

INFLUENCE OF THE COOPERATION WITH PROFESSIONAL CONSULTANTS ON THE IMPROVEMENT IN THE EFFECTIVENESS OF THE ENTERPRISES

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Abstract:

Contemporary enterprises functioning in a turbulent environment have to continuously adapt to new challenges. Thus it is necessary to adequately identify and analyze the signals coming from the environment, taking into account their influence on the current and future situation of the company as a whole, and also predicting on the basis of such signals the directions of the changes in the environment and core competences which condition the company's functioning in the future. The problem is to what degree enterprises are able to identify the expectations of the environment and how quickly they can undertake some corrective actions through the processes of corporate learning. Substantial support in this area can be provided by professional consultants who, due to their knowledge and experience, back up their client's enterprise in an objective and independent way, improving the effectiveness of the enterprises. The paper presents the results of empirical studies performed in order to determine the activities leading to identifying corporate competences in Polish enterprises. The analyses were carried out in 56 companies with the use of a specially designed questionnaire of a categorized interview. While analyzing the obtained results, special attention was paid to the influence of cooperation with professional consultants on company's effectiveness. Finally, recommendations for managers are presented, suggesting the directions for corporate changes leading to better identification of competence gap, taking into account improved effectiveness of companies' functioning.

Keywords: competence gap, reducing competence gap, enterprise's effectiveness.

1. INTRODUCTION

Contemporary enterprises functioning in a turbulent environment have to continuously adapt to new challenges. Therefore, it is necessary for an enterprise to have adequate competencies which will provide it with a permanent competitive advantage and let it function and develop in a long-term perspective. An important role in gaining and maintaining such an advantage by enterprises is played by their knowledge-based internal resources, known as corporate competencies.

The idea of “corporate competencies” has been defined in many different ways, however, it can be stated generally that they are the enterprise’s specific skills referring to the placement of its resources, together with its cognitive abilities which make it possible to undertake activities leading to reaching assumed goals. Corporate competencies of an organization include elements such as its unique, specific knowledge, experience and skills which have all been developed by this organization and which give it a competitive advantage. In the environment of knowledge-based economy, the role of competencies is increasingly important and it can be assumed that this tendency will continue.

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2. PROFESSIONAL CONSULTING

Professional consulting services are commissioned by companies and provided by adequately qualified and educated individuals who objectively and independently support their client’s organisation through identifying its problems, analysing them and recommending solutions as well as, if the client wishes so, offering help in their implementation” (Greiner & Metzger, 1983, p. 7).

In such a formulation of the definition its main elements should be noted which make the essence of consulting services:

- The service is provided by a single person/institution for the benefit of another person/institution who has commissioned such a service,
- The services are provided by competent individuals, which should guarantee some definite added value within that particular service.
- The objective and independent character of the consultant’s own assessment, which makes him/her a partner rather than a subordinate in relation to the principal.

The tasks that are faced by professional consultants and the services offered by them are formulated in many different ways in professional literature, which is reflected in the definitions of this type of services. For example, consulting is described as (Szeloch, 1992, p. 13):

- taking over the assignments,
- acting as an agent in transferring knowledge and special information,
- helping in problem solving and decision making,
- communicating both the information which reduces risk and specialist knowledge which is supposed to facilitate functioning,
- preparing and providing the information aimed at sorting out complex problems,
- identifying and solving problems,
- offering recommendations on rationalising actions and helping in their implementation,
- providing guidelines referring to further behaviour.

The processes of corporate learning are typically supported by process consultants who are, first of all, specialists in the area of planning and implementing changes in organisations. They make the members of the organisation aware of the need of introducing some changes and, at the same time, create adequate conditions for accepting such changes. In a properly developed programme of changes it is necessary that process consultants and their clients should co-operate in creating suitable relationships between the factors affecting the course of the implemented processes and also in overcoming some potential resistance to changes. It is vital, and very difficult at the same time, that the goals for process consultants' work should be defined since their activities are conditioned by a number of specific criteria. These aims include e.g. (Chrościcki, 1997, p. 136):

- creating effective working teams,
- improving the atmosphere, corporate morale, human relationships,
- handling the problems related to trust and conflicts,
- increasing the level to which employees identify themselves with corporate objectives.

Professional consulting is an element of the sphere of services which have been developing very dynamically in the recent years – specialists assess its dynamics at as high as 50% a year (Woźniak, 2006, p.31). However, the particular character of this market and the mechanism of its development have not been sufficiently explored yet, which is a consequence of a very wide range of issues belonging to the sphere of consulting. It can be observed nowadays that the main current of services is moving from strategic planning and recommendation formulating towards a more practical and individualised implementation of changes in companies (Suszyński, 2002, p. 150). A new procedure of professional consultants' performance has been created in practice which includes the following sequence of activities (Kubr, 1986, p. 4):

- problem identification,
- acquiring the indispensable information,
- analysing and synthesising,
- determining facilitation proposals,
- communicating the proposal (communication with the environment),
- planning changes,
- overcoming resistance to changes,
- supporting the client in adopting new experience,
- transferring new management techniques at the international scale.

The support offered by professional consultants is taken advantage of by companies to a varied degree. It should be noted that their help in corporate learning processes is indispensable in many cases. This is related primarily to the fact that the managerial staff is often insufficiently prepared to initiate, implement and control the organisation's learning processes. The form and the range of collaboration depend on the type of implemented works, the level of awareness among the managerial staff and also on their financial status (consulting services are not among the cheapest ones).

3. ENTERPRISE'S EFFECTIVENESS

Effectiveness is one of the basic categories used to assess the company's performance, however, there are significant discrepancies concerning its defining in practice. Still quite recently, the effectiveness of an enterprise was identified with its productivity understood as production volume, turnover or sales volume. However, it was observed that the effectiveness of work is affected by qualitative factors, such as e.g. the employees' qualifications, their education or experience. The effectiveness understood in this way should be assessed by means of other measures, e.g. the effects of work (quantity/quality of work) or work expenditure (costs of work, time, laboriousness or the number of the employees) (Kozusznik, 2002, p. 95).

Specialist literature offers different approaches to the interpretation of this term. According to some authors, effectiveness means (Bielski, 2004, pp. 60-70, Ziębicki, 2007, pp. 333-334):

- in the economic formulation – the relationship between the results and the expenditure expressed through basic measures, such as productivity, effectiveness, profitability etc.
- in the target formulation – the assessment of the extent to which the intended objectives have been implemented, taking into account the existing resources; this concept is derived from praxeology and it means that the higher degree of implementing the company's objectives and the lower expenditure of tangible assets, the more effective the company becomes and less time is consumed to reach these objectives;
- in the systemic formulation – the assessment of the company's potential to survive and develop, resulting from the strength and density of the system, its position in the environment and the chances to maintain and improve this position; the basic source of effectiveness is the ability to acquire rare and valuable resources (understood as the sum of the assets remaining at the company's disposal, both tangible and intangible ones, such as the employees' knowledge and skills, technologies, know-how etc.) which are useful for the company in its functioning and relations with the environment; the effectiveness is referred to the company itself, which means that the evaluation from the point of view of the whole organization and its internal or external groups of interest may be different;
- in the formulation of interest groups (*stakeholders*) – the assessment of the organization's potential to meet the needs of stakeholders (individuals or groups of people, inside and outside the enterprise who are interested in the results of its functioning; the main stakeholders include the owners (investors, stakeholders), employees, clients, suppliers, creditors, local communities, local authorities etc.); this is a broader perspective on the organization's objectives because it takes into account both the relationships of the company with its environment and the results of its functioning; it should be noted that almost each group of stakeholders communicates different needs regarding the company and, consequently, assesses its effectiveness differently, which proves that effectiveness is

a complex and multi-dimensional idea and should be evaluated on the basis of different criteria and measures;

- in a multi-criteria formulation – the organization's potential to achieve varied objectives which can be formulated in different ways e.g. in the form of final goals (assets and their use, similarly to the target formulation), the effectiveness of entering – transformation processes – exiting (in a way similar to the systemic formulation), the effectiveness of economic measures and behavioral measures (indicating the functioning of the social sub-system) etc.; in practice varied detailed concepts of effectiveness assessment are offered, taking into account its different aspects.

The diversity of approaches concerning the definition of effectiveness results in a number of approaches concerning its measurement. Generally, it should be stressed that the key role is played by a precise identification of the aims and expectations. The measures used here are of double character (Buchanan, 2008, p. 52):

- predictive – they concern planning some expected results and identifying any interferences which make the results obtained different than those intended (both above and below expectations); such measures play the role of a system of early warning;
- corrective – related to creating standards of improved activities in future projects.

In order to make the measures genuinely significant, they have to be adapted to the organization's objectives, such as its effectiveness or productivity, and referred to suitable implementers who have real influence on the degree of the objectives' realization. In practice, effectiveness depends on many factors, which makes its assessment much more complicated.

The issues of assessing company's effectiveness in a multi-criteria formulation makes the subject of a number of specialist works. An interesting approach to assessing the effectiveness of an organization was put forward by G.A. Rummler and A.P. Brache (Rummler & Brache, 2000). Bearing in mind the fact that an organization is a system and that there are different processes implemented inside it, occurring among the individual spheres of the organization, they paid special attention to the necessity to correlate the activities within the whole organization and to eliminate problems referring to inter-functional relationships. In their concept the effectiveness of an organization is analyzed in a two-level system – the dimension of the organization and the need for effectiveness. The level of the organization includes (Rummler & Brache, 2000, pp.43-46):

- the level of the whole organization,
- the level of the process;
- the level of the position.

The second dimension, the need for effectiveness, is influenced by the results obtained on each level of the organization, which include (Rummler & Brache, 2000, p. 46):

- objectives;
- designing methods;
- management methods.

As a result, nine variables are distinguished which influence the effectiveness of an organization. Thus it may be claimed that skillful effectiveness management requires a

suitable formulation of the objectives, designing and managing each of the three levels: the organization, process and work place, with all the three levels being interrelated, e.g. a job cannot be adequately described without understanding the processes in which it is involved. Any attempt to define the organization's objectives without relating them to the processes and the system of employee effectiveness must end in a failure.

In order to help an enterprise meet the changing requirements of the environment and also the owners' expectations, managers have to care about its effectiveness. In these conditions the company has to be very flexible to continue functioning, and significant difficulties are faced when trying to transmit a formulated strategy onto actual, practical actions, as well as measuring the effectiveness of their implementation in the context of the company as a whole.

4. COOPERATION WITH PROFESSIONAL CONSULTANTS IN THE LIGHT OF RESEARCH

4.1. Research methods

Continuous changes occurring in the environment result in new conditionings concerning the functioning of companies which are facing new challenges posing both opportunities for their development and threats for their functioning. In order to meet such challenges, enterprises have to permanently monitor the environment and to identify the following requirements – in the context of core competences indispensable to create and strengthen their permanent competitive advantage, and also to react adequately through undertaking adaptive actions aimed at reducing the competence gap which occurs.

The empirical studies aimed at determining, among others, the influence of using professional consulting services on the improvement in the effectiveness. The research was carried out in 56 Polish companies of varied size. The structure of the research sample is as follows:

- 14.3 % - small businesses (employing below 50 people),
- 51.8 % - medium-size companies (staff between 50 and 249 people),
- 3.9 % - big companies (employing above 250 staff).

4.2. Results

The frequency of co-operating with consulting firms

On the basis of a research model, a questionnaire for a categorized survey was developed in which a five-degree scale was used to examine the level of the examined phenomenon (e.g. 1 – never, 2 – seldom, 3 – occasionally, 4 – often, 5 – continuously).

The question regarding the frequency of using consulting services was answered by 96% of the respondents (see Table 1). On the average, such services are taken advantage of occasionally (3.00). It should be noted that on the average 11.1% of the respondents use such services continuously. They are used slightly more often by small companies. Only 7.4% of the respondents stated that they did not need consulting services at all.

Table 1: The frequency of using consulting services

Enterprises	Mean	Number of responses		Opinion distribution				
		N	%	5	4	3	2	1
Total	3.00	54	96.4%	11.1%	13.0%	44.4%	24.1%	7.4%
Big	3.00	19	100.0%	10.5%	15.8%	42.1%	26.3%	5.3%
Medium-size	2.89	27	93.1%	10.3%	10.3%	41.4%	20.7%	10.3%
Small	3.13	8	100.0%	12.5%	12.5%	50.0%	25.0%	0.0%

The effect of collaborating with consulting firms on improved effectiveness

The respondents were asked to indicate to what degree the initiated activities influence different symptoms of their company's effectiveness.

All the respondents replied to this question, although they decided that collaboration with consulting firms had a relatively insignificant meaning – it affects to a relatively highest degree a lower number of errors and defects (39.3% of choices), an increase in the speed of adaptation to clients' requirements (23.2%), reducing the time of process implementation (23.2%) – Table 3.

A diversity in the respondents' opinions is observed in different sections of the analysed companies. In big companies consulting has a higher than average effect on reducing the number of errors and defects (52.6%), an increase in the speed of adaptation to clients' needs (26.3%), improved financial status of the company (26.3%) and higher customer satisfaction (21.1%). It may be concluded that big companies experience to the highest degree the support provided to them in the area of marketing and financial activities.

In medium-size companies the use of consulting services has the most significant effect on reducing the time of process implementation (31.0%), limiting the number of errors and defects (31.0%) and lowering the costs of operating activities (24.1%), so this type of co-operation is most effective in reference to the operating activities of such companies.

Small companies indicated, similarly to the remaining ones, a reduction in the number of errors and defects (37.5%) and also an increase in the speed of adaptation to customers' needs (37.5%) and an increase in employees' creativity (37.5%). This suggests a direct contact with consultants and higher skills of the employees concerning their handling current issues.

Table 2: The influence of collaborating with consulting firms on improved effectiveness of companies

Area	Enterprises			
	Total	Big	Medium-size	Small
A reduced number of errors and defects	39,3%	52,6%	31,0%	37,5%
An increase in the speed of adaptation to clients' requirements	23,2%	26,3%	17,2%	37,5%
Reduced time of process implementation	23,2%	15,8%	31,0%	12,5%
An improvement in the financial status of the company	21,4%	26,3%	17,2%	25,0%
Increased creativity of the employees	19,6%	10,5%	20,7%	37,5%
An improved image of the company	19,6%	26,3%	17,2%	12,5%
Lower costs of operating activities	17,9%	5,3%	24,1%	25,0%
Higher customer satisfaction	16,1%	21,1%	10,3%	25,0%

An increase in revenue from operating activities	14,3%	15,8%	13,8%	12,5%
A decrease in personnel	5,4%	5,3%	6,9%	0,0%

5. CONCLUSION

In order to meet dynamically changing requirements of the environment, a company must possess some adequate competence potential. Therefore, it is necessary to constantly monitor the requirements expressed by the environment and to identify an emerging competence gap which to a considerable degree influences the effectiveness of the enterprise. Being aware of the existence of such a gap releases the processes of its elimination. The knowledge and skills of the managerial staff in the company may be often insufficient to face new challenges independently.

In such situations it is recommended that professional consultants should be asked for help. The studies resulted in a conclusion that the frequency of using professional consulting services remains at the average level. This is related, to a high degree, with relatively high costs of such collaboration and, at the same time, a fear that the effects could not be proportional to the expenses. Such an opinion was reflected in the results of the studies – the effectiveness of co-operation with consulting firms and its effect on enhanced competence potential of the companies and effective elimination of competence gap was rated rather low by the respondents.

It is thus necessary to initiate activities aimed at making managers realise the role of professional help in identifying and eliminating the emerging competence gap and the improved effectiveness of such collaboration at the same time. In order to achieve this the following steps are recommended:

- A complex approach to determining objectives, defining precise measures of assessment and their adequate correlation in the company as a whole.
- Updating the analyses of the results and, in case of stating a gap existing between the results and the objectives, identifying the reasons for such a gap, assessing the company's potential to solve the problems independently and, possibly, using the help of professional consultants.
- A precise definition of the scope of co-operation with consultants and the expected results.
- Regular collaboration with consultants while providing a service, learning from them and also introducing the mechanisms of knowledge transfer in the company.

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