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CONTENTS

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WELCOME TO THIS FIFTH VOLUME OF THE MANAGEMENT CONSULTING JOURNAL. I TRUST YOU'RE ALL KEEPING SAFE AND WELL.

We start, topically, with 'How to strengthen the immunity of your small consultancy practice, in the face of COVID-19', by Gregg Li.

Andrew Sturdy's 'How should we govern management consultancy' is the first of four shorter papers in this volume. This is followed by Ionna Mavridopoulou's and Joe O'Mahoney's illuminations into elitism in strategy consulting and Andreas Giazitzoglu's and Daniel Muzio's perspectives on class and masculinity in contemporary management consultancy firms.

Our penultimate paper is Mostafa Sayyadi's views on the skills most in demand for transformational leadership consultants. We conclude with the team from the International Council of Management Consulting Institute's outline of the National Consulting Index.

Thanks to my colleagues on the editorial board for the review of papers and feedback to authors, and to the team at the Institute of Consulting for their work on layout and production.

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Author guidelines and a submissions template are available on the Journal site http://www.iconsulting.org.uk/news-and-interact/management-consulting-journal

Dr. Simon Haslam
Chair, ICMCI Academic Fellows
Editor

HOW TO STRENGTHEN THE IMMUNITY OF YOUR SMALL CONSULTING PRACTICE IN THE FACE OF COVID-19

Greg Li, IMCHK

Tough times call for tough measures. Many experts are speaking about strengthening the immunity and resilience of a human being; few have yet to address how to help the young, organic small consulting practices that serve as company doctors for businesses. A successful consulting practice is fundamentally a successful business, and as a business, it is time to strengthen the immunity of our consulting practices in the face of COVID-19 so that we can remain in business.

This short article looks at seven key reminders to improve the immunity, and survivability, of a consulting practice.

The next six months will either define your practice or will lay the groundwork for your firm's demise. Do not kid yourself. Although market opportunities look to be pervasive and many clients will require the assistance of your firm, many of your clients will not have the emergency cashflow to employ you or for fear of the Pandemic, avoid contact altogether[1]. Before the next economic boom, this period of preparation is going to be a difficult time for many businesses, consulting practices included.

FIRST ACTION

Calm yourself and be mindful. By preparing your mental condition and accepting this mental challenge, you are about to run this austerity exercise. This will feel more like a 10K run, in spurts, that is now in play. Should this Pandemic continue onto 2021, it will become your mental marathon. The most important action now is to remind yourself that this is going to take efforts. As an owner or a founder of your practice the stress is enormous now. Accept this reality. Drop your worries and let's move forward with caution. Don't jump to conclusions too soon on how you may want to face this challenge; and first give yourself some quiet time, particularly before you embark on this run. Be in the present without judgement and focus on your mindfulness. Quiet the mind. Suspend judgment and open your mind to new market signals and those signals from within your company. Open your ears and listen….

SEVEN STEPS

Having calmed yourself, your next action is lay down a new battle plan to strengthen your firm's resilience and immunity. From experience as a company doctor and board advisor for over 30 years, I would like to share seven sensible ways for this austerity exercise. For those who have been here before, consider these as reminders and that tools and exercises for the consulting practice can also be applied for your clients:

1. **Communicate, communicate, and communicate.** Business is not going to be normal anymore, so as a founder you must convey urgency to all your people.Try to meet briefly every morning or at least once a week and review previous wins and losses. Sometimes even five minutes would do. One of the most important actions is to bring all employees to the same table so the pain can be shared and resolved, together. Be honest with your employees. Invite everyone to come up with ideas because humans make the most progress when we work together. Remind them that being lean, and mean is now the modus operandi. Avoid long reports because the environment is changing at hypersonic speed. Ask everyone to keep their eyes and ears to the market and to your clients. You want to hear the pain and tribulations of your clients. On the first day of the week you may want to get the whole company to share revenue generation ideas. On Friday, cost cutting ideas. Sharing and developing new ideas by everyone is the message you would like to convey.

   When was the last time you've conducted a brainstorming session with your entire firm? A quality circle perhaps? Or a UX exercise and redesign client engagement (Unger et al., 2012)? Maybe you would like to do a half-day offsite and reframe and share your firm's new strategic intent (Walters et. al, 2006) set against a new ecosystem and a backdrop of an ongoing Pandemic.

2. **Monitor your cashflow weekly if not daily.** Without cash your practice will die. Chances are you and your fellow owners may have to max out your personal credit cards but be reminded late penalty on credit card interest can approach 48% per annum. Start cutting anything that requires a subscription and review all your SAAS commitments. Cut all 'non-essential' fixed costs right now. Put someone to monitor any government Small and Medium Sized Enterprise (SME) loan programs because they will come but expect bureaucracy that will last as long as six to twelve months. Stretch out your accounts payable and ask your suppliers to extend some credit. You will find that a few of your clients are willing to pay for your services earlier, (and these are the best clients to have). Drastically reduced inventory and clean out your crowded spaces, as they symbolize sloppiness and waste. (This exercise alone will remind your people how serious you are.) Dump or lease out things and spaces you no longer need.

   What inventory can you move to Just-in-time status? Can you expand your associate base and reduce your full-time consultants? How can you actively manage your accounts receivables and accounts payables?

3. **Re-examine your clients' needs.** Clients now will focus on their immediate needs and not desires; and engaging your practice may no longer be on their priority list. How have their products/services been providing value? Re-examine them critically. Put yourself in the shoes of your clients. Perhaps your clients need to innovate and just sell partial solutions to their customers? Sometimes we think we know what our clients need but in reality, we really do not. Time to make a few extra rounds of phone calls and schedule those breakfast meetings and stakeholder reviews. Look at your present processes and take out any excess overhead, unneeded motions, and maybe temporarily, even certain control points. Remind yourself that all processes can be reduced and not everything has to be done now. All motions produce some waste and require some amount of non-value-added inputs. When you are running a long-distance race, do you make any unnecessary movements like swinging your arms wildly? No. Now is the time to re-engineer your core processes and refocus on only that which your clients find important.

   Maybe it is time your clients apply the Lean Start-up Methodology (Ries, 2011) and lay out the assumptions in their business model? What are the Jobs-to-be-done (Ulwick et al, 2016) for your practice and for your clients? What do your clients really want from your practice? Maybe you can help your clients conduct an Overhead Value Analysis (Neuman, 1975), a Re-engineering Exercise (Hammer et al. 2009), or an Activity-Based Costing Exercise (Gosselin, 1997) to flush out those waste and non-value-added activities?

4. **Open more channels for new revenue**. If your clients are not online, help them get online and help build their e-commerce website. If they don't accept credit card payments, start now. If they only sell in the local market, help them expand overseas where online purchases are becoming relevant due to the Pandemic. Perhaps you can lend your consultants to your clients' firms as temporary executives. Training, surveying, innovation workshops, talks, online webinars, board seats, and writing articles are possible ways to expand your own revenue base. As for your clients, perhaps it is time to reinvent their business? Many cities have failed to manage this Pandemic because they have failed to have patients tested for COVID-19. Knowing what to measure and measuring those key performance indicators and trends can be a service that can be sold to existing as well as new clients.

   How are your clients reaching out to their customers via Facebook, Google, or WeChat? How are they using YouTube to demo their products and services? Why not help your clients establish secure Webex or Zoom meetings? Can your clients become an affiliate on other company's webpage?

5. **Over-service your existing clients.** As mentioned earlier, some clients prefer not to see you at all, despite their dire needs. COVID-19 is extremely contagious. New consultancy projects would be deferred. One solution is to see which of your old clients need an update or review, so rework your old and existing contacts.

[1]During the days of SARS in 2003 in Hong Kong, my own consulting practice had only one government project but that was enough to carry us over.

HOW TO STRENGTHEN THE IMMUNITY OF YOUR SMALL CONSULTING PRACTICE IN THE FACE OF COVID-19 (CONTINUED)

All consultants realise that asking for continual work is much easier than asking new clients for new work, especially when the last project for this old client was done so well. I have found a retainer arrangement, with minimum days per month set against a lower fee, may just work with a few of your best clients.

What additional service and exercise can you sell to your old clients and that can be serviced by your team? Which of their processes are giving them Six Sigma black-belt impact (McCarty et. al, 2004)? Where is the moment-of-truth in your or their service offerings (Beaujean, et. al, 2006)? Perhaps you can help your clients anticipate repeatable errors using tools such as Design Failure Mode and Effects Analysis (Silverstein, David, 2009)?

6. **Regroup and prune everyone's job.** If there is less work to do, perhaps it is time to ask everyone to take a 25% reduction in activity. Encourage your clients to allow flextime and rework every person's job profile by asking everyone to eliminate 25% of their work. Keep that job profile to just one page but make sure everybody in that company knows everybody else's key roles and responsibilities. Your clients are actually solving some problems for their customers and maybe you can improve those processes and deliverables. Like most things, we humans like to add bells and whistles to products and services. We tend to add extra activities that we believe would help, but in fact they do not, and some customers may find the addition superfluous and costly for a repeat purchase. Your customers are not paying their staff to hang around in meetings or sitting in front of a keyboard. Make their impact count. Please, don't confuse activities with results.

What are the front-line workers really doing for their customers? Remember, customers do not pay us to be in meetings, but without them, we lose coordination. Which part of the old work is no longer needed? When was the last time you or your clients have updated their one-page Business Canvas (Hong et. al, 2013)? When was the last time your firm has updated your job descriptions, job profiles, or team profiles?

7. **Cut fixed cost by 10% to 25% now**. Rent, utility, supplies, salary, are fixed costs and some may no longer be essential. Consider moving to a smaller office or even some co-working space. Look into imposing a salary cut, (but reinstate once revenue is back to normal). That salary cut should be across the board, and ideally more for those in senior positions. With the 25% cut in work as noted earlier, it is much easier for your staff and those of your clients, to be willing to take some reduction in pay. Additionally, you may want to close the loops on incentives and give feedback and rewards sooner rather than later. Be frugal, be a miser, and get used to it. This is your new normal. This is also the new habit you want everyone to acquire in your practice. Similarly, your clients will look to you on how to cut their fixed costs.

One last point. The key to any battle is rest and resilience, because this battle against COVID-19 will span at least three to six months (if not longer), and likely until the end of 2020. Instead of having group dinners, do group coffee. Have zoom parties. Remember to find time to rest, celebrate small wins, and recharge! Great leaders know how to recharge as much as it is about endurance.

CONCLUSION

We have touched on seven simple reminders for action, to be considered as soon as this Pandemic is lifted, and your consulting team is back-at-work. These action steps should remind you that you are now embarking on a 10K run, not yet a marathon. This austerity exercise will help to prepare your team for the economic boom to follow. With trillions injected into the world's businesses, the next boom for consulting will start very soon.

No doubt, many small consulting practices, and even their clients, shall perish nonetheless during this transition. My guess is at least 25% of your clients may not be able to make the transition out of this Pandemic. They shall not be around by year end. Many consulting practices may not be able to survive as well. But as company doctors, we need to be there for our clients. Through these efforts and exercise, your practice may just survive, and if you are able to eke out a living until December, you will come out stronger and more prepared for the next marathon and economic rebound.

The other alternative to consider now is to accept defeat. This decision is better than doing nothing and waiting for a miracle. Close down your firm immediately, engage bankruptcy proceedings in jurisdiction where this is possible, and out-place your people. At least your staff will be paid today, and you are ready for the next challenge.

In closing, the COVID-19 Pandemic has changed what is normal. Over the years, your consulting practice has helped many businesses thrive and prosper. Management consultants have provided the solutions for businesses so they may survive and thrive. But that is history.

We are now fighting a war of recovery for ourselves as well; this is our clear and present danger. Should we fail, our clients and our society will be the ultimate loser.

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HOW SHOULD WE GOVERN MANAGEMENT CONSULTANCY?

Andrew Sturdy, University of Bristol

THE CHALLENGE

The history of management consultancy is a paradox – exponential growth and an elite status for some, while continually beset by scandal and critique. Clearly, consulting services hold many attractions and potential value for some, even if things are currently in transition. And there always seems to be some new story in the media about over-selling or over-buying consultancy. Questions of 'revolving doors' between consultancy and government and 'open doors' between audit and advisory services are also never far from the surface. This cannot all be put down to sour grapes or disgruntled clients.

Despite the criticism, management consultancy is one of the least regulated of occupations (as is well known, anyone can become a consultant). Why is this? What could be done and what should be done? An exploratory research project at the University of Bristol, from an outsider to consulting, is starting to examine these questions and explore possibilities for the governance of consultancy and its use. The first stage is reported here and is based on previous studies of consultancy practice and a review of existing research in the field of governance (see Sturdy, forthcoming for full details). After setting out the problem, some possible options are proposed to help stimulate debate, further research and, ultimately action.

THE PROBLEM

Existing Governance is weak

Although not subject to specific state regulation (except, it seems, in Austria), management consultancy use is governed in different ways. As readers of this Institute of Consulting journal will know well, there are many professional bodies, each with an ethical code. Sadly perhaps, such bodies typically represent only a minority of the occupation and lack teeth. The large consulting firms and their associations also have guidelines, but these tend to place the responsibility for good behavior squarely on the individual consultant.

Probably the most visible form of governance comes through procurement regulations, especially in the public sector. Here, the aim is to replace seemingly cosy client-consultant relationships with something more transactional. As both clients and consultants know well, a key risk here is losing the flexibility often needed to find solutions, even if some now concede that the involvement of purchasing professionals has been a step in the right direction. That said, many in the industry might well argue that consultancy is best governed by the market or reputation. Indeed, while it is possible for anyone to call themselves a consultant, getting and retaining clients is another thing altogether. However, an uncomfortable truth is that the market is neither transparent nor equitable (see below). What's more, the reputations of some large firms at least, have proven to be quite resilient in the face of scandals, stigma and, sometimes, work of questionable quality.

THREE REASONS WHY IT IS SO DIFFICULT TO GOVERN CONSULTANCY

Firstly, most consultancy knowledge is relatively ambiguous or open to diverse interpretations. This, combined with the fact that it is also often produced jointly with clients, means that it is very difficult, often impossible, to evaluate its quality or impact. In short, we do not really know if consultancy works, or if it does, for whom? This view might seem controversial, but if it was straightforward, why would the industry continually be seeking ways to demonstrate its value?

Secondly, it is not only technically hard to regulate, but politically difficult. The power and scope of consulting influence, especially the large firms, extends to almost all areas of government and business and neither clients nor consultants seem to have much of an interest in transparency.

Thirdly, the financial value attached to consulting means that it is often just too tempting for firms to take advantage of the ambiguity of outcomes and over-sell, however sophisticated some clients are. Put bluntly, if there was less at stake, clients would be more likely to expose bad practice and consultants would be more inclined to turn down work or tell clients things they don't want to hear. This is an old criticism and people do have to make a living, but it is a central problem for the industry.

WHAT SHOULD BE DONE - A STARTER FOR DEBATE?

Such technical, political and moral challenges should not deter reform, but highlight the need to go further than conventional or direct forms of governance such as culture change and regulation and to involve all parties, beyond those responsible for regulation.

So, what can be done? In one of the first systematic attempts to identify an agenda for improving the governance of management consulting, four initial themes have emerged – reinforcement, transparency, reward systems and alternatives.

- **Reinforcement -** the first thing to do is to ensure that existing codes and guidelines are implemented or at least tried out. In the public sector, regular reports from advisory bodies such as the National Audit Office typically note poor progress and regulation itself is routinely resisted by both clients and consultants. Likewise, notwithstanding the efforts of those in professional bodies, there seems to be little appetite for strengthening independent professionalisation.
- **Transparency** - while policy guidelines have always urged more systematic evaluation of consultancy, this could take novel forms. Take the example of how social media has transformed the travel business with reviews posted on different sites. Something similar might be developed to inform consultancy users on good and bad practice - 'consultantadvisor.com'? Likewise, the traditional media could be augmented by other stakeholders or actors such as 'third-party' or 'meta- consultants' who review projects.
- **Reward Systems -** possibly the greatest impediment to good consultancy is the pressure to sell to new or existing clients. In the large firms especially, financial and career progression significantly depends upon this, sometimes regardless of client needs. Thus, the reward and value systems in consultancy need to be reformed. An example can be found in debates about the future of auditing and aligning staff rewards with 'cultures of challenge' as well as the, much discussed, break-up of audit and advisory parts of firms. There is even a case to question the 'partnership' model of the firm for the secrecy and weak accountability it effectively offers.

  Clients also need to address rewards and values. The aim would be to overcome defensiveness and encourage knowledge sharing and performance monitoring.This might include using more sophisticated criteria beyond 'value for money'. More concretely, 'serial purchasing' could be introduced which limits the period of engagement or projects with a single supplier. But such systems always generate loopholes and unintended consequences and so can only be part of the solution.
- **Alternatives** - given all the challenges of governance, it is important to recognise that non-use of external consulting is a realistic option. Many countries, sectors, governments and individual organisations, including those who can afford outside help, manage effectively without external management consultancy. This might be by default or design - some CEOs have even banned the use of consultants. What rethinking implies though is the need to support alternative internal and external sources and types of organisational expertise. This could be something as conventional as internal consulting. Alternatively, clients may look to entirely different types of consulting structures or business models and of knowledge or approaches such as those which are consistent with addressing global challenges and distinct from the traditional 'business school' type formats which privilege economic growth and management as a way of organising.

WHAT NEXT?

The four themes outlined above combine hard and soft governance, but are merely a starting point for a conversation.

HARD GOVERNANCE	SOFT GOVERNANCE
Reinforcement	Transperancy
Reward Systems	Alternatives

They address clients, consultants, regulators and policy makers in different ways. We need to hear more from these groups as well as non-users and the public. Indeed, this is the next stage of the research – an empirical one – to seek new solutions and engage all those involved.

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ELITISM IN STRATEGY CONSULTING: HOW INSTITUTIONAL PRESTIGE INFLUENCES RECRUITMENT

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ELITISM IN STRATEGY CONSULTING:
How institutional prestige influences recruitment

ABSTRACT

How and why do strategy consultancies prioritise graduates from elite universities, and is this practice doing them more harm than good? The association of top strategy firms with elite universities is well-known, but this study suggests that the practice is done more for signalling and 'fit' reasons than for recruiting outstanding talent. Using anonymous interviews with recruiters, partners and consultants at strategy firms, and drawing on Bourdieu's theory of cultural capital, the paper suggests that these practices may do more harm than good.

OVERVIEW

Recruitment practices are central to firms' ability to generate and signal quality work. Perhaps most effective at this are strategy consultancies, whose highly selective recruitment practices emphasise their "elite aura" (Armbrüster, 2004:1248). Yet, some have argued that recruitment from elite institutions such as Harvard, Wharton or INSEAD is not in alignment with changes to client CEOs' educational and socio-economic background (Chu and Davis, 2016), as well as new influences in the industry that necessitate more inclusive and diverse recruitment to generate innovation and creativity (Consultancy.uk, 2017). This study argues that strategy firms have over-relied on recruitment based on institutional prestige and uncovers the way in which these practices reproduce elite culture and the difficulties this poses to firms, clients and society more widely. Our research question is *How and why do the recruitment practices of strategy consultancies reproduce elite culture within firms?*

The article is structured as follows. First, we review the relevant theory on elites and describes the Bourdieu's (1986) theory of cultural capital that we use to interpret our findings. Next, we outline the study's methods and limitations, followed by the research findings. In the discussion, we pull our results into a coherent picture of how and why recruitment practices accentuate the cultural capital that fosters the exclusion of talent and limits firm responses to industry's 'disruption'. We conclude by presenting recruitment recommendations that could alleviate the drawbacks of these exclusionary practices.

LITERATURE REVIEW

Elite groups have in common their status, access to power and institutional/network benefits compared to other groups (Scott, 2008; Khan, 2012). Bourdieu (1984) argued that elites are both signified and reproduced in part through culture and cultural dispositions, whilst others have shown that elitism is central to the identity claims of groups, that crucially 'other' alternative groups with 'lesser' cultural dispositions (Beckert, 2003; Lamont, 1992).

Elite reproduction through identity construction in management consultancies

Management consultancies provide intangible services which means that few consultancies can guarantee the quality of their services (Alvesson, 1993; Glückler and Armbrüster, 2003). One solution to this ambiguity is to construct identities and symbols of elitism that allow consultancies to signal to the market their expertise and legitimacy (Alvesson and Robertson, 2006). One method of achieving this is to recruit from elite institutions, which provides a symbolic source of legitimacy to clients (Smith, 2013:211).

Strategy consultancies belong to the top-tier of elitism: they charge the highest fees, work with the top clients and recruit 'the best' graduates (Armbrüster and Kipping, 2002). However, some have argued that their persistence on elite recruitment practices does not fit with new trends emerging in an increasingly 'disrupted' industry. In fact, strategy consultancies are facing changes in clients' needs, more sophisticated competitors, pressure from procurement, competition from all sides and new flexible models of delivery (Christensen et al, 2013; Czerniawska, 2019.

Recruitment based on institutional prestige and 'cultural fit' in elite PSFs

Recruitment practices are a mechanism that top firms use to maintain their elitism. Some have argued that such practices can reproduce classism and social exclusion through the use of 'cultural fit' as the primary recruitment tool (Cook et al, 2012; Rivera, 2012a; Ingram and Allen, 2018) as institutional prestige is used as a proxy for superior intellectual and social ability (Rivera, 2011). 'Cultural fit' can be highly subjective and heavily dependent on the impression of the hiring manager towards each candidate, leading to the reproduction of a homogenous workforce (Bashford, 2018; Hennigan and Evans, 2018). Meanwhile prestigious institutions have been found to be disproportionally attended by candidates from privileged socio-economic backgrounds (The Sutton Trust, 2019).

Bourdieusian theory on cultural capital

Given its focus on the reproduction of elitism and social exclusion in the organizational context, this study utilises the theoretical framework of Bourdieu on cultural capital. Bourdieu argues that an individual's position in relation to others is determined by the forms of cultural capital possessed by that person and the extent to which these forms of capital are considered legitimate by the others. Whilst Bourdieu (1986) outlines three states of capital (institutionalized, embodied and objectified), we focus on the first two. Institutionalized capital relates to the academic background and educational qualifications that provide the holder with proof of 'cultural competence'. Embodied capital refers to the process where external wealth is transformed into an integral part of the individual: their dispositions of mind and body.

METHODOLOGY

We use an exploratory research design which explores how things happen. Desk research was conducted at a preliminary phase to enhance our understanding around the theoretical themes. In addition, we conducted 18 semi-structured interviews with associates, consultants, senior consultants, partners, ex-consultants and recruiters of top management consultancies who were approached through LinkedIn and personal networks. The objective of the interviews was to understand the thoughts and experiences of those professionals on the investigated issue. The interview questions included the screening and recruitment process, the use of educational credentials in recruitment, the weight of institutional prestige during recruitment and the 'cultural fit'. They were conducted through a blend of face-to-face, telephone and online interviews. The average interview lasted 50 minutes.

Data were transcribed and coded. Our analysis took an inductive and abductive approach, allowing codes to emerge both from the theory and during the data collection. Coding categories were identified, cross-referenced and codified with reference to Bourdieu. Interconnecting coding categories were grouped into three themes that helped answer our research question (Table 1).

GROUPED CODES FROM INTERVIEWS & THEORY	CODES CATEGORISED INTO THEMES	ANALYSIS
Mostly mentioned universities	Institutional prestige as primaryeducational credential	Bourdieusian interpretation: institutional prestige embedded in the required cultural capital possessed by candidates ↓ Social exclusion of talent based on socio-economic background ↓ Failure to reflect increasingly diverse client boards Setback to strategy firms' response for innovation
Top universities provide the best talent Targeting top universities is cost-effective recruitment/narrows down applications Candidates from top universities have already proven their worth Top universities signal quality to clients Top universities assist in the 'candidate-evaluator fit' Top universities assist in 'candidate-client fit' Top universities initiate candidates to the consulting mind-set Top universities guarantee the required behaviour and attitude when interacting with clients	Reasons for recruitment by institutional prestige - Privileged candidates	
Different routes to the profession for those graduating from less renowned institutions	Directly disadvantaged talent	

Table 1. Coding and Analysis Framework

Concerning limitations, we acknowledge that interviews alone can reveal only part of the reality since they rely on the participants' perceptions and interests. A multi-method approach would be more beneficial for this study. For instance, combining semiotic and content analysis on targeted recruitment websites and recruitment material from the firms studied or participant observation would enable patterns to emerge that could not have been otherwise captured by the interviews.

FINDINGS

The findings presented below reflect the three themes that emerged during the coding of the data. All verbatim quotes have been quoted with permission.

Institutional prestige as primary educational credential

ELITISM IN STRATEGY CONSULTING: HOW INSTITUTIONAL PRESTIGE INFLUENCES RECRUITMENT (CONTINUED)

We are quite fuzzy with our recruitment, so coming from a top academic university Oxford, Cambridge, sometimes Durham or Exeter, you know we have a few target universities that we go to.
(Partner)

There is often the criticism that top management consultancies only hire from Cambridge, Oxford, Harvard and to be honest there is an element of truth in that, we are looking for the best of the best.
(Recruiter)

The target academic background for entering a top strategy firm is highly homogeneous. Most respondents listed the universities of Oxford, Cambridge, LSE, LBS, Durham and Warwick as UK targets, and Harvard, Stanford, Walton, and INSEAD internationally. Institutional prestige is used as a formal evaluation criterion for entering the profession, while from the very early stages of recruitment graduates from elite institutions are prioritized over others.

Other interviewees mentioned that, often, the progression from public school to top University provides an attitude that commands respect from peers and clients:

If you go from, say Harrow or Eton, to Oxbridge or similar, you are likely to fit in better with CXOs from the same background, and, let's be honest, there's a lot of them…. [Also] you will often have the confidence for leadership that often comes with a privileged background'
(Partner)

Interestingly, two interviewees precisely from these backgrounds thought they could spot someone from different elite backgrounds quickly, with one partner saying 'I can spot a Harrovian at a hundred yards' and another that 'there is a clear difference in your average Oxbridge candidate from perhaps an old poly.... sharper, brighter. Although the latter admitted there were exceptions.

It was also noted how some forms of cultural capital are embodied in candidates, primarily through their secondary education but also through other institutions. One recruiter said 'much of the non-verbal signals that recruiters like… say, firm hand-shake, straight back, good eye-contact, high energy are instilled in public schools and the military'. When asked about such signals, another stated 'they are indicative of trust or confidence perhaps….leadership potential'.

Reasons for recruitment by institutional prestige - Privileged candidates

Respondents pointed out four main reasons as to why candidates from prestigious universities are targeted. First, recruitment from top-tier universities is a cost-effective way to narrow down the huge amount of applications that strategy consultancies receive. Top institutions, it was agreed, provide the firm with highly competent graduates that end up having leading roles and successful careers. Hence, this is where the 'best' future consultants can be found.

Secondly, recruiting by institutional prestige signals credibility, excellence and trust to potential clients:

There is a preference for Oxford, Cambridge, LSE and Imperial, because it is believed to help build the credibility of the firm and the case team with international clients who are familiar and reassured with those prestigious big names.
(Senior Consultant)

A common theme was that elite universities are perceived as quality stamps for the consulting services. Thus, whilst junior consultants may lack relevant work experience, their graduation from top institutions is perceived indicative of personal characteristics like being bright, hard-working, determined and disciplined.

It means a lot if you can showcase that your people are better, either because they have more experience or because they come from better schools, so imagine if you had a person from Harvard versus a person from Swansea…
(Consultant)

Interestingly, most comments suggested that including candidates on the team from less renowned universities would neither showcase the firm's high quality in services nor send the right signals of the firm's excellence to clients. Nevertheless, only a couple of interviewees argued that prestigious universities actually developed skills that less prestigious ones did not (for example, through one-to-one tutorials). Thirdly, over one third of the interviewees associated recruitment from top universities with 'candidate-evaluator fit'. They claimed that consultants evaluating a candidate's 'fit' ask 'can I work with this person every day?' In order to answer their question, evaluators appear to privilege candidates that come from top universities because usually they themselves are graduates from top institutions; hence their perception of a candidate's merit is influenced by their own educational background. The following comment clearly illustrates the 'candidate-evaluator fit':

If you are an interviewer you are more likely to like a person who is more similar to you… I would be more likely to hire a person that comes from Cambridge probably because I can relate to their struggles because I went through that.
(Consultant)

The final reason was related to 'candidate-client fit'. Another common theme was that client CXOs should feel comfortable with consultants when they interact. In short, this criterion should answer the question 'can I leave this person alone with the clients?'

When they recruit a consultant, they want to be sure that they can leave the consultant alone with the client and that the client and the consultant not only will find it natural and it will not be embarrassing [for the company], but also that there will be fit…. Common tastes….be able to have a conversation not only about the project.
(Ex-Associate)

The intellectual pedigree of a candidate is less important for their intellectual firepower and more as a signal to clients of their quality and as a proxy for their upper-middle class attitudes and behaviours. These included: aesthetic tastes, self-presentation, exuding confidence, sharp thinking, being socially developed, speaking appropriately to leaders and behaving well in social occasions. Importantly, few interviewees outlined that the acquisition of such interpersonal characteristics and social skills are primarily possessed from candidates who have particular life experiences and opportunities, such as being raised according to the upper-middle class way of socialisation or possessing the appropriate network for support.

Directly disadvantaged talent

Candidates from second-third tier universities struggle more to get the job, so you go through the recruitment process and you have 30 CVs and you need to narrow them down to 20, so you first think of the top universities and top degrees and then you go down.
(Consultant)

Most of the interviewees acknowledged that it is much harder for candidates that do not possess the desired educational background to enter the profession. In fact, some suggested such candidates should follow a different route to landing a good consulting job. Candidates from less prestigious universities were more likely to cite luck, internships or social connections as routes to the profession. Additionally, over one third of respondents agreed that using institutional prestige as criteria when recruiting can marginalize candidates from less affluent socio-economic backgrounds who did not have the opportunity to graduate from elite institutions.

DISCUSSION

Discrimination by socio-economic class and cultural prestige is a finding common to other types of PSFs (Cook et al, 2012; Ashley and Empson, 2013; Donnelly and Gamsu, 2019). By theorizing the findings under the Bourdieusian perspective on cultural capital, we argue that institutional prestige is considered a symbolic manifestation of the possession of the cultural capital (institutionalized and embodied required for entering the profession. What is presented as objective judgment of 'fit' is often socially determined assumptions that link the possession of institutionalized and embodied cultural capital with candidates' ability to perform.

We argue that institutionalized capital is interpreted as proxy for consultant quality, signalling trust and credibility to clients, as well as, for certain skills and attitudes associated with the profession. However, emphasising institutionalized capital in the recruitment

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process has been found to reinforce class-ism, since elite institutions are disproportionally attended by candidates from the upper-middle class and elite positions in society have been found to be obtained from graduates with elite academic backgrounds (Cabinet Office, 2009; Williams and Filippakou, 2010). Consequently, recruitment based on institutionalized capital, particularly within strategy consultancies, maintains classism and marginalizes candidates from less affluent socio-economic backgrounds.

Additionally, we would argue that both institutionalized and embodied forms of cultural capital are embedded in the assessment of a candidate's 'cultural fit'. A candidate's ability to do the job is intertwined with an evaluator's interpretation of merit, which has been found to reproduce homogeneous workforces and socio-economic inequalities at the point of hiring (Rivera, 2012b). Similarly, recruitment from top institutions satisfies the necessity for junior consultants to display signals of high-calibre social and intellectual ability.

Skills and competencies, associated with a candidate's educational background, constitute the required embodied cultural capital that must reflect informal characteristics that derive from taken for granted norms that are associated with professionalism in elite PSFs (Anderson-Gough et al, 2002; Waring and Waring, 2009). Those are: drive, self-presentation, deportment, being well-rounded, feeling at ease with the elite culture, behaving appropriately when interacting with top leaders. Our findings suggest that those norms rely on cultural similarities that are over-determined by the elitist context (Bourdieu, 1984). Hence, the acquisition of embodied cultural capital, in terms of social skills, aesthetic tastes and self-presentation can only be facilitated by specific life conditions and opportunities such as being raised and socialised according to upper-middle class mores, attending prestigious institutions and possessing a network to obtain advice and access.

At first glance, this recruitment practice is in part a formal strategy of consultancies to remain elite, protect their credibility, quality and generate a secure identity for a profession that faces ambiguity in terms of its work and demands (Glückler and Armbrüster, 2003; Engwall and Kipping, 2013). However, in the modern context recruitment based on cultural capital can damage the firm more than help it. The reasons are twofold. First, the over-reliance on the 'candidate-client fit' is not in alignment with the shift to more diverse client boards. As boards, especially of the growing digital and technological sector, are now more likely to contain people that did not attend elite institutions, there is a potential mismatch between traditional consulting images of the ideal professional and what clients want.

Secondly, there has been growing pressure on consultancies to become more innovative. In part this is driven by client demand for more innovation, especially using new technologies but also internally for consultancies themselves to create new business models and respond to increased competition (O'Mahoney, 2013; Consultancy.eu, 2019). We would argue, therefore, that there is a need for more flexibility in attracting and recruiting talent that can offer fresh approaches and ideas. Arguably, elite recruitment counteracts this flexibility and sabotages the recruitment of the intellectual capital needed in the modern world, where the adoption of new technologies is highly required.

CONCLUSION AND RECOMMENDATIONS

This study sought to answer 'how and why do the recruitment practices of strategy consultancies reproduce elite culture within firms?' The study suggests that recruitment processes based on institutional prestige accentuate the possession of specific states of cultural capital that conform to an elitist symbolic culture, which enables the marginalization and exclusion of talent. We have explained that this serves a perceived need for 'candidate-client' and 'candidate-evaluator fit', as well as serving as a cost-effective way of short-listing graduates. However, we also argue that such practices harm under-privileged students who may be equally capable. This potentially harms the firms themselves in mismatching with modern boards and confines innovation for client projects and internally.

To ameliorate this, we would suggest that strategy firms should drop university reputation as a recruitment criterion especially in light of evidence showing that educational background has no correlation with performance on the job, while its predictive validity reaches only to 1% (Peterson, 2020). A good education should not be mistaken for a good employee. On the contrary, a combination of cognitive and behavioural tests could achieve a greater percentage in predictive validity.

Apart from targeting 'other' institutions outside the top-tier, which is an obvious measure, it is also worth assessing and possibly implementing initiatives that competitors utilised to secure a modernized recruitment process which includes more diverse and technologically-driven talent (Agnew, 2016). For instance, incorporating contextual recruitment, as initiated from Deloitte, would allow strategy firms to understand a candidate's achievements also take into account the socio-economic circumstances and context in which those were accomplished. Similarly, the process followed by EY and PwC, to drop degree classification and ACAS points for entry level positions, could bring in capable candidates, based on merit and regardless of their socio-economic status, who would have otherwise been excluded.

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CLASS AND MASCULINITY IN CONTEMPORARY MANAGEMENT CONSULTANCY FIRMS: SOME PRACTICAL RECOMMENDATIONS.

Andreas Giazitzoglu and Daniel Muzio

ABSTRACT

It is relatively unusual for white, working class men to find employment in prestigious management consultancy firms. When they do find employment in these firms, their working class masculinity is seen as problematic, and not in line with clients' and co-workers' expectations. In turn, they must modify their identity, by learning and enacting what the literature refers to as "corporate masculinity". But how does this learning process occur? And how can consultancy firms better integrate working class men, to maximise the value of their contributions? Based on empirical research we conducted (Giazitzoglu and Muzio, forthcoming), this short piece explores the experiences of a pool of white working class men who found employment as IT specialists in a prestigious management consultancy firm. After discussing our research and what it reveals about the way professionals from working class backgrounds learn corporate masculinity, we consider some practical recommendations.

OF MICE AND MEN: CLASS, MASCULINITY AND IT

Studies that investigate management consultancies from a cultural perspective show that a form of white, middleclass 'corporate masculinity' is seen as 'ideal' within consultancy firms (Gregory, 2016). Hence, management consultancies have traditionally employed a disproportionately high number of middleclass white men, especially in senior corporate roles.

When employees 'fail' to fit the corporate male ideal, there is pressure on them to replicate the identities of corporate men. This is most notable in studies of gender, such as Wajcam's 1999 study of female managers who had to learn to 'manage like a man' in order to avoid gender-discrimination and progress their careers. The same holds true for working class men, who must align themselves with a dominant form of middleclass 'corporate masculinity' despite their working class backgrounds. Existing quantitative studies reveal that only 8.4% of IT professionals come from 'manual, semi-skilled or unemployed' – i.e. working class backgrounds (Friedman et al, 2015: 273). Analysis also reveals male IT professionals from working class backgrounds earn an average of £11,000 a year less than men from privileged backgrounds doing the same roles (Friedman et al, 2015: 277). As such, when working class men find themselves in management consultancy contexts, they experience class-based exclusion and discrimination, manifest in a lack of pecuniary reward and a lack of access. In this context, if they are to progress in their careers, they have to learn to enact appropriate forms of corporate masculinity, in order to better fit in, and offset the penalties that their working class backgrounds generate.

Codes of masculinity exist in a wide range of forms including: what men wear, their tastes in food, sport and clothing, their knowledge and interests, the institutions they are associated with and their vocal accents. In the UK, there is a clear distinction between middleclass masculinity and working class masculinity. The former is defined by codes of affluence. It is associated with expensive tastes in clothing, nuanced knowledge of 'high-brow' themes like literature, classical music, wine and art, and links with exclusive institutions, like Oxbridge. The latter has associations with less highbrow aspects, such as football culture and, typically, an exclusion from and even mistrust of elite institutions. As nuanced sociological accounts reveal (e.g. Giazitzoglu, 2018), it is defined by loyalty to 'the lads' (i.e. other working class men), over-emotive reactions and hedonism and machismo in the form of womanising, alcohol consumption and undertones of physical toughness and violence. It is a form of masculinity that is, for Jones (2011), 'demonised', especially within UK media representations.

CONTEXT & FINDINGS

We conducted multi-year research, interviewing 10 white male participants from working class backgrounds who found employment as IT professionals in a prestigious, global management consultancy firm. Our research investigates how participants learned to enact middleclass corporate masculinity, over multiple years, as a result of their employment and immersion in the cultural context of the elite firm that employed them.

We found that when participants entered Ferguson, their working class backgrounds and associated forms of masculinity resulted in them feeling stigmatised, alienated and discriminated against. For example, participants mentioned how their line managers 'looked down' upon them. This subordination was not linked to the quality of participants' work. (Participants' programming skills are considered to be exceptional within their firm). But because of their working class identities, in the form of their 'overly regional accents', 'lack of knowledge about wine and restaurants and the stuff consultants talk about' and clothing choices, which were seen as inferior, and incongruent with clients' and co-workers' expectations. Participants were negatively judged in relation to more affluent recruits from middleclass backgrounds, who were able to enact corporate masculinity naturally:

'We called them the golden boys … their backgrounds were (Russell Group University) and they were just different … the managers thought they were great because they were posh, even though they were (expletive) at programming'.

However, over time, participants subscribe to the organisational belief that working class masculinity is inferior, and something to be replaced by corporate masculinity. In turn, participants learn to align their personal identities with corporate masculinity. By so doing, they find a level of 'fit' and integration within their firm.

Participants' learning processes are guided, to a large extent, by organisational inductions they attend. Inductions occur within six months of being recruited.

At inductions, 'codes' of corporate masculinity are communicated to and learned by participants (e.g. what to wear, how to speak to clients etc). Participants describe the corporate masculinities they learned as existing in their clothing, in the form of 'white or maybe blue business shirts', with 'ties that have a thick knot … never a skinny tie'. They also mentioned it exists in embodied codes, like having 'neat haircuts and manicured nails', and in their vocal styles, which become modified to have 'as little regional-accent as possible'.

From around the second year of employment, participants begun to conform with increasing zeal to codes of corporate masculinity. However, our findings don't suggest that the learning of corporate masculinity by men from non-privileged socio-economic backgrounds is a linear process. Instead, it is a dynamic one, infused with challenges and difficulties. Ultimately, despite participants' learning how to enact corporate masculinity, they never feel fully integrated within the culture of their employing firm. Instead, they are always beset by a sense of being second-class citizens: a lesser subculture of corporate masculinity, inferior to and alienated by colleagues from more affluent backgrounds. Participants' discourses suggest they suffer from a sense of imposter syndrome, with their non-privileged socio-economic backgrounds making them feel 'not good enough no matter what'. Further, when participants return and interact in their communities of origin, they experience ridicule on the basis of the corporate masculinities they have learned. This was made clear by one participant who was ridiculed by family members when he went for a meal with them on the basis of him wearing cufflinks: an act that is seen as legitimate and normative in his firm, but an act that was seen as almost offensive by family members: 'only snobs and snitches wear cufflinks'.

Simultaneously, participants distance themselves from 'drop outs', i.e. men from similar socio-economic backgrounds to themselves who found employment as IT professionals but who failed their probations. Participants discuss dropouts in sneering ways:

'I remember one evening I was working in the office with (names) … Do you remember a song about I think it was Gangnam style? And there was this dance to it? and all he kept saying was I can't wait to go out into the bars and do the dance, I've been learning it all week, so I can dance with my mates, and he left about 7 pm and went straight out. I worked late that night thinking yeah enjoy your stupid dance, that's why you've never made it here, because you'd rather be in a (uses derogatory) with a bunch of (uses derogatory) doing some stupid dance than delivering to clients' **(HB)**

Thus, while participants feel like 'imposters' in their employing firm, they have lost touch with people in their communities of origin and former co-workers from similar backgrounds to them. In this sense, our research suggests the learning of corporate masculinity results in professionals from working class backgrounds failing to feel integrated in either of the cultural contexts they straddle.

RECOMMENDATIONS

The primary lessons learned from our research is that 1) some (though not all)

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IT professionals from working class backgrounds are willing and able to abandon codes of working class masculinity in the context of the contemporary management consultancy and learn to enact corporate masculinity, and 2) working class IT professionals are – of course – able to contribute to their organisation through hard work, diligence and skill, despite the working class identities they enter employment with being seen as problematic by co-workers and, especially, line-managers.

A study by McLeod et al (2009) demonstrates how advertising executives from working class backgrounds are able to engage with working class target audiences in ways executives from middleclass backgrounds can't. Thus, the backgrounds of working class executives add value to advertising firms. Similarly, working class IT professionals are highly valuable to consultancy firms. To see working class men as 'lesser' on the basis of their lack of middleclass codes is limiting, and stops their own contributions being identified and appreciated.

Thus, management consultancies should not – as they appear to – discriminate against working class applicants when recruiting. Consultancy firms should look past what may materialise as a lack of 'professional polish' shown by working class men, and realise working class men bring their own skillsets, viewpoints and contributions to management consultancy firms.

Simultaneously, consultancy firms should not be opposed to 'socialising' working class recruits, thereby showing them how to conform to corporate masculinity, should they want to. For doing so helps to anchor working class recruits. It also, by virtue of prolonging their employment in firms, allows working class men to realise upward mobility in the form of heightened economic capital. This can be read as a benefit, especially given that working class men are the group least likely to experience upward mobility in British society. However, this upward mobility comes at a psycho-social cost: professionals from working class backgrounds are not fully integrated in the corporate world they enter or the working class world they left behind. Firms should be aware of these costs, and look to support working class employees as their careers develop.

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THE SKILLS MOST IN DEMAND FOR TRANSFORMATIONAL LEADERSHIP CONSULTANTS

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WHY TRANSFORMATIONAL LEADERSHIP MATTERS?

The true basis of leadership was built upon a model that generated two sides of an X and Y axis. On one side is the concept of leadership that creates change through taking a process-oriented approach and the other as more of a relationship-oriented approach. While transactional leadership involves determining the tasks, rewarding goal achievement, and punishing failure in attaining goals (Eagly & Carli, 2003), Yukl and Van Fleet (1992) argue that transformational leadership focuses on the critical human assets such as commitment and thus helps followers to effectively implement organizational changes with both efficiency and effectiveness. Just as leaders need to be both autocratic and democratic at times, they also need to be both transactional and transformational at times also. Transformational leadership has been defined, by Yukl and Van Fleet (1992, p. 174), as a "process of influencing major changes in the attitudes and assumptions of organization members (organization culture) and building commitment for major changes in the organization's objectives and strategies".

Investors recognize the importance of transformational leadership. A transformational leader can turn a weak business plan into a success, but a poor leader can ruin even the best plan. One example of this comes from CEO Rich Teerlink, who dramatically transformed Harley-Davidson, and fundamentally built a different organization that still prospers today. The success of leadership at the Harley-Davidson Corporation has stood the test of time. For example, Harley-Davidson's leadership created a more effective organization built upon three primary principles:

1) focusing on people, 2) challenging norms, and **3) continuing to fundamentally change.**

At Harley, every employee can participate in leadership decision-making.

Another example of transformational leaders in a highly competitive environment is Steve Jobs, former CEO of Apple, who built a highly effective organization through taking a change-oriented leadership approach, which highly manifested itself in talent, product development, organizational structure, and intense marketing. The evidence from these examples suggests that transformational leadership is highly demanding at the corporate level. For organizations to achieve a sustained change and eventually a higher degree of efficiency and effectiveness, selecting a CEO acting as a transformational leader is the key to success. In the absence of transformational leadership, organizations lose their required direction to achieve a high degree of hyper-competitiveness, and cannot implement successful change in order to adapt with today's global business environment.

As CEOs attempt to manage people, they find that intellectual capital is in the forefront of success--Bill Gates once mentioned that if he lost his top 50 people that he would not have an organization anymore. Transformational leaders aggregate intellectual capital into social capital and develop organizational communications aimed at providing valuable resources for all organizational members. They enhance knowledge-sharing among intellectual capital and stipulate knowledge to be shared around the organization. Sharing the best practices and experiences could positively impact some aspects of a firm's performance such as innovation, providing learning and growth opportunities for employees. Empowered employees can enable organizations to actively respond to environmental changes, which can in turn enhance a firm's performance in terms of return on assets and return on sales.

The outcome is success which narrows the gap between success and failure, and this can be achieved by the commitment of organizational members and facilitated by a CEO acting as a transformational leader. Transformational leaders identify employees' needs and show concern for both organizational needs and followers' interests concurrently. When transformational leaders show concern for the employees' individual needs, individuals begin to contribute more commitment and they become more inspired to put extra effort into their work. This extra effort improves the quality of products, customer satisfaction, and impacts shareholder value and improves operational risk management.

AN EMERGING NEED FOR TRANSFORMATIONAL LEADERSHIP CONSULTING

In an effort to grasp the knowledge of executives worldwide, AESC (2020) surveyed business leaders to identify the current and new challenges by 2025. The results highlighted the significant role of leadership for organizations and confirmed that business leaders identified leadership effectiveness as one of the main areas for using an outside consultant. Martin Schubert (cited in AESC, 2020, p. 5), a partner at Eric Salmon & Partners, states that companies "in technology, in industry, in financial services, even in consumer goods and life sciences, are experiencing a change in their business models that are much more global, much more virtual, with diminishing hierarchies that require a different leadership type. And this drives both leadership advisory and executive search." In light of the increased pressures of the global workplace that inspires leaders to drive effective change at the organizational level, opportunities for transformational leadership consulting grow as organizations are increasingly participating in international markets. For example, Dorota Czarnota (cited in AESC, 2020), a Country Manager at Russell Reynolds Associates sees high potential for growing transformational leadership consulting in Latin America, Europe, Asia and Africa.

HOW TO BECOME A TRANSFORMATIONAL LEADERSHIP CONSULTANT?

It is important for management consultants to understand that transformational leadership has been highlighted as the behavior indicative of friendship, mutual trust, respect, and warmth. While Burns (1978) initially developed transformational leadership, this concept has been further developed by scholars, such as Eagly and Carli (2003) and Patiar and Mia (2009), and will continue to evolve. Management consultants are already aware that the key to transformational leadership is based upon satisfying basic needs and verbalizing feelings of admiration, respect and trust toward themselves to meet higher desires through inspiring followers to provide newer solutions and create a better workplace.

Management consultants should also be aware that a strong component of transformational leadership is the concept of becoming a charismatic leader. This leadership style actually employs charismatic behaviors and motivates subordinates to provide better outcomes, more profitability, and satisfying careers. Effectiveness among transformational leaders can be, therefore, evaluated by measuring how transformational leaders are admired and respected by subordinates to provide extra effort and meet the needs of customers. Therefore, in today's global business environments involving a high level of uncertainty, organizations will increasingly need more transformational leaders to be more innovative and creative.

Sure, there are critics of this leadership style, but do not let that stop management consultants from implementing it and learning how to master it. Transformational leadership unfolds results in organizations, influencing employees' individual interests to align with institutional interests, and through inspiring followers to create new ideas and innovations for effective business outcomes. In fact, a transformational leader is treating human capital as an individual quality and becomes a role model who is trusted, admired and respected by followers.

The four techniques of transformational leadership are at the forefront of the knowledge base and have relative value in organizations throughout Britain and the rest of the developed countries. Through these four techniques, transformational leadership is more realistic than some of the other leadership forms.

These four techniques include:

1. Idealized influence,
2. Individualized consideration,
3. Intellectual stimulation, and;
4. Inspirational motivation.

THE SKILLS MOST IN DEMAND FOR TRANSFORMATIONAL LEADERSHIP CONSULTANTS (CONTINUED)

The key for management consultants is that executives can use idealized influence when aiming to develop a shared vision and improve relationships with followers. In applying this technique, executives need to take the following actions:

- Instill pride in organizational members for being associated with them.
- Display a sense of power and confidence.
- Go beyond self-interest for the good of the organization.
- Talk about their most important values and beliefs.
- Consider the moral and ethical consequences of decisions.
- Emphasize the importance of having a collective sense of mission.

Executives can also use individualized consideration when they would like to concentrate on identifying employees' individual needs and empower followers in order to build a learning climate and mobilize follower support and trust toward the goals and objectives at the senior organizational level. In applying this technique, executives need to take the following actions:

- Spend time coaching others.
- Consider employees as having different needs, abilities, and aspirations from others.
- Help organizational members to develop their strengths, and provide various formal training programs to improve the performance of duties

Management consultants also need to make deliberate attempts to inspire executives to use intellectual stimulation through developing effective mechanisms to propel knowledge-sharing in the company and generate more innovative ideas and solutions for new and demanding issues that come up constantly in our hypercompetitive economic environment. In applying this technique, executives need to take the following actions:

- Emphasize effective coordination among different functional areas, and seek differing perspectives when solving problems.
- Suggest new ways of looking at how to complete assignments, and undertake a comprehensive analysis when confronted with an important decision.

Furthermore, the key for management consultants is that executives can use inspirational motivation to focus on inspiring people and not just treat them as human assets. In particular, executives need to obtain consultants' suggestions, and integrate their suggestions into the decisions regarding how to set a higher level of desired expectations for employees. In applying this technique, executives need to take the following actions:

- Talk optimistically about the future.
- Talk enthusiastically about what needs to be accomplished.
- Express confidence that the goals will be achieved.

These four techniques of transformational leadership, when carried out correctly, can present a set of practices for effective leadership. These techniques represent how an effective leader working in today's knowledge-based economy can develop and manage intellectual capital in corporations.

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ICMCI NATIONAL CONSULTANCY INDEX – ESTIMATING THE SIZE OF MANAGEMENT CONSULTING MARKETS AROUND THE WORLD

Simon Haslam, Robert Bodenstein, Tamara Abdel-Jaber

INTRODUCTION

The ICMCI National Consulting Index (NCI) is a method of estimating the size ($ value) of the management consulting (MC) sector in any country in the world. The NCI is founded on an ICMCI research workstream which started in 2018, the Consulting Readiness Index project.

The value of the global consulting industry is estimated at over $130bn (consultancy.org, 2018). It is generally accepted that the world's bigger economies are also where the bigger national MC sectors exist - the European Federation of Management Consultancies estimates that three countries (France, Germany and UK) generate nearly three quarters of consulting revenue (FEACO, 2017). However, there is also substantial cross-national variance in its prominence of MC as an activity. Data reported by consulting.org, based on World Bank information, suggested a seven-fold difference between the prominence of MC as a proportion of national gross domestic product across a sample of nations (Consulting.org, 2018).

The lack of cross-national insight in the consulting sector has been well recognised (Kipping M, and Wright C, 2012). The reasons why MC markets vary has much to do with how the broader field of management practice varies globally (O'Mahoney and Markham, 2013). Sturdy and O'Mahoney (2018) summarised five factors which their research showed drove national differences in management practice and influenced the propensity for MC to be part of that recipe. These are: **1)** the economy (not just the size of the economy but economic ideology, financial systems and corporate governance; **2)** the state (including regulation and public policy); **3)** culture and ideologies; **4)** organisations and their relationships (employee/industrial relations and inter-firm relationships); and **5)** education.

These form a useful platform for deeper investigation into differences in MC adoption.

2. CREATING THE NCI

The aim of the NCI project was to be able to identify factors that seemed to account for variances in the strength of national MC sectors and then, by creating the NCI for each country, estimating the value of any country's MC market.

The first stage was to quantify the degree of difference in the strength of MC between countries. For this, data from fourteen countries were selected for which the size of the MC sector was already known. These countries were, by alphabetical order: Australia; Brazil; Canada; China; France; Germany; Italy; Japan; Netherlands; Russia; Spain; Switzerland; UK, and USA. The size ($m) of the MC sectors in each of these countries, along with the countries' GDP data are shown in Table 1 (below).

ITALY	2,028	1,934
NETHERLANDS	1,983	826
JAPAN	1,756	4,872
SWITZERLAND	1,675	678
BRAZIL	1,552	732
RUSSIA	607	670

Table 1 - The value of national MC sectors and GDP data for the fourteen reference countries

The foundation for this research is data on these fourteen countries' MC markets provided by Source Global Research[1]. Those familiar with the global consulting sector will recognise Source Global Research as an independent commercial body which researches the sector and acts a consultant/information source to many of the major players in the worldwide professional services. A single reference for MC market size was essential to enable valid comparisons country to country. Source's explanation of 'management consulting' embraces advisory services[2] but not implementation services (for example delivering technology/change projects) or additional fees that consultants may earn through consulting work (for example risk insurance commissions). The CRI study focuses on this understanding of MC, not the broader category of 'consulting'.

COUNTRY	SIZE OF MC MARKET SM 2017 (REFERENCE DATA)	GROSS DOMESTIC PRODUCT GDP SBN (2017)
UK	81,131	19,390
USA	13,400	2,622
GERMANY	11,629	3,677
FRANCE	7,110	2,582
AUSTRALIA	6,739	1,323
CHINA	6,556	12,237
CANADA	5,429	1,653
SPAIN	2,193	1,311

The relationship between the size of a national economy (GDP) and the size of a country's MC sector can perhaps be seen in the data in Fig 1. Although a graphical presentation of these data shows a direct relationship between the two variables, it is not a precise correlation[3] .

Exploring the correlation between GDP and an MC sector leads to the representation in Fig. 2. Here, the data from the fourteen reference countries are represented visually, demonstrating the degree of difference across the sample in relation to the proportion of a national GDP that is MC.

The data show a ten-fold difference in the country in the sample in which MC is the most prominent within the economy (UK) and the least (Japan). As well as illustrating the relative difference between countries in relation to MC activity, the data suggest a current maximum of around 0.5% in terms of MC as part of a national economy.

In identifying the factors that could account for the variance in Fig 2, the assumption was that the variance was not a random happening but there were certain characteristics in countries that caused this pattern to occur and there would be factors capable of illuminating the national differences across MC markets.

The aim was to give the NCI worldwide applicability. This meant that factors of relevance to the NCI were those with global scope and global consistency in their provenance. This requirement had the effect of excluding some potentially useful factors at the screening stage. But this requirement meant that whatever the NCI research concluded it could be used with confidence in any country in the world.

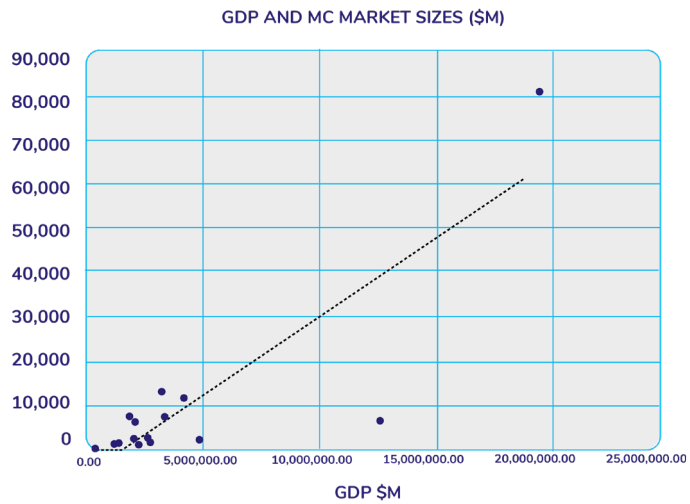

Fig 1. The relationship between GDP and MC market strength for the fourteen reference countries

[1] https://www.sourceglobalresearch.com
[2] Advisory services include strategy, HR, operations, risk, M&A due diligence, technology/digital strategy consulting.
[3] Based on the relationship shown in Fig 1, and using $85 trillion as an estimate of global GDP, the value of the global MC sector is suggested as around $255 billion.

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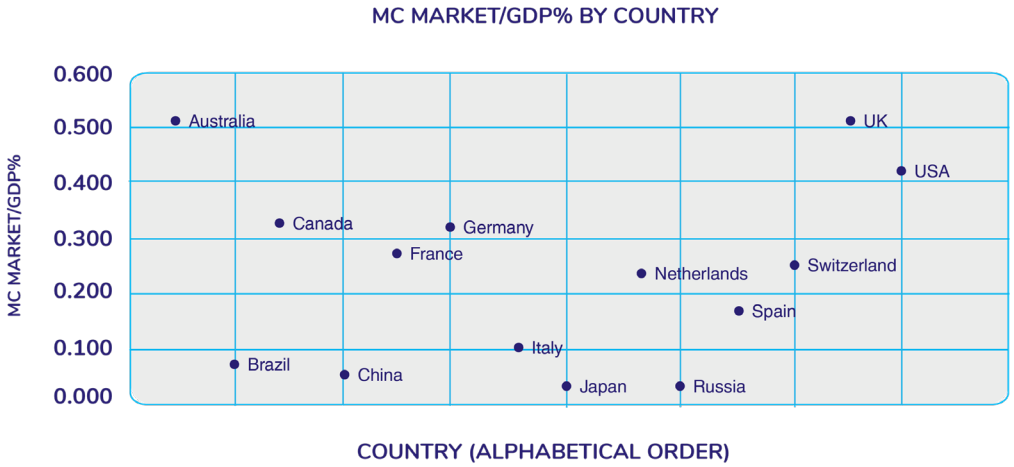

Fig 2. Variances in the % of MC as a component of national GDP for the fourteen sample countries

There was an understanding that as an index, the NCI would draw on secondary data, as primary research conducted faithfully across the 190+ countries on the planet would be both expensive and time consuming. We also suspected that no single extra factor would account for the MC variance and the NCI would be a multi-factor index. We followed these principles in the creation of NCI:

a) to only work with factors which were reliable on a global basis, which means their data were based on the same assumptions and research method, which help facilitate relevant comparison between different countries anywhere in the world;

b) to only work with factors that were valid in this context, which means the factor (or combination of factors) showed a strong correlation with the variance in Fig 2;

c) to not confuse correlation with causality, the role of the NCI is to provide a means of estimating the size of any country's management consulting sector; and

d) to exercise prudence in the creation of the NCI, with the starting point that each factor merits equal weighting and each factor should be different to other factors (recognizing that some of the factors may be of multi-factor indices themselves and there was a danger of double counting an ingredient).

With the help of prior research into variances in national MC markets and input from the ICMCI's global network of academic fellows, a list of thirty-seven possible factors was created. These are shown in Table 2 (below). Each of these factors was considered from two perspectives: reliability and validity.

Reliability, which was a yes/no categorisation, was based on whether data that existed around that factor was comprehensive (worldwide) and generated consistently, irrespective of geography. Factors that weren't reliable were eliminated from further consideration.

A factors' validity was determined by calculating its correlation with the variance in the relative strength of MC in a country, as shown in Fig 2. The correlation function in MS Excel was used to show the 'r' value (r values range from -1 to +1) with perfect correlation being indicated by +1 and perfect inverse correlation being -1.

The results of this investigation into factor reliability and validity are shown in Table 2. Some factors which were present in the literature on the relative strength of management consulting had to be eliminated from the analysis because of the absence of reliable data. This doesn't mean the factor is irrelevant in terms of MC market strength, just that there is no robust source of the necessary information upon which to carry out the analysis. For example, the presence of MBA graduates in a country could well indicate a strong MC sector, but at present there is no global data on this. Some countries might be able to furnish a figure for the number of MBA graduates in its population, but not every country. And for those that have such a figure, there is no guarantee the method by which the figure was created is consistent across those geographies. Similarly, the presence of overseas aid in a country may indicate a disposition for countries to have a strong MC industry, but there is currently no reference source of presence of overseas aid on a country by country basis.

	Factor	Reliability	Validity (r)
1	Population	Yes	No (r = -0.33)
1	Nat econ growth rate	No (no standard reference)	
2	MBA population	No (no data)	
3	Business Schools providing MBA programmes	No (no standard definition)	
4	Consulting skills training	No (no standard definition)	
5	Government spend on consulting	No (no global data)	
6	Presence of overseas aid	No (no global data)	
7	National presence of big consulting firms	Yes	No (granularity)
8	McKinsey office	Yes	No (granularity)
9	Accenture office	Yes	No (granularity)
10	Hofstede: Power-Distance	Yes	No
11	Hofstede: Individualism-Collectivism	Yes	Yes (r = 0.85)
12	Hofstede: Masculine-Feminine	Yes	No
13	Hofstede: Uncertainty Avoidance	Yes	No
14	Hofstede: Long Term Orientation	Yes	No (r= 0.39)
15	No of consulting firms in the country	No (no data available)	
16	Presence of multinationals	No (unclear definition)	
17	Presence of professional consulting body	No (only ICMCI presence)	
18	Directory/register of consultants	No (no global data)	
19	No of Certified Management Consultants	No (no data available)	
20	Global Competitiveness Index (2017/8)	Yes	Yes (r = 0.85)
21	Ease of doing business (2017)	No (ranking only)	
22	Human Capital Index (2017)	Yes	No (r = 0.34)
23	Global Talent Competitiveness Index (2018)	Yes	Yes (r= 0.74)
24	Financial market development (8 measures)	Replaced by indicator 20	
25	VC/PE Attractiveness index (2018)	No (125 countries only)	
26	Int. Property Rights Index (2017)	No (133 countries only)	
27	Index of Economic Freedom (2017)	Yes (180 countries)	Yes (r= 0.76)
28	Economic Freedom of the World (2015 data)	Replaced by indicator 27	
29	e-Govt Development Index (2018)	Yes	Yes (r= 0.67)
30	Global Innovation Index (2017)	No (137 countries)	
31	Global Creativity Index (2015)	Yes	Yes (r= 0.86)
32	Property Index (2017)	No (149 countries)	
33	Human Development Index (2015)	Yes	Yes (r = 0.66)
34	Political stability/Absence of violence (2016)	Yes	No
35	KOF Index of Globalisation (2015)	Yes	Yes (r= 0.58)
36	Global Connectedness Index (2017)	Yes	No (r = 0.44)
37	Corruptions Perception Index (2017)	Yes	Yes (r = 0.72)

Table 2. The reliability and validity factors in relation to the relative strength of national MC sectors.

Some factors, despite their consistency of approach, had to be disregarded because their coverage wasn't fully global. Potential factors like the International Property Rights Index and the Global Innovation Index, which are reliable in their foundation, might have been found to have a role in the NCI if they had covered more countries.

By the same token, not all of the factors for which reliable data exist were valid. Some failed scrutiny when correlation was calculated and others lacked the granularity for correlation to be determined, for example the national presence of firms (such as 'Accenture office') is either a yes or no. Hence, with only the data points of 0% and 100%, lacks the granularity for any correlation to surface.

The result of the analysis was nine factors which were both reliable and had a high correlation with the variance in strength of national MC sectors

Having identified nine globally reliable and valid factors, the next step was to test combinations of factors with the objective of finding the combination with the highest 'r' value in respect of the cross-national MC variance. This combination would become the NCI. This involved the repeated testing of combinations of the nine factors ensuring each factor was equally weighted and no factors unwittingly duplicated certain aspects. The index was conceived as a product of its factors with the factor values multiplied together to create the NCI. The equal voice of factors was achieved in part by giving each factor the same 0-1 scale in the correlation testing.

The highest correlation came from a combination of five particular factors and based on analysis to date, is offered as the NCI. These five factors combined to give a correlation r = 0.931 with national variance in MC strength. This NCI equation is a function of five independent indicators and combines: cultural individualism (IDV); Index of Economic Freedom; e-Government Development (EGDI); Global Creativity Index (GCI); and Corruption Perceptions Index (CPI), and is represented as CRI = f (IDV, IEF, EGDI, GCI, CPI).

Table 3 shows the data around the CRI factors for the fourteen reference countries.

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COUNTRY	NCI	IDV/100 2017	IEF/100 2017	EGDI 2018	GCI 2015	CPI/100 2017
AUSTRALIA	0.493	.90	.810	.905	.970	.77
UK	0.442	.89	.764	.900	.881	.82
USA	0.427	.91	.751	.877	.95	.75
CANADA	0.375	.80	.785	.826	.920	.82
NETHERLANDS	0.388	.80	.761	.858	.889	.82
SWITZERLAND	0.316	.68	.815	.852	.822	.85
GERMANY	0.268	.67	.738	.877	.837	.81
FRANCE	0.208	.71	.633	.879	.822	.70
ITALY	0.174	.76	.625	.821	.715	.50
SPAIN	0.141	.51	.636	.842	.811	.57
JAPAN	0.138	.46	.696	.878	.708	.73
RUSSIA	0.059	.39	.571	.797	.579	.29
BRAZIL	0.052	.38	.529	.737	.667	.37
CHINA	0.021	.20	.574	.681	.462	.41

Table 3. CRI and CRI factor data for the fourteen reference countries

The five NCI factors combine elements of societal individualism, the ability to trade openly/freely, the degree to which public services (hence society) embraces the digital agenda, ingredients around human creativity and the quality of human capital, societal tolerance and the absence or otherwise of corruption.

Hofstede: Individualism-Collectivism (IDV) This is a culture measure. It highlights the degree to which people in a society are integrated into groups (Hofstede, G., 2011). Individualistic societies have loose ties that, in the opinion of Hofstede, often only relate to an individual's immediate family. In collective societies, these integrated relationships tie extended families and others into 'in-groups'. These 'in-groups' are characterised by internal loyalty and mutual support, for example in the face of conflict with another group. IDV scores range from 0-100 with higher scores reflecting the more individualistic societies. High individualism correlates with a strong MC presence within management practice.

Index of Economic Freedom (IEF) (The Heritage Foundation, 2018). The Index of Economic Freedom was created in 1995 by The Heritage Foundation and The Wall Street Journal. It is designed to measure the degree of economic freedom within a country. This is based on twelve factors within four broad categories: the rule of law; government size; regulatory efficiency; and open markets. The index has a scale of 0-100, with higher scores representing countries with greater economic freedom (each of the twelve factors is equally weighted to create the index).

e-Government Development Index (EGDI) (United Nations, 2018). This index is a United Nations creation and has its roots in the UN General Assembly Resolution 66/288 'The Future We Want'. This strand of the resolution takes an information and communication technology focus and looks at the flow of information between governments and the public and recognises the power of communication technologies to promote knowledge exchange, technical co-operation and capacity building for sustainable development. The index scale is 0-1 with higher scores representing countries with the more developed e-government processes.

Global Creativity Index (GCI) (Florida, R., Mellander, C., King, K.M., 2015). This is a four-dimensional ranking of countries. It combines individually ranked countries based on creativity, technology, talent and tolerance in the overall score. The CGI is published by the Martin Prosperity Institute which belongs to the University of Toronto's Rotman School of Management. The index ranges from 0-1 with higher score representing higher national creativity.

Corruption Perceptions Index (CPI) (Transparency International, 2018). This index has been published annually since 1995 by Transparency International. It ranks countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. The index uses a scale of 0-100 where 0 is very corrupt and 100 is very clean.

USING THE NCI TO ESTIMATE MANAGEMENT CONSULTANT SECTOR VALUES

Having established a high correlation (r = 0.931) between the strength of a national MC sector and the NCI, the next task involved determining the numerical values that were specific to that relationship. To do this, the best-fit straight-line relationship was calculated using a least-squares approach[4]. The results of that analysis are shown in Fig 3 below.

The optimal straight line fit in the data in Fig 3 follows the equation NCI = 0.8757 (MC market x 100/ GDP) + 0.0355. This line crosses the vertical axis at 0.0355. We made a modification to the best fit line to acknowledge that in practice the line would need to pass through the graph's origin, which meant when the MC market is zero, the NCI is also zero. This adjustment changed the NCI equation to:

NCI = 0.9785 (MC market x 100)/GDP

OR

MC market = (GDP x NCI) / 97.85

The NCI now provided the ability to make an estimate of the size ($ value) of the management consulting sector for any country in the world. In full, the equation for determining the value of country's MC market is…

MC market = GDP x ((IDV/100) x (IEF/100) x EGDI x GCI x (CPI/100))/97.85

… where MC is in $m and GDP is in $m.

The next stage was to test it against the reference data. Here seven additional countries were added where the size of the national management consulting market was also known (data provided by Source Global Research). These countries were Chile, Denmark, India, Ireland, Mexico, Poland, South Africa. The degree of closeness of the NCI-derived estimate between the national MC market and the known figure gives a sense of the applicability of the CRI approach to countries where the size of the MC market is not currently known.

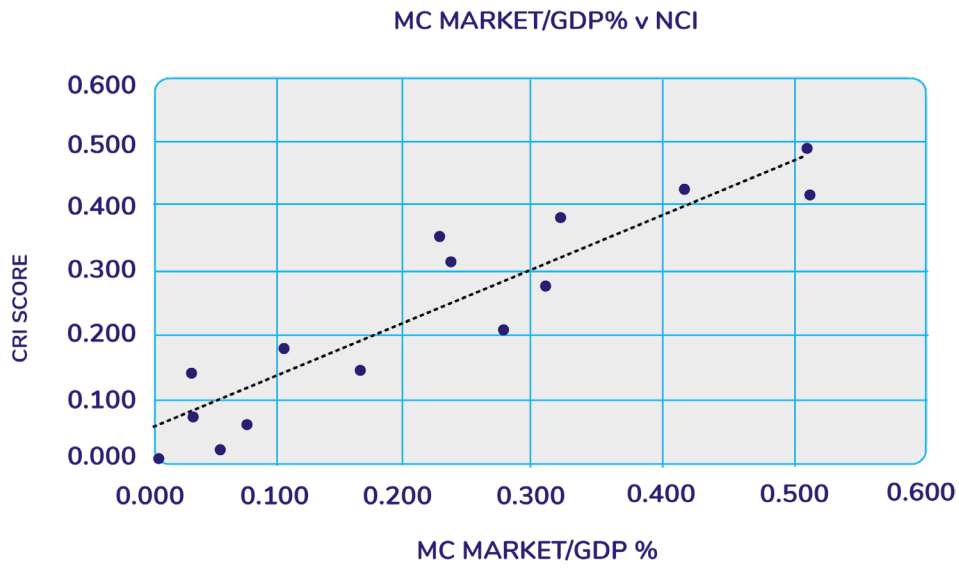

Fig 3. 'Best-fit- relationship between MC market strength and NCI for the fourteen reference countries

[4] The assumption is that the relationship is describable as a straight line between the two variables.

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The data shown in Table 4 combine the fourteen reference countries with the seven additional countries. For each of these twenty-one countries, the reference data for size of the MC market is shown[5]. These are followed by the estimate of MC market size derived by the NCI equation. The third column of data is an MC market estimate derived purely from the country's GDP data using the best-fit straight line in Fig 1.

COUNTRY	SIZE OF MANAGEMENT CONSULTING MARKET $M (REFERENCE DATA)	SIZE OF MANAGEMENT CONSULTING MARKET $M (CRI DERIVED)	SIZE OF MANAGEMENT CONSULTING MARKET $M (GDP DERIVED)
AUSTRALIA	6,779	6,668	3,970
BRAZIL	1,552	1,089	6,166
CANADA	5,429	6,328	4,959
CHILE	520	148	831
CHINA	6,552	2,593	36,713
DENMARK	1,368	1,391	947
FRANCE	7,110	5,476	7,747
GERMANY	11,629	10,062	11,032
INDIA	3,443	477	7,791
IRELAND	528	983	1,002
ITALY	2,028	3,449	5,804
JAPAN	1,756	6,895	14,616
MEXICO	1,292	177	3,450
NETHERLANDS	1,983	3,021	2,478
POLAND	826	534	1,572
RUSSIA	607	946	4,732
SOUTH AFRICA	1,655	216	1,047
SPAIN	2,193	1,886	3,933
SWITZERLAND	1,675	2,192	2,036
UK	13,400	11,047	7,867
USA	81,131	84,656	58,171

The data show that, in the majority of situations, the NCI provides a more accurate method to determining MC market size than using the single metric of GDP. There are instances where the NCI is extremely close but also occasions where the gap between what the NCI suggests and the reality of a national MC market is large.

APPLICATIONS OF THE CRI TO PRACTICE

While not definitive or conclusive, the NCI project has helped shine a light on the relative vibrancy of national MC sectors. The NCI doesn't assume or imply causality, neither does it assert that MC is the most effective means to organisational achievement - MC is only one mechanism within the wider realm of management practice. It does however provide a means of estimating MC sectors; it has the merits of a) being typically more accurate than using a country's GDP as an indicator of MC market strength and b) needing only widely available secondary data to populate it. The NCI also has global applicability, all its factors are available for 190+ countries. While the NCI is not a precise route to estimating MC sector size, at present it is difficult to see a more powerful way of determining this for a country, without conducting primary research. To date, the NCI has three applications in practice.

First, the NCI has proved useful to global bodies such as the ICMCI in the prioritisation of opportunities. It has also been used by specific countries to estimate how big the country's own management consulting sector is. For example, using published data, the estimate of the MC market for Mongolia, whose GDP is $11.49bn, is $3.6m.

A second application for the NCI is a means to explaining why a country's management consulting sector is as vibrant as it is (or otherwise). When studying NCI data, it is apparent which factors make the stronger contribution to the NCI and which hold it back. Additional insight into this comes from four of the five factors (IEF, EGDI, GCI, CPI) being globally ranked. This means as well as having the factor score to consider, any country can see its global position which enables it to understand in which of these four factor areas it may be particularly prominent and in which it might be comparably weak. An example is shown in Table 5, which displays the NCI data for Mongolia together with its global rank in the four factors. The smaller the rank number, the higher Mongolia is in the global rankings. Mongolia's strongest attribute (relative to other countries) is the Global Creativity Index, which is a function of the country's perceived creativity; technology; human capital/talent, and tolerance. Its weakest relative attribute is its Index of Economic Freedom which covers the rule of law in the country; government size; regulatory efficiency; and the openness of markets.

1DV/100 2017	1EF/100 2017	EGDI 2018	GCI 2015	CPI/100 2017
.70	.554 (RANK 126)	.582 (RANK 92)	.370 (RANK 81)	.37 (RANK 53)

Table 5. CRI data for Mongolia, showing its global rank (smaller the rank number, the higher the global position).

A third application of the NCI is to use it to help nations consider what would need to strengthen in order to support a larger MC sector. Data can be considered retrospectively, and trend lines created to help forecast likely change. Table 6 shows the estimates in the MC sectors for Mongolia in 2015 and 2018. As well as inferring a growth of around 20% in MC sector size, the data suggest this was achieved despite a fall in the overall economy (GDP) and the country's economic freedom but enabled by positive movement in its e-Government Development Index and its Global Creativity Index.

	MC (SM)	GDP (SPN)	NCI	1DV/ 100	1EF/ 100	EGDI	GCI	CPI/ 100
2018	3.64	11.49	0.031	.70	.554	.582	.370	.37
2019	3.00	11.75	0.025	.70	.592	.558	.270	.39

Table 6. 2015 and 2018 MC and CRI comparison for Mongolia

NEXT STEPS AND IMPLICATIONS FOR FURTHER DEVELOPMENT

This paper is one step in a journey which started in 2018. Research into the role and use of the National Consultancy Index will continue. While its creation has increased the ability to estimate the size of a national MC market it his hoped further refinement will enhance its predictive accuracy. Future development includes the potential integration of the data from the seven additional countries with that of the original fourteen countries to refine the NCI. Using this greater sample of twenty-one countries allows some to be fresh reference countries for NCI development and the others to become the countries against which revised NCI formulae can be tested. Robust methods of obtaining the data around some of the factors, which thus far have not made the cut in terms of reliability, may emerge. There could also be new additions to the current list of thirty-seven NCI candidate factors.

A higher 'r' value might also result from weighting the factors and considering a 'best fit' relationship that isn't based on a straight line. There is also the opportunity to approach the NCI from a different dimension and use country population to explore national cross-differences in MC. In summary, we see this work on the NCI and the Consulting Readiness Index project as a useful step forward, with more steps to come.

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