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NATIONAL CONSULTING INDEX -

2022 EDITION

ICMCI
NATIONAL
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INDEX
GLOBAL
REPORT



CMC - GLOBAL

INTRODUCTION

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

The 2022 NCI project drew on reference data from Source Global Research and the refinement of the NCI algorithm via regression analysis using data on Gross Domestic Product, with global indices on culture, e-government/technology adoption, corruption, creativity and innovation.

The 2022 NCI project also benefitted from input from 33 national Institutes of Management Consulting (IMCs) within the ICMCI. This paper summarises the numerical and qualitative information from the study. As such it probably represents the world's most expansive publicly available outline of the global management consulting industry.

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

The key message is that it is really valuable that any IMC understands its market, i.e. the size/characteristics/dynamics of their national management consulting sector. We believe we are providing insight to IMCs over and above what they individually know and also we are providing evidence that ICMCI has a grasp of the global big picture.

We will continue to build up this insight. We're looking forward to further engaging with IMCs in the future.

NCI 2021 MARKET SIZE

Country	Source reference data (US\$ m)	NCI-derived estimate (US\$ m)	IMC's own estimate (US\$ m) – see endnotes for data source
Algeria		No Data	No Data
Armenia		5.9	30.0 ¹
Australia	6128.0	4,790.3	43400.0 ²
Austria	823.0	971.1	7,274.5 ³
Bangladesh		62.3	No Data ⁴
Brazil	1,922.0	1,227.7	1,227.7
Bulgaria		61.0	No Data
Canada	4,231.0	5,282.6	16,000.0 ⁵
Caribbean		No Data	No Data
China	10,884.0	11,371.96	14,910.0 ⁶
Chinese Taipei		No Data	No Data
Croatia		49.7	49.7 ⁷
Cyprus		No Data	30.0 ⁸
Finland		834.8	456.8 ⁹
Germany	11,849.0	12,005.6	38,800.0 ¹⁰
Hong Kong		214.3	4,812.0 ¹¹
Hungary		365.6	550.0 ¹²
Kosovo		No Data	60.0 ¹³
India		2,471.9	2,471.9 ¹⁴
Iran		155.0	110.0 ¹⁵
Ireland		1,216.3	1,216.3
Israel		897.7	No Data ¹⁶

[1] National Statistics Agency

[2] IBISWorld Research Feb 2022. The IbisWorld estimate should be treated with caution due to the methodology employed and industry definition relied upon. It is likely that the NCI calculation is nearer to the mark but conservative.

[3] Note – [Austria] estimate given in Euros (6.37B). Conversion made using data from <https://www.exchangerates.org.uk/EUR-USD-spot-exchange-rates-history-2020.html>

[4] Chairman of IMCB. Note – suggests NCI value is an underestimate (no alternate value given). This is based on sources of 6% GDP growth during Covid, and being one of the fastest growing economies in Asia.

[5] IBISWorld

[6] Survey of CEC committee members

[7] NACE Class 70.22

[8] [No source given]

[9] Note – [Finland] estimate given in Euros (Finland). Conversion made using data from <https://www.exchangerates.org.uk/EUR-USD-spot-exchange-rates-history-2020.html>

[10] National "Facts & Figures" annual study

[11] HK Trade Development Council (HKTDC)

[12] Based on historical exchange rates

[13] [No source given]

[14] ICMCI NCI Global Report

[15] Based on currently available data

[16] Suggests NCI value is an overestimation (no alternate value given).

NCI 2021 MARKET SIZE

Italy	2,111.0	4,344.9	5,189.4 ¹⁷
Japan	3,622.0	16,606.9	11,325.0 ¹⁸
Jordan		17.6	No Data ¹⁹
Kazakhstan		74.6	No Data ²⁰
Lebanon		16.0	No Data
North Macedonia		5.8	No Data ²¹
Mongolia		No Data	No Data
Netherlands	2,217.0	2,078.9	2,078.9
New Zealand		666.5	666.5
Nigeria		104.9	6,050.0
Philippines		255.9	255.9
Romania		186.0	685.2 ²²
Russian Federation	1,003.0	3,179.3	2,600.0 ²³
Serbia		31.2	31.2
Singapore	1,537.0	626.4	3,926.8
South Africa		447.7	447.7
South Korea	526.0	4,086.5	No Data ²⁴
Sweden		2,050.2	No Data
Switzerland		2,745.8	No Data
Thailand		253.9	253.9
Turkey		654.4	730.3 ²⁵
Ukraine		91.7	No Data
United Kingdom	14,092.0	9,574.6	18,485.3 ²⁶
United States	71,849.0	95,754.8	84,000.0 ²⁷
Zimbabwe		No Data	151.3

[17] Note – [Italy] estimate for 2021 given in Euros (5.1B) with increase from 2020 (+10.9%), equating to a 2020 value of £4,544.1m. Conversion made using data from <https://www.exchangerates.org.uk/EUR-USD-spot-exchange-rates-history-2020.html>

[18] Note - Value range was given. \$m10,500 from IDC - \$m12,150 from JPY-USD exchange ratio. The mean value was listed for simplicity.

[19] Suggests NCI value is an underestimation (no alternate value given).

[20] [Kazakhstan] has not completed a market estimate since 2017 so does not have a new value to share.

[21] Unable to confirm NCI value – do not obtain any statistics for the specific declaration of 'management consultancy'

[22] According to annual study. Note – [Romania] value given in Euros. Conversion made using data from <https://www.exchangerates.org.uk/EUR-USD-spot-exchange-rates-history-2020.html>

[23] RAEX agency data

[24] Note – suggests NCI value may be an overestimation by half (approximation). This may be due to a difference in defining market areas between the two calculations.

[25] 11th development plan of Turkish Ministry of Development

[26] MCA annual industry report. Note – [UK] value given in pounds. Conversion made using data from <https://www.exchangerates.org.uk/GBP-USD-spot-exchange-rates-history-2020.html>

[27] USDL – Bureau of Labor Statistics

NCI QUALITATIVE COMPARISON

The 2022 NCI global survey received 33 responses to the survey question on data for 2021 market growth. Regarding the countries’ management consulting market trend in 2021, 20 countries, shown in Table 1, indicated a growth during 2021. This suggests that over 60% increased revenue, despite the ongoing effects of Covid-19.

Table 1: List of countries indicating market growth in 2021

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

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

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

NCI QUALITATIVE COMPARISON

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

APPENDIX 1

RESPONSES TO THE NCI GLOBAL SURVEY QUESTION

DO YOU BELIEVE [COUNTRY'S] MANAGEMENT CONSULTING MARKET GREW/DECLINED/STAYED THE SAME DURING 2021?

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

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

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

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

China - Most management consulting institutions believe that the scale of China's management consulting market expanded in 2021, mainly for the following reasons:

(1) Despite the impact of the international environment and domestic epidemic, the general trend of high-quality development of enterprises has not changed, and there will not be much fluctuation in the market scale;

(2) In China, the social cognition and recognition of the management consulting industry are gradually increasing, more and more government departments and enterprises especially private enterprises, are willing to hire third-party consulting institutions as external brains to complete some work;

APPENDIX 1

RESPONSES TO THE NCI GLOBAL SURVEY QUESTION

(3) The ways of management consulting in China are becoming diversified, the means of consulting are becoming advanced, the service content is becoming more extensive, more employees. The development of the industry is gradually improving, which supports for expanding the market scale;

(4) Under the impact of the epidemic, in order to continue to enhance the competitiveness of enterprises in the industry, pursue cost reduction and efficiency increase, seeking consulting companies with professional management experience to reform enterprises has become the most cost-effective choice.

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

Cyprus - Remained the same.

Finland - Slight decline due to Covid and Ukraine war.

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

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

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

APPENDIX 1

RESPONSES TO THE NCI GLOBAL SURVEY QUESTION

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

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

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

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

Israel - For the moment, No idea.

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

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

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

North Macedonia - Stayed the same.

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

APPENDIX 1

RESPONSES TO THE NCI GLOBAL SURVEY QUESTION

New Zealand – Grew.

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

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

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

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

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

APPENDIX 1

RESPONSES TO THE NCI GLOBAL SURVEY QUESTION

South Korea - It is considered that the process was carried out on the same scale as last year. 2021 is a period of significant international corporate activity due to the COVID-19 outbreak. It can be said that this contraction in corporate activities has also led to a contraction in the consulting market. However, there were complementary measures in the consulting area to overcome this contraction. First, the government actively promoted government-led consulting support projects to support companies based on low interest rates and abundant financial liquidity. Second, companies have also created large-scale consulting demand to overcome international logistics and transportation crises and raw material supply chain crises.

If the consulting market is divided by company size, it can be estimated that the large consulting market, such as multinational companies and large corporations, is covered by NDA between companies, but it is generally similar to the previous year or slightly reduced. This is because the market environment has contracted. However, I don't think the difference would be huge because companies in crisis provided consulting quickly and without sparing their costs. Second, in the case of companies of different sizes, the number of management consultants decreased significantly due to the COVID-19 pandemic, such as telecommuting and reduction in the size of M&A between companies, but the industry almost made up for this by revitalizing consulting in the blockchain economy and Metaverse. Third, in the case of SME management consulting, it is judged that the growth continues from the previous year. The Korean government is implementing various policies to support SMEs. One of them is to support expenses in the form of vouchers so that small business owners as well as SMEs can receive small-scale management consulting for business revitalization. At this time, although the size of the consulting business varies, the average is about \$15,000, and the total government budget in 2020 as well as in 2021 was about \$7.7 million per year.

APPENDIX 1

RESPONSES TO THE NCI GLOBAL SURVEY QUESTION

Thailand - The Thai Market in 2021 is growing

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

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

USA - 5-10% Growth

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

A sincere thank you to the NCI taskforce for their time and commitment.

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