Management consulting: Delivering service value within services businesses

Rohit Ramanujam

School of Business, James Cook University

Author Note

Rohit Ramanujam, School of Business, James Cook University.
This study acknowledges the contributions of Associate Professor John Hamilton and Dr. Singwhat Tee at James Cook University, Australia. Queensland Program for Japanese Education is sponsoring the conference travel and research program through a grant.

Correspondence concerning this article should be addressed to Rohit Ramanujam, School of Business, James Cook University, PO Box 6811, Cairns, QLD 4870, Australia. E-mail: Rohit.Ramanujam@my.jcu.edu.au
Abstract

This study investigates how management consulting can moderate / mediate the competitive intelligence, business value relationship of service businesses. It explores the competitive intelligences of service businesses and investigates how they collectively deliver sustainable business advantage. It researches how management consulting tools can deliver additional business value. Collective intelligence value consultancy moderation (CIVCM) model for management consulting within service businesses is provided. Competitive intelligences for service businesses may be considered as a function of eight constructs (futures management, operations management, strategic leadership, organizational structure, human resource management, information technology, collective intelligence, and innovation). These in turn influence the deliverable service business value which is measured as economic value, performance value, quality value, service value, and their influence on customer satisfaction. To deliver service value from competitive intelligences, service businesses may engage management consulting firms. These firms apply their management tools (portfolio management, performance management, change management, marketing management, process management, and innovation) to the business’s intelligences and deliver added value to the existing service businesses. Hence, the study investigates the influence of management consulting processes and explains how various consulting tools affect the relationship between competitive intelligence and the service business value. The research adopts a quantitative data analysis approach and highlights significant constructs and pathways to improve business competitiveness. A four step mixed-methods exploratory research and survey design comprising quantitative and Delphi techniques is utilized. A two-stage stratified sampling procedure is used to survey approximately four hundred service businesses. Survey data is collected online and by mail. Qualitative data is collected via face-to-face video conferencing interviews. Factor analysis and structure equation modelling (SEM) is employed to test the hypothesis. The influence of consulting process (moderating / interacting) is examined using the SEM pathway total effects approach. This research advances empirical knowledge of strategic management.

Keywords: Management consulting, competitive intelligence, collective, business value, service
Introduction

Many studies have examined how competitive intelligence influences the delivery of business value (K. B. Lee & Wong, 2011; Mithas, Ramasubbu, & Sambamurthy, 2011a). Research also indicates how management consulting can be engaged to optimize organizational performance to further improve business value (Hienerth, Keinz, & Lettl, 2011; Hughes, Bence, Grisoni, O'Regan, & Wornham, 2011). Little research has examined how the influence of competitive intelligence on business value may be modified by consulting processes (Allred, Fawcett, Wallin, & Magnan, 2011; Bergh & Gibbons, 2011; Sturdy, 2011; Tronvoll, 2011a). This study presents the collective intelligence value consultancy model to examine the influence of management consulting in service businesses.

The research model

Figure 1 shows the relationship between the three business blocks. The business collects its intelligences in at-least eight ways. The management consultants have impact on the service businesses when they deploy their tools and approaches to improve the service business value (SBV), as measured in the SBV construct. The elements of the research framework include service business elements, business requirements, customer expectations, moderating role of management consultants, and the business value delivered by those businesses.

Here, the intelligences of service businesses can be used to enhance business value (Ang & Inkpen, 2008; Narayanan, Jayaraman, Luo, & Swaminathan, 2010). The aforementioned eight competitive intelligence constructs may not individually be unique to a service business; but collectively they can offer sustainable competitive advantage delivering business value (Narayanan, et al., 2010). Therefore the hypothesis is:

H1: Competitive services business intelligences influence business value.

Given that the direct and/or indirect effects of competitive service business intelligences on business value is well established in the literature, the focus now is on the hypotheses and contribution of the moderation / mediation effects of management consulting.

Having experienced recent economic downturn customers are under pressure to keep costs down and may concentrate on price, requiring businesses to resonate its value proposition with customer demands (Colpan, Yoshikawa, Hikino, & Del Brio, 2011). Such
customers often consider factors including service benefits, differential service value, and parity value and prefer customized services (Anderson, Narus, & Van Rossum, 2006). In contrast, successful service businesses focus attention on positive service factors to develop maximum competitive impact. Thus, business-customer relationships exhibit gaps and may require renewed attention (Heskett, Jones, Loveman, Sasser, & Schlesinger, 2008).

Management consultants moderate / mediate this gap. They administer management tools to balance businesses (Greenwood, Li, Prakash, & Deephouse, 2005). This often achieves profit and growth while addressing customer sensitive factors such as price and satisfaction (Tarasi, Bolton, Hutt, & Walker, 2011). Therefore, management consultants exploit such new forms of knowledge to align service businesses with the customers’ expectations and so create additional value leading to the following hypotheses:

**H2:** Management tool capabilities influence services businesses.

**H3:** Management tool capabilities influence business value.

**H4:** The business value of services business intelligences is moderated by management consulting.

![Collective intelligence value consultancy moderation (CIVCM) model](image_url)

**Figure 1.** Collective intelligence value consultancy moderation (CIVCM) model
Critical elements of service businesses

Entrepreneurs may conceive businesses to create value and to capture returns from that value (Shafer, Smith, & Linder, 2004). Businesses often engage in the trade of products, services or both. These businesses bring together unique resource packages to strategically exploit marketplace opportunities (Adler et al., 2009) typically focusing on efficiency, complementarities, repeat transactions, and novelty (Amit & Zott, 2001).

Strategic forecasts and constant changes in technology demand real time solutions offering changes to futures management practices (Mendonça, Cunha, Ruff, & Kaivo-oja, 2009). Service operations utilize such futures practices to design process integration and so enable businesses to achieve operational efficiencies (Heim & Peng, 2010; Malhotra, Gosain, & Sawy, 2005).

Top-level strategic leaders in outstanding service businesses recognize the fluid nature of competition (Kramer & Crespy, 2011) and respond to the competition by implementing revolutionary practices such as collective ambidextrous organizational structures (Adler, et al., 2009) that build specialized knowledge of customers and co-workers developing cohesive work relationships leading to sustainable competitive advantage (Ployhart, Van Iddekinge, & Mackenzie, 2011).

Today’s collectively intelligent businesses groom multi-functional employees, encourage small group problem solving under vertical and horizontal coordination, and build collaborative IT infrastructure to facilitate cross-functional integration (I. J. Chen & Paulraj, 2004). They use collective forecasting methods such as prediction markets to incentivise unique information exchange, and to aggregate individual inputs forming a publicly visible estimate of a quantity. Thus, this approach, while not guaranteeing the development of new ideas, increases the chances of creating new services such as Google, Wikipedia, and Threadless (Malone, Laubacher, & Dellarocas, 2010).

Futures management.

Today, business strategy also looks forward (Kaplan, 2011). In an uncertain environment, the probability of successful investments in strategic assets is higher when businesses are able to forecast plausible futures (Aragon-Correa & Sharma, 2003). Thus, intelligences such as futures management, while not making predictions, delve into making business choices today with an understanding of how service businesses can be competitively superior over time (Davis & Mentzer, 2007). Hence, futures management may affect business value in services businesses (Martín-Oliver & Salas-Fumás, 2011; Xiong & Bharadwaj, 2011). Thus, the hypothesis is:
H5a: Futures management capabilities influence business value.

H5b: Futures management capabilities influence the construct services business.

Operations management.

Researchers argue business routines, as an operations capability, deliver business performance. Routines are business processes utilizing resource clusters delivering desired outcomes (Peng, Schroeder, & Shah, 2008). The development and leverage of such resource capabilities (operational routines) often create sustainable competitive advantage (Salvato & Rerup, 2011). Operations management can relate to business value (Blocker, Flint, Myers, & Slater, 2011; Patrício, Fisk, Falcão e Cunha, & Constantine, 2011). Investigators envisage the success of operational business routines in myriad ways (Narasimhan, Swink, & Viswanathan, 2010; Rozensweig, Laseter, & Roth, 2010), such as by measuring how operational decisions affect economic performance (Li, Benton, & Leong, 2002; Palvia, King, Xia, & Palvia, 2010), business performance (S.M. Goldstein, Ward, Leong, & Butler, 2002; Petroni, 2000), and service quality (Dagger, Sweeney, & Johnson, 2007; Li, et al., 2002) in service businesses. Therefore, the hypothesis is:

H6a: Operations management capabilities influence business value.

H6b: Operations management capabilities influence the construct service business.

Strategic leadership.

Businesses may be composed of a complex web of interactions depending critically on particular individuals who formulate strategic direction (Coff & Kryscynski, 2011). These strategic leaders create or change resources such as innovative culture, frugality, and focus, thus creating resources that may not be absolutely imitable (Sheth, 2011).

Empirical studies have found that leaders can have access to information and resources (Griffin, 2011; Mithas, Ramasubbu, & Sambamurthy, 2011b). These strategic utilities entail them to make decisions that often enhance economic profit (Douglas & Fredendall, 2004; Geletkancyz & Boyd, 2011), and may result in increased service performance (Meyer & Collier, 2001; Preston, Chen, & Leidner, 2008).

Some scholars use service businesses to investigate the ubiquitous role of leadership in ensuring service quality (Chesteen, Helgheim, Randall, & Wardell, 2005; Marley, Collier, & Meyer Goldstein, 2004) and offering service guarantees (Hur, van den Berg, & Wilderom, 2011; Sum, Lee, Hays, & Hill, 2002). Thus, leaders often drive all components of business value, including economic, performance, quality, and service. More specifically, businesses with strategic leaders driving the aforementioned values frequently provide customers with enhanced satisfaction (Meyer & Collier, 2001). Thus, the hypothesis is:
H7a: Strategic leadership capabilities influence business value.
H7b: Strategic leadership capabilities influence the construct services business.

Organizational structure.

Literature suggests organizational structure may not simply implement strategy (Esslinger, 2011). It determines allocation and motivation of resources through formal (structure, systems) and informal (culture, networks) mechanisms (O'Reilly III & Tushman, 2011; Somaya, Kim, & Vonortas, 2011). Here, strategy drives design objectives and results in competitive resource provisions (Fiss, 2011).

Some experiential studies show that services businesses whose resources are structured often exhibit significantly higher economic performance than non-structured businesses (Emery & Fredendall, 2002; Van de Ven, Rogers, Bechara, & Sun, 2008) and can positively influence customer satisfaction (Emery & Fredendall, 2002; Evanschitzky, Groening, Mittal, & Wunderlich, 2011; Van de Ven, Leung, Bechara, & Sun, 2011). Therefore, the hypothesis is:

H8a: Organizational structure capabilities influence business value.
H8b: Organizational structure capabilities influence the construct services business.

Human resource management.

Human resources in high performing businesses develop specialized knowledge of customers and co-workers, practice participative learning in training, and develop cohesive work relationships thus leading to sustainable competitive advantage (Hatch & Dyer, 2004; Ployhart, et al., 2011).

Human resource management strategically empowers resources to compete in business environments (Cappelli, 2008). Some studies investigate the influence of organizational demography (Gonzalez & DeNisi, 2009) and human resource system (Lin & Shih, 2008) on business effectiveness. Some other studies research how human, business, and technology resources affect organizational performance (Meyer & Collier, 2001; Zhuang & Lederer, 2006).

Service quality is one of the most important attributes of human resource effectiveness (Johnson & Ashforth, 2008; Yee, Yeung, & Cheng, 2008). Businesses exhibiting high service quality through increased operational performance frequently enhance customer satisfaction (Meyer & Collier, 2001; Yee, et al., 2008). Thus, the hypothesis is:

H9a: Human resource management capabilities influence business value.
H9b: Human resource management capabilities influence the construct services
business.

**Information technology (IT).**

Immediacy of feedback through technology is critical to achieving strategic goals (Leonardi, Neeley, & Gerber, 2011). Here, IT creates dynamic capabilities in collective operations and workflow management (Banker, Bardhan, Chang, & Lin, 2006; Heim & Peng, 2010). There may not be a specific research model defining IT capabilities leading to service innovation and resulting in increased business profit (Chesbrough, 2011). However, Ordanini and Rubera (2010) propose a collective research model and survey 962 e-commerce adopting businesses.

Certain aspects of leadership can ensure economic returns for strategic IT investments (Sobol & Klein, 2009). Sometimes, this troika of constructs deal with strategies that result in enhanced service performance capabilities (S.M. Goldstein, et al., 2002; Hull, 2004). Palvia et al. (2010) research the effect of IT on customer satisfaction. Here, hybrid bonds between IT management capability and service quality frequently deliver satisfaction.

Customer centric performance tends to appreciate with increased IT investment. For example, Zahay and Griffin (2004) conduct a study on 209 services businesses that confirm an increase in customer-based performance with higher IT development. Another empirical work investigates the effect of leadership, and IT on quality in service industries. These composite capabilities can have a positive impact on service quality (Prybutok, Zhang, & Ryan, 2008).

Scholars have found a correlation between electronic systems (retail and hospital) and satisfaction. While a triangulation between Website Usability, Technology Acceptance Model, and Transaction Costs often deliver enhanced user satisfaction (Thirumalai & Sinha, 2010), the computerized physician order entry systems frequently deliver enhanced patient satisfaction (Queenan, Angst, & Devaraj, 2011). Thus, IT can relate with key measures of service businesses and can frequently associate with delivered value (Mithas, et al., 2011a; Tallon & Pinsonneault, 2011). Therefore, the hypothesis is:

**H10a: Information technology capabilities influence business value.**

**H10b: Information technology capabilities influence the construct services business.**

**Collective intelligence.**

Dynamic environments often demand strategic decisions that are made by collective characteristics such as outreach, additive aggregation, and self-organization. This collectively gained intelligence through interaction in an interconnected (online and virtual) world (Chandra & Coviello, 2010) may lead to durable competitive advantage (Vershinina,

Resources include people, championed to deliver a service and can directly affect its success or failure (Connelly, Ketchen, & Slater, 2011; van Beuning, de Ruyter, & Wetzels, 2011). In particular, collective affective employee commitment is cited as a strategic trigger for improved financial performance (Kunze, Böhm, & Bruch, 2011). Here, strategic co-alignment of business strategy, and structure with IT strategy, and structure frequently delivers sustainable business performance (Bergeron, Raymond, & Rivard, 2004).

The ethical decision making skills of inter-business collaborators have been traced to media effects on group performance outcomes (Sarker, Chatterjee, & Valacich, 2010). Here, performance enhancing collaboration types include systems collaboration and strategic collaboration (D. Kim & Lee, 2010). Further, alliances formed through the aforementioned inter-business networks can influence capital resources, e.g. service quality (Spralls, Hunt, & Wilcox, 2011) developing higher-order business capabilities (collaborative agility and collaborative innovative capacity) to innovatively connect businesses (Agarwal & Selen, 2009).

Sometimes, this innovative supply chain achieves efficient co-operation between the supplier and the customer and other-times, it can lead to conflict (Heikkilä, 2002). Here, collaborative conflict management improves the joint demand chain to deliver good customer satisfaction (Bradford, Stringfellow, & Weitz, 2004). Therefore, the hypothesis is:

**H11a:** Collective intelligence capabilities influence business value.

**H11b:** Collective intelligence capabilities influence the construct services business.

**Innovation.**

Innovation can signify to the use of new ideas that catalyse growth (Hsieh, Lee, & Ho, 2011; Wilson & Doz, 2011). These ideas are often generated by personnel who recognize product/service failures. Thus, service personnel represent a critical source of customer-generated feedback (Umashankar, Srinivasan, & Hindman, 2011).

Service innovation can be a means of gaining advantage in a competitive marketplace (Allred, et al., 2011; Haar & White, 2011). Through the delivery of innovative service practices, businesses often evaluate the value generated. One of the ways of measuring innovative practices is by hypothesizing that service delivery innovation influences financial performance (J.-S. Chen, Hung Tai Tsou, & Huang, 2009). Another way is by measuring the intensity of innovation practiced in a business and its impact on economic performance (Vogus & Welbourne, 2003).
Sometimes, new ideas can be generated from business partners practising market intelligence activities (Cooper, 2011). This cooperative relationship among competitors can increase service innovation focus (He & Keung Lai, 2011). The concepts thus generated require implementation and are generally surveyed to calculate effectiveness. Summarizing, innovation’s effectiveness in service businesses (Agarwal & Selen, 2009) is measured through its impact on business performance (Berson, Oreg, & Dvir, 2008; Eisingerich, Rubera, & Seifert, 2009). Therefore, the hypothesis is:

**H12a: Innovation capabilities influence business value.**

**H12b: Innovation capabilities influence the construct services business.**

**Business value**

Researchers have investigated the success of competitive intelligences in myriad ways (Hunt, 2011; A. L. Porter & Newman, 2011) such as by measuring economic value (Coff & Kryscynski, 2011; Leiblein, 2011), business performance (Gebauer, Gustafsson, & Witell, 2011; Rollins, Bellenger, & Johnston, 2011), and the perceived quality of the service (Gabbott & Tsarenko, 2011; P. K. C. Lee, Cheng, Yeung, & Lai, 2011).

Researchers can treat business value success as a multi-faceted construct (Jian, 2011; Salam, 2011), choose several appropriate success measures based on the research objectives and the phenomena under investigation, and consider possible relationships among the success dimensions when constructing a research model (Amado, Santos, & Marques, 2011; Wixom & Watson, 2001).

Drawing on the work of Edvardsson et al. (2011), four dimensions of business value are selected as being the most appropriate for this study: economic value, performance value, quality value, and service value. Empirical studies (e.g. (Ernst, Hoyer, Krafft, & Krieger, 2011; Kaleka, 2011)) have found that these four dimensions are related to one another and deliver enhanced customer value: higher levels of economic value, performance value, quality value, and service value are associated with higher levels of customer satisfaction.

Strategic business value can be enhanced when businesses tap into collective intelligence for research and development (InnoCentive), innovation (Netflix), market research (Affinnova), forecasting (Intrade), customer service (user communities), knowledge management (Wikis), systems testing (Peer-to-Patent) and crisis response (Cajun Navy) (Bonabeau, 2009). Business value may include key constructs such as economic value (Chari & David, 2011; Fiss, 2011), performance value (Kirca et al., 2011;

Business value can include key customer related constructs. Successful service businesses integrate business-customer relationship into service models thereby earning customer loyalty, customer trust and enhanced financial performance (Moschieri, 2011). This practice of delivering sustained customer value offers a major source of competitive advantage (K. H. Kim, Jeon, Jung, Lu, & Jones, 2011).

Economic value.

Business performance can relate to economic values (Hunt, 2011). While high levels of business performance usually signifies higher economic values converse is generally not true (Zhong, Yuan, Li, & Huang, 2011). Businesses may adopt functional practices that enhance performance and also pursue opportunities that increase economic value thereby enhancing competitive advantage (Krishnan & Yetman, 2011; Maurer, Bansal, & Crossan, 2011).

Performance value.

Performance value may be a dimension of functional value (D. Grace & Weaven, 2010). Customers not only value emotional value (pleasure derived from the purchase) and social value (social consequences of the purchase); but also functional terms of expected service performance (Kankanhalli, Lee, & Lim, 2011; Sweeney & Soutar, 2001). Service performance is often enhanced by increased operational effectiveness (multistage service operations) (Sulek, Marucheck, & Lind, 2006). Operational performance may be enhanced by employing multistage service operations to increase efficiency and utilization (Wu & Chen, 2006). Thus, strategic operational performance can enhance business value (Subramani, 2004).

Quality value.

Service quality often relates positively to customer satisfaction, and retention (Kettinger, Park, & Smith, 2009). Service quality can be enhanced by measuring service reliability, responsiveness, tangibility, empathy, and assurance (Parasuraman, 2005). Thus, measuring service quality can increase customer satisfaction, result in revenue gains, and amount to cost reductions and may lead to strategically enhanced business value (Jacobs, Singhal, & Subramanian, 2010; Nair, 2006).

Service value.
Customer satisfaction is often enhanced by providing innovative services (Zomerdijk & Voss, 2011). Service innovation may be closely related with the business’s role (innovator) and the customer’s role (co-creator) of creating service value (Paswan, D'Souza, & Zolfagharian, 2009). Experiential services highlight importance of service quality and sacrifice that drive customer value. Customers can sacrifice price to obtain innovative services (Hume, Sullivan M., Liesch, & Winzar, 2006). Thus, service value is strategically an effective determinant of customer perceptions and can drive business growth (Lewis, Mathiassen, & Rai, 2011; Mollenkopf, Frankel, & Russo, 2011).

**Customer satisfaction.**

Customer satisfaction relates with desired, predicted, and normative customer expectations. These expectations are influenced by explicit service promise, implicit service promise, word-of-mouth communications, and past experience (Thirumalai & Sinha, 2005). Thus, decision data on customer satisfaction customized along different purchasing aspects provide direct conduit for businesses in identifying their strengths and weaknesses vis-à-vis competition and these relate to increased share of spending, enhanced financial performance (Keiningham, Aksoy, Cooil, & Andreassen, 2008; Thirumalai & Sinha, 2011).

**Business value and customer satisfaction.**

Summarizing, a system displaying high economic value (Ndubisi, 2011; Webb, Ireland, Hitt, Kistruck, & Tihanyi, 2011), performance value (Gázquez-Abad, Cannière, & Martínez-López, 2011; Malhotra & Kubowicz Malhotra, 2011), quality value (Parasuraman, 2005; Zhao, Lu, Zhang, & Chau, 2011), and service value (Morgeson, et al., 2011; Tronvoll, 2011b) can lead to enhanced customer satisfaction.

Economic value, performance value, quality value, and service value are used in the research model as four dimensions of business value. Based on past findings (Sen & Sinha, 2011; Wang & Wu, 2011) and the theoretical foundations developed by Sheth, Sethia, & Srinivas and Ulaga (2011; 2011), the hypothesis is:

**H13: Business value is associated with perceived customer satisfaction.**

**Management consulting**

Businesses compete on multi-levels and operate to enhance market share, maximise profit and shareholder value (Genus & Coles, 2008). Customers expect personalized services and value for money (Blankson & Crawford, 2011). Thus, businesses may require advice on the aforementioned parameters, necessitating the engagement of management consultants (Ribeiro, 2003). Consultants advise on closure of this gap of varying wants. Here,
consulting administers management tools to analyse the business environment, to reorient business intelligences in a strategic direction, and to streamline diverse customer expectations, thereby delivering additional business value (Anand, Gardner, & Morris, 2007).

**Management tools.**


These factors are believed to affect the ultimate success of the management tools. Of course, there likely are other facets of management tools; however, to keep the research model to a manageable size, only six management tool factors that are best supported by the study’s model development phase are included. These are described in the following sections.

**Portfolio management.**

Portfolio strategy is the selective allocation of limited resources by structuring and balancing speculative investments in potentially high-growth businesses (long-term) and strategic investments in existing, profit-making businesses (short-term) (Tjan, 2001). Hence, portfolio management defines goals, allocates resource, and establishes service business boundaries driving value creation (Jonsson & Regnér, 2009; Pidun, Rubner, Krühler, Untiedt, & Nippa, 2011). Thus, the hypotheses are:

**H14a:** Portfolio management capabilities influence business value.

**H14b:** Portfolio management capabilities influence the construct services business.

**Performance management.**

Performance management is a continuous process of identifying, measuring, and developing service performances including financial (S. M. Goldstein & Iossifova, 2011), business value (Aguinis & Pierce, 2008), and business processes (Parmigiani & Holloway, 2011). Hence, performance management influences strategic business goals (Xavier M., Teresa M., & Torlò, 2011). Therefore, the hypotheses are:
H15a: Performance management capabilities influence business value.
H15b: Performance management capabilities influence the construct services business.

Change management.
Competitive businesses proactively invest in change management to build new capabilities (Coen & Maritan, 2011). They formulate structural changes to enable collaboration across the value chain driving business value. Thus, change management is related to service business performance measured by profitability and growth (M. M. Luo, 2011; Soininen, Martikainen, Puimalainen, & Kyläheiko, 2011). Thus, the hypotheses are:
H16a: Change management capabilities influence business value.
H16b: Change management capabilities influence the construct services business.

Marketing management.
Marketing mix tools such as 10Ps (Kotler, 1994; Magrath, 1986; McCarthy, 1960; Perreault, Cannon, & McCarthy, 2008) allocate resources to serve customers (Hanssens, Thorpe, & Finkbeiner, 2008). Service marketing strategies determine strategic intent of competing businesses, link opportunity with performance, and can enhance business value thereby influencing shareholder value (Kumar & Shah, 2011). Therefore, the hypotheses are:
H17a: Marketing management capabilities influence business value.
H17b: Marketing management capabilities influence the construct services business.

Process management.
Tools such as customer relationship management, Net promoter score, and supply chain management gauge customer satisfaction, loyalty, enhance services, and correlates with revenue growth (Martin, 2011). Thus, improved process management enables businesses respond to opportunities and can influence business performance (Makadok, 2010; Zou, Fang, & Zhao, 2003). Thus, the hypotheses are:
H18a: Process management capabilities influence business value.
H18b: Process management capabilities influence the construct services business.

Innovation.
Innovation may refer to the creation of effective service ideas (Ettlie & Rosenthal, 2011; Ordanini & Parasuraman, 2011). Innovations can differ in their appeal to customer types and operating costs (Bunduchi, Weisshaar, & Smart, 2011; Weigelt & Sarkar, 2011). Thus, innovation is a messy process (hard to measure and manager) and is often recognized when it generates a surge in growth (M. E. Porter & Kramer, 2011; Rigby, Gruver, & Allen, 2009). Therefore, the hypotheses are:
H19a: Innovation capabilities influence business value.
H19b: Innovation capabilities influence the construct services business.

Research methods

Data Collection
Initial versions of two survey instruments are developed based on the strategic management, collective intelligence, competitive intelligence, and management consulting literature. The first instrument is created to measure the influence of competitive intelligence on service business value creation, and the second to measure the moderation / mediation effect of management consulting.

Whenever possible, previously tested questions are used, and generally accepted instrument construction guidelines are followed (Dillman, 1978; Yovel, 2011). Both surveys are reviewed by academics with specific expertise in strategic management, collective intelligence, management consulting, and survey construction. Data is collected from service industries and management consulting businesses.

Operationalization of Constructs
All items are developed based on items from existing instruments, the strategic management literature, and input from strategic management experts. Existing items are not used unless the measures are supported by at least two sources (Sekaran, 2006). Items are measured based on a seven-point Likert scale ranging from (1) “strongly disagree” to (7) “strongly agree”.

Data analysis
The research model will be tested using factor analysis and structural equation modelling through single indicators. This approach analyses constructs in the model by reducing interaction effects between items and by unmasking SEM pathways. Thus, single indicator combines item measures and study paths between constructs more clearly (J. B. Grace & Bollen, 2008).

The analysis of constructs though their measures is performed by using confirmatory, congeneric factor analysis to maximise the reliability of composite score and to minimize measurement error (Hair Jr, Anderson, Tatham, & Black, 2010; Javaras, Goldsmith, & Laird, 2011; Williams, Hartman, & Cavazotte, 2010). Regression analysis is used to investigate relationship between variables by ascertaining causal effect of one variable on another (Greiner & Rubin, 2010; Spector & Brannick, 2011). The model is validated using a second dataset.
Research significance

Implications

The eight forces of intelligence offer contrasting characteristics and capabilities. Competitive businesses build structures that enable seamless interaction between these eight intelligence forces and strategic decision making. Service businesses can use this framework to stimulate competitiveness among the forces and deliver enhanced shareholder and customer value. Researchers have renewed insights to the triangular correlation between service business intelligences, management consultants, and business values.

Future directions

The theoretical framework suggests new research directions. Intelligence measures can be developed to ascertain the interrelation between the eight forces and their impact on business value. Management tool measures can be expanded and used to investigate the business-customer relationship moderation and illustrate the top ten management tools used in the service industry. Finally, empirical studies can investigate if management tools are bipolar and affect both service business intelligences and business value as a two way interactive system.

Conclusions

The main objective of this study is to evaluate the moderating / mediating role of management consulting, affecting competitive intelligences delivering business value. Thus, in this research a conceptual model (CIVC) to investigate the influence of management consulting on competitive intelligence delivering business value is developed. The literature group’s data blocks into manageable factors suitable for evaluation in structural equation modelling (SEM). The forthcoming study will rely on both subjective and objective measures and research will go more deeply into the relevant components and their model effects.
References


2012 Advancements in Business, Economics & Innovation Management Research


