

ADOPTING MANAGEMENT CONSULTING SERVICES.A CASE STUDY OF SOME
SELECTED SME's IN THE KUMASI METROPOLIS.

BY

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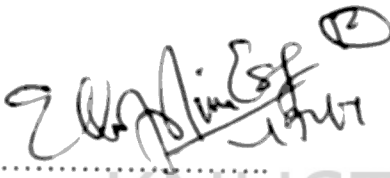
DECLARATION

With exception of the references and quotations from other sources, which have all been acknowledged, I hereby sincerely declare that the entire project work is my own effort and has never been presented for another degree in this university or elsewhere.

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DEDICATION

This work is dedicated to my wife, Freda Asieduwaa Opoku and our son Kwabena Nimo Amponsah for their love and support throughout my Masters in Business Administration Degree.

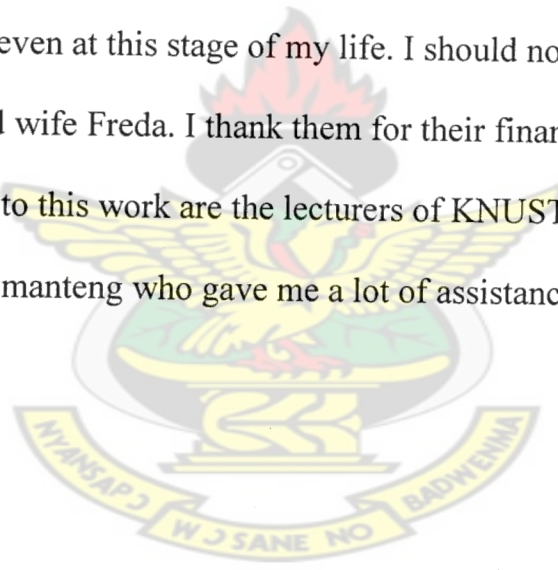
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I believe that these few words of mine would be acceptable to those to whom I owe much gratitude for their immense contributions to the success of this study. First, I would like to thank the Almighty God for the wisdom, strength and good health, which have enabled me to come this far in the programme.

I am also grateful to Mr. S.Y. Akomea, the project supervisor for his suggestions, patience and the supervision of the study. My deepest appreciation and thanks also go to my father, Dr Daniel Amponsah (Agya Koo Nimom) for his financial support, valuable advice and encouragement towards my education. Again for bringing me into this world and taking care of me, even at this stage of my life. I should not forget how wonderful my cousin Samuel Adjei aka (Kojo Sam) and wife Freda. I thank them for their financial support and encouragement. The other important people connected to this work are the lecturers of KNUST Business School, especially Mr. P.K. Oppong Boakye and Mr. S. Kyeremanteng who gave me a lot of assistance – to them all I say thank you.



ABSTRACT

Programmes providing services for small and medium enterprises (SMEs) are important in developed and developing countries alike. As globalization is proceeding worldwide, many new business opportunities are opening for small and medium businesses but competitive pressures are increasing at the same time. Only a small segment of the SME sector is capable of making full use of new business openings and coping effectively with threats without assistance notably human resource development, financial and other technical support which constitute important policy instruments in many countries. Generally speaking, the study was aimed at finding out how SMEs had adopted the services of management consultants using some selected SMEs in the Kumasi metropolis. Various literature were reviewed which attempted to relate them to the current study. A sample size of fifty (50) was chosen and the main sampling techniques used were quota and purposive sampling. Questionnaires, interviews and personal observations were the main research instruments used in the study. It was revealed that the majority of the SMEs sampled had no knowledge about the existence of these management consultants as shown by sixty-four percent (64%) of the respondents sampled. In addition, others too rated the services as costly which hinders their participation. There is therefore the need for management consultants to create more awareness of their presence to enable SMEs seek their services to enable them grow and improve in size and to charge them reasonable prices for their services to enhance their participation.

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CHAPTER ONE

GENERAL INTRODUCTION

1.0 INTRODUCTION

Programmes providing services for small and medium enterprises (SMEs) are important in developed and developing countries alike. As globalization is proceeding worldwide, many new business opportunities are opening for small and medium businesses but competitive pressures are increasing at the same time. Only a small segment of the SME sector is capable of making full use of new business openings and coping effectively with threats without assistance notably human resource development, financial and other technical support which constitute important policy instruments in many countries.

In Ghana, a sustained level of development of small and medium enterprises is highly needed to reach the targets set by the United Nations (UN) in the Millennium Development Goals (MDGS). One of such tools needed to achieve such objectives is the growing importance of the adoption of management consultancy services which will clearly direct and streamline their operation in the face of these global competition. In this chapter, the paper examines the background of the topic, brings out the problem statement, then set some specific objectives and research questions aimed to achieve the objectives.

In addition, the chapter will also provide the need for the research and outlines how the paper will be organized.

1.1 BACKGROUND OF THE STUDY

Small and medium enterprises (SME's) play a major role in countries at all levels of economic development. They generate employment and are widely considered to be vital for competitiveness and economic growth. (OECD 2000 Pg 1). In OECD countries, SME's constitutes about 95% of firms and 60-70% of employments are creating large numbers of new jobs (OECD 2000). In developing countries too, very substantial numbers of poor working people rely for their livelihood on employment in SME's. For instance, in twelve leading Latin American countries employment in enterprises with fewer than six (6) employees comprised as much as 42% of total urban employment, but incomes tend to be at subsistence level.

Support to these enterprise dates back to the early 1970's, when it was widely justified in terms of its alleged poverty - reducing effects (Phillips 2002). In recent years there has been a growing recognition that SME's can also help boost economies of countries. Overall competitiveness and innovation, performance and those they should be assisted especially in managerial and other technical advice so as to help realize its full potential. Steel, 1994.

However, despite manifold promotion programmers, a great majority of small scale enterprises in developing countries still remain in dynamic and are struggling for survival, with the overall success record of SME support in these developing world continuing to be patchy.

In Ghana, according to the International Labour Organization (ILO) between 1980-1985 employment in the SME sector grew at an annual rate of 6.5% and absorbed 75% of new

entrants to the labour market as against 6% by the modern sector .(Director General's Report (1991.) SME does still remain the main, if not the only source of income of the majority of the urban dwellers and landless rural people in Ghana. While providing labour, it also creates the basic goods and services to be available at low cost to the majority of the low income earners and also remains the main employment avenue for Ghanaians which also contributes to government revenue through indirect taxes. (Aryeetey et al, 1994)

Despite the above positive role played by SME's, they are faced with a lot of problems. Before 1985 there were no established institutions to promote SME activities. Until the establishment of the National Board for Small Scale Industries (NBSSI) the non-financial assistance was not adequate. For example availability and access to quality technical, managerial and extension services, access to referral institutions for training in quality improvement, process control and maintenance of technology. Hence the need to have sufficient internal skills to implement SME projects.

1.2 STATEMENT OF THE PROBLEM

In Ghana, the majority of the SME's are informal with lower educational backgrounds which are individually owned. In addition knowledge and skills are acquired through apprenticeship and activities and workshops are home based. Osei et al 1993. A large number of SME operators do not generally comply with established business regulations and indulge in poor/ bad accounting practices and record keeping. What is more, most of these SME's are denied access to their facilities such as financial services due to lack of

planning and proper framework. This increases the risk and transaction cost (for monitoring and screening) which restricts SME's access to formal credit Steel, 1994. This might be due to the failure of most of these SME's seeking management and technical advice from consultants. The resultant effect is that most of them face competition. This current research therefore seeks to find out why most of these SME's fail to seek the services of management consultants in an intense competitive environment.

1.3 OBJECTIVES OF THE STUDY

Based on the above problem, this current paper therefore seeks to find out why SME's in Ghana do not employ the services of management consultants which has long been recognized as a useful professional tool that help operators to analyze and solve practical problems faced by the enterprise. Among the specific objectives include;

- (a) To identify the major factors that restrain SME's from accessing management consultancy service.
- (b) To find out the number of these institutions that are familiar with management consultancy services
- (c) To examine the number of these institutions that are able to access the services of management consultants
- (d) To make the necessary recommendations for policy implications.

1.4 RESEARCH QUESTIONS.

Based on the above objectives the following research questions are set to find answers to the research objectives

- (a) What are the major problems that hinder SME's from adopting management consultancy services?
- (b) Do SME's have the requisite knowledge on management consultancy services?
- (c) How often do they patronize the services of management consultants?
- (d) Do SME's have good perception about the viability and competence of management consultants in the Ghanaian setting?
- (e) How do SME's rate the cost of seeking management consultancy services?

1.5 SIGNIFICANCE OF THE STUDY

The government's policy on the Golden Age of Business has provided an impetus for the development of the SME's sector. Since the sector is paramount to the socio economic development of the country.

- The research will therefore bring to the fore the need to orientate SME's on the need to adopt management consultancy services, since the skill and technical know-how of management consultants may be valuable to SME's operations.
- In addition, it will help academia to know the relevant techniques and medium / mechanism to use in the promotion of management consultancy service in SME's.

- A study of this nature would not only add to the already existing literature on the subject but will also enable future researchers in this area to use this paper/research work as a spring board for future research.
- In addition it will also provide areas which this current paper/research work could not cover and calls for more research to delve into those areas.
- Finally the study will enable the researcher gain a through insight into how SME's works in Ghana.

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1.6 THE SCOPE OF THE STUDY

The study is limited only to the adoption of management consulting services in SME's in the Kumasi Metropolis using some selected SME's as a test case. However, there are other areas that the paper or research could not cover which may call for further studies by future researchers interested in this area.

1.7 ORGANIZATION OF THE STUDY

The study will be organized into five chapters, which are outlined below:

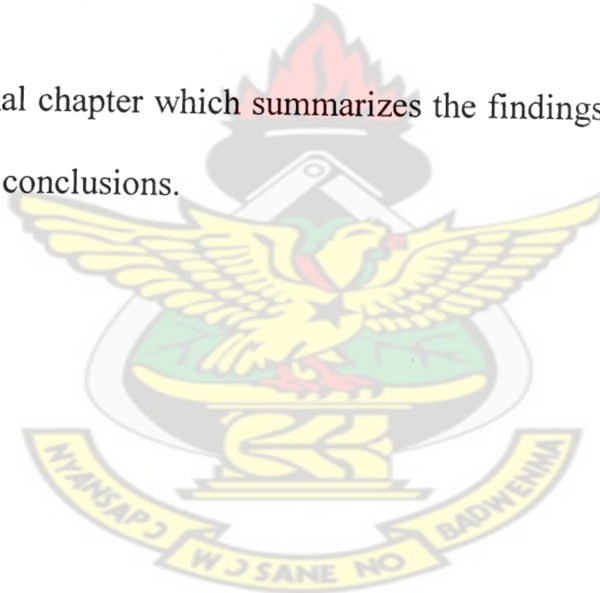
Chapter One: This chapter will look at the overview of the study which comprises of the introduction, background of the study, objectives of the study, research questions, significance of the study, the scope of the study among others.

Chapter Two: This chapter will review the relevant and related literature on the subject and then link it to the current research. Among the issues to be discussed include the definition of management consulting, conditions that promote the use of knowledge, current state of management consultancy industry and other concepts.

Chapter Three: This chapter comes out with the methodological principles applied in this study. The methodological principles used were research designs, qualitative research, exploratory research, descriptive research and others.

Chapter Four: Presentation and Analysis of Data. Here the chapter would look at the presentation and analysis of data and discussions after the administration of the questionnaire.

Chapter Five: This is the final chapter which summarizes the findings, recommendations for policy implications and conclusions.



CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter basically reviews relevant and related literature on the study and then attempts to relate it to the current study. The significance of the research and what you find out will inevitably be judged in relation to other people's research and their findings. (Zikmund, 2000). There is therefore the need to both map and assess the other existing intellectual territory establishing what research has been published in the chosen area, and, if possible, try to identify any other research that might currently be in progress. Reviewing the literature critically will provide the foundation on which the study is built. The essence is to develop a good understanding and insight into relevant previous research and the trends that have emerged (Saunders et al). Among the area that the study will review include operational definitions, consulting and the role of management, responsibility of the management consultant, SMEs, conceptual framework and empirical evidence on the impact of management consultants.

2.1 DEFINITION OF CONCEPTS

Various definitions had been given on what management consulting and SMEs definition in the Ghanaian context.

2.1.1 DEFINITION OF MANAGEMENT CONSULTING.

The bulk of the literature on consulting focuses on two kinds of consulting practice: consulting to businesses (e.g., various forms of management or information technology consulting) and consulting to human services organizations (e.g., mental health or program consulting). Consulting is broadly defined as a process of transferring expertise, knowledge, and/or skills from one party (the consultant) to another (the client) with the aim of providing help or solving problems (Block 2000; Druckman 2000a; Gallessich 1985; March 1991). The parameters of the process are described in a contract, and the client pays the consultant (Holtz 1985). In some types of consulting, this dyadic definition is expanded to a triadic one, with the third spot occupied by the individual(s) who constitute the "problem" to be solved (Dougherty 1990; Gallessich 1985). The literature portrays consulting as a staged process, with specific tasks and functions taking place at different times. The number of stages reported ranges from four (e.g., Dougherty 1990) to seven or more (e.g., Lippit and Lippit 1978). Clients may be situated in the public, private, or "third" (nongovernmental organization) sectors (Goodstein 1978; Kubr 1996). Their need for consulting is linked to three types of factors: sectoral changes that cause them to look for very specialized forms of expertise, budgetary limitations that make contracting the most cost-effective means of obtaining this expertise, and political environments in which using consultants becomes a way of increasing legitimacy (Gallessich 1982; Sturdy 1997; Van Houten and Goldman 1981).

Management consulting refers to both the industry, and the practice of, helping organizations improve their performance, primarily through the thorough analysis of

existing business problems and development of plans for improvement. Organizations hire the services of management consultants for a number of reasons, including, for example, to gain external and presumably more objective advice and recommendations, to gain access to the consultants' specialized expertise or simply as temporary help during a one-time project, where the hiring of permanent employees is not required. Because of their exposure to and relationships with numerous organizations, consultancies are also said to be aware of industry 'best practices,' although the transferability of such practices from one organization to another is the subject of debate. Consultancies may also provide organizational change management assistance, development of coaching skills, technology implementation, strategy development, or operational improvement services. Management consultants generally bring their own, proprietary methodologies or frameworks to guide the identification of problems, and to serve as the basis for recommendations for more effective or efficient ways of performing business tasks.

Management consulting refers generally to the provision of business consulting services, but there are numerous specializations, such as Information technology consulting, human, and others, many of which overlap, and most of which are offered by the large diversified consultancies listed below. So-called 'boutique' consultancies, however, are smaller organizations specializing in one or a few of such specializations.

Management Consulting is becoming more prevalent in non-business related fields as well. As the need for professional and specialized advice grows, other industries such as government, quasi-government and not-for-profit agencies are turning to the same managerial principles that have helped the private sector for years.

One important and recent change in the industry has been the spin-off or separation of the consulting and the accounting units of the large diversified firms. For these firms, which began business as accounting firms, management consulting was a new extension to their business. But precipitated by a number of highly publicized scandals over accounting practices, such as the Enron scandal, accountancies began divestiture of their management consulting units, to more easily comply with tighter regulatory scrutiny that arose in the wake of the scandals.

According to Dougherty, 1990 management consulting is, as its title suggests, a management activity. But it is a special form of management. Many would regard it as one of the most exciting of management challenges. It is certainly one of the most demanding. The upside of this is that it can also be one of the most rewarding – not just financially (though the rewards here can be high indeed for good consultants) but also in terms of task enjoyment, satisfaction with achievements and intellectual stimulation.

A management consultant is rewarded for going into an organization and undertaking a special project on its behalf. Usually the organization is a profit-motivated commercial venture. But it does not have to be. In short, a management consultant offers his or her management abilities, expertise and insights to the client business in order to create value for it. Consulting activity is something that the client business decides to buy in. It represents a factor that managers decide they need in order to progress their business and improve its performance. As a factor that is bought in, consulting activity competes with all the other factors a business must buy in if it is to grow: money for investment, people and their skills, raw materials and the equipment necessary to deliver what the business

offers. The client will find the service the consultant is offering attractive only if it is something that the business cannot provide for itself. Further, it must be the best investment option on offer given all the other things the business could buy in.

This means a consultant must understand a number of things from the outset. Clearly the consultant must know why what he or she is offering will be of value to the client business. Although important, this is not enough. Consultants must also know why what they are offering represents a good investment opportunity for the business given all the other investment opportunities available. This forms the basis of what the consultant can 'sell' to the business. As with any form of selling to organizations, the selling is most effective when the underlying buying process is appreciated. Organizations do not buy – individuals within them do. The way in which individuals react, interact and influence each other must be taken into account when delivering a consulting exercise. In short, the consultant must recognize what he or she will enable the business to do in its market place, why the business can unify around the project. Although management consultancy is seen as a specialist management role, the consultant must have the skills of a general manager. He or she must not only be able to undertake specific (and often technical) project, he or she must also be able to market what they offer (not forgetting that marketing includes the development of the actual consulting 'product' as well as its promotion), sell the product to clients and manage a relationship with them. This is a challenge. But if it is met effectively the rewards can be great. Consultants often enjoy fast-track careers. Experience in consulting provides such as fast 'learning curve' that they quickly mature as managers and can take on high-level roles, even when quite

young. For the ambitious manager, investing in developing the skills that make a consultant effective offers the potential of considerable rewards.

2.1.2 DEFINITION OF SMES.

There are various definitions used to typify SMEs. According to Phillips 2000, Georgia Institute of technology alone has more than fifty definitions for SMEs. The international Labour Organization (ILO) gives a broad meaning which includes modern industrial firms employing up to 50 employees, family units employing 3 to 4 people, cottage industries, group companies and small self-employed firms in the informal sector of the economy. (ISSER, 1999).

In Ghana, the most important criterion used in defining the size of enterprises is employment (NBSSI Annual Report, 1999). The Ministry of Local Government and Rural Development (Ghana), considers any establishment that employs 1 to 9 employees as a small- scale enterprises, and above 20 employees as a large-scale enterprises. The National Board Small-Scale Industries (NBSSI) defines SME's as production units that are engaged primarily in manufacturing outside the residence, with an investment and tools of not less than 10million cedis and which engages less than nine people (NBSSI, Annual Report, 1997). It is to be noted that some of these definitions vary according to the number of employees, level of investment, total assets and turnover. From the foregoing, it can be discerned that there is no consensus on the issue of the definition of SMEs. Given changes in the value of the domestic currency, heterogeneity of assets, and variations in turnovers, using these factors to differentiate.

2.2 CONDITIONS THAT PROMOTE THE USE OF KNOWLEDGE

Three main categories of factors facilitate the use of knowledge in consulting projects: First is the urgency of the problem or issue that initiates the project. When clients identify a pressing need and are willing to pay consultants to help them respond, they are likely to be motivated to use the knowledge generated by the consultants. When the need is perceived to be less urgent or when the problem is not recognized by the clients themselves, the chances of the knowledge being used are reduced.

Second, use is promoted by specific characteristics of both consultants and clients. From the clients' point of view, knowledge is more likely to be used when the consultants are perceived to be accessible, organized, expert, and credible. Clients initially assess these qualities during the pre entry stage (indeed, they seem to constitute the main criteria in hiring decisions), but they must be continually enacted by consultants in various guises throughout the entire life of a project. From the consultants' point of view, clients need to be open (and open-minded), communicative, and committed to the consulting process. Most important, they must be willing to work with the consultants in order to agree on their expectations and the scope of the consultation, an agreement that is often negotiated and renegotiated over the life of the project.

Third, the use of knowledge seems to be facilitated by several strategies directed at promoting the clients' participation and collaboration. In many places knowledge transfer has become a requirement for academic researchers, particularly for projects funded by public granting agencies (e.g., Canadian Institutes of Health Research 2004). Researchers

who wish to meet this requirement are looking for new ways of generating, synthesizing, and applying knowledge in order to make it relevant and useful to a variety of audiences. For example, researchers committed to making their work responsive to the concerns of marginalized communities are using community-based participatory research (Minkler and Wallerstein 2003). In this research SMEs are active participants in defining the research question, collecting and analyzing data, and making recommendations based on research findings. Because its members are so involved in the research, the findings are likely to be both relevant and useful to the community.

Using consulting as a strategy for knowledge transfer may be an attractive option for consultants and policy researchers employed by universities and other traditional academic institutions. In consulting, researchers engage decision makers, working with them to define and answer questions and apply the results of these inquiries in policy and practice. Consulting work that may ensue, gives academic researchers an opportunity to better understand the contexts in which policy and practice decisions are made and implemented. Such knowledge may then enrich their conceptualization of research questions and approaches. Furthermore, in some consultations the knowledge produced is of general interest to the field, and the consultant is able to write articles about aspects of the work for scholarly journals.

Ideally, for both academics and decision makers, consulting may become either a bridge to or part and parcel of a broader interactive knowledge transfer relationship. Although the notion of offering paid expertise to organizations is one that is already well established in some academic fields (Czarniawska and Mazza 2003; Druckman 2000a,

2000b) and although consulting is a potential source of revenue for academic units, many characteristics of universities and other academic organizations make knowledge transfer and alternative models of research practice a difficult undertaking (Jacobson, Butterill, and Goering 2004). The structure of academia is such that members of the academy, individually and collectively, are largely accountable to their disciplines: ideas for new research therefore must be situated in the questions and methods of the discipline. Legitimacy is obtained through peer review of process and product. Rewards and incentives like tenure and promotion are dependent on meeting disciplinary standards. Thus, for consulting to be more widely embraced, academia must change some of its own structures and practices.

2.3 CURRENT STATE OF THE MANAGEMENT CONSULTANCY INDUSTRY

According to the Black Book of Out Sourcing (2008) Management consulting grew with the rise of management as a unique field of study. The first management consulting firm was Arthur D. Little, founded in 1886 by the MIT professor of the same name. Though Arthur D. Little later became a general management consultancy, it originally specialized in technical research. Booz Allen Hamilton was founded by Edwin G. Booz, a graduate of the Kellogg School of Management at Northwestern University, in 1914 as a management consultancy and the first to serve both industry and government clients. The first pure management and strategy consulting company was McKinsey & Company. McKinsey was founded in Chicago during 1926 by James O. McKinsey, a professor at the University of Chicago Graduate School of Business, but the modern McKinsey was shaped by Marvin Bower, who believed that management consultancies should adhere to

the same high professional standards as lawyers and doctors. McKinsey is credited with being the first to hire newly minted MBAs from top schools to staff its projects vs. hiring older industry personnel. Andrew T. Kearney, an original McKinsey partner, broke off and started A.T. Kearney in 1937. During Britain's war effort, Personnel Administration (PA) was founded in 1943 by three Englishmen: Ernest E. Butten, Tom H. Kirkham and Dr. David Seymour.

After World War II, a number of new management consulting firms were formed, most notably Boston Consulting Group, founded in 1963, which brought a rigorous analytical approach to the study of management and strategy. Work done at Booz Allen, McKinsey, BCG, and the Harvard Business School during the 1960s and 70s developed the tools and approaches that would define the new field of strategic management, setting the groundwork for many consulting firms to follow.

As suggested by Consultants are costing us billions- and for what? one of the reasons why management consulting grew first in the USA is because of deep cultural factors: it was accepted there, (contrary to say, Europe), that management and boards alike might not be competent in all circumstances; therefore, buying external competency was seen as a normal way to solve a business problem. This is referred to as a "contractual" relation to management. By contrast, in Europe, management is connected with emotional and cultural dimensions, where the manager is bound to be competent at all times. This is referred to as the "pater familias" pattern. Therefore seeking (and paying for) external advice was seen as inappropriate. However, it is sometimes argued that in those days the average level of education of the executives was significantly lower in the USA than in

Europe, where managers were "Grandes Ecoles" graduates (France) or "Doktor" (Germany), though this is very difficult to quantify given the vastly differing management structures in American and European businesses.

It was only after World War II, in the wake of the development of the international trade led by the USA, that management consulting emerged in Europe. The current trend in the market is a clear segmentation of management consulting firms. (Clark and Finchan, 2001)

Another branch of management consulting is Human Resource consulting. Such firms provide advice to their clients regarding the financial and retirement security, health, productivity, and employment relationships of their global workforce.

Management consulting has grown quickly, with growth rates of the industry exceeding 20% in the 1980s and 1990s. As a business service, consulting remains highly cyclical and linked to overall economic conditions. The consulting industry shrank during the 2001-2003 period, but has been experiencing slowly increasing growth since. (Wickham, 2004) In 2007, total global revenues for management consulting are expected to exceed the \$300 billion mark.

Currently, there are four main types of consulting firms. First, there are large, diversified organizations that offer a range of services, including information technology consulting, in addition to a strategy consulting practice. Second, are the medium-sized information technology consultancies, that blend boutique style with some of the same services and technologies bigger players offer their clients. Third, are the large management and

strategic consulting specialists that offer primarily strategy consulting but are not specialized in any specific industry. Finally, there are boutique firms, often quite small, which have focused areas of consulting expertise in specific industries or technologies. For instance, Roland Berger is well-known in Europe for its skills in downsizing and cost-killing. Most of the boutiques were founded by famous business theorists.

A fifth type of global consulting firm is emerging. Sourcing Advisory services deal with choices between in sourcing and outsourcing, vendor selection, and contract negotiations. The top 10 sourcing advisors (as ranked by the Black Book of Outsourcing) were Alsbridge, TPI, EquaTerra, NeoIT, Pace Harmon, PA Consulting, RampRate, Deloitte, Gartner, and Everest. Although a fast growing sector, the largest sourcing advisory practices would likely be classified as boutiques when considering the management consulting industry as a whole - with one of the largest players, TPI, for example, citing 2006 revenues of less than US\$150M during its acquisition by ISG.

According to the British House of Commons since 1997 to 2006, the Labour government have spent £20 billion for management consultants and at least another £50 billion for IT systems, up significantly from the £500 million a year by the previous conservative government. From 2003 - 2006 spending on consultants has risen by a third, from £2.1 billion in 2003–04 to £2.8 billion in 2005–06, largely due to increases in spending by the National Health Services. In the past three years £7.2 billion has been spent on consultancy services from large consultancy firms.

Added to these approaches are corporations that set up their own internal consulting groups, hiring internal management consultants either from within the corporation or

from external firms whose employees have tired of the road warrior lifestyle. Many of these corporations have internal groups of as many as 25 to 30 full-time consultants.

The internal consultant approach is chosen for three reasons. First, the corporation does not want to pay the large fees typically associated with external consulting firms. Second, they want to keep certain corporate information private. Finally, they want a group that more closely works with, and monitors, consulting firm relationships. Often, the internal consultant has less ramp up time on a project due to familiarity with the corporation, and is able to guide a project through to implementation -a step that would be too costly if an external consultant were used.

Internal consulting groups are often formed around a number of practice areas. The more common areas are: organizational development, process management, information technology, design services, training, and development.

There are several potential problems facing internal consultants, and those who employ them. The internal consultant may not bring the objectivity to the consulting relationship that an external firm can. An internal consultant also does not bring to the table best practices from other corporations. When the consulting industry is strong, it can be difficult to recruit candidates who are of the same high calibre as those working for outside consulting firms. Lastly, when financial times get tough, often the internal consulting group is the first to face layoffs.

2.4 APPROACHES TO MANAGEMENT CONSULTANCY

In general, various approaches to consulting can be thought of as lying somewhere along a continuum, with an 'expert' or prescriptive approach at one end, and a facilitative approach at the other. In the expert approach, the consultant takes the role of expert, and provides expert advice or assistance to the client, with, compared to the facilitative approach, less input from, and fewer collaborations with, the client(s). With a facilitative approach, the consultant focuses less on specific or technical expert knowledge, and more on the process of consultation itself. Because of this focus on process, a facilitative approach is also often referred to as 'process consulting,' with Edgar Schein being considered the most well-known practitioner. The consulting firms listed above are closer toward the expert approach of this continuum.

Many consulting firms are organized in a matrix structure, where one 'axis' describes a business function or type of consulting: for example, strategy, operations, technology, process improvement, human resources, sales, etc. The second axis is an industry focus: for example, oil and gas, retail, automotive. Together, these form a matrix, with consultants occupying one or more 'cells' in the matrix. For example, one consultant may specialize in operations for the retail industry, and another may focus on process improvement in the downstream oil and gas industry. (Schein, 1987)

2.5 CRITICISM AGAINST MANAGEMENT CONSULTANTS

Despite consistently high and growing revenues, management consultancy also consistently attracts a significant amount of criticism, both from clients, and also from management scholars.

Management consultants are often criticized for overuse of buzzwords, reliance on, and propagation of management fads, and a failure to develop plans that are executable by the client. A number of highly critical books about management consulting argue that the mismatch between management consulting advice and the ability of business executives to actually create the change suggested results in substantial damages to existing businesses. (Carroll, 1979)

Irreputable consulting firms are often accused of delivering empty promises, despite high fees. They are often charged with "stating the obvious" and lacking the experience on which to base their advice. These consultants bring few innovations, and instead offer generic and "prepackaged" strategies and plans that are irrelevant to the client's particular issue. They may fail to prioritize their responsibilities, placing their own firm's interests before the clients'.

Further criticisms include: analysis reports only, junior consultants charging senior rates, reselling similar reports to multiple clients as "custom work", lack of innovation, overbilling for days not worked, speed at the cost of quality, unresponsive large firms & lack of (small) client focus, lack of clarity of deliverables in contracts, and more.

More reputable firms, in contrast, adhere to and internalize specific codes of ethics to fortify client relationships by offering fair advice and accepting transactions only if they benefit their clients. In other words, if the consultancy cannot provide effective services to their clients, it will pass on the opportunity, even if the client is willing to pay the fee.

2.6 WHAT A MANAGEMENT CONSULTANT DOES

Management consulting is, as its title suggests, a management activity. But it is a special form of management. Many would regard it as one of the most exciting of management challenges. It is certainly one of the most demanding. The upside of this is that it can also be one of the most rewarding – not just financially (though the rewards here can be high indeed for good consultants) but also in terms of task enjoyment, satisfaction with achievements and intellectual stimulation.(Mintzberg,1989)

A management consultant is rewarded for going into an organization and undertaking a special project on its behalf. Usually the organization is a profit-motivated commercial venture. But it does not have to be. Consultants are also (and increasingly) called upon to offer their services to non-profit organizations such as charities. Governmental and non-governmental, whether local, national or international, also make frequent calls on the skills of management consultants.

The types of project undertaken by consultants are as varied as management itself. They may involve the proffering of technical expertise, such as the development of information technology systems. They may be 'softer' and aim at generating cultural change within the organization. In some cases they may have the objective of resolving internal conflicts within the organization. They may be concerned with helping the organization build relationships with outside parties.

In other instances, they may aim to help the organization gain some critical resources. Often they will be focused on some specific issue that has been recognized by the organization's management and has been well defined. In many instances though they are

of a broad 'business development' nature. Most will involve gathering and analyzing information and sharing discoveries with the organization. Usually the management consulting project is undertaken over a relatively short time scale – say weeks or, at most, a few months. Increasingly, however, projects with a longer time scale (up to a year or more) are in demand.

In short, a management consultant offers his or her management abilities, expertise and insights to the client business in order to create value for it. Consulting activity is something that the client business decides to buy in. it represents a factor that managers decide they need in order to progress their business and improve its performance. As a factor that is bought in, consulting activity competes with all the other factors a business must buy in if it is to grow: money for investment, people and their skills, raw materials and the equipment necessary to deliver what the business offers. The client will find the service the consultant is offering attractive only if it is something that the business cannot provide for itself. Further, it must be the best investment option on offer given all the other things the business could buy in.

This means a consultant must understand a number of things from the outset. Clearly, the consultant must know why what he or she is offering will be of value to the client business. Although important, this is not enough. Consultants must also know why what they are offering represents a good investment opportunity for the business given all the other investment opportunities available. This forms the basis of what the consultant can 'sell' to the business. As with any form of selling to organizations, the selling is most effective when the underlying buying process is appreciated. Organizations do not buy – individuals within them do. The way in which individuals react, interact and influence each other must be taken into account when delivering a consulting exercise. In short, the consultant must recognize what he or she will enable the business to do in its market place, why the business can unify around the project. Although management consultancy is seen as a specialist management role, the consultant must have the skills of a general manager. He or she must not only be able to undertake specific (and often technical) project, he or she must also be able to market what they offer (not forgetting that

marketing includes the development of the actual consulting 'product' as well as its promotion), sell the product to clients and manage a relationship with them. This is a challenge. But if it is met effectively the rewards can be great. Consultants often enjoy fast-track careers. Experience in consulting provides such as fast 'learning curve' that they quickly mature as managers and can take on high-level roles, even when quite young. For the ambitious manager, investing in developing the skills that make a consultant effective offers the potential of considerable rewards.

2.7 THE CLIENT-CONSULTANT INTERACTION

As recommended by (Mintzberg 1989) the consultant is a manager. It must be understood that the nature of the consultant's tasks in terms of them being management tasks. Like any manager, the consultant will at times take on many if not all the ten roles defined by Mintzberg. The consultant's role parallels and integrates with that of managers within the client organization. It is through the interaction of these roles that the client-consultant relationship is built.

The managers who make up organizations work in a network of relationships. These relationships exist between managers working within a particular organization and between the managers in different organizations who come into contact with each other. The consultant who moves into an organization must define the relationship he or she wishes to create with the managers who already work in the client business, and, often, with some of those in other organizations with which the client comes into contact. Two considerations will determine what sort of relationship this will be. These are:

- The nature and structure of management roles in the client organization;
and
- The objectives of the consulting exercise.

Every organization is different and so is every manager. However, it is possible to see consistent patterns in the way in which managerial roles take shape. Different organizations will require different profile of management roles. But every organization will demand that managers carry out the interpersonal, informational and decisional roles

in a way that is right for the business. These roles must be carried out with the correct degree of competence and in balance with each other.

The motivation to call in a consultant (a topic discussed fully in Chapter 2) arises because managers have identified a project that they think will benefit the organization but they recognize that they are not in a position to deliver it themselves. The reason for their inability to deliver may be articulated in the form of resource or skill gaps. In entering to fill these gaps the consultant is offering to complement and develop the role profile within the organization. The managerial roles described by Henry Mintzbergs provide a clue to the kind of interaction that will take place between the consultant and the client organization's management team. We can use a visual metaphor to picture the ways in which a consultant can interact with and develop the business management role profile.

Think of the role profile as a triangle, with each apex representing one of the groups of roles. This is illustrated in Figure 1.1.

Using this simple diagram we can create a visual depiction of the five primary types of consultant-management role interaction: supplementing, complementing, differentiating, integrating and enhancing.

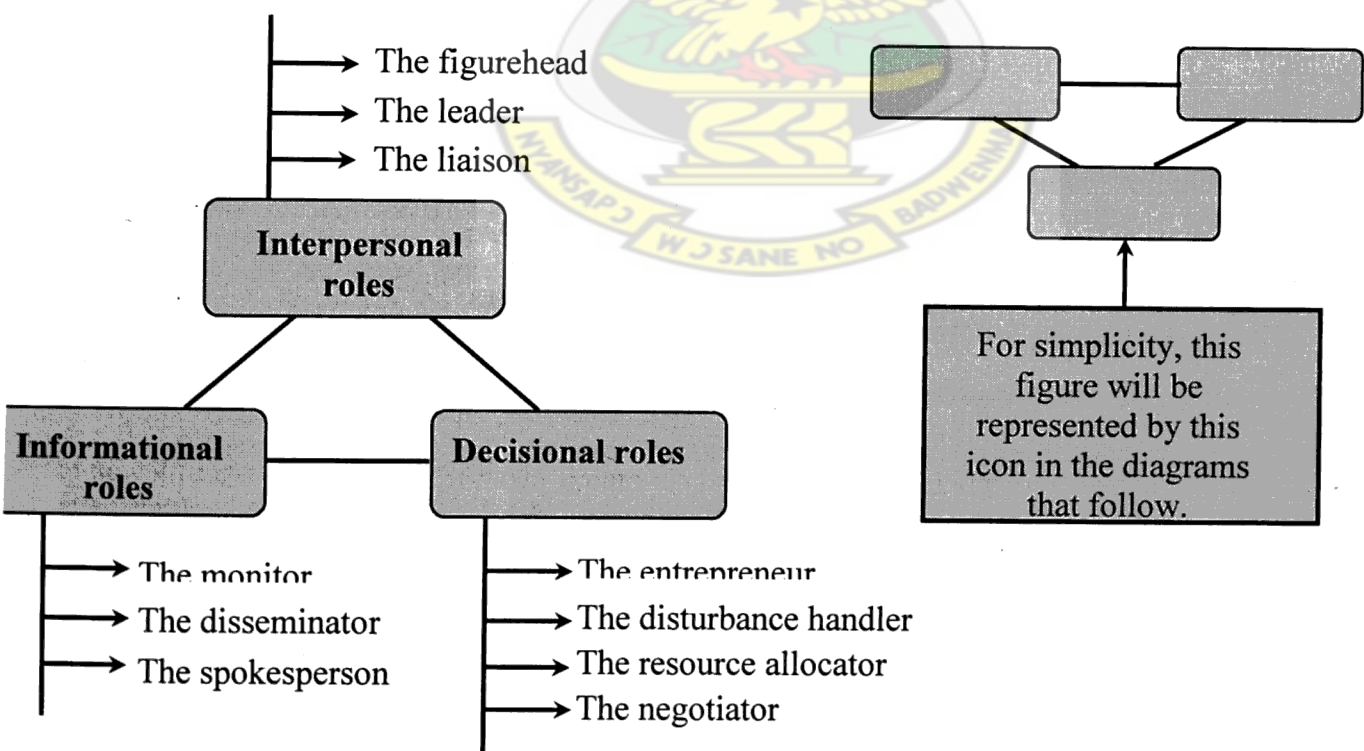


Figure 1.1 The managerial role profile

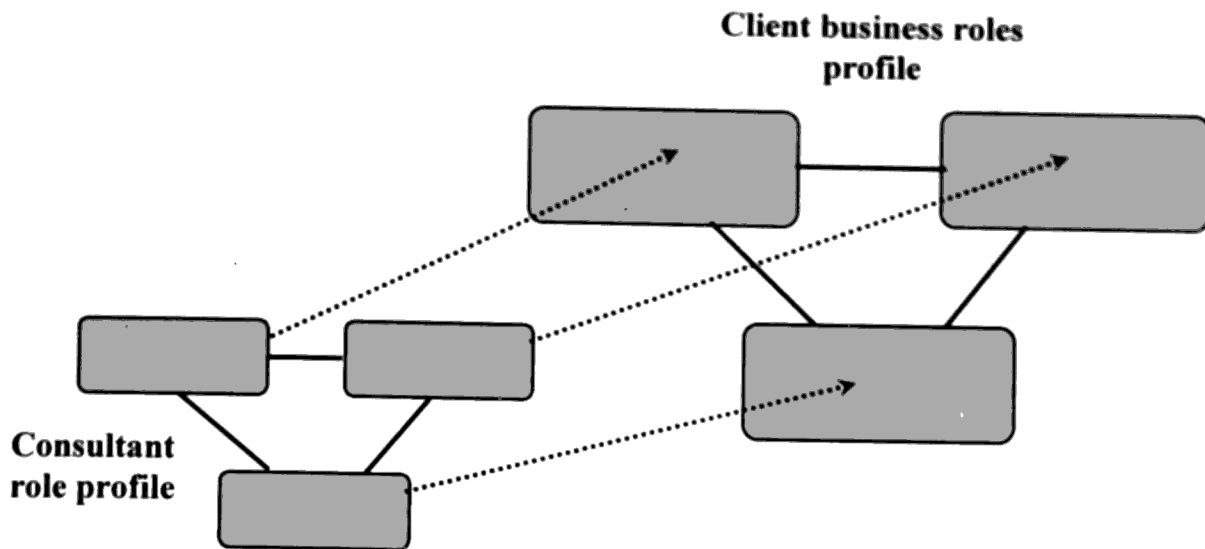
2.7.1 SUPPLEMENTING

Supplementing involves the consultant adding to the existing skill profile to increase its capability but not alter its overall shape. The consultant is an additional resource who takes on a project that could well have been taken on by an existing manager had time been available (Hislop, 2002). An example might be a business with a local sales base using a consultant with sales experience to test the possibility of expanding into a new area. Had a sales manager from within the company been available then he or she would have done the job in exactly the same way. In principle, the consultant could be recruited into the organization and there would be little change in the way in which he or she operates with and interacts with the rest of the organization.

This type of consulting role offers a way of enabling the business to manage demand fluctuations in a low-risk way. The consultant allows the business to add and subtract human resources in a flexible manner. The consultant is neutral in development terms and does not aim to make any fundamental changes in the organization. We can picture the supplementing role as a simple addition to the existing role profile (see Figure 1.2).

2.7.2 COMPLEMENTING

Complementing occurs when the organization notices a gap in its profile of management roles and asks the consultant to fill that role. This may require the consultant to specialize in any one of the basic role types. For example, a consultant may be required to complement the organisation's liaison role and develop the way it represents itself to the outside world. Projects that enhance the business's marketing approach or develop presentations to financial backers are important examples. Consultants can play an important role in supporting existing managers to improve leadership, through, say, the development of a unifying organization mission (Wickham, 2004). A wide range of projects can involve the consultant complementing the informational role. Important examples might include marketing research and the setting up of management information systems.



Supplementing involves the consultant simply adding to the role profile already present in the client business.

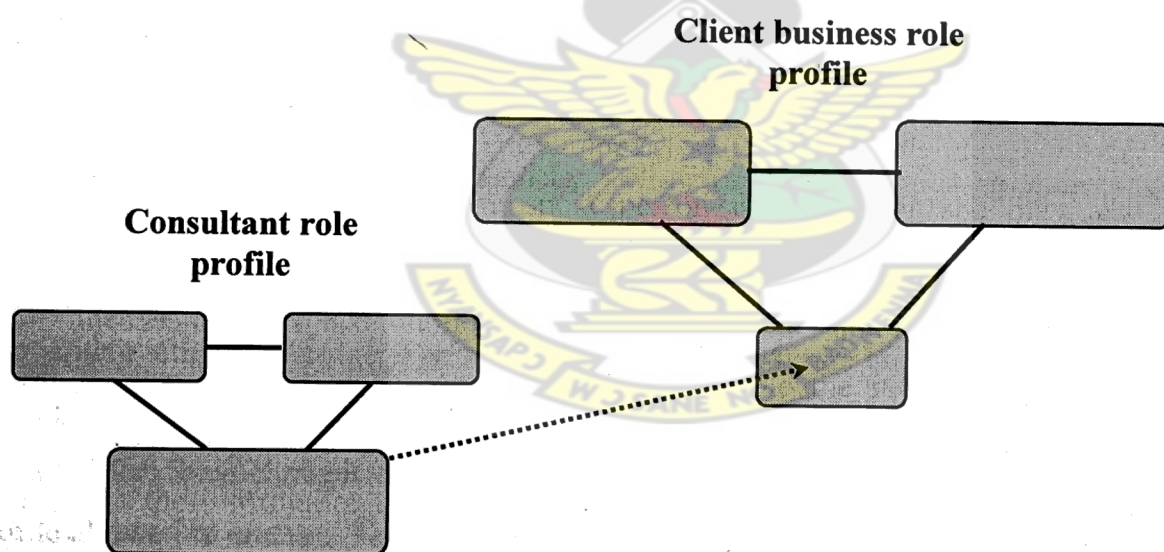
Figure 1.2 The consultant-manager role supplementing interaction

These projects will make demands on both the monitoring and disseminating aspects of the informational role. The consultant may also be active in supporting the spokesperson role. Developing communications aimed at customers and investors is the task of the public relations expert. Lobbyists may be employed to communicate and influence decision-makers in government.

The consultant can contribute to the decisional role in a variety of ways. Speculative business development projects, which explore a range of possibilities may be called in the future, complement the entrepreneurial role. A consultant may be called in as a disturbance handler to help the business's management deal with a crisis. The setting up of budgeting management control systems is an example of the consultant complementing the work of the resource allocator. Some consultants specialize in negotiating and can contribute to the way in which the business approaches important customers, suppliers or investors. The complementing role can be pictured as the consultant filling in a gap in the management's existing role profile. Figure 1.3 shows this may be illustrated.

2.7.3 DIFFERENTIATING

The overall profile of management roles will depend on a number of factors. The size of the organization will be critical. The larger the business, the greater the latitude for allowing managers to specialize their roles. One aspect of the process of organizational growth will be an increasing tendency towards role specialization. For example, a small business will tend to have a leading entrepreneur (perhaps with a high level of ownership) undertaking the decisional and the spokesperson roles. He or she may also have responsibility for the informational roles. As the business grows the entrepreneur can allow other managers to take on more responsibility. A sales and marketing function may emerge to take on the spokesperson roles and promote the product to customers. A management information system can be set up to monitor financial data and so supplement the informational role. The entrepreneur can also delegate certain areas of decision-making to subordinate managers.(Wickham ibid)



Complementing involves the consultant bringing along a role specialism to complement a weakness in the client business role profile.

Figure 1.3 The consultant-manager role complementing interaction

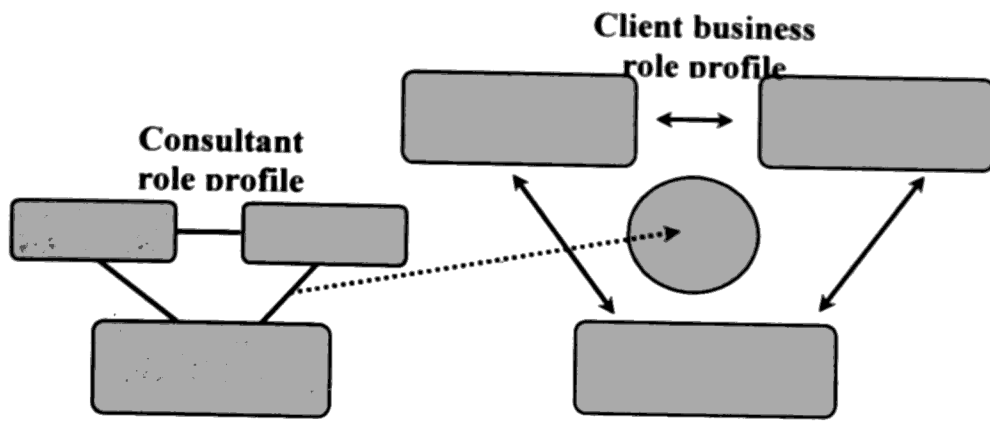
This process of role differentiation is critical if the organization is to grow successfully. It is only through such specialization that the business can not only grow but also improve its performance as it grows. However, such differentiation is not always easy. Managers (not least successful entrepreneurs) often resist giving away areas of responsibility. They would rather use the organisation's growth to 'build their empire'. This can result in the manager having too large an area of responsibility, too much information to analyse and not enough time. Invariably, the quality of decision-making suffers.

Consultants can help facilitate the process of role differentiation. At one level this involves designing appropriate organization structures, defining managerial responsibilities and setting up communication systems. But this is just the 'hardware' of the organization. Managers must feel comfortable with their new responsibilities, be motivated to work within them and interact positively with colleagues. Changing the 'software' is a change management process calling upon a specialist type of consulting. This type of role differentiation can be illustrated as in figure 1.4.

2.7.4 INTEGRATING

Mature organizations are characterized by well-defined organization structure and role responsibilities. These become established and are subject to organizational inertia. They may persist even when they are no longer appropriate. If the business's environment and competitive situation change then an evolution in the way the business does things may be called for. If environmental change is particularly fast, the occasional revolution may be called for. Such changes demand that the old role profile be broken down and a new profile allowed to emerge. The new roles may combine or integrate a number of aspects of the old roles. (Kubr, 1996)

An important recent trend in organizational change has been the shift from vertically ordered functions to horizontally ordered teams. Traditional departments such as marketing, finance, operation and the like have been supplemented, or even replaced, by small, multidisciplinary teams. The focus shifts to the team



Differentiating involves the consultant helping the client business to differentiate its management roles and allow managers to specialize.

Figure 1.4 The consultant-manager role differentiating interaction

undertaking specific tasks rather than the department fulfilling fixed roles. This allows a more flexible response to the shifting needs of the marketplace.

This process makes a number of demands on managers. Of course, team working must be made effective (a topic discussed in Chapter 20), but there are more subtle demands as well. The hierarchical department offers a traditional path for promotion in the organization. If it goes, managers may see no clear way for advancing and may become demotivated. If the team structure is combined with traditional functions (a structure known as a matrix organization), managers may become disorientated at having two bosses (the team leader and the departmental manager). Such 'challengers' to the departmental manager's authority may also be a recipe for political infighting.

As with differentiating, the consultant called in to integrate roles into a new, more flexible structure must address both hardware and software issues. A new structure must be invented and the change management issues needed to motivate managers to work within it must be addressed. Role integrating may be illustrated as in Figure 1.5

2.7.5 ENHANCING

As argued by Porter (1980) enhancing is the most general type of role development process. It demands not so much that the role profile of the organization be changed but that the manager’s overall level of performance be improved. There are a variety of ways this might be achieved. Training of individual managers is usually an important part. This training may be directed towards improving technical and functional skills or may develop interpersonal skills such as motivation and leadership. Training may be supplemented through structural changes such as improved communication systems and attention to overall strategic understanding. The process of role enhancement is illustrated in Figure 1.6.

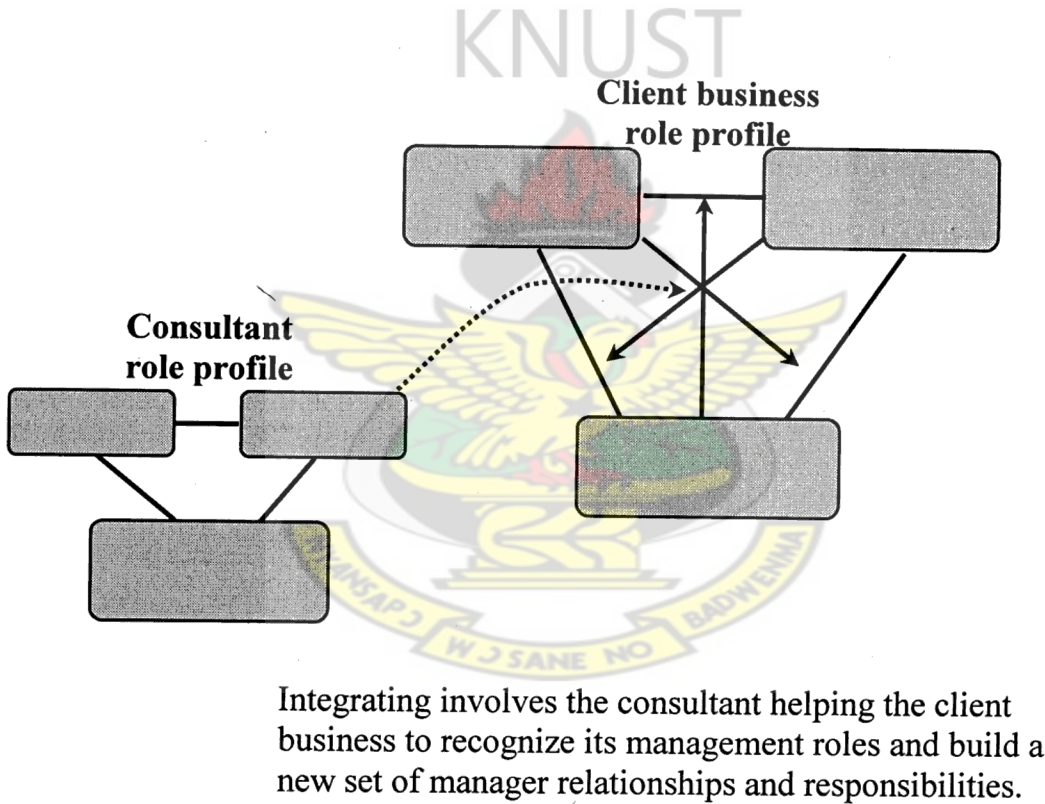


Figure 1.5 The consultant-manager role integrating interaction

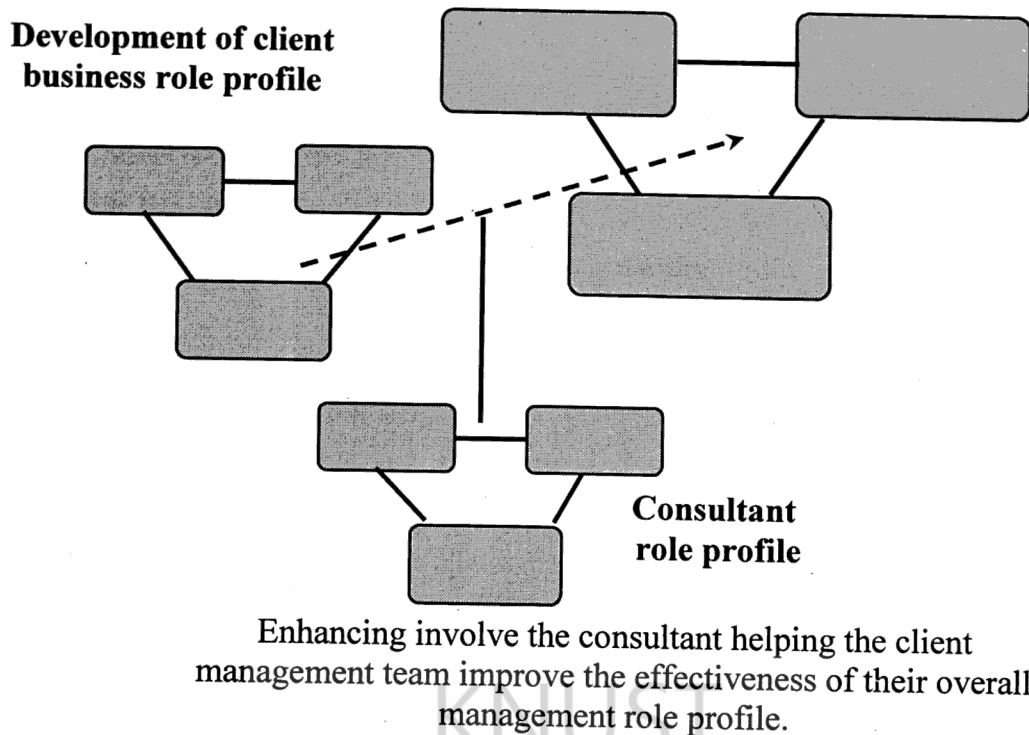


Figure 1.6 The consultant-manager role enhancing interaction

2.8 THE RESPONSIBILITIES OF THE MANAGEMENT CONSULTANT

All managers have responsibilities. They have responsibilities both to organizations and to the individuals who work in them. At one level, organizations collections of individuals, so it is individual managers who must take on responsibilities on behalf of the organizations they work for. The consultant is in a special position. He or she must take the responsibilities of being a manager, not just for the organization they work for but also for the organization they work with.

It has been suggested (by Archie Carroll in an article in 1979) that managerial and organizational responsibilities operate at four levels. These may be referred to as the economic, the legal, the moral and the discretionary.

2.8.1 ECONOMIC RESPONSIBILITIES

The fundamental economic responsibility of the manager is to act in a way which is consistent with the long-term health of their business, and maximize its value for its investors. This is not to suggest that the manager, like the economist's perfect entrepreneur, simply tries to maximize short-term. Short-term profits to investors may be diverted in order to fund reinvestment projects aimed to achieve growth and so deliver more profits in the future. Potential profits may be compromised if other responsibilities are given priority. An area of economics called *agency theory* suggests that the interests of managers and investors differ and that, under certain circumstances, managers will act in their own best interests.

Given these constraints, it may still be properly said that the consultant's economic responsibility is to advocate only projects which genuinely seem, in light of the information available, to be in the best interest of the business as a whole, given its stated strategic objectives and the concerns of the stakeholders who have an interest in it.

2.8.2 LEGAL RESPONSIBILITIES

All businesses have a responsibility to operate within the rule of law. Laws provide the official 'rules of the game' through which businesses interact with each other. Legal systems around the world differ, but generally have two codes: the *criminal*, which the state takes responsibility for implementing, and the *civil*, in which the responsibility for initiating proceedings lies with individuals. Business activity is subject to both codes.

Nowadays, most governments try to minimize the impact of legislation on business. In that legal restrictions impede business activity, they are seen as an evil, albeit a necessary one. Consideration of the impact of a new law on business is, these days, usually taken into account in the legislative process. This means that the laws that remain are usually there for a good reason.

The consultant has a legal responsibility to ensure that the activities of the organization he or she is working for, and any activities he or she may advocate on its behalf, are legitimate in light of the criminal and civil laws to which the business is subject. The exact nature of this legal responsibility, and the extent to which the consultant may face recrimination if it is breached, will depend on the law involved, the consultant's contractual obligations and the degree of culpability for outcomes.

Ensuring that this condition is met, especially when the business is operating in a highly technical area, or in a part of the world with a different legal system, can be quite challenging. In this case, taking legal advice from experts (not least about one's own responsibilities) may be an important part of the consulting exercise.

2.8.3 MORAL RESPONSIBILITIES

Moral responsibilities go one step beyond legal ones. The societies in which businesses operate function on the basis of a whole complex of rules, norms and expectations. Some of these rules are written down in the form of laws or contractual agreements (which are often subject to civil law). But many are unwritten. They may not even be spoken. They are merely an understanding about what is 'right' and what is 'wrong'. They are expectations about how people should behave towards each other. These rules may not even be noticed-until they are broken!

Though it is not always made explicit, every society, and to some extent every distinct grouping within a society, has its own code of morality. These codes often relate to the way in which stakeholders will be treated, above and beyond simple contractual rights. For example, most managers feel a higher degree of responsibility to employees than their contracts of employment dictates. This can manifest itself in many ways. Losing people is painful: a business may retain people who are not absolutely necessary. Entrepreneurs who own their business may allow family members greater performance latitude than non-family members.

Many cultures have their own distinct rule systems. In displaced ethnic groups, networking may be supported by moral expectations about the responsibilities of members of the community towards each other. Edicts on the way in which debt is structured are common, as are rules about reciprocity of favours. Recognizing such moral codes is an important aspect of the consultant's job.

The consultant must recognize that he or she is as subject to these moral responsibilities as to the legal ones. Moral responsibilities are not merely 'nice to have'. Ignoring them will limit the effectiveness of the consulting exercise. Outcomes which go against the moral expectations of the client will, at best, not be implemented. Outright rejection can often occur.

2.8.4 DISCRETIONARY RESPONSIBILITIES

Discretionary responsibilities are those the consultant decides to take on as part of a personal moral order. They are not responsibilities the industry would normally be expected to observe. Discretionary responsibilities usually relate to a refusal to work in certain project areas, or to work towards project outcomes of which the consultant does not approve. This may mean avoiding certain industry sectors or types of project. Typically, such discretionary responsibilities arise as a result of the consultant's personal concerns about a range of domestic political issues, the environment or business activity in the developing world. Although this may mean that the consultant must occasionally turn down valuable projects, it can also be a means of differentiation from the values other (perhaps competing) consultants advocate. Discretionary values may make a consultant more attractive to certain individuals and organizations. There is nothing inconsistent in using discretionary responsibilities as a means of gaining an edge in the marketplace. Where discretionary values offer an edge they may eventually set the standard for consulting as a whole.

2.9 MODES OF CONSULTING

All managers have their own approach to the tasks they face and the way they deal with people. This is an important factor in determining the manager's style. A critical element here is the perception the manager has about his or her fundamental role in the organization. Consulting is also characterized by different approaches which reflect fundamental assumptions about the role of the consultant. These are referred to as *modes*. In his 1987 Process Consultation, Edgar Schein characterized three basic modes based on the relationship between the consultant and client: the expert, the doctor-patient and the process consulting modes.

2.9.1 THE EXPERT MODE

In the expert mode the client identifies a particular problem with the business, analyses the problem and articulates it to the consultant. The consultant then uses his or her expertise to identify a solution to the problem. This form of consulting is often found in areas where the consultant has a specialist knowledge which the client organization recognizes that it lacks.

2.9.2 THE DOCTOR-PATIENT MODE

The doctor-patient mode is also characterized by the consultant acting as an expert. In this mode, however, the consultant also takes responsibility for diagnosing the problem in the first place. The client may just express an opinion that the business 'could be better' in some way or that 'something is not quite right'. Again, the consultant is expected to contribute specialist knowledge and insights to the business.

2.9.3 THE PROCESS CONSULTING MODE

Both the expert mode and the doctor-patient mode demand that the consultant, an outsider, offers a solution – a prescription – to address the problems that the business faces. Process consulting takes a different stance. It is based on the premise that the only people who can, ultimately, help the business are the people who made it up. The consultant, as an outsider, cannot impose a solution on the organization. What the consultant can do, however, is assist those who make up the organization with the process of recognizing problems and then discovering the solutions to them. The consultant is not so much an expert, more a facilitator of change.

Schein makes a strong case of the process mode. This is for good reasons. Consultants can recommend better ways of doing things but these will become reality only if the people who make up the organization feel that they have ownership of the new approach, that they have had a part in creating it and that it will work for them. A process approach to consulting helps ensure that the client organization feels it is coming up with its own solutions to its own problems and so solutions which are right for its business. A note of caution is in order though. Consultants do bring along expertise and should not be frightened to recognize that they are doing so. Further, the client will often expect the consultant to show evidence of expertise and to 'take charge' of the issues the business faces. 'After all,' it is often heard, and said, 'that's what they are being paid for!' An over-reliance on a process approach can sometimes leave clients feeling that they have done all the work themselves. Indeed, by the very nature of the process mode, the more proficient the consultant is in using it, the greater the risk that the client will feel that the consultant has not made a 'real' contribution.

Rather than advocate one mode as right in all circumstances the effective consultant recognizes the advantages of flexibility. He or she learns when, and under what circumstances, to adopt each mode.

2.10 THE UK MODEL OF SME SUPPORT

The study considered the basic facts about the SME support practices in the UK. Basic features of service delivery Small business support in the UK is rooted in the belief that information failures affect small business more than larger ones, thereby impeding growth and innovation in the economy. Market failures which particularly affect SMEs include underestimation by entrepreneurs of the benefits of starting or growing a business; lesser awareness on the part of small entrepreneurs of benefits from obtaining external expert advice; and inaccurate risk assessments by financial institutions leading to under-funding of new small ventures (Fischer, 1995). The significance of these problems derives from the sheer size of the small business sector. Small firms in the UK employ 12 million people, and constitute 50 per cent of private sector economic activity (SBS, 2002). The first policy assistance initiatives for SME date back to the publication of the Bolton report in 1971, the first serious study about the small enterprise sector and its position in the economy. A profusion of initiatives were launched thereafter. The first major scheme was the Small Firms Counseling Service established in 1979, which primarily provided information, counseling and consulting services, education and training and financial resources. Delivery was primarily generalist and supply-driven, and aimed at start-ups. The support also lacked transparency due to the large number of overlapping schemes in existence. In 1990s, the organization of the support was overhauled with the establishment of Training and Enterprise Councils (TECs) in England and Wales, and similar Local Enterprise Companies (LECs) in Scotland. However, this did little to reduce the complexity of the support structure with a profusion of agencies. In 1992 a comprehensive policy review was undertaken by the responsible government agency, the

Department of Trade and Industry (DTI), with the purpose of rationalizing the institutional organization of the support, raising awareness of the availability of assistance on the part of potential clients, and becoming more customers focused. Following this review, a large number of Business Link (BL) centers were created in England in 1992/3, aimed at establishing a nation-wide network of local support outlets. These would co-ordinate assistance offerings by different agencies at the local level by functioning as 'one-stop shops'. Thereby the BLs would boost professionalism and efficiency and ensure increased customer focus. By 1999, a total of 89 BLs were in existence. BLs was designed to co-ordinate a multitude of support schemes. About 200 schemes were estimated to exist in the country in the mid 1990s (Fischer, 1995). The co-ordination function also aimed to bring about inter-institutional collaborations, including organizations such as Chambers of Commerce, Regional Enterprise Agencies, TECs, and private consultants. The BLs could also offer a core of assistance services of its own, mainly through experienced and knowledgeable Personal Business Advisors (PBAs). PBAs were meant to develop contacts and nurture long-term relationships with a set of client companies, and to facilitate access to support service (Doyle et al., 2000). There was a shift in the target clientele, following the insight that considerable more employment was being created through business expansion than creation of new companies. Thus, PBAs were charged with assisting ongoing companies showing growth potential, rather than start-ups and survival-type entities (Doyle et al 2000). Although core funding from government sources in recognition of permanent market failures remained, some pressure has been exerted on the PBAs to become partially self-financing since SME support is very costly. The government spends £2.5 billion per year on SME

service provision (SBS, 2002). Additional reasons for eliciting client contributions have been given as well, especially that the willingness to pay a fee for a PBA's services could be taken as an expression of satisfaction on the part of clients. In addition, a client would attach more value to the service by paying something for it (Doyle, *ibid*). However, even the decentralized BL-led system continued to suffer from the old problems. Customers complained regularly about inconsistent quality, lack of customer focus, too many schemes and organizations, lack of continuity of support initiatives, inaccessibility for ethnic minorities and remotely located firms, and lack of partnering with the private sector (SBS, 2000). A further reorganization was therefore carried out in 2000. In this latest make over, a central co-ordinating agency was established within DTI. This Small Business Service (SBS) was charged with enforcing common good quality standards, ensuring coherence, and encouraging cross-BL dissemination of good practice (Fischer, 1995). The SBS was also established to address lack of customer focus by operating as a two-way information and communication "SBS Gateway" between small business and central government. Under the SBS, the BL structure remained in place, but the number of centers was reduced to 45. Each of these centers was subjected to competitive bidding in order to receive a local franchise from SBS to deliver support in their area. The latest organizational change thus constituted to some extent a re-centralization of the support system, with a recognizable national brand and logo, but it has maintained a localized presence, with service being delivered through a brokerage model involving BLs with key partners. There is no doubt that the UK support system is comprehensive. In 2003, BL helped over 430,000 businesses, plus 170,000 people thinking of starting a business. According to the latest available information, however, the benefits from the introduction

of the SBS are not. Similar models were established in Wales under the name of Business Connect, and in Scotland under the name of Business Shops. See: <http://www.sbs.gov.uk>, accessed in December 2004.

In a cross cutting review of governmental small business service undertaken in 2002, it was pointed out that business support service usurp GBP1.8 billion per year, while reaching only 10 per cent of SMEs. National service show customer penetration levels of between 8 and 15 per cent. In comparison, universal service which are available to the whole population of SME without any restrictions on size, aims, sector, ambitions, and location, take up a mere GBP740million while reaching almost all SME in the country. What is more, when measured in terms of statistics for customer service and quality, the performance of SME support has actually deteriorated since the introduction of the SBS. Small businesses continue to complain of disjointed and incoherent service delivery and fragmentation. It thus appears that the UK model suffers from rather intractable problems, for which the consecutive re-shuffles of the institutional set-up have not been able to provide adequate solutions. Possibly this has to do with a lack of understanding of the underlying forces and factors that impede the effective functioning of the system.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

In this section an attempt was made to look at the research design-which comprises the type of method used, the study population, sampling and sampling techniques and the justification for observing the case study area. It also looks at the types and sources of data, instrumentations employed in the data collection and how the data will be analyzed. To establish a higher degree of consistency and reliability in this research quality measures will also be considered.

3.1 RESEARCH DESIGNS

In choosing a research design, series of research methods were examined. A research design enables the study in planning and implementing the study in a way that is most likely to achieve the intended goal. The research design followed in this study is qualitative, explorative and descriptive.

3.1.1 QUALITATIVE RESEARCH

Qualitative study was used to analyze variables such as how SMEs do not seek management consultancy services, factors that hinder SMEs from pursuing the services of management consultants in Ghana, how SMEs perceive the cost of seeking management consultancy services among others. The study adopted the qualitative research based on Saunders (2007) which stated that qualitative research is interested in variables that explains how people make meaning (sense) of their experiences and their

views of the world. The researcher used a qualitative research design to explore the need to adopt management consultancy services in the delivery of services among SMEs in Ghana.

3.1.2 EXPLORATORY RESEARCH

Exploratory research seek to answer “why” and “how” questions and is directed towards exploring relationship between concepts and phenomena and explaining their cause and effect relationships. (Saunders et al, 2007). Usually, exploratory and descriptive research precedes this kind of research; According to Zikmund (2000) the researcher must be knowledgeable about the research subject. This research is exploratory because it intended to find answers to the research questions set out in the chapter one with the aim of meeting the objectives.

3.1.3. DESCRIPTIVE RESEARCH

This study was aimed at presenting a thorough and accurate description of why and the need for SMEs in Ghana to adopt the services of management consultancy and then relate it to the products benefits of the services of these management consultants etc.

3.2 POPULATION, SAMPLING AND SAMPLING TECHNIQUES AND THE JUSTIFICATION FOR CHOOSING THE STUDY AREA.

A full set of cases from which a sample is taken is called the Population. In this study, the population was based on the number of SMEs in and around Suame Magazine, Adum, Kejetia, Central Market and Asafo Market in the Kumasi metropolis. These were

known to be among the busiest commercial towns in the city and were noted for their vibrant economic activities where SMEs were mostly concentrated. The industry ranges from the sale of intangible assets to tangible assets. Notable among the SMEs were numerous pharmaceutical and chemical shops, merchandise goods, non-bank financial institutions, information and telecommunication providers etc.

These small and medium enterprises (SMEs) have become an important contributor to the economy of Ghana as the government views them as playing general important roles in the transition from a state led to a private-oriented development strategy. In addition, they are said to be a characteristic feature of the production landscape of Ghana as they provide employment and incomes to a large portion of the urban-labour force and are a significant source of total output. (Aryeetey, 2001). This is consistent with Steel and Webster (1991) who also noted that the small enterprise sector provides about 85% of manufacturing employment in Ghana and account for about 92% of businesses in Ghana and contributed over 70% to Ghana's Gross Domestic Product (GDP). Hence the need for institutions to be committed in improving, sustaining and enhancing the performance of SMEs by orientating them on the need to adopt management consultancy services in their daily operational activities.

For some research questions it is possible to collect data from an entire population as it is of a manageable size. Sampling provides valid alternatives to a population when the following conditions apply:

- When it would be impracticable to survey the entire population;
- When budget constraints prevent the researcher from surveying the entire population;

- When time constraints prevent the researcher from surveying the entire population;
- When the data collected needed quick results.(Credit: Saunders et al,2007)

For all research questions where it would be impracticable for the researcher to collect data from the entire population, you need to select a sample. This will be equally important whether you are planning to use interviews, questionnaires, observations or some other data collection techniques. With other research questions it might be theoretically possible to the study to be able to collect data from the entire population but the overall cost would prevent it. It was obviously cheaper for the study to sample the respondents.

Time was also considered as a constraint due to tight deadlines. Many researchers, for example Housden (2003), argue that using sampling makes possible a higher overall accuracy than the entire population.

Since samples are expected to be representative of population, the sample for this study was chosen by the means of sound methodological principles which included the following: The sample units (respondents) were chosen in systematic and objective manner in order to avoid biasness; The sample units were clearly defined and easily identifiable; independent of each other, uniform and of the same size and appeared only once in the population. And sample units were not interchangeable, the same units were used throughout the study and once selected, and units were not discarded.

The sampling techniques used in this study were quota and purposive sampling.

Quota sampling is entirely non-random and is normally used for interview surveys. It was based on the premise that the sample will represent the population as the variability in the

sample for various quota variables is the same as that in the population. Quota sampling is therefore a type of stratified sample in which selection of cases within strata is entirely non-random. . In selecting the quota sample the entire population was divided into specific groups and then combined the data collected by interviews to provide the full sample.

Quota sampling was used because according to Yin (1994) it offered much stronger, less tenuous inference which is very much dependent on the researchers' expert judgments. Also the researcher agrees with most researchers who think it is easier and quicker in terms of gaining access to data that does not require the entire population. Since, the study involves various interest groups such as merchandise, microfinance institutions, numerous shops, agencies etc. hence the need to employ quota sampling in the selection of the sample size and in seeking the right information from respondents. However, in selecting of quota as a sampling technique, the study took into account the major challenges in that sample. Typically, the study took into account the categories for which quotas are to be used and the quotas to be allocated are determined based on the issue to be addressed. Common criteria in selecting the SMEs included the size of enterprises, number of workforce. (Ministry of Local Government and Rural Development) typically from 1 to 9 employees as a small- scale enterprises, and above 20 employees as a large-scale enterprises, and the existence of the business. In addition, with an investment and tools of not less than 10million cedis and which engaged less than nine people (NBSSI, Annual Report, 1997). It is to be noted the criteria was based on number of employees, level of investment, total assets, turnover and period of operations.

3.3 SOURCES OF DATA

Two main sources of data were used for the study: Primary and secondary sources.

Primary Data

The primary sources of data included information gathered from the questionnaire that was administered to SMEs in the Kumasi metropolis in Ashanti Region especially in Suame Magazine, Kejetia, Adum, Central market and Asafo market. The advantage of using the primary sources of data is that, they are more reliable since they come from original sources and are collected for the purpose of the study. In addition, it is tailor-made, designed to suit the objectives of the study. Moreover, the primary data was necessary because the researcher went to the field to gather the data from the respondents hence the information was a first-hand information.

Secondary Data

In addition to the primary data, secondary sources of data were used to obtain additional information to buttress responses gathered from the questionnaire. A number of both published and unpublished materials on SMEs' including magazines, journals and articles were obtained. Secondary data included both raw data and published summaries such as payroll details, quality newspapers which contain a wealth of data. Various books were read from the Kwame Nkrumah University of Science and Technology, Kumasi Main Library, the British Council, NBSSI and EMPRETEC Ghana Foundation. The data collected from the secondary sources significantly assisted in the development of primary data collection and the interpretation of the results. The rationale for these sources of

information was that they were cheaper and easily accessible and also helps in finding out whether the current study is consistent with other publications or authorities or not. In other words whether it re-enforces other publications or rejects them.

3.4 RESEARCH INSTRUMENTS

Three means or approaches of data collection were adopted. There were:

Questionnaire

Interviews

Observations

KNUST

Questionnaires were given out to SMEs in the selected commercial towns. The questionnaires covered ninety-five percent (95%) of the data collected. It was more objective since the respondents were directly involved and were given free hand to express their opinions without any personal influence and they had enough time to do that and at their own pace. The questionnaires were fifty (50) in number and were administered to all the fifty (50) respondents selected from the various SMEs. In other words, it was administered fairly to the target audience. Ten (10) questionnaires each were administered to all the fifty (50) SMEs. The questionnaire was structured to elicit feedback from respondents as to what their experiences were in the industry and the need to institutionalize management consultancy services in their operations to boost productivity. Questions were structured around specific criteria. These were personal information, SME finance, opinions on ways of improving SMEs, etc. These were the main areas around which the data would be analyzed. The questionnaire contained twenty

three (23) items. The items included pre-coded and open – ended forms. Answers were provided for the pre-coded form so as to provide specific answers. They were mostly based on the background information.

With regard to the open – ended items, there were no answers given as such the questions required respondents to provide their views. All the questions were framed and written for the respondents to provide answers to. After completion of the forms, the investigator went round to collect these questionnaires as the case may be for those who could not answer it instantly.

Interview Schedule

A few interviews (not structured) were done. This was used coupled with the questionnaire. Few respondents were occasionally interviewed to know what they think about how the inputs of management consultants are helping to sustain and improve the growth of SMEs. It gave them the opportunity to really express themselves and it enabled the study have few other questions. Most of their feedbacks were very helpful.

Again, interviews were used because some of the respondents were illiterate and had to translate the questions into their local dialect. This made it easier to assess the mood of the respondents and appreciate the validity and reliability of the answers given.

Observations

Observations were also made. This gave the study the opportunity to elicit feedbacks that were not verbally communicated nor written. These observations were however personal but objective interpretations of what was observed. Respondents expressed latently or

indirectly about their experience with the consultancy firms if any. In general the response was fairly good considering the circumstances under which it was elicited – short response time, to explain to respondents even why they should respond to the questionnaires.

Multiple –Case Study Approach

According to Yin (2001), a case study is an inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly defined. Additionally, he explains that a case may be an individual, or some event or entity that is less well defined than a single individual. It means that a study may contain more than one single case, and it is defined as a multiple case design. Compare with single- case design, the results of multiplication –case study are more robust since it involves more resources, and then the evidence is more compelling (Yin,2003). Therefore a multiple –case study is considered as the most appropriate approach relative to the purpose of this study.

3.5 DATA PRESENTATION AND ANALYSIS

Data analysis concerns three (3) flows of activity: data reduction, data display and drawing conclusions and verification. Data reduction activity involves the process of selecting, focusing, simplifying, abstracting and transforming the data. Data display involves the consideration of the reduced data, displaying it in an organized, compressed way to enable conclusions drawn easily. The last activity was to check regularities, patterns, explanations, possible configurations, casual flows and positions. The use of

Statistical Package for the Social Scientist. (SPSS) was used to run the data which were presented in the form of tables, graphs, charts and words.

3.6 LIMITATIONS OF THE STUDY

The major limitations encountered in the study were most of the respondents could not return the questionnaires to the researcher on time. The researcher needed to do constant follow-ups before getting the questionnaires. In addition, some of them were not prepared to answer the questionnaires for tax assessment and imposition. However, through an interaction with their association heads about the motive for the study they began to appreciate and co-operated fully to the study.



CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSIONS

4.0 INTRODUCTION

As perceived by Sturdy (1997) Van Houten and Goldman (1981) if Small and Medium Scale Entrepreneurs continuously keep cutting costs it will enable companies become lean and mean, and builds a lasting cost advantage over their competitors. But however important, cost reductions are not enough to build a sustained competitive advantage which will help management consultants and its associated partners establish leadership through innovative management and business strategy based on improving customer services and performance. The chapter four looks at the data presentation, analysis and discussions of data. The chapter is designed to help the study analyze the qualitative data that it gathered. After collecting the research data, the analysis is necessary to facilitate the interpretation of the results and the drawing of conclusions. The purpose of the analysis is to make meaning out of the analysis; the data collected would be fruitless if the data is not well analyzed and discussed as argued by Saunders et al, 2007. The data was analyzed based on five stages which includes: editing, categorization, coding, tabulation, and statistical analysis and inferences. Even though the stages are distinct, it must be noted that all the stages are inter-twined. Additionally, every stage of the process must be executed with due reference to the problem and purpose of the study.

4.1: SMES RESPONSES, ANALYSES AND DISCUSSIONS

This section analyses the responses, discussions of data gathered from SMEs. These data were gathered from SMEs who belong to the various selected consultancy firms in the Kumasi Metropolis. But to be useful for decision making and future policy implications, the data was organized, categorized, and analyzed. Tom Peters, in his book thriving on Chaos, said “We are drowning on information and starved for knowledge, we need user-friendly, powerful software packages which can help researchers accomplish this conversion, including the popular Excel program that is part of Microsoft Windows. But as the amount of information increases exponentially, there is the need for comprehensive, sophisticated packages that are relatively inexpensive and easy to use. One of such packages is the statistical Package for the Social Scientists (SPSS) which this study adopted in its data analysis. The analysis was presented in the form of frequencies, percentages and cumulative percent. The data was exhibited in the form of tables, charts and graphs. The essence is to find answers to the research objectives set out in chapter one.

Table: 4.1.1: Gender Status of Respondents

Respondents	Frequency	percentage	Cumulative Percent
Male	29	58	58
Female	21	42	100
Total	50	100	

Source: Fieldwork, October, 2008

An item was to find out the gender composition of SME respondents and it was revealed that there is gender inequality in the SME sector. This is so because whilst forty-two percent (42%) of the responses were females; greater percentage of the SMEs were males

representing fifty-eight percent (58%) of the total sample size. This really reflects the reality on the grounds as the predominance of Small and medium entrepreneurs in Ghana are striking to the casual observer traveling across the country. On every street corner in urban areas in Ghana, one sees a myriad of SMEs selling anything from stationeries, household wares, spare parts and other heavy equipments which is being dominated by males.

Table: 4.1.2: Educational status of Respondents

Responses	frequency	Percentage	Cumulative Percent
Basic	17	34	34
Secondary	21	42	76
Tertiary	9	18	94
Others, specify	3	6	100
Total	50	100	

Source: Fieldwork, October, 2008

Educational status of respondents should be a representative of the human factor among SMEs in Ghana. This is because the combined intelligence, skills and expertise among SMEs which could enhance its distinctive character more especially in this era of competition. It was revealed that forty-two percent (42%) and thirty-four percent (34%) of the SMEs had secondary and basic education respectively. Only six percent (6%) had obtained other qualifications. This confirms the fact that most SMEs in Ghana acquire Knowledge and skills through apprenticeship and activities or workshops are home-based or in insecure non-permanent locations. Most often both operators and employees have low formal educational background, pay minimum wages to workers and provide apprenticeship on a non-remunerative basis.

This might be due to one of the reasons of SMEs inability to access management consultancy services. The human elements of the organization are those that are capable of learning, changing, innovating and providing the creative thrust which if properly motivated can ensure the long-term survival of the SMEs. In addition, the study is consistent with Edersheim et al and Porter, (1980) who assert that superior organisational performance is derived from a firms ability to seek a defensible competitive position in an industry and one of such defensible tool is via the adoption and implementation of technical advice through management consultancy services.

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Table: 4.1.3: The type of business operations

This research attempts to contribute to the knowledge in quality management in the SME sector. The type of business operation vis-a-vis the market demands were considered to be of vital importance since it will enable the study come out with the type of services and technical advice extended to these SMEs. This will enable the study develop a conceptual model including behavioral dimensions of SMEs-customer relationships and customer satisfaction through product delivery. The result can be used by management consultants, SMEs and academia to reengineer and redesign creatively their quality management processes and the future direction of their more effective service quality strategies.

Responses	Frequency	percentage	Cumulative frequency
Manufacturing	6	12	12
Services	15	30	42
Merchandise	21	42	84
Other specify	8	16	100
Total	50	100	

Source: Fieldwork, October, 2008

In finding out the types of business operations of SMEs in Ghana it was revealed that most of them were in the merchandise. Those in this sector constituted forty-two percent (42%). This is followed by the services and the manufacturing sector which formed thirty percent (30%) and twelve percent (12%) respectively. This shows that the characteristics of SMEs in Ghana are not different from what pertains in other African countries. SMEs are varied and established by persons of different ages, sexes, educational levels, prior experience and social background. It is mainly in the fields of trade, services and manufacturing. The working capital is individual or household owned and the activities involve a small range of workers. A large number of operators do not generally comply with established business regulations. In the production sector, working conditions are generally poor with little basic infrastructure support and minimum use of modern technology.

Figure 5: A chart showing the number of employees in some selected SMEs in the Kumasi Metropolis

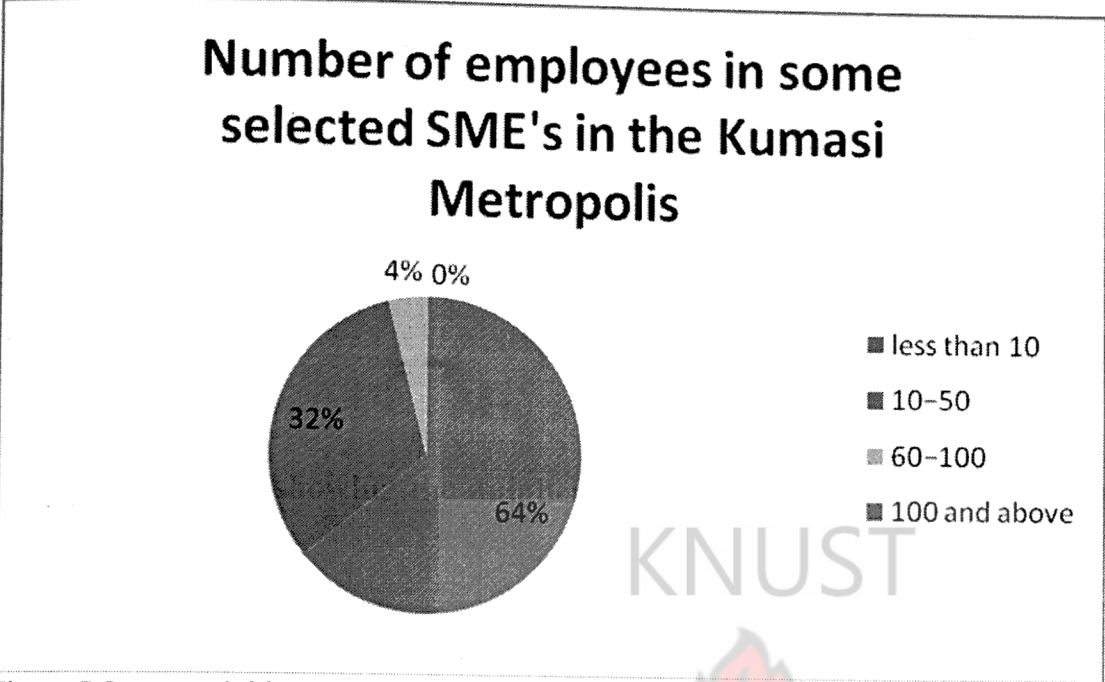


Figure 5 Source: Fieldwork, October, 2008

In Ghana, the number of small and medium-size businesses is increasing, the share of employment in small and medium businesses on total employment is growing, the volume of gross production in small and medium-size businesses is increasing but the share of SMEs on total gross production is decreasing.(Aryeetey 2001) The study showed that currently a greater proportion of SMEs employ less than ten (10%) percent of its workforce. This was followed by thirty-two percent (32%) of SMEs who had between ten (10) to fifty (50) of the labour force. None had one hundred (100) and more of staff force. This shows that SMEs in Ghana had lower work force as it was revealed that with the exception of one or two firms who had employed additional hand to help them, majority of the SMEs are managed single-handedly. In some cases, with assistance from relatives who are not even put on a pay-roll let alone restructuring a proper human

resource system meant to address the needs of the staff. What is more, the idea of management consultancy do not even occur to them to engage their services. However, at present, attention to small and medium-sized businesses is given by institutions like OECD, International Labour Organization (ILO), National Board for Small Scale Industries (NBSSI) for support of the development of small and medium-size businesses as well as many scientific and research institutions. Such support included the availability and access to quality technical, managerial and extension services, access to referral institutions for training in quality improvement, process control and maintenance of technology for SMEs to have sufficient internal skills to implement projects.

Table: 4.1.4: The size of initial capital of SMEs against the sources of capital

Size of capital	sources of capital Responses					
Responses	Personal savings	Funds from family	Loan from bank	From NGOs	others	Total
Less than ₵100	4	9	1	2	2	18
₵200 -₵1000	7	2	0	0	3	12
₵1100 -₵5000	1	8	2	1	3	15
₵5100 -₵10000	1	-	-	-	2	3
More than ₵10000	0	2	-	-	-	2
Total	13	21	3	3	10	50

Source: Fieldwork, October, 2008

Two different items were cross-tabulated in order to find out the initial size of capital for SMEs and it was revealed that the majority of the respondents which represents eighteen (18) of them had an initial capital of less than ₵100 whilst twenty-one (21) of them had their capital from family which according to Aryeetey, (2001) is common among SMEs in Ghana.

Although, Small and medium enterprises have become an important contributor to the economy of Ghana as researchers and organization had recognized it as such. (Osei et al) .Moreover, governments view SMEs as playing general important roles in the transition from a state led to a private-oriented development strategy. However, the sources of fund for SMEs had been a problem among all stakeholders. Most of these SMEs do not even know the processes to employ in the course of seeking financial aid .As such management consultancy firms step in to give such technical advise. As indicated by Aryeetey, (2001) Small enterprises are said to be a characteristic feature of the production landscape of Ghana. They provide employment and incomes to a large portion of the urban-labour force and are a significant source of total output as such they need to be supported and catered for not only in terms of financial aid but other technical aid that will help them acquire such aid and manage it to enable them expand their activities and operations.

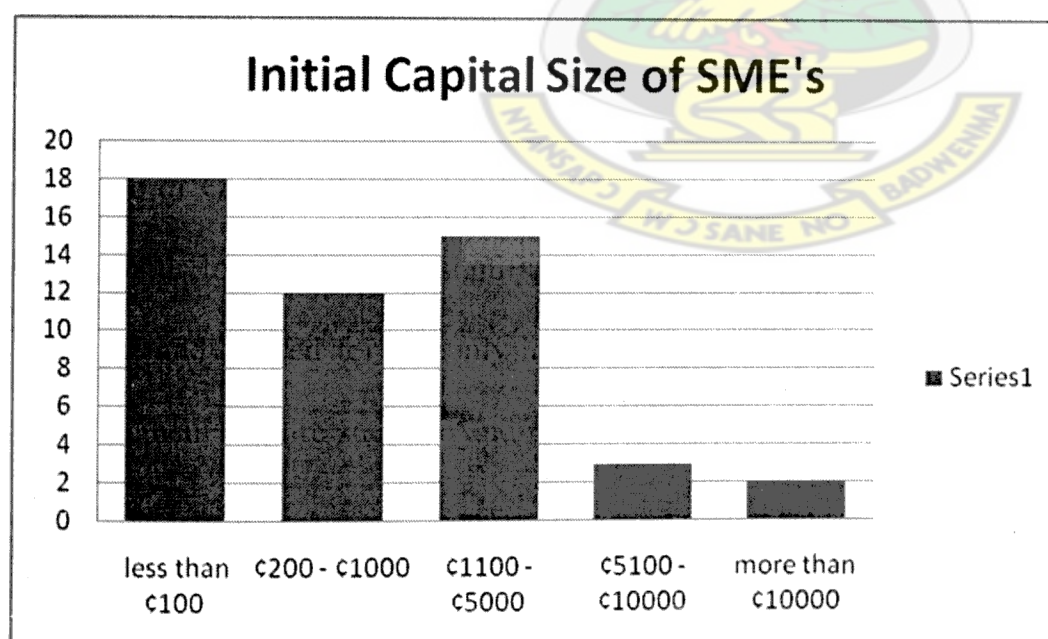


Figure 5a Source: Fieldwork, October, 2008

Sources of Capital for SME's

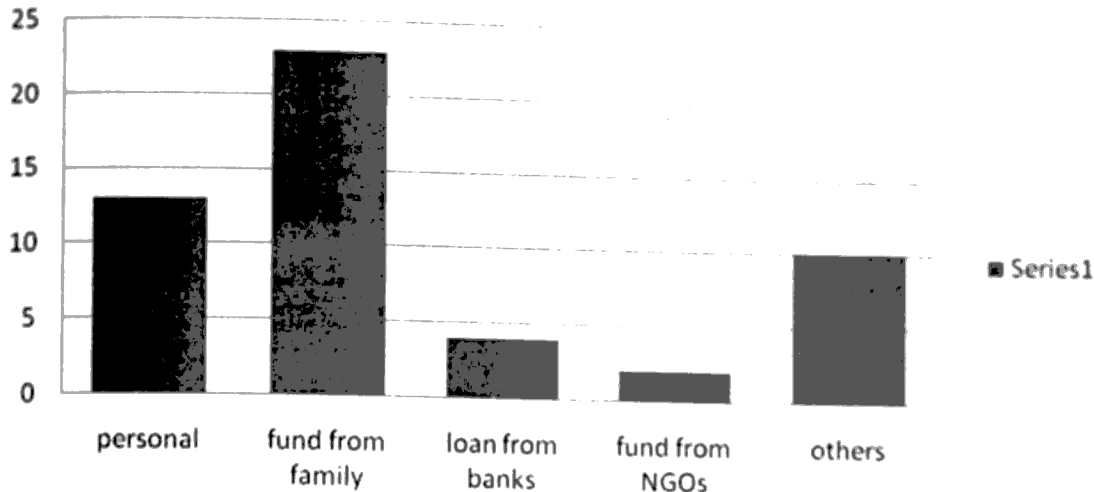


Figure 5b Source: **Fieldwork, October, 2008**

Generally speaking, larger firms do seek the services of management consultants with numerous forms of specializations, such as information technology consulting, human resource consulting, and others, many of which overlap, and most of which are offered by the large diversified consultancies such as the internationally recognized Certified Management Consultant (CMC) professional designation; Certificate in Management Consulting Essentials (IMC) - UK, Diploma in Management Consultancy (IMC) – UK. Accountancy qualifications: Chartered Management Accountant (CIMA), Chartered Certified Accountant (ACCA), Chartered Accountant (CA), Certified Public Accountant (CPA), Certified Management Accountant (CMA) Chartered Cost Accountant CCA Designation from AAFM. Finance qualifications: Chartered Financial Analyst (CFA) Certified Treasury Professional (CTP) among others. So-called 'boutique' consultancies, however, are smaller organizations specializing in one or a few of such specializations who the study acknowledges should be concentrated among SMEs

Table: 4.1.5: Awareness of management consultancy service among SMEs.

Responses	Frequency	Percentage
Yes	18	36
No	32	64
Total	50	100

Source: Fieldwork, October, 2008

A question was posed in order to find out the level of knowledge of management consultancy firms among SMEs and it was revealed that the majority of the SMEs sampled had no knowledge about the existence of these management consultants as shown by sixty-four percent (64%) of the respondents sampled. In Ghana, for instance numerous writers such as Adegbite, (1997); Bani, (2003) Osei, et al, (1993) had indicated that before 1985 there were no established institutions to promote SME activities till the establishment of NBSSI. The non-financial assistance were not adequate. Example; availability and access to quality technical, managerial and extension services, access to referral institutions for training in quality, improvement, process control and maintenance of technology. Attention is paid to the daily issues facing SME owner/managers, including hiring and personnel practices, the care and feeding of business networks, the installation of management controls and operational systems, effective strategies for the small and medium size firm including identification and evaluation of business opportunities, strategic alliances and the internationalization of SME's, financing, export opportunities, bank relationships, credit for the SME, legal and tax considerations, public relations, and effective marketing research for the SME. There is therefore the need for management consultants to create more awareness of their presence to enable SMEs seek their services as well as to enable them grow and improve in size. A key strategy then is to involve SMEs in the living case/consultancy approach which is designed to

draw management consultants into the holistic analysis of events faced by SME's through both class discussion of issues in their consultancy and through hands-on experience with a real SME. This is also exhibited in the chart below.

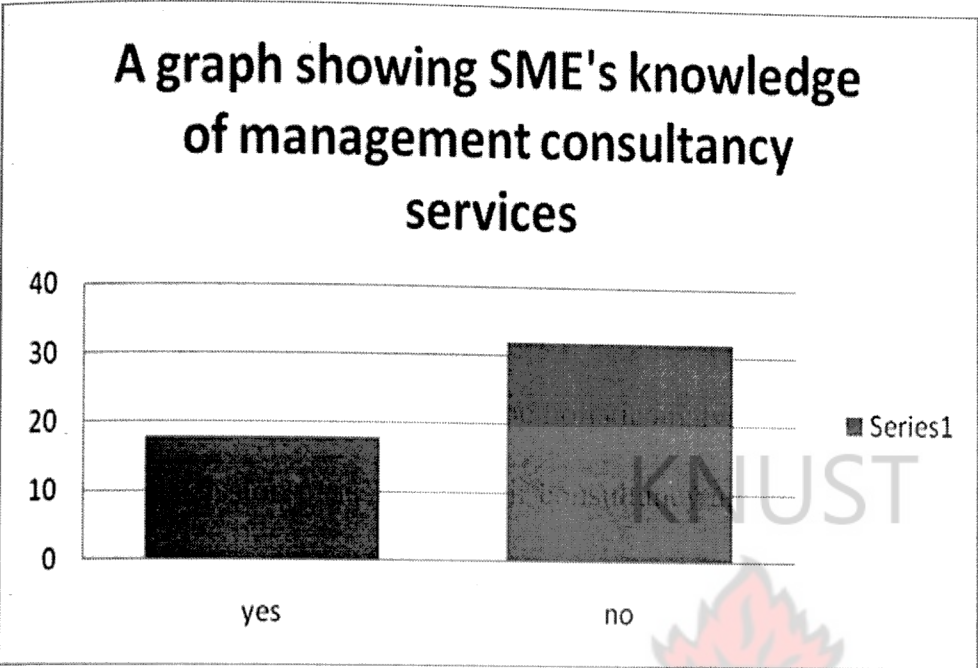


Figure 5c

Table: 4.1.6: Services from management consultants

Responses	Frequency	Percentage	Cumulative frequency
Very often	3	6	6
Often	6	12	18
Sometimes	7	14	32
Not at all	34	68	100
Total	50	100	

Source: Fieldwork, October, 2008

Management Consulting is becoming more prevalent in non-business related fields as well. As the need for professional and specialized advice grows, other industries such as government, quasi-government and not-for-profit agencies are turning to the same managerial principles that have helped the private sector for years. The study shows that

sixty-eight percent (68%) of the SMEs did not often receive services from management consultants. This was followed by fourteen percent (14%) of the SMEs who sometimes receive such technical advice from management consultants. Only eighteen percent (18%) cumulatively receive such services at a reasonable rate.

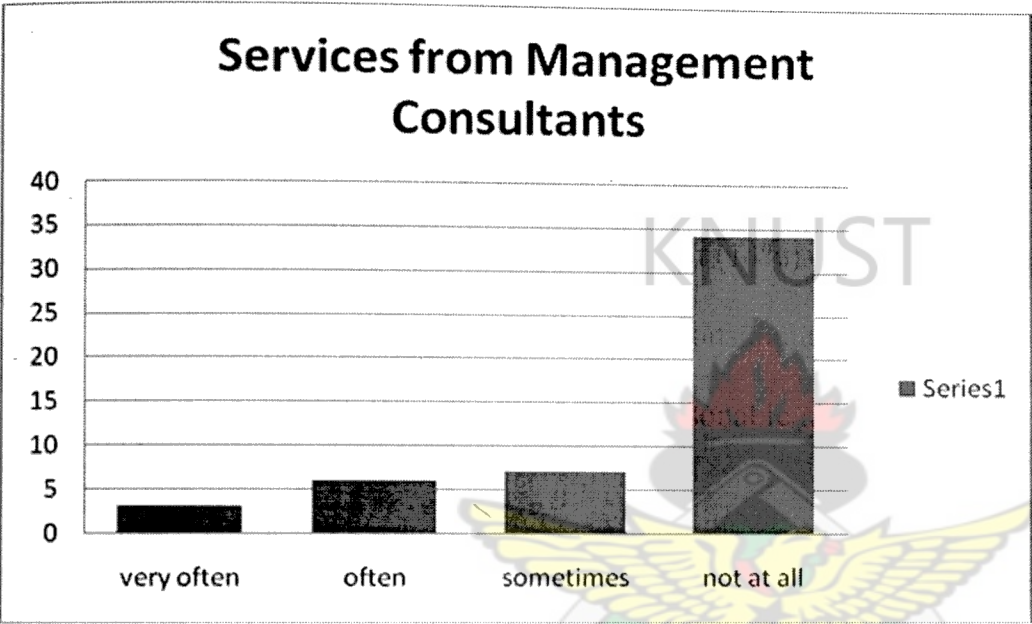


Figure 5d

Table 4.1.7: Ways of promoting management consultancy among SMEs in the Kumasi Metropolis

This paper seeks to identify ways of promoting management consultancy services among the SME sector and then recognize the constraints to the development of the sector. Lack of managerial know-how places significant constraints on SMEs development. Even though some SMEs tend to attract motivated managers, they can hardly compete with larger firms. The scarcity of management talent, prevalent in most countries in West Africa, has a magnified impact on SMEs. The lack of support services or their relatively

higher unit cost can hamper SME efforts to improve their management because consulting firms often are not equipped with appropriate cost effective management solutions for SMEs. Furthermore, absence of information and/or time to take advantage of existing services results in weak demand for them.

Despite the numerous institutions providing training and advisory services, there is still a skills gap among the SME sector as a whole. According to Steel & Webster, (1991) about 88% of Malawi SMEs desired training in various skills but as of 1992, less than 6% have actually received it. In Ghana, a lot has actually been achieved in this regard, though there is still room for improvement. In addition, the lack of cohesiveness and the wide range of SME interests limits their capacity to defend their collective interests and their effective participation in civil society. (Tagoe et al). This calls for management consultants to develop ways of promoting their services to the door steps of these SMEs.

What is more, associations providing a voice for the interests of SMEs in the policy-making process have had a limited role compared to those of larger firms. Many of the entrepreneurs associations have yet to complete the transition of their goals from protectionism to competitiveness (World Bank, 1993).

Table 4.1.8: Improving the productivity of SMEs due to management consultancy

This section investigates how the services of management consultants could contribute to the success of small and medium enterprises (SMEs) within the sector of services. Within the knowledge-based economy. The study considered that the ideas and services of management consultants should be used in small business management within the sector

of services because as perceived by Canback et al., (1999) management consultants are key tools in management processes and could improve managerial practices within SMEs. Elsewhere in Europe the rapid development within society of the adoption of management consultants has meant a revolution in the way businesses works, as indeed it has changed the way in which very many people in Europe work. However, in LDCs the acceptances of management consultants among SMEs have not been embraced wholly. Steel and Webster, (1991) Nowadays people need to have skills and competences to be able to use add innovation in the business dealings to be able to gain competitive advantage. The performance of SMEs notably in the areas of finances, productivity, improvement in sales etc and ability of the partners to create value in such areas could depend on their relationship competency among management consultants. With better knowledge of how to influence their business networks. As noted by Quinn, 1997 SMEs could increase their influence and their outcome of such relationships. However, in order to have a significant impact on the business world SMEs need to grow bigger, meaning that they should increase employment, expand their variety of services, and enlarge their markets and earnings through innovation which is the most important driver of management consultants and hence SMEs growth, because it could lead to new products and services or more efficient ways of delivering existing ones, through the introduction of new technology, know-how, additional staff with new skills, and access to new markets. (Mambula, 2002).

In this respect, SMEs could use management consultants in order to grow and to become more innovative for example, eliminates the barrier of distance, without having to expand a physical network of offices and shops. Their size, however, means that many SMEs do

not invest in management consultancy services. Some reasons for this situation could be that SMEs face resource constraints on one hand, and are skeptical about management consultants and, finding many of their solutions too expensive or untrustworthy, on the other hand. SMEs within the sector of services should use management consultants because it provides many benefits at different levels (Bani., (2003): operational level, tactical level and strategic level. As the study reveals, the adoption of management consultants in SMEs within the sector of services could improve communication, ability to exchange data, teamwork, customer relations, visibility of services, market share, and competitive advantage etc.

This statement is based on the fact that management consultants allow companies to obtain, to process, to accumulate and to exchange information. Furthermore, in a knowledge management context, consultants can support transformation within and between tacit and explicit knowledge. Successful knowledge management initiatives could transform the small business innovation capacity into a sustainable higher performance as argued by Canback *ibid*. Another way of improving productivity of SMEs is the adoption of management consultants which could be the higher efficiency obtained in business transactions due to a fast and accurate processing of information which could increase the competitiveness of SMEs because they change the relationship with customers by creating a stronger link between firms and its clients Vieira,(1995). Adopting management consultancy services in SMEs within the sector of services could also facilitate cooperation within the company and between the company and other firms. SMEs could use tools and Internet technologies such as business modeling tools, service development tools, discussion groups, training tools etc. As

Vieira, (2005) stated, has the potential to redefine the existing business infrastructure, organizations and to re-evaluate the way in which they do business. It has capabilities in re-engineering business processes across the boundaries that have traditionally separated suppliers from their customers. Previously separated activities such as order processing, payments, and after sales services may be merged into a single process. As a result, the costs of creating, moving, processing, and managing documents are reduced.

Table: 4.1.9: Assessing the cost of seeking management consultancy services among SMEs in Ghana

The most fundamental decision has been to institute a form of Activity Based Costing (ABC). This allows the study to derive a notion of "unit costs" for delivery of management consultancy services. To allow this, there is the need to analyze salary, equipment and other costs. The table below shows how SMEs rated the cost of seeking the services of management consultants.

Responses	Frequency	Percentage	Cumulative frequency
Very high	8	16	16
High	19	38	54
Low	13	26	80
Very low	2	4	84
Others, specify	8	16	100
Total	50	100	

Source: Fieldwork, October, 2008

In finding out how SMEs rated the cost of management consultancy services it was revealed that more than half of the respondents indicated that their services were high which deters them from engaging their services. This is consistent with Bellman, (2000) who indicated that in the past and even presently, many SMEs in Ghana refrained from using professional consultancy services due to limited resources which is associated with

high cost of services or simply a lack of awareness. In a competitive market, however, professional business planning and corporate management become increasingly important for local SMEs to overcome day-to-day challenges and to magnify their market share. To foster the partnership between SMEs and management consultants there is the need for management consultants to reduce their cost of services and then create more awareness to enable SMEs have access to such services.

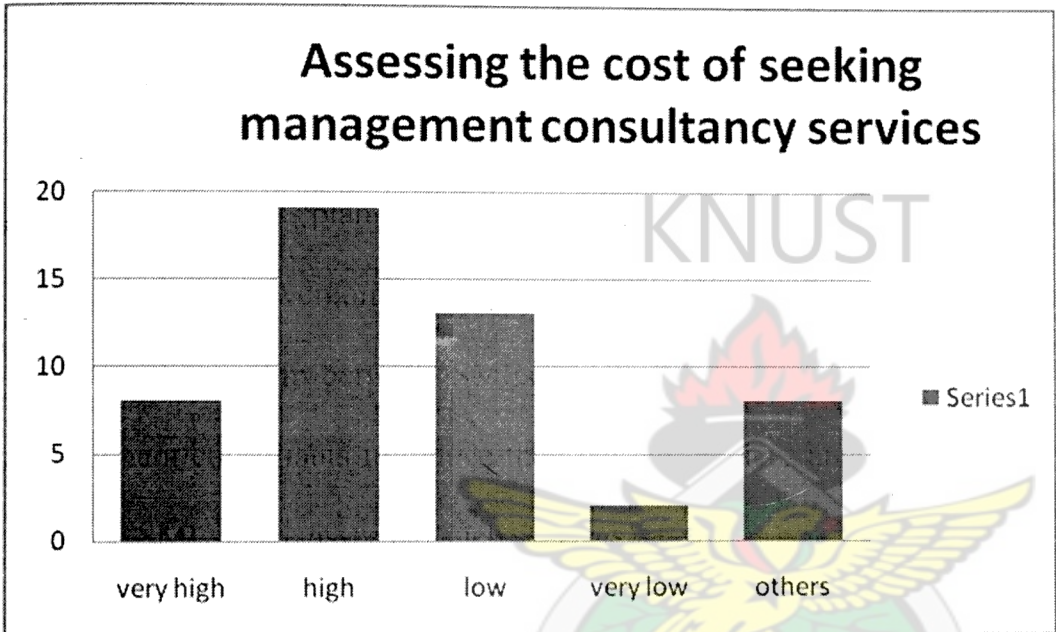


Figure 5e Source: Fieldwork, October, 2008

Table: 4.2.0: The worthiness of seeking management consultancy.

In Ghana the image of consultants as experts doesn't match their day-to-day work with clients in projects. Typically, they are seen as outsiders, bringing ideas and organizational techniques which are new to their clients. But in reality, prospective clients were unlikely to welcome consultants if their knowledge was 'too new'. The table below shows how SMEs rated the worthiness of management consultants in their operations and more specifically in the areas of prompt service delivery, and successes of their services. It was

revealed that thirty-eight (38) of the SMEs sampled gave a negative feed back in relation to their worthiness. This represents seventy-six percent (76%) of the total sample. Only twenty-four percent (24%) of them were confident with their services. This re-enforces Foster, (2002) who termed Management consulting as similar to banking. Just as banks provide financial capital, consulting provides intellectual capital. In addition to expanding product offerings, consulting firms provide their service in a manner similar to banking. In banking client have confidence for them in terms of security as well management consultant should be able to win the confidence of their clients and provide additional value by aligning companies in their portfolio of companies while also providing consulting services.

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Response	Frequency	Percentage	Cumulative frequency
Yes	12	24	24
No	38	76	100
total	50	100	

Source: Fieldwork, October, 2008

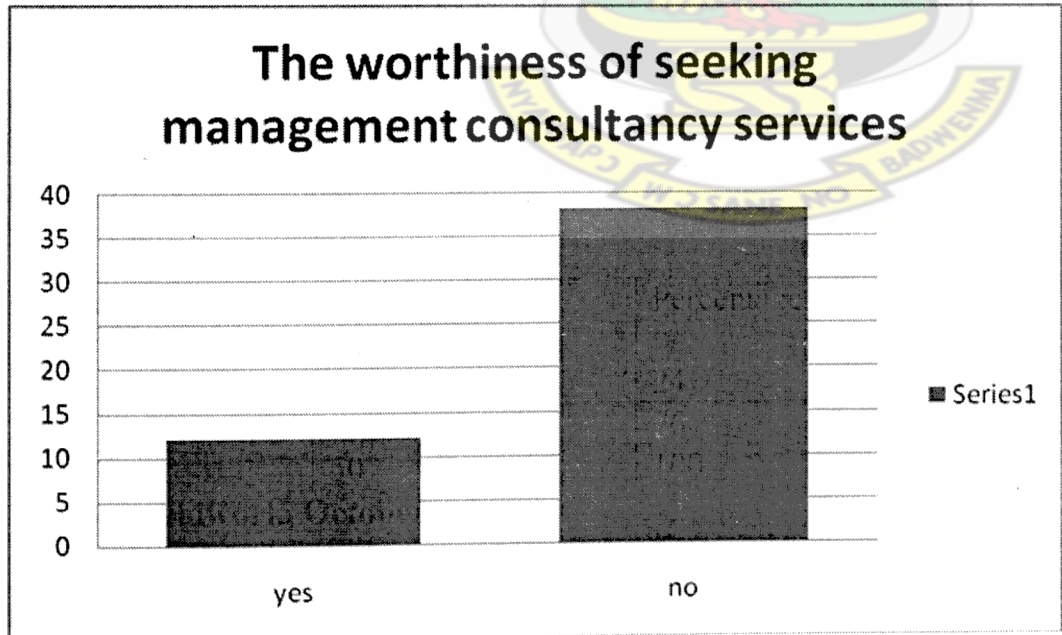


Figure 5f Source: Fieldwork, October, 2008

Table: 4.2.1: Rating the contributions of government institution on the benefits of management consultancy services in their Policy frameworks.

Most governments have policies to encourage the growth of local small- and medium- enterprises because they can help alleviate poverty by increasing income levels and creating jobs. As the global economy becomes increasingly reliant on many innovative ideas, to receive, process, and send out information, SMEs in developing countries should not be left behind. Otherwise, they will lose out on opportunities to integrate into the global supply chain, bid for outsourcing businesses, and increase productivity. (Harris, (2001). The table below shows how SMEs rated the worthiness of management consultants in their operations and more specifically in the areas of prompt service delivery, and successes of their services. It was revealed that thirty-eight (38) of the SMEs sampled gave a negative feed back in relation to their worthiness. This represents seventy-six percent (76%) of the total sample. Only twenty-four percent (24%) of them were confident with their services. Developing countries have been slow to adopt it. At the same time, most governments have not embedded management consulting into SME policy. The table below shows how SMEs rated government’s contribution on the need for SMEs to partner with management consultants in their operations.

Responses	Frequency	Percentage	Cumulative frequency
Very often	13	26	26
Often	17	34	60
Not often	20	40	100
Not at all	0	0	100
Total	50	100	

Source: Fieldwork, October, 2008

The table above reveals that forty percent (40%) of the respondents indicated that they do not often stream-line the need for consulting services in the SMEs policy framework and did not even educate them on the need for such services. However, sixty percent (60%) of them affirmed to the statement. In Ghana, with the exception of few government agencies such as NBSSI and EMPRETEC foundation who provide consulting services to SMEs, most of them are non- governmental in nature. (Nippa and Petzold, (2002). The government should therefore target training at different sectors; and then provides tax rebates for SMEs using management consultants. This is so because one of the ways that the government could sustain and promote the growth of SMEs is through, wealth and employment creation by removing constraints and creating an enabling environment. Some of which include: create incubators and science parks; provide business skills education; provide business consulting services; provide SME financing ;help create SME linkages with larger companies and implement favorable tax and trade policies

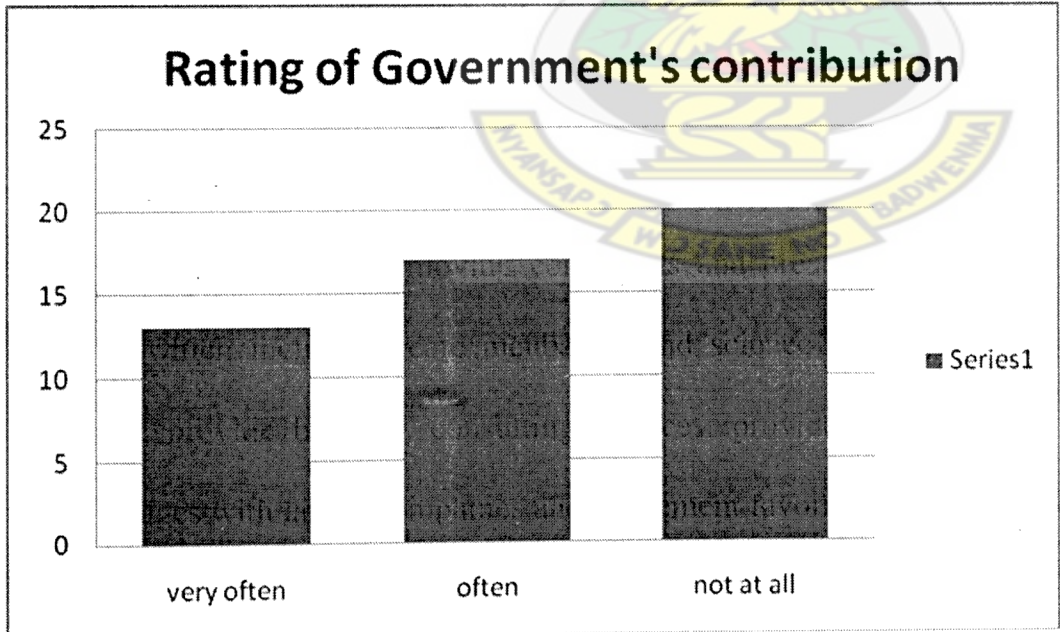


Figure 5g

Table: 4.2.4: Rating the Competence of Management Consultants

As the profession of management consultants grows, it is time to move beyond knowledge-based certifications. The study intends to find out how to assess the performance-based competence of management consultants and improve their project management. Determining what to measure can be a very difficult task in the face of changing strategic objectives, differing goals, budget constraints and changing industry standards. To ensure that Management consultants' initiative stays up-to-date and focused on the current direction of the organization, measured evaluation must take place on a consistent basis.

Responses	frequency	Percentage	Cumulative frequency
Very good	8	16	16
Good	15	30	46
Poor	1	2	48
Very poor	0	0	48
Others	26	52	100
Total	50	100	

In finding out how the SMEs sampled rated the competence of management consultants it was realized that there was a fair and affirmative assessment in their ratings. This is so because whilst two percent (2%) of them said they were not in favour, forty-six percent (46%) of them gave high and credible rankings in terms of competency. However, fifty-two percent (52%) did not take sides. An organisation's commitments are documented in its management system, and specifically in its formal plans - its Management Plan (or similar), its business plans, its departmental and section plans, and so on. Key aspects of organizational change can be measured in formal evaluations of organizational performance, using these plans as benchmarks which is being strengthened by many authorities such as (Quinn, 1997).

There are diverse kinds of formal evaluation, including:

- self-assessments of various kinds (e.g. staff reporting on progress with projects),
- internal and external audits (of management systems, of operational outcomes, of implementation of action plans),
- quarterly reviews of performance against Management Plan targets, and
- Broad-scale strategic reviews.

The competencies in management consultants in business process integration could be defined as their ability to integrate their ideas and business knowledge to create and develop new business processes as suggested by Quinn, (1997) who had examined the competencies that affect SMEs business success in LDCs and their empirical analysis identified three competencies associated with e-business success: e-business strategy, IT-business process integration, and systems and infrastructure. Competencies in strategic planning and management consultancy were not found to be significant predictors. The results showed that the type and extent of competency in management consulting were important determinants for success of SMEs since the competitiveness of SMEs depends on the basic role of the owner/manager, intangible investment (intellectual capital), tangible investment in information and communication technology, and strategic capability, meaning the ability to be innovative and adaptive to change as identify by Wilson, (2002).

Table: 4.2.5: The need to adopt the service of management consultancy

The need to adopt management consultancy services in SMEs should be more

encouraged and this could involve improving technical and managerial skills, making appropriate business solutions for SMEs available, addressing the high cost of their services etc

Responses	frequency	Percentage
Yes	27	54
No	23	46
Total	50	100

Source: Fieldwork, October, 2008

Coincidentally, more than half of the respondents indicated the need to adopt the services of management consultants and in-cooperated it in their activities. However, forty-six percent (46%) of them did not support the statement. However, the adoption of management consultants in small and medium enterprises management within the sector of services could improve the competitive advantage and the performance of firms. The entrepreneur's demographic, psychological and behavioural characteristics, as well as his/her managerial skills and technical know-how are some of the factors that could influence the performance of a SME. The relationship is also affected by many characteristics of the services sector, environmental, firm-specific features and firm strategies. Competitiveness of a SME is revealed by the long-term performance of the company related to its competitors, which is the result of being competitive as proposed by Manbula, (2002). Among the need to adopt management consultancy services in SMEs activities could be outlined as: Operational benefits (Improved data management; Improved communication; Improved decision-making; Reduced paperwork; Reduced labor costs; Improved ability to exchange data; Reduced rework; Improved response; time to queries and Improved control of cash-flow); tactical benefits(Improved response to changes; Improved service quality; Improved teamwork; Promotes pro active culture;

Improved planning times; Improved integration with other business functions; Reduced time to compile tenders; Reduced time to prepare cost plans; Improved effectiveness and efficiency and strategic benefits(Improved growth and success; Reduced marketing costs; New technology leadership; Improved market share; Market leadership; Improved customer/supplier satisfaction; Improved customer relations; Improved; competitive advantage; Improved organizational and process flexibility)



Figure 5h

4.2.6: Conclusions

The study reveals the need for management consulting to be applied more in SMEs within all the sectors of economy. The findings could give good reasons for intensifying the efforts of promoting the use of management consulting in SMEs and attempting to change mentalities. SMEs should change their managerial practices by integrating management consulting in their day-to-day activity. Otherwise, they will not be able to

benefit from the opportunities that knowledge-based economy offers and moreover, they will face the risk to be eliminated from the business world.

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CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS FOR POLICY

IMPLICATIONS AND CONCLUSIONS

5.0 INTRODUCTION

As noted by Armbruester and Kipping, (2001), Management consultants generally bring their own, proprietary methodologies or frameworks to guide the identification of problems, and to serve as the basis for recommendations for more effective or efficient ways of performing business tasks. The chapter five outlines the major findings of the study, recommendations for policy implications and conclusions. In functional terms, the reality of the situation is that there is the need to bridge the gap between management consultants and SMEs in the Kumasi metropolis by revising the thinking of SMEs and discard the old fashion situation where those who are capable of bearing the cost of consultancy services ignore it and play according to their conscience which in the end do not improve on productivity and performance. The research findings will offer the foundation upon which the study could make certain recommendations that would assist management consultants draw more of the SMEs in the economy on their side and to supplement their activities through the necessary technical advice.

5.1 SUMMARY OF FINDINGS

Among the major findings of the study included the following:

- It was revealed from the study that there is gender inequality in the SME sector. This is so because whilst forty-two percent (42%) of the responses were females; greater percentage of the SMEs were males representing fifty-eight percent (58%) of the total sample size. This really reflects the reality on the grounds as the predominance of Small and medium entrepreneurs in Ghana are striking to the casual observer traveling across the country.
- As acknowledged the educational status of respondents should be a representative of the human factor among SMEs in Ghana. This is because the combined intelligence, skills and expertise among SMEs which could enhance its distinctive character more especially in this era of competition. However, it was revealed that forty-two percent (42%) and thirty-four percent (34%) of the SMEs had secondary and basic education respectively. Only six percent (6%) had obtained other qualifications such as Association of Certified Chartered Accountants (ACCA); Chartered Institute of Marketing (CIM) UK and Ghana etc. This confirms the fact that most SMEs in Ghana acquire Knowledge and skills through apprenticeship and activities or workshops are home-based or in insecure non-permanent locations. This might be due to one of the reasons of SMEs inability to access management consultancy services.
- In finding out the types of business operations of SMEs in Ghana it was revealed that most of them were in the merchandise. Those in this sector constituted forty-

two percent (42%). This is followed by the services and the manufacturing sector which formed thirty percent (30%) and twelve percent (12%) respectively. This shows that the characteristics of SMEs in Ghana are not different from what pertains in other West African countries.

- The study showed that currently a greater proportion of SMEs employ less than ten (10%) percent of its workforce. This was followed by thirty-two percent (32%) of SMEs who had between ten (10) to fifty (50) labour force. None had one hundred (100) and more of staff force. This shows that SMEs in Ghana had lower work force as it was revealed that with the exception of one or two firms who had employed additional hand to help them, majority of the SMEs had managed their business single-handedly. In some cases, with assistance from relatives who are not even put on a pay-roll let alone restructuring a proper human resource system meant to address the needs of the staff.
- It was revealed that the majority of the respondents which represents eighteen (18) of them had an initial capital of less than ₵100 whilst twenty-one (21) of them had their capital from family which according to Aryeetey, (2001) is common among SMEs in Ghana.
- Generally speaking, larger firms do seek the services of management consultants with numerous forms of specializations, such as information technology consulting, human resource consulting, and others, many of which overlap, and most of which are offered by the large diversified consultancies such as the internationally recognized Certified Management Consultant (CMC) professional designation; Certificate in Management Consulting Essentials (IMC) - UK,

Diploma in Management Consultancy (IMC) – UK. Accountancy qualifications: Chartered Management Accountant (CIMA), Chartered Certified Accountant (ACCA), Chartered Accountant (CA), Certified Public Accountant (CPA), Certified Management Accountant (CMA) Chartered Cost Accountant CCA Designation from AAFM. Finance qualifications: Chartered Financial Analyst (CFA) Certified Treasury Professional (CTP) among others. So-called 'boutique' consultancies, however, are smaller organizations specializing in one or a few of such specializations who the study acknowledges should be concentrated among SMEs.

- It was revealed that the majority of the SMEs sampled had no knowledge about the existence of these management consultants as shown by sixty-four percent (64%) of the respondents sampled. There is therefore the need for management consultants to create more awareness of their presence to enable SMEs seek their services as well to enable them grow and improve in size. A key strategy then is to involve SMEs in the living case/consultancy approach which is designed to draw management consultants into the holistic analysis of events faced by SME's through both class discussion of issues in their consultancy and through hands-on experience with a real SME.
- The study exhibited that the ideas and services of management consultants should be used in small business management within the sector of services because as perceived by Canback, (2006) management consultants are key tools in management processes and could improve managerial practices within SMEs. . However, in LDCs the acceptance of management consultants among SMEs has

not been embraced wholly. There is therefore the need for SMEs in such economies to have skills and competences to be able to add innovation in the business dealings to be able to gain competitive advantage. The performance of SMEs notably in the areas of finances, productivity, improvement in sales etc and ability of the partners to create value in such areas could depend on their relationship competency among management consultants.

- In finding out how SMEs rated the cost of management consultancy services it was disclosed that more than half of the respondents indicated that management consultancy services were high which deters SMEs from engaging their services. This is consistent with Bellman, (2000) who indicated that in the past and even presently, many SMEs in Ghana refrained from using professional consultancy services due to limited resources which is associated with high cost of services or simply a lack of awareness.
- The study shows how SMEs rated the worthiness of management consultants in their operations and more specifically in the areas of prompt service delivery, and successes of their services and it was revealed that thirty-eight (38) of the SMEs sampled gave a negative feed back in relation to their worthiness. This represents seventy-six percent (76%) of the total sample. Only twenty-four percent (24%) of them were confident with their services.
- The study reveals that forty percent (40%) of the respondents indicated that they do not often stream-line the need for consulting services in the SMEs policy framework and did not even educate them on the need for such services. However, sixty percent (60%) of them affirmed to the statement. In Ghana, with

the exception of few government agencies such as NBSSI and EMPRETEC foundation who provide consulting services to SMEs, most of them are non-governmental in nature. Nippa and Petzold, (2002). The government should therefore target training at different sectors; and then provides tax rebates for SMEs using management consultants. This is so because one of the ways that the government could sustain and promote the growth of SMEs is through, wealth and employment creation by removing constraints and creating an enabling environment. Some of which include: Create incubators and science parks; Provide business skills education; Provide business consulting services; Provide SME financing ;Help create SME linkages with larger companies and implement favorable tax and trade policies.

- In finding out how the SMEs sampled rated the competence of management consultants it was realized that there was a fair and affirmative assessment in their ratings. This is so because whilst two percent (2%) of them, that is SMEs were not infavour, forty-six percent (46%) of them gave high and credible rankings in terms of competency. However, fifty-two percent (52%) did not take sides. The competencies in management consultants in business process integration could be defined as their ability to integrate their ideas and business knowledge to create and develop new business processes as suggested by Quinn, (1997) who had examined the competencies that affect SMEs business success in LDCs and their empirical analysis identified three competencies associated with e-business success: e-business strategy, IT-business process integration systems and infrastructure.

- Coincidentally, more than half of the respondents indicated the need to adopt the services of management consultants and in-cooperated it in their activities. However, forty-six percent (46%) of them did not support the statement. However, the adoption of management consultants in small and medium enterprises management within the sector of services could improve the competitive advantage and the performance of firms.

development, or operational improvement services aimed at creating the enabling environment for SMEs services.

5.2 RECOMMENDATIONS FOR POLICY IMPLICATIONS

Based on the above summary and conclusions, the paper wishes to put forward the following suggestions for future policy implications.

- Stakeholders in the SMEs sector should collaborate in order to come out with ways of familiarizing members on the need to adopt management consultancy services as part of the operational activities.
- Educational workshops and training should be organized for SMEs on the need to adopt management consultancy services in order to ensure efficient and effective services. In other words, SMEs should be trained and create more awareness on the need to adopt consultancies.
- Management consultants should be able to charge its prospective clients at reasonable prices and ensure that the principle of price elasticity is enforced in their production.

- In addition, it is also recommended that management consultants should be able to attend to the needs of its customers at the right time in order that their clients will put their hopes and aspirations in them. This could enable consultants take on a variety of projects on behalf of their clients, the most common include business planning and development; marketing research; marketing strategy development; developing promotional campaigns etc.
- The government should also show much interest in the services of management consulting in SMEs as it has been recognized that the SMEs sector contribute immensely to the development of the economy as a whole. This could be done by establishing more consultancy firms for SMEs and even exempting them from paying taxes which could reduce the charges on consulting services.



5.3 CONCLUSIONS

The fact that most managers of small and medium scale enterprises (SMEs) make decisions about the directions in which their businesses are to move; those decisions do not often relate to the selection of strategic options, the implementation of plans and the allocation of resources. The study revealed that although majority of the SMEs recognized the credibility of management consultants and the need for their services, most of them had not accessed their services due to high cost of services, inadequate resources, lower level of education among others. Coincidentally, more than half of the respondents indicated the need to adopt the services of management consultants and in-cooperated it in their activities. However, forty-six percent (46%) of them did not support the statement. However, the adoption of management consultants in small and medium enterprises management within the sector of services could improve the competitive advantage and the performance of firms. Consultancies should therefore provide organizational change management assistance, development of coaching skills, technology implementation, and strategy

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QUESTIONNAIRE

I am post graduate student from the KNUST School of Business-Kumasi. As part of the requirement in partial fulfillment of an MBA Degree, I am required to undertake a project on the topic "Adopting Management Consulting Services. A case study of some selected SMEs in the Kumasi Metropolis. I can assure you that the information provided will be kept confidential.

Thank you.

A. PERSONAL INFORMATION

1. Gender Male ☐ Female ☐
2. What is your education level?
 - (a) Basic ☐
 - (b) Secondary ☐
 - (c) Tertiary ☐
 - (d) Others (Specify) ☐
3. Please indicate the number of years you have been in the industry.
 - (a) 2-4years ☐
 - (b) 5-7years ☐
 - (c) 8-10years ☐
 - (d) More than 10 years ☐
4. What type of business do you operate?
 - (a) Manufacturing ☐
 - (b) Services ☐
 - (c) Merchandise ☐

(d) Others, please specify.....

5. Where is the company situated?

.....

6. Please indicate the number of employees in your enterprise.

.....

B. THE STRUCTURE OF SMEs in GHANA.

7. How many people do you employ?

(a) Less than 10 ☐

(b) 10 – 50 ☐

(c) 60 – 100 ☐

(d) 100 and above ☐

5. What is the ownership structure?

(a) Sole Owner ☐

(b) Partnership ☐

(c) Family ☐

(d) Private Company ☐

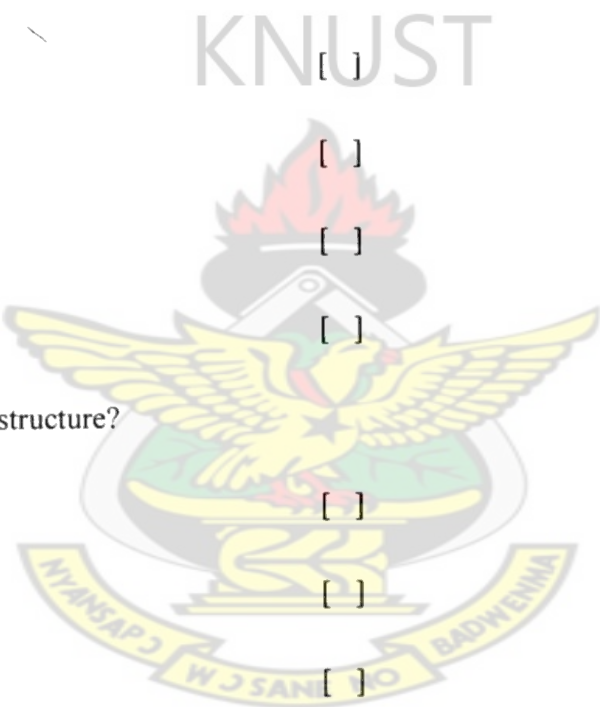
(e) Other (Specify) ☐

6. What was the size of your initial capital?

(a) Less than ₵100 ☐

(b) 200- ₵1000 ☐

(c) 1100- ₵5000 ☐



(d) 5,100-€10,000 []

(e) Over []

7. What was your source of initial capital?

(a) Personal Savings []

(b) Funds from family []

(c) Loan from Bank []

(d) Loan from Government/NGO Organization []

(e) Other sources (please specify) []

8. What are your main sources of financing your business operations?

(a) Internal/Ploughing bank profit []

(b) Credit from Suppliers []

(c) Banks []

(d) Non-financial institution []

(e) Others (specify) []

C. AWARENESS OF MANAGEMENT CONSULTANCY SERVICES AMONG SMEs

9. Are you aware of any institution that offers management consultancy services to SMEs?

Yes [] No []

10. If yes, Name the Institution(s)

.....

.....

11. Have you received any services from any of them?

Yes [] No []

12. If yes, state your experience?

.....

.....

.....

.....

.....

13. What type of services do they provide if you know any?

.....

.....

KNUST

14. In your own view, suggest how you think the services of management consultants could induce SMEs to seek their services.

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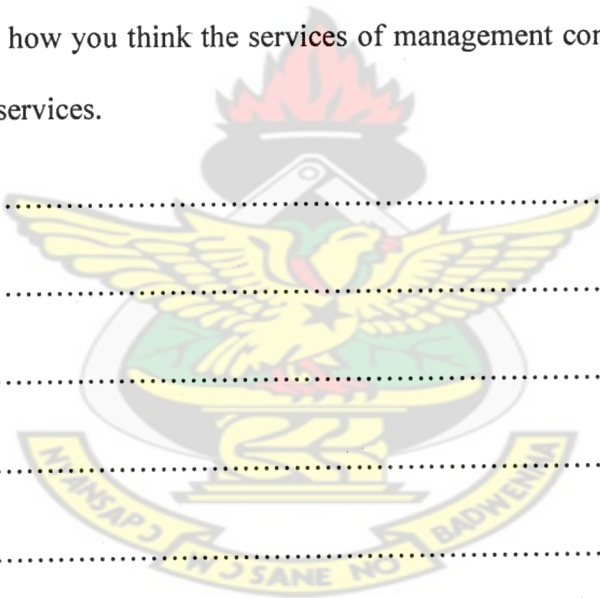
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15. In your own view, suggest how you think the services of management consultants could improve the productivity of SMEs in Ghana?

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.....

D. ASSESSING THE COST OF SEEKING MANAGEMENT CONSULTANCY SERVICES
AMONG SMEs IN GHANA.

16. In general, how do you assess the cost of seeking management consultancy services
among SMEs in Ghana?

- a. Very high []
- b. High []
- c. Low []
- d. Very Low []
- e. Others, please specify.....

17. Do you think the services provided by management consultants are worth the cost?

- a. Yes [] b. No []

18. Please, provide reason(s) for your choice of answer.

.....

.....

.....

19. How often do government institutions on SME promotions orientate SMEs on the need to
seek management consultancy services?

- a. Very often []
- b. Often []
- c. Not often []
- d. Not at all.

20. How do you rate the competency of management consultancy services in Ghana?

- a. Very good []
- b. Good []
- c. Poor []
- d. Very poor []
- e. Others, Specify

E. RECOMMENDATIONS

21. Will you recommend to new SME entrants on the need to adopt the services of management consultants?

- a. Yes [] b. No []

22. Please provide reason(s) for your choice of answer.

.....

.....

.....

23. Do you have any other suggestion(s)?

.....

.....

.....

INTERVIEW GUIDE FOR CONSULTANTS

I am post graduate student from the KNUST School of Business-Kumasi. As part of the requirement in partial fulfillment of an MBA Degree, I am required to undertake a project on the topic “Adopting Management Consultancy Services in SMEs in Ghana. A case study of

some selected SMEs in the Kumasi Metropolis. I can assure you that the information provided will be kept confidential.

Thank you.

1. For how long have you been in operation?
2. Which sector of the economy are your target groups?
3. How do you assess the level of patronage of your target group?
4. Does your advice normally yield results to the customers?
5. Do they repeatedly engage your services?
6. What criteria do you use in charging them?
7. What are the major difficulties encountered in management consultancy?
8. On the average how many SMEs do you receive in a year?
9. Which areas do they normally seek your advise?
10. Will you suggest(s) any way of improving the management consultancy services?

