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2016
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Perceived barriers to successful tendering by small management consulting firms in the South African public sector

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, March 2016

ABSTRACT

There is a demand for management consulting services by both the private and public sector in South Africa; however the market is primarily dominated by the large management consulting firms. This is due to a perception of value within the industry that is based on certain attributes, which places large management consulting firms at an advantage over the small management consulting firms, thus creating a perceived barrier for these small management consulting firms in general.

Focusing specifically on the public sector, the tender system employed to procure services from private firms, uses specific evaluation and rating phases that are based on those attributes perceived as value, which creates the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

The purpose of this study is to identify and analyse the attributes that are perceived as value in the management consulting industry which create the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

Quantitative research methods were used to analyse the attributes that were identified from the theory and literature via a Conjoint questionnaire used to collect data from respondents. Conjoint Value Analysis (CVA) specifically was used to analyse the importance of each attribute as well as the utility levels for each. A T-Test was then conducted to assess whether there is a statistically significant difference in perception of value amongst the attributes between the public sector entities and the small management consulting firms.

The results are that the perception of value as shown by the utilities of the attributes, tend towards the favouring of large management consulting firms as opposed to small management consulting firms and that there are significant differences in the perception of value between the small management consulting firms and the public sector entities for a couple of the attributes.

The study provides an insightful understanding of the perception of value within management consulting in that there is a preference towards large management consulting firms, as well as that there is a common understanding of what value is perceived to be for certain aspects but not for all, signalling that there are different levels of perceived value placed on certain attributes in terms of their importance in the creation of the perceived barriers to successful tendering by small management consulting firms in the South African public sector

DECLARATION

I, ROSHEN PAHALADH, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

ROSHEN PAHALADH 

Signed at …Edenvale……

On the …29th…….. day of …March…… 2016….

DEDICATION

To my wife, Veneshree, my parents and the rest of my family; for all the sacrifice made, love, support, encouragement and endless patience provided

AND

To my loved ones who have passed on, thank you for the profound effect you have had on my life and the silent guidance you still provide

ACKNOWLEDGEMENTS

I would like to extend my sincere thanks and appreciation to:

- My wife, Veneshree, for the sacrifices she has made, for being my pillar of strength, for providing me with motivation, encouragement, endless support and love through my MBA studies
- My parents and family for their patience, understanding, acceptance and support during my MBA studies
- Professor Anthony Stacey, for his unsurpassed guidance, assistance and invaluable input in the compilation of my research report, as well as his open door policy during my MBA studies
- Mr Neale Penman, my Supervisor, for his thought, advice and work on this project
- Mr Eric Viljoen, for all his assistance with data collection and analysis
- My classmates for making the MBA a riveting experience
- All my friends for the assistance when required, through this journey
- All the respondents for their time taken to participate in this study
- Wits Business School for ensuring that I, as an individual with a Wits MBA; have the Edge

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CHAPTER 1. INTRODUCTION

1.1 Purpose of the study

The purpose of this research is to identify and analyse the perceived barriers to successful tendering by small management consulting firms in the South African public sector. Essentially, the research proposes what these perceived barriers to successful tendering are for small management consulting firms, through certain attributes which are then analysed using the perception of value of these attributes by both the small management consulting firms and the public sector entities using them. Furthermore, the research provides insight into the comparison of the perception of value of these attributes between the small management consulting firms and the public sector entities as well as the levels of importance placed on the different attributes proposed, leading to the understanding of the level of impact the attributes have as perceived barriers to successful tendering by small management consulting firms in the South African public sector.

1.2 Context of the study

The industry of management consulting has great importance as management consultants assist businesses to better their present performance and shape their strategies for the future and over several years, many organisations have used the services of management consulting firms and have found much benefit from them (Oosthuizen, 2003). The benefit alluded to, refers to the perceived value that these management consulting firms provide to their clients as is expected from management consulting firms, therefore clients pay for the perceived value of the service (Srinivasan, 2014).

The global trend was that large global consulting firms dominated the industry with a rise in demand, partly due to globalisation which led to a growth in the need for consulting services by many organisations (Simon & Kumar, 2001). Oosthuizen (2003) mentions that the South African management consulting industry followed the global trend closely, being dominated by large management consulting firms and that it was the introduction

of South African business to the global markets again that caused uncertainty and thus the need for advice from consultants. This is also acknowledged by Smith, Van Vuuren, and Visser (2003).

The growth in need for consulting firms experienced in South Africa can be attributed to the need for fast and effective responses to new trends with creative services and products which led to the introduction of several new, small consulting firms (Oosthuizen, 2003). Despite the increase in number of small management consulting firms, it is the large management consulting firms that still dominate the market globally (Srinivasan, 2014) and in South Africa, which can be credited to certain attributes inherent in large management consulting firms, as these are understood to be of a higher value which enables the provision of a higher level of value as perceived by their clients as opposed to the small consulting firms that do not have such, thus creating perceived barriers to success for these small management consulting firms in general (Oosthuizen, 2003).

Private companies were not the only users of management consulting services as the public sector also turned into a large user of management consulting due to the South African public sector undergoing many changes, as there was a need to contend with the exposure to international markets, therefore many private companies as well as the public sector required the services of management consulting firms (Oosthuizen, 2003).

Wenzel (2007) indicates that the public sector required projects which were to be conducted through contracts with large companies, namely international firms that provided services to government, in order to ensure service delivery to the South African public. The required public sector projects utilise public procurement policies and procedures that are based on a national tender system that employs certain processes with which to evaluation, rate and assess companies tendering for the contract with government, as well as Black Economic Empowerment (BEE) status (Southall, 2004). Although the tender process for government procurement of services is built on the premise of growing Small, Medium and Micro Enterprises (SMMEs), it is found that there are a number of aspects that actually obstruct SMMEs and prevent these small companies from having completely free and equal opportunities when competing for public sector contracts (Rogerson, 2004). Furthermore, it has been found that the public sector processes and procedures pose certain difficulties and/or barriers to small

management consulting firms. In addition to this, the public sector became too dependent on consultants, spending large amounts for their services (Oosthuizen, 2003) amounting to tens of billions of rand spent in recent years which led to the South African government aiming to reduce such, despite the high growth and need for management consulting services in the public sector (Corke, 2015).

Overall, there exists a need for management consulting firms globally and in the South African public sector, however, small management consulting firms are at a disadvantage from the outset (in general) due to certain value add attributes inherent and provided by large management consulting firms, as perceived by their users. This perception of value plays a large role in allowing the large management consulting firms to benefit from these attributes when conducting business in the South African public sector as the tender system used, accounts for the evaluation of firms according to the perceived value attributes mentioned earlier. Hence, this creates obstructions in the government procurement system of tendering that hampers the successful tendering by small management consulting firms in the South African public sector. Moreover, the fact that there are administrative issues in the government procurement process and that government looks to reduce its spending on consultants, places small management consulting firms in a position of greater difficulty regarding successful tendering to government.

Therefore, this research identifies and analyses these perceived barriers to successful tendering by small management consulting firms within the South African public sector.

1.3 Problem statement

1.3.1 *Main problem*

The central problem that this research focuses on is identifying and analysing the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

This problem requires an understanding of the management consulting industry, in general and in South Africa; the need for management consulting services; what is

perceived as value in the management consulting industry and thus provided by management consulting firms, placing larger management consulting firms at an advantage over the small management consulting firms through the perception of this value, thus creating the perceived barriers for small management consulting firms in general.

An overall description of the pressures / challenges with the South African public sector procurement policies is provided to reveal the general trials facing small management consulting firms in the South African public sector and a high level understanding of the South African public sector tender system is required, to elucidate how the perception of value as alluded to, actually leads to the creation of the perceived barriers, not only in the general sense, but also barriers to successful tendering in the South African public sector for small management consulting firms.

1.3.2 *Sub-problems*

1.3.2.1. Sub-problem 1

The first sub-problem is to identify the attributes that are perceived as value within the management consulting industry in general, and how these perceived value attributes within the tender system, lead to an overall perception of value that places larger management consulting firms at an advantage over small management consulting firms, thus creating a perceived barrier to successful tendering in the South African public sector for them.

1.3.2.2. Sub-problem 2

The second sub-problem is to assess and/or compare the perception of value based on the attributes identified, between the small management consulting firms and the public sector entities to ascertain whether there are significant differences of perceived value within management consulting between the different groups, in terms of the level of importance placed on each attribute in the creation of the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

1.4 Significance of the study

A relatively small amount of literature exists, covering theory and concepts regarding management consulting and there is a lack of theoretical explanation on consulting firms as well as consultant activities (Oosthuizen, 2003).

Management consulting as an industry has grown due to turbulent business environments over the recent past as well as the need for businesses to become more flexible, fast and innovative, thus creating the need by businesses to employ the services of management consulting firms (Oosthuizen, 2003; Simon & Kumar, 2001).

In South Africa, the need for consulting firms grew due to the change in the way business had to be conducted as a result of exposure to international markets post 1994 and so both private and public sector use of consulting firms grew in order to survive and deliver service to the public respectively, however, the public sector became too dependent on consultants spending large amounts for their services (Oosthuizen, 2003).

Given the above, the purpose of this study is to expand on the relatively small amount of knowledge of what management consulting is, the type of services offered and needed in terms of its perceived value with particular focus on the South African public sector.

A brief understanding of the South African public sector begins with the new legislation in South Africa, following the 1994 elections which was focused on conducting large projects headed by big businesses (Wenzel, 2007). This led to the South African landscape being dominated by big firms and large international consulting companies (Oosthuizen, 2003) due to the fact that they have offices around the globe as well as a good reputation (Gross & Poor, 2008). Although a number of small management consulting firms have entered the market, they find it difficult to succeed in a market that is dominated by the large management consulting firms that have several perceived value adding attributes that place them at an advantage in terms of being chosen for provision of services as compared to the small management consulting firms (Oosthuizen, 2003).

Companies are chosen through procurement policies which facilitate the use of the tender system in order for government departments to procure services from these

companies as required (Southall, 2004), but there are many impediments hampering the success of small management consulting firms in actually winning tenders with specific regard to the tender process itself (Rogerson, 2004). The tender evaluation system used, adds to the difficulties for small management consulting firms to be successful when tendering for contracts with government (Iheduru, 2004) as some of the many criteria used are aligned to those attributes that are perceived as valuable and thus, place large management consulting firms at an advantage.

Although government spend on consultants is extremely large, administrative issues led to unaccountability of consultant use, and lack of transparency on the process as to whether any small management consulting companies are actually being used or not (Bolton, 2006), and thus this large government spend on consultants led to a call for a reduction in this amount being made, by eradicating those consulting firms that are not required and only using those firms that are really needed by government (Mbanjwa, 2013b), creating an additional issue about which small management consulting firms need to be aware.

Encapsulating the above, it is understood that there are challenges faced by small management consulting firms in the South African public sector due to the perceived value alluded to, as well as public sector processes and obstacles that have risen from the governments' high level use of management consulting firms.

Therefore, in addition to providing an understanding of management consulting and its use in the South African public sector as discussed earlier, the research focuses on actually identifying and analysing the attributes that are perceived as value in management consulting, that place large management consulting firms at an advantage compared to the small management consulting firms as well as the aforementioned in terms of providing an understanding of the difficulties facing small management consulting firms with regards to public sector procurement, in general, the procurement and/or tender system/process for government departments, and the resulting perceived barriers for small management consulting firms in this process, due to the attributes that are perceived as valuable, leading to minimum or no success when tendering for contracts in the public sector.

As an outcome of the identification and analysis of these perceived barriers to successful tendering by small management consulting firms in the South African public sector, the study also provides a comparison of the attributes perceived as valuable (which create the perceived barriers) between the public sector entities and small management consulting firms' perceptions of value based on such.

As a result, this study may be helpful to small management consulting firms as well as to those individuals who are pursuing a new venture within the management consulting industry with regard to the consulting landscape in South Africa and will provide guidance to them on the need to be aware of the perceived barriers to successful tendering in the South African public sector.

Furthermore, it is hoped that the study can provide useful information to government departments on what the perceptions are regarding the status of the promotion and use of small management consulting firms in the public sector, under the realms of small business development and support provision targets and possibly create awareness on the issues/challenges with the tender system/process and how small firms are actually placed at a disadvantage in this industry.

1.5 Delimitations of the study

- This study focuses on the management consulting industry in South Africa with specific reference to the public sector and further emphasis on small management consulting firms in this industry
- An effort has been made to limit a respondent's participation based on their position within their respective organisation where the research sample used includes:
    - Information from able and willing employees at engagement manager level and upwards involved in the decision making process regarding processes of business interaction in the public sector, within these small management consulting firms
    - Information from able and willing employees in the supply chain and/or procurement divisions involved in the decision making processes for

procurement of services from private companies within governmental departments

- The geographical location of the study is the Gauteng province in South Africa and data were collected via surveys/questionnaires
- The research is somewhat limited by the lack of in-depth information focus regarding the holistic public sector procurement laws and regulations and is more focused on the tender system used and is therefore exploratory in nature as opposed to exhaustive
- Application and use of general and global business knowledge and literature within the management consulting industry was used for the purpose of comparison and emphasis to enhance the effect of this study
- Although the application of findings and recommendations may apply globally, the South African context must be accounted for, in terms of industry / market conditions as well as public sector / government profile

1.6 Definition of terms

Management consulting industry

- Industry in which objective and independent advice is provided by qualified persons to people or clients with management responsibilities in order to help them identify and analyse management problems or opportunities (Oosthuizen, 2003, p.17).

Management consulting

- The provision of professional services to clients in order to improve business performance through the use of acquired expertise and can be compared to other professional services, such as engineers and teachers, to mention a few (Greiner & Ennsfellner, 2010).

Small business / Small, Medium, Micro Enterprises (SMMEs)

- As defined in Section 1 of the National Small Business Act of 1996 as amended by the National Small Business Amendment Acts of 2003 and 2004 (NSB Act):

"a separate and distinct business entity, including co-operative enterprises and nongovernmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy" (Mahembe, 2011, p.24).

1.7 Assumptions

The following assumptions have been made regarding the research:

- The current state of government departments i.e., cutting spend on consultants did not adversely affect the outcomes of the research, as this could create doubt in the minds of government department participants who wanted and needed to use small management consulting firms
- All small management consulting firms used in the study had a recognisable BEE status level and were South African owned, as this would nullify the management consulting company from being eligible to actually tender for projects with government
- There were no relations between the senior members of either organisation (consulting firm and government department), as this may have resulted in a subjective perspective and/or information provided
- The tender system process did not change prior to the end of the research i.e., there was no new practice note and/or amendment to the policy and process, as this could change the way in which the tender process is executed and lead to improper data and analysis
- The perception of value in general applied at the same level to both the private sector and public sector of the management consulting industry in terms of what management consulting firms and governmental departments perceive
- All participants provided information openly and honestly
- All participants in combination were able to provide a representative view of small management consulting firms in the public sector, as this could have been misrepresentation if not sampled correctly

- All participants from the management consulting firms had a fair knowledge of the tender process, as this could have led to a subjective and a biased view on government / public sector
- All participants from the government departments had a fair knowledge of management consulting firms and small business and development targets, as this could have led to a subjective and a biased view on small management consulting firms

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

The literature review provides an understanding of what management consulting is, including the services provided, the growing need for these services and perception of the value of these services. More specifically, the literature review surfaces what these perceived values are and how these create a barrier to success for small management consulting firms in general. The literature review also provides information on South African public sector procurement with specific reference to the tender system regarding the procurement of services from private companies, showing how the perception of value of management consulting services actually creates a barrier to successful tendering by small management consulting firms in the South African public sector over and above the current issues facing small management consulting firms within the public sector.

The first section provides an overview of management consulting, the growth of it and establishes the case for perceived barriers to successful tendering by small management consulting firms in the South African public sector.

The second section then explores the perceived value of management consulting services by examining what value means, followed by what is perceived as value in the management consulting industry and how this perception of value creates a perceived barrier to success for small management consulting firms in general, by inherently placing large management consulting firms at an advantage. Literature on value propositions and value creation is discussed in order to understand which attributes are perceived as value in the services provided by management consulting firms, actually placing large management consulting firms at an advantage compared to small management consulting firms and the attributes referred to that are perceived as value are identified.

The third section focuses on the South African public sector by looking at the current challenges facing small management consulting firms in the public sector with regard to the procurement policies / procedures in general, and then focuses on the actual procurement mechanism used to procure services from private companies, namely the tender system, and expresses how the perception of value within the management consulting industry as identified earlier, actually leads to the tender system (criteria assessed during evaluation) creating perceived barriers to successful tendering by small management consulting firms in the South African public sector. This is done by providing the criteria that are assessed during the evaluation process of the tender system and matching these to the attributes that have been identified earlier as perceived value, thus creating the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

A consolidation of the sections above then lead to the research propositions being developed, providing the reasoning behind the study and what is to be analysed.

2.2 Management consulting

2.2.1 *What is management consulting*

The roots of management consulting can be traced back to the late 19th century and began its true form in the early 1900's (Gross & Poor, 2008). Oosthuizen (2003, p. 17), cites Barcus and Wilkinson (1995) as well as Kehayas (2001), who provide the following definition of what the management consulting industry is understood to be: "The provision of objective and independent advice by qualified persons to people or clients with management responsibilities in order to help them identify and analyse management problems or opportunities". Furthermore, management consulting is understood to be the provision of professional services through advice and specific solutions that assist client management in decision making (Løwendahl, Revang, & Fosstenløkken, 2001), in order to improve business performance through the use of acquired expertise and can be compared to other professional services, such as engineering and teaching, to mention a few (Greiner & Ennsfellner, 2010).

However, Oosthuizen (2003) maintains that despite the above understanding, it is still difficult to provide a pure definition of management consulting due to the wide range of services offered. In reference to the prior statement regarding the services offered, management consulting started off with a focus on technology in the engineering field as well as administrative advice and moved onto the formulation of corporate strategy and services in financial and operational assistance (Gross & Poor, 2008).

From the outset, management consultants have been understood to be knowledge agents and problem solvers as part of their core service provision to their clients and are looked towards for the provision of advice in many areas of business and usually comprised generalists, specialists as well as local experts (Gross & Poor, 2008). These many areas of business include, but are not limited to, HR, Operations, IT, Strategy, Supply Chain Management, Finance, Customer Relations,

and much more (Gross & Poor, 2008).

2.2.2 *The management consulting industry*

Many technologically and financially based companies diversified their services into management consulting by acquiring other existing players in the advisory market, creating large management consulting organisations that dominate the market today (Gross & Poor, 2008). One of the possible reasons as to why the market is dominated by large management consulting firms could be that they are better suited to providing a wider range of services as compared to the more specialised smaller firms and that companies between the ages of 15 and 75 years have the greatest chance of survival (Gross & Poor, 2008).

Large management consulting firms dominate the market as they have a global presence by having offices around the world (Oosthuizen, 2003). Gross and Poor (2008) agree with this as they state that the large management consulting firms have offices in several countries across the globe.

Oosthuizen (2003) states that the small management consulting firms in the market are usually as a result of experienced consultants breaking away from the large management consulting firms and maintains that it is fairly easy to enter the industry but

difficult to succeed, especially for small management consulting firms. Furthermore, according to Simon and Kumar (2001, p. 363), "almost 90 per cent of all management consulting firms fail in their first five years".

Following on from the aforementioned, the South African management consulting market is also dominated by the large global management consulting firms (Oosthuizen, 2003).

2.2.3 *Growth and importance of management consulting*

The consulting industry has grown exponentially financially with certain factors contributing to this, such as administrative science, accounting, IT and industrial research (Gross & Poor, 2008). Another very important factor leading to the growth of management consulting is that the environment in which business was conducted, faced turbulence, so the need for increased flexibility, innovation and speed in terms of business survival grew, so too did the growth within the management consulting industry (Oosthuizen, 2003; Simon & Kumar, 2001). This led to the industry becoming one of the most productive and preferred options for top organisations as it was understood to be the height of business intelligence and strategy development (Oosthuizen, 2003).

In South Africa, the need for management consulting grew due to similar reasons as the aforementioned, and also due to the institutionalisation of a democratic government and almost all large organizations in South Africa, including the governmental departments, had a management consulting team to assist with the sudden change and adaptation to such regulation, given the change in governmental environment which enforced black advancement and thus had to play an important role in consulting projects (Oosthuizen, 2003).

2.2.4 *Case for perceived barriers to successful tendering by small management consulting firms in the South African Public Sector*

As previously mentioned, the services provided by management consulting firms are important and there is a need for these in both private and public sectors and the importance of the services provided by management consulting firms in recent times has come to be known as the provision of value for money and delivery of high quality

services to their clients (Gross & Poor, 2008). In other words, there is the perception of value associated with the services of management consulting firms.

However, this perceived value provided by management consulting firms and received by their clients is based on certain attributes that place large management consulting firms at an advantage, compared to small management consulting firms (Oosthuizen, 2003), which creates perceived barriers to success for these small management consulting firms in general.

These barriers include both private and public sectors, however the focus here will be placed on the public sector as the attributes that are perceived as value actually apply to the requirements/criteria that must be assessed in the tender system when applying to conduct business with governmental departments in South Africa.

There are also certain issues inherent with the South African Public Sector procurement processes that pose obstacles for small management consulting firms, leading to additional pressures on them in their business dealings with government (Rogerson, 2004) in addition to the perception of value that creates the perceived barriers to successful tendering by these small management consulting firms in the public sector.

2.3 Perceived value in management consulting

2.3.1 *Introduction*

Grönroos (2011) states that all services are rendered by suppliers to customers in which these suppliers devise certain value propositions for their customers ensuring that they provide resources to deliver their services that create value for them and on the other hand, customers use the resources provided to extract value from them as needed or expected.

Grönroos (2011) also mentions that it is important to note that in the business interaction between the supplier and customer, the success of the supplier depends on their ability to not only meet the basic needs and/or requirements of the customer, such as delivery of a required service as agreed upon within the time, budgets, appropriate operations,

etc. but also on the other influencing processes that allow the customer to derive higher value out of the service provided, meaning that the supplier has to ensure that they deliver on the entire spectrum of customer requirements in order for the interaction to be successful.

As above, in the industry of management consulting where management consulting firms are the suppliers, consultants are the resources and clients are the customers; client satisfaction is imperative and is based on:

- Explicit client expectations
    - those written down and agreed upon / core or basic needs; as well as
- Psychological / other influencing processes
    - those expectations that are not documented,

therefore, not delivering on either of these can lead to dissatisfied clients (Chelliah & Davis, 2011).

Essentially, clients expect to receive both tangible and intangible benefits from management consulting firms which means that firms need to ensure that they are able to meet all the expectations of clients (entire spectrum of client needs) in order to have a competitive advantage over their competitors (Chelliah & Davis, 2011).

Chelliah and Davis (2011) acknowledge that in the information age we live in today, clients are clear in what they require and how management consulting firms can help them in meeting their needs so they will be prudent when hiring those firms that can achieve such, as a minimum but should also be able to provide greater value to them as well hence, management consulting firms need to understand what exactly constitutes satisfying their client's needs and/or what factors actually comprise the meeting of clients expected benefits (both explicit and psychological) and value provision leading to success.

2.3.2 *What is value (value creation and value proposition)*

A service logic applies to the management consulting business as it is the provision of professional services, as established previously (Gronroos, 2011; Srinivasan, 2014).

Grönroos (2011) states that a service is required to meet the needs of and support a customer's business through the provision of specific resources that create and maintain an interactive business relationship involving several core and supporting processes that create and provide value for the customer, thus value creation and provision involves having an influence on the effectiveness of the customer's business. Moreover, Grönroos (2011) mentions that in a general sense, value for customers can be described as them being in a better position than they were prior to receiving a service, therefore value creation for a customer can be accredited to three dimensions as shown in Table 2-A.

Table 2-A: Dimensions of customer value creation

Dimension 1	**Dimension 2**	**Dimension 3**
Effects on the customer's growth- and revenue-generating capacity ○ Business growth opportunities (new markets, better customer or customer segment penetration) ○ Higher margins through premium pricing	**Effects on the customer's cost level** ○ Lower operating and/or administrative costs ○ Higher margins through lower operating/administrative costs	**Effects on perceptions** ○ Increased trust in the supplier ○ Increased commitment to the supplier ○ Increased comfort in supplier interactions ○ Increased attraction of the supplier

Focusing on the effects on perceptions (Dimension 3) from the above as this is based on perceptions in relation to this study; Lindic and Marques da Silva (2011) found that a customer's perception of value includes the weighing of both the perception of benefits and costs where the benefits are associated with the quality of the service and the costs include direct (financial) as well as indirect (effort, risk, psychic, time, etc.) costs, therefore where there are lower perceived costs and higher perceived benefits, the customer will have a higher perceived value.

Grönroos (2011) goes further in saying that the idea of creating value can be understood as service provision being focused on facilitating value creation by the supplier and supporting value creation for the customer where value creation forms part of the value-generating process in which suppliers provide resources to customers for use on delivering the service required. The value generating process is seen to be one of value co-creation from both supplier and customer and cannot happen without either, hence a joint value creation process.

As the process of service provision is an interactive one and value is created through the value generating process which leads to joint value creation, the interactions can be understood to be mutually beneficial for both the supplier and customer through value co-creation however, the quality of the core required service interaction must be high in order for it to be successful, where the supplier must be able to ensure that they actively effect and create value as well as being involved at an in-depth level in their customers processes and activities related to and above the specific requirements, in order to gain a better understanding of all the customer needs, thus allowing them to utilise the opportunities for value co-creation (Grönroos, 2011). An essential part of value co-creation is that the supplier must meet certain obligations as promised to the customer, thus ensuring that they form part of the value creation for their customers by ensuring that they make a value proposition and meet it (Grönroos, 2011).

Ballantyne, Frow, Varey, and Payne (2011) and Lindic and Marques da Silva (2011) state that a value proposition can be understood as benefits that are offered by a supplier (differentiating them from competitors) to a customer with reasoning for it at a certain cost. Furthermore, Ballantyne et al. (2011) and Lindic and Marques da Silva (2011) mention that in a service sense, it is referred to as a value delivery system in which the value proposition is formulated and then implemented, including an offering based on ensuring:

- Operational excellence (best priced and convenient services);
- Intimacy to customer (in depth understanding and satisfaction of customer needs); and
- Service leadership (providing specific and unique services)

Basically, the value proposition exists to meet a certain need that has to be fulfilled and is centred around what a customer values or not (Ballantyne et al., 2011; Lindic & Marques da Silva, 2011).

Therefore, we refer back to what is explained by Lindic and Marques da Silva (2011) regarding value, who state that a client's perceived value includes the evaluation of costs and benefits of the service and that there is higher perceived value when costs are perceived as lower than benefits. These perceived benefits are compiled into a value proposition by management consulting firms which is basically a method of communicating to these clients that they will meet their needs by being focused on what they actually perceive as value, therefore providing them with the perceived benefits which leads to the value proposition being explained by the following formula (Ballantyne et al., 2011; Lindic & Marques da Silva, 2011):

$$Value = Benefits - Costs$$

Ballantyne et al. (2011) go further to say that theory suggests certain elements make up a value proposition which include those in the Figure 1.

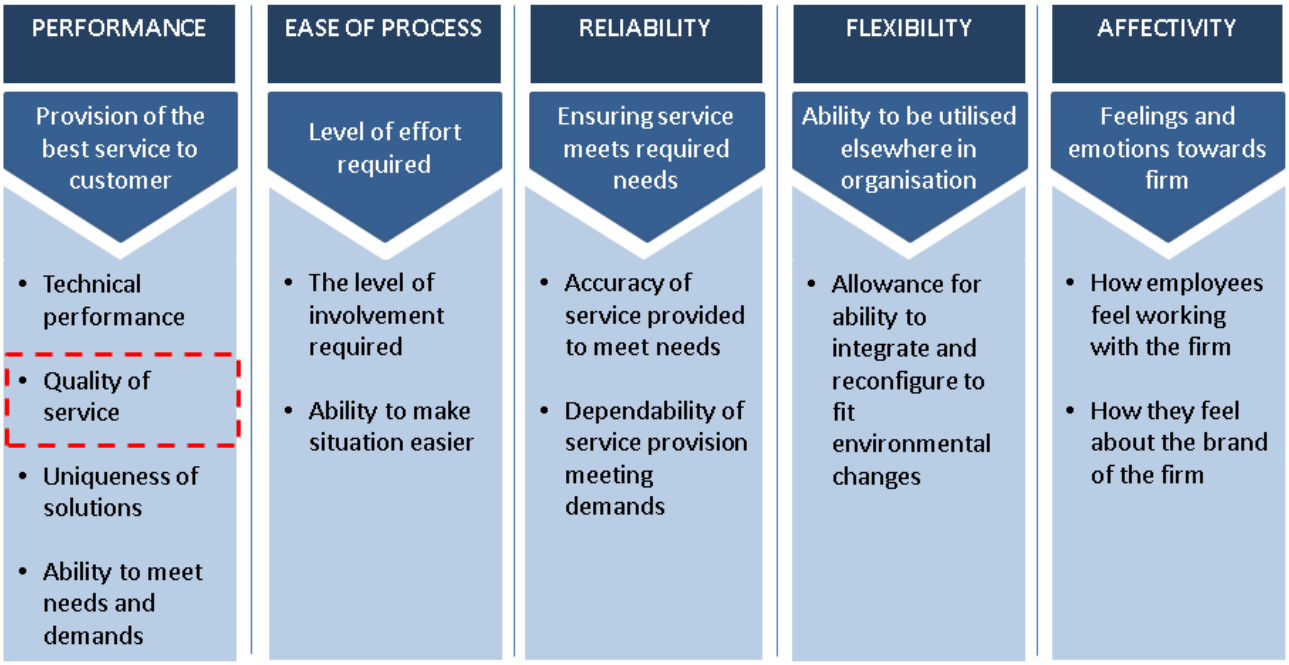

Figure 1: Value Proposition Elements

In reference to quality of service being associated as the perceived benefits of the service provided, as previously highlighted by Ballantyne et al. (2011) as well as Lindic and Marques da Silva (2011); Casadesús, Mariron Viadiu, and Heras Saizarbitoria (2002) mention that the aspect of quality can be expanded further to it being perceived by customers as the comparison between their expectations of a service to that which is actually provided by a supplier, which is in line with Grönroos (2011). Furthermore, the customer will then actually decide on the level of perceived Quality of the service received as being either one of the following as explained by Casadesús et al. (2002); shown in figure 2.

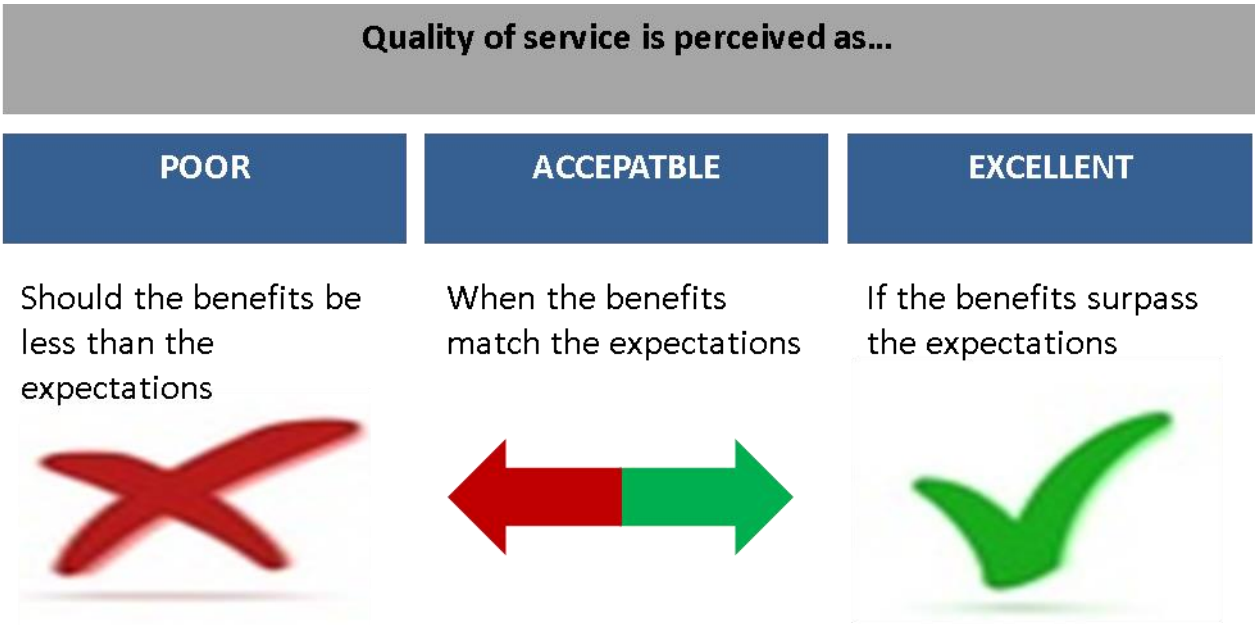

Figure 2: Perceived Quality of Services

Casadesús et al. (2002) also state that the quality of a service provided by a supplier can be defined by the following aspects as in Table 2-B.

Table 2-B: Aspects of service Quality

Tangibles	Reliability	Responsiveness	Assurance	Empathy
○ Staff appearance ○ Offices	○ Meet the required demands ○ Deliver expected services within agreed time	○ Level of enthusiasm and in depth involvement	○ Professional expertise and knowledge of consultants, ability to build trust	○ Ensuring best interest of customer ○ Communication and interpersonal skills of consultants ○ Satisfaction with consultants

Given the understanding of what value is, in terms of service provision, the next section will identify what is perceived as value in management consulting.

2.3.3 *Perceived value in the management consulting industry*

Casadesús et al. (2002) state that clients base their perception of value as being based both the end result of the service provided as well as how the service was provided (processes) and is supported by Srinivasan (2014) in saying that to be successful, management consulting firms have to provide value that outweighs the cost to their clients therefore allowing these clients to believe that they will be able to attain some level of benefit when hiring management consultants and hence they are prepared to pay a fee for their services.

When hiring management consultants, it is understood that clients expect a certain level of value to be provided to them by the management consulting firms in order for them to be successful (Chelliah & Davis, 2011). Chelliah and Davis (2011) also state that some of this value is perceived as improvements in their business performance levels, a high level of problem solving ability, honesty and integrity, specific project management skills

that include planning and setting objectives, meeting deadlines and delivering the required results, communication skills that lead to building of trust, etc.

Furthermore, Chelliah and Davis (2011) remark that an important aspect of the perceived value for clients is the technical expertise of the consultants provided, which can be taken as one of the main criteria when making the choice to hire a consulting firm. In support of this, Smith (2015) mentions that as a bare minimum, clients want and expect that when they hire a management consulting firm, they will receive individuals who are considered experts in what they do hence, the choice to hire them in the first place.

Maintaining this, Apostolou and Mentzas (1999) and Løwendahl et al. (2001) state that management consulting firms believe that value creation is knowledge intensive, requires a high level of interaction with clients, specific and customised solutions, professional assessment and involvement and judgement of highly knowledgeable experts in certain fields, therefore they will only be able to provide their clients with value, by employing the best and high calibre employees, followed by the provision of adequate training and development, ensuring they are able to transform and utilise their knowledge to serve their clients.

Moreover, Kipping (2011) mentions that many of these expert consultants actually seek out the large management consulting firms as they would prefer to work at a large firm with professionals which can be known as the “elite”. Large management consulting firms have also looked to affect the client’s perception by shaping and communicating that they have expert talent employed, that can raise the perception of quality and professionalism, known as “image-professionalism” (Kipping, 2011).

1. *This places small management consulting firms at a disadvantage given that the perception of expertise and professionals are sought after in the industry and that these experts would rather work with large management consulting firms as opposed to the small firms, creating the perception that the small management consulting firms do not have the required level of expertise clients expect.*

This technical expertise is understood to deliver on the explicit expectations however, this only accounts for meeting some of the client’s expectations in that the unwritten or

psychological aspects still remain and can include professional consulting style and contribution to client needs, over and above what is required as per the signed agreement or “going the extra mile”, without additional charges (Chelliah & Davis, 2011). Srinivasan (2014) maintains this, stating that it is understood that those firms that are able to deliver on the auxiliary services in addition to the core technical requirements are able to differentiate themselves from their competitors and are thus perceived to provide higher value. The perception is also that those management consulting firms that meet the psychological expectations as well as written contract terms of their clients are deemed to be more successful more often than those that just meet the written technical expectations (Chelliah & Davis, 2011).

2. *This places small management consulting firms at a disadvantage as they may be unable to provide services without charging as they may not be able to afford it as a business and thus may not be able to meet the psychological expectations of the clients.*

The unwritten or psychological expectations also vary between clients, where it is found that there was a higher level of psychological expectation from larger, more experienced firms and consultants, meaning that clients believe that they can, and should provide them with added value over what is explicitly written (Chelliah & Davis, 2011).

3. *This means that clients perceive that they can receive a higher level of value from larger management consulting firms as compared to smaller management consulting firms therefore a greater incentive for them to hire large firms; placing small management consulting firms at a disadvantage through their perceived inability to meet psychological expectations.*

Chelliah and Davis (2011) also state that should there be a high level of political interest and/or motivation in a project, there will be a high level of psychological expectation from the client and hence, it was found that in the public sector, there is a very high level of psychological expectation on the management consulting firms.

4. *Therefore, with there being a higher level of psychological expectation from large management consulting firms and a high level of psychological expectation in the public sector, clients are more inclined to opt for the large management consulting firms as opposed to the small management consulting firms within the public sector as they believe that small management consulting firms are unable to meet psychological expectations.*

Management consulting firms agree that being politically aware and savvy is seen as a value-add to meeting client's needs and improves the image of them in the clients eyes and that in order to completely satisfy the client's needs, both the explicit and psychological expectations must be met and other factors such as informal / social meetings with clients not in the work environment, catered for by the consultant, allowed for the better gauging of the psychological expectations as well as strengthened the bond and trust with the client (Chelliah & Davis, 2011).

5. *This also creates a perceived barrier to success for small management consulting firms in terms of perceived value as they may not have adequate finances to conduct such meetings and/or have the time in terms of number of resources (employees / team members) to ensure that project work is still on track to be delivered whilst meeting with clients, therefore leading to inability to meet psychological expectations.*

Management consultants went further in saying that there are benefits they receive from actually meeting the psychological expectations of their clients which include: (Chelliah & Davis, 2011, p. 9)

- Strengthening relationship with client that leads to building trust
- Sign of provision of quality service
- Additional business from clients
- Referrals from clients to other prospective clients
- Gains competitive edge over other competing consultants

6. *Through the perceptions that small management consulting firms will not be able to meet the psychological expectations of their clients, they will not receive such benefits creating a perceived barrier for them.*

Casadesús et al. (2002) say that overall, by ensuring that the psychological expectations are met, the clients' perception of quality is higher, so too will be the clients' satisfaction and hence the above benefits for consulting firms, which aligns to the literature of joint creation of value by Grönroos (2011). Therefore, if there is a high level of perceived quality, there will be a higher level of perceived benefits and vice versa, so a greater effort by the consultants to provide high quality, the higher the perception of benefits received by clients (Casadesús et al., 2002). Casadesús et al. (2002) further states that clients also have a perception that the larger the management consulting firm, the better the quality of service will be and clients tend to provide larger management consulting firms with higher quality ratings as compared to smaller management consulting firms, where these large management consulting firms are those that employ 50 and more employees and it was actually found that clients attested that they received a higher quality of service from larger management consulting firms and received the fewest benefits from small management consulting firms.

7. *By being unable to meet the psychological expectations of the client, small management consulting firms are perceived as providing poor quality services and not being able to provide and receive benefits to and from clients respectively and given that clients perceive a higher quality of service and increased benefits from larger management consulting firms, a barrier to success for the small management consulting firms is strengthened.*

By meeting psychological expectations of clients, the service is perceived as high quality and quality of consulting service is seen as important for both clients as well as consultants and is importantly said to be largely judged by reputation and by client's subsequent word-of-mouth communications (Chelliah & Davis, 2011).

In terms of word of mouth communication from clients, consultants need to be able to demonstrate and deliver increased value to their clients, for their own greater value in order to win work, particularly through referrals as well as repeat business (Chelliah &

Davis, 2011). Chelliah and Davis (2011) add that a contributory factor to the fast expansion of the management consulting industry is the repeat business that consulting firms gain from clients.

On the note of repeat business, clients mention that if they are satisfied with the service they receive, they will hire and/or use the same management consulting firm again, therefore the reliability of the service in terms of meeting the clients required demands and delivering the expected services within the agreed time which is to be provided by professional and expert consultants in a trustworthy manner, is of great importance in the perception of value for clients (Casadesús et al., 2002).

8. *Where the perception is that small management consulting firms do not have the required expertise thus providing poor quality services leading to clients being dissatisfied, these small management consulting firms may not even win work from clients nullifying any attempt to get repeat business from clients, further creating perceived barriers to success for them.*

Referring back to word of mouth communication, Harter, Koster, Peterson, and Stomberg (2005) mention that management consulting firms with a good brand conduct little marketing as they rely on such word of mouth advertising from their clients as alluded to by Chelliah and Davis (2011). Therefore, Harter et al. (2005) found that firms with well-known brands outperform their competitors significantly.

In terms of a firm's reputation which can be associated with its brand, Srinivasan (2014) mentions that management consulting firms seek to build long term relationships with their clients through the provision of higher quality of service and value creation for them which assist in building a strong reputation and/or brand and it was found that many large management consulting firms have a huge brand and utilise this brand to build their growth.

9. *As stated, large management consulting firms are known to have big brands and/or large reputations whereas small management consulting firms do not as there is the perception of poor quality services and value provision leading towards minimal or no work resulting in the inability to build long term relationships with clients thus not receiving the benefits of client's word of mouth communication / advertising and/or referrals to other possible clients, which further minimise any possibilities of attaining a strong reputation / brand, giving large management consulting firms the ability to outperform them; creating another perceived barrier to success for small management consulting firms.*

The experience of a management consulting firm in terms of the previous projects they have conducted may also play a role in enhancing its reputation (Richter & Schmidt, 2006) in terms of the ability it has to deliver a wide range of services based on the large knowledge base it has acquired, as consultants learn from the clients they serve which helps consulting firms build their intellectual capital base and thus increase their service offering to clients, therefore giving them a competitive advantage of being known as one of the favourites to win projects more often, ensuring financial stability and/or profitability (Løwendahl et al., 2001). Therefore Løwendahl et al. (2001) further states that the ability of a management consulting firm to manage knowledge development effectively and then apply it to different client situations makes it appealing to clients in the market providing them with a sense that they are able to provide the client with any approach as and when required, which is supported by Apostolou and Mentzas (1999) and Srinivasan (2014).

10. *With the perceptions that do not allow small management consulting firms to compete for work and actually attain work, they cannot build experience as a firm as well as their reputation and/or range of services they can offer clients, due to the lack of expert consultants that want to work for them and gain knowledge on projects; which lowers their appeal to possible clients, thus creating a perceived barrier to their success.*

The perception of value in management consulting has surfaced several aspects that pose issues (1 -10) for small management consulting firms and the identification of the actual attributes perceived as value from these perceptions follows.

2.3.4 *Perceived value creating perceived barriers to success for small management consulting firms in general*

There is a certain level of perceived value within the management consulting industry, as discussed in the previous section, by both clients in terms of expectations and consulting firms in terms of meeting these expectations. However, it must be understood that all management consulting firms are not the same in that, they will deliver different experiences to clients, different levels of service and ultimately different perceived value that clients seek (Smith, 2015). It is this difference in perceived value of management consulting firms that inherently place large management consulting firms at an advantage over small management consulting firms, creating perceived barriers to success for them. This is discussed, based on what has already been established in the previous section as the perceived values, which creates the barriers for small management consulting firms, with literature to support.

Oosthuizen (2003) mentions that there are certain aspects that are advantageous to the large management consulting firms of which one of these is people/employees in the firm, where their staff has undergone the best training, are professional and provide expert and professional service to clients. This may not be the case in small consulting firms as understood by point 1 established:

> ***1.*** *Small management consulting firms are placed at a disadvantage given that the perception of expertise and professionals are sought after in the industry and that these experts would rather work with large management consulting firms as opposed to the small management consulting firms, creating the perception that the small management consulting firms do not have the required level of expertise clients*

Smith (2015) states that in theory, those employees perceived as experts will cost clients a higher sum compared to those with less experience however, the reality is that the reputation and skills of the firm at which a consultant works, are more important in determining their perceived value to the client in delivering on the project, for example, an experienced senior consultant working at a smaller and less known or recommended management consulting firm will cost a client less compared to a new, junior and inexperienced consultant working at one of the large top tier management consulting firms.

This supports the notion of the perception that “you get what you pay for” with clients, where one can expect to receive very low standards for paying a very low rate compared to receiving expert standards for paying very high rates (Smith, 2015). However, Smith (2015) found that although this is the case, due to the nature of business today, even large management consulting firms are finding it difficult to ensure that their employees are perceived to be these experts due to a reduction in research, IP development and training as a result of the need to increase their employee utilisation to ensure that they are financially healthy.

This emphasises the issue further for small management consulting firms as there will be a negative perception attached with the use of them, seeing as if the large management consulting firms are struggling to ensure that they provide clients with resources who are the best, how can the small management consulting firms provide such where the perception will be that small management consulting firms have small teams and thus will inherently have higher employee utilisation rates, but for two reasons; firstly to actually deliver on what was promised to the client/s and secondly, to earn revenue which leads to no room for training, development of IP and/or research, thus reducing the perceived value of the employees providing the service and finally reducing their effectiveness and thus, their financial stability

An underlying issue that is also created for small management consulting firms is that the value proposition towards their employees will be damaged due to the lack of employee development and over utilisation added to the fact that work is limited and focused locally due to the financial inability to tackle larger projects which leads to a drop in profit

margins, growth opportunities within the firm as well as growth in the market which may result in them closing down, therefore, it is becoming even more difficult for these firms to retain their great employees which directly impacts the firm's reputation filtering into the market and to clients, who will use such perceptions as knowledge on which to base their decisions when choosing to hire management consulting firms, in that if a company does not have a reputation as being a great place to work at, in providing a great employee value proposition for its employees, then they will not be able to provide a great value proposition for the client (Smith, 2015).

This affects the ability of small management consulting firms to ensure Quality delivery and implementation of scope which is highlighted by Oosthuizen (2003) as having the ability to provide distinctive solutions that can be implemented through the use of larger teams which is important in South Africa as there are large experience gaps and different skill levels that need to be bridged.

Small management consulting firms would not have the luxury of employing large teams due to the lack of financial stability which will impact on them being able to employ highly professional expertise to provide quality service to meet both the technical / core required expectations as well as the psychological expectations of clients as understood by points 2 to 7 established:

2. *Small management consulting firms are placed at a disadvantage as they may be unable to provide services without charging as they may not be able to afford it as a business and thus may not be able to meet the psychological expectations of the clients.*

3. *Clients perceive that they can receive a higher level of value from larger management consulting firms as compared to small management consulting firms therefore a greater incentive for them to hire large firms; placing small management consulting firms at a disadvantage through their perceived inability to meet psychological expectations.*

4. *There is a higher level of psychological expectation from large management consulting firms and a high level of psychological expectation in the public sector, therefore clients are more inclined to opt for the large management consulting firms as opposed to the small management consulting firms within the public sector as they believe that small management consulting firms are unable to meet psychological expectations.*

5. *Another perceived barrier to success for small management consulting firms in terms of perceived value is that they may not have adequate finances to conduct social meetings and/or have the time in terms of number of resources (employees / team members) to ensure that project work is still on track to be delivered whilst meeting with clients, therefore leading to inability to meet psychological expectations.*

6. *Through the perceptions that small management consulting firms will not be able to meet the psychological expectations of their clients, they will not receive such benefits creating a perceived barrier for them.*

7. *By being unable to meet the psychological expectations of the client, small management consulting firms are perceived as providing poor quality services and not being able to provide and receive benefits to and from clients respectively and given that clients perceive a higher quality of service and increased benefits from large management consulting firms, a barrier to success for the small management consulting firms is strengthened.*

Smith (2015) alluded that image and reputation of the management consulting firm is imperative in terms of clients willing to pay more for less experienced consultants because they work at a firm with a large reputation as well as that reputation plays a role in the level of expert employees a firm is able to employ and is able to retain, depending on its financial stability. In addition, Oosthuizen (2003) maintains that image and reputation of the firm is a known key success factor for management consulting firms which include them having an international footprint, conducting best practices and

having a proven track record and good previous experience. This is something that a small consulting firm would not have and is in line with the perceived barriers found, as understood by points 8 and 9 established:

8. *Where the perception is that small management consulting firms do not have the required expertise thus providing poor quality services, leading to clients being dissatisfied, these small management consulting firms may not even win work from clients, nullifying any attempt to get repeat business from clients, further creating perceived barriers to success for them.*

9. *Large management consulting firms are known to have big brands and/or large reputations whereas small management consulting firms do not as there is the perception of poor quality services and value provision leading towards minimal or no work resulting in the inability to build long term relationships with clients, thus not receiving the benefits of clients word of mouth communication / advertising and/or referrals to other possible clients which further minimise any possibilities of attaining a strong reputation / brand, giving large management consulting firms the ability to outperform them. Therefore, creating another perceived barrier to success for small management consulting firms.*

There are many aspects involved in the building of a management consulting firms' brand and reputation of which the most important include the actual quality of work and advice provided to clients, its culture and internal values. Furthermore, once a strong reputation and brand is built, it grows and strengthens itself through attaining more great employees, clients and therefore, work (Smith, 2015).

Oosthuizen (2003) goes further in saying that the image and reputation of a firm creates a certain perception of the knowledge and intellectual capability of the management consulting firm which is the perceived knowledge and intellect of the firm on different topics as well as the client environment (which feeds off the firm's reputation), which again places small consulting firms at a disadvantage as understood by point 10 established:

10. *With the perceptions that do not allow small management consulting firms to compete for work and actually attain work, they cannot build experience as a firm as well as their reputation and/or range of services they can offer clients, due to the lack of expert consultants that want to work for them and gain knowledge on projects; which lowers their appeal to possible clients, thus creating a perceived barrier to their success.*

To further emphasise this barrier to success for small management consulting firms in general, Smith (2015) states that the general appeal of a management consulting firm also holds much of the perceived value that clients would seek.

Therefore, as previously stated, management consulting firms have been known for their position as knowledge agents in the consulting space and many firms refer to their specific approaches and methodologies, best practices, industry expertise, benchmarking, intellectual property or other aspects/attributes as setting them apart from the rest in terms of giving them the competitive edge however, with clients being more knowledge inclined themselves due to the nature in which business is conducted in the world today, being the information age where information is readily available at the fingertips of individuals, the actual value of such intellectual property (firm knowledge) that was once deemed to be the ultimate differentiator is still required but is no longer the ultimate differentiator (Smith, 2015). The perception is that to attain the value of such knowledge is to be the first user of it, after which its differentiating value diminishes as it is readily available to all (Smith, 2015). Smith (2015) also states that those management consulting firms that have both a great reputation as well as highly valuable employees are the ones that will succeed whereas those who do not, will eventually cease to exist.

Consequently, as a deduction from the detail provided, it can be said that in business terms, management consulting firms and their clients base their perceptions of value on certain aspects as discussed through points 1-10 established which are categorised into specific attributes that are understood to be perceived as value as shown in Table 2-C.

Table 2-C: Attributes perceived as value in Management Consulting and creating barriers for Small Management Consulting firms in general

Attribute	Link to point established
a. Intellectual capital (firm knowledge and ability to provide a wide range of services)	Points: - 2, 3, 4, 5, 6, 7, 10
b. Expertise (actual professional employees)	Points: - 1, 8
c. Reputation / Brand (in the market)	Points: - 8, 9, 10

As discussed, these attributes that are perceived as valuable, create perceived barriers to success for small management consulting firms in general.

Having identified the attributes that are perceived as value, placing large management consulting firms at an advantage over small management consulting firms, thus creating a perceived barrier to success for small management consulting firms in general, an understanding of how this perception actually leads to barriers to successful tendering by small management consulting firms in the South African public sector is discussed.

2.4 Management consulting in the South African public sector

2.4.1 *Introduction*

After the first democratic election in South Africa, there was political and economic transformation that opened up South Africa to the global markets again; and a point of development, saw the introduction of BEE legislation and focused public interventions on BEE (Chabane, Roberts, & Goldstein, 2006).

The need to be able to compete internationally and in the international markets, cope with technological advancements, changes in leadership and management requirements

and other forces to allow fast, flexible and effective solutions; led the South African public sector to become attracted to the use of management consulting as it was one of the fastest growing sectors in advanced economies in private and public sectors, therefore the notion was that it would provide factors such as new skills, values and qualities that were lacking in the old structures and ways of working and thus bring about the fundamental and radical changes required in business and service delivery to the public of South Africa (ACCA, 2010).

With management consulting being utilised, there was an emphasis on large projects to be conducted by big businesses which were to be subsidised by the government (Wenzel, 2007). Through this, big businesses has had a major influence on public policy (Chabane et al., 2006) and the manner in which business is conducted within the public sector.

2.4.2 *General public sector procurement challenges in creating perceived barriers for small management consulting firms*

Although high growth levels were experienced, the size of the management consulting industry was small relative to the other major industries such as manufacturing, mining, transport, banking and communications both globally and in South Africa, which was estimated at R1 billion in 1997 (both private and public sector) and changes in global economic conditions resulted in a negative impact on management consulting which led to a change in the way that business was done; as in South Africa, where the state was one of consolidation for both consultants and clients (Oosthuizen, 2003).

While the notion back then was to consolidate, this idea did not transpire, as over the last 18 years, figures show excessive growth in the need for management consulting, especially in the South African public sector. The most recent management consulting spend reported in South Africa amounted to R30 billion spent only by government / public sector, for the 2014 financial year (Corke, 2015). Corke (2015) goes further to state that although the enormous amount spent on consultants in 2014 was R30 billion, this is actually lower than previous years and has been the trend over the last five years due to warnings received from the then present Finance Minister – Pravin Gordhan, regarding large amounts that were spent in previous years by government on consultants

already, as well as an announcement from the then present Finance Minister - Nhlanhla Nene, stating that there were to be reduced limits placed on consultant spend allocations so, it was reduced from R102 billion between 2009-2011, (averaging about R34 billion per year) (Mbanjwa, 2013a), to R33.7 billion in 2012 (Mlandu, 2013). This can also be attributed to concern shown over the excessive spend by government on consultants by Parliament's Standing Committee on Public Accounts (SCOPA) and of reports on government spend showing that many projects could have been conducted without consultants (Mlandu, 2013). This concern led to recommendations being made to government to reduce their spending on management consultants by only using those with the specific expertise required and ridding themselves of the others (Mbanjwa, 2013b). ACCA (2010) supports this, by saying that the policy of government is focused on reducing spend on management consultants in order to save and reduce the overall cost of public services.

ACCA (2010) further states that due to the drive in reduction of spend on management consultants, the focus will now be placed on actually ensuring that added value is delivered by management consultants. This creates another issue for small management consulting firms due to the perception of their value adding and providing ability being very poor given their lack of experience, reputation and other perceived values as discussed earlier.

Additionally, ACCA (2010) alludes to the fact that when it is government policy to reduce spend in general, it is management consultants who are the first to be cut due to the nature of spending on them being seen as discretionary. Again, this creates an even bigger issue for small management consulting firms in the public sector as they would be the first to suffer the government implementation of cost-cutting on consultants by focusing on only keeping those that they really require and those that can provide value.

Although there is a reduction in the amounts spent on consulting firms these amounts are still considered extreme due to there being an inherent need for the services of management consultants (Mlandu, 2013) as government is frequently criticised for poor performance and service delivery as a result of lower workforce capability and skills therefore assistance from management consultants is utilised (ACCA, 2010) due to the perceived value they offer, in the South African public sector, where it is understood that

government is unable to achieve their goals without this assistance (Mlandu, 2013), however, studies show that there is a lack of data collection and record keeping by government departments which inhibits effective monitoring of procurement of management consulting services (Bolton, 2006). Bolton (2006) emphasises that the lack of records and data prevents the understanding of whether or not and how many small management consulting firms are actually being used in the public sector and also has an adverse effect on the tender system/process transparency. This is acknowledged by Ngobeni (2011) who states that government has many challenges in implementing tender controls and measures which allows public sector officials the ability to control tender activities and processes that results in the current tendering and procurement processes being an inefficient system. Moreover, a recent audit conducted by the Auditor-General revealed that there is a high percentage of consulting contracts for which the government departments could not provide proof, indicating that there is some abuse regarding the use of management consultants (Mbanjwa, 2013a). ACCA (2010) also supports this by saying that nobody really and truly knows the exact amounts that are spent on management consultants in the public sector as there are no definite methods of identifying management consultant spend accurately according to appropriate categorisation.

Moreover, as stated by Rogerson (2004), there are also critical obstructions/obstacles for small management consulting firms in the public sector which include:

- Different types of procurement documentation used by different government procurement departments
- Extremely technical, difficult and incomprehensible language used in tenders
- A tender document layout that is confusing
- The requirement for guarantees on performance in the form of bonds, creating a major financial barrier to be achieved in order to win contracts
- Payment delays on government’s part causing cash flow issues in these small companies
- Access to tender information and advice is limited

Therefore, it is concluded that there are general issues and challenges associated with the public sector procurement processes that impede small management consulting

firms from conducting business successfully in the South African public sector notwithstanding that even with these general challenges in the public sector procurement processes, the focus of this study i.e., the perceived values as identified earlier, actually play a major role in the creation of the perceived barriers to successful tendering by small management consulting firms in the South African public sector. These are discussed further in the following sections.

2.4.3 *Public sector procurement policy and processes with a focus on the tender system*

After the democratic elections, the contractual projects required by government were to be conducted through the Preferential Procurement Policies which ensured that Public Procurement promoted BEE (Chabane et al., 2006), which required consulting firms to have black owned partnerships in order to be successful with government (Oosthuizen, 2003). Therefore, large management consulting firms struck BEE partnerships in order to increase their level of credibility, positioning and strength within the SA market (Oosthuizen, 2003). Furthermore, due to the lack of skilled black employees in management consulting firms, they had to spend large amounts on up-skilling their black employees to reach the desired acceptable levels of black employees as per government mandate (Oosthuizen, 2003). This was linked to the developmental goals of BEE and used as an instrument of policy to support primarily, the growth in the participation of small, medium and micro-enterprises (SMMEs) (Rogerson, 2004).

The small management consulting firms referred to in this paper, fall within this category of SMMEs which is defined by the number of employees and annual turnover, where less than 10 employees with an annual turnover of less than R2 hundred thousand up to R5 hundred thousand is a very-small company and less than 50 employees with an annual turnover of less than R2 million up to R25 million is a small company, taking into account the different industries (Mahembe, 2011).

The required public sector projects referred to, utilises Public Procurement Policies and Procedures that is based on a national tender system that employs certain aspects/attributes with which to rate and assess a company's acceptability when tendering for a contract with government, as well as BEE status (Southall, 2004).

As stated by Iheduru (2004), some of these attributes that are within different phases are listed in Table 2-D.

Table 2-D: Attributes evaluated in the Tender system

<table>
<tr><th>Functional Evaluation Phase

- Evaluation of certain attributes of bidder tender responses</th><th>Point Rating Phase

- Evaluation of bidder tender responses following the evaluation phase to eventually award the tender</th></tr>
<tr><td>I. Track record of performance of the company</td><td rowspan="2">Places a large percentage on PRICE

80% or 90%</td></tr>
<tr><td>II. References from previous clients on work conducted</td></tr>
<tr><td>III. Previous experience of company</td><td rowspan="2">Places smaller percentage on BEE status

10% or 20%</td></tr>
<tr><td>IV. Professional expertise of employees within company</td></tr>
</table>

These attributes that are evaluated in the tender system are based on those attributes previously identified as perceived value and this association is discussed in the next section.

2.4.4 *Perceived barriers created by the tender system through the perceived value attributes*

Although the tender system/process for government procurement of services is built on the premise of growing SMMEs, it is found that there are a number of aspects that actually obstruct SMMEs and prevent these small companies from having completely

free and equal opportunities when competing for public sector contracts (Rogerson, 2004). These are related to the evaluation and rating processes as discussed earlier, which create perceived barriers to successful tendering by small management consulting firms in the public sector as they are based on the perceived values that were identified in the previous section.

Given that the tender system functional evaluation attributes can be considered the same as the perceived value attributes identified previously from the information provided, a discussion of how the tender system creates the perceived barrier to successful tendering by small management consulting firm follows.

Table 2-E: Tender system attributes (i, ii) based on the perceived value attribute (c)

The functional evaluation attributes of the tender system …	… are associated with the following perceived value attribute
i. Track record of performance, and **ii.** References from previous clients on worked conducted,	**c.** Reputation / Brand in the market

The reputation / brand of a small management consulting firm in the market, is already understood to be perceived as minimal or non-existent when compared to large management consulting firms due to a host of perceptions of value including, not having the correct expertise leading to delivery of poor quality services thus dissatisfied clients which may result in them not actually winning work, thus no possibility of building relationships with clients, being able to repeat work for certain clients or receiving referrals (references) to others, in order for them to build a track record and/or a reputation and be known.

ACCA (2010), further emphasises the association to the perceived values, in that clients are of the perception that there are several disreputable management consulting firms in the market that do not deliver on their promises made to the client and do not provide actual value, yet get away with large sums of fees charged to the client, therefore clients are extremely concerned about ensuring that they do not hire / contract such

management consulting firms from the outset i.e., those without a well-known reputation.

Table 2-F: Tender system attribute (iii) based on the perceived value attribute (a)

The functional evaluation attribute of the tender system …	… is associated with the following perceived value attribute
iii. Previous experience of company	a. Intellectual capital (firm knowledge and ability to provide a wide range of services)

The intellectual capital (firm knowledge and ability to provide a wide range of services) of a small management consulting firm in the market is already understood to be perceived as minimal or non-existent when compared to large management consulting firms due to a host of perceptions of value as discussed in the previous section, where as a result of a lack of reputation / brand, the small management consulting firms cannot increase their firm knowledge due to a lack of work on different projects with clients as well as professionally skilled employees to work on these projects and convert any knowledge gained into intellectual capital, thus not increasing their range of services offered.

Building off from intellectual capital (firm knowledge and ability to provide a wide range of services), leads onto the next functional evaluation attribute of the tender system;

Table 2-G: Tender system attribute (iv) based on the perceived value attribute (b)

The functional evaluation attribute of the tender system …	… is associated with the following perceived value attribute
iv. Professional expertise of employees within company	b. Expertise (actual professional employees)

The expertise (actual professional employees) within a small management consulting firm in the market is already understood to be perceived as minimal when compared to large management consulting firms due to a host of perceptions of value as it was understood that highly skilled technical professional expert consultants prefer to work at the large management consulting firms as they want to be associated as part of the 'elite'. In addition, the limited opportunities for work at small management consulting firms create a low employee value proposition for them making it more difficult to retain any talent that they may have as many employees tend to leave the firm leading to the inability to provide service of quality or any service at all, reducing revenue generation, ability to employ large teams to manage work deliverables and time, thus not being able to meet the expectations of clients (both core/technical and psychological). Chelliah and Davis (2011) further emphasise the association of this functional evaluation attribute of the tender system to the perceived value attribute by stating it was found that, in the public sector, there is a very high level of psychological expectation on the management consulting firms, therefore placing large management consulting firms at an advantage.

In addition to the functional evaluation attributes of the tender system, the price attribute of the point system within the tender process also creates a barrier to successful tendering by small management consulting firms and is discussed as follows;

From the general perception: The inability to attain work and satisfy client expectations, leads to financial instability. This is a point of concern as a perceived barrier for small management consulting firms in the public sector as Ngobeni (2011) states that tenders will only be awarded to companies/bidders/firms that score high points for both price and BEE (in the point rating phase of the process provided that they have scored a highly acceptable level for the functional evaluation phase attributes and that it is mandatory that firms are assessed on having strong financials / financial feasibility, which small management consulting firms often do not have.

To emphasise this, the fact that small management consulting firms are able to provide a service at a lower price (Oosthuizen, 2003), does not simply mean that they are favourites to win tenders as Ngobeni (2011) states that tender procedures allow for the rejection of the lowest (cheapest) tender offering if the firm's and/or supplier's reputation is unknown or indistinguishable. Referring back to what was established by Smith (2015),

that a client's perception is that they expect to receive low standards when paying a low rate compared to receiving expert standards for paying high rates. Therefore, even in attempting to offer services at a lower price, the association of the price attribute of the point rating phase in the tender process supplemented with the perception of value, creates a perceived barrier to successful tendering by small management consulting firms in the public sector.

Therefore, in addition to the already identified perceived value attributes, the following is also understood as being a perceived value attribute that creates a perceived barrier to successful tendering by small management consulting companies in the South African public sector;

d. Price of the service provided

Hence, we understand that the tender process which consists of the functional evaluation and points rating attributes, are associated with and based on the attributes that have been identified as perceived value in the management consulting industry and consequently, creates the perceived barriers to successful tendering by small management consulting firms in the South African public sector. A summary showing an understanding of the tender system attributes in relation to the perceived value attributes as one and the same can be seen in Table 2-H.

Table 2-H: Summary of Tender system attributes in relation to the perceived value attributes

Tender system attribute	Perceived value attribute
I. Track record of performance, and **II.** References from previous clients on worked conducted,	c. Reputation / Brand in the market
III. Previous experience of company	**a.** Intellectual capital (firm knowledge and ability to provide a wide range of services)
IV. Professional expertise of employees within company	**b.** Expertise (actual professional employees)
V. Price (Points Rating phase)	d. Price of the service offered

Having established that the tender system focuses on the same attributes that are perceived as value in management consulting and that these create perceived barriers to small management consulting firms in general, these perceived value attributes actually create a perceived barrier to successful tendering by small management consulting firms in the South African public sector. Each of these attributes are discussed in the next section summarising how they create the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

2.5 Attributes identified as creating perceived barriers to successful tendering by small management consulting firms in the South African public sector

The literature has revealed that the perception of value within management consulting places large management consulting firms at an advantage (Oosthuizen, 2003), and is based on specific attributes, which are also used in the Tender process within the South African public sector, thus this perceived value creates the perceived barriers to successful tendering by small management consulting firms in the South African public sector. The attributes identified are as follows:

a. Intellectual Capital:

- The intellectual capital of a management consulting firm which is important and based on its previous experience that is built up and further developed by the professional expertise within the firm thus, having the ability to provide a wide range of services to clients makes larger management consulting firms more attractive to clients as they have vast experience and a large expertise pool; and is thus advantageous in winning contracts in the public sector (Løwendahl et al., 2001)

b. Expertise:

- The professional expertise of the resources / employees / consultants within management consulting firms who will actually be providing the services to clients is usually seen as the initial point of decision making for clients (Chelliah & Davis, 2011; Smith, 2015), where there is a bias towards the large management consulting firms that have a larger pool of professional expertise in their employ as compared to small management consulting firms, given that these professionals would prefer to work at the large, more well-known firms (Kipping, 2011), and that clients are willing to pay more for professional expertise (Smith, 2015). This plays an important role in winning contracts in the public sector as the tender process seeks a pool of professional expertise in the firms they look to contract (Iheduru (2004).

c. Reputation / Brand:

- The reputation and/or brand of a management consulting firm is significant as high quality services are vital to clients, as it is perceived as high value; and are primarily judged through a firm's reputation which is established through a track record of previous work conducted and referrals from previous clients which favours large management consulting firms as they already have a large reputation and are more attractive to clients given their professional expertise and wide range of services (Chelliah & Davis, 2011). Furthermore, those firms that have a bigger brand and/or reputation usually outperform their competitors (Harter et al., 2005), which assist them in winning contracts in the public sector as opposed to the small management consulting firms.

d. Price:

- The price of the services to be provided by a management consulting firm. The price is an important factor in a client's decision and perception of value in that although small management consulting firms are able to charge lower prices than large consulting firms (Oosthuizen, 2003), they are not more attractive to clients in terms of winning contracts (Ngobeni, 2011), as clients are willing to pay more for professional expertise at the large management consulting firms than less for the lack of such in small management consulting firms which is further emphasized by clients having the perception that "you get what you pay for" by expecting low quality for lower prices and higher quality and standards for higher rates (Smith, 2015).

The identified attributes based on the above, are summarised in Table 2-I.

Table 2-I: Summary of perceived value sought after within each attribute

Attribute perceived as value	What is preferred based on the perception of value, placing large management consulting firms at and advantage over small management consulting firms
a. Intellectual Capital	Firms with the ability to provide a wide range of services based on previous experience in the space, as opposed to niche services offered with minimal experience
b. Expertise	Firms that employ professionals including highly educated specialist experts as these are the individuals who will be actually delivering the work
c. Reputation / Brand	Firms that have a large reputation or a big brand based on their references and referrals of previous clients for which work was conducted
d. Price	Firms that are not priced low as there is the perception of "you get what you pay for" so paying a higher price is understood as receiving higher quality

2.6 Conclusion of Literature Review

Based on the literature reviewed, the research problems and the frameworks discussed, the following propositions (abbreviated as P) are framed. For ease of reference, the associated sub-problems are also restated.

There is a certain level of perceived value within the management consulting industry, by both clients in terms of expectations and consulting firms in terms of meeting these expectations. However, it is understood that all management consulting firms are not the same and in attempts to provide such value, they will deliver different experiences to clients, different levels of service and ultimately a different level of perceived value that clients seek (Smith, 2015). It is this perception of value to be provide by and/or received from management consulting firms that inherently place large management consulting firms at an advantage over small management consulting firms, creating perceived barriers to success for them in general and by way of this perceived value being based on specific attributes as identified, which are the same attributes used within the tender process in the South African public sector, there are perceived barriers to successful

tendering by small management consulting firms in the South African public sector created.

Therefore, in relation to **Sub-problem 1**: identifying the attributes that are perceived as value within the management consulting industry in general and how these perceived value attributes within the tender system, leads to an overall perception of value that places larger management consulting firms at an advantage over small management consulting firms, thus creating a perceived barrier to successful tendering in the South African public sector for them; the following proposition results:

2.6.1 *Proposition (P1)*

P1: There is a perception of value/s based on the attributes of the service in the management consulting industry that includes; the intellectual capital, expertise, reputation / brand of the management consulting firm/s and the price of the service provided, which favour / tend towards the preference of large management consulting firms; thus creating a perceived barrier to successful tendering by small management consulting firms in the South African public sector.

Furthermore, given the perception of value, management consulting firms aim to ensure that they are able to meet the expectations of their clients by understanding what exactly constitutes satisfying their needs, given that clients expect to receive benefits from management consulting firms (Chelliah & Davis, 2011). This is based on what value the client can attain and what value can be provided by the management consulting firm, and having established what value is perceived as by clients with management consulting firms devising value propositions to meet these expectations based on this perception of value (Ballantyne et al., 2011; Lindic & Marques da Silva, 2011); there is a common understanding of what value is perceived as by both clients and management consulting firms, albeit that not all management consulting firms are perceived to have the ability to and/or to actually deliver it.

Hence, in relation to **Sub-problem 2**: assessing and/or comparing the perception of value based on the attributes identified, between the small management consulting firms and the public sector entities to ascertain whether there are significant differences of

perceived value within management consulting between the different groups, in terms of the level of importance placed on each attribute in the creation of the perceived barriers to successful tendering by small management consulting firms in the South African public sector; the following proposition results:

2.6.2 *Proposition (P2)*

P2: There is no statistically significant difference in the perception of value within the management consulting industry between the public sector entities and small management consulting firms in terms of the level of importance placed on the attributes identified constituting the perception of value that creates the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

CHAPTER 3. RESEARCH METHODOLOGY

As already elicited in the literature review, the main focus of the study is to identify and analyse the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

This section of the paper discusses the best suited methodology and how it addresses the proposition/s that have resulted from the literature, aiming to attain a clear understanding of the perceived value which is understood to be comprised of different attributes of the services provided by management consulting firms, which create the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

Other possible methods, assumptions, data requirements, options for analysis and limitations including reliability and validity aspects of the study are also discussed.

3.1 Research methodology

Research methodology, as described by Myers (2009), is a strategy of enquiry, which moves from the underlying assumptions to research designs and data collections. While various modes exist, the most common classification used is Quantitative and Qualitative research methods.

Table 3-A: Comparison of Quantitative and Qualitative research methods

Quantitative	Qualitative
Scientific natural science method of studying natural phenomena	Social science method of studying social and cultural phenomena
Numerical data	Non numerical data
Usually under controlled setting with isolation of single variables.	Usually in a natural setting.
Structured and validated data collection instruments.	Open ended, in-depth interviews and observational.
Statistical relationship among variables	Descriptive and appreciative of differences and variations.
Focuses on hypothesis or theory testing, so as to test a set of data against a hypothesis. Narrow angle lens that tests specific hypotheses.	Focuses on what is already in place with a notion to generate new hypotheses or theories. Wide angle lens that goes into depth, to learn more about a specific topic.

Both of the referred methods have pros and cons, however, the chosen method depends on the context, purpose and nature of the research at hand. Some researchers prefer to use a mixed methods approach by taking advantage of the differences between quantitative and qualitative methods, and combine these two methods for use in a single research project depending on the kind of study and its methodological foundation (Brysman & Burgess, 1999, p. 45).

Due to the basis of this study as well as there being resulting propositions from the theory and literature, a quantitative paradigm was used due to its appropriateness as data was collected in order to test the theory. The quantitative research paradigm was conducted via means of data collection through a conjoint survey/questionnaire after which the responses were analysed.

There were a few different methodologies that could have been used in this study which are explained below as well as the final choice of methodology made for thus study[1].

3.1.1 *Multidimensional scaling*

Multidimensional scaling (MDS) methodology was one of the possibilities as it is used to identify the aspects by which items are perceived or evaluated which in the case of the study is trying to determine the perceived barriers based on certain attributes of the services provided by management consulting firms (Maroof, 2014). It uses perceptual mapping through attributable or non-attributable data (Maroof, 2014). The interest is with the attributable data given this type of study and with attributable data, MDS attempts to identify those attributes on which an individual's perception is based, however, it tends to ignore the relative importance of certain attributes to clients (Maroof, 2014), which was unacceptable in this study as it has been understood by the propositions that the listed attributes are all perceived as value to clients receiving management consulting services and therefore had to be given equal importance in design. Furthermore, it is known that perceptual mapping is not the most reliable method, it is difficult to interpret dimensions and that it is only useful when two dimensions are required (Maroof, 2014).

3.1.2 *Correspondence analysis*

Another possible methodology was Correspondence Analysis which enables interpretation and perception of a company and the number of attributes of their services or products (Luken & Schwier, 2015). It represents the data graphically on a map for analysis and interpretation (Luken & Schwier, 2015). It places services or products

[1] Information is based on an assignment submitted for a Quantitative Research Methods elective at WBS

closest to those attributes to which they are tied and should the services and/or products be close together on the map, it symbolises that they are perceived in a similar way in the market (Luken & Schwier, 2015).

The propositions from the literature have already identified the specific attributes that are to be tested regarding the perceived value of the service from management consulting firms and the aim is to test the preference towards these attributes rather than specific firms against them, therefore the fit was not ideal for this study. Furthermore, the distance between the points for different sets on the graphical representation is not defined which makes for difficult measurement (Clausen, 1998).

3.1.3 *Conjoint analysis*

Conjoint Analysis methodology was the other methodology assessed, and it was chosen to be the most appropriate multivariate quantitative methodology for the study as it is used to analyse as well as measure the preferences of clients (Green, Krieger, & Wind, 2001).

Conjoint analysis involves the quantifying of client preferences or trade-offs made regarding value and stems from psychological studies that aimed to assess the behaviour of clients in making choices which has eventually led to it being used in explaining a client's preference between different products or services based on the attributes of such (Manuel, Adrian, & Benavent, 2014). Green et al. (2001) mention that conjoint analysis can be described as an explicative method that uses attributes which are the independent (predictor) variables to explain an ordinal variable which is the clients' preference based on what they value. Furthermore, the reasoning for choosing Conjoint Analysis was that it is known to be one of the best methods in assessing the levels of value/importance that customers place on the different attributes of a service and/or product (Sawtooth Software, 2002) which indirectly relates to **Proposition P2** of the study.

The use of conjoint analysis also assists in understanding client's choice and/or preference towards certain services / products over others which is precisely what the study is focused on in terms of **Proposition P1**, that the perception of value in

management consulting is based on certain attributes that favour and tend towards the preference of large management consulting firms, which create the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

Conjoint analysis uses the basis that a service / product has different attributes and each of these have different levels/features that describe it (Sawtooth Software, 2002), such as those attributes of the service provided by management consulting firms being perceived as value and on different levels of value by clients. The analysis uses data collected from the conjoint survey/questionnaire regarding the client's preference for a specific profile of the service / product which is comprised of a combination of the different levels of the different attributes and analyses this, which provides a sense of the clients perceived value towards each of the attributes' levels based on their responses by estimating a value for each level which are known as utilities / part-worths (Sawtooth Software, 2002). In other terms, the conjoint analysis uses utilities / part-worths for the different levels of the attributes that will be used to provide respondents with different preference choice options for a combined set of a level for each of the attributes at once, thus creating a profile of service from a management consulting firm (Manuel et al., 2014). The utilities / part-worths are zero centred (Manuel et al., 2014).

Hence, conjoint analysis assists in determining what the contribution of a predictor variable (attribute level) within a client's choice preference is, and provides an understanding of what combination of attribute levels clients are more likely to prefer, based on what they value (Manuel et al., 2014). Therefore, by conducting the conjoint analysis based on the attributes that are perceived as valuable, regarding the services provided by management consulting firms, further confirmation and clarification on the resulting proposition from the literature and theory is provided.

The different options made up of the different attribute levels which were provided to respondents could have been presented in pairs or individually (Sawtooth Software, 2002). The pairwise comparison requires respondents to compare between two different profiles which could be somewhat more difficult as there is twice as much information to be understood as opposed to the single concept (also known as card sort) that can either request the respondent to rank each card in terms of preference from most to least or

request the respondent to rate how likely they would be to purchase a profile of the service / product by showing them a single profile, one at a time (Sawtooth Software, 2002). The ranking type can also be challenging for respondents when there are more than 20 different options to be ranked (Sawtooth Software, 2002). The single concept uses a full-profile method where each option contains a level of all the attributes of the specific service / product at once, thus providing a full-profile description to the respondent (Sawtooth Software, 2002). This option was chosen and used.

3.2 Assumptions when using Conjoint Analysis

There are certain assumptions that are implicit when using conjoint analysis and it is imperative that they are understood in order to ensure that the methodology used for a study is able to provide the type of results that will answer the objectives of the study. Some of the important assumptions understood and taken into consideration for this study include the following as per Manuel et al. (2014); Sawtooth Software, 2002)[2]

- The service or product is comprised of a number of attributes
- The attributes are treated as uniquely different from each other and that there are no interactions between the attributes (in general)
- The make-up of the profiles focus on the main effects only (in terms of the number of tasks created / generated)
- That there is no clear evident ordering of the levels within the attributes however that there is a minimal or weak ordering so as to allow for clear meaningful results
- The overall utility of the service or product is a function of the levels of utilities for each of the attributes or that the additive combination of the utilities for each of the attribute levels is representative of that overall attribute
- That the utility of the attribute levels and/or of the attributes is a predictor of respondent purchasing behaviour
- The model for evaluation is interval scaled and will attempt to be as close as possible to the original non-metric (rank order) or metric (rating) inputs

[2] Information is based on an assignment submitted for a Quantitative Research Methods elective at WBS

3.3 Different methods of Conjoint Analysis

Although the overarching quantitative methodology, being conjoint analysis, was chosen as appropriate for this study there are several different conjoint analysis methods that may have been applied and are explained below[3].

3.3.1 *Adaptive Conjoint Analysis (ACA)*

This type of conjoint analysis is able to analyse and measure a higher number of attributes as compared to the full-profile analysis (CVA), although all attributes are not evaluated at the same time by respondents as compared to CVA. It allows for measuring of up to 30 attributes however not needing to be evaluated at the same time, which is appealing, given the type of study (Manuel et al., 2014).

There are however limitations with ACA in that it can only be administered through the use of computers as the questionnaire adapts according to the respondents prior answer/s; therefore a non-computerised method is not an option (Manuel et al., 2014). Furthermore, it does not include attribute interaction and does not bode well when price is used as one of the attributes being considered as the importance of price may be understated.

It is a combination of both a self-explicated and a comparison / trade-off approach (Manuel et al., 2014). Based on the self-explicated approach, the following comparison profiles of attributes are tailored to the clients level of attribute importance and they are required to compare between two profiles that do not contain all of the service / product attributes (only a partial profile is used) (Manuel et al., 2014). Hence ACA is favourable when respondents are required to evaluate a portion of the attributes of a service / product at once and not the entire set of attributes (Manuel et al., 2014), which makes it less desirable for this study.

[3] Information is based on an assignment submitted for a Quantitative Research Methods elective at WBS

3.3.2 *Full-profile Conjoint Analysis (CVA)*

This method is very suitable when used to measure a small number of attributes (up to 6) for a specific service / product (Manuel et al., 2014; Sawtooth Software, 2002). Advantages include that it can be used in both computerised and paper and pencil studies. It can also be used to reveal certain interactions between service / product attributes such as price and brand/reputation (Manuel et al., 2014). Single concept profiles as well as comparison between two options can be designed using CVA (Manuel et al., 2014). Furthermore, it is advantageous in terms of being able to provide single full-profile options to respondents in that they are moved to assess the options on an individual basis as opposed to it just being based on comparison, thus looking at the respondents' perception of value rather than just what the differences are between options (Manuel et al., 2014). However, there is a limitation when using the card sort approach (as mentioned prior) which presents the respondent with a single full profile and is compared to other full profile options on other cards at the same time; there is a tendency for respondents to focus on a few of the leading attributes and ignore others when making their choice (Manuel et al., 2014). It still remains as the standard method of conjoint analysis as it was the first conjoint method introduced (Sawtooth Software, 2002) and thus very desirable for the study given its capabilities.

3.3.3 *Choice-based Conjoint (CBC)*

In this method, full profiles of services / products are provided to respondents and they need to choose one of the few options that are presented as opposed to asking them to provide a rating for several types of different profiles (Manuel et al., 2014). Respondents also have the option not to choose any of the presented options (Manuel et al., 2014). Choice-based conjoint analysis is understood to be more concrete compared to other methods as it simulates actual buying behaviour as that of the "real world" (Manuel et al., 2014).

Although this is the case, it drives over simplification compared to the other methods. It allows for the measurement of up to 30 attributes, similar to that of ACA. A further limitation of this method is that results are assessed at the group level compared to

assessing using part-worth preference scores at the individual level such as in CVA (Manuel et al., 2014), making it somewhat desirable for this study.

3.3.4 *Partial-profile CBC*

As from the CBC method stated prior, partial-profile CBC is also used to measure many more attributes compared to the other rating methods (ACA and CVA) (Manuel et al., 2014). It uses a portion of the total number of attributes within a given profile option and spreads these different portions of attributes throughout the survey so that all attributes are at some point considered by the respondent, although not all attributes are considered at the same time for any single profile option (Manuel et al., 2014).

A limitation of this method is that as each task for respondents only have a portion of the total number of attributes for that specific service / product, it requires a larger sample size to gain worthy / more informative responses when compared to the other methods (Manuel et al., 2014), which makes it the least desirable for this study.

An understanding of the different conjoint analysis methods allowed for the choice of the most suitable method as discussed in the next section.

3.4 Conjoint Analysis method chosen

As per Manuel et al. (2014) there are a few considerations when choosing the appropriate conjoint method to be used[4]:

- Choose the method that sufficiently reflects how a client would actually make a purchase decision in the marketplace so as to ensure that the responses are as close to the “real world” as possible making the data more reliable
- Given the above, the description of the service /product is therefore extremely important as it should not be leading or misleading in any way and be as close to “real world” profile options for respondents

[4] Information is based on an assignment submitted for a Quantitative Research Methods elective at WBS

- ACA or partial-profile CBC methods are the most suitable when there are several attributes that need to be measured
- CVA and/or CBC should be used if it is a paper and pencil exercise (when computers are unavailable), although both can be administered via computers as well
- Small sample sizes are most suited to CVA and to a lesser extent ACA in that they have the capability to produce a higher level of stabilized estimates using smaller samples compared to CBC
- There may be more than a single conjoint method used in a study, should it be necessary

Therefore, after considering the information provided, the most appropriate conjoint method chosen was CVA. The decision taken was based on the fact that it was understood to be the simplest form for presentation, comprehension and completion for the respondents. This decision was taken, given the fact the researcher has several years of experience working with both the management consulting and public sector organisations and given the level of intellectual capacity and capability of both types of organisations, the best fit in terms of ensuring that the most accurate responses were to be attained, the single profile option with no more than 20 different profile options was chosen over the other options as well as the pairwise presentation option (which was very highly considered as a real option for the study) as this was seen as a more difficult option to understand and provide a fast, true response on and hence more time consuming for the respondents which would elicit a lack of complete and true real responses that are reflective of real-world decision, as time was a huge factor given the population and sample chosen for the study. Other reasons for the decision to use CVA were as follows:

- There were only a few attributes that needed to be analysed
- Within each of the attributes, there were only three levels to be measured
- There was a relatively small sample size with a small number of tasks required
- A full-profile was provided so that a respondents' actual perception of value could be gauged as opposed to just a comparison between two options
- Possible interactions between attributes such as brand and price would be available

Therefore the above had the best fit with the type of study and what was to be tested in terms of the aforementioned propositions.

3.5 Research Design[5]

In an attempt to test the aforementioned propositions, a quantitative survey-based and/or cross-sectional research design and implementation was used. The quantitative survey-based / cross-sectional research design focused on the collection of data on purchasing behaviour regarding the services of management consulting firms based on the perceived value of such. This was based on the CVA method chosen.

The data collected, focused on the attributes that were identified to be perceived as value regarding the services provided by management consulting firms, based on the literature and different levels of each attribute were used to collect data on. This data collection allowed for the creation of a collective dataset that was quantifiable and allowed for statistical analysis to be conducted, including CVA as well as comparisons between the variables (attributes) used to further examine any patterns of association between them (Bryman, 2012). The quantitative survey-based / cross-sectional research design was appropriate as a conjoint questionnaire was used to collect data on the overall construct of the study being the identified attributes that are perceived as value, which served as the construct required:

- The perceived values in the management consulting industry that create the perceived barriers to successful tendering by small management consulting firms in the South African public sector

The data was collected on the identified attributes that are perceived as value, which served as the variables within this construct which included:

a. Intellectual Capital
b. Expertise
c. Reputation / Brand

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d. Price

Thereafter, the collective data on these were analysed through various statistical methods and comparisons conducted in order to test the propositions in terms of the respondents preference of perceived value (from a purchasing point of view for the public sector entities and a service provision point of view for the small management consulting firms) towards management consulting services based on the attributes perceived as value, which create the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

Advantages of using the quantitative survey-based / cross-sectional research design included:

- Low costs associated with preparation
- Increased design options to ensure the best was utilised for the research
- Simple to administer to respondents given that the respondents were based at various different locations, it afforded the researcher the ability to send them the survey easily through the use of their email with a link that opened the survey on the website
- Low administration costs as it was administered via an online server
- Increased ability of administration by logging into survey website to assess response rates to ensure that a worthy sample size was obtained for the quantitative analysis to be conducted
- Convenient for respondents given that they were all of senior stature in their respective organisations, which removed the need for time to actually schedule a meeting
- The conjoint questionnaire was structured to make it simpler and more attractive to the respondents in terms of understanding and time required to take the survey

Disadvantages associated with the quantitative survey-based / cross-sectional research design included:

- Greater amount of time and understanding / programing required from the researcher in terms of design of the survey

- Could not ensure that the respondent actually took and/or completed the survey as requested, due to the nature of time limitations in a day given the senior nature of their responsibilities as well as the fact that emails could be deleted without being opened which would affect the size of the sample obtained and could have led to insufficient numbers for quantitative analysis
- Could not guarantee that the intended respondent was actually the one that completed the survey which may have affect the sampling and skewed the research results
- Further insight and probing could not be conducted between researcher and respondent regarding topics of relevance as the research could have been understood as one of political interest, especially on the side of the senior respondents from the public sector departments

3.6 Population and sample

3.6.1 *Population*

The population of the study included:

- The management consulting industry in South Africa consisting of firms who provide business advisory, consulting, problem solving and project implementation services to any public sector and/or private firms in the following:
    - Strategy,
    - Finance,
    - Human resources,
    - Operations and Supply Chain,
    - Marketing,
    - Information Technology, and
    - Outsourcing
- Those management consulting firms whose services are provided, to meet the needs of individuals in the role of manager and above within organisations
- As previously mentioned, there is a small amount of literature and knowledge regarding the management consulting industry (Oosthuizen, 2003), and due to this,

the researcher was unable to accurately quantify the size of the management consulting population in South Africa also given the fact that there are several management consulting firms operating within the South African landscape, each with varying levels of employees however, having stated this, the national quarterly labour force survey released by Statistics South Africa revealed that up to and including May 2015, there was approximately 2.5m employed individuals within the finance and other industry within the formal sector classifications of employment in South Africa (Statistics South Africa, 2015). The choice of these industries were chosen to be the closest representation of a management consultant in terms of the scope of work that would be conducted as the industries are not broken down any further or into specifics.

- With the knowledge that this is a large misrepresentation of the management consulting population, as only a percentage of this number would actually represent the management consulting population, the researcher chose not to provide any specific population number
- Furthermore, the research is limited only to Small / start-up management consulting firms in South Africa (small consulting firms are those firms who employ anywhere up to 50 employees) which is an even smaller percentage of the total population
- In addition to the management consulting industry, given that the focus of the research is on the public sector and in order to allow for the ability to compare and contrast, the population includes public sector entities / governmental departments in South Africa ranging from National, Provincial and Local departments

The study excluded:

- A small consulting firm providing any auditing, accounting and tax related services as well as any product based firms as the management consulting industry is one that provides a service
- Management consulting firms that employ over 50 employees
- Management consulting firms that only consist of a single individual as an independent consultant and/or owner, manager run
- Parastatals i.e. Transnet, Eskom, etc.

The reasoning for the inclusions and exclusions were to keep the samples used, as focused as possible within the public sector departments as well as small management consulting companies in order to ensure a maximum accuracy of study analysis as possible.

3.6.2 *Sample and sampling method*

The sample from the population was chosen based on specific criteria as follows:

Management consulting firms

- Individuals at a management level or higher
- Those who finalise proposals and manage firm engagements as well contracts and execute business development roles

Public sector entities / governmental departments

- Individuals at a management level or higher
- Those individuals who are involved with the decision-making process on procurement (supply chain, sourcing, etc.)

Therefore, with the specific focus on the above individuals within their organisations, the key was to focus on these decision makers within their businesses who have an understanding and responsibility for understanding of performance measures as well as consulting, on the public sector side and governmental departments, on the consulting firm's side, within their respective organisations and thus would have the interest to know how an important aspect such as value of service could possibly affect success as well as how challenges in processes affect success.

A random sampling method was conducted initially to choose the small management consulting firms as well as the public sector entity / government department and furthermore, in order to attain the responses of such a specific sample of individuals based on the criteria stated, a cluster sampling method was then used, as the information used to distinguish respondents was based on their position / job titles within their organisations.

A link to the conjoint questionnaire was emailed to the intended respondents after confirming their position within their organisation and their willingness to participate in the study. A total of 60 responses were received as fully complete which served as the final sample used in the study analyses. These 60 responses consisted of a varying number of individuals within different small management consulting firms and public sector entities / government departments. Each respondents' perception of value regarding management consulting services (either from the management consulting firms' or the public sector entities' / governmental departments' point of view) was recorded as a single contribution to the sample used as the study focuses on the perception of each individual that provides insight into the collective perception of value form each of the different organisations' viewpoint.

3.7 The research instrument[6]

A conjoint questionnaire was developed and used as the instrument in this research, to collect data from each of the respondents on specific variables that are covered within the construct of the research, based on the proposition/s developed from the literature review.

The conjoint questionnaire was based on the construct (P1): Perceived value in the management consulting industry creating perceived barriers to successful tendering by small management consulting firms in the South African public sector. The variables used were the service attributes that were identified as provision of perceived value in management consulting that create the perceived barriers.

The most important aspect was to ensure that the questionnaire design was correct and would be able to provide data in a format that could be used to conduct a conjoint analysis. The method chosen to be used as previously mentioned was CVA, therefore the following applied:

The single concept presentation of CVA was used as the respondents were asked to rate the likelihood of themselves purchasing services provided by a given management

[6] Information is based on an assignment submitted for a Quantitative Research Methods elective at WBS

consulting firm profile (for public sector entities) and the likelihood of a client purchasing services provided by a given management consulting firm profile (for small management consulting firms); one at a time. They were asked to rate the likelihood of services being purchased from a given management consulting firm profile on a 7 point Likert scale. The scale used is as follows, showing the rating options:

1	2	3	4	5	6	7
Most undesirable	Very Undesirable	Somewhat Undesirable	Neutral	Somewhat Desirable	Very Desirable	Most Desirable

Figure 3: Likert scale used

It was also important to ensure that the number of attributes and tasks required from the questionnaire were within limits for CVA and for respondent viability, therefore the questionnaire was structured around the 4 attributes that were identified as perceived value in management consulting, from the literature, and each of these attributes had 3 levels. The desired number of tasks required, based on these numbers was 21 which was calculated by the following formula as per (Sawtooth Software, 2002):

$$no.of\ tasks = 3(K\ -k\ +1)$$

Where;

- K : is the number of levels across all attributes; and
- k : is the number of attributes

There were 20 different tasks (profiles) provided within the questionnaire, which was sufficient (Sawtooth Software, 2002).

The attributes and levels for each of these are shown in Table 3-B:

Table 3-B: Attributes and levels used

ATTRIBUTE	LEVELS
a. INTELLECTUAL CAPITAL	GLOBAL KNOWLEDGE NICHE KNOWLEDGE LOCAL KNOWLEDGE
b. EXPERTISE	SPECIALIST POST GRADUATES GRADUATES
c. REPUTATION / BRAND	TOP TIER WELL KNOWN UNFAMILIAR
d. PRICING	PREMIUM MARKET RELATED AGGRESSIVE

In order for the CVA method to be successful, an orthogonal design was a must, to be used for the questionnaire, meaning that the attributes had to be independent of each other with no correlation between them (Sawtooth Software, 2002). The CVA software from Sawtooth enabled the creation of an orthogonal design which aimed to ensure that all level pairs occurred the same number of times and that the levels within each of the attributes occurred the same number of times as the others. The questionnaire design was tested before the survey distribution to respondents. This allowed for using CVA to prohibit any impossible combinations as well as obvious tasks. By doing this, the conjoint analysis conducted was more accurate and meaningful.

The conjoint questionnaire used to collect data from respondents can be found as **Appendix 1:** Research Instrument used - Conjoint Questionnaire

The introduction email communication to the potential respondents, motivating them to participate in the study can be found as **Appendix 2:** Initial Research communication.

Given that the pairwise comparison option was also highly considered as a method of presentation for respondents, the researcher had designed a pairwise comparison survey as well before making the final decision between this and the full profile option where the decision was taken to opt for the full profile option for reasons as provided earlier. The pairwise comparison option can be found as **Appendix 3:** Pairwise comparison survey

3.8 Procedure for data collection

The process for data collection was as follows:

- Intended respondents were contacted via telephone to inform them about the study and gauge their interest and/or willingness to participate
- If they were not interested and/or could not participate, they were thanked for their time and others were pursued
- Those intended respondents who were interested and/or willing to participate in the study, were asked for their email addresses and were informed that they would receive an email with information about the research aims and context, requesting them for their informed consent to participate in the study, thanking them for their time
- The researcher then sent the email described, within 12 hours to the respondents
- The respondents accepted and provided informed consent by replying to the email sent by the researcher
- The researcher then replied within 6 hours with an email to the respondents including the link to the web based conjoint questionnaire / survey. The researcher used the Qualtrics survey software platform to design and administer the questionnaire to the respondents. The emails with the survey link sent to the respondents were conducted through the software via panels that were created in Qualtrics which allowed the researcher to send a single email with the survey link to several respondents within an organisation at once.

- The researcher then waited for the respondents to take the survey and close out their survey
- The number of questionnaires opened and completed via the online survey website was tracked on a daily basis
- Those respondents who did not open and/or complete the questionnaire within the first 48 hours of having received the email, were sent pleasant reminder emails to do such via the website mailing system
- When all the respondents had taken/completed the survey and/or a sufficient number of responses were counted, the researcher closed the survey (given the timeframes set)
- The researcher sent thank you emails to all participants for their time, participation and responses

The researcher then exported all data collected from the Qualtrics software into an excel document format and then proceeded onto the analysis, which is discussed in the following section.

3.9 Data analysis and interpretation[7]

The data analysis began with compiling a complete data set including all variables (attributes) and their levels used in the survey and separation of the responses from small management consulting firms and the public sector entities.

3.9.1 *Initial data analysis steps*

As per Lee (2015), the following methods were used:

A data check to look for missing data (incomplete questionnaires) was conducted and dealt with appropriately

- A check to ensure that the respondents were as per the sampling intended (verification through the demographic question in questionnaire)

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- Correction of any inappropriate data points was conducted
- A missing data analysis conducted to ascertain if there was missing data and how great the level of missing data was

The above was conducted as a first step in the analysis as it is important to conduct a missing data analysis given that it is a common issue in data sets that are as a result of surveys / questionnaires (Lee, 2015). Missing data in observations can also be a serious problem when conducting the analysis and lastly, if there is missing data in the variables that are being used to measure the constructs, then the accuracy of the analysis may be greatly affected (Lee, 2015).

As per Lee (2015), when there was 50% or more missing data in any respondent observation, these were removed and no missing data was replaced with averages given the nature of this study, giving the researcher a completely cleaned data set with no missing data points with which to conduct the statistical analysis.

3.9.2 *Analysis regarding Proposition P1*

The statistical analysis and interpretation was conducted using the Sawtooth software package for CVA (as eluded to prior). The reason for this is that Sawtooth is one of the major developers of analytical as well as questionnaire systems that are used most widely, globally. Their software packages have unique advantages including their CVA package (Manuel et al., 2014).

Once the cleaned dataset based on the orthogonally designed conjoint questionnaire was available, an analysis of the attributes was conducted using the CVA software package mentioned, to ensure that they were as initially intended; differentiating, low correlation between them and were identifiable (Manuel et al., 2014).

The weights of the different attributes were calculated in order to measure the amount of influence each attribute actually had on the respondent's service choice, which in other words is the effect that any of the attributes would have on the overall utility of a service (Stacey, 2015). This provides an indication of the importance of each attribute to the respondent's decision of preference based on the part-worth utility values, thus indicating the different perception of value they place on each attribute, when rating a purchasing

decision (Stacey, 2015). These attribute importance data is ratio based and thus add up to 100 percent (Stacey, 2015).

The utilities of the levels for each attribute were then estimated / calculated. There are two ways of doing so, namely the Ordinary Least Squares (OLS) and Monotone Regression however, OLS was chosen as the better suited method of calculating the utilities for this study. The reason for this is that it allowed for the scaling of the responses through the use of rating as opposed to rankings, which the questionnaire was based on (ratings) (Manuel et al., 2014; Sawtooth Software, 2002). In addition, the implementation of a fractional factorial design is favourable for conjoint analysis (Manuel et al., 2014). The analysis was based on identifying the respondent's preference through the utilities of the levels for each of the attributes (Manuel et al., 2014). The preference models can either be part-worth, vector or ideal point (Manuel et al., 2014). The part-worth model was chosen as the appropriate model as the interest was in generating a set of additive part-worth utilities identifying the respondent's preference for a particular level of the attributes. This provided an understanding of the respondent's perception of value given their utility for the levels within each attribute. The analysis utilised independent variables (dummy variables) which indicated the presence of a specific attribute level, therefore the preference choice of the respondent for a profile (dependent variable) was described by the independent variable/s (Manuel et al., 2014).

The utilities estimated / derived for each of the attribute levels are zero centred and scaled and the differences of the best and worst utility scores summed, is equal to 100 times the number of attributes (Stacey, 2015). They are presented as interval data. The positive or negative utility values indicate the preference of the respondent for that specific level of an attribute (Stacey, 2015).

3.9.3 *Analysis regarding Proposition P2*

A comparison between the small management consulting firms and the public sector entity's perceptions of value based on the attributes was conducted using a T-Test. Essentially the T-Test statistically analyses the difference in means between these two groups and provides an understanding of whether the difference between the two means (should there be one), is actually statistically different from zero, meaning that there is a

reason other than randomness for the difference (Lee, 2015). This provides an understanding of what each group places more importance on in terms of perceived value of management consulting services and indicates which of the attributes are actually most important to which group and thus in creating the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

Although there are different types of T-Tests that could have been done, the reasoning behind conducting a T-Test of two independent samples was simple as there were two groups that were to be compared i.e., the Public Sector entities with the small management consulting firms.

A difference in means of the two groups was highly likely due to randomness in the data, however, this difference would be close to zero if it were only based on randomness. Where the difference was large enough that it could not only be based on randomness, this difference was considered to be true and/or substantial, based on Lee (2015).

To test whether the differences between the two groups were actually statistically different from zero, to eliminate randomness as a factor, significance tests were conducted using confidence intervals and p-values (Lee, 2015). The level of significance used for the T-Test was 5% providing results at 95% confidence intervals. The confidence intervals were used to accept or reject the **Proposition P2**, based on whether the interval was entirely below or above zero which signalled that the difference in means was statistically significant, or not where the difference in means was not statistically significant and that the difference was negligible or that there was no difference between the two groups in terms of the level of importance placed on specific attributes when making a purchasing decision regarding the perceived value of management consulting services provided by management consulting firms.

In addition to using the confidence intervals as explained above, p-values from the T-Test were also used as a second check to supplement the findings of the confidence intervals whereby, if the p-value was less than the 5% of significance used i.e., a value less than 0.05; then the difference in means between the groups was deemed to be statistically significant (Lee, 2015).

Having chosen to conduct a T-Test to compare the means of the two groups, a choice between conducting a parametric or a non-parametric test, had to made. This decision was based on certain assumptions which had to have been taken in to consideration (Lee, 2015) which included the following:

- For the standard parametric tests
    - Normality of distribution of the datasets
    - Equality of variances of the two groups

The assumptions listed above are critical when conducting a parametric test especially given that the T-Test that was to be used, was to be based on accuracy statistics such as the confidence intervals and p-values, as these would have been affected by the assumptions mentioned (Lee, 2015). When the assumptions are slightly inaccurate given the datasets, then the findings are not significantly affected however when the assumptions are highly inaccurate, the findings would have been significantly affected and a few options to rectify may have been considered (Lee, 2015), namely:

- Bootstrapping
- Unequal variance test
- Non-parametric test

Therefore, for each attribute that was to be compared, a check regarding the assumptions was done by:

- Assessing the equality of variances between the two groups by conducting and Equality of Variances test
    - The test was conducted at the same level of significance stated (5%)
- Assessing the normality of the data

When the p-value of the Equality of Variance test was higher than 0.05, the assumption that the variances of the two groups are equal, was accepted and where the data distribution was assessed to be normal; meaning that the assumptions were checked to be accurate; the standard parametric T-Test was used, given that the sample used was small consisting of a number of 30 for each group (Lee, 2015).

When the p-value of the Equality of Variance test was lower than 0.05, the assumption that the variances of the two groups are equal, was not accepted and where the data distribution was assessed to be skewed; meaning that the assumptions were checked to be inaccurate; the different options of bootstrapping, unequal variance test and non-parametric test were considered (Lee, 2015) with the following decisions taken:

- Bootstrapping was not chosen as a remedy as the sample size used, was small (as mentioned prior) and given that bootstrapping is more suited to much larger samples of data (Lee, 2015)
- Unequal variances T-Test was used as a remedy which is a test that accommodates for the assumption of equal variances not being accepted (Lee, 2015) and therefore the results of this T-Test was used in such instances
- Non-parametric T-Test was also conducted as this test usually eliminates most problems with assumptions especially where there are distribution issues however, the output is normally based on ranks rather than the averages of the actual data which would not have provided the most valuable results however was used by the researcher to compare and contrast the results of the tests conducted via the Wilcoxon two-sample Test which provided p-values at a 5% significance level as discussed earlier and the Hodges-Lehmann test which provided values at a 95% confidence interval (Lee, 2015) also as discussed earlier

The results of the analyses are presented and discussed in Chapters 4 and 5

3.10 Limitations of the study[8]

Possible limitations of the study include but may not be limited to the following:

- Given the type of conjoint method used, the ability to study many attributes was limited, however the number of highly valuable attributes that surfaced from the theory and literature actually made it appropriate to use the CVA method
- A more relevant limitation, is the reduced ability to evaluate and measure interactions as well as other higher-order effects, namely cross-effects

[8] Information is based on an assignment submitted for a Quantitative Research Methods elective at WBS

- There was a slight possibility of measurement error given the number of tasks required which was calculated as 21 and only 20 were used in the conjoint questionnaire
- The above thought is based on the respondents' ability to choose between only a limited number of profiles, when ideally it would have be preferred to provide several different profiles as options to be considered (ideally as many as possible)
- The implicit assumptions that were taken when conducting conjoint analysis can be understood as limiting
- Insufficient number of respondents / participants in the study as the quantitative methods and statistical analyses used such as the T-Test requires a bare minimum of 30 responses for each group which could have possibly lead to difficulty in generating confident statistically significant results as the number of responses achieved was actually the bare minimum for each group i.e., 30 responses each for the small management consulting firms and the public sector entities
- The respondents may have used simplification strategies when evaluating choices due to a lack of understanding and /or interpretation of questions (different profile options) in survey
- Lack of control on who actually completed the questionnaire due to the lack of face to face presence with respondents and thus the inability to ensure that the actual intended participant completed the survey so as to reduce inaccurate / misrepresentative data

3.11 Validity and reliability[9]

3.11.1 *External validity*

The external validity of the study can be understood to be the degree to which the study results can be applied to a broader sample and/or instances other than the study (Leedy & Ormrod, 2001). The sampling method used was cluster sampling that involved both random sampling and probability sampling in terms of the public sector entities /

[9] Information is based on an assignment submitted for a Quantitative Research Methods elective at WBS

governmental departments and small management consulting firms that were used in the study and furthermore the actual individuals within these organisations; through stratified methods. Although the researcher employed random sampling up front, to ensure that the external validity was strong by minimising potential bias, it was reduced as the use of probability and stratification sampling was employed (Bryman, 2012) therefore, the external validity is understood to be at a moderate acceptable level, however given that the sample size is relatively small, the applicability of the findings to be generalised to the broader population may be limited, although not as a result of the sampling method (Casadesús et al., 2002).

3.11.2 *Internal validity*

The study used a fractional factorial design in terms of ensuring that respondents were not presented with an overwhelming number of profiles to choose from. This may have affected the internal validity of the study as the importance weights of the attributes produced could be less accurate than those of a full factorial design. This is further impacted as the use of a fractional factorial design leads to the use of OLS which could overestimate the more important attributes and underestimate the less important attributes. Therefore the internal validity of the study is considered to be relatively low compared to the external validity and the aim was to be able to assess the bias mentioned and attempts to correct it in order to raise the internal validity of the study was conducted. This may still prevalent even though measures were taken to ensure Reliability however does not mean that the results attained by the researcher based on the design and data is completely inaccurate and that conclusions cannot be drawn based on the analyses conducted but rather that they may not be at a level of 100% accuracy. Furthermore, the analysis provides associations in terms of comparisons between variables as opposed to causal relationships (Bryman, 2012) due to the statistical analysis used (T-Test).

3.11.3 *Reliability*

Although the validity of the study is low, it was based on an almost perfect reliability of the input data which should be the case for studies in which the following was conducted:

- The number of attributes were kept small
- Each attribute was assured to be mutually exclusive of one another
- The number of levels within each attribute was also kept small
- The levels were also able to be combined with each other without the possibility of providing impossible combinations and if there were such, these were removed

The above was conducted to ensure that the respondent's tasks were kept simple and to avoid respondent fatigue and ensure better quality responses. In addition the following was also conducted:

- Testing the questionnaire and also ensuring that the resulting utilities of such were reasonable
- Ensuring that the number of tasks were such that would provide for quality results and using the formula for required number of tasks which was 21, 20 were used in the questionnaire which removes some of the perfect reliability of the study
- Predictable tasks were removed
- An orthogonal design was used for the study

Therefore, the reliability of the study is high given that the conjoint questionnaire used would provide consistent results as per Leedy and Ormrod (2001). This is so; despite the fact that a quantitative methodology was used, which is inherently taken to have a low reliability (Bryman, 2012), as it is based on the perceptions of the respondents which can change from time to time. Despite this, the reliability still remains high due to the steps taken by the researcher as mentioned prior as well as the fact that a conjoint questionnaire was used and structured in a specific way to elicit real-world purchasing decisions all the way through the questionnaire, keeping the respondents in a single frame of thought throughout.

CHAPTER 4. PRESENTATION OF RESULTS

4.1 Introduction

The prior chapter on research methodology provided the basis for the analysis and results obtained in the study which are provided in this chapter. A brief description of the demographic characteristics of the respondents is provided followed by the results of the research. These are presented in relation to each of the Research Propositions developed. Each of the sub-problems together with the resulting Proposition is detailed here for affluence

Sub-problem 1:

P1: There is a perception of value/s based on the attributes of the service in the management consulting industry that includes; the intellectual capital, expertise, reputation / brand of the management consulting firm/s and the price of the service provided, which favour / tend towards the preference of large management consulting firms; thus creating a perceived barrier to successful tendering by small management consulting firms in the South African public sector.

- Sub-problem 1 and the resulting Proposition P1 are addressed by the presentation of the results based on the CVA Full-Profile Conjoint Analysis conducted as described within the Research Methodology chapter.
- The results provided show the four identified attributes that were found to be perceived as value, based on the literature and the utilities of each attribute level is also provided, indicating whether or not there is a preference or tendency towards large management consulting firms over small management consulting firms confirming the Proposition P1 or not

Sub-problem 2

- The second sub-problem is to assess and/or compare the perception of value based on the attributes identified, between the small management consulting firms and the

public sector entities to ascertain whether there are significant differences of perceived value within management consulting between the different groups, in terms of the level of importance placed on each attribute in the creation of the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

P2: There is no statistically significant difference in the perception of value within the management consulting industry between the public sector entities and small management consulting firms in terms of the level of importance placed on the attributes identified constituting the perception of value that creates the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

- Sub-problem 2 and the resulting Proposition P2 are addressed by the presentation of the results based on the T-Test and analysis conducted as described within the Research Methodology chapter.
- The results provided show the differences in the means of the four identified attributes that were found to be perceived as value, based on the literature and whether they are significant or not, indicating whether or not there is a difference that is significant between the small management consulting firms and Public Sector entities' perception of value in relation to the importance placed on specific attributes confirming the Proposition P2 or not

All the results attained can be found in the **Appendices** and only those that are the focal point of the research in terms of testing the propositions are included in this chapter.

4.1.1 *Demographics of sample*

The purpose of this section is to describe the sample of the study. As stated within the Population and Sample sections of this paper, the study included both Small Management Consulting firms and Public Sector entities and specifically, individuals at a management level or higher, both in the management consulting firms and public sector entities / governmental departments; basically those individuals who are involved with

the decision-making process on procurement in public sector entities / government departments (supply chain, sourcing, etc.) and those who finalise proposals and manage firm engagements as well contracts and execute business development roles in the small management consulting firms.

Figure 4 provides a breakdown of the sample.

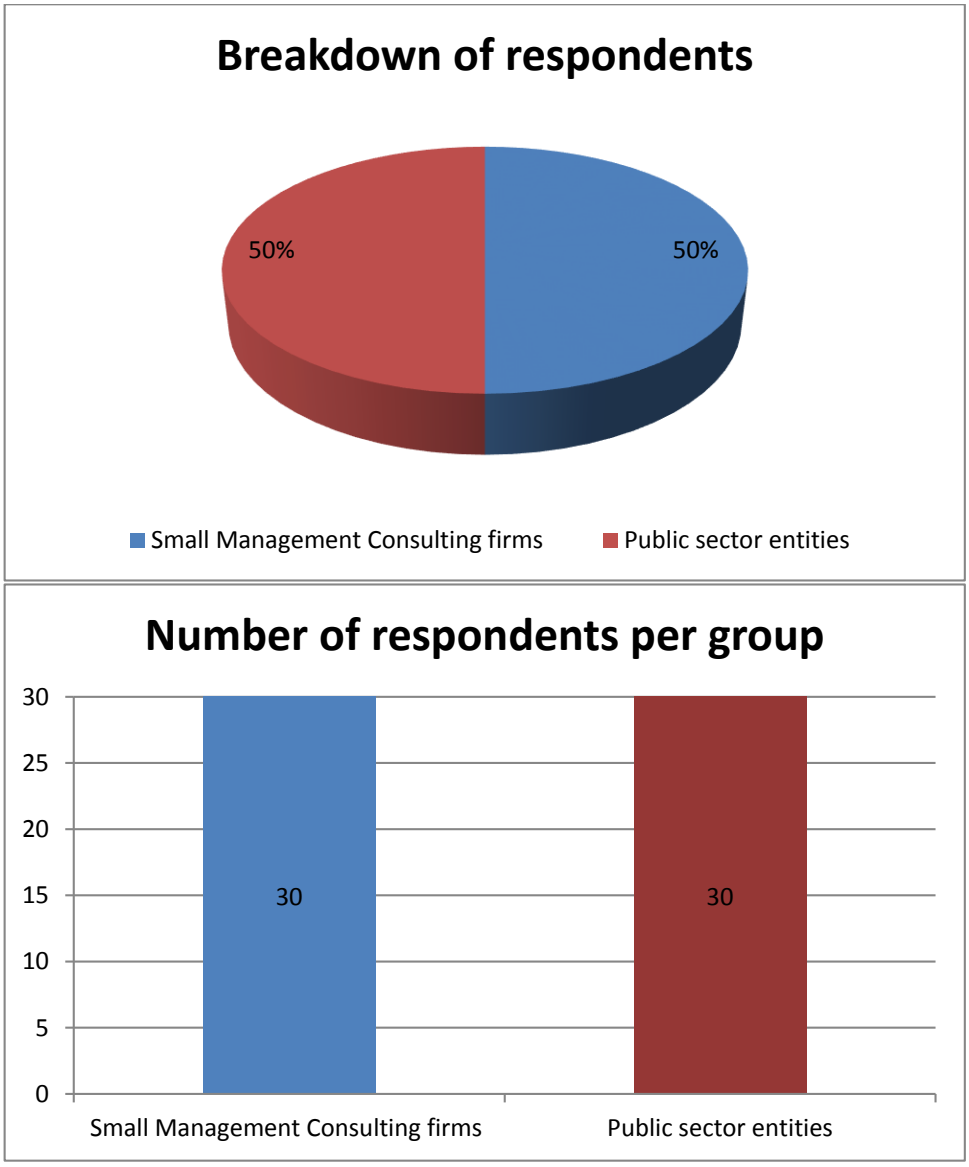

Figure 4: Profile of study sample

As seen from the figure, there were a total of 60 respondents out of 80 questionnaires that were sent out, 50% of which were from Small Management Consulting firms and 50% from Public Sector entities / government departments. Although this is a small

sample compared to other similar studies, the response rate achieved was as per the target initially set out by the researcher given the timelines under which this research was conducted.

No further demographic information was requested from respondents, as it was not material in the analysis of the study. A sampling method used was cluster sampling method to best ensure that the correct level of individuals was used in the study as explained prior.

4.2 Results pertaining to Proposition P1

Sub-problem 1:

- The first sub-problem is to identify the attributes that are perceived as value within the management consulting industry in general and how these perceived value attributes within the tender process, leads to an overall perception of value that places larger management consulting firms at an advantage over small management consulting firms, thus creating a perceived barrier to successful tendering in the South African public sector for them.

  P1: There is a perception of value/s based on the attributes of the service in the management consulting industry that includes; the intellectual capital, expertise, reputation / brand of the management consulting firm/s and the price of the service provided, which favour / tend towards the preference of large management consulting firms; thus creating a perceived barrier to successful tendering by small management consulting firms in the South African public sector.

Respondents were requested to complete a Conjoint questionnaire by rating the likelihood of themselves purchasing services provided by a given management consulting firm profile (for public sector entities) and the likelihood of a client purchasing services provided by a given management consulting firm profile (for small management consulting firms); one at a time (a single questionnaire was provided with all profile options being the same however the rating question was framed differently as explained, based on which organisation type the respondent chose). They were asked to rate the

likelihood of services being purchased from a given management consulting firm profile on a 7 point Likert scale. Each profile option was a combination of different levels of the four identified attributes which had surfaced from the literature.

The results are presented in different figures with the first figure showing the Attribute importance and the following tables showing the Utilities of the levels for each attribute. The results are shown at a total sample level i.e., average based on the sample size. The CVA Full-profile analysis run through the Sawtooth Software yielded the following results (**Appendix 4:** Conjoint Results – complete dataset).

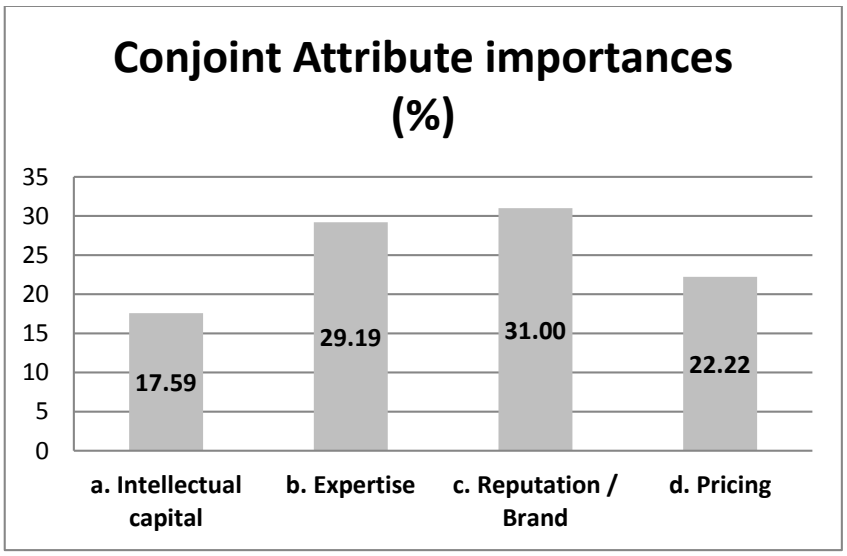

Figure 5: Attribute importance

The above figure shows the conjoint attribute percentages at an aggregated level for each attribute that was evaluated in the study. These aggregated attribute values are based on the range of its (the attributes) own part-worth utility values that are presented following this. These values / percentages provides an indication of the influence that each attribute actually has on the respondent's choice when choosing to make a purchase decision regarding the service received from management consulting firms in South Africa. In other words, it shows us the relative importance of each attribute by considering the difference that each attribute is able to make in the overall utility of the service required from management consulting firms based on what is perceived as valuable by the respondent.

The range within the attributes utility values is the difference alluded to. As per the aforementioned, the attribute percentages are calculated from the relative ranges which provide the values that are the attribute importance. This is done by:

- Calculating the difference between the highest and lowest utility levels for each attribute. This is the utility range for each of the attributes.
- Sum up the utility range of each attribute to give the total utility range for the given service / product
- Divide each attributes utility range by the total utility range and multiply by 100. This provides the weight/percentage of each attribute giving its relative importance to the others

These values add up to 100% for a given service which in this case is the service provided by a management consulting firm. This type of data (importance) is ratio scaled however, and are also relative, meaning that they can be compared to each other in that each attribute's importance in the study is relative to the other attributes used.

Therefore the attribute percentage values indicate how important each one is and what influence they have when making a purchase decision regarding the management consulting services in terms of what is valued the most.

Therefore the results provided, indicate what is preferred when choosing a management consulting firm to provide a service thus indicating what is valued the most. As per the figure, it is understood that Attribute (c): Reputation / Brand with 31% and Attribute (b): Expertise with 29.19% are the most important attributes when choosing to purchase services from a management consulting firm in South Africa. These are followed by Attribute (d) Pricing with 22.22% and last Attribute (a) Intellectual Capital with 17.59% being the least important attribute when making a purchase for management consulting services in South Africa.

The following figures present the Utilities for each of the Attributes mentioned prior.

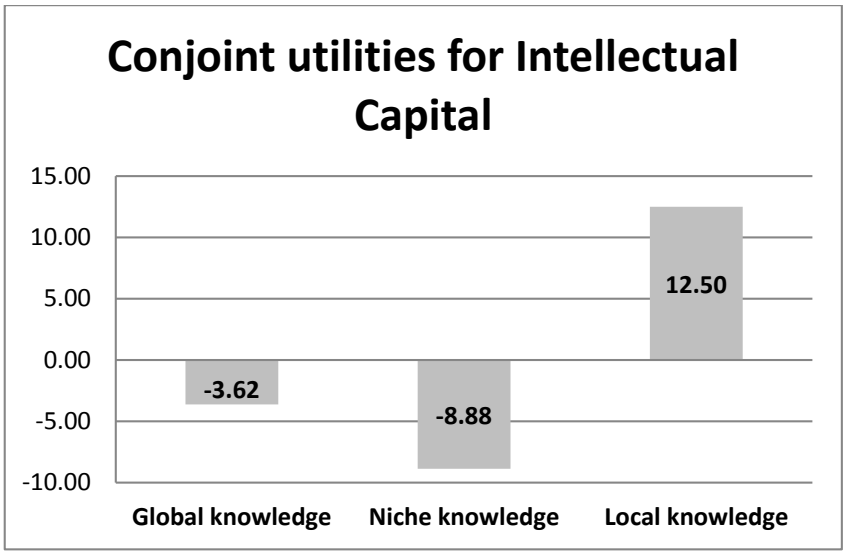

Figure 6: Utilities for Attribute (a) Intellectual Capital

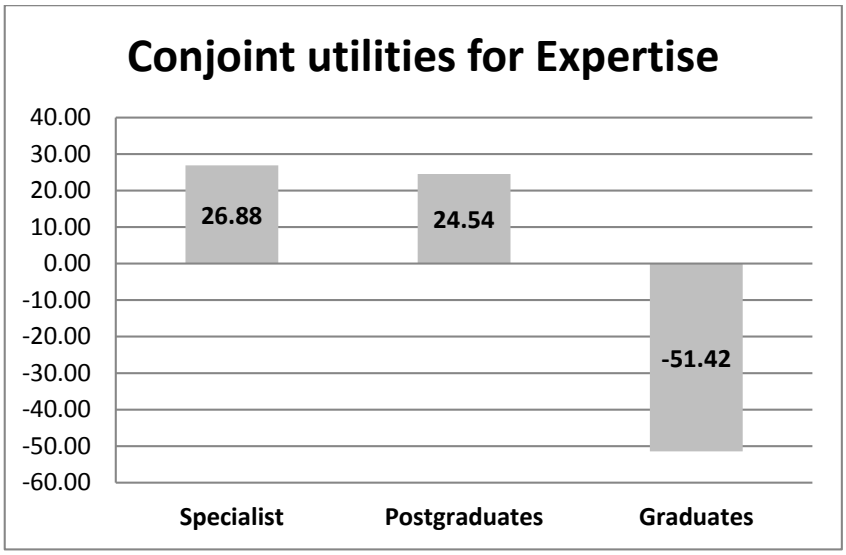

Figure 7: Utilities for Attribute (b) Expertise

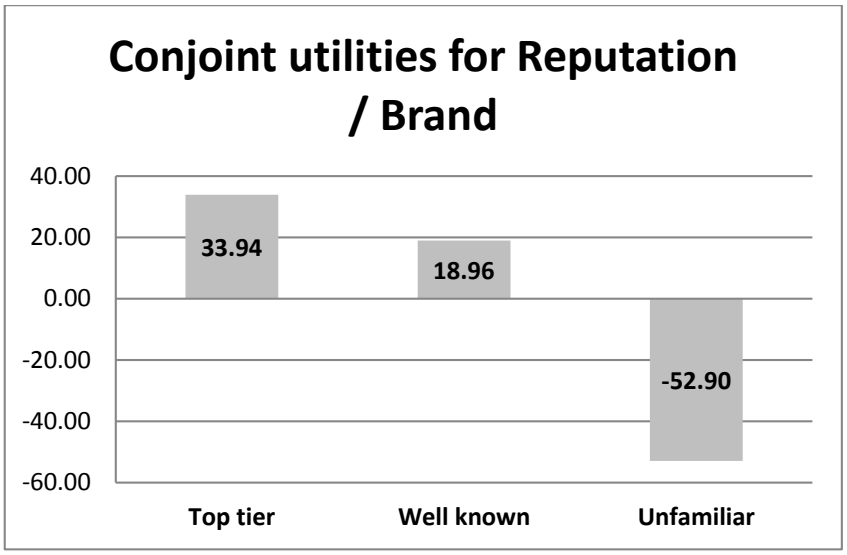

Figure 8: Utilities for Attribute (c) Reputation / Brand

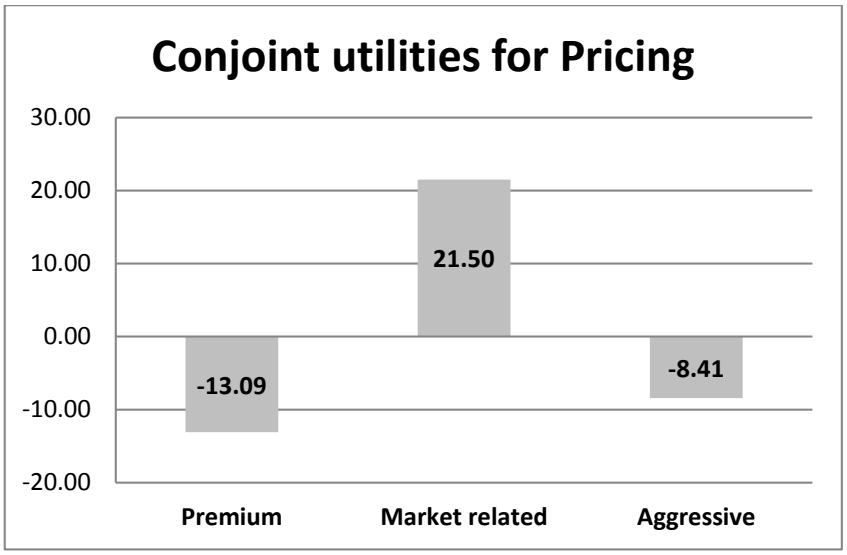

Figure 9: Utilities for Attribute (d) Price

Table 4-A: Summary of Utilities for Attributes

Attribute	Level	Utilitiy
a. Intellectual Capital	Global knowledge	-3.62
	Niche knowledge	-8.88
	Local knowledge	12.50
b. Expertise	Specialist	26.88
	Postgraduates	24.54
	Graduates	-51.42
c. Reputation / Brand	Top tier	33.94
	Well known	18.96
	Unfamiliar	-52.90
d. Price	Premium	-13.09
	Market related	21.50
	Aggressive	-8.41

Each of the above figures shows the conjoint utilities at an aggregated level for each attribute level that was evaluated in the study. These aggregated utilities of each level were estimated via the part-worth estimation model using OLS regression and provides an indication of the average respondent preference when choosing to make a purchase decision regarding the service received from management consulting firms in South Africa.

The conjoint utilities were scaled to a random additive constant for each attribute and are presented as interval data. This randomness of scaling of the utilities for each of the attributes presented is due to the use of coding of the matrix design. Therefore, the findings will not change even of a constant is added to these part-worths of each attribute levels. These utilities are scaled in a manner that their sum and average, equals to zero for each of the attributes. Therefore, negative values indicate the Utility values are below average while positive values indicate the Utility values are above average.

The results show that there are both negative and positive utility values for each of the attribute levels and one must note that the negative values do not automatically mean that a specific level is deemed to be unappealing to respondents, but rather that it was unappealing to them in relation to the other levels. In addition, the utility values cannot

and should not be compared directly between the different attributes as they are derived arbitrarily for each attribute.

They indicate what the preference is more tended towards for each of the levels within the attributes when making a purchase decision regarding the management consulting services in terms of what is valued the most.

The Utility results show the following for each of the Attributes:

a. **Intellectual Capital:** Respondents tended to opt for or prefer management consulting firms that had a larger local knowledge base as opposed to global knowledge base and the least preferred being a niche knowledge base

b. **Expertise:** Respondents prefer management consulting firms who employ professional specialist experts and postgraduates as compared to just employing graduates with a large gap between the preference for the former two levels compared to the latter which is far below average

c. **Reputation / Brand:** Firms with a top tier reputation / brand are the most preferred by respondents followed by a well-known reputation / brand with an unfamiliar reputation / brand being the least preferred and far below average

d. **Price:** Management consulting firms with a market related pricing are the most preferred by respondents followed by a below average preference for aggressively priced firms and the least preferred option being premium priced firms which is the furthest below average of the three levels

From the results attained, it is understood that there are clear preferences towards management consulting firms that:

- Have a vast local knowledge base of Intellectual Capital
- Employ professional specialist experts and post graduates as the Expertise provided to clients
- Have a top tier reputation / Brand
- Have a market related pricing strategy

Given that the preferences are as such, when comparing these to what was identified in the literature regarding the perception of value being in favour of large management consulting firms thus placing them at an advantage over the small management consulting firms, the following is shown in Table

Table 4-B: Comparison of results to literature finding

Attribute	What is preferred based on the perception of value from literature	What is preferred based on the results
a. Intellectual Capital	Firms with the ability to provide a wide range of services based on previous experience in the space, as opposed to niche services offered with minimal experience	Local knowledge then global knowledge and least, niche knowledge
b. Expertise	Firms that employ professionals including highly educated specialist experts as these are the individuals who will be actually delivering the work	Professional specialist experts as well as post graduates and least, undergraduates
c. Reputation / Brand	Firms that have a large reputation or a big brand based on their references and referrals of previous clients for which work was conducted	Firms with a Top tier reputation / brand then a well-known firm and least, an unfamiliar firm
d. Price	Firms that are not priced low as there is the perception of "you get what you pay for" so paying a higher price is understood as receiving higher quality	Market related pricing and to a much lesser extent aggressive and premium prices

Hence, given that the results attained from the CVA Full-profile Conjoint analysis match the findings from the literature on which the Proposition P1 is based, the results satisfy Proposition P1 as explained in the conclusion of this Chapter.

4.3 Results pertaining to Proposition P2

Sub-problem 2

- The second sub-problem is to assess and/or compare the perception of value based on the attributes identified, between the small management consulting firms and the public sector entities to ascertain whether there are significant differences of perceived value within management consulting between the different groups, in terms of the level of importance placed on each attribute in the creation of the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

P2: There is no statistically significant difference in the perception of value within the management consulting industry between the public sector entities and small management consulting firms in terms of the level of importance placed on the attributes identified constituting the perception of value that creates the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

The results attained from the CVA Full-profile conjoint analysis were split into each of the groups and averaged separately per group per attribute as a comparison of means was to be conducted via the T-test method as explained in the Research Methodology chapter. The T-Tests were conducted at a significance level of 5% and confidence intervals of 95%. Proposition 2 was tested by looking for statistically significant differences in means for each attribute between the two groups in terms of the level of importance placed on the attributes based on the perceived value in the two groups. Both parametric and non-parametric T-tests were conducted as well as parametric T-Tests for unequal variances.

The results are presented in different tables with each table showing the results for each attribute. The results are shown at a group level in terms of mean attribute importance. The T-Test analysis conducted, yielded the following results.

<u>Attribute (a) Intellectual Capital</u>

- The Test for Equality of Variances proved statistical difference meaning that it was not accepted that the variance in the datasets of the two groups were equal rather that the variances were unequal
- The distribution of the data sets were deemed to be normal
- Given the above, the tests were run and provided the following results:

Table 4-C: T-test confidence interval for Intellectual Capital

Organisation	*Method*	*Mean*	*95% CL Mean*		*Std Dev*	*95% CL Std Dev*	
Public sector entities		19.29	15.20	23.38	10.95	8.72	14.72
Small Management consulting firms		15.89	13.13	18.65	7.39	5.88	9.93
Diff (1-2)	***Pooled***	3.40	-1.43	8.22	9.34	7.91	11.41
Diff (1-2)	***Satterthwaite***	3.40	-1.44	8.24			

Table 4-D: T-test p-values for Intellectual Capital

Method	*Variances*	*DF*	*t Value*	*Pr > |t|*
Pooled	**Equal**	58	1.41	0.1642
Satterthwaite	**Unequal**	50.88	1.41	0.165

Due to there being unequal variances between the two groups for Intellectual Capital, the values of the T-test for unequal variances (Satterthwaite) are used. The results show that difference in means is 3.4 however that this difference is not statistically significant at 95% as the confidence interval (-1.44 to 8.24) includes zero.

The p-value confirms this as the value of 0.165 is greater than 0.05 (5%) meaning that there is no significant difference in means between the two groups.

As stated in the Research methodology chapter, non-parametric T-tests were also conducted as a point of comparison and contrast. The Wilcoxon test and Hodges-Lehmann test also confirmed the results of the parametric T-Tests conducted where the difference in means is not statistically significant.

The complete results of these tests can be found in **Appendix 5**

Attribute (b) Expertise

- The Test for Equality of Variances proved no statistical difference meaning that it was accepted that the variance in the datasets of the two groups were equal.
- The distribution of the data sets were also deemed to be normal
- Given the above, the tests were run and provided the following results:

Table 4-E: T-test confidence interval for Expertise

Organisation	*Method*	*Mean*	*95% CL Mean*		*Std Dev*	*95% CL Std Dev*	
Public sector entities		26.01	21.36	30.65	12.44	9.91	16.73
Small Management consulting firms		32.37	27.93	36.81	11.88	9.46	15.97
Diff (1-2)	***Pooled***	-6.37	-12.66	-0.08	12.17	10.30	14.87
Diff (1-2)	***Satterthwaite***	-6.37	-12.66	-0.08			

Table 4-F: T-test p-values for Expertise

Method	*Variances*	*DF*	*t Value*	*Pr > |t|*
Pooled	**Equal**	58	-2.03	0.0473
Satterthwaite	**Unequal**	57.87	-2.03	0.0473

Due to there being equal variances between the two groups for Expertise, the values of the T-test for equal variances (Pooled) are used. The results show that difference in means is 6.37 and that this difference is statistically significant at 95% as the confidence interval (-12.66 to -0.08) lies entirely below zero.

The p-value confirms this as the value of 0.0473 is less than 0.05 (5%) meaning that there is a significant difference in means between the two groups.

As stated in the research methodology chapter, non-parametric T-tests were also conducted as a point of comparison and contrast. The Wilcoxon test and Hodges-Lehmann test also confirmed the results of the parametric T-Tests conducted where the difference in means is statistically significant.

The complete results of these tests can be found in **Appendix 6.**

Attribute (c) Reputation / Brand

- The Test for Equality of Variances proved no statistical difference meaning that it was accepted that the variance in the datasets of the two groups were equal.
- The distribution of the data sets were also deemed to be normal
- Given the above, the tests were run and provided the following results:

Table 4-G: T-test confidence interval for Reputation / Brand

Organisation	*Method*	*Mean*	*95% CL Mean*		*Std Dev*	*95% CL Std Dev*	
Public sector entities		28.80	24.39	33.20	11.80	9.40	15.86
Small Management consulting firms		33.21	28.71	37.70	12.03	9.58	16.18
Diff (1-2)	***Pooled***	-4.41	-10.57	1.75	11.92	10.09	14.56
Diff (1-2)	***Satterthwaite***	-4.41	-10.57	1.75			

Table 4-H: T-test p-values for Reputation / Brand

Method	*Variances*	*DF*	*t Value*	*Pr > |t|*
Pooled	**Equal**	58	-1.43	0.157
Satterthwaite	**Unequal**	57.98	-1.43	0.157

Due to there being equal variances between the two groups for Reputation / Brand, the values of the T-test for equal variances (Pooled) are used. The results show that difference in means is 4.41 and that this difference is not statistically significant at 95% as the confidence interval (-10.57 to 1.75) includes zero.

The p-value confirms this as the value of 0.157 is greater than 0.05 (5%) meaning that there is no significant difference in means between the two groups.

As stated in the research methodology chapter, non-parametric T-tests were also conducted as a point of comparison and contrast. The Wilcoxon test and Hodges-Lehmann test also confirmed the results of the parametric T-Tests conducted where the difference in means is not statistically significant.

The complete results of these tests can be found in **Appendix 7**.

Attribute (d) Price

- The Test for Equality of Variances proved no statistical difference meaning that it was accepted that the variance in the datasets of the two groups were equal.
- The distribution of the data sets were also deemed to be normal
- Given the above, the tests were run and provided the following results:

Table 4-I: T-test confidence interval for Price

Organisation	*Method*	*Mean*	*95% CL Mean*		*Std Dev*	*95% CL Std Dev*	
Public sector entities		25.91	22.44	29.38	9.29	7.40	12.49
Small Management consulting firms		18.53	15.78	21.27	7.36	5.86	9.89
Diff (1-2)	***Pooled***	7.38	3.05	11.72	8.38	7.10	10.24
Diff (1-2)	***Satterthwaite***	7.38	3.05	11.72			

Table 4-J: T-test p-values for Price

Method	*Variances*	*DF*	*t Value*	*Pr > |t|*
Pooled	**Equal**	58	3.41	0.0012
Satterthwaite	**Unequal**	55.10	3.41	0.0012

Due to there being equal variances between the two groups for Price, the values of the T-test for equal variances (Pooled) are used. The results show that difference in means is 7.38 and that this difference is statistically significant at 95% as the confidence interval (3.05 to 11.72) lies entirely above zero.

The p-value confirms this as the value of 0.0012 is less than 0.05 (5%) meaning that there is a significant difference in means between the two groups.

As stated in the research methodology chapter, non-parametric T-tests were also conducted as a point of comparison and contrast. The Wilcoxon test and Hodges-Lehmann test also confirmed the results of the parametric T-Tests conducted where the difference in means is statistically significant.

The complete results of these tests can be found in **Appendix 8**.

From the results attained, it is understood that there are statistically significant differences in means of two of the four attributes being:

- Attribute (b) Expertise
- Attribute (d) Price

While there the difference in means for the other two attributes are not statistically significant and these are:

- Attribute (a) Intellectual Capital
- Attribute (c) Reputation / Brand

Hence, given the results attained from the T-tests conducted, the results partially ratify Proposition P2 as explained in the conclusion of this Chapter.

4.4 Conclusion

The analyses conducted were as a result of the Propositions developed based on the literature finding where Proposition P1 was tested using the CVA Full-profile Conjoint analysis. The results of this analysis as detailed in this chapter provided an understanding of the perception of value of both the small management consulting firms and the public sector entities sampled regarding management consulting.

It was found that the perception of value within management consulting in the South African context with reference to the public sector is based on a preference towards large management consulting firms as shown by the results where;

- Intellectual Capital is perceived as valuable with a preference when there is a local knowledge base within the firm followed by a preference for global knowledge and the least preferred being a niche knowledge base
- Expertise sought after in firms include a large preference for Specialist experts and post graduates rather than the undergraduates
- A firms with a reputation / brand that is top tier or well-known is highly preferred over an unfamiliar one
- The price of the services offered tend be preferred when they are market related rather than aggressive or premium

The above results support Proposition P1 that states there is a perception of value/s based on the attributes of the service in the management consulting industry that includes; the intellectual capital, expertise, reputation / brand of the management consulting firm/s and the price of the service provided, which favour / tend towards the

preference of large management consulting firms; thus creating a perceived barrier to successful tendering by small management consulting firms in the South African public sector; as the preferences do tend towards the preference of large management consulting firms.

The analysis to test Proposition P2 was also based on the literature in terms of the perception of value within management consulting as well as the identified attributes however, was specifically conducted to test whether there were significant differences in means of the attributes in terms of the importance placed on them when making a purchase decision based on perceived value in management consulting. The results of the T-Test comparison analyses conducted revealed that there are significant differences in the means of two of the four attributes tested implying that there is a certain level of difference in the amount of importance placed on the Expertise and Pricing attributes between the small management consulting firms and public sector entities in the perception of value within management consulting. Therefore, the researcher maintains the earlier statement that Proposition P2 is partially supported by the results of the T-Tests conducted as there is a difference in perceived value regarding attribute importance for two of the four attributes.

The next section goes into further detail including interpretation of the results attained in order to provide a deeper understanding of why the Propositions are or are not fully supported.

CHAPTER 5. INTERPRETATION OF RESULTS

5.1 Introduction

In this chapter, the research findings / results that have been presented in Chapter 4 are explained and discussed further with the objective of highlighting and relating its relevance to the literature that has been reviewed in Chapter 2 in light of testing the Propositions that have resulted and have set the basis of the analysis that has been conducted.

The discussion and interpretation may also provide insights into specific areas that could be of interest for future studies that have not been covered in this research.

The discussion and interpretation of the results follow a similar flow of that in Chapter 4 focusing on the results of the analyses conducted to test the Research Propositions; P1 and P2 as a method of responding to the objectives of the research.

5.2 Interpretation of results pertaining to Research Proposition P1

The researcher places a caveat on the insight provided, based on the results attained from the CVA analysis, given that these are based on the literature and results of the research and acknowledges that due to the relatively small amount of literature that exists, covering theory and concepts regarding management consulting and the lack of theoretical explanation on consulting firms as well as consultant activities (Oosthuizen, 2003), there may be alternate/additional findings incorporating models, processes, etc., that would not have been covered in this paper/study.

Sub-problem 1 of the research was based on the identification of the attributes that are perceived as value within the management consulting industry in general and how these perceived value attributes within the tender process, leads to an overall perception of value that places larger management consulting firms at an advantage over small management consulting firms, thus creating a perceived barrier to successful tendering in the South African public sector for them.

The literature reviewed, provided the identification of four such attributes that are understood to be perceived as value within management consulting including the following:

a. Intellectual Capital

b. Expertise

c. Reputation / Brand

d. Price

Furthermore, it was understood that the perception of value based on these attributes actually favoured large management consulting firms, giving them an advantage over small management consulting firms in a general sense and moreover, an advantage within the public sector in South Africa as the four identified attributes are also used in the tender process as a basis for evaluation and rating of companies bidding for tenders; which leads to the creation of the perceived barriers to successful tendering by small management consulting firms within the South African public sector.

The literature indicated that the perceived value based on the attributes, placed large management consulting firms at an advantage over small management consulting firms due to there being a perception of value regarding the attributes mentioned in the following manner:

a. Intellectual capital

- This is the actual knowledge and experience of the management consulting firm and their ability to provide a wide range of services to the client. Value is perceived to be good when firms are highly experienced with a large knowledge base and are able to provide a wide range of services, and the perception is that large firms are able to do so while small firms are not, as small firms can provide a smaller range of services due to their lack of experience and professional expertise. This creates a perception of value that places large management consulting firms at an advantage over small management consulting firms.

b. Expertise

- This is the type of professional expertise of the employees / consultants within the firm who actually provide the service to clients, where clients expect and prefer to receive services from highly qualified experts and these highly qualified professionals prefer to work at the larger firms because of the benefits. This creates a perception of value that favours the large management consulting firms over the small management consulting firms.

c. Reputation / Brand

- This is the reputation / brand of the management consulting firm in that a bigger reputation / brand that a firm has in the market, the more likely they are to be successful as compared to those with a small reputation / brand due to preference of it. This creates a perception of value that tends towards the preference of large management consulting firms over the small management consulting firms.

d. Price

- Although clients want quality and value for their money, they are not willing to opt for the cheapest option of services just because of the price as they believe that "you get what you pay for" in that if they expect and want professional expertise, they are willing to pay a higher price which places the small consulting firms at a disadvantage as their providing services at low prices, does not provide them with contracts therefore creating a perception of value that places large management consulting firms at an advantage over small management consulting firms.

Therefore, **Proposition P1** resulted:

- There is a perception of value/s based on the attributes of the service in the management consulting industry that includes; the intellectual capital, expertise, reputation / brand of the management consulting firm/s and the price of the service provided, which favour / tend towards the preference of large management consulting firms; thus creating a perceived barrier to successful tendering by small management consulting firms in the South African public sector.

The CVA Full-profile Conjoint analysis was conducted in order to test Proposition P1 mentioned. The results of which are interpreted as follows:

Table 5-A: Summary of CVA analysis results

Attribute	Importance	Level	Utility
a. Intellectual Capital	17.59%	Global knowledge	-3.62
		Niche knowledge	-8.88
		Local knowledge	12.50
b. Expertise	29.19%	Specialist	26.88
		Postgraduates	24.54
		Graduates	-51.42
c. Reputation / Brand	31%	Top tier	33.94
		Well known	18.96
		Unfamiliar	-52.90
d. Price	22.22%	Premium	-13.09
		Market related	21.50
		Aggressive	-8.41

On a total sample number of 60 respondents, the relative importance of each attribute was calculated and revealed that

- The highest level of importance is placed on the Reputation / Brand of a management consulting firm followed closely by the Expertise within the firm
- Thereafter, the Price of the services offered is considered as important with the least importance placed on the Intellectual Capital of a firm

The utilities of the levels for each attribute was also calculated, indicating the level of preference regarding the specific attribute in terms of perceived value in management consulting.

5.2.1 Reputation / Brand

It is understood that the reputation / brand of a management consulting firm is the most important attribute in terms of perceived value that will be received from a clients' point of view and that will be provided from a consulting firms' point of view.

The literature states that the South African market is dominated by large management consulting companies (Oosthuizen, 2003), which is largely due to the fact that these companies are well-known and have a good reputation (Gross & Poor, 2008). Moreover, this domination of the market by large management consulting firms is be due to the perception of higher quality of services provided by large management consulting firms rather than small management consulting firms (Casadesús et al., 2002) and quality of consulting service is seen as important for both clients as well as consultants and is judged by reputation (Chelliah & Davis, 2011).

Hence the finding that the most important attribute in terms of perceived value is Reputation / Brand of a management consulting firm implies that, if a management consulting firm is well-known and has a good reputation / brand in the market, such a firm already has an advantage over others to be chosen as a provider of consulting services given that the market is dominated by large firms based on their reputation and this reputation goes further in creating a perception of the provision of high quality services, therefore it is reasonable to say that clients do place high importance on Reputation / Brand.

The utility levels for reputation / brand indicate that there is a great preference for a firm with a top tier or a well-known reputation / brand and an extremely low preference towards firms with an unfamiliar reputation / brand.

This preference based on the perception of value relates directly to the literature reviewed and stated prior in that the domination of the South African market by large management consulting firms is based on their well-known and good reputation and this reputation also provides the perception that these large firms provide higher quality services compared to smaller management consulting firms given that these small management consulting companies do not have strong / well-known reputations / brands. This is confirmed by Oosthuizen (2003), who states that the small management consulting firms in the market are usually as a result of experienced consultants breaking away from the large management consulting firms and maintains that it is fairly easy to enter the industry but difficult to succeed, especially for small management consulting firms as they are competing with the larger, better known management consulting firms. Furthermore, according to Simon and Kumar (2001, p. 363), “almost 90 per cent of all

management consulting firms fail in their first five years" as a result of the inability to compete as they are unknown or are unfamiliar names in the industry.

Therefore, the results attained regarding reputation / brand confirm Proposition P1 in terms of Attribute (c) Reputation / Brand, as the perception of value in management consulting for reputation / brand tends towards the preference of large management consulting firms given that firms with a top tier and/or well-known reputation / brand is preferred and the large management consulting firms have such well-known and good reputations in the market as opposed to the small management consulting firms.

5.2.2 Expertise

The expertise of a management consulting firm was close after reputation / brand as the second most important attribute in terms of perceived value regarding management consulting.

As per the literature, Chelliah and Davis (2011) remark that an important aspect of the perceived value for clients is the technical expertise of the consultants provided, which can be taken as one of the main criteria when making the choice to hire a consulting firm and supporting this, Smith (2015) mentions that as a bare minimum, it is expected that when a management consulting firm is hired, individuals who are considered experts in what they do; are provided, hence the choice to hire them in the first place.

Therefore, it is accepted that the results attained, indicating expertise as a close second to reputation / brand in terms of importance regarding perceived value in management consulting, as it one of the bare minimum criteria as an expectation that expert professionals will be the individuals to provide / deliver management consulting services, when a firm is hired, so this attribute together with reputation / brand is assessed up front as well.

The utilities for expertise indicate that there is a very high preference for Specialists and Post graduates in management consulting with an extremely low preference for undergraduates.

Similarly, the results for expertise align to the literature where Apostolou and Mentzas (1999) and Løwendahl et al. (2001) state that management consulting firms believe that value creation is knowledge intensive, requires a high level of interaction with clients, specific and customised solutions, professional assessment and involvement and judgement of highly knowledgeable experts/professionals in certain fields, therefore they will only be able to provide their clients with value, by employing only the best and high calibre employees. Moreover, Kipping (2011) mentions that many of these expert consultants actually seek out the large management consulting firms as they would prefer to work at a large firm with other professionals, which can be known as the "elite". Large management consulting firms have also looked to affect the client's perception by shaping and communicating that they have expert talent employed, that can raise the perception of quality and professionalism, known as "image-professionalism" (Kipping, 2011).

Therefore, the results attained regarding expertise confirms Proposition P1 in terms of Attribute (b) Expertise, as the perception of value in management consulting for expertise tends towards the preference of large management consulting firms given that specialists and post graduates (highly educated individuals) are preferred and the highly educated individuals in the market tend to work for the large management consulting firms as opposed to the small management consulting firms.

5.2.3 Price

The price of services offered in management consulting was the third most important out of the four attributes in terms of perceived value.

This finding is linked to Smith (2015), who states that in theory, those employees perceived as experts will cost a higher sum compared to those with less experience however, the reality is that the reputation of the firm at which a consultant works, is more important in determining their perceived value to the client in delivering on the project, for example, an experienced senior consultant working at a smaller and less known or recommended management consulting firm will cost a client less compared to a new consultant working at one of the large top tier management consulting firms.

Given the above understanding, it is then reasonable why price is the third most or second least important attribute of four as the price to be paid for high quality and value services in the market is accepted, based on the perception of value to be provided / received.

The utilities for price indicate that there is a very large preference for firms that have a pricing strategy for their services that is market related and a much lower preference for firms with aggressive and/or premium pricing.

The literature states that the price of the services to be provided by a management consulting firm is perceived as value differently, in that although small management consulting firms are; able to charge lower prices / more aggressive with their pricing than large management consulting firms (Oosthuizen, 2003), they are not more attractive to clients in terms of winning contracts (Ngobeni, 2011), as clients are willing to pay more for professional expertise at the large management consulting firms than less for the lack of such in small management consulting firms, which is further emphasised by clients having the perception that “you get what you pay for” by expecting low quality for lower prices and higher quality and standards for higher rates (Smith, 2015).

Therefore, the results attained regarding price neither fully confirms nor falsifies Proposition P1 in terms of Attribute (d) Price, as the perception of value in management consulting for price tends towards the preference of large management consulting firms but only to a certain extent, given that market related pricing is preferred and large management consulting firms maintain their pricing on such a scale being market related to the higher premium rates. Hence, those large management consulting firms who have market related pricing are favoured while those with premium pricing are not, while small management consulting firms charging lower prices and are more aggressive with their pricing; are also not preferred due to the perception that “you get what you pay for” so higher rates for higher quality and lower rates for lower quality (as mentioned prior).

5.2.4 Intellectual Capital

The least important attribute as per the results obtained in terms of perceived value in management consulting is Intellectual Capital.

An explanation for this from the literature is that the experience of a management consulting firm in terms of the previous projects they have conducted may also play a role in enhancing its reputation (Richter & Schmidt, 2006) in terms of the ability it has to deliver a wide range of services based on the large knowledge base it has acquired as consultants learn from the clients they serve which helps consulting firms build their intellectual capital base and thus increases their service offering to clients, therefore giving it a competitive advantage of being “known” as one of the favourites to win projects more often (Løwendahl et al., 2001).

So, the results showing that intellectual capital was the least important attribute in relation to perceived value in management consulting, is a realistic finding where the intellectual capital is based on the experience gained in the market which is inherently strong for those firms with a good reputation and is in turn, built upon this, itself.

The utilities for intellectual capital indicate a preference for firms with a local knowledge base and less for a global knowledge base and the least preferred being a niche knowledge base.

As stated by Gross and Poor (2008) large management consulting firms have offices around the globe which signals that they undoubtedly have global knowledge but also inherently have local knowledge due to their offices based around the globe which allows them to gain the local knowledge of the land as in South Africa taken as an example where Oosthuizen (2003) mentions that due to the implementation of BEE, large management consulting firms struck BEE partnerships in order to increase their level of credibility, knowledge, positioning and strength within the SA market. Furthermore, due to the lack of skilled black employees in management consulting firms, they had to spend large amounts on up-skilling their black employees to reach the desired acceptable levels of black employees as per government mandate (Oosthuizen, 2003), thus providing them with a wealth of local knowledge. This would not be too dissimilar in other countries. In addition, Gross and Poor (2008) mention that in general, management consulting firms consist of generalists, specialists as well as local experts. Moreover, Gross and Poor (2008) state that one of the possible reasons as to why the market is dominated by large management consulting firms could be that they are better suited to

providing a wider range of services as compared to the more specialised/niche offering provided by smaller management consulting firms.

Therefore, the results attained regarding intellectual capital confirms Proposition P1 in terms of Attribute (a) Intellectual Capital, as the perception of value in management consulting for intellectual capital tends towards the preference of large management consulting firms given that they have both a local and global knowledge base with local experts and the ability to provide a wide range of services compared to the small management consulting firms that offer a more specialised / niche offering.

5.2.5 Summary of results pertaining to Proposition P1

In summary, the results attained indicate that the perception of value within management consulting can be understood to be a process that is undertaken in terms of first assessing the reputation / brand of a firm with a preference for it being a top tier or well-known firm then, assessing the expertise within the firm knowing that specialist experts and post graduates are preferred which is based on the reputation that was assessed as, if the reputation of the firm is top tier or well-known then the firm employs the best professionals / highly educated individuals as these individuals work at such firms. Thereafter, assessment of the price of the services offered by the firm with a preference towards market related prices, which again relates back to the previous assessment of expertise where, given that the expertise is professional experts as preferred, then the price to be paid is acceptable (within limits – market related upwards) as the understanding that higher rates provide higher quality and lastly, assessment of the intellectual capital of the firm, which relates back to all three prior assessments in that if the decision on reputation was made that the firm is top tier or well-known with specialist or post graduate expertise and market related pricing or higher (within limits – not premium) knowing that higher value is to be provided, then intellectual capital of the firm is already as per the preference of a local knowledge base, as this would have already been built which served as the base for the reputation / brand of the firm as well as by the expertise in the firm learning from clients and further developing the firm IP, therefore a wide range of services will be offered, providing high value. This process is directly related towards the preference of large management consulting firms over small consulting firms based on the preferences indicated by the utility scores and if a

preference is not met anywhere in the decision process discussed, the firm will not be chosen as a supplier of management consulting services and a new option will considered. The process discussed, could be a current methodology used in the industry regarding the choice of a management consulting service provider and if not, it can be developed into a methodology to be tested in future research.

Therefore, having established that the tender system focuses on the same four attributes that are perceived as value in management consulting; it is concluded that Proposition P1 is ratified, based on the results from the analysis indicating that the perception of value based on the four listed attributes, favour / tend towards the preference of large management consulting firms; thus creating a perceived barrier to successful tendering by small management consulting firms in the South African public sector.

5.3 Interpretation of results pertaining to Research Proposition P2

The researcher places a caveat on the reasoning provided for the similarities and /or differences in perception of value in terms of the level of importance placed on the attributes, given that these are based on the literature and results of the research and acknowledges that due to the relatively small amount of literature that exists, covering theory and concepts regarding management consulting and the lack of theoretical explanation on consulting firms as well as consultant activities (Oosthuizen, 2003) there may be alternate/additional reasoning for such that would not have been covered in this paper/study.

Sub-problem 2 of the research was to assess and/or compare the perception of value based on the attributes identified, between the small management consulting firms and the public sector entities to ascertain whether there are significant differences of perceived value within management consulting between the different groups, in terms of the level of importance placed on each attribute in the creation of the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

The literature reviewed provided and understanding that the perception of value based on the four identified attributes is understood in the same light by both the management consulting firms and their clients.

It is stated that the perception of value, management consulting firms aim to ensure that they are able to meet the expectations of their clients by understanding what exactly constitutes satisfying their needs, given that clients expect to receive benefits from management consulting firms (Chelliah & Davis, 2011). This is based on what value the client can attain and what value can be provided by the management consulting firm, and having established what value is perceived as by clients with management consulting firms devising value propositions to meet these expectations based on this perception of value (Ballantyne et al., 2011; Lindic & Marques da Silva, 2011); there is a common understanding of what value is perceived as by both clients and management consulting firms, albeit that not all management consulting firms are perceived to have the ability to and/or to actually deliver it.

Therefore, Proposition P2 resulted:

- There is no statistically significant difference in the perception of value within the management consulting industry between the public sector entities and small management consulting firms in terms of the level of importance placed on the attributes identified constituting the perception of value that creates the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

T-Test analyses were conducted in order to test Proposition P2 mentioned. The results of which are interpreted as follows:

Table 5-B: Summary of T-Test analysis results

Attribute	T-Test result - Statistically significant difference (Yes / No)
a. Intellectual Capital	No
b. Expertise	Yes
c. Reputation / Brand	No
d. Price	Yes

The total sample number of 60 respondents was split into the two separate groups (30 respondents each) of public sector entities and small management consulting firms and the T-Tests were conducted on the means of the two groups for each of the attributes. The test assessed whether there were statistically significant differences between the two means of the groups for each attribute and revealed that

There are statistically significant differences in means of two of the four attributes being:

- Attribute (b) Expertise
- Attribute (d) Price

While the difference in means for the other two attributes are not statistically significant and these are:

- Attribute (a) Intellectual Capital
- Attribute (c) Reputation / Brand

5.3.1 *Intellectual Capital*

Although the difference in means between the two groups is 3.4, the analysis indicated that this difference was not large enough to be considered a statistically significant difference.

This means that both groups' perception of value in terms of Intellectual capital can be assumed to be the same. This signals that both the small management consulting firms and the public sector entities value intellectual capital within management consulting similarly which could be a result of knowing that the provision of a wide range of services and a local knowledge base is imperative, specifically within the South African context given the relatively young democratic government, being only 21 years old with the first democratic elections in 1994. Chabane et al. (2006) mention that after the first democratic election in South Africa, there was political and economic transformation that opened up South Africa to the global markets again; and a point of development, saw the introduction of BEE legislation and focused public interventions on BEE. This is still implemented today and therefore the need for local knowledge and a wide range of services are required to continue the development and transformation of the landscape.

Furthermore management consulting firms agree that being politically aware of the landscape and savvy is seen as a value-add to meeting clients' needs and improves the image of them in the clients eyes (Chelliah & Davis, 2011). This is expected from consulting firms when working with public sector; hence a similarity in perceived value in terms of the importance place on intellectual capital.

Therefore the finding that there is no statistically significant difference in means between the two groups perception of value regarding Intellectual Capital in terms of importance, this attribute ratifies Proposition P2

5.3.2 *Expertise*

The difference in means between the two groups is 6.37 and the analysis indicated that this difference was large enough to be considered a statistically significant difference, albeit within 8 hundredths of a point from not being statistically significant.

This means that there is a difference between the groups' perception of value in terms of Expertise which signals that the small management consulting firms and the Public Sector entities value expertise within management consulting somewhat differently.

Given this difference, it was interesting to note that the small management consulting firms placed a higher level of importance on expertise when compared to the public sector entities.

A reason for this could be that although technical expertise of the consultants provided, can be taken as one of the main criteria when making the choice to hire a consulting firm (Chelliah & Davis, 2011), it is expected as a bare minimum that when a management consulting firm is hired, individuals who are considered experts in what they do; are provided, hence the choice to hire them in the first place (Smith, 2015). This may be the attitude adopted by the public sector entities in that if it is known to be an expectation, then the level of importance placed on it would drop.

On the other hand, management consulting firms understand that one of the value add points that is advantageous to them is its people/employees in the firm, where they ensure that their staff has undergone the best training, are professional and provide

expert and professional service to clients and despite knowing that even large management consulting firms are finding it difficult to ensure that their employees are perceived to be these experts, due to a reduction in research, IP development and training as a result of the need to increase their employee utilisation to ensure that they are financially healthy; due to the business environment today. Therefore, given the investment in and spending of money on the development of their employees to ensure that clients receive the best professional service, the management consulting firms place a higher level of importance on expertise as they understand this to be an investment for which they are able to charge a higher price for higher quality, as stated by Smith (2015).

Lastly, Smith (2015) states that in theory, those employees perceived as experts will cost clients a higher sum compared to those with less experience however, the reality is that the reputation of the firm at which a consultant works, is more important in determining their perceived value to the client in delivering on the project.

The public sector entities may be aware of this hence, the difference in level of importance placed on expertise as perceived value between the groups.

Therefore the finding that there is a statistically significant difference in means between the two groups perception of value regarding Expertise in terms of importance, this attribute does not ratify Proposition P2

5.3.3 *Reputation / Brand*

Although the difference in means between the two groups is 4.41, the analysis indicated that this difference was not large enough to be considered a statistically significant difference.

This means that both groups perception of value in terms of Reputation / Brand can be assumed to be the same. This signals that both the small management consulting firms and the public sector entities value intellectual capital within management consulting similarly, which could be a result of knowing that the reputation / brand of a firm in the industry accounts for a large portion of decision making when choosing a firm to provide management consulting services and this is further emphasised by Oosthuizen (2003) who states that the firms who dominate that market (large management consulting firms),

are in such a position due to the fact that these companies are well-known and have a good reputation (Gross & Poor, 2008). Moreover, this domination of the market by large management consulting firms is be due to the perception of higher quality of services (Casadesús et al., 2002) and quality of consulting service is seen as important for both clients as well as consultants and is judged by reputation (Chelliah & Davis, 2011).

In addition, from the explanation provided for Expertise earlier, Smith (2015) states that in theory, those employees perceived as experts will cost clients a higher sum compared to those with less experience however, the reality is that the reputation of the firm at which a consultant works, is more important in determining their perceived value to the client in delivering on the project.

Lastly, in terms of a firm's reputation which is associated with its brand, Srinivasan (2014)Srinivasan (2014) mentions that management consulting firms seek to build long term relationships with their clients through the provision of higher quality of service and value creation for them which assist in building a strong reputation / brand. Given this is understood by both groups, there is a common and high level of importance placed on reputation.

Therefore the finding that there is no statistically significant difference in means between the two groups perception of value regarding Reputation / Brand in terms of importance, this attribute ratifies Proposition P2

5.3.4 *Price*

The difference in means between the two groups is 7.38 and the analysis indicated that this difference was large enough to be considered a statistically significant difference.

This means that there is a difference between the groups' perception of value in terms of Price which signals that the small management consulting firms and the public sector entities value price within management consulting differently.

Given this difference, it was interesting to note that the public sector entities placed a higher level of importance on price when compared to the small management consulting firms.

A reason for this could be that due to the higher level of importance placed on the expertise within the firm, as a point of value-add by the management consulting firms. This will enable them to charge a higher rate as clients are willing to pay more for professional expertise and less for the lack of such which is further emphasized by clients having the perception that “you get what you pay for” by expecting low quality for lower prices and higher quality and standards for higher rates (Smith, 2015). This would then lower the level of importance placed on price for the management consulting firms as they feel that price would be worked out based on the professional employees (expertise) they have; which would be a profitable rate based on the perception of higher quality being provided.

On the other hand, public sector entities place a higher level of importance on price of services offered which may be due to extremely high management consultant spend reported which resulted in warnings from the Finance Minister to reduce spend and had eventually led to government actually stating that there were to be reduced limits placed on consultant spend allocations (Corke, 2015).
In addition, there was also concern shown over the excessive spend by government on consultants by Parliament's Standing Committee on Public Accounts (SCOPA) and of reports on government spend showing that many projects could have been conducted without consultants (Mlandu, 2013). This concern led to recommendations being made to government to reduce their spending on management consultants by only using those with the specific expertise required and ridding themselves of the others (Mbanjwa, 2013b). ACCA (2010) supports this, by saying that the policy of government is focused on reducing spend on management consultants in order to save and reduce the overall cost of public services.

ACCA (2010) further states that due to the drive in reduction of spend on management consultants, the focus will now be placed on actually ensuring that added value is delivered by management consultants.

Given the above, public sector entities would tend to be more cautious when contracting management consultants and therefore place a higher level of importance on price compared to management consulting firms, hence the difference in level of importance placed on price as perceived value between the groups.

Therefore the finding that there is a statistically significant difference in means between the two groups perception of value regarding Price in terms of importance, this attribute does not ratify Proposition P2.

5.3.5 *Summary of results pertaining to Proposition P2*

In summary, the results attained indicate that the perception of value in terms of the level of importance placed on each of the attributes is different given the difference in the means between the two groups.

However, not all differences are statistically significant in that the overall level of importance placed on Attributes (a) Intellectual Capital and (c) Reputation / Brand are similar based on a similar perception of value in terms of importance placed on these attributes.

The statistically significant difference in means between the groups were found to be for Attributes (b) Expertise and (d) Price which are based on the difference in perception of value in terms of importance placed on these attributes between the two groups, as explained prior.

Therefore, having established that two of the four attributes are perceived the same and two perceived differently in terms of the level of importance placed on them within management consulting, it is concluded that Proposition P2 is partially ratified based on the results from the analysis, indicating that the perception of value based on Attributes (a) Intellectual Capital and (c) Reputation / Brand in terms of level of importance placed on them is the same between small management consulting firms and public sector entities while there is a difference in perception of value based on Attributes (b) Expertise and (d) Price in terms of level of importance placed on them between small management consulting firms and public sector entities.

5.4 Conclusion

The results interpreted and discussed attempted to provide evidence on the aspects identified from the literature as well as to support the propositions developed in this study

and as stated by the researcher via the caveat on the findings and interpretation of such, the area of management consulting still requires further research therefore the results together with their interpretation, merely adds to the small body of existing knowledge in this area.

The findings of the research indicate that the sample of 60 respondents researched (30 each from small management consulting firms and public sector entities), have a perception of value based on the four attributes identified from the literature, that tends towards the preference of large management consulting firms which creates a perceived barrier to successful tendering by small management consulting firms in the South African public sector; therefore fully supporting Proposition P1;

AND,

The perception of value in terms of the level of importance placed on two of the four attributes (Intellectual Capital and Reputation / Brand) are the same between the small management consulting firms and the public sector entities and different for the other two attributes (Expertise and Price), therefore not fully supporting Proposition P2

The above conclusions are evidenced by the attributes identified in the literature which were well represented by the outcomes of the research results however, the caveat placed on the interpretations serves as a limiter to ensure the reader that there could be other possible reasons for such outcomes as alternatives a small body of knowledge exits in the area of management consulting. Having said this, it must be noted that the findings from the research should in no way be discounted as the results attained in the research provide some indication of perceived value within the management consulting industry and the perceived barriers to successful tendering by small management consulting firms in the South African public sector; and thus may be considered as unique.

CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

This purpose of this research was to identify and analyse the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

This was to be achieved through the identification of attributes upon which value is perceived in the management consulting industry and analysing these attributes based on the perception of value by both the small management consulting firms and the public sector entities.

Further insight into the comparison of the perception of value of these attributes between the small management consulting firms and the public sector entities in terms of the levels of importance placed on the different attributes was to be provided.

Overall the findings would lead to the understanding of the level of impact the attributes have as perceived barriers to successful tendering by small management consulting firms in the South African public sector.

The main research findings / conclusions and recommendations are presented in this chapter. The research findings are summarised in response to each of the research Propositions (P1, P2), followed by recommendations to small management consulting firms and public sector entities / government departments regarding the perceived barriers to successful tendering by small management consulting firms in the South African public sector and lastly, providing suggestions for further research.

6.2 Conclusions of the study

The main findings of the research are based on and are in response to the research Propositions as follows:

Research Proposition P1:

There is a perception of value/s based on the attributes of the service in the management consulting industry that includes; the intellectual capital, expertise, reputation / brand of the management consulting firm/s and the price of the service provided, which favour / tend towards the preference of large management consulting firms; thus creating a perceived barrier to successful tendering by small management consulting firms in the South African public sector.

Proposition P1 was based on and as a result of sub-problem 1 which was answered by the literature reviewed, through the identification of four attributes that are understood to be perceived as value within management consulting including the following:

a. Intellectual Capital

b. Expertise

c. Reputation / Brand

d. Price

The literature also revealed that the identified attributes are used within the tender process evaluation and rating phases to assess companies when bidding for tenders in the public sector.

These attributes were then analysed using the CVA Full-profile Conjoint analysis as described in Chapters 3 and 4 to assess the perception of value from small management consulting firms and public sector entities to provide an overall view on the perceived value attributes indicating whether there is a preference that tends towards large management consulting firms or not in order to test Proposition P1 as stated earlier.

The results provided the following findings:

- The perception of value in management consulting based on the four identified attributes tend towards the preference of large management consulting firms thus creating a perceived barrier to successful tendering by small management consulting firms in the South African public sector.

Thus, the findings fully supporting Proposition P1

Research Proposition P2:

There is no statistically significant difference in the perception of value within the management consulting industry between the public sector entities and small management consulting firms in terms of the level of importance placed on the attributes identified constituting the perception of value that creates the perceived barriers to successful tendering by small management consulting firms in the South African public sector.

Proposition P2 was based on and as a result of sub-problem 2, which was also answered by the literature reviewed, through the discovery that both clients and management consulting firms have the same understanding of what value is perceived as, within management consulting due to the value expected by clients and the value propositions developed by management consulting firms to meet the expectations.

The analysis was based on the four identified attributes from the literature as the basis of the perceived value and analysed using T-Tests to compare the means between the two groups (small management consulting firms and the public sector entities) to assess whether there were any statistically significant difference in means for each of the attributes or not. This would provide an understanding as to whether the perception of value based on the attributes in terms of the level of importance placed on each was the same or not in the two groups in order to test Proposition P2, as stated earlier.

The results provided the following findings:

- There is no statistically significant difference in the perception of value in management consulting based on Attributes (a) Intellectual Capital and (c) Reputation / Brand in the role they have in creating the perceived barriers to successful tendering by small management consulting firms in the South African public sector; in terms of the level of importance placed on them between small management consulting firms and public sector entities in South Africa
- There is a statistically significant difference in the perception of value in management consulting based on Attributes (b) Expertise and (d) Price in the role they have in

creating the perceived barriers to successful tendering by small management consulting firms in the South African public sector; in terms of the level of importance placed on them between small management consulting firms and public sector entities in South Africa

Thus the findings do not fully support Proposition P2, however they provide good insight in that there is alignment on certain attributes and not others, indicating that there are different perceptions of value in the management consulting industry which could be of interest for future research to understand this better.

Overall, the research findings attained provide a unique understanding of the perception of value within the area of management consulting given that there exists but a small body of knowledge in this area and that there may be other alternate views not covered in this paper but could be included in future research

6.3 Recommendations

Based on the research findings and given that the body of knowledge is small in the area of management consulting, the caveat provided by the researcher remains with, regards to the recommendations made, in the instance that they may have been made by prior research that has not been covered in this study but in the instance that they have not been made, they provide worthy insight for the intended, which include small management consulting firms and individuals who are pursuing a new venture within the management consulting industry as well as public sector entities / government departments.

6.3.1 *Small management consulting firms and individuals pursuing a new venture within the management consulting industry*

The major point of concern for a small management consulting firm or a new venture in the management consulting industry wanting to conduct business in the public sector would be to find out how and what is required to win contracts with government, therefore understanding what is perceived as value within management consulting could be essential in determining whether a management consulting firm is successful in the

industry or not. Therefore, small management consulting firms as well as individuals pursuing a new venture within the management consulting industry must ensure that they understand that the four attributes identified are perceived as value in management consulting namely; Intellectual Capital, Expertise, Reputation / Brand and Price.

Moreover they must understand that the perception of value based on these attributes favour / place large management consulting firms at an advantage over small management consulting firms both in general and in the public sector as these attributes are also used in the tender process during the evaluation and rating phases.

Given that the perceptions of value in this study included both clients as well as management consulting firms, it is important to understand exactly what is preferred so that these can be either promoted / communicated better to create the perception that they offer the same or attempt to change the current perception of value. The following is specifically in regards to operating within the public sector given that the results are based on public sector entities and the small management consulting firms that do or want to conduct business with governmental departments.

a. Intellectual Capital

The preferred intellectual capital within management consulting firms is towards a local knowledge base and that the firm is able to provide of a wide range of services. Therefore, the service offering to be provided by these small management consulting firms and the individuals pursuing a new venture within the management consulting industry must be based on a wide range of services rather than the perceived specialised / niche offering provided by small management consulting firms. The local knowledge base is inherent given that the small management consulting firms and new ventures are started locally by local residents and if not, a network can be created via social and other platforms to improve the level of local knowledge and/or work conducted (preferably in the private sector first), to develop the firm experience.

b. Expertise

There is a strong preference towards specialist experts and post graduates; in general highly educated professionals being the expertise within management consulting firms.

Therefore, it is imperative that the employees within these firms be highly educated, professional individuals rather than undergraduates. This applies to most of the employment levels within the firm. For this to occur though, the firms have to be attractive to such professionals with an attractive employee value proposition so that when these individuals are in fact employed; they are retained and not lost to other large management consulting firms. An alternate option, which may provide less risk for these firms is utilising the services of highly educated and/or experienced independent management consultants on a per project basis, which enables the firms to maintain a level of highly educated professionals with the ability to provide a wide range of services, as these independent consultants tend to be specialist experts in their fields (more often than not). This option would actually assist two fold – with the preferred expertise as well as intellectual capital of the firm. Based on the management consulting experience of the researcher, this model has been adopted by both large and small management consulting firms in the industry already.

c. Reputation / Brand

Firms with a top tier and well-known reputation are highly preferred in management consulting. Therefore, there are not many options here for these small management consulting firms and individuals pursuing a new venture in the management consulting industry but to either opt to build-up a reputation and gain traction in the industry via the private sector (built on strong networks and relationships) and eventually transform into a reputable and well-known management consulting firm or opt to attain work in the public sector by changing the point of view of these small management consulting firms to actually becoming the preferred intellectual capital and expertise. The latter can be achieved by being a sub-contractor to the large management consulting firms. In this way the risk for the small management consulting firms is less in that the large management consulting firm carriers the risk with the public sector entity while the small management consulting firm can benefit from being associated with the top tier / well-known reputation of the large management consulting firm. This will help in developing the reputation of the small management consulting firms as experience will be gained, based on the work conducted with such large firms and lead to referrals from clients for which services were provided as well as word of mouth marketing; thus creating a name for the firm in the industry, to which both clients and prospective employees will become

aware of, increasing the chances of attaining work in the public sector. As previously stated, this model is already in use in the market today where smaller companies tend to take on the role of the BEE partner to many of the large firms as BEE is a mandatory requirement within the South African public sector (as previously established). Therefore the latter option is identified as a really viable one.

d. Price

Market related pricing is preferred within the industry rather than premium or aggressive pricing strategies. Therefore, small management consulting firms should not maintain their aggressive pricing strategies as a point of advantage as it may be currently understood to be however, the perception of such in the market is that lower rates signal lower value and higher rates signal higher value. So the pricing of the small management consulting firms should be market related on a per project basis as per the preference as this would be something that the firm can easily control and change as opposed to the other attributes, in order to provide the perception of value such that the rate being paid is for the value that is to be provided by the firm.

Although the above is stated, price does have a dependency on the other three attributes, as the rates would only be justified if the intellectual capital, expertise and reputation of the firm are at the preferred levels of perceived value. Hence, the option of utilising independent contractors would provide such in terms of the first two attributes and the option of sub-contracting to larger firms would assist with all three of the other attributes.

Given the perception of value being what has been found to be based on the results and findings of this research, it is clear that there may not be absolutely transformative or game changing opportunities and it is therefore understood that the above options provided are not completely exhaustive and may not be preferred solutions for all small management consulting firms in the industry as many would prefer to remain as a standalone entity with their own employees and have a direct relationship with clients however, the options provided enable these firms to at least gain traction in a market where the perception of value is against them from the outset.

6.3.2 *Public Sector entities / Government departments*

The major points of concern for the public sector entities include; the actual spend on management consulting given governments' mandate to reduce spend on consultants as well as ensuring the development of SMMEs as per the mandate from government.

As with the small management consulting firms, the public sector entities must have an understanding of what is perceived as value in the industry, moreover that these attributes are used in the evaluation and rating phases of the tender process. This understanding will shed light on how the tender process currently actually creates barriers to small management consulting firms successfully tendering with government.

The results should signal how the criteria used in the tender process based on the attributes perceived as value, actually lead to SMMEs not having completely unbiased opportunities when bidding for tenders, which in turn affects the rate of development of such small businesses. In addition, the consistent use of management consultants being from the large management consulting firms due to the bias based on the perception of value could be the reason for the enormous amounts spent on consultants, as reported, due to the pricing levels of these large management consulting firms.

With the mandate from government to reduce spend on consultants as well as ensuring the promotion and use of SMMEs under the realms of small business development and support provision targets, the public sector entities / government departments could consider the following:

- Reduce the current preference in the tender process that is based on the perceived value attributes
    - Review the criteria used in the evaluation process as these are based on the attributes that are perceived as value and favour the large management consulting firms by adding other criteria in the process or to change the criteria
    - If the addition of other and/or a change in criteria is not possible given that the tender process is to be regulated and authorised by government, then the review should look at reducing the stringency placed on the current criteria in terms of the scoring and rating of what is required for each, so as to reduce

the preference towards large management consulting firms. A shift of higher emphasis could be placed on pre-compliance for instance

- Reassess the tender process from a regulation perspective
    - Assess what the criteria used is based on and what it is intended to achieve and align them to the development goals for SMMEs
    - Implement regulations for management consulting services in the public sector such as those in place for the service providers within the construction industry sector where;
        a. There are mandates stating that for all consulting services provided by large management consulting firms, or as a blanket regulation in general; a portion of the contract (with a defined portion either in terms of contract value or scope of work) must be conducted by small management consulting firms as a sub-contractor to the large firm
        b. Another option should be the requirement of a joint venture between small and large management consulting firms as a model that will be adopted for all consulting service provided to the public sector, which removes the sub-contractor requirement and actually provides the opportunity directly to the small management consulting firms
        c. Place mandates on large management consulting firms to ensure that they have more than one BEE partner in the form of small management consulting firms and that they must reach certain development targets that can be decided upon
        d. There may also be specific aspects or type of services required by public sector entities that could be reserved only for small management consulting firms

- Introduce a completely new process different from the tender process currently used
    - Research other methods used in other countries of similar status and assess feasibility of options present

The above list of recommendation for the public sector entities / government departments is not exhaustive but do provide food for thought given that implementing a

change as such is most probably only achievable in the medium term however, running a pilot studies would be beneficial in assessing which option would be the best suited to reduce the perceived value based on the attributes that favour large management consulting firms as this would provide great assistance to public sector entities / governmental departments in reducing and better managing their spend on consultants as well as improving the rates of SMME use and development in the public sector by allowing completely free unbiased opportunity to all firms when tendering for contracts in the South African public sector.

6.4 Suggestions for further research

Given that there is a small body of knowledge that exists regarding literature and theory on management consulting, it is hoped that the results of the research add value to this however, there are suggestions for further research into management consulting in the public sector that would also add value to this body of knowledge if conducted:

- An in-depth research using a much larger sample in order to increase the external validity of such a research as the results of this research (based on a sample of 60 respondents) has proven to be very insightful, but having the ability to generalise findings to the broader population would be much more impactful
- Conducting an exploratory research based on identifying what is perceived as value in management consulting to assess whether the literature holds true in all cases or not
- Using the pairwise comparison method of conjoint analysis as the research method and compare the results to that of the full-profile method
- Research that splits the results into the different public sector entities by industry, by municipality, by province, etc.
- Research that includes a qualitative section that would allow for the attaining of a deeper understanding of perceived value from both groups given that the results of this research indicate that there are certain differences as well as obtain possible recommendations to issues faced
- Research into the understanding of what actually drives the perception of value and whether it is a process followed or can a decision making process be followed based

on perceived values; as the researcher provided an explanation suggesting that the choice of preference towards large management consulting firms as based on the perception of value could actually be a decision process / model although not fully developing this model. Further research, as indicated, could possibly lead to the development of such. In addition by understanding the drivers of perceived value, ways in which this perception can be changed would provide great information for small management consulting firms, including how to communicate value as per what is preferred

- Research into the actual spend by government departments on management consulting splitting between large and small management consulting as well as by industry worked on, would provide an understanding of whether all small management consulting firms are unsuccessful when bidding for tenders or not and what are the reasons for such and what are in fact the real barriers to success. This would provide great insight into what works or does not for small management consulting firms in the public sector as is would be based on real incidents as opposed this research that was based on perceptions of respondents
- In-depth research into the tender process used, what the regulations are, are the possibilities to improve and if so, how? Also, how has the tender process assisted in the development of SMMEs and in which industries
- Research into models of partnership, sub-contracting, joint ventures, etc. between small and large management consulting firms in the public sector with findings of what worked or did not work and why

6.5 Concluding remarks

This research provides the following which is of importance for both small management consulting firms and public sector entities:

- It is understood that there perceived barriers to successful tendering by small management consulting firms in the South African public sector. This is based on the perception of value in relation to four attributes including (a) Intellectual Capital, (b) Expertise, (c) Reputation / Brand and (d) Price which tend towards the preference of large management consulting firms. There are similarities and differences in the

perception of value based on the level of importance placed on the attributes between small management consulting firms and public sector entities.

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APPENDICES

APPENDIX 1: Research Instrument used - Conjoint Questionnaire



Introduction

Management Consulting is a growing industry within South Africa serving both private and public sector entities and in recent years, public sector entities have been spending enormous amounts on these services. There are management consulting companies of all sizes in the South African market competing for business and it is understood that there is a perception of value associated with management consulting services in that the management consulting firms seek to provide this perceived value to their clients who expect a certain level of value when using such services. The perceived value referred to is based on certain aspects of the service and this survey aims to test these aspects by attaining your perspective of this value regarding management consulting services

Procedure

The survey consists of a single question with 20 different options regarding the types of management consulting firms, requiring you to indicate your preference for each by rating each option. The survey will take you approximately 10 minutes to complete.

Please continue by checking the consent box below, doing so indicates your acknowledgment that:

- You agree to the use of the data you provide in the survey;
- The data you provide is true to the best of your ability; and
- That you are in a position to provide such data

Please note that this survey does not require you to provide any personal data and is therefore completely anonymous

Contact Details:

Roshen Pahaladh
071 515 8258 / rpahaladh@gmail.com

Neale Penman
082 468 6766 / npenman@mweb.co.za

By ticking the box below, I consent that I have been fully informed of the above points and desire of my own free will to
participate

☐ Please click here to consent and proceed

Your consent is required to proceed with the survey. Should you wish to continue, please click the **consent** button and **next** to proceed to the questions. If not, please just click **next** to end the survey.

☐ I consent

Please indicate which type of organisation you belong to by checking one of the options below

○ Management Consulting firm

○ Public Sector entity

In your perception of the value of management consulting services, how desirable would it be to receive services from a management consulting firm with;

In your perception of the value of management consulting services, how desirable would it be for a client to receive services from a management consulting firm with;

	Most Undesirable	Very Undesirable	Somewhat Undesirable	Neutral	Somewhat Desirable	Very Desirable	Most Desirable
A top tier reputation, an agressive pricing strategy with postgraduate employees and niche firm knowledge	○	○	○	○	○	○	○
A well known reputation, an agressive pricing strategy with undergraduate employees and niche firm knowledge	○	○	○	○	○	○	○
An unfamiliar reputation, a premium pricing strategy with postgraduate employees and global firm knowledge	○	○	○	○	○	○	○
An unfamiliar reputation, a premium pricing strategy with specialist expert employees and local firm knowledge	○	○	○	○	○	○	○
A top tier reputation, an agressive pricing strategy with undergraduate employees and global firm knowledge	○	○	○	○	○	○	○
A top tier reputation, a premium pricing strategy with undergraduate employees and global firm knowledge	○	○	○	○	○	○	○
A well known reputation, an agressive pricing strategy with specialist expert employees and global firm knowledge	○	○	○	○	○	○	○
A well known reputation, a market related pricing strategy with undergraduate employees and local firm knowledge	○	○	○	○	○	○	○
A top tier reputation, an agressive pricing strategy with specialist expert employees and local firm knowledge	○	○	○	○	○	○	○
A top tier reputation, a market related pricing strategy with specialist expert employees and global firm knowledge	○	○	○	○	○	○	○
An unfamiliar reputation, a market related pricing strategy with specialist expert employees and niche firm knowledge	○	○	○	○	○	○	○
A well known reputation, a premium pricing strategy with postgraduate employees and local firm knowledge	○	○	○	○	○	○	○
A top tier reputation, a premium pricing strategy with postgraduate employees and local firm knowledge	○	○	○	○	○	○	○
A well known reputation, a market related pricing strategy with postgraduate employees and global firm knowledge	○	○	○	○	○	○	○
An unfamiliar reputation, an agressive pricing strategy with postgraduate employees and global firm knowledge	○	○	○	○	○	○	○
An unfamiliar reputation, a market related pricing strategy with undergraduate employees and local firm knowledge	○	○	○	○	○	○	○
An unfamiliar reputation, a premium pricing strategy with undergraduate employees and niche firm knowledge	○	○	○	○	○	○	○
A well known reputation, a premium pricing strategy with specialist expert employees and niche firm knowledge	○	○	○	○	○	○	○

A top tier reputation, a market related pricing strategy with postgraduate employees and niche firm knowledge	○	○	○	○	○	○	○
An unfamiliar reputation, an agressive pricing strategy with postgraduate employees and local firm knowledge	○	○	○	○	○	○	○

Wits Business School
Sculpting global leaders

We thank you for your time spent taking this survey.
Your response has been recorded.

Survey Completion
0% 100%

APPENDIX 2 A: Initial Research communication to individuals from Public Sector entities

Dear Sir / Mam,

As per our telephonic conversation;

I am an MBA student at Wits Business School and in completing my MBA as part of my Thesis, I require individuals from Public Sector entities to complete a survey.

Essentially, the respondents (you) should be those from SCM at a Manager level and above who are involved in the tender process at the organisation in some way or the other in terms of how you would choose your service providers.
Your feedback and participation in this survey will be of extreme value given your experience.

Basically, the survey is assessing the perception of value of management consulting services. The respondents (you) are required to rate how you would value services received from different management consulting firm profiles on a Likert scale

There is just a single question with 20 different firm profiles for the respondent (you) to rate.

It should take a maximum of 10 minutes to complete.

Would you kindly inform me if you are willing to be part of the survey and contribute to my MBA research. If you are, kindly reply stating that you are willing to take the survey, upon which I will send you a link on email with which you will be able to take the survey.

Your time and assistance are greatly appreciated

Thanks and kind regards,

Roshen
Wits University MBA Student
071 515 8258

APPENDIX 2 B: Initial Research communication to individuals from Small Management Consulting firms

Dear Sir / Mam,

As per our telephonic conversation;

I am an MBA student at Wits Business School and in completing my MBA as part of my Thesis, I require individuals from Small Management Consulting firms to complete a survey.

Essentially, the respondents (you) should be those from Manager (EM) level and above at the organisation who are involved in the proposal development and work management and/or business development at the organisation in some way or the other in terms of how you would choose work involving the Public Sector.
Your feedback and participation in this survey will be of extreme value given your experience.

Basically, the survey is assessing the perception of value of management consulting services. The respondents (you) are required to rate how you think services are valued from different management consulting firm profiles on a Likert scale (from the viewpoint of your / possible clients).

There is just a single question with 20 different firm profiles for the respondent (you) to rate.

It should take a maximum of 10 minutes to complete.

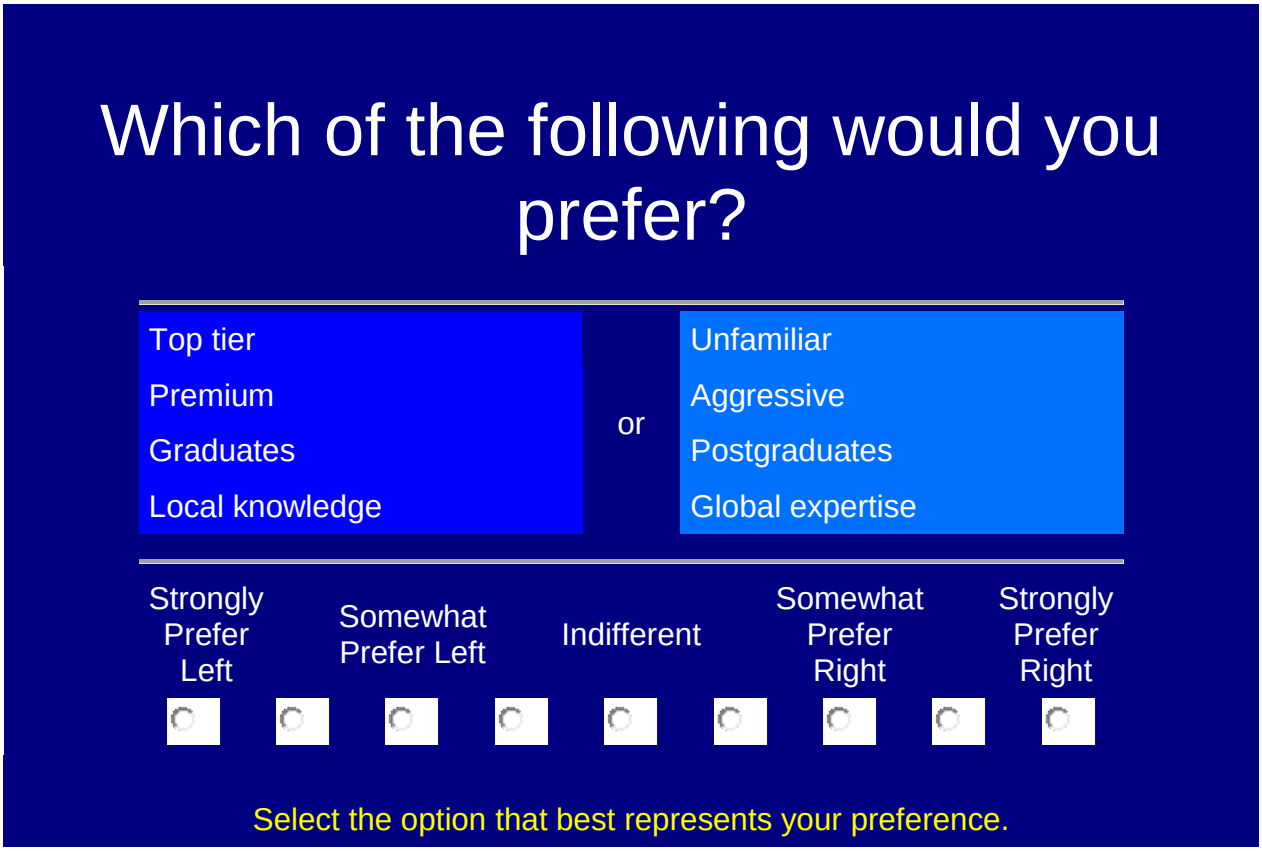
Would you kindly inform me if you are willing to be part of the survey and contribute to my MBA research. If you are, kindly reply stating that you are willing to take the survey, upon which I will send you a link on email with which you will be able to take the survey.

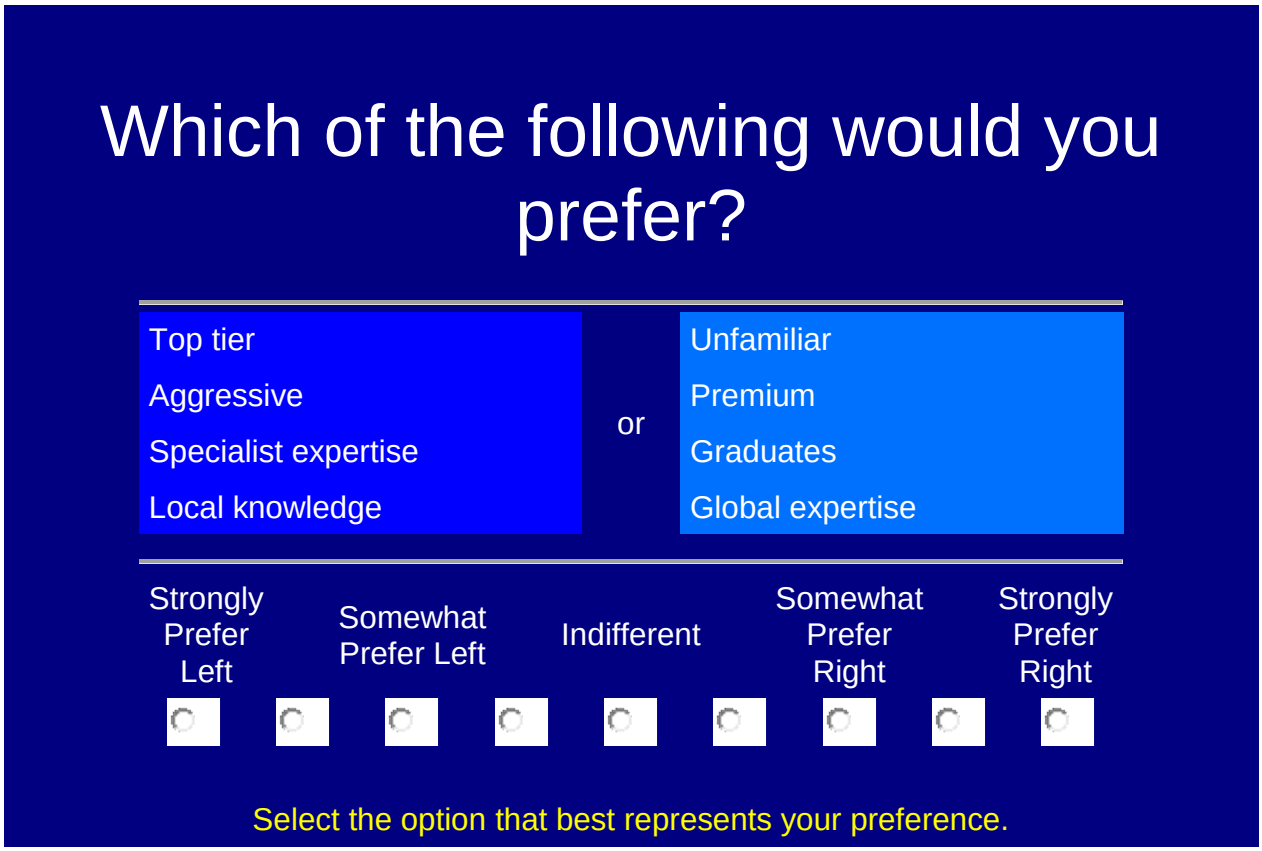
Your time and assistance are greatly appreciated

Thanks and kind regards,

Roshen
Wits University MBA Student
071 515 8258

APPENDIX 3: Pairwise comparison survey





Which of the following would you prefer?

Well known	or	Unfamiliar
Market related		Premium
Postgraduates		Graduates
Niche expertise		Local knowledge

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Top tier	or	Well known
Premium		Aggressive
Specialist expertise		Graduates
Niche expertise		Local knowledge

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Unfamiliar	or	Well known
Premium		Market related
Specialist expertise		Graduates
Niche expertise		Global expertise

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Well known	or	Top tier
Premium		Aggressive
Postgraduates		Specialist expertise
Niche expertise		Global expertise

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Well known Market related Postgraduates Local knowledge	or	Unfamiliar Premium Graduates Niche expertise

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Well known Aggressive Graduates Niche expertise	or	Top tier Premium Specialist expertise Local knowledge

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Well known Market related Specialist expertise Global expertise	or	Top tier Aggressive Graduates Niche expertise

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Well known Aggressive Specialist expertise Niche expertise	or	Unfamiliar Market related Postgraduates Local knowledge

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Unfamiliar Market related Graduates Niche expertise	or	Top tier Aggressive Postgraduates Local knowledge

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Unfamiliar Premium Specialist expertise Global expertise	or	Top tier Market related Graduates Niche expertise

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Unfamiliar Aggressive Postgraduates Local knowledge	or	Top tier Market related Specialist expertise Global expertise

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Unfamiliar Aggressive Specialist expertise Local knowledge	or	Top tier Market related Postgraduates Niche expertise

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Well known Premium Graduates Global expertise	or	Unfamiliar Market related Postgraduates Niche expertise

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Top tier Aggressive Postgraduates Global expertise	or	Well known Market related Specialist expertise Local knowledge

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Top tier Aggressive Graduates Global expertise	or	Well known Premium Postgraduates Local knowledge

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Top tier Premium Graduates Local knowledge	or	Unfamiliar Aggressive Specialist expertise Niche expertise

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Unfamiliar Market related Postgraduates Global expertise	or	Well known Aggressive Specialist expertise Niche expertise

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

Which of the following would you prefer?

Unfamiliar Market related Graduates Local knowledge	or	Well known Premium Postgraduates Global expertise

Strongly Prefer Left		Somewhat Prefer Left		Indifferent		Somewhat Prefer Right		Strongly Prefer Right
○	○	○	○	○	○	○	○	○

Select the option that best represents your preference.

APPENDIX 4: Conjoint Results – complete dataset

Q7_1	Q10_4	Q10	Q12	Q13	Importances				Utilities											
By ticking	Your cons	Please inc	In your perc	In your pe	Brand	Pricing	Expertise	Intellectual capital	Top tier	Well known	Unfamiliar	Premium	Market related	Aggressive	Specialist expertise	Postgraduates	Graduates	Global expertise	Niche expertise	Local knowledge
	1	1		1	49.26	18.65	18.4	13.68	80.19	36.66	-116.85	-35.91	38.70	-2.80	26.69	20.23	-46.93	-4.84	-24.95	29.79
1		1		1	40.55	3.1	34.04	22.31	75.71	10.76	-86.47	4.34	-8.06	3.72	54.69	26.78	-81.47	13.55	-51.40	37.85
1		1		1	17.51	12.73	66.68	3.08	8.51	30.77	-39.28	6.10	-28.51	22.41	16.03	125.34	-141.37	-6.22	0.12	6.10
1		1		1	22.26	25.8	33.11	18.83	33.60	21.83	-55.43	-55.43	47.77	7.66	46.11	40.22	-86.33	0.22	-37.78	37.56
1		1		1	22.94	30.49	43.83	2.74	25.14	33.31	-58.46	-75.22	46.72	28.50	61.97	51.36	-113.33	1.67	4.65	-6.33
1		1		1	54.21	17.04	17.18	11.57	102.80	11.25	-114.05	-5.05	36.61	-31.55	36.61	-4.52	-32.09	11.79	-29.04	17.25
1		1		1	47.32	22.33	18.82	11.54	54.50	67.39	-121.88	20.21	34.55	-54.76	31.28	12.70	-43.99	5.72	-25.94	20.21
1		1		1	43.74	7.33	22.77	26.16	61.56	51.86	-113.42	19.16	-10.15	-9.02	36.45	18.19	-54.63	50.01	-54.63	4.62
1		1		1	23.81	22.1	36.87	17.22	-13.00	54.13	-41.12	-56.63	24.87	31.76	40.38	53.54	-93.92	-28.51	40.38	-11.87
1		1		1	26.94	24.31	22.73	26.01	20.02	-63.90	43.88	5.44	-51.34	45.89	-49.52	8.09	41.42	-46.86	-10.33	57.19
	1	1		1	15.87	16.21	34.48	33.44	35.25	-7.01	-28.24	-28.24	-8.36	36.61	84.48	-31.05	-53.43	57.79	-75.96	18.18
1		1		1	32.69	21.3	27.71	18.3	80.59	-50.15	-30.44	-46.88	38.32	8.55	-50.15	60.70	-10.55	-9.98	-31.62	41.60
1		1		1	53.6	18.85	10.69	16.86	94.70	24.98	-119.68	-3.26	39.33	-36.07	26.46	-10.14	-16.32	41.14	-14.84	-26.30
1		1		1	16.14	23.99	44.38	15.48	-8.60	-27.99	36.59	36.59	-59.39	22.80	-60.96	116.57	-55.61	-36.23	25.70	10.53
1		2	1		30.28	28.72	28.7	12.3	10.28	55.43	-65.71	-21.94	68.42	-46.47	44.65	25.50	-70.15	13.14	18.02	-31.16
1		2	1		3.24	24.64	42.24	29.89	-3.24	-4.85	8.10	-39.07	-20.41	59.47	-61.90	107.06	-45.16	-71.15	22.74	48.41
1		2	1		8.9	29	53.19	8.9	-3.18	19.39	-16.22	-65.71	50.30	15.41	86.13	40.50	-126.63	-3.18	19.39	-16.22
1		1		1	27.84	23.33	31.28	17.54	-5.22	58.30	-53.08	-23.26	58.30	-35.04	43.23	38.65	-81.88	-43.59	26.58	17.01
1		2	1		32.56	39.19	12.51	15.74	25.53	52.35	-77.89	-52.88	103.88	-51.00	20.71	8.60	-29.31	32.16	-30.81	-1.35
1		2	1		36.12	17.85	35	11.04	52.24	39.98	-92.22	-41.83	12.28	29.56	64.44	11.10	-75.54	2.59	-23.38	20.79
1		1		1	25.59	12.84	51.53	10.04	48.59	5.17	-53.75	-3.32	27.35	-24.03	6.42	99.85	-106.27	2.45	-21.31	18.86
1		2	1		37.81	35.69	24.91	1.59	21.10	65.08	-86.18	5.29	68.74	-74.03	10.41	44.61	-55.02	2.16	2.02	-4.18
1		1		1	28.11	7.16	52.04	12.68	47.59	17.26	-64.84	-11.40	17.26	-5.86	83.43	41.32	-124.75	-31.94	18.79	13.16
1		2	1		36.38	16.45	23.17	24	-11.95	-66.78	78.73	-33.43	1.05	32.38	-44.61	-3.43	48.05	-60.28	24.55	35.73
1		1		1	33.92	18.96	40.02	7.09	43.82	45.94	-89.75	-44.42	31.41	13.01	49.79	55.15	-104.94	13.01	2.35	-15.37
1		2	1		33.71	13.65	26.02	26.61	50.58	33.69	-84.27	-17.26	35.94	-18.68	47.54	8.99	-56.54	38.97	-67.49	28.51
1		2	1		28.87	20.56	17.05	33.52	9.48	53.00	-62.48	-40.01	-2.24	42.25	23.66	20.87	-44.53	68.15	-2.24	-65.91
1		1		1	42.2	7.62	29.65	20.53	76.58	15.65	-92.23	4.14	-17.30	13.16	59.85	-1.10	-58.75	-33.78	-14.55	48.34
1		2	1		45.58	25.28	10.46	18.68	100.11	-82.23	-17.87	55.87	-10.63	-45.24	25.16	-16.68	-8.49	-47.39	27.31	20.08
1		1		1	52.32	13.93	21.26	12.48	111.03	-12.78	-98.25	27.32	-28.41	1.10	32.95	19.17	-52.11	-22.60	-4.72	27.32
1		2	1		44.91	23.95	24.53	6.61	-87.04	-5.55	92.59	-60.59	35.20	25.39	-5.55	51.84	-46.29	-5.55	-10.45	16.00
1		1		1	9.58	32.53	40.11	17.78	-16.85	21.47	-4.62	-63.60	-2.92	66.51	79.28	1.88	-81.17	47.24	-23.35	-23.89
1		2	1		15.67	15.02	46.14	23.17	-29.15	-4.38	33.53	5.24	-32.67	27.43	-2.68	93.62	-90.94	-59.13	25.61	33.53
1		2	1		37.39	36.11	21.93	4.57	34.23	57.66	-91.89	-3.30	73.88	-70.57	40.22	7.28	-47.50	-7.10	-4.08	11.17
1		2	1		28.98	20.71	9.06	41.25	7.72	54.10	-61.82	29.62	23.63	-53.24	-11.02	-12.60	23.63	36.47	-100.73	64.26
1		2	1		45.49	20.39	27.05	7.06	42.88	69.54	-112.42	-2.61	42.08	-39.48	42.08	24.05	-66.13	15.43	-12.82	-2.61
1		2	1		8.19	26.64	24.35	40.82	6.62	13.07	-19.69	-4.80	55.68	-50.89	55.68	-13.98	-41.71	-23.50	-69.89	93.39
1		2	1		18.18	45.49	33.18	3.14	43.50	-29.23	-14.26	-110.59	71.39	39.20	47.63	37.48	-85.11	7.09	-5.47	-1.62
	1	1		1	43.44	14.36	30.13	12.06	74.01	25.76	-99.77	37.80	-18.15	-19.65	68.04	-15.55	-52.49	22.16	-26.09	3.93
1		1		1	46.03	11.9	29.25	12.82	50.06	67.02	-117.08	-16.89	30.71	-13.82	30.71	43.15	-73.86	18.12	-33.18	15.06
1		2	1		20.77	33	15.59	30.64	-32.77	-17.56	50.32	1.71	-66.85	65.14	-28.95	-4.44	33.39	-32.08	77.33	-45.25
1		2	1		33.1	37.76	11.36	17.79	32.36	50.02	-82.38	53.90	43.24	-97.13	23.91	-2.40	-21.51	23.32	23.91	-47.23
1		1		1	25.82	29.56	28.57	16.05	41.73	19.80	-61.54	-1.86	60.06	-58.19	10.33	51.98	-62.31	-33.66	3.14	30.53
1		2	1		32.85	33.4	9.33	24.42	-11.61	71.51	-59.90	49.15	35.30	-84.45	-16.96	20.35	-3.38	-14.09	55.88	-41.79
1		2	1		8.9	24.21	31.27	35.63	22.95	-10.30	-12.65	-59.27	21.71	37.56	-9.37	67.22	-57.85	68.63	5.24	-73.87
1		2	1		21.05	40.98	18.81	19.16	-39.81	44.39	-4.58	73.35	17.22	-90.58	-8.16	41.70	-33.54	-49.61	27.02	22.59
	1	2	1		34.42	33.66	9.79	22.13	25.64	56.01	-81.65	-16.56	75.60	-59.04	-22.32	16.85	5.47	-41.32	-5.91	47.22
	1	2	1		32.1	14.05	34.08	19.76	46.68	35.04	-81.72	35.18	-14.14	-21.03	27.38	54.48	-81.86	-36.36	42.70	-6.34
1		2	1		33.53	23.13	22.45	20.88	51.13	31.87	-82.99	47.35	-2.16	-45.18	29.94	-59.88	29.94	-15.01	-34.27	49.27
1		1		1	28.51	15.85	44.47	11.17	64.44	-14.82	-49.62	-37.29	26.09	11.20	95.93	-13.96	-81.96	5.82	-25.25	19.43
1		1		1	32.66	29.74	33.22	4.38	77.20	-53.44	-23.76	-40.44	78.50	-38.06	62.77	7.35	-70.12	-9.82	2.11	7.71
1		2	1		25	28.12	21.88	25	-4.17	-47.92	52.08	-60.42	8.33	52.08	-47.92	39.58	8.33	-4.17	-47.92	52.08
1		2	1		26.78	6.38	51.83	15.02	40.64	25.83	-66.47	8.84	-16.67	7.83	124.76	-42.22	-82.54	-1.87	-29.10	30.97
1		2	1		51.04	14.58	18.75	15.63	81.94	40.28	-122.22	27.78	2.78	-30.56	40.28	-5.56	-34.72	6.94	-34.72	27.78
1		2	1		27	26.19	44.34	2.48	42.12	23.75	-65.88	-66.81	37.93	28.88	87.60	2.15	-89.75	-2.11	6.01	-3.90
1		2	1		25.09	22.5	31.18	21.23	24.72	37.82	-62.54	-44.01	45.98	-1.97	-82.96	41.76	41.20	-51.41	17.89	33.52
1		1		1	38.97	20.81	30.22	9.99	53.38	49.12	-102.50	-34.14	49.12	-14.98	49.12	22.66	-71.78	19.71	-20.26	0.55
1		1		1	32.55	13.38	27.03	27.03	55.29	19.60	-74.90	16.47	18.53	-35.00	37.45	33.24	-70.69	-70.69	37.45	33.24
1		1		1	27.67	19.97	28.12	24.25	58.35	-6.03	-52.32	-52.32	24.75	27.56	62.93	-13.39	-49.55	2.11	-49.55	47.44
1		1		1	34.18	19.62	22.57	23.63	56.09	24.51	-80.61	20.17	29.16	-49.32	40.50	9.28	-49.78	59.02	-35.51	-23.51
			TOT AVG		**31.00**	**22.22**	**29.19**	**17.59**	**33.94**	**18.96**	**-52.90**	**-13.09**	**21.50**	**-8.41**	**26.88**	**24.54**	**-51.42**	**-3.62**	**-8.88**	**12.50**
					Brand	Pricing	Expertise	Intellectual capital	Top tier	Well known	Unfamiliar	Premium	Market related	Aggressive	Specialist expertise	Postgraduates	Graduates	Global expertise	Niche expertise	Local knowledge
			Consulting AVG		**33.21**	**18.53**	**32.37**	**15.89**	**49.57**	**15.88**	**-65.45**	**-14.59**	**17.52**	**-2.92**	**37.11**	**28.92**	**-66.03**	**-0.24**	**-14.97**	**15.21**
			PS AVG		**28.80**	**25.91**	**26.01**	**19.29**	**18.32**	**22.03**	**-40.35**	**-11.59**	**25.49**	**-13.90**	**16.66**	**20.15**	**-36.81**	**-7.01**	**-2.79**	**9.80**

APPENDIX 5: T-Test Statistical results for Intellectual Capital

The SAS System

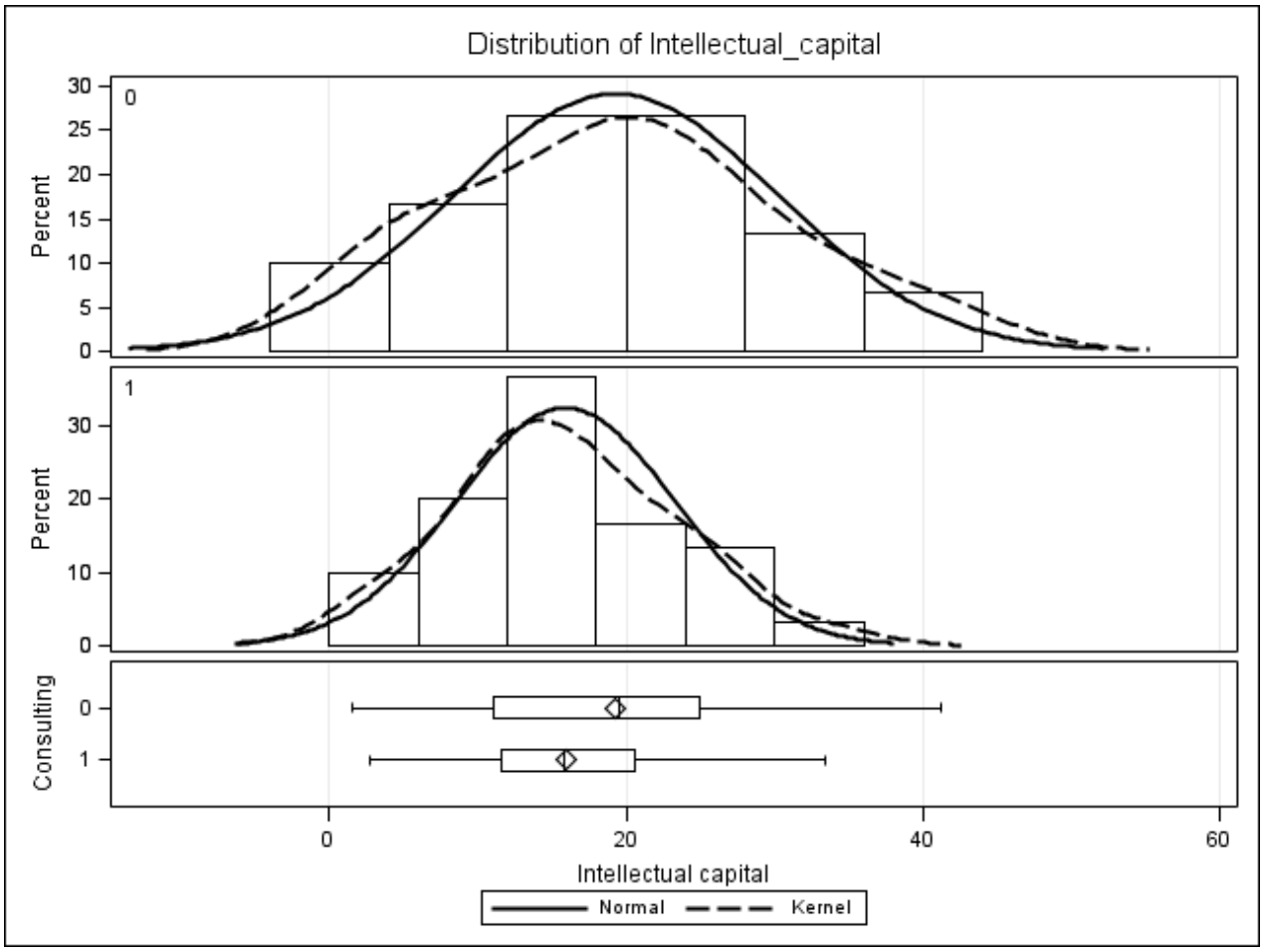
The TTEST Procedure
Variable: Intellectual_capital (Intellectual capital)

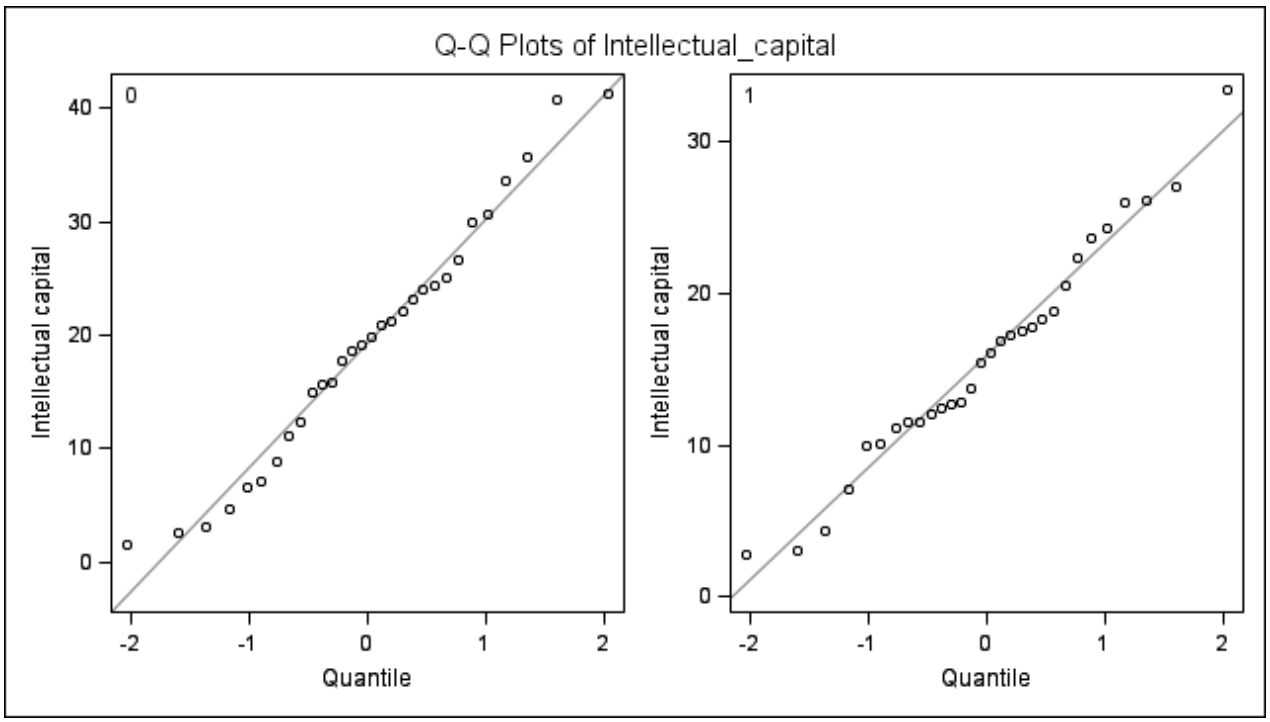
Consulting	N	Mean	Std Dev	Std Err	Minimum	Maximum
0	30	19.2887	10.9485	1.9989	1.5900	41.2500
1	30	15.8913	7.3881	1.3489	2.7400	33.4400
Diff (1-2)		3.3973	9.3395	2.4115		

Consulting	Method	Mean	95% CL Mean		Std Dev	95% CL Std Dev	
0		19.2887	15.2004	23.3769	10.9485	8.7195	14.7183
1		15.8913	13.1326	18.6501	7.3881	5.8839	9.9319
Diff (1-2)	**Pooled**	3.3973	-1.4297	8.2244	9.3395	7.9062	11.4125
Diff (1-2)	**Satterthwaite**	3.3973	-1.4442	8.2388			

Method	Variances	DF	t Value	Pr > |t|
Pooled	Equal	58	1.41	0.1642
Satterthwaite	Unequal	50.875	1.41	0.1650

Equality of Variances				
Method	**Num DF**	**Den DF**	**F Value**	**Pr > F**
Folded F	29	29	2.20	0.0381


Distribution of Intellectual_capital
Percent
Consulting
Intellectual capital
Normal
Kernel


Q-Q Plots of Intellectual_capital
Intellectual capital
Quantile

The NPAR1WAY Procedure

Wilcoxon Scores (Rank Sums) for Variable Intellectual_capital Classified by Variable Consulting					
Consulting	**N**	**Sum of Scores**	**Expected Under H0**	**Std Dev Under H0**	**Mean Score**
1	30	829.0	915.0	67.638746	27.633333
0	30	1001.0	915.0	67.638746	33.366667

Wilcoxon Two-Sample Test	
Statistic	829.0000
Normal Approximation	
Z	-1.2641
One-Sided Pr < Z	0.1031
Two-Sided Pr > |Z|	0.2062
t Approximation	
One-Sided Pr < Z	0.1056
Two-Sided Pr > |Z|	0.2112
Z includes a continuity correction of 0.5.	

Kruskal-Wallis Test	
Chi-Square	1.6166
DF	1
Pr > Chi-Square	0.2036



Hodges-Lehmann Estimation			
Location Shift (1 - 0) -3.4600			
95% Confidence Limits		Interval Midpoint	Asymptotic Standard Error
-8.3000	1.8500	-3.2250	2.5893

APPENDIX 6: T-Test Statistical results for Expertise

The SAS System

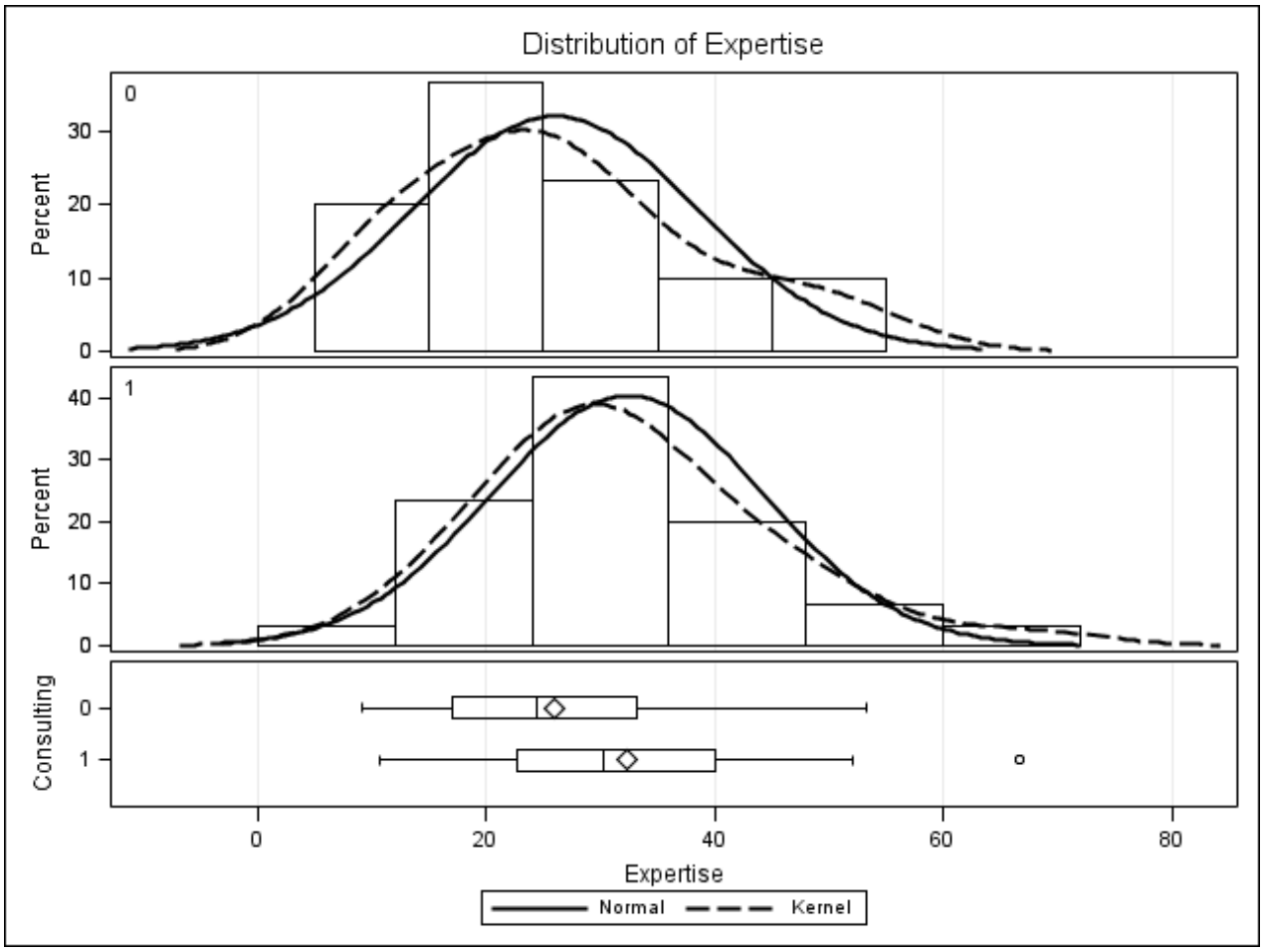
The TTEST Procedure
Variable: Expertise (Expertise)

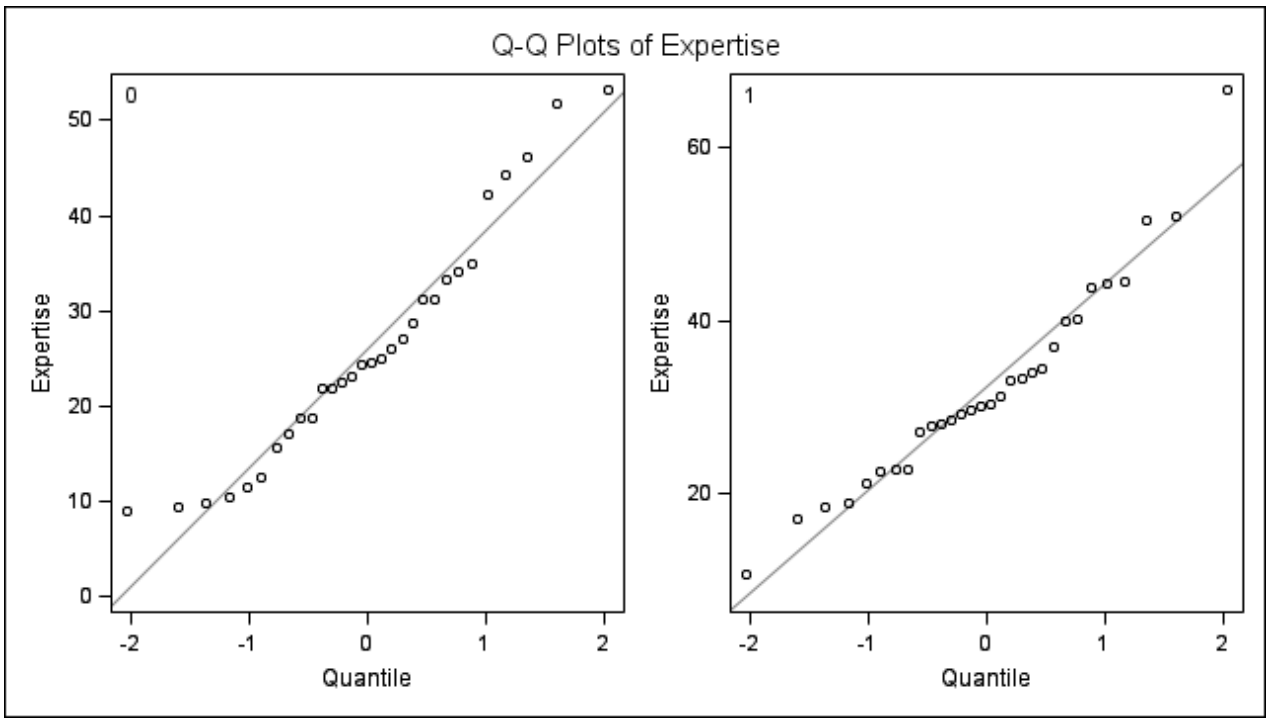
Consulting	N	Mean	Std Dev	Std Err	Minimum	Maximum
0	30	26.0050	12.4449	2.2721	9.0600	53.1900
1	30	32.3720	11.8833	2.1696	10.6900	66.6800
Diff (1-2)		-6.3670	12.1673	3.1416		

Consulting	Method	Mean	95% CL Mean		Std Dev	95% CL Std Dev	
0		26.0050	21.3580	30.6520	12.4449	9.9112	16.7299
1		32.3720	27.9347	36.8093	11.8833	9.4639	15.9748
Diff (1-2)	**Pooled**	-6.3670	-12.6556	-0.0784	12.1673	10.3001	14.8679
Diff (1-2)	**Satterthwaite**	-6.3670	-12.6559	-0.0781			

Method	Variances	DF	t Value	Pr > |t|
Pooled	Equal	58	-2.03	0.0473
Satterthwaite	Unequal	57.877	-2.03	0.0473

Equality of Variances				
Method	**Num DF**	**Den DF**	**F Value**	**Pr > F**
Folded F	29	29	1.10	0.8053


Distribution of Expertise
0
1
Percent
Consulting
Expertise
Normal
Kernel

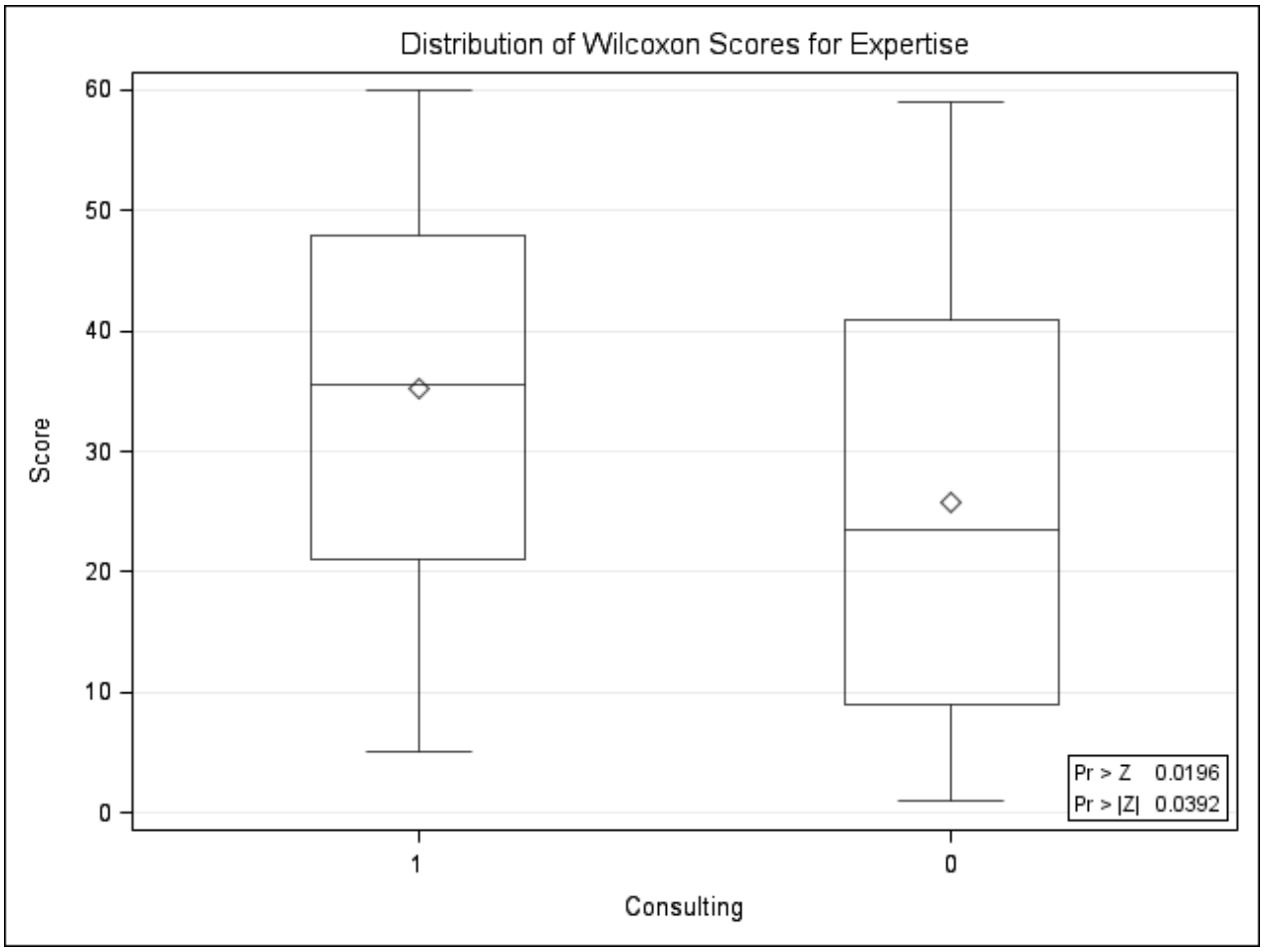

Q-Q Plots of Expertise
0
1
Expertise
Quantile

The NPAR1WAY Procedure

Wilcoxon Scores (Rank Sums) for Variable Expertise Classified by Variable Consulting					
Consulting	**N**	**Sum of Scores**	**Expected Under H0**	**Std Dev Under H0**	**Mean Score**
1	30	1055.0	915.0	67.638746	35.166667
0	30	775.0	915.0	67.638746	25.833333

Wilcoxon Two-Sample Test	
Statistic	1055.0000
Normal Approximation	
Z	2.0624
One-Sided Pr > Z	0.0196
Two-Sided Pr > |Z|	0.0392
t Approximation	
One-Sided Pr > Z	0.0218
Two-Sided Pr > |Z|	0.0436
Z includes a continuity correction of 0.5.	

Kruskal-Wallis Test	
Chi-Square	4.2842
DF	1
Pr > Chi-Square	0.0385



Hodges-Lehmann Estimation			
Location Shift (1 - 0) 6.7050			
95% Confidence Limits		Interval Midpoint	Asymptotic Standard Error
0.1200	12.4700	6.2950	3.1506

APPENDIX 7: T-Test Statistical results for Reputation / Brand

The SAS System

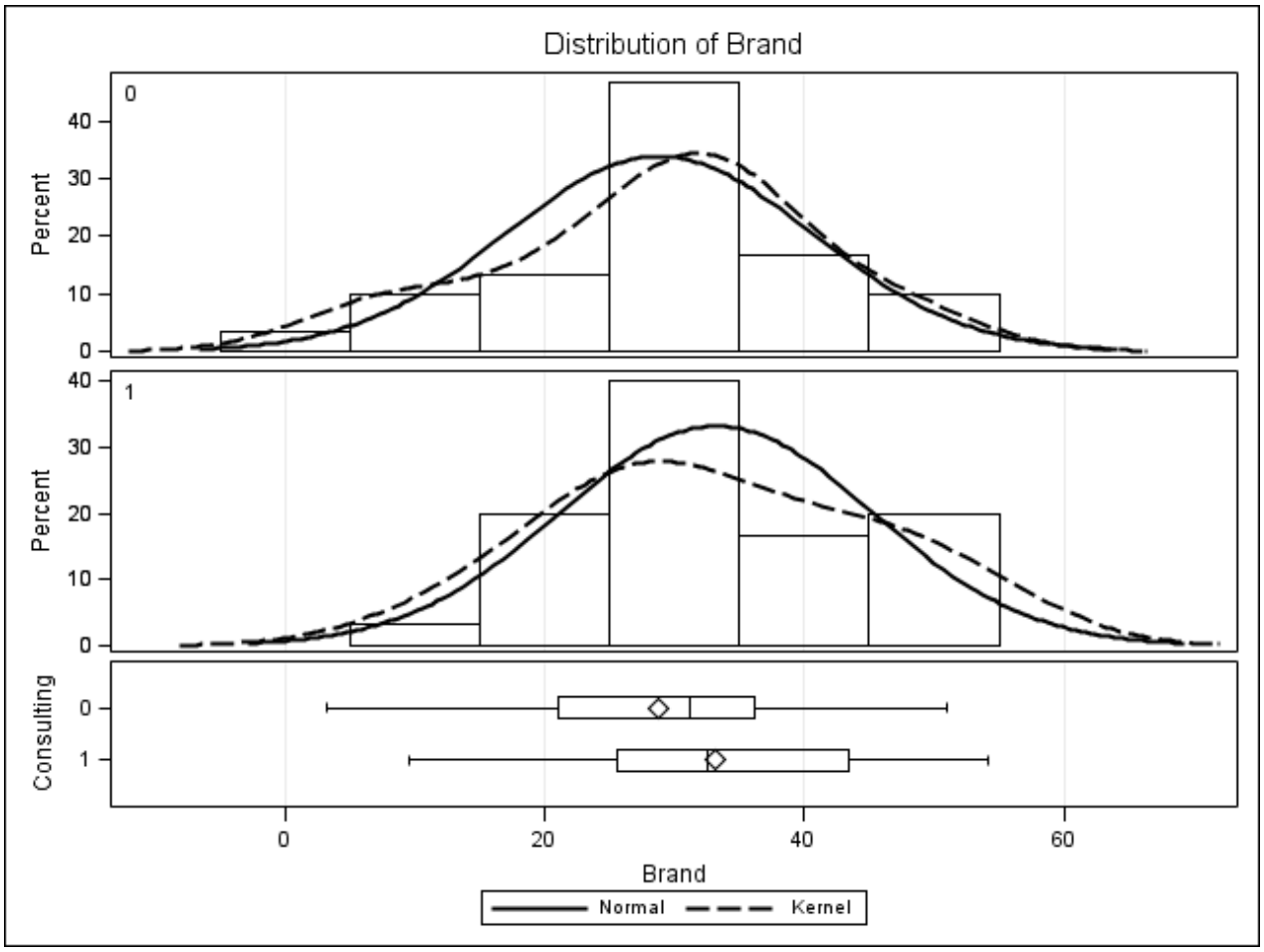
The TTEST Procedure
Variable: Brand (Brand)

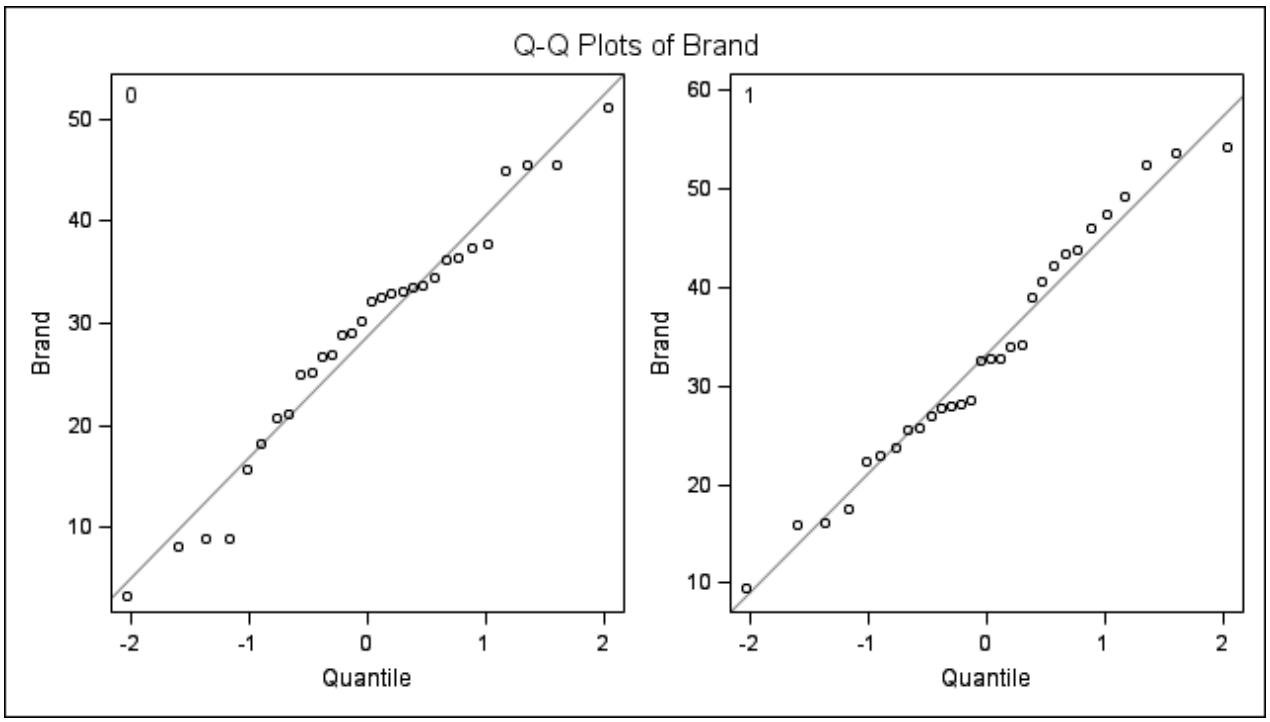
Consulting	N	Mean	Std Dev	Std Err	Minimum	Maximum
0	30	28.7963	11.7969	2.1538	3.2400	51.0400
1	30	33.2077	12.0332	2.1969	9.5800	54.2100
Diff (1-2)		-4.4113	11.9156	3.0766		

Consulting	Method	Mean	95% CL Mean		Std Dev	95% CL Std Dev	
0		28.7963	24.3913	33.2014	11.7969	9.3951	15.8588
1		33.2077	28.7144	37.7009	12.0332	9.5833	16.1764
Diff (1-2)	**Pooled**	-4.4113	-10.5698	1.7472	11.9156	10.0870	14.5604
Diff (1-2)	**Satterthwaite**	-4.4113	-10.5699	1.7472			

Method	Variances	DF	t Value	Pr > |t|
Pooled	Equal	58	-1.43	0.1570
Satterthwaite	Unequal	57.977	-1.43	0.1570

Equality of Variances				
Method	**Num DF**	**Den DF**	**F Value**	**Pr > F**
Folded F	29	29	1.04	0.9157


Distribution of Brand
0
1
Percent
Consulting
Brand
Normal
Kernel

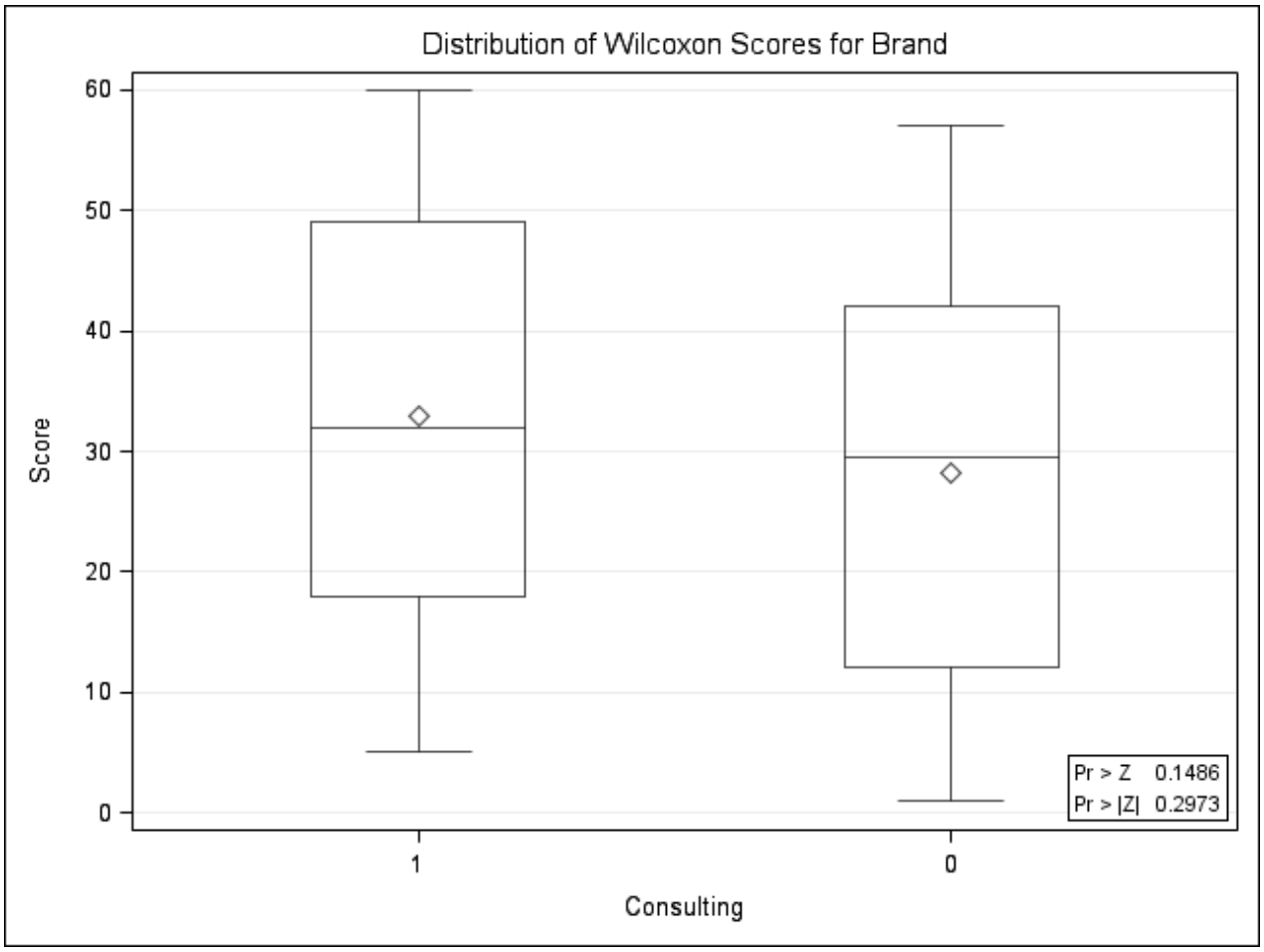

Q-Q Plots of Brand
0
1
Brand
Quantile

The NPAR1WAY Procedure

Wilcoxon Scores (Rank Sums) for Variable Brand Classified by Variable Consulting					
Consulting	**N**	**Sum of Scores**	**Expected Under H0**	**Std Dev Under H0**	**Mean Score**
1	30	986.0	915.0	67.637807	32.866667
0	30	844.0	915.0	67.637807	28.133333
Average scores were used for ties.					

Wilcoxon Two-Sample Test	
Statistic	986.0000
Normal Approximation	
Z	1.0423
One-Sided Pr > Z	0.1486
Two-Sided Pr > |Z|	0.2973
t Approximation	
One-Sided Pr > Z	0.1508
Two-Sided Pr > |Z|	0.3015
Z includes a continuity correction of 0.5.	

Kruskal-Wallis Test	
Chi-Square	1.1019
DF	1
Pr > Chi-Square	0.2939



Hodges-Lehmann Estimation			
Location Shift (1 - 0) 3.6050			
95% Confidence Limits		Interval Midpoint	Asymptotic Standard Error
-3.2100	10.3400	3.5650	3.4567

APPENDIX 8: T-Test Statistical results for Price

The SAS System

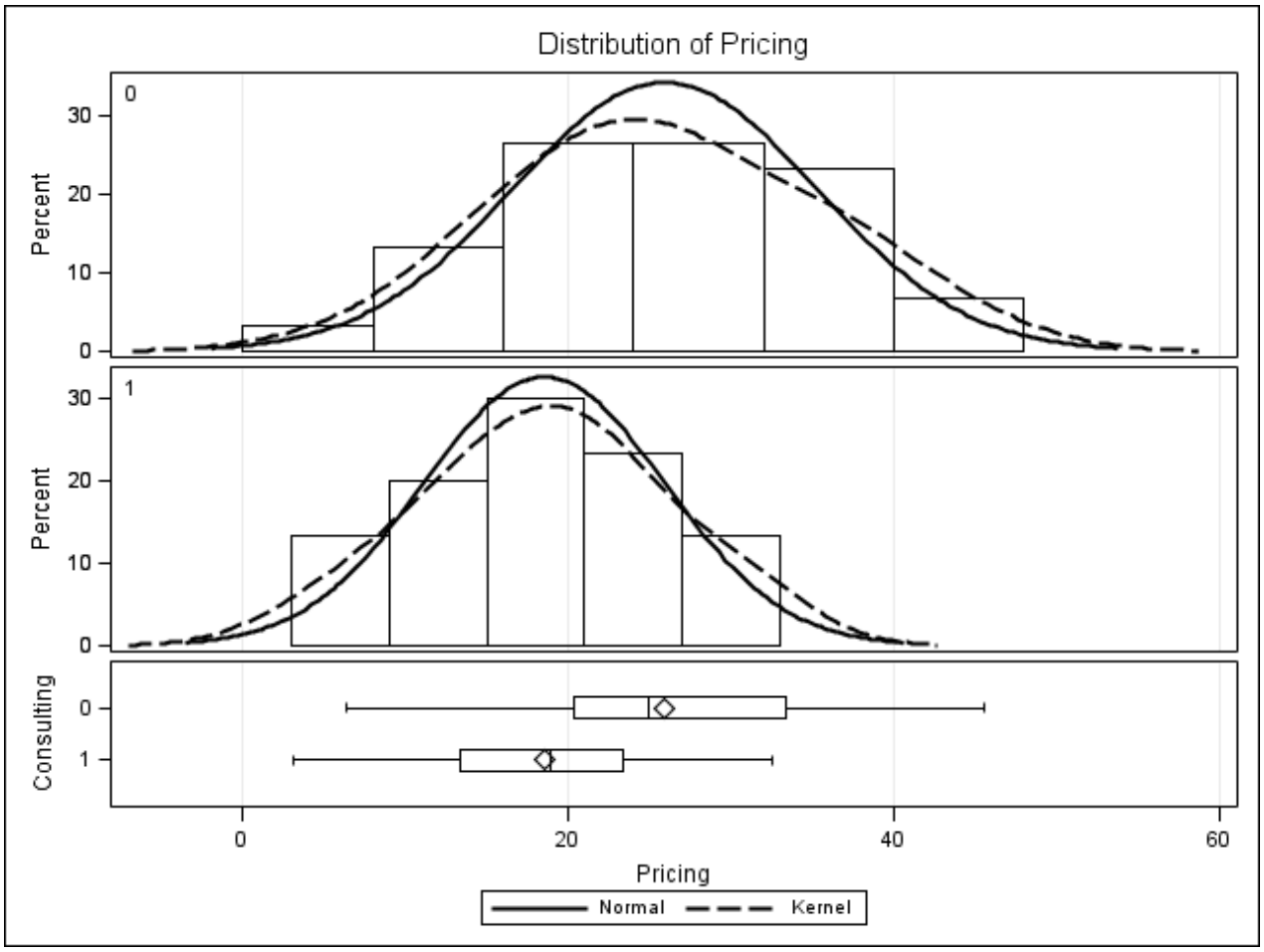
The TTEST Procedure
Variable: Pricing (Pricing)

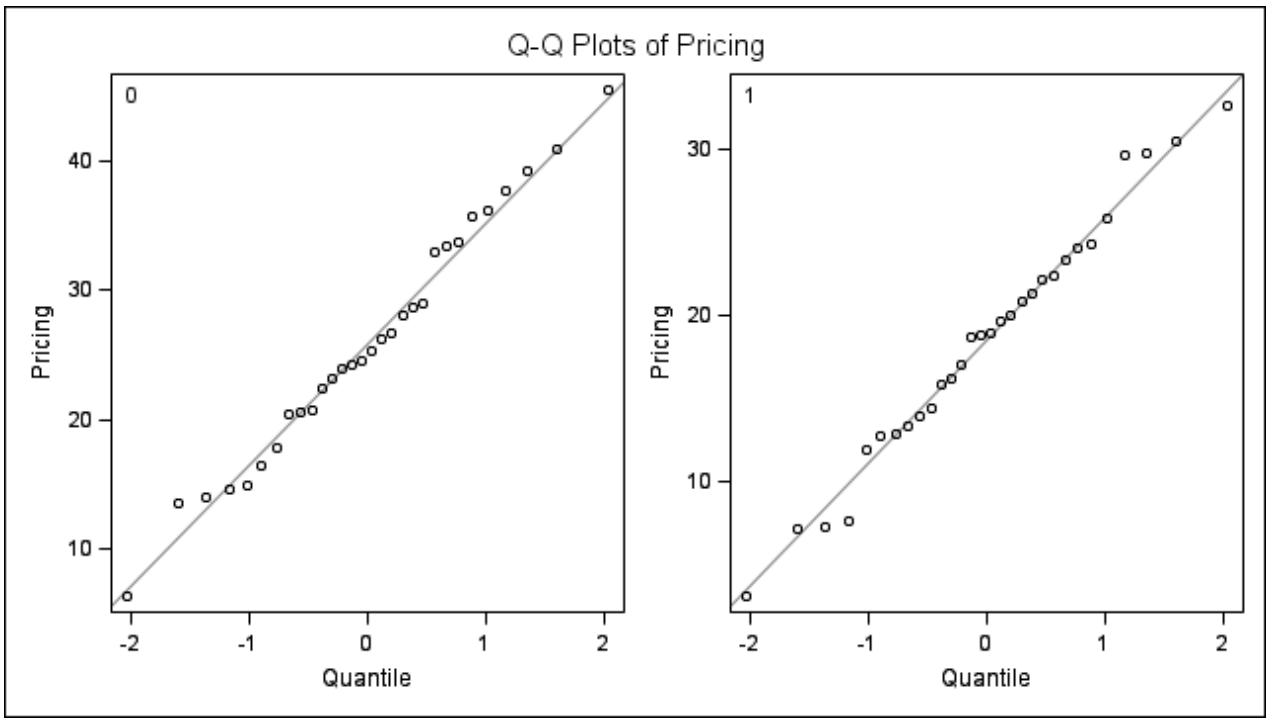
Consulting	N	Mean	Std Dev	Std Err	Minimum	Maximum
0	30	25.9100	9.2929	1.6966	6.3800	45.4900
1	30	18.5263	7.3596	1.3437	3.1000	32.5300
Diff (1-2)		7.3837	8.3822	2.1643		

Consulting	Method	Mean	95% CL Mean		Std Dev	95% CL Std Dev	
0		25.9100	22.4400	29.3800	9.2929	7.4009	12.4925
1		18.5263	15.7782	21.2745	7.3596	5.8613	9.8937
Diff (1-2)	**Pooled**	7.3837	3.0514	11.7159	8.3822	7.0958	10.2426
Diff (1-2)	**Satterthwaite**	7.3837	3.0466	11.7208			

Method	Variances	DF	t Value	Pr > |t|
Pooled	Equal	58	3.41	0.0012
Satterthwaite	Unequal	55.108	3.41	0.0012

Equality of Variances				
Method	**Num DF**	**Den DF**	**F Value**	**Pr > F**
Folded F	29	29	1.59	0.2151


Distribution of Pricing
0
1
Percent
Consulting
0
1
0
20
40
60
Pricing
Normal
Kernel

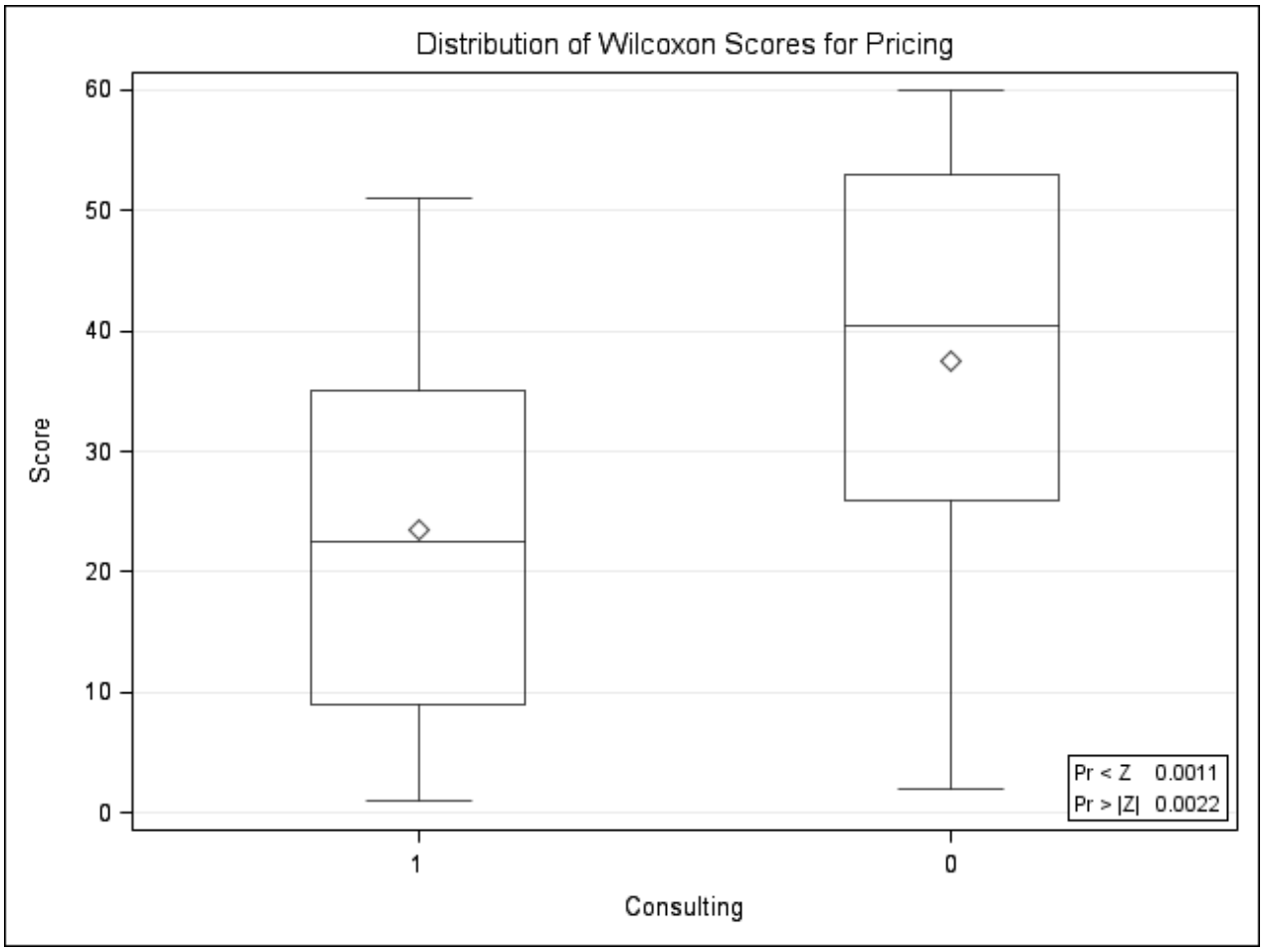

Q-Q Plots of Pricing
0
1
Pricing
Quantile
-2
-1
0
1
2

The NPAR1WAY Procedure

Wilcoxon Scores (Rank Sums) for Variable Pricing Classified by Variable Consulting					
Consulting	**N**	**Sum of Scores**	**Expected Under H0**	**Std Dev Under H0**	**Mean Score**
1	30	707.0	915.0	67.638746	23.566667
0	30	1123.0	915.0	67.638746	37.433333

Wilcoxon Two-Sample Test	
Statistic	707.0000
Normal Approximation	
Z	-3.0678
One-Sided Pr < Z	0.0011
Two-Sided Pr > |Z|	0.0022
t Approximation	
One-Sided Pr < Z	0.0016
Two-Sided Pr > |Z|	0.0033
Z includes a continuity correction of 0.5.	

Kruskal-Wallis Test	
Chi-Square	9.4566
DF	1
Pr > Chi-Square	0.0021



Hodges-Lehmann Estimation			
Location Shift (1 - 0) -7.1750			
95% Confidence Limits		Interval Midpoint	Asymptotic Standard Error
-11.9000	-2.5400	-7.2200	2.3878