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Ethics in Management Consulting

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Abstract

Ethics is a relevant value in business and management consulting. The presence of recognized ethics tends to reduce the need for informative or legal-contractual precautions in the formalization of relationships, for both of the parts involved in a negotiation.

Management Consulting on ethics will develop more and more. Law will consider more and more ethics in business and management consulting.

The ethics of corporations influences their workers and behaviour with the customers. It is an evident case of maximum integration between business and individual ethics.

Keywords: Management Consulting; Ethics; Business Ethics; Ethical Business; Consulting Interests; Ethical Risks; Globalization

1. Ethics and Business Legitimacy

Social dynamism and complexity are growing. The community needs rules (legality), which follow the evolution. Externalized and recognized rules (praxis, consuetude, regulations, laws) deal with problems only late. They often have an opposite effect, as they are obsolete or not sufficiently penetrating because the phenomenon to be regulated has not been fully understood. Globalization connects different social systems and there aren't rules for coordination and integration. In all of these cases, legality is not sufficient or suitable to legitimate behaviour.

It is, therefore, possible to overcome the ideological contraposition between two opposite views of the market, which are not devoid of internal contradictions: liberalism (the market is self-regulated) [1] and the regulation (the market needs to be regulated) [2].

In fact, accepting that the externalized, recognized, and recognizable rules are not sufficient anymore brings the attention on the internal rules that preside regulations.

This leads to the emerging of a transversal party of people with good intentions who invoke the 'Toby's law'[3], which is the prevailing of a shared ethical behaviour.

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This form of regulation, with a self-referential deontological-finalistic matrix, makes – spontaneous – rules compatible even with a liberal view.

A movement that brings together people and companies that intend to put remedy by themselves, with self-discipline, to the lack or the obsolescence of regulations is emerging.

This movement is also reinforced by a managerial need: the time available to make decisions is decreasing and having pre-established ethical assessment criteria eases the decision process, filtering behaviours we could regret.

2. Ethics and Management Consulting: Emerging Issues

Ethics as a Relevant Value in Business and Management Consulting.

Ethics is an expression of thought rather than instinct in doing ('moral rationality'), ('right') pursuing of our own interests to a self-controlled extent; it is responsibility in the relationships that includes, at least partially, the interests of those whose interests are at stake ('solidarity'), loyalty of information and action, respect of *super partes* interests ('action correctness').

It therefore expresses moral credibility for those who profess it and it generates antecedents of trust in third parties – antecedents because trust is more technically related to the belief in operative capabilities and of actual behaviours (will is not sufficient, power is needed).

The presence of recognized ethics tends to reduce the need for informative or legal-contractual precautions in the formalization of relationships, for both of the parts involved in a negotiation. We are therefore taking into consideration a value that is relevant for business. Showing the existence of behavioural ethics can become a way to compete and as such opens a question of strategic approach of the (consulting or not) firm to ethics. From the outside, in fact, substantial ethics is created only through the accumulation of ethically significant facts overtime, but without any guarantee of continuity for the future ethical behaviour. It is therefore opportune to adopt specific action to support the creation of an ethics image and to favour a consistency of behaviour that can be externally observed and identified.

As a consequence, it will also be possible to distinguish between ethics practiced for the desire of ethics and ethics created for image. Of course, the last can also include cases of more apparent than virtual[4] – false or partial[5] – behaviours, sometimes willingly compensative of activities with 'uncertain' ethics (patronage with activities with a not ethical core business); it can even induce to a really ethical behaviour. The same way, the adoption of an ethical capacity can just be the result of the need of clients that have already developed an ethical dimension (pull effect).

Law Will Consider More and More Ethics in Business and Management Consulting.

Self-regulation, if not acknowledged by the law, lacks of sanctioning effect in case of violation and therefore it is ineffective in guaranteeing correct conduct in individual relationships. If then the law regulates previously self-regulated issues, those same self-regulations can provide a starting point. There is a problem of legal acknowledgement that, instead of regulating, directly validated (and/or absorbed) self-regulation, the incidental violation of which would thus become source and/or recognizable *facto* of harm. The legal acceptance may also offer the opportunity to make individual spontaneous self-regulations more homogeneous[6].

As today, the most significant laws are those related to the various possible codified assurance systems[7] or the creation of 'Authorities'[8].

Management Consulting on Ethics Will Develop More and More.

The proposition is obvious in a dual sense: consulting on the client ethics, including the adoption of standard models and tools[9], and assisting the ethical rating. A risk is nevertheless evident: the possibility that consulting conditions ethics in management more than what is needed, especially when the search for an ethical image prevails.

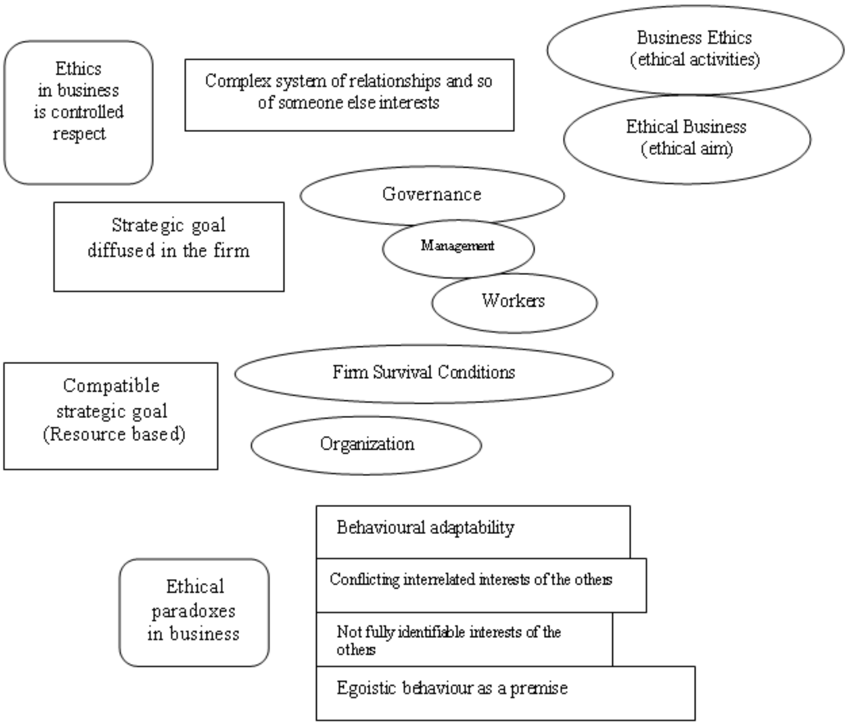
3. Complexity in Business Ethics

Business Ethics is Intrinsically Complex Because Business Activity is Complex.

When we consider that every business (or consulting) relationship is engrained in a complex – renewable or modifiable – system of relationships and in a more complex and extended sequence of links, it is obvious that business ethics is complex. Besides the ethical way of doing business (business ethics), the potential existence of indirect ethical consequences of a firm activities are relevant (ethical business). We need to stress that we can usually configure ethical consequences that go way beyond the borders of a specific relationship and of its direct effects (the recognition of distribution exclusivity can induce a firm to economically exploit its customers) and often it isn't even possible to define the ethics of the same counterpart without overcoming its finalism (it is difficult to evaluate an output without analyzing its actual use: a poison can be used for therapeutic purposes, a weapon for defensive purposes). In other cases there can be elements that are ethically relevant and a the same time external to the relationship's content (the counterpart doesn't respect the fundamental laws and regulations in different fields than those included in the relationship, for instance in terms of safety, working conditions, environmental pollution, taxes evasion…). In a nutshell: on the one hand, having an ethical business behaviour in a finalistic perspective may not have a great ethical value when it reinforce or induce an unethical behaviour of the counterpart (i.e., consisting of an unethical activity from a social perspective); on the other hand, an exhaustive evaluation is not always easy. An 'everywhere and anyway ethics' goal (ethics of behaviour in itself and ethics of result) is then to be considered unrealistic.

We also have to say that the firm works by its individuals. Where there are substantial differences in the ethical attitude towards third parties of entrepreneur, managers and other employees, it is difficult to achieve a stable ethical behaviour. Ethics is then first of all a form of self-respect. It appears difficult to maintain an outward ethical behaviour without an inward ethical behaviour, which could of course even precede the first.

Figure 1: *Synthetic Framework of Ethics in Business*



In the end, business ethics, in the external relationships, can have various possible levels: a subsystem level, which can be referred to the individual employees that act for the firm in a specific relationship and which can condition the actual ethics level[10]; one of the firm, which nevertheless develops in individual and diverse operative relationships according to functional goals; one that conceives the firm behaviour in unitary way (ethics as social responsibility), overcoming strictly functional interests.

At the end an ethical approach needs thought (to produce aware decisions), time, resources. Therefore interacts with the survival conditions of the firm and the existing organization.

4. Business Ethics Paradoxes

Ethics is a Behavioural Value, Therefore Always in Itself Relative, but in Business it Needs Extreme Flexibility.

Ethics in management and in consulting is grafted onto relationships with subjects that can be very different in terms of functionality and interests[11] and often very different in terms of culture and way to pursue and defend their own interests. In the social area behaviour criteria that express diverse and ever changing 'natural laws' coexist. The gravitational behaviour of two different stars suffer the consequences of their specific mass, but the laws that regulate it are the same and considered unchangeable overtime. The negotiation behaviour depends of course on the measurable characteristics of the parties involved, but also on their nationality, mentality, culture. It is not possible to propose any interpretation of an universal ethics. Even laws are different in different countries, equally interested by a global firm. Business ethics is by nature relative, it involves reciprocal consistency between the people or companies involved in an operative relationship, with potentially different contents even within the same category of parties.

An analogous ethical dilemma, but with a different third party and in different business operative conditions, can rarely find an identical answer. An absolute and maximalist business ethics can cause difficulties in communicating, misunderstanding, vulnerability and lead to operational risks. If it is logical to start from a definition of ethical principles that make the ethical limits of theoretically considered behaviours clear, we should later put the adoption of those principles under a coherency analysis. It's utopian to look in advance for extended and particular immutable 'nonnegotiable minimum standards' and to manage them in an ongoing process.

The same self-regulation is founded on pre-existing ethical principles that have progressively developed in the firm's socio-cultural environment, but it is aimed at regulating relationships that may also develop across the strict boundaries of that environment. It is then opportune to conceive from the very beginning a certain flexibility in relation to the real spatial and cultural context of the relationship (ethical dilemmas that derive from colliding ethical principles or thresholds).

In the Firm Case, the 'Interests of the Others' are Interrelated, Therefore it is Impossible to Eliminate Interest Conflicts.

Within every firm there is a natural conflict of interests in the way the created value is distributed. Every relationship, or category of relationships, is in conflict with all the others. Every price reduction is done in the customer's interest, but it implicates a reduction in the value that can be distributed to suppliers, employees, banks, government, and shareholders. A salaries increase reduces the amount of taxes the firm pays to the government. Paying more (or before) a supplier can implicate paying less (or not paying or paying late) others, and so forth. The entrepreneur has to be good at producing value and at harmonizing its distribution. This harmonization is an entrepreneurial function that can't be broken down and is unitary[12] because the conflict among the interests of the stakeholders (competition on the value) can be controlled and up to a certain extent managed, but it can't be eliminated and an equilibrium can't usually be spontaneously achieved.

Therefore the ethical significance of a CSR approach has to evaluate case by case[13] .

The Main Ethics Problem is to Respect Other Interests, but in Business they are Often Unclear.

A fundamental ethical principle is to measure the interests of the counterpart and to respect it acting without harming it[14]. Unfortunately, in business the interests involved in a relationship cannot be clearly, univocally and reciprocally known by any of the counterparts because they consist of an accrual that includes various possibilities of combination. In fact, in a trade (*do ut des*): a) a whole of values (technical quality, image, delivery time, payment conditions, post-sales service, etc.), which is the result of the activity of the seller, is provided against the payment of a price and a certain payment timing; b) every individual act is part of an accrual of acts that don't have only an immediate economic valence; c) the awareness of the overall (strategic, organizational, economic-financial and patrimonial) situation of the counterpart is rarely full and updated[15].

If the price equals the firm costs there is no margin for the firm apparatus development and for the satisfaction of the physiological increase of the interests of whoever is involved into the firm, and this generates a legitimate economic egoism. The ability of the seller nevertheless resides not only in the way of finding – or of being found by – a client who is willing to pay for a price which is higher than the firm costs. It can try not to waist its resources for contents (values) that are not going to be appreciated by the client, or to improve its processes to reduce the consumption of inputs needed to obtain a certain output (including aggregating or disaggregating subsequent operations phases to eliminate repetition of activities, discontinuities, inconsistencies in the intermediate capacities, …), or to increase the volumes to generate economies of scale… In those cases it's actually the seller that contributes to making the operation profitable, even up to decreasing the price.

Naturally, the output of the seller is an input for the buyer, and an analogous reasoning is valid also for the buyer.

It is then possible that somebody improves its own organization to react to the relatively high price of an important input or to a too low price to be earned, at the same intrinsic 'values' of the object to be exchanged. It would be him, in this case, to contribute to make the relationship profitable.

Non of the party is able to assess who has been better and nobody knows what is the reciprocal economic limit to the ongoing negotiation deriving from the interference of the ethical principles[16].

Moreover, one cannot neglect the presence of the strategy, which always aims at strength positions suitable to generate conditioning capacity, or which imposes a technical limit to every immediate business interest to the continuation of the (selling or supplying) relationship being thus able to contradict an immediate economic logic.

One cannot avoid the Shumpeter 'creating destruction' phenomenon (considered also within the firm).

It is then only possible to enunciate a generic interest[17] for any buying firm to make every supplying cost (suppliers, employees, banks) for a certain combination of values that can be obtained satisfying and a generic interest for a seller to make the selling price for the values that can be sold satisfying. This is because in both of the cases the distribution of the economic value and thus the possibility to better satisfying the interests of all the stakeholders (including the and the firm itself in its will for growth) can be controlled.

As a consequence, the relationships of a firm with a counterpart: a) are difficult to be unilaterally interpreted in its ethical value (it is the 'negotiation' to lead to an acceptable result); b) naturally are and remain conflicting or at least in competition (if it's not a '*mors tua vita mea*' it is a 'first yours and the others only if you can').

In such a context, it is difficult to establish an invariable threshold of acceptance and respect of the others' interests. It is already difficult for the interests that are more internal, or close, to the firm, such as those of the employees. It is even more difficult for those that are more external, hierarchically subordinated (Vallini, 1990).

Economic Egoistic Behaviour, as Source of Value for Whoever is Involved into the Firm, is a Requirement for Business Ethics.

The contraposition of egoism, and sometimes of economic efficiency, to ethics is natural. Nevertheless, a firm is not an individual; it is rather a complex system that involves a wide combination of individuals that have increasing needs. Firms need neg-entropy to grow and satisfy the increasing interests (appetites) of their stakeholders. We may claim that firms are legitimately egoist. Only by generating value (*latu sensu* rather than only the one that can be measured and reported in the books) they can satisfy those interests. The more a firm is efficient, the easier it is to have an ethical approach to business in harmonizing the interests[18]. The inefficiency of every relationship, regardless if individual or related to a category of stakeholders, generates discomfort in the whole system and potentially in every interest.

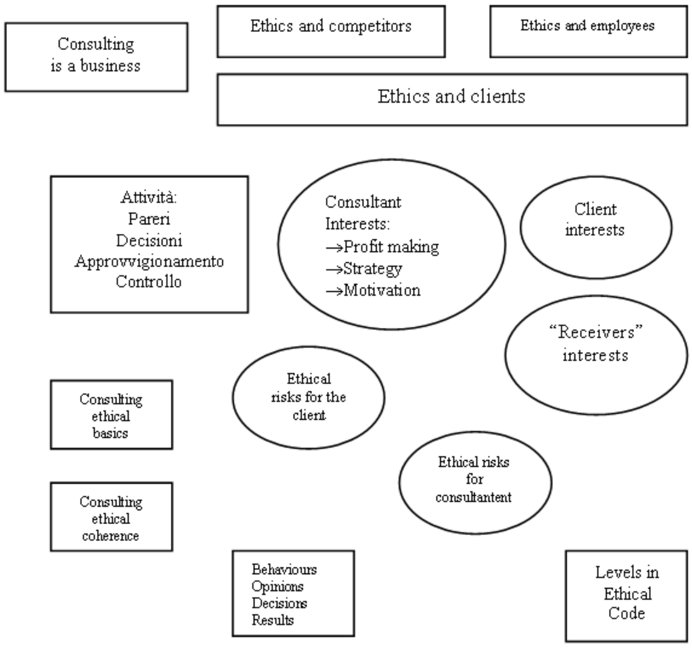
The value creation-distribution can nevertheless be influenced by logics that are preferentially oriented to specific interest categories, besides their natural hierarchy, with a consequent inequality in the compression of the satisfaction of other categories. In those cases, the ethical approach is imperfect from the beginning. We can't forget that a preference could be induced by a relative weakness in a business relationship (imperfect ethical approach because of opportunism: the survival egoism prevails on the search for absolute equality.

5. Complexity in Management Consulting Ethics

Management consulting is a business, where Ethics is a more complex case, but at the same time a more simple one (Figure 2).

a) First of all, we can note a significant difference in competitive relationships. Consulting is an intellectual product and can always be performed. A firm can change the consultant if a better one is available. Usually, whichever consultant opinion could have been better. The replacement of a consultant often occurs because the new one highlights – in a discrete and reserved way – interesting possibilities that imply better results, possibilities that the new consultant identifies as omissions in an opinion provided by the previous consultant. Nevertheless, often the opinion was already sufficiently good and the same consultant that provided it would be able to improve it. If an industrial supplier offers a 'better' product the comparison is objective; for a consulting product it is more complex to discern (what will be done has to be completely disclosed), unless we are in front of a problem that is to a large extent left unsolved by the existing consultant. The acknowledgeable lack of impartiality of evaluation would lead to exclude, as a principle, the legitimacy of any kind of interference[19]. This formulation appears nevertheless restrictive whether we consider that in every case the discriminating factor of a change of consultant is the perception of higher attention by the new one, which is the same as recognizing the actual dissatisfaction with the previous relationship, likely become repetitive and meccanicistic overtime. Moreover in an intellectual activity the collaboration between competitors can be easier, even just in terms of remuneration (fee sharing): paradoxically, some sort of ethics between competitors can become limited ethics towards the clients. So, historically ethical behaviour in consulting competition is considered a complex problem.

Figure 2: *Synthetic Framework of Ethics in Management Consulting*



b) In management consulting, consultants are intellectual workers (seniors, collaborators, assistants, …). All of them have direct and personal relationships with clients. The ethics of the firm with its workers influence their ethical behaviour with the clients. It is an evident case of maximum integration between business and individual ethics.

c) In management consulting, the decisions related to the main output[20] aren't oriented to consultant's interests that have to be ethically balanced, but they are aimed at supporting the achievement of the client business goals.

The evaluation of the ethical dilemmas in the relationships with the clients appears therefore to be made more complex by the presence of two acting subjects rather than just one.

When the client interests appear ethically debatable, a consultant can only decide not to accept the job. Client and consultant can have different ethical principles and in every case it is difficult to a priori assess the ethics degree of the client goals, like minimizing the taxes to be paid, eluding legal constraints, eliminating a competitor with an innovative strategy, exploiting contractual abilities to dominate a business counterpart or the trial laws to contrast an otherwise succumbing, or de-localizing to reduce the personnel costs. Sometimes a firm's decision can be conjuncturally conditioned by survival goals and therefore fully ethical in business terms. It can also happen that the client asks for help to create an ethical illusion (splitting ethical and ethically conducted activities by non ethical or non ethically conducted ones), or to be able not to respect contractual obligations taken on in a different moment or context without having any negative consequence.

d) Ethics in the relationship with the client in consulting is easier than in other businesses.

If the consultant is asked to express opinions about the client's ethical behaviour, he can evaluate it and express his opinion, but if he is asked to give opinions on business initiatives, he wouldn't respect its mission if he based his opinion on the ethics of the indirect result that could potentially be achieved. This way, for instance, opinions about an investment in countries that have less strict job safety regulations could not be expressed (moreover, with the result of penalizing the development of those countries if the denial of an opinion avoided the initiative). The firm directly acts and its physical output is part of its way of being. The consultant expresses information and nothing keeps him away from highlighting potential aspects that can be considered debatable in terms of ethics of result. The decision has to be made by the client. It is easier to give an ethically correct opinion than to act.

e) The issue gets more complicated when the consultant plays a different role than that of providing occasional, recurrent or regular opinions. Sometimes the consultant undertakes formal position in deliberating bodies (i.e., in a board of directors) even with a high level of autonomy, or with procurement functions (from the selection of suppliers and clients, to the evaluation of inputs or outputs, to the development of operative relationships), sometimes with actual mandates to negotiate (for the acquisition of firms, or of funding..), or with formal positions in internal control bodies. In these cases, whether not previously regulated, the dilemma about the decision to what ethical principles to respect (the consultant's or the client's[21]), or even a conflict between the consultant interests and those of its client, can emerge.

6. Consulting Interests, Ethical Risks and Ethical Basics

a) Interests of the Consultant and ethical risks for the client[22].

Ethics directly involves the actor interests. In our opinion, the consultant interests can be summarized as follows:

Profit-making. Consulting is a business; as a business, it needs turnover and turnover continuity in order to survive (achieving financial, economic and teleological equilibrium).

Strategy. The consultant needs to collect more extensive and thorough knowledge. He has a goal of creating and nurturing an image and a reputation as a competent expert. He desires client loyalty – in order to increase the involvement with the existing clients – to increase his clients portfolio, and to enter new segments.

Subjectivity. Consulting is a personal job. Gratification (pleasure at doing it) or altruism (pleasure at helping) or socialization (satisfaction at sharing) can influence the activity.

When the consulting interests aren't subordinated to self-control ethical risks can arise. Typically:

Profit-making cuts ethical limits: to carry on consulting when useless[23], to accept a job without a specific competence threshold, to suggest a standard solution (with a low cost for the consultant) when the situation needs a specific approach, to subordinate the judgment to the client wishes, to suggest solutions that need longer to be implemented, to present new problems as relevant, to subordinate judgment to external (third party) interests, to use information or specific knowledge about a client to serve another (competing) client, to abandon a client for a (stronger and more profitable) competitor.

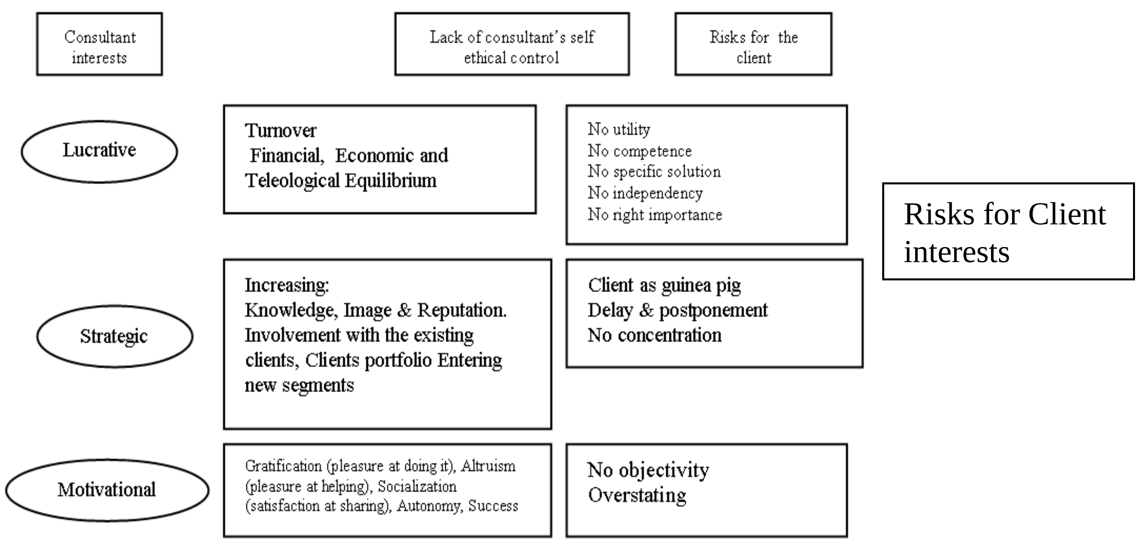
Strategy cuts ethical limits: to transform the client in a guinea pig without provisions (consultant can have theoretical competence but not sufficient experience), to accept new clients when the capacity is fully engaged, especially if it is a big client, to serve clients in competition, to promise more than what can actually be done.

Subjectivity cuts ethical limits: to get emotionally involved and forget the objectivity, to overstate the presence and the contents (excess of autonomy and lack of answer to the client problems up to lead it to take decisions and actions that it wouldn't do by himself and that he will not be able to do by himself).

The only way to reduce ethical risks is to codify in advance ethical basics to be respected in the relationship and to communicate them to the client.

When a consultant gets a mandate to decide (formal responsibility) from the client, the risks are more complex and dangerous (the economic interests of the client can be directly harmed). Typically: 1) The consultant has an economic interest –directly or indirectly – shared with client counterparts (therefore he decides helping them or he gives them sensible and confidential information); 2) The consultant can use confidential information of other clients; 3) The consultant doesn't have adequate time (as he considers other jobs more important); 4) The consultant doesn't undertake personal risks as a real entrepreneur[24].

Figure 3: *Typical Risks from the Lack of Consultant's Self-Ethical Control*



b) Consulting ethical basics.

We can easily draw a framework from the aforementioned risks. We can accept:

1. the consultant gives opinions without involvement. Based on the client request, the consultant can suggest a possible goal. Based on the client goal, the consultant can suggest possible ways to achieve it. The decision to turn a possibility into facts is only the client responsibility;

2. the consultant can accept a job only when he is actually able to give, and to do it on time, the requested opinion or to play the requested role; in case of acceptance, the consultant invests adequate time and undertakes an adequate level of risk;
3. the opinion (or decision) can be expressed only if the consultant is able to provide the client with it and if he believes it can be helpful and feasible;
4. the contents of the opinion (or decision) aren't conditioned by the remuneration;
5. the contents of the opinion (or decision) aren't conditioned by other interests;
6. the opinion (or decision) highlights and stresses also all of the identifiable risks for the client;
7. if the adoption of the opinion (or of the decision) can produce external advantages or harm to a third party, they are underlined;
8. if the adoption of the opinion (or of the decision) can produce external advantages or harm to the consultant, they are underlined;
9. all the information regarding the client that have become available because of the relationship can't be used for a third party, without authorization;
10. a consulting job for a new client that is in competition with another can't be started without its authorization (similarly, simultaneously consulting competing clients without authorization is not allowed).

It can be noticed that approach, activity content, and result facets are involved.

Some of these principles find citizenship in assurance rules[25] or accreditation models[26] or self-regulation codes[27], although not always completely.

Moreover, paradoxically, it isn't sometimes correct to respect ethical basics in an integral way[28]. We can't forget that Ethics is a relative value. Therefore, for a business what is important is the ethical coherence rather than an absolute concept of Ethics.

7. Ethical Coherence and Discretion

Ethics is reciprocal respect. If you play chess, two approach are possible: soft (chivalrous) or hard (the end justifies the means). With the first, when your adversary makes an evident slip (it's different if he falls into your trap), you tell him and he can correct his move. With the second, if you are in advantage in terms of number of pieces, you try moves until your adversary has only the king. It isn't suggested to play soft against who plays hard. An ethical behaviour against a not ethical behaviour induces vulnerability[29].

By analogy, compatibility between the ethics of the consultant and that of the client is strongly suggested. Moreover, the ethics of the client 'receiver(s)' (whoever is affected by the activity of the firm on which the consultant's opinion is provided) has to be taken into consideration.

So, with regard to the relationship, we can distinguish between Fully ethical practices in which consultant and client are ethical, and Limited ethical practices (only perfect duties) in which the client is not totally ethical[30].

About the client, it is important to assess if the information given for consulting is truthful and complete, if the client will respect his obligations, if the client will use or diffuse the consultant opinion in an ethical way, for instance according to the preventively agreed degree of discretion.

With specific regard to the ethical commitment that can be attributed to the opinion by the consultant, we can also distinguish among: Fully ethical opinion, in which the client and the receiver(s) are both ethical; Limited ethical opinion, in which the client is ethical, while its counterpart isn't; Not ethical relevance opinion, in which client and receiver are not ethical; and finally the case of Denied opinion (the client isn't fully ethical while the receiver is).

It is then important to be able to evaluate if, in the relationship with its receiver, the client intends to behave in an ethically acceptable manner.

It isn't easy to decline a consulting job offer, especially from a loyal or important client[31]. It would be ethical to communicate the motivations (it's against our ethical code) to the client, but it isn't suggested. It isn't ethical to make an excuse (i.e., no time), besides being potentially negative for the consultant's image. The only possible way out is stressing that there is an interests conflict (obviously with our ethical code) on which it is not possible to provide information.

Based on what argued, an ethical code, in order to be functional, needs to distinguish two levels of ethical relationship and three levels of ethical opinion.

To evaluate the right level (discretion analysis) and to exceed the threshold of perfect duties in the integrity strategy of the consultant, the ethical balance in the relationship has to be assessed, measuring the ethical level of the client and its receiver activities, their expectations, potential economic and reputation effects for the consultant, potential economic and reputation effects for the client and for its receiver.

We also have to consider that ethical behaviour is voluntary, therefore it can't be a simple answer to somebody else pressures.

Notes

[1] The liberalism sustained by those with a real sense of responsibility and prefers the flexibility allowed by the absence of rules to improve the effectiveness of action ends up adopting those selfish enough to find in it the way to do whatever best suits their individual goals.

[2] The regulation approach has an inevitable adoption, too: who looks for external security also where there is no need for it (which supports the creation of rules for what is very difficult to be regulated and therefore invasive and counterproductive).

[3] 'I propose to approve the law that doing what one should be ashamed of doing is against the law' (Richard P. Powell, Pioneer, GoHome!, Charles Schribner's Sons, New York, 1959)

[4] Even companies that adopt social reporting practices can sometimes be not very ethical with their clients.

[5] When considering, for instance, the Ethics Awards, an award for an individual project doesn't ensure that the whole business is integrally conducted according to ethical requisites.

[6] When examining the 'ethical codes', it is easy to find a certain variety of issues taken into consideration and of ways to address them. In most of the cases issues related to employees, environment and customers are predominant. Relatively frequent are also transparency and competitive correctness. The way these issues are addressed can greatly vary (i.e., with regard to the employees, the focus can alternatively be on the working environment, mobbing, training, absence of workers under a certain age, and so forth).

[7] For example, ISO 9000, ISO 14001, OHSAS 18001-18002, SA8000.

[8] Such as the Italian Competition Authority.

[9] For example, AccountAbility 1000, the Global Reporting Initiative, or the Social Balanced Scorecard.

[10] An ethical relationship driven by an individual in a not specifically ethics-oriented firm is also possible.

[11] Customer and employee have interests on (product or job) quality, price (how much is paid for the product, or how much the work is paid), safety (product reliability or safety of the job position), which besides having different contents have different weight (priority).

[12] R. Fazzi, *Formazione storica e prospettive degli studi sui comportamenti imprenditoriali*, Scritti in Memoria del Prof G. Corsani, Cursi, Pisa, 1966

[13] CSR only means that a firm considers some ethical elements in the relationships with different kinds of stakeholders (not necessary all of them). Many ethical dilemmas in business relationships are interrelated and irreconcilable (at last: is it better to increase pollution reducing devices or the remuneration of the employees?). In the business ethics dilemmas, individual and social logics also conflict (Is it equitable to pay the same price for suppliers or workers with different productivity?).

[14] We can then extend the concept to all of the subject that can potentially be affected by the firm activities, even when there aren't direct relationships. The extension, of course, has limits (such as the direct effect to third parties or the indirect ones to the organization of the counterpart or to the final users of the activity)

[15] Although there are cases of reciprocal transparency that lead even to fixing prices based on the ongoing added value creation of the two counterparts and the payment conditions based on the reciprocal liquidity situation.

[16] With regard to the previous footnote, we can consider the case of a scarce liquidity situation that is generated by a low capitalization though in a situation of economic strength of the shareholders.

[17] This interest may also be specified in the individual actual case, but may then result variable overtime even on the individual case (contractual obligations undertaken in a certain situation can become not satisfying already before the implementation). One can't also forget the possible presence of entrepreneurial initiatives that lack immediate and meditated motivation (and therefore without immediate proof of interests).

[18] Of course, true efficiency is not a residual value (profit and therefore business final egoism). It is rather obtaining a global value (turnover) that at the same time expresses customers' satisfaction and allows a sufficient distribution-remuneration of all the inputs.

[19] Interfering in a professional relationship with the sole goal of buying up a client appears absolutely not correct and against deontology. If it is actually possible to offer a better service, the client would nevertheless be harmed if the possibility of change wasn't offered. The discriminating element of a consistent ethical behaviour is therefore the result of: a) actually being able to provide a better service (rather than simply considering itself able); b) only provide objective opinions on the issues submitted by the client; c) letting the client evaluate; d) not expressing evaluations on the existing consultant until the client has made its decision of change.

[20] For every other relationship (suppliers, employees, banks, shareholders …), the business ethics principles remain the same, except for a few adjustments due to the nature of the consulting activity when compared to other kinds of business (i.e., because of the existence of professional registers). Other peculiarities can also be found in the content of the ethical approach (typically definable as 'loyalty and correctness') to competition.

[21] When the consultant undertakes direct responsibilities, the risk of unethical behaviour increases, as he can be more exposed to his own interest than to those of the client. The only way to control the conflict of interests, besides the initial ethical evaluation on the individual and the monitoring of the

behaviour, is to regulate it with predefined protecting clauses (i.e., autonomy limits) and sanctions (i.e., possibility to immediately revoke the mandate, or pre-determination of possible harm). In this case, we aren't in the ethics field anymore.

[22] We consider a foregone conclusion that the consultant is able to avoid uncontrolled risks (i.e., his image exploitation by an unethical client).

[23] It is often clear from the beginning that the client isn't willing to listen to opinions that differ from what he has already decided. In reality, the opinion is used as a mere confirmation (if corresponding) or as contrary justification (if not corresponding)

[24] For example, judicial commissioners don't operate as businessmen. If the firm has a liquidity crisis and the commissioner had to choice whether to pay the suppliers (knowing that they will not renew the contracts if not paid) or to pay for the taxes (which can always be paid later although with a penalty), he would pay for the taxes.

[25] For example, UNI 107771:2003 about the requisites of management consulting.

[26] For example, the assurance models for management consulting companies associated to ICMCI.

[27] There are both individual and associations' codes. In Italy, for example, the APCO ethics code.

[28] Highlighting potential harm to third parties can have a different meaning according to the ethics and the intentions of the client.

[29] For example: the consultant can be willing to give an unconditional client satisfaction guarantee only if sure that the client is ethical.

[30] If the consultant isn't ethical, it's a client's problem. If consultant and client aren't ethical, it's a problem for both.

[31] Before accepting a new client, it is suggested to evaluate its ethical attitude.