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WORKING CAPITAL MANAGEMENT POLICIES FOR MANAGERS TO IMPROVE PROFITABILITY

Percy Kandukira

Efficient working capital management is a requisite and is crucial for small firms' profitability. The main reason for most SMEs' failure is the incompetence of their managers to appropriately control and plan their current liabilities and current assets (Smith, 1973). Keeping in view the SMEs' difficulties in proper working capital management and the significance of working capital management in profitability, survival and growth of SMEs, this research aims to analyse the association between individual working capital components, corporate governance characteristics and alternate proxies of profitability in SMEs. The study has significance for managers in planning and managing working capital in such a way that they can increase their profitability

INTRODUCTION

Working capital is considered the most vital element for the smooth functioning of firms as it represents those funds used to carry routine operations of the business (Tauringana and Afrifa, 2013; Pais and Gama, 2015). It implies that the more the business's working capital, the stronger its liquidity position will be. Working capital management is critical in all forms of business as it affects the firms' liquidity, risks, and profitability (Deloof, 2003). There is always a trade-off between liquidity and profitability in companies. Holding too many funds in working capital leads to opportunity cost, and keeping working capital less can lead to obstacles and hampering of day-to-day operations. A firm needs to find an ideal level of working capital for balancing the profitability and liquidity of the firm. Aggressiveness in trade credit and investing in inventory could influence corporate profitability in a negative manner (Garcia-Teruel & Martinez-Solano, 2007). So, it is vital to understand the association among different working capital components. It will be very useful in devising appropriate policies for the smooth and profitable running of the companies if the actual relationship between working capital components and profitability is clear. This paper examines the relationship between the working capital component and proxies of profitability of SMEs (Small and Medium Enterprises) listed in the US NASDAQ.

The profitability of all types of businesses depends on proficient working capital management in the businesses (Aleef, 2011). Working capital policies have become relevant in the present economic downturn and its implications on companies (Enqvist et al., 2011). Efficient working capital management entails upholding optimal capital components to meet operating expenses and short-term obligations on time. An extensively utilised measure of working capital management is the net trade cycle, and it can be expressed by three main components, i.e. receivable, payable and inventory, and as a percentage of sales. The net trade cycle specifies the company's total daily sales financing the working capital.

It has been highlighted by quite a few studies that working capital management is a vital factor determining companies' profitability, especially SMEs (Peel et al., 2000). Working capital management is of high significance for SMEs due to several reasons. One of the reasons is SMEs' difficulty raising short-term funds due to the impression of SMEs as a high-risk investment by investors (Padachi et al., 2011). Another reason for the difficulty in raising funds for SMEs could be their lack of expertise in the management of accounting systems, maintaining appropriate records, insufficient financial statements, or improper business reports, making it challenging for investors to analyse their creditworthiness and viability. So, SMEs have to depend more on credit provided by suppliers as the main basis of credit. The dependency of SMEs on short term sources of funds makes effective management of working capital for them all the more significant for their growth and survival (Padachi 2006). It has also been observed that SMEs always have to maintain higher liquidity due to their high dependence on working capital as the source of funding, and liquidity is always linked with profitability (Gill et al., 2010). The high investment of SMEs in current assets also calls for efficient working capital management.

SMEs do not have the expertise or skilled managers to plan and manage financial resources, especially working capital. This lack of proper planning and management of working capital is often the reason for their failure (Smith 1973, Padachi 2006). So, the management of SMEs needs to devote more time to the management of working capital for sustainability and profitability. The listing of SMEs on stock exchanges is expected to resolve SMEs' financial crises and issues. But there is no evidence about the same. It is not supported by proper evidence that SMEs' inclusion does any good for their survival and growth. This is one of the motivations for analysing the relationship between working capital component and proxies of profitability of SMEs listed in the NASDAQ in the US.

LITERATURE REVIEW

Inventory Management and Profitability

Inventory management is critical for maintaining firms' profits (Tinghbani, 2015; Koumanakos, 2008). Firms need not maintain inventory in perfect conditions, as in that scenario, firms can produce the exact number of products to fulfil the demand in the market (Mathuva, 2013). But the markets are imperfect, so the firms must maintain inventory to face many uncertainties in the market. The inventory management strategy chosen by a firm has a direct/indirect impact on its profitability and risks (Tinghabani, 2015; Afrifa, 2013). Nazir and Afza (2009) argued that an aggressive inventory strategy might enhance the firm's profitability by decreasing various inventory carrying costs. This is supported by the theory of Just-In-Time (JIT) in inventory management, which points that holding excess inventory leads to wastage of resources and does not lead to any value addition to the product (Bhattacharya, 2008).

The transactional cost motive of inventory implies that firms hold a high inventory level to fulfil the anticipated demand of the commodity or services in the market (Tinghbani, 2015). It is believed that firms maintain inventory for demonstration or display purposes as some consumers like to see and inspect the product before buying it. The availability of samples of products for examination by customers can lead to higher profits. By ordering in bulk, the firm can get a quantity discount and save on transportation costs and ordering costs (Afrifa, 2013). Companies should use methods for ordering an optimal inventory level like economic order quantity (EOQ) (Afrifa, 2013).

Accounts Receivables and Profitability

Short term credit provided by a firm to its different customers is termed as accounts receivables. The aggressive receivable policy pertains to a decrease in the period of accounts receivable, which leads to an increase in the company's cash flow and thus an increase in profitability (Tinghabani, 2015). This increase in profitability can save the firm from bankruptcy by making sure that payments are made on time (Couderc, 2006). The cash saved can be used to create a buffer and be used in financial distress (Arena and Julio, 2010). The firm's profitability is increased by a decrease in accounts receivable period by a decrease in the transactional cost of bill payment (Bhattacharya, 2008). Bhattacharya (2008) concluded that the firms could use trade receivable policy as a cost-reducing strategy to increase profitability. Firms can use trade credit for price-cutting at times of reckless fluctuations in demand; when sales increase, they tend to tighten their trade receivables (Bhattacharya, 2008). Conservative receivable policy pertains to an increase in accounts receivable period, which increases the working capital investment (Tinghabani, 2015). Emery (1987) argues that firms attempt to increase their profitability by stretching trade credit by achieving improved operational flexibility. Smith (1987) stated that consumers could get an exchange facility by getting the required time to examine the quality of the product before making any purchase if the delayed payment option is available to them. This is also beneficial by decreasing the information irregularity between the seller and the buyer. A consumer has to pay less if provided with extended trade credit than those with shorter payment tenure (Garcia-Teruel and Martínez-Solano, 2010).

Accounts Payable and Profitability

The short-term credit provided by suppliers to the firm is termed accounts payable. It is an essential short-term source of finance for most businesses (Tinghabani, 2015; Garcia Teruel & Martinez-Solano, 2010; Wilner, 2000). Peterson and Rajan (1997) highlighted that the most important and sole source of finance for many companies, i.e. almost 35%, is trade payables. Garcia-Teruel and Martinez Solano (2010) revealed that in medium-sized firms in the

UK, almost 41% of the total credit and 20% of their liabilities are represented by trade payables. Marinez-Sola et al. (2013) emphasised that the firms adopt optimal accounts payable policy due to market imperfections. By having lengthy periods of payment, the firm can utilise funds for their working capital needs and thus can maximise their profits (Mathuva, 2010). The cash saved by a lengthy payment period could be utilised for investment in accounts receivable and in days of inventory, thus reducing transactional costs of bills payment and consequently improving profitability.

As per financial distress theory, firms facing financial distress have issues in the timely fulfilment of credit policies due to their weak finances (Tinghabani, 2015). Financially distressed suppliers can use accounts payable as an opportunity to enhance profitability (Wilner, 2000). Furthermore, an increase in production requires extending the payment period without bank loans (Bougheas et al., 2009). For higher production, costs associated with production will also increase, which implies that the firms resort to lengthy payment periods (Tinghabani, 2015). For financing the production, thus longer payment period acts as an alternate resource (Ferrando and Mulier, 2013).

Liquidity and Profitability

A company's liquidity is a vital factor that affects its profitability (Appuhami, 2008). Both profitability and liquidity are the main aims of firms, and it is very difficult to choose one over the other as it can lead to multiple issues in the firm (Kargar & Bluementhal, 1994). If a firm has adequate liquidly, it can maximise its sales by extending credit to its customers (Ng and Baek, 2007). By providing credit to customers, the customers buy more of the firm's product, enhancing the firm's profitability (Garcia-Teruel & Martinez-Solano, 2010; Gill et al., 2010). Boermans and Wiilbrands (2011) contended that a firm's liquidity level has a high impact on its profitability as having liquidity ensures that all short-term liabilities are fulfilled on time, and the firm can opt for profitable projects and when they are available. Moreover, a company can avoid taking external finance, which turns to be costly if the firm has good liquidity. In his study, Lartey et al. (2013) stated that many liquid assets negatively impact firms profitability as it results in the opportunity cost of not investing cash in profitable options.

Solvency and Profitability

Goyal (2013) studied public sector banks in India to investigate the influence of financial structure ratios on profitability. A direct relationship was found between profitability ratios and short-term debt. In another study, Nirajini and Priya (2013) examined the selected companies in Sri Lanka to find the relationship between financial performance and capital structure. It was found in the study that financial performance was positively related to capital structure. Ebrati et al. (2013) found that earning per share and return on assets were negatively associated with the capital structure of the companies. In a similar study, Saeedi and Mahmoodi (2011) used the data of 320 companies in Tehran for seven years to investigate the association between profitability and solvency. For the study, three financial structure ratios (short-term debt, total debt, and long-term debt) were used as dependent variables; four financial performance ratios were used (return on assets, Tobin's Q, return on equity, and earning per share) as independent variables. It was established in the study that a positive association exists between capital structure and Tobin's Q and earning per share. A negative association was found between return on investment and capital structure.

CEO Age and Profitability

Age of CEO is also studied as a factor influencing profitability by many researchers. In recent research by Diks (2016) a negative relationship between age of CEO and profitability of the firm has been reported. This was inconsistent with the research of Hambrick and Mason (1984) where a negative association was found between profitability and CEO age. It has been observed that CEOs are comparatively older than other managers. It can be argued that older CEOs have more expertise and knowledge. But they take more time in taking decision and are averse to projects having risk (Diks, 2016). Hambrick and Mason (1984) debated that no new ideas are bought by older CEOs as they have a conservative outlook. They further added that older CEOs attain a status quo and develop a comfort level and do not like any changes to be made. Chown (1960) explained that older CEOs do not come up with new ideas as they do not think of new ideas. Child (1974) stressed that younger CEOs bring growth and new ideas in the organisation. MacCrimmon and Wehrung (1986) highlighted that with the age of managers their risk-taking ability decreases. The managers lose their optimism and start preferring risk free projects more. However, this is supported by the Stewardship Theory that sees a strong relationship between CEO and the success of the firm. They all want companies to maximise on profitability.

CEO Tenure and Profitability

The time a CEO has been in charge of the position is referred to as CEO tenure. It is a significant component of the corporate system which influences the profitability of the firm (Miller and Shamise, 2001). CEO tenure is vital factor for executive leadership and performance in an organisation. It is believed that CEOs can start building their self-empire if they remain at CEO position for a longer time. It may be because after remaining in the position and company for a longer time, the CEO becomes more relaxed and may spend the knowledge gained and power vested in him to further self-interest at the cost of profitability of the firm (Tingbani, 2015). This is also supported by Agency Theory. Companies having long tenure tend to have access control on the board which might result in taking up costly projects by the firms and thus resulting in a negative impact on the profit of the firm.

Shen (2003) found that long-tenured CEOs strived hard for the position and the years of their experience adds to their skills and efficiency. This increased skills and efficiency have positive impact on profitability of the firm. Kyereboah Coleman (2007) also suggested that CEOs with lengthy tenure are motivated to increase profits of the company as they like to see positive outcomes of their decisions. Lengthy tenured CEOs also helps in decreasing monitoring cost as they need to be monitored initially until the time they gain confidence and trust of management. This leads to high monitoring costs for new CEOs. But the contrary conclusion was given by Shen and Cannella (2002) where they contended that new CEOs tend to be more careful as they know they are being watched. They further argued that new CEOs have better performance as they perform under the fear of being laid down and it helps in improving the profitability of the firm.

Bergh (2001) found a significant and positive association between profitability and CEO tenure. But some researchers (Allgood and Farrell, 2003; Hill and Phan, 1991) argued that if a CEO retains the post for long then they will bargain for higher remuneration and it will impact the profitability of the firm. It was proved by Hermalin and Weisback (1998) in their study that CEOs that remain in the position for long develop dominating power over the board. It was also concluded in the same study that with length CEOs tenure the independence of also diminishes. CEOs that remain in the position for a long period tend to influence the selection of other board members (Zajac and Westphal, 1996). This leads to the selection of those directors who are the CEOs favourites and the ones who will further their interests, and this will eventually lead to decline in profitability of the firm due to vested interests of the CEO. Long tenured CEOs also gain trust of managers, and they are less monitored and it may negatively influence the profitability of the firm (Coles et al., 2008). Empirical evidence was provided by various studies to show the negative influence of the CEO tenure on the firm performance (Farooque et al., 2007; Hambrick et al., 1993)

Methodology

The approach for this research is deductive. Adopting a deductive approach signifies that the focus of the study is on using data to test the specific theories. This research is descriptive and explanatory to answer the research questions effectively. The secondary data is used for the study; it was collected from sample US SME companies listed on the NASDAQ. The required data was collected for six years, i.e. 2014 - 2019. The data was collected from financial reports on Bloomberg, NASDAQ stock exchange, Market Watch's, and selected companies' websites.

The sample of SMEs (Small Caps) included in the study are from non-financial sectors. The Sector/industry type of 200 small-cap firms data collected but only 183 small caps data qualified included in the study are from these sectors: Industrials, Consumer Cyclical, Basic Materials, Technology, Consumer Defensive, Real Estate/Construction, Health Care, and Communication Services.

In the current case, the dependent variables are the alternative proxies of the profitability of small US firms. The alternative proxies of the profitability used in the current case are Revenue and Cost of Goods Sold (COGS). The independent variables taken for the current study are as follows: Days Receivable, Days Inventory, Days Payable, Liquidity Ratio, and Leverage Ratio. Based on the below variables following two different models were tested.

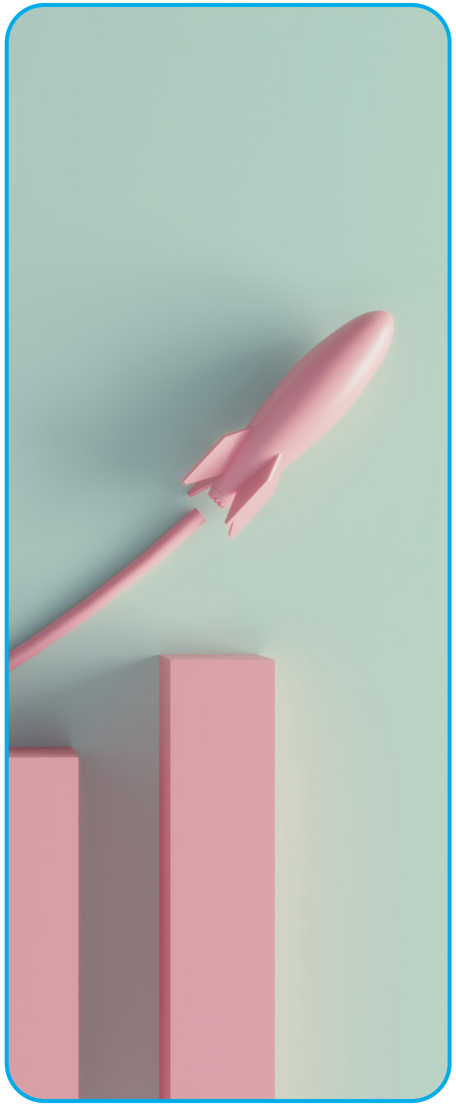
In the first model, the dependent variable were COGS, whereas, in the second model, 4revenue was the dependent variable.

COGS = ß0 +ß1 Days Receivable + ß2 Day Inventory + ß3 Days Payable +ß8 Liq Ratio + ß9 Lev Ratio +μ

Revenue = ß0 +ß1 Days Receivable + ß2 Days Inventory +ß3 Days Payable + ß8 Liq Ratio + ß9 Lev Ratio +μ

Table 1: Working capital components & Corporate Governance characteristics and their equations.

Individual Components of Working Capital	Formula
Days receivable	*Receivables/(sales/365)*
Days inventory	*Inventories/(sales/365)*
Days payable	*Payables/(sales/365)*
Corporate Governance Characteristics	
CEO Age	
CEO Tenure	
Board Size	
Company Age	
Additional Financial Variables	
Liquidity ratio	*Liquid assets/ Current liabilities*
Leverage ratio	*Total company debt/shareholder's equity*



WORKING CAPITAL MANAGEMENT POLICIES FOR MANAGERS TO IMPROVE PROFITABILITY (CONTINUED)

ANALYSIS

Correlation Analysis

Pearson's correlation analysis was done to find an association between different variables in the study. The results of Pearson's correlation analysis are given in Table 2. As observed from Table 2, liquidity ratio, days receivable, and days inventory were negatively correlated to firms' revenue, but the relationship was found to be not significant. It was also noted from Table 2 that liquidity ratio, days receivable, days payable, and days inventory were found to be negatively correlated to the cost of goods sold (COGS) of firms and leverage was positively correlated with the cost of goods sold (COGS), but the relationship was not significant. The Leverage Ratio (LeR) was positive and significantly correlated to firms' revenue.

Multiple regression analysis to find the relationship between the revenue of firms and working capital components

Firms' revenue was dependent variable and Days Receivable, Days Inventory, Days Payable, Liquidity Ratio, and Leverage Ratio as independent variables in the multiple regression analysis.

Table 2: Correlation Analysis

Correlations

		Rev	COGS	DR	DI	DP	CEOA	CEOT	BS	CA	LiR	LeR
Rev	Pearson Correlation	1	.211**	-.021	-.067	-.087	.035	-.069	.072	.068	-.040	.177*
	Sig. (2-tailed)		.004	.774	.367	.241	.636	.357	.332	.364	.593	.017
COGS	Pearson Correlation	.211**	1	-.013	-.064	-.072	.028	.096	-.058	-.005	-.086	.034
	Sig. (2-tailed)	.004		.862	.388	.331	.706	.197	.436	.941	.250	.643
DR	Pearson Correlation	-.021	-.013	1	-.019	-.022	-.067	-.077	.091	-.061	.006	.005
	Sig. (2-tailed)	.774	.862		.794	.770	.370	.299	.223	.411	.931	.950
DI	Pearson Correlation	-.067	-.064	-.019	1	.728**	.028	.069	.076	-.040	.116	.029
	Sig. (2-tailed)	.367	.388	.794		.000	.709	.354	.309	.593	.118	.695
DP	Pearson Correlation	-.087	-.072	-.022	.728**	1	.095	.076	-.106	-.125	-.009	-.057
	Sig. (2-tailed)	.241	.331	.770	.000		.203	.308	.153	.093	.902	.440
LiR	Pearson Correlation	-.040	-.086	.006	.116	-.009	.086	.019	.029	-.065	1	-.044
	Sig. (2-tailed)	.593	.250	.931	.118	.902	.248	.797	.693	.385		.555
LeR	Pearson Correlation	.177*	.034	.005	.029	-.057	-.172*	-.077	.099	-.121	-.044	1
	Sig. (2-tailed)	.017	.643	.950	.695	.440	.020	.299	.182	.103	.555	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 3: Regression coefficients for revenue and working capital components and corporate factors

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-47502.672	26085.357		-1.821	.070
	DR	-1.330	3.873	-.025	-.343	.732
	DI	-12.005	44.739	-.030	-.268	.789
	DP	-14.616	39.109	-.043	-.374	.709
	LiR	-622.748	1174.853	-.040	-.530	.597
	LeR	5196.315	1972.100	.200	2.635	.009

Model: Adjusted R2=.027; F-test=1.553; p=.133

Table 4: Regression coefficients for COGS and working capital components, and corporate factors

Coefficients

Model		Unstandardised Coefficients		Standardised Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	6347.616	5507.037		1.153	.251
	DR	-.043	.818	-.004	-.052	.959
	DI	.668	9.445	.008	.071	.944
	DP	-6.681	8.256	-.095	-.809	.420
	LiR	-274.419	248.030	-.086	-1.106	.27[illegible]
	LeR	154.926	416.342	.029	.372	.710

a. Dependent Variable: COGS

Model: Adjusted R2=.020; F-test=.598; p=.798

WORKING CAPITAL MANAGEMENT POLICIES FOR MANAGERS TO IMPROVE PROFITABILITY (CONTINUED)

The results of Multiple linear regression revealed a weak prediction of 2.7% of changes in revenue of firms. It was found that CEO Age and Leverage ratio have a positive and significant relationship with the revenue of firms, whereas CEO tenure has a negative and significant relationship with the revenue of firms. On the other hand, no significant relationship was found between the Revenue of firms and Days Receivable, Days Inventory, Days Payable, Board Size, Company Age, and Liquidity ratio.

Multiple regression analysis was used to find the relationship between COGS (Cost of Goods Sold) of firms and individual components of working capital and corporate factors. The results of Multiple linear regression revealed a weak 2.0% change in firms' COGS. It was found in the study there was no significant relationship between COGS of firms and Days Receivable, Days Payable, Days Inventory, Company Age, Liquidity Ratio, Leverage Ratio, Board Size, CEO Age, or CEO tenure.

RECOMMENDATIONS OF THE STUDY

Based on the results, the following recommendations are put forward for Small firms and Investors in the US. The study results suggest that there is no impact of individual components of working capital on alternate proxies of profitability observed in the study. Furthermore, there was a significant impact of small firms' profitability from corporate characteristics such as CEO Age, CEO Tenure, and Leverage Ratio as confirmed in the study. Hence it can be said that Corporate Governance Characteristics such as:

CEO Age - has an impact on firms' profitability. CEO age would be of great importance in firms' selecting the right CEO.

CEO Tenure - refers to the amount of time a CEO has been in charge of the job and should be carefully evaluated since it has an impact on a company's profitability. Manager's age and tenure have an impact on the revenue/profitability of firms.

- Corporate Characteristics are subjective, unconscious, pre-rational impulses herd determine Alternate Proxies of Small US firms Profitability.
- Alternate Proxies of Small US firms profitability adhere to an organising principle at the aggregate level.
- Alternate Proxies of Small US firms are probabilistically predictable.
- Individual Components of Working Capital Management are not the right predictors of Alternate Proxies of Small US Firms rather, Composite Components of Working Capital Management could be used in the following studies to investigate the relationship with Alternate Proxies of Small US firms profitability.
- Leverage Ratio or Solvency and Capital structure affect a firm's profitability. So, firms should focus on maintaining the right balance of debt and equity.

The findings are in agreement with Tingbani (2015) confirming that profitability of these firms was moderated by corporate governance characteristics. Tingbani (2015) concluded that firms can maximise the benefits and minimize the cost of investment in working capital by aligning their working capital management policies with their internal resources, environment through management decisions, and actions as postulated in the contingency framework, as any misalignment could significantly affect the firm's performance. However, Socionomic theory of finance played a big role in corporate governance characteristics. It was during the 2016 elections and based on findings this also confirms that social election mood could have motivated the social actions of corporate governance characteristics on the profitability of firms.

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DEVELOPING TRANSFORMATIONAL LEADERSHIP SKILLS TO IMPACT ORGANIZATIONAL PERFORMANCE IN THE POST-PANDEMIC ERA

Mostafa Sayyadi

The knowledge economy is going through an unprecedented level of disruption. The surprise result of a pandemic increased uncertainty over safety and security, and fears about a downturn have left many business leaders concerned about how best they can improve organizational performance. One possibility is to embrace the transformational leadership style. This article has been written for management consultants to enhance the value of their clients' learning experience of transformational leadership across the globe. They can make use of this article to build their clients' mastery of transformational leadership as they engage themselves and others for business success.

TRANSFORMATIONAL LEADERSHIP AND ORGANIZATIONAL PERFORMANCE: HOW ARE THEY LINKED?

Four dimensions have been determined for transformational leadership including: idealized influence; individualized consideration; inspirational motivation; and intellectual stimulation (Bass, 1999; Jensen, et al., 2019; Ghuzayyi, 2021). Transformational leaders who show idealized influence are role models for their followers because they engage in high standards of honest and ethical behaviour. Individual consideration is the extent to which a transformational leader attends to each follower's needs and is a mentor, coach, or guide to the follower. Inspirational motivation is the degree to which a transformational leader articulates an appealing vision that inspires and motivates others to perform beyond expectations. Intellectual stimulation is the extent to which transformational leaders challenge assumptions, take risks and solicit followers' ideas.

Prior studies have indicated that these four dimensions of transformational leadership enhance various financial and non-financial indicators of organizational performance (Meindl & Ehrlich, 1987; Garvin, 1988; Hancott, 2005; Zhu, Chew, and Spangler, 2005; García-Morales, Matías-Reche, and Hurtado-Torres, 2008; Bertsch, 2009; Flemming, 2009; Patiar and Mia, 2009; Cho, 2011). In particular, these studies have illustrated that these financial and non-financial indicators include improving the price of stock, improving response to environmental changes, improving the quality of products, customer satisfaction, and developing opportunities for learning and growth. Therefore, it can be argued that performance at the organizational level is a product of transformational leadership.

FINDINGS OF A RESEARCH IN THE MENA REGION

This section of the article summarizes the findings of a research within medium-sized manufacturing organizations in the Middle East and North Africa (MENA) region. In a random sample, the population of this study is comprised of medium-sized manufacturing organizations across the MENA Region. This research was designed to ask participants to provide their perceptions on two latent variables (i.e. transformational leadership and organizational performance). The researchers collected data from both leaders and followers. Previous studies have indicated that followers and line managers may have a wider perspective of organizational processes (MacNeil, 2003). Apart from the critical role of senior leaders as strategic decision-makers, middle managers may also have a wider perspective of the effectiveness of organizational processes (Girard, 2006; Jain and Jeppesen, 2013). Senior leaders, middle managers, line managers, and employees, therefore, were all qualified to provide their perceptions on the research variables of this research.

The research design included an online survey sent to informants which was conducted to acquire empirical data on a large scale. Company size was also a crucial criterion for this research and the researchers used a random sample which they felt was sufficient to represent the selected population. Accordingly, medium-sized manufacturing companies were defined as companies with 50 to 100 employees. The participants were selected randomly in this study and were solicited from a large pool of both followers and leaders in medium-sized manufacturing companies.

The Multifactor Leadership Questionnaire (MLQ) was adopted to measure four dimensions of transformational leadership. This questionnaire was designed and validated by Bass and Avolio (2004). The sample items included:

- In our company, leaders enable others to think about old problems in new ways.
- In our company, leaders help others to develop.

The measurement items for organizational performance relied upon financial and non-financial performance. The sample items included:

- Our company has been excellent in meeting its goals over the past five years.
- Our company has been able to acquire the financial resources it needs over the past five years.

Of the surveys sent out to the participants, a total of 842 questionnaires were returned, representing an overall response rate of 50.79 percent. The sample characteristics have been presented in the following tables:

Table 1: Average age

Average Age	Frequency
Age range 20 and 25 years old	126
Age range 26 and 30 years old	142
Age range 31 and 35 years old	181
Age range 36 and 40 years old	173
Age range 41 and 45 years old	156
Older than 45 years old	64

* N = 842

Table 2: Job Rank

Job Rank	Frequency
Employees	368
Managers	474

* N = 842

Table 3: Gender

Gender	Frequency
Female	411
Male	431

* N = 842

Table 4: Years of Service

Years of Service	Frequency
Less than 1 year	203
Between 1and 10 years	347
Between 11 and 20 years	169
More than 20 years	123

* N = 842

Consistent with predictions, results also showed that transformational leadership had a sizable and positive impact on organizational performance in medium-sized manufacturing companies in the MENA region.

THE ROLE OF CONSULTANTS IN DEVELOPING TRANSFORMATIONAL LEADERSHIP SKILLS

First, consultants need to help their clients come to grips with their own transactional leadership before they can use their transformational leadership competencies to motivate others. Executives must answer yes or no to the following questions to determine their transformational and transactional leadership:

- Do you provide contingent rewards that are personal or tacitly communicated contracts in exchange for rewards or effort put forth from you or your followers?
  Yes ___ No ___

- Do you promise yourself or your follower's rewards for good performance?
  Yes ___ No ___

- Do you only recognize accomplishments, or do you consider the amount of effort you or your followers put into the task?
  Yes ___ No ___

- Do you use what is called "Management by exception", by watching and searching for deviations from your rules and standards?
  Yes ___ No ___

- When you take corrective action for yourself or followers, are you passive about it or reactive?
  Yes ___ No ___

- Do you intervene for yourself or your followers only when standards are not met?
  Yes ___ No ___

- What makes you happy on the job, in the office, or at the university? Is it because of your Transformational Leadership?
  Yes ___ No___

- Transformational leaders use charisma, Instill pride in work that is done by themselves or their followers, and gain respect and trust in leadership ability for themselves or their follower's ability. Is this you?
  Yes ___ No ___

- Transformational Leaders direct their influence toward the positive things that they or their followers complete. Is this you?
  Yes ___ No ___

- Transformational Leaders project self-confidence and success, articulate goals, and arouse emotions in both themselves and their followers. Is this you?
  Yes ___ No ___

- Transformational Leaders inspire themselves and their followers. They communicate high expectations for themselves and their followers. They thrive on intellectual stimulation for both themselves and their followers. They promote intelligence and when they or their followers fail, they use careful and concise problem solving. Is this you?
  Yes ___ No ___

- Most importantly, Transformational Leaders look at themselves as authentic leaders and consider the individual consideration of their own abilities and those of their followers. Is this you?
  Yes ___ No ___

- Finally, Transformational leaders give personal attention to themselves by personally coaching and advising based on past performance for themselves and their followers. Is this you?
  Yes ___ No ___

Next, consultants must take some time to combine their knowledge of themselves from the above ideas. Based upon the above questions, are clients more transactional versus transformational? Can they empower themselves to become more transformational and less transactional? If yes, great, if no, consultants need to do the next step.

As executives identify what they need to move up the corporate ladder, and become a government transformational executive, consultants can help them to identify the possible obstacles that they may face. Once clients have identified their possible obstacles, then they are ready to write a goal affirmation for themselves. Now that clients have written their goal affirmation, consultants can help them to place what they need to do to accomplish this goal or objective on their To-do-List.

Then, consultants can help clients use imagination and creativity to take risks and tap into what motivated them to become great transformational leaders. Consultants must also help clients focus on their strengths first, then their opportunities, next, if possible. Consultants can also write down what clients value most and this will be their own personal motivating system.

IN CONCLUSION

This article suggests new insights to identify transformational leadership as a primary driver, which influences organizational performance. The post-pandemic recovery is still vibrant, and consultants can help their clients improve firm performance with the viable development of transformational leadership skills. Leaders now need to continue to foster effective transformational leadership. Consultants must help them embrace the post-pandemic recovery and build solid transformational leadership to keep employees satisfied, equitable, and engage.

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TRANSFORMATIONAL CONSULTING – APPLICATION OF IDIOMATIC PHRASES TO TECHNICAL AND ADAPTIVE CHALLENGES

Justine Chinoperekweyi

There seem to be a dominance of prescriptive models aimed at addressing organizational challenges in a dynamic environment. To what extend do prescriptive, n-step models facilitate transformational growth and development during unsettled time. Due to the realization that most emerging consultants tend to exclusively and excessively rely on certain tools and frameworks, idiomatic phrases, and quotation-based knowledge, the author elaborates the distinction between technical and adaptive challenges (Heifetz, 1998). Unfortunately, most practitioners are guided by idiomatic phrases of the past and as such treat adaptive challenges as technical challenges. The submission is informed by the view that consultants should not adopt approaches or mindsets that try to fit an organization into already prescribed models or patterns of thought. Given organizations as complex adaptive systems, the analysis proffered in this article indicates the need for the customization of idiomatic submissions to context or to the client system. Consulting work should spark curiosity, imagination, and enlightenment in client systems. Blind reliance on idiomatic phrases depletes enduring capabilities in client systems. In dealing with technical and adaptive challenges, consultants need to ensure shifting rather than static mental frameworks when supporting client systems.

INTRODUCTION

The urgency to complete consulting activities leads to the increased possibilities of failure. There seems to be a dominance of prescriptive models aimed at addressing organizational challenges in a dynamic environment. Furthermore, consultants tend to overly rely on certain tools and frameworks, idiomatic phrases, and quotation-based knowledge. Unfortunately, idiomatic phrases and quotation knowledge destroys our capacity to find out the truth ourselves (Chinoperekweyi, 2017). This article explores some idioms that are useful in consultants' efforts to lead positive social change. The article identifies situations where these idiomatic phrases could be helpful when facilitating change initiatives or building sustainable organizational interventions. Each idiomatic phrase analysis is supported by reflection questions to keep consultants grounded on the dynamics of change. Consultants should identify transformational techniques to facilitate positive change when dealing with technical and adaptive challenges. As defined by City Year Columbus, these are techniques for "mobilization, communication, inspiration and critical thinking, as well as for reflection, team building and just simply "breaking the ice" for small, medium, and large groups."

Transformational consultants need to appreciate the different approaches to dealing with technical and adaptive challenges. Technical problems can be fixed by applying analytical models and expertise. Adaptive challenges are complex issues without a single answer (Bushe & Nagaishi, 2018). In exploring the idiomatic phrases, this article embraces the Organization Development (OD) field's dual identity and the premises of informed inquiry and effective engagement. Most traditional idioms seem to contradict the fundamental values of OD while favouring n-step methodologies. Applying an OD lens to the idioms helps senior leaders engage all stakeholders in inquiries (Bushe and Nagaishi, 2018) and create readiness and sense of ownership (Trottier, 2012).

Following is a discursive analysis of ten idiomatic phrases as they relate to technical and adaptive challenges. Given the dynamic environment, the analysis supports consultants in the process of reframing approaches from static mental frameworks to shifting mental frameworks. It is accurate to state that most of the idiomatic phrases are informed by deficit-based, static, and n-step frameworks. Though logical in their submissions, blind adoption and application of these idioms lead to abstract conceptualizations that are detached from reality.

1. Don't boil the ocean

This idiomatic phrase is essential when defining the scope of work or deciding to undertake certain tasks. The perspective implied in this phrase is that the ocean (entire system) is too big to attend to. Does this phrase contradict whole system interventions? As consultants is it possible to 'boil the ocean'? What situations can consultants boil or not boil the ocean? A lot is written about systems thinking. Change can be approached as incremental and transformational change & development; and planned and emergent change. In transformational change & development, it makes good business sense for consultants to start thinking about boiling the ocean. This is supported by whole system thinking and the multi-disciplinary nature of field and practice of Organization Development (OD). In a dynamic business environment, businesses need to be daring and to see things from multiple perspectives.

Organizations face technical and adaptive challenges. It is accurate to state that when dealing with technical challenges consultants should not try to 'boil the ocean' because there are a lot of unknowns. In such situations incremental and planned change can be achieved through linear and piecemeal approaches. As such consultants can adopt n-step approaches with a view of the change initiative as an event. When dealing with adaptive challenges, with many unknowns, possibility-seeking mindset is fundamental – meaning consultants need to 'boil the ocean'.

Adaptive challenges require that consultants become daring and enhance exploratory and exploitation competencies. This is because in adaptive challenges:

- there are many possibilities;
- whole system thinking is critical; and
- context is in a constant state of flux

As transformational change & development consultants, the following are some of the applied techniques to addressing the system (ocean) as a whole:

- Explore deeply the dynamics of the system prior to designing interventions
- Participatory Action Research - Involve all stakeholders in the ocean
- Empower all the stakeholders with the right resources
- Leverage the wisdom in the ocean
- Build a collaborative network
- Learn macro-mindedness and constellation of strengths

2. Don't put all your eggs in one basket

This is a phrase around diversification. In context of technical challenges, as consultants, we can easily put all our eggs in one basket. The idea of putting all eggs in one basket aligns with an expert or medical doctor consulting approach. In line with these consulting approaches and the emphasis on specialization, practitioners suffer from expertise in the methods, models, and analytical frameworks related to a specific field (Chinoperekweyi, 2021). In putting all eggs in one basket, consultants suffer from methodological monism and methodological overkill during Organization Capacity Assessments or diagnosis. Though it can facilitate short-term incremental change, as a consultant, putting all your eggs in one basket leads to overconfidence trap, illusion of control, and field rigidities. However, when dealing with adaptive challenges, eclecticism and/or methodological pluralism is essential. The idiomatic phrase aligns with transformational change & development because it recognizes that OD is a multi-disciplinary field premised on the science of change and the practice of changing. Context is always changing; hence consultants need a broad toolkit that can be used lightly (Chinoperekweyi & Young, 2021). Change is changing, as consultants we need many open baskets to explore and exploit.

How do consultants adopt an eclectic approach to consultation?

- Appreciate that OD is not a program but a dynamic approach to strategic change, continuous improvement, and elevation of human systems
- Avoid the rigidities that come with specialized knowledge
- Collaborative capital
- Promote divergent thinking
- Methodological pluralism rather than relying on the consultant's favorite diagnosis
- Communicate that OD is cross-functional and can apply systems thinking and continuous and learning
- Address emotional attachment to certain tools, models, or frameworks
- Foster iterative transformations

3. Hate makes waste

This idiomatic phrase is against taking action too quickly for fear of making mistakes. How do we support clients in a disruptive vortex of change? Do organizations have time to following logical sequence towards decision making? The phrase works well in efficiency management and when dealing with closed systems. This could have worked well in traditional, hierarchical organizations but would need refinement when dealing with 21st Century collaborative networked organizations. The phrase therefore advocates for thoughtful, prudent, logical, n-step approaches based on best practices.

Methodical approaches work well when dealing with technical challenges. In such instances, it is important to conduct due diligence prior to action. However, change has become so rapid and unpredictable that n-step approaches might lag behind the change curve. When dealing with adaptive challenges in a dynamic environment, experimentation and agility drives transformational growth and development. Agility is a defining feature of organizations that can thrive during unsettled times. Approaches that sustain consulting interventions during unsettled times should be premised on continuous reframing of people's cognitive and emotional frameworks in real time.

How do consultants capitalize on agility in a dynamic environment?

- Nurture curiosity among all organizational members
- Involve all stakeholders and ensure they are emotionally invested in the initiatives
- Foster pattern thinking and active real time feedback streams even under chaos
- Enhance exploration and exploitation competencies in real time
- Contextual Intelligence & Emergent learning among all stakeholders

Trottier (2020) states that "Curiosity, exploration, imagination, openness, inquiry, dialogue/conversations, trust, shifts in mental and emotional frameworks, etc., naturally form / develop, and the emergence of newness and novel 'frameworks' (thoughts, beliefs, concepts, perceptions) occur naturally and in real time." The antidote to 'haste makes waste' narrative is to fully develop systems, such that they can self-organize and self-renew. Such a system continually evolves its strategies, norms, challenges, and ways of working. Self-organizing system nurture enduring human capabilities and decisions naturally flow as a result of active real time feedback streams.

4. Keep your ear on the ground

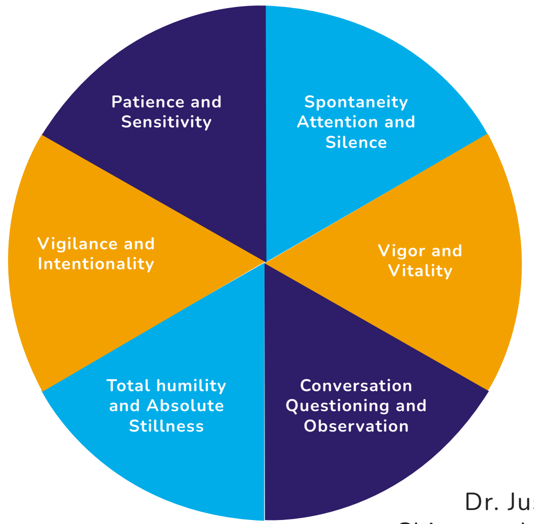
Listening is fundamental in transformational consulting. When dealing with both technical and adaptive challenges, consultants need to keep their ears on the ground. Consultants need to watch out for new information and new trends. There are numerous influencing patterns and factors leading to new and emerging forms of everything. Transformational change & development require constantly updating organizational routines with new information in real time.

Positive social change is compromised if consultants allow personal and cultural biases to influence their engagements. Chinoperekweyi et al., (2021) indicated that the listening dilemma encompasses:

- failure to pay attention to the many voices of awareness;
- attentional loss and vigilance decrement;
- conditioned, conforming, and compulsive listening;
- lack of listening optimism; and
- lack of self-mastery, poor understanding of conversations, and a failure to scan the environment.

This idiomatic phrase is corroborated by Marshak (2010) who pointed out deep listening and transforming talks as fundamental to transformational change and development. To 'keep your ear on the ground' and facilitate choiceless awareness, Chinoperekweyi et al., (2021) identified six qualities grouped as 'Justine Choiceless Awareness Qualities'.

Justine Choiceless Awareness Qualities



Dr. Justine Chinoperekweyi, 2020

TRANSFORMATIONAL CONSULTING – APPLICATION OF IDIOMATIC PHRASES TO TECHNICAL AND ADAPTIVE CHALLENGES (CONTINUED)

When dealing with both technical and adaptive challenges, it is important to have enhance choiceless awareness. Listening and learning in real time are fundamental elements to transformational change and development.

5. Look before you leap

Organisation Development is premised on inquiry and engagement. It is important to always take calculated risks; hence the process of inquiry and effective engagement helps the consultant to be well-informed. As practitioners we need to leverage on inquiry and effective engagement before taking action. It is important to foster action that is informed by imaginary thoughts and imaginary beliefs.

Applied techniques to look before you leap:

- Exploratory interview through asking powerful questions
- Informed Inquiry and Effective Engagement
- Facilitating meaningful generative dialogue through brainstorming sessions, workshops, charrettes
- Set up a strong and diverse guiding coalition

6. No One Speaks Twice Until Everyone Speaks Once (NOSTUESO)

This rule is quite useful in facilitation. The idea is to facilitate inclusion of ideas, perspectives, and people. This signifies a shift from leader-centered, expert approaches where the leader lays down their agenda and gets everyone else to adopt and execute without questioning. No one person or group of people should dominate a discussion. The ideas, questions and concerns of all people are heard.

How do we encourage active participation of all members in a group without stifling the conversation?

- Create space for good conversations
- Listen to the stories of many
- Instill courage to share thoughts on all members

7. Don't stoop to their level

This idiom positions the consultant as superior to people in the client system. As such a consultant is viewed as a messiah, an expert, and solution provider. Though this can work pretty well when dealing with technical challenges, this will not work when approaching adaptive challenges. Answers or solutions can come from anyone. When dealing with adaptive challenges, practitioners need to appreciate that ideas need to be further developed in dialogue with others.

- Manifest the wisdom in the client system through creating safe space for people discover the new, rediscover their potential, and deepen their sense of ownership in the client system (Chinoperekweyi & Young, 2021).
- Appreciative Inquiry
- Humble Inquiry
- Elevate and celebrate human spirit

8. A new broom sweeps clean

Just as a new broom sweeps clean because its bristles are strong and rigid, so a new boss or administrator may make a strong impression by demanding that, as of now, everything be done in his way. As consultants we need to appreciate, harness, and manifest the wisdom existing in the client system. People in the organization are a reservoir of knowledge that might have learned helplessness and as such a viewed in negatively. The starting point therefore is that of helping senior leaders appreciate the wisdom in their systems. Rather than rely on external consultants, as new brooms, senior leaders must awaken and manifest the wisdom in their systems. When dealing with technical challenges, people working in the system can easily resolve even complex issues. Chinoperekweyi & Young (2021) explored the consulting maxim that emphasize the need to "create space to manifest the 'wisdom in the room'" p.3.

What are the transformational techniques available to OD practitioners?

- Assemble a circle of willing and able people (Chinoperekweyi & Young, 2021)
- Create an environment that empowers people to make decisions and solve problems
- Recognize and amplify people's capabilities
- Convey possibilities

9. Familiarity breeds contempt

When you get up close to someone and get to know his weaknesses, you lose your former sense of respect and admiration and tend to look down on him as not being as perfect as you thought he was before. "One of the problems with the close intimacy of marriage is that familiarity breeds contempt." "Never let yourself get too close to the servants, because, invariably, familiarity breeds contempt." "Never try to be pals with the enlisted men under your command because familiarity breeds contempt."

To deal with this phrase and nurture client systems imagination, proffer sustainable solutions, and facilitate continuous development, renewed thinking is pivotal. Consultants need to think in strategic and operational multiples. According to Chinoperekweyi (2020), this enhances the capacity to effectively respond to "trends, opportunities, shocks and pressures, streamline business functions, increase efficiency, and to resolve the complex and disruptive challenges in organizational life" p.28.

- Encourage widespread learning and constant informed inquiry
- Foster discovery and prediction techniques & competencies
- Learn macro-mindedness and constellation of strengths

10. Know your place

Remain aware of your (low) social station and do not speak or act as if you were more important than that; perform your function on the social level in which you find yourself and keep in the background. This happens when consultants are working for management

- Have courage to peddle difficult conversations
- Create space for good conversations
- Pay attention to exploratory conversations

11. Live in an ivory tower

Consultants should get into the trenches in order to avoid abstract conceptualizations. It is worth appreciating that knowledge for use exists on a continuum of inquiry.

Applied techniques towards managing living in an ivory tower:

- Management-by-Walking Around
- Relentless inquiry and acute observation
- Context immersion
- Facilitate good conversations

CONCLUSION

This article emphasizes the difference between technical and adaptive challenges in an organization. Consultations should be clear on the type of change and challenge they are addressing when working with a client system. Idiomatic phrases are useful in facilitating change initiatives. However, the analysis proffered in this article indicates the need for the customization of idiomatic submissions to the client system. Consultants need to have shifting mental frameworks when dealing with both technical and adaptive challenges. This implies that an eclectic approach to consulting produces transformational results in client systems. Transformational consulting encourages senior leaders and consultants to always think in strategic and operational multiples.

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A BRIEF SURVEY ON HOW CHINESE SME THINK ABOUT CONSULTING AND WHAT WOULD BE THE MOST PROMISING WAY TO CATER TO THAT MARKET

Guenther Klein

The purpose of the article is to gain a better understanding of SME (small to medium enterprise) in China and learn about their understanding of business consulting and whom they currently refer to when it comes to solving business related problems. An online survey was shared via a platform and received 206 responses. We can show that most SME owners are not familiar with the concept of "consulting", while the younger generation resorts to modern channels (WeChat) to gain access to information helping them to steer their business. Unlocking the full potential of this vast market will require new methods, patience and education of the potential clients. There is a chance for foreign consulting firms (except in the public sector) that will require new ways of approaching clients and new forms of delivering "knowledge".

RESEARCH PROBLEM

There are some striking points of the Chinese consulting market; the first being its sheer size, potential to grow, and the unique way (one might call it "the Chinese way") to see and execute consulting business in the middle empire. We can see double digit growth for consulting in China, and one consulting homepage proclaimed that China will soon (2019) hit 6 billion USD market size (Chinese Management Consulting Market on Track to Crack $6 Billion, 2019). But what does really for the second biggest economy in the world?

The "mother of all consulting markets" stands at the same time at a market value of 64 billion USD (Consulting Market Size in the United States 2020, n.d.), which is almost 11 times more than in China. As much as the cited homepage welcomes a double-digit growth, we can assume there is even more potential, and the market for consulting might be far from being over-saturated. This might be one reason why some dub it a "sunrise industry" (ZHANG, 2015); but, before jumping to hasty conclusions and jumping on a market that - without question - deserves some attention, it is worthwhile to understand the (rather short) history of the Chinese consulting market and understand its specific needs and challenges, before crafting a solution that might be found useful by Chinese clients in need for consulting services.

Historically speaking, China is still seen to be in its infancy in terms of consulting business. While the first American consulting company was registered in the 1890s (Consulting Industry Overview | Street Of Walls, 2013), the "modern" China started to look at consulting after the opening of the economy in the late 1970s (ZHANG, 2015). As a result of this relatively infancy of consulting in China, and the specifics of the Chinese system (Socialistic kind of market economy) the consulting business was firstly seen (and to some extent still seen today) as "advisory body" to government agencies or to state owned enterprises (SOEs) that account for 25%, (Has China given up on State-Owned Enterprise Reform?, 2021) or up to 40% of the national GDP, according to other sources (HISSEY, 2019). That brings us to the first problem: If such a big portion of the economy (although the exact numbers remain unclear) is owned by the government, how open are these state-driven bodies for consultancy; and, is there any way to enter this market as a non-Chinese firm? Schlevogt proposes to soften the potential Chinese customers by demonstrating "heartfelt patriotism" (SCHLEVOGT, 2000), but we cannot assume that this will open any doors in that sector based on the experience here in China. As put forward many times by the European Chamber in China, there is a general feeling that foreign companies are facing difficulties to access certain sectors of the Chinese market (DEUTSCHE WELLE, 2017).

In regard to the not so small public sector there is simply a political limit, called the "Chinese Politburo" ("McKinsey Will Never Own China's Consulting Market | FIRMSconsulting," 2020). Here the (unknown) author argues that although many top officials, and their offspring, study in Ivy League universities in the US (which gave them enough exposure of the big American consulting companies), the Chinese elite does not want foreign consulting firms being involved in policy making. In summary, we can assume that the public sector is off limits (except some few projects) to foreign consulting companies. The same (obviously a bit patriotic) author claims that the big consulting firms contributed zero to the stunning economic advancement of the past 30 years and hence sees them as irrelevant in policy making and the general public sector.

On the other hand, Li & Zheng (Li & Zheng, 2013) argue that Chinese customers (Chinese private sector) are loyal to foreign consulting companies despite the fact that "they lack deep-rooted knowledge on the Chinese specific context…". They continue to suggest domestic - who should have already a better understanding of the "Chinese context" - consulting companies should deepen their knowledge of the specific needs of Chinese (potential) clients. Their bottom-line is that foreign consulting companies are favoured by Chinese clients and they go as far as lamenting a "born disadvantage" (Li & Zheng, 2013) of domestic consulting firms.

What we have established so far is that the Chinese consulting market "is not a mature industry" (Zhukovskaya & Chengrong, 2021), has a good potential, and values "foreign" consulting over domestic ones, except in the (not so small) public sector. So, our work here is to gain a better understanding of the consulting needs of Chinese SME which then might lead to some application that can cater this vast (potential) market.

HYPOTHESIS

H1: The Chinese SME owners may consider **a)** Their friends; **b)** WeChat; **c)** Business Gathering; **d)** Business dinner; or **e)** Government websites, as a major business source.

H2: The Chinese SME owners will judge their information based on **a)** the platform where information is published; **b)** whether the person providing the information is an authority; **c)** the logic of the information; or **d)** the person who shares it.

H3: The reasons that Chinese SME owners don't engage in business consulting is **a)** no valid source; **b)** not being familiar with business consulting; or **c)** instead using friends and connections as a business information source.

H4: The age of the Chinese SME owners will affect their information sources and reasons for not engaging in business consulting.

H4a: There is a marked difference in the choice of information sources among SME owners of all ages

H4b: SME owners of different age groups differ significantly in the reasons for not engaging in business consulting.

METHODOLOGY

Sample and Data Collection

This study adopted the method of quantitative research to use data previously gathered through the online survey platform "Wenjuanxing". The survey was published and spread through WeChat, the largest social media platform in China. The online survey was designed based on focus group interviews. The respondents were mostly residents in the Zhejiang Province. Located on the southeast coast of China, Zhejiang is well known for the high level of commercial activity. It is a province with a developed economy and high level of entrepreneur activities. The survey was voluntary, and participants remained anonymous. A total of 206 responses were collected. Among the subjects, the ratio of male to female was about one to two. The subjects were mainly small business owners, concentrated in the service industry, with more than 60% of the subjects having more than 50 employees. The age of the subjects mainly ranged from 35-50, meaning that the subjects were mainly middle-aged small business owners.

A BRIEF SURVEY ON HOW CHINESE SME THINK ABOUT CONSULTING AND WHAT WOULD BE THE MOST PROMISING WAY TO CATER TO THAT MARKET (CONTINUED)

Table 1: Frequencies of Age

Levels	Counts	% of Total	Cumulative %
18-25	6	2.9 %	2.9 %
26-35	35	17.0 %	19.9 %
36-50	127	61.7 %	81.6 %
51-60	34	16.5 %	98.1 %
60+	4	1.9 %	100.0 %

More than half of the subjects' companies had been established for more than 20 years, but there were still many subjects whose companies were in the start-up stage. Nearly 94% of the participants were most accustomed to using WeChat as their personal social media. Two-thirds of the participants had never tried business consulting.

Instrumentation

All data came from the questionnaire, which was designed based on the previous interview with focus group. During the data collection process, subjects' privacy and personal information was protected.

Results

As Figure 1 shows, more than half of Chinese SME owners consider their friends and familiar as their business information source. Considering the reality of China's humane society, small business owners in China often harvest business information from WeChat group chats and friends. At the same time, more than 45% of small business owners said they turn to government websites for business information. But business gatherings and business dinners offer less informative value in the perception of small business owners. So, H1a, b, and e are supported; H1c, and d are not supported.

Government website	94	45.63%
WeChat	116	56.31%
Business Gathering	73	35.44%
Business Dinner	44	21.36%
Friend and familiar	116	56.31%
Other [详细]	32	15.53%

Figure 1: SME owners 'information source

As Figure 1 shows, more than half of Chinese SME owners consider their friends and family as their business information source. Considering the reality of China's humane society, small business owners in China often harvest business information from WeChat group chats and friends. At the same time, more than 45% of small business owners said they turn to government websites for business information. But business gatherings and business dinners offer less informative value in the perception of small business owners. So, H1a, b, and e are supported; H1c, and d are not supported.

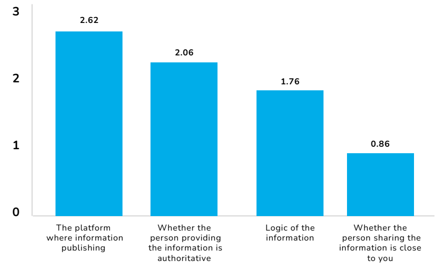

Figure 2: SME owners 'information source

The calculation method is as follows: Average comprehensive score of options = (frequency × weight)/ number of times filled in this question. The weight is determined by where the options are arranged. The first item has the highest weight.

According to Figure 2, the information providing platform and the authority of the information source are ranked first and second, indicating that SME owners attach more importance to these two items when judging the value of information.

Among them, the number of people who give priority to information release platform is the largest, which has a significant gap with the second place. This indicates H2a is supported. H2b, c, and d are not fully supported.

Not familiar with business consulting business	60
Cannot reach the reliable source	46
I get my business information from my friends	29
Other [详细]	20

Figure 3: Reasons for not engaging business consulting

In Figure 3, most people are not willing to try business consulting because they are not familiar with the business consulting mechanism and cannot find a trustworthy business consulting company, which is reflected in the other options submitted by some subjects. One of the subjects indicated that a "vast majority of business consulting firms are incompetent." However, it can also be seen that less than 25% of entrepreneurs choose to get business advice from friends, which is no substitute for business consulting. So, H3a, and b are supported, but H3c is not supported.

A BRIEF SURVEY ON HOW CHINESE SME THINK ABOUT CONSULTING AND WHAT WOULD BE THE MOST PROMISING WAY TO CATER TO THAT MARKET (CONTINUED)

Table 2: Age Group of information sources

	Government website	WeChat	Business Gathering	Business Dinner	Friend and familiar
18-25	50%	33.33%	50%	50%	66.67%
26-35	25.71%	71.43%	51.43%	25.71%	42.86%
36-50	51.18%	57.48%	34.65%	22.83%	59.84%
51-60	47.06%	47.06%	23.53%	8.82%	52.94%
60+	25%	0.00%	0.00%	0.00%	75%

As can be seen from the above table, young entrepreneurs (18-25) are more dependent on friends as a source of information, similar to senior SME owners (60+), while small business owners (26-35) are more dependent on WeChat group chats as a source of information. Middle-aged small business owners (36-50) showed no clear preference for any of the information sources listed. So, H4a is supported.

Table 3: Age Group of reasons for not engaging business consulting

	Not familiar with business consulting business		Cannot reach the reliable source	I get my business information from my friends	Other
18-25	33.33%		66.67%	33.33%	0
26-35	42.86%		33.33%	14.29%	23.81%
36-50	56.76%		44.59%	22.97%	10.81%
51-60	36.36%		18.18%	27.27%	31.82%
60+	0		0	100%	0

It can be seen from the above table that young entrepreneurs (18-25) do not participate in business consulting mainly because there is no reliable source, while young small-business owners (26-35) and middle-aged small-business owners (36-50) do not participate in business consulting mainly because they are not familiar with business consulting business. So, H4b is supported.

DISCUSSION AND CONCLUSION

We have seen that SME owners' resort mainly to their closer circle (friends, family, and WeChat contacts) when it comes to understanding business problems and getting them solved. Informal meetings seem to offer little value to them. However, when it comes to credibility, they care more about the platform than whether the person providing the information is close to the SME owner or not. In regard to age of the population and subsequent attitude towards credibility of information, it is obvious that the older generations find the government websites more reliable than the younger generations (26-35 years); the latter gain more information from WeChat and trust that information much more than government sources. It is obvious that especially in the age group 36-50, people are not really familiar with the concept of consulting. At the same time, these people use social media to get help for business problems.

We have established that there is a demand for consulting in China for SMEs, but many are not familiar with the concept and function of consulting. At the same time, we have shown that approach must be "modern" i.e., introducing the potential clients for consulting in the way they trust most: through social media. A brief search on TikTok and Xiao Hong shu showed that some (Chinese) consultants use these channels to bring "consulting" closer to their potential clients buy describing simple business problems and how a consultant could help solve them. It is also worth noting that some of these channels have at least 2 million followers. It would be interesting to understand the conversion rate (how many followers lead to how many actual paid consulting jobs) or if just by the click rate of their vast number of followers their presentation pays off financially.

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MANAGEMENT CONSULTING
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DEVELOPING THE NATIONAL CONSULTING INDEX: AN UPDATE ON HOW TO ESTIMATE THE SIZE OF NATIONAL MANAGEMENT CONSULTING SECTORS

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The National Consulting Index (NCI) is a means of determining the strength of a national management consulting sector, relative to other countries. It was first created in 2017 following research and analysis conducted by the author and a team at the International Council of Management Consulting Institutes[1]. This paper provides an update to the NCI, taking into account market conditions in the Covid era and using multiple regression to strengthen the NCI formula.

The outputs of the research are a) an update of the NCI formula, showing a higher degree of fit with the data than previously experienced, and b) the ability to provide estimates of MC market sizes for any country where other data points are known. In the case of the NCI calculation outlined in this paper, these data points are Gross Domestic Product, Hofstede Individual-Collective culture, eGovernment index, and the Global Innovation Index.

PROJECT METHOD

The starting point for this project is the original NCI study (ref). This research recognised that, in the absence of any other specific information, a country's Gross Domestic Product (GDP) is the most valuable way of estimating the size of its national MCS. As the original NCI research demonstrated, GDP correlates more capably with MCS than population data or any other single data source. Globally, Using Source's data for 2020[2] showed a global MC industry valued at \$241bn, which is 0.28% of world GDP[3]. The correlation between MCS and GDP however is far from perfectly linear, as the correlation between MCS and GDP was an R-squared value of 73%[4], based on the data of fourteen countries to test the correlation.

The earlier NCI studies sought to increase the ability to estimate a country's MCS. They used correlation analysis, drawing on thirty-two different data sources and indicators as the basis for the analysis. The original NCI suggested the \$ value of a country's MCS could be estimated with reference to GDP along with the Hofstede Individual-Collective culture (IDV), Index of Economic Freedom (IEF), eGovernment Index (EGOV), Global Creativity Index (GCI) and Corruption Perception Index (CPI). Namely,

MCS = GDP*function (IDV, IEF, EGOV, GCI, CPI)
This equation came with an R-squared result of 83%.

This 2022 study presented the opportunity to further develop the NCI by using a higher level of data analytics. This was the first time the NCI has been able to run in a pandemic/post-pandemic world and it made sense to revisit the underpinning logic to the NCI given that it was highly unlikely the pre-Covid assumptions and factors would still be relevant. Rather than approach the tasks in the same way as the original NCI (which experimented with combinations of factors to arrive at the most powerful correlation through trial and error), it was decided to apply a deeper level of data analysis and build on the progress made in the original work. This study was able to use multiple regressions and Lasso (least absolute shrinkage and section operator) analysis using Python programming and Excel functionality. This capability was contracted into the research programme, with three data scientists working independently with the same data set such that approaches and results could be compared prior to a preferred approach being agreed upon.

To enable the calculations to be carried out, MCS data was made available by Source Global Research[5] for 14 countries around the world. These reference countries were chosen for their diversity in terms of size, geography and culture. Source's main work is with larger consulting contracts (big consulting firms, substantial clients, and 'big ticket' consulting contacts). This means that Source's data needed to be modified to account for the 'long tail' of smaller consulting firms and smaller consulting projects that characterise the management consulting industry. Source's estimate is that the 'long tail' accounts for between 75%-80% of a country's MCS in financial terms, this NCI project applied a 77.5% 'long tail' adjustment to every country.

Fig 1 below, shows the estimates for MCS for the fourteen reference countries in the study.

Country	MCS \$m (2020	GDP \$bn (2020)
Australia	6,128	1,327.8
Austria	1,062	433.3
Brazil	2,480	1,444.7
Canada	5,459	1,645.4
China	14,043	14,722.7
Germany	15,289	3,846.4
Italy	2,724	1,888.7
Japan	4,673	5,057.7
Netherlands	2,860	913.8
Russian Fed.	1,294	1,483.5
Singapore	1,983	340.0
South Korea	679	1,637.9
UK	18,183	2,759.8
USA	92,798	20,953.0

Figure 1: Data on MCS and GDP for the fourteen reference countries in the study, incorporating the 'long tail' adjustment

The executive team at the ICMCI provided the 2020 data around the factors within the original NCI calculation, at the same time replacing the Global Creativity Index (GCI) by the Global Innovation Index (GII), as the GCI was last updated in 2015 and considered potentially out of date. These data are shown in Fig 2 below.

Country	MCS \$m (2020)	GDP \$bn (2020)	Hofstede Individualism (IDV)	Index of Economic Freedom (IEF)	eGovernment Index (EGOV)	Global Innovation Index (GII)	Corruption Perception Index (CPI)
Australia	6,128	1,327.8	90	77.1	0.943	48.3	77
Austria	1,062	433.3	55	73.8	0.891	50.1	76
Brazil	2,480	1,444.7	38	53.3	0.768	31.9	38
Canada	5,459	1,645.4	80	76.6	0.842	52.3	77
China	14,043	14,722.7	20	48.0	0.795	53.3	42
Germany	15,289	3,846.4	71	76.1	0.852	56.6	80
Italy	2,724	1,888.7	67	65.4	0.823	45.7	53
Japan	4,673	5,057.7	76	69.9	0.899	52.7	74
Netherlands	2,860	913.8	46	79.5	0.923	58.8	82
Russian Fed.	1,294	1,483.5	80	56.1	0.824	35.6	30
Singapore	1,983	340.0	20	84.4	0.915	56.6	85
South Korea	679	1,637.9	51	74.6	0.956	56.1	61
UK	18,183	2,759.8	68	72.7	0.936	59.8	77
USA	92,798	20,953.0	89	72.1	0.930	60.6	67

Figure 2: Data used to determine the updated NCI

[1] For the background to this research project see Haslam S, Bodenstien R and Abdel Jaber T, (2020) ICMCI National Consulting Index; estimating the size of management consulting markets around the world, Management Consulting Journal volume 3.1

[2] 2020 was the most recent year for which full-year data are available for the entire NCI data set

[3] World GDP \$84,710bn

[4] R-squared, or the 'coefficient of determination' is a statistical measure of how close data are to the fitted regression line. R-squared falls between 0% and 100%, 100% indicates that the model explains all the variability of the response data around its mean. In general, the higher the R-squared, the better the model fits the data.

[5] https://www.sourceglobalresearch.com

Data analysis was guided by correlations between the above factors and the Source Global Research derived data on national MCS sizes. The heat map (Fig 3) shows the strengths of correlation between the above factors.

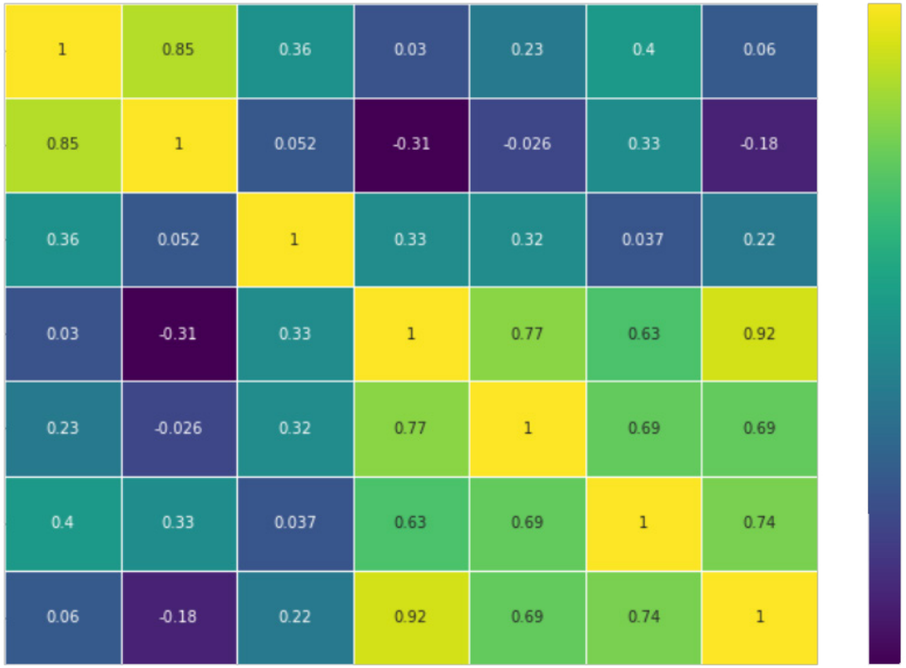

Figure 3: Heat map showing the correlation between the NCI candidate factors. The darker the colour, the lower the correlation**.**

Running the multiple regression analysis, the relationship which appeared the strongest candidate was:

MCS = (0.4*GDP) * (0.00002 IDV) * (0.0019 EGOV) * (6000*GII) OR

MCS = 0.0000912*GDP*IDV*EGOV*GII

This presented an R-squared of 95.7%, meaning the equation was capable of embracing 95% of the variance in the data.

This is a straight-line relationship which goes through the origin of the graph (zero GDP equates to zero MCS) and the regression includes data on the world's four largest MC national sectors (USA, UK, Germany and China). This means the multiple regression analysis cover both extremes of the MCS distribution. The next section describes the results of the analysis and discusses the implications.

PROJECT RESULTS AND DISCUSSION

Using the results to estimate other MCS

This study is based on reference data for 14 countries and the data sources used were deliberately chosen to be global in scope and reliable. The 14 reference countries account for around 70% of the global MC market and therefore should present a strong enough platform for the remaining 30% of the world's MC market to be determined. However, despite an R-squared value of 0.95, the NCI is a means only to an estimate. Fig 4 below, show the application of the NCI in estimating the MC market size for three different countries.

Using the results to estimate global presence

When the NCI formula is applied to the member countries of the ICMCI, it suggests ICMCI member countries cover geographies accounting for $190bn, nearly 80% of the global MC industry[6].

Correlation not causality at this stage

The role of the NCI is to facilitate the estimation of the national MC markets and it is not offered as an explanation of why some countries have stronger MC sectors than others. However, the factors that correlate with stronger national MC industries may suggest conditions that are encouraging to vibrant consulting sectors. These include the degree to which the prevailing culture is individualistic rather than collective, the degree to which government is digitally enabled, and the degree to which the country can be considered 'innovative'. These three items combine with GDP to create the means of estimating a country's MC sector. The high the score for each of these three items, the stronger the MC sector.

Country	GDP ($bn)	Hofstede IDV	EGOV	GGI	MCS ($m)
Bangladesh	323,056	20	0.5189	20.39	62.3
Finland	269,594	63	0.9452	57.02	834.8
Nigeria	432,294	30	0.4406	20.13	104.9

Figure 4: Using NCI to estimate MC sectors - examples

Variance between these results and other studies

Many countries may have a different view of the size of their MCS than Source's reference data. If so, this is likely to be the result of either differences in the definition of MC or differences in the way the data were gathered. Source's definition of MC is advisory services which include strategy, HR, operations, risk, M&A due diligence, and technology/digital strategy consulting[7]. One of the trends in the consulting sector generally is the progressive blurring of boundaries between MC work with other forms of consulting and commercial activity. For large firms this can include the fine line between forms of consulting, for example technology/digital consulting, project implementation, and financial planning as distinct from 'management' consulting. For smaller firms, it can mean the overlap between management consulting with executive coaching, training or other add-on services. It may be more difficult to make a clear and consistent distinction between MC and other forms of advisory or developmental intervention as time progresses.

Developing Further Insight

There are some factors which may intuitively suggest stronger rather than weaker national MC sectors. These include, for example, business school/ MBA graduates and government expenditure on consulting. However, there is no robust data around these factors. There is either a lack of consistent approach to data collation from country to country or the data are only available for some countries. The absence of such data precludes these factors from being tested as a possible component of the NCI and they remain as hypotheses only.

This is an ongoing research project. The next phase will refresh and update the list of global indicators and re-run the regression analyses to help further develop the understanding of the relationship between a countries MCS and other national characteristics.

[6] This figure however, takes no account of the footprint of a country's Institute of Management Consulting within that country. In most cases, Institutes of Management Consulting have relatively low levels of penetration within the country's MC sector.
[7] This doesn't include implementation work, commissions on services sold to clients, provision of technology hardware and software.

PERSPECTIVES ON QUALITY AND QUALITY ASSURANCE IN THE MANAGEMENT CONSULTING SECTOR

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Management consultancy (MC) aims to generate value for organisations through enhanced organisational performance by providing objective advice and implementing business solutions (Management Consultancies Association (MCA), 2022). The success and growth of the industry, generating global revenues of US$634 billion and employing more than 4.3 billion people between 2018 – 2019 (Mosonyi, Empson and Gond, 2020), is a key indicator of the positive outcomes of management consultancy as a significant contributor to economies worldwide. However, the expansion and diversification of the unregulated sector poses issues for Quality Assurance (QA) as it seeks to ratify professionalism.

THE QUALITY ASSURANCE CHALLENGE

Information and knowledge is used to create value (Edvinsson and Malone, 1997) and wealth (Stewart, 1997) in a diverse industry where deliverables are not uniform and change exists on a client-by-client basis. The intangible nature of the knowledge-intensive industry (Alvesson, 2000), where problems are often complex and 'messy' (Schmuck, 2017), contributes to QA issues (Clark, 1993 and Mitchell, 1994, cited in Clark and Salaman, 1998; Schmuck, 2017) making quality difficult to define (Schmuck, 2017). The sector strives for professionalism but is often hindered by the sector's institutional uncertainty (Glückler and Armbrüster, 2003); it is devoid of regulation and lacks a widely accepted body of MC knowledge (Visscher, 2006).

Christensen, Wang and Bever (2013) suggested MC's operate similarly to a black box: companies bring them a problem and they produce a solution, often the 'working out' is not apparent. MC's 'deliverables' are not uniform and differ according to client and context, often ensuing a significant challenge for clients to determine the value and quality of service they are purchasing. Trust is critical but often this intangibility leaves clients struggling to assess the value of the work undertaken and may reduce confidence when implementing out-comes. Clients are essentially buying into a promise – a promise of a certain standard of quality (Levitt, 1981, cited in Clark and Salaman, 1998).

LOW BARRIERS TO ENTRY

A widening of what consultancy means, low barriers to entry and global connectivity has led to growing numbers of independent portfolio workers and small consultancy firms with specialised skills. Management consultants are often identified as 'professionals' (Shaw, 2020), yet, essentially, anybody can market their 'consultancy' services regardless of competence (Glückler and Armbrüster, 2003; Kitay and Wright, 2007). Sohbe stated, "In today's information age, intelligence is what drives success, and that holds true for businesses of any size" (Consulting.us, 2021).

Lack of quality control and institutional setting creates an environment for opportunistic behaviour and subsequent threats of inadequate service and performance risks for the client (Glückler and Armbrüster, 2003); this can result in a damaging impact on the MC profession, amplifying the importance of professionalisation to ensure high quality practice throughout the sector.

PROFESSIONALISATION IN AN UNREGULATED MARKET

A major challenge affecting QA is the sector's intangibility (Clark, 1993 and Mitch-ell, 1994, cited in Clark and Salaman, 1998) and ability to ensure the practice of high ethical standards and competency, in a profession that remains unregulated. Despite attempts, the knowhow of management consultants has failed to secure accreditation similar to other professions such as law and accountancy (Butler and Collins, 2016). Global uniformity of the consultancy standards for the sector may lend itself to professionalisation, however, many obstacles exist to attain consistency in knowhow (Sveiby and Lloyd, 1987) given the variety of consultancy specialisations and environments.

As a profession there must be 'buy-in' to a standard, yet, resistance often occurs with standards deemed as burdensome, rather than beneficial (Leporo, 2011). Leaders of prestigious firms – including McKinsey and Booz Allen, actively campaigned against certification of their employees (McKenna, 2006). Such larger organisations generally have their own set of robust codes of behaviour and ethical standards (Hodges, 2017) embedded throughout the organisation. This leaves smaller firms and individuals, often without such standards, with inconsistent QA and consulting competence.

A significant obstacle to organising a powerful lobby in the political professionalisation process (Groß and Kieser, 2006) is the lack of harmony amongst consultancies, "Legally established jurisdiction comes slowly and endures forever" (Abbott, 1988, p. 64). Responsibility for ethical behaviour typically lies with the individual consultant (Hodges, 2017), as such, those who may not have received ethical training may not recognise unethical actions. Attempts have been made to establish optimal consultancy practices and enhance quality assurance through universal codes of conduct, codes of ethics, and standard professional practice. Many countries have pursued the formulation of national standards. However, ambiguity is often rife in attempts to be all encompassing.

A more standardised approach to consultancy guidelines would presuppose more standardised tasks (Groß, and Kieser, 2006). Mol and Birkinshaw (2009) referred to occasions where managerial "fashions" (Abrahamson, 1996) are adopted as solutions from one company and applied to another, allowing for standardised results. A question of 'professionalism' and ethics exists, however, when consultants endeavour to solve a magnitude of managerial problems with limited and standard solutions (Ciumara, 2011).Quality standards are one way of setting frameworks. These frameworks help inform clients and garner trust by establishing detailed requirements and specifications to guide the provision of services. However, there are also benefits on the consultancy side above increasing confidence and trust; standards can also increase productivity, morale, in-house communication and, subsequently, improve client satisfaction (Weakliem and Frenkel, 2006; Wirtz and Lovelock, 2022).

ISO 20700

The ISO 20700, published for the first time in 2017, aims to address the challenges around quality assurance by establishing standards for principles and three phases - contracting, execution, and closure (ISO, 2017). It was collaboratively developed to allow all stakeholders, including clients, the opportunity to share their views to create a new layer of credibility and confidence (ISO, 2012; Naden, 2016) to the profession by enhancing understanding of client's needs and providing more predictable results - improving quality, professionalism, and ethical behaviour during assignments.

ISO 20700 does not require certification and is not a 'quality guarantee'; however, it does provide a benchmark for quality and performance (International Council of Management Consulting Institutes (ICMCI), 2021 and Ennsfellner, 2019). The standard is internationally recognised but does permit consulting bodies in different countries to develop their own ethical guidelines. This pragmatism recognises that although uniformity is ideal for technical standards it is not always pragmatic for management standards (Leporo, 2011). Although useful to all MC's, the standard is arguably most valuable to smaller con-sultancies and helps assure clients that they are following an ISO standard framework for mutually beneficial effective results

The International Council of Management Consulting Institutes (ICMCI) is an international membership organisation with a purpose of 'raising standards in the profession of management consultancy'. Providing a Code of Professional Conduct, it outlines 'ethical and acceptable conduct in a way that upholds those values and ensures the high ethical and conduct expectations of the profession', (ICMCI, 2021) seeking commitment that consultancies 'behave in a way that is fair, reasonable and ethical', guiding members towards the right course of action (ICMCI, 2021). The ICMCI provides the Certified Management Consultant (CMC) qualification which acts as a global standard of proficiency, demonstrating ability and commitment towards high consulting standards, and is recognised in over sixty countries, which is "similar in scope and reliability to Chartered Professional Accountants" (ICMCI, 2021 and Ennsfellner, 2019).

The Management Consultancies Association (MCA) states its members reflect "the highest standards and quality in consulting". In 2017 it launched a 'Consulting Excellence scheme' as 'a hallmark of trust and quality' that commits its members to promoting high standards of ethical behaviour (MCA, 2016). Professional associations provide consultants with sets of guidelines and standards; however, they serve only as a framework and often carry no obligation (Lester, 2014). In the absence of regulation and uniformity of standards and, subsequently, QA, the client-consultant relationship is often established through skills competencies (Hodges, 2017) and a 'leap of faith' (Nikolova et al., 2015). It is often indirect signals that lead clients to seek consultant firms, whether that be trust, brand, or experience.

IMPRESSION MANAGEMENT

Successful consultancy recognises the active management of the client-consultant relationship to create optimal impressions of their service, since little can be directly evaluated beforehand (Clark and Salaman, 1998). Impression management is es-sential for the successful consultant to create and maintain a compelling impression - demonstrating quality and value to clients. Consultants must show their 'front stage self' (Bourgoin and Harvey, 2018) and display behaviours accepted by clients in a bid to control the impression of others (Sociology Group, 2019). With little tangible product to show prospective clients, impression management is pivotal; MCs must create a reality that persuades clients of value and quality (Clark and Salaman, 1998).

Clients buy into the competency, reputation, and experience of the consultancy service. Consistent quality for both consultant and client is difficult, (ICMCI and Ennsfellner, 2019) but standards are one part of impression management towards a performance pledge. Guidelines are useful tools for impression management and consultancy firms to draw upon to demonstrate a commitment to professionalism and a promise of competent and professional consultancy.

TRUST

Wickham and Wilcock (2016) state that relationship building is a critical skill for the MC. More so than most services, market success for MC's is rooted in the ability to maintain long-standing trustworthy client relationships. In assignments with opaque outlining of process, with deliverables often beyond the reach of objective assessment, a consultant's ability to secure clients' trust is a principle requirement (Glückler and Armbrüster, 2003) for building an effective client-consultant relationship (Hodges, 2017). Experience-based trust and networked reputation (Glückler and Armbrüster, 2003) are two such mechanisms to bridge uncertainties. Once established, experience-based trust and word of mouth can enable reciprocal and enduring relationships (Schein, 2009).

Trust remains the hallmark that helps established consultants win business - a badge that newer entrants strive towards establishing, with younger consultants enduring 'challenges in gaining / maintaining client trust and respect and having to cope with youth and gender bias', (Baldwin, Haslam and Brennan, 2019). Aside from acquiring business, trust is intrinsic to management consultants fulfilling their role (Wenger, 1998, Nikolova et al. 2015; Stumpf and lonman, 2000). How trust and relationships are established can vary. Moving away from more passive models of interaction with the client as expert (Abbott, 1988) or symbolic communication (Clark, 1995) and, instead, increasing the role of clients in identifying problems and co-creating solutions (Lilja and Poulfelt, 2001) may redress equilibrium and promote co-creation. This latter interaction was referred by Nikolova et al. (p. 290, 2008) as a 'social learning model' and references the work of Schön (1983) and Schein (1988), highlighting the importance of communication to bridge understanding. It is also outlined in ISO 20700. It places the client in a less passive position and may reap greater long-term benefits in implementing outcomes. Dr Brian Ing (Haslam et al. 2021, p.5) referred to this interaction as a 'conversation' that differentiates the analyst from the consultant.

Once trust is established, means of persuasion may merge and there may be less reliance on push/pull techniques (Haslam, 2017, p. 70). However, effective listening (Kline, 1999), and extracting information from the client remains a key skill of the consultant, and communication techniques such as engaging the client in the 'zone of uncomfortable debate' (Bowman, 1995, p. 10) may seem less combative once trust is established. A client's willingness to share information is dependent on how much they trust the consultant (Stumpf and lonman, 2000). Consultants must approach projects with clear intentions to do good for their clients, placing their clients' interests, above their own throughout their consultancy projects (Shaw, 2020).

Mike Cope's TRUST mnemonic as highlighted by Hodges (2017, p.241) guides consultants and clients to be 'Truthful', no matter how 'painful' the truth is, encouraging 'Responsive(ness)' to engage from the client's perspective with 'Uniform(ity)' outlining consistency of ideas and attitude. The client, at all times, must feel 'Safe' working with the consultant. Finally, Cope ends with 'Trained', to signify the client's faith in the competency of the consultant's experience. This TRUST is embodied throughout ISO 20700.

CONCLUSION

There is no single or best way to manage quality in management consultancy (Schmuck, 2017). The intangibility, the variation in deliverable outcomes and the complexities of standardisation - in the absence of certification and regulation - render QA in the sector an ongoing quest.

Professional standards do pave the way towards QA, guiding the consultant with a pathway towards competency and professionalism. However, limited to 'guidance', and without codified knowledge to regulate and further professionalise the sector, QA will remain variable. Ultimately, it remains the consultant's responsibility to assure quality and deliver competence in a bid to maintain 'professionalism' throughout the sector. The value of a fully regulated approach to QA remains questionable; it is not the standard itself that will provide quality but the implementation and adaptation standards prompt (Stracke, 2010). However, a set of rules and regulations to 'professionalise' the sector - enhancing QA - in a quest to safeguard and strengthen its credibility, is a substantial pathway towards optimising quality assurance.

The adoption of such standards demonstrates the consultant's commitment to quality and professionalism. In a profession that relies on experience, building trust and impression management as determiners of success, and sustainability, it is perhaps these standards that provide the greatest regulation of quality assurance. It is up to the consultant, herself, with a moral compass that ensures commitment to quality to embed and apply the principles and phases of ISO 20700 throughout her work - "front stage" and "backstage." It will be these consultants that stand out, providing a quality above and beyond that which accreditation can offer.

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