

MANAGEMENT CONSULTANCY AND THE
TRANSFER OF MANAGEMENT TECHNOLOGY
IN KENYA. 11

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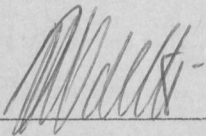
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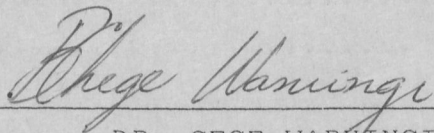
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ABSTRACT

This study argues that the adoption and application of modern management methods is an important factor in the development effort. The infusion of capital in Third World Countries without the complimentary management know-how is unlikely to foster economic development.

It is in this light that Management Consultants are deemed to be able to play an important role in imparting management know-how to the organizations in these countries (including Kenya). Modern management techniques have been developed in an environment different from Kenya's. There are cultural economic, social, political and legal assumptions that are embedded in the application of these techniques. When such assumptions do not apply in non-Western countries, then the wholesale adoption of these methods is unlikely to take place.

The methodology used in this study involved mail Questionnaires, personal interview, and case studies. Data was analysed both quantitatively and qualitatively.

This study critically examines the scope of Management Consultancy in Kenya and the problems encountered in the transfer and application of modern management methods. It comes to the conclusion that;

1. (i) Not many firms use consultancy services in Kenya;
- (ii) Smaller firms use it less frequently than bigger ones;
- (iii) Management Consultancy "Profession" is still at its infancy in this country.

2. The adoption and application of modern management methods encounters problems in this country because of the cultural, social, economic, and political differences between Kenya and the Western World where these techniques were developed.

It concludes that environmental differences affect the cross-cultural transfer of management technology.

CHAPTER I

INTRODUCTION AND STATEMENT OF OBJECTIVES

1.1 INTRODUCTION

Management Consultants can be viewed as vehicles for the transfer of modern management technology.¹ Some of these management techniques are: budgeting control systems, data processing systems, job-rating, job evaluation and job appraisal, sales forecasting and manpower planning. All these techniques aim at establishing rationality and efficiency in the organization.

Management Consultancy is now a well-developed profession in the developed countries. A substantial volume of literature is available on their role. Unfortunately, the role of Management Consultants in Africa, more specifically in Kenya has attracted little interest. There is no comprehensive study that has been published on Management Consultancy in Kenya.

This situation is unfortunate for these reasons:

- (a) It is in a country such as Kenya that Management Consultants face the greatest challenge - that of cross-cultural transfer of management know-how.

¹ A management technique is defined here as a recognised method of analysing or solving a recognized type of management problem in a detailed and systematic way.

- (b) The services of these Consultants are more needed in Kenya than in the developed world. This is because they would be helpful in the task of economic development, which is slackened by a shortage of managerial capability.

The process of economic development (and industrialization) in the less developed countries encounters a number of problems. For long, the focus has been on the lack of capital. Many students of economic development have now realized that the shortage of technical and managerial know-how is perhaps the biggest obstacle to development.²

Since consulting firms foster economic development, the governments of developing countries should show greater concern for the use of consultants by their countries' organizations. Commenting on this, Paton writes:

... improved productivity is a major goal of developing nations and since it is estimated that 20 - 25 per cent of the productivity increases generated in Great Britain since 1960 are attributable to the work of Management Consultants, these professionals can represent a valuable asset in less developed economies.³

² See, M. Yavas and T. Rountree, "Transfer of Management Know-How to Turkey Through Graduate Business Education", Management International Review 1980/2 pp. 71 - 78.

Also, William Baumol, "Entrepreneurship and economic Theory", American Economic Review 58 (May 1968), pp. 61 - 71.

³³ J.M. Paton, "Management Consulting in Developing Countries", Management in Nigeria 2 (Sept. - Oct. 1966) p. 112.

With Independence, Africanisation of jobs formerly held by expatriates became a major government policy. Africanisation of jobs went hand-in-hand with the Africanisation of small businesses (mainly retail and wholesale). The philosophy behind Africanisation was the desire by the New African Administration to have control over the country's economic life, which hitherto was in the hands of non-Africans. As Mutungi puts it:

... it is probably superfluous to emphasize that control of economic life of a country by that country's citizens is an important aspect of the transfer of power for which Independence stands. Political Independence has to be matched with economic control of a country's economy by her citizens.⁴

In most cases, the Africans who rose to high offices as a result of the Africanization policy did not have the necessary qualifications or experience. Those who took businesses had not had adequate exposure to modern business practices. Commenting on this, Kariuki explains that most of the problems being faced by the African businessman today have many of their origins in the colonial era. He writes:

The colonial pattern had the economy divided on racial lines and left the African in the periphery of the economic sector. His contact with this sector was in the provision of labour. It is then little surprising that lack of entrepreneurial skills, lack of capital and contact with the relevant parties are not weaknesses inherent in the man.⁵

⁴ Onesmus, K. Mutungi, "Business Organizations and the Africanisation of Commerce and Industry in Kenya", (Unpublished Ph.D. Thesis, Yale Law School, 1974) p. 4.

⁵ Kariuki, Ngotho, "Africanisation of Commerce in Kenya", (Unpublished M.B.A. Thesis, University of Nairobi, 1975) p. 148.

It would therefore be expected that both large and small businesses in Kenya have a host of organizational problems. Consultants represent a potential source of help. Inefficient organizations cannot be tolerated since they are a drawback to the development process.

Due to the low educational and economic levels, the sources of potential management talent remain extremely limited in Kenya. This "managerial shortage" can be corrected through the use of Consultants or by hiring expatriates. Since the hiring of expatriates is very expensive and has been politically sensitive in the past, Consultants are expected to play a greater role in organizational development. In this study, the author will attempt to evaluate the role management consultants have played in this country.

Modern management techniques have originated in the Western world. Explaining this, Negandhi and Prasad write:

Management theory and practices as they are known today have evolved largely within a restricted range of countries, and, as industrialisation spreads, it is becoming necessary to transfer them into cultural settings far different from those in which they originated.⁶

⁶ A.R. Negandhi and A. Prasad, "Transmitting Advanced Management Know-How to Underdeveloped Countries," Management International Review 1967/68 p. 58.

These techniques are the by-products of a society, a culture and an economic system that is foreign to ours.⁷ The application of these techniques are, therefore, culture-bound. It would logically follow that the use of these techniques in non-Western societies is likely to encounter a number of problems.

Onymelukwe points out that the failure of many people, including practising managers, to notice that the theorists of formal organizations made social and cultural assumptions has made it difficult to apply the principles of formal organizations in non-Western societies. He continues:

These principles have enjoyed wide popularity yet social and cultural inconsistencies have resulted when they are applied in businesses set in different cultural backgrounds.⁸

The author will attempt to identify some of the critical variables in Kenya which have affected the adoption of advanced management know-how.

⁷ For purposes of this study, it will be assumed that there exists an "industrial culture" that facilitates the use of modern management techniques.

⁸ C. Onyemelukwe, Men and Management in Contemporary Africa, (London: Longman, 1973), p. 22.

1.2 Statement of Objectives

In more specific terms, the objectives of this project are:

1. To generate data on the scope of management consultancy in Kenya,
2. To develop a better understanding of the role of Management Consultancy for future use in company development,
3. To evaluate the success of Management Consultancy in achieving the objectives for which the services were designed,
4. To explore certain interaction between development and transfer of advanced management technology.⁹

The services of consultants are difficult to evaluate because the inputs of consulting engagements are mainly human and the outputs are mainly intangibles.¹⁰ Still some form of evaluation is preferred to none. As an institution, management consultancy has to justify its existence in the economy.

The contention that there is a universal logic in Western management practice and that it is therefore transferable to foreign environments is subject to extensive

⁹ The environment will be defined here as the social economic, political, cultural and related systems created by man for organized interaction among people.

¹⁰ Hallander, C., Stanley, The Use of Consultants in Developing Countries (New York: UNIDO, DOC., ID/Conf., I/S 1957)

debate.¹¹ The purpose of this study is not to find out whether management is transferable or not. The author makes a major assumption that because of cultural differences, some aspects of the management process are transferable while others are not easily transferable.

1.3 Significance of the Study

This survey should be able to fill the "information gap" that exists in these two areas in Kenya:

1. Scope of Management Consultancy,
2. Obstacles to the process of transferring management knowledge.

At the time of writing, there is no published literature on the above subject as far as the author knows. The information gathered on these topics would also be able to provide useful teaching material to our management institutions like the Faculty of Commerce and the Kenya Institute of Management.

Practising Consultants in this country are likely to benefit from the findings in formulating strategy for future operations. Certainly this should be the case if the interest they have shown in this study is anything to go by.

¹¹ A.R. Negandhi, "Cross-Cultural Management Studies: Too Many Conclusions, Not Enough Conceptualization", Management International Review, Volume 14, 1974.

1.4 An Overview of the Thesis

The thesis will consist of four chapters following this introductory one. Chapter Two will review the literature on the role of Management Consultants and the environmental factors that affect cross-cultural transfer of management technology.

Chapter Three will deal with the Research Methodology while Chapter Four will concentrate on the findings. A Summary Discussion and Conclusions will come in Chapter Five.

CHAPTER II

LITERATURE REVIEW

The literature review will centre on two areas:

- (a) The role of Management Consultants,
- (b) The cross-cultural transfer of management know-how.

2.1 The Role of Management Consultants

The work of Management Consultants is to help organizations perform more effectively. Most of the areas in which consultants are employed can be reduced to the following five categories suggested by Hal:¹

1. Long and short-run planning,
2. Assistance in making major decisions,
3. Improving organizational structure,
4. Improving personnel management,
5. Improving performance of specific functions, such as marketing.

A firm may want to retain a management consultant for a combination of reasons. Ira gives the following reasons:²

¹ Hidgon, Hal, The Business Healers, (New York: Random House, 1969) p. 337.

² S.G. Ira, "Consulting Consultants", Data Management, June, 1969, pp 44 - 45.

1. their possession of unique skills in some specialised area,
2. their possession of specialised skills which are only needed on a non-routine basis,
3. as an alternative to hiring full-time personnel within rigid company wage scales,
4. unavailability of needed skill in the full-time market place,
5. the need for outside objectivity,
6. their access to both valuable sources of information and other services such as financing,
7. their past experience with similar problems,
8. top management's greater respect for outside rather than internal opinions,
9. other pressing demand on time of company executives,
10. possibility of obtaining education and training for company personnel.

An organisation may engage a Management Consultant to provide advice, decisions or just to give support for predetermined management decisions. Ideally, the role of a Management Consultant should be that of providing advice and helping in the implementation. Management must always remember that a consultant is only an advisor, and that it cannot evade the ultimate responsibility for decision-making.

The demand for management consultants increases as the cultural, economic, and socio-political environment becomes more complex. The task also becomes more difficult. The consultant must develop an understanding of the environment. The solutions he recommends must be appropriate to it and other aspects of the client's situation.³

Commenting on the growth and development of Canada's management consulting profession, Simpson gives the following reasons that have fostered their increased acceptance:⁴

1. rapid technological change,
2. need for effective long-range planning,
3. new burdens placed on corporate management,
4. increased competition,
5. need for new forms of information.

Consultants have been found to play an important role in the development process. For example, Caiden criticises the present aid system given by donor countries to developing countries by pointing out that successful development cannot be achieved with massive infusion of capital and technology alone. He writes:

³ W. Philip, "Management Consulting in the 1970's and Beyond", Association of Consulting Management Engineers, (Feb., 1971) p. 54.

⁴ J.W. Simpson, "Management Consulting in Canada", Canadian Chartered Accountant, 83 (December, 1963) pp. 406-409.

The success of the Marshal Plan in the reconstruction of Europe has led international assistance programs astray into believing that a massive assistance program in a "big push" would enable poor countries to reach the "take off" goal of self-sustaining growth.⁵

He is convinced that:

... the development process is not giving a meal of fish to starving people but teaching them how to fish for themselves, so that they need not go hungry thereafter, international consultants who teach people to do without their services contribute to development administration.⁶

Hollander stresses that development and industrialisation demands increasing managerial competence which firms in developing countries are unlikely to possess. He concludes that:

Since consulting fosters economic development, the governments of developing countries should exhibit greater concern for the use of consultants by their countries' firms and create strategies for accomplishing this goal.⁷

It appears therefore that consultants have an important role to play in the development effort.

⁵ Caiden, E. Gerald, "International Consultants and Development Administration," International Review of Administrative Science, Vol. XLII, 1976, No. 1 p.3.

⁶ Ibid., p.2

⁷ C. Hollander and D. Flaster, Management Consultants and Clients (New York: MSU Business Studies, 1972) p. 477.

2.2. Cross-Cultural Transfer of Management Universality Vs Uniqueness

Those management scholars who believe in the universality of management contend that there are no real differences in managerial principles governing management practices among different countries. They claim that managers all over the world are involved essentially in the same activity and therefore there are certain universal ways in which they behave.

Fayol came to the conclusion that there was a single "administrative science" whose principles could be used in all management situations, notwithstanding the type of organization or its environment. He perceived management to consist of universal principles.⁸

Koontz and O'Donnel, two universalists, argue for the need for principles of management. They write:

... principles of management can have a tremendous impact upon the practice of management, simplifying and improving it. Since in all fields of human cooperation, efficiency of group efforts lags far behind that of machines, application of principles of management will further human progress.⁹

Brown also holds that the understanding and development of the art of management must be a study "grounded" in principle.¹⁰

⁸ H. Fayol, General and Industrial Administration (London: Sir Isaac Pitman and Sons, Ltd., 1949)

⁹ S. Koontz and T. O'Donnel, Principles of Management, (New York: MacGraw-Hill Book Co., 1964) p. 13.

¹⁰ Brown, Alvin, Organization of Industry, (New Jersey: Prentice-Hall Inc., 1947) p. VI.

In contrast to this belief in universal management principles, the cross-cultural theorists argue that the cultural differences are a major source of variation in cross-cultural managerial behaviour.¹¹ To confirm their theories these scholars have undertaken cross-cultural studies in the application of management techniques.

Sirota found that employees in Brazil preferred participative-democratic style of leadership while in Japan employees preferred more authoritarian leaders.¹² Sheriff contends that, "viewed against the environment of management in less developed countries, the successful application of most modern techniques calls for considerable adaptation."¹³

Negandhi, who is an advocate of the cross-cultural school of thought summarises their findings that:¹⁴

-
- ¹¹ W. Oberg, "Cross-Cultural Perspectives on Management Principles," Academy of Management Journal, VI (1963) pp. 129-143.
- ¹² D. Sirota, "International Survey of Job Goals and Beliefs" (Paper presented at 16th International Congress of Applied Psychology, Amsterdam, Netherlands, 1968).
- ¹³ A.F. Sheriff, "Management Techniques and Their Application in Less Developed Areas, With Special Reference to the Experience in the United Arab Republic" In International Handbook of Management ed. K.E. Effinger (New York: McGraw-Hill, 1965,) p. 134.
- ¹⁴ A.R. Negandhi, Op. Cit., p. 62.

1. There is no one way of doing things, managers may achieve given objectives by various methods;
2. There is no universal applicability of either authoritarian or participating - democratic management styles;
3. More objective measures are brought to bear in making managerial decisions with respect to compensation, objectives, goal setting, etc. in the developed countries; while much subjective judgement (emotions, religious beliefs) enters into the decision-making process in developing countries;
4. There are enough similarities and differences among managers around the world. Differences are explained in terms of cultural variables. Cultural factors are considered as the most important influencing variables.

In recent years, there has sprung a new group of management scholars called the "Convergence Theorists". The Convergence Theorists state that:

... differences between traditional cultures diminish during modernization, with a convergence towards a common urban-industrial civilization.¹⁵

¹⁵ For a discussion of "Convergence Theory" See Clark, Ker et. al., Industrialism and Industrial Man, (Cambridge: Harvard University Press, 1960), Chap. X.

This theory implies that the developing countries, in the process of industrialisation, will eventually trade-off traditional cultures for western culture. This theory does not stand to empirical test, if Japan's case can be taken as an example. Explaining the situation in Japan, Yoshino writes:

Even a very cursory examination reveals that not only does Japan's managerial system differ from its counterparts in other highly industrialized nations, but in many of its aspects it runs counter to what are considered sound principles of management in the western world, particularly in the United States.¹⁶

He explains that the strategy that the Japanese management has followed in industrialization is the ingenious blend of Japan's traditional values and western technology.

He continues:

The elite advanced Japan's industrialization in a highly controlled atmosphere, aided by the preservation of a selected set of traditions. This strategy was as attested to by the results, highly successful.¹⁷

Whether other nations can perform this "miracle" that the Japanese did is a question best left for history to prove.

Factors Affecting the Transfer Process

The transmittal of management knowledge from developed to developing countries can be achieved through several ways. These include:¹⁸

1. licensing;

¹⁶ Y.M. Yoshino, Japan's Managerial System: Tradition and Innovation, (Cambridge: The MIT Press, 1975) p. IX.

¹⁷ Ibid., p. IX.

¹⁸ M. Yavas and T. Rountree, Op. Cit., p. 71.

2. management contracts;
3. technical aid programs from international organisations;
4. direct foreign investment;
5. training courses provided by foreign companies to their local national managers at company headquarters;
6. students who pursue an advanced degree program in a country reputed for its management Know-how.

Of these programs it has been found all (except graduate business programs) have had limited success.¹⁹ All the above channels, identified by Yavas and Rountree, are also used in the dissemination of modern management technology in Kenya.

Why then have these channels had limited success in transmitting management knowledge? Several factors have been found to work against the successful transfer and adoption of these techniques. They are all associated with environmental differences.

From a system's point of view, the transfer of certain elements of one system to another is likely to encounter some difficulties. As Cotton explains

¹⁹ See for example E.P. Hawthorne, The Transfer of Technology (Paris: OEDC, 1971), p. 90; and P.G. Lauter "Advanced Management Process in Developing Countries: Planning in Turkey," California Management Review (Spring, 1970) p. 7.

The development of domestic industrial organizations within a culture tends to follow patterns consistent with the prevailing social system. The internal business systems thus developed generally blend with the local patterns because they are molded by people of that culture.²⁰

He argues that the success of such methods in one environment (the origin) does not assure their success in others. The successful adoption of these techniques is related to a multiplicity of factors operating on the capacity of management for assimilating new and more complex methods, also the very methods of transferring them. Many variables are involved, including the prevailing forms of organisation, the institutional framework, the education and sophistication of potential personnel.²¹

Cotton conducted research in Europe and North Africa on problems that stem from the transfer and application of technology to different cultures and social systems. Five factors were presented to show some characteristic of development which were found to be relatively sensitive in the transfer process.²² These were:

1. The local Value system;
2. The prevailing economic system;
3. The desire for security;

²⁰ F.E. Cotton, "Some Interdisciplinary Problems in Transferring Technology and Management", Management International Review (1973/1), p. 59.

²¹ A.F. Sheriff, Op. Cit. p. 134.

²² E.F. Cotton, Op.Cit., p. 61.

4. Personal relationships;

5. Organizational relationships.

The Value System:²³ Considerable variations existed among the cultures. For example, some cultures showed a strong aversity to overtime and night-shift work. In some countries, considerably more value is placed on absence of failure, error and conflict than on outstanding success, creativity and contribution. Pride of workmanship and work discipline (especially self-discipline) varied greatly among various cultures. Value judgements seemed to favour certain types of work even in spite of higher financial expectation from shunned employment.

The Economic System: It was found that the local tax structure in some countries tends to nullify incentive for more work, responsibility, or advancement. In some countries there was limited competition especially within geographical areas. Some economic systems placed little emphasis on labour and capital efficiency. Desire for security was found to rank higher, generally, with organizations in other cultures visited, compared to U.S. organizations.

Personal Relationships: Some cultures were found to emphasise individual activity and achievement while some stress group activity and achievement. Some cultures depicted strong family relationships and responsibility.

²³ This is defined here as an array of relative standards serving as a behaviour code for translating values into decision rules for interaction among individuals and groups.

Organizational Relationships: Some of the characteristics of the internal relationships observed to be influencing technology development and transfer included the following:

1. In some cultures decisions and collaboration for decision-making occur only at top levels.
2. Cooperation and communication among departments seem to be formal and restricted in some cultures.
3. Opportunity for job rotation or for transferring from one department to another may be almost non-existent.
4. The use of authority Vs. collaboration to resolve conflict varied substantially among the cultures and economic systems.

In another study conducted by Yavas and Rountree in Turkey, the following factors, ranked in order of significance, were found to influence the use of modern management technology:²⁴

1. economic instability;
2. government regulations;
3. political instability
4. resistance to new ideas;
5. lack of qualified staff;

²⁴ M. Yavas and T. Rountree Op. Cit., pp. 76-77.

6. lack of physical facilities;
7. limited competition in the market place;
8. lack of encouragement from the top management.

Turkey being a developing country like Kenya, one would expect several of these environmental factors to apply in the Kenyan case as well, although relative significance of the factors might differ.

Negandhi and Prasad identify the following managerial variables which act as barriers to the successful adoption of advanced managerial know-how in underdeveloped countries like Kenya:²⁵

1. The short-run profit maximization philosophy of managers in developing countries;
2. the managerial emphasis on the production and resource procurement activities of the industrial firms;
3. a lack of emphasis on the frame of mind that regards management as a matter of making things happen through promotion of organizational efficiency and adaptation of relevant management know-how.

They argue that effective management depends more on the coordination of human effort, than on the control of operations, that it involves not only directing men and

²⁵ A.R. Negandhi and A. Prasad, Op.Cit., pp. 75-81.

skills but also tapping knowledge, encouraging innovation, and so forth. That these attitudes on the part of managers and administrators in the industrialised countries took a long time to evolve. Many forces, an important one of which was keen competition in the market brought about an understanding of effective management.

On the importance of competition, Negandhi and Prasad explain:

Lack of importation of consumer and durable goods has shielded the Indian economy from competition abroad. This in itself would not be too pernicious were there a healthy competition among domestic enterprises. Here again, one would find a lack of entrants into given product markets.²⁶

The presence of a seller's market encourages maximization of profits in the short-run without due regard to the quality of human effort, encouragement of innovation, or the long-run viability considerations for the organization. The authors argue that the presence of a seller's market and the widespread philosophy of short-run profit maximization have contributed to over-emphasizing the production activities of the enterprise.

Most scholars of comparative management agree that cultural factors are the most important influencing variables in the transfer of management technology.²⁷ The only problem they have is agreeing on what specifically constitutes culture.²⁸

²⁶ A.R. Negandhi and A. Prasad, Op.Cit., p. 77.

²⁷ A.R. Negandhi, Op.Cit., p. 62.

²⁸ Culture in this Thesis will be perceived as the set of common understanding that characterises the social systems's way of life. A society's values, beliefs, practices and traditions constitute the context in which organized human behaviour is created, shaped and changed.

As Ajiferuke and Boddewyn pointed out in their studies, "culture is one of those terms that defy a single all-purpose definition, and there are almost as many meanings of culture as people using the term".²⁹

Recipients of modern management know-how usually have a culture that is incompatible with the use of modern management techniques. Commenting on this, Brannen explains:

Local employees have habits of behaviour and attitudes toward work that forcefully prevent their using modern technology effectively, even after they are familiar with the tools and skills involved. In addition, the patterns of relations, that prevail among members of pre-industrial societies are inconsistent with the policies introduced by overseas managers.³⁰

In contrast, he notes that members of Western culture receive informal training in modern technology and concepts of free enterprise and profit making right from childhood. In addition, they receive years of formal education in reading conceptual tools, and theories. They reach maturity in an environment that emphasises the relation between costs, income, and profits; thrift, handwork, and success; planning, evaluation and goal achievement. Individuals become aware of the necessity to maintain vigilance over costs, to accept responsibility for actions and rewards and to plan ahead. Brannen continues:

²⁹B. Ajiferuke and C. Boddewyn, "Culture and Other Explanatory Variables in Comparative Management Studies," Academy of Management Journal (June, 1970), pp. 153 - 163.

³⁰Brannen, Hodgson, Overseas Management (New York: McGraw-Hill, 1965), p.8.

Organizational authority is accepted precisely because the motives involved are based on the concept of efficiency. Efficiency is a common goal which is shared by all members of the society because it results in maximum rewards for the individual as well as the group.³¹

From the above discussion, it has been shown that there are cultural differences among different countries. A discussion of culture in Kenya is interesting because it not only differs from other countries' but also amongst the several tribes within the country. However, as Saleh and Gufwoli point out:

While there are differences among the Kenyan tribes, all share similar foundations in their values, relations, and structures ... traditional values in the Kenyan society are compulsory, sacred and timeless, calling for an acceptance of things as they are.³²

By stating that tribal values in Kenya are sacred, the authors imply that culture is static, at least in the Kenyan society. That conclusion is subject to much opposition. Megginson believes that:

the effect of expanding technology and industrialisation in most of the countries of the world are forcing their cultures to develop in the same general direction, regardless of their cultural heritage.³³

³¹ Brannen, Hodgson, Op.Cit., p. 19.

³² S.D. Saleh and P. Gufwoli, "The Transfer of Management Techniques and Practices: The Kenya Case " (Unpublished Paper presented at ASAC 1980 Conference Universite du Quebec and Montreal) p. 5.

³³ L.C. Megginson, "The Interrelationship and interaction between the Cultural Environment and Managerial Effectiveness", Management International Review, 1967/6, p. 67.

This view is shared by many other scholars.³⁴

More important however is the fact that Saleh and Gufwoli acknowledge that the cultural factor is most significant in the transfer of management techniques in Kenya. They explain:

... the struggle gets on between the industrial development with its western culture and technology (transplanted mainly by the colonialists and the multinational companies) and the traditional tribal culture.³⁵

It is the need for organizational efficiency which is essential in the development process that has forced underdeveloped countries to compromise on their traditional values.

The Need for Organizational Efficiency

Civilization has been characterized by the emergence of specialization and organizations. It follows that those countries that are underdeveloped will be faced with an increasing number of large organizations as they develop.

Organizations are especially conspicuous in Western societies where they go to great lengths to secure the advantages of specialisation, and as Sofer explains:

This form of social organization is probably one of the main factors in the higher standards of

34 See, for example, Brannen, Hodgson, Op.Cit., and Clark, Kerr et.al., Industrialism and Industrial Man (Cambridge: Harvard University Press, 1960), Chap. X.

35 S.D. Saleh and P. Gufwoli, Op.Cit., p. 6.

living of Western than underdeveloped societies where there is less differentiation of organizations with specifically economic functions.³⁶

The emergence of large organizations in Third World countries must necessarily be followed by rationalisation of work if these organizations are to play some useful role in the development process. Commenting on the importance of organizational efficiency in the developed process, McCamant writes:

Although increased productivity has often been sought through improvements in machine technology ... increases can also be generated through improvements in human technology, specifically through better personnel training, work methods and management organizations.³⁷

One important reason why many non-western countries have adopted modern management techniques is world-wide competition.³⁸ This has meant that firms have to be very efficient if they must survive. In a study conducted by Flores in the Phillipines, it was found in terms of the criteria for management effectiveness, that the American firms were performing better than local firms.³⁹ It would appear logical, therefore, that firms would seek those management systems that are proven to have high efficiency and effectiveness. Consequently, extensive cross-cultural

³⁶ Cyril, Sofer, Organization in Theory and Practice (London: Heineman Educational Books, 1972), p. 5.

³⁷ J.F. McCamant, Development Assistance in Central America (New York: Fredrick A. Praeger, 1970), pp. 204-268.

³⁸ E.F. Cotton, Op.Cit., p. 60.

³⁹ F. Flores, "The Applicability of American Management Techniques to Developing Countries", Management International Review, 1972/1, pp. 101-123.

transfers of technical and managerial systems occur. It is against this background that the transfer of management techniques in Kenya should be viewed.

Summary

Consultants perform a variety of services to clients. Amongst these, are: assistance in planning, decision - making, and personnel management. The demand for these services increases as the business environment becomes more complex. Consultants can contribute to the development effort by reducing the impact of the "managerial shortage" in these countries. Whether there exists management principles that are universally applicable is still a subject of much debate. Scholars of Comparative Management have conducted studies whose results indicate that there are problems involved with cross-cultural transfer of management techniques. Environmental differences in the cultural, social, political and economic systems have been found to exist that hamper the transfer and application of management methods in non-western societies. The desire for efficiency in a competitive international market has resulted in the application of these techniques by firms in non-western societies.

CHAPTER III

3.1 Introduction

In Chapter Two literature review on management consultancy and the transfer of advanced management methods was completed. This chapter will outline the methods of data collection used in the survey. Data was collected through a mail questionnaire, personal interviews and case studies.

3.2 Mail Questionnaires

3.2.1 Sampling Frame

As there is no complete list of all firms in Kenya, the survey population consisted only of firms listed as members of the Federation of Kenya Employers (F.K.E.) in 1979. These members total 1,524 in number. Membership is drawn across the industrial sectors in the economy. However, membership per industry had no relation to the weight of a particular industry relative to others in the economy.

3.2.2 Sampling Method - Random Sampling.

The F.K.E. lists firms by industrial category. The author numbered the firms from 1 - 1,524. The selection procedure was to pick every odd number. Thus firms bearing numbers 1,3,5, and so on, were included in the sample.

This method resulted in choosing half (762) the population. It also assured that half of the firms in each industry was selected. An industry with most firms in the F.K.E. membership had also the greatest number of firms included in the survey. Table 1, below indicates the number of firms selected for study by industry.

TABLE I

NUMBER OF FIRMS SELECTED IN THE SAMPLE
BY TYPE OF INDUSTRY

Type of Industry	Number of firms selected	Number of firms in the population
Building and Civil Engineering	160	321
Manufacturing	138	276
Services and others	83	166
Distribution and Allied Trades	81	163
Engineering and Allied Industries	79	158
Transport and Communications	53	106
Agricultural Industries	47	95
Hotels and Restaurants	45	90
Finance	27	54
Motor Trade and Allied Industries	27	54
Chemical and Pharmaceutical	22	41
Total	769	1524

It should be noted that some industries had to be lumped together for convenience.

A major reason for using mail questionnaires was the fact that in terms of:

- (a) amount and quality of information,
- (b) economy, and
- (c) speed,

it was more efficient relative to the other methods of data collection. The sample, as has been noted, was very large and widely spread.

3.2.3 Construction of the Questionnaire.

The Questionnaire used in this study appears in the appendix. It was five pages long and consisted of thirteen Questions. It was in English, and most questions were of the forced choice type. To achieve the objective of generating data on management consultancy, it dwelt on these areas:

1. Whether a firm had used consultants or not;
2. if it had, which were the areas of use, and the frequency of usage;
3. the consulting organization used - was it local, a multinational subsidiary or the company headquarters overseas;
4. who initiates action to invite a consultant? is the initiative from the client company or from the consultant;
5. the client company's experience with consultants - an attempt at evaluating consultancy work; and
6. the company's future interest in consultancy, regardless of past use.

Forced type of questions were used mainly because (a) the range of possible answers to any question was limited and well-established. This was due to the fact that most of the questions were factual in nature, (b) this type of questions are relatively easier to analyse (although they may also fail to elicit some important information)

3.2.4. Questionnaire Administration

There was a covering letter attached to each questionnaire. A copy of the letter appears in the appendix. It was written by the Dean of the Faculty of Commerce. It was meant to serve as an introduction. It stated the purpose of the survey and stressed its importance.

The envelope was addressed to the Managing Directors of the firms in the sample. This was done to make sure that individuals who actually fill in the questionnaires are top executives. It was thought that junior officers were unlikely to be knowledgeable enough on the questions. A pre-stamped, self-addressed envelope was enclosed with the questionnaires.

The covering letter and the pre-stamped envelopes were expected to increase the response rate. Even in the Western World, mail questionnaires have been found to result in low response rates and the use of these methods have proved effective in increasing response.¹

3.3. Data Collection by Personal Interviewing.

3.3.1 Introduction

Information from consulting firms was collected by personal interviews. The interviews were directed to the Managing Directors or any of the partners. Interviews were conducted by the author and two Professors who were his supervisors. The presence of the professors rendered credibility to the study, hence helped alot in gaining the cooperation of these top executives. The interviews were formal.

3.3.2 Sampling Method

An attempt was made to find a list of all consulting firms in Nairobi. For several reasons, this proved impossible:

- (1) The Registrar of Companies informed the author that his office maintains the name of companies but does not categorise them, for example, into management consultancy,
- (2) Also the fact that many firms are not principally engaged in management consultancy made classification difficult. For example, many professional accounting and auditing firms also do consultancy.

¹D. Moser and P. Kalton, Survey Methods in Social Investigation, (London. Heinemann Educational Books, 1978), pp. 264-265.

It was decided, therefore, that a sample of ten consulting firms would be sufficient for the study. Those firms whose names appeared in the daily newspapers (November - December 1979) were selected. This method resulted in the selection of four firms. The others were selected through references given by the first four. These firms happened to be mainly the well-established firms in Kenya.

3.3.3 Questionnaire Design

There was a questionnaire which acted as a guide to the questions that were asked. The questions asked did not necessarily follow the sequence in the questionnaire. A copy of the questionnaire appears in the appendix. The information required was on:

- (a) scope of management consultancy; and
- (b) environmental factors related to the transfer of advanced management technology.

In order to generate the above information, the questionnaire was divided into four sections:

- (1) questions relating to the consulting firm;
- (2) questions relating to the scope of their activities;
- (3) questions relating to the general approach to clients;
and
- (4) questions relating to the transfer of management knowledge.

The interviewers recorded the answers in the course of discussion. There was a total of 22 questions in the questionnaire.

3.4 Data Collection by Case Studies

3.4.1 Sampling Procedure

It was decided that an in-depth study of 2 companies (non-consulting firms) be done. The aim was to choose those firms that had used consultancy services.

The consulting firms interviewed recommended a few of their client companies where an interesting case study might be conducted. The intention of the researcher was to select a local firm and a multinational subsidiary. It was thought that this would be representative of the Kenyan situation where multinationals play a significant role in the economy.

Six different multinationals were approached. All were not ready to cooperate. The researcher had no choice but to take two local firms for the case studies. The author believes that this represented, to some degree, the widespread involvement of the government in industry.

3.4.2 Questionnaire Design

It would be more proper to call the instrument used here an interview schedule, rather than a questionnaire. It appears in the appendix. The schedule was not strictly followed.

The case studies were meant to generate information on:

- (a) the nature of consultancy carried out in those firms and their evaluations;
- (b) problems associated with using advanced management methods in these companies.

Those interviewed were departmental heads who had had consultancy services in their sections. In a few cases, some departmental managers were interviewed although their departments had not experienced any consultancy work.

3.5 Expectations

The nature of this study was exploratory and as such there were no formal hypotheses which the study intended to test. However, the author had certain expectations concerning the scope of management consultancy, namely:

- (1) Not many firms use consultancy services.
- (2) The profession is still at its infant stage.
- (3) The majority of their clients are the bigger firms.
- (4) Consultancy services are used only in a few restricted areas for example, in recruitment and training.

On the transfer of management technology the author makes an explicit assumption that there are environmental factors that influence their transfer and adoption. His objective in this survey is therefore directed towards finding out the specific factors in the Kenyan environment that have affected their transfer and adoption.

3.6. Analysis of Data

Data from mail questionnaires was quantitative in nature, hence it was subjected to statistical analysis. This will include frequency distributions and cross - tabulations.

Information from consulting firms' interviews and the two case studies was largely descriptive. The analysis here will be mainly qualitative.

3.7 Summary

The information needed was collected through mail questionnaires, personal interviews and use of case study method. The sample used in the mail questionnaire was drawn from the F.K.E. membership. Random sampling method was used. The personal interviews were conducted in ten consulting firms.

Two local companies were included in the case studies.

The author's expectation was that management consultancy was still at its infancy in Kenya and that usage is restricted to certain services only. Further, he expected that there are certain social, cultural and economic factors in the environment that affect the transfer and application of modern management techniques.

CHAPTER IV

FINDINGS

4.0 Introduction

This chapter will focus on the findings of the survey. These findings will be divided into two major categories - on the scope of management consultancy and on the transfer of management technology. The section on management consultancy will concentrate on, among other things, use of consultancy services in Kenya, consulting organizations, and their clients. On the issue of transfer of management technology, the findings will be restricted only to the factors that affect the transfer in Kenya.

4.1 SCOPE OF MANAGEMENT CONSULTANCY

4.1.1 Consultancy Organizations in Kenya

The ten firms interviewed had their headquarters in Nairobi, and only one firm had a branch outside the city. This is not strange considering the fact that most of the industrial activities in this country are centered in Nairobi. The city's other attractions are that it has the best infrastructure in the country beside being the seat of government and international organizations.

Of the ten consulting firms, eight are partnerships and two are multinational subsidiaries. Only two were indigenous consultancy firms. The expatriate - owned firms have shown a keen interest to "Africanise" their businesses and are employing more qualified African personnel in consultancy work. The reason for this move is due to the fact that foreign consultants are unfamiliar with local environmental factors and have been accused of technique - peddling. Chaput explains that foreign

consultants are often over-skilled, overly specialised, addicted to technical jargon and are unfamiliar with local conditions and needs, insensitive to environmental constraints, and inclined to overidentification with expatriate rather than indigenous staff in client organizations.¹

In his survey of consultancy organizations in Eastern and Southern Africa, Mwaniki found that governments were becoming "suspicious" of foreign consultancy firms which had conflicting interests to national objectives, and that they were loosing confidence in them because they were coming out with unworkable solutions.²

Foreign consultancy firms, therefore, are likely to recruit African consultants to give them a "local outlook" in their engagements. The African firms meanwhile, were found to be attempting to "go international." They are doing this by employing expatriate personnel and by affiliating with overseas consultants. A major reason for employing expatriate consultants was that there was lack of confidence in fellow Africans. Most of the client firms are doubtful of indigenous ability. Indigenous consultancy firms, therefore, found it convenient to have a "white man" amongst them for acceptability.

Indigenous consultancy firms complained of stiff competition from foreign firms. They gave several reasons why foreign consultants are doing better, for example:

¹ Chaput, J. Michael, "Consultant - Client Problems in Africa," International Development Review, No. 1 pp. 23-25.

² N. Mwaniki, Op. Cit., pp. 1-18.

1. that there was still a "colonial" mentality which looked upon anything "African" as inferior;
2. that these firms were associated with powerful firms overseas from whom they could draw experts when necessary;
3. that the multinationals in Kenya preferred foreign consultants to indigenous ones - "blood is thicker than water".
4. that the donor (aid) countries have a preference for foreign consultants.

Although the indigenous consultants would like us to believe that these are the only major handicaps that they face relative to their foreign counterparts, there are other reasons that were observed in the survey, which are just as important:

1. Organizational and managerial problems. Non of the indigenous consultancy firms has been in operation for more than ten years.³ This is a short time that may not have permitted the acquisition of organisational and entrepreneurial capability. Thus, while it may be true that the indigenous has the same expertise as the foreign consultant, it is not necessarily the case that he has the same entrepreneurial capability.
2. The indigenous firms indicated that they face a shortage of qualified, specialised manpower, although they did not mention it as a factor limiting their ability to compete with their foreign counterparts effectively.

³See, N. Mwaniki, Op. Cit., p. 12.

The author believes that these two handicaps are more serious^{and} that the correction of the former problems is not likely to increase the indigenous competitive power much if these handicaps persist.

It appears that many professional accounting firms, who have not incorporated management consultancy, will do so in the future.⁴ Two of the firms interviewed were subsidiaries of multinational accounting firms who had incorporated management consultancy services in their "wares." These firms indicated that their clients for consultancy services come mainly from those firms where they have carried some auditing and accounting work. It is apparently clear that professional accountants have an advantage over non-accounting firms in consultancy work. For example, during an audit a CPA derives knowledge about a company's weaknesses which can lead to a management consultancy assignment.

While the author does not question the auditor's competence in management consultancy work, he argues that such work can seriously impair his "independence" status. For example, in his audit report, the accountant - cum - consultant may deliberately exaggerate the seriousness of certain problems with a view to soliciting management consultancy business.

4.1.2 Consultancy Personnel and How They Operate

The personnel in consultancy firms can be divided into two categories:

- (a) Management Core,
- (b) Associates

⁴See, for example, Mason, Perry, "Management Services by Local Practitioners," Certified Public Accountants, 28 (October, 1958), pp. 707 - 712. Also, Kaufman, Feliz, "Professional Consulting by CPA's," Accounting Review, 42 (October 1967), pp. 713 - 720.

The Management Core consists of those on full-time employment and who actually do the consulting work. They are normally experts in their own fields and have at least a first University degree. Most of them have postgraduate qualifications. They are also men who have had long experience in management prior to joining consulting work. These full-time professionals were 4 in average in the consultancy firms surveyed.

The Associate category consists of those who are invited from outside from time-to-time to help the consulting firms in a project where they have the expertise. Some of these people work in the University of Nairobi and consist of economists, agronomists, architects, computer specialists, and psychologists, amongst others.

The consulting firms do not solicit business through advertising. It is normally through personal contacts that they get their clients. Direct promotion of consulting services is shunned for ethical reasons. The argument is that as professionals, they have obligations to prospective clients and this has to be expressed in limitations on promotional practices. It is also for this reason that the Institute of Management Consultants in the United States of America discourages its members from advertisements.⁵

Since most firms are not engaged solely in management consultancy they have divided their organizations into divisions like these:

- (a) Recruitment and Training;
- (b) Accounting and Auditing, and
- (c) Management Consultancy.

⁵Association of Consulting Management Engineers,
Ethics and Professional Conduct in Management Consulting
(New York: The Association, 1969) pp 11 - 15.

The firms have indicated that they invest a lot of time in their proposals in order to avoid costly mistakes later. They have a thorough procedure for doing preliminary work before taking up any assignment. Those firms who also engage in accountancy have manuals to guide them when conducting their work.

All the firms interviewed stated that it was useful to work jointly with their counterparts in the client firms. After writing up their proposals they present them to their clients, after which a mutual agreement is reached as to whether the work should proceed or not. If the former is the case, the consultant then embarks on the particular problem. On completion he has to write a report back to the client company.

The consultants lamented, however, that the clients have a greater interest in reading the reports than in implementing them. This was particularly the case in the public sector where consultants are rarely allowed to see through the implementation stage. This situation may have arisen because of the following reasons:

- (1) Management invites consultants not to solve problems but in order that blame may be laid on others. In which case they are not interested in implementation.
- (2) Those who take the initiative to hire do not consult with those executives who are directly involved in implementation of policies and decisions.

The case study on the Finance Company provided a good example of such cases. In 1977, the World Bank made it a condition that before they could advance more funds to the company, it had to hire a consultant who would be able to design an "internationally acceptable financial reporting system." The financial manager when interviewed complained that the consultant (who was a local subsidiary of an international consultancy firm) was forced on them since there was

no justification for hiring him". He complained that the "World Bank used its muscle on us."

The new financial reporting system was designed by the consultant, working together with 3 Germans who were with the company on technical assistance. There were no local personnel involved in designing the new system. This resulted in lack of co-operation and commitment in the part of those who were going to man the new system.

The Financial Controller complained that the reporting system was inappropriate because it needed more information than was necessary. He continued:" Now the World Bank says the reporting system that was designed is not good. After only 3 years of operation, they want to institute another one"

There are two lessons to be learnt here, (a) the individual who invites the consultant will determine, to a great extent, whether recommendations will be accepted and implemented or not and (b) consultants can engage in technique -peddling by recommending advanced management techniques that are inappropriate to the local business setting.

This is certainly the case with parastatal organizations, where the decision to hire a consultant rests with politicians who have no connection with the management.⁶ They do not consult with management on whether to hire when, and which consultants to consider. Thus it is most likely that management of these organizations will perceive the consultant as having been imposed on them. They would, therefore, not cooperate and would make no attempts to implement suggested recommendations.

⁶It was found that the following parastatals had used consultants recommended either by the government or donor agencies: East Africa Power & Lighting Co., Agricultural Finance Corporation, Kenya Airways and Kenya Railways Corporation.

The implementation stage is the highlight of the consultancy process. Conceptualization of consulting as problem defining as well as solving can be shown in these five steps.⁷

1. Sensing the problem;
2. defining the problem;
3. deriving solutions to the problem;
4. implementing particular solutions to the problem, and
5. evaluating the outcomes of the implemented solutions.

Following the above analytical approach consultants in Kenya can be said to be providing only half completed services to public organizations because they stop at step three. Thus these organizations are not making maximum benefits from consultants.

4.1.3 Consultants' Clients

Clients can be divided into three broad categories:

- (a) Public Organizations - this includes the central and local governments, public corporations, statutory boards and country wide cooperatives.⁸
- (b) International Aid agencies and
- (c) Private Organizations - these include private, local and multinational companies.

⁷ S. Kilman and F. Ian, "Problem Defining and the Consulting/ Intervention Process," California Management Review, Spring, 1979, pp. 26 - 32.

⁸ For convenience, all these organizations (other than central and local governments) are referred hereafter as "parastatals."

Consultants explained however, that acceptance and implementation of recommendations was greater in the private sector. The mail questionnaire also confirmed this as the table below illustrates.

TABLE 2
ACCEPTANCE AND IMPLEMENTATION OF RECOMMENDATIONS

Degree of Acceptance and Implementation	Number of Respondents	Percentage of Respondents
All recommendations accepted & implemented	8	12.1
All recommendations accepted and some implemented	7	10.6
Most recommendations accepted and some implemented	37	56.1
Some recommendations accepted and some implemented	13	19.7
Some recommendations accepted and none implemented	1	1.5
None of recommendations accepted and none implemented	0	0
Total	66	100

The fact that most client firms (78%) indicated that they fall into the first three categories shows that the consultants' recommendations have been good and relevant. If this were not the case most firms would have fallen into the last three categories where few of the recommendations are accepted and implemented. It can therefore be said that consultants' recommendations are generally implemented in the private sector.

This greater acceptance and implementation of recommendations in the private organizations can largely be explained to be due to the fact that the initiative for hiring these consultants originates from within the organizations as opposed to the public organizations where the initiative originates externally and unilaterally from politicians. The table below illustrates what the companies said about the origin of the initiative for using consultancy services.

TABLE 3

WHERE THE INITIATIVE FOR HIRING CONSULTANCY SERVICES ORIGINATES FROM

Source of Initiative	Number of Companies	Percentage of Companies
Board of Directors	26	30.2
Managing Director	34	39.5
General Manager	12	14.0
Departmental Managers	6	7.0
Company Headquarters	5	5.8
Consulting Firms	2	2.3
Other	1	1.2
Total	86	100

The table above shows that the decision to hire a consultant originates normally from the top management in the company. It is likely the case, then that the work of consultants will be taken seriously and maximum cooperation offered by employees in the organizations.

Public Organizations. The public sector including countrywide cooperatives accounts for over 40 per cent of the work that management consultants do. The largest clients in the public category are the parastatals. Among the parastatals that have benefited from management consultancy are:

1. The Kenya Posts and Telecommunications Corporation;
2. The Kenya Airways Corporation;
3. Agricultural Finance Corporation;
4. The Cotton Lint and Marketing Board;
5. The Kenya Railways Corporation; and
6. The National Housing Corporation.

There are several reasons that are likely to make the public sector the largest client of consultants:

1. The public sector is by far the largest relative to the other two. Hence, one way of explaining the high proportion of consultancy work here is on the basis of the relative size of this sector.
2. Public agencies may increasingly require consultancy services because of their expanding responsibilities and the resulting complexity of organizations. It could be the case that the "public" nature of public organizations and the need to avoid criticism provides these organizations with a special incentive to use outside advisers.
3. Shortage of professionals like Accountants due to low remunerations.
4. Management consultants temporarily provide needed expertise without increasing these organizations' pay rolls permanently.

The Ndegwa Committee noted that proper financial administration and management is one of the keys to the success of any organization. It also acknowledged that the availability of financial management skills is totally inadequate in both the public and private sector.⁹ It continues:

...the Government should urgently examine the training requirements in this area and, as a temporary measure, take such steps as may be necessary to assist parastatals in procuring adequately qualified and experienced financial managers and accounting staff from wherever they may be available.¹⁰

⁹Phillip, Ndegwa, Review of Statutory Board, A Report and Recommendations of the Committee appointed by His Excellency the President, Nairobi, May 1979. p. 7.

¹⁰Ibid. p. 7.

That the public sector should constitute the largest single client of consultants should be now clear. The kind of services that they provide to these bodies must necessarily be financially oriented.

The author, however, wonders whether management consultancy is really worth doing in the public sector. It was noted earlier that Kenyan consultants complain of not being allowed to see their recommendations into the implementation stage and that management of these organizations were only pre-occupied with seeing reports. This problem is encountered by consultants all over the world dealing with public organizations. For example, Archer explains that consultants encounter difficulty in advising government because of the ambiguity of objectives, importance of political and social considerations and complexity of the government system.¹¹ Some consultants moreover, distrust politicians and feel that they engage economic advisers only to obtain support for previously made decisions.¹²

It is this political nature of public organizations that the author believes renders management consultancy to be of minimal value. Kennedy asserts that there is a danger of conflict of interest in government employment of consultants due to the consultants basic non-government orientation plus the fact that he may have his principal employment in a firm doing business with the government.¹³

¹¹ J.N. Archer, "Management Consultants in Government," O and M Bulletin (Great Britain), 23 (Feb 1968), pp. 23-28.

¹² A.N. Andrews "Beware the Politics, Myson," Forbes, 98 (Nov. 1966) pp. 28-29.

¹³ John F. Kennedy, Preventing Conflicts of Interests on the Part of Advisers and Consultants to the Government, Presidential Memorandum of 9 Feb. 1962 (Washington, D.C.: U.S. Government Printing Office, 1962) pp. 98-130.

It has been the practice in the past that the decision to hire consultants originates in Parliament. When politicians are dissatisfied with the running of a parastatal, they have been prompt to appoint a Commission of Inquiry or to hire management consultants, normally with preconceived ideas of what the solution should be (usually they expect culprits in the management to be fired).¹⁴

It is to be expected, therefore, that such management would be antagonistic to the "invading" consultants. Obviously, not much can be expected from consultancy work without genuine management - consultant cooperation.

Skilled management is also needed to use the services of consultants effectively, and a firm's engagement of consultants is not a substitute for other management training.¹⁵ It is a fact that there is a managerial deficiency in the public sector. Appointment to management posts in these organizations are influenced by political factors rather than merit. Commenting on this, the Ndegwa Committee writes:

Being convinced that many of the management problems affecting parastatals originate from poor selection both of directors and senior staff, we recommend that certain selection criteria be established in order to avoid these problems in the future.¹⁶

The presence of qualified managers in the client organization is important, because such counterparts must be able to provide consultants with needed information and help implement recommendations. Since this is not the case in Kenyan parastatals one must question whether management consultancy intervention in public organizations is really necessary.

¹⁴For example, in the past 7 years, there have been a commission of inquiry in the following parastatals: Maize and Produce Board, Cotton Lint and Seed Board, Kenya Meat Commission, and Kenya National Trading Corporation.

¹⁵D. Albrecht, "Management Consulting or Management Training," Advanced Management Journal, 30 (Jan. 1965), pp. 5-12.

¹⁶Phillip, Ndegwa, Op. Cit., p.7.

International Aid Agencies. This category comprises bodies such as the European Economic Community (EEC), the World Bank, and the United Nations Development Programme (UNDP). The services of consulting firms used by these organizations can be grouped into three categories:

- (a) Preinvestment studies - these are the investigations which normally precede decisions to go forward with specific projects. These studies may have as their objects, (i) to establish investment priorities and sector policies,
 - (ii) to determine the basic features and the feasibility of individual projects, or
 - (iii) to define changes in governmental policies, operations and institutions necessary for the successful implementation or functioning of investment projects.
- (b) Detailed Engineering and Design - this comprises the technical, economic or architectural work required to fully define a project. They normally include the preparation of detailed cost estimates and tender documents required for invitations of bids for construction work and equipment. They also often include services in connection with the prequalification of contractors, analysis of bids and recommendations thereon.
- (c) Implementation - normally comprises factory inspection of manufacturing processes and/or field supervision of construction during the execution of projects, the certification of invoices submitted by contractors and suppliers, and technical services connected with the interpretation of contract documents and with changes in the project that may be found necessary in the course of the work.

Indigenous consulting firms complained that these international organisations had a preference for non-indigenous consultants, and that most of the time the loans/aid are tied with technical assistance (Consultants) from the donor agencies or countries. This accusation is denied by these donor organizations who maintain that their choice of consultants is based on merit. For example, the World Bank explains:

As a development institution, the Bank encourages the employment of consulting firms of its borrowers' nationality where such firms are found to be qualified to perform the work, either alone or in combination with foreign firms.¹⁷

It appears the truth is that indigenous consultants are seldom awarded consultancy projects by these organizations because they do not have the standard of expertise that is required. Also, in Latin America, this was the case in the past. Recipients of loans from organizations like the World Bank were required to use foreign consultants. But now local talent is developing and receiving recognition.¹⁸

Mwaniki, in his survey of indigenous consultancy organizations in Eastern and Southern Africa found that generally, these firms ranked lower than foreign firms in financial and manpower resources, experience and organization.¹⁹

The insistence of these donor organizations that borrowers must engage a consultant appointed or approved by them before receiving a grant or loan seemed to have the disapproval of borrowers. The general feeling was that these consultants were being imposed on them. Naturally, this did not encourage a harmonious client-consultant relationship.

¹⁷ The World Bank, Use of Consultants by the World Bank (Washington, D.C., 1972), p. 7.

¹⁸ A. Davis, "Chances for Export of Consulting Engineer Services in Some Central, South American Countries," International Commerce 2 (Jan. 1967), pp. 9-11.

¹⁹ N. Mwaniki, Op. Cit., p. 12.

Private Organizations. The consultants indicated that their services to multinationals are limited to recruitment and training. Their work in the indigenous firms are more comprehensive, however. It involves introducing new systems of accounting, data processing, economic and feasibility studies and manpower training. It is significant to note that all consultants indicated that they rarely are hired by small firms. Since this study focuses mainly on the use of consultancy services in the private sector only, a fuller discussion of this sector will be subsequently pursued.

4.1.4 Usage of Consultancy Services

Only 27 percent of the respondents from the mail questionnaire had used management consultants. If it is taken into account that the survey population consisted of fairly large firms by Kenyan standards, then the actual percentage of users is likely to be much lower.²⁰ (It is important to note that the F.K.E. membership from which the sample was drawn consists of fairly large firms) These findings are comparable with usage in other countries. For example, Perry notes that only about 5 percent of all registered Australian companies have used consultants inspite of their advantages of objectivity, experience, and specialised knowledge.²⁴

Also a study conducted by the West Pakistan Institute of Management of West and East Pakistan firms showed that less than 12 percent of the respondents had ever actually engaged consultants.²² It appears therefore, that in general the percentage of firms using consultancy is relatively small, and Kenya's case is no exception.

²⁰ Large firms, by Kenyan standards will be defined here as those firms employing more than 500 people. It is these firms who form the majority of the F.K.E. membership. If firms which are not F.K.E. members (small firms) were included in the survey population, then percentage of consultant users would be very small.

²¹ P.P. Perry, "What is Management Consulting?" Rydes, 30 (December, 1957), pp. 1216-1218.

²² "Management Consultancy Services - Need and Scope in Pakistan," Pakistan Management Review, 10 (Winter 1969), pp. 49-102.

TABLE 4

USE OF CONSULTANTS BY INDUSTRY

Industry	Sample Size	Response Rate	Percentage of Usage
Hotels and Restaurants	45	42.2	68
Building and Civil Engineering	160	13.6	36.4
Services and Others	83	30	36
Distribution & Allied Trade	81	31	36
Engineering & Allied Industries	79	20.3	31
Manufacturing	138	22.5	29
Transport and Communication	53	24.5	23
Chemical and Pharmaceutical	20	70	21
Agricultural Engineering	47	25.5	16.7
Finance	27	48	7.0
Motor Trade	27	59	6
Total	760		

As the table shows, the highest user of consulting services by industrial category is the hotels and restaurants. Of the total respondents, 68 percent had used these services, this is a relatively high percentage.²³ The usage was mainly concentrated on the tourist hotels. One possible explanation for this high rate of usage is that the tourist industry is internationally very competitive. The fact that they have

²³ It is important that these results be interpreted with regard to the sample size and the response rate in each industry for purposes of valid statistical interpretation.

to offer comparable services to their counterparts in Europe and America has increased their need for consultancy services. Also the fact that it has a lot of foreign exchange transactions might increase the complexity of operations in the industry, and hence greater desire for outside expertise. Those industries that used consultancy services least were; the Motor Trade, Finance and Agricultural Industries. The author gives the following possible reasons why usage is low in these industries:

1. In the case of the Finance Industry, the number of firms comprising it is relatively small.²⁴
The Finance Industry is a strategic one, hence the government exercises a strict control over it, especially as to the number of firms and ownership in the industry. The technical and capital resource requirements of the industry are also such that not many local people are capable of venturing into it. These forces, therefore, have created some degree of monopoly in the industry. It is true that firms are unlikely to strive as hard for efficiency (hence use of management consultancy) under monopolistic conditions as would be the case under competition.
2. Restriction of Imports. This has enabled the Motor and Allied Trades experience a seller's market. The government restricts importation of motor vehicles and spares in a bid to preserve foreign exchange through a quota system. The

²⁴ The author was unable to get the actual number of firms in Insurance and Banking. However, the F.K.E. membership has 54 firms in Banking and Insurance, and it is probable the total number is not far from this.

effect of this is that there is always a perpetual shortage of motor vehicles and auto spares. The implication is that the need for increased efficiency through use of consultants is diminished

In a study conducted by Negandhi and Prasad on the application of advanced management techniques in India, it was found that import restriction encouraged the presence of a seller's market with a widespread philosophy of short-run profit maximization. They continue:

Such a pursuit of managerial philosophy, while it brings increased monetary returns in the short-run is neither conducive to introduction of advanced managerial know-how nor the long-run prospect of the organization itself.²⁵

Firms in the Motor Industry appear to be convinced that management consultants could be useful only in other industries. Commenting on this, one respondent from the industry said:

Even though a company like ours has not had and does not envisage utilisation of these services in the near future, the potential for such a function is big bearing in mind the many businesses sprouting up in the country.

Such statements, the author believes, arise mainly due to the misconception of a consultant's role. They imply that businesses need consultants only when they are in serious problems. Consultants provide a variety of services that even successful businesses are likely to benefit from.

²⁵ A.R. Negandhi and A. Prasad, Op.Cit., p. 77.

The government has also helped in the creation of monopolies in the country. In its efforts to preserve foreign exchange, it has encouraged import-substitution industries. These industries have been granted protection in the pretext that they are "infants" and must be allowed to grow.

The Agricultural industry in Kenya enjoys much government protection. For most commodities, the government has established channels for their marketing and distribution. This has been achieved through the creation of Marketing Boards and country-wide Cooperative Societies. The monopolistic situation that these organisations find themselves in is likely to be a major reason why use of management consultancy in both the Motor Trade and Agricultural Industries is relatively low. Use arises only from outside (political) intervention.

3. Ability to attract and retain experts and professionals. This is especially so in Finance and the Motor Trade. Monopolistic conditions are normally associated with abnormal profits. Firms in these industries are, therefore, able to attract the small pool of qualified persons in the country due to their competitive salaries. They are also able to hire on a permanent basis experts from overseas. These factors reduce their need for management consultancy services.
4. Lack of knowledge about management consultants. The Agricultural Industry had several respondents in this category. They confessed a lack of knowledge on the role of consultants, and some requested the author to write back and let them

know where they could find such services. Explaining this, one manager of a Farmers' Co-operative Society said:

We have no knowledge of this consultancy services and we would very much like to know more about it. In particular, their charges and how we can contact and make use of them.

Several reasons can be given for this apparent state of "ignorance" in these organisations about management consultancy. Most of these consultants, as was mentioned earlier, are located in Nairobi, while most of the firms in the Agricultural Industry are found outside Nairobi, for example, Co-operative Societies. This, coupled with the fact that consultants do not engage in advertising could be a major reason for the lack of information in this industry. Another possible explanation is the relative absence of such principles as business efficiency in management in these organisations.²⁶ It is important to note that co-operatives are run by a management committee. Membership of this Committee is based on being elected at the society's annual general meeting, and not on an individual's managerial capability. It is, therefore, not uncommon to find management pursuing objectives that are unrelated to the organisation. Hyden explains that:

As long as the formally organised local authorities and the party organisations are weak, co-operatives themselves are turned into political platforms. For the elite-aspirants, co-operatives are convenient springboards in a political career.²⁷

²⁶ Goran, Hyden, Efficiency Versus Distribution in East African Co-operatives (Nairobi: East African Literature Bureau, 1969), p. 216.

²⁷ Goran, Hyden, Op.Cit., p. 66.

If management's pursuit of personal, social and political goals override efficiency as an objective in these organisations, then such management would be less inclined to explore ways and means of improving organisational performance (for example, by hiring consultants). This explains the apparent "ignorance" of management in these institutions on the role of consultants.

Why Kenyan Organisations Hire Consultants

The survey revealed that organisations hire consultants for any or a combination of these reasons:

1. When there are no competent persons in the company with the required expertise;
2. When they do not want to employ expatriates on a full-time basis, but require their services, hence must have them only on a consultancy basis;
3. During peak periods, when there are more projects than the availability of company personnel. In this case, they hire consultants to fill the gap temporarily. This enables the company to escape the problem of hiring full-time personnel who have to be paid even when there is no work;
4. When the donor agencies, especially the World Bank, make it a condition that consultants must be hired before granting of aid or loan;
5. Consultants are also hired to give objective analysis of company projects;

6. When problems cannot be solved internally;
7. To train company employees, either formally in lecture rooms, or informally by working with them in the introduction of a new system.

The reasons for using consultants in Kenya are, to a large extent, similar to those in the developed world.²⁸ However, there are differences on the degree of importance of some of the reasons. In Kenya the following reasons were frequently mentioned:

1. Lack of qualified staff in the companies,
2. The condition imposed by donor agencies that consultants must be hired before granting of loans,
3. Consultants are hired for training company personnel.

The above reasons are also likely to be the major ones in other developing countries. It is generally the case that the supply of qualified personnel is relatively small in the developing nations.²⁹ Most companies, therefore would be interested in training their personnel to acquire the necessary skills. Also consultants perceive the role of provision of training as a major objective. Citing the case of Nigeria, Paton says that

²⁸ See, for example, Stanley, C., Hollander, "The Use of Consultants in Developing Countries." United Nations Industrial Development Organisation. DOC., ID/Conf. (New York: UNO, 1967), p. 52.

²⁹ F. Flores, "The Applicability of Management Practices to Developing Countries," Management International Review, 1972/1, pp 83-89.

although the consultant contributes to technical expertise, his even greater contribution concerns management development.³⁰

In their efforts to develop, Third World Countries have found it necessary to borrow from the industrialised countries and international organisations. Since these borrowers lack the requisite skills, donor agencies require them to hire consultants to conduct, among other things, needed surveys and prepare feasibility studies.³¹ It is therefore clear why this reason for use of management consultants is relatively significant in the developing countries.

Type of Consultancy Services Used

The survey revealed that in the past five years, the most frequent use of consultants was in solving technical problems (engineering and production). The table below shows the type of services used by clients ranked by frequency of use. Second and third most important areas were accounting, taxation and finance, and control systems respectively.

30 J.M. Paton, Op.Cit., pp. 112-115.

31 S. Aldewered, "Consulting Engineers and The World Bank", Fund and Bank Review - Finance and Development 2 (December 1965), pp. 236-241.

TABLE 5

TYPE OF CONSULTANCY SERVICES USED RANKED
IN ORDER OF FREQUENCY OF USAGE.³²

Type of Service	Frequency of Usage		
	Once	Twice	More than Twice
Engineering/Production/Technical	7	4	35
Accounting, Taxation, Finance	33	3	30
Control Systems	19	6	15
Industrial Relations, Personnel Selection, and Training	12	7	10
Organizational Policies, Design and Procedures	10	6	7
Legal Aspects of Business	1	1	7
Marketing	7	3	4
Strategic Planning	4	2	1
Management Information Systems	9	1	3

The explanation for this pattern in the usage of consultancy services can be found from a consideration of several factors:

1. There is a management overemphasis on the technical aspects, due perhaps, to the presence of a seller's market. The fact that marketing, as an area of use, ranks third from bottom is significant because it indicates the non-competitive nature of the market. It has been found that when

³² Indicates the number of times consulting services have been used since 1975 in the mentioned fields.

Competition is insignificant, there is a tendency for businessmen to concentrate on the technical aspects of the organization.³³

2. Concentration in the use of technical and financial services could have arisen because of the shortage of qualified personnel in the client companies.³⁴

To emphasize the lack of qualified accountants and auditors, one respondent commented:

If the University can train more students in accounting field the commercial sector would be strengthened.

Masita explains this shortage particularly of accountants, as a result of our colonial inheritance.³⁵ In the colonial period, British accountants served in companies and governments. He emphasizes the fact that accounting firms did not take Africans for training and that the firms remained virtually unpenetrated by the indigenous people long after Independence. By Independence these professionals were too few, and worse still, some chose to go back home. This reason, the author believes, is plausible enough in explaining the current shortage of these financial experts.

³³ A.R. Negandhi and A. Prasad, Op. Cit., pp.75-81.

³⁴ Philip Ndegwa, Op. Cit., p. 7.

³⁵ Samuel, Canute Masita, "The Development of Accounting and the Accounting Profession (1850-1975) and Its Application to E. Africa" (Unpublished M.B.A. Thesis, University of Nairobi, 1977), p. 133.

Hence, the need for consultancy in these areas. It should be noted that control systems, third in importance ranking, mainly referred to budgetary control. This, again, is the domain of accountants and financial experts.

3. Industrial Relations, Personnel Selection and Training - Consultancy services in training and executive selection are highly demanded mainly because of the general lack of managerial manpower in the country.

The Ndegwa Commission recognised the fact that high level training is almost non-existent in Kenya, and recommended "Complete co-operation between public and private sectors in the area of management training".³⁶ It appears that consultants have responded positively in satisfying the demand for managerial training. Kenyan organizations have also come to prefer training their employees by local consultants instead of sending them on "expensive" overseas courses.

Executive selection services have grown in importance, not only because of the scarcity of personnel of this calibre, but also because the country's industrial relations system makes it very difficult to "fire" an employee once he has been hired.³⁷ Firms, therefore, find it necessary to employ consultants to do this service to avoid the costly mistakes of hiring the "wrong man". It is to be expected that

³⁶ D.N. Ndegwa, Public Service Structure and Renumeration Commission (Nairobi: Government Printers, 1971), p. 103.

³⁷ Republic of Kenya, Trade Disputes Acts, 1964, 1965 and 1971.

industrial relations is bound to become more complex as the number of workers employed in the modern sector increases and as workers become more enlightened of the socio-economic aspects of industrial life. Swannah, a Director of a local consultancy firm, gives the following reasons why industrial relations services have increased in demand in Kenya.³⁸

- (a) Higher educational standards;
- (b) Increasing trend to mechanization and automation, leading to growing power of unions;
- (c) Improved communications and better travel facilities;
- (d) A growing challenge to the previously accepted purpose of industry and society;
- (e) growing desire for industrial democracy;
- (f) Increases in the number and size of multinational companies.

These reasons indicate the complex nature that industrial relations is acquiring over time, hence the demand for experts (consultants) in these fields.

There is an apparent absence of interest in using consultants on "soft" issues involving change in human and social attitudes.

³⁸ A.R. Swannah, "Industrial Relations and Consultancy", East Africa Management Journal (March, 1973), p. 11.

Management consultants are involved in the transfer process of management technology. It has been found that a major obstacle in the process is the cultural factor, for example, resistance to new ideas.³⁹ It would have been expected that consultants and their clients would make concerted efforts to change the indigenous workers to be receptive to new ideas, especially those relating to modern organisational life. However, this was not the case. None of the consulting or case study firms had undertaken this task.

Perhaps these firms have reasoned out that such change in beliefs, values, customs and traditions can not be achieved through isolated individual efforts, since they have their roots deep in the wider society. As Yavas and Rountree explains:

... To expect changes to take place in the external environment is probably wishful thinking; and there is not much that managers can do in changing these constraints.⁴⁰

Such change, therefore, must necessarily take a long time to achieve.

A possible alternative explanation to the absence of management work on resistance to change is that, perhaps, nobody thinks it is necessary. To believe that change is necessary^{is to} imply the presence of an "industrial culture" as a condition for the application of these techniques, and that the traditional culture must be done away with. Such arguments have been dismissed by several scholars of comparative management. For example, Onyemelukwe believes that

³⁹ M. Yavas and T. Rountree, Op. Cit., p. 77.

⁴⁰ M. Yavas and T. Rountree, Op. Cit., p. 77.

management in Africa must be built on the local traditinal values.⁴¹ The author believes that the traditional values have a lot to offer to modern management practice, just as the Japanese culture has been incorporated successfully into modern business applications.⁴²

Types of Consulting Organizations Used

The survey found that firms used their headquarters overseas most for consultancy purposes, as the table below illustrates.

TABLE 6

TYPE AND SOURCE OF CONSULTANCY SERVICES USED

Type of Consultancy Used	Type of Consulting Organization			
	Local	Foreign	Company Hqs.	Other
Technical Problems	9	6	20	0
Strategic Planning	1	3	6	0
Organisational policies	2	3	10	0
Control systems	3	1	7	0
Organisational design	2	2	7	0
Finance	4	2	6	0
Organizational Development	4	1	4	1
Industrial Relations	7	0	1	0
Management Inform. Systems	1	2	3	0
Legal Aspects	9	2	1	0
Others	2	1	0	2
Total	54	23	65	

⁴¹ C.C. Onyemelukwe, Op. Cit., p. 172.

⁴² M.Y. Yoshino, Op. Cit., p.IX.

The table also indicates that company headquarters overseas provide more of all the services except in industrial relations and legal aspects of business, where local consultants appear to dominate. It is likely that local consultants have some advantages over outsiders in such areas as local industrial relations and the local legal requirements.

Why then, is local consultancy not used as much as overseas consultancy? The author gives the following reasons:

- (a) Agricultural Export Organizations - Firms in some industries do not require consultancy services because of the nature of their trade, like agricultural exporters. These firms have established export markets abroad and they also have a local monopoly over the export of such commodities.

Commenting on this, one export manager said:

We wish to explain that this company deals exclusively with the export trade of commodities like coffee. Thus a large financial turnover is achieved without a correspondingly large organisation. Consultancy services, therefore, might not benefit us.

This, however, is not entirely true. These export organisations do engage overseas consultants (and agents) to market their commodities. Also the government, through the Kenya External Trade Authority, provides them with consultancy services, especially in marketing.

- (b) Specialised fields - Companies in specialised fields find local consultants lacking the type of expertise they require and experience. In case of problems, therefore, they have to

resort to company headquarters overseas or foreign consultants.

Emphasizing this point, one manager said:

Our company's work is such that in the technical field we would be the only consultants in Eastern Africa. If we wanted technical help we would have to go overseas.

Industries that believed they could only get experts from overseas were such as the tanning, can- making and brewery industries. This also explains, partly, why consultancy in the technical field largely came from company headquarters (see table no. 6).

- (c) Multinational Companies - The survey found that Multinationals in Kenya make less use of consultancy services except in areas such as recruitment, selection and industrial relations. A major reason why this is the case is that they have access to company headquarters overseas from whom they can draw experts when necessary. This finding is similar to Paton's who found that the use of management consultants in Nigeria is thwarted by the international ownership of local firms, which supposedly provides for management services.⁴³

Explaining this, one bank manager said:

This bank, being a member of a world-wide banking group, is able to make exclusive use of the group's research and training resources and so has not found it necessary to use the services of management consultants.

⁴³ J.M. Paton, Op. Cit., pp. 112-115.

The above statement summarises well the sentiments expressed by many other multinational companies. Another explanation why foreign firms make less use of local consultants is that they believe rightly or wrongly, that there are no competent consultants in Kenya who can provide the quality of the services they require. The survey indicated that multinationals generally rated local consultancy services poorly. Emphasizing this, one manager said:

"If we did not have access to experts in our U.K. shareholders' employ, it is doubtful whether we would be still in business".

Voicing the same sentiments another manager explained:

"In my view, the local management consultant is to be preferred to an overseas expert but I have to admit that the overseas expert is more of a professional. They are more experienced and have a professional approach to their work".

The above statement can be interpreted to imply that local consultants are preferred only to the extent that they are less costly. KOC also found that international firms in Turkey prefer to go outside the country to find experienced management consultants.⁴⁴ From the above findings, it can be concluded that local consultants will continue to play an insignificant role as far as the provision of management services to the multinationals is concerned. Their role will continue to be limited to the provision of auxiliary services such as recruitment and selection.

Size of Firms and Use of Consultancy Services

It was found that non-users of consultancy services are generally organizations that are small in size, as the

⁴⁴ Rahmi, Koc, "Management Problems in Developing Countries", Advanced Management Journal 30 (Jan. 1965), pp. 32-36.

table below indicates.⁴⁵

TABLE 7
FIRMS THAT HAVE USED CONSULTANCY SERVICES
BY INDIVIDUALS EMPLOYED

Number of Employees	Number of Firms	Percentage of Firms
Less than 50	10	17.9
50 - 99	15	26.8
100 - 199	6	10.7
200 - 499	12	21.4
500 - 999	2	3.6
1000 - 1499	2	3.6
1500 - 1999	4	7.1
2000 or more	5	8.9
Total	56	100

It appears that this is the case in several other countries. For example, Martin-Bates found that British consultants mainly serve large clients.⁴⁶

In another study in the United States of America, it was found that the smaller the number of employees, the less the use of consultants.⁴⁷ The Association of Consulting Management Engineers states:

⁴⁵ For purposes of this study, a small firm is one which employs 500 or less people.

⁴⁶ J.P. Martin-Bates, "A Consultant Looks at Management and Himself," Manager, 23, (England: May 1955), pp. 354 -357.

⁴⁷ H.C. Krentzman and J.N. Samaras, "Can Small Businesses Use Consultants?" Harvard Business Review, May-June, 1960, p. 131.

It is interesting to note that the most frequent users of consultants are usually the most successful companies. This is to be expected as the most progressive minded managements are constantly seeking more effective ways of managing their businesses.⁴⁸

Amongst the reasons that small firms in Kenya gave for not using consultancy services was that it is too expensive for them. There was also lack of knowledge of the existence and role of consultants, probably due to lack of promotion on the latter's part. Small firms also believe that they do not require consultancy services.

As one respondent put it:

Ours is a smallish easily manageable and highly specialised unit. We do not need, nor indeed fall into the scope covered by management consultancy services.

This belief is very erroneous and misleading because the small business executive has been found to have a lot of problems, and consultants represent a potential source of help.⁴⁹ In its effort to indigenize the commercial sector, Kenya's first African Administration wrote:

The principal method of increasing African participation will be to enable Africans to own commercial enterprises.⁵⁰

The businesses that were acquired by Africans were necessarily small ones. This is because they lacked the capital with which to buy larger, well-established enterprises.

48 The Association of Consulting Management Engineers, Inc. (ACME), Directory of Membership and Services 1959 (New York) p. 4.

49 H.C. Kentzman and J.N. Samaras, Op. Cit., p. 127.

50 Kenya, Development Plan: 1966/70 (Nairobi: Givernment Printers), p.270.

Kariuki found that the small African Businessman faced a lot of problems which he explains were as a result of his alienation from the commercial sector by the colonial administration.⁵¹ He mentions the following as the problems a typical trader seems to face:

1. Not knowing where or how to apply for financial or other assistance always resulting in financial problems;
2. A disregard and lack of knowledge of basic techniques - for example, managerial and accounting;
3. Lack of knowledge of the nature and timing of credit required - either credit is received at the wrong time or is misused or mishandled;
4. Lack of understanding of the marketing techniques involved in the type of trade being organised;
5. Lack of proper management of working capital - there is either overstocking of some one item or a complete lack of the item being demanded;
6. Lack of creativity and relying too much on Government or on other suppliers.

It should be noted that the small trader has several other sources of advice (consultancy). For example, suppliers,

⁵¹ Kariuki, Ngotho, Op. Cit., pp. 210-211.

banks, and other financial institutions offer advice. The government has also several programs directed towards helping the small businessman gain invaluable business skills. Kariuki, however, found a lot of short-comings with these government sponsored programs.⁵² For example, the Trade Development Officers organize short courses and seminars, but the traders find the courses too long and they find it difficult to leave businesses to attend them for two weeks. Harper also found that these courses tend to be too academic, and that they fail to identify the problem of skill that affect the businessman.⁵³ The traders complained that instead of helping them the Trade Officers harassed them. Further, they accused these officers of corruption, favouritism and self-interest in their businesses. For these reasons, average attendance of such courses is very low despite the fact that they are free.

It was also found that the courses for traders provided by the extra-mural department of the University of Nairobi in conjunction with the Ministry of Commerce was not of much help. For example, when 35 out of 40 participants were interviewed they claimed that they had not gained anything of much business help.⁵⁴ It would appear that, perhaps, the most effective result in business counselling for these firms is most likely to come from use of management consultants. This is not to say that the Government should play no role. The author believes that the role of

⁵² Kariuki, Ngotho, Op. Cit., pp 210-211.

⁵³ M. Harper, Working Paper No. 136. Institute of Development Studies (University of Nairobi, 1974), p. 3.

⁵⁴ Kariuki, Ngotho, Op. Cit., pp. 210-211.

government should be that of subsidising these firms to enable them meet the costs of consultancy. These firms should be made to pay a **proportion** of the costs. Free services are seldom taken seriously. It is only in this way that the government can be of help to these traders in providing them with the necessary managerial know-how in an autonomous and non-bureaucratic way and without involving the inherent antagonism people have towards government officers.

An attractive aspect of the dissemination of business skills through management consultants is that they help and train the businessman at his place of work. Thus the kind of skills and techniques will be tailored to every type of business. It has been proved that learning by doing is more effective than through theories only.⁵⁵

The case studies revealed that management consultants can play a significant role in imparting business skills and techniques. For example, the Power Company hired a foreign consultant in 1972 to establish a computer department (Management explained there was no competent, local, computer specialist for the job). There was a contractual agreement that the consulting firm would provide one resident consultant.

The company had to provide the rest of the staff for the project. The resident consultant had to train company personnel so that when he goes there would be qualified manpower in the department. Fifteen months after the project was started, the new computer system was implemented. It is now run by the personnel who worked together and were trained by the consultant. Although the above example

⁵⁵ A. Pigors and W. Myers, Personnel Administration: A Point of View and Method, (New York: McGraw-Hill Co. 1969) p. 406.

relates to a foreign consultant, and a large company, similar training benefits can be provided by local consultants to smaller firms.

Companies Experience With and Future Interest in Consultancy Services

Results indicate that those firms who had used consultancy services in the past are generally more interested in future use than those who had not. Users who indicated that they were either "very interested" or "interested" were 77% whereas non-users in the similar categories were only 33%. These findings are shown in the table below.

TABLE 8

FUTURE INTEREST IN CONSULTANCY SERVICES
AMONG USERS AND NON-USERS

Degree of Interest	Number of Respondents		Percentage of Respondents	
	Users	Non-Users	Users	Non-Users
Very Interested	9	7	17.3	8.9
Interested	31	19	59.6	24.1
Somewhat Interested	11	18	21.2	22.8
Not Interested	1	35	1.9	44.3
Total	52	79	100	100

The greater interest shown by users relative to non-users suggests that users found these services beneficial monetarily or for organizational development as is illustrated below.

TABLE 9

RELATIONSHIP BETWEEN PERCEIVED MONETARY
VALUE FROM USE OF MANAGEMENT CONSULTANTS
AND FUTURE INTEREST AMONG USERS

Degree of Interest	Perceived Monetary Value				
	Extremely Valuable	Very Valuable	Of Average Value	Of Limited Value	No Value
Very Interested	4	4	2	-	1
Interested	-	13	13	2	-
Somewhat Interested	-	1	4	10	-
Not Interested	-	-	2	-	-

TABLE 10

RELATIONSHIP BETWEEN COMPANY'S PERCEIVED
ORGANIZATIONAL BENEFITS AND FUTURE INTEREST
IN CONSULTANCY AMONG USERS OF CONSULTANCY
SERVICES

Degree of Interest	Perceived Organizational Benefits				
	Extremely Valuable	Very Valuable	Average Value	Limited Value	No. Value
Very Interested	2	1	1	1	-
Interested	2	13	-	-	1
Somewhat Interested	-	2	3	1	1
Not Interested	-	-	-	-	-

It should be acknowledged that it is difficult to evaluate consultancy work either in monetary terms or for organizational development. This is because both the input and output of consultancy services are often intangible. Moreover, it takes a considerable amount of time before results can be felt. All considered, it can be generalized from the two tables that those firms (in the sample) which used consultancy services generally found consultancy work to be beneficial as is manifested in their future interest. The two case studies provided evidence in support of the above conclusion.

In both the Power and Finance Companies, consultants had installed computer systems which are now efficiently operated by the personnel they helped to train. The planning department in the Power Company has several consultants involved in the planning process at any given time. The consultants are engaged to help in the design stages and for formulating feasibility studies. The implementation stage also requires that consultants work together with company personnel. In 1977 the company hired a Canadian Firm of Management and Accounting Consultants to review its organizational structure. The consultants' recommendations were accepted and implemented. The management in this company explained that the new structure provides the means of managing functional activities as efficiently as possible by establishing lines of communication within the company. It noted further that:

The new organization structure groups together decision-making areas in the company with a bid to minimize communication burdens which often arise in large organizations such as ours.

The company, generally, appeared to have a lot of praise and respect for the consultants they have used.

The situation in the Finance Company was not that clear and straight-forward. The management here only conceded that the consultant who installed the computer system did a "good work". As was shown earlier, the company was dissatisfied with past consultancy work on its finance and accounting systems. The Finance Manager, when asked on future interest in consultancy, asserted that he had no interest whatsoever. Similar sentiments were expressed by the Personnel Manager. It should be mentioned here that the Finance Company is a parastatal organisation, hence what was said earlier on consultancy in the public sector applies to it, namely, that the decision to hire a consultant is normally imposed on them, either by the Government or donor agencies like the World Bank. The author also noticed that the management in the Finance Company resented consultants partly because the presence of these "outsiders" gave them a feeling of incompetence and generally felt they were being "probed". Perhaps, it could be helpful in the future, if management of these organisations were consulted and the need for consultancy explained to them.

Summary

Indigenous consultancy organizations in Kenya appear to be at a disadvantage relative to non-indigenous firms. This disadvantage is partially blamed on the organisational inefficiency and inexperience of indigenous firms, and partly on the belief that expatriate consulting firms are superior. Public organizations are more interested in reading the consultant's reports than in implementing their recommendations. This is probably due to the fact that the initiative for hiring consultants originate from the "outside".

Private Organizations, however, seem to be benefiting from consultants. Acceptance and implementation is generally high. These companies indicated that they were generally interested in future use of consultancy and they benefited monetarily and in organisational development.

The percentage of firms using consultancy services in Kenya (27 per cent) is generally comparable to other countries, if not slightly higher. Firms in those industries that are less competitive, for example, the motor and agricultural industries, appear to use consultants relatively less often than the competitive industries like tourism. Those firms in the highly specialized industries prefer overseas consultants as local ones do not have the necessary know-how or experience. A major area of consultancy usage is in the provision of technical services. The author explained that this has arisen due to shortage of personnel with such technical expertise and on a managerial over-emphasis on the technical aspects of business as a result of insufficient competition in the market place.

In the following section of this chapter, the author will highlight those problems that are associated with the transfer of management technology. It will be seen in the next section how the environmental considerations in Kenya have influenced the adoption and application of these management methods.

4.2 Environmental Factors That Affect the Transfer and Application of Advanced Management Knowledge

Introduction

Management practices in Western countries are based on general assumptions embedded in the cultural, social, political and economic systems of these countries. It is, therefore, imperative that one should understand certain assumptions in the western culture that might affect the transfer of management technology to non-western cultures. Some of these assumptions are:⁵⁶

1. Objectivity in the decision-making process.
This assures members of the organisation that they will always receive a fair treatment.
2. Organizational authority is accepted and respected because the motives involved are impersonal.
Relationships at the work place are also impersonal.
3. Decisions are based on the concept of efficiency.
4. Efficiency is a common goal which is shared by all members of society, because it results in maximum rewards.
5. There is a general acceptance of the "protestant ethic" which stresses the virtues of hard work,

⁵⁶ See for example, Brannen, Hodgson, Op.Cit., pp. 19-21; C.C. Onyemelukwe, Op.Cit., p. 2 and P. Gufwoli and Saleh, Op.Cit., p. 3.

thrift, and individualism. Work is perceived as something with a positive moral value.

6. The political system is based on liberal democracy where each adult has one vote. Individuality and equality regardless of the social position or status of the person is cherished.
7. The economic system is based on private ownership. Capitalism as an economic philosophy is generally accepted by all. Competition is encouraged because it is considered "healthy".

One would expect that "imported" management techniques would be difficult to apply when these assumptions do not hold in the Kenyan context. Explaining the significance of cultural differences, Onyemelukwe writes:

The failure of many people, including practicing managers to notice that the theories of formal organisations made social and cultural assumptions has left a hidden factor in the application of the principles of formal organisations in non-western societies.⁵⁷

Discussion in this section will attempt to bring out local factors, which differ from the above western cultural assumptions, that impedes the application of advanced management know-how.

⁵⁷ d.C. Onyemelukwe, Op.Cit., p. 22.

Approach

The conceptual approach in analysing these factors will be to divide the environment into two sections:

1. Organizational environment - this can be conceived as the internal or micro-environment of the organization. Size, technology, organizational climate, human and capital resources of the firm are some of the important variables here.
2. The external environment - this is the macro-environment (economic, political, cultural and legal) which the organization is a sub-unit of.

It should be noted that both the organizational and external environments consist of more variables than presented here. However, for illustration purposes, the above variables shall be considered sufficient.

Organizational Environment

Size The two case studies revealed that the size of the organization has a significant bearing in the use of advanced management techniques. The Finance Company showed that in its early stages, it was small enough to enable all the data processing to be performed manually. By 1972, the firm had grown so large that computerisation became necessary if efficiency was to be achieved in the following areas:

- (a) Loan processing. - The manual system proved inefficient with increase in the number of loan applications. Today, this remains the most important area in which the computer is used.

- (b) Salaries. - By 1972, the number of employees was too large for the manual processing of salaries.
- (c) Cash flow for farm management. - loan officers are required to calculate the cash flow of every loan applicant before a loan is processed. This job became tedious for managers with increased number of applications. Hence it was decided to be computerised.
- (d) Savings and Credit Society Accounts. - As the number of employees increased so did their accounts in the society. This also necessitated more efficient methods of processing.

The Power Company also showed that with increase in size, more advanced management techniques are required to cope with the new organisational demands. For example, with the increase in the number of customers, the company found that the manual system of billing was inefficient. It resulted in customers receiving their bills too late and made it difficult for the company to correctly determine in time when power disconnections should be effected. It was for these reasons that the company introduced a computer system in 1972.

Similarly, the Power Company had no planning department prior to 1973. With increasing demand for electricity throughout the country, the Company found it necessary to formalise its planning activities so that power extension programs should not be carried out in a haphazard manner. Commenting on the necessity to effect new management systems as the organisation grows, one Senior Executive in the Power Company said:

Although our objective remains principally the same, the continual growth and expansion of this company in response to the needs of the nation demands that our organisational structure, management systems be reviewed to match with changing circumstances.

The above statement summarises well the trend organizations appear to follow with growth in size. The Computer Manager in the Power Company believed that increased use of Computers, and other modern management systems, in less developed countries will be a slower process than in the developed world. This, he explains, is due to the slow rate of industrialization in the less developed countries. The need for computers in small companies is not urgent because they can operate manual systems efficiently.

It appears that organizations that are large and do not presently use computers will have no alternative but to turn to computers. This is because of the problems of information processing and decision-making that are frequently experienced by large organizations. In large organizations time becomes very precious hence quick and accurate information is required by managers for decision making.

Other studies have also found that size affects the use of management techniques. A study conducted by Shetty in five major industrial towns in India found that larger firms were relatively more "sophisticated" in their use of management techniques than the smaller firms. The reason given was that small firms either find that the investment required in the use of these advanced techniques is too large relative to their resource base, or the return on this kind of investment does not occur immediately.⁵⁸

58 Y.K. Shetty, "Transmitting Management Know-How to LDCs: Experience of U.S. Multinationals," Management Internationala Review, 1973/1, p. 74.

Kariuki also found a general lack of knowledge of advanced techniques in Kenya.⁵⁹ He found that a typical trader faces these problems:

- i) A disregard and lack of knowledge of basic techniques in business, for example, managerial and accounting principles.
- ii) Lack of understanding of the marketing techniques involved in the type of trade being operated.
- iii) Lack of proper management of working capital.

It would be correct, therefore, to hypothesize that as organizations grow in size it becomes inevitable for them to adopt modern management techniques to enable them to cope up with the increased complexity of its structure and functions. Also a bigger organization is capable of meeting the investment in time and capital that the use of some of these techniques necessitates. Finally, the Kenyan formal organizations are still relatively smaller in size compared to the Western Organizations. Consequently, the application of management methods is still in the infant stage in most Kenyan Organizations.

Ownership

Apart from the few multinationals and Public Corporations, most of the firms in Kenya are small and like in other developing countries, are owned and managed by either family members or group of friends.⁶⁰ The following statement by one consultant summarises well the findings on the nature of management in these organizations:

⁵⁹ Kariuki, Ngotho, Op. Cit., pp. 215-216.

⁶⁰ A.R. Negandhi and A. Prasad, Op. Cit., p. 77.

Most of the Asian and African businesses are owned by a close group of family members. These firms tend to have complex and most of the time undefined organizational structures. One individual normally serves both as Managing Director, Chief Accountant and Personnel Manager. Sometimes these functions are shared by more than two individuals. It becomes very difficult to see where authority and responsibility rests.

In a study conducted by Flores in Phillipines, it was found that the small Phillipine firms owned by a group of family members or friends tended to have complex organizational structures with interlocking top managerial positions and departments.⁶¹ In most developing countries, the prevailing ideas of appropriate objectives of a business are that it be a provider of jobs and welfare.⁶² Thus the obligation of finding jobs for members of the family in the business overrides efficiency considerations.

It is possible, therefore, that the small non-structured family firms are likely to be more susceptible to having the informal social system prevailing in organizational life than the large structured organizations. It has been found that the degree of authority exercised, and particularly the amount of reference required before action is taken may affect the speed at which any organization is "driven".⁶³

It follows that if these small firms do not have distinct lines of authority then their efficiency may be slackened. Urwick points out that it is impossible to conceive of the existence of an organization at all unless

61 F. Flores, Op. Cit., pp. 82-95.

62 J.A. Lee, "Developing Managers in Developing Countries" Harvard Business Review (Nov. - Dec. 1968), pp. 55-66.

63 L. Urwick, The Elements of Administration, (London: Sir Isaac Pitman and Sons, Ltd., 1968), p. 45.

some person or persons are in a position to "require action of others". Failure to allocate authority and responsibility, as is the case in these small firms is likely to cause the organization to malfunction.

The fact that these family-owned firms do not have clear-cut boundaries of authority and responsibility makes the principle of "unity of order giving" difficult to practice. Commenting on this principle Terry writes:

For maximum effectiveness, order concerning a particular operation should be received directly from one person only.⁶⁵

It is true that ~~when the duties~~ of General Manager, for example, are shared by three individuals, orders will necessarily come from more than one person. It can be concluded that the family ownership of many firms in this country has affected their use of modern management methods. The paternalistic and family-oriented approach to management has not been conducive to the development of a professional type of management based on merit and technical competence.

Just like the Public Limited Company replaced the sole proprietors and partnerships in the West, so will be the case in developing countries.⁶⁶ This will enable the separation of ownership from management and enhance the professionalization of managers. As Sherif says:

... these newer forms of organization favour a greater professionalization of management associated with a different pattern of managerial behavior. Emerging professional managers are more inclined to adopt modern plant and equipment...⁶⁷

⁶⁵ G.R. Terry, Principles of Management, 5th Ed., (London: Richard Irwick, Inc., 1969) p. 485.

⁶⁶ A.F. Sherif, Op. Cit., p. 135.

⁶⁷ A.F. Sherif, Op. Cit., p. 135.

However, before professionalization of management takes place in these small firms, modern management practices will continue to suffer.

Human and Capital Resources

The departmental managers interviewed at the Finance Company explained that they could not use very "sophisticated" techniques because they lacked the necessary manpower. The managers complained of:

- (a) The difficulty of getting qualified personnel in the technical and specialised fields like finance, accounting and computer systems.
- (b) High labour-turnover. This compounds the problem since training on-the-job becomes ineffective.
- (c) Lack of resources with which to recruit, train and retain such high calibre personnel.

One executive complained that:

We have been trying to introduce new financial control systems. There is also a need to develop forecasting models. Our problem has been lack of qualified personnel both in the accounting and computer departments to effect these changes.

Similar problems were cited in the Power Company, where the Corporate Planning Manager indicated that the management tools he uses must necessarily be simple. He would have preferred mathematical models but could not have them because there are no qualified personnel in the computer department who could do the programming. He advises that:

"there is no point in having good plans and projects that will not get off due to lack of qualified staff." The Computer Manager in the same company recommended the creation of systems that people can understand and operate.

The study also revealed that the unavailability of capital was another significant constraint. For it is necessary to instal expensive electronic systems before use of certain techniques can be effected efficiently, for example in information processing, control, forecasting, and budgetary techniques.

On the capital constraint, the Computer Manager in the Power Company explains:

The companies in less developed countries cannot afford to be wasteful. The reason is that they have to buy equipment overseas. They have to incur the cost of the equipment, shipping and insurance expenses, heavy import duty and sales tax. In the final analysis, the equipment costs twice as much as it would in the West.

This shows that cost of equipment to Kenyan firms is relatively expensive. Hence the application of management methods that necessitates purchase of equipment is viewed unfavourably.

Other studies have also found human and capital considerations to be major constraints in the transfer and application of modern management methods. For example, a study conducted by Cotton in Europe and North Africa revealed that lack of industrial engineers in firms of some countries impairs the transfer of management technology.⁶⁸

⁶⁸ F.E. Cotton, Op. Cit., p. 64.

He explains that the absence of industrial engineers, or their equivalent, impairs the design of effective integrated management systems. Yavas and Rountree also found that lack of qualified staff was an impeding factor in the transfer of management technology in Turkey.⁶⁹ And that where Turkish managers had acquired advanced management knowledge during their graduate business education in the United States, they were still constrained in the application of such techniques by lack of physical facilities like computers.

In conclusion, it can be generalised that lack of qualified personnel and capital with which to purchase physical facilities are significant handicaps in the transfer of management methods to Kenyan organizations. The use of certain advanced management technology must necessarily be complemented by the availability of advanced skills and physical facilities.

External Environment

Culture Most expatriates interviewed complained that certain attitudes of local employees are not conducive to the introduction of new management methods. One such attitude is the employee's resistance to change.

Consultants complained that there was a deep-seated conservatism among local employees. That this was particularly so in the case of parastatals and government departments. In these areas it is said, systems created thirty years ago are still in use. One possible explanation for this resistance in the Civil Service is given by Ndegwa. He explains that Africanisation policy resulted in having relatively experienced people at the top, and that the incoming officers

in more junior posts frequently tended to have more education than their superiors. He continues:

... it bred a tendency towards hierachical and defensive attitudes, and avoidance of delegation among those at the top, and frustration among those lower down.⁷⁰

It is true that when inexperienced and incompetent superiors face a situation where their juniors have a greater expertise they are bound to develop defensive attitudes. Any suggestions for change to newer methods are likely to be viewed suspiciously and unfavourably.

In one case study, an executive of the Power Company where a foreign consulting firm had recently recommended re-organisation explained:

The Canadian Consultant did a marvellous job in restructuring our organization. As a result some departments were dropped and others were created. At the time of implementing these changes our African employees resisted strongly. Many perceived the changes to have demoted them since they were now given new titles and offices.

The Computer Manager in the same company cited a similar incidence when the accounting and control system was being computerised. He explained that there was general resistance for fear that the workers could loose their jobs to the computer. That turned out not to be the case after computerisation. One consultant who had helped introduce an automatic clocking-in system in a big manufacturing concern in Nairobi was surprised that this resulted in a major industrial unrest. Eventually, due to management's uncompromising stand, the system survived. In his research

in the less developed countries, Sherif had a similar finding. He writes:

.... work study and related work rationalization techniques... tend to generate labour opposition.⁷¹

That such resistance to change should be there is not surprising. For, even in the industrialised Western World, these modern management techniques encountered great resistance on introduction. As an example, Taylor encountered much resistance with his scientific management.⁷² Yet it is now agreed that Taylor's broader contributions to modern, systematic management practice are profound. Some of his techniques like motion and time study, specialization, standardisation, planning, work instruction and standards, piece-rates, wage systems are more widely applied in organizations today.⁷³

Explaining why Tylor's methods were resisted in early days, Hicks and Gullet say that "perhaps society was not prepared for fundamental changes."⁷⁴ Studies have revealed that change takes time to effect.⁷⁵ Commenting on this, Ginzberg and Reilley write:

⁷¹ A.F. Sherif, Op. Cit., p. 139.

⁷² G. Strauss and L.R. Sayles The Human Problems of Management (New York: Prentice-Hall, Inc.) p. 37.

⁷³ D. Hicks and F. Gullet, Organizations: Theory and Behaviour, (New York: McGraw-Hill, 1970), p. 180.

⁷⁴ D. Hicks and F. Gullet, Op. Cit., p. 180.

⁷⁵ A. Ginzberg and W. Reilley, "The Process of Change", Readings in Managerial Psychology, ed., H.J. Leavitt (Chicago: The University of Chicago Press, 1964), p. 209.

Our first and most general finding is that the effecting of large-scale changes is never an event but always a process. Time is a central consideration ... it takes time, considerable time, for people to change their habits of working ...76

Similarly, the resistance to these techniques in Kenya should be understandable. With time, these methods will be acceptable and applicable when people realize their value in improving organizational efficiency.

Another area where local culture has had some influence is in the meaning of work. It was learned that African University graduates whom one would expect to be very instrumental in effecting the use of modern techniques have not been very helpful. As one consultant puts it:

They feel they have made it. They do not have the drive for achievement. They expect big salaries and offices without working hard.

Lee had this to say on University graduates in developing countries:

They tend to view their degree as an end in itself rather than to think of their higher education as a tooling up for solving problems in their careers.77

It appears, therefore, that there are differences between the way organizational work is viewed in developing countries as opposed to in developed countries. In the

76 A. Ginzberg and W. Reilley, Op. Cit., p. 209.

77 J.A. Lee, "Developing Managers in Developing Countries", Harvard Business Review (Nov. - Dec. 1968) p. 98.

introduction of this section, it was stated that a major assumption of the western culture was the general acceptance of the "Protestant ethic" which stresses the virtues of hard work. Work is perceived as something with a positive moral value. A study conducted by William on U.S. workers found that:

They perceive themselves as hard working and achieving people who must accomplish in order to be happy... They obtain continual stimulation from the pleasure of immediate accomplishment. They feel the necessity to move continually upwards and to accumulate the rewards from accomplishments.⁷⁸

Negandhi and Prasad also found that there is a difference in U.S. Managers' attitude towards work compared to their Indian counterparts, who appeared to have less drive.⁷⁹

One possible explanation of the "relaxed attitude towards organizational work amongst Kenyans is the fact that most employees are attached to the land despite having full-time jobs in the cities. In a study conducted by Odit of 55 supervisors in Kenya, 90 percent of them had some members of their families living in the rural areas to look after the land.⁸⁰

78 William, E. Henry, "The Business Executive: A Study in the Psychodynamics of a Social Role," The American Journal of Sociology, Vol. 54. No. 4 (Jan. 1949) p. 287.

79 A.R. Negandhi and S. Prasad, Comparative Management (New York: Appleton - Century-Crofts, 1971) p. 139.

80 F.J. Odit, The Kenyan Supervisor and His Attitudes: A Study of Two Companies (Unpublished M.B.A. Thesis, University of Nairobi, 1974) pp. 65 - 84.

Emphasising this fact, Henley writes:

Inspite of the very clear stabilization of labour force during the last ten years, there is little evidence of workers severing their links with the rural areas. Many still keep their wives there, partly to save on housing and partly to maintain their stake in commercial land which they would otherwise loose.⁸¹

The author believes that as long as the workers view industrial employment as a temporary stage in their lives, after which they hope to return to the land, their attitudes towards organizational work must necessarily differ from their counterparts in the industrialized countries who do not share a similar attachment to the rural areas.

The meaning of work (or the attitude towards work) is important in the acceptance and application of modern management techniques because a worker who views his industrial employment as temporary will have less desire to learn more and better methods of management and industrial work. Also, the acquisition of some of these techniques require an investment in time and money which a worker with a "temporary" attitude towards industrial employment is unlikely to undertake.

Tribal Rivalries

Before the coming of Europeans, Africans lived in tribal groupings and distinct geographical areas. The creation of urban areas and modern organizations forced different tribes to work together and share residential neighbourhoods. This has resulted in frictions so that

81 J.S. Henley, "Employment Relations and Economic Development: The Kenyan Experience," The Journal of Modern African Studies, No. 8 (1973), p. 224.

tribal rivalries in the political, economic, social and organizational scenes are now prevalent. The Personnel Manager in the Power Company explained that:

Every ethnic group has its own fears and suspicions. With independence ethnic consciousness has escalated. This has resulted in bringing a lot of friction in every aspect of life. Each ethnic group wants to preserve what it thinks is its rightful share.

He explained that in the work situation, some employees often do not want to join certain work groups because members of these groups came from a "hostile tribe." Supervisors may not be wanted for similar reasons. The Personnel Manager expressed his concern that this problem is encountered even amongst the well-educated, largely due to pressures (to conform) from their ethnic groups.

Another top executive in the same company explained that a major duty of management is to try to encourage workers to think as nationals. He laments that this is a difficult task "because it has to permeate the national political environment". The organizational climate, in other words, has to follow values set by the national environment.

It was found that selection, training and promotion, even if done objectively still carry suspicions. For example, when the Personnel Manager employs some individual from his tribe he is accused of tribalism, even if that individual was the most suitable candidate. When he employs others not from his ethnic group, he is accused of not caring for his kinsmen.

The case studies and interviews revealed that in several occasions, selections, appointments and promotions were

carried out on basis other than merit. Reports of tribalism, nepotism, and favouritism are often rampant in the Kenyan press. For example, the Minister for Livestock Development, accusing the University of Nairobi Administration recently said:

Promotions and the granting of study and sabbatical leave at the campus depended on who knows who.⁸²

In another incidence, it was reported in a Kenyan Sunday Newspaper that one head of a government department has staffed it mainly with his tribesmen.⁸³ In its analysis of the Statutory Boards, the Ndegwa Commission writes:

We also reiterate the need to minimize patronage in appointments of Chairmen, directors, executives or operational staff and for greater emphasis on professional qualifications, experience ...⁸⁴

In effect, the commission recognizes the fact that appointments and promotions in public companies are mostly influenced by factors that have no direct relationship to merit. This runs contrary to those assumptions in the western culture that stresses objectivity and fairness.

Other studies have also shown that in non-western societies, promotions and appointments are not necessarily governed by merit considerations. For example, in a study conducted in the Phillipines of both American and Phillipine firms, it was found that the criteria for appraisal and promotion differed to the extent that the American managers

⁸² The Standard (Nairobi), June 19, 1981, p.5.

⁸³ The Nairobi Times, April 4, 1980 p. 13.

⁸⁴ D.N. Ndegwa, Op. Cit., p. 209.

were more objective and clear about the characteristics which were being identified in the person being appraised. Further, it was noted that:

Some priority is also granted to relatives of top management of the Phillipine firms in the promotion process.⁸⁵

In another study, Reynolds found that a persistent difference in values between Indian and American managers is on the purpose of the firm. He writes:

The Indian sees it as a source of jobs for family members, the American as a way of increasing the wealth of shareholders.⁸⁶

The practice of tribalism, nepotism and other related non-objective methods do not only affect selection and promotion but filter across other organizational functions. The informal structure when formed on ethic basis, also affects the functioning of the lines of authority and communication. Commenting on how this might cause organizational dysfunctions, Davis writes:

... tribal rivalries present an example of how the informal structure may work at cross-purposes to the maximum effectiveness of the formal organization.⁸⁷

It can, therefore, be seen that the presence of many tribes in the external environment of Kenyan organizations has made certain assumptions in the western culture not hold

⁸⁵ F. Flores, Op. Cit., pp. 83 - 89.

⁸⁶ J.I. Reynolds, "Developing Policy Responses to Cultural Differences," Business Horizons, Aug. 1978, p. 34.

⁸⁷ Stanley M. Davis, Comparative Management: Organizational and Cultural Perspectives (New Jersey: Prentice-Hall Inc., 1971), p. 21.

locally. For example, objectivity and fairness in selection, appointment and promotion processes that are generally prevalent in the western culture is relatively absent in Kenya. It has also been shown that, whereas efficiency is an overriding criterion in decision-making in the west, local factors (tribalism) in Kenya have subordinated it. Also the fact that interpersonal relationships at the work place are generally not impersonal (due to ethnic inclinations) makes it difficult to apply such modern management methods like Management by Objectives (M.B.O.). This is because a necessary assumption for the success of this technique is that there should be an informal relationship of trust, openness, and easy communication at all levels.⁸⁸ In all the case studies and interviews there was no application of this method. This is a clear indication that organizational practices cannot be divorced from practices in its external environment. The latter, to a large extent, determines the organizational climate and management practices.

Legal System:

Legislation in this country has also affected management practices. The Kenyan Industrial Relations systems has mainly been shaped by government legislation.⁸⁹ With these legislations the government has acquired some direct involvement in the running of unions, particularly the Central Organization of Trade Unions (COTU).

The result has been that the collective bargaining system as known in the western world is not the same in

⁸⁸ P. Gufwoli and S. Saleh, Op. Cit., p. 3.

⁸⁹ Kenya, The Trade Unions Acts, 1964, 1965, and 1971.

this country. For example, all industrial disputes (when parties cannot settle disputes on their own) are to be settled through the Industrial Court which was set up by the 1965 Trade Disputes Acts. It also allowed the Minister for Labour to declare any strike or lock-out to be unlawful.

Through legislation it is agreed that all workers will be represented by COTU, and employers by the Federation of Kenya Employers (F.K.E.). The government through the Industrial Court, acts as an arbitrator. Collective bargaining presupposes a situation of equal strength between the two parties - workers and employers. But this is not the case in Kenya.

The government directly controls union management by its direct involvement in the operations of COTU. The 1965 Trade Disputes Act gives the President of the Republic the powers to appoint and dismiss at will the General Secretary of COTU. In addition, the policy making body of COTU (the Governing Council) has the Permanent Secretary to the Ministry of Labour as a Government Representative. The present constitution of COTU was drafted by the Attorney-General. It appears, therefore, that COTU is just like another Government Department. Moreover, the F.K.E. appears to enjoy a good relationship with the Government. As Ouma-Nagemi puts it:

It is even believed that the F.K.E. used the good relationship it enjoys with the government to influence the instrument which produced the present structure of COTU.⁹⁰

If one accepted this view, it would be reasonable to expect that as long as the F.K.E. enjoys a good relationship with the

⁹⁰ Ouma-Nagemi, "Trade Unions and Government" (Unpublished M.B.A. Thesis, University of Nairobi, 1974) pp. 186-187.

Government, it would do all that is possible to influence the Government to maintain a weak workers' movement. In that case, workers are in a relatively weaker position than employers.

It is thus obvious that the collective bargaining in this country differs from that in the West in that it is not free. Indeed, it would be surprising if it were, because there are mitigating factors that necessitate strong governmental involvement, for example, prevalent unemployment and poverty and the fear that unions' political power could be dangerous to the Government.⁹¹

Of relevance to us, however, is the fact that the Kenyan Unions are disadvantaged in that they do not have enough powers with which to bargain with management. Collective bargaining, as Dubin explains, is a power process.⁹² And an important tactic of unions is the use of force by striking or threatening to strike. When these tactics are restricted, as in Kenya, the personnel practices and industrial relations system changes significantly from those of the developed "free" world.

As one personnel manager explained "when faced with a deteriorating labour situation, Government help is normally sought". Collective bargaining (and industrial relations) is no longer a two-party affair as in the West. A third, and more powerful party is involved in Kenya. Clearly, this is a situation which can easily be abused by unmindful management to the detriment of workers. For

⁹¹ See, for example, Ouma-Nagem, Op.Cit., p. 186 and A.F. Sherif, Op. Cit., p. 139.

⁹² R. Dubin, Working Union-Management Relations, (New Jersey: Prentice-Hall, Inc., 1958), p. 141.

example, when such management chooses to "buy" Government protection for their "unfair" management and personnel practices. Further, workers' participation is likely to be discouraged in a situation where unions are generally suppressed. Recognizing the fact that workers' participation is largely determined by their political strength and organization, Katembe writes:

Where trade unions, for instance, are a strong force in the political system of a country, it is possible for them to exert a strong action on how the industrial organizations are to be owned, organized and managed. A style of management can be imposed so that they are allowed some participation.⁹³

From the above discussion, we can conclude that although free collective bargaining and participative management may be effective and desirable in the Western countries, there are environmental factors in Kenya that are inhibitive to their use. The economic, social and political factors that have encouraged their application in the industrialized countries are, to some extent, lacking in Kenya.

Government/Political and Social Environment.

Due to several reasons, among them an overriding concern to accelerate economic development, the Government's involvement in the economic life is very high. Apart from Public Corporations and parastatal bodies, the government participates with private firms in several industries. This has had consequences in the application of advanced management techniques.

93. Abel K. Katembwe, "A Study of the Problems of Workers' Participation in Management: A Case Study in Kenya" (Unpublished M.B.A. Thesis, University of Nairobi, 1976), p. 96.

As an example, take the Finance Company which is a parastatal body. The company uses the Internal Rate of Return (I.R.R.) method for ranking projects. Many Agricultural projects were found to have been undertaken not on account of their IRR or as development priorities, but on purely political grounds. Ministers and politicians determine, in many cases, what projects shall be undertaken and in which districts.⁹⁴

Ideally, the Loan Officers are directed to rate applicants in the following categories before making a decision to lend:

1. Character of the applicant;
2. Condition of his finances;
3. Capacity to repay the loan;
4. Collateral he offers.

However, politicians and prominent civil servants receive loans without going through the above procedures. Among loan defaulters, it has been found that politicians are the majority. Due to their influence, it is difficult to recover the debts from them.

The availability of reliable statistics on various sectors of the economy is another handicap to the application of modern financial management methods. Particularly, there is a problem of reliable agricultural data, especially on

small-holdings. Either there is no data at all or if there is any, it is outdated hence irrelevant for decision-making. It becomes difficult to forecast if there is no historical data to begin with. Planning and the use of techniques as IRR become difficult to use.

The Finance Company faced problems in advancing loans to farmers in districts where there are no title-deeds on land. In such cases there is no security that a farmer can offer although he may be "owning" land. The concept of land ownership in Africa has been somewhat different from what it is in the West. As Onyemelukwe says of the traditional societies: "individual rights to property are subordinated to family or group".⁹⁵

As an example of how an organization can adapt its management practices to suit its environment, the Finance Company advances funds to farmers even when they do not have title-deeds. In such cases they have to use the Government administrative machinery, for example, District Officers and Chiefs for loan recovery and guarantee.

Even when farmers have and use title-deeds as security for a loan, the company found the discipline of loan repayment when due is not prevalent amongst borrowers. The Chief Legal Officer in this company complained that:

Farmers do not pay their loans until they are reminded several times. The Company has to publish the names of those whose loans are long overdue before repayment can be effected.

He explained that perhaps the seriousness of such legal contracts has not been appreciated by the local people.

⁹⁵ C.C. Onyemelukwe, Op. Cit., p. 2.

This contrasts the case in western societies whose important characteristic is the emphasis on written laws and rules, regulating people's activities. As Onyemelukwe notes, in the traditional societies, custom and social values have been more important than written laws.⁹⁶

A study conducted by Reynolds in India found that certain western financial management practices could not be applied in India.⁹⁷ He states that in the case of collection of accounts receivables the American managers operating in non-western countries should discard their financial management view-points which are strongly conditioned by Dun and Bradstreet, an independent credit rating firm in the U.S. That, in the case of India, they must understand that "good businessmen pay their bills eventually" unlike in the U.S. where "good businessmen pay their bills promptly"⁹⁸

On the availability and use of data in Africa, Chaput warns that they are totally unreliable.⁹⁹ Hence their use in assessing credit worthiness of a customer/borrower using modern financial practices is reduced. This problem is also found in the recently industrialized nations of the West. For example, in the case of Italy, Simonnetti writes:

⁹⁶ C.C. Onyemelukwe, Op. Cit., p. 2.

⁹⁷ J.I. Reynolds, Op. Cit., pp. 28 - 35.

⁹⁸ J.I. Reynolds, Op. Cit., p. 33.

⁹⁹ Michael, J. Chaput, "Consultant-Client Problems in Africa", International Development Review, No. 1 (1971), pp. 23 - 25.

As Italian industry has progressed and grown since World War II, many social and economic changes have occurred. However, the data available to business from the Government concerning these changes is not up-to-date or valuable.¹⁰⁰

He adds that this shortage of data has made it difficult for U.S. multinationals in Italy to use modern management techniques.

The above discussion has tried to bring out how political considerations determine lending practices and how the shortage of governmental or privately published data have acted as obstacles to modern financial practices. It has also shown how a society's value considerations regarding the social ownership of property (land) and the de-emphasis on written laws and rules affects the financial practices of loan advancement and accounts receivables. Most important, it has also shown how organizations adjust their practices to suit their external environment. It is not so much, "when in Rome do as the Romans do, as it is, when in Rome understand why the Romans do what they do and adapt to it".¹⁰¹

One important means by which the Government has influenced management practices in Kenya is through its Africanisation policy. At the time of Independence, there emerged a policy of Africanisation of business ownership and management positions which were formerly occupied by non-Africans. Explaining the objectives of this policy,

¹⁰⁰ Jack, L. Simonnetti "Environmental Factors Affecting American Business Subsidiary Operations in Italy", Management International Review, 1973/1, p. 83.

¹⁰¹ J.I. Reynolds, Op. Cit., p. 35.

the then Prime Minister wrote:

To ensure that the benefits of an expanding economy are widely enjoyed, we will promote the greatest participation of African citizens in both public and private sectors of the economy. This is a central theme of our Development Plan.¹⁰²

As a result of this policy, many not-well qualified and in-experienced persons rose fast to top management positions in organizations.¹⁰³ This has had serious consequences both in the private and public sectors. It is to be expected that those Africans who landed on these top management jobs would be uncomfortable in their position. One consultant explained that:

These people feel insecure especially in their relationship with the younger, and more educated subordinates. As a mechanism for self-preservation, they have been wary and suspicious of new ideas.

It is safe to say that such conservatism does not help the organization in experimenting with new management methods. It thwarts innovation, creativity and imagination which facilitate the application of advanced management technology.

The Ndegwa Commission acknowledged the fact that while the more junior incoming officers were more educated than their superiors, they were unable to implement and apply new management methods because of the defensive attitudes

¹⁰² Kenya, Development Plan, 1964/70 p. i - ii.

¹⁰³ D.N. Ndegwa, Op. Cit., p. 9.

of their superiors.¹⁰⁴ This phenomenon of having less competent indigenous managers immediately after Independence is not a peculiarity of the Kenyan situation, as Lee explains:

The numerous emerging nations each trying to develop the business leadership necessary for the management of its new economic units are discovering that a competent manager cadre is not an automatic by-product of independence.¹⁰⁵

It would be improper to think that indigenization, or in the case of Kenya, Africanization of managerial positions should have been avoided in order to maintain organizational efficiency. Indeed that would be arguing for efficient organizations propagating pre-independence inequalities. Sometimes the Government is willing to pay a price, in terms of some degree of organizational inefficiency, in order to achieve higher goals like less inequalities. This shows another example where external factors affect organizational practices.

Education

The application of advanced management methods in Kenya is, to a great extent, related to the problem of training and developing professional managers. Our schools and University have, for a long time stressed the purely academic aspects of education rather than the provision of useful skills. Further, the pre-colonial education system was not geared towards the development of high indigenous manpower.

¹⁰⁴ D.N. Ndegwa, Op. Cit., p. 9.

¹⁰⁵ J.A. Lee, Op. Cit., p. 56.

Highlighting on education in emerging nations, Lee explains that the University graduates are few and that:

the educational system in developing countries has also conditioned the foreign national to a rote-learning approach characterized by memorizing and drill.¹⁰⁶

Thus, the small pool of those who have been to the University have an education that is not directed to problem-solving which is characteristic of management practice.

It should be remembered that the colonial learning institutions which Kenya inherited were geared towards the production of clerical staff for the then administration. As Onyemelukwe says: "The aim of education was to make the African and auxillary, a subordinate to the European."¹⁰⁷

When graduates of history, geography, and religious studies assume managerial positions, the acceptance and application of advanced management techniques would be expected to be slow.

The survey revealed that this shortage of managerial calibre in the country has resulted in the high-labour turnover in organizations and has made qualified personnel command exceptionally high salaries. Commenting on this point, the Personnel Manager in the Power Company said:

Basically our policy is to pay the job and not the man. In the case of managerial staff, the company has to pay the man if he is to be attracted.

¹⁰⁶ J.A. Lee, Op. Cit., p. 57.

¹⁰⁷ C.C. Onyemelukwe, Op. Cit., p. 27.

The implementation of advanced management systems has to be complemented by the availability of managerial talent. If the latter is inadequate then the former will be difficult to achieve. This appears to have been the case in Kenya.

Economic

The economic environment in which organizations find themselves in Kenya is relatively uncompetitive, like in the case in most of the developing countries.¹⁰⁸ This is due to import restrictions, protection of monopolies by the Government and few entrants in certain industries. The effect of this is the creation of a seller's market which has been found not conducive to the experimentation and application of advanced management methods.¹⁰⁹

Summary

In the first section of this chapter, the scope of management consultancy in Kenya was discussed. It was found that foreign consultancy firms were doing better than the indigenous. This was partly due to the inexperience of indigenous firms and a bias for foreign consultants. The initiative for hiring consultants in public organizations was found to come from the "outside", and this affected their ability to implement consultants' recommendations.

It was found that private organizations' experience with consultants was favourable. Acceptance and implementation of consultants' recommendations was found to be generally high. Further, the degree of competition that a firm faces

¹⁰⁸ A.R. Negandhi, Op. Cit., pp. 53 - 59.

¹⁰⁹ See, for example, F.E. Cotton, Op. Cit., p. 62.

was found to influence its desire for management consultancy services. Firms in the more competitive industries were found to have used consultancy services more than those in the less competitive industries.

In the last section of this chapter the author has brought out those organizational and environmental factors that have affected the application of advanced management methods in Kenya. It was seen how the size of the organization influences the use of modern systems as computers, and the formalization of planning as a management tool. Ownership of firms was seen to affect the organizational structure. Human and capital resources within the organization were seen to be a determinant of the extent of use of modern management methods. Finally, the external environment was found to influence such practices as recruitment, promotion and placement.

CHAPTER V

SUMMARY AND CONCLUSIONS

INTRODUCTION

This final chapter will summarise the findings in the previous chapter and also draw conclusions of the study. A few suggestions, too, will be provided. Since the study, as was described earlier, was mainly descriptive, the conclusions will necessarily be general. It will be shown how the findings of this study compare with those of studies conducted elsewhere.

SUMMARY

Management Consultancy Services.

The following variables were found to influence the use of management consultancy services by Kenyan organisations:

- (i) The competitive nature of the market;
- (ii) The technology used in that industry,
- (iii) The ability to hire experts on a permanent basis;
- (iv) The ability to get experts from parent companies, in the case of multinationals.

It was found that the hotel industry had the highest consultancy user rate. This was due to the fact that it competes in the international tourism market with similar hotels in the developed countries - hence the constant need to give the best services. Where there was a sellers' market like the Motor Industry there was found to be minimum use of consultancy services. Similarly, the Agricultural Industry was found to have minimum use of these services because of its uncompetitive nature. The marketing (both local and export) of major agricultural commodities like coffee, tea, maize, cotton and pyrethrum is done through parastatal bodies. These findings agree with other studies which have

found that use of consultants is influenced by the degree of competition in the market place.¹

The study indicated that the nature of technology in the industry affects the need for consultancy services. The highest use of consultants was found in engineering, production and technical areas. This is most likely due to inability to hire such professionals on a permanent basis. Those firms which could avail themselves of expertise from parent companies had less need for local consultants.

Among other reasons, consultants were hired due to the following reasons:

- (i) Lack of qualified staff in the organisation;
- (ii) Conditions imposed by donor agencies to parastatal and governmental organisations that consultants must be hired to do feasibility studies before granting of loans and aid;
- (iii) For training client organization's staff.

These reasons have also been found to be major considerations when hiring consultants in other developing countries.² This study also reinforced results from studies elsewhere that small organizations use less of consultancy services than large ones.³ Small firms were found to be using less of these services because it "was very expensive" and some had no knowledge of the existence and role of management consultants. This finding is unfortunate because it is the small firms that probably need these services most, especially in areas of accountancy, marketing and control systems.

¹See, for example, A.R. Negandhi and S. Prasad, Op. Cit. PP.75-81.

²See, for example, F.Flores, Op.Cit., PP. 83-89; and G.E. Caiden, Op.Cit., P. 102.

³See, for example, J.P. Martin - Bates Op.Cit., PP. 354-357.

⁴See, for example, Kariuki Ngotho, Op.Cit., PP. 210-211.

The study also found that client organizations' experience with past consultancy services were favourable and that most were interested in hiring them in the future. This suggests that consultants are perceived to play a positive role in organizational development in this country.

Transfer of Management Technology.

Size of organizations was found to be an important factor in the use of modern management methods. It was shown that the larger the organization, the greater the pressure to rationalize its activities through the application of advanced methods like planning, training and use of computer systems. Studies carried by Shetty and Kariuki in India and Kenya respectively also found that size was a determining variable in the application of these methods.⁵ It can be inferred, therefore, that the use of these advanced techniques will increase with the increase in the size and complexity of organisations in any country.

Many firms in Kenya, as is the case in most of the developing countries, are family owned and managed by either the family or group of friends.⁶ These firms tend to have complex organizational structures with interlocking top managerial positions and departments, hence it becomes very difficult to determine where authority and responsibility rests. This runs contrary to modern management requirement of the application of the "principle of unity of order giving" - that orders concerning a particular operation should be received from one person only.⁷

⁵See, Y.K. Shetty, Op.Cit., P. 74; and Kariuki Ngotho, Op.Cit., PP. 215-216.

⁶F.E. Cotton, Op.Cit., P. 64.

⁷G.R. Terry, Principles of Management (London: Richard Erwin, Inc., 1969) P. 485.

This study found that the application of modern management techniques in an organisation will, to a large extent, be determined by the human and capital resources that it possess. The two case studies showed that there was difficulty in getting qualified personnel in the specialized areas of business, and a general lack of financial resources with which to recruit, train, and retain such personnel. Lack of manpower and capital resources limited the ability of management to apply advanced forecasting, budgetary and control methods.

This relationship between human and capital resources and the use of advanced management methods has also been noticed in Europe and North Africa. It has been found that lack of industrial engineers in firms of some of these countries impaired the transfer of management technology because of the inability to design effective and integrated management systems.⁸ Similarly, in Turkey, it has been shown that lack of qualified staff is an impeding factor in the adoption and application of advanced management methods. Where Turkish managers acquired advanced management knowledge during their graduate business education course in the U.S. they were handicapped in the application of such techniques by lack of physical facilities like computers.⁹

It can be concluded, therefore, that lack of qualified personnel and capital with which to purchase physical facilities are significant handicaps in the transfer of management methods not only to Kenya but to other countries in the developing world. The application of certain advanced management techniques must necessarily be complemented by the availability of trained manpower and physical facilities.

⁸ F.E. Cotton, Op. Cit., P. 64.

⁹ S.Yavas and T. Rountree, Op.Cit., P. 77.

Culture was found to affect the ability of Kenyans to experiment and adopt new management methods. It was found that resistance to change was due to several reasons. In government and parastatals, change was resisted due to the general incompetence (inability) of top management who normally would be expected to initiate change.¹⁰ Change had also been resisted in the two case study companies when a computer and new management systems were being introduced. Sherif, in a study of the less developed countries also found that introduction of new methods tended to generate labour opposition.¹¹ It has been found that it normally requires time before people can effect major changes.¹²

Further, this study revealed that the meaning of organizational work and the attitude towards such work of the Kenyan manager is different from that in the Western World. The commitment of the Kenyan manager to his work was found to be affected by the fact that he normally had strong links with the rural area where he had land and part of his family. This brought about "dual commitment". An individual who views his industrial employment as temporary would be less inclined to sacrifice to acquire and apply new management methods.

Those management functions that require impartiality were found to be more difficult to observe in Kenya's cultural setting. Tribal considerations and the pressure of the extended family were found to be strong determinants in the recruitment, selection, promotion and training processes. Even the Ndegwa Commission, an official government publication, acknowledged that appointments and promotions in public companies

¹⁰D.N. Ndegwa, Op.Cit., P.88.

¹¹A.F. Sheriff, Op.Cit., P.139.

¹²S. Ginzberg and D. Reilley, Op.Cit., P. 209.

are mostly influenced by factors that have no direct relationship with merit.¹³ Other studies carried in the Phillipines and India came to similar conclusions - that objectivity and fairness were not the major considerations in selection and promotion.¹⁴

This study found that modern financial practices have been adapted to suit the local conditions. In granting loans to farmers, financial institutions have had to compromise on the security requirements. The concept of having title-deeds on land is a recent development. Many individuals still own farms without title-deeds. These financial institutions have had to do without title-deed requirements and use Chiefs and District Officers as their security for loan recovery purposes. It was indicated that there was a general shortage of accurate and up-to-date statistics on economic conditions. Hence financial institutions have adopted modern financial management methods to suit this local shortcoming on data. Studies in other developing countries have also shown that lack of reliable data makes it difficult to assess the credit-worthiness of borrowers using modern financial management techniques.¹⁵

Kenya's educational system, especially the pre-colonial one was not geared to the production of graduates of a managerial calibre. It served the purpose of producing clerical staff for the then administration. Although there have been changes in the education system after Independence, these changes have been small and are yet to have some impact on management practices in Kenyan organizations. Since top managerial positions are still occupied by products of the pre-independence educational system it follows that the

¹³ D.N. Ndegwa, Op.Cit., P 209.

¹⁴ F.Flores, Op.Cit., P. 34.

¹⁵ Michael, Chaput, Op.Cit., PP. 22-25.

adoption and application of advanced management methods must be slow. Studies in other developing countries have found that the pre-independence education system was not directed to the training and development of professional managers. Lee Comments that the education system was characterised by memorizing and drill.¹⁶ Onyemelukwe explains that the aim of education was to make the African a subordinate to the European.¹⁷

Finally, the economic environment in which organizations find themselves in Kenya is relatively uncompetitive, like is the case in most of the developing countries.¹⁸ This is due to import restrictions, protection of monopolies by the government and few entrants in certain industries. The effect of this is the creation of a sellers' market which has been found not conducive to the experimentation and application of advanced management methods.¹⁹

¹⁶J.A. Lee, Op.Cit., P. 19.

¹⁷C.C. Onyemelukwe, Op.Cit., P. 27..

¹⁸A.R. Negandhi, Op. Cit., PP. 53-59.

¹⁹A.R. Negandhi, Op. Cit., PP. 53-59.

CONCLUSIONS AND SUGGESTIONS

On the scope of management consultancy, the findings agree with the pre-survey expectations, that is:

- i) Not many firms use consultancy services in Kenya;
- ii) Smaller firms use it less than bigger ones;
- iii) Use of consultancy services is concentrated on a few areas - production, engineering and accountancy;
- iv) Management consultancy "profession" is still at its infancy in this country. It was seen that it is, in many cases, an off-shoot of accountancy firms and that most have been in existence for less than 10 years.

To improve the contribution of consultants in this country, the author suggests that consultants should engage in direct advertising of their services. At the moment they refrain from doing this in the name of "professional ethics."

Advertising would ensure that potential clients who do not know their role and the services they provide are enlightened. The survey found that this ignorance was widespread especially among small firms.

The study revealed that there was a general bias for foreign consultants, especially by international agencies and multinational companies. The government should, therefore, promote the development of indigenous consultants by tendering consultancy contracts to them. This would also help reduce the technique-peddling tendencies of foreign consultants, and the loss of foreign exchange through the employment of foreign consultants.

To uplift and maintain a high professional status, an Institute of Management Consultants should be established. It should be charged with the responsibility of introducing written examinations as part of the criteria for assessing potential members. This would discourage some unscrupulous individuals who set up offices as consultants without having

the qualifications nor the experience for the job. This has been detrimental to the image of the many dedicated and qualified individuals in this "profession".

To encourage the implementation of systems and techniques recommended by consultants, those who initiate consultancy work in client organizations should consult with those who will be required to execute the systems recommended. The commitment of those who will be required to execute the recommendations is normally won when they are briefed or consulted before consultants are hired. This case was proved by the fact that the acceptance and implementation of consultants' recommendations were lowest in the public sector where the decision to hire consultants is normally political, originating in parliament.

Finally, consultants should engage in a form of "price discrimination." Large and financially stable firms should be charged higher fees than the small and financially weak. The dictum should be "each according to his pocket." A major complaint among small firms was that consultancy fees were too high.

On the transfer of management skills, the results of this study agree with earlier expectation that certain environmental factors affect the adoption and application of these techniques. It must be remembered that the development and application of these methods presupposes certain cultural, social, political and economic systems which are alien to countries like Kenya.

It would be misleading to think, however, that these advanced methods of management have been unacceptable in Kenya. On the contrary, they are being practised. What this study has found is that they have not been accepted and practised wholesome. For example, the decision to advance a loan by a Finance Company is not solely determined by Western

financial practices as was seen earlier. Similarly, the recruitment and selection of personnel does not fully undergo the rational and objective process that it would in the Western World.

Universalists contend, and rightly so, that the functions of management are universal. However, how they are applied tend to differ from one environment to another.

APPENDICES



UNIVERSITY OF NAIROBI

FACULTY OF COMMERCE

APPENDIX A

Telephone: 334244

Telegrams: "Varsity" Nairobi

Ref:

Ref:

P.O. Box 30197

Nairobi, Kenya.

14th February, 1980

TO WHOM IT MAY CONCERN

I wish to kindly ask for your co-operation in this survey which is being undertaken by members of this Faculty. The intention of this survey is to generate information on the scope of management consultancy and the transfer of management technology in Kenya.

It is hoped that the information generated from your organization will help towards furthering knowledge in the above mentioned areas. This knowledge is likely to be useful for teaching purposes in this institution and for aiding practising consultants in this country in their approach towards management consultancy work.

Your co-operation will be highly appreciated,

Yours faithfully,

D. N. NZIMO

DEAN, FACULTY OF COMMERCE.

APPENDIX B

Consulting Services Questionnaire

The purpose of this questionnaire is to help establish the scope and nature of consulting services extended to Kenyan organizations in the last five years (since 1975 up to the present). The survey includes services aimed at long-range development, operational problem-solving as well as contract or investment negotiations but excludes individual staff development which do not form part of a wider consultancy service effort.

If your organization is a subsidiary of a foreign corporation we would like you to include references only to those initiatives for consulting services taken by the Kenya based organization.

If your company has made no use of consulting services in the last five years we would still like you to fill in your reply to Questions 8 - 13.

Please feel free to use the space at the end of each question to comment on any aspects of the questions that help to clarify your answer. For comments on the questionnaire use space at the last page.

1. Please put a check mark (x) to indicate the number of times consulting services have been used since 1975 in any of the following fields.

NOTE : If there is any overlap please check the category which most closely identifies the field in which consulting services were applied.

	None	One	Two	More
a. Solving technical problems:				
- engineering	_____	_____	_____	_____
- production (operations)	_____	_____	_____	_____
- accounting (financial management)	_____	_____	_____	_____
- other (specify) _____	_____	_____	_____	_____

	None	One	Two	More
b. Strategic planning: (consideration of long-range objectives and deciding what resources will be devoted for their accomplishment)	_____	_____	_____	_____
c. Organizational design (reorganization)	_____	_____	_____	_____
d. Organizational policies and procedures:				
- related to personnel	_____	_____	_____	_____
- related to finance	_____	_____	_____	_____
- related to marketing	_____	_____	_____	_____
- other (specify) _____	_____	_____	_____	_____
e. Control systems:				
- budgetary control systems	_____	_____	_____	_____
- non-budgetary control systems (for quality control, etc.)	_____	_____	_____	_____
f. Finance, taxation, contract or investment negotiations	_____	_____	_____	_____
g. Organizational development manpower development	_____	_____	_____	_____
h. Industrial relations	_____	_____	_____	_____
i. Management information system	_____	_____	_____	_____
j. Legal aspects of business	_____	_____	_____	_____
k. Other (specify) _____	_____	_____	_____	_____
Comments: _____				

2. In this question, the letters from (a) to (k) refer to the type of consulting service specified in Question One. Thus (e) stands for consulting services relating to control systems, (h) to industrial relations, etc. Please circle the appropriate letter in relation to each consulting service identified in Question One.

Type of consulting organization used:

- | | |
|--|-----------------------|
| - Private firm with headquarters in Kenya | a b c d e f g h i j k |
| - Private firm with headquarters outside Kenya | a b c d e f g h i j k |
| - Company headquarters overseas | a b c d e f g h i j k |
| - University | a b c d e f g h i j k |
| - Other (specify) _____ | a b c d e f g h i j k |

Comments: _____

In answering 3-8 please put a check mark (x) at the appropriate category.

3. Has the experience in your company been to:

- use the same consulting firm _____
- use more than one because of unsatisfactory outcome of services _____
- use more than one because of different needs _____

Comments: _____

4. The bulk of the consulting services used by your company in the last five years have been used to:

- solve existing problems _____
- help in dealing with new developments or expansion _____
- overcome the problem of manpower shortage _____
- other (specify) _____

Comments: _____

5. The initiative for using consulting services in your company normally comes from:

- Board of Directors _____
- Managing Director _____
- General Manager _____
- Other senior manager _____
- Company headquarters (Holding company) _____
- Someone in the consulting firm _____
- Other (specify) _____

Comments: _____

6. Looking at the experience with consulting services in your company how much use has been made of these services: (If experience of more than one consulting activity indicate average outcome).

- All recommendations accepted and implemented _____
- All recommendations accepted and some implemented _____
- Most recommendations accepted and some implemented _____

- Some recommendations accepted and some implemented
 - Some recommendations accepted and none implemented
 - None of the recommendations were accepted
- Comments: _____

7. In general, in terms of returns in monetary value and benefits for organizational development how does your company consider the experience of consulting activities since 1975:

	For monetary value	For organizational development
--	--------------------	--------------------------------

Extremely valuable

Very valuable

Of average value

Of limited value

Of no value

Comments: _____

8. How do you assess your company's interest in consulting services in the future?

Very interested

Interested

Somewhat interested

Not interested

Comments: _____

9. Please rank in order of importance the five most crucial areas in which your company might be interested in using consulting services in the near future: (Please feel free to use other categories than those used in Question One).

1. _____
 2. _____
 3. _____
 4. _____
 5. _____
- Comments: _____

10. How long has your company been operating in Kenya?

- less than two years
- 2 to 5 years
- 11 to 20 years
- more than 20 years

11. How many individuals are employed by your company at present?

- less than 50
- 50 - 99
- 100 - 199
- 200 - 499
- 500 - 999
- 1000 - 1499
- 1500 - 1999
- 2000 and more

12. What is the name and address of your company?

13. Name and position of the person filling out this questionnaire:

Date: _____

General comments on questionnaire: _____

APPENDIX C

MANAGEMENT CONSULTING FIRMS'
QUESTIONNAIRE

I. Questions Relating to the Company:

- (a) Please, could you tell us something about your company?
- (b) Are you a locally owned company or just a subsidiary of a foreign firm?
- (c) Do you have branches in other towns?
- (d) What would you say are the right or ideal qualifications/ experience that a consultant should possess?
- (e)
 - (i) How many people are in your employ?
 - (ii) How many of these do the actual consulting work?
 - (iii) Do they all work full time or you have some agreements of cooperation only?
 - (iv) How many are professional management consultants as opposed to, say, professional accountants?

I. Questions Relating to the Scope of their Activities:

- (a) Could you tell us what are the major activities of your company?
- (b) (Note-Not ask) A reminder of the role of management consultants.
- (c) Who would you say constitute your major clients: multinationals? Government? Parastatals? Big local firms? Small firms?

II. Questions Relating to General Approach to Clients:

- (a) Could you describe the general approach you use in your work? i.e. steps or procedure guiding your work.
- (b) How do you go about getting your clients? i.e. do you engage in self-promotion or advertising?
- (c) Do you accept every client? If not, What is the criteria for selection?

IV. Questions Relating to the Transfer of Management:

- (a) What has been your experience in working with Kenyan clients?
- (b) How do you compare your Kenyan clients with others (foreign)?
- (c) What difficulties have you encountered in having your recommendation successfully accepted?
- (d) How far do you think these modern management methods and principles have been accepted here?

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- (e)
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- (a) Could you tell us what are the major activities of your company?
- (b) (Note-Not ask) A reminder of the role of management consultants.
- (c) Who would you say constitute your major clients: multinationals? Government? Parastatals? Big local firms? Small firms?

II. Questions Relating to General Approach to Clients:

- (a) Could you describe the general approach you use in your work? i.e. steps or procedure guiding your work.
- (b) How do you go about getting your clients? i.e. do you engage in self-promotion or advertising?
- (c) Do you accept every client? If not, What is the criteria for selection?

IV. Questions Relating to the Transfer of Management:

- (a) What has been your experience in working with Kenyan clients?
- (b) How do you compare your Kenyan clients with others (foreign)?
- (c) What difficulties have you encountered in having your recommendation successfully accepted?
- (d) How far do you think these modern management methods and principles have been accepted here?

APPENDIX D

CASE STUDIES' INTERVIEW SCHEDULE

Only departmental Managers to be interviewed.

A: On Management Consultancy:

- Background information of the organization.
- The role of the department in the Organization.
- Any past experience with Consultants?
- If yes, how often; and in what fields; where were the consultants hired from; where did the decision to hire them originate from; an evaluation of past consultancy work.

B: Transfer of Management Technology:

Probe in the use and problems of modern management methods in the organization.

- Planning techniques and type of plans used;
- Organizational policies and procedures related to:
 - personnel
 - finance, and
 - marketing.
- Control Systems;
 - budgetary control systems
 - non-budgetary control systems.
- Manpower development;
- Industrial Relations;
- Management Information Systems;
- Legal aspects of business
- Finance and Investment policies
- Recruitment, Training, Placement and Promotion procedures
- Other management practices.

V. If we take that most of the management techniques have been developed in the West, do you think those techniques are transferrable to the Kenyan environment?

VI. Future Role:

(a) Do you have any idea of what the future trends in consultancy might be in Kenya?

(b) What areas might it concentrate or widen to?

VII. Is there anything else you wish to add?

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