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Consulting Service and Survival of Medium Scale Enterprises in Africa

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Abstract

Despite several studies and intervention schemes in the medium scale enterprise (MSE) segment of the enterprise economy, the going-concern status of that category continued to experience serious survival threat due to several challenges. The study investigated the effect of consulting service on the survival of medium scale enterprises in the Federal Capital Territory of Nigeria. Major objective was to find out if there is statistically significant relationship between consulting service and survival of medium scale enterprises in the Federal Capital Territory of Nigeria. Study employed survey research design. Population for the study consisted of 174 registered medium scale enterprises (executives) with the Federal Capital Development Agency. The study purposively subjected the entire population to investigation (Census- sampling). Copies of a questionnaire after validity and reliability tests were administered using the list of registered MSEs. 168 copies of the questionnaire were retrieved representing 96.6% response rate. Descriptive statistics and Multiple regression technique were employed to analyze the data at 5% significance level. Results revealed that financial consulting has significant positive effect on MSEs survival (β = 0.461, t=12.494), and contributed 48.2% to the survival of MSEs. Marketing consulting significantly drives MSEs survival (β = 0.529, t=14.808), and contributed 56.6% to the survival of MSEs. Human capital consulting significantly affects MSEs survival (β = 0.637, t=13.007), and contributed 50.2% to the survival of MSEs. Process consulting has significant effect on the survival of MSEs (β = 0.341, t=7.049), and contributed 22.6% towards the survival of MSEs. Overall, consulting service components have joint significant effect on MSEs survival contributing 61% towards the survival of MSEs in the Federal Capital Territory of Nigeria. The study concluded that MSEs should leverage on consulting services for optimal regional financial resource allocation, expansion of market spaces for steady and multi-revenue flow in the African region, enhance capacity and distinct competencies buid-up within the region, and ensure sound operational process and procedures management. Study therefore, recommended that African MSEs seek expert advisory services of consultants by adopting the multiple approach in pursuing survival objectives as such would significantly and positively influence their survival in the African continent Enterprise Economy.

Background of the Study

The ever-evolving socio-economic and environmental situations have made medium-sized enterprises (MSEs) to experience longstanding need for coping with the tasks of survival as well as achieving sustainable growth. The pursuit for survival has raised much concern to the operators within the industry. Hence, variations in turnover, policy shifts, disruptive innovations, and competitive strategies are influenced by changing conditions under which these medium-sized enterprises function. Survival is closely tied to the dynamic capabilities of these enterprises, as they are essentially a combination of various skills and resources. The ability to survive often depends on building up capacity and resources. Despite efforts to address these challenges through liquidity management, and strategic approaches, the pursuit of survival remains a pressing concern.

To tackle this issue, the study is now exploring the potential of engaging consultants to address the survival challenges faced by medium-sized enterprises. The primary goal is to bridge the gap in knowledge and industry practices. In contemporary research efforts, enterprise consulting for MSEs has emerged as a crucial element in creating value within the business chain (Kim, 2021). Strategies for survival and growth maintenance can vary widely among medium-sized enterprises, based on their size and capacity (Duru, et. al., 2018).

Medium-sized enterprises are widely recognized as drivers of economic growth. However, their survival is a function of the degree of their contributions through proper management to stabilize the economy (Oriaku, 2021a). Meanwhile, current research efforts have focused more on how to ensure effective management. Nevertheless, there is a dearth of literature in this area of study, especially, due to the characteristics of medium-sized enterprises that are unique (SMEDAN, 2021). Previous works often lumped them together with small enterprises, but there are distinct constraints that affect the survival of medium-sized enterprises. Some of these constraints include inconsistent funding, irregular revenue generation, managerial deficiencies in resource allocation, and operational inefficiencies, all of which are fuelling the demand for enterprise consulting services.

Statement of Problem

One of the central challenges that hamper the survival and growth of enterprises is financial inadequacy (Manzoor et.al., 2021). The growing demand for financial support still persists despite the exploration by past studies to provide various funding methods and subventions to mitigate the financial shortcomings of medium-sized enterprises. The failure to address the problem of unsustained funding remains a basic affront to the survival of medium-sized enterprises from evidences provided empirically. Hence, the motive for focusing on the need to tackle this challenge promptly. (Audu, et al., 2015)

Documented cases have shown that medium-sized enterprises have been forced to shut down due to poor and insufficient income generation (Euromonitor International, 2014). Addressing this challenge becomes crucial, as it seems that the future of medium-sized

enterprises relies on stable and diversified revenue sources. While it is recognized that financial resources alone cannot fully explain enterprise survival, the issue of funding mismatch continues to plague practical operations (Adanlawo, et al., 2021). Many medium-sized enterprises often misallocate short-term funds to long-term projects or deploy long-term funds for working capital requirements, resulting in survival challenges and suboptimal performance. The apparent lack of managerial expertise in optimally managing financial resources calls for intervention through human capital consulting.

Medium-sized enterprises encounter common issues related to inefficient production and enterprise process management. They often lack the capability to design cost-effective processes and optimization strategies that can ensure their survival. This impact extends to various aspects of their operations, including production scheduling, service quality, processing speed, response times, creativity, exposure to operational procedures, and cost-related challenges.

Previous researchers (Wildermo, 2021; Andrade, 2020) have recognized that achieving comprehensive solutions to these problems remain a challenging task, which leads to inefficiency and ineffectiveness What is crucial here is the potential to assess the effectiveness of consultancy work in various management functions. The persistent problems related to insufficient funding, irregular and inadequate revenue generation, mismanagement of funds due to a lack of managerial expertise, and operational inefficiencies stemming from insufficient attention to production and process orientation present a compelling case for further investigation. This research examined how medium-sized enterprises can regain their footing and sustain themselves as viable going-concern entities. The study seeks to bridge these gaps by concentrating on specific components of the independent variable, namely financial consulting, marketing consulting, human capital consulting, and process consulting, to shed light on how these elements influence the survival of medium-sized enterprises.

The study provided answer to the following research question:

1. What is the combined effect of consulting service elements on the survival of Medium Scale Enterprises (MSEs) in the Federal Capital Territory, Abuja?
   Specific objective that guided the study was to:
2. Evaluate the combined effect of consulting service elements on survival of Medium Scale Enterprises in the Federal Capital Territory, Abuja
   The following hypothesis was postulated in this study for testing, and is stated in its null form:
3. Consulting service elements (financial consulting, marketing consulting, human capital consulting and process consulting) have no significant effect on the survival of Medium Scale Enterprises (MSEs) in the Federal Capital Territory, Abuja.

Literature Review

Consulting

Consulting is a rapidly evolving professional service that aids managers in analyzing and solving real-world problems faced by businesses. It is designed to enhance enterprise survival and performance, facilitate learning from the experiences of other managers and organizations, and identify new business opportunities (Andrade, 2020). The practice of consulting is influenced by a myriad of factors, including advancements in information and communications technologies, the Internet, globalization, changes in geopolitics, market liberalization, shifting demographics, the push for inclusive development, evolving consumer preferences and behaviours, changing roles of governments and the public sector, and other related developments. As these complexities grow, consultants must continually adapt to offer guidance on these intricate and demanding issues. Contemporary consultants employ three innovative consulting models: collaborative, continuous and instant models (Andrade, 2020). Their roles encompass being bridge builders, architects, assistants, designers, monitors, and solution providers, with a strong emphasis on knowledge networking (Kim, 2021). Consulting firms fall under the category of knowledge-based companies. Their primary assets are the knowledge and skills of their personnel. Consulting revolves around the acquisition and application of knowledge. It entails utilizing knowledge assets to devise solutions that enhance the client's resources and assets (Widerno, 2021).

Entrepreneurship

Entrepreneurship is a process undertaken by entrepreneurs to create incremental value and wealth by identifying investment opportunities, organizing enterprises, taking risks, and navigating economic uncertainty, thereby contributing to economic growth (Abdulnasir, 2018). Several definitions emphasize innovation as a central aspect of entrepreneurship.

Medium Scale Enterprises (MSEs)

Researchers studying enterprise development face a significant challenge due to the inconsistent definitions and classifications of enterprises (Abosede, et. al., 2016). The definitions of medium-scale enterprises often vary from one country to another, determined by the roles these enterprises play in the economy and the policies set forth by specific agencies or institutions responsible for crafting a roadmap for enterprise development. In Nigeria, medium-scale enterprises represent the formal sector of commerce (SMEDAN, 2021) primarily concentrated in sectors like manufacturing, transportation, information and communication technology, agriculture/agro-allied, and oil and gas. They occupy a significant place as the "missing middle" in the Nigerian private enterprise landscape. SMEDAN report of 2021, defined medium-scale enterprises (MSEs) as enterprises with a total annual turnover ranging from 100 million naira to less than one billion naira, and employment levels ranging from 50 to less than 199 employees, including unpaid family members.

Medium Scale Enterprise Survival

When it comes to the survival of medium-scale enterprises, sustainability and variations in their survival can be attributed to certain explanatory factors over a specific timeframe. Managers and owner-investors of these enterprises assess their survival on an ongoing basis as they address various constraints. The continued survival of the enterprise serves as a primary motivation for owner-investors and managers to invest resources, implement new plans and procedures, and update their operations and transactions throughout the enterprise's life cycle. Evaluating survival is essential for effectively managing any enterprise. Without measuring outcomes, it is difficult to make improvements in performance. Therefore, assessing enterprise survival is crucial to determining the extent to which enterprise resources impact enterprise performance (Obianuju, et. al., 2020). The concept of enterprise survival differs from the broader construct of organizational effectiveness (Selvam, et. al., 2016). While organizational effectiveness encompasses all aspects related to an organization's functioning, enterprise survival is a subset of organizational effectiveness that specifically focuses on both process and financial outcomes.

Empirical Review

In a study by Buckley (2023), the examination focused on the origin and spread of international businesses and business research within the United Kingdom. This analysis delved into the underlying assumptions and models, highlighting the importance of international business models in understanding the growth of scholarly research in the field. The study featured a brief case study demonstrating the significance of considering both local and global contexts when assessing the generation and worldwide dissemination of consulting knowledge. Concentrating on empirical observations of research cluster patterns over time and geographic locations, the research concluded that as highly productive consulting academics move, clusters of publications move with them. The findings underscore the diminishing role of geographical constraints in the digital age, making it increasingly convenient for consultants and researchers to collaborate with counterparts from distant locations. This transformation signifies the emergence of global networked consulting research teams as a pivotal development influencing the creation and spread of knowledge essential for the survival of enterprises.

In a study conducted by Ogbu, et. al., 2023, they examined the role of Medium Scale Enterprises in promoting economic development in Enugu metropolis. The research focused on eight MSEs in Enugu State, Nigeria, and utilized a survey design, with 136 respondents responding to questionnaires. The study employed the Chi-square statistical technique to test the formulated hypotheses. The findings of the research indicated that MSEs make significant and positive contributions to the development of Enugu metropolis. Consequently, the study recommended that both the government and private sector venture capitalists should make efforts to provide MSEs with access to funds at low interest rates. They should also encourage capacity building through regular training and protect local entrepreneurs from undue competition by restricting the importation of foreign goods with local equivalents.

Consultant-Client Theory

Leong, et. al., 2008), pioneers in modern consultancy, introduced the Cultural Accommodation Model-Process Consulting (CAM-PC) to bridge certain perceived gaps in the field. This model combines two prominent theories: Schein's Process Consulting model, which emphasizes a collaborative client-consultant relationship, and Kluckhohn and Murray's tripartite framework for cross-cultural therapy, which is centered on three perspectives of human behaviour—universal (U), group (G), and individual (I). Kluckhohn and Murray suggested that individuals are, in some ways categorized as, other individuals, some other individuals, and all other individuals. The concept underscores the complex nature of human beings, and by extension, the multi-dimensional makeup of human organizations. The universal (U) dimension applies to all humans and acknowledges shared aspects of behaviour and personality. The group (G) dimension recognizes that most individuals share characteristics with certain social groups, whether based on social class, sex, values, race, or ethnicity (Leong, et. al., 2008). The individual (I) dimension asserts that distinguishing features from one individual to another is traceable to some of their unique behaviour and personality.

In the realm of consultancy, a successful consulting model should consider three fundamental dimensions: understanding the individual, the group, and the organization as a whole. Neglecting any of these aspects in consultancy models means missing out on critical insights into how organizations operate. This framework gives rise to three crucial questions for consultants who adopt the cultural accommodation model: Which parts of the consulting model or theory can be applied universally and extended to cultural groups beyond the dominant one? What aspects are specific to the dominant culture and should not be imposed on other cultural groups? Are there culture-specific elements that represent the experiences of racial and ethnic minority groups but are not addressed by the theory? This approach underscores the importance of relying on evidence-based models, conducting a comprehensive examination of cultural variables, and gaining a profound understanding of the organization and its members within their present and historical socio-cultural and business context.

The Survival-Based Theory

The application of the survival-based theory in the field of consulting can be incredibly impactful. Struggling enterprises often grapple with numerous challenges concurrently, including financial difficulties, product marketing failures, loss of key personnel, and process-related conflicts. These challenges are indicative of potential inefficiencies within the enterprise. Medium-scale enterprises (MSEs) that are struggling typically exhibit characteristics such as underfunding, inadequate sales, undercapacity in terms of production, and an overly extensive human resource department. These inefficiencies may explain why such enterprises frequently resort to measures like layoffs, product repositioning, and divestment of underutilized assets in a bid to fortify their position. The primary objective for such enterprises is to enhance efficiency to better adapt to their environment, enhance profitability, and ultimately survive in the competitive market they operate within. As argued by the survival-based theory, enterprises that fail to adapt

to the ever-changing business environment and optimize their efficiency are unlikely to survive. Consequently, those enterprises that succeed in surviving are the ones that judiciously allocate financial resources, diversify their income streams, enhance their managerial capabilities, and optimize their operational processes in alignment with consulting advisory services.

Gaps in Literature

Existing literature predominantly concentrated on the survival of micro, small, and medium enterprises (MSMEs) in general. This study, on the other hand, specifically hones in on medium-scale enterprises, as defined by (SMEDAN, 2021). This segment is often referred to as the "missing middle" within the Nigerian enterprise landscape, and our research employs relevant indicators to examine the survival of these medium-scale enterprises.

Additionally, this work identified gap in terms of geographical coverage. As far as our research and documentation indicate, there is little or no prior investigation into the relationship between consulting services and the survival of medium-scale enterprises in the Federal Capital Territory (FCT) of Nigeria. Previous studies focused on empowerment initiatives, palliative programmess, and welfare policies for SMEs in the FCT.

In light of these observations, the study sought to assess the impact of consulting services on the survival of medium-scale enterprises in Nigeria. To capture the consulting aspect, the study considered financial consulting, marketing consulting, human resource consulting, and process consulting as explanatory variables. The outcome examined was the survival of medium-scale enterprises. This study addressed these gaps by subjecting the stated hypothesis to appropriate statistical analysis.

Methodology

The study employed a survey research design with the primary objective of gathering data from respondents through questionnaire administration. The research instrument was subjected to both validity and reliability tests. The collected data were then analyzed to provide insights into the investigation at hand. The target population encompassed the 174 registered Medium Scale Enterprises (MSEs) under the Federal Capital Development Agency (FCDA) within the Federal Capital Territory (FCT) that have been in existence on an average of seven years. The choice to focus on medium-scale enterprises (MSEs) was grounded in their representation as the formal segment of the "missing middle" within the Nigerian enterprise system, facing unique challenges that necessitate consulting interventions.

Sampling Technique

The study was interested in the provision of data on all the population items. The study purposively subjected the entire population (Census) to investigation to avoid sampling error and to achieve the desired level of precision. When study population falls within

200, the entire population is allowed for investigation purposes (Singh, et.al., 2014; Glenn, 1992). The entire population of 174 MSEs was therefore adopted for the study.

Result and Discussion

A total of 174 copies of a questionnaire were distributed to respondents in the Federal Capital Territory, Abuja. Out of these, 168 copies of the questionnaire were returned fully completed and deemed suitable for analysis. The study achieved an impressive response rate of 96.6%

Test of Hypothesis

H_0: Combined consulting dimensions do not significantly influence survival of medium scale enterprises (MSEs) in the federal capital territory, Abuja.

H_i: Combined consulting dimensions significantly influence survival of medium scale enterprises (MSEs) in the federal capital territory, Abuja.

Dependent Variable: Survival of medium scale enterprises (MSEs)

Independent variable: Combined consulting services (financial consulting, marketing consulting, human resource consulting, and process consulting)

Table 1: Correlation Matrix of the Influence of Combined Consulting Elements on Survival of Medium Scale Enterprises in the FCT

	Survival	Financial	Marketing	Human	Process
Survival	1.000				
Financial	.477**	1.000			
Marketing	.585**	.473**	1.000		
Human	.684**	.345**	.597*	1.000	
Process	.592**	.274**	.137*	.248*	1.000

** significance at 0.01 level

Table 2: Model Summary of the Influence of Combined Consulting Elements on Survival of Medium Scale Enterprises in the FCT

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.92[a]	.880	.61	.1985

a. Predictors: (Constant), Financial consulting, Marketing_consulting, Human Resource consulting, Process consulting

Table 3: ANOVA result of the Influence of Combined Consulting Elements on Survival of Medium Scale Enterprises in the FCT

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.854	4	.21	3.05	.048[b]
	Residual	11.420	163	.0700		
	Total	12.274	167			

a. Dependent Variable: Survival of MSEs

b. b. Predictors: (Constant), F inancial consulting, Marketing consulting, Human Resource consulting, Process consulting.

Table 4: Multiple Linear Regression Coefficient of the Influence of Combined Consulting Elements on Survival of Medium Scale Enterprises in the FCT

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	5.079	.518		9.804	.000
	Financial_consulting	.461	.037	.696	12.494	.000
	Marketing_consulting	.529	.036	.754	14.803	.000
	Human capital consulting	.637	.049	.710	13.007	.000
	Process_consulting	.341	.048	.480	7.049	.000

a. **Dependent Variable: Survival of MSEs**

Pearson correlation coefficient matrix of survival of medium scale enterprises (MSEs) against the four consulting dimensions shows that all the variables produce a moderate positive and significant correlation between MSEs survival and financial, marketing, human resource and process consulting. They were significant at the *0.05* level of significance. It can be observed that financial, marketing, human resource and process consulting were positively correlated with MSEs survival with *= 0.477, 0.585, 0.684* and *0.592* respectively.

The Regression model summary indicated that multiple correlation coefficient $r = 0.92$, the coefficient of determination *R squared* $(R^2) = 0.88$ and *adjusted R square* $= 0.61$. The result showed that the impact of the combined consulting elements to the survival of MSEs in the FCT, Abuja was *88%*, while the remaining 12% is contribution from other factors. In other words, the four elements of consulting can offer explanation on 88% variation of MSEs survival in the FCT, Abuja.

The simple linear regression outcome suggested a positive significant influence of consulting dimensions on the survival of medium scale enterprises in Federal Capital Territory. ANOVA indicated that; $F_{(calculated)} = 3.05, p < 0.05)$. The F ratio, which explained whether the results of the multiple regression model could have occurred by chance, was considered significant. The multiple regression model achieved a satisfactory level of

goodness-of-fit in predicting the variance of MSEs survival in relation to the four dimensions of consulting, as measured by the above stated R, R^2, and F ratio. This implies that financial consulting, marketing consulting, human resource consulting and process consulting were important in contributing to the survival of MSEs in the FCT, Abuja. On the basis of the overall statistical significance of the model, it was observed that the overall model was statistically and positively significant and passes the test at 5% level of significance.

Thus, all the explanatory variables jointly have significant influence on medium scale enterprises (MSEs) survival. The existence of a significant relationship between the dependent variable and the independent variables is therefore validated.

Discussion of Findings

The main finding of this study is that consulting service has statistically significant and positive influence on the survival of medium scale enterprises in the federal capital territory, Abuja.

Conclusion and Recommendation

Medium scale enterprises (MSEs) have continued to demonstrate their relevance as integral drivers of the economy. Their many challenges in like manner continue to throw up opportunities for consulting interventions. This research work was an attempt to put together consulting infrastructure to formalize consulting interventions to the middle class of the Nigerian enterprise economy. The study concluded that medium scale enterprises can be given formal consulting treatment for them to survive in the Nigerian enterprise economy. They can accomplish survival objectives if they can internalize appropriate consulting advice, particularly through the deployment of financial consulting, marketing consulting, human resource consulting and process consulting.

Recommendation

The study has several significant practical implications for medium scale enterprise managers, governments, and policy makers. The recommendation is as follow:

i. Medium scale enterprises should adopt multi-barrel approach in pursuing the achievement of their survival objectives. This will involve organized access to stable and consistent funding, sustained multi-revenue flow, sound application of competencies and quality management decisions as well as putting in place appropriate process systems and structure to drive survival objectives.

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