

Responsible Management Consultancy: Old Wine or New Normal?

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Abstract

I begin to explore some of the issues involved to help stimulate debate and empirical research on what might be termed (socially) 'responsible consulting' (see also Sturdy 2023). How novel, radical, and comprehensive are these developments and what are the enabling or limiting factors? And finally, what does such a 'normative turn' imply, if anything, for the dominant critiques of consultancy and the need for improved governance?

Introduction

“...Take up and fulfil your cultural responsibility ... (assess) the direct and indirect effects of decisions ... first on communities, individuals and the environment, and only then on businesses...”

(Pope Francis, an address to global delegates from Deloitte Consulting in the Vatican, 22nd September 2022)

Climate change and, to a lesser extent, the financial crisis, has woken up some within capitalism to the idea that the planet and people are at least as important as profits, and can even generate them. This has not only fuelled new markets in consultancy (notably ‘ESG’), but, with the added impetus of various scandals and the pressure of GenZ employees, has affected consulting firms themselves. Aside from headline grabbing events such as the Pope addressing senior Deloitte staff or the Boston Consulting Group calling on climate change activists to work for them, some seemingly significant changes have occurred. In particular, a more explicitly moral and prescriptive or values-driven stance as advocates and even activists is evident, rather than simply pursuing financial self-/client-interest and/or professional neutrality. But this development has received very little attention.

In this ‘short’, I begin to explore some of the issues involved to help stimulate debate and empirical research on what might be termed (socially) ‘responsible consulting’ (see also Sturdy 2023). How novel, radical, and comprehensive are these developments and what are the enabling or limiting factors? And finally, what does such a ‘normative turn’ imply, if anything, for the dominant critiques of consultancy and the need for improved governance?

Discussion

Certainly, in terms of branding, the big firms are keen to identify with ‘social purpose’. This is significant in itself, but also in terms of their status as business role models in shaping the actions of others, both within consulting and more widely. PwC for example, is quite explicit about claiming to be ‘purpose led and values driven ... beyond generating profit’ and, as noted above, Deloitte is positioning itself similarly. Likewise, KPMG, in France at least, recently became a ‘société à mission’. In terms of the ‘Big Three’, McKinsey has long promoted itself as professional and ethical, but has been affected by a succession of scandals and revised its policies on client vetting. It also now presents itself as a ‘values-driven organization’ but stops short of ‘purpose-led’ discourse. Rather, and what was most novel in the latest exposé of the firm was the stance/resistance of junior employees, concerned at the behaviour of their employer (Bogdanich and Forsythe, 2022).

Although a clear discursive departure from market rationality, neo-liberalism, and New Public Management is apparent among these large firms, there is not yet evidence of substantial changes in internal governance. This is more apparent in the growth of certified ‘Benefit’ or ‘B Corporations’ (BCorps). There are around 30 of these, mostly small consulting organisations in the UK (e.g. Baringa) and over 500 globally. In general, BCorps are required to make a ‘legal commitment by changing their corporate

governance structure to be accountable to all stakeholders, not just shareholders' (<https://bcorporation.uk/>). They are also expected to be 'transparent' and publish reports annually on key performance indicators around governance, workers, community, the environment, and customers. Futerra goes further than most in providing details of governance, including a 'client disclosure report', whereby 90 percent are aligned with keeping global warming to 1.5 degrees (Financial Times 17/2/23), and a mechanism whereby no dividends are taken, but 'profit is shared equally between all staff'. This development hints at a different form of governance to that identified among professional service firms more widely such as collegial (e.g. partnership), managerial, entrepreneurial, and founder models (Harlacher and Reihlen, 2014), although many of the BCorp firms have clear founder input in terms of values. They are also often selling 'purpose' and some seek to show that they 'practice what they preach'. Again however, we know very little about how they are run and research on BCorps more generally suggests that certification can be focused on improving 'external reputation with investors, clients and consumers' rather than being 'strongly driven to reshape internal processes' (Villela et al 2019: 1).

There is some evidence of the tensions and issues faced by purpose-oriented firms from research on social responsibility and business in general where consulting firms are used as cases. Mitra and Fyke for example summarise how 'a deeply motivated purpose-driven consultancy must (thus) act as service-provider, social change advocate, and even activist - a balancing act' (2017, p155). Similarly, Blanchard points to how some clients expect a professional stance of 'neutrality' rather than professional activism (2019). Indeed, clients' values (as well as those of consulting staff) are important as well as dilemmas of change management in general. In the latter case for instance, there can be tensions with consultants' desire for deep, 'holistic', and global change over clients' often more modest aspirations or requirements (Fyke and Buzzenell, 2013), a phenomenon noted over 50 years ago in relation to Organisation Development (OD) change agents (Tichy, 1974).

Indeed, this brings us to our second question of how novel these developments are. Not only have values been front and centre in a range of consulting fields like OD, but they are a core element of professionalism and ethics in terms of ideal working practices and structures such as the traditional partnership (Empson and Greenwood, 2003) and notions such as society as the ultimate client (Schein, 1997). Also, while such approaches are often seen to clash with market-based logics (like management), these too have a value base - shareholder primacy - even if clothed in objective, technocratic analysis. However, even if values are not new to consultancy, this does not mean that there has not been a significant change in approach. Of course, what constitutes 'responsible' is highly contested and variable. Most purpose-led approaches seem to fit a 'stakeholder' rather than 'radical' view. There is little evidence of significant challenges to economic growth such as 'de-growth' consulting or alternatives to management knowledge (Sturdy, 2021). Indeed, some would argue that 'responsible management' is an oxymoron and even serves to deflect from some of the core problems such as climate change by appearing to address them and dissipating critique (Racz and Parker, 2020). Furthermore, and significantly, there is little evidence of significant changes in the internal governance of firms such as reward systems in particular which lie at the heart of the industry's problems.

It is then easy to be dismissive of the changes occurring - a case of 'cosmetics' (Blanchard, 2021:17) perhaps - but this might be too hasty. It is clear that, in some respects, there are activist and even relatively radical consultancies or consultants operating who are often constrained by the conservatism of their client base. Likewise, there is little evidence of client pressure to reform consulting reward systems and governance. Moreover, a shift towards a stakeholder view, if it has traction, would be a significant change from what has led consulting (i.e. clients) in recent decades, even if it does not fully address the core 'global' challenges. In this sense then, the apparent shift towards active advocacy might be best seen as an adjustment of position to continue to serve power, including perhaps, Pope Francis himself?

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