technologies in the supply chain and communication with customers so that costs can be reduced as much as possible. Organizations such as Walmart, Target and Kmart Australia have mastered the supply chain relationship and will only work with vendors that can meet their expectations.

The next suggestion is to train active human resource professionals in the information technology sector with management and business methods so that the maximum possible result can be achieved in this combination of information technology with the supply chain and communication with customers. We recommend Jim Clawson's book titled Level Three Leadership for management consultants.

CONCLUSION

Management consultants are more important than ever today, and they must be aware of the importance of digital transformation in their client's companies' market value and the vital role of solutions that can facilitate effective consultation in digital transformation. In this article, we have shown that to manage new challenges and achieve a higher level of market value compared to competitors, consultants should help senior leaders start implementing solutions that facilitate digital transformation. This is a secret weapon of market value in today's digital economy.

CONSULTING ON THE CUSP OF DIGITALIZATION (CONTINUED)

REFERENCES

- Abdallah, Y.O., Shehab, E. & Al-Ashaab, A. (2022).** Developing a digital transformation process in the manufacturing sector: Egyptian case study. *Information Systems and e- Business Management*. <https://doi.org/10.1007/s10257-022-00558-3>
- Beugelsdijk, S. (2022).** Capitalizing on the uniqueness of international business: Towards a theory of place, space, and organization. *Journal of International Business Studies*. <https://doi.org/10.1057/s41267-022-00545-3>
- Bogdanova, T., Rytova, E., Krasilnikova, E. (2022).** Digitalization of Business Processes in the Automotive Industry. In: Rodionov, D., Kudryavtseva, T., Skhvediani, A., Berawi, M.A. (eds) *Innovations in Digital Economy*. SPBPU IDE 2021. Communications in Computer and Information Science, vol 1619. Springer, Cham. https://doi.org/10.1007/978-3-031-14985-6_10
- Grösser, S.N. (2017).** Complexity Management and System Dynamics Thinking. In: Grösser, S., Reyes-Lecuona, A., Granholm, G. (eds) *Dynamics of Long-Life Assets*. Springer, Cham. https://doi.org/10.1007/978-3-319-45438-2_5
- Herden, T.T. (2020).** Explaining the competitive advantage generated from Analytics with the knowledge-based view: the example of Logistics and Supply Chain Management. *Business Research*, 13, 163–214. <https://doi.org/10.1007/s40685-019-00104-x>
- Hess, T. (2022).** Creating the Conditions for Digital Transformation. In: *Managing the Digital Transformation*. Springer Gabler, Wiesbaden. https://doi.org/10.1007/978-3-658-38424-1_4
- Homburg, C. & Wielgos, D.M. (2022).** The value relevance of digital marketing capabilities to firm performance. *Journal of the Academy of Marketing Science*, 50, 666–688. <https://doi.org/10.1007/s11747-022-00858-7>
- Kreuzer, T., Lindenthal, A.K., Oberländer, A.M. & Röglinger, M. (2022).** The Effects of Digital Technology on Opportunity Recognition. *Business & Information Systems Engineering*, 64, 47–67. <https://doi.org/10.1007/s12599-021-00733-9>
- Litvinenko, V.S. (2020).** Digital Economy as a Factor in the Technological Development of the Mineral Sector. *Natural Resources Research*, 29, 1521–1541. <https://doi.org/10.1007/s11053-019-09568-4>
- Lynn, T., Rosati, P., Conway, E., Curran, D., Fox, G. & O’Gorman, C. (2022).** The Digital Economy and Digital Business. In: *Digital Towns*. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-030-91247-5_4
- Mikalef, P. & Parmiggiani, E. (2022).** An Introduction to Digital Transformation. In: Mikalef, P., Parmiggiani, E. (eds) *Digital Transformation in Norwegian Enterprises*. Springer, Cham. https://doi.org/10.1007/978-3-031-05276-7_1
- Mosca, L., Gianecchini, M. & Campagnolo, D. (2021).** Organizational life cycle models: a design perspective. *Journal of Organization Design*, 10, 3–18 (2021). <https://doi.org/10.1186/s41469-021-00090-7>
- Nadkarni, S. & Prügl, R. (2021).** Digital transformation: a review, synthesis and opportunities for future research. *Management Review Quarterly*, 71, 233–341. <https://doi.org/10.1007/s11301-020-00185-7>
- Rha, J.S. & Lee, H.H. (2022).** Research trends in digital transformation in the service sector: a review based on network text analysis. *Service Business*, 16, 77–98. <https://doi.org/10.1007/s11628-022-00481-0>
- Samara, E., Andronikidis, A., Komninou, N., Bakouros, Y. & Katsoras, E. (2022).** The Role of Digital Technologies for Regional Development: a System Dynamics Analysis. *Journal of the Knowledge Economy*. <https://doi.org/10.1007/s13132-022-00951-w>
- Thornhill, S., White, R.E. & Raynor, M.E. (2021).** Risky business: How strategy relates to survival. *Canadian Journal of Administrative Sciences / Revue Canadienne des Sciences de l’Administration* 38(4). <https://doi.org/10.1002/cjas.1609>
- Van Veldhoven, Z. & Vanthienen, J. (2022).** Digital transformation as an interaction driven perspective between business, society, and technology. *Electron Markets*, 32, 629–644. <https://doi.org/10.1007/s12525-021-00464-5>

THE DIAGNOSTIC PHASE OF THE CONSULTANCY CYCLE

Xintai Ma, Durham University Business School

ABSTRACT

The diagnostic phase is the essential part of the consultancy cycle, providing the client with interpretable data and systematic approaches to improve the consultation effectiveness, however, there are still areas for improvement in diagnostic frameworks, data analysis, and client-consultant communication. This paper will demonstrate that although the diagnosis is an ongoing activity and a crucial node linking the whole consultancy cycle, it still requires using a mix of context-specific empirical tools and fostering a sustainable client-consultant relationship, dedicated to exploring the root causes of the organizational issue. In order to explain this, the paper will firstly focus on the importance of the diagnosis. Secondly, it will evaluate the diagnostic methods and data collection ways. Thirdly, it will discuss how to provide effective feedback to clients and build strong client-consultant relationship in the diagnostic phase. Finally, the paper will summarize the critical study of the diagnosis.

INTRODUCTION

The consultancy cycle for change consists of different interconnected phases: initial contact; contracting; diagnosis; intervention; implementation; evaluation; and transition. They are bolted together with dialogue, feedback, client-consultant relationships, and stakeholder management; each stage influences the other rather than being isolated (Hodges, 2017). For example, the diagnostic phase is a collaborative process among the client, key stakeholders, and the consultant, to collect, analyse, and interpret data to gain a deeper understanding of an organizational issue and its causality, thereby improve the consultation effectiveness.

THE IMPORTANCE OF DIAGNOSIS

The diagnosis is a vital ongoing phase throughout the consultancy for change cycle, which consists of various interrelated activities, selecting the appropriate analytical framework, gathering and interpreting the data, identifying the key issues of the business and its

causes, and finally presenting the feedback to clients. In certain circumstances, clients may underestimate the importance of the diagnostic stage, and subsequently attempting to skip it in order to save time and money, assuming that they already fully understand the problems and have all the information that caused the issues. As O'Mahoney and Markham (2013) state, ensuring that the right issues are identified is a crucial but often challenging process. If the underlying reasons behind the problem are not clearly understood, then there is a risk that the proposal made at the contracting phase could be misdirected. More seriously, this error may be carried over to the next intervention stage, which will result in a well-designed intervention being applied to a biased problem (Cummings & Worley, 2001). It explains why some interventions do not ultimately achieve the stated targets.

In addition, not only is it necessary to prepare the basic information for the diagnosis at the initial contact and contracting stage, but also to return to the diagnostic phase when the relevant data is missing. Specifically, the further diagnosis may involve re-evaluating the problems being addressed, or collecting additional data needed for the intervention and other phases. Hence, if neither the client nor the consultant realizes the importance of the diagnostic process, mistakes might occur under the delusion that they presume to have a thorough comprehension of the issues and its causality, which will, in part, lead to a consultancy that only addresses the surface symptoms and fails to reveal the underlying causes of the problems.

Moreover, there are a number of reasons why it is important to have a combined qualitative and quantitative diagnosis of the business rather than just a unilateral characterization by the client. Firstly, the client's elaboration of the issue can only be presented from their own perspective, ignoring more complex factors such as employees' perceptions of corporate culture and stakeholders' views on management decision making (Huang & Li, 2014). Secondly, data collection and analysis generates critical information about the functioning, effectiveness, and sustainability of the organization (Hodges, 2017). Finally, it establishes a platform to incorporate individual suggestions for organizational change across the enterprise,

which could help consultants to build trust with key stakeholders (Nadler, 1977). Overall, the diagnostic phase is a significant part of the consulting cycle as it provides more holistic views of 9 the client's issues by capturing valuable information and insights scattered throughout the organization.

CRITICAL EVALUATION OF THE DIAGNOSTIC FRAMEWORK AND DATA COLLECTION

Diagnostic Framework

Effective diagnosis needs consultants and clients to select the appropriate diagnostic models, such as Seven-S and Eight Lenses to discover the fundamental problem of the company. The use of diagnostic frameworks helps, firstly, to identify which aspects of the organization are most in need of investigate and what questions should be asked; secondly, it can highlight the interconnectedness of different organizational elements, such as corporate systems and operational structures; finally, the diagnostic models can provide guidelines for the sequence of actions in the subsequent phases of the consulting cycle (Burke, 2013).

In terms of the Seven-S tool, it has been expanded from the early stage that only covered seven interrelated internal elements of strategy, structure, systems, staff, style, shared values, and skills within the organization to the 14S that emphasizes the comprehensive analysis of both internal and external environments, adding stories, signals, structures of power, symbols, stakeholder satisfaction, social responsibility and situation. Furthermore, according to Higgins (2005), he replaces skills with resources and adds strategic performance to form the Eight-S model. It is worth noting that executing strategy is as important as formulating it, and the Eight-S framework makes it easier for senior management to develop, monitor and assess the cross-functional execution of strategy by providing a real-time focus on the strategic effectiveness and the mobilisable resources of the organization. Therefore, consultants can combine the 14S and Eight-S diagnostic frameworks to collect data on different dimensions, rather than the traditional Seven-S model,

which is prone to misalignment in strategy formulation and implementation.

As for the Eight Lenses, it describes how the external environment acts on multiple factors within the business, that is, mission, customers, processes, management systems, organizations, capabilities, attitudes, and behaviours. The effective diagnosis needs to address all these areas in order to create the in-depth assessment of the elements that should be changed. The framework connects externalities with the internal effects, presenting a complex network that influences organizational change in a part-to-whole manner (Hodges, 2017). In addition to this, when analysing the external environment, PESTLE+, SWOT and Five Forces Model tailored to the organization's context can be used in conjunction to examine the underlying causes of the issues and the critical areas where change is urgently needed.

Thus, the success of the diagnosis tends to be greater when analytical frameworks is used in an integrated manner. Moreover, the diagnostic phase requires a consensus between the client and the consultant to commit to the analytical tools portfolio to discern the causal logic of the corporate problems. In other words, active stakeholder involvement is necessary to ensure that organizational change is sustained and transitioned once the consultant has left the consultancy for change cycle.

Nevertheless, the diagnostic model only represents a simplification of the real business environment and pays attention to specific aspects of the organization while ignoring other special situations, which might lead to biased diagnoses. To avoid this, it is crucial to use a mix of diagnostic tools that are closely related to the context of the corporation.

Data Collection

In the process of data gathering, the consultant selects the suitable collection methods through four stages: conceptualisation, development, implementation, and analysis (Hodges, 2017). The main approaches of data collection in the diagnostic phase are surveys and interviews.

THE DIAGNOSTIC PHASE OF THE CONSULTANCY CYCLE (CONTINUED)

Surveys are one of the most efficient forms of data collection, allowing questions to be quantified and analysed quickly and clearly (Bryman & Bell, 2015). As it often contains fixed response questions about various characteristics of an organization, questionnaires can also be administered to an adequate sample simultaneously. The software company SAS, for instance, considers trust to be a significant organizational attribute and regularly surveys employees on the factors affecting trust such as communication, respect, and transparency (Lewis et al., 2007). However, this method has obvious shortcomings in some cases. For example, the questionnaire is difficult to obtain structured and behavioural data and is prone to invalid answers due to respondents' self-reporting bias (Harrison, 2005).

One of the core skills required during the diagnostic phase is the ability to interview people, who may be clients, external stakeholders, and people at different levels within the organization (Gray, 2013). Firstly, interviews allow the consultant to gain an initial understanding of the people involved in causing the problems and to explore their attitudes and beliefs directly. Secondly, it can convey empathy and build trust between the interviewers and interviewees. Finally, semi-structured probing interviews offer more flexibility in the wording and sequence of questions, as such a setup allows for more personal interactions and the opportunity to gain insight into equivocal answers (Bryman & Bell, 2015). Nevertheless, the pursuit of socially desirable replies and the behavioural and verbal implications between researchers and participants may result in encouraging or discouraging certain responses. For example, if respondents are drawn into a sensitive issue, they may feel defensive and exaggerate or conceal a fact in order to present themselves in a positive light (Anderson, 2012). Consequently, the consultant should empathize rather than sympathize and adapt to silence to avoid excessive hints when conducting the interviews.

Above all, there is no single method of collecting data that can be adapted to every issue, just as there is no universal framework or ideal procedure for managing the diagnostic phase (Swanson, 2007). It is important for consultants to use a combination of approaches to

gather more in-depth and valid data, depending on the context of the specific issue.

CLIENT-CONSULTANT FEEDBACK AND RELATIONSHIP

Once the diagnostic framework and data collection methods have been defined and the analysis of the data completed, providing feedback to the client becomes a critical task. In order for the client to be motivated to take action, the consultant needs to make the data relevant, understandable, descriptive, verifiable, timely, limited, significant, comparative and unfinished in the feedback process (Golembiewski, 2000). Furthermore, consultants should also conduct meetings to feed the findings back to clients. The sessions will allow key stakeholders such as clients and employees of the organization to jointly identify the fundamental causes of the issues and reach consensus on a preparatory plan.

While some people will be motivated by the findings and make changes accordingly, others may feel anxious about the feedback process as the results might contain sensitive material and assessments of employee manners, which can lead to defensive behaviour and denial of the accuracy of the findings (Hodges, 2017). Hence, consultants need to accept the fact that any objections to the findings are natural responses, try to understand the personal feelings and kindly ask for their constructive comments on the findings. Beyond this, a significant objective of the feedback process is to ensure that the client takes ownership of the data, which means that the client is willing to take responsibility for the risks posed by using the results to design organizational change initiatives. However, if the final feedback meeting is a rejection of the findings from the diagnostic process, the impetus for change might be lost and meaningless. Thus, consultants need to reconfirm the effectiveness of the data and the feasibility of the plan before the feedback begins, with the aim of providing clients with clear diagnostic results and laying the foundations for the intervention phase.

The client-consultant relationship continues throughout the entire consultancy cycle, most prominently during the diagnostic phase. Mohe and Seidl (2011) argue

that the client and the consultant can be defined as two autopoietic communication systems that operate according to a special logic and are structurally coupled through a third system, the so-called "contact system". This perspective emphasises that the consultant does not just provide a standard answer to the client but creates "links" in the communication with clients, thereby prompting clients to reconstruct their own meanings from their original systems. In particular, there are three attributes that are critical to building an effective client-consultant relationship.

Firstly, a valuable relationship is based on trust (Nikolova et al., 2015). While it is inevitable that consultants will sometimes under perform and organizations might fail to meet expectations as well, mutual trust allows both parties to resolve conflicts in approach or philosophy to ensure the maximum likelihood of success. Secondly, harmonious communication is a significant factor in maintaining the relationship (Belkhdja, et al., 2012). During the diagnostic process, consultants need clients' cooperation to carry out tasks such as database access, confidential information, and authorisation of interviews with staff. Keeping the lines of communication open will help consultants to understand the business more holistically, dig deeper into potential issues facing the organization and better develop the future corporate strategies. Finally, a high level of cultural fit facilitates the quick match in the client-consultant relationship (Kang & Xing, 2005).

Generally, there is no such thing as the best consultant only the most appropriate one. For instance, if the client's corporate culture is based on collaboration and communication, then there is a need for more emotional exchanges between the consultant and the client. Conversely, if the client's philosophy is command and control, the consultant needs to contribute more practical execution and obedience. In brief, it is desirable for both clients and consultants to establish the long-term trusting relationship, from business partnership to emotional connection.

CONCLUSION

To summarize, this paper has demonstrated that designing integrated diagnostic frameworks and data

collection methodology based on the corporate specific context and cultivating the long-term client-consultant relationship are significant influences for the success of the diagnosis. From the analysis undertaken, it is clear that various diagnostic models and data collection ways are applicable, but due to the complex external business environment and different internal organizational structures, consultants need to select a mix of empirical tools that is contextualised. Moreover, the diagnostic phase continues throughout the whole cycle and profoundly affects every other link, the consultancy for change cycle is iterative rather than linear, which means each stage informing the orientation of previous and subsequent processes. A long-term client-consultant relationship therefore not only improves the quality of the diagnostic phase, but also facilitates the development of the entire consulting cycle. In the foreseeable future, when consultants and clients form a partnership based on the emotional connection and reach a consensus on diagnostic tools, research methods and data analysis it will increase the success rate of the diagnosis and fundamentally contribute to the sustainability of the consulting cycle.

THE DIAGNOSTIC PHASE OF THE CONSULTANCY CYCLE (CONTINUED)

REFERENCES

- Anderson, D.L. (2012)** Organization Development: The process of leading organizational change. London: Sage.
- Belkhdja, O., Karuranga, E. and Morin, G.G. (2012)** 'Reflections on the client consultant relationship: Challenges and opportunities in a context of organisational change', *Journal of General Management*, 37(3), pp. 1-19.
- Bryman, A. and Bell, E. (2015)** Business Research Methods. Oxford: Oxford University Press.
- Burke, W.W. (2013)** Organization Change: Theory and practice. 3rd edition. Thousand Oaks: Sage.
- Cummings, T.G. and Worley, CG. (2001)** Essentials of Organization Development and Change. Cengage, Mason, OH.
- Golembiewski, R. (2000)** 'Features of energizing data'. *Handbook of organizational consultation*, 6(2), pp. 453-456.
- Gray, D.E. (2013)** Doing Research in the Real World. London: Sage Publications.
- Harrison, M. I. (2005)** Diagnosing organizations: Methods, models, and processes. 8th edition. London: Sage Publications.
- Higgins, J. M. (2005)** 'The eight 'S's of successful strategy execution', *Journal of change management*, 5(1), pp. 3-13.
- Hodges, J. (2017)** Consultancy, Organizational Development and Change. London: Kogan Page.
- Huang, S. and Li, Y. (2014)** 'A first look at the life cycle of information consulting', *Innovative Technology*, 24(10), pp. 50-61.
- Lewis, P., Thornhill, A. and Saunder, M. (2007)** Research Methods for Business Students. London: Pearson Education
- Kang, C. and Xing, W.H. (2005)** 'Customer relationship management analysis of knowledge management model in the consulting industry', *Journal of Intelligence*, 24(5), pp. 12-23.
- Mohe, M. and Seidl, D. (2011)** 'Theorizing the client-consultant relationship from the perspective of social-systems theory', *Organization*, 18(1), pp. 3-22.
- Nadler, D.A. (1977)** Feedback and Organization Development: Using data-based methods, Addison-Wesley Longman, Boston, MA.
- Nikolova, N., Möllering, G. and Reihlen, M. (2015)** 'Trusting as a "leap of faith": Trust building practices in client-consultant relationships', *Scandinavian Journal of Management*, 31(2), pp. 232-245.
- O'Mahoney, J. and Markham, C. (2013)** Management Consultancy. Oxford: Oxford University Press.
- Swanson, R. (2007)** Analysis for Improving Performance: Tools for diagnosing organizations and documenting workplace expertise. San Francisco: Berrett-Koehler Publishers.

TRANSFORMATIONAL CONSULTING: SHIFTING FROM CONSULTANT-CENTERED SOLUTIONS TO CLIENT-CENTERED SOLUTIONS

Dr. Justine Chinoperekweyi

ABSTRACT

Consulting has evolved significantly over the years. This is in response to the changing operating environment and the emerging needs of organizations. To enrich client consultant relationships, this article explores the changing philosophical positions around consulting and some of the applied techniques to make consulting an instrument of help in organizations. To enhance understanding of the varying consulting approaches, the article covers consulting approaches from Sigmund Freud, Karl Marx, Erich Fromm, and Patrick Trottier. The philosophical positions and insights from their work will support the emerging consultant in deepening transformational consulting. Through a review of the literature and reflecting on the author's consulting practice, the article summarizes approaches to enhance transformational consulting. These approaches advance the humanistic paradigm and as such promotes the co-creation of solutions with the client system. The article positions the Use of Self and Action Research as fundamental to enriching consultants' productive impact. In addition, the article highlights four strength-based models that enrich the design of client-centered solutions.

INTRODUCTION

Transformational consulting is a systematic, holistic, and humanistic approach to the provision of support services to a client. This is achieved through widespread informed inquiries and engagement of stakeholders; the co-design of interventions that awaken and empowers the system to actualize its potential; continual self-renewal; taking advantage of emerging potential; and leading from the emerging future, while achieving productivity, profitability, and sustainability. In transformational consulting, the consultant makes use of provocatively poignant questions, generative dialogue, storytelling, contemplative and reflective practices, and creating psychologically safe spaces to uncover covert and grand structural and cultural issues affecting a client system. It is an eclectic approach that is deeply embedded in contextual intelligence and emergent learning with the client system, not the consultant,

being the primary change agent. It usually entails the consultant, as a gadfly facilitator of meaningful and generative conversations, working in partnership with the client system to co-create and co-evolve sustainable and profitable interventions.

Enriching consultation practices with transformational consulting attributes facilitates sustainable growth and development of client systems. Therefore, it is important to raise our awareness of the need to embrace client-centered consulting approaches. Consulting work should shift from consultant-centered solutions to client-centered solutions. In addition, the consultant should encourage possibility-seeking engagements rather than excessive problem-orientation.

THE EVOLUTION OF CONSULTING METHODOLOGIES

Given the impending humanistic paradigm – in business and society, consultants need to engage in practices that are embedded in some fundamental humanistic principles. Therefore, both seasoned and emerging consultants need to appreciate the evolution of consulting methodologies. Most importantly, consultants must reflect on the value of these methodologies in their practice. Adapted by Chinoperekweyi (2022) from organization development (OD) literature, Figure 1 depicts the evolution of consulting methodologies from an organization development perspective.

As depicted in Figure 1, consultants who are informed by the first-generation methodologies get preoccupied with problem analysis. The consultant in this case is viewed as a solution-provider. The second-generation consultants work with observable data to identify gaps between desired and actual behaviours and outcomes. The adoption of third-generation methodologies focuses on strengths and opportunities rather than problems. The consultants search and amplify what's working in a client system. Those using fourth-generation methodologies co-create continually emerging forms of organizing. Reflecting on these four generations of OD methodologies shows some significant shifts in the way that consultants engage with client systems.

Price (2022) identified the roles of a consultant as encompassing “educators, diagnosticians, researchers, facilitators, interventionists, trainers, and coaches” (p50). Noting misunderstandings on the roles of a consultant, Lynn (2017) made a distinction between a consultant, moderator, and facilitator. While providing clarity on these roles, he stated that “it has become ‘desirable’ – unfortunately – for ‘consultants’ to describe oneself as a ‘facilitator’”. Concerning organization development consultants, Chinoperekweyi (2019a) posits that consultants “enhance an organization's ability to simultaneously explore the market and exploit the organization's capabilities to improve performance and drive sustainability” (p23). To execute this role, consultants should be guided by the 5As Transformative

Framework. The framework indicates that consultants should be Authors of novelty, Advocates for transformational growth and development, Agents for change and development, Arbiters in the event of a conflict, and Ambassadors of relational practice (Chinoperekweyi, 2019b). Organization Development literature identifies four main consultative approaches as follows: Expert Consulting, Medical (Doctor-Patient) Consulting, Process Consultation, and Emergent Approach (Emergent OD®). These approaches are being widely used by consultants today and inform the consulting process.

First, **Expert consulting** places the consultant as the primary change agent. This implies that the consultant is a solution provider and can identify what is right and wrong. As stated by Zaldivar (2010), it is worth noting that expert consultants “rarely acknowledge the values and realities of the client system” (p13). Sadly, some organizations have a cultural expectation of consultants delivering expertise to their systems. Zaldivar (2010) posits that expert consulting assumes too much and is often unaware of its biases. This makes it unreliable in complex, cross-cultural human system dynamics.

Karl Marx's consultative approach helps us understand expert consulting. Chinoperekweyi (2022) refers to Marx's four-step approach while supporting the working class of his time.

“First, he started by showing the people that they suffered. In doing so, Marx tried to destroy the illusion that tended to cover the workers' awareness of their misery. Second, he took people through the causes of this suffering. Third, Marx demonstrated that suffering could be removed if the conditions for suffering were removed. Finally, he shared the new practice of life, the new social system that will be free of suffering. I could safely say, Marx was, kind of, holding the mirror for these people to see themselves and change. However, he seems to be an expert in the whole process.” (p2)

Second, the **Medical Approach** relies predominantly on assessment, and diagnosis to offer a prescription. In this case, the consultant is still the primary change agent. Trotter (2012) identified eight assumptions from the medical model. Some of these assumptions are 1)



TRANSFORMATIONAL CONSULTING: SHIFTING FROM CONSULTANT-CENTERED SOLUTIONS TO CLIENT-CENTERED SOLUTIONS (CONTINUED)

the consultant can get accurate diagnostic information on his/her own, 2) the standard, prescribed, off-the-shelf assessment tool of the consultant's 'fits' the situation and the culture of the organization, and 3) the consultant will create the necessary degree of trust and relationship needed in a short amount of time when dealing with a whole organization.

As published by Chinoperekweyi (2022), Sigmund Freud's method of healing aligns with the Medical Approach. Freud's healing method can be summarized as follows:

"Patients consulted Freud because they suffered and they were aware that they suffered. But they were usually not aware of what they suffered from. The first task of the consultant (psychoanalyst) is to help the patient give up their illusions about their suffering and learn what their ill-being consists of. This is done through a diagnosis process. Interestingly, diagnosis is a matter of interpretation, and various interpreters can differ in their submissions. It is worth noting that during this entire process, the patient's picture of what they suffer from is usually the least reliable datum for diagnosis." (p2)

Third, **Process consultation** was developed by Edgar Schein, who stated that "Process consultation is a series of steps facilitated by the consultant that help the client to perceive, understand, and act upon the issues that occur in the client's environment(s) in order to improve the situation as defined by the client." (Schein, 1987). This approach empowers organizational members, as process owners, to solve their problems and co-create organizational solutions. With process consultation, the consultant focuses on human processes such as face-to-face interactions, communication, intergroup processes, and building self-improvement capabilities. Erich Fromm's consultative approach helps in understanding the process consultation approach. As a radical humanist, Fromm's seven fundamentals recognized people in a social system.

First, practitioners are obligated to reformulate, not just the definition of a client's problem, but also the tools that are used to address it. This minimizes the dominant tendency among practitioners of trying to

fit the client's problem or system into some already prescribed tools or frameworks. If this is done, according to Ashby's Law of Requisite Variety, the intervention's complexity will not match the system's complexity. Second, the practitioner's goal is to facilitate the client's self-discovery or promote continuous development and self-agency. This is against the practitioner being viewed as a solution provider. Third, practitioners should strengthen the client's sense of responsibility. In 2018, Gervase Bushe and Makoto Nagaishi proposed three criteria that are useful in determining whether a system is fully developed. Their three criteria support this point. The three criteria for successful OD are: "a) the more developed an organization, the more aware it is of itself and can talk to itself about itself, b) The more developed an organization, the less it is driven by reactive, unconscious emotions, motivations, and cognitive frameworks and the more decisions and actions are based on reason, rationality, and cognitive complexity, and c) the more developed an organization, the more it can realize its potential." Fourth, Fromm indicated that, when treating a patient, it doesn't make sense to focus exclusively on their pathological qualities, the symptoms of their illness, or the negative aspects of their condition. Acknowledging their positive qualities will enhance the therapeutic technique. Here we see strength-based approaches such as Appreciative Inquiry.

The fifth fundamental is that practitioners should not simply add their two cents so that the client will change. They also must help the client develop strategies so that they can reintegrate themselves into society/industry and feel stronger. With this, the system can actualize its potential and be a contributor to the common good. Sixth, practitioners should be receptive to advancements in science and changes in society. It is important to understand the cultural, economic, and political conditions that surround the client. It is a mistake to work from a reductionist perspective. Contextual intelligence and emergent learning become key here. Lastly, practitioners should use clear, transparent, understandable vocabulary. In addition, practitioners should not try to project an image of power and superiority. Indeed, organizations are operating under complexity and chaos already, as practitioners we should not add to that complexity through terminologies

and templates that confuse clients. Immerse yourself in the client system and use their language.

Lastly, the **Emergent Approach**, as developed by Patrick Trotter, is focused on "an open, evolving process of unfolding discovery and shaping that discovery on an ongoing basis in present real-time" (Trotter, 2012). This is an evolution from the traditional problem-solving approaches.

APPROACHES TO ENHANCE TRANSFORMATIONAL CONSULTING

Consulting work must be meaningful and generative. There are multiple approaches to enhancing transformational consulting. The Use of Self and Action Research is key to enriching consultants' productive impact. Zaldivar (2010) defined the Use of Self as "a practice of consciously raising awareness of one's own filters, one's point of view and one's assumptions, then using such awareness to further the process of mutual learning in a client system" (p19). Through effective use of self, the consultant becomes aware of his/her biases and general world view. Nevis (1987) asserts that "The practitioner is not only to stand for and express certain values, attitudes, and skills, but to use these in a way to stimulate, and perhaps evoke from the client, action necessary for movement on its problems. This means that the practitioner is generally more open and revealing about the thoughts and feelings that might be true in other forms of process consultation. The aim is to take advantage of the issues of difference, marginality, and attraction by the client to use oneself in the most powerful way possible (p54). Action research encompasses repeated cycles of contracting, data collection, diagnosis, feedback, and action. The action research process is aligned with the process consultation approach.

To become transformational consultants, a new spirit of creative thinking and opportunity awareness must be borne. The following approaches are fundamental in shifting the client's cognitive and emotional frameworks, enhancing readiness for desired change, and creating a sense of ownership. These approaches indicate a shift from a problem orientation to possibility-seeking.

- Storytelling – Serrat (2008) defined storytelling as "the vivid description of ideas, beliefs, personal experiences, and life lessons through stories or narratives that evoke powerful emotions and insights". (p1)
- Generative scribing – a visual practice of representing ideas while people talk – is a distinct social art form that facilitates group learning and cultural memory.
- Adaptive Action – According to Holladay (2022), it is a three-step iterative cycle of inquiry, reflection, and action. This is designed and popularized by the Human Systems Dynamic (HSD) Institute.
- Asking powerful, poignant questions – Consultants must endeavour to consistently ask powerful questions, which open up new possibilities and new ways of thinking. This requires a meaningful connection between the one asking and the one receiving the question.
- Reflective practice – is the ability to reflect on one's actions to engage in a process of continuous learning.
- Principles of procedural fairness – this includes engagement, explanation, and expectation clarity. In transformational consulting, consultants ensure that a fair process is always followed. This enriches the client-consultant relationship.
- Mindfulness & contemplative practice – The Center for Contemplative Mind in Society states that contemplative practices are practical, radical, and transformative, developing capacities for deep concentration and quieting the mind amid the action and distraction that fills everyday life. This state of calm centeredness is an aid to the exploration of meaning, purpose, and values. Contemplative practices can help develop greater empathy and communication skills, improve focus and attention, reduce stress, enhance creativity, and support a loving and compassionate approach to life.

Strength-based Models – Leading the co-creation of client-centered solutions

TRANSFORMATIONAL CONSULTING: SHIFTING FROM CONSULTANT-CENTERED SOLUTIONS TO CLIENT-CENTERED SOLUTIONS (CONTINUED)

- Appreciative Inquiry – a strengths-based, positive approach to leadership development and organizational change. This model can be used by individuals, teams, organizations, or at the societal level; in each case, it helps people move toward a shared vision for the future by engaging others in strategic innovation.
- Theory U - Theory U suggests shifting from a personal, individual-centered approach to a collective, group-centered one to move towards a more sustainable, healthy life. It suggests that society should get to “eco-system awareness”-driven forms of cooperation.
- Conferencing Model – is a process that uses search conference methodology and sociotechnical systems principles to redesign an organization. Axelrod and Associates, Inc. developed and piloted this approach at a division of R. R. Donnelley and Sons Company, the world’s largest commercial printer. The Conference Model involves a series of four conferences; in this case, each conference involved up to 80 participants.
- SOAR Model – This strategic model is an acronym for Strengths, Opportunities, Aspirations, and Results. Both existing and new organizations can make good use of this type of analysis. It works for everyone within an organization, irrespective of position or hierarchical level.

CONCLUSION

Wainwright (2022) pointed out the need to actively manage the client-consultant relationship as an impression management approach. Consultants should learn and embrace concepts around the Use of Self and Action Research as fundamentals of transformational consulting. Furthermore, eclecticism is essential when facilitating consulting engagements. To be meaningful and generative in client systems, consultants need to reaffirm their passion and commitment to supporting clients in building great teams and great organizations. The tools and models shared in this article, are essential in the co-creation of client-centered solutions.

REFERENCES

- Bushe, G. R and Nagaishi, M. (2018).** Imagining the Future Through the Past: Organization Development isn’t (just) about Change. *Organization Development Journal*. 36(3), 23-36.
- Chinoperekweyi, J. (2019a).** Fostering Ambidexterity Competency through OD Consulting: The 5As Transformative Framework. *Organization Development Review*. 51(4), 23-29.
- Chinoperekweyi, J. (2019b).** The 5As Framework: Exploring the fundamental roles and responsibilities of OD Consultants. *Organization Leadership and Development Quarterly (OLDQ)*. 1(2), 16-23. [ISSN: 2663-0478].
- Chinoperekweyi, J. (2022).** Consultative Approaches: Lessons from the Philosophical Legacy of Sigmund Freud, Karl Marx, Erich Fromm, and the work of Patrick Trotter. *Organization Leadership and Development Quarterly*. Thursday Thought-piece, Vol.7, p.1-3.
- Fromm, E. (1965).** Socialist humanism: an international symposium. Doubleday Fromm, E. (1976). *To Have or to Be*. Harper & Row.
- Holladay, R. (2022).** Intractable to Adaptive: Shaping Adaptable Civil Discourse One Conversation at a Time. HSD Institute. Available at: <https://www.hsdinstitute.org/resources/intractable-to-adaptive.html?>
- Lynn, E. (2017).** Facilitation...an Art: The Danger of Confusing the Roles of Consultant, Moderator, Facilitator. *culture Qs*. Available at: <https://cultureqs.com/facilitation-an-art/>
- Nevis, E. C. (1987).** *Organizational Consulting: A Gestalt approach*. New York: Gardner Press.
- Price, S. M. (2022).** Practicing OD Virtually. *Organization Development Journal*. 40(2), 49-57.
- Sabater, V. (2021).** Erich Fromm and Humanistic Psychoanalysis. *Exploring Your Mind*.
- Schein, E. H. (1999).** Process consultation revisited. Addison-Wesley.
- Serrat, O. (2008).** Storytelling. *Knowledge Solutions*. Asian Development Bank. 10. 1-4
- Trotter, P. The Four Basic Approaches to Consultation – Working with People and Organizations (2012).** The Institute of Emergent Organizational Development & Emergent Change®. <https://wordpress.com/posts/emergentchange.net>
- Wainwright, S. (2022).** Perspectives on Quality and Quality Assurance in the Management Consulting Sector. *Management Consulting Journal*. 5(2), 20-23
- Zaldivar, S. (2010).** Change in Afghanistan: Contrasting Values and What is Essential About OD. *Organization Development Journal*. 28(2), 9-17.

THE EFFECT OF BREXIT ON THE MANAGEMENT CONSULTING INDUSTRY FOR UK AND EU-BASED FIRMS

Morgan McGovern

ABSTRACT

This thesis seeks to investigate how Brexit has affected the management consulting industry for United Kingdom and European Union firms. The topic is of importance to the EU/UK management consulting community since Brexit caused disruption which in turn created an opportunity to analyse how this created costs and opportunity for firms. The study examines the relationship by first summarizing the events of Brexit through an annual order to identify which years presented the most change. The hypotheses of this study states that Brexit will have a negative effect on management consulting firm's operations. It also states that there may be a positive effect for some firms that could profit from Brexit as a business, such as opportunity for new clientele. These changes are then identified through a close examination of secondary resources including papers, articles, and scholarly resources. There is also an analysis of primary source interviews conducted through the course of 2020-2021. The findings of this research were overshadowed by COVID-19's negative effects on the management consulting industry in the UK. However, I do find evidence of both negative and positive effects; the results of the interviews shed light on the mechanisms. Specifically, I found that some firms were able to profit from Brexit by absorbing new clientele in need of Brexit specialists, and that there was a drive towards a need for new technology, specifically in the financial services sector.

INTRODUCTION

The exit of the United Kingdom from the European Union (EU), better known as Brexit, is a major change marking a general trend toward deglobalisation. Not only has it significantly impacted citizens of the countries in both the EU and the UK, but businesses based in the UK have been faced with a major loss of efficiency in trying to prepare for potential impacts. This is due to Brexit having created physical borders, where money can still move but the people and goods have more frictions against them. While this is something firms deal with on a regular basis, the scale of this change is rarely seen.

Brexit represents not only disruption for the EU and UK, but also globally. Such major disruptive events can often be seen as negative since it requires adaptation and change from businesses. However, this disruption can also be seen as a point of exploitative opportunity for business. Specifically, for the management consulting industry – specialized in analysing and solving dilemmas that their clientele companies face – the disruption could provide new clientele seeking advice for the changing laws and regulations. On one hand, London's hub has an international focus, and therefore could be affected by raised borders. The expectation is that companies that will be affected the most by Brexit are those in highly regulated industries, those that depend on international scale economies or supply chains, smaller companies, and companies in the service sector (Ghemawat 2018).

Management consulting falls into nearly all the above-mentioned terms and therefore is posed to endure a greater impact due to Brexit, whether that be in supply chain operations, having to make adjustments to serve clients, protecting privacy, or travel. On the other hand, firms in this industry have the ability to adapt to disruptions, leaving room for both positive and negative effects. Specifically, in the management consultant industry, clientele can relatively be based anywhere in the world, or across many neighbouring countries, giving them leverage to better cope with change.

Through a combination of interviews, written research, and analysis, in this thesis I analyse how Brexit may affect the way international management consulting firms operate and how technology may help in alleviating some of these implications. I start by reviewing literature and reports on the management consulting industry that were deemed pertinent to the research of the hypotheses. These readings provide insight to the well-being of the management consulting industry pre-, during-, and post-Brexit, as well as deeper explanations surrounding how governmental changes affected firm performance. I then review the methodology used for this thesis, which includes primary source interviews of employees within the management consulting industry, spanning from small to large firms. This is followed by a timeline of Brexit events. This will provide a detailed context of the years

leading to the final exit of Britain from the European Union, as well the decisions made along the way that created frictions.

HYPOTHESIS: BREXIT AS A COST AND AS AN OPPORTUNITY

In a study conducted by Source Global Research, it was found that 42% of consultants and 51% of clients were "very worried" following the Brexit vote result. Uncertainty is typically negative for overall profits for firms. Sampson (2017) concluded that Brexit has the potential to make the United Kingdom poorer than it would otherwise have been because it will lead to new barriers to trade and migration between the UK and the European Union. These barriers represent a significant cost that organizations will have to consider in their operations, both present and future. Born (2017) indicated that the Brexit vote itself impacted economic activity well before any policy change occurred, highlighting a shift in financial and economic prospects for various firms in the EU and UK. This emphasizes that Brexit comes at a cost for firms, leaving the question of whether or not this cost will prove to be opportune for the management consulting industry.

Hypothesis 1: With growing uncertainty for both clientele and consultants, the disruption of Brexit will negatively affect the management consulting industry in the EU and the UK.

Despite the uncertainty, during 2016 the management consulting industry in the UK grew nine percent, from €5.7 billion to €6.1 billion, hence displaying promise for the industry. From the consultancy side, there was also less worry due to the many benefits that the consulting industry typically enjoys during periods of upheaval. Brexit's uncertainty creates a cost for a variety of firms, but this cost may turn into an opportunity for the management consulting industry. Given that Brexit is a trend towards deglobalisation with the possibility of rising borders – depending on the withdrawal agreement – this may indicate a difficulty of operations for EU- and UK-based firms given changing laws and regulation, as well permissions across new borders that may emerge. Management consultants are well positioned to take advantage of the uncertainty and

regulatory change, and therefore Brexit may translate into increased business for firms that are navigating the new laws and regulations and may need to seek outside counsel (from consulting firms) to help navigate and mitigate changes.

Hypotheses 2: Given that Brexit is a disruption to firms, it provides an opportunity to management consultants to fix the problems, and hence Brexit may have a positive effect on the management consulting industry.

METHODOLOGY

To analyse the impact of Brexit I considered both primary and secondary sources. The primary sources consisted of interviews with four employees working within the management consulting industry, in both UK- and EU-based offices, and in companies ranging from small to Big Four consulting firms. Secondary sources were sourced from academic articles, peer reviewed journals, and books, along with a variety of other academic-based news sources.

It should also be noted that this thesis project began in January of 2020, months before the global pandemic came into full effect. To the extent of this, COVID-19 mandated many new regulations for businesses and institutions globally, such as work from home 27 mandates, economic crisis, supply chain issues, and generally disrupted business-as-usual. As such, these effects have been seen clearly in companies and have overshadowed Brexit. The original hypothesis of this thesis was that there would be a clearer understanding of how Brexit had impacted the management consulting industry, but unfortunately those impacts were muddled by the significant impact of the global pandemic.

Secondary Sources

Secondary sources were mainly found utilizing a comprehensive academic database. These sources included academic articles, peer reviewed journals, and books, along with a variety of other academic based news sourced. These sources mainly were regarding insights to the management consulting industry, such as a worldwide industry report and UK specific insights. There were also articles sourced that discussed

THE EFFECT OF BREXIT ON THE MANAGEMENT CONSULTING INDUSTRY FOR UK AND EU-BASED FIRMS (CONTINUED)

economic impacts of Brexit, which clarified larger market effects that could in turn affect the management consulting industry. Other sources included information on the future of technology and how it can be used to help alleviate business responsibilities and streamline efficiencies.

Primary Sources and Interviews

Interviewees were selected as a convenience sample. There were four interviewees, ranging from Big 4, medium- and small-size consulting firms. The interviews were conducted virtually and were semi-structured; the conversations were fluid yet guided with a predetermined set of questions, shown in the appendix. For almost all interviewees, there were two rounds of interviews conducted using the same set of predetermined questions. The first round was conducted around November-December of 2020 and the second round was conducted in October of 2021. The second round was overshadowed by the global pandemic and did not present any major new findings. As such, this thesis mainly presents results found from round one.

BREXIT TIMELINE

In 2016, a referendum was held where 52% of UK citizens voted to leave the European Union. Coined as Brexit, this vote was fueled by right-wing political pressure and growing concerns from the UK that the EU had been failing to address economic problems developing for nearly a decade. The UK had been a member of the EU since January 1st, 1973 until January 31st, 2020. The Brexit process itself lasted from June 23rd, 2016, until January 31st, 2020. Prior to this catalyst decision, there were growing concerns as to why the UK should leave the EU, including high unemployment rates. Additionally, the rise of nationalism globally contributed to the solution that is Brexit. It can be argued that UK citizens felt mistrust in the EU's priorities and desired a need of control for their institutions, driving a need to leave the union to become independent. There were additional concerns regarding immigration, where many felt that the EU's immigration policies were allowing too many immigrants into the countries. Although there were levels of dissatisfaction amongst UK residents, this exit was a highly polarized topic with 48% of citizens wanting to remain in the

EU. Reasons for staying included freedom of travel and easy trade. Although as the years have progressed, the consequences of Brexit and the policy negotiations of establishing the exit have been far from simple.

Following the referendum vote on June 23rd 2016, there were immediate effects that took precedence. The Prime Minister of the United Kingdom at the time, David Cameron, had been in support of continued membership of the EU. Following the referendum, Cameron stepped down and was followed by Theresa May, a conservative-party British politician. One of her first moves as Prime Minister was replacing the long-time finance minister, George Osborne, a shocking choice in the face of extreme uncertainty. Another effect directly following the referendum was extreme volatility in the economy, with financial markets reading negatively worldwide. This included one of the largest falls of the value of the British pound that had been seen in 31 years. As well, stock prices fell globally. A study from Holger Breinlich on, "The Economic Effects of Brexit: Evidence from the Stock Market" noted that the stock price changes on June 24th of 2016, the first day following the referendum, were best explained by variables capturing firms' dependence on the UK market, and further interpreting those results as evidence that initial market reactions were driven by fears of an economic decline in the UK (Breinlich 2018). There was also a documented shortrun effect on the economy following a speech in October of 2016 by the UK Prime Minister, Theresa May, where she stated that she would enact Lisbon's Treaty's Article 50, formalizing the beginning of the withdrawal process. Following the speech in October, on November 3rd the UK's High Court ruled that British government could not trigger Article 50 without Parliamentary approval. However, in December of 2016, Parliament voted in favour of triggering Article 50 by March 31st, 2017 meaning that Britain would initiate the process of leaving their membership of the EU. The vote was made in a 461 to 89 favour in approving this motion.

In terms of the Brexit process, 2017 proved to be a year of many changes in both policy, leadership, and negotiations. In March of 2017 Prime Minister May notified the European Council of her intent to trigger Article 50 with the UK's departure date set

to be two years later, March 29, 2019. Following this announcement, Prime Minister May called a General Election in April of 2017, hoping to increase Parliamentary majority. The results of the election, on June 8th, 2017, concluded that the Conservatives won the most seats but lost their majority, resulting in a hung Parliament. This led to Conservatives having to rely on the DUP party to govern. Later in June negotiations began, including the establishment of groups for three topics: Britain's outstanding financial obligations to the EU; rights of EU citizens living in Britain and vice versa; and the border between Northern Ireland and the Republic of Ireland. A few days later Prime Minister May confirmed that no EU citizen living (legally) in the UK would be forced to 29 leave. A second round of negotiations began in mid-July where there was progress on the question of the Northern Irish border, as well a position paper published by the British government calling for no additional restrictions for goods already on the market in the UK and EU. Moving to September of 2017, PM May clarified the UK's position of stalling negotiations, while proposing a two-year post-Brexit transition period. Towards the end of 2017, the UK and EU published a joint report on the progress of the negotiations, in agreement to move towards Phase 2 in 2018.

One of the first major points of phase two in 2018 was in June when the European Union Withdrawal Bill received royal assent. Later in August negotiations regarding the Irish border stalled and the government began to draft and publish details of how to prepare for a no-deal Brexit. By the end of the year, Prime Minister May was forced to promise to step down before the next election, due to upsetting backlash in regard to her Brexit deal.

By March of 2019, Prime Minister May fails to have her Brexit deal approved by the House of Commons three times. This also forces delay in the UK's departure date to October 31, 2019. Following the failure of her deal to be passed by the House of Commons, May stepped down as UK Prime Minister in June of 2019. Prime Minister Johnson stepped in and succeeded in getting a new deal. It did not, however, pass Parliament in time, and Brexit was again delayed until January 31, 2020. In December of 2019, Prime Minister Johnson received

Pseudonym	Position Title	Firm Size	Firm Location	Times of Interviews
Interviewee W	Managing Director of Strategic Account at Protiviti	Large	UK	11/13/2020, 10/22/2021
Interviewee X	Partner at Deloitte Legal	Large	UK	12/1/2020, 10/8/2021
Interviewee Y	Senior Manager at Protiviti	Large	EU	12/2/2020
Interviewee Z	CEO of Resilient Changing	Small	UK	12/8/2020, 12/18/2020

THE EFFECT OF BREXIT ON THE MANAGEMENT CONSULTING INDUSTRY FOR UK AND EU-BASED FIRMS (CONTINUED)

a firm majority in Parliament, along with a mandate to withdraw the UK from the EU in January 2020.

The United Kingdom officially left the European Union on January 31st of 2020, both sides agreeing to keep things the same until December of 2020 to allow enough time to agree on the terms of a new deal.

RESULTS

Analysis of Secondary Sources

To better understand the shifting dynamics of how Brexit affected the management consulting industry, I analysed secondary sources year by year. In 2016, a report stated that “Despite short-term uncertainties in the British deal market spurred by the United Kingdom’s decision to exit the European Union, research firm Deloitte believes transactions will pick up in the longer term, especially in the technology, media and entertainment sector” (Farrell 2016). Despite the looming possibility that Brexit could wipe as much as \$1.6 trillion from future mergers and acquisitions, these trade deals were especially favourable for US firms as well. Technology, media, and telecommunications transactions remained resilient, driving both volume and value in deals between UK and US companies (Nahl 2016). These deals were important to management consulting firms, as they provided promise for clientele that often-needed implementation support, which highlights an opportunistic benefit for the industry. The management consulting industry also reaped many short-term benefits from the beginning of the process, as companies scrambled to adapt to upcoming changes in the economy and employment industries. Therefore, consultants were available to provide guiding insights to clientele despite the unknown of the long-term impacts that Brexit could bring to the UK economy.

During 2016 a survey was conducted by Source Global Research regarding the impact of Brexit on the consulting industry in the UK. The consultant correspondents from the survey noted that only 14% of clientele cancelled or postponed projects/services from consultants. Additionally, only 9% of clients mentioned stopping their use of consultants altogether. In contrast, from a consultant’s view, 88% were concerned

that confidence in their business would be negatively affected in the coming years, 58% were worried over job security, and 78% expressed concerns regarding workplace stress. These concerns resulted in a 28% delay in job recruitments and 14% delay in investment decisions, but only 5% noted a postponement or cancellation of services. Comparatively, 28% of clientele had postponed or cancelled management consulting services. As such 42% of consultants expect consulting spend to decrease in the upcoming years as Brexit prevails. Despite concerns from both parties regarding how Brexit will impact the consulting industry in 2016, both clientele and consultants see an increase in demand of services for assistance in Brexit planning, risk management, and strategy. Overall, there was still an overwhelming majority of clientele and consultants that continued to carry on with existing services despite the vote on Brexit. This leads to an initial conclusion that Brexit provided a positive impact and significant benefits for the management consulting industry in the year of 2016.

Expectations began to dramatically change in 2017, when multiple research studies concluded that financial impacts could be devastating to firms not only in the UK, but globally. These conclusions set a negative tone for the management consulting industry since clientele was less accessible, representing a major cost to firms. Considering that management consulting is typically a luxury for companies to use and implement, it can quickly be one of the first to be forgone when there is a tight budget. Another article published in 2017 found that “Executives at money management firms, consultants and pension funds have come to the consensus to not to make any sharp moves as a direct result of Brexit, fearing that there might be more downward pressure on U.K. markets” (Baker 2017).

The dim outlook on the financial markets following Brexit events led to further studying economic implications within the industry. A study from McKinsey (2017) reported multiple findings regarding economic stability, conflicting with previous stated results. One survey cited that 55% of respondents believed that economic stability was better in Europe than previous years, with more positive than negative economic conditions (McKinsey 2017). This report also found

geopolitical instability to be a risk to global economic growth. For Europe, 55% of respondents indicated concern in March 2017, whereas only a few months later in June, this percentage quickly jumped to 71% regarding geopolitical instability as risk to global economic growth. During June of 2017, Prime Minister Theresa May lost her Parliamentary majority and was forced to make a deal with the DUP to stay in power. “Following the general election, May’s reputation crashed, arguably faster than any other in modern British political times”, said BBC’s Laura Kuenssberg (as reported by The Week 2017). This event likely played a major role in the results of the survey regarding geopolitical instability. The main concern from these studies was the risk to the economy in the UK, as changing predictions left industries on edge since there were previously extremely high hopes for the future of Brexit. Despite this, 8,670 thought leadership pieces across all industries were published in 2017, yet only 3% of them were about Brexit.

By 2018, glooming expectations remained at the forefront. The management consulting industry began to publish resources highlighting impacts of Brexit for their own clients. This included an article published by Ernst & Young (EY) stating, “Brexit-related changes could alter existing business models, with possible disruptions to supply chains, longer lines at the border, additional required documentation and higher customs duties” (EY 2018). In this article specifically, EY followed up with suggestions on how to possibly mitigate these impacts, such as testing their supply chains for relevance and efficiency. This change of gears in preparing for the impact of Brexit was a direct contrast to original predictions in 2016 that had high hopes for trade deals in the technology sector for management consulting firms. Other issues that EY highlighted were the possibility of a new customs system, and a human resources challenge. While this article was written from the perspective of clients, issues with work visas and retaining enough human capital in both the UK and EU could significantly affect the management consulting firms themselves and the costs that were bound to occur.

More recently, there have been claims that the management consulting industry has begun to emerge

as a leader in navigating the waters of Brexit, which proves to be promising for the field. As Commetric (2016) explains, “The consulting sector has become a central part of the media conversation around Brexit, as companies and the government have found themselves in a dire need of external expertise”, specifically highlighting the success of EY, KPMG, Deloitte, and Capital Economics. The annual report for 2016 from the Management Consultancy Association highlighted that total fees across the UK consulting industry rose by 7% to £10.6 billion in 2018. This small surge demonstrates success within the industry despite the uncertainty surrounding the withdrawal of the UK. Although a report released from Source Global Research estimated that out of the 51,332 consultants within the top 20 consulting firms (based on revenue) in the UK, that only 328 were Brexit specialists. This is a mere 1% of consultants which highlights that the management consulting industry has not dedicated much specificity to the upcoming change at large. Linking back to initial predictions in 2016, companies are again beginning to make similar conclusions regarding technology deals. TSG released a short article with the findings “Over the past year TSG Consulting has seen an uptake in the number of clients in the chemical, biocide and plant protection sectors coming to us for strategic guidance surrounding Brexit.” It has also been seen that the US is stepping in. It informs that the Great Britain exit from European Union has paved the way for North American companies in Britain for the purpose of financial advice and wealth management planning. Despite changing expectations over the years, as 2019 drew to a close, with the actual withdrawal date around the corner, the process of Brexit had revealed itself to be promising to the management consulting industry, with tech and trade deals at the forefront of expectations.

Analysis of Primary Sources

Interviews with select individuals interviewed regarding their experiences highlight that in addition to significant costs, Brexit also presented a business opportunity. Interviewee W, Managing Director of Strategic Accounts at Protiviti, is based in the UK and shared his concerns and experiences with how the consulting industry had been impacted.

THE EFFECT OF BREXIT ON THE MANAGEMENT CONSULTING INDUSTRY FOR UK AND EU-BASED FIRMS (CONTINUED)

From the beginning, Interviewee W noted that the vast uncertainty shared by clientele and consultants regarding Brexit left the Big Four Consultancy firms, EY, PWC, Deloitte, KPMG, as the main companies focusing on Brexit. From their experiences working with smaller consultancy firms, Brexit proved to be a secondary issue. This was not surprising as larger firms typically have the scope to open a new business sector due to the larger number of resources they have in comparisons to smaller firms. From a cost perspective, smaller management consulting firms did not necessarily suffer significant costs, but larger firms reaped the business opportunities that Brexit created.

As the Big Four had the capacity to specialize in Brexit consultancy, a need for new technology to alleviate and assist emerged. Interviewee Y noted that in his experience with Brexit thus far, that there is a clear and emerging need for new technology, specifically in the risk and development sector, and therefore a growing focus towards building and developing new applications. In the financial services sector, there was a large majority of clients trying to prepare for Brexit implications, particularly looking for solutions to how to move data, which is due to the change of how data is being stored in the UK. There is also a strong focus on tech that allows collaboration in face of borders and regulations. The need for new technology was again not a large surprise since Brexit carried new implications not typically seen in the past. It also was not surprising that there was an emphasis for financial services technology since there is a possibility of changing currencies, taxes, and regulations on spending. Overall, this emerging need demonstrates a business opportunity and benefit for the firms that are in a position to provide it.

Financial services is ahead of the curve in this sense, linking back to the 73% of Big Four Consultancies being focused on this industry. While there is a need for new technology, some companies were still hesitant to invest before a Brexit's deal was made. Interviewee Z shared that over €1.2 trillion in assets in financial services and €8 million in the insurance sector have been moved overseas due to Brexit. While these numbers seem large, there are not many Brexit specific differences in Interviewee Z's company's day to day operations and he does not foresee a big impact long term. There is

also a notable change in demand patterns from his observations, specifically clients looking for higher insurance and greater digitalization which would help in a company's fluidity if Brexit were to heavily impact operations.

This change was driven by emerging policies, laws, and regulations that would impact their clientele directly. A large part of what the Big Four focused on in their consultancy services was predictions, since there was still no exact answer of how the deal would play. This allowed Big Four companies to benefit, by providing a broader strategic insight that could help their clientele navigate through whatever results Brexit imposed. The majority of Brexit specialists within the Big Four were sector focused, with 73% of the activity being driven toward financial services. While this number may seem large in contrast, it is extremely feasible given that these Big Four companies are major global service providers with operations worldwide. Other than the Big Four, there are few companies providing high quality and sector-specific consultancy services/advice regarding Brexit. This is partly because Big Four companies had the financial capacity to hire Brexit specialists, which led to the majority of thought leadership pieces surrounding Brexit and management consulting coming from them.

Interviewee W also noted that Protiviti did not dedicate any special services towards Brexit. Protiviti as a company is a risk-focused consultancy, helping clientele with overall risk in the short or long term. The company also did not find any significant change in amount of clientele in the past years following Brexit, nor in the concerns that their clientele had. This was an interesting note since Protiviti is a large management consulting firm, and it could have been inferred that they would invest in Brexit specialists to assist new clientele that may emerge.

Interviewee X, Partner at Deloitte Legal, discussed how given the changing of borders and free movement within the EU, many larger consultancy firms have changed the location of their headquarters or established dual headquarters in anticipation of regulatory change. He also shared that Brexit has demanded new costs and expenditures to companies. Many clients do not tolerate long waits, which has led

to a need for automation of certain contracts, or in other terms new technology. As well, contract remediation is imposing a new cost for firms focusing on clients impacted by Brexit.

Overall, the interviews highlighted that while Brexit was a concern for some management consulting firms, it was not for all. While the Big 4 fronted the cost of specialization, they were also then able to reap the benefits of Brexit. This left smaller firms not finding a need to create separate business sectors for it but rather utilizing existing sources. As well, there was a strong consensus on a need for new technology, with an emphasis on financial services technology. It was however very surprising that there was not a significant uptake in clientele that needed assistance in navigating Brexit implications. This can also be explained by the concurrent event of COVID-19 displaying more urgent need for attention than Brexit did.

DISCUSSION AND CONCLUSION

While the uncertainty surrounding Brexit implies a cost to many firms, it has also provided an opportunity to some. The initial costs that Brexit presented mainly came from uncertainty, which led to drops in profit as well as hesitation from clientele to enter new business with consulting firms, regardless of size. Yet the other cost was investing in new opportunity for new business, such as recognizing the need for new technology and guidance to mitigate impact – specifically in the financial services sector. Absorbing these costs, while inconvenient at first, provided larger firms with the availability to invest and exploit Brexit as a business. In other words, firms, specifically the Big 4, that had the ability to specialize in catering toward management consulting clientele were able to do so. This was achieved by investing in a new business sector. These new opportunities provided benefits for the companies to emerge as a leader in the consulting industry as Brexit specialists.

Although the cost-benefit structure of Brexit as a business is clear, the management consulting industry as a whole did not suffer significantly from Brexit implementations. Many of the effects I had predicted did end up occurring, such as a need for new technology

and an increase in business, but again those effects were mitigated due to the COVID-19 pandemic. Mainly in part due to COVID-19, it was difficult to identify direct effects from Brexit to Management Consulting firms. Considering COVID-19, it made sense that effects would be difficult to identify but that does not mean they did not occur. It may take, however, many more years to be able to differentiate the trends from Brexit and COVID-19 for the UK and the EU.

THE EFFECT OF BREXIT ON THE MANAGEMENT CONSULTING INDUSTRY FOR UK AND EU-BASED FIRMS (CONTINUED)

REFERENCES

"**Barnes Report:** Worldwide Management Consulting Services Industry Report." Worldwide Management Consulting Services Industry Report, Jan. 2017, pp. 1–140. EBSCOhost, search.ebscohost.com/login.aspx?direct=true&db=bth&AN=120994514&site=ehost-live

Born, Benjamin, et al. "The Costs of Economic Nationalism: Evidence from the Brexit Experiment." *Economic Journal*, vol. 129, no. 623, Oct. 2019, pp. 2722–44. Breinlich, Holger, et al. "The Economic Effects of Brexit: Evidence from the Stock Market." *Fiscal Studies*, vol. 39, no. 4, Dec. 2018, pp. 581–623. EBSCOhost, doi:10.1111/1475-5890.12175

Chau, Vinh Sum. "Performance Management: State-of-the-art and Implications for Europe and Beyond." *European Management Review*, vol. 16, no. 2, Summer 2019, pp. 225–228. EBSCOhost, doi:10.1111/emre.12357

Davies, Ronald B., and Zuzanna Studnicka. "The Heterogenous Impact of Brexit: Early Indications from the FTSE." *European Economic Review*, vol. 110, Nov. 2018, pp. 1–17.

Dorlin, Jules. "How to Turn Brexit's Devastating Impacts into Opportunities?" *PM World Journal*, vol. 8, no. 1, Jan. 2019, pp. 1–13. EBSCOhost, search.ebscohost.com/login.aspx?direct=true&db=bth&AN=134101443&site=ehost-live.

Huang, Ming-Hui, et al. "The Feeling Economy: Managing in the Next Generation of Artificial Intelligence (AI)." *California Management Review*, vol. 61, no. 4, Aug. 2019, pp. 43–65. EBSCOhost, doi:10.1177/0008125619863436

Martill, B. and Staiger, U. (eds). 2018. *Brexit and Beyond: Rethinking the Futures of Europe*. London: UCL Press. DOI: <https://doi.org/10.14324/111.9781787352759>

Nahl, Lexi. "U.S.-U.K. Tech Deals Hold Steady Despite Brexit, Deloitte Says." *Bloomberg.com*, July 2016, p. NPAG. EBSCOhost,

Nicholas. 2019, *The Impact of Brexit on UK Firms*, <https://haas.berkeley.edu/wp-content/uploads/Theimpactofbrexitonukfirms.pdf>. Accessed 2022.

Sampson, Thomas. "Brexit: The Economics of International Disintegration." *Journal of Economic Perspectives*, vol. 31, no. 4, Nov. 2017, pp. 163–84

Source Global Research. "Assesing the Impact of Brexit on the UK Consulting Industry." Source Global Research, July 2016, <https://reports.sourceglobalresearch.com/report/download/2319/full/Assessing-the-impact-of-Brexit>.

UK Consulting Industry Platform." *Consultancy.uk*, 2016, www.consultancy.uk/consultingindustry/united-kingdom.

APPENDIX: INTERVIEW QUESTIONNAIRE

Below are the questions that guided the semi-structured interviews:

- What changes have you seen within your company and the management consulting industry as a result of Brexit?
 - Are these changes in clientele?
 - Has there been a change in amount and type of clientele?
 - Have you been able to identify any economic changes that contribute to a difference in business operations?
- What do you think are key factors driving the shift towards technology deals?
 - Do you believe they are economic factors?
 - What specific sectors are driving the trend?
 - What type of projects are they?
 - Is it a trend towards big data? Risk mitigation? Tech optimization?
 - What is the underlying business value?
 - Is it a result of government/law changes or is the

driver that Brexit has created or shut down a market that drives these values?

- Have you seen a difference in use of technology to automate processes?
 - What type of technology is being used to adapt to changes in the industry?
 - What sectors of the business are they mostly being used in?

WHAT JOKES CAN TELL: A TOP 5 OF ETHICAL TRANSGRESSIONS IN CONSULTING

Onno Bouwmeester, Durham University Business School & Vrije Universiteit Amsterdam

ABSTRACT

In studies on consultant ethics clients are usually portrayed as their potential victims. However, in newspapers a different story can be found, when journalists report cases where clients and consultants have been partners in crime. To better map the common ethical transgressions in consulting, this study presents a top five based on interviews with consultants. In addition, the study illustrates these common transgressions with public jokes, found on the internet. The findings show how clients are not the only, and certainly not the most vulnerable stakeholder. Client interests are relatively well acknowledged in consultancies' codes of conduct, and much more so than for example those of client staff, or junior consultants. This study contributes to consultant practice by emphasizing how consultant ethics should acknowledge more stakeholders than only clients. Likewise, it flags the issue of consultant independence, as it is consultants second most reported ethical challenge. The study contributes to the business ethics literature by demonstrating the illustrative value of business jokes in pointing at common ethical transgression, complementary to the less common and more severe cases journalists report about.

INTRODUCTION

While the literature on consulting ethics is rather nascent, there are a couple of consultant studies focusing on ethics. In these studies, as well as in consultants' codes of conduct, the emphasis is on clients. They are portrayed as the potential victims of unethical consultant behaviours. However, in the newspapers a different story is told when journalists report how clients and consultants have been partners in crime.

Big four (Deloitte, EY, KPMG and PwC) and big three (Bain, BCG, McKinsey) consultancies figure prominently in various scandals reported by journalists. For instance, they help their clients with finding loopholes in the law. Journalists of ICJ (2014:

<https://www.icj.org/investigations/luxembourg-leaks/big-4-audit-firms-play-bigrole-offshore-murk/>) report tax avoidance practices based on the Lux Leaks. Tax advisors of all big four consultancies were involved. Another example is the Purdue Pharma case leading to McKinsey's highest ever settlement. McKinsey was held responsible for the many overdose deaths (estimated are 450.000 deaths between 1999-2018 in the US) of the very addictive OxyContin painkiller, as McKinsey had helped in boosting sales of the drug (BBC News, Feb. 4, 2021: <https://www.bbc.com/news/business-55939224>). Other examples relate to working for corrupt government officials like Isabel dos Santos in Angola (BCG, McKinsey and PwC) or restructuring the South African Revenue Service (SARS) in South Africa under president Zuma, where Bain was complicit in the resulting scandal, and had to settle (Financial Times, Oct. 9, 2018: <https://www.ft.com/content/f6de62e6-cbb7-11e8-9fe5-24ad351828ab>).

The consulting literature hardly pays attention to this partner in crime phenomenon. The main focus is on how consultants sometimes deliver a service that is not up to their professional standards. The professional values of consultants are articulated in codes of conduct such as published by FEACO (European Federation of Management Consultancies Associations) or IMC USA (Institute of Management Consultants USA) and they focus on protecting the client. The consulting literature follows these principles in its critical analysis.

A first ethical issue discussed in the literature relates to consultants' lack of expertise, and the devastating consequences this may have for clients (Bouwmeester and Stiekema, 2015; McKay, 2000; Sturdy, 2009). Second, consultants are criticized for being dishonest, overconfident, and one-sided as well as unreliable in not living up to their contracts (Allan and Davies, 1993; Bouwmeester, 2013; O'Mahoney 2011; Redekop and Heath, 2007). Third, consultants are questioned for insufficiently considering client interests compared to their own, and when they do, they often see the client rather narrowly, thus overlooking wider stakeholder interests (Bouwmeester and Kok, 2018; Krehmeyer and Freeman, 2012; Poulfelt, 1997). Fourth, it is mentioned how their professional independence as well as other professional virtues can become jeopardized (Shaw,

2020). The first three issues (sufficient qualification; contract clarity; and ethics/attention for client interests) are covered by the FEACO code of ethic, while the IMC USA code of ethics also includes guidelines regarding professional independence. The overall focus in the studies is on ethical issues in the consultant client relationship.

Given these perspectives on consultant ethics voiced by professional organizations, journalist and academics, a question that can be asked is how individual consultants reflect on ethical challenges in their work, and what we could learn from business jokes. Indeed, some studies have noticed the prominent role of business jokes in criticizing unethical consultant behaviours (cf. Bouwmeester 2013; Bouwmeester and Kok, 2018; Bouwmeester and Stiekema; 2015).

When analysing interviews with consultants about what they experienced as the most challenging ethical situation in their work, and categorizing the challenges they mentioned, I found that many of these challenges were reported repeatedly. Based on their frequency, I created a top ten of such ethical challenges in Bouwmeester (2023) and this top ten is illustrated with critical consultant jokes found on the internet. In this article I will focus on the top five, while reflecting on the question what we can learn from the jokes and interviews about interests of affected stakeholders, next to the client.

A TOP FIVE OF ETHICAL TRANSGRESSIONS ILLUSTRATED WITH JOKES

The top five ethical challenges are based on 75 interviews out of 126 interviews. They were experienced by a sample of predominantly Dutch consultants, many of them in more junior roles. The remaining 51 interviews cover the other issues in the full top ten, and some challenges only incidentally mentioned. The five most mentioned ethical transgressions are summarized in Table 1, as well as the number of interviewees that saw this as their main challenge.

Table 1: Overview of a top five of ethical transgressions in consulting

Type of ethical transgression:	Times reported
1. Being detrimental to client staff	22
2. Jeopardizing professional independence	15
3. Overbilling and selling juniors as seniors	15
4. Fake it till you make it	12
5. Being engaged in unnecessary work	11

Below, each of the top five of these transgressions is first explained based on what the interviewees have told. Then, using a sample of almost 100 critical consultant jokes found on the internet, jokes are selected that illustrate each of the ethical transgressions. Next, the illustrative aspects of the jokes are interpreted.

1. Being detrimental to client staff

Interviewees have mentioned most often the risk of acting detrimentally to the staff in a client organisation through their consultancy work. It is a stakeholder that often pays, while getting little attention in the codes of conduct, or in the consulting literature. Interviewees report situations where clients ask consultants for an opinion on individual employees, when this is not part of the assignment. Consultant reactions range from asking to formally extend the scope of the assignment to accommodate this, to sticking to the original terms of reference. Consultants are not keen to assess employees behind their back, however they see if an employee or manager is not functioning well. A reported concession was to express in very general terms where problems in a department originate, so that clients can draw their own conclusions. Another reported solution has been to offer training to an entire management team and not just the problematic manager. However, consultants report they give in to such client requests sometimes, at the cost of the employees.

A similar dilemma occurs when organisational and employee or other stakeholder interests do not align well with each other. Examples given in the interviews are automation and rationalisation projects. Often well-functioning employees have to leave, while machines or IT systems take over. It is a problem of all times for consultants, but it is never fun, and it requires careful

WHAT JOKES CAN TELL: A TOP 5 OF ETHICAL TRANSGRESSIONS IN CONSULTING (CONTINUED)

balancing of the various stakeholder interests. The issue is that not every innovation is beneficial from the point of view of the wider client system, although consultants can make money with it. And indeed, they often do.

Illustrative jokes

In the research sample many consultant jokes criticize the consultant role as it relates to client employee interests. Below three examples are selected, the first two showing employee anger, when thinking about consultants. The third is ridiculing the rationalisation routine as a one size fits all approach, suggesting many employees will lose their jobs without a real need.

Did you hear that the post office just recalled their latest stamps? They had pictures of consultants on them...and people couldn't work out which side to spit on.
(www.infolanka.com/jokes/messages/1581.html)

Why are consultants like nuclear weapons? If one side has one, the other side has to get one. Once launched, they cannot be recalled. When they land, they screw up everything forever.
(www.infolanka.com/jokes/messages/1581.html)

There was a glass of water on the table... One man says, "It's half full". He is an optimist. Second man says, "It's half empty". He is a pessimist. Third man says, "It's twice too big". He is a management consultant.
(<http://nowthatisfunny.blogspot.com/2005/10/jokes-about-consultants.html>)

Interpretation

The first two jokes are targeting consultants, indicating employee anger. It is not difficult to imagine how employees can feel being a victim of what consultants have done to them. Client staff feel their interests are ignored. They may then share such jokes among each other to express their discontent about consultants. What consultants do, implies violations of the principles of ethics (FEACO code of ethic) or integrity (IMC USA code of ethics), but these principles stay very generic. Employee interests are also under pressure in the third joke on rationalisation, indicating organisations are

always too big. The efficiency focus is what consultants are famous for. They downsize organisations, replace people by IT systems and suggest outsourcing. As a result, people lose their jobs, and they hold consultants accountable. The paying client is partner in crime, by giving this assignment. Employees are the adversely affected stakeholder.

2. Jeopardizing professional independence

A feeling of consultants being manipulated when preparing their assignment conclusions is number two in the top five. There are two ways this may happen. The first is that clients want to hear a certain outcome for which the grounds are insufficient. Consultants say that they usually stay strong in such cases. However, they sometimes give in if the alternative a client prefers is not too far behind in terms of supportive evidence, impact, or benefits. Another reason to make an exception is when a consultant does not agree professionally with the client's preferred approach, but when the relationship with the client is given more weight.

A second pressure on independence comes from personal relationships between a consultant and client that may arise during the assignment, or that already existed before the assignment. Given examples are getting drunk together, making friends, and entering into a love affair. In the case of an existing friendship, one consultant discussed a request for help with improving business operations, including ending a practice of tax evasion. Phasing out this illegal practice meant this consultant was prepared to temporarily accept this practice on the strength of the relationship with that client. The stakeholder under pressure is a more senior consultant with direct client contact, and maybe the wider client system as well.

Illustrative Jokes

Related to professional independence and inappropriate client influence the jokes below address several issues with objectivity or malleable professional judgement. It is a more subtle kind of joking than in the earlier jokes, but again professional standards of independence are violated.

From: Consulting Revisited

- In case of doubt, make it sound convincing.
- If you consult enough experts, you can confirm any opinion.
(<http://nowthatisfunny.blogspot.com/2005/10/jokes-about-consultants.html>)

From: Consultant or Prostitute?

- Creating fantasies for your clients is rewarded.
(www.caseinterview101.blogspot.com/2014/04/how-big-4-employees-are-likeprostitutes.html)

Interpretation

The selected jokes criticize how clients can manipulate consultants. The last line in 'consulting revisited' is quite telling: clients know how to get the outcomes they want. Also, sexual relationships between consultants and clients are addressed in several jokes in the sample, with consultants always in a more dependent role. These jokes read like insider jokes and are somewhat self-derogative. It is not clients or client employees who suffer here. Where independence is an issue, character is criticized, which makes the criticism foremost virtue ethical. Independence is addressed in the IMC USA code of ethics, but not in the FEACO code of ethic. Still, it must be noted that this transgression ranks very high in the top five of most mentioned ethical challenges. The client is the dominant partner in crime, while the consultant is (made) complicit.

3. Overbilling, and Selling Juniors as Seniors

Many consultants interviewed told they often know up front they cannot deliver on everything they or their bosses promised in the proposal. Still, when closing the deal consultants give the impression they can. Consequently, they suggest in the contract they will spend more hours or deliver more than they really plan to do. One example given by several junior consultants, is how their CVs have been pimped in a proposal to support a higher fee. Next to that, juniors often execute work that, according to the proposal, was intended for a senior. Although contracts usually indicate that the project team cannot be guaranteed, junior consultants

have to walk on their toes in such cases. They are the stakeholder that suffers the consequences. Clients may suffer as well from overbilling practices, but their interest is already fairly well acknowledged in the codes of conduct.

Illustrative Jokes

The jokes below illustrate how consultants are seen as billing more hours than they usually deliver, and next to this that partners drop tasks on the desk of juniors who are not yet qualified for such work.

St. Peter

A contractor dies on in a fishing accident on his 40th birthday and finds himself greeted at the Pearly Gates by a brass band. Saint Peter runs over, shakes his hand and says "Congratulations!" "Congratulations for what?" asks the contractor. "Congratulations for what?" says Saint Peter. "We are celebrating the fact that you lived to be 160 years old." "But that's not true," says the consultant. "I only lived to be forty." "That's impossible," says Saint Peter, "we added up your time sheets."
(www.infolanka.com/jokes/messages/1581.html)

A Partner in a large consulting firm and a more junior colleague decide to go on a weekend trip hunting bears. They arrive at their small log cabin set in a clearing deep in the forest. The Junior Consultant starts to prepare a simple meal for them in the kitchen and begins to set up the range of equipment he has brought along for the bear hunt.

The Partner drops his bags and immediately disappears out the front door of the cabin; he is gone for about an hour.

Suddenly, the Partner comes running at full speed out of the trees, back across the clearing and straight in through the front door of the cabin, with a huge grizzly bear just a few paces behind him.

As he disappears out the back door he yells over his shoulder at the Consultant "OK, You skin this Beauty, I'll go get us another!"
(www.reddit.com/r/consulting/comments/5xpwbz/best_jokes_about_consultants/)

WHAT JOKES CAN TELL: A TOP 5 OF ETHICAL TRANSGRESSIONS IN CONSULTING (CONTINUED)

Interpretation

The first joke criticizes the practice of overbilling which is linked to reliability, transparency and contract clarity in codes of conduct. Consultants do not live up to what they promise in their contracts. Still, codes of conduct do address this issue. In the second joke the bear represents a new assignment, and the partner is doing what you could call acquisition, while the junior is left to kill and skin the bear. It means the junior is executing a very difficult assignment, without senior colleagues to give support. It is a rather common experience among juniors. If they cannot manage, clients will feel the consequences as well, but it is mostly the juniors who pay. The jokes read like insider jokes. They express very intimate knowledge, that outsiders do not know first-hand. The jokes and interviews illustrate an overlooked ethics problem in the codes of conduct, affecting junior consultants as over-tasked stakeholder.

4. Fake it Till You Make it

Consultants often suggest they have more experience, expertise, and capacity than they really have. Or consultancies are willing to take on more projects than capacity allows for. If all projects start, it means serious capacity problems. Bluffing then seems a second nature of consultants. They over-promise in their proposals, and then try to catch up during the assignment. They explain with great pride how this usually works out, when they invest many more hours of work than they agreed on in the contract, but they also learn while getting paid. Still, junior consultants report how they struggle and feel insecure. In one case a consultancy never did a similar assignment before, still claiming they were qualified, and the client accepted. The consultants were able to catch up in time. In other cases, they became a project manager without any experience, or they gave a workshop on digitisation with only basic expertise. Then they had to fall back on the formula: "good question, we'll come back to that later". Others told they had to replace a senior manager during a board meeting at the client's site due to a car breakdown, and they did the best they could, but they really felt under qualified. Consultants have also agreed on 'milestones' in a contract while they knew they could never achieve them, hoping for a good overall ending.

Mostly such bluffing works out well, but sometimes the risks for a client are really high. And consultants do also pay a price for their bluffing, as they have to make up for their lack of knowledge and expertise with overtime and extra engagement. However, those who bluff and over-promise are often higher in the hierarchy than those who make it work.

Illustrative Jokes

There are many jokes in the sample related to lack of expertise. The fake it till you make it practice means that expertise can be matched in the course of the assignment. Selected jokes illustrate how consequences of this practice spill over into work-life conflicts, given the huge time investments that are demanded to live up to the bluffing:

From: *Top Ten Ways to Know You've Got the Consulting Bug*

- Constant urge to give advice on subjects you know nothing about.
- A two-page story in *Business Week* is all it takes to make you an expert.
- Firmly believe that an objective viewpoint means more than any real work experience.
- Tired of having a social life beyond work.

(www.organisationalpsychology.nz/_content/_jokes/isconsultants.html)

Wife or Mistress

A lawyer, a doctor and a management consultant were discussing the relative merits of having a wife or a mistress.

The lawyer says: "For sure a mistress is better. If you have a wife and want to divorce, there are a number of complex legal problems to resolve and it will probably be very expensive."

The doctor says: "It's better to have a wife because the sense of security and well-being lowers your stress and your blood pressure and is good for your health."

The management consultant says: "You're both wrong. It's best to have both, so that when your wife thinks you're with your mistress, and your mistress thinks

you're with your wife -- you can go to the office and get some work done."

(<https://managementconsulted.com/about/consulting-jokes/>)

Interpretation

The first joke indicates how expertise often lacks when consultants start or sell an assignment. Both jokes illustrate how consultants are willing to go the extra mile. That means, consultants pay the price in terms of reduced private life, due to the high work demands. In the fake it till you make it category a project ends well for the client, due to massive learning investments made by consultants, so no real harm is done to the client. Still, consultants do operate in the grey zone of their codes of conduct. While they could argue they have the experience and skills to catch up in time, they are not honest or transparent about this. In contrast, they are reckless when taking risks a client would not like them to take. The critical jokes are written in the second person and read like insider jokes. This makes sense, as outsiders do not really notice what risks they have been subject to. While client interests are covered in the codes of conduct, interests of consultants who do the work in such projects are not well addressed.

5. Being Engaged in Unnecessary Work

Consultants sometimes struggle with assignments that they feel will lead nowhere, especially in change projects. The client wants to pay, but consultants feel useless. For example, in one case consultants gave their client a sense of security after an IT migration by just staying, just in case something might go wrong. A big team of consultants did nothing for weeks. Another example is a customer who wanted to implement a change process against the will of the involved employees. How long do you go on with that, very well knowing the project is going to fail in the end? Or, in preparation for a change process consultants made an analysis with suggestions for a roadmap, while the will to change was insufficient from the start. Such assignments provide revenues, but they generate very little added value for a client organization as a whole. However, when the paying client asks for this, it is tempting to suggest you sympathize with their problem,

and to propose how you can help. And it is easy to stretch such projects at the expense of clients, who do not understand the real problem they are struggling with.

Illustrative Jokes

Many business jokes in the sample picture consultants earning money without really helping clients or without adding much value. The selected jokes criticize this reality in different ways.

It takes two things to be a consultant - grey hair and hemorrhoids. The grey hair makes you look distinguished and the hemorrhoids make you look concerned.

(www.pinterest.com/pin/280560251758981648/)

What do consultants do when they see light at the end of the tunnel? Sell more tunnel.

From: *Top Ten Things a Consultant Shouldn't Tell a Client*

- I could just tell you the answer, but we're committed to a three-month project.

Interpretation

Jokes like these indicate how consultants extend projects within the scope of a contract, also if they could have sold the solution in less time. It is part of their business model to be opportunistic. The jokes show both a critical first-person voice (insider perspective) and a 'third person' outsider perspective. It seems the practice is noticed by clients. Still, the more senior consultants that are responsible for the deal may feel they operate within their contract, and also the codes of conduct leave sufficient room for this, as it is fully transparent and agreed on. Clients even co-create this problem, while consultants exploit the opportunities. Still, the consultants working on such projects report feelings of uneasiness, as they could have generated the same added value for clients at much lower costs. The stakeholder that suffers the consequences may be the client organization as a whole, or the shareholders.

WHAT JOKES CAN TELL: A TOP 5 OF ETHICAL TRANSGRESSIONS IN CONSULTING (CONTINUED)

The paying client seems to be a partner in crime in some cases, but looks in other cases rather incompetent.

DISCUSSION AND CONCLUSION

Clients and Consultants as Partners in Crime

While codes of conduct focus on the consultant-client relationship, and in particular on the primary client who pays, who owns the problem and who is mentioned in the contract between consultant and client (cf. Schein, 1997), consultant ethics should include more stakeholders (cf. Krehmeyer and Freeman, 2012). The jokes and interviews mentioned above provide much evidence for this call, just like investigative journalists. In a wider stakeholder configuration, it happens more often that consultants and clients find each other in how they positively assess what consultants do, while employees look at this differently (cf. Bouwmeester and Stiekema, 2015). While primary clients need to be protected in codes of conduct against consultants sometimes, when clients and consultants become partner in crime the wider client system needs protection. Being detrimental to client staff is even the most mentioned issue consultants struggle with, and codes of conduct do not really protect third parties, as client interests usually come first. Junior consultants, or other consultants lower in the hierarchy are mentioned as well as affected party (cf. Bouwmeester and Kok, 2018). There is much room for further research on consultant ethics, by looking at third parties, and the various stakeholder role configurations in cases where consulting practices have become unethical. One such role configuration is that consultants and clients become partner in crime.

FEACO Code of Ethic and Consultants' Struggles With Independence

Given the high ranking of independence struggles among consultants, FEACO would be well advised to say something about the importance of independent judgement in the FEACO code of ethic. When comparing codes of ethics, it stands out that the FEACO code does not address professional independence well. It is a key value in the IMC USA code of ethics, and also in the code of conduct of the Dutch consultant associations ROA and OOA.

Currently under the heading 'ethics' on the FEACO website it states:

"The consultancy shall at all times maintain the highest ethical standards in the professional work undertaken and, in matters relating to a client's affairs, act solely in the interests of the client."

(<https://www.feaco.org/about-feaco/code-of-ethic/>)

Based on a narrow understanding of who the client is, consultants have engaged in tax evasion as evidenced by the Lux Leaks, irresponsible marketing campaigns (OxyContin scandal), or serving corrupt government officials. Such acting in the interest of clients is only the top of the iceberg reported by journalists. Indeed, the FEACO code of ethics can be read in a way that supports such practices: tax evasion relates to client affairs, and is in the interest of the client, as is boosting sales. However, consultants would do well to pay more attention to the wider client system, and that, foremost, requires independent moral judgement.

Business Jokes and Business Ethics

Overall, the illustrative value of the selected jokes in combination with the ethics cases mentioned in the interviews is high. Explanations for this can be found in Bouwmeester (2023), based on humour theory (McGraw & Warren, 2010; Veatch, 1998). The illustrative value of critical business jokes creates various possibilities for studying business ethics, for instance, by using them when doing interviews on ethical transgressions. Such methodological possibilities are further discussed in Bouwmeester (2023).

REFERENCES

- Allen, J., & Davis, D. (1993). Assessing some determinant effects of ethical consulting behaviour: The case of personal and professional values. *Journal of Business Ethics*, 12(6), 449-458.
- Bouwmeester, O. (2013). Consultant jokes about managing uncertainty: Coping through humour. *International Studies of Management & Organization*, 43(3), 41-57.
- Bouwmeester, O. (2023). Business Ethics and Critical Consultant Jokes: New Research Methods to Study Ethical Transgressions. Springer, Cham.
- Bouwmeester, O., & Kok, T. E. (2018). Moral or dirty leadership: A qualitative study on how juniors are managed in dutch consultancies. *International Journal of Environmental Research and Public Health*, 15(11), 2506.
- Bouwmeester, O., & Stiekema, J. (2015). The paradoxical image of consultant expertise: a rhetorical deconstruction. *Management Decision*, 53(10), 2433-2456.
- Krehmeyer, D., & Freeman, R. E. (2012). Consulting and ethics. In *The Oxford handbook of management consulting* (pp. 487-498). Oxford: Oxford University Press.
- McGraw, A. P., & Warren, C. (2010). Benign Violations: Making Immoral Behavior Funny. *Psychological Science*, 21(8), 1141-1149.
- McKay, R. B. (2000). Consequential utilitarianism: Addressing ethical deficiencies in the municipal landfill siting process. *Journal of Business Ethics*, 26(4), 289-306.
- O'Mahoney, J. (2011). Advisory Anxieties: Ethical Individualisation in the UK Consulting Industry. *Journal of Business Ethics*, 104(1), 101-113.
- Poulfelt, F. (1997). Ethics for management consultants. *Business Ethics: A European Review*, 6(2), 65-70.
- Redekop, B. W., & Heath, B. L. (2007). A Brief Examination of the Nature, Contexts, and Causes of Unethical Consultant Behaviours. *Journal of Practical Consulting*, 1(2), 40-50.
- Schein, E. H. (1997). The concept of "client" from a process consultation perspective: A guide for change agents. *Journal of Organizational Change Management*.

Shaw, D. (2020). Aristotle and the Management Consultants: Shooting for Ethical Practice. *Philosophy of Management*, 19(1), 21-44.

Sturdy, A. (2009). Popular critiques of consultancy and a politics of management learning? *Management Learning*, 40(4), 457.

Veatch, T. C. (1998). A theory of humour. *Humour-International Journal of Humour Research*, 11(2), 161-216.

Websites
FEACO Guidelines for Professional Conduct - FEACO
European Federation of Management Consultancies
Associations IMC USA Code of Ethics

ICMCI 2022 NCI PROJECT

Dr. Simon Haslam, Alan Blackman,
Tamara Abdel-Jaber, & Claire Carey

ABSTRACT

The International Council of Management Consulting Institutes (ICMCI) National Consulting Index (NCI) project was initiated in 2017. The project aims to identify the key conditions which help explain the relative strength of a country's management consulting sector, and use these data to provide reasonable estimates of any country's management consulting sector (\$m) where this is not known.

The paper has two parts. The first shows the numerical data using the NCI formula and data from 33 national Institutes of Management Consulting (IMC). The second summarises the national trends and dynamics of the management consulting market in these IMC countries. It is presented as a resource for practitioners and researchers seeking to better understand the management consulting industry around the world.

INTRODUCTION

The International Council of Management Consulting Institutes (ICMCI) National Consulting Index (NCI) project was initiated in 2017 (Haslam et al, 2018). The project aims to identify the key conditions which help explain the relative strength of a country's management consulting sector, and use these data to provide reasonable estimates of any country's management consulting sector (\$m) where this is not known.

The 2022 NCI project drew on reference data from Source Global Research and the refinement of the NCI algorithm via regression analysis using data on Gross Domestic Product, with global indices on culture, e-government/technology adoption, corruption, creativity and innovation (Haslam 2022). The 2022 NCI project also benefited from input from 33 national Institutes of Management Consulting (IMCs) within the ICMCI. The work of the ICMCI executive in providing the support for this study is appreciated, as is the contribution of each IMC.

This paper summarises the numerical and qualitative

information from the study. As such it probably represents the world's most expansive publicly available outline of the global management consulting industry. The paper has two parts. The first shows the numerical data using the NCI formula and data from the respective IMCs. The second summarises the national trends and dynamics of the management consulting market in these IMC countries. It is presented as a resource for practitioners and researchers seeking to better understand the management consulting industry around the world.

MARKET SIZE

For the first part of the project, NCI collected data on market size for 2020 (the most recent year for which NCI datasets are complete) from the responding countries. Table 1 below breaks down that data by showing the estimate of the national management consulting market derived by the NCI calculation, plus the management consulting market value estimate from each IMC. Where IMCs have offered their own estimate of management consulting market size, the data sources are footnoted.

Table 1: NCI Market size sheet

Country	NCI-derived estimate (\$m)	IMC's own estimate (\$m) – see endnotes for data source
Armenia	5.9	30.0 ¹
Australia	4,790.3	43,400.0 ²
Austria	971.1	7,274.5 ³
Bangladesh	62.3	No Data ⁴¹
Brazil	1,227.7	1,227.7
Bulgaria	61.0	No Data
Canada	5,282.6	16,000.0 ⁵
China	11,371.96	14,910.0 ⁶
Croatia	49.7	49.7 ⁷
Cyprus	No Data	30.0 ⁸
Finland	834.8	456.8 ⁹
Germany	12,005.6	38,800.0 ¹⁰
Hong Kong	214.3	4,812.0 ¹¹
Hungary	365.6	550.0 ¹²
Kosovo	Np Data	60.0 ¹³
India	2,471.9	2,471.9 ¹⁴
Iran	154.9	110.0 ¹⁵
Ireland	1,216.3	1,216.3
Israel	897.7	No Data ¹⁶
Italy	4,344.9	5,189.4 ¹⁷
Japan	16,606.9	11,325.0 ¹⁸

Jordan	17.6	No Data ¹⁹
Kazakhstan	74.6	No Data ²⁰
Lebanon	16.0	No Data
North Macedonia	5.8	No Data ²¹
Netherlands	2,078.9	2,078.9
New Zealand	666.5	666.5
Nigeria	104.9	6,050.0
Philippines	255.9	225.9
Romania	186.0	685.2 ²²
Russian Federation	3,179.3	2,600.0 ²³
Serbia	31.2	31.2
Singapore	626.4	3,923.8
South Africa	447.7	447.7
South Korea	4,086.5	No Data ²⁴
Sweden	2,050.2	No Data
Switzerland	2,745.8	No Data
Thailand	253.9	253.9
Turkey	654.4	730.3 ²⁵
Ukraine	91.7	No Data
United Kingdom	9,574.6	18,485.3
United States	95,754.8	84,000.0 ²⁷
Zimbabwe	No Data	151.3

- National Statistics Agency
- IBISWorld
- Note – [Austria] estimate given in Euros (€3.7B). Conversion made using data from <https://www.exchangerates.org.uk/EUR-USD-spot-exchange-rates-history-2020.html>
- Chairman of IMCB. Note – suggests NCI value is an underestimate (no alternate value given). This is based on sources of 6% GDP growth during Covid, and being one of the fastest growing economies in Asia.
- IBISWorld
- Survey of CEC committee members
- NACE Class 70.22
- [No source given]
- Note – [Finland] estimate given in Euros (Finland). Conversion made using data from <https://www.exchangerates.org.uk/EUR-USD-spot-exchange-rates-history-2020.html>
- National "Facts & Figures" annual study
- HK Trade Development Council (HKTD/C)
- Based on historical exchange rates
- [No source given]
- ICMCI NCI Global Report
- Based on currently available data
- Suggests NCI value is an overestimation (no alternate value given).
- Note – [Italy] estimate for 2021 given in Euros (€5.1B) with increase from 2020 (+10.9%), equating to a 2020 value of €4,544.1m. Conversion made using data from <https://www.exchangerates.org.uk/EURUSD-spot-exchange-rates-history-2020.html>
- Note – Value range was given. \$m10,500 from IDC - \$m12,150 from JPY-USD exchange ratio. The mean value was listed for simplicity.
- Suggests NCI value is an underestimation (no alternate value given).
- [Kazakhstan] has not completed a market estimate since 2017 so does not have a new value to share.
- Unable to confirm NCI value – do not obtain any statistics for the specific declaration of 'management consultancy'
- According to annual study. Note – [Romania] value given in Euros. Conversion made using data from <https://www.exchangerates.org.uk/EUR-USD-spot-exchange-rates-history-2020.html>
- RAEX agency data
- Note – suggests NCI value may be an overestimation by half (approximation). This may be due to a difference in defining market areas between the two calculations.
- 11th development plan of Turkish Ministry of Development
- MCA annual industry report. Note – [UK] value given in pounds. Conversion made using data from <https://www.exchangerates.org.uk/GBP-USD-spot-exchange-rates-history-2020.html>
- USDL – Bureau of Labor Statistics

MARKET TRENDS

The 2022 NCI global survey received 33 responses to the survey question on data for 2021 market growth. Regarding the countries' management consulting market trend in 2021, 22 countries, shown in Table 2, indicated a growth during 2021. This suggests that over 60% of the countries increased revenue, despite the ongoing effects of Covid-19.

Table 2: List of countries indicating market growth in 2021 compared to 2020

Armenia	Japan
Australia	Jordan
Austria	Kazakhstan
Bangladesh	Netherlands
China	New Zealand
Croatia	Philippines
Germany	Romania
Hong Kong	Russia
Kosovo	Thailand
Iran	UK
Italy	USA

This growth was due to a variety of factors including: social cognition and recognition of the management consulting industry, more extensive service content, and enhanced competitiveness of enterprises (China); boosted projects co-funded by EU, investing, and generating [increased] income on foreign markets (Croatia); enhanced liberalization measures (Hong Kong); increasing demand for services, taking into consideration external factor such as: digitalization, economic boost and business resilience (Kosovo); improving pandemic conditions, and new opportunities as companies seek to restructure, acquire other assets, and consolidate in the industry (Philippines); and diversification of services (Romania).

In contrast, six of the countries (18%) expressed a decrease in revenue including: Finland, Hungary, India, Nigeria, Serbia, and Zimbabwe. Most of these six noted that the decline was either wholly or in part due to lingering effects of the Covid-19 pandemic, and/or triggered by the ongoing war in Ukraine. Other reasons included a decline in exchange rates (Hungary), and rising incidence of national terrorism (Nigeria). It was also noted by Zimbabwe that despite a 10% revenue decline, there was a slight increase in practitioners.

ICMCI 2022 NCI PROJECT (CONTINUED)

Finally, seven countries (21%) either indicated that either their consulting markets neither increased nor decreased in 2021, or did not have the information to provide a concrete answer (Israel). For example, despite the negative effects of the pandemic, Cyprus, Ireland, North Macedonia, South Korea, and Turkey all indicated neutral markets overall in 2021. South Korea in particular discussed how 2021 saw a "[significant] contraction in corporate activities" due to Covid-19, but "there were complementary measures in the consulting area to overcome this contraction". This allowed for an overall growth neutrality throughout the year. These 'complementary measures' included government promotion of, and government-led consulting support projects; revitalizing consulting in the block chain economy and Metaverse despite an overall decrease in management consultants; and continued growth for SME management consulting from previous year(s). In contrast, Canada noted that their industry report did not cover 2021 growth so was unable to give a direct response, but did extend growth projections over the following five years due to economic recovery following the pandemic. Further information including full responses from each country is provided in Appendix 1.

REFERENCES

Haslam S, Bodenstern R, Abdel-Jaber T (2018)
Towards the Consulting Readiness Index, Management Consulting Journal volume 1 issue 2

Haslam S, (2022) Developing the National Consulting Index: an update on how to estimate the size of national management consulting sectors, Management Consulting Journal volume 5 issue 2

APPENDIX I: RESPONSES TO THE NCI GLOBAL SURVEY

Below are direct responses from the Institute of Management Consultancy of each referenced country, based on the following question from the survey: "Do you believe [country's] management consulting market grew/declined/stayed the same during 2021?"

Austria - We know that the management consulting market grew 10 percent in total revenue figures compared to 2020.

Australia – We believe that it grew during 2021, particularly for smaller consultancies. The trend may not have been the same for the big consultancies who reported shedding staff during that time. However, micro, small and medium consultancies appear to have been very busy during 2021.

Armenia - I believe Armenia's management consulting market developed during 2021 and the turnover raised.

Bangladesh - Yes, it has been growing so far since many development activities are ongoing at public and private sector

Canada - Our industry report did not address 2021 industry growth (only references that growth slowed in 2019 – However, from the same report referenced above: the Management Consulting industry in Canada is projected to expand at a faster rate over the five years due to the expected economic recovery after the COVID-19 (Coronavirus) pandemic.

China - Most management consulting institutions believe that the scale of China's management consulting market expanded in 2021, mainly for the following reasons: (1) Despite the impact of the international environment and domestic epidemic, the general trend of high-quality development of enterprises has not changed, and there will not be much fluctuation in the market scale; (2) In China, the social cognition and recognition of the management consulting industry are gradually increasing, more and more government departments and enterprises especially private enterprises, are willing to hire third-party consulting institutions as external brains to complete some work; (3) The ways of management consulting in China are becoming diversified, the means of consulting are becoming advanced, the service content is becoming more extensive, more employees. The development of the industry is gradually improving, which supports for expanding the market scale; (4) Under the impact of the epidemic, in order to continue to enhance the competitiveness of enterprises in the industry, pursue cost reduction and efficiency increase, seeking consulting companies with professional management experience to reform enterprises has become the most cost-effective choice.

Croatia - The Croatian consulting market will continue to grow, especially in the segment of services for small businesses, which is growing extremely fast boosted by projects co-funded by EU, investing, and generating more and more income on foreign markets.

Cyprus – remained the same

Finland - Slight decline due to Covid and Ukraina war.

Germany - The growth in 2021 compared to 2020 was 10.3% while there was a decline of 3.2% from 2019 to 2020.

Hong Kong - We believe it would continue to grow as a result of enhanced liberalization measures in favour of the Hong Kong management consulting service providers under the Closer Economic Partnership Arrangement ("CEPA") and Agreement on Trade in Services ("ATIS").

Hungary - 2021 brought a significant deterioration of exchange rates, which could not be offset by the slight growth in local currency terms, overall a 7-9% decrease is likely in USD terms (actual data collection is in process)

Kosovo - After the pandemic Covid-19 and its aftermath, the management consulting market grew due to the increase of demand for services, taking into consideration external factor such as: digitalization, economic boost and business resilience.

India - India's Management Consulting market declined during 2021.

Iran - During the pandemic the management consulting market in Iran grew in 2021.

Ireland - Our sense of the market was that it overall remained static - Areas such as tourism and pandemic affected activities declined and areas such as IT and pandemic support activities increased

Israel - For the moment, No idea.

Italy - Management Consulting Italia 2021 turnover: 5.1 billion €, an increase of + 10.9% compared to 2020.

Japan - While the above could be the fact in 2020, which is the year mostly affected by COVID-19, We feel Japan's consulting market is sharply recovering and growing afterwards.

Jordan - I believe that Jordan's Management Consulting market grew in 2021 (around the same growth pattern of GDP).

Kazakhstan - Most of us talk about growing but not booming.

North Macedonia - Stayed the same.

Netherlands - We don't have verifiable updated information on the growth rate and new size itself, but a safe assumption would be that this at least has grown with the same percentage as the inflation, being ca 3% in 2021

New Zealand - Grew

Nigeria - Nigeria's management consulting market size declined because of the lingering negative impact of the Covid-19 pandemic, rising incidence of national terrorism in Nigeria and the impact of recession triggered by the ongoing war in Ukraine.

Philippines - I believe the management consulting market may have improved in 2021 vs. 2020 because of the improved conditions in the pandemic situation in the latter part of the year, but I expect it to grow higher in 2022 as the economy recovers from the pandemic. The coming crisis will bring in a lot of opportunities for management consulting as companies seek to restructure, acquire other assets and consolidate in the industry.

Romania - We estimate that the management consulting market grew in 2021, but we still don't have the exact data. Our annual study for this year is still a work in progress. Up until now the answers report an increase of at least 10-15%, the main management consulting mission being Project Management. Many management consulting firms are implementing EU funded projects. Our current answers received report an increase of the companies turnover mostly due to the diversification of their services.

ICMCI 2022 NCI PROJECT (CONTINUED)

Russia - increase of a record 12% for the last three years

Serbia - 2021 management consulting in Serbia decreased in volume due in part to Corona pandemic.

South Korea - It is considered that the process was carried out on the same scale as last year. 2021 is a period of significant international corporate activity due to the COVID-19 outbreak. It can be said that this contraction in corporate activities has also led to a contraction in the consulting market. However, there were complementary measures in the consulting area to overcome this contraction. First, the government actively promoted government-led consulting support projects to support companies based on low interest rates and abundant financial liquidity. Second, companies have also created large-scale consulting demand to overcome international logistics and transportation crises and raw material supply chain crises. If the consulting market is divided by company size, it can be estimated that the large consulting market, such as multinational companies and large corporations, is covered by NDA between companies, but it is generally similar to the previous year or slightly reduced. This is because the market environment has contracted. However, I don't think the difference would be huge because companies in crisis provided consulting quickly and without sparing their costs. Second, in the case of companies of different sizes, the number of management consultants decreased significantly due to the COVID-19 pandemic, such as telecommuting and reduction in the size of M&A between companies, but the industry almost made up for this by revitalizing consulting in the blockchain economy and Metaverse. Third, in the case of SME management consulting, it is judged that the growth continues from the previous year. The Korean government is implementing various policies to support SMEs. One of them is to support expenses in the form of vouchers so that small business owners as well as SMEs can receive small-scale management consulting for business revitalization. At this time, although the size of the consulting business varies, the average is about \$15,000, and the total government budget in 2020 as well as in 2021 was about \$7.7 million per year.

Thailand - The Thai Market in 2021 is growing

Turkey - Despite the negative effects of the COVID pandemic, the Management Consulting Market in Turkiye remained the same during 2021.

UK - They estimate that the sector grew by 18% in 2021 with SME fees growing at 20% and larger firms by 17%

USA - 5-10% Growth

Zimbabwe - For 2021, though there was a slight increase in practitioners but revenue declined by an estimate of 10% to Euro 148.5m or USD 148.5 million.

Chartered Management Institute (CMI)

The Chartered Management Institute (CMI) works with business and education to inspire people to unleash their potential and become skilled, confident and successful managers and leaders. With a wealth of practical qualifications, events and networking opportunities on offer throughout the UK and across the globe, CMI helps people boost their career prospects and connects them with other ambitious professionals in any industry and sector. In fact, CMI has more than **130,000** people training to be better managers right now. Backed by a unique Royal Charter, CMI is the only organisation allowed to award Chartered Manager status – the ultimate management accolade, and Chartered Management Consultant status which sets and maintains the highest standards for the management consulting profession.

CMI's thought leadership, research and online resources provide practical insight on critical issues for **170,000** membership community and anyone looking to improve their skills, nurture high performing teams and help pave the way for the next generation of managers and leaders.

For more information, please visit www.managers.org.uk
Chartered Management Institute on LinkedIn, Facebook, Twitter and Instagram.

 **Twitter:** @cmi_managers

 **Facebook:** www.facebook.com/bettermanagers

 **LinkedIn:** Chartered Management Institute

 **Instagram:** @cmi_managers



INVESTORS IN PEOPLE™
We invest in people Platinum



Chartered Management Institute

77 Kingsway, London, WC2B 6SR

Incorporated by Royal Charter

Registered charity number 1091035

Charity registered in Scotland number SCO38105

The Management Consulting Journal is supported by FMR Research Ltd

