

UNIVERSITY OF NAIROBI  
GEMER KABETE LIBRARY

**DECLARATION**  
**FACTORS INFLUENCING THE CHOICE OF MANAGEMENT  
CONSULTANCY FIRMS BY LARGE MANUFACTURING FIRMS IN  
NAIROBI**

The Management Research Project is my original work and has not been submitted for a degree in any other University

Signature *[Handwritten Signature]* Date *31/8/05*  
Geraldine S. Mbaluka

BY

**MBALUKA, GERALDINE SYOKAU**

This Management Project has been submitted for examination with my approval as the University Supervisor

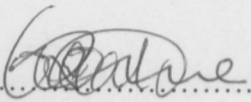
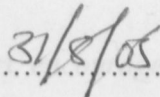


Signature *[Handwritten Signature]* Date *30/9/2005*  
Dr. Raymond Muryuki

**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS OF THE MASTER OF BUSINESS  
ADMINISTRATION (MBA) DEGREE, FACULTY OF COMMERCE,  
UNIVERSITY OF NAIROBI**

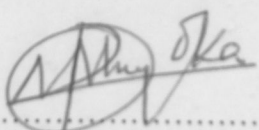
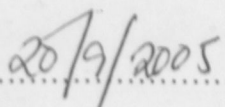
## DECLARATION

This Management Research Project is my original work and has not been submitted for a degree in any other University

Signed.......... Date..........  
Geraldine S. Mbaluka

*To my mother for being a great source of encouragement and inspiration in my life and always believing in me*

This Management Project has been submitted for examination with my approval as the University Supervisor

Signed.......... Date..........  
Dr. Raymond Musyoka  
Coordinator Doctoral studies  
Department of Business Administration  
Faculty of Commerce  
University of Nairobi

## ACKNOWLEDGEMENT

To the Almighty God, His Grace has seen me through this journey.

I thank sincerely my supervisor, Dr. Raymond Musyoka, for his tireless effort and commitment. His ideas were valuable and enhanced the outcome of this study.

Appreciation and profound thanks goes to my family for their encouragement, inspiration and love of education.

I Thank the University of Nairobi for giving me the opportunity to pursue my postgraduate studies by awarding me a MBA scholarship. I would like to recognize all  
*To my husband and kids, graciously I recognize their support, encouragement and understanding.*

*To mum and dad, thank you for being a great source of encouragement and inspiration in my life and always believing in me*  
My appreciation to my family who have always taken care of us for the two years we were at this faculty. Specifically I thank William, Elith, Lillian, Ester and the rest now that I cannot name them all.

Thanks to all the respondents of the firms, who cooperated and participated in my study. You helped in getting the required data for the projects success.

Sincere gratitude to Pascal and Elice, thanks for your patience, love, support and understanding throughout my study period. I am grateful to my parents and relatives for their continued support, concern and encouragement.

To all my MBA classmates for the short moments we spent together and shared. God bless them. Thank you all.

## ACKNOWLEDGEMENT

To the Almighty God, His Grace has seen me through this journey.

I thank sincerely my supervisor, Dr. Raymond Musyoka, for his tireless effort and commitment. His ideas were valuable and enhanced the outcome of this study.

Appreciation and profound thanks goes to my family for their encouragement, inspiration and love of education.

I Thank the University of Nairobi for giving me the opportunity to pursue my postgraduate studies by awarding me a MBA scholarship. I would like to recognize all the lecturers at the faculty of commerce who academically took care of us for the two years we were at this faculty.

My appreciation to my classmates with whom we sailed through the storms and calm sea of MBA together, giving each other a shoulder to lean on when life became quite difficult. Specifically I thank William, Edith, Lillian, Ester and the rest now that I cannot name them all.

Thanks to all the respondents of the firms, who cooperated and participated in my study. You helped in getting the required data for the projects success.

Sincere gratitude to Pascal and kids, thanks for your patience, love, support and understanding throughout my study period. I am grateful to my parents and relatives for their continued support, concern and encouragement

To all my MBA classmates for the sheer moments we spent together and shared, God bless thee. Thank you all.

## TABLE OF CONTENTS

Declaration.....	i
Dedication.....	ii
Acknowledgement.....	iii
Table of contents.....	iv
List of tables.....	vi
List of figures.....	vii
Abstract.....	viii
<b>CHAPTER ONE: INTRODUCTION .....1</b>	
1.1 Background.....	1
1.1.1 Management Consultancy Sector In Kenya.....	4
1.1.2 An Overview of The Manufacturing Sector in Kenya.....	6
1.2 Statement Of The Problem.....	8
1.3 Objectives Of Study.....	10
1.4 Importance Of The Study.....	10
<b>CHAPTER TWO: LITERATURE REVIEW .....12</b>	
2.1 Theoretical literature review.....	12
2.1.1 Service Marketing.....	12
2.1.2 Services Characteristics.....	13
2.1.3 Distinct Problems To Professional Services Marketing.....	13
2.2 Understanding Management Consultancy Consumers/Clients.....	16
2.3 Management Consultancy.....	17
2.3.1 The use of Consultants.....	18
2.3.2 The role of Both Consultant And Client.....	19
2.3.3 Clients- Consultants relationships.....	21
2.3.4 Success Factors of the Consultant Engagement Process.....	21
2.3.5 Marketing Of Management Consultancy.....	23
2.3.6 Advertising and image in management consultancy profession.....	24
2.3.7 Marketing Tools Effectiveness.....	25
2.3.8 Client Satisfaction.....	25

2.4. Criteria to selection of Management consultancies.....	26
<b>CHAPTER THREE: METHODOLOGY.....</b>	<b>32</b>
3.1 Research design.....	32
3.2. Population.....	32
3.3 Sample and Sample design.....	32
3.4 Data collection procedures and instruments.....	32
3.5 Operationalizing the factors to selection of management consultancy.....	32
3.6 Data analysis.....	34
<b>CHAPTER FOUR: DATA ANALYSIS AND FINDINGS.....</b>	<b>35</b>
4.1 Introduction.....	35
4.2 Company profiles.....	36
4.3 Factors to criteria of management consultancy selection.....	38
4.4 Challenges facing manufacturing firms in their selection of management consultancy firms.....	47
<b>CHAPTER FIVE: CONCLUSION.....</b>	<b>49</b>
5.1 Introduction.....	49
5.2 Summary, Discussions and Recommendations.....	49
5.2.1 Criteria to selection of management consultancy firms.....	49
5.2.2 Challenges to selection criteria.....	53
5.3 Conclusions.....	54
5.4 Limitations of the Study.....	55
5.5 Recommendation for further research.....	55
5.5 Recommendations for policy and practice.....	56
<b>REFERENCES.....</b>	<b>57</b>
<b>APPENDIX 1: LIST OF LARGE MANUFACTURING FIRMS IN NAIROBI USING MANAGEMENT CONSULTING SERVICES.....</b>	<b>62</b>
<b>APPENDIX 2: LETTER OF INTRODUCTION.....</b>	<b>65</b>
<b>APPENDIX 3: QUESTIONNAIRE.....</b>	<b>66</b>

Their frequencies

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

48

**LIST OF TABLES**

	Page
Table 3.1 Operationalizing the factors to selection of Management consultancy	33
Table 4.1 Number of years of existence in the sector	36
Table 4.2 The firms ownership status	37
Table 4.3 Number of employees	37
Table 4.4 Ownership versus number of employees (Cross tabulation)	38
Table 4.5 Duration of consultancy use	38
Table 4.6 Status of management consultancy firms used	39
Table 4.7 Ownership versus status of management consultancy firms used	39
Table 4.8 Years of existence for manufacturing versus status of consultancy firms used	40
Table 4.9a Frequency of services commonly sought by manufacturing firms	40
Table 4.9b Descriptive statistics of services commonly used by manufacturing Firms	41
Table 4.10 Firms practice in selection of consultancy services	41
Table 4.11a Frequency of who initiates the process of using consulting	42
Table 4.11b Descriptive statistics of who initiates the process of using consulting	42
Table 4.12 Criteria used in selecting management consulting services	43
Table 4.13 Ownership versus firms practice in selection of consultancy services	43
Table 4.14a External factors considered in selecting management consultancy Firms and the frequency of the extent	44
Table 4.14b External factors to selection criteria (descriptive statistics)	45
Table 4.15a Frequency of internal factors to client selection criteria of Management consultancies	45
Table 4.15b Descriptive statistics of internal factors to client selection criteria of Management consultancy	45
Table 4.16a Challenges to selection criteria to management consulting firms and	

Their frequencies	47
Table 4.16b Challenges to selection criteria to management consulting firms (descriptive statistics)	48
Figure 1 Factors affecting client consultant selection criteria	27



## LIST OF FIGURE

Clients engage consultants for many reasons, not always successfully. Management consultants have been used by firms to deal with 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 correspondingly large wealth of empirical data on the practice of management consulting and more so to their selection criteria.

Page

Figure 1 Factors affecting client consultant selection criteria

27

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 is significant to advertising and personal selling was evidenced from the study. This could be attributed to image and reputation disparity to professional services.

The internal factors to selection criteria considered to great extent included the firms' expectations and perceptions, past experience and clients engagement and control. A consulting engagement is considered successful if the client is satisfied that the consultant met his expectations and the consultant is satisfied that his/her reputation has been enhanced, with expectations of future revenue streams. Further consultant competencies

## 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 correspondingly large wealth of empirical data on the practice of management consulting and more so to 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 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 to selection criteria considered to great extend included the firms' expectations and perceptions, past experience and clients engagement 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 targeting market successfully. The challenges to the selection criteria are discussed as consultancy services are almost universally offered. The selection for specific firms to conform to a 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.

Over the last one and half decade, the world economic recovery has been low and erratic (Economic Survey, 2004). In Africa in particular, the growth in real GDP is estimated to have slowed down from 4.0 percent to 3.1 percent by 2002 according to the economic survey (2003). Such negative economic trends have affected seriously the manufacturing sector as well as the service industry. In overview, Kenya's economy has remained in recession over the last five years (Economic Survey, 2004). Several factors have been outlined as contributing to that performance including low external inflows, to foreign capital formation, poor infrastructure, low domestic credit,

## CHAPTER ONE: INTRODUCTION

### 1.1 Background

Historically, the study of marketing emphasized the purchase and sale of physical goods in the private sector economy. Today, despite the challenges in packaged goods, the situation of marketing expertise is highly valued by managers of services firms as their whole output accounts approximately half the gross national product (Ikiara, 2000). Unlike manufacturing firms in general, professional firms have rarely used marketing in particular and Kotler (1984) has been argued this as due to a number of reasons.

Management techniques have been considered expensive as well as irrelevant by small firms' hence extensive use being left to large firms only. Secondly, their regulating bodies have governed management consultancy and therefore, the professional Association Standards relating to advertising and promotion have been prohibitive. An example is IAS – International Accounting standards while lastly, previously professional services received full demand and less competition due to government regulations. However, the trend has shifted with the former challenges favoring growth in service trade as Lovelock and Weinberg (1985) outlines. They argue that, there has been decline in government regulations and reduced standards with net effect of easier entry of specific firms, more freedom to compete on prices and removal of many geographic restrictions on service delivery hence the element of competition. Based on such trend, the macro environment in which businesses operate has had tremendous dynamism.

Over the last one and half decade, the world economic recovery has been low and erratic (Economic Survey, 2004). In Africa in particular, the growth in real GDP is estimated to have slowed down from 4.0 percent to 3.1 percent by 2002 according to the economic survey (2003). Such negative economic trends have affected seriously on the manufacturing sector as well as the service industry. In overview, Kenya's economy has remained in recession over the last five years (Economy Survey, 2003). Several factors have been outlined as contributing to that performance including low external inflows to finance capital formation, poor infrastructure, low domestic credit, low output and prices of major agricultural exports and uncertainties associated with

the general election. 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 profound effects to third world countries Kenya included. To add on, the economic survey (2002) 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 endeavor to market services in view of clients. With progressive liberalization, the preferences once enjoyed by management consultancy firms in Kenya are eroded and continue to erode as more competitors come in.

African countries, Kenya included are said to be incurring enormous financial costs 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 chains displace or absorb a vast array of service business in management consultancy.

In Kenya, several studies have been done on management consultancy as a knowledge transfer. For instance, Odette (1982) notes that there has been increased competition due to globalization and reduced regulations and professional standards. For example, he notes that, in the USA and Britain, the regulations as marketing professionals services as unethical and unprofessional have been relaxed and being major influencers and overseers of world professional bodies, the same could be said as to bring lobbying for changes in rest of world. Such trends would then mean such bodies in developing world, as Institute of Chartered Public Accountants of Kenya (ICPAK) would be forced to change the restrictions hence relaxing marketing of professional services.

Increased franchising and global technology transfer is affecting standardization to enhance service delivery (Lovelock and Weinberg, 1985). To enhance the argument, Opondo (1988) in his survey of management consultancy as a way of technology transfer in Kenya concluded that, tacit promotional activities by ICPAK members

were common unlike its prohibition for the members advertisements and direct communication as tools for marketing to non-clients to solicit for work.

Despite the several studies in management consultancy in Kenya addressing marketing aspects little effort has been shown on the clients view. That is, greater emphasis has been put on the marketing aspect from the firm's view. Hence, conclusion can be made that; most consulting firms rely on their own competence to get business disregarding the clients' 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).

Opondo (1988) in his survey of marketing of consultancy services in Kenya found several challenges to management consultancy. Such included price inhibitions and client appreciation of service value received. In addition, he noted, despite multinational attachments of some local firms, they still faced stiff competition from small management consultancy firms. Lastly, he found that political pressures in tendering and under capitalization that is, lack of capital base and resources for competitive strength as key challenges.

Contrasting research reports on sector attractiveness to segmentation has also left confusion as to proposal soliciting hence the gap in terms of clients range to acceptance and implementation of consultant's suggestions. Opondo (1988), noted that management consultancy services are highly needed in poorly managed sector or industry because of its greater need for reconstruction. On the other hand, Kretzman and Samaras (1980) and Lyal (1982) preferred the use of management consultancy to large firms due to the resources availability and the need to remain competitive in the market. In such contrasts, Opondo noted in a broad examination of consultancy services marketing, the need of examining client consultancy relationships in particular their considerations for success in management consultancy.

### 1.1.1 Management Consultancy Sector In Kenya

Many firms consider themselves to be management consultants and call themselves so, but in some cases, they are not. For example, many of the so-called management consultants in Kenya are training firms (Ikiara, 2000). For the purposes of this study, a management-consulting firm is defined as follows:

A firm whose principal activity is the independent practice of management consultancy and which arrives at its recommendations by factual investigation (Institute of Management Consultants U.K.1984: 20).

Also according to Greiner and Metzger in Kubr (1996:65),

“Management consulting is an advisory service contracted for and provided to organizations by specially trained and qualified persons, who assist, in an objective and an independent manner, the client organization to identify management problems, analyze such problems, recommend solutions to these problems, and help, when requested, in the implementation of solutions.”

According to Ikiara (2000), management consulting market originated from USA and then its influence has been spreading to other countries. Second, the largest and most visible consulting firms are multinationals, which occupy top positions in almost every consulting market world. Thirdly; they are supposedly those diffusing “best practices” and act as “trend setters” in the management fashion industry. Nevertheless, some broad trends can be identified. The entire Kenyan consultancy markets are indeed dominated by consultancies of foreign origin but unfortunately; it is difficult to estimate precisely the importance of small consulting firms Ikiara (2000). This is because, there is no exact data, as not all belong to professional associations nor appear in official statistical documents. However, Ikiara notes that, the limited available data suggest that the number of small consultancies in Kenya has been growing over the last 15 years, from 22 percent of the total market in 1986 to 70 percent in 1999. Thus in terms of its structure, the Kenyan consultancy market appears to be polarized between a few large service providers at the top and numerous small, often individual consultancies.

Management consulting in Kenya has experienced a rather slow growth in comparison with some other professional services such as accounting, architecture

and engineering. Foreign firms such as PriceWaterHouseCoopers, Deloitte and Touché, 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 these multinational firms.

Kenya'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., 1994). On the same issue, he adds that 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 compound the situation.

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

There are a number of reasons for increased use of consultants by the manufacturing sector in all areas of the market place. The most significant are, first the move in 1980s and 1990s towards a leaner and flatter management structures (McLarty and Robinson, 1998).. This has meant that internal staff have less time to look at future strategy and that it may be unwise for them to be distracted from current responsibilities. Also the company could have serious business problems and may use outside consultant to investigate the causes and recommend the necessary remedial action. For example, research in the fall of sales, personnel training, launch of new products or new markets, consumer satisfaction among others. Further the need for an objective review of what is happening within a company. The internal staff may not understand or recognize the problems and even if they do, may not be sufficiently objective about the issue.



Selecting personnel, especially senior people, is quite often a role for consultants, who may well, be regarded as more independent and objective, in their approach. That is, they are considered to have the expertise and time to make a thorough assessment of potential candidates as company CEO's and managers. Finally, the temporary use of consultants for short-or long-term contracts, may well be very cost effective (Kubr, 1996). This is especially the case when the project is not going to be permanent feature of the companies' operations. It is too expensive to hire high calibre people full time, when salary and fringe benefits are considered.

Management consultancy in Kenya has had the capability of changing the culture in the client firms and has the potential to enhance the added value in terms of turnover and profitability (Ikiara, 2000). Consultants have enabled manufacturing firms understanding of the market opportunities, particularly as they manage assignments of product launches to new market places, re- branding of products for global competition and business restructuring and processes. Further, with computerization company systems and processes have been revolutionalized hence the contribution of management consultants as technology transfer mechanisms.

which gives opportunity  
for management consultancy.

Despite the low growth in management consultancy in Kenya, there are five generic consulting purposes including achieving organizational purposes and objectives as well as solving management and business problems. Secondly, identification and seizing new opportunities, enhancing learning and implementing changes are also sought (Kubr, 1996).

### 1.1.2 An Overview of The Manufacturing Sector in Kenya

The manufacturing sector referred to here includes a wide range from food, leather, wood, printing, industrial chemicals, and electrical, plastic products, transport equipment among others. In general, over the years the sector's output has risen marginally by one percent, a growth rate far below target of 7.8 percent by 2004 as reported in the current National Development plan. The slow growth could be attributed to a number of factors, prime among them being, the general slow down in the economy leading to depressed effective demand for manufactured products, high

product prices as a result of high input costs, decline in investment portfolio and infrastructure bottlenecks.

With the liberalization of the Kenyan economy in 1990's, flooding of the Kenyan market with sub-standard imported goods and export market restrictions have impacted highly on the sectors output, by saturating the already diminishing market. On the other hand, exports markets to Europe and America become unreliable as member states impose quotas and total ban for some Kenyan export goods.

The combined effects of these developments were low investments, under utilization of already existing capacity, de-investment from sector and above all, loss of source of income for many workers as factories wound – up and loss of market for agricultural goods that were going to manufacturing sector.

There is therefore, urgent need to enhance the sector's output in order to generate more jobs and create market for locally produced inputs. For the sector to achieve meaningful growth there is need to address the challenges, which gives opportunity for management consultancy.

While a significant body of literature exists that argues for marketing of consultancy services (Odette, 1987; Kasokande, 1984; Opendo, 1988; and Udara, 2000), little has been done on client choice criteria to consulting services. For example, Odette (1987) argued that the sector was faced with stiff competition and marketing of the services was essential for competitiveness. In addition, Kasokande (1984) concluded that management consultancy carried out limited, if any, sales promotion hence the need for marketing of their services. To complement the earlier studies, Opendo (1988) found that although consultant firms were marketing their services, they faced several challenges. Among them was price reduction, failure of client appreciation of service value received as well as stiff competition despite some local firm's attachment to nationals. While it is important that newly formed management consulting be established, and positive about prospects it must also remain realistic. Many entrepreneurs

## 1.2 Statement of The Problem

Today it is fashionable to talk about the new economy. This is because businesses are said to be operating in a globalized economy; that things are moving at a nano-second pace and our markets are characterized by hyper-competition. To add on, disruptive technologies are challenging every business; and that business must adapt to the empowered consumer.

Businesses do have problems as they develop. These problems need resolution and quite often utilizing the expertise of a consultant has been thought as cost effective. Manufacturing sector has not been left behind by the global trends that have left businesses in entire need of expertise beyond their resource base. The need for efficiency and cost effectiveness, increased productivity due to stiff competition has led to companies computerization, and outsourcing for expertise in senior staff selection. Also, training for human resource development and continuous research in the market requirements and satisfactions. Further the product life cycles have shortened with the empowered consumer in constant search for new and innovative products, high expectations on satisfaction value and hence the need for manufacturing companies to keep with the trends. In case of such trends, opportunities lie for management consultancy to provide solutions to companies faced with problems beyond their resource base.

While a significant body of literature exists that argues for marketing of consultancy services (Odette, 1982; Kasekende, 1984; Opondo, 1988; and Ikiara, 2000), little has been done on client choice criteria to consulting services. For example, Odette (1982) argued that the sector was faced with stiff competition and marketing of the services was essential for competitiveness. In addition, Kasekende (1984) concluded that, management consultancy carried out limited, if any, sales promotion hence the need for marketing of their services. To compliment the earlier studies, Opondo (1988) found that although consultant firms were marketing their services, they faced several challenges. Among them was price inhibition, failure of client appreciation of service value received as well as stiff competition despite some local firm's attachment to multinationals. While it is important that newly formed management consultancies be ambitious and positive about prospects it must also remain realistic. Major companies

tend to use the bigger, more established consultancies. However, it may be that the larger consultancies are short of staff or over committed and may sub-contract some of the work. To the client the sub contraction still represents the parent firm and hence in low performance to their expectations is not understandable.

Whereas traditionally professions avoided even using the word marketing, they are now seeking better way to understand and segment their customers, to strengthen their positions amidst a growing number of competitors. It is therefore necessary to investigate the client consultancy relationship and hence the factors influencing the choice of consulting firms.

#### Management Consulting Firms

The finding on influences to client choice of consultancy firms will do a good job in marketing planning. That is, it will contribute to more understanding of clients' preferences and hence strategic coordination of marketing programs could be enhanced (targeting the market successfully). In addition, management consultancy firms may be able to consider service offering competences in mind of clients' success factor considerations like fitness, consulting integrity, client readiness and involvement, client agreement and control as well as consultant competence among others.

#### Manufacturing firms

The information would help the manufacturing sector in the understanding of a management consultancy selection for engagement success. This is, in putting it clear about why consulting help is being considered and what the consultants are expected to do rather than simply proceeding with a vague notion about obtaining outside help might be beneficial. In particular, it is very important to decide which type of consultant is needed, at the very least the models of consultancy appropriate for their requirements and expectations.

### 1.3 Objectives of The Study

- i. To establish the factors that influences the selection of management consulting by manufacturing firms.
- ii. To determine the challenges that faces the firms in selection of management consultancy firms.

### 1.4 Importance of The Study

There is no doubt that management consulting has been developing into a specific sector for professional activity and should be treated as such. The use of the practices has enormous benefits as methods of improving organizations and executives in aid to management and practices. Hence, the study of clients' consultancy selection would enrich different fields as:

#### **Management Consulting Firms.**

The finding on influences to client choice of consultancy firms will do a good job in marketing planning. That is, it will contribute to more understanding of clients' preferences and hence strategic coordination of marketing programs could be enhanced (targeting the market successfully). In addition, management consultancy firms may be able to consider service offering competences in mind of clients' success factor considerations like fitness, consulting integrity, client readiness and involvement, client agreement and control as well as consultant competence among others.

#### **Manufacturing firms**

The information would help the manufacturing sector in the understanding of a management consultancy selection for engagement success. That is, in making it clear about why consulting help is being considered and what the consultants are expected to do; rather than simply proceeding with a vague notion about obtaining outside help might be beneficial. In particular, it is very important to decide which type of consultant is needed, at the very least the models of consultancy appropriate for their requirements and expectations.

The findings of the study may have a potential to offer service organizations ability to produce marketing programs that are capable of addressing the inherent problems of marketing their intangible products. That is, enable tangibilising of service in order increase consumer trust and address the difficult of service organizations of creating a concrete and consistent perception of a service offering in the customers mind.

2.1.1 Historical literature review

**Regulatory Bodies**

Useful information may be provided for revision of codes of conducts in the management consultancy profession and associated rules of marketing. This is in light of consideration of world trends in regulatory bodies and hence the need for further understanding of their influence to our local bodies in future e.g. ICPAK in Kenya.

**Scholars and Other Researchers**

The research findings may stimulate further research in the area of study. Also the findings may guide in the teaching of services in business institutions.

The American Marketing Association (AMA, 1937) first defined services as activities, benefits, and satisfaction, which are offered for sale or are provided in connection with the sale of goods. This definition lacks recognition that some services are sold without accompanying goods. To bridge the gap then, Rathod (1996) introduced the goods-service continuum concept with the idea that most offers have an element of service and physical product. Hence, very few offers are pure services or pure goods without accompaniments; and any offer will therefore fall somewhere along the goods-service continuum. For example, although some businesses are inclusive of sale of physical goods as restaurant food they are services.

To take the above views in consideration Kotler and Bowen (1974/1977) gave definition of services as

## CHAPTER TWO: LITERATURE REVIEW

In this section both the theoretical and empirical literature are discussed with a view of enhancing the relationship of management consultancy engagement in light of clients' considerations. The conceptual framework gives the theoretical literature in relation to variables affecting client choice criteria to management consultancy.

### 2.1 Theoretical literature review

#### 2.1.1 Service Marketing

In the early 1970's the marketing of services started to emerge as a separate area of marketing with concepts and models of its own geared to typical characteristics of services. (Grove et al, 2003). Such concepts as greater extend to the marketing mix paradigm, perceived service quality and interactive marketing concepts to cover the impact of customers during the consumption of usage process drew much concern for research (Gronroos, 1994). He argues further that, situation of long-lasting relationships between service providers and their customers are inherent. Stanton (1981) has argued that there is still no general agreement regarding what service marketing is. Some people argue that there is no such thing as service marketing but only marketing in which service element is greater than the product element and this arises from the various descriptions of the concept of service made.

Although less explicitly recognized in literature, the characteristics of services, The American Marketing Association (AMA, 1960) first defined services as activities, benefits, and satisfaction, which are offered for sale or are provided in connection with the sale of goods. This definition lacks recognition that some services are sold without accompanying goods. To bridge the gap then, Rathnel (1966) introduced the goods service continuum concept with the idea that most offers have an element of service and physical product. Hence, very few offers are pure services or pure goods without accompaniments; and any offer will therefore fall some where along the goods service continuum. For example, although some businesses are inclusive of sale of physical goods as restaurant food they are services.

To take the above views in consideration Kotler and Bloom (1984:147) gave definition of services as:

Any activity or benefit that one party can offer to another, that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.

To distinguish further services Kotler (2003) classifies them on whether people based as skilled labors, professionals' plumbers or equipment based like cinemas, airlines and vending machines among others.

### **2.1.2 Services Characteristics**

Much of the literature to date has been concerned either with the extend to which services marketing requires a separate approach from the marketing of physical goods or with identifying specific marketing strategies to deal with the problems posed by the unique characteristics of services (Bitner and Zeithaml, 2003). To add on, Berry (1980) notes that, there are four, common service characteristics that a marketer of service has to take into account while developing a marketing program. That is, services are typically distinguished from goods on the grounds of intangibility, inseparability, heterogeneity and perishability, which although goods and services are not polar extremes, tend to dominate services and create problems for services marketing.

Although less explicitly recognized in literature, the characteristics of services, including those of management consultancy, will have an important impact on buyer behavior and thus the understanding of the purchase decision-making process must recognize the effects by these characteristics (Opondo, 1988).

### **2.1.3 Distinct Problems To Professional Services Marketing**

Despite the unique features of services, professional services have been found to posses' distinct problems in their marketing strategies (Kotler and Bloom; 1984). These could be generalized to management consultancy as a professional services provider and included are:

Marketing of professional service has to consider third party accountability including investors, Government bodies and their professional governing bodies/association in accounting firm when serving clients. Therefore, satisfaction of clients needs in



isolation is not possible as negligence suits in case of rights of third party clients are violated are possible (Opondo, 1988).

In buying consultancy services, clients face a lot of uncertainty, as they cannot evaluate the expected performance or the actual performance. In deed, clients concern for real problem facing them and solution is uncertain which ends in engaging consultants on a one-time basis and repeat usage of services is not high (Economist survey, 1988). Also Adamson (2000) noted that, today operations in enterprises tend to reach a bottleneck before owner managers think of engaging on external expertise to help. He adds, by then the situation is often difficult to salvage, and the management consultants tend to get blamed for the outcomes. Many of the clients are therefore, inexperienced in the selection and evaluation of those services and hence client education becomes an important component to marketing professional services (Grove et al, 2002).

Prior experience in this industry is a factor users often take into account when employing consultants. This is a problem first by the fact that, few firms have experience in all industries and this becomes formidable obstacle (Opondo, 1988). Secondly, for new firms, getting any client becomes difficult, as a firm cannot promote its newness in the consulting business the way goods can promote a new brand in the market (Kotler, 2003). Hence newness in consultancy is in fact a disadvantage as it implies in experience where as a new product could generate excitement and a desire for trial to consumers. Prospective clients would like in this case information on prior dealing before the employment of that particular firm (Adamson, 2000).

Despite the need for marketing of professional services, very few consultancy businesses have marketing sections or departments (Opondo; 1988). Usually, Kotler (2003) adds that, the managing director, all or some of the professionals take the responsibility of getting clients. This arises a problem of turning doers to sellers and considering themselves as salespersons is unlike their own satisfaction requirements (Kubr, 1996). This then creates the struggle to convince them to carry out salesperson like activities a difficult task. In consulting business, it is important that all professionals are able to liaise duties and unsuitable for that makes sealing the job

a challenge. To solve it, some firms engage different people to selling and actual work doing according to competences (Kotler and Bloom, 1984). This approach was found to promote suspicion in prospective clients for fear that, salesperson meeting and actual consultant doing the job differing in persons is uncertain (Kretzman and Samaras; 1980). . In other words, the former may be a most impressive man who seems to size up your problems quickly and shows all the signs of being able to tackle the job with vigor and skill. Then on the appointed day, a far less impressive specimen may appear to take on the assignment (Kubr, 1996).

Kotler and Bloom (1984) on distinct problems to marketing professional services adds that, the growth of professional firms often stagnate because of the unwillingness of the firm to allocate time for marketing. In this case, management consultancy work is characterized by pressing deadlines to be met in almost all assignments. This leaves little time for marketing activities during the assignments. However, such situation can lead to idle capacity when large assignments are completed and others are waiting (Kubr, 1996).

The fact that times spend on marketing of services is not chargeable to clients complicates the situation and obsession with chargeable duties lead to slow increase in billings (Bitner and Zeithaml, 2003). On the same note, management consultants especially affiliate to accounting professions do not advertise openly to solicit for new clients (Odette, 1982). This is due to professional association standards that rule like International Standards of Accounting (ISA) which stream down to local governing bodies as Institute of Certified Public Accountants of Kenya (ICPAK). However, the economist survey (1988) noted that, it was mainly the established firms, which consider some marketing activities unethical and unprofessional. In bid to establish themselves, Odette found newer firms in the business have dismissed such views as self-protectionists.

Marketing is still new to professional services and therefore limited knowledge base about the same can be assessed (Opondo, 1988). Other challenges could include the lack of positive predisposition towards professional services as clients seek service due to in avoidance of certain problems beyond their resource base. Also the professional services can be personalized to service provider and incase of resigning

of individuals in organizations, it also means lost business (Ikiara, 2000). To add on, even after delivery of service, customer satisfaction on quality delivery varies and due to definitional differences between client and service offer, it is difficult to explore all aspects of a service (Grove et al 2002). These problems make it difficult for management consultants to use marketing methods that have worked with other services or goods.

## 2.2 Understanding Management Consultancy Consumers/Clients

Understanding the nature of consumer buying behavior has been a key component of research in marketing for some considerable time (Ennew, 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 customers and prospects (Kotler, 2003). In this context then, management consultancy firms need the understanding of their clients' needs as well as their motivations to selection criteria of consultancy firms. The understanding of consumer buying behavior in the context of services is still poorly developed. Murray (1991) and Ennew et, al (1998) 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 an understanding of consumer buying behavior for services, particularly search behavior in the purchase decision process.

In management consultancy, Bitner and Zeithaml, (2003) suggest that the service delivery gap in quality ranges from client expectations of service offer to company's perceptions of clients expectations. Further, even if a firm does have a clear understanding of its client's expectations, 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 firms' promises to actual delivery may vary and hence better understanding of clients' expectations may guide in closing the service gaps encountered (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 providers need to understand how consumers' recognizing such differences is critical

for the client focus on which effective service marketing is based (McLachlin, 1999). As indicated by Robinson and McLarty (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 strengths 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, Robison and McLarty (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, consultant competence, and a good fit along a number of dimensions... Including models of consultancy, client expectations, consultant capabilities, and consultant type are important (McLachlin, 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 (McLachlin, 1998).

### 2.3 Management Consultancy

Management consultancy has been noted by several scholars as here to stay and as well has had tremendous growth (Steed and Appelbaum, 2005; Grove et al, 2002, Ikiara, 2000; Kubr, 1996,) among others. For example in a US Department of commerce survey conducted in 1998, cited in Industry's Canada's report, it reported that 70 percent of all businesses and government organizations in Canada have used the services of a management consultant at least once in the last five years. Here in Kenya, Ikiara (2000) argues that trade in services are a major contributory to the country's economy in terms of GDP, employment, balance of payments and

professional services are key to Kenyan exports. Infact despite Kenya's slow growth in management consultancy industry, it is a key recruiter of business school graduates and has become a desirable employer, with currently almost 30 percent of graduates in each MBA class attempting to enter the consulting industry (Ikiara al, 1996).

The study of management consulting can be linked to earlier work on organizational design consulting. A management definition for consideration can be derived from Canback (1998) and Steed and Appelbaum (2005), as those who provide management advice within strategic, organizational, or operational context, and who are institutionally organized in the firm. That is not sufficient, however to capture key points about management consultancy. A more comprehensive definition is:

Management consulting is an advisory service for and provide to organizations by especially trained and qualified persons who assist, in an objective and independent manner, the client organization to identify management problems, analyze such problems, and help, when requested, in the implementation of solutions (Greiner and Metzger, 1998:65).

Hence the emphasis of management consultants as truly external to the organization enhances the "objectivity and independence," implying a financial, administrative, political and emotional independence from the client.

### 2.3.1 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 companies in 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 impartiality/objectively (Gatticker and Harwood, 1985) in Steed and Appelbaum, 2005).

Bower (1982) suggests six reasons why hiring external management consultant makes 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 (Grove 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 consultants, Kelly (1979) suggests that external consultants 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 Kelly'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.

### 2.3.2 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 independent 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 commitment around a corrective action. Turner argued that until 1970's, consultants tended to work more as suppliers to the client. As management consultants 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, question 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 problem 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 organizations 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 clients may well have different needs, expectations, 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.

### 2.3.3 Clients- Consultants 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 consultants will transfer their competences to company personnel. Their decisions on which consultant to hire are based on prior performance, and the consultants 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 with 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 (Grove et al, 2002). Beyond price, implementation of the consultant's recommendation and the consultants lacking sufficient knowledge of the hiring company may voice concerns of the executives (Steed and Appelbaum, 2005).

### 2.3.4 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 McLarty, 1988).

The work undertaken can cover almost any area of operations, from market analysis to manufacturing processes, from marketing strategy to organizing the launch of a new product into a new market place (Grove 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 consultants 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 consultant's professional honesty about his/her ability to complete the task as crucial and should be brought to client's attention if not easy about a 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 McLarty, 1998). Perhaps mistakenly, Kubr (1996) argues that many consultants have relied on their technical and expertise but in an increasingly competitive market this is insufficient. To gain consultancy work, Kearsly (1994) in Robinson and McLarty (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 prospects, 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 Grove 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 consultant 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 intangibilities 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; Grove 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 (Grove 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.

### 2.3.5 Marketing Of Management Consultancy

The most commonly used marketing tools, attitudes to advertising, the role of image, use of marketing plans or marketing strategies, and client relations can give an insight to the issue (Opondo, 1988; Odette, 1982). Since the ease of advertising restrictions in 1984 in UK, USA and Australia, such trends have also impacted on professional firms in less developing countries (Mangos et al., 1997). As a consequence, the use

of advertising by management consultancy firms is implemented currently in various forms and is generally of a reserved nature because of past restrictions. With observed growth in the recognition of the benefits of advertising accompanied by greater frequency and variation in its use, the trend is expected to continue.

### 2.3.7 Marketing Tools Effectiveness

Opondo (1988) noted that management consultancy firms believed that advertising is activity that should not be entered into by the profession. However, from the client viewpoint, advertising may be seen as an important activity, which may keep the informed (Burton, 1991). Also while clients may have healthier attitude to advertising than the profession, the divergence of view may be categorized to attitudinal gap between management consultants and the clients they serve regarding the issue of advertising. Furthermore, established firms and recognized as having the following characterized of establishment: known reputations, loyal clients, and larger advertising budgets, may exhibit aggressive and intense competition for clients relative to smaller and less established firms. Consequently there is greater need for newer and or small firms to know clients consideration in order to target market successfully.

### 2.3.6 Advertising and image in management consultancy profession

The traditional mind-set of professionals 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 clients' 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 (Grove et al, 2002). Therefore contemporary professional image is considered as only one part of an overall marketing strategy and should not be 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 word 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).

### 2.3.7 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

### 2.3.8 Client Satisfaction

The market competition between management consultants is seen as intensifying, as is the competition from other professional performing similar services. The role of marketing by consultants consequently has increased and attention 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 a 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 dissatisfactions occur.

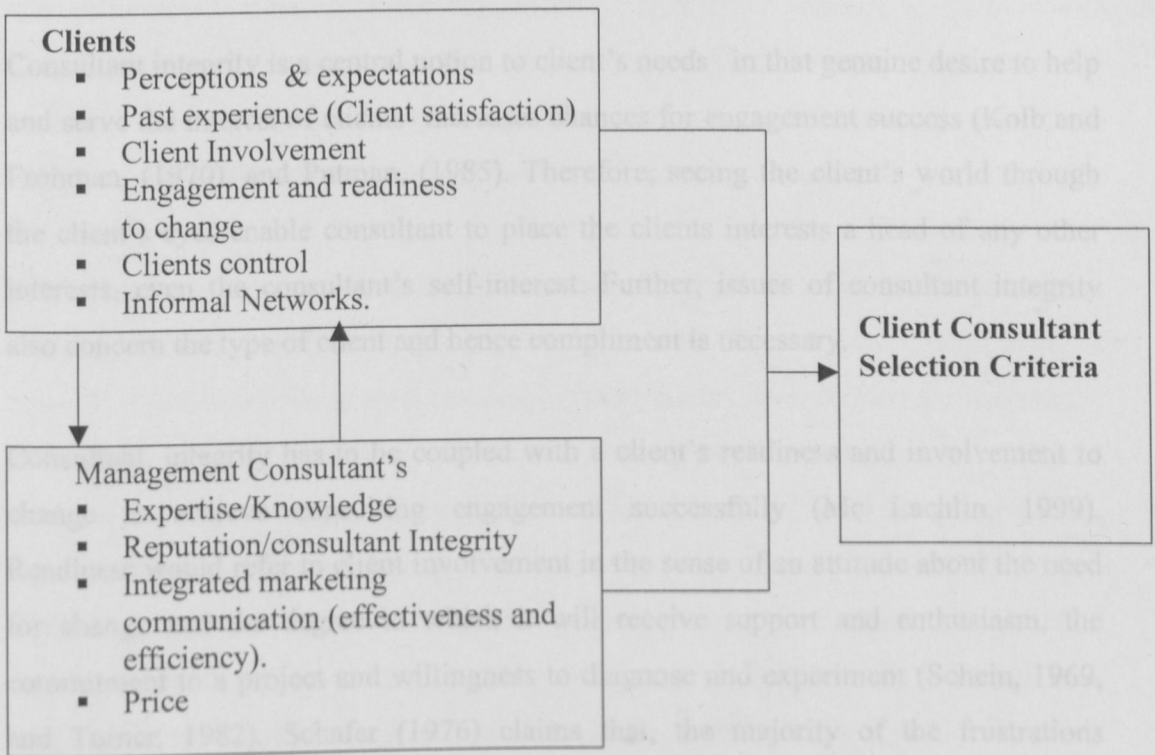
While most management consultancy firms tend to use readily quantifiable indicators of services performance, both in measuring the success of professional services, efficiency measures may as well provide valuable planning and control information to ensure client satisfactions are met. Also provision of Clients, pre-consumption, 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 decisions 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 service which clients' may make choice of.

#### **2.4. 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 from developed to developing countries, and most visible firms being multinationals, 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:

**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 include, consultant integrity ....in particular in putting the clients interest first, Client involvement and readiness to change, a clear agreement concerning requirements and expectations, clients control of engagement....partly through clear and limited assignments, consultant competence, and a good fit along a number of dimensions.... Including 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 flaws occur in conventional consulting. First, Projects may be defined in terms of consultant's expertise or products, not in terms of specific

client results to be achieved, and also project scope solely determined by the subject to be studied or problem to be solved, ignoring the client's readiness for change.

Consultant integrity is a central notion to client's needs in that genuine desire to help and serve the interest of clients' increases chances for engagement success (Kolb and Frohman, (1970), and Putman, (1985). Therefore, seeing the client's world through the client's eyes enable consultant to place the clients interests a head of any other interests, even the consultant's 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 Turner, 1982). Schafer (1976) claims that, the majority of the frustrations experienced by clients and consultants stem from the client's absorption capacity not from weaknesses 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 promises a consultant can make are almost 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 a professional service like consulting, quality is defined as the difference between client perceptions and client expectation 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 un-realistically high client expectations so that service quality is positive. Communications help address service intangibility, like advertising puts the expectations intangibles to a concrete and consistent 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 clients' awareness of service 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). In 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 engagements 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 clients' real problem is knowing that something is wrong but not knowing what kinds 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 Clients 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 client's. For Consultant, reputation may be almost everything but needs are potential criteria for clients' selection of a consultant in respect to knowledge and experience.



well as measuring success of their professional services (Mangos et al; 1997). While

Opportunities for management consultancy exist when a potential client is faced with problems or uncertainties, which cannot be overcome by his own resources (McLarty and Robinson, 1998). However, unless he is aware that a service that may solve his problem exists, 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 shots 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 clients' choice. Direct communication like meetings with potential listed clients, past 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 clients' awareness and future engagement recalls.

as well as solutions. There are clear differences between large and small firms in the way that consultancy is managed but nevertheless there is a

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 labor 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 act as facts for clients decision makers that need to convince them that XYZ and partners, above all others, should be entrusted with the assignment. Wilde (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 be 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 in fact 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 (Lovelock, 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 solutions. There 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.

### 3.3 Operationalizing the factors to prediction of management consultancy

The issues to effects of relating management consultancy are defined so as to operationalize the variables. The issues involved in each of the discussions are operationalized in the table below. The questionnaire used the Likert-type scale to capture the extent to which the manufacturing firms used the factors in their selection of management consultancy.

### 3.1 Research design

Descriptive study was done. Opondo (1988) had used it in a similar study.

### 3.2. Population

The population of interest in this study consisted of large manufacturing firms in Nairobi, which are categorized by Central Bureau of Statistics (CBS) as those according to annual surveys of industrial production with fifty or more employees (Economic survey, 2004). Therefore, the list of large manufacturing firms in terms of employees' numbers and establishments were the basis (see appendix 3).

### 3.3 Sample and Sample design

A list of them was to be drawn from the industrial categories and their numbers as per CBS – 2004 report. The firms were contacted through telephone to confirm their use of management consultancy, with two hundred and thirty firms in Nairobi only 70 of them agreed on the use of management consultancy hence forming the sample of study.

### 3.4 Data collection procedures and instruments

A pilot survey was done before the questionnaire was released through telephone in order to confirm their use of management consultancy services to all firms. Open-ended, closed-ended and Likert-type of questions were employed in the questionnaires giving purely qualitative information. Data for the study was collected through the use of questionnaires which were administered to respondents on "drop and pick later" basis by the head researcher.

### 3.5 Operationalizing the factors to selection of management consultancy

The factors to criteria of selecting management consultancy are defined so as to operationalise the variables. The issues involved in each of the dimensions are expounded in the table below. The questionnaire used the likert-type scale to measure the extent to which the manufacturing firms used the factors in their selection of management consultancies.

Table 3.1 Operationalizing the factors to selection of management consultancy

Management consultancy issues	Issues/variables
Management consultancy services sought by manufacturing firms	<ul style="list-style-type: none"> <li>• Training of personnel</li> <li>• Research in different cases</li> <li>• Marketing of new products</li> <li>• IT-procedures, processes and systems</li> <li>• Management restructuring</li> <li>• Personnel recruitment</li> <li>• Financing of projects</li> </ul>
Internal factors to client firms selection criteria	<ul style="list-style-type: none"> <li>• Needs/problems</li> <li>• Perceptions and expectations</li> <li>• Past experience</li> <li>• Engagement and readiness to change</li> <li>• Clients control of the process</li> <li>• Informal networks</li> </ul>
External factors to client firms	<ul style="list-style-type: none"> <li>• Expertise/knowledge</li> <li>• Reputation/consultant integrity</li> <li>• Experience</li> <li>• Integrated marketing communications (advertising, personal selling, promotions, events sponsorships etc.)</li> <li>• Pricing</li> <li>• Informal sources</li> </ul>
Challenges to selection criteria	<ul style="list-style-type: none"> <li>• Price inhibition</li> <li>• Government regulations</li> <li>• Value evaluations</li> <li>• Bureaucracy</li> <li>• Incompatible models of consultancy</li> <li>• Lack of control of the process</li> <li>• Incompatible management styles</li> </ul>
Expertise	<ul style="list-style-type: none"> <li>• Expert in the field</li> <li>• Experience in consulting for long</li> <li>• Knowledge and skills of employees</li> <li>• Qualifications of employees</li> <li>• Company Resources</li> <li>• competence</li> </ul>
reputation	<ul style="list-style-type: none"> <li>• Recognition</li> <li>• Ownership/ image</li> <li>• Marketing of the firm</li> <li>• Competitive focus</li> <li>• Ambition</li> <li>• Strong ideas</li> </ul>

Integrated marketing communications	<ul style="list-style-type: none"> <li>• Advertising</li> <li>• Personal selling</li> <li>• PR-event sponsorships, media programme sponsorships, seminars, presentations etc.</li> </ul>
Control of assignment	<ul style="list-style-type: none"> <li>• Start and precise end of assignment</li> <li>• Proposal evaluation</li> <li>• Teams involved</li> <li>• Client involvement and supervision allowed</li> <li>• Every ones induction and contribution</li> <li>• Conceptualized on the needs of the market place and objective definition of the target areas of interest</li> </ul>
Efficiency	<ul style="list-style-type: none"> <li>• Routinised procedures</li> <li>• Technology</li> <li>• Low cost</li> </ul>
Client involvement	<ul style="list-style-type: none"> <li>• Influences on timing</li> <li>• Budgets</li> <li>• Latitude</li> <li>• Breadth</li> <li>• Monitoring</li> <li>• Partnership in consultancy</li> </ul>
Procedure classification	<ul style="list-style-type: none"> <li>• Who is talking to whom</li> <li>• Control and leadership issues</li> </ul>
Project scope	<ul style="list-style-type: none"> <li>• Subject of study/problem to solve</li> <li>• Client readiness to change</li> </ul>
Perceptions and expectations	<ul style="list-style-type: none"> <li>• Service quality</li> <li>• Image</li> <li>• Local/global firm</li> <li>• Past experience in consultation</li> </ul>

### 3.6 Data analysis

Descriptive statistics will be used mainly to summarize the data from statistical packages in social sciences (SPSS) application. These will include means, standard deviation and frequencies. The higher the values, the higher the factor consideration will be in selection criteria. Pie charts, tables and graphs will be used to present the data collected for ease of understanding and analysis.

Further, in comparison of magnitudes of different factors in selection criteria the interrelationships between client-oriented factors versus management consultant factors, correlation coefficient will be used.

## CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

### 4.1 Introduction

In this chapter, data pertaining to the factors influencing the choice of management consultancies by large manufacturing firms and the challenges to the same is analyzed and interpreted.

A total of 70 questionnaires were distributed to the respondents, out of which 43 were completed and returned. A total of 27 questionnaires were not responded to giving a response rate of 61.4% and a non-response rate of 38.6%. 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 large manufacturing firms in Nairobi. The other objective was to determine the challenges encountered in the firms selection criteria. 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 ( $0 \leq S.E < 2.5$ ). 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 ( $2.5 \leq M.E. < 3.5$ ). 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 ( $3.5 \leq G.E < 5.0$ ).

#### 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	16	37.2
Between 25-44 years	18	41.9
Between 45-64 years	3	7.0
Between 65-84 years	1	2.3
Above 85 years	1	2.3
Total	43	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 41.9% and 37.2% respectively. Only two firms out of the 43 responded had existed for more than 65 years.

Table 4.2: The firms ownership status (Cross tabulation)

Ownership status	Number of firms	Percentages (%)
Foreign owned	6	14.0
Locally owned	24	55.8
Partly locally and foreign owned	12	27.9
Government owned	1	2.3
Total	43	100.0

Source: Response data

From the data of the population under study 55.8% were locally owned firms, while 27.9% are partly locally and foreign owned, 14.0 being foreign firms and only 2.3% is government owned as illustrated in Table 4.1 above.

Table 4.3: Number of employees

Number of employees	Number of firms	Percentages (%)
50-75	11	25.6
76-100	6	14.0
Above 100	26	60.5
Total	43	100.0

Source: Response data

From Table 4.3, most of the large manufacturing firms have more than 100 employees, that is 60.5%, while 14.0% have between 76-100 and lastly 25.6% 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	1	4	6
Locally owned	6	3	15	24
Partly locally and foreign owned	4	2	6	12
Government owned	0	0	1	1
Total	11	6	26	43

Source: Response data

From Table 4.4, most firms are locally owned with employee population of above one hundred while foreign owned firms had 4 out of the 6 firms employing more than 100 persons. Further the partly locally and foreign owned had 4 out of the 6 firms employing between 50-75.

#### 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	3	7.0
1-5 years	11	25.6
6-10 years	12	27.9
11-20 years	4	9.3
Over 20 years	13	30.2
Total	43	100.0

Source: Response data

The use of management consultancy services by large manufacturing firms varies. Three firms (7.0%) out of the 43 firms that responded have used for less than a year and 11 of them (25.6%) between 1-5 years. The range between 6-10 years had 12 firms (27.9%) while 11-20 years had only four firms (9.3%). Further the table indicates that of the firms had used management consulting for over 20 years.

Table 4.6 Status of management consultancy firms used

Management consultancy firm status	Number of firms	Percentages
Local	16	37.2
Multinational	5	11.6
Both	22	51.2
Total	43	100.0

Source: Response data

The data collected shows that manufacturing firms prefer the use of both local and multinational firms for their consultancy. The table indicates that that 51.2% of them use both, while 5 firms (11.6%) use multinational s and 16 firms (37.2%) 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	1	2	3	6
Locally owned	11	1	12	24
Partly locally and foreign owned	3	2	7	12
Government owned	1	0	0	1
Total	16	5	22	43

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 16 out of the 43 firms responded giving their use compared to only five firms of multinational status used.

Table 4.8: Years of existence for manufacturing \* status of management consultancy firms (Cross tabulation)

Number of years of existence	Status of management consultancy firms used			Total
	Local	Multinational	Both	
Below 24 years	9	1	6	16
Between 25-54 years	5	2	11	18
Between 45-64 years	1		3	4
Between 65-84 years	1		3	4
Above 85 years	1		3	4
Total	16	5	22	43

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 25-44 years, use firms of local status while the older firms of more than 45 years though few use firms of both statuses.

Source: Response data N=43

Table 4.9a: Frequency of Services commonly sought by manufacturing firms

Services commonly sought from consultancy firms	Number of firms	Percent
Training personnel	28	65.1
Personnel recruitment	19	44.2
Production –processes and systems	18	41.9
Research cases	17	39.5
Information technology	23	53.5
Retrenchment practice	4	9.3
Management restructuring	12	27.9
Marketing issues	23	53.5
Financing-auditing	18	41.9
NEMA- specification	7	16.3
Total	43	100.0

Source: Response data

Table 4.9a indicates that the commonly sought services are training of personnel (65.1%), information technology and marketing issues with 53.5%each, personnel recruitment 44.2%, financing issues and production –processes and systems 41.9%

each and for research cases 39.5%. The services for retrenchment purposes and NEMA- specification are rarely sought with 9.3% and 16.3% respectively.

Table 4.9b: Descriptive statistics of services commonly sought by manufacturing firms

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 N=43

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 purposes which is rarely sought).

Table 4.10: Firms practice in selection of consultancy services

Firms practice in selection criteria	Number of firms	Percent
Use the same consulting firm	11	25.6
Use more than one because of unsatisfactory outcome	3	7.0
Use more than one because of different needs	29	67.4
Total	43	100.0

Source: Response data

As shown in Table 4.10, most firms use different firms for different needs (67.4%), and also 3 firms indicated use of different firms due to unsatisfactory outcome of the services sought. Further eleven (11) manufacturing firms indicated that they do repeated consulting to the same firms (25.6%).

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

Who initiates the process	Number of firms	Percent
Board of directors	16	37.2
Managing director	21	48.8
General manager	9	20.9
Other senior managers	20	46.5
Company head quarters	6	14.0
Total	43	100.0

Source: Response data

Table 4.11a indicates that about half (48.8%) 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 46.5%, while board of directors form 37.2% and a small percentage of multinational status in Kenya only 14.0% of them consult the company head quarters to using a consultancy firm.

Table 4.11b: Descriptive statistics of who initiates 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 services, 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 head quarters.

Table 4.12: Criteria used in selecting management consultancy services

Criteria to selection practice	Number of firms	Percentages (%)
Internal factors to the firm	12	27.9
External factors from consultancy firms	3	7.0
Both	28	65.1
Total	43	100.0

Source: Response data

According to Table 4.12, more than half of the manufacturing sector use both internal and external factors to their selection criteria (65.1%). As shown further, twelve firms (27.9%) use mostly internal factors to their firm in selecting management consultancy firms while 7.0% use external factors to the consulting firms in selection criteria.

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

Ownership	Firms practice in selection of consultancy services			Total
	Use the same consulting firm	Use more than one because of unsatisfactory outcome	Use more than one because of different needs	
Foreign owned	1		5	6
Locally owned	7	3	14	24
Partly locally and foreign owned	3		9	12
Government owned			1	1
Total	11	3	29	43

Source: Response data

Table 4.13 shows that most firms irrespective of ownership status use different firms for different needs with 29 out of 43 responses evidencing that. Use of the same consulting firms repeatedly cannot be ignored as 11 firms out the 43 firms practice that. Unsatisfactory outcomes of services earlier sought also play some role especially for locally owned firms.

Table 4.14: External factors to selection criteria (Descriptive statistics)

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

Extent of use	Very great extent	Great extent	Moderate extent	Little extent	Not at all	Total
Price	32.6	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 large manufacturing firms. From Table 4.14a, the manufacturing firms 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 41.5% to great extent. Price and image/reputation of the firm 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 manufacturing firms in Nairobi 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 statistics)

	Mean	Std. Deviation
Price	4.00	.85
Expertise	4.58	.63
Experience	4.37	.85
Image/reputation	3.91	.97
Advertising	3.05	1.13
Referral sources	3.35	1.09
Personal selling	2.84	1.13

Source: Response data

Table 4.14b indicates that manufacturing firms in Nairobi 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 a 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 a 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	47.6	2.4	0	100
Control of the process	31.0	42.9	26.2	0	0	100
Clear agreement concerning requirements	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 and great extent to the firms' perceptions and expectations, past experience, clear agreement concerning requirements 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 indicates 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 perceptions and expectations.

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

Internal factors	Mean	Std. Deviation
Perceptions and expectations	4.21	.97
Past experience	4.33	.68
Involvement in proposal eliciting	3.70	.74
Control of 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 internal factors to the manufacturing firms is the firms past experience, perceptions and expectations, clear agreement and type of consultant were 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 were considered to a moderate extent with means 3.44 and 3.35 respectively.

#### 4.4 Challenges facing manufacturing firms in their selection of management consultancy firms

The second objective was to determine the challenges facing manufacturing firms in their selection criteria.

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)

5.1 Introduction

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 control of process is to a little extent of mean 2.79.

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 large manufacturing firms. The study shows that most of the large manufacturing firms 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 culture 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 large manufacturing firms varies with a third of the population having used such 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 consulting is related to the existence of the

## 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 large manufacturing firms. The study shows that most of the large manufacturing firms 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 large manufacturing firms 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 consulting is related to the existence of the

manufacturing firms, 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 large manufacturing firms, 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 objectivity 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 Groomros, 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 large manufacturing firms 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 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 the specific consultants.

The process of consulting is widely influenced by senior management as directors, which shows that consultants 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 as external factors inclusive of pricing, expertise and experience among others gave an insight to specific factors influencing the choice of management consultancies. In this study the extent to which specific aspects external to manufacturing firms 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 strengths and expertise lies. Without this knowledge it would be impossible to target the market successfully.

procedures as argued by McLachlin (1999). However, given the above both external

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 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 as expertise, experience, pricing and image/reputation of the consulting firm. The external factors also include advertising, referral sources, and personal selling which act to bring management consultancy to the attention of potential clients. Although this involves incurring considerable 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, clients' internal factors as perceptions and expectations, past experience and clear agreement concerning requirements to type of consultant play a key role in selection 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, experience, pricing and efficiency not excluding procedures for control, agreements and reputation of consulting firms.

### **5.2.2 Challenges to selection criteria**

The second objective was to identify the challenges to management consultancy 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 client's 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 leaner 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 market opportunities as they arise. ✓

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 tangibilise 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 their clients' perceptions and expectations, also the understanding of their challenges 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**

There were some limitations to this study. For instance, the response rate was not one hundred percent to give full representation of the population of study. The results reflect the factors, opinions of consultant clients as to their subjective perceptions of selection criteria. No attempt was made from consultancy firm's view of their critical success factors. The study focused on the large manufacturing sector, it is possible that the other small and medium sized firms may have different opinions as to their selection criteria. The methods used to determine the factors influencing selection criteria were not exhaustive or inclusive the same applies to the challenges to the selection criteria.

#### **5.5 Recommendation 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. Also a study should be carried out to investigate the selection criteria of small and medium sized firms of consultancy firms and the extent of significance of the critical factors.

## 5.6 Recommendations for policy and practice

One way in which developing countries like Kenya could develop their consulting professions 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.

Bower, M. (1982), "The forces that launched management consulting are still at work" *Journal of Management Consultancy*, Vol.1, No.1, pp 4-6.

Burton, G. (1991), "Attitudes toward the advertising by lawyers, doctors and CPA's", *Journal of professional services marketing*, Vol.8, No.1, pp115-127.

Canback, S. (1998), "The logic of management consulting (part one)" *Journal of management consulting* vol. 10, No.2, pp 3-11

(1999) "The logic of management consulting (part two)" *Journal of management consulting* Vol. 10, No. 3, pp 3-12

Chase, R. B. (1978), "Where does the customer fit in the service operation", in Lovelock, C.H (Ed) *Services Marketing*, Eaglewood Cliffs, N.J, Prentice Hall.

Connor Jr C.A and Davidson, J.P. (1985) *Marketing your consulting and Professional services*, New York, John Wiley and sons.

Cross, C and Kipping, M. (2001), "Management Consultancies as global change agents", *Journal of organizational change management*, Vol.14, No. 6, pp. 578-588.

Devinney, J. (1978), "Cost Accounting comes to service industries", *Harvard Business Review*, September-October.

Dryden, P.E. (1979), "Why management consultants?" *Journal of Management Science*, Vol. 10, No. 3, pp 3-7

(1992), "Toward the new organization", *Harvard Business Review*, Vol. 70, No. 4, pp 78-84.

## REFERENCES

- Adamson, L. (2000) "Management Consultant meets a political client for the first time: the pre-entry phase of consultancy in SMES and the issues of qualitative research methodology". **Qualitative Market Research: An International Journal**. Vol. 3 No. 1, pp 17-26
- Andrus, D., Ott, R., and Donnelly, D. (1990), "Business Client satisfaction with large Vs, small firm tax services". **Journal of professional services marketing**. Vol. 5, No. 2, pp 33-38.
- Bitner, M.J. and Zeithaml, V.A. (2004), **Services Marketing**, Mc Graw- Hill. New Dehli, India
- Berry, L.L (1980) " Services Marketing is different" **Business journal** Vol. 30, pp 24-29
- Bower, M. (1982), "The forces that launched management consulting are still at work" **Journal of Management Consultancy**. Vol.1, No.1, pp 4 -6.
- Burton, G. (1991), "Attitudes toward the advertising by lawyers, doctors and CPA's". **Journal of professional services marketing**. Vol.8, No.1, pp115-127.
- Canback, S. (1998), "The logic of management consulting (part one)". **Journal of management consulting** vol. 10, No.2, pp 3-11
- \_\_\_\_\_ (1999) "The logic of management consulting (part two)" **Journal of management consulting** Vol. 10, No. 3, pp 3-12
- Chase, R. B. (1978). "Where does the customers fit in the service operation". In Lovelock, C.H (Ed) **Services Marketing**. Eaglewood Cliffs, N.J. Prentice Hall.
- Connor Jr.C.A and Davidson, J.P. (1985). **Marketing your consulting and Professional services**. New York, John Willey and sons.
- Crucini, C and Kipping, M. (2001) "Management Consultancies as global change agents. **Journal of organizational change management**. Vol.14, No. 6, pp. 570 - 589.
- Dearden, J. (1978). "Cost Accounting comes to service industries" **Harvard Business Review**, September - October.
- Drucker, P.F (1979) "Why management consultants?" **Journal of Management science**. Vol. 10, No. 3. pp 5-7
- \_\_\_\_\_ (1997). "Toward the new organization". Hessebein, f., Goldsmith, M. and Buckhard, R. **The Organization of the future**. Jossey - Bass, New York, NY, 1-5

- Economic survey (1988). Republic of Kenya (Various issues, Government Printer, Nairobi.
- \_\_\_\_\_ (2002) Republic of Kenya (Various issues, Government Printer, Nairobi.
- \_\_\_\_\_ (2003) Republic of Kenya (Various issues, Government Printer, Nairobi.
- \_\_\_\_\_ (2004) Republic of Kenya (Various issues, Government Printer, Nairobi.
- Ennew A.; Price, L.; and Zinklan, G. (2001). **Consumers**. New York, McGraw- Hill; pp.614-653
- Evans, J. and Berman, B. (1990). **Marketing of services**. New York.
- Gatticker, V.E. and Larwood, L. (1985) "Why do clients employ Management consultants?" **Consultation summer**, 199-129
- Greiner, L and Metzger, R, (1983). **Consulting to management**. Prentice hall, Eaglewood Cliffs, New York.
- \_\_\_\_\_ (1998), **Consulting to management**. Prentice hall, Eaglewood Cliffs, New York.
- Groonroos, C (1984). A Service quality model and its marketing implication ". **European Journal of Marketing**. Vol. 18, No.4, pp36-44
- Grove, S.J., Carlson, L.and Dorsch, M.J. (2002). "Addressing services intangibility through integrated marketing communication: An exploratory study" **Journal of services marketing** Vol. 16, No. 5, pp 393-411
- Grove, S.J., Fisk R.P. and John, J. (2003). "The future of services marketing: forecasts from ten services experts" **Journal of services marketing**. Vol. 17, No.2, pp 107-121.
- Hague, P. (1989), "Accountants discover Marketing". **Industrial Marketing Digest**. Vol. 14; No. 2, pp 87-95.
- Ikiara, M.S (2000). **An overview of Kenya's Trade in services** Kenya Institute of public Policy Research Analysis, Nairobi.
- Ikiara, G.K., Nyangena W.N. and Muniira, M.F (1994). **Services in Kenya**. UNCTAD/CAPAS Report August. 1994.
- Jones, P. (1996) "Business Link a critical commentary" **Local Economy Journal**. Vol.11, No. 1 pp 71-78.

- Kasekende, C.S (1984). "A study of Management consultancy as a strategy for transferring Western Management Technology to Kenya's Organizations" Unpublished MBA thesis, University of Nairobi, Kenya.
- Kearsly, M. (1994). "The sale of consultancy: Clients' and consultants' views" **Proceedings of international consultancy conference**, South Bank University. Press, pp, 76 –83
- Kellogg, D.M. (1984). "Contrasting successful and unsuccessful OD Consultation relationship." **Group and Organizational Studies**. Vol.9, No.2, pp151-176.
- Kelly, R.E (1979). "Should you have an internal consultant?" **Harvard Business Review**, vol. 57, November/December pp.110-120
- Kolb, D and Frohman, A (1970). "An organizational development approach to consulting". **Loan management consultancy conference**, South Bank University press. Pp 76-83
- Kotler, P. and Bloom, P. (1990), **Marketing professional services** Eaglewood Cliffs N.J. Prentice Hall.
- Kotler, P (1984). **Marketing Management: Analysis, planning and control**. Eagle wood cliffs, N.J. Prentice Hall.
- \_\_\_\_\_ (2003). **Marketing Management: Analysis, planning and control**. Englewood cliffs; N.J. Prentice hall. India.
- Kretzman, H and Samaras, D (1980). "Can small business use consultants?" **Harvard Business Review**. May- June
- Kubr, M (1996). **Management consulting: A guide to the profession;** International Labor office. Geneva 3<sup>rd</sup> Ed.
- Lacy, F.J. (1998). "Marketing professional services: Gathering and using information from internal and external sources" **Journal of professional services marketing**. Vol.3, No.3, pp 9-12.
- Lovelock, C.H. (1991). **Services Marketing**. Englewood Cliffs, N.J. Prentice Hall.
- Lyal, D. (1982) "Do consultants improve efficiency?" **Management Today**, Jan/August, Pp 14-15.
- Mangos, N.C., Lewis, N.R and Roffey, B.H (1997). "Marketing accounting services and inter-country and ethical comparison" **Journal of marketing intelligence and planning**. Vol.15, No. 1, pp11-18.

- Mangos, N.C., Roffey, B.H and Stevens, J.A (1995). "Research note: Marketing Accounting services. A cross-cultural comparison" **International marketing Review**. Vol. 12, No.6, pp 68-81.
- Margolis, F.H. (1985) "Client- consultant compatibility: The client perspective" **Journal of Management consultant**. Vol. 10, No.4, pp 118-127.
- Mc Lachlin, R.D. (1998). "Consulting engagement success" **Working paper, Faculty of management**, University of Manitoba, Winnipeg.
- \_\_\_\_\_ (1999). "Factors for consulting engagement success". **Management Decision Journal**. Vol.37, No. 5, pp394-404.
- Mitchell, V.W., (1994), "Problems and Risks in the purchasing of consultancy services" **Service Industries Journal**, vol. 14, No. 3, pp 68-79.
- Murray, K. B. (1991) "A test of services marketing theory: Consumer information acquisition activities," **Journal of marketing**. Vol.55, No.1, pp 10-25
- Odette, D.N. (1982) "**Management consultancy in Kenya**". Unpublished M.B.A Thesis, University of Nairobi, Kenya.
- Opondo G. (1988). "**A survey of how management consultancy firms in Kenya Market their firms**" Unpublished M.B.A. Thesis, University of Nairobi, Kenya.
- Parasuraman, A (1995). "The status of conceptual and Empirical work in services: A review and research agenda", **Frontliers of services conference** Nashville, T.N.
- Payne, A.F.T (1986) "New trends in the strategy consulting Industry." **Journal of Business strategy**. Vol. 7, No.1, pp43-55.
- Putman, A.O (1985). "Managing resistance" **Journal of Management Consultants**. Vol. 10, No.4, pp 75-87.
- Rathnell, J.M. (1966). "What is meant by services?" **Journal of Marketing**, October, 1966.
- Robinson, T and Mc larty, R. (1998). "The practice of consultancy and a professional development strategy" **Journal of leadership and Organizational Development** Vol.19, No.5, pp 256-263.
- Schafer, R.H (1976) "Advice to internal and external consultants: Expand your Clients capacity to use your help" **Advanced Management Journal**. Vol 41, No.4, pp39-52.

Schein, E.H (1969). **Process consultation: Its role in Organizational Development**, Addison-wesley, reading, MA.

\_\_\_\_\_ (1990). **Process consultation: Its role in Organizational Development**, Addison- Wesley, Reading MA.

\_\_\_\_\_ (1997), “ The concept of client from a process Consultation perspective”  
**Journal of Organizational change Management**.  
Vol. 10, No.3, pp202-216.

Shostack, G.L. (1977).“Breaking free from product Marketing”  
**Journal of Marketing**. Vol. 41, pp73-80

Stanton, W, Miller, K and Layton, R. (1994). **Fundamentals of marketing**.  
Prentice hall, New Delhi, India.

Steed, A.J. and Applebaum, S.H. (2005) “The critical success factors in the client – consulting relationship,”  
**Journal of Management Development**. Vol.24, No1. pp 68-93.

Turner, A.N. (1982) “Consulting is more than giving advice”  
**Harvard Business Review**. Vol.60. No.5, pp. 120-128.

Vogl, A.J. (1999) “ Consultants..... In their clients ‘eyes”,  
**Across the Board**, September, pp 26-32.

Wilde, E. (1996) “ Marketing Management consultancy” **Work study**  
Vol. 45, No. 2, pp 18-21.

Zeithaml, V.; Berry, L. and Parasuraman, A. (1988). “ Communication and control process in the delivery of services of quality,”  
**Journal of Marketing**. Vol. 24; No.2, pp 42-54.

\_\_\_\_\_ (1990). **Delivering Quality service: Balancing customer perceptions and Expectations**. The Free press, New York, N.Y.



**APPENDIX 1: LIST OF LARGE MANUFACTURING FIRMS IN NAIROBI  
USING MANAGEMENT CONSULTING SERVICES**

1. Alankar Industries Ltd.
2. Auto litho Ltd.
3. Basco products Ltd.
4. Baumann Engineering Ltd.
5. Bayer East Africa Ltd.
6. Beiorsdorf (EA) Ltd.
7. Best Food Kenya Ltd.
8. Biofood products Ltd.
9. Bobmil Industries Ltd.
10. Cadila Pharmaceuticals
11. C&P Shoe Industry Ltd.
12. Chandaria Industries Ltd.
13. Colgate Palmolive (EA) Ltd.
14. Color Creations ltd.
15. Cosmos Ltd.
16. Crown burger (k) ltd.
17. Crown Food Ltd.
18. Cussons & Co. Ltd.
19. E.A Packaging Industries Ltd.
20. E.A Cables Ltd.
21. Fine line industries
22. Galaxy Paints & Coatings Ltd.
23. General Motors (K) Ltd.
24. General Plastics Ltd.
25. Glaxo SmithKline (K) Ltd.
26. Global SAllied industries
27. Henkel Kenya Ltd.
28. Jambo Biscuits Ltd.
29. Kaluworks Ltd.
30. Kapa Oil Refinery Ltd.
31. Kartasi Industries Ltd.

32. Kenafric Industries Ltd.
33. Kenya Breweries Ltd.
34. Kenya Wine Agencies Ltd.
35. Mabati Rolling Mills Ltd
36. Mann Manufacturing Company ltd.
37. Marshal Fowler Engineers Ltd.
38. Mastermind Tobacco (K) Ltd.
39. MidcoTextile Ltd
40. Mini Bakeries ltd.
41. Nestle Food Kenya Ltd.
42. Orbit chemical Industries Lid.
43. Patco Industries Ltd.
44. Pipe Manufactures ltd.
45. Polythene Industries Ltd.
46. Power Technics Ltd
47. Premier Food Industries Ltd.
48. Prudential Printers Ltd.
49. Reckitt BenckisWr E. A. Ltd.
50. Sadolin Paints (E-A) Ltd.
51. SameerAfrica Ltd.
52. Sana Industries ltd.
53. Sandvik Kenya Ltd.
54. Sara Lee Household & Body Care (K) Ltd
55. Silent night (K) ltd.
56. Softa Bottling Company ltd.
57. Slumber land Kenya Ltd.
58. Swan Industries Ltd
59. Tetra Pak Converters Ltd
60. The Jomo Kenyatta Foundation
61. Tim sales limited
62. Tri-Pac Chemical Industries (K) Ltd
63. Twiga Stationers & Printers Ltd.
64. Unga Ltd.
65. Unilever (K) Ltd.

- ANNEX 2: LETTER OF INTRODUCTION
66. Uzuri Foods Ltd
  67. Vita foam products Ltd.
  68. Wood products Ltd.
  69. Wrigley Co. F.A.
  70. Zenith Steel ltd.

MBA RESEARCH REPORT

This questionnaire is designed to gather information on the factors influencing the choice of management consultancy firms. This study is being carried out for a management project paper as a requirement in partial fulfillment of the degree of Masters in Business Administration, University of Nairobi.

Your response will be treated in strict confidence and no instances will your name be mentioned in the report.

Your cooperation will be highly appreciated.

Yours faithfully,

---

MHALUKA GERALDINE S.  
MBA STUDENT

---

DR. RAYMOND MUSYOKA  
PROJECT SUPERVISOR

## APPENDIX 2: LETTER OF INTRODUCTION

SECTION A: Company profile

JUNE 2005

1. Name of the firm (optional) \_\_\_\_\_

Dear Respondent

2. Ownership of the firm (please tick (✓) the appropriate box).

**MBA RESEARCH REPORT**

ii. Locally owned

iii. Partly locally and foreign owned

This questionnaire is designed to gather information on the factors influencing the choice of management consultancy firms. This study is being carried out for a management project paper as a requirement in partial fulfillment of the degree of Masters in Business Administration, University of Nairobi.

iii. Above 100

Your response will be treated in strict confidence and no instances will your name be mentioned in the report.

5. For how long has your company been using management consultancy services?

(Tick please)

Your cooperation will be highly appreciated.

ii. 1-5 years

iii. 6-10 years

Yours faithfully,

iv. Over 20 years

4. What is the status of management consultancy firms used? (Tick appropriately)

-----  
MBALUKA GERALDINE S.  
MBA STUDENT

-----  
DR. RAYMOND MUSYOKA  
PROJECT SUPERVISOR

7. The following are the consultancy services commonly sought by manufacturing firms. Which ones have you sought in your firm? (Tick the applicable)

i. Training of personnel

ii. Personnel recruitment

iii. Production processes and systems

iv. Research cases re: consumer insight, new products/adoption, Sales etc.

v. Information technology: computerization of the firm

vi. Research/development

vii. Management restructuring

viii. Marketing studies: launch of new products, promotions etc.

ix. Other:

x. Other:

### APPENDIX 3: QUESTIONNAIRE

#### SECTION A: Company profile

1. Name of the firm (optional) -----
2. Year of establishment in Kenya-----
1. Ownership of the firm (please tick (✓) the appropriate box).
  - i. Foreign owned ( )
  - ii. Locally owned ( )
  - iii. Partly locally and foreign owned ( )
  - iv. Government owned ( )
  - v. Partly Government and locally owned ( )
4. How many employees do you have in the company at present?(tick appropriately)
  - i. 50-75 ( )
  - ii. 76-100 ( )
  - iii. Above 100 ( )

#### SECTION B: Factors to criteria of management consultancy selection

5. For how long has your company been using management consultancy services?  
(Tick please)
  - i. Less than a year ( )
  - ii. 1-5 years ( )
  - iii. 5-10 years ( )
  - iv. 11-20 years ( )
  - v. Over 20 years ( )
6. What is the status of management consultancy firms used? (Tick appropriately)
  - Local ( )
  - Multinational ( )
  - Both ( )
7. The following are the consultancy services commonly sought by manufacturing firms. Which ones have you sought in your firm? (Tick the applicable)
  - i. Training of personnel ( )
  - ii. Personnel recruitment ( )
  - iii. Production –processes and systems ( )
  - iv. Research cases as-consumer insight, new products adoption, Sales etc. ( )
  - v. Information technology-computerization of the firm ( )
  - vi. Retrenchment practice ( )
  - vii. Management restructuring ( )
  - viii. Marketing issues –launch of new products,promotions,etc ( )
  - ix. Financing of projects ( )
  - x. Others (specify)-----
  - xi. -----

8. What has been your firm's practice in the selection of management consultancy?

(Tick if appropriate)

- i. Use the same consulting firm ( )
- ii. Use more than one because of unsatisfactory outcome of services to your needs ( )
- iii. Use more than one because of different needs ( )
- iv. Others (specify)----- ( )
- v. ----- ( )
- vi. ----- ( )

9. Who initiates the process of using consulting services in your company?

(Tick all the applicable choices)

- i. Board of directors ( )
- ii. Managing director ( )
- iii. General manager ( )
- iv. Other senior managers ( )
- v. Company head quarters ( )
- vi. Others (specify)----- ( )
- vii. ----- ( )
- viii. ----- ( )

10. In selecting management consulting services, which criteria (or important aspects) do you consider?

- i. Internal factors to your firm ( )
- ii. External factors from the management consultancy firms ( )
- iii. Both ( )
- iv. Others (specify)----- ( )
- v. ----- ( )
- vi. ----- ( )

11. The following factors are considered in management consultancy selection Criteria. Which ones do you and to what extent (Tick applicable choices)

5. Very great extent      4. Great extent      3. Moderate extent  
 2. Little extent      1. Not at all

Factors	Very great extent	Great extent	Moderate extent	Little extent	Not at all
i. Price					
ii. Expertise					
iii. Experience					
iv. Image/reputation					
v. Advertising					
vi. Referral sources					
vii. Personal selling					
viii. Others (specify)					
ix.					

12. As the client to management consulting service, the following internal factors are Considered in selection criteria. Which ones do you and to what extent? (Tick)

5. **Very great extent**    4. **Great extent**    3. **Moderate extent**  
 2. **Little extent**        1. **Not at all**

Factors	Very great extent	Great extent	Moderate extent	Little extent	Not at all
i. Perceptions and expectations					
ii. Past experience					
iii. Involvement in proposal eliciting					
iv. Control of the process					
v. (Clear assignment)					
vi. Clear agreement concerning requirements					
vii. Type of consultant required					
viii. Informal talks about a reputable firm					
ix. Models of consultancy					
x. Others (specify					

13. Which of the following challenges do you face in selection of management? consultancy firms' services in Kenya and to what extent?

5. **Very great extent**        4. **Great extent**        3. **Moderate extent**  
 2. **Little extent**            1. **Not at all**

Factors	Very great extent	Great Extent	Moderate extent	Little extent	Not at all
i. Price inhibition					
ii. Government Regulations					
iii. Value evaluation					
iv. Bureaucracy					
v. Incompatible models of consultancy					
vi. Lack of control of process					
vii. Others (specify)					

**Thank you for your cooperation**