

**MANAGEMENT CONSULTANCY AND PERFORMANCE OF THE TOP
100 SMALL AND MEDIUM ENTERPRISES IN KENYA**

BY

ERIC MAKUMI

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF
MASTER OF SCIENCE IN ENTERPRENUERSHIP, FACULTY OF
BUSINESS AND MANAGEMENT SCIENCES, UNIVERSITY OF NAIROBI**

2022

DECLARATION

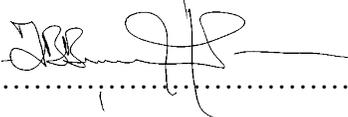
This research project is my original work and has not been submitted to any other college, institution or university

Signature  Date 29/11/2022

Eric Makumi

D66/81069/2015

This research project has been handed in for evaluation, and I, in my capacity as a supervisor at the University, have given my permission.

Signature  Date 5th December 2022

Prof: Zack Awino

Department of Business Administration

Faculty of Business and Management Sciences

University of Nairobi

DEDICATION

This research paper is dedicated to my parents James and Mary for their support during my studies and this research.

ACKNOWLEDGEMENT

I would like to acknowledge God for giving me life, good healthiness, sound mind, and resources, without which it would have been impossible to start and finalise this work. I also express my genuine gratitude to my university research supervisor, Prof Zachary Awino, for valuable guidance and contribution towards this study. I also appreciate the faculty members and technical staff at the Faculty of Business for their input during my course work and the execution of this project. Many thanks to the proprietors and managers of the enterprises that participated in this study for agreeing to participate and providing data that was instrumental to the determination of the research issue.

ABSTRACT

Despite the fact that, small and medium enterprises (SMEs) make positive contribution to the Kenyan economy, their failure rates is extremely high. This study sought to examine how the use of management consultancy affects the performance of SMEs with a specific focus on top 100 SMEs. The study's specific objectives were to establish the management consultancy services used by SMEs in Kenya and to determine the impact of management consultancy services on SMEs performance. The study targeted firms in KPMG and NMG list of top 100 Kenyan SMEs in 2020. Data was corrected through questionnaires. A total of 100 questionnaires were distributed but 42 were duly completed and returned to the researcher marking a response rate of 42%. Results indicate that management consultancy services are not widely utilized by SMEs in Kenya. IT consultancy is the most widely utilized consultancy service with the majority of the respondents reporting that they make use of these services to a great extent. Result further indicates that the surveyed SMEs had noteworthy growth in most performance areas with the majority reporting either moderate or large growth in these areas. The area in which the SMEs reported the highest growth was service quality followed by customer satisfaction. Regarding the impact of management consultancy on performance, results of the ANOVA showed that when considered in general, management consultancy services have a significant effect on SMEs performance ($F= 4.120$, $sig= 0.007$). The model comprising of four consulting services (Business strategy, HR, operations, and IT consulting) explained 30.8% of the variances in the SMEs performance. However, when the consultancy services were considered individually, none was documented to have a significant effect on the SMEs performance. The study therefore concludes that the use of management consultancy is not an established practice within the Kenyan SME sector. The study further concludes that SMEs need to integrate different consultancy services for them to have a significant influence on performance. The study recommends that to improve the performance of SMEs in Kenya, there is need to encourage SMEs to make use of different consultancy services that are available in the market.

TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
ABSTRACT.....	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
ABBREVIATIONS AND ACRONYMS	x
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study.....	1
1.1.1 Management Consultancy	2
1.1.2 Organizational Performance	3
1.1.3 Top 100 SMEs in Kenya	4
1.2 Research Problem	5
1.3 Research Objectives.....	6
1.4 Value of the Study	7
CHAPTER TWO: LITERATURE REVIEW.....	8
2.1 Introduction	8
2.2 Theoretical Foundation	8
2.2.1 Industrial Networks Theory	9
2.2.2 Theory of Constraints.....	10
2.3 Management Consultancy Services	11
2.4 Organizational Performance Measures	12
2.5 Management Consultancy and Organizational Performance	12
2.6 Empirical Studies and Knowledge Gap	13
CHAPTER THREE: RESEARCH METHODOLOGY.....	16
3.1 Introduction	16
3.2 Research Design	16
3.3 Population of the Study.....	17
3.4 Data Collection	18
3.5 Data Analysis.....	18

CHAPTER FOUR: RESULTS AND DISCUSSION	19
4.1 Introduction	19
4.2 Response Rate	19
4.3 SME Background Information	19
4.4 Descriptive Analysis	20
4.4.1 Management Consultancy Services used by SMEs	20
4.4.2 Effect of Business Strategy Consulting	23
4.4.3 Effect of Human Resource Consulting	25
4.4.4 Effect of Operations Consulting	28
4.4.5 Effect of IT Consulting	30
4.4.6 Performance of SMEs	32
4.5 Regression Analysis	35
4.5.1 Model Summary	35
4.5.2 Regression Beta Coefficients	36
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS	38
5.1 Introduction	38
5.2 Summary of Findings	38
5.3 Conclusion	39
5.4 Recommendations	39
5.5 Limitations of the Study	40
5.6 Suggestions for further Research	40
REFERENCES.....	41
APPENDICES	45
Appendix I: Research Questionnaire	45
Appendix II: List of Top 100 SMEs in Kenya	48

LIST OF TABLES

Table 4.1: Number of Years the Businesses have been Operating	20
Table 4.2: Extent to which SMEs use various Consulting Services	21
Figure 4.1: Other Consultancy Services used by the SMEs	22
Table 4.3: Effect of Business Strategy Consulting on SMEs	24
Table 4.4: Effect of Human Resource Consulting on SMEs	26
Table 4.5: Effect of Operations Consulting on SMEs.....	28
Table 4.6: Effect of IT Consulting on SMEs.....	30
Table 4.7: Performances of the SMEs.....	32
Table 4.8: Model Predictive Power.....	35
Table 4.9: ANOVA Results.....	35
Table 4.10 Regression Beta Coefficient.....	36

LIST OF FIGURES

Figure 4.1: Other Consultancy Services used by the SMEs	22
---	----

ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
HR	Human Resource
IT	Information Technology
KPMG	Klynveld Peat Marwick and Goerdeler
MSEs	Micro and Small Enterprises
NMG	Nation Media Group
R&D	Research and Development
SD	Standard Deviation
SMEs	Small and Medium Enterprises
SPSS	Statistical Packages for Social Science
UK	United Kingdom

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Management consultancy is a fast growing profession that is continuously becoming more international and diverse (Thorpmann & Lindmark, 2002). Management consultancy has for long been acknowledged as an important professional service that aids managers to analyse and address the real challenges their organizations face, to enhance organizational performance, to learn from other executives, and to take advantage of new opportunities (Kubr, 2002). As business operations become more complex, businesses are constantly facing new challenges; they increasingly rely on management consultants to aid them to remain competitive in the midst of environmental changes (Sinha & Sinha, 2014).

Theoretically, the theory of constraints contends that for a business to achieve improvement it should focus on the constrictions that inhibit the system from attaining higher performance levels. Therefore, managers should engage management consultants to find out what is inhibiting them from reaching their objectives and propose solutions to deal with any limitations (Ajmal, Nordström & Helo, 2009). The industrial networks theory contends that the process of economic exchange usually occurs within the existing organisational interrelationships framework. Thus, the links and ties between parties, such as business and management consultants, in addition to the cost of changing the network of relationships, help create lasting connections (Melo, 2001).

SMEs are considered a key driving force of the modern economy because of their multidimensional benefits such as job creation, technological innovation and promotion of exports (Yusoff & Zainol, 2012). SMEs are recognized as significant contributors to economies of various countries; with novel opportunities introducing the entities in international and domestic markets. In the Africa context, SMEs account for more than 90% of business entities and contribute more than 50% to GDP (Kithinji, 2014). However, in most cases specialists who have perfect knowledge in a particular field and having the appropriate technical competence form SMEs however most of the entrepreneurs' lacks management experience and knowledge (Barisic & Bozicevic, 2013)

In Kenya, the contribution of SMEs to the economy is widely recognized as they cover all the economic sectors, providing many jobs and generating great economic benefits (Kithinji, 2014). The sector continues to play an important part in the country's expansion through contributing to the country's GDP growth, poverty alleviation, creation of jobs and industrial base development (Ndede, 2015). Kenyan SMEs operate in all economic segments including the trade, manufacturing and service sub-sectors. They range from unregistered entities, recognized as Jua Kali entities, to officially registered smaller businesses, such as transport companies, wholesalers and supermarkets (Krop, 2014).

1.1.1 Management Consultancy

Management consultancy denotes the provision of professional and related services such as problem identification and resolution, needs assessment, consultation, provision of additional information sources, and ideas implementation (Ogbaekirigwe, 2016). Management consulting also refers to an objective and independent consulting service provided by competent individuals to assist clients in identifying and analysing management opportunities or problems (Butler, 2008). Management consulting is a practice that assists corporations to enhance operational performance through analysis of current business problems (Nuorkivi, 2009).

Management consultancy is categorised into three major types that include strategy consultancy, change and organizational consultancy (Nuorkivi, 2009). Strategy consulting is seen as a participatory top-down approach involving senior management, whose aim is to mould the organization strategy and to communicate it. Organizational consulting often begins with the dynamics of small groups and then looks up the organization. Change consultancy covers a wide array of changes and its execution requires special attention to individual change dynamics (Nuorkivi, 2009). Management consultancy is further divided into expert and support approaches. In the expert approach, the consultant assumes the role of a specialist and provides the client with professional advice or assistance. In the support approach, the professional concentrates less on technical or specific expertise and much on the consultation process itself (Sinha & Sinha, 2014).

Management consultancy aimed at small and medium business owners and entrepreneurs entails a full combination of individual, functional and professional consultative services. However, most small businesses currently do not use consultants to solve operational problems (Kubr, 2002). The management-consulting problem for medium and small and businesses arises from the characteristics of these businesses and the challenges they face during development and expansion, in addition to the transformation process under which routine solutions cannot be applied (Barisic & Bozicevic, 2013).

1.1.2 Organizational Performance

Performance denotes a business's attainment of the desired goals and objectives. It consist of the results achieved through individual or collective contributions to the strategic goals of the organization. According to Krop (2014), performance denotes the realization of organizational capabilities through transformation of resources within the company efficiently and effectively to attain the organizational objectives. In the financial performance perspective, performance is an indicator of financial results derived from decisions by executives and the execution of the undertaken decisions (Carton, 2004). Performance further indicates the metrics related to how a specific task is successfully executed suing knowledge and organizational resources to attain it objectives (Nyarik, 2013).

Organizational performance is an absolute term that generally refers to a corporation's ability to produce results in the future. Organizational performance arises from the notion that a business entity is a collection of productive resources, comprising physical, human, and investment resources that are effective managed to achieve a common goal (Carton, 2004). Organizational performance includes iterative activities that aid in establishing organizational objectives, making adjustments to consistently attain those goals and monitor progress toward attainment of the goals. Organizational performance always has a significant impact on corporate actions (Jenatabadi, 2015).

Organizational performance is a popular topic in management research and is one of the most important way to measure an organization's success. Sustainability is the goal of every business; since organizations can only expand and develop when they have good performance (Gavrea, Ilies & Stegorean, 2012). Organizational performance shows an organisations effectiveness and success and is an indicator of how effectively the organization is achieving its goals. To evaluate an organization's performance, an organization typically seeks to assess the company's ability and capacity to attain the desired levels of its components using effectiveness, efficiency or a social referent criterion (Jenatabadi, 2015).

1.1.3 Top 100 SMEs in Kenya

SMEs entail business entities that maintain sales or the number of employees below a specific standard. In Kenya, SMEs include non-farm business, informal of formal, with fewer than 50 staffs, comprising of sole proprietorships, home based and part-time businesses (Krop, 2014). Kenya's SMEs make a significant contribution to the country's GDP growth by creating jobs, reducing poverty and acting as trade intermediaries (Machii & Kyalo, 2016). SMES, which are a key feature of the Kenyan economy, cut across all business segments and provide a productive employment source, government income and revenue, as well as poverty alleviation (Anyanga & Nyamita, 2016).

The Top 100 small and mid-sized companies ('Top 100 Company') comprises SMES that rank higher in terms of profit growth, shareholders returns, revenue growth and liquidity/cash generation (Krop, 2014). The Top 100 Small and Medium Enterprises Survey, an idea by the KPMG audit firm and the Business Daily, ranks Kenyan SMEs based on a revenue range of 70 million and one billion shillings in addition to other metrics like liquidity, profitability, equity returns, level of debt among other performance metrics (Anyanga & Nyamita, 2016). The success of Kenya's 100 SME ranking has led to growth and expansion of SMES in other East African countries, notably Uganda, Rwanda and Tanzania (Machii & Kyalo, 2016).

The Kenyan SME sector delivers goods and services; it supports competition, innovation and corporate culture, and makes available opportunities to develop suitable managerial

and technological competencies (Anyanga & Nyamita, 2016). However, in today's environment, that is highly competitive, entrepreneurs and SME proprietors in Kenya continue to face adverse market conditions, high performance expectations and sluggish growth (Kithinji, 2014). Further, SME sector is particularly volatile and suffers from high levels of closures and losses, and consequently, the Kenyan government has been undertaking efforts to help them survive and thrive to no avail (Ndede, 2015).

1.2 Research Problem

Management consultancy is rapidly growing across the world and is increasingly becoming an important element in organisation's operations. However, SMEs in most emerging states still do not fully appreciate the significance of management consultancy services in improving organizations performance (Ogbaekirigwe, 2016). Further, many small business entrepreneurs are unwilling to use management consultants because they consider that only larger corporations can manage to pay the charged consultancy fees (Kubr, 2002). In addition, SMEs are unique and require a significantly different consulting approach than large firms. Thus, in some cases, consultants lack the practical experience on the various corporate needs required by SMEs (Kubr, 2002).

In Kenya, SMEs cut across all the country's business sectors and provide one of the most critical source of job creation (Machii & Kyalo, 2016). However, even though SMEs make a positive input to the country's economic development and growth, their failure rates remain extremely high (Kilonzo & Ouma, 2015). According to Ndede (2015), existing statistics show that three out of five SMEs close shop in the first year of operation. In addition, most SMEs in Kenya face a multitude of challenges, such as inadequate managerial skills, limited accessibility of funds and markets, inadequate awareness of new trends and technological changes (Machii & Kyalo, 2016). Despite the multitude of challenges facing SME in Nairobi, some of them use business consulting services and most of them consider such services an additional cost (Krop, 2014).

There have been a series of studies on the concepts of management consultancy and organizational performance by several authors but the studies provide contradicting findings. A study by Bruhn, Karlan and Schoar (2013) in Mexico using an exploratory

research design examined whether consulting services affect SMEs operations and documented that management consulting had positive effect on the SMEs return on investments and aggregated factor productivity. The study however used return on assets to assess organization's performance but this study intends to use nonfinancial indicators. A study by Ogbaekirigwe (2016) in Nigeria assessed whether management consultancy affects projects implementation using a descriptive research design and revealed that the key reason why organizations fail to fully exploit management advisory services was due to insufficient funds and lack of understanding on the role of consultants. The study focused on challenges of management consultancy and adoption but this study intends to examine the interrelationship between consultancy and SMEs performance.

Ndede (2015) in Kenya studied the determinants of financial services use by MSEs using a panel data approach and documented a significant but negative link between entrepreneurial training and financial services acquisition. The study focus was financial services acquisition and failed to document the relation between consultancy and SMEs performance. Another study in Kenya by Krop (2014) using a descriptive methodology explored the business strategies implemented by SMEs in Nairobi and revealed that SMES adopted human resource, funding, technology and competitive strategies but the study did not investigate the effect of business consultancy which this study intend to address. Most of the available literature indicates that management consultancy enhances firms' performance. However, most studies on management consultancy are carried out in large firms who have adequate resource compared to SMEs who are resource strapped. Additionally, the operation of SMEs is different to those of big firm hence the findings may not be applicable to SMEs. This leads to the research question: What is the effect of management consultancy on the performance of the top 100 small and medium enterprise in Kenya?

1.3 Research Objectives

- i) To determine the management consultancy services applied by the top 100 SMEs in Kenya
- ii) To establish the relationship between management consultancy and the performance of the top 100 SMEs in Kenya

1.4 Value of the Study

The results of this study shall be of significance to academic literature and theory, to the practice of management and to policymaking institutes. In practice, the findings shall be of significant to the top 100 SMEs entrepreneurs and managers who can use the study results to select the appropriate management consultancy services to adopt to improve the enterprises performance. In the policy sector, institutions like the Micro and Small Enterprise (MSE) Authority in Kenya and the Kenyan industrialization ministry can use the results for policy and strategy development on management consultancy services.

In literature, the study has provided more understanding on management consultancy, small and medium enterprises, challenges faced by SMEs in adopting management consultancy and organizational performance. This article will complement the available studies related to the management consultancy and corporation performance in addition to the theoretical foundations of industrial networks theory and the theory of constraints. This article also suggests areas that may necessitate additional research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

A number of unique market, technological, location and financial attributes usually describes small business entities and determine their strategic and operational actions that significantly differs from those of larger organisations. Unlike large businesses, most small enterprises fall within the start-up, survival stages with only a few of these entities succeeding and becoming larger, and more stable (Stawasz & Ropega, 2014).

The adoption of new approaches of management can lead to acceptance of management consultancy that provides corporations with a way to increase performance (Chen et al., 2011). Management consultancy if adopted can assist SME entrepreneur and managers to address management and business challenges, detect and grasp novel opportunities, improve learning and implementation of changes. As a result, management consulting is considered an important, budding and beneficial management approach for contemporary organizations around the world (Chen et al., 2011).

The literature review section brings out the theoretic basis of the research, including the industrial networks theory and the theory of constraints. This chapter also reviews the different management consulting services and challenges associated with organizations adopting management consulting. The chapter also provides insight into various organizational measures and the relationship between management consulting and firm performance, ultimately an assessment of past studies and knowledge gaps.

2.2 Theoretical Foundation

Theoretical review includes the formulation of theories to expound, understand and predict a phenomenon, and in different circumstances, to question and expand obtainable information within limitations and supporting assumptions (Shuttlewort, 2010). The purpose of a theoretical review is specifically to examine the accumulated theoretical corpus about a problem, variable, phenomenon or theory. Theoretical review is used a framework for guiding a research, the development of research hypotheses or questions and aid in establishing the appropriate methodology (Fink, 2005).

A theoretical framework denotes the structure, the background and the scaffolding of a research centred on an author's disciplinary focus and the writings on the topic in addition to the theory under study. The framework synthesizes the related concepts, existing theories and empirical research as a basis for developing new theories (Shuttleworth, 2010). Theoretical models allow researchers to combine different literature review contributions with their underlying knowledge (Fink, 2005).

An analysis of the theoretic literature aids to determine the existing theories, the interrelationships among the concepts, the extent to which obtainable theories have been explored, and to develop fresh hypotheses that need to be verified (Fink, 2005). Theoretical reviews are often used to assist in identifying the relevant theories or to document whether the existing theories are insufficient to explain the evolving research challenges (Fink, 2005).

2.2.1 Industrial Networks Theory

The industrial network approach is associated with Hammarkvist, Håkansson and Mattsson (1982). Industrial networks entail the structures under which various actors, resources and activities interrelating and are constantly shifting, not only due to the changing economic aspects and due to processes, but also due to the movement of different players seeking to influence the control of resources and activities of the other actors (Melo, 2001). This theory explains that the business market can be viewed as a network by which all actors, activities and resources are directly or indirectly connected (Easton, 2009).

This theory provides techniques for structural analysis in a system of interacting agents. The industrial network theory states that firms are not independent entities operating independently in the market. Therefore, to expand their businesses activities, they need to work with other corporations and groups, such as management consultants, government agencies, regulatory bodies and associations (Melo, 2001).). Therefore, theory is concerned with interrelationships between businesses engaged in distribution, production, and the usage of services and goods in the best way that can be described as a public industrial system (Easton, 2009).

According to the industrial network theory, the nature of business is closely related to interaction and trade exchange (Herbec & Ratajczak-Mrozek, 2014). The industrial network structure theory supports relationships; structure; steps; locations and actors, resources and activities. The industrial network model offers a valuable conceptual tool for further examining the emerging characteristics of the establishment, development and transformation of small businesses.

2.2.2 Theory of Constraints

Goldratt (1979) proposed the theory of constraints that asserts that each system contains at any rate one constraint. Constraints can be a physical constraint in the logistics process - a real bottleneck. In addition, there may be other sales or marketing or non-logistics restrictions; in these cases, politics is a constraint, and the best way to identify it is to use the thought process to find a major problem or major conflict (Ajmal, Nordström & Helo, 2009). Constraint theory concentration on reducing the system constraints and enhance the overall organisation performance (Şimşit, Günay & Vayvay, 2014).

The general assumption of constraints theory is that constraints are obstacles to achieving the firm's goals and their affects the organisation profitability (Ajmal, Nordström & Helo, 2009). The theory concentrates on the fragile points that are bottlenecks for the organisation as a whole and seeks to identify the interrelationships between the bottlenecks (Thorpman & Lindmark, 2002). Constraints theory suggests that organizations should analyse their systems, identify, and remove any constraints that act as barriers to society realizing its objectives (Şimşit, Günay & Vayvay, 2014).

According to theory of constraints, organizations require a change process to ensure that they move from where they are now to where they want to be in the future (Ajmal, Nordström & Helo, 2009). The theory supports that defining constraints allows management to take action to mitigate future constraints. Thus, management consultants can help organizations understand, perceive and develop solutions on the constraints that exist in a specific business environment to deliver solutions

2.3 Management Consultancy Services

Management consultancy services are organized based on the prevailing management structure, process and the entity functions, some of the consulting services provided include managerial development and training, staff training, financial management, office organization, accounting procedures (Kubr, 2002). The main tasks of a management consultant include identifying problems, proposing solutions, and helping clients implement the solutions (Thorpman & Lindmark, 2002).

Management consulting entails a particular activity of advising and entity's management to solve business problems for which they lack expertise, knowledge and experience (Barisic & Bozicevic, 2013). A number of public and private organizations across the globe use management consulting and advisory services in amalgamation with project management, training, financial consulting, technological consultancy, auditing, legal assistance and other expert services (Kubr, 2002).

The main categories of management advisory services have traditionally been divided into four groups, including strategy, human resources, operations and information technology (Barisic & Bozicevic, 2013). According to Butler (2008), management-consulting services take place in many different areas of activity such as business strategy, human resources, production, marketing and finance. Ogbaekirigwe (2016) states that consulting firms provide services in all business areas from human resources and marketing to information technology and finance.

SMEs hire management consultants for a number of reasons, including getting outside advice and accessing the consultant's expertise (Sinha & Sinha, 2014). Small business problems can be general or specific. Common problems include legal components of running business activities, raw materials and credit accessibility, inadequate technical support, ease of access of markets and proper management, and limitations in detecting or capturing novel commercial opportunities (Kubr, 2002). Consultants therefore take into consideration various factors that often differentiate smaller business entities from the large corporate entities (Barisic & Bozicevic, 2013).

2.4 Organizational Performance Measures

Performance measurement refers to routine assessment of the organisations outputs and results that produce reliable indicators about the efficiency and effectiveness of entity activities (Pierre et al., 2008). The management controls and assess an entity's performance as it provides an evaluation whether asset are properly managed, the increased ability to deliver value to customers, and improved measurement of organizational knowledge. In addition, organizational performance measures have an impact on an organization's reputation (Gavrea, Stegorean & Ilieş, 2012).

The main types of variables for an organization's overall performance include accounting measures, operational measures, and market measures (Carton, 2004). Accounting measures are measures based on financial information reported in the statement of profit and loss, statement of cash flows and the balance sheet (Krop, 2014). Accounting metrics can be divided into growth, profitability, liquidity, cash flow ratios, efficiency and leverage ratios (Carton, 2004).

Operational indicators include measures that show how a business entity performs in nonfinancial aspects. Operational measures comprise of the market share and intangible assets changes like customer satisfaction, stakeholders performance and human capital (Carton, 2004). Market based performance indicators include rates or change proportions that consist of the organisation market value. The main indicators include the economic valued added, shareholder returns, Tobin's Q and the Jensen's Alpha (Carton, 2004).

2.5 Management Consultancy and Organizational Performance

Management consultants always analyse and recommend ways to improve organizational structure, profitability or efficiency (Sinha & Sinha, 2014). Management consultants also help organizations to enhance productivity and efficiency predominantly by evaluating the organization's existing challenges and development of improvement strategies (Sinha & Sinha, 2014).

Consultants also assist companies to improve their efficiency, productivity and progress through providing solutions and developing better and new ways to undertake activities (Ogbaekirigwe, 2016). Consultants are considered to be key players in disseminating business knowledge due to their relative expertise and understanding of management practices. Research by Barisic and Bozicevic (2013) examined whether SMEs, which use consulting and advisory services perform better and smoothly transit from the business stage from growth to maturity. The findings suggest that management consulting improves the technical skills of managers, which can lead to improved performance.

The effect of management consultancy has been studied in different contexts and perspectives. In their study, Bruhn, Schoar and Karlan (2012) studied whether consulting and advisory services affect SMEs productivity and documented that consulting services largely affected the sampled SMEs performance. Another paper by Zainola et al. (2015) on business consulting and advisory services by a public university among Malaysian SMEs documented that consulting and advisory services help them with strategic direction, planning business, marketing strategy, human resource management.

Additionally, Crompton (2013) examined the influence of business coaching and mentoring on SME productivity and growth. The author documented a positive interrelationship between the effectiveness of corporate coaching and the performance and growth of the company. Mungai (2012) in the Kenyan context examined whether management and business training influences SMEs efficiency and documented that management and business training positively affect SMEs performance.

2.6 Empirical Studies and Knowledge Gap

A study by Chen et al. (2011) explored the determinants of adoption of management consultancy and its effect on publicly trading Chinese corporations' performance. The study surveyed 219 listed firms and used the logit model to analyse the data that was collected using questionnaires. The study also found that the adoption of consultancy and advisory services positively affected the listed entities performance. The study by Chen et al. (2011) however was carried using the logit model and did not identify the management consultancy services employed by the sampled firms and did not focus on SMEs.

In their study, Bennett and Smith (2004) carried out a study on the how small business clients select and use the service of management consultants. The study using Multinomial logit estimation established that selection of management consultants by SMEs mainly depended on cost, intensity and period of the consultancy assignment. The study also documented that use of consultancy services was insignificantly affected by the type of consultant, type of the firm of the consultancy assignment. The study however employed the multinomial logit model, focused on the selection and control strategies, and did not explore the relationship between consultancy and performance.

Additionally, Alvesson and Kärreman (2004) investigated the management control strategies adopted by management consultancy firms. The study collected data using questionnaires. The findings established that firms use a rich variety of various management consultancy services mostly concentrated on financial aspects and human capital. The study however focused on form of management control toward consultancy firms and did not focus on SMEs.

In Poland, Stawasz and Ropega (2014) explored the determinants of economic consultancy and its significance as a development-fostering indicator that reduces the risks and barriers MSE business activities. The carried out a desk research which entailed a review of the available literature. The study concluded that MSEs could increase the ability of firms through economic consulting. The study however used a desktop research, did not gather data from the respondents, and was not aimed at establishing whether management consultancy affects SMEs performance.

In Kenya, Rugami (2007) studied the strategic planning practices employed by various consultancy firms in the country. The author adopted a descriptive survey and the population comprised 95 registered management consultancy firms operating in Kenya. The study obtained data from the chief executive officers of the firms using questionnaires. The study found that strategic planning assist firms to develop competitive strategies, focus their efforts and resources on their key competencies, and cultivate a proactive culture. The study focused on the strategic planning practices of consulting firms and not consultancy and SMEs performance.

In their study, Bowen, Mureithi and Morara (2009) studied the management of the business challenges affecting SMEs within Nairobi. Data was collected using questionnaires and interviews from 198 business that were selected through simple random sampling. Using descriptive statistical techniques the study revealed that SMEs face in-house competition and from larger corporations, funds inaccessibility, higher debt levels and insecurity. This study focused on challenges affecting SMEs in Kenya and did not explore whether management consultancy can help mitigate the identified challenges

Kariguh (2016) examined the factors influencing building of innovative and sustainable management consultancy practice. The author sampled 55 business-consulting entities in Kenya and collected data using questionnaires. Using descriptive statistics, the findings documented that the internal attributes that affected the sustainability of the consultancy practice included strategy, services offering, structure of the entity and the revenue model. The focus of the study was however on the challenges towards establishing of effective consulting service as opposed for consultancy and SMEs performance.

Gathungu and Njoroge (2013) examined whether entrepreneurial training and education influences Kenyan SMEs development. The study used an exploratory design and sampled 167 SMEs. Questionnaires were used to collect data, which was analysed through descriptive statistical techniques. The study concluded that inadequate training on management and finances, marketing and strategic planning meant that SMEs hampered SMEs growth. This study was on training and education of SME entrepreneurs but it did not indicate consultancy as one of the training and education programs.

This chapter reviewed the industrial network theory and the theory of constraints and explored the various forms of management consultancy services, challenges in the adoption of management consultancy services, measures of organizational performance and the empirical studies and knowledge gaps. However, most of the reviewed studies focus more on large and well-established firms as opposed to SMEs. The next section is the research methodology section, which comprises of the study design, study population, sample design, data collection and analysis.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research methodology denotes the systematic theoretic analysis of the approaches used in research. It includes analysis of a set of approaches and principles related to a particular knowledge field. Research methodology describes the strategies or approaches of collection of data, or at times the means to achieve specific results (Kothari, 2004).

The research methodology outline how the research will be conducted and specifies the methods to be applied. Research approaches can be qualitative or quantitative comprising experiments, exploratory study, participant observations, and through use of secondary sources of data. Quantitative approaches aim at categorising a phenomena and creation of statistical methods for hypothesis testing and description of events. Qualitative approaches provide complete and detailed descriptions of observations, comprising the context of circumstances and events (Troachim, 2009).

The techniques by which authors undertake research describing, clarifying, and predicting a phenomenon describes the research methodology process. It further denotes the review of approaches of acquiring knowledge (Cooper & Schindler, 2008). This research methodology chapter therefore provides the study design, population, sample design, data collection and analysis method.

3.2 Research Design

A research designs covers research practices and strategies that range from broad decision-making to in-depth data collection and analysis techniques (Cooper & Schindler, 2008). According to Troachim (2009), a study design, structures the research, illustrates the function of the main parts of a study project, and further explains the input of each section in solving research problems. A research designs covers research practices and strategies that range from broad decision-making to in-depth data collection and analysis techniques.

To assess the effect of management consultancy on the performance of SMEs in Nairobi County, a cross-sectional descriptive survey was adopted. A cross-sectional survey tries to find information and to depict the present phenomena by questioning the individual attitudes and perceptions. Additionally, a cross-sectional descriptive survey is usually organized and precisely intended to study the characteristics termed in the research questions (Babbie, 2002).

A cross-sectional descriptive design has three main objectives hence the reason for being selected as the study design for this study: to help determine whether a relationship exists between the variables, to help determine the occurrence frequency, and finally to model describe the state of a study concept (Babbie, 2002). Therefore, a cross-sectional descriptive survey was chosen because it allows the researcher to consider the impact of management consultancy on SMEs performance.

3.3 Population of the Study

Population refers to a whole group of entities, objects or events with a collective observable attribute (Babbie, 2002). A population can further be described as all the items or people (analytical units) that have the characteristics that one wants to study. This study's population comprised of all the top 100 small and medium sized enterprises in Kenya as at 31st December in 2017.

This study carried out a census of top 100 SMEs in Kenya. A census was deemed appropriate, as the targeted population was small and finite. Kothari (2004) posit that a census is a complete list of all items in the population. The census assumes that in such a survey, when all items have been covered, no element of chance remains, and the highest accuracy is achieved.

A census involves collecting data from all the units in a population or an entire list of the targeted population. The census is often adopted when precise information is available for multiple population groups. The advantage of census is that data can be available for subpopulations as long as satisfactory response rates are achieved and estimates are free of sampling error (Troachim, 2009).

3.4 Data Collection

This research used primary data, gathered through a semi-structured questionnaire. A questionnaire was selected since it is easy to administer and collects data from a large sample within a short period. According to Babbie (2002), questionnaires can collect a large amount of information from a large number of people in a short time and at a relatively low cost. In addition, questionnaires can collect data from a large population sample and can be contacted relatively inexpensively (Kothari, 2004).

There are three sections to the questionnaire, the first of which gathered information on the organization's demographics, the second section collected data on the management consultancy service sought by SMEs, the third question and the final section contained Likert scale questions, which sought data on the effect of management consultancy on SMEs performance.

The questionnaire was self-administered to the senior manager of each small and medium enterprise. The senior managers were selected since they are in charge of policy and they approve the key decisions on whether to seek the services of management consultancies.

3.5 Data Analysis

Following the completion of the gathering of data, the questionnaires were revised to ensure internal coherence. The questionnaires were revised to be described as complete for uniformity. Data are edited, tabulated, and coded in order to identify any abnormalities in the replies and include particular numerical data into the responses for future research. Measures of the central trend (mean) and dispersion were examined using the descriptive statistic (variance and standard deviations). Data provided in the form of graphs and tables, where appropriate. Inferential statistics entail regression analysis analysis, which was used to evaluate the relationship between dependent and explanatory variables.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents statistical analysis as well as comments on the outcomes of the study on Management consultancy and performance of the top 100 small and medium enterprises in Kenya.

4.2 Response Rate

A total of 100 questionnaires were distributed among the organizations in the List of Top 100 SMEs in 2017. The questionnaires targeted the senior managers of the organizations. After several email and office follow-ups, the researcher managed to get 42 dully-completed questionnaires. This marks a 42% response rate. Although the response rate is low, the number of completed questionnaires was deemed sufficient for statistical analysis. According to Brase and Brase (2016), a dataset comprising of more than 30 units can be effectively used in statistical analysis because it tend to take normal distribution making it possible to make inferences, prediction, and describe population behaviour using the normal curve, and measures of central tendencies. In addition, there is no evidence that the SMEs that failed to respond had different characteristics from those that responded thus there is little risk of nonresponse bias. Nonresponse bias occurs when those who fail to respond differ in meaningful ways from respondents (Wright, 2015).

4.3 SME Background Information

The section focused on the background characteristic of the business from which data was obtained particularly the age of the businesses. This information was essential is establishing the phase in which the surveyed business were. It was also essential in determining the respondents' exposure to the business environment in which SMEs operate. Results regarding the age of the business are presented in Table 4.1:

Table 4.1: Number of Years the Businesses have been Operating

Number of Years	Frequency	Percent
Below 5 Years	19	45.2
6-10 Years	13	31.0
11-15 Years	5	11.9
Over 16 years	5	11.9
Total	42	100.0

Source: Field Data (2021)

As Table 4.1 illustrates, the largest proportion of the surveyed businesses (45.2%) had been in operations for 5 years or less. This finding is in line with the Kenya Bureau of Statistics (2016), where it was found that most of the Kenyan SMEs are young businesses with over 50% closing down before their fifth year of operation. About 31% of the businesses had been in operations for 6-10 years, 11.9% had operated for 11-15 years and another 11.9% had been around for more than 16 years. Since the sample comprised of a mixture of young and experienced businesses thus findings will be representative of businesses of all ages.

4.4 Descriptive Analysis

Descriptive analysis focuses on providing basic information regarding the variables of interest. In this study, descriptive analysis focused on providing basic information regarding the extent to which SMEs use various consulting services, the managers' views regarding the contribution of each consultancy services to SMEs, and the performances of the businesses.

4.4.1 Management Consultancy Services used by SMEs

First, this section sought to understand the extent to which the SMEs were making use of different consulting services. The surveyed managers were provided with a list of four consultancy services (business strategy, HR, Operation, and IT consulting) and asked to specify the extent to which they make use of these services on a five point scale. Table 4.2 displays the findings.

Table 4.2: Extent to which SMEs use various Consulting Services

Consulting Services	N	Min.	Max.	Mean	S.D.
Extent of using Business Strategy Consulting	42	1	4	2.40	.939
Extent of using HR Consulting	42	1	4	2.76	1.031
Extent of using Operation Consulting	42	1	5	2.00	1.148
Extent of using IT Consulting	42	1	5	3.57	1.039

Source: Field Data (2021)

As Table 4.2 demonstrates, the mean score for business strategy consulting was 2.40 suggesting that the majority of the business make use of business consulting services to minimal extent. The standard deviation ($SD=0.93$) support this position which shows that most of respondents were within 1 unit around the mean value of 2.40. This implies that the majority of the responses did not differ significantly from the mean. The results are in line with a study by Dukic, Majstorovic, and Anicic (2013) where it was found that only 30% of SMEs in Bosnia used business strategy consulting services.

Regarding HR consulting, the majority of the surveyed business reported that they make use of this consulting service to a moderate extent as indicated mean 2.76. This finding is consistent Bulitia, Obonyo, and Ojera (2014) who found that human resource consultancy was a growing phenomenon in Kenya with many organizations seeking services such as recruitment and selection of staff, training of staff, conducting background checks, and development of HR strategies. However, the Bulitia et al. (2014) was conducted among large manufacturing organizations. Current findings suggest that although there is some use of HR consulting among SMEs, this is not a dominant phenomenon. The findings is reinforced by the standard deviation ($SD= 1.031$), which suggests that participants had diverse view on this issue.

The study also inquired the extent to which the surveyed business makes use of operation consultancy. Unlike business strategy consulting, operation consulting seek to assist organization to deal with routine aspects of business such as increasing productivity, improve logistics operations, or changing cost structures (Bruhn, Karlan, & Schoar, 2010).

As indicated by a mean of 2.00, the majority of the respondents said that their organization make use of operation consulting services on a minimal extent. However, the standard deviation (SD= 1.148) indicates that there major dispersion of responses around the mean suggesting that respondents had varying position on this issue.

ICT consulting emerged as the most widely utilized consulting services. The majority of the surveyed business specified that they make use of IT consultancy services to large extent as indicated by the mean of 3.57. This finding is consistent with a research by Zeqr found that IT consultancy was among the top services sought by UK SMEs with these establishments spending an estimated £3.1 billion in IT services with website building being the most sought after service (Consultancy.uk, 2017). According to Bracar & Bukovec (2013), IT consulting and outsourcing is popular among SMEs because IT is technical field whose task are difficult to fill by a nontechnical person. On the other hand, SMEs lack the resource to recruit qualified IT staffs on a permanent basis.

The study sought to establish other consultancy services that are often sought by SMEs. Thus in an open-ended question, respondents were asked to list any other consultancy services that is often used in their businesses. The responses are summarized in Figure 4.1:

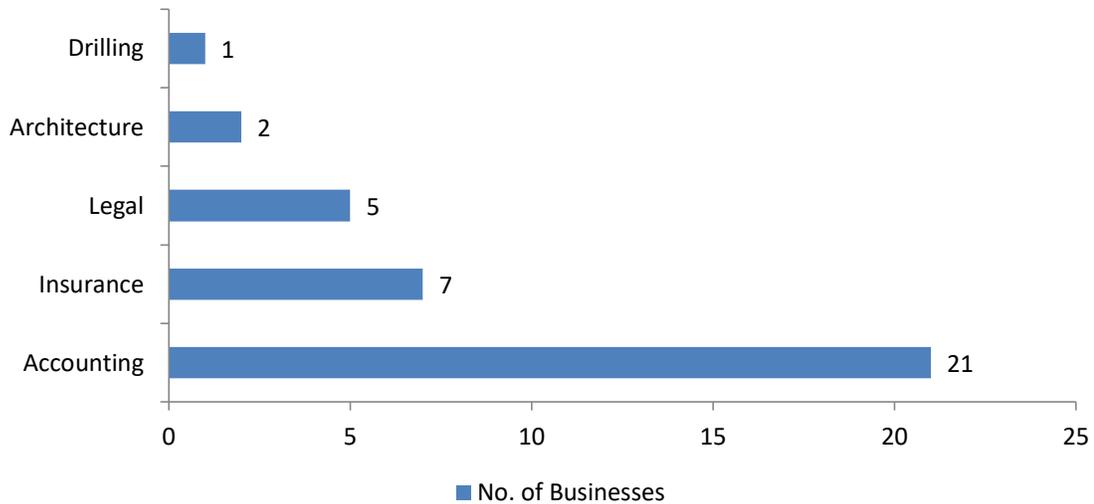


Figure 4.1: Other Consultancy Services used by the SMEs
Source: Field Data (2021)

As illustrated in Figure 4.1, accounting is among other consultancy services that are widely utilized by the SMEs with 21 respondents reporting that this service is utilized in their organization. This finding is consistent with the study by Zeqr where it was found that accounting was the most sought after service by UK SMEs with business spending an estimated £9.1 billion each year to obtain accounting services. The second most sought after services as reported by the respondents of the current study is insurance advisory and services. Seven businesses reported that they often consult insurance experts for advice and when making transaction. Five businesses reported that they often seek legal advice from experts. Two businesses reported architectural advice as one of the services that they regularly seek from external expert. This was not surprising given that these firms were in construction business. One of the businesses involved in drilling operation reported that they usually seek drilling advice from experts.

4.4.2 Effect of Business Strategy Consulting

The study sought respondents' views regarding the effect of business consulting on SMEs on a five point scale (1-Strongly agree, 2- Agree, 3 – Neutral, 4- Disagree, 5- Strongly Disagree). Outcomes are presented in Table 4.3:

First, the study sought respondents' views on whether business strategy consulting helps SMEs managers to solve strategic problems which they lack expertise in. The majority of the respondents agreed with this statement as indicated by the mean of 4.02. There were little discrepancies in the respondents' views on this issue as exemplified by the standard deviation (SD= 0.604).

The study also inquired whether consultancy in business strategies helps SMEs management to align the goals of the SME with its mission and vision. As indicated by a mean of 3.83, most of the respondents agreed with this statement. The standard deviation (SD= 0.824) that there were no major differences in the respondents views on this issue.

These findings are consistent with Bruhn et al. (2010) who noted that most SMEs focus on routine day-to-day operations without a clear vision and long-term strategies. Business strategies consulting help these entities to develop a vision and long-term goals, and align them with the routine operational activities.

Table 4.3: Effect of Business Strategy Consulting on SMEs

Statement	N	Min.	Max.	Mean	S.D.
Business strategy consulting helps small and medium enterprises managers to solve strategic problems which they lack expertise in	42	3	5	4.02	.604
Consultancy in business strategies help SMEs management to align the goals of the SME with its mission and vision	42	2	5	3.83	.824
Business strategy consulting help SME managers to formulate strategic propositions and courses of action	42	2	5	3.98	.749
The benefits accrued from business strategy consulting outweighs the cost of obtaining the services	42	2	5	3.64	.821
Consultancy in business strategies creates new business opportunities for small and medium enterprises	42	2	5	3.88	.739

Source: Field Data (2021)

Respondent were asked to give their views on whether business strategy consulting help SME managers to formulate strategic propositions and courses of action. Many of the respondents agreed with the statement as pointed out by the mean value of 3.98. This position is reinforced by the fact that there little dispersion in responses around the mean as signified by the standard deviation value of 0.749.

In addition, the study sought to compare the benefit that SMEs receive from business strategy consulting vis-à-vis the cost. As Sinha and Sinha (2014) explained, consultancy services can only make business sense if the firm stands to gain more than the cost they are incurring in securing the services.

When asked about this issue, most of the respondent agreed (Mean= 3.64) with the position that the benefits that SMEs accrue from business strategy consulting outweigh the cost of obtaining the services. The SD of 0.821 indicates that there was a high level of agreement among the participants.

Lastly, the study sought to examine the effect of business strategy consultancy on SMEs' business opportunity. The study established that consultancy in business strategies creates new business opportunities for small and medium enterprises as per the majority of the respondents (Mean= 3.88, SD= 0.739). This implies that SMEs that use business strategy consulting are more likely to record better performances as these services will enable them to create new business opportunities.

From Table 4.3, solving strategic problems in which the SMEs lack expertise had the highest mean score (Mean=4.02) suggesting that this is the highest area of priority when it comes to business strategy consulting. Formulating strategic proposition and courses of action had the second highest mean score (Mean= 3.98) suggesting that this is also a high priority area. Creating new business opportunities had the third highest mean score (Mean= 3.88).

4.4.3 Effect of Human Resource Consulting

The study also set out to explore the effect of human resource consultancy services on SMEs on a five point scale (1-Strong Disagree to 5-Strongly Agree). Results are presented in Table 4.4.

The inquiry process began by examining effect of human resource consulting on SMEs ability to attract and retain the best talent. The majority of the respondents agreed (mean= 3.93) with the position that human resource consulting helps SMEs to maintain and attract the best employees. There were no major variation in the responses from the average position as shown by standard deviation of (SD= 0.712) suggesting a high level of agreement among the participants on this issue.

This finding is consistent with Suomi (2008) who argue that recruitment is one of the main areas of focus for HR consulting firms. HR consultants add value to the recruitment process because they have developed a wide network and resource pool through their contacts and experiences. Thus, the use of HR consultancy services increases an organization's chance to recruit the most talented employees.

Table 4.4: Effect of Human Resource Consulting on SMEs

Statement	N	Min.	Max.	Mean	S.D.
Human resources consulting helps small and medium enterprises to maintain and attract the best employees	42	2	5	3.93	.712
Consultancy on human resources management helps to reduce employee conflicts in small and medium enterprises	42	2	5	3.69	.950
Human resources consulting serves as basis of training on how SME managers should work with the junior employees	42	2	5	3.64	.958
Human resources consulting help small and medium enterprises managers to successfully manage change resistance by employees	42	2	5	3.57	.914
Consultancy on human resources management helps SMES to reduce staff costs and to properly remunerate their employees	42	2	5	3.95	.731

Source: Field Data (2021)

The next issue of interest was the effect of human resource consulting on employee conflict. Most of the respondents agreed (mean= 3.69) with the statement that consultancy on human resources management helps to reduce employee conflicts in small and medium enterprises. There were no major discrepancies in the respondents views on this issue as per the standard deviation (SD= 0.950).

Suomi (2008) also argue that conflict management has become an important area of focus for HR consultant because the society is becoming more and more diverse. Due to factors such as globalization and increased mobility, firms have to deal with workforces that comprises of people from different races, ethnic groups, age, gender, class, and education background. Consequently, integrating these diverse groups of people is becoming a complex task that requires advanced expertise.

The study also sought to establish effect of HR consulting on training and development of employees. Many of the surveyed managers agreed (Mean= 3.64) agreed with the assertion that human resources consulting serves as basis of training on how SME managers should work with the junior employees. This finding supports Suomi (2008) perspective that training and development is also main area in HR consulting. Organizations mainly rely on consultants when it comes to management training.

Respondents were also asked to give their view on whether HR consulting helps SMEs in managing change. As exemplified by the mean value of 3.57, the majority of the respondents agreed with claim that human resources consulting help small and medium enterprises managers to successfully manage change resistance by employees. There was high level of agreement as shown by a standard deviation of (SD= 0.914), which indicates that most of the responses were not dispersed from the average position by more than one unit.

The final issue that was interrogated was whether HR consulting contributes to the management of staffing costs and remuneration. Many of the respondents agreed (Mean=3.95) with the position that consultancy on human resources management helps SMES to reduce staff costs and to properly remunerate their employees. The standard deviation (SD= 0.731) indicates that there were no major variations in the participants views on this issue.

From Table 4.4, the issue of management staffing cost and remuneration had the highest mean score of 3.95 suggesting that this the highest priority area when it comes to human resource consulting as per the majority of the respondents.

The second highly rated area was attracting and maintaining best employees with a mean score of 3.93 suggesting that this is another area of priority when it comes to HR consulting. The third priority issue entails managing staff conflicts with a mean score of 3.69.

4.4.4 Effect of Operations Consulting

Operations consulting entails having external experts assess the organization’s internal procedures with the aim of improving the day-to-day operation on five point scale. Table 4.5 displays the findings.

Table 4.5: Effect of Operations Consulting on SMEs

Statement	N	Min.	Max.	Mean	S.D
Operations consulting provides expert advice or assistance to SME managers on normal routine activities	42	2	5	3.64	.759
Operations consulting makes SMEs managers acting both rationally and innovatively	42	2	5	3.69	.780
Operations consulting successfully ensure that SMEs can address the day to day challenges facing the firms operations	42	2	5	3.81	.804
Operations consulting improves the SMEs managers operations managerial skills	42	2	5	3.69	.780
Operations consulting helps managers to identify operational weaknesses and grasping new business opportunities	42	2	5	3.81	.804

Source: Field Data (2021)

The study sought respondents view on the role of operations consulting in providing advice on routine activities. As indicated by the mean of 3.64, the majority of the respondents agreed with the position that operations consulting provide expert advice or assistance to SME managers on normal routine activities.. This finding is in line with Butler (2008) who defined operations consulting as the advisory and implementation services that seek to improve the internal operations of the firm.

The study also examine whether operation consulting helps managers of SMEs to be more innovative and rationally. Many of the respondents agreed (Mean=3.69) with the claim that operations consulting makes SMEs managers act both rationally and innovatively. This finding is consistent with Bruckman and Iman (2013) who posit that operations consulting provide an organization with the knowledge, reasoning, and context that it needs to align its members’ mind-sets, attitudes, and behaviours.

Respondents were also asked to give views on contribution of operations consulting in addressing SMEs day-to-day challenges. Most of the respondents agreed (Mean=3.81) with assertion that operations consulting successfully ensures that SMEs can address the day-to-day challenges facing their operations. There were little deviations of responses from the average position as indicated by the standard deviation (SD= 0.804). This finding is consistent with Butler (2008) who contends that one of the roles of operation consultants is to point out operational areas that may need improvement and recommend ways of improving the identified functions.

Respondents were then asked to provide their assessment of the contribution of operation consulting services in improving SMEs managers' operations managerial skills. As shown in Table 4.5, the majority of the respondents agreed (Mean= 3.69) that operations consulting improves the SMEs managers operations managerial skills. There were little discrepancies in the respondents views as shown by the (SD= 0.780). This finding is congruent with Bruckman and Iman (2013) who argued that operation consulting seeks to improve all aspects that support the organization's operations including governance. Thus improving leadership and managerial skills is a critical part of operations consulting.

Lastly, the study sought to establish whether operations consulting assist SMEs to identify operation weaknesses and take advantage of emerging opportunities. Results suggest that operations consulting make a positive contribution in this aspect. Many of the respondents agreed (Mean= 3.81) with the position that operations consulting helps managers to identify operational weaknesses and grasping new business opportunities. This position is further supported by the fact that there was little dispersion of responses around the average point as indicated by the SD of 0.804.

From Table 4.5, addressing day-to-day challenges and identifying operations weakness and opportunities had the highest mean score of 3.81 each suggesting that these are the highest priority areas when it comes to operations consulting by Kenyan SMEs. Promoting innovation and improving managerial skills had the second highest mean score of 3.69 suggest that these are also important areas in operations consulting.

4.4.5 Effect of IT Consulting

The final consulting service to be examined was IT consultancy. To establish the effect of IT consulting services on SMEs, on five point scale. Table 4.6 displays the findings.

First, the study sought respondents input regarding whether IT consulting provides SMEs with appropriate technical and managerial assistance. As Table 4.6 illustrates, the most of the respondents (Mean= 4.17) agreed that IT consulting provides SME management with appropriate technical and managerial assistance. This position is further supported by the fact that there was little dispersion of responses around the average point as shown by SD value of 0.581.

Respondents were then asked to give their perspective on whether IT consulting helps SMEs to solve technology problems. Results show that IT consulting in deed helps business to solve IT challenges. Many of the respondents agreed (Mean= 4.33) with the assertion that IT consulting help SMEs to solve specific problems associated with information technology. There was a high level of consensus among respondents on this issue as shown by SD of 0.477.

Table 4.6: Effect of IT Consulting on SMEs

Statement	N	Min.	Max.	Mean	S.D
IT consulting provides SME management with appropriate technical and managerial assistance	42	3	5	4.17	.581
IT consulting help SMEs to solve specific problems associated with information technology	42	4	5	4.33	.477
IT consulting is the most sought management consultancy service by SME managers	42	2	5	3.86	.718
IT consulting helps SMEs in implementing and adoption information technology changes	42	3	5	4.07	.558
Information technology consulting helps SMEs to implement the best and the most cost effective technology solution	42	2	5	4.05	.623

Source: Field Data (2021)

Next, the study sought the respondents' opinion regarding the use of IT consultancy by SMEs. Most of the respondents agreed (Mean= 3.86) with the statement that IT consulting is the most sought management consultancy service by SME managers. The standard deviation suggests that there were no major deviations in responses from the average position. This implies that IT consultancy services are widely used by Kenyan SMEs.

In addition, the study examine the role of IT consultancy services in the implementation of technological changes by the SMEs. Results show that IT consulting services play a major role in helping SMEs to implement technological changes. This is because the majority of the respondents agreed (Mean=4.07) with the claim that IT consulting helps SMEs in implementing and adoption information technology changes. The position is further reinforced by the fact that there was little dispersion of responses around the mean as exemplified by the low standard deviation value (SD= 0.558).

Lastly, the study examine whether IT consultancy helps SMEs to implement appropriate technological solution. When asked about this issue, most respondents agreed (Mean= 4.05) with the proposition that information technology consulting helps SMEs to implement the best and the most cost effective technology solution. There were little discrepancies in responses as indicated by SD of 0.623. Results suggest that IT consulting adds value by assisting SMEs to identify, develop, and implement suitable technological product.

From Table 4.6, solving information technology problems had the highest mean score (Mean= 4.33) suggesting that this is the highest area of priority when it comes to the use of IT consultancy services by SMEs. Getting technical and managerial assistance had the second highest mean score (Mean= 4.17) suggesting that this is also a crucial area in IT consultancy.

4.4.6 Performance of SMEs

The study's dependent variable was SMEs performance. To measure this variable, respondents were presented with a list of various indicators of performance and asked to rate the extent to which their organizations have experienced growth in each indicator in the last three years on five point scale (1- Not at all 2 - Minimal extent 3 – Moderate extent 4 – Large Extent 5- Very large extent). Outcomes are presented in Table 4.7.

Sales growth was one of the indicators that were used to measure the performance of the SMEs. Sales refer to the volume of items sold by the firms (Krop, 2014). It may be quantified in terms of number of items sold or the monetary value of these items. Sale growth is an important indicator of performance as it has a direct impact on the company's survival and profitability. As shown in Table 4.7, the majority of respondents indicated that their organization had experienced growth in sales to a moderate extent (Mean= 3.19). The dispersion of responses around this average position was less than one suggesting that there were no major discrepancies in the respondents rating of firm's sales growth.

Table 4.7: Performances of the SMEs

Performance Indicator	N	Min.	Max.	Mean	S.D.
Sales growth	42	1	5	3.19	.943
Profitability	42	1	5	3.21	.842
Customer satisfaction	42	2	5	3.50	.804
Services quality	42	2	5	3.60	.767
Growth in assets	42	2	5	3.24	.656
Growth in the market share	42	1	5	3.19	.833
Increase in the number of employees	42	1	5	2.90	1.008

Source: Field Data (2021)

The second indicator that was used to measure performance is profitability. Profitability refers to the firm's ability to generate profits (Bettner, Williams, & Carcello, 2017). On the other hand, profits refer to the amount that remains after deducting the firm's expenses from the revenues. Profitability is also an essential indicator of performance since the bottom line for most commercial organizations is to make profits. When asked to rate their organization growth in profitability, many of the respondents signified that their organization had experienced moderate growth in sales (Mean= 3.21) in the last three years. The standard deviation (SD= 0.842) indicate that there was no significant variation in the respondents rating of their firms profitability growth.

Customer satisfaction is the other indicator that was used to measure the performance of the surveyed SMEs. Customer satisfaction refers to the extent to which the goods or services provided by the firm can exceed or meet the expectations of the customers (Carton, 2004). Customer satisfaction is essential to a business performance as it determines the firms' ability to retain existing customers and attract new customers. The mean of 3.50 implies that the most of the respondents said that customer satisfaction level at the firm had grown to a large extent. The SD of 0.804 suggests that there were no major differences in the respondents rating of their entities customer satisfaction growth.

SMEs performance was also measured in terms of growth in service quality. Service quality refers to the extent to which the services offered by the firms meet standards (Gavrea et al., 2012). Service quality is a key performance indicator as it influences the level of customer satisfaction and consequently has a major influence on future transactions of the firm. When asked to rate this issue, the many of the respondents specified that their firms had experienced growth in service quality to a large extent (Mean= 3.60). There was little dispersion of responses around the average position (SD= 0.767).

Respondents were also asked to rate the performance of their businesses in terms of growth in assets. Assets refer to the property owned by the form that has value and available to meet the commitments of the organization (Bettner et al., 2012). Growth in assets is an indicator of performance as it signifies increased capacity by the firm to acquire property. It also signifies increased production capacity.

Most of the respondents indicated that their firms had experienced a moderate growth in assets in the last three years (Mean= 3.24). The standard deviation (SD= 0.656) indicates that most of the respondents rating of their firm's asset growth were close to the average rating.

Another indicator that was used to measure performance was growth in market share. Market share refers to the portion of the market that is controlled by a given firm or product (Bettner et al., 2012). It is also a good indicator of firm performance as an increased in market share always corresponds with an increase in sales, revenues, and profits. It is also an indication that the company is doing things better than the competitors. When asked about this indicator, most participants indicated that their organizations had experienced a moderate growth in market share (Mean= 3.19). There were no major variations in the rating of market share growth as suggested by the standard deviation value (SD= 0.833).

The final indicator of performance was growth in the number of employees. Growth in workforce is often an indication that the firm his growing hence the need for addition manpower to cater for the expanded functions (Garvera et al., 2012). The majority of the participants reported that their organization had experienced moderate (Mean= 2.90) growth in the number of employees. However, the standard deviation was greater than 1 (1.008) suggesting that there were major discrepancies in the participants rating of the firms' workforce growth.

From Table 4.7, service quality had the highest mean score (Mean= 3.90) suggesting that on average this was the area that most of the SMEs excelled in the last three years. Customer satisfaction had the second highest mean score (Mean=3.50) suggesting that the SME has also performed well in this area. Increase in the number of employees had the lowest mean score suggesting that most SMEs did not perform as well in this area as in the other indicators.

4.5 Regression Analysis

Regression analysis was employed to test the relationship between the use of various consulting services and the performance of the SMEs. The goal of the analysis is to establish how each of the consultancy service affects the performance of the SMEs.

4.5.1 Model Summary

The first step in the analysis entailed examining the predictive power of the formulated model. The model comprised of SMEs performance as the dependent variable and the four types of consulting services (business strategy, HR, operations, and IT) as the predictors. Table 4.8 presents statistics regarding the predictive power of the model.

Table 4.8: Model Predictive Power

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.555 ^a	.308	.233	.581

a. Predictors: (Constant), Extent of using IT Consulting, Extent of using Operation Consulting, Extent of using HR Consulting, Extent of using Business Strategy Consulting

Source: Field Data (2021)

As Table 4.8 illustrates, the model had an R-square value of 0.308, which implies that the model explained 30.8% of the differences observed in the SMEs performance. This implies that the four consulting services accounted for 30.8% of the differences observed in the firms' performance. Although the model does not explain close to 70% of the difference in performance, its predictive power is still acceptable given that performance is a social phenomenon that is a function of infinite variables (Kothari, 2004). The second step in the analysis entailed examining the overall significance of the model using the analysis of variance (ANOVA) test. Results are presented in Table 4.9.

Table 4.9: ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.558	4	1.390	4.120	.007 ^b
	Residual	12.479	37	.337		
	Total	18.037	41			

a. Dependent Variable: SMEs Performance
b. Predictors: (Constant), Extent of using IT Consulting, Extent of using Operation Consulting, Extent of using HR Consulting, Extent of using Business Strategy Consulting

Source: Field Data (2021)

The ANOVA test gave a p-value of 0.007. Since this value is less than 0.05, it implies that the four independent variables (business consulting, HR, operations, and IT

consulting) combined have a statistically significant relationship with the SMEs performance. This finding means that consulting services in general have a statistically significant effect on SMEs performance.

4.5.2 Regression Beta Coefficients

The final stage entailed the analysis of the relationship between the individual consulting services and the SMEs performance using the regression beta coefficients. Regression beta coefficient indicates the degree to which the dependent variable changes when an independent variable change by 1 unit. In this case, the beta coefficient shows the extent to which performance of the SMEs will change when the level of use of each consulting services changes by 1 unit. The coefficients are presented in Table 4.10.

Table 4.10 Regression Beta Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.319	.350		6.618	.000
	Business Strategy Consulting	.177	.176	.251	1.007	.321
	HR Consulting	.252	.129	.392	1.963	.057
	Operation Consulting	.033	.094	.057	.353	.726
	IT Consulting	-.069	.137	-.108	-.502	.618

a. Dependent Variable: SME Performance

Source: Field Data (2021)

Table 4.10 gives both the unstandardized and standardized coefficients. However, only the standardized coefficients are interpreted because standardization adjusts the values unit of measurements so as to ensure that the variances are 1 (Uyanik & Guler, 2013). As shown in Table 4.10, the regression beta coefficient for business strategy consulting is 0.251. This implies that if the use of this consulting service is increased by one unit, the performance of the firm would increase by 0.251. However, the significance value for this beta is 0.321 suggesting that the effect of business consulting on firm performance is not statistically significant at the 0.05 level of significance.

The standardized beta coefficient for HR consulting is 0.392 suggesting that if the use of HR consulting is increased by 1 unit, the performance of the SMEs would increase by 0.392. The significant value for this beta was 0.057 also indicating that the effect of HR consulting on the firm performance is not statistically significant at the 0.05 level of significance.

Operation consulting had a beta coefficient of 0.057, which implies that if the use of operation consulting is increased by 1 unit, the performance of the SMEs would increase by 0.057 units. The significance value for this beta is 0.726 suggesting that the effect of operation consulting on the SMEs performance is not statistically significant.

IT consulting had a beta coefficient of -0.108. A negative beta coefficient indicates the existence of a negative relationship between the predictor and the independent variable. Specifically, this coefficient implies that if the use of IT consulting is increased by 1 unit, the performance of the SMEs would decline by 0.108 units. However, the significance value for this beta was 0.618 indicating that the effect of IT consulting on the performance of the SMEs is not statistically significant.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

A summary of the results, conclusions, recommendations, and limitations of the study as well as comments provided by the researcher are presented in this chapter. This is done so as to fulfill the requirements of the goal of the research. .

5.2 Summary of Findings

The specific objectives of the study were to establish the management consultancy services used by SMEs in Kenya and to determine the effect of management consultancy services on the performance of the SMEs. The study target firms in KPMG and NMG list of top 100 Kenyan SMEs in 2017. Data was corrected through questionnaires. 100 questionnaires were distributed but 42 were duly completed and returned to the researcher marking a response rate of 42%.

Results indicate that management consultancy services are not widely utilized by SMEs in Kenya. Most of the surveyed business indicated that the make use of the consultancy service to little or moderate extent. IT consultancy is the most widely utilized consultancy service with the majority of the respondents reporting that they make use of these services to a great extent. Human resource consulting was the second most highly utilized service with the majority of the respondents indicating that they utilize this service to moderate extent. Operations consulting was the least utilized service with the majority of the respondents indicating that the make use of this service to a little extent. Other consulting services that are utilized by the SMEs include accounting, insurance, legal, architectural, and drilling.

Performance of the SMEs was measured using several indicators including growth of sales, profitability, customer satisfaction, service quality, assets, market share, and number of employees. Result indicates that the surveyed SMEs had noteworthy growth in these areas with the majority reporting either moderate or large growth in these areas.

The area in which the SMEs reported the highest growth was service quality (Mean=3.60) followed by customer satisfaction (Mean=3.50). The area with the least growth was the size of the workforce.

Regarding the effect of management consultancy on performance, results of the ANOVA showed that when considered in general, management consultancy services have a significant effect on SMEs performance ($F= 4.120$, $sig= 0.007$). The model comprising of four consulting services (Business strategy, HR, operations, and IT consulting) explained 30.8% of the variances in the SMEs performance. However, when the consultancy services were considered individually, none was found to have a significant effect on the SMEs performance.

5.3 Conclusion

The study as per the findings concludes that the use of management consultancy is not an established practice within the Kenyan SME sector. The most widely utilized consultancy services by the SMEs is IT consultancy followed by HR consultancy. Of the four consulting services that were evaluated (business strategy, HR, operations, and IT), HR consulting had the highest beta suggesting that this service has the highest effect on SMEs performance followed by business strategy consulting. Business strategy, operations consulting, and operation consulting had positive beta suggesting that they have positive effect on SMEs performance. Only IT consultancy was found to have a negative effect on performance. When considered individually, none of the consultancy services had a statistically significant effect on performance. However, the significance value for the overall model was less than 0.05 suggesting that when combined the four consultancy services have a significant effect on performance. These results suggest that using a combination of consultancy services add more value to the performance of SMEs than when an organization chooses to focus on a single consultancy service.

5.4 Recommendations

The study has established that most SMEs in Kenya make little use of consultancy services. Results also indicate that the consultancy services have an overall significant effect on the performance of the SMEs.

Thus to improve the performance of SMEs in Kenya, there is need to encourage SMEs to make use of different consultancy services that are available in the market. Increased use of consultancy services can be encouraged by creating awareness regarding the value of these services among the SMEs operators.

Results also show that although the relationship was statistically insignificant, the use of research consultancy has the greatest effect of SMEs performance. Thus, SMEs should be encouraged to make use of HR consultancy services in order to increase their performances.

5.5 Limitations of the Study

A major limitation of the study was the difficulty in obtain responses from all the target organizations. The low response rate significant reduces the size of the sample used in the data analysis thus negatively affecting the generalizability of findings.

The study was also limited by the fact that it relied on the information reported by the managers of the SMEs to measure all the variables including business performance. Although this was the most timely and cost effective approach of gathering information, it might have exposed the study to biased reporting.

5.6 Suggestions for further Research

The study has established that there little use of management consultancy services by the SMEs in Kenya. Future study should examine why this is the case. There is need to understand factors that contribute to the low usage of consultancy services by the SMEs in order to develop appropriate interventions.

The study also focused on firms listed in KPMG and NMG top 100 SMEs in Kenya. This list comprises of business that are deemed to be best performers in various areas each year. Thus the sample might have been biased especially when it comes to the evaluation of performance. Future studies should consider using a different sample in order to support the generalization of these findings to all SMEs.

REFERENCES

- Ajmal, M. M., Nordström, F., & Helo, P. (2009). Assessing the effectiveness of business consulting in operations development projects. *International Journal of Productivity and Performance Management*, 58(6), 523-541.
- Alvesson, M., & Kärreman, D. (2004). Interfaces of control. Technocratic and socio-ideological control in a global management consultancy firm. *Accounting, Organizations and Society*, 29(3), 423-444.
- Anyanga, S. O., & Nyamita, M. O. (2016). The Major Growth Strategies Adopted by Small and Medium Enterprises in Kisumu County. *International Journal of Advanced and Multidisciplinary Social Science*, 2(1), 11-26.
- Babbie, E. (2002). *Survey Research Methods*. (2nd Ed.). Belmont: Wodsworth.
- Barisic, A. F., & Bozicevic, M. (2013). Role of management consulting in a process of professionalization of SMEs. *Entrepreneurial Learning*, 3(2), 144-160.
- Bowen, M., Morara, M., & Mureithi, M. (2009). Management of business challenges among SMEs in Nairobi. *KCA journal of business management*, 2(1), 16-31
- Brase, C., & Brase, C. (2016). *Understandable Statistics: Concepts and Methods*. New York, NY: Cengage Learning.
- Brcar, F., & Bukovec, B. (2013). Analysis of increased information technology outsourcing factors. *Organizacija*, 46(1), 13-19.
- Bruckman, J., & Iman, S. (2013). Consulting with small business: A process model. *Journal of Small Business Management*, 6(3), 41- 47.
- Bruhn, M., Karlan, D. S., & Schoar, A. (2012). *The impact of consulting services on small and medium enterprises: Evidence from a randomized trial in Mexico*.
- Bruhn, M., Karlan, D. S., & Schoar, A. (2013). *The impact of consulting services on small and medium enterprises: The World Bank & Yale University*
- Bruhn, M., Karlan, D., & Schoar, A. (2010). *The impact of consulting services on small and medium enterprises: Evidence from a randomized trial in Mexico*. New York, NY: World Bank.
- Bulitia, G., Obonyo, P., & Ojera, P. (2014). Human resource management practices and firm performance: A study of manufacturing firms in Kenya. *International Journal of Management Excellence*, 3(1), 392- 402.

- Butler, N. (2008). What is Management Consultancy? University of Leicester
- Carton, R. B. (2004). Measuring organizational performance: an exploratory study. *Unpublished Doctoral Dissertation*, University of Georgia
- Chen, H., Duh, R. R., Chan, H. C. L., & Xiao, J. Z. (2011). Determinants and performance effects of management consultancy adoption in listed Chinese companies. *Asian Business & Management*, 10(2), 259-286.
- Consultancy.uk (2017). *UK SMEs spend £60 Billion on Professional Services, Yet Much is Wasted*. Retrieved <https://www.consultancy.uk/news/13415/uk-smes-spend-60-billion-on-professional-services-yet-much-is-wasted>.
- Cooper, R. D. & Schindler, S. P. (2008). *Business Research Methods*. (10th Ed.). New York, McGraw Hill
- Crompton, B. (2012). The effect of business coaching and mentoring on small-to-medium enterprise performance and growth. *Unpublished Thesis*. RMIT University.
- Dukic, D., Majstorovic, A., & Anicic, J. (2013). Extent and types of management consulting services to SMEs in Vojvodina. *Industrija*, 41(3), 147- 165.
- Easton, G. (2011). *Industrial Networks - A Review*. University of Lancaster
- Fink, A. (2005). *Conducting Research Literature Reviews*. London: Sage Publishers
- Gavrea, C., Ilies, L., & Stegorean, R. (2011). Determinants of organizational performance: The case of Romania. *Management & Marketing*, 6(2), 285-300
- Herbec, M., & Ratajczak-Mrozek, M. (2014). Furniture companies cooperation and their innovativeness-industrial network approach. *Annals of Warsaw University of Life Sciences-SGGW, Forestry and Wood Technology*, 85, 81-84
- Jenatabadi, H. S. (2015). *An Overview of Organizational Performance Index: Definitions and Measurements*. University of Malaya, Kuala Lumpur, Malaysia
- Kariguh, E. K. (2016). *Building a Sustainable Innovative Consulting Practice in Kenya: Opportunities and Challenges*. United States International University
- Kenya Bureau of Standards (2016). *The 2016 National Micro, Small and Medium Establishment (MSME) Survey*. Nairobi, KE: Government Press.
- Kilonzo, J. M & Ouma D. (2015). Financial Management Practices on growth of SMEs in Nairobi. *IOSR Journal of Business and Management*, 17(8), 65-77

- Kithinji, L. W. (2014). Internet Marketing and Performance of Small and Medium Enterprises in Nairobi County. *Unpublished MBA Project*. University of Nairobi
- Kothari, C. R. (2004). *Research Methodology Methods and Techniques*. New Age International (P) Limited, Publishers New Delhi
- Krop, R. (2014). The Influence of Business Strategies on the Performance of SMEs in Nairobi County, Kenya. *Unpublished MBA Project*. University of Nairobi
- Kubr, M. (2002). *Management Consulting: A Guide to the Profession*. (4th Ed.). International Labour Organization
- Machii, J. K. & Kyalo, J. K. (2016). Assessment of Information Communication Technology Adoption for Performance of SMEs in Nairobi County. *International Journal of Scientific Research and Innovative Technology*, 3(8), 25-51
- Melo, B. C. (2001). Towards an institutional theory of the dynamics of industrial networks. *Journal of Business & Industrial Marketing*, 16(3), 150-166.
- Mungai, B. (2013). The Relationship between Business Management Training and SMEs Growth in Kenya. *Unpublished MBA Project*. Kenyatta University.
- Ndede, F. W. S. (2015). Determinants of Acquisition of Financial Services by MSEs in Langata Sub-County of Nairobi. *Unpublished PhD Thesis*. Kenyatta University
- Njoroge, C. W., & Gathungu, J. M. (2013). The effect of entrepreneurial education and training on development of small and medium size enterprises in Githunguri District-Kenya. *International Journal of Education and Research*, 1(8), 1-22.
- Nuorkivi, I. (2009). Roles of management consultants in business transformation: case Capgemini Consulting. *Unpublished thesis*. Helsinki School of Economics
- Nyariki, R. N. (2013). Strategic Management Practices as a Competitive Tool in Enhancing Performance of Small and Medium Enterprises in Kenya. *Unpublished MBA Project*. University of Nairobi
- Ogbaekirigwe, C. O. (2016). Impact of Management Consultancy in Enhancing Project Implementation. *World Journal of Social Sciences*, 6(1), 200 – 209
- Pierre, R. J., Devinney, T. M., Yip, G. S., & Johnson, G. (2008). *Measuring organizational performance as a dependent variable*: Accessed from <https://www.researchgate.net/publication/228136632> on 9/9/2017

- Rugami, M. J. (2007). A Survey of Strategic Planning Practices of Management Consultancy Firms in Kenya. *Unpublished MBA Project*. University of Nairobi.
- Shuttleworth, M. (2010). *How to Write a Research Paper*. Lulu Enterprises Incorporated.
- Şimşit, Z. T., Günay, N. S., & Vayvay, Ö. (2014). Theory of constraints: A literature review. *Procedia-Social and Behavioral Sciences*, 150, 930-936.
- Sinha, P. K., & Sinha, M. S. (2014). Management Consulting: Accessed from <https://www.elkjournals.com/MasterAdmin> on 9/8/2017
- Stawasz, E. & Ropega, J. (2014). Barriers and Risk Factors in the Development of Micro and Small Businesses in Poland. *International Entrepreneurship and Corporate Growth in Visegrad Countries*. Miskolc: University of Miskolc, pp. 99-113.
- Suomi, E. (2008). The link between HR professionals and HR consultants: A study on value adding HR professionals at HUS and Outokumpu (Unpublished thesis). Helsinki School of Economics, Finland.
- Thorpman, P., & Lindmark, M. (2002). Understanding One Management Consultancy Practice. *Masters Thesis*. Göteborg University
- Toivola, J. (2012). Management Consulting. *Unpublished Project*. Helsinki Metropolia University of Applied Sciences
- Troachim, W. M. K. (2008). *Research Methods: Knowledge Base*. Mason OH.
- Uyanik, G., & Guler, N. (2013). A study on multiple linear regression analysis. *Procedia-Social and Behavioral Sciences*, 106(10), 234- 240.
- Wright, G. (2015). An empirical examination of the relationship between nonresponse rate and nonresponse bias. *Statistical Journal of the IAOS*, 31(2), 305-315.
- Yusoff, M. N. H., & Zainol, F. A. (2012). Antecedents to the utilization of the government business support services: a literature review. *International Business Research*, 5(11), 105-112.
- Zainol, F. A., Daud, W. N. W., Arumugam, N., & Ibrahim, N. A. (2015). A Feasibility Study on Business Consulting Services to SMEs by Public University in Malaysia. *International Journal of Academic Research*, 5(2), 59-65.

APPENDICES

Appendix I: Research Questionnaire

A Masters Research project will utilize the survey data to investigate the " impact of management consulting on the performance of SMEs in Nairobi County." The data obtained in this survey is only for academic use. All collected data will be treated with the utmost care and secrecy. There are 6 sections.

Section I: Background Information

1. SME name (optional) _____
2. Indicate the period your business has been in operation

Below 5 years [] 6-10 years [] 11 – 15 years [] Over 16 years []

Section II: Management Consultancy Services

3. Please indicate the extent of the listed management consultancy services are applied in your organization. Use the following scale where appropriate

1- Not at all 2 - Minimal extent 3 – Moderate extent 4 – Large Extent 5- Very large

	1	2	3	4	5
Business strategy consulting					
Human resources consulting					
Operations consulting					
Information technology consulting					
Other consulting services (specify)_____					

Section III: Effect of Management Consultancy Services

4. Evaluate the following statements on the effect of management consultancy services in small and medium enterprises. Use the following scale where appropriate

1-Strongly agree 2- Agree 3 – Neutral 4- Disagree 5- Strongly Disagree

Business Strategy Consulting	1	2	3	4	5
a. Business strategy consulting helps small and medium enterprises managers to solve strategic problems which they lack expertise in					
b. Consultancy in business strategies help SMEs management to align the goals of the SME with its mission and vision					
c. Business strategy consulting help SME managers to formulate strategic propositions and courses of action					
d. The benefits accrued from business strategy consulting outweighs the cost of obtaining the services					
e. Consultancy in business strategies creates new business opportunities for small and medium enterprises					
Human Resource Consulting	1	2	3	4	5
a. Human resources consulting helps small and medium enterprises to maintain and attract the best employees					
b. Consultancy on human resources management helps to reduce employee conflicts in small and medium enterprises					
c. Human resources consulting serves as basis of training on how SME managers should work with the junior employees					
d. Human resources consulting help small and medium enterprises managers to successfully manage change resistance by employees					
e. Consultancy on human resources management helps SMES to reduce staff costs and to properly remunerate their employees					
Operations consulting					
a. Operations consulting provides expert advice or assistance to SME managers on normal routine activities					
b. Operations consulting makes SMEs managers acting both rationally and innovatively					
c. Operations consulting successfully ensure that SMEs can address the day to day challenges facing the firms operations					
d. Operations consulting improves the SMEs managers operations managerial skills					
e. Operations consulting helps managers to identify operational					

weaknesses and grasping new business opportunities					
Information technology consulting					
a. IT consulting provides SME management with appropriate technical and managerial assistance					
b. IT consulting help to solve specific problems associated with information technology					
c. IT consulting is the most sought management consultancy service by SME managers					
d. IT consulting helps SMEs in implementing and adoption information technology changes					
e. Information technology consulting helps SMEs to implement the best and the most cost effective technology solution					

Section IV: Organizational performance

5. Please indicate the extent in which listed performance areas have grown in the last three years Use the following scale as appropriate

1- Not at all 2 - Minimal extent 3 – Moderate extent 4 – Large Extent 5- Very large extent

Area	1	2	3	4	5
Sales growth					
Profitability					
Customer satisfaction					
Services quality					
Growth in assets					
Growth in the market share					
Increase in the number of employees					

3. Indicate the challenges that your organisation has been facing towards the adoption of management consultancy services

Thank you

Appendix II: List of Top 100 SMEs in Kenya

1. Aar Credit Service
2. Advanta Africa Ltd
3. Africa Practice Ea Ltd
4. Allwin Packaging Intl Ltd
5. Alpha Fine Foods
6. Amex Auto & Industrial Hardware
7. Avtech Systems Ltd
8. Bagda's Auto Spares Ltd
9. Bluekey Software Solution K Ltd
10. Care Chemists
11. Chester Insurance Brokers Ltd
12. Circuit Business System Ltd
13. Classic Mouldings Ltd
14. Coastal Image Technologies
15. Compulynx Limited
16. Computer Pride Limited
17. Dataguard Distributors Limited
18. De Ruiters East Africa Limited
19. Diamond Property Merchants Ltd
20. Economic Industries
21. Edn George Ea Limited
22. Educate Yourself Limited
23. Emmerdale Ltd
24. Eurocon Tiles Products Ltd
25. Executive Healthcare Solutions
26. Fayaz Bakers Limited
27. General Cargo Services Ltd
28. Hipora Business Solutions
29. Hotel Waterbuck Ltd
30. Ideal Manufacturing Co. Ltd
31. Impax Business Solutions
32. Iron Art Limited
33. Izmir Enterprises Limited
34. Jogian Interlink Limited
35. Kandia Fresh Produce Suppliers Ltd
36. Kenbro Industries Ltd
37. Kencont Logistics Services Ltd
38. Kenya Bus Services Mgt
39. Kisima Drilling (Ea) Ltd
40. Kisima Electro mechanicals Ltd
41. Komal Construction Company Ltd
42. Logistics Link
43. Logistics Solutions Ltd
44. Machines Technologies 2006 Ltd
45. Mandhir Construction Ltd
46. Manix Ltd
47. Maroo Polymers Limited
48. Master Fabricators Ltd
49. Mic Global Risks Insurance Brokers
50. Millbrook Garment
51. Muranga Forwarders Ltd
52. Nationwide Electrical Industries Ltd
53. Ndugu Transport Company Ltd
54. Newline Ltd
55. Norda Industries Limited
56. Northstar Cooling Systems Ltd
57. Office Dynamics Limited
58. Oil Seals And Bearing Centre Ltd
59. Orange Pharma Ltd
60. Orbit Engineering Limited
61. Palmhouse Dairies Ltd
62. Pathcare Kenya Limited
63. Patmat Bookshop Ltd
64. Phat! Music & Entertainment Limited
65. Pindoria Holdings Ltd
66. Polgon Logistics Limited
67. Polucon Services (K) Ltd
68. Powerpoint Systems Ea Ltd
69. Prafulchandra & Brothers Ltd
70. R&R Plastics Limited
71. Rift Valley Machinery Services
72. Riley Falcon Security Services Ltd
73. Rushab Petroleum Limited
74. Sensations Ltd
75. Sheffield Steel Systems Limited
76. Sigma Feeds Ltd
77. Skypex Supplies Limited
78. Smart Brands Limited
79. Software Technologies
80. Soloh Worldwide Inter-Enterprises
81. Specialized Aluminium Renovators
82. Specicom Technologies Ltd
83. Spenomatic Kenya
84. Statprint Limited

85. Super-Broom Services Ltd
86. Superior Homes Kenya Ltd
87. Synergy Gases (K) Ltd
88. Tangazoletu
89. Thika Cloth Mills Ltd
90. Total Solutions
91. Trident Plumbers Ltd
92. Uneek Freight Services

93. Unique Offers
94. Valley Hospital
95. Varsani Brakelinings
96. Vinep Forwarders Limited
97. Vivek Investments
98. Warren Concrete
99. Waterman Drilling Africa
100. Well Told Story

Source: KPMG (2021)