

**FACTORS THAT INFLUENCE THE CHOICE OF
MANAGEMENT CONSULTING FIRMS:
A CASE OF COMPANIES
LISTED IN THE
NAIROBI STOCK EXCHANGE //**

BY

KIGATHI ESTHER WAIRIMU

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SUPERVISOR:

MR T. MUTUGU

**A Management Research Proposal submitted in partial fulfillment of
Requirements for the Master of Business Administration degree,
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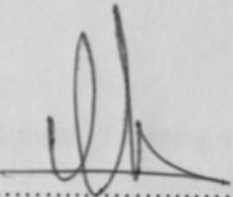
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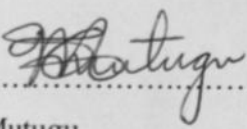
DECLARATION

This management research project is my original work and has not been submitted for a degree in any other university.

Signed.....
Esther W. Kigathi

Date.....8.11.07.....

This management project has been submitted for examination with my approval as the university supervisor.

Signed.....
Mr. T. Mutugu
Senior Lecturer
School of Business
University of Nairobi

Date.....8/11/07.....

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Consulting has been used by firms to solve the many challenges being faced due to globalization, new technologies and the competitiveness required to operate in such a world. Many authors have noted that despite the significance and size of the industry, little has been done to date to explore the significance of consulting in the practice of management consulting and more so on their selection criteria.

The primary intent of the study was to investigate factors influencing the choice of management consulting services among the manufacturing sector in Nairobi. A secondary purpose was to identify the sub-sectors used in the selection criteria. This was achieved through a descriptive study on the large manufacturing firms. A pilot survey was conducted through interviews to establish their use of management consultancy services hence forming the population of study. A structured questionnaire with Likert type of questions was administered to respondents through "drop and pick" later back then analysed using both the content and descriptive statistics.

The study found out that both external and internal factors are considered in the selection criteria. The factors commonly considered included expertise, experience pricing and the reputation of the consulting firm. Although cost was a factor it was not as a main factor for respondents to consider in management consulting services. It was also found out that the most incentives for management consulting services were related to advertising and personnel training. The evidence from the study could be used to help in pricing and reputation disparity in professional services.

The internal factors which were considered to great extent included firm expectations and perspectives, cost reduction and client engagement and control. A major finding of the study was that the client is not satisfied that the consultant met their expectations and the consultant is satisfied that their expectations have been achieved. With a combination of these revenue streams, further consultant competence was evidenced as a key factor in selecting a consulting firm hence consultants need to

ABSTRACT

Clients engage consultants for many reasons, not always successfully. Management consulting has been used by firms to solve the many challenges being faced due to globalization, new technologies and the competitiveness required to operate in such a context. Many authors have noted that, despite the significance and size of the industry, there does not seem to be a correspondingly large wealth of empirical data on the practice of management consulting and more so on their selection criteria.

The primary intent of the study was to examine the factors influencing the choice of management consultancies among the manufacturing sector in Nairobi. A second purpose was to identify the challenges faced in the selection criteria. This was achieved through a descriptive study on the large manufacturing firms. A pilot survey was conducted through interview in order to confirm their use of management consultancy services hence forming the population of study. A structured questionnaire with likert type of questions was administered to respondents through “drop and pick” later basis then analyzed using both frequencies and descriptive statistics.

The study found out that both external and internal factors are considered in the selection criteria. The factors commonly considered included expertise, experience pricing and the reputation of the consulting firm. Although marketing is noted in the literature as a main aspect for consideration in selecting management consultancies, substantial difference to be significant to advertising and personnel selling was evidenced from the study. This could be attributed to image and reputation disparity to professional services.

The internal factors selection criteria considered to great extent included firms' expectations and perceptions, past experience and clients engagements and control. A consulting engagement is considered successful if the client is satisfied that the consultant has met expectations and the consultant is satisfied that his/her reputation has been enhanced, with expectations of future revenue streams. Further consultant competence was evidenced, as a key factor to selecting a consulting firm hence consultants needs the

understanding for target market. The challenges to the selection criteria are discussed as consultancy services are mostly universally offered. The selection for specific firms to conform to firms' expectations and perceptions is critical, price inhibition; value evaluation and lack of general competence are highly encountered in the selection criteria.

The research recommended that for policy and practice in management consulting, joint ventures between foreign and locally owned firms is necessary to facilitation of technology transfer and technical training. The country could also find it necessary to commit some areas of consultancy services in which capacity is insufficient under certain articles of general agreement for trade in services (GATS) Kenya. The limited demand for consultancy services owing to Kenya's small economy, inadequate funding for research, education and training that is to keep pace with information technology, improved educational requirements for entry to the profession in comparison to world standards is necessary for dissemination of competence in consultancy services.

CHAPTER ONE: INTRODUCTION

1.1 Background

1.1.1 Management consultancy in Kenya

The past decade has seen extraordinary expansion in management consultancy. From an estimate of E350 million in 1987 the turnover had grown to E2.5 billion by 1992 (Schiegmilch, et al, 1992), largely because of Government spending. That this spend is significant in beyond questions. Management consultants have been responsible for growing management professionalism as they respond to new challenges and issues in both the developed and less developed world. There is a marked shortage of sound professional literature on the subject; little can be identified prior to 1970.

Management consultancy is now a well developed profession in the developed countries. A substantial volume of literature is available on their roles. Unfortunately, the role of management consultations in Africa, more specifically in Kenya is not significant. This situation is unfortunate for the following reasons. It is in a country such as Kenya that management consultations face the greatest challenge, that of cross cultural transfer of management know-how. The services of these consultations are more needed in Kenya than in developed world. This is because they would be helpful in the task of economic development when is slackened by a shortage of management capability.

Since consultancy firms foster economic development. The government of developing countries should show greater concern for the use of consultations by then curious or organization. Patton (1966) argues that improved productivity is a major goal of developing nations as increases generated in Great Britain. Since 1960 are attributable to the work of management consultations, these professionals can represent a valuable asset in less developed countries. Service firms in general and professional firms in particular do not use marketing as much as manufacturing firms. Kotler (1984) has given the following reasons for this.

In many cases small service firms (including professionals) do not use management techniques such as marketing because they consider them expensive and irrelevant. Many professionals associations have strict rules against marketing. Activities such as advertising, deal solicitation and federal commissions are forbidden by association codes. However, the situation for management consulting firms has changed considerably during the past decade; first, the industry has become competitive (Odette, 1982)

Second, the view that marketing is unprofessional and unethical is diminishing. This trend originates in U.S.A and Britain. Turner (1964) argued that the ethical environment in which consultants and other professionals work is an important consideration but which should not prevent marketing. He saw the problem as that of people associating aggressive sales promotion and, in particular, advertising with marketing. He acknowledged that such practices place any professionals in an unprofessional atmosphere. However, he concludes that there was nothing unethical about advertising and promotion activities aimed at describing services in terms other than price.

According to (Kariuki 1975), due to low educational and economic levels the source of potential management talent remains extremely limited in Kenya. The managerial shortage can be connected through the use of consultants or by hiring of expatriates which is very expensive and has been politically sensitive in the past. Consultants are expected to play a greater role in organizational development. (Onymelukwe, 1973) points out that the failure of many people including practicing managers, to notice that the theorist of formal organization made social and cultural assumptions has made it difficult to apply the principles if formal organization in non-western societies. He continues that these principles have enjoyed wide popularity yet social and cultural inconsistencies have resulted when they applied in business set in different cultural background. The services of consultants are difficult to evaluate because the inputs of consulting engagement are mainly human and the outputs are mainly intangibles. (Hollander 1987)

The economist survey (1988) found that it was mainly the established firms that considered some marketing activities unethical and unprofessional. In a bid to establish themselves, newer firms in the business have dismissed such views as say professional challenges favouring growth in service trade as Lovelock and Weinbery (1988) outlines. They argue that, there has been decline in government of easier entry of specific firms. More freedom to compete on prices and removal of many geographical restrictions on service delivery hence the element of competition. Based on such trend, the macro environment in which business operate has had tremendous dynamism.

Despite the downward trend in economy. The globalization effect on industries has been devastating. That is with the liberalization of the world economy, competition has been intensified in major sectors of the economy and this has had pronounced effect to third world countries, Kenya included (Economic survey -2002). It has made it clear that many businesses have resulted to use of consulting as critical skill to manage strategically organizations due to globalization. It is surprising to note that so little attention has been put on the Endeavour to market services in view of clients. With progressive liberalization, the progressive once enjoyed by management consultancy firms in Kenya are eroded and continue to erode as more competitors's come in. The African countries, Kenya included are said to be incurring enormous financial cost as they create the institutions and implement the standards demanded by the multilateral system (Economic survey, 2003). In such contest therefore, the decline in government regulations has allowed for growth of franchising which is seeing franchise chain displace or absorb a vast array of service business in management consultancy.

Also increased franchising and global technology transfer is affecting standardization to enhance service delivery (Lovelock and Weinbery), 1985. To enhance the argument, Opondo (1988) in his survey of management consultancy as a way of technology transfer in Kenya concludes that tactic promotional activities by ICPAK member were common unlike its prohibition for member's advertisement and direct communication as tools for marketing to non-clients to solicit for work.

According to (Odette, 1982) indigenous consultancy organization in Kenya appears to be at a disadvantage relative to non-indigenous firms. This disadvantage is partially blamed on the organizational inefficiency and belief that expatriates consulting firms are superior. Public organizations are more interested in reading the consultant report than in implementing their recommendations. This is probably due to the fact that the initiative for hiring consultants originates from the outside.

Private organizations; however seem to be benefiting from consultants. Acceptance and implementation is generally high.

Management consultancy in Kenya has experienced a rather slow growth in comparison with some of the professional services such as accounting, architecture and engineering. Foreign firms such as price water house coopers, Deloitte and touch, Hawkins and Associates account for a large proportion of management consulting services in the country. Like in the case of accounting and auditing services, these multinational firms heavily dominate management –consulting services, with indigenous firms accounting for a small share (Ikiara, 2000). He however notes that, it should not be forgotten, that Kenyan professionals largely control the local branches of the multinational firms.

Management consultancy is well-developed profession in the developed countries. (Odette, 1982). A substantial volume of literature is available on their technique as budgeting control siphon, data processing systems, job rating, job evaluation and job appraisal, sales forecasting and manpower planning. All those techniques at establishing rationally and efficiency in the organization.

Kenyan's domestic capacity in the supply of consultancy services is constrained by the existing unfair competition in which foreign consulting firms receive preference in the award of government contracts and lack of effective policy support (Ikiara, et al 19994). On the same issues, he adds that negative government attitude, in ability of the small firms to attract and retain sufficient qualified staff due to cash-flow problem. Inadequate experience in consultancy work. Low managerial skills and a low level of professionalism compound situation.

This study will cover only those firms's that are registered in the Nairobi stock exchange and those firms traditionally regarded as management consultants. Such firms include business and strategy advisers and human resources specialists (The economist survey, 1988). The above definition of a management consulting firm excludes firms which provide consultancy services on the side (such as banks and other companies that have in-house consulting teams) that are available to other parties.

1.1.2 Overview of companies registered in the Nairobi Stock Exchange

The stock exchange is a market that deals in the exchange of securities issued by publicly quoted companies and the government. The major role that the stock exchange has played and continues to play in many economies is that it promotes a culture of saving. The very fact that institutions exist where savers can safely invest their money and in addition earn a return is an incentive to people to consume less and save more. (NSE HAND BOOK 2000).

Secondly, the stock exchange assists in the transfer of savings to productive sectors. It should be appreciated that in as much as an economy can have savings, the lack of an established mechanism for channeling those savings in to activities that can create wealth would lead to misallocation or waste of those savings. Therefore, even if a culture of savings were to be encouraged, the lack of developed financial markets may lead to economic stagnation.

Thirdly, a robust market assists in the rational and efficient allocation of capital, which is a scarce resource. The fact that capital is scarce means systems need to be developed to ensure capital goes to the most deserving user. An efficient stock market sector will have the expertise, the institutions and the means to prioritize access to capital by competing users so that the economy manages to realize maximum output at least cost (NSE HAND BOOK 2000).

Fourthly, stock markets promote higher standards of accounting, resource management and transparency in the management of business. This is because financial markets encourage separation of owners of capital, on the one hand, from managers of capital, on the other. This separation is important because we recognize that people who have the money and may not necessarily have the best business ideas, and people with best ideas may not have the money. And because the two need each other, the stock exchange becomes the all-important link.

Fifthly the stock exchange improves the access to finance of different types of users by providing flexibility for customization. This is made possible as the financial sector allows the different users of capital to raise capital in ways that are suited to meeting specific needs. For example, established companies can raise short term finance through commercial paper; small companies can raise long term capital by selling shares: the government and even municipal councils can raise funds by floating various types of bonds as an alternative to foreign borrowing.

Lastly, and very important, is that the stock exchange provides investors with an efficient mechanism to liquidate their investments in securities. The very fact that investors are certain of the possibility of selling out what they hold, as and when they want, is a major incentive for investment as it guarantees mobility of capital in the purchase of assets.

There are other less general benefits which stock exchange affords individuals, corporations and even the government. These includes: The growth of related financial service sectors for example insurance, pension and provident fund schemes that nurture the spirit of savings, the check against capital flight that takes place because of local inflation and currency depreciation, facilitation of equity financing as opposed to debt financing. Debt financing has been the undoing of many enterprises in both developed and developing countries especially in recession periods. Improvement of access to finance for new and smaller companies. This is now possible on the alternative

investments market segment (AIMS). This can also be realized through ventures capital institutions that are fast becoming key players in financing small businesses.

The establishment of an effective stock market is therefore, indispensable for any economy that is keen on using scarce capital resources to achieve economic growth.

1.2 Statement of the problem

There have been past studies done on management consultancy firms but to the best of my knowledge there are no recent studies that have been done on the factors that influence the choice of management consultancy firms in Kenya. Enough literature exists that argues for marketing of consultancy firms in Kenya (Odette, 1982; Kase Kende, 1984.; Opondo, 1988; and Ikiara, 2000), little or nothing has been done on clients choice criteria to consulting services. Consultancy has become a major area in Kenya, there are increased users of management consultancy in the government, private sector, NGO's and public sectors.

This study was motivated by the above observation, it is necessary to investigate the client's consultancy relationship and hence the criterion they use in choice of consulting firms. This will fill the gap that exists from previous studies done that mainly focused on management consultant firms as a whole.

1.3 Objectives of the study

The study's objectives-:

- 1) To investigate the factors that influence the choice of management consulting services by companies registered in the Nairobi Stock Exchange.

1.4 Importance of the study

Management Consulting Firms

It will be beneficial to the management consultancy firms as they will have a clearer understanding of clients needs. It will also enable them to formulate strategies with the client in mind. They may also be able to consider service offering competences in mind of clients' success factors consideration like fitness, consulting, integrity, client and readiness and involvement, competence among others.

Clients

The research findings will enlighten the clients on the most important factors to consider when hiring management consultant services.

Scholars and other Researchers

The study likewise may be of value to economic and other researchers. The finding may stimulate and establish ground for further research for academicians.

Institutions

The information gathered on these topics would be able to provide useful teaching materials to our management institutions like faculty of commerce and Kenya institute of management.

Regulatory Bodies

Finally the study may benefit regulatory bodies such as I.C.P.A.K. The findings may be useful when setting or revising codes of conduct and association rules.

2.0 CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This literature review has two parts. The first part discusses aspects of service marketing in general and professional services marketing in particular. It also highlights each of the components of the service marketing mix. This part of the review suggests the general framework under which management consultancy services are marketed. The second part of the literature review covers management consultancy and is intended to facilitate the understanding of the profession.

2.2 Review of related studies

A number of studies have been carried out of management consultancy. Three studies have addressed the subject of management consultancy in Kenya. Odette (1982), Kasekende (1984) and Opondo (1988). Odette and Kasekende studied management consultancy and transfer of managerial techniques. (Odette 1982, Kasekende 1984) Opondo (1988) studied marketing of the consultancy firms. Odette reported stiff competition in the management consultancy business. Kasekende (1984) noted that management consultancy carried out limited, if any sales promotion.

In Odette findings, 30% of the non-users expressed interest in consultancy services. Both studies reported compliant from users and non-users about the high fee charged by consultants firms. Opondo findings were that, full time professionals, owner managers, directors involving themselves directly in getting clients with help of associates. Three firms which were all members of ICPAK, found the association regulations that forbade some aspects of marketing to be a hindrance to effective marketing. The code forbids direct personal selling to non-clients, advertising and set guidelines on pricing structure. The survey also revealed most firms carried out market research informally.

Odette (1982) reported that many potential users of consultancy services were not aware of any consultancy firms and they had misconceived ideas about them, they believed that consultants were only used by big firms. He advocated that consultancy firms should

promote their services to the co-operative sector whom he found had a low awareness of consultancy services. In their studies on management consultancy in Kenya, Odette (1982) and Kasekende (1984) implied that consulting firms needed to market their services better. The studies did not, however, report how the firms were marketing their services, their conclusions were mainly drawn on information obtained from the clients of management consulting firms.

Odette study further gives a complete picture as the management consulting firms may give a different suggestion that even though competition in the industry was stiff, and all firms had to be competitive, local firms were more disadvantaged by a bias against them. Many firms expressed a reluctance to hire local consultants. Odette (1982) said this bias was motivated by lack of professionalism and entrepreneurial skills on the part of local consultants, His conclusion were deducted from the information obtained form clients of consulting firms. The economist survey (1988) was an exploratory study on the state of management consultancy profession in Western Europe and USA, relative findings were that all consultants indulge in marketing. It established that older prestigious firms did it by publishing in business journals, organizing conferences, holding discreet and exclusive drink parties for chief executives of client firms and placing their alumni in senior management positions from which they in turn could commission consulting assignments.

Economist survey (1988). Newer categories of firms in the business, especially accounting firms were found to be more aggressive in their marketing. They befriended journalists to get their names known and sometimes engaged in direct solicitation. Some advertised in newspapers and on street hoarding. The study also found bidding to be a growing competitive practice. It is evident that these start studies wore addressing marketing aspects and little effort has been shown on the client view. Hence conclusion can be made that, most consulting firms rely on their own competence to get business disregarding the client's choice criteria of the same. In essence, clients of consultancy services vary in different consultations and hence their influence in service provision is essential (crucini and Kipping, 2001).

2.3 Service marketing

There is no clear definition of service marketing. It has been argued that there is no such a thing as service marketing but only marketing in which the service element is greater than the product element (Stanton, 1981). The problem of definition lies in that marketing seems to be overwhelmingly product oriented and many service-based companies are confused about the application of product marketing. The core of definition problem is that there are really few if any pure product or service in the market place (Lovelock, 1966), for instance an automobile has tangible and intangible elements which are both marketed vigorously, yet they are by definition different qualities, and to attempt to compress them in a single word or phrase begs the issue.

It is difficult to generalize about service marketing because service marketing varies considerably along a continuum where the mix of product and services changes from one end to the other. (Stanton 1981) holds that in theory product marketing and service marketing are essentially the same, he however notes that significant differences exists in the strategies and practices used in convectional product marketing and service marketing. Lovelock contends that marketing management task in the service sector; differ from those in the manufacturing sector in several important respects. Among the characteristics distinguishing service marketing from good marketing, Lovelock give the following; nature of the product, the greater involvement of customers in the production process, Greater difficulties in maintaining quality control standards, the absence of inventories and finally the relative importance of time factor and the structure of the distribution channels

Service industries in general and professional firms in particular do not use marketing as much as manufacturing firms. Kotler (1984) gives the following reasons; previously professionals were faced with full demand and had no need for marketing Most profession associations have strict rules against marketing activities such as Advertising, direct solicitation, and referral commission are forbidden by association codes.

There are still many professionals that consider it unethical and unprofessional to use marketing. Usually small service firms (including professionals) do not use management Techniques such as marketing because they consider them expensive and Irrelevant.

2.4 Service characteristic

Various authors (Kotler 1985 and Stanton 1981) have outlined four general characteristics, which they hold create special nature of services. They are the following;

Intangibility

Services are essentially intangible. That is they cannot be seen, heard or smelled before they are bought. When a service is bought there is generally nothing tangible to show for it even though it has been spent. Services are therefore consumed and not possessed.

Inseparability

Services are generally produced and consumed in the same time frame relative to goods that are produced, then sold, and then consumed. Simultaneous production and consumption means that the service provider is often physically present when consumption takes place.

Heterogeneity

Services are highly variable as they depend on who provides them, when and where they are provided. It is as a result impossible for service industry to standardize output. This high degree of variability is the out come of extensive involvement of people in the production of service relative to the mechanical production of goods.

Perishability

Services cannot be stored. The hours spent idle by a service provider represents business lost forever. Perishability of a service however becomes a problem only when demand fluctuates. There are some exceptions to this generalization regarding the perishability and storage of the services.

2.5 Distinctive problems in marketing professional services

Kotler and Bloom (1984) have identified seven distinctive problems in the marketing of professional services. These problems apply to management consultancy by virtue of it being a professional service. First in marketing of professional services, and have to consider third party accountability. For instance, a management consultants has to take into account the interest of such third party parties as investors, government bodies, and the governing profession association (If the firm is owned by an accounting firm) when serving clients. A consultancy firm cannot, therefore satisfy the clients need in isolation. There are possibilities of professional negligence suit in the case of rights of third party clients being violated.

Secondly in buying consultancy services, clients face a lot of uncertainty. They cannot evaluate the expected performance nor can they evaluate easily the actual performance, indeed clients sometimes are uncertain of what problem is and what they want done. Many clients engage consultants on a one-time basis and repeat usage of services is not high. (The economist survey, 1988). Many of the clients are, therefore inexperienced in the selection and evaluation of those services. Client's education therefore becomes an important component of marketing.

Prior experience in this industry is a factor users often take into account when employing consultants. This is a problem in two ways, first few firms have experience in all industries and this becomes formidable obstacle. Secondly for new firms getting any clients becomes very difficult. A firm cannot promote its newness, in consulting business the way a beer manufacturer would promote its new brand. Newness in the case of consultancy service is in fact a disadvantage, whereas a new brand beer generates excitement and a desire to try it out in customers, a new consultancy firm implies inexperience. Prospective clients would in this case want to know what the firm has done before employing that particular firm.

There are very few consultancy businesses that have marketing sections or departments. Usually the managing directors, all or some of the professionals have the responsibility of getting clients. This arrangement introduces the problem of turning doers to sellers. Many

management consultants do not like to consider themselves as salesmen. Convincing them to carry out salesman-like activities can be difficult for users of consultancy services however, like to meet with the persons going to do job prior to the commencement of the assignment. In consulting business it is important that all professionals to be able to do client liaison duties. Added to the problem of unwillingness, some otherwise capable consultants might not be suited to such duties.

Some firms try to solve this problem by having more capable and suitable consultants do the selling and different people do the work. Krentzman and Samaras(1980; 135) found that this approach promoted suspicion in prospective clients. They may fear that salesman whom one meets and the consultant who does the job will turn out to be all together different people. In their words: "The former may be a most impressive man who seems to size up your problems quickly and show all the signs of being able to tackle the job with vigour and skill. But then on the appointed day, a far less impressive specimen may appear to take on the assignment. "

The growth of professional firms often stagnates because of the unwillingness of the firm to allocate time for marketing. Consulting work is characterized by pressing deadlines to be met in almost all assignments. This leaves very little time for marketing activities during assignments. However, this situation can lead to idle capacity when large assignments are completed and more are in the pipeline. Further, the unwillingness to allocate time for marketing is because time spent on marketing is not chargeable to clients. An obsession with chargeable duties can however, lead to slow increase of billings.

Management consultants do not advertise openly due to ICPAK regulations and professional's traditions. The problem of advertising professional services is that the effect is unknown. This is because consumers are not used to seeking these services being advertised. Advertising could infant have a negative impact on professionals who traditionally have not advertised. This could be due to the effect explained in the Swahili

saying” kizuri chajiuz,kibaya chajitembeza “ which means undesirable products/services advertise themselves while desirable ones are just bought.

Lastly, Marketing is still new to professional’s services. There is, therefore a limited knowledge base about marketing professional services. These problems make it difficult for management consultants to use marketing methods that have worked with other services and goods.

2.6 Models in marketing professional services

2.6.1 Marketing mix decisions

Consulting firms can use the service mix, specifically promotion (communication) and pricing decisions to carry out its marketing activities. The way in which these components are employed results in a particular marketing mix. The composition of that mix is a key factor in the success or failure of marketing efforts (Kotler and Bloom, 1984).

2.6.2 Service mix decision

The most basic marketing decisions a firm makes concerns which services or product to offer to its target markets. In consultancy, most firms offer a number of services. These make up the service mix. Kotler and Bloom (1984: 130) offered the following definition and explanation of the concept of service mix and service line.

A service mix consists of the set of all service lines and individual services that a particular organization makes available to clients .A service line can be viewed as a group of services within a service mix that are closely related, either because they serve similar needs, are made available to the same clients, or are marketed through same type of channels.

A firm’s service mix has certain length and width as illustrated in the figure 2.1. The example provided in the figure shows a firm that provides consultancy in three lines of service: Human resources, financial and computer. The finance line consists of designing accounting systems and financial planning. A management consultancy firm should

decide on its area(s) of specialization. A narrow mix of services involves specialization in a particular line for example financial consultancy services only. Conner and Davidson (1985) advocates specialization and suggests that market entrants should position their services to appeal to a specific market segment rather trying to be all things to all people. A firm that specializes gains the advantage of knowing a few clients very well accumulating expertise on that particular area.

A wide service mix, on the other hand, gives a firm a better chance in that it offers a total package to the clients. However Gummeson (1984), argues that a total package approach is not suitable to consultancy services. This is because clients typically assign specific jobs at a particular time. It is common to find a client who requires all the firms services or who offers several repeat assignments. It is important for a firm to define its market and to show how its services meet the needs of a particular market. A firm should keep analyzing the market to note the changing needs of clients. This analysis should be the basis of service mix extension or contraction. For example, if a firm faces a lot of competition and declining fees in the line of human resources consultancy, the firm may opt to drop that line and introduce another or retain the remaining ones. Odette (1982) noted that consultancy business was still in its infancy in Kenya. Average age of a firm was five years. Young consultancy firms in such a situation should consider specialization to gain experience and expertise before extending their service lines.

1.4.4 Service Development

Donovan (1984) (30) suggests that professional firms should engage in service development to keep up to date with market changes. For example a firm involved in accounts consultancy has to keep abreast with the fast changes in that industry. Service development is the only way for firms to overcome challenges.

Service mix length

Service line	HUMAN RESOURCES	FINANCIAL	COMPUTER
Width	Personal review	Designing accounting systems.	Development and implementation of user oriented computer application.
	Executive selection.	Financial planning.	
	Organization studies and revives.		Office Automation
	Compensation and employee benefits.		Computer performance audit
	Staff training		

Source: Adapted from Kotler and Bloom (1984, p 131)

Figure 2.1 The length and width of a management consultancy firm's service mix.

2.6.3 Service quality

Gummeson (1984) argues that for a professional service to flourish, its staff must look upon themselves as professionals and strive to improve their professional performance. Firms should strive to maintain high professional performance. Firms should strive to maintain high professional standards in assignments. Assignments, which demand a level of expertise and field of experience, which a particular firm lacks, should be politely turned down and referred elsewhere. The reputation of a firm is more important for its success in future than quick killing.

2.6.4 Service development

Gummeson (1984:130) suggests that professional firms should engage in service development to keep up to date with market changes. For example, a firm involved in computer consultancy has to keep abreast with the fast changes in that industry. Service development can take the following forms Introducing challenging

Assignment enables a firm's professional to discover their strength and weaknesses Encouraging staffs to engage in continuing education like participating in academic seminars and reading journals. Marketing services where a professional may detect the changing client needs and thus adjust his service accordingly.

2.6.5 Personal selling

Lazer and Culley (1985: 749) have identified personal selling as “ the oral presentation in a conversation with one or more prospective clients for the purpose of getting clients.” Personal selling is what is commonly known as salesmanship, a term that may sound unprofessional and distasteful to some professionals (Kotler and Bloom, 1984). However, in many cases consultants actually use personal selling techniques. Gummenson (1981) has argued that, personal selling becomes especially important in situations where clients demand to meet the actual individual who will carry out the assignment. He concedes that most professionals are not born salesmen, but argues that they can learn salesmanship if they want or if they drop their negative attitude towards it.

Githogo (1985) considers the ability to communicate convincingly, both orally and in writing, to be very important for performing consultancy services effectively. It is also considered to be one of the traits of a good salesman (Lazer and cully, 1985). Weittrich (1966) also considers it important for a firm to be represented by the professional who is actually going to do the professional work. He further recommends a very subtle approach to selling. In this approach the consultant should understand the problem at hand thoroughly in order to generate both confidence and further discussion by the client. There should be no attempt to close the deal immediately; a consultant should take a tentative “pass” at the problem, with further discussion and/or a memorandum. When the client's confidence is sufficiently built, through discussions, it should result in an assignment of the job to the consultant. Weittrich also advocates that professionals, who should also know how to sell.

Consultants on personal selling assignments should make sure they negotiate with the right people. Odette (1982) found that in about 70 per cent of the cases, the source of initiative for hiring consultants was the board of directors and managing directors.

However, other individuals such as users of the services could influence the hiring decisions. For example, in human resources consultancy, preference of the employees of the client organizations should be given more weight in determining which consultancy firm should provide employee consulting service. The question of who does the selling depends on the way a firm's marketing function is organized (Opondo, 1988).

2.6.6 Relationship management

Relationship management refers to a firm's effort to have good relationships with clients. It is part of personal contact or selling, but a continuing process. It is to the advantage of a firm if its association with clients remains stable for as long as possible. It is easier to keep the clients than to acquire new ones (Kotler and Bloom, 1984). Connor and Davidson (1985: 20) have suggested the following activities for consultancy firm that wants a positive relationship management: Maintains communications with client organizations during and between assignments. Inviting key personnel from client organizations to its activities such as seminars and social events. Making personalized calls on clients to discuss client's need and possible solutions to problems. Responding effectively to acquire the client organization. Personal relationships can become a key consideration for client's organizations when contracting assignments. Any consultant assigned to a job should do his best to enhance social contact between him/her and the key members of the client organization.

2.6.7 Publicity

Publicity is the promotion a firm receives in the media but which is not paid for. Kotler and Bloom (1984:239) have distinguished it from advertising in that, "Advertisement are sent to the media and paid for while publicity is sent to the media and prayed for". Publicity can be a very effective tool for counteracting the inability of a management-consulting firm to use advertising. A firm can take the opportunity to appear in the news as many times as possible. For example, senior staff appointments and completion of a training course for client organization personnel is news-worthy publishing by newspaper and or magazines. A firm can also organize seminars, which can be publicized by the media. The firm's professional staff could take the opportunity to present the papers at

such seminars. This, if done well, can enhance not only their professional image but also the possibility of referrals.

Another effective means of getting publicity is to publish articles in journals, newspaper, and trade magazines. Davidson (1982:57) has cited the following benefits of publishing: It helps build the reputation (of individuals/firms and aids the marketing effort. The task of influencing a client who has read about the firm is easier. The secret of building an effective service organization is to have your reputation precede you. You can create a favorable impression when supplying associates with reprint of the published articles. The articles can be used to inform the general and specific readership of your firm's activities.

2.6.8 Advertising

As noted earlier, the use of mass media advertising by management consultants is limited by: Industry or professional tradition Association codes (for firms owned by accounting firms). However, the accounting firms try to avoid this problem by advertising 'covertly'. Usually this is done through their executive selection division. When a firm is contracted by a client to recruit personnel, the advertisements for these jobs are designed to give exposure to the consulting firms as well. When the firms are recruiting their own staff the advertisements are even more explicit. In such cases the advertisements inform potential applicants what they will be expected to do. Indirectly the potential clients of the firms are also informed what kind of services the consulting firms offers. The I.C.P.A.K. has been considering taking action to seal this loophole (The accountant, 1985: 14-15).

George and Berry (1981) holds that the perceived risk by buyers should be an important consideration in the advertising of services. They argue that consumers are very receptive to word of mouth communication in such situations. Management consultants should, therefore, capitalize on the use of communication tools that leverage the word of mouth. Satisfied clients should be persuaded to let others know of their experience.

Connor and Davidson (1985) have categorized two classes of referral sources: Clients who refer a firm to others and non-clients, such as bankers, and association executives who refer a firm to their associates. Referrals are an effective means of communication because they are often given on a personal basis and are likely to be followed up by the person being referred. A firm should, therefore strive to cultivate many referral sources.

2.6.9 Fee decision

Both Odette (1982) and Kase Kende (1984) reported complaints by users and potential users that consultancy services are too expensive. Krentzman and Samaras (1980) have also identified fear of high charges as a major limiting factor in the use of consultancy services by small businesses. Kotler and Bloom (1984) have discussed the necessity of a fee priority. This involves setting fee objectives, which may include: profit maximization, market penetration, satisficing. The market penetration objectives should be used by the firms not satisfied with current level of billing (Opondo, 1988).

Krentzman and Samaras (1980), have also discussed three approaches to setting fees. The first is the cost oriented approach, which involves calculating the cost it took to provide the services and adding on margin for profit. The second approach is the demand oriented method where the fees are based on what the clients can afford and are willing to pay. This method is useful in differential pricing, since it enables a firm to take on low fees assignments during low business period. The third is a competitive oriented approach in which the firm takes in to consideration the competitor prices when setting its own fees. The bidding method is an example of competitive pricing.

There are two issues which consulting firms need to consider when setting prices. First, prospective clients are very concerned about price. Secondly, the relative absence of material data with which to appraise services make price a potentially important index of quality. Since in services there is a reason to expect differences in service quality in the service provider, consultants can easily contradict the signals they wish to communicate about quality by setting prices low.

2.7 Approaches to marketing

Since marketing is new to service firms and more so to management consultancy and other professionals, many consultants often claim that they do not market their services. This is a paradox given that they serve some clients. The economist survey (1988) reported that all management consultants market their services but using different approaches. The most common approaches to marketing are; the traditional (technical) approach, the 'hard sell' approach and the client-centered approach to marketing. Different firms practice these approaches depending on their marketing philosophy (Connor and Davidson, 1985).

The traditional approach assumes that growth solely depends on providing services that will 'speak' for themselves in the market. A management-consulting firm using this approach waits for clients to contact them. The firm typically thinks of its services as consisting of a particular mix of expertise, knowledge, background and experience. The consultants consider themselves producers or creators rather than marketers of a service. Congram and Dumesic (1985:8) call this approach, "the technical orientation to marketing". According to this approach the firm typically involves itself in services it has defined as needed by clients. The firm's primary consideration in developing a service is based on professional interest rather than market needs. The focus of the technicality-oriented firm is itself and not the needs of the market, since these are based on its own perception. This approach to marketing is unlikely to produce the desired results in a competitive environment where other competitors strive to be closer to client needs.

The 'hard sell' approach has been described in various ways by different authors. Kotler and Connor (1977: 72) called it "lunch, dinner and golf marketing". They described its typical activities as: Glad handling, winning and dinning, sharp pricing and discounting, slick brochures, partner bonuses for new clients, some discreet bad mouthing of competitors, and even direct solicitations and possible referral commission. The above activities can mainly be applied to potential business organization clients. Since government and international agencies rely mainly on suitability of the proposal and the proposed fee to select consultants, the above activities may be of limited assistance in

securing assignments. The activities may, however, be useful for intelligence gathering purposes to enable a firm to present a more suitable proposal and quote the right fee (Opondo, 1988).

Weittrich (1966) terms the 'hard sell' approach as an extrinsic approach. The firm's primary emphasis is on extolling its own primary abilities via such devices as: Describing a generalized approach to most problems (persuasion by method), describing the abilities, experiences and qualifications of personnel in the firm (Persuasion by personnel). Describing specific problems solved for other clients (persuasion by success story).

The emphasis of this approach is getting known by clients instead of focusing on clients needs. The firm assumes that the success is mainly as a result of being well known in the market. The emphasis is, therefore, on the firm, its services and its reputation (Opondo, 1988). Gummesson (1981) considers instant marketing to be 'hard sell' approach. This happens when a client feels a firm never leaves them alone. For instance a succession of consultants from the same firm may invade a prospective client and consultancy find new areas of investigation. Krentzman and Samaras (1980) found that small businesses in particular dislike high-pressure tactics by consultants.

The 'hard sell' approach is the equivalent of the selling orientation in physical good marketing. This approach does not produce long term results as in the long run clients expect 'substance' and not mere talk.

Drucker (1974) has differentiated selling from marketing. He considers the two to be antithetical rather than synonymous or even complimentary. He accepts that there will always be need for selling but states that: the aim of marketing is to know and understand the customer so well that the product or services fits him and sells itself. The aim of marketing is to make selling superfluous and ideally marketing should result in a customer who is ready to buy. Although the 'hard sell' approach can be potentially damaging to a firm's reputation, selling is still an important component of marketing.

The third approach to marketing is the client-centered approach. This is equivalent of marketing orientation in physical goods marketing. Conner and Davidson (1985:3) have defined clients centered marketing as: Organized and coordinated activities designed to develop and enhance relationships and manage the firm's image with clients and other receptive and influential people. These clients and other people can be interested in using, retaining, and referring the firm and its services if their needs and expectations are sensed, served and satisfied

Congram and Dumesic (1985) have developed a two-step measure for a first Client centeredness. First, the firm analyses the frequency with which it gets clients view on: Services they use currently, their satisfaction with these services Assistance or services they need and the image of the firm vs. competitorThe second step involves the degree of incorporation of the findings of the above analysis. This includes: Developing new services needed by clients, Improving and redefining services currently offered, developing professionals who understand the marketing and Revising or reinforcing the message the firm communicates to the market place.

The above measures of client-centered marketing compares closely with Druckers (1974:64) interpretation of marketing. His view is that marketing starts with the customers, his needs and values. He states that: Marketing does not ask," What do we want to sell?" It asks, "What does the customer want to buy?" It does not say, "This is what our product or service does." It says, "These are the satisfaction the customers look for, to suit their values and needs. The client-centered firm is, therefore, market driven and analysis of the client view is crucial.

Kotler and Conner (1977) consider the client-centered approach to be a professional approach. This is because the approach stays within the boundary of professional ethics, association codes and tradition. They advise that the quality of work should not suffer as marketing activities increase. This happens if consultants spend a lot of their time marketing and compromise efforts on their professional duties. To achieve a balance between marketing professional duties. To achieve a balance marketing and professional

activities, Conner and Davidson (1985) advise professionals to apply the notion of leveraging. This is the process of identifying and applying the smallest number of activities that can produce the greatest results. That is, a firm should ensure that every minute spent on marketing produces desired results.

2.8 Definition of management consultancy

Many firms consider themselves to be management consultants and actually call themselves so, but in some cases they are not. For example, many of the so called management consultants in Kenya are actually training firms. For the purpose of this study a management consulting firm as defined as follows. A firm whose principal activity is the independence practice of management consultancy. Which arrives at its recommendation by factual investigation (Institute of Management consultants U.K 1984:20)?The institute also defines management consulting services as the service provided by an identifying and investigating problems concerned with policy. Organization procedures and methods recommending these recommendations.

2.9 Organizing the marketing effort in a management consulting firm.

Kotler and Bloom (1984) have identified three ways in which marketing can be organized in a professional firm. These ways apply to management consulting firms because they are professional service firms. First, all the professional staff in a firm can be assigned responsibility for the development of the practice. In second method, only those who are talented in marketing are assigned marketing duties. The third alternative is to create a marketing department within the firm staffed with marketing specialists.

Davidson (1978) calls the first two methods of organization a "service trinity". This is because the professionals in the firm run service operation, seek to market the services and are equated with the service. He advises against the trinity concept of organization on the grounds that few people have the skills to management consulting firms because they are professional service firms. First, all the professional staff in a firm can be assigned responsibility for the development of the practice. In second method, only those who are

talented in marketing are assigned marketing duties. The third alternative is to create a marketing department within the firm staffed with marketing specialists.

Davidson (1978) calls the first two methods of organization a "service trinity". This is because the professionals in the firm run service operation, seek to market the services and are equated with the service. He advises against the trinity concept of organization on the grounds that few people have the skills to play all these roles successfully. He advocates the use of marketing specialists who can help the service professionals to understand the customer's viewpoint better and develop effective outreach strategy. Gummesson (1984:128) on the other hand, advocates that marketing task should be performed by all who have client contact that is, all the professionals in the firm. He suggests that in a competitive environment everybody should take responsibility for attracting clients. All who have client contact, that is all the professionals in the firm.

He suggests that in a competitive environment everybody should take responsibility for attracting clients. He gives the following reasons to support his view: The prospective clients, every professional, in the operation of the assignment is in contact with the clients, and can see new needs for assistance and social contact between the individual professional and the client is important. Mutual understanding and trust, which are crucial for the firm, are fostered by the interaction between the work and the social relationship. Every professional has contacts that give him information on what is going on in the market. From his friends or from members of associations he may learn of potential clients. A corresponding number of contacts cannot be achieved by a marketing specialist.

2.10 Management consultant

Management consultancy qualifies to be a service because it is a profession. There is no commonly accepted definition of a professional service. Gummesson (1981: 126) has however provided criteria for identifying a professional service: A professional service is qualified, it is advisory and problem- solving even though it may encompass some routine work for clients, the professionals involved, such as management consultants,

have a common identity and are regulated by tradition or code of ethics, the service on offer if accepted involves the professionals taking on assignments for clients and those assignments are themselves the limit of the professional involvement.

The Role and practice of management consultancy

The institute of management consultants U.K. (1984) recognizes the following broad fields as areas in which management consultants are employed: Business administration and company organization, capital projects, economical planning and finance, operational research, industrial engineering and production, marketing, distribution and transport, personnel and management training and finally systems and data processing.

Why are consultants used?

The institute of management consultants, U.K., has also specified four Situations, from which consulting assignment arise. They are: The need for independent and impartial advice on an issue or policy. A consultant being unaffected by organizational politics and personality clashes which affect organizations from time to time is more likely to be impartial. The recommendations he gives are done on the basis that it offers the best solutions to the problem posed. The need for extra executive manpower in the analysis and solutions of identified problems. Managers may face problems that require knowledge, experience and training, which may lack. Environmental changes may also out space the ability of the managers to keep up to date. It is rarely possible for an organization to have staff to meet all kinds of ad-hoc contingencies. Management consultants provide special skills, knowledge and assistance on a temporary basis.

Extra manpower may also be needed in situations where operational managers cannot take time off their normal duties to carry out necessary studies. Further, the problem at hand may require a multidisciplinary team of specialist to solve it. Assistance by consultants in the implementation of special projects such as the installation of computer facilities is common examples of this situation. The need for innovation and foresight: it is when an organization is doing well, that its leaders can forecast and lay plans for the

future. New objectives or strategies may require new products or services, additional capital equipment or personnel and finance. The plan may require imports from fields or markets unknown to the company's planners. The consultants may have that additional contribution to make. Krentzman and Samaras (1980) observes that it is mainly successful firms that use consultancy services. The Economist survey (1988) contends that in practice business organizations often call in consultants for less noble reasons such as: Lack of knowledge on what to do next, fashion and prestige, to get a seal of approval for a predetermined course of action, and reasons of internal organizational politics, such as, to strengthen ones factions case for a strategy or getting reason to get rid of certain managers.

How do consultants work?

Fernandes (1986) has outlined the process of consulting: It begins with inquiry from a potential client or an approach by a consultant. This initial contact may result in a proposal prepared by the consulting firm. This is a written statement of the problem, and includes methods to be used in investigating the problem, the duration and the cost of the study. If the client accepts the proposal, the two parties enter into a contract. One consultant or a team is then assigned the job depending on its size and nature. At the end of the assignment the consultant write a report for the clients.

2.11 Users of management consultancy services

The term management is usually associated with business organizations. For this reason it would be easy for a person to think that management consultants work only for business organizations. However, services of consultants are used by non business organizations as well. Odette (1982) established that the major users of consultancy services in Kenya are the public sector, which includes the central and local governments, public corporations and countrywide cooperatives. International funding agencies, which includes European Economic Community agencies, United Nations agencies and American aid agencies. Private organizations, which include mainly large local and multinational companies.

Kaskende (1984) observed that in Kenya, the funding agencies constituted the most lucrative market for consulting firms. This is because they usually assign larger jobs for longer durations.

The reasons that funding agencies employ consultants are the same as the reasons business organizations do it, that is for special knowledge, relevant experience, and pertinent advice.

Caiden (1976:5) proposed a measure of the value of consultancy to be: "the extent to which because of the consultants presence something was done that otherwise would not have been done". He pointed out that in development management consulting work, a successful management consultancy practice is a combination of technical knowledge, motivation, belief in mission, cultural empathy and an understanding of local politics.

2.12 Understanding management consultancy consumers clients

Understanding the nature of consumer buying behavior has been a key component of research in marketing for some consideration time (Eneew, et al 1998). Therefore, if organizations are to be able to anticipate likely customer reactions to their marketing strategies and influence them where appropriate, it is crucial to understand their needs and motivations of their costumers and prospects (kotler, 2003). In this context then, management consultancy firms need the understanding of their client's needs as well as their motivations to selection criteria of consultancy firms. The understanding of consumer buying behaviour in the context of services is still poorly developed, Murray (1991) and Ennew et, all (19908) noted that in spite of the recent attention that had been paid to the field of services marketing relatively less effort had been devoted to developing and understanding of consumer buying behavior for services particular search behavior in the purchase decision process.

In management consultancy, Bitner and Zeithaml, (2002) suggest that the service delivery gap in quality ranges from client exp0ectiations of service offer to company's perceptions of clients expectations. Further, even if a firm does have a clear understanding of its clients expectation, there still may be problems if that understanding

is not translated into client-driven service designs and standards or matching actual delivery to the same. Also matching effectively firm's promises to actual delivery may vary and hence better understanding of clients' expectations may guide in closing the service gaps encouraged (Grove et al, 2002).

In other words management consultancy service providers need to be able to close the client gap between expectations and perceptions. To achieve this objective, service guide in closing the service providers need to understand how consumer's recognizing such differences is critical for the client on which effective service marketing is based (McLachlin, 1999).

As indicated by Robinson and Mc Larty (1998), it is important to understand that before even looking at the opportunities and potential clients, there is a need to know exactly where the consultant's strength and expertise lie. This is because without this knowledge, it will be impossible to target market successfully.

Turning to the issue of client approach, need for increased professionalism in the sales process is essential in finding and developing clients. Perhaps mistakenly, Robinson and Mc Larty (1998) noted that many consultants have relied on their technical expertise but in an increasingly competitive market this is insufficient. Further, Mclachlin (1999) argues that clients engage consultants for many reasons, not always successfully. On the same note, to help explain consulting engagement success such factors as:

Integrity In particular in putting clients interests first, client involvement and readiness requirements and expectations, client control of the engagement ... partly via clear and limited assignments, consultants competence and a good expectations, consultant capabilities and consultant type of important (Mc Lachlin, 1999:3)

A consulting engagement may be considered successful if the client is satisfied that the consultant has met expectations and the consultant is satisfied that his/her reputation has been enhanced; with expectations of future revenue streams (Mc Lachlin, 1998).

2.13 The use of consultants

It is worthwhile to consider why this industry is seen as incredible. Drucker (1979) suggests management consultancy as an extra ordinary and indeed unique phenomenon. He suggests two reasons for this as first, management skills, techniques and knowledge are best learned through exposure to and experience with many different industries. Second, Drucker observes that executive's yearn for objectives insights into their management problems. Empirical research confirms that client's turn to outside consultants primarily for new ideas, proficiency and impartially/objectively (Gatticker and Harwood, 1985) in steed and Appelbaum, 2005).

Bower (1982) suggests six reasons why hiring external management consultants make sense in many situations. First, they argue that they provide competence not available elsewhere, have varied experience outside the client and have time to study the problem. Further, external consultants are professionals; independent and have the ability to create action based on their recommendations. This can be said to provide an interesting glimpse into the industry from the consultants' point of view. On the contrary, it can be argued that many skills provided by consultants should presumably be available in large organizations as they encounter the problems over time (groove et al, 2002). However, bower (1982) points about time, professionalism and independence could certainly vary from one situation to another and is an opportunity for consultants to bring perspective from other industries.

While there is a controversy on whether to use internal or external consultants, they are not necessarily expensive than internal consultant, Kelly (1979) suggests that external consultant as actually expensive as internal consultants. To add on, they are not necessarily available at the right time and they can lack the understanding of the client's environment. On the other hand, Kelly supports the notion of internal consultancy, going so far as suggesting that internal resources will carry out consulting work in the future and that external consultants will be only used for special problems and when there is a need to augment internal resources. Despite Kell's argument, Canback (1999) opinion is that external consultants can be cost effective, available and adept at understanding their

client problem and circumstances. Given the context of why management consultants are used, then aspects of the role they play in organization and clients' selection criteria is essential.

2.14 The role of both consultant and client

Schein (1990) has identified three broadly accepted modes of consultation: purchase of expertise, doctor-patient and process consultation. Purchase- of- expertise suggests that clients are looking for consultants to provide independence perspective to bear on specific challenges at hand. The doctor patient model has the consultant focusing on using diagnostic approach to examine the client organization's problems as strategic and emphasizes the importance of building a strong relationships and developing trust between the client and the consultant. Lastly, the process consultation model considers the consultant as a facilitator with the client actually providing much of the relevant expertise. That is, the client chooses on what to do about the problem, while the consultant provides more of the framework and methodology for defining the problem and the best possible alternatives.

To further the issue, turner (1982) proposed a continuum of client –consultants' relationships with hierarchy of tasks. These ranged from providing information to client, solving the client's problem, making diagnosis or redefinition of problem, recommending, assisting in implementation of actions and building consumers and commitments around a corrective action. Turner argued that until 1970's, consultants tended to work more as suppliers to the client. As management consultant focus on higher task categories, the relationships with their clients are potentially becoming increasingly complex.

In discussing consultancy, the concept of client as the target for helping or change process is crucial (Schein, 1997). There is an assumption, for instance, that the client is always clearly identifiable, when in reality the question of the client actually can be "ambiguous and problematic". This is because Schein identifies a model for types of clients and types of client relationships, which need prior understanding. Included are:

Contact clients who are the individual(s) who first contact the consultant with a request, questions or issue. Second are intermediate clients – the individuals or groups who or which gets involved in various interviews, meetings and other activities as the project evolves. Thirdly are primary clients who ultimately “own” the problems or issue being worked on, they are typically also the ones who pay the consulting bills or whose budget covers the consultation project. Fourth are unwitting clients who are members of organization or client or client system above, below and laterally related to the primary clients who will be affected by interventions but who are aware they will be impacted. Fifth, indirect clients- who are members of organization who are aware that they will be affected by the interventions but who are unknown to the consultant and who may feel either positive or negative about these effects. And lastly, ultimate client’s as the community, the total organization, an occupational group or any group that the consultant cares about and whose welfare must be considered in any intervention that the consultant makes (Schein, 1997).

Thus the concept of client is not a straight forward and different types of client may well have different needs, exceptions, influence and degrees of participation in the consultancy. The consultant, infact the team, has to be clear as to who the client actually is at all times in the project.

2.15 Clients- consultant’s relationships

Vogl (1999), in steed and Appelbaum (2005) found that clients look for new ideas and an objective perspective. There is also an expectation that consultant will transfer their competences to company personnel. Their decisions on which consultant to hire are based on prior performance and the consultant understanding of the potential clients need. To further, consultants are expensive as Kretzman and samaras (1980); Odette, 1982; and Kasekende (1984) reported on fee decisions as limiting factor in the use of consultancy services by small businesses. Therefore, the issues offsetting prices and relative absence of material data which to appraise services have potential influence to management consultancy (Opondo, 1988). Since services vary in firms, time and

individuals, signals to communicate tangibility of consultancy service quality can be done using integrated marketing communication (Groove et al, 2002). Beyond price, implementation of the consultant's recommendations and the consultants lacking sufficient knowledge of the hiring company may voice concerns of the executives (steed and Appelbaum, 2005).

2.16 Success factors of the consultant engagement process

Since management consultants facilitate change by introducing superior management skills at the same time they challenge orthodoxy. They are engaged for provision of expertise when problems and opportunities arise which are out with the skill and experience parameters required by the organization concerned (Robinson and Mc Larty, 1988).

The work undertaken can cover almost any area to operations from market analysis to manufacturing process, from marketing strategy to organizing concerned (Robinson and Mc Larty, 1988).

The work undertaken can cover almost any area of operations, from market analysis to manufacturing process, from marketing strategy to organizing the launch of a new product into a new market place (Groove et al, 2002). Whilst consultants may utilize outside agencies on agreement with the client consulting permitting this, close management is essential (Payne, 1998). Infact, it is not possible for any consultant to cover the whole gambit of consultancy and there is increasing evidence that consultant need to specialize. Researchers such as Jones (1996) and Payne (1986) examined satisfaction measures and identified turnover and added value as reflecting consultants' impact. Further, they suggested that consultants' professional honesty about his/her ability to complete the task as crucial and should be brought to client's attention if not easy about problem.

As already indicated, it is important to understand that before even looking at the opportunities and potential clients, there is need to know exactly where the consultant's

strengths and expertise lie (Robinson and Mc Larty, 1998). Perhaps mistakenly, Kubr (1996) argues that many consultants have relied on their technical and expertise but in an increasingly competitive consultants market this is efficient. To gain consultancy work, Kearsly (1994) in Robinson and Mc Larty (1998) found that invitation for tendering, selling on (expanding an assignment) and selling in (actively prospecting) as crucial to finding and developing clients. This depends on a variety of skills-analysis and presentation, relationship building, tenacity and selling.

While it is important that a newly formed consultancy to be ambitious and positive about its prospectus, it must also remain realistic. This is because major companies tend to use bigger, more established consultancies. However, the key to successful consultancy may be lying on putting together the consulting process, which affects the relationship with the client and possible future employment (Kotler, 2003).

Over the last two decades the world economy experienced enormous economic, political and technological changes (Kotler, 2003; Bitner and Zeithaml, 2004; and Groove et al, 2002). These changes imposed increased demands on managers for wider knowledge and new skills unheard of in the past and multinationals which where predicted to control economy started to lose their market share to small and medium sized competitors (Drucker, 1997). Managers and owner-managers of the enterprises were suddenly expected to cope with the changes and to create and implement new working systems out of old, in often difficult political and economic environment (Morgan, 1990; in Adamson, 2000).

In search for better marketing strategies to counteract the competition, many consultants firms have engaged several promotion strategies but despite that, they still face different challenges as outlined by Odette (1982). However, strategic marketing, its implementation and evaluation, has traditionally been exercised in product planning, pricing, promotion and distribution strategies (Kotler and Bloom, 1990; Stanton et al., 1994). Professional services, however have not emphasized or examined the benefits of marketing and therefore need to address such issues as service intangibility, inseparability

of production and consumption and heterogeneity, or lack of standardization (Evans and Berman, 1990; Stanton et al., 1994). The service sector is dominated by intangibilities and unique experiences; with a connection between service quality, satisfied clients and ultimately competitive advantage assumed to exist (Gronroos, 1990; Parasuraman et al., 1988). Nevertheless, while service marketing does not include service planning, pricing, promotion, and distribution the intangibles of professional services (such as accounting, legal, management consultancy) also include the constraint of professional ethics, which are imposed in the form of professional standards of conduct.

The traditional business environment in which management accounting firms operates has recently become more competitive as down turns in economic sectors and globalization impact on the ability of the firms to control their market (Kotler and Bloom, 1990; Groove et al., 2002). This increased competition and changes in professional regulations by various bodies, has created motivation for professional firms to develop marketing programs to gain or hold market share. Accompanying these competitive factors has been an observed decrease in client loyalty, which has exacerbated the need to make marketing prominent in the overall strategic process of firms in management consultancy (Groove et al., 2002). Despite the need for the application of marketing concepts and techniques; Opondo (1988) identified a comparative lack of market research on the management consultancy profession in Kenya as to use of practice of marketing principles.

2.17 Advertising and image in management consultancy profession

The traditional mind set of professional towards advertising is a general belief that it undermines the image of the profession including management consultancy (Kubr, 1996). This is because image was used as the sole or major competitive tool for obtaining and sustaining clients and enabling practice growth. Using such image it fails to recognize the gap between their perceptions of image and the client's perception of need and image (Lacy, 1998).

Recognition of this gap can be noted as firms experience a decreasing rate of customer loyalty, which can become a threat to a firm's viability (Groove et al, 2002). Therefore contemporary professional image is considered as the major component as both the consultant and the client can perceive both status and reputation.

In practice, professional image is advanced through work of mouth promotion and that this is the most significant component in maintaining a loyal client base, promoting growth in form of new clients and maintaining an ongoing respect in the community. These could be in service quality, creation of comfortable, appropriate physical environment for the client as ingredients of successful consultant image (Mangos et al, 1995).

2.18 Marketing tools effectiveness

In terms of effectiveness, marketing of management consultancy can be done in various forms. These include yellow pages telephone directory, newspapers advertisements which can be low. Hence seminars and brochures have been considered more in new client generation from professional seminars and workshops (Ikiara, 2000). Further sponsorship of academic exhibitions and use of television as a tool of enhancing professional image can be undertaken at limited amount of exposure time.

2.19 Client satisfaction

The market competition between management consultants is seen as intensifying, as in the competition from other professional performing similar services. The role of marketing by consultants consequently has increased and intention to identification of success has gained dominance. One of the emerging factors of success is seen in client satisfaction (Grove et al, 2002; steed and Appelbaum, 2005). Nevertheless, while on focus on client orientation by management consultants may lead to greater client satisfaction; it is also likely to lead to increased client expectation as they become better informed in understanding differences in their focus between the service as well as technical expertise.

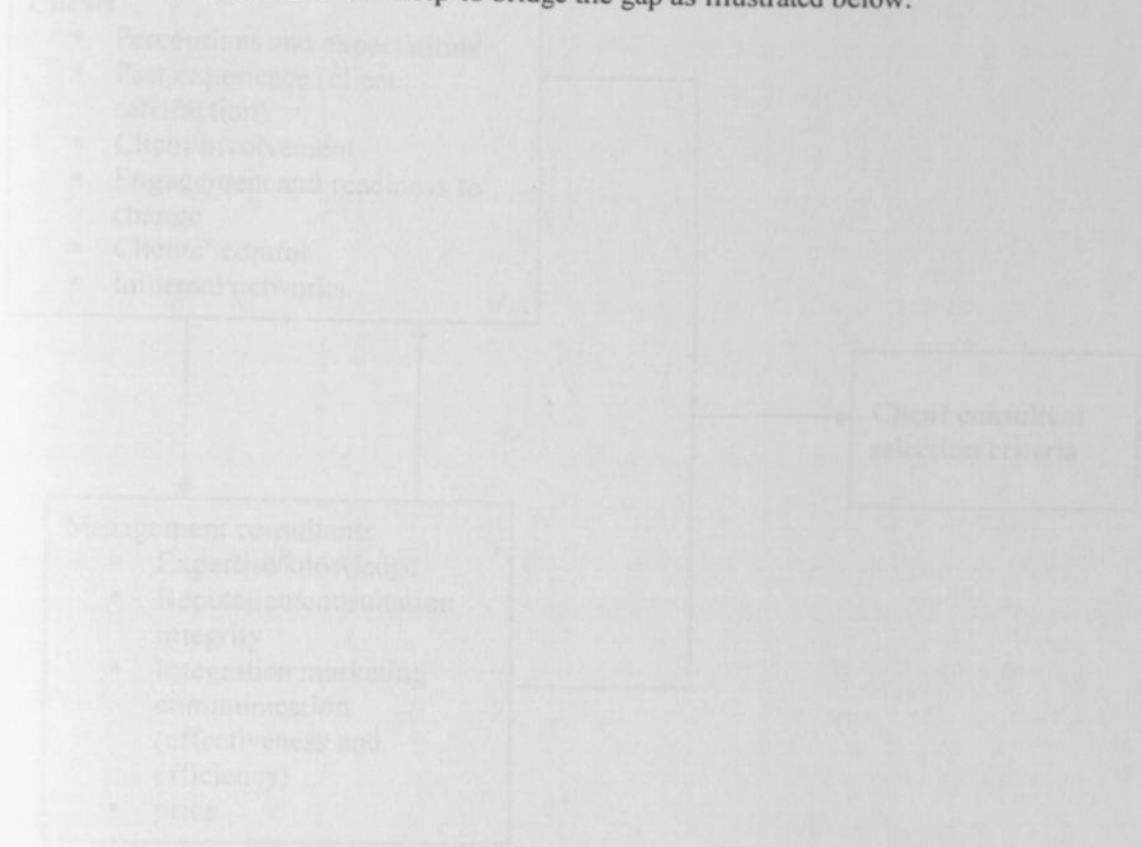
Research in the UK has suggested that client satisfaction is greater in larger firms when compared in smaller ones (Andrus et al., 1990; Hague, 1989; Morgan, 1988 in mangos et al., 1997). The satisfaction gap may be due to resources as they impact on extent and number of promotion strategies, the range of services provided and the extent of client follow up. However, mobility of clients and ability to negotiate price has been on the increase. Hence client demands and relative expectations vary and therefore the dissatisfaction occurs.

While most management consultancy firms tend to use readily quantifiable indicators of service performance, both in measuring the success of professional services, efficiency measures may as well provide valuable planning and control information to ensure client satisfaction are met. Also provision of clients, pre-consumption, consumption and post consumption and post consumption perception of the service may be based on relevant criteria on decision making in firms operations, and type of service quality. This information may help clients to make informed decision about appropriate choice from the firm's range of services, and help ensures that they have realistic expectations (Lovelock, 1991; Zeithaml et al., 1988). Therefore, use of public relations and promotional activities can be source of information to potential clients about firm policies and range of services which clients' may make choice of.

2.20 Criteria to selection of management consultancies

The dynamics and consequences of the nature of the relationship between client choice criteria and consultant engagement success have not been adequately addressed in the consultancy literature (Ikiara, 2000). Despite the market spread of management consultancy form developed to developing countries and most visible firms being multinational, nonetheless some broad trends can be identified. Further, despite the multinational dominance, unfortunately it is difficult to estimate precisely the importance of small consulting firms'. However Ikiara (2000) notes that even with multinational attachments, they face greater challenges due to unknown client selection criteria that need further understanding.

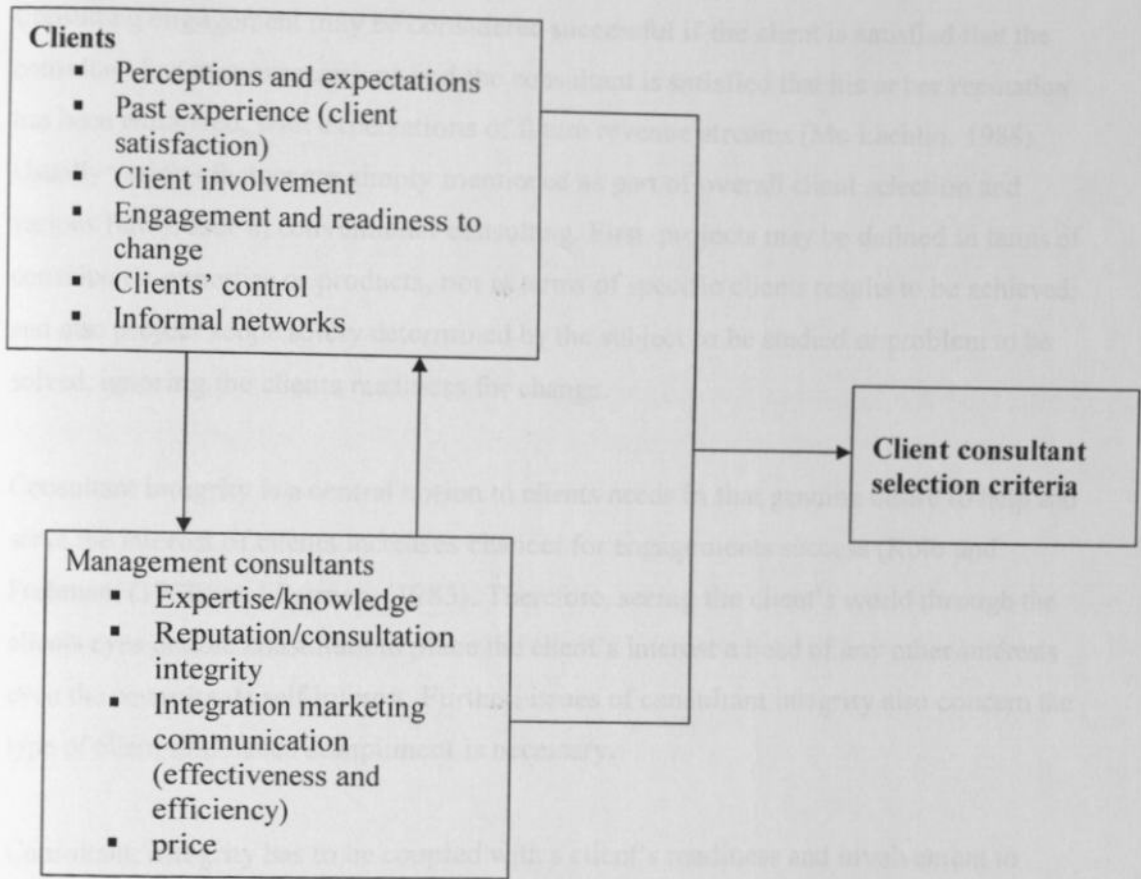
Management consultancies have concentrated on marketing themselves without prior understanding of clients' selection criteria (Opondo, 1988). To address the relationship to client selection for engagement success, a conceptual framework capturing the client factors and consultant side can help to bridge the gap as illustrated below:



Two-way relationship

Clients engage consultants for many reasons, not always successfully (de Luchta, 1999). Based on literature and client-consultant research interviews, six derived factors could help explain the consulting engagement success (de Luchta, 1999). These could help explain the consultant integrity – in particular in finding the shared interest, client involvement and readiness to change, a clear agreement concerning requirements and expectations, client control of engagement, a partly involved client and shared assignments, consultant competence and a good fit along a number of

Figure 1: factors affecting client consultant selection criteria



Source: own conceptualization

Clients engage consultants for many reasons, not always successfully (Mc Lachlin, 1999). Based on literature and client – consultant research interviews, six universal factors could help explain the consulting engagement success (Mc Lachlin, 1999). These could help explain the consultant integrityin particular in putting the clients interest first, clients involvement and readiness to change, a clear agreement concerning requirements and expectations, clients control of engagementpartly through clear and limited assignments, consultants competence and a good fit along a number of

dimensionsincluding models of consultancy, client expectations, consultant capabilities and consultant type.

Consulting engagement may be considered successful if the client is satisfied that the consultant has met expectations and the consultant is satisfied that his or her reputation has been enhanced, with expectations of future revenue streams (Mc Lachlin, 1988). Usually various factors are simply mentioned as part of overall client selection and various flaw occur in conventional consulting. First, projects may be defined in terms of consultant's expertise or products, not in terms of specific clients results to be achieved, and also project scope solely determined by the subject to be studied or problem to be solved, ignoring the clients readiness for change.

Consultant integrity is a central notion to clients needs in that genuine desire to help and serve the interest of clients increases chances for engagements success (Kolb and Frohman, (1970) and Putman, (1985). Therefore, seeing the client's world through the clients eyes enable consultant to place the client's interest a head of any other interests even the consultants self interest. Further, issues of consultant integrity also concern the type of client and hence compliment is necessary.

Consultant, integrity has to be coupled with a client's readiness and involvement to change to achieve consulting engagement successfully (Mc Lachlin, 1999). Readiness would refer to client involvement in the sense of an attitude about the need for change and the degree to which it will receive support and enthusiasm, the commitment to a project and willingness to diagnose and experiment (Schein, 1969, and Tuner, 1982). Schafer (1976) claims that the majority of the frustrations experienced by clients and consultants stem from the clients absorption capacity not from weakness in technical ability. There are limits to the scope, pace and range of innovations a client system can absorb and effectively exploit from consultant. He adds, in order to ensure success, each project should be constructed to produce a plan that the client is apt to be ready, willing and able to implement.

The types of promised a consultant can make are most limitless, ranging from changes in altitudes in clients organization to the proper management of a project. Therefore, a clear agreement between consultant and client, in which both agree on outcomes to be delivered is critical. For professional service like consulting, quality is defined as the difference between client perceptions and client expectations of the service (Zeithaml et al., 1990). A clear agreement helps both the client and consultant ensure service quality. Hence integrated marketing communications management helps a client by forcing some clear thinking about promises and expectations and it helps the consultant to cover unrealistically high client expectations so that service quality is positive.

Communications helps address service intangibility, like advertising puts the expectation intangibles to a concrete perception of the service offering. Shostack, (1977) argues that since services customers through a process of deduction construe "reality", it is then imperative for consultant organization to effectively manage any form of their products evidence to enhance and differentiate them in their customers' minds. Therefore a well devised integrated marketing communication effort can produce the result. This enhances client's awareness of services offering and contributes to enhancing a consultant image, which influences the reputation of firms hence client choice.

A critical factor for consulting engagement success must be a competent consultant (Kellogg, 1984; Zeithaml, 1990; Groove et al., 2000). Today's climate a consultant has to hit the ground running because clients want immediate knowledge and experience. Competence would include thoroughness, knowing one's limits and acting in accordance with one's capabilities. Even if the previous factors are realized, consulting engagement require good fit. As consultants play such a variety of roles, a client cannot always be certain of getting the right type (Mc Lachlin, 1999).

Often the client's real problem is knowing that something is wrong but not knowing what kind of help consultants might be able to provide (Schein, 1969). For any assignment there should be fit between the capabilities of the consultant and the expectations of the client. While clients may hire consultants for a variety of reasons,

they expect that the consultant's capabilities will at least match their situations and be of direct benefit. Further, a good fit between the client's expectations and the type of consultant is required. That is match of personality or management style, personal chemistry (Mitchell, 1994) and belief systems (Margolis, 1985). For engagement consulting to be success, it is necessary but not sufficient that there be a good fit between client and consultant along a number of dimensions including models of consultancy, clients expectations, consultant capabilities and consultant type (Mc Lachlin, 1999).

Clients must be clear about why consulting is being considered and what type of consultant is expected to do, rather than simply with a vague notion that obtaining outside help might be beneficial. In particular it is important to decide which type of consultant is needed, at the very least and be able to assess the competence and integrity of potential clients. For consultant, reputation may be almost everything but needs are potential criteria for client's selection of a consultant in respect to knowledge and experience.

Opportunities for management consultancy exist when a potential client is faced with problems or uncertainties, which cannot be overcome by his own resources (Mc Larty and Robinson, 1998). However, unless he is aware that services that may solve his problem exist, he cannot think of using it. It is therefore obvious that consultancy seriously consider marketing itself for such awareness, which may influence potential client selection criteria (Opondo, 1988). Such methods as indirect communication which acquaint a wide and varied range of potential clients with services applying to all include promotional literature (brochures) mail short on specific subjects, press releases, articles in trade and professional journals and participation in TV or radio discussions on topics associated with business and industrial efficiency. The purpose of all is to create an image of the practice and make a consultant name a household word in potential client circles (Zeithaml et al., 1988). Hence are quite effective to client's choice. Direct communication like meetings with potential listed clients follow ups to developments and problems and keeping an eye on local business affairs help in finding new opportunities for promoting practice (Kotler, 2003). Such enhances building reputation that increases client's awareness and future engagement recalls.

An opportunistic approach to consultant selection also influences choice criteria. Informal talks about a reputable consultant firm in terms of expertise, competence and models of consultancy cannot be overlooked. As consultants look out at all times to take advantage of client opportunities as sales fall and new sources of competition, potential labour trouble in companies, business meetings or lectures, so do clients have opportunities to take their business such consultant firms making follow up hence may mark the starting point of an assignment.

These entire acts as facts for client's decision makers that need to convenience them that XYZ and partners, above all others, should be entrusted with the assignment. Wide (1996) notes that every client whether established or prospective thinks in results and value for money. Before signing on the dotted line, therefore he has to be convinced that XYZ and partners is the practice most likely to assure complete satisfaction.

Management consultancy firms tend to use readily quantifiable indicators of service performance, both in measuring the success of their marketing activities as well as measuring success of their professional services (mangos et al; 1997). While efficiency measures provide valuable planning and control information, they do not necessarily ensure that client expectations are infact being met.

Therefore, management consultancy firms can ensure that clients pre-consumption's, consumption and post consumption of the service are based on relevant criteria by providing information during the pre consumption decision making stage about the way in which the firm operates, and the type of service quality criteria used.

This information may help clients make informed decisions about the most appropriate choice from the management consulting firms' range of services and help ensure that they have realistic expectations of the service (Loveslock, 1991; Zeithaml et al., 1988). The management consultants can use public relations and promotional activities to

provide information to potential clients about their policies; in addition to basic information about the range of services provided.

Management consultancy has the capability of changing the culture in client firms and has the potential to enhance the added value in terms of turnover and profitability of business firms. Its practice is complex relying as it does on intuition as well as analysis on methods as well as solution. These are clear differences between large and small firms in the way that consultancy is managed but nevertheless there is a large field in which to practice. Consultants need astuteness in assessing market opportunities, particularly as they manage assignments that are varied in nature hence different requirements as in the manufacturing sector. Therefore, the need for understanding client consultant relationships.

1.2 Population of study

A census study was done, the population of interest in this study consisted of all the 22 firms registered in the Nairobi stock exchange as per July 2007. This is due to the fact that these firms represent almost all the main investment market segments in Kenya. The include security list agriculture, commercial and services, finance and investment, industrial and allied, alternative investment market segments and fixed income securities fund segment.

1.3 Data collection

Data collected for the objectives of the study was mainly primary data collected through a structured questionnaire. The questionnaire had both closed and open-ended questions. The questionnaire made use of choices to be ticked off by respondents as well as open ended questions. Part B which identified factors influencing choice of management strategy. Data made use of Likert-type scale to identify and rank the various responses. The questionnaire was administered through personal interviews conducted by the researcher. A few firms that were not able to avail time for personal interview due to their tight work schedules, a drop-pick later method was used.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

The research project is a descriptive study seeking to determine factors that influence the choice of management consultancy firms by companies listed in the Nairobi stock exchange. Descriptive studies are used to portray an accurate profile of persons events or situation. Description in management and research has been argued to have a clear place. (saunders et al)

3.2 Population of study

A census study was done, the populations of interest in this study consisted of all the 52 firms registered in the Nairobi stock exchange as per July 2007. This is due to the fact that these firms represent almost all the main investment market segments in Kenya; This include sectors like agriculture, commercial and services, finance and investment, industrial and allied, alternative investment market segment and fixed income securities market segment.

3.3 Data collection

Data collected for the objectives of the study was mainly primary data collected through a structured questionnaire. The questionnaire had both closed and open-ended questions. The questionnaire made use of choices to be ticked off by respondents as well as open ended questions. Part B which identified factors influencing choice of management consultancy firm, made use of Likert –type scale to identify and rank the various responses. The questionnaire was administered through personal interview conducted by the researcher. For a few firms that were not able to avail, time for personal interview due to their tight time schedules, ‘a drop-pick later’ method was used.

3.4 Data analysis

The data collected in this study was both quantitative and qualitative. Before processing the responses, the completed questionnaire was edited for completeness and consistency. A content and descriptive analysis was employed. The content analysis was used to analyze the respondents view about the factors affecting the choice of management consultancy by companies listed in the Nairobi Stock Exchange. The data was then coded to enable the responses to be grouped in to categories.

The data was summarized using percentages and was presented in cross tabulation formats. Descriptive statistic was used mainly to summarize the data. This included means, percentages and frequencies.

The objective was first to identify the factors affecting the choice of management consultancy firms by companies listed in the Nairobi stock exchange. In the questionnaire, section A was establishing the respondents view on management consultancy firms and their role in the firm. Section B was to identify the factors affecting the choice of management consultancy firms. The respondents were given questionnaire including the variables both internal and external factors and asked to indicate the extent to which they selected firms on each variable on a five-point Likert scale ranging from "very great extent" (5) to "not at all" (1).

The variables were coded using Likert scale of the range between 1-5. These included scale 5 for "very great extent", scale 4 for "great extent", "3" for "moderate extent", "2" for "little extent" and "1" for "not at all". The scores on the other hand were to be calculated on the basis of scale "1" to mean the factor was not considered at all. However, "5" means the factor variable was considered to greatest extent and fully

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

In this chapter, data pertaining to the factors influencing the choice of management consultancies by companies listed in the Nairobi stock exchange and the challenges to the same is analyzed and interpreted.

A total of 52 questionnaires were distributed to the respondents, out of which 32 were completed and returned. A total of 20 questionnaires were not responded to giving a response rate of 61.5% and a non-response rate of 38.5%. On the section A of all the questionnaires returned, question 2 had a non-response rate of 9.3%. That is the year of establishment; some firms did not complete giving confidentiality of company profile as reason.

The objectives were first to determine the factors influencing the choice of management consultancy firms by companies listed in the Nairobi stock exchange. In the questionnaire it was divided into two sections. Section A was establishing the firms profile in terms of year of establishment, ownership status and the number of employees in the firms. In section B the questionnaire aimed at establishing the criteria for management consulting section and to what extent the firms considered the various variables within each. The respondents were given questionnaires detailing the various both internal and external factors and also the challenges and asked to indicate the extent to which they selected firms on each variable on a five point likert scale ranging from 'very great extent' (5) 'to not at all' (1).

The questions were scaled using Likert scale of the range between 1-5. These included Scale "5" for "very great extent", scale "4" for "great extent", "3" for "moderate extent", "2" for "little extent" and "1" "for not all." The scores on the other hand were to be discussed on the basis of score "1" to mean the factor was not considered at all while score "3" meant the factor variable was considered to moderate extent and lastly

score "5" was to very great extent. The data obtained through the use of the questionnaires is presented by use of descriptive statistics and frequencies.

The findings are presented under the corresponding questions that were raised in the objectives of the study. The scores "Little Extent" and "Not at all" represented factor affecting variable, which is considered to a "Small Extent"(S.E.). This was equivalent to 0 to 2.5 on the continuous Likert scale ($0 < S.E < 2.5$). The scores of "Moderate Extent" represented factor affecting selection criteria variable that is considered to a "Moderate Extent"(M.E.). This was equivalent to 2.5 to 3.5 on a Likert Scale ($2.5 < M.E. < 3.5$). The scores of "Very great Extent" and "Great Extent" represented a factor variable, which is considered to a "Great Extent"(G.E.). This was equivalent to 3.5 to 5.0 on the Likert Scale ($3.5 < G.E < 5.0$).

4.2 Company profiles

Section A of the questionnaire aimed at establishing the company's name and ownership, year of establishment and the number of employees each had.

Table 4.1: Number of years of existence in the sector

Number of years in existence	Number of firms	Percent
Below 24 years	10	31.2
Between 25-44 years	17	53.1
Between 45-64 years	3	9.4
Between 65-84 years	1	3.15
Above 85 years	1	3.15
Total	32	100.0

Source: Response data

From Table 4.1 most firms which responded had been in existence for between 25-44 years and below 24 years with 53.1% and 31.2% respectively. Only two firms out of the 32 responded had existed for more than 65 years.

Table 4.2: The firms ownership status

Ownership status	Number of firms	Percentages
Foreign owned	10	31.2
Locally owned	12	37.5
Partly locally and foreign owned	4	12.6
Government owned	6	18.7
Total	32	100.0

Source: Response data

From the data of the population under study 37.5% were locally owned firms, while 31.2 were foreign owned, 18.7 were government owned and 12.6 were partly locally and foreign owned as illustrated in Table 4.1 above.

Table 4.3: Number of employees

Number of employees	Number of firms	Percentages
50-75	3	9.4
76-100	9	28.1
Above 100	20	62.5
Total	32	100.0

Source: Response data

From Table 4.3, most of the companies registered in the Nairobi exchange have more than 100 employees, that is 62.5%, while 28.1% have been 76-100 and lastly 9.4% had 50-75 employees.

Table 4.4: Ownership * number of employees (Cross tabulation)

Ownership	Number of employees			Total
	50-75	76-100	Above 100	
Foreign owned	1	3	6	10
Locally owned	1	5	6	12
Partially locally and foreign owned	1	1	2	4
Government owned	0	0	6	6
Total	3	9	20	32

Source: Response Data

From Table 4.4, most firms are locally owned with employees population of above one hundred while foreign owned firms had out of the 6 firms employing more than 100 persons. Further the partly locally and foreign owned had 2 out of the 4 firms employing above 100

4.3 Factors to criteria of management consultancy selection

Table 4.5: Duration of consultancy use

Number of years	Number of firms	Percentages (%)
Less than a year	2	6.3
1-5 years	5	15.6
6-10 years	5	15.6
11-20 years	8	25
Over 20 years	12	37.5
Total	32	100.0

Source: Response Data

The use of management consultancy service by large manufacturing firms varies. Two firms (6.3%) out of the 32 firms that responded have used for less than a year and 5 of them (15.6%) between 1-5 years. The range between 6-10 years had 5 firms (15.6%) while 11-20 years had 8 firms (25%). Further the table indicates that of the firms had used management consulting for over 20 years was the highest with 12 firms (37.5%).

Table 4.6 Status of management consultancy firms used

Management consultancy firms status	Number of firms	Percentages (%)
Local	10	31.2
Multinational	5	15.6
Both	17	53.2
Total	32	100.0

Source: Response Data

The data collected shows that companies listed in the Nairobi Stock exchange prefer the use of both local and multinational firms for their consultancy. The table indicates that 53.2% of them use both, while 5 firms (15.6%) use multinationals and 10 firms (31.2%) use local firms.

Table 4.7: Ownership * status of management consultancy firms (Cross tabulation)

Ownership	Status of management consultancy firms			Total
	Local	Multinational	Both	
Foreign owned	2	3	5	10
Locally owned	5	1	6	12
Partially locally and foreign owned	1	1	2	4
Government owned	1	1	4	6
Total	9	6	17	32

Source: Response Data

Table 4.7 Indicates that half of all local owned firms use management consultancies of both local and foreign status while the other half uses local consultancy firms. Local consultancy firms also are considered in the consultancy service offering with 9 out of the 32 firms responded giving their use compared to only 6 firms of multinational status used.

Table 4.8: Years of existence for companies listed in the Nairobi stock Exchange* status of management consultancy firms (cross tabulation)

Number of years of existences	Status of management consultancy firms used			Total
	Local	Multinational	Both	
Below 24 years	6	1	3	10
Between 25-54 years	3	1	8	12
Between 45-64 years	1		3	4
Between 65-84 years	1		2	3
Above 85 years	1		2	3
Total	12	2	18	32

Source: Response data

From Table 4.8, firms of existence for less than 24 years use management consultancies of local status in the ratio of 3:2 to multinationals. The firms, which have been in existence for between 25-54 years, use firms of both status while the older firms of more than 85 years rarely uses multinationals instead they prefer to use both status.

Table 4.9 a: Frequency of Services commonly sought by firms registered in the Nairobi Stock Exchange

Services commonly sought from consultancy firms	Numbers of firms	Percent
Training personnel	20	62.5
Personnel recruitment	18	56.2
Production- processes and systems	17	53.1
Research cases	17	53.1
Information technology	15	46.9
Retrenchment practice	4	12.5
Management restructuring	12	37.5
Marketing issues	18	56.2
Financing-auditing	18	56.2
NEMA-specification	6	18.7
Total	32	100.0

Source: Response Data

Table 4.9a Indicates that the commonly sought services are training of personnel (62.5%), Personal recruitment, Financing / audit and marketing issues with 56.2% each, production process and systems, Research 53.1% each . The services for retrenchment purpose and NEMA-specification are rarely sought with 12.5% and 18.7% respectively.

Table 4.9b: Descriptive statistics of services commonly sought by companies listed in the Nairobi Stock Exchange.

Services	Mean	Std. Deviation
Training personnel	1.35	.48
Personnel recruitment	1.56	.50
Production- processes and systems	1.58	.50
Research cases	1.60	.49
Information technology	1.47	.50
Retrenchment practice	1.91	.29
Management restructuring	1.72	.45
Marketing issues	1.47	.50
Financing-auditing	1.58	.50

Source: Response Data

From the findings indicated on the services commonly sought, the variation does not significantly differ between firms (standard deviation of <0.5 for most services sought except for retrenchment purpose which is rarely sought).

Table 4.10: Firms practice in selection of consultancy services

Firms practice in selection criteria	Number of firms	Percentages (%)
Use the same consulting firm	9	28.1
Use more than one because of unsatisfactory outcome	3	9.3
Use more than one because of different needs	20	62.5
Total	32	100.0

Source: Response Data

As shown in Table 4.10, most firms use different firms for different needs (62.5%), and also 3 firms indicated use of different firms due to unsatisfactory outcome of the service sought. Further eleven (9) manufacturing firms indicated that they do repeated consulting to the same firms (28.1%).

Table 4.11a: Frequency of who initiates the process of using consulting

Who initiates the process	Number of firms	Percentages (%)
Board of directors	5	15.6
Managing director	12	37.5
General manager	3	9.4
Other senior managers	10	31.2
Company headquarters	2	6.3
Total	32	100.0

Table 4.11a indicates that about half (37.5%) of the firms, it is the managing directors who initiates the process of using a consultancy service. Other senior managers are involved in the decision making process to consulting at 31.2%, while board of directors from 15.6 % and a small percentage of multinational status in Kenya only 6.3% of them consult the company head quarters to using a consultancy firm.

Table 4.11b: Descriptive statistics of whom initiate the process of using consulting

	Mean	Std. Deviation
Board of directors	1.63	.49
Managing director	1.51	.51
General manager	1.79	.41
Other senior managers	1.53	.50
Company head quarters	1.88	.39

Source: Response data

Using descriptive statistics for the initiation of consulting service, Table 4.11b indicates that the decision making unit does not vary significantly [standard deviation of <0.5] but more to general manager and company headquarters.

Table 4.12: Criteria used in selecting management consultancy services

Criteria to selection practice	Number of firms	Percentages [%]
Internal factors to the firm	10	31.3
External factors from consultancy firms	2	6.2
Both	20	62.5
Total	32	100.0

Source: Response data

According to Table 4.12, more than half of the companies registered in the Nairobi Stock Exchange use both internal and external factors to their selection criteria [62.5%]. As shown further, 10 firms [31.3%] use mostly internal factors to their firm in selecting management consultancy firms while 6.2 % use external factors to the consulting firms in selection criteria.

Table 4.13: Ownership * firms practice in selection of consultancy service (Cross tabulation)

Ownership	Firms practice in selection of consultancy services			Total
	Use the same consulting firm	Use more than one because unsatisfactory	Use more than one because of different needs	
Foreign owned	2	3	5	10
Locally owned	4	2	6	12
Partially locally and foreign owned	1		3	4
Government	1	1	4	6
Total	8	6	18	32

Source: Response data

Table 4.13 shows that most firms irrespective of ownership status use different firms for different needs with 18 out of 32 responses evidencing that. Use of the same consulting firms repeatedly cannot be ignored as 8 firms out the 32 firms practice that. Unsatisfactory outcomes of service earlier sought also play some role especially for locally owned firms.

Table 4.14a: External Factors considered in selecting management consultancy firms and the frequency of the extent.

Extent of use Factors	Very great extent	Great extent	Moderate extent	Little extent	Not at all	Total
Price	33.6	39.5	27.9	0	0	100.0
Expertise	65.1	27.9	7	0	0	100.0
Experience	53.5	41.9	2.3	2.3	0	100.0
Image/reputation	32.6	44.2	23.3	0	0	100.0
Advertising	14.0	16.3	37.2	25.6	7.0	100.0
Referral sources	11.6	37.2	27.8	16.3	7.0	100.0
Personal selling	9.3	16.3	34.9	27.9	11.6	100.0

Source: Response data

The first objective of this study was to establish the factors influencing the choice of management consulting firms by companies listed in the Nairobi Stock Exchange. Table 4.14a, the Listed companies can be said to select firms on the basis of expertise to a great extent (65.1%) and great extent 27.9%. experience plays to a very great extent of firm's selection in 53.5% and 4.1% to great extent. Price and image/reputation of the firms plays to a great extent in 32.6% of the firms choice while advertising, referral sources and personal selling are either moderately considered or to little extent.

The following Table 4.14b shows findings of the extent to which listed companies in the Nairobi Stock Exchange consider the various variables in selecting management consultancy firms for their services. In external factors they include price, expertise, experience, image or reputation of the firm, advertising, referral sources and personal selling from the consultancy firms.

Table 4.14b: External factors to selection criteria [Descriptive stastictics]

Who initiates the process	Mean	Std. Deviation
Price	4.00	37.2
Expertise	4.58	48.8
Experience	4.37	20.9
Image/reputation	3.91	46.5
Advertising	3.05	1.31
Referral sources	3.35	1.09
Personal selling	2.84	1.13

Source: Response data

Table 4.14b indicates that companies listed in the Nairobi Stock Exchange consider to a great extent the, expertise, experience and pricing of the consultancy firms with means of 4.58,4.37 and 4.0 respectively. The other factors are considered to a moderate extent however there is significant variation among the firms in their selection criteria to external factors to their firms. However the factor variable personal selling was considered to a little extent with mean of 2.84.

Table 4.15a: Frequency of Internal factors to client selection criteria of management consultancies.

Internal factors	Very great extent	Great extent	Moderate extent	Little extent	Not at all	Total
Perceptions and expectations	45.2	40.5	9.5	2.4	2.4	100
Past experience	45.2	42.9	11.9	0	0	100
Involvement in proposal eliciting	14.3	35.7	47.2	2.4	0	100
Control of the process	31.0	42.9	26.2	0	0	100
Clear agreement concerning requirement	40.5	40.5	19.0	0	0	100
Type of consultant	42.9	35.7	11.9	9.5	0	100
Informal talks about a reputable firm	21.4	21.4	33.3	19.0	4.8	100
Models of consultancy	11.9	42.9	33.3	7.1	4.8	100

Source: Response data

As evidenced in Table 4.15a, the firms use internal factors in their selection criteria. These include to a very great extent to the firms' perception and expectation, past experience, clear agreement concerning requirement and type of consultant required with over 40%. Control of the process, involvement in proposal eliciting and models of consultancy are considered to a great and moderate extent by most firms. The table further indicated that most of the factors are considered but to varying extents with 3-4 firms (2.4-4.8%) not considering some factors at all like models of consultancy, informal talks about reputable firms, and perception and expectations.

Table 4.15b: Internal factors to client selection criteria of management consultancies (Descriptive statistics)

Internal factors	Mean	St. Deviation
Perceptions and expectations	4.21	.97
Past experience	41.33	.68
Involvement in proposal eliciting	3.70	.74
Control of the process	3.98	.83
Clear agreement	4.12	.88
Type of consultant	4.12	.96
Informal talks about a reputable firm	3.35	1.19
Models of consultancy	3.44	.98

Source: Response data

The internal factors considered in selection criteria also can be elaborated as shown on Table 4.15b. the table indicates that the internal factors to the manufacturing firms is the firms past experience, precipitation and expectation, clear agreement and type of consultant use considered to a large extent with means 4.33, 4.21, 4.12 and 4.12. further, control of the process was considered to great extent with mean 3.98 in the selection criteria. Models of consultancy and informal talks about a reputable firm are considered to a moderate extent with means 3.44 and 3.35 respectively.

E exchange in their selection of management consultancy firms.

Table 4.16a: Challenges to selection criteria for management consulting firms and their frequency.

Challenges	Very great extent	Great extent	Moderate extent	Little extent	Not at all	Total
Price inhibition	18.6	37.2	34.9	7.0	2.3	100
Government regulations	27.9	16.3	23.3	25.6	7.0	100
Value evaluation	18.6	51.2	16.3	9.3	4.7	100
Bureaucracy	16.3	18.6	30.2	20.9	14.0	100
Incompatible models of consultancy	7.0	23.3	41.9	18.6	9.3	100
Lack of control of process	9.3	23.3	20.9	20.9	25.6	100
Lack of general competence	23.3	48.8	20.9	0	7.0	100

Source: Response data

From Table 4.16a, price inhibition, bureaucracy and incompatible models of consultancy were faced to moderate extent. Further, value evaluation was considered a challenge by half the sample of study (51.2%) to a great extent and 18.6% to a very great extent. In all the variables only less than a quarter considered them not challenging to little and not at all extents (<20%).

Table 4.16b: Challenges to selection criteria for management consulting firms (descriptive statistics)

Challenges	Mean	Std. Deviation
Price inhibition	3.67	.92
Government regulations	3.42	1.30
Value evaluation	3.72	1.03
Bureaucracy	3.16	1.27
Incompatible models of consultancy	3.14	1.04
Lack of control of process	2.79	1.36
Lack of general competence	3.81	1.03

Source: Response data N=43

The challenges facing selection criteria to management consultancy significantly vary with different firms. Lack of general competence, value evaluation and price inhibition are considered challenging to a great extent with means of 3.81, 3.72 and 3.67 respectively. The other variable factors are considered to moderate extent while lack of controls of process is to a little extent of mean 2.79.

CHAPTER FIVE: SUMMARY, DISCUSSION AND CONCLUSION

5.1 Introduction

Management consultancies are among the main carriers of such management concepts as training and hiring of personnel, marketing research and promotions among others in organizations. The consulting industry/sector has been internationalized during much of the twentieth century (Kipping, 1999), but global consultancies experienced particularly rapid growth during the 1990s, and as others have noted, "the influence of consulting is expanding as business is globalized". But while management consultancies are known to disseminate new management fashions for efficiency and effectiveness in firms (McLarty and Robinson, 1998), the actual selection criteria for specific firms to offer the services and their outcome is less than certain. First of all, the management consultancies are not of the same kind and diffuse identical ideas, which led to the purpose of examining the factors influencing their selection criteria. Further the challenges faced in the selection process as firms seek management skills; techniques and knowledge which are best learnt through exposure and experience with different companies in many different industries which typical executives however lack were examined.

5.2 Summary, discussions and recommendations

5.2.1 Criteria to selection of management consultancies

The study aimed at establishing the factors influencing the choice of management consultancy firms by companies listed in the Nairobi Stock Exchange. The study shows that most of the listed companies have been in existence for more than twenty four years while ownership is mostly local. Therefore, it is likely their selection criteria are influenced by the experience and exposure during their existence and local cultures due to their ownership status. Further, most firms had more than seventy five employees with likely influence on the management consultancy services to serve the management of the large number of employees despite of the ownership status.

The use of management consultancy services by companies listed in the Nairobi Stock Exchange varies with a third of the population having used them for more than twenty

years while more than half the population had used consultancy services for more than five years. The study therefore, shows that the use of controlling is related to the existence of the listed companies, their ownership status and the number of employees. It has been noted that Kenyan firms prefer the use of multinational consultancy firms for their services by Ikiara (2000). However, among the listed companies, the trend has shifted with most firms preferring the use of both local and multinationals irrespective of the ownership status or the years of the firm's existence. Further local consultancy firms seem to have a grip of the market with forty percent of the results in the study giving the evidence.

Management consultants can be involved in anything, from small niche part of business to looking at a company in its entirety (Robinson and McLarty, 1998). The justifications for utilizing consultants are varied, among the major reasons are total objectively in overview/diagnosis of the problems, experience gained over the years in organizations and ability to utilize specialist knowledge (Kipping, 1999; Robinson and McLarty, 1998; and Groonros, 2000). Further the management consultants facilitate change by introducing superior management skills at the same time as they challenge orthodoxy in firms (Grove et al, 2002). The list of areas which can be the subject of consultancy work are wide as identified by the institute of management consultants with main fields of management consultancy currently in use as corporate policy and corporate management finance management, administration, marketing and selling, production and economic planning (Adamson, 2000). Further, he adds that distribution and transport, information technology, human resource management and management sciences are inclusive. These categories can be subdivided from the broad spectrum of work undertaken by consultants to the specific fields as these fields do overlap.

The study results show that, while companies listed in the Nairobi Stock Exchange use consultants for varied purposes, most prefer them for training of personnel as well as personnel recruitment. Also research, production processes and systems, information technology and marketing issues play a key role to seeking of consultants. This emphasizes the varied list of areas commonly sought for the number reasons of

increasing use of consultants. The number of problems needing investigations of the causes and recommendations for necessary remedial action, the need for an objective view of what is happening within a company as well as outside, as well as selecting personnel especially senior people is quite a role for consultants. They are also regarded as having the expertise and time and may be cost effective (McLarty and Robinson, 1998).

The study results further shows that personnel performance is key to firms success as most firms seek consultancy to train and hire them, and having improving efficiency and effectiveness in firms through consulting for information technology. From the findings though, variation in seeking the services between firms does not differ significantly meaning the practice in selecting services is almost similar. The study results further, emphasizes the use of different firms for different needs. While a consultant has to be somewhat a chameleon when undertaking a project and the perfect consultant, if there is such a person, needs to be comfortable in many roles (Kubr, 1996; grove et al, 2003; Greiner & Metzger 1998 and Robinson & McLarty, 1998) it is not possible for any consultant to cover the whole gambit of consultancy requirements. The study results has evidence that consultants need to specialize as firms use different consultants for different needs while the use of the same consulting firm is practical by small percentage, this could be due to certain service provided by specific consultants.

The process of consulting is widely influenced by senior management as directors, which shows that consultant targeting of proposals should be right to the key decision makers. Further, the study results emphasize the consideration criteria as involving both internal factors to the firm as well as external factors from the consulting firms, irrespective of ownership status. When having examined the criteria, the specific aspects to each others gave a insight to specific factors influencing the choice of management consultancies. In this study the extent to which specific aspects of companies listed affects the selection criteria was examined first. The results of the study show that expertise and experience plays a key role to a great extent. Also pricing of consultants and their image/reputation is critical in deciding on the specific firms to engage their consultancy. McLarty and

Robinson (1998) indicated that, it is important to understand that before even looking at the opportunities and the potential clients, there is need to know exactly where the consultant's strength and expertise lies. Without this knowledge it would be impossible to target the market successfully.

A consulting engagement may be considered successful if the client is satisfied that the consultant has met expectations and the consultant is satisfied that his/her reputations has been enhanced, with the expectations of future revenue streams (McLachlin, 1999). The study suggests evidence for the numerous factors for consulting engagement criteria in order of great extent for the numerous factors for consulting engagement criteria in order of great extent as expertise, experience, pricing and image/reputations of the consulting firm. The external factors also include advertising, referral sources, and personal selling which act to bring management consultancy marketing costs, they must be regarded as essential investment as evidenced by the study. That is, although regarded to a smaller extent as compared to expertise, experience and pricing, however, the most important aspect is that they cannot be ignored. Management consulting itself was shown by the study as critical as well with moderate consideration from the large manufacturing sector.

A consulting engagement is considered from both the external and internal aspect of a client. The consultant has to meet some expectations and perceptions in order to meet client satisfactions (Zeithaml et al, 1990). For a professional service like consulting, quality is defined as the difference between client perceptions and client expectations of the service (Kotler, 2003; steed and Appelbaum, 2005). From the study results, client's internal factors as perceptions and expectations, past experience and clear agreement concerning requirements to type of consultant play a key role in selection of criteria of consultancy. Further control of process, models of consultancy and informal talks about a reputable firm to clients are also influencing to a moderate extent.

In addition to perceptions, expectations and past experience influencing selection criteria, a clear agreement helps both the client and the consultant ensure service quality which forces a clear thinking about promises and expectations (Zeithaml et al, 2000). Further,

Zeithaml argues that they help to lower unrealistically high expectations. Additional factors for clients, relating to selection criteria included having clear fitness to agreements, type of consultants and models of consultancy. Along the consultants displaying competency in expertise, as this process will affect the relationship with the client and possible future employment with a variety of multitude strategies available for firms, clients seek efficiency and effectiveness as to procedures as argued by McLachlin (1999). However, given the above both external and internal factors discussed, it is clearly evident that the clients need a stronger focus on the firms expertise, pricing and efficiency not excluding procedures for control, agreements and reputations of consulting firms.

5.2.2 Challenges to selection criteria

From the study findings, price inhibition, value evaluation and lack of general competence were evidenced as key factors. The other variable factors were challenging to a moderate extent as government regulations, bureaucracy in organizations structures, incompatible models of consultancy and little control of the process. Schaffer (2002) argues that the majority of clients that hire consultants and most of the consultants that they hire, operates under a model of consulting that does not allow them to achieve full collaboration. Further Schaffer noted that consultants pricing structure is inhibitive due to costing of some intangible aspects as consulting hours and marketing strategies engaged. Opondo (1988) found out that price inhibition, government regulations as to promoting accountancy services as well as incompatible models of consultancy as key challenges.

Kenya's domestic capacity in supply of consultancy services is constrained by the existing unfair competition in which foreign firms receive preference in the award of government contracts, lack of effective policy support, negative government attitude, inability of the small firms to attract and retain sufficient qualified staff due to cash flow problems, inadequate experience in consultancy work, low managerial skills and a low level of professionalism (Ikiara et al, 1994). This is supported by the study findings of firms selection criteria based on such external factors as expertise, experience and pricing which are key challenges to the consulting sector in Kenya. On contrast to Ikiara's

findings, the foreign consulting firms are not shown as preference to the manufacturing sector selection for consultancy services. Rather local firms are highly preferred and this could be attributed to the domination of local ownership of the firms as well as may be control of the consulting firms by local consultancy professionals.

5.3 Conclusions

In conclusion however, though in external factors to selection criteria involve marketing consultancy as important skill for awareness, effectiveness and forming perceptions and expectations of clients, they were not significantly shown by the study results. This is because through integrated marketing communications (IMC), consultants not only engage awareness increment but also making their services to be perceived as tangible.

Every client, whether established for short or long, thinks in results and value for money. Therefore before signing in for an engagement, firms must be convinced that XYZ and partners is the practice most likely to assure complete satisfaction. To ensure that the selection practice will fall on certain consultant firm, such important aspects as expertise, experience and reputation must be built with IMC for lowering perceived expectations as well as checking approach to procedures, models and proof of competence in proposal itself. Hence, overcoming the challenges in focus of clients own terms as to pricing, models and offer of value for money for ensured client satisfaction. That is consultants should possess the talent, skill and experience to achieve the desired results and give values for money; fully understand their environment as to clients problems and by reputation can be trusted to approach the problem and solve it on sound professional lines.

The manufacturing sector is vital part of the national economy. Most of these firms continue to get greater challenges as globalization increases with new technologies, need for flatter and learner structures, for efficiency and effectiveness in operations for profitability and to remain competitive. While consultancy firms come in handy in offering their services to solve the problems objectively, the selection criteria is tacit with limited marketing to maintain reputation by professional firms. In order to target the

market successfully, the need to understanding the clients is essential in tapping new markets opportunities as they arise.

5.4 Recommendations for policy and practice

The market competition between consultants is seen as intensifying as the competition from other professionals performing similar services. The role of selecting between the varied firms leaves firms in confusion and hence more tacit ways devised to identification of factors of success has gained dominance. It is therefore necessary to understand the client selection criteria as well as their challenges in order to devise marketing strategies to tangibilize their services and minimize their endless promises which give wide perceptions and expectations. This would be embraced through engaging the right expertise and considerable pricing to operate competitively and provide quality service to their clients. One way of doing this is to engage in market research as to tier clients' perceptions and expectations, also the understanding of their colleagues to use of consultancy in deciding tactful strategies for growth and adoption to expand and increase the market potentials.

5.4 limitations of the study

The response rate was not one hundred percent to give full representation of the population of study. The results reflect the factors, opinions of consultants' clients as to their subjective perceptions of selection criteria. No attempt was made from consultancy firms' view of their critical success factors. The study focused on companies listed in the Nairobi Stock Exchange. The methods used to determine the factors influencing selection criteria were not exhaustive or inclusive the same applies to the challenges to be selection criteria.

5.5 Recommendations for further research

A study should be carried out to determine the interrelationship between the internal and external factors to the selection criteria of consultancy firms. A study should also be carried out to investigate the most significant and critical factors in selection criteria of management consultant.

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5.6 Recommendations for policy and practice

One way in which developing countries like Kenya could develop their consulting professionals is through the promotion of joint ventures between foreign and local consulting firms with the objective of facilitating transfer of technology and technical training. It may be necessary for the country to commit areas of consultancy services in which it does not have capacity under certain trade articles as GATS Kenya could, in addition, seek financial and technical assistance to develop local capacity in areas of consulting that are deficient. Further a policy could be devised in order to control the hiring procedures and systems in place for qualified professionals for dissemination of competent consultants and hence consultancy services.

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APPENDICES 1

COMPANIES LISTED IN THE NAIROBI STOCK EXCHANGE

AGRICULTURE

1. Unilever Tea Kenya Ltd
2. Kakuzi
3. Rea vipingo plantation Ltd
4. Sasini Tea and coffee Ltd

COMMERCIAL AND SERVICES

5. Car and general (k) Ltd
6. CMC Holdings Ltd
7. Hutching Biemer Ltd
8. Access Kenya group Ltd
9. Kenya Airways limited
10. Marshalls (EA) Ltd
11. Nation Media group
12. TPS Ltd
13. Scan Group Ltd
14. Uchumi supermarket
15. Standard group

FINANCE AND INVESTMENT

16. Barclays bank Ltd
17. C.F.C bank Ltd
18. Diamond Trust Bank Kenya Ltd
19. Housing and finance Co Ltd
20. I.C.D.C Investment Co Ltd
21. Jubilee Insurance co Ltd

22. Kenya commercial bank ltd
23. National Bank of Kenya Ltd
24. N.I.C Bank Ltd
25. Pan Africa Insurance Holdings Ltd
26. Standard Chartered Bank Ltd
27. Equity bank

INDUSTRIAL AND ALLIED

28. Athi River mining
29. B.O.C Kenya Ltd
30. Bamburi cement Ltd
31. British America Tobacco Kenya Ltd
32. Carbacid Investments Ltd
33. Crown Berger Ltd
34. Olympia Capital Holdings Ltd
35. E.A. Cables Ltd
36. E.A. Portland Cement Ltd
37. East African Breweries Ltd
38. Sameer Africa Ltd
39. Kenya oil Co Ltd
40. Mumias Sugar co Ltd
41. Kenya Power and Lighting
42. Total Kenya Ltd
43. Unga Group Ltd
44. Kengen Ltd

ALTERNATIVE INVESTMENT MARKET SEGMENT

45. Baumann and company Ltd
46. City Trust Ltd
47. Eaagads Ltd
48. Express Ltd

49. Williamson Tea Kenya Ltd

50. Kapchorua Tea Co. Ltd

51. Kenya Orchards Ltd

52. Limuru Tea Co Ltd

MBA RESEARCH REPORT

I am a graduate student at the University of Nairobi. I am conducting a survey on factors that influence the choice of multinational companies among a class of companies registered in the Nairobi stock exchange.

The study is for the purpose of a research project, a requirement of the masters of Business Administration degree programme.

Your firm has been selected to be included in the study. I kindly request you to assist me by filling the attached questionnaire. The information you will provide will make a great contribution to the study. I assure you that the information will be treated in strict confidence and being mentioned in the report will your firm be referred to by name.

In order for me to complete my project in time, I will pick up the questionnaire three days after I receive it. I hope in that period, you shall have found the time to complete the questionnaire. Your cooperation will be greatly appreciated.

Yours in advance

Very faithfully,

WENDY ESTHER WACHIMI

MBA STUDENT

MAT MUTENGI

PROJECT SUPERVISOR

APPENDIX 2: LETTER OF INTRODUCTION

SEPTEMBER 2007

Dear Respondent,

MBA RESEACH REPORT

I am a graduate student at the University of Nairobi. I am conducting a survey on factors that influence the choice of management consulting firms: A case of companies registered in the Nairobi stock exchange.

The study is for the purpose of a research project, a requirement of the masters of Business Administration degree programme.

Your firm has been selected to be included in the study. I kindly request you to assist me by filling the attached questionnaire. The information you will provide will make useful contribution to the study. I assure you that the information will be treated in strict confidence and at no instance in the report will your firm be referred to by name.

To enable me to complete my project in time, I will pick up the questionnaire three days after leaving it. I hope in that period, you shall have found the time to complete the questionnaire. Your cooperation will be greatly appreciated.

Thanks in advance

Yours faithfully,

KIGATHI ESTHER WAIRIMU

M.B.A. STUDENT

MR T. MUTUNGU

PROJECT SUPERVISOR

APPENDIX 3: QUESTIONNAIRE

SECTION A: COMPANY PROFILE

1. Name of organization.....
2. Year of establishment.....
3. Ownership of the firm (please tick applicable box)
 - a. Foreign owned ()
 - b. Locally owned ()
 - c. Partly locally and foreign owned ()
 - d. Partly government and locally owned ()
 - e. Government owned ()
4. How many employees do you have in the company.....
5. Who are the principle shareholders.....
.....
.....
.....
6. What is your main investment market segment (please tick applicable box)
 - a) Agricultural ()
 - b) Commercial and services ()
 - c) Financial and Investment ()
 - d) Industrial and Allied ()
 - e) Alternative Investment market segment ()
 - f) Fixed Income securities market segment ()

SECTION B: CRITERION USED IN THE SELECTION OF A MANAGEMENT CONSULTANT FIRM.

7. What is the status of management consultant firms used? (Tick appropriately)
 - a. Multinational ()
 - b. Locally owned ()
 - c. Both ()
8. For how long has your company been using management consultancy services?
(Tick the most appropriate)
 - a) 0-1 years ()
 - b) 1-5 years ()
 - c) 5-10 years ()
 - d) 11-20 years ()
 - e) Over 20 years ()

9. What has been your firms practice in the selection of management consultancy?

- a. Use more than one because of different needs ()
- b. Use the same consulting firm ()
- c. Others (specify).....
.....
.....
.....

10. Which consultancy services have you sought in your firm (Tick the appropriate box)

- a) Financial and Accounting management ()
- b) Human resources management ()
- c) Marketing research ()
- d) Information Technology ()
- e) Strategic Management ()
- f) Training and development ()
- g) Corporate policy and development ()
- i) Others (specify)
.....
.....

11. How would you describe your relationship with the consultants?

- a. Excellent ()
- b. Very good ()
- c. Good ()
- d. Hostile ()

12. Who influences the choice of consulting services in your company? (Tick all the applicable choices)

- a) Managing Director ()
- b) Board of directors ()
- c) General managers ()
- d) Middle level managers ()
- e) Other senior managers ()
- f) Others specify.....
.....
.....

13. In selecting management consulting services, which criteria or important factors do you consider? (Tick appropriately)

- a) Internal factors to your firm
- b) External factors from the consultancy firms
- c) Both
- d) Others specify.....
.....
.....
.....

14. What key challenges do you encounter in the selection of a management consultancy firm?.....
.....
.....
.....
.....

15. To What extent do management consultant firms influence your decision in the selection criteria?

- To a very big extent
- To some extent
- To no extent at all

ii) Which factor do you consider most significant in the selection criteria of a Management consultant firm? Explain.....
.....
.....
.....
.....

16. In your opinion are management consultant firms in Kenya able to identify the needs of their clients?

- a) Yes
- b) No

17. The following factors are considered in management consulting selection criteria.
Which one do you consider and to what extent? (Tick appropriately)

Factors	(5) Very great Extent	(4) Great Extent	(3) Moderate extent	(2) Little extent	(1) Not at all
a) Experience	()	()	()	()	()
b) Price	()	()	()	()	()
c) Reputation	()	()	()	()	()
d) Advertising	()	()	()	()	()
e) Referral sources	()	()	()	()	()
f) Personal selling	()	()	()	()	()
g) Expertise	()	()	()	()	()
Others specify					
.....					
.....					
.....					

18. The following internal factors are considered in management consultant criteria.
Which one do you consider and to what extent?(Tick appropriately)

Factors	(5) Very great Extent	(4) Great extent	(3) Moderate extent	(2) Little extent	(1) Not at all
a) Past experience	()	()	()	()	()
b) Perception and experience	()	()	()	()	()
c) Type of consultancy required	()	()	()	()	()
d) Perception and expectation	()	()	()	()	()
e) Clear assignment	()	()	()	()	()
f) Models of consulting	()	()	()	()	()
g) Reputation of the firm	()	()	()	()	()
h) Others (specify).....					
.....					
.....					
.....					
.....					

