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Evolution of management consulting and its significance in the sustainable development of agrarian enterprises

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Abstract.

During the industrial revolutionary period, the regulatory environment changed and outlawed the consultative services preventing banks from engaging in non-financial activities. As a result, the "Institutional Entrepreneurship" evolved into growth of early consulting firms which further developed and earned the professional status to consultants and to consulting firms. Evolution of consulting service in management or management consulting boosted their activities identifying and investigating problems concerned with policy, organization, procedures, and methods. Nowadays a new modern concept, "Sustainability" is added in consulting management. Sustainability in business management enhances efficient resource use system while maintaining a high value for the final products as well as to cost reduction, leading to innovation and new business models. Sustainable development is a good business which creates opportunities for suppliers of 'green consumers', developers of environmentally safer materials and processes, firms that invest in eco-efficiency, and those that engage themselves in social well-being. Consulting service in management plays a huge role in the sustainable development of Agriculture sector businesses which have been recognized as one of the core sector in any economy that have a tremendous effect in improving the life of people socially, economically and sustaining human life. Management consulting in agricultural enterprises and in agribusiness encourages farmers and agribusiness on implementing sustainable strategies that increases the efficiency of the value chain through the preservation of environment, protection of health and sustaining the economically viable communities. It helps the agricultural enterprises to have a competitive advantage by earning their local community's goodwill and their efforts reflected in the bottom line.

Keywords:

*consulting service
sustainability
agricultural enterprise
consulting management
institutional entrepreneurship*

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Introduction

Global food and agriculture systems are in continuous transformation from malnourished populations to antiquated farming practices due to increasing demand for the food by the growing world population. According to World Bank (2017) the world population increases every year by more than 75 million people, and it is expected to reach 9 billion people by 2020 (FAO, 2009) [1]. With the sharp increase in population, economies across the world are facing with challenges such as traversing social, economic, and environmental dimensions of sustainability including climate change, hunger and malnourishment, economic inequity, and social insecurity. Agriculture sector plays a huge role in addressing these issues and have been recognized as one of the core sectors in any economy that have a tremendous effect in improving the life of people socially and economically, sustaining human life [2]. However, the emergence of agribusiness in the agriculture and venture of different form of agribusiness has created a source of value addition for primary agriculture and as a contributor to improve product quality and safety, and a provider of services that allow food to flow from production to consumption [3]. Increased in new ventures in the agribusiness also has created competition in the agriculture sector in terms of agribusiness and management.

Food and agribusiness industry today are faced with challenges such as value addition, market access, trade and agribusiness management and natural resource management. Today agricultural consulting service with extensive experiences are working with agri-business in tackling various issues facing the industry; including issues related to growth strategies, sustainability, and operational efficiency. As a result, consulting service has made it suitably positioned to deliver tangible value to its clients in dealing with cost pressures, partnering, sourcing and delivery capabilities & improving Food & Agribusinesses [2].

This paper aims to discuss and present how consulting as in business management has evolved over the past years and how consulting as a theoretical model influences the

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sustainable development of agrarian enterprises. Moreover, the paper will show the importance and the relationship between consulting and sustainability, and its effect on agribusiness.

Concept of Consulting and the evolution of consulting in management field

"A consultant" by definition is usually an expert or a professional in a specific field and has a wide knowledge of the subject matter. The question on how management consulting developed or evolved have being long discussed by many scholars. According to David, Since and Haveman (2013), management consulting evolved from "Institutional entrepreneurship" between two World Wars. In this study "Institutional Entrepreneurship" is defined as "socially skilled actors who work to justify and legitimate new kinds of social arrangements. Gartener 1988, and Aldrich and Ruef 2006 describe "Institutional Entrepreneurship" as socially skilled actors who are to justify and legitimate new kinds of social arrangements [5].

Identity or the definition of "Management Consulting"

To understand how management consulting evolved it is important to identity or explain the definition of the consulting management. Table 1 below shows definitions of management consulting by different authors. The definitions shows clearly that there are different stands on the management consultant definition, nevertheless almost all the definitions of the management consultant have a descriptive nature and take a neutral stand towards the profession [4].

Among all the definitions above, the definition of Kubr (2002) which states that "management consulting is an independent advisory service assisting managers and organizations to achieve organizational purposes and objectives by solving management and business problems, identifying and seizing new opportunities, enhancing learning and implementing changes" best fits the basic principles of the management consulting in relation to the sustainable development of agrarian enterprises. Thus, the basic principles as stated in this definition will be used as the essence of the "management consultant", in this paper.

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Table 1

Definition of "Consulting Management" by different scholars

Author	Title	Definition
Kubr, M.	Management consulting: A guide to the profession (2002)	'Management consulting is an independent advisory service assisting managers and organizations to achieve organizational purposes and objectives by solving management and business problems, identifying, and seizing new opportunities, enhancing learning and implementing changes'
UK Institute of Management Consultants	Guide to membership (1974)	'The service provided by an independent and qualified person or persons in identifying and investigating problems concerned with policy, organization, procedures, and methods; recommending appropriate action and helping to implement these recommendations'
Alvesson, M.; Johansson, A.W.	Professionalism and politics in management consultancy work (2000)	'a management consultant is said to be in a position to make an unbiased assessment of any situation, tell the truth and recommend frankly and objectively what the client organization needs to do without having any second thoughts on how this might affect his or her interests.'
Wallace, W.A.; Hall, D.L.	Psychological consultation : Perspectives and applications (1996)	'Consulting is a complex professional activity in which the consultant provides technical and problem-solving skills, specialized knowledge, and work systems and processes to improve the function and outcomes of the consultee'
Block, P.	Flawless consulting: A guide to getting your expertise (1999)	a person who is in the position to exert an influence on an individual, a group, or an organization but who does not possess a direct power to implement 'change' or interventions'

Source: Berg (2011)

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Evolution of Management Consulting

David, Since and Haveman (2013), extensive analysis study on archive materials to understand how the institutional entrepreneurship evolved into new forms of legitimate forms of organization such as Management consulting firms or organizations, gives detailed description of how this process occurred through the period of World War I and II which lead to the formation of legitimate professional form of Management Consulting [4].

As discussed in their analysis study, industrial revolution provided the key driver for the emergence of consulting firms. According to the literature the first recognized management consulting firm was formed in 1890 by Arthur. D.Little, which specialized in technical research, which later became known as "management engineering". However, during 1933 the regulatory environment changed and outlawed the consultative services preventing banks from engaging in non-financial activities which lead to the ultimate growth of early consulting firms. However, the challenge was, to legitimate these consulting firms. According to David, Since and Haveman (2013), companies such as McKinsey and Booz Allen Hamilton through theorizing, affiliation and collective action sought to model themselves on legal practices and adopted the partnership model. Gradually Bower, the CEO of McKinsey developed and earned the professional status to consultants and to consulting firms. Nowadays consultancy firms are on the back of increasingly globalized companies and helping multimillion dollar companies to outcompete their rivalries and several governments to cut down costs in the process of increasing their efficiency [4 & 5].

Concept of sustainability and management consulting

Consulting management had gained widespread acceptance among different business sectors and is widely used by different companies and governments. Nowadays a new modern concept, "Sustainability" is added in consulting management. According to experts and research studies, sustainability consulting management provides organizations with the tools and expertise to implement sustainable solutions [6].

Definition of Sustainability

According to Hart and Milsten (2003) sustainability means

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expecting to improve the social and environment performance of the present generation without compromising the ability of the future [7]. There are several definitions of sustainability in various literature. However, in each definition the main core concept of sustainability remained same, which is enhancement and preservation with respect to society and environment. For an example, Dyllick and Hockerts (2002) define sustainability as the development of society in such a way that the natural environment is preserved for the future generation while, adding value and delivering financial gains in the present [7].

Sustainability and management consulting

Several authors move, back and forth on how integrating “sustainability” concept in “management consulting” affects business. In today’s world, managers and entrepreneurs are faced with the challenge of contributing to sustainable development due to fast changing global economy and unpredictable climatic conditions.

Diana, P, A, N (2017), have put forth several arguments in favor of moving towards sustainable business models in which it states that, by integrating sustainability in business management, leads to the development of business models and sustainability opportunities which helps in directing the needs of stakeholder without compromising the future of the firms as well as satisfying the needs of the stakeholders. Similarly, Whiteman, Walker and Perego urge that business must rebuild their management strategies around sustainable development concept in order to tackle with social, environment and economic challenges. It is argued that by incorporating sustainability in business management enhances efficient resource use system while maintaining a high value for the final products as well as to cost reduction, leading to innovation and new business models [2]. According to literature as shown below in the figure 1, “The Triple Bottom Line (TBL)” provides a framework for measuring the performance and success in business management using the economic, social, and environmental lines. TBL puts a balanced focus on both improving the efficiency of organizations as well as the improvement of the economic, social, and environmental value provided [7, 8 & 10].

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Figure 1
**Three spheres of sustainability (adapted from the 2002
University of Michigan Sustainability Assessment)**

According to UN Environment Program (2014), there are over two hundred academic reports which shows a statistically significant and positive relationship between sustainable and financial performance as well as reports of the triple bottom line and of sustainable development, respectively.

Consulting service for the sustainable development of agrarian enterprises

According to Kanter et al., (2016) agricultural sector has a significant role in supplying necessary nutrition to individuals, deploying the global economy, and establishing the relation between society and nature. As shown above in the figure 1 keeping sustainability as the main core-concept of the agribusiness will increase productivity and income, strengthen resilience to climate change and variability and will reduce agricultures contribution to climate change such as greenhouse gas emissions and carbon storage on farmland [8]. However, the question is how sustainability in agriculture sector can be achieved? According to FAO reports consulting service plays a huge role to attain the sustainable development in agricultural sector. Developing countries have

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weak agricultural innovation systems, fragmented and poorly linked with farmers, civil society, government organizations and private sector [9]. Consulting service helps to reform and support to technology transfer and extension service to meet the challenges of food and nutrition security, poverty reduction and environmental sustainability. Through consulting service technical knowledge is made relevant and farmers are directly involved in learning and innovation aimed at adapting knowledge and enabling environment within which farmers can overcome the constraints farmers face in adopting modern technology and agricultural practices for the sustainable development. Furthermore, it helps management of farming as well as agricultural business to remain economically viable, providing farmers, food processors with livable wage and safe working conditions. It also bolsters local and regional economies creating good jobs and building strong communities [7, 9 & 10].

Conclusion

Evolution of consulting service as a form of professional business management and the use of this service has shaped how farming and agricultural business are carried to overcome the global economic problems. Agricultural consulting service provide advisory services in assisting managers and organizations to achieve their goals and objectives by solving management problems for the sustainable development of agricultural business. Consulting service that is based within the framework of sustainability encourages farmers and agribusiness on implementing sustainable strategies that increases the efficiency of the value chain through the preservation of environment, protection of health and sustaining the economically viable communities.

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