MANAGEMENT CONSULTING
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Welcome to this issue of the Management Consulting Journal

The Management Consulting Journal (MCJ) is now in its eighth year of publication, and with over 10,000 downloads of its papers last year, the Journal is beginning to make a real impact.

This issue coincides with the 2025 International Consultants Day, which is recognised in many places around the world. This issue carries the most recent outputs of the International Council for Management Consulting Institutes (ICMCI) work on the characteristics and size of global management consulting sector. This ICMCI project probably represents the most wide-reaching assessment of national consulting sectors.

Also in this issue we feature two papers focused on artificial intelligence, plus a research-based yet practical illumination of developing visible authority as a working consultant. We will continue to publish papers from researchers and practitioners which focus on skills and competency development for consultants.

We are particularly delighted to publish three papers from Masters students at Vrije Universiteit Amsterdam. These papers are selected from a cohort-wide essay competition. Module leader and MCJ editorial board member Onno Boumeester outline this below.

Students in the MSc Management Consulting (MC) at Vrije Universiteit Amsterdam participated in an essay competition in the course Business Ethics in MC, organized together with the Journal. Almost 80 students participated. Like last year when the competition started, their task was to interview a consultant on a moment in their career where their professional ethics was challenged. To do so, students had to apply a jokes-based interview method to reduce social desirability bias as explained in Bouwmeester (2023). The aim was to get the full story, and to report the case well. In the essay students had to reflect on the decisions of their interviewee based on an applicable code of conduct for consultants, and several ethical theories. Five essays were submitted to the Journal by the module leader Onno Bouwmeester, and three have been selected for publication by the Journal's editorial board. These are the essays of Tapuwa Makani, who writes on how consultants can stay professionally independent when treating a client like a close friend; Eva Sweering who writes on consultants' expertise inflation and bluffing; and Dzvenyslava Vovchak who seeks to better define the end of a project, to avoid unnecessary consulting work. Please note, all the information on interviewees and the involved companies in these essays has been anonymized.

Bouwmeester, O. (2023). Lowering Social Desirability Bias: Doing Jokes-Based Interviews. Management Consulting Journal, 6(2), 78-90

Thank you to Onno for organising this competition and for the students for their high-quality work. MCJ is keen to involve more University groups working at post-graduate level in future editions.

Professor Simon Haslam
Editor

Find out more about the Institute of Consulting here.

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Friend or Facilitator: Navigating Grey Zones in Consulting

Tapuwa Makani

Abstract

This article explores a real-life ethical dilemma faced by a consultant early in his career, where a personal bond with a challenging client helped save a high-stakes project. Using this case, the paper examines ethical decision-making through the lenses of virtue ethics and consequentialism, questioning whether strategic rapport can remain morally sound. Drawing from literature and consulting codes of conduct, the article concludes with practical insights for current practitioners and a call for more concrete case-based training to guide consultants through the complex realities of ethical judgment in the field.

Introduction

One persistent challenge in consulting is navigating relationships with difficult stakeholders, be they colleagues, team members, or clients. While often dismissed as interpersonal friction, these moments can quickly evolve into ethically complex terrain - especially when reputations, deliverables, and livelihoods are on the line.

In today's workplace, consultants are expected to navigate such tensions under the guidance of codes of conduct. Yet, these codes are frequently criticised for being vague, overly broad, or detached from real-life dilemmas (Allen & Davis, 1993, p. 456; Webley & Werner, 2008, p. 412). When the rules fall short, consultants are left to interpret right from wrong on their own.

This essay explores a real case from the early career of "Bram" (pseudonym), who faced a challenging client and an even harder ethical decision. The case emerged from a one-hour interview using Bouwmeester's (2023) jokes-based method, guided by three illustrated cartoons designed to elicit ethical reflection and lived experience. Through Brams' story, the paper delves into virtue ethics and consequentialist thinking, offering insights into the ethical balancing act many consultants quietly perform. Finally, it offers practical tips for practitioners who one day find themselves in a similar situation - because in consulting, it's not a matter of if, but when.

The case

Imagine oneself stepping into an international project for the first time, arriving in the bustling US headquarters of a global food giant. As a consultant for a big 4 consulting firm, your mission is clear yet daunting: implement their new ERP system. Frequent travels and interactions with the client's IT department define your daily rhythm, but it's a note from your relocating predecessor that sets an uneasy tone: "Mike (pseudonym), the main IT guy, has consultants for lunch - watch out." (p.c. interviewee).

Upon confirming with project partners, your apprehension deepens. Mike indeed has a reputation - he is demanding and known to hold projects hostage by withholding critical approvals based solely on personal whims. His power over the project's success is unquestionable while his abuse of authority and "narcissistic" (p.c. interviewee) traits quickly become evident. Your initial meeting feels like a tense, sizing-up contest, testing your resolve. Despite Mike's arbitrary power plays, he approves your continued presence on the project, recognizing you as someone who can "stand his ground" (p.c. interviewee).

As months pass, you increasingly find yourself in a delicate middleman position, colleagues pleading for your assistance in influencing Mike's decisions. Navigating this tightrope of diplomacy sharpens your interpersonal skills, slowly letting down Mike's guard. The professional relationship evolves; casual drinks, dinners at his home, and shared moments gradually transform the once hostile dynamic into mutual trust.

Over the two-year timeline of the project, this professional camaraderie deepens. You become Mike's trusted confidant, coaching him privately, helping strategize important meetings, and providing candid feedback to improve team dynamics and project efficiency. "I think you might be my best friend," Mike confides sincerely, unaware that your intentions - though honourable - primarily focus on safeguarding the project's progression rather than purely personal bonds.

Bram's ethical dilemma - faced early in his consulting career, though extreme, is one familiar to many practitioners: Is it right to strategically leverage personal rapport to manage a difficult client? His indirect approach, aimed at securing project success, raises questions about the ethics of influence through personal connection. Rather than casting judgment, this section has set the stage for exploring the ethical complexities at play. The next section draws on relevant literature to examine arguments - both for and against Bram's actions, inviting readers to reflect and reach their own conclusions.

Why friendship becomes a strategy

Bram's decision to cultivate a personal bond with Mike raises questions central to business ethics. In the consulting world, personal rapport is often seen as pragmatic stakeholder management (Shaw, 2019, p. 22). Relationship-building aligns with relational ethics, where care and empathy play a role in effective collaboration (Engster, 2007 p. 28; Kwan, n.d.). Yet, this instrumental use of friendship challenges Michael Sandel's (2012) warning that certain moral goods - like friendship - are diminished when turned into strategic tools. The risk lies in instrumentalizing relationships for business outcomes, blurring the line between professional integrity and personal manipulation.

Consulting codes, like EY's (2024), warn against any action that could compromise objectivity or the perception of independence. Bram's relationship with Mike also illustrates a deeper tension within care ethics: professional responsibilities often emerge from empathy and human connection (Engster, 2007, p. 28). However, such closeness can blur ethical lines, requiring consultants to remain mindful of when care shifts into compromise. While Bram's approach yielded results, it raises a key question: does strategy dilute sincerity, or can trust-based collaboration be both ethical and effective?

Virtue in the gray zone

Bram's case inhabits an ethical grey zone, ideal for virtue ethics analysis. Rather than ask what rules he followed (or broke), we ask: what kind of person is Bram striving to be? In a favourable light, his actions reflect virtues like practical wisdom, courage, and goodwill. His choice to engage Mike constructively could reflect Aristotle's phronesis - finding a middle path to deal with a difficult stakeholder without alienating him (Aristotle, trans. 2009, p. 34). Consultants, as Schein (1997, 1999) notes, sometimes form alliances if it benefits the client system, suggesting rapport can coexist with virtue. A personal alliance may be compatible with virtue, so long as it serves the broader good.

However, too much closeness risks favouritism or a loss of objectivity, which contradicts the values of honesty and fairness. This aligns with Sandel's (2012) caution that ethical behaviour cannot be fully codified - it depends on human motivations and judgment. If consultants become too personally invested, can they still make difficult decisions, such as reporting underperformance or recommending a replacement? Virtue ethics stresses that intentions matter: doing the right thing, for the right reasons, in the right way (Sandel, 2009). For consultants, this means balancing empathy with professional independence. Achieving this balance is difficult, which is why cultivating virtue and ethical discernment is essential. Bram's case ultimately illustrates the complexity of real-world ethics, where care, professionalism, and integrity often coexist in tension, not always in harmony.

The consequentialist consultant

Utilitarianism emphasizes outcomes (Mill, 1863) wherein this case, Bram's mediation of the environment around Mike rescued a faltering long-term ERP implementation. The project's success benefited many: the client company received a functional system, employees avoided the chaos of failure, Bram's firm protected its reputation, and even Mike may have grown professionally. If the positive consequences (e.g., value delivered, stakeholder satisfaction) outweigh the negatives, a consequentialist might endorse Bram's tactics as 'the ends justify the means.' (Harvard University, 2009).

However, this pragmatic view must consider long-term effects. If consultants routinely blur boundaries to gain cooperation, trust in their objectivity may erode (Kaptein & Schwartz, 2008). Codes from Deloitte (2023) and KPMG (2020) stress that actions must uphold both perceived and actual independence. This highlights that ethical conduct isn't only about what is done, but how it is seen - if a consultant's closeness to a client gives others reason to doubt their objectivity, the damage to trust may be just as significant as an actual breach. Habitual bending of ethical lines - even when effective - risks normalizing behaviour that weakens professional integrity across the industry. PwC's 2024 code, for example, states the firm is "willing to walk away from engagements" if objectivity or integrity is at risk. This reflects a deontological limit to consequentialism: some means are off-limits, regardless of benefit. Thus, while Bram's approach worked, consequentialism urges us to ask: what if everyone did the same? The answer underscores the tension between outcomes and principles.

Guide for practitioners

Now at the end of a successful multi-decade career, Bram offers two takeaways to help consultants navigate morally ambiguous situations.

First, he stresses the importance of having a trusted confidant - ideally someone outside your competitive space - who can serve as a sounding board. This person can offer an external, unbiased perspective that challenges assumptions and brings clarity in emotionally charged or ethically grey moments.

Second, Bram advises picking your battles wisely. Before stepping into a difficult situation, consider whether it falls within your scope of responsibility or influence, and whether it truly demands your involvement. Not every wrong needs to be righted by you personally, especially if it's outside your remit or risks outweigh the potential impact. Instead, assess the stakes: is this issue significant enough - professionally or ethically - for you to act? This balance of reflection and pragmatism, he suggests, is key to managing complex ethical terrain without burnout or overreach.

Revision to code of conducts

This case is but one example of the many ethical dilemmas consultants regularly face in the course of their work - complex, high-stakes situations where the right path isn't always clearly marked. While consulting firms uphold codes of conduct that outline core values such as integrity, objectivity, and professionalism, these documents often remain broad and abstract. What they frequently lack are detailed, real-life examples of how those values are challenged in practice, leaving consultants to interpret the ethical boundaries themselves. This may be by design, placing the onus on individuals to assess whether wrongdoing has occurred and to decide what actions to take. However, for firms truly committed to fostering ethical behaviour, more can and should be done.

I call on consulting firms to incorporate authentic case studies - drawn from the lived experiences of retired consultants - into their ethics training and internal guidance. These anonymized narratives, where necessary, can give practitioners a clearer sense of how ethical dilemmas emerge and how the firm expects them to be addressed. Such transparency not only builds ethical awareness but empowers consultants with the confidence and moral clarity to act when it matters. Not every scenario needs to be public, but within internal structures, firms can foster a stronger, shared understanding of what ethical conduct looks like when theory meets reality.

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Inflated Expertise, Deflated Ethics? Navigating the Ethical Dilemmas of Confidence versus Transparency in Consulting

Eva Sweering

Abstract

This paper explores the ethical implications of expertise inflation in the management consulting industry, a practice where consultants present uncertain or speculative knowledge as definitive. Drawing on qualitative insights from an anonymized case study featuring an Associate Manager at a global consultancy, it critically evaluates this issue through consequentialism, moral disengagement theory and virtue ethics. Additionally, a comprehensive stakeholder analysis demonstrates the broader impact on clients, consulting firms, employees, and society. Acknowledging the limitations of current professional codes, such as the Dutch OOA Code of Conduct, the essay proposes practical solutions including enhanced ethical training, explicit ethical guidelines, and fostering an organizational culture of transparency and integrity.

Introduction

In management consulting, ethical dilemmas often arise from the delicate balance consultants must maintain between transparency and perceived competence. A central ethical challenge within this profession is "expertise inflation", where consultants present speculative or uncertain knowledge as definitive (Bouwmeester & Stiekema, 2015). This undermines values like honesty, integrity, and transparency (Allen & Davis, 1993).

This article examines expertise inflation through three ethical perspectives: consequentialism, which assesses the long-term outcomes of decisions (Sinnott-Armstrong, 2023); moral disengagement theory, which explores how individuals rationalize unethical behaviour (White et al., 2009; Redekop & Heath, 2007); and virtue ethics, which considers the role of personal character in navigating the tension between ethical ideals and industry norms (Shaw, 2020; Alzola, 2008).

These theories are applied to an anonymized case study based on qualitative interview data, revealing limitations in existing codes of conduct and offering ways to strengthen ethical decision-making. To reduce social desirability bias and encourage openness around ethically sensitive issues, I conducted a semi-structured interview that began with profession-related jokes - used to ease the participant into the topic and create a more relaxed conversational dynamic (Rubin & Rubin, 2012).

As the interviewee works at a consultancy operating in the Netherlands, the Dutch OOA Code of Conduct is used as an ethical benchmark. Although the consultant is not a formal OOA member, their work is situated within its broader professional context. The OOA Code (2022) and similar guidelines, while emphasizing competence and reliability, often fall short in addressing nuanced ethical tensions due to their broad scope (O'Mahoney, 2011; Poulfelt, 1997; Sturdy, 2009).

Case study

The interviewee is a consultant specializing in strategy and execution at a firm that combines strategic advisory with data analytics and digital transformation. The consultant shared his personal experience, particularly in instances of "expertise inflation." He vividly recalled a scenario where a client, engaged in a data maturity assessment, inquired about competitors' performances - an area completely unknown to the consulting team. "Even the partner just rants on about something that he read in the news and extrapolated a bit... to kind of get to a conclusion," he admitted candidly (P.c. interviewee). The partner's confidently delivered answer, though speculative, satisfied the client's expectations for certainty and authoritative insight.

This moment of inflated expertise was not an isolated incident. The interviewee acknowledged that consultants frequently resort to such strategies, particularly under pressure to appear knowledgeable and decisive. "Confidence is key in a lot of situations" (P.c. interviewee). He emphasized that such actions were rarely viewed as outright deception: "It's not lying, but [...] to showcase that you've had some more experience" (P.c. interviewee). This approach is used to strengthen their credibility and increase the likelihood of securing future engagements with clients (p.c. interviewee).

Yet, these practices were not without internal debate. The consultant recounted a significant internal discussion among senior members about ethical boundaries. One partner explicitly warned against excessive overpromising, cautioning, "If you do end up selling it and you do end up doing the project and you can't deliver, then you're obviously biting yourself" (P.c. interviewee). Despite these reservations, the consultant recognized that inflating expertise remained a subtle yet accepted norm across consulting ranks: "It happens on multiple levels," he concluded thoughtfully (P.c. interviewee).

This narrative exemplifies the nuanced ethical challenges consultants navigate daily striving to balance client expectations and confidence with their professional responsibility toward honesty and integrity.

Ethical analysis

This scenario highlights critical ethical issues concerning expertise inflation and underscores the practical limitations within consulting practices. Consequentialism, particularly utilitarian ethics, provides a compelling framework to evaluate this issue. From this perspective, ethical decisions should aim for outcomes that maximize overall good and minimize harm (Sinnott-Armstrong, 2023). Although inflating expertise may appear beneficial - boosting client trust and securing immediate business - it inherently carries substantial long-term risks, including project failure, reputation damage, and compromised client–consultant relationships (Poulfelt, 1997). This behaviour stands in contrast to Articles 5.1 and 5.2 of the OOA Code, which stress the importance of acting with competence and being transparent about the limits of one's expertise (OOA, 2022, pp. 5–6). The consultant explicitly recognized these dangers, noting that if consultants fail to deliver on inflated promises, they would "bite themselves" and damage their professional credibility (P.c. interviewee).

Moral disengagement theory also sheds light on how consultants psychologically justify ethically problematic behaviour. White et al. (2009) and Redekop and Heath (2007) outline mechanisms such as normalization, euphemistic labeling, and minimizing consequences as common methods of moral disengagement. These mechanisms resonate in the consultant's reflections: "It's not lying, [...] just to bring extra confidence," and "everyone does it" (P.c. interviewee). By employing these justifications, consultants diminish ethical dissonance, facilitating continued ethical compromises.

Virtue ethics complements consequentialism by focusing on consultants' character traits, specifically emphasizing honesty, professional humility, and integrity (Shaw, 2020; Alzola 2008). These virtues are foundational to ethical consulting, yet often weakened under commercial pressures. Such concessions undermine the consultant's obligation to act with integrity and honesty, as outlined in Article 2.2 of the OOA Code (OOA, 2022, p. 5). According to Shaw (2020), consultants face industry norms that prioritize confident assertions over transparent communication of uncertainties, inevitably leading to ethical trade-offs. As demonstrated by the interviewee's experience, such compromises become normalized behaviour, reinforcing a professional culture that subtly undermines the virtues of honesty and integrity.

Additionally, research by Bouwmeester and Kok (2018) and O'Mahoney (2011) demonstrates that existing codes of ethics like the OOA (2022) insufficiently address nuanced ethical issues such as expertise inflation. Ethical compliance becomes overly reliant on individual judgment and firm culture, lacking explicit guidance and enforcement. Therefore, expertise inflation, while attractive for its immediate benefits, presents substantial ethical and practical dangers. Consequentialism, virtue ethics, and moral disengagement theories collectively illustrate the profound ethical implications of this practice, highlighting the need for clearer ethical standards and stronger adherence to professional virtues.

Stakeholder analysis

Considering these ethical frameworks clarifies the profound real-world impact of a phenomenon such as expertise inflation on various stakeholders. Clients, as primary stakeholders, rely heavily on consultant advice for making strategic and operational decisions. Misrepresentation of expertise can lead clients to flawed decision-making processes, resulting in substantial financial losses, strategic setbacks, and damaged credibility (Poulfelt, 1997). Consulting firms themselves are critical stakeholders, as persistent expertise inflation risks long-term reputation harm, potentially reducing future business opportunities and compromising professional credibility (Bouwmeester & Kok, 2018). These reputational risks also violate Article 9.1, which holds consultants responsible for the quality and impact of their work (OOA, 2022, p. 8). Employees within these firms face moral and ethical challenges, leading to job dissatisfaction, stress, and reduced professional integrity (Alzola, 2008).

Furthermore, the wider consulting community and regulatory bodies, such as the OOA, are impacted as ethical lapses weaken professional standards and diminish the trust placed in consulting as a reliable source of expert advice (Sturdy, 2009). Schein's concept of the "client system" (1999) is particularly relevant here, as it highlights the complexity of consulting engagements where not just the immediate client, but also multiple stakeholders within the organization influence and are influenced by consultant behaviour. Such erosion of trust conflicts with Article 2.5, which calls on consultants to actively uphold and strengthen the reputation of their profession (OOA, 2022, p. 5). Finally, society at large can suffer indirect consequences, as compromised ethical standards in influential industries like consulting can erode overall trust in professional advisory services, ultimately undermining societal trust in professional expertise and decision-making processes (Hansen, 2024).

Conclusion

The ethical implications of expertise inflation, as demonstrated by the analysed case, are profound and multifaceted, affecting consultants, clients, and society. Consequentialism reveals the substantial risks associated with prioritizing short-term gains over long-term ethical integrity and sustainability, clearly highlighting the necessity for improved professional practices. Virtue ethics emphasizes the critical role of personal character and professional virtues, underscoring the need for a professional environment that actively supports and rewards ethical transparency and humility.

Existing professional codes, such as the OOA Code of Conduct (2022), demonstrate significant limitations in addressing subtle yet pervasive practices like expertise inflation. They often lack specificity and enforceable measures that could provide clear ethical guidance and accountability. Therefore, actionable recommendations for strengthening ethical practices within consulting are essential. First, consulting firms should implement enhanced ethical training by regularly presenting real-life scenarios involving expertise inflation, thereby equipping consultants to proactively recognize and effectively manage ethical pressures. Moreover, explicit ethical guidelines must be developed and incorporated into professional codes, including comprehensive standards and robust accountability mechanisms to effectively deter ethical transgressions. Lastly, firms must foster a cultural shift toward genuinely valuing transparency and explicitly acknowledging the complexity and uncertainties inherent in consulting tasks. This cultural change should move away from an organizational environment that rewards confidence and certainty at the expense of honesty and ethical integrity.

By adopting these recommendations, consulting firms can significantly enhance their ethical standards, ultimately safeguarding professional integrity, improving client relationships, and fostering sustainable long-term business success. Broadly, the consulting profession must commit to continuous ethical reflection, prioritizing transparency, accountability, and integrity as foundational values rather than peripheral considerations.

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Defining 'Done': The Ethical Dilemma of the Body-Shopping Model in Consulting

Dzvenyslava Vovchak

Abstract

This paper explores the ethical implications of the body-shopping model in consulting, where firms embed consultants in operational roles within client's organization. Based on a real-life case, explored from the client's point of view, the analysis draws on institutional theory, consequentialism, and stakeholder theory to examine how such practices challenge consulting principles. The case highlights how institutional environment can compromise ethical judgement, raising questions about the effectiveness of individual-level codes of conduct. The paper argues that ethical responsibility must be considered beyond the individual consultant, addressing systemic issues within the consulting industry.

Introduction

Technology has emerged as a transformative force in professional services firms (PSFs), fundamentally altering both operational and strategic models (Smets et al., 2017). As PSFs integrate digital tools and standardized solutions, reliance on human expertise has diminished in certain areas, leading to a shift in knowledge intensity - long one of the core characteristics of PSFs (Kronblad, 2020; Smets et al., 2017).

This shift has not only changed how consulting firms operate but also driven business model innovation. Many have evolved from offering purely strategic advice to providing end-to-end digital transformation solutions, from needs analysis to implementation (Tavoletti et al., 2021). Consequently, consultants are no longer limited to advisory roles but are often hired as extra "pairs of hands" (Sturdy, 2011).

Such engagements challenge the definition of the consultant function, described by Shaw (2019) as advising clients as a practical and informed partner, helping them set goals and determine how to achieve them effectively. The body-shopping model, where firms place consultants in operational roles without bound deliverables, raises concerns about professional independence, misrepresentation of expertise, and broader ethical ambiguity.

This essay examines the body-shopping model in consulting, discussing how it affects the profession's principles and ethics. Based on a real-life case, this dilemma is analyzed through the lens of institutional theory, consequentialism, and stakeholder theory, reflecting on the applicability and limitations of professional codes of conduct in addressing challenges rooted in the institutional level (O'Mahoney, 2011).

Methodology

Discussing ethical dilemmas in consulting can make interviewees feel vulnerable; therefore, it is essential to create an open and non-judgemental environment. To foster such a setting, we employed the jokes-based interview method described by Bouwmeester (2023). This approach uses humour to lower social desirability bias and encourage candid reflections (Bouwmeester, 2023, p. 11). We showed the interviewee a few cartoons about common misinterpretations of digital transformation and agile ways of working and asked if any felt relatable based on his experience.

While the initial focus was on the interviewee's experiences as a consultant, the open-ended and flexible format of the interview led to a shift in perspective. Instead of recounting a case from the consultant's side, the interviewee shared an experience in which he was on the receiving end of consulting services. This shift provided deeper insights into how the body-shopping model functions in practice and its ethical implications for multiple stakeholders.

The case

Robert[1] began his corporate career in boutique IT consultancies, guided by the values of brutal honesty and professional independence. For him, this means focusing on 'the definition of done': "It means that this company needs to stand on its own legs as soon as possible … we should always be happy that in due time they can do without us" (p.c. interviewee).

As he progressed in his career, Robert stepped into a CIO role in a transportation and logistics company. Rather than overseeing an in-house team, he found that much of the day-to-day work was being performed by consultants from large IT service firms. They filled internal team roles rather than delivering strategic value. What concerned him most was that, as many of them were juniors, they lacked the level of skill or expertise that, in his view, did not justify their rates.

"I'm not paying a consultant to learn at my company. I want to learn from him … they're amateurs per hour, right? And for that rate, I would love to get a little bit more skilled people who help grow the team instead of just doing the duties of one role" (p.c. interviewee).

Realizing their continued presence did not contribute to building a high-performance organization, Robert terminated long-term engagements and kept only consultants who offered strategic value. His decision wasn't personal - it was based on what best served the department and the company.

The cutbacks were quickly noticed. A partner from the consulting firm escalated the issue to the CEO, leveraging their influence. However, Robert's rationale was well received by the CEO, who approved the changes and handled discussions with the firm. This case illustrates the body-shopping model used by many IT service firms, which results in long-term engagements that foster client dependency.

Being ethical in an unethical system

We reflected on the case through the lens of the Code of Conduct developed by the Dutch association 'Order of Organizational Experts and Consultants' (OOA). The OOA Code outlines five core principles intended to guide members' decision-making in a professional and ethical manner: expertise, reliability, meticulousness, professional independence, and societal responsibility (OOA, 2022). We argue that four of these principles were compromised in this case.

The consultants lacked the expertise to provide added value. Reliability was undermined by the indefinite nature of their engagement, which lacked a defined scope. Meticulousness was disregarded, as consultants failed to prioritise the client's best interests. Lastly, their role blurred the line between external advisor and internal employee, eroding professional independence.

This highlights a broader concern raised by O'Mahoney (2011): how much ethical responsibility can be placed on individual consultants when the core issue is institutional? Institutional theory suggests that the institutional environment influences social choices (Hoffman, 2017). In this context, consultants may not have questioned the engagement model, seeing body-shopping as standard industry practice.

Thus, ethical dilemmas in consulting often go beyond individual judgement and are embedded in the firm's business model. The conflict between revenue generation and ethical responsibility originates at the institutional level. This raises critical questions about whether codes of conduct, designed primarily to govern individuals, are sufficient to address structural, industry-wide ethical concerns.

Consequentialism

Consequentialism, as defined by Sinnott-Armstrong (2023), evaluates the morality of acts based on their outcomes; actions are considered ethical if they lead to positive consequences. We apply this lens to the case, as we lack full insight into the motives of those whose earlier actions caused the situation Robert inherited.

On one hand, Robert's predecessor hired consultants as temporary team members to support change processes. While this may have met short-term needs, it failed to account for

[1] A pseudonym has been used to protect the interviewee's identity.

long-term consequences, such as the absence of in-house capability and growing dependency, making the decision ethically flawed. On the other hand, the consulting firm may have realised their contributions were no longer valuable but continued to deploy consultants. If this was a deliberate choice, it suggests that the firm prioritised its own gain over the client's benefit. From a consequentialist perspective, this would be morally wrong, as it led to negative consequences such as an eroded firm–client relationship and eventually terminated engagements.

In contrast, Robert's decision to end most engagements aligned with the organization's long-term interests: building internal capabilities and optimising resources. However, the partners' reaction adds complexity: one could argue their response was justified, as they were continuing the work they had been hired to do.

Additionally, the body-shopping model has negative consequences for consultants. Despite working alongside the client's team, they are not fully integrated into the organization, which can lead to disconnection. At the same time, they are expected to carry out internal firm work, often resulting in long working hours (Blagoev & Schreyögg, 2019).

Although the issue is complex and our analysis relies solely on Robert's account, we argue that his decision was ethically justified from a consequentialist perspective, as it led to the best outcome for the organization.

Stakeholder theory

As Krehmeyer and Freeman (2012) argue, consulting firms operate within a network of stakeholders with competing interests. In this context, the firm's partners are key decision-makers who must balance business interests with the client's needs (Poulfelt, 1997).

Their challenge is twofold: ensuring junior consultants gain experience while maintaining profitable engagements and delivering effective solutions. Juniors, while not decision-makers, are stakeholders whose careers are shaped by firm-level priorities. By prioritizing profitability and employee development, the interests of the client organization were deprioritised.

From the client's perspective, staffing consultants may seem cost-effective due to flexibility. However, over time, the value delivered did not justify the spending. The consulting firm's approach failed to produce sustainable improvements, raising ethical concerns about who truly benefited from such engagements (Krehmeyer & Freeman, 2012).

Conclusion

To conclude, we return to our central question: “How does the body-shopping model misrepresent consulting?” Our analysis through stakeholder theory showed that while the model may benefit firms and junior consultants, it fails to serve the client's best interests. The consequentialist view emphasized that ethical consulting should focus on long-term, sustainable outcomes - making indefinite engagements ethically questionable. This case also illustrates the limitations of codes of conduct in addressing institutional-level issues. Placing ethical responsibility solely on individual consultants is insufficient; the broader industry structure must be considered.

In conclusion, we take guidance from the interviewee, who also mentors many consultants: “Focus on this definition of done and be transparent. There's a lot you have to offer, but you're not part of their team” (p.c. interviewee). For consultants navigating ethical ambiguity, this advice serves as a crucial reminder that maintaining professional independence and clearly defining the scope of engagement is essential to preserving the integrity of the profession.

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The Knowledge-Powered Management Consulting Strategy

Mostafa Sayyadi & Michael Provitera

Abstract

Knowledge is critical to business success. But, knowledge, in itself, is not enough to satisfy the vast array of changes in today's organization. Companies need to be more focused on strategic knowledge management due to the hypercompetitive global environment. There is also a reason that knowledge management studies have failed to disclose the nature of filling the gaps between performance and success. In many instances, there is no direct connection between knowledge management models and today's changing situations. Companies in general confront challenging situations in which they need to proactively respond to every environmental demand, a more effective knowledge management model can be a basis for understanding and perhaps anticipating these emerging issues. The knowledge-powered management consulting strategy is a necessary precursor to more strategically managing knowledge within today's organizations. This article is to help management consultants have a better understanding of this new strategy. A knowledge-powered management consulting strategy, that helps management consultants better map the strategic knowledge areas to integrate all organizational components, can increase the chance of overcoming competitive challenges. Organizations need this approach to reach their highest possible potential with a competitive advantage. Much of what we share comes from our consulting experience as senior consultants of McKinsey & Company in the Sydney branch of a Japanese multinational automotive manufacturer.

Introduction

Analyzing big data and converting this analysis into practical knowledge in organizations is very difficult and requires a knowledge-powered management consulting strategy. This strategy indicates that, to more effectively manage knowledge, management consultants must know that knowledge is a multi-faceted concept that can be categorized into two main strategic areas: tacit and explicit knowledge, and public and private knowledge (Choi 2002). The other key takeaway for management consultants here is that knowledge can be mapped in these two strategic areas, and it is this point that will narrow the gaps between success and failure leading to more successful strategic decision-making.

Digital transformation and making decisions based on data analysis coupled with intuitive decisions are both tempting and exciting (Ahmad et al., 2021; Cochran et al., 2022; de Carvalho Pinto, de Paiva & Mira da Silva, 2022). The most vital attribute is design which draws upon identifying, storing, and disseminating data to all strategic areas of the organization (Klievink et al.,2017; D. da Costa et al.,2019). Companies such as Toyota tell us that organizations should have a deep understanding of their business model to identify the strategic areas of organizational knowledge in technical fields, and the relationships with suppliers, customers, and vendors. For example, our management consulting experience for one furniture manufacturing plant in Milan, Italy shows us that this organization has determined more than 21 strategic areas for its organizational knowledge. Disseminating data on a real-time basis helps not only with decision-making but also adds revenue as resources are moved to vital locations of the organization to meet customer needs (Appel et al., 2020; Röglinger et al., 2022).

Knowledge in organisations

First, consultants must understand the concept of knowledge itself. Knowledge is distinct from information and data (Alavi & Leidner 2001; Grover & Davenport 2001; McGill 2006). Data has been defined as raw entities, and information is understood as a meaningful pattern within these raw entities (Bell 1999; Tsoukas & Vladimirou 2001; Wiseman 2008). This is not enough for consultants because knowledge is quite elusive and is changing on a day-to-day basis with discontinued products and the ever-changing vast array of technology. Therefore, to create a better understanding of knowledge, Ruggles (1997) defines knowledge as a blend of information, experiences, and codes, while Paunović (2008) argues that knowledge is a collection of meaningful information. The key takeaway for consultants is that knowledge is a resource that enables organizations to solve problems and create competitive advantage through improved organizational performance.

In this way, one scholar who is well-known in the Academy of Management, by the name of Peter Senge highlights the importance of knowledge for organizations (Garcia-Valdecasas, 2015). Senge says that successful organizations enhance their competitiveness by focusing on learning (Senge, 1997; Garcia-Valdecasas, 2015). Another globally recognized author with over 40 books by the name of Drucker (1998, p.17) comments that "the productivity of knowledge and knowledge workers will not be the only competitive factor in the world economy. It is, however, likely to become the decisive factor, at least for most industries in the developed countries." Management consultants often read Drucker's work because it is directly applied to managerial decision-making.

However, only having this understanding of knowledge in itself will not be enough to effectively respond to the issues that come up constantly in our competitive business environment. Consultants should take a step further and help senior managers more effectively manage knowledge within the organization. With a clear understanding of the concept of knowledge management, consultants can help executives make more effective managerial decisions. Knowledge management has been defined from various perspectives. This variation may differ because knowledge management is understood in many different ways and therefore different scholars focus on different aspects of it and offer several options of managerial application. In this article, we will focus on a competitive advantage-based perspective.

According to this perspective, for example, Beckman (1999, p.6) explains that knowledge management is "the formalization of and access to experience, knowledge, and expertise that create new capabilities, enable superior performance, encourages innovation and enhances customer value," and Marr et al. (2003) define knowledge management as a set of activities and processes aimed at creating competitive advantage through generating and applying new ideas. Moreover, knowledge management has also been regarded as a "conscious strategy of getting the right knowledge to the right people at the right time and helping people share and put information into action in ways that strive to improve organizational performance" (O'Dell & Grayson 1998, p.6).

In the next section, we indicate how consultants can take the competitive advantage-based perspective to implement the knowledge-powered management consulting strategy that will create a competitive advantage for corporations.

The knowledge-powered management consulting strategy

A clear understanding of the strategic areas of organizational knowledge is tantamount to the data analysis that will be necessary to lead to the growth and prosperity of organizations (Amidon, 1997; Nisula, Kianto & Andreeva, 2019). Strategic areas of organizational knowledge, from culture to technical knowledge, require identification. The process of identification addresses areas that are needed at certain times throughout the day (Carlsson, 2004; Kayworth & Leidner, 2004), just as traders on Wall Street get hour-to-hour profit and loss summaries to see how successful they are throughout the day and what pivots need to be made to lessen losses.

Once the categorization takes place, we place them on a horizontal diagram of the axes X to Y in Figure 1. One end is tacit knowledge, and the other is explicit knowledge. Tacit knowledge refers to the intuitive understanding that an experienced professional. As Michael Polanyi in his book titled Personal Knowledge: Towards a Post-Critical Philosophy in 1958 argues, there must be experience built into the process for it to be successful. For example, consider an experienced doctor who, after years of working, identifies the cause of the disease with just one look at the patient - there is a stage of diagnosis that comes naturally to them. Now in the management consulting world, the key question is why consultants should care whether knowledge is tacit or explicit. The answer is that tacit knowledge is not shared and sometimes bottled up in individuals, causing a bottleneck in the organization. If knowledge can be categorized as tacit and explicit knowledge, then how can companies manage knowledge to enhance productivity? Since tacit knowledge is the knowledge that exists in the minds of organizational members gained through their individual experiences, and is difficult to formalize and transfer unless directed to do so, executives need to pinpoint and encourage this type of knowledge to be drawn out of subordinates (Sanchez-Segura et al., 2010). Herein, consultants can help executives build an atmosphere of trust and openness and use technology to share tacit knowledge and convert it to explicit knowledge.

Explicit knowledge, which is codified, is based on a step-by-step methodology for learning. This could be quantitative or qualitative but it has a basis of origin that transpires from a system type of operation. An example of this would be past sales corresponding with the inflation rate increase or decrease. In action, explicit knowledge is knowledge that is highly formalized and codified and can be easily recorded and communicated through formal and systematic language, and manifested in rules and procedures providing the necessary tools and processes for executives and employees to manage (Serrat, 2017). Furthermore, Brooking (1999, p.50) posits that explicit knowledge is the "knowledge which a person can make available to another for inspection, review, and possible dissemination if necessary. This may mean it can be explained verbally, but it is generally preferable to codify it, that is, write it down." It can also be captured in expert systems and tapped by many people throughout the organization via the internet. Nonaka and Takeuchi (1995, p. 61) who highlight explicit knowledge as "declarative knowledge", and Saint-Onge (1996, p.10) who elucidates this type of knowledge as "articulated knowledge". Explicit knowledge is more formal and has the potential to be more easily shared. When it is expressed in words and specifications, it is much more useful compared to tacit knowledge.

Furthermore, along a vertical diagram of the axes Z to W, in Figure 1, the strategic areas of organizational knowledge are grouped into two dimensions: private and public knowledge. Private knowledge refers to knowledge that is specific to a company and should not be identified and imitated by other companies and competitors. Exposing this knowledge would be catastrophic to the organization. We see this with Tesla talent fleeing to the competition, taking secrets that are beyond due diligence and unethical. Due to the strategic nature of private knowledge, a lot of attention and care must be taken in maintaining this type of knowledge, and any disclosure of private knowledge to the outside world greatly increases the operational risk for organizations. A scholar by the name of Matusik (1998, 683), argues private knowledge is "a resource that is valuable, rare, and imperfectly imitable," and therefore is regarded as "firm-specific". From a strategic management viewpoint, Park (2007) has observed that unique organizational strategies, processes, and practices are examples of this type of knowledge.

Public knowledge, which is not specific to a company and refers to the best practices of the industry, is worth noting and celebrating (Link & Ruhm, 2011; Winter, 2018). For example, Tesla's sales beat all competition in Germany in September 2022. This type of knowledge depicts itself in the form of concepts such as Six Sigma, innovation, ingenuity, inventions, and some aspects of TQM (total quality management). Public knowledge may be an asset and provide potential benefits when posted on social media and other means of communication. Consultants need to consider the ownership of knowledge as a factor that is a significant contributor to the knowledge of organizations. Moreover, Matusik (1998) points out that knowledge emerges in two additional forms, which is the knowledge that is only accessible by one company and the knowledge that is accessible to all companies. The best consulting approach to knowledge is for consultants to know what knowledge should remain private and what should be made public. Therefore, a mistake in this area may be vital to organizations and consultants must help executives choose wisely.

One key function of the knowledge-powered management consulting strategy is to help consultants more effectively develop human capital to create organizational competitive advantage. In this context, training is becoming the forefront of success in organizations worldwide. The more training the better the return on investment to shareholders. Why is this, you may ask? Because learning is a process that leads to acquiring new insights and knowledge, and potentially to correcting sub-optimal or ineffective actions and behaviors that cause companies to spiral out of control (Wiig, 1994; Dorfler, 2010).

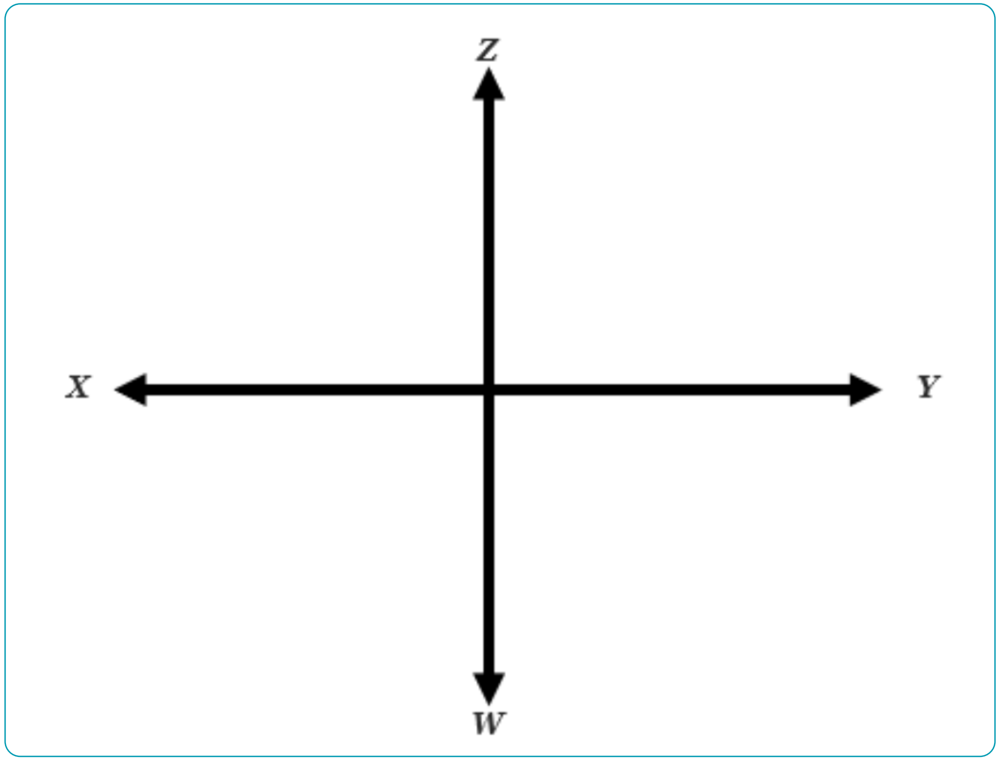

Figure 1: Mapping the Strategic Areas of Knowledge

Consultants should also know that organizational learning is modifying behaviors resulting in newer insight and knowledge (North et al., 2004; Keskin 2005; Sukumaran et al., 2009; Aulakh et al., 2016). Thus, changing the existing behaviors of employees and managers generates new knowledge, and is, therefore, a key factor in improving a firm's competitive advantage (Linderman et al. 2004).

But, how can we better establish the relationship among the knowledge-powered management consulting strategy, organizational learning, and organizational competitiveness? The answer is that the effective implementation of this management consulting strategy requires learning and sharing of best practices and experiences among human resources and thus enhances competitiveness and overall organizational performance (Vera & Crossan 2003; Yang, 2004; Bayyavarapu 2005). Consultants are aware of organizational learning as "a set of actions (knowledge acquisition, information distribution, information interpretation, and organizational memory) within the organization that intentionally and unintentionally influence positive organizational change" (Templeton et al., 2002, p. 189), as well as "a dynamic process of creation, acquisition, and integration of knowledge aimed at the development of resources and capabilities that contribute to better organizational performance" (Harter, 2002, p. 228). Lau and Tsui (2009) assert that effective organizational learning requires various processes such as knowledge acquisition, collaboration, dissemination, sharing, generation, and storage to acquire knowledge within an organization. The knowledge-powered management consulting strategy can also more effectively put together these various processes of potential contributions to organizational knowledge management. Thus, this management consulting strategy shows that knowledge management improves organizational processes through various knowledge management practices and can also enhance organizational learning and competitiveness increasing both employee engagement and personal development.

The proposed stages for implementation

As senior management consultants of McKinsey & Company, our observations in the departments of human resources, sales, and operations management in the Sydney branch of a Japanese multinational automotive manufacturer showed us that simply designing and mapping the strategic areas of organizational knowledge provided many practical ideas and useful insights for senior managers. Below are three actual stages we used to implement this approach in the Sydney branch of a Japanese multinational automotive manufacturer.

First, we analyzed our clients and found that the top managers of this Japanese multinational automotive manufacturer in Sydney, Australia, realized that the emergence of tough competitors such as Tesla, Ford, and Honda was capturing market share. For example, in our first meetings with senior managers, one of the senior managers noted that "Honda, Tesla, and Ford are now much more productive than us in the Australian automotive market". We also found that the knowledge related to the goods supply chain was not sufficiently codified. Moreover, its supply chain knowledge was also not sufficiently protected in both public and private dimensions, as private knowledge, and the disclosure of this type of knowledge to the competitors had increased the operational risk of this automotive manufacturer. In our second meeting with senior managers, one of them mentioned to us, "Our corporation cannot effectively guard its key private knowledge". Similarly, another senior manager noted: "I think our company has a big problem here in managing its operational risk management". We also found that this automotive manufacturer had a strong corporate culture that was effective in protecting its supply chain knowledge. Our suggestion of designing and mapping the strategic areas of organizational knowledge created an important initiative in the development of tacit knowledge in different areas that impacted customer purchasing power. For example, in our second meeting, one senior manager expressed that "They always experience a great organizational culture to collaborate and support each other".

In the second stage, and based on our analyses, we started designing and mapping the strategic areas of organizational knowledge that brought practical ideas and important initiatives to the organization. The knowledge that had been defined as tacit and private knowledge was a competitive advantage for this automotive manufacturer. The key was to codify explicit and tacit knowledge and specify the private security of knowledge to prevent it from leaking out and ultimately causing a sharp increase in operational risk for the organization. We determined documents to prevent spoilers from exiting the organization with vital information. This prevented the increase in the possible disclosure of private knowledge. Tacit knowledge that had been decided to be made explicit was made explicit more effectively by disseminating information through codification and creating corporate ambassadors and customer advocates. Then, we trained people to learn this knowledge and solve possible problems before they escalated and created negative exposure or lower profits.

Next and in the third stage, after 4 months of the implementation of the knowledge-powered management consulting strategy, our meeting with managers and employee representatives of this Japanese multinational automotive manufacturer also showed that they believe that this Japanese multinational automotive manufacturer now better innovated and created new products and services in Australia. For instance, one employee representative mentioned: "Our company is a better place to innovate now". One senior manager also said that "They experience a much more inspiring climate to learn new things and innovate". Just as private and tacit knowledge is a critical area to protect, our survey showed that employees and managers believed that innovations and ideas (tacit knowledge) now better transformed into explicit knowledge which could eventually increase the company's ecosystem value. In addition, the combination of tacit and explicit knowledge in this Japanese multinational automotive manufacturer led to the development of tacit knowledge through the publication of a quarterly newsletter and the sharing of articles by its employees and managers with its employees and managers. This integration also provided an extensive platform for social media and consumer awareness.

In conclusion

Companies invest millions of dollars to acquire new knowledge. Now the adage "Knowledge is Power" from Nonaka (1994), has developed into a household word, but many businesses still neglect the strategic management of their knowledge. This neglect can prevent them from growing, flourishing, and gaining a competitive advantage. This article presents a road map for the future of management consulting practices to better manage organizational knowledge, through mapping strategic areas of knowledge. In particular, we showed that by drawing, diagnosing, and designing the strategic areas of organizational knowledge, companies can integrate, codify, and develop a competitive advantage. Done correctly, companies will gain a distinct advantage compared to their competitors and innovate and expand their market share.

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The Case for AI Literacy in Consulting and Change Management

Luca Collina

Abstract

Change and management consultants increasingly need AI literacy because technology is moving at incredible speed. This means that consultants should equip themselves with the knowledge to help clients embrace AI, not just in terms of technicalities but also ethical consideration and creating solutions. For consultants to succeed, they have to deal with setbacks such as worker opposition and set ways ('We always do it this way'). Emphasizing the importance of understanding how AI works makes it possible for one to survive amidst tough completion adopted artificial intelligence (AI) based businesses; you cannot afford not mastering it at this point if your goal is not to become outdated due to inappropriate change initiative.

Introduction

Based on a few findings and studies of the major consultancy houses we know that Artificial Intelligence (AI) is changing the way companies work, decide and bring value.

- Accenture (Reuters, 2024 1): $900 million in GenAI revenue, ($100 million the previous year) GEN-AI services related
- Cognizant (Reuters, 2024 2): Cognizant lifts annual revenue forecast on strong AI demand
- (McKinsey & Company, 2024) 2024 survey: 71% of organizations reported using GenAI in at least one business function

For consultants and managers, this brings with it both opportunities and threats. Despite 67% of firms growing generative AI budgets (Deloitte, 2024), less than 30% of businesses have operationalised their AI programs. This gap points at the role for professionals who are AI literate, not just technically but from a strategy and ethics standpoint.

The paper claims that AI literacy is now essential for consultants and change managers. It is not something optional, but a prerequisite to facilitate the real organisational changes and remain professionally relevant.

Notes on methodology

This study uses a secondary research, conceptual-based approach. With reference to a range of industry surveys, practitioner perspectives and academic literature, it considers the significance of AI literacy in consulting and change. The points of argument are interpretive, as opposed to data-gathering arguments.

Literature review

The rise of AI literacy

AI literacy includes the competencies companies require to comprehend, evaluate and apply AI solutions in daily business contexts (Long and Magerko, 2020). It runs the gamut from technical knowledge to ethical awareness, data governance, and teamwork (Allen and Kendeou, 2024). Typically, consultants would be engaged to assist clients in adopting new technologies, such as enterprise-resource planning (ERP) or cloud computing. But AI presents different challenges because of its dynamic learning models, its opaque algorithms and its regulatory implications. Unlike other tech, AI is ever adapting and evolving and requires always staying abreast and learning (MIT Sloan, 2024).

AI is also becoming more embedded in organisational decision making, resulting in its transition from a supporting function to strategic imperative (Mandava, 2026). Consultants who are not AI-literate put themselves at risk of misunderstanding the heart of the client's challenges or providing antiquated advice. Accordingly, an interdisciplinary approach to AI - interweaving data science, ethics, and business alignment - is now a necessity.

Identifying the gap: AI as a distinct challenge

While a lot of consultants have exposure to digital transformation, AI adds a layer of complexity. The latest research reveals that these developments, even if happening at an accelerated rate, have not necessarily been reflected at the same pace in the way professional services firms themselves are changing the way they deliver their services. Indeed, many of the contemporary training modalities still lag in realizing that AI should not be approached as if it were an immutable, typical IT upgrade, but as a transformation of the way of work, business culture, and value generation (Deloitte, 2024; Thomas, 2024). This leaves a large skills and strategy hole. From the standpoint of consultants there is an urgent need for structured guidance that links AI implementation to organisational change strategies to ensure transformations are not just technological but also cultural and operational (Gino, 2024; Petrovska et al., 2024).

Leveraging these research gaps and challenges, we identify in the following the emerging evidence and real-world practices that influence the adoption of AI in consulting.

Evidence and emerging practice

Research also shows that while GenAI adoption is on the rise, organizations have difficulty progressing beyond pilot stages. The numbers speak for themselves. According to Deloitte's report for Q3 2024, 70% of respondents said that less than 1/3 of genAI experiments are moved into production. This reflects the challenges of broadening AI projects, for the most part around challenges related to data readiness, governance, and risk aversion.

An early 2024 McKinsey survey found that 65% of companies were using GenAI regularly, nearly double the share of the previous year. Yet almost half (47%) reported one or more adverse GenAI impacts; (inaccuracy, cybersecurity, and explainability) were reported most frequently.

Role of consultants and change managers?

It is a paradigm under which consultants guide clients to comprehend practical applications of AI by fitting the concepts into actual business models. These now extend to include AI integration roadmaps, AI initiatives that align with leadership goals and responsible AI use policies. Change management, however, must work to ensure the sustainability of AI adoption. This involves mobilising middle management, dealing with resistance, and weaving AI literacy into organizational learning.

Change Management Review (2023) cited that it can take two to four years to fully integrate AI into the culture of an organisation. Therefore, consultants and change leaders need to move beyond unlimited instruction. They need to adapt AI literacy to business outcomes, in particular in long term transformations (Petrovska et al., 2024).

Given AI is disrupting industries incredibly quickly today, it's hard to imagine how it may apply for consultants when it comes to learning (Papastephanou, 2024). Organisations that seek to improve decision-making through the introduction of AI need to step outside of the usual way of acting, as it is possible that such goals are "advanced by consultants and change managers of such processes" (Grisold, Klammer, & Kragulj, 2020).

Defining AI literacy

AI literacy includes:

- Knowing how AI tools function and how they influence workflow.
- Making AI available for non-technical users in their daily decision-making.
- Ethical issues and risks associated with AI implementation.
- Building the connection between AI and business goals through cross-functional teamwork.

Allen and Kendeou (2024) suggest a model of AI literacy characterized by four vital elements:

- System Comprehension – The ability to describe what AI does, how it does it and how it is not like software.
- Interpretation of Implications – Understanding the social, ethical and professional implications of AI decisions.

- Human-AI Collaboration – The ability to collaborate with AI tools effectively, and the understanding of responsibilities.
- Critical Engagement – Asking how AI is being implemented; by whom; and to what end?

This is particularly pertinent to consultants who need to lead organisations through digital transformation while being conscious of opportunities and threats of AI systems. Concepts such as the attention to AI systems, the critical thinking behind their implications, and the promotion of cooperation among others are core components for AI literacy in an interdisciplinary manner that the ED-AI Lit (education) can account for, systematically (see Figure 1).

Unlearning and resistance

An important issue is unlearning - getting rid of out-of-date knowledge or practices (Grisold, Klammer and Kragulj, 2020). Many consultants are stuck on old frameworks that don't really cater to AI's fluid and probabilistic nature.

Behavioral unlearning requires leaving behind familiar tools, while cognitive unlearning requires shifting mental models (Klammer, 2021). Sentimental attachment to past success can also impede transition (Zaidi, 2023).

Poor or non-structured training means the non-structured training is dated, not inclusive and does not support the pace in which people learn (The vision is for FeraShee Ninja to offer accelerated learning experience for individuals to expand on their AI skills and fill in the sector's existing challenges). Coursera and edX are popular online platforms that provide generic content but not role-specific depth or feedback (Thomas, 2024). Others such as IBM's AI Skills Academy or MIT's Digital Leadership program have more appropriate frameworks, but they are not broadly available and not customized enough for consultants.

A fascinating rational explanation of the resistance can be derived from the findings of Lari and Ks, 2025 to apply the factor of resistance where it can be formulated as shown in Figure 2.

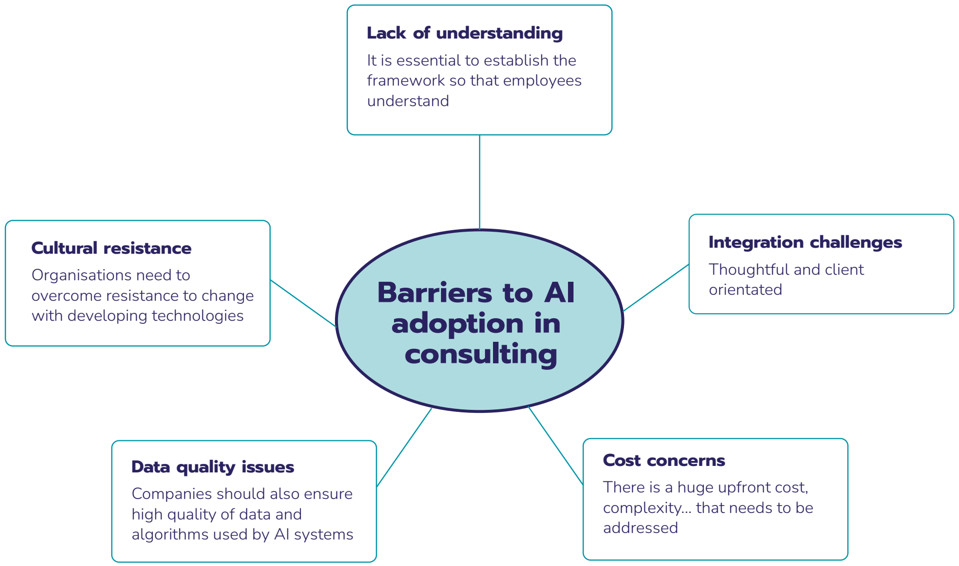

Figure 2: Barriers to AI Adoption in Consulting (Lari and Ks, 2025)

Consulting suffers the same barriers to AI adoption as anything else: lack of understanding, culture clash, costs, lack of quality data, the hurdle of implementation - for each there is a solution, but some of the friction may be eased by a bit of well-prepared thinking and planning.

Table 3 provides consultants with what they must know to begin using AI tools to decent effect so they can work on their assignments more quickly and reach better decisions (or answer customers promptly in real time). These are things that any consultant should have just to stay marketable and viable when AI starts taking hold and routinely doing the daily chores. The skills below (see Figure 3) can represent the 'AI Literacy Basic Model'. Drawing on academic and practitioner literature about digital transformation, skills, and readiness, the skills framework synthesises this existing understanding.

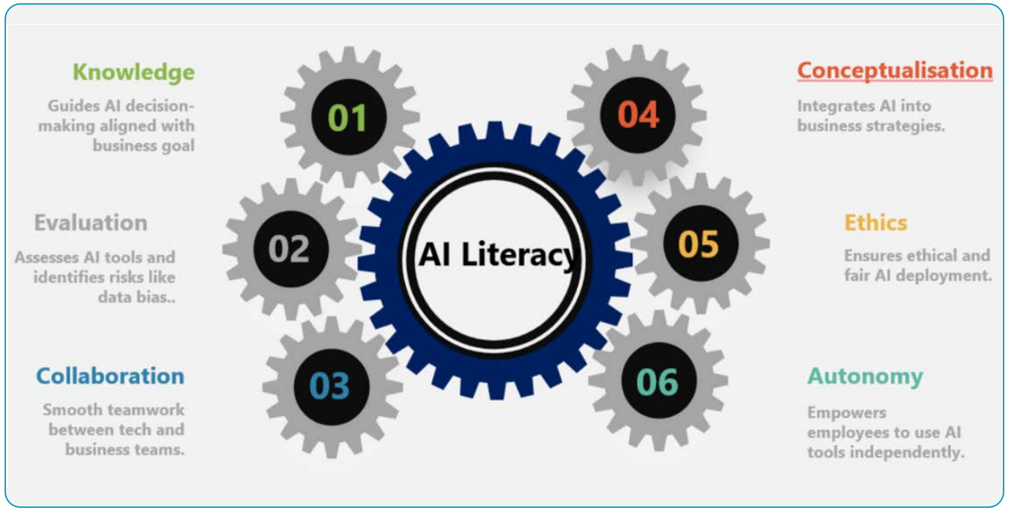

Figure 1: Steps from ED-AI Literacy (Allen, K. L. x Kendeou, P.-2024)

The Case for AI Literacy in Consulting and Change Management (continued)

Cateogry	Market Analysis and Research	Client Relationship Management	Strategy Development	Project Management	Risk Assessment	Financial Planning and Budgeting	Competitive Analysis
Current Skills Required	Collecting and analyzing data	Communication and relationship	Solving provlems and planning	Organizing tasks and time	Identifying and managing risks	Budgeting and financial checks	Tracking competitors
Unlearning Skills	Relying on outdated methods	Relying on old CRM systems	Using only fixed methods	Manually tracking tasks	Only using past data	Manual calculations	Outdated tracking methods
Upskills	Using data to make quick decisions	Understanding client data better	Adjusting strategies with new data	Using digital tools for tracking	Real-time tracking of risks	Using advances budgeting tools	Following competitors digitally
New Skills	Interpreting insights from AI tools	Personalized client interaction with AI	Creating strategies with AI insights	AI-supported project scheduling	Predicting risks using AI	AI-enhanced financial predictions	Analyzing competitors with AI

Figure 3: Skills We Use Now; What We Need to Unlearn; Upskills; and New Skills

Overlooking AI literacy and clients' expectations

The responsible use of AI tools is underpinned by ethics. Its consultants need to not just back innovation but also make sure that strategies being implemented for clients are fair, transparent, and secure. This involves creating governance policies, working with bias, and involving stakeholders in a meaningful way.

Non-AI-literate specialists are in danger of becoming obsolete (Samokhvalov, K. 2024). Clients are demanding more than an understanding of the technical implications of AI from their consultants with a need for consulting on the strategic implications as well - this means using AI in an ethical manner and being able to assess risks, as well as construct governance structures. (Sharma, R., & D'Souza, M.-2024). This means consultants need to be more than "do-ers" – they also need to be the voice of ethics and change in the room.

Conculsion and recommendations

Critical reflections on AI literacy

Even as AI literacy becomes more and more of a necessity in consulting, not all consultants will necessarily need a super technical understanding of how AI works. In some positions, AI fluency - understanding when and how to work with the experts - might be more helpful than knowing the nitty-gritty. Overstating AI expertise may ghetto-ise some excellent human and strategic thinking that is essential in the advisory business.

These days, a part of consultants' roles as AI navigators are assisting companies to position AI tools in the context of their models. They integrate technology into leadership plans and establish responsible use guidelines. Change managers drive adoption through managing resistance and integrating AI literacy into learning workstreams. With a growing role of AI in business transformation, AI literacy for consultants and change is critical.

This paper also points to the transformation from perceiving AI as a mere tool towards viewing it as a key ingredient of strategic value generation. Professionals who are literate in AI will be more equipped to drive change, control risk, and match business objectives with technological potential.

In order to stay competitive, consultants need to:

- Prioritize ongoing AI upskilling in the context of business.
- Build cross-functional skills in ethics, data and management.
- Make it easier to unlearn old models.
- Support equality for all training for clients and teams.

AI literacy is not an optional add-on - it is a strategic imperative.

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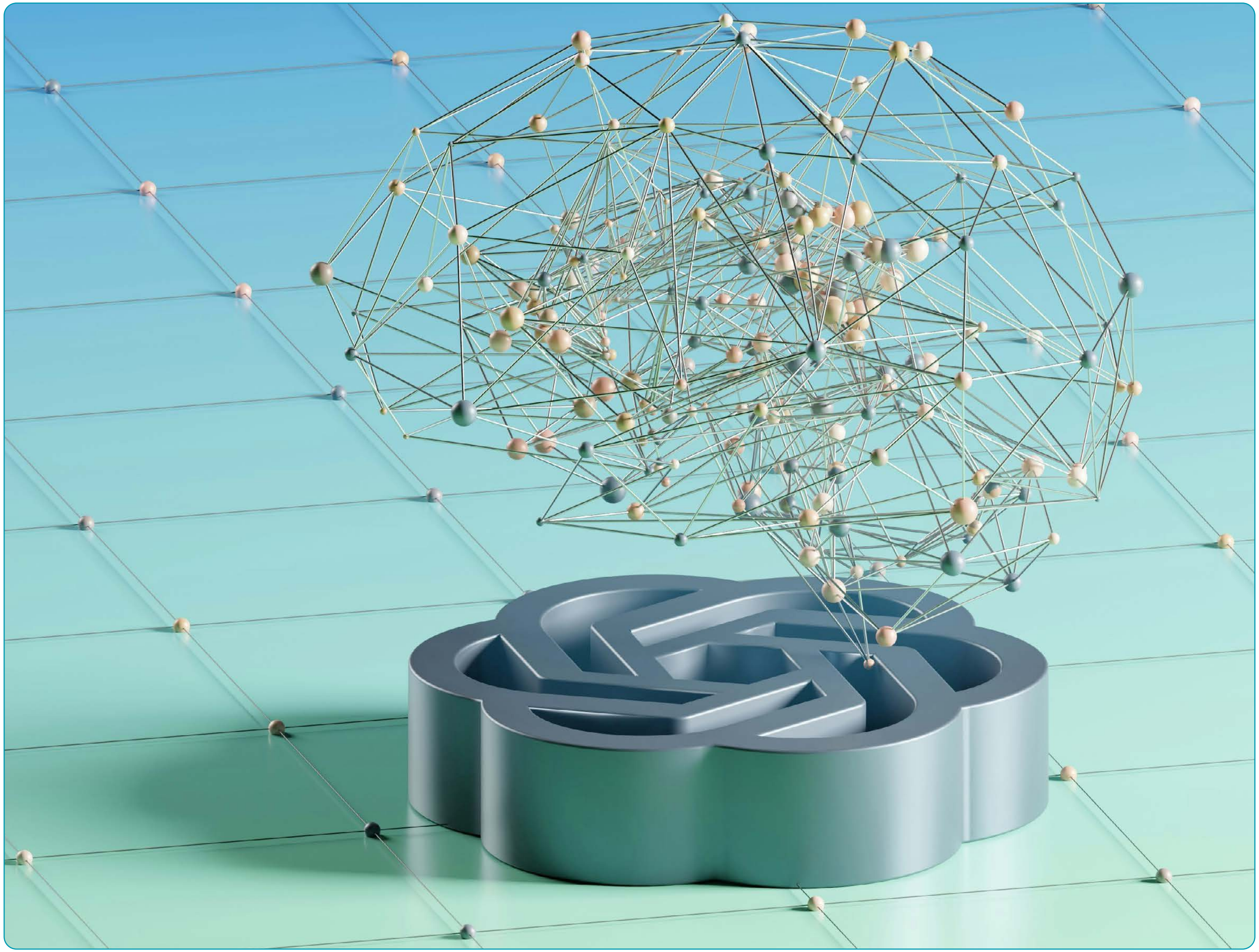

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Influences on Management Consulting Industry Size and Contribution to National Gross Domestic Product

Alan Blackman

Abstract

Management consulting contributes around 0.3% to the world's gross domestic product, placing the sector's value at over USD 300bn today. When considered country-by-country, the size of each country's management consulting sector varied across several factors. In 2018, the International Council of Management Consulting Institutes (ICMCI) initiated its National Consulting Index (NCI) project to identify a statistical model using proxy indicators to predict the management consulting sector's expected market size and contribution to each country's Gross Domestic Product (GDP). The resulting NCI is the percentage of the financial contribution of management consulting to each nation's GDP.

This paper reports the current status of this research. It provides estimates using economic and cultural proxy predictors, leading to the expected in-country management consulting market size for 97 nations.

Introduction

The National Consulting Index (NCI) project was established to gain insight into differences in the national management consulting sector (MCS). It aims to develop a data-driven method for calculating each country's expected sector size. The International Council for Management Consulting Institutes (ICMCI) initiated the NCI project in 2018. The ICMCI, a United Nations-recognised non-governmental organisation, is dedicated to further developing management consulting as a global profession and contributor to economic success. Understanding variations in the management consulting sector worldwide is a valuable insight that the NCI project is uniquely positioned to provide. The 2024 NCI project is the most recent development and is more than a compilation of data. It has been a significant undertaking that has refined and strengthened the computational model for estimating an NCI, updated earlier estimates of the expected size of the MCS in each country for which data are available, and used the findings to learn more about the trends and characteristics of the consulting market.

In 2023, Source Global Research (SGR) estimated that the global average of a country's MCS was approximately 0.30% of gross domestic product (GDP), suggesting an international management consulting market of US$312.5bn at that time. The NCI research seeks to illuminate the factors that can explain why a national MCS is proportionally higher in some countries than others. It has been recognised that the size of a country's management consulting sector (MCS) changes with the size of a country's economy, (Haslam, 2022; Haslam et al., 2020, 2022), the prosperity of its populace, and the presence of large and complex businesses (Barthelemy, 2020; O'Mahoney et al., 2021). Cultural differences also modify it (Barthelemy, 2020; Hofstede, 2011; O'Mahoney et al., 2021). This research aims to better understand national variances in the management consulting sector and develop a statistical model for calculating the sector's expected size in each country.

Defining 'Management Consulting'

Understanding what a management consultant is and is not becomes crucial when determining the sector's market size. While management consulting has been an essential service for governments and organisations since the late 1800s, the debate over its definition has continued. This argument has mainly been due to the incursion of and demand for subcontractors with specialist skills who call themselves or are referred to by their employers as 'consultants'. There is often a crossover, for example, between accounting services and the provision of strategic advice. Also confounding the definition are so-called 'internal consultants': employees within organisations who provide specialist consulting support within a company or corporate group but are not independent of their employer and, therefore, free to seek new clients beyond their employment boundaries.

Over time, several attempts have been made to define management consulting and the consulting role (Curnow & Reuvid, 2001; Greiner, 1982; ILO, 2002; ISO, 2017). Differentiating between a management consultant and an employee is straightforward. Employees must carry out lawful activities directed by their employer. In contrast, professional management consultants are independent of their clients and are free to select or refuse consulting projects and to accept work from multiple clients. Employees are paid a wage by their employer, whereas consultants are paid a negotiated fee per project. However, choosing the difference between a subcontractor and a management consultant is sometimes less obvious and limited to the project type and the intent of the work commissioned. An organisation typically engages subcontractors to provide specific technical solutions or maintain or update infrastructure. In contrast, "management consulting is an independent advisory service contracted to improve organisational performance, address management challenges, help solve management problems, identify and assist clients in taking full advantage of growth opportunities, and assist with implementing change" (Blackman, 2024: 15).

Another complexity in attempting to define the size of the MCS derives from the multinational nature of many consultancies and the fact that income derived from consulting activities beyond the national borders of a consultancy's home country is often not reported separately from that earned within those borders. This exaggerates the MCS size in countries where multinationals tend to be headquartered, such as the USA, Netherlands, and Ireland, while understating it in countries where the consultancy is not based but the income is generated (Miller, 2024).

Method

While knowledge of the size of the MCS remains sparse, understanding the cultural, economic, and political influences in determining the propensity of organisations in a country to engage management consultants and the MCS size and nature is even rarer. This research aims to fill some of those knowledge gaps and has the following research question and hypotheses at its core.

Research Question: *Does a country's cultural, economic, educational, and political profile impact the proportion of its GDP spent on management consulting services?*

Hypotheses

Hypothesis 1: The expected size of a nation's MCS as a proportion of GDP is influenced by its cultural profile.
Hypothesis 2: The expected size of a nation's MCS as a proportion of GDP is dependent on a country's prosperity.
Hypothesis 3: The expected size of a nation's MCS as a proportion of GDP is influenced by its citizens' education level.
Hypothesis 4: The expected size of a nation's MCS as a proportion of GDP is influenced by its political profile.

Reference data

One way to estimate a country's expected MCS is to predict it by determining the relationship between a range of published indices and the size of the market in countries where reliable estimates of market size are known and suitable measures are available (Haslam & Blackman, 2023; Haslam et al., 2020; O'Mahoney et al., 2021), and then to use this relationship as a predictor. For this study, MCS data for 29 countries were purchased from UK-based Source Global Research (SGR), a research organisation specialising in the consulting sector. Table 1 shows the MCS data provided by SGR for the 29 reference countries underpinning this study. These reference countries were chosen for their size, geography, governance and cultural diversity. The table includes the GDP for these countries and the NCI (the percentage of GDP directly accounted for by the MCS).

Influences on Management Consulting Industry Size and Contribution to National Gross Domestic Product (continued)

Table 1: The MCS, GDP and the NCI for the 29 reference countries (2023 figures)

Country	MCS US¢bn	National GDP US¢bn	NCI	Country	MCS US¢bn	National GDP US¢bn	NCI
UK	24.19	3,332	0.724	North Macedonia	1.28	546	0.234
Portugal	1.81	276	0.655	Argentina	1.32	621	0.212
France	17.76	3,049	0.582	Vietnam	0.87	433	0.201
Singapore	2.71	497	0.544	Thailand	1.01	512	0.197
USA	129.43	26,949	0.480	Italy	3.59	2,186	0.164
Germany	21.03	4,429	0.474	Indonesia	2.18	1,417	0.164
Australia	7.79	1,687	0.462	Mexico	2.65	1,811	0.146
Malaysia	1.81	430	0.420	Brazil	3.06	2,126	0.144
Netherland	3.68	1,092	0.337	Japan	5.95	4,230	0.141
Canada	7.02	2,117	0.332	Türkiye	1.48	1,154	0.128
Spain	4.65	1,582	0.294	Chinese Taipei	0.77	751	0.102
Chile	0.99	344	0.290	China	16.72	17,700	0.095
Columbia	0.99	363	0.274	South Korea	0.99	1,709	0.058
Kenya	0.31	112	0.270	Russian Fed.	0.71	1,862	0.038
Austria	1.42	526	0.270				

Regression analysis for predicting MCS

The research method involved identifying correlations with the MCS sizes for the 29 reference countries with a wide range of publicly available economic indicators and socio-economic and cultural indices. The indices were chosen for their coverage, credibility, and use in prior research. Indices were tested for correlation, and those uncorrelated with the MCS for the reference countries were excluded from further analysis. The selection of correlating indices was then reduced to create the best-fitting linear regression model for predicting the expected MCS size for the highest number of countries.

In the ICMCI NCI 2024 study (Blackman et al., 2024b) predictions were made for the expected MCS size in 55 more countries. The methodology employed then followed that reported by Blackman et al. (2024b). The dependent variable (DV) was the set of 29 adjusted SGR estimates. The sample was smaller than the 20 plus five for each IV recommended for multiple regression by Khamis and Kepler (2010). However, although the selected countries represented just 13.7 per cent of the total number of countries, they accounted for 85.8 per cent of the global market in US dollars, as estimated by SGR.

Table 2 shows six independent variables (IVs) used in previous analyses (Blackman, 2023; Haslam, 2022; Haslam & Blackman, 2023). Twelve additional IVs were considered for this analysis. In all cases, the most recently published official data were used.

Several exploratory tools, including correlation, ANOVA, and linear regression, were used to isolate the regression model that was the best fit for predicting an MCS value. Skewed data were transformed using natural logarithmic conversion. The resulting list of IVs used was reduced to the following three to optimise effect size, the regression model's fit, and predictive reliability (Khamis & Kepler, 2010; Tabachnick & Fidell, 2023):

1. Log N GDP 2023
2. Hofstede's Uncertainty Avoidance 2023
3. V-Dem Liberal Democracy Index

Initial IVs	Additional IVs
Hofstede's Individualism-Collectivism (Schachner & Sakkinen, 2024)	Corruption Perception Index
Index of Economic Freedom	National population
Global Innovation Index	Education Index
V-Dem Liberal Democratic Index	Economic Growth Rate
Gross Domestic Product (GDP) per capita	The other five Hofstede's Cultural Dimensions (Schachner & Sakkinen, 2024)
GDP	The NCI from the prior year (2022)
	R&D expenditure as a percentage of GDP
	UN Human Development Index

Table 2: Independent variables considered for analysis

MCS as a Proportion of GDP

The linear regression model, where the corresponding unstandardised beta (B) coefficients listed in Table 3 were used, was:

> LogN of the SGR estimate=B Constant+Log N GDP2023*B+Hofstede's Uncertainty Avoidance*B + V-Dem Liberal Democracy Index*B, then
>
> EXP (LogN of the SGR estimate) = Predicted expected SGR estimate

One of the 29 countries, North Macedonia, exceeded the critical Mahalanobis distance chi-square for df = 3 (α = 0.001) of 16.226. Cook's distance (>1.0) confirmed it as an influential outlier, so it was excluded from the analysis. The subsequent linear regression found that, in combination, the four IVs accounted for 83.9 per cent of the variability in the transformed Source Global Research estimate ($R^2 = 0.839$; adjusted $R^2 = 0.813$, $F(4,24) = 31.376$, p =

0.000). By convention (Cohen, 1988), an effect of this size is considered large (f2 = 5.2).

As shown in Table 3, three IVs contributed significant unique variance to the regression. While Hofstede's Uncertainty Avoidance was also significant (t = -3.872, p. = 0.001, sr2 = -.082), it was negative, indicating a lower MCS size associated with a country's higher uncertainty avoidance.

Table 3: MCS size prediction model using 2023 data.

Variable	Unstandardised B	SE	*t*	*p*	sr²
Constant	-4.001	1.244	-3.215	0.004	
Log N GDP 2023	0.857	0.085	10.064	0.000	0.588
Hofstede's Uncertainty Avoidance	-0.017	0.005	-3.664	0.001	-0.588
V-Dem Liberal Demogracy Index	1.827	0..403	4.536	0.000	0.120

Unstandardised beta coefficients from the regression were then used to predict the value of the MCS in the 97 countries. Following expanding the resulting natural log expressions to millions of US dollars, the values were adjusted by the median percentage difference (-0.29 per cent) between the SGR estimates and the regression predictions to create final estimates of the expected in-market MCS size. The adjusted predicted values correlated strongly with the estimates provided by SGR (r = 0.980, p = 0.000). Lastly, the NCI was determined by dividing the adjusted MCS for each country by its GDP. The median NCI was .003644. In other words, the median global MCS was 0.3644 per cent of GDP (M=.004325, SD=.002741), with a range across nations from 0.07 to 1.56 per cent. Given that the global GDP in 2023 was USD105,435,040 million (WorldBank, 2024), the expected global market for management consulting services by revenue in 2023 is USD 384,205 million.

National profile influences

To compare the NCI computed earlier to groups from the Inglehart-Welzel World Cultural Map, a Kruskal-Wallis ANOVA was selected, as the assumptions of normally distributed data and heterogeneity required for analysis of variance were not met. A Kruskal-Wallis analysis is also less sensitive to outliers (Bennett et al., 2023).

Significant differences were found between English-speaking countries (Mean Rank = 61.50), African-Islamic (Mean Rank = 24.22) and Confucian (Mean Rank = 17.50) cultural groups (H (corrected for ties) = 0.33, df =5, N = 68, p = 0.000, Cohen's f = 0.71).

Bivariate correlation analysis of the NCI and Hofstede's six cultural dimensions identified two positive and three negative significant relationships. The positive relationships to the NCI were with Indulgence (r = 0.417, p = 0.000) and Individualism (r = 0.391, p = 0.000). The negative correlations were with Uncertainty Avoidance (r = -0.539, p = 0.000), Power Distance (r = -0.516, p = 0.001) and Motivation to Achieve (r = -0.320, p = .001). A linear regression analysis with the NCI as the dependent variable and Hofstede's six cultural dimensions was significant (R2 = 0.568, Adj R2 = 0.534, F (6, 77) = 16.867, p = 0.000). Given that Cohen's f was more than 0.35 (Cohen, 1988), the effect was considered large (Cohen's f2 = 1.31). Variance inflation factor (VIF) scores below five indicated that multicollinearity is not an issue with this analysis (Bennett et al., 2023).

Two of Hofstede's dimensions contributed significant unique variance to the regression: Uncertainty Avoidance (t = -5.416, p = 0.000) and Motivation to Achieve (t = -3.383, p = 0.001), while Individualism approached significance (t = 1.949, p = 0.055) and warrants further investigation. In all, Hofstede's Cultural Dimensions accounted for 56.8 per cent of the variance in the NCI (Table 4).

Variable	B	SE	*t*	*p*	sr²
Constant	0.009	0.002	5.785	0.000	
Power-Distance	-2.088e-5	0.000	-1.552	0.125	
Individualism	-2.598e-5	0.000	1.949	0.055	
Motivation to achieve	-3.495e-5	0.000	-3.383	0.001	-0.506
Uncertainty avoidance	-5.338e-5	0.000	-5.416	0.000	-0.812
Long-term orientation	-1.027e-5	0.000	-0.829	0.410	
Indulgence	1.841e-5	0.000	1.683	0.096	

Table 4: Cultural influences on the NCI - regression model output

National prosperity

A second bivariate correlation analysis was undertaken to identify relationships between the NCI and the size of an economy, economic growth rate, individual prosperity of a nation's populace as measured by GDP per capita, and the proportion of GDP spent on research and development (R&D). A significant positive correlation was identified with GDP per capita (r = 0.317, p = 0.006). Significant negative relationships were found for the natural logarithm of GDP (r = -0.292, p = 0.010) and Economic Growth Rate (r = -0.300, p = 0.009).

A second linear regression analysis with the four prosperity variables was also significant (R2 = 0.295, Adj R2 = 0.246, F (4, 58) = 6.061, p = 0.000), and the effect size was large (Cohen's f2 = 0.42) (Cohen, 1988). Multicollinearity was not a concern with this model (VIF = <5) (Bennett et al., 2023).

The natural logarithm of GDP (t = -3.525, p = 0.001) and GDP per capita (t = 2.180, p = 0.033) significantly contributed to the variability in NCI. In combination, the four variables explained 29.5 per cent of the variability in NCI (Table 5).

Citzen education

A third bivariate correlation analysis was undertaken to identify relationships between the NCI and citizen education levels and English language usage. The English Proficiency Index (r = 0.474, p = 0.000) had a moderate and significant positive correlation. In contrast, weak relationships were identified with the Education Index (r = 0.237, p = 0.017) and whether the country's official language included English (r = 0.236, p = 0.017).

A third linear regression analysis with the three education variables was also significant (R2 = 0.342, Adj R2 = 0.309, F (3, 60) = 10.397, p = 0.000), although the effect size in this case was medium (Cohen's f2 = 0.31) (Cohen, 1988). Once again, multicollinearity was not a concern with this model (VIF = <5) (Bennett et al., 2023).

The English Proficiency Index (t = 3.811, p = 0.000) significantly and uniquely contributed to the variability in NCI, while the other two predictors were not significant contributors. Overall, the model explained 23.6 per cent of the variability in NCI (Table 6).

Variable	B	SE	*t*	*p*	sr²
Constant	0.006	0.004	1.481	0.144	
Log N GDP 2023	-0.001	0.000	-3.525	0.001	-0.778
GDP per capita 2023	-0.001	0.000	2.180	0.033	0.0576
Economic growth rate	0.000	0.000	-1.307	0.196	
National R&D as a proportion of GDP	0.000	0.000	0.405	0.687	

Table 5: National prosperity influence on NCI - regression model output

Variable	B	SE	*t*	*p*	sr²
Constant	-.005	0.002	-2.319	0.023	
Education index	0.001	0.002	0.304	0.762	
English Proficiency Index	1.496e-5	0.000	3.811	0.000	0.144
English speaking	0.001	0.001	0.993		

Table 6: Citizen education regression model output

Political profile

Six variables related to a country's political profile were included for analysis:

1. Corruption Perception Index 2023
2. eGovernment Development Index 2022
3. Global Innovation Index 2023
4. Index of Economic Freedom 2023
5. United Nations Human Development Index 2023
6. V-Dem Liberal Democracy Index 2023

Five of the six predictors had positive, moderate, and significant correlations with the NCI, while the relationship to the eGovernment Development Index approached significance (r = 0.234, p = 0.057) (Table 7).

Variable	*r*	*Sig.*
V-Dem Liberal Demogracy Index	0.640	0.000
Index of Economic Freedom	0.558	0.000
Corruption Perception Index	0.509	0.000
Global Innovation Index	0.345	0.009
United Nations Human Development Index	0.302	0.020
eGovernment Development Index	0.234	0.057

Table 7: Political profile variables correlations with the NCI

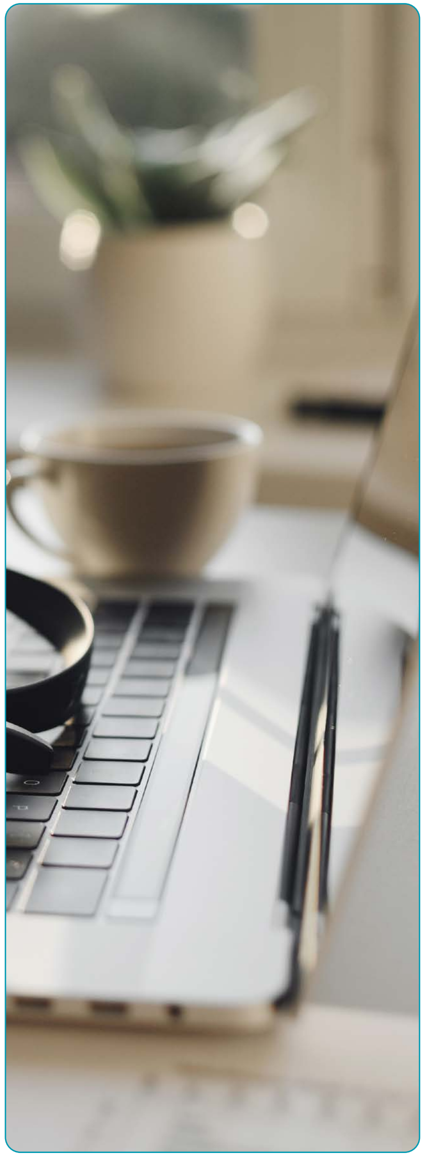
A fourth linear regression analysis was undertaken using the six variables listed above.

Once again, the regression was significant (R2 = 0.522, Adj R2 = 0.450, F (6, 40) = 7.283, p = 0.000, Cohen's f2 = 1.09), and the effect size large (Cohen, 1988). VIF scores of less than 10 indicate that multicollinearity was not a key concern for this regression (Bennett et al., 2023).

The V-Dem Liberal Democracy Index significantly explained NCI variability, while the other predictors did not. Overall, the political profile predictors explained 52.2 per cent of the variance in the NCI (Table 8).

Variable	*B*	*SE*	*t*	*p*	*sr²*
Constant	0.000	0.004	0.045	0.964	
e-Government Development Index	-0.010	0.006	-1.715	0.094	
Index of Economic Freedom	0.000	0.000	1.717	0.094	
V-Dem Liberal Demogracy Index	0.005	0.002	2.763	0.009	0.091
Corruption Perception Index	4.204e-5	0.000	0.869	0.390	
Global Innovation Index	-3.278e-5	0.000	-0.629	0.533	
United Nations Human Development Index	7.738e-5	0.008	0.010	0.992	

Table 8: Political profile regression model output



Overall contriubution to NCI variability

In order to assess the overall influence of each grouping, the unstandardised predicted values from the previous four regression analyses - Cultural, Prosperity, Education, and Political - were saved as new variables. All four were positively correlated with the NCI, and all were statistically significant (Cultural: r = 0.713, p = 0.000; Prosperity: r = 0.555, p = 0.000; Education: r = 0.502, p = 0.001); and Political: r = 0.681, p = 0.000). A fifth linear regression was computed using the four new variables as independent variables and the NCI as the dependent variable.

That regression, too, was significant (R2 = 0.568, Adj R2 = 0.517, F (4, 34) = 11.183, p = 0.000), and the effect size, again, was large (Cohen's f2 = 1.31). Multicollinearity was not an issue with this model (VIF = <5).

Overall, the four new variables explained 56.8 per cent of the variability in NCI, with cultural (t = 2.446, p = 0.020) and Political (t = 2.099, p = 0.043) factors contributing significantly to the model's variability.

Table 9 summarises the regression findings for four hypotheses, while Table 10 shows the significant unique contributions of cultural and political profiles to the variability in the regression.

Variable	r	R^2	ADJ. R^2	F	df	Sig.	Outcome
H1: Cultural	0.754	0.568	0.534	16.867	5,77	0.000	*Supported*
H2: Prosperity	0.543	0.295	0.246	6.061	4,58	0.000	*Partly supported*
H3: Education and English speaking	0.486	0.236	0.207	7.947	3,77	0.000	*Partly supported*
H4: Political profile	0.723	0.522	0.450	7.283	6,40	0.000	*Supported*
Overall	0.754	0.568	0.517	11.183	4,34	0.000	

Table 9: Hypothesis regression results

Variable	B	SE	t	p	sr^2
Constant	0.000	0.001	0.143	0.887	
H1: Cultural	1.305	0.534	2.446	0.020	0.076
H2: Prosperity	-0.982	0.680	-1.445	0.158	
H3: Education	0.112	0.382	0.292	0.772	
H4: Political profile	1.187	0.566	2.099	0.043	0.056

Table 10: Overall influences on the proportion of GDP spent on management consulting services

Discussion

This research project asked, "Does a country's cultural, economic, educational, and political profile impact the proportion of its GDP spent on management consulting services?" As shown in Table 9, the four hypotheses have been either supported or partly supported by this research's findings. Table 10 shows that a nation's cultural, prosperity, education, and political profiles explain 56.8 per cent of the variability when predicting the contribution of the MCS to its GDP and that a country's cultural and political profiles are significant, unique contributors to that variance. Therefore, the answer to the question posed by this research is mainly positive. The result also allows for a global prediction of the global MCS size based on GDP figures when published (WorldBank, 2025).

The regression used in this research is a valuable predictor of MCS size and the sector's contribution to a nation's GDP. The correlation between the purchased estimates from SGR and the adjusted predictions of MCS size is strong (r = 0.998, p = 0.000), and the model successfully predicted an expected MCS size and NCI for 97 countries. The resulting NCI calculation is, therefore, a reasonable estimate of the expected contribution of the MCS to a country's GDP. However, determining the expected size of the MCS within a country has proven difficult.

O'Mahoney et al. (2021) suggested that an essential contributor to a country's spending on management consulting services might be the presence of large, complex businesses. While that may be the case, determining the number of firms by size in an economy is complicated when each country's definitions of the characteristics of large, medium, and small businesses vary widely (Blackman, 2003; Neck, 1977). Moreover, government reporting is inconsistent. We suggest that the number of businesses in an economy might also be estimated reasonably by proxy economic indicators, such as national innovation, GDP per capita, and research and development expenditure. However, further research is needed in this area.

The complexity in determining MCS size partly derives from definitional confusion surrounding what services management consulting includes. By clearly defining and limiting the role to independent advisory services focused on change management, the improvement of organisational performance, addressing challenges, problem-solving, and taking advantage of growth opportunities (Blackman, 2024), it becomes possible to separate income derived from management consulting from that earned from other services, such as IT maintenance, accounting, and auditing. It also allows the exclusion of income derived, or offset, from so-called non-independent 'internal consultants', often hidden behind a corporate veil.

Establishing a country's MCS size is also tricky because the source of consulting revenue cannot be identified. This is particularly true for larger multinational consultancies that report in one country but earn revenue from clients in another. Taxation advantages and domesticity often drive such arrangements and determine where performance reporting occurs. The impacts of such arrangements overstate the revenue gained in the country where a consultancy reports and understates it for the one where it is earned. While national governments could, and we argue should, capture and report the sector's income for their country, as it stands, most do not, which leaves an estimation of market size to speculation.

Conclusions and Recommendations

This research adds to the growing body of knowledge of the importance and size of management consulting as a service industry. The analysis has predicted the expected MCS size in 97 countries and the world market size using proxy social, cultural, economic, and political measures. From those predictions, management consulting is a significant service industry worldwide, especially in countries with higher education levels and where English is an official language spoken fluently. However, the proportion of GDP spent on management consulting varies across broad ethnoreligious and cultural dimensions. It is influenced by societal motivations for achievement and uncertainty avoidance, each country's economic size, and the prosperity of its citizens. It is also affected by the government type and policy. Overall, cultural and political factors were significantly associated with the proportion of GDP contributed by the sector. However, whether the approach used here can be extended to predict the size of other service sectors has not been attempted, and we encourage research to test the method's applicability more broadly and to compare findings to national data on the industry when and if they are reported. Continued development of the NCI project is also recommended.

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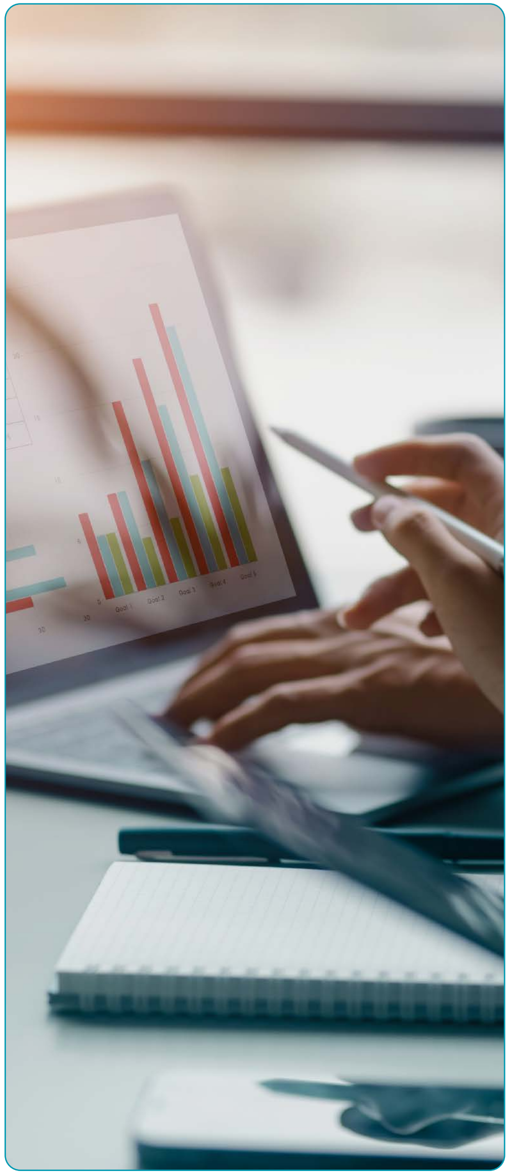

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The Visible Authority: A Complementary Strategy for Business Development in Modern Management Consulting

Joe O'Mahoney

Abstract

The traditional "trusted advisor" model for management consulting business development is being disrupted by a number of pressures. Accelerated promotions, younger directors, stronger procurement functions, shifting client communication preferences as well as new capabilities in the creation and distribution of digital content have all contributed. This paper proposes the "Visible Authority" approach - leveraging digital media and content marketing for individual seniors - as a powerful, complementary sales approach. Building demonstrable, widely recognised expertise offers a viable path to attract clients and drive revenue, especially for consultants who have not had time or opportunity to build deep, trusted networks. This paper provides a practical framework for consultants to define their niche, understand client challenges, develop compelling content, and strategically distribute it, translating authority into tangible business opportunities.

The Evolving Landscape of Consulting Sales

For decades, the "trusted advisor" has been the gold standard – cultivating deep, long-term client relationships (Maister, Green, and Galford, 2000). This model, built on trust and strategic partnership, remains valuable. However, its traditional pathway is increasingly difficult. The time-intensive nature of building such trust clashes with today's accelerated business environment. Compounding this, client loyalty is waning. A recent survey found the share of C-suite buyers automatically returning to the same provider fell from 76% to 53% in five years, and is predicted to hit just 37% soon (Dixon et al., 2023). This signals a critical need to adapt.

Challenges to traditional pathways

Several trends are making the trusted advisor journey tougher, especially for new leaders.

1. Accelerated Careers & the 'Founder's Network' Deficit

Promotions are faster (Bidwell, 2011), meaning younger leaders often lack the decades their predecessors had to build expansive, C-suite networks. This "experience-network gap" means the depth of influence crucial for the trusted advisor model isn't always present (Maister, Green, and Galford, 2000).

2. Market Saturation & Shrinking Client Bandwidth

The consulting market is crowded (Consulting Quest, 2025). Clients are inundated, their time for relationship-building finite. Differentiation is key. If everyone uses traditional tactics, individual signals are lost. Clients may prioritise quickly identifiable expertise. Strategies like Visible Authority, which make expertise discoverable, can cut through the noise and earn, not just demand, client attention.

3. The Procurement Interruption

Sophisticated procurement departments now often mediate initial contact, focusing on cost and compliance (Consulting Quest, 2025; Essig and Batran, 2005). This creates a barrier to direct relationship-building. Procurement's emphasis on quantifiable metrics disadvantages sales models reliant on intangible, relationship-based value. "Trust me" doesn't cut it in an evaluation matrix.

4. Evolving Communication & Digital Natives

Younger "Digital Natives" (Palfrey and Gasser, 2008) communicate primarily digitally (IISTE, 2014). Clients across demographics increasingly use digital channels for initial vetting. A consultant's online visibility is now critical. Indeed, 90% of professional service buyers check a consultant's expertise online before contact (The Visible Authority, 2024). An "invisible" expert is an overlooked expert.

Introducing the Visible Authority: A Complementary Path to Influence

These challenges demand an evolution. The "Visible Authority" model, using digital media and content marketing, offers a potent complementary approach. What follows here is partially a reflection on the authors own journey to become a visible expert, but also his experiences in helping over 40 consultancy seniors become more visible to their clients using better production and distribution of quality digital content. Recent research by Dixon et al. (2023) reinforces this approach, finding only one partner profile - the "Activator," whose traits align with Visible Authority – consistently boosts revenue.

Defining "Visible Authority"

A Visible Authority is recognised by their target audience as a leading expert in a specific niche, actively sought for their insights (The Visible Authority, 2024). This isn't accidental; it's built via a deliberate strategy of creating and sharing valuable content.

Theoretical Underpinnings: Signalling Expertise

Signalling Theory explains this. In situations of information asymmetry (where the consultant knows more about their quality than the client), the consultant can send "signals" – like high-quality content – to convey credible information about their expertise (Spence, 1973; Capsicum Labs, 2023). Producing valuable content is costly and hard for non-experts to fake, making it a reliable signal of genuine authority (Hinge Marketing, 2025; AAM, 2023).

Tangible Benefits of Visible Authority

Visible Authorities attract more qualified leads, command premium fees, and enjoy shorter sales cycles (The Visible Authority, 2024). High-growth firms prioritise content and differentiation (Hinge Marketing, 2025; AAM, 2023). Indeed, 92% of business leaders say high-quality thought leadership influenced their decision to award a deal (The Visible Authority, 2024). Website conversion rates are nearly six times higher for content marketing adopters (The Visible Authority, 2024). Benefits extend to enhanced brand reputation and talent attraction (The Visible Authority, 2024; APA, 2007).

Trust in the Digital Age: Public Credibility

The 2023 Edelman Trust Barometer shows business as the only institution seen as both competent and ethical, though economic optimism is low (Edelman, 2023). While personal trust is vital, public credibility, built through visible authority, is increasingly important as clients vet online. Consistently providing valuable, verifiable information builds "scaled trust" with a broader audience before direct interaction.

The Visible Authority: A Complementary Strategy for Business Development in Modern Management Consulting (continued)

The "Activator" Profile: Evidence in Action

Dixon et al. (2023) found only the "Activator" partner profile positively correlates with revenue (up to +32% lift). Activators:

- Dedicate weekly time to BD, balancing new and existing clients.
- Build wide, multi-level networks, sharing relationships and cross-selling.
- Proactively create value, curating insights and sparking conversations before an RFP. These behaviours are hallmarks of a Visible Authority.

A Strategic Framework for Cultivating Visible Authority

Mastering the "how" requires a structured approach.

Stage 1: Niche Definition & Audience Understanding

Becoming a Visible Authority starts with defining your specialised domain and deeply understanding your target audience.

Claiming a Defensible Niche

Successful Visible Authorities focus. Narrower expertise is often perceived as more valuable (Hinge Marketing, 2025).

Dimention	Trusted Advisor	Visible Authority
Primary Sales Driver	Deep personal trust, intimacy, established referrals	Recognised public expertise, inbound interest from content, proactive value creation
Network Source/Focus	Deep personal trust, intimacy, established referrals	Broader, often open, multi-level audience/community around expertise
Key Skills Emphasised	Interpersonal acumen, listening, empathy, bespoke solutions	Content creation, public speaking, digital communication, niche specialisation, proactive insight generation
Time to Build Authority	Typically long, multi-year	Can be accelerated with consistent, strategic effort
Primary Communication Mode	One-to-one, private conversations	One-to-many, public dissemination of content, targeted proactive outreach
Scale of Reach	Limited, deep	Potentially broad, scalable
Initial Client Contact Point	Often through existing relationship or direct referral	Often through online discovery, content consumption, event, or proactive engagement

Table 1: Contrasting Trusted Advisor and Visible Authority Models

Differentiation is essential. A well-defined niche attracts the right clients and focuses content efforts. Answer decisively: "What are you an authority in?". Ideally, this should be 'uncomfortably narrow'. This doesn't mean that this niche is all that you sell and deliver, but it is often the 'entry point' for client conversations.

Deeply Understanding Client Challenges

Content must address real client challenges. Visible Authorities research their audience's interests and pain points. B2B buyers consume multiple content pieces before deciding (The Visible Authority, 2024). Understand not just business challenges, but clients' digital search behaviour - the keywords they use. Also, have a strong knowledge of the relevant literature, research, academics, conferences and focus groups in the space.

Stage 2: Developing Compelling Content

With a clear niche and audience understanding, create high-quality content that demonstrates expertise.

Identifying Content Pillars & Formats

High-growth firms prioritise high-value educational content (Hinge Marketing, 2025; Bidwell, 2011). True thought leadership offers new ideas or perspectives. Develop "content pillars" from your niche and audience pain points. Use diverse formats: articles, reports, webinars, podcasts. Emphasise originality and actionable insights. Translate complex ideas simply.

Ensuring Quality, Credibility & Differentiation

Only exceptional, credible, and differentiated content cuts through. It must demonstrate P.R.E.: Provocation, Research, and Emotional Engagement. Provocation concerns the new angle that you have on the topic: if you repeat what everyone else is saying you are unlikely to stand out. Research means your recommendations or analysis should be firmly based in qualitative and quantitative data not just 'I've done this for 20 years and I know what is right'. Emotional Engagement means that it's about more than facts. Feeling the client's pain and providing them with an emotional vision for the future is crucial.

Stage 3: Strategic Distribution

Great content needs strategic distribution to reach its audience.

Optimising for Discoverability (SEO)

SEO is vital for organic search visibility. This means compelling content marketing and sound technical SEO: keyword research, on-page optimisation, and excellent user experience. SEO is an ongoing process.

Utilising Professional Networks (LinkedIn & Beyond)

LinkedIn is indispensable for B2B professionals to build brands and share insights. An optimised, active LinkedIn presence is non-negotiable.

Exploring Other Channels (Email, PR, Events)

Diversify and re-use. Start with 'state of the union' piece of content. Record a video about it. Use the audio (via AI) to create a blog or article. Post on LinkedIn articles and your own blog. Cut this up into smaller LinkedIn posts, video clips, and infographics. The useful thing is that an outsourced marketing agency can do this incredibly cheaply.

Stage 4: Building & Sustaining Visibility

Visible Authority is an ongoing commitment.

The Power of Consistent Output

Sporadic efforts won't build authority. A regular content schedule is crucial for connecting with your audience and earning trust. An editorial calendar helps (try Buffer.com). Consistency signals reliability and dedication.

Visible Authority as a Complement

Visible Authority isn't a replacement for the Trusted Advisor model; it's an enhancement. Visibility earned through shared expertise acts as a "trust accelerant" (The Visible Authority, 2024; Spence, 1973). Publicly demonstrated competence builds initial credibility faster and more broadly than private interactions alone.

Stage	Key Objectives	Core Activites	Critical Success Factors / Supporting Concepts
1. Niche & Audience Definition	Define unique, defensible expertise; deeply understand audience needs & behaviour	Self-assessment, market research, competitor analysis, audience interviews, persona development, keyword research	Differentiation, Specialisation, Empathy
2. Content Development	Create high-quality, valuable, differentiated content addressing audience pain	Develop content pillars, choose formats, write/produce original content, ensure actionable insights, cite sources	P.R.E.: Provocation, Research, and Emotional Engagement.
3. Strategic Distribution	Maximize content reach and discoverability among the target audience	SEO, LinkedIn/social media marketing, email marketing, PR, speaking engagements, content repurposing	Multi-channel approach, SEO best practices, Engagement
4. Sustained Visibility & Engagement	Maintain momentum, build community, and continuously improve impact	Consistent content cadence (editorial calendar), audience interaction, performance tracking (analytics), strategy iteration	Consistency, Responsiveness, Adaptability, Measurement

Table 2: Key Stages and Activites in Developing Visible Authority

Engaging with the Audience & Iterating

Visibility isn't one-way. Engage with your audience - respond to comments, solicit feedback. This builds community, refines your messaging based on feedback, and boosts the visibility algorithm. Track content performance. Use simple analytics to understand what resonates and improve for next time.

Discussion: Integrating Visibility with Trust

Visible Authority is most potent when integrated with the Trusted Advisor model's enduring principles.

This initial trust can then deepen through personal engagement (Maister, Green, and Galford, 2000). For newer consultants or those without established networks, it's a democratic path to getting known.

Addressing Challenges & Ethical Considerations

This isn't without challenges. It demands significant, consistent time for quality content and engagement. Authenticity is key; pressure for visibility shouldn't lead to an inauthentic persona or overstated expertise. Superficiality is a risk if tactics overshadow genuine knowledge. Measuring direct ROI can be hard, requiring a long-term view.

Ethical execution is paramount: transparency about affiliations, factual accuracy (Edelman, 2023), avoiding hype, and respecting intellectual property. Shortcuts damage credibility.

Implications: Cultivating "Visible Authorities'

For individuals, Visible Authority empowers personal brand building and opportunity attraction. It demands new skills in content creation and digital communication.

For firms, fostering Visible Authorities offers competitive advantages: attracting top talent, elevating the firm's brand, and creating a scalable lead generation engine (The Visible Authority, 2024). This means investing in training, tools, and time.

Dixon et al. (2023) offers a roadmap:

- Training & Coaching: Focus on network management and proactive insight generation (e.g., McDermott Will & Emery's program).
- Hiring & Promotion: Value collaborative behaviours and proactive value creation, not just technical skill.
- Technology: Use CRM prompts, relationship intelligence tools, and Gen-AI for insights.
- Incentives: Reward collaboration and consistent BD (e.g., Baker McKenzie's revenue growth after rewarding collaboration). This may require a cultural shift towards valuing open knowledge sharing for market impact.

Conclusion: The Future of Consulting Business Development

The consulting sales landscape is evolving. The traditional Trusted Advisor model, while valuable, faces new pressures. The Visible Authority strategy is a vital complementary approach, and the advent of AI is only going to make this more important as the internet gets saturated with low quality content from low-trust sources.

Challenges to traditional sales models demand strategic augmentation. Visible Authority - signalling expertise through quality content and digital engagement - builds public credibility, a precursor to deeper trust. "Activators" exemplify this proactive, networked approach. Integrating these models creates a resilient strategy: be "found" for expertise, then "valued deeply" for trust.

Critically assess your BD strategies. Passive reliance on old models may not suffice. Strategic investment in Visible Authority - individual or firm-wide - is essential for thriving. Embrace content, master digital channels, foster "Activator" behaviours, and value knowledge sharing. Are your current efforts truly future-proofing your success?

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