

**UNIVERSITY OF KWAZULU-NATAL**

**“THE FUTURE GROWTH STRATEGY OF MBSA CONSULTING IN SOUTH  
AFRICA IN THE LIGHT OF ITS BEE STATUS”**

**By**

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## DECLARATION

This research has not been previously accepted for any degree and is not being currently submitted in candidature for any degree

I declare that this Dissertation contains my own work except where specifically acknowledged

KWEZI LUVU MPUHLU

Signed .....

Date..... 12/09/2008 096775

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My friends, colleagues and clients of MBSA Consulting, for their unequivocal support during this period.

## **DEDICATION**

This dissertation is dedicated to my beautiful daughter, Kwanita Ogiyonke.

## **ABSTRACT**

*The study is concerned with evaluating the growth strategy of MBSA Consulting which is primarily aligned to the key principles of Black Economic Empowerment (BEE). As a black owned company practising in the field of civil engineering consulting, there is strong competition from both established companies and other BEE companies. The literature review included the general overview of South African legislation and regulation related to BEE and has also revisited the academic framework in the field of strategic management.*

*According to the findings of the study, clients of MBSA which are mainly government departments and institutions are generally satisfied with the work of MBSA. However, they felt that MBSA should incorporate non-Historically Disadvantaged Individuals in order for them to compete with established companies which generally are owned and managed by non-HDIs. The findings of the study revealed that the employee satisfaction level of MBSA employees is good and that can translate to employee encouragement to stay longer with the firm.*

*Finally, the study concluded that MBSA's growth strategy is feasible and there is potential for this company although the issue of skills shortage in the country remains a problem.*

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## **CHAPTER ONE – RESEARCH PROPOSAL**

### **1.1. INTRODUCTION**

This research is an endeavour to conduct a rigorous evaluation of the growth prospects of MBSA Consulting given its Black Economic Empowerment status. The research will further focus on the background of MBSA Consulting and their strategy. Finally, the study will provide concrete recommendations that will give MBSA Consulting food for thought in terms of guiding the organisation.

### **1.2. BACKGROUND OF THE STUDY**

Government defines empowerment as “an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people who manage, own and control the country’s economy, as well as significant decreases in income inequalities”. In simple terms, empowerment involves creating a context in which individuals can fulfil their potential.(Strategy for Black Economic Empowerment: 2004)

This research is an endeavour to conduct an analysis of MBSA Consulting which is wholly owned and managed by Historically Disadvantage Individuals in terms of its future growth. MBSA Consulting is an established firm of Civil Engineering Consultants, which is completely owned by previously disadvantaged professionals, to develop and provide professional services to its clientele (MBSA Company Profile: 2004)

The research therefore aims to evaluate the current growth strategy which places more emphasis on the Black Economic Empowerment profile of this firm. This study will thoroughly evaluate the growth strategy of the firm by subjecting it to a theoretical framework. It will further evaluate the extent to which the developed strategy supports the organisation’s mission, namely, “to

be the service provider of choice to improve quality of life” (MBSA Company Profile: 2004). Another critical focus of the study will be the evaluation of the growth strategy with respect to MBSA Consulting’ s role in enhancing the service delivery of Government, MBSA’ s main client.

Lynch (2000:8) defines corporate strategy as “the pattern of major objectives purposes or goals and essential policies and plans for achieving those goals, stated in such a way as to define what business the company is in or to define what business the company is or is to be?”

The crafted strategy has to be managed in three main areas:

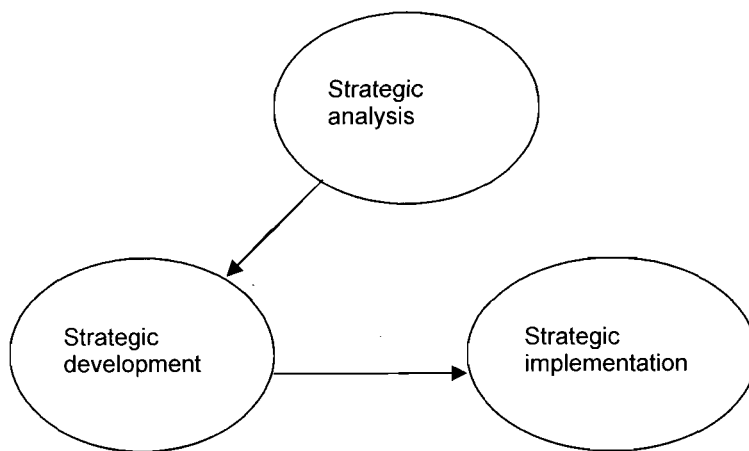
- The organisation’s internal resources
- The external environment within which the organisation operates
- The organisation’s ability to add value to what it does.

The current areas of MBSA Consulting strategy entail:

- *Strategic analysis* – this involved the examination and analysis of the organisation, its mission and objectives.
- *Strategy development*- Two strategy options were developed and one eventually selected. The first one proposed the closure of offices that had a huge deficit. Another option related to the strengthening of all operations within the firm to render it an efficient strong and viable company. The latter was then selected and pursued.
- *Strategy implementation* – Although not all diverse aspects of the chosen strategy have been implemented, some have.

It can be pointed out that MBSA followed a sequential approach in lieu of a simultaneous approach in developing the strategy (Lynch 2003:19)

Figure 1.1: Sequential Approach.



Source : Lynch (2000:19)

### 1.3. MOTIVATION FOR THE STUDY

Economic growth, development and BEE are complementary and related processes.(Strategy for Black Economic Empowerment:2004). Government's approach is that BEE must be an inclusive process. No economy can grow by excluding any part of its people and an economy that is not growing cannot integrate all of its citizens in a meaningful way. As such this strategy stresses a BEE process that is associated with growth, development and enterprise development, and not merely the redistribution of existing wealth.

MBSA Consulting has positioned itself as a 100% HDI Company, and thereby standing better chances to receive preference in terms of South African legislation which includes: The Promotion of Equality and Prevention of Unfair Discrimination; Preferential Procurement Policy Framework Act and Broad Base Black Economic Act. The research will be interesting because other similar firms to MBSA have pursued this approach but in the process depended on the more established companies for support. It has become an open secret in this industry that BEE companies are perceived to be failures in terms of implementing massive contracts (MBSA: 2004).

Considering the limitations and challenges stated in the sections above it will be interesting to research the feasibility of the topic and its future outcomes. One of the tender requirements of Municipalities is that the firm must have fully fledged offices in their respective areas of jurisdiction. This does not only mean an office but also a professional engineer who is full time in that office.

According to Lynch (2000), it is stated that there are two factors that can be advanced as a rationale for the research study. These are of an academic and applied nature. On the one hand, the academic factor suggests that the research is geared towards exploring things for their own sake without any regard for their own applicability.

Secondly, this study will also take the form of applied research since it purports to provide a solution to an organisational problem. It will do this by presuming that by some kind of knowledge regarding performance of MBSA Consulting has been revealed and it needs further refinement and explanation. The latter can be accomplished through the strategy execution and evaluation. Based on the foregoing argument it is significantly vital that the existing strategy be evaluated by subjecting it to an academic framework.

#### **1.4. VALUE OF THE PROJECT**

It is customary that any organisational strategy has to be subjected to scrutiny and review on a continuous basis. With MBSA Consulting being no exception, the research will add value to existing knowledge regarding the strategic planning process. Secondly, it will identify shortfalls in the process and the tangible product, namely, the growth strategy. Finally, it will critically evaluate the strategy in terms of its ability to support its clientele and thereby call for strategy refinement of the strategy if needed. The latter will undoubtedly provide the firm with the competitive edge it so desperately needs in order to realise growth.

## **1.5. PROBLEM STATEMENT**

To what extent is the future growth of MBSA Consulting feasible given the mentioned challenges? Can MBSA Consulting rely on its BEE status to acquire Government Contracts?

## **1.6. RESEARCH OBJECTIVES**

The following research objectives have been identified:

- To examine the future growth prospects of MBSA Consulting.
- To determine the need for strategic realignment.
- To gain research experience requisite in finding knowledge that is useful to the real world.
- To determine if MBSA Consulting can exploit the advantage they have and recruit the right kind of personnel.

## **1.7. RESEARCH METHODOLOGY**

The proposed study will employ a quantitative approach. This will be the exploration of knowledge using, mainly, two techniques:

### **1.7.1. Secondary Data Analysis**

According to Cooper and Schindler, (2003:152) this constitutes the first step in an exploratory study. It involves a search of the secondary literature, which is usually in the form of studies made by others for their own purposes. The organization's data archives will be explored with a view to revealing an extensive amount of historical and current data. This will help the researcher identify methodologies used, and gaps in the strategic plan.

### **1.7.2. Experience Survey**

In light of the shortcomings associated with archived data, it will be imperative for the researcher to seek information from persons experienced in the area of study, tapping into their collective memories and their experience. Directors of MBSA Consulting as well as staff members will be approached in order to seek ideas about important issues or aspects of the subject and discover what is important across the research topic's range of knowledge. The investigative format to be used will be flexible to facilitate the exploration of various avenues that emerge during the interview. It should also be noted that a sample of MBSA Consulting clients would be chosen to elicit insightful information. In order to implement the foregoing techniques, the following methods will be employed:

- A literature survey
- Structured Questionnaires to collect data

## **1.8. STRUCTURE OF THE RESEARCH**

**Chapter 2** will focus on Literature Review. This section will examine any historically significant research studies, organisation data or sector reports that form a basis for the proposed study. The focus will be on literature on strategic management, existing strategic growth plan of MBSA, relevant Government legislation, and other Government strategic documentation.

**Chapter 3** of this study (Research Methodology) aims to explore the research objectives as discussed in Chapter One. The chapter will first outline the research paradigm where key definitions and assumptions will be discussed. Subsequent to this, two main approaches to research, which are deductive and inductive approaches, will be detailed and discussed. Main research strategies will be identified and explanations will be provided and food for thought on why these strategies should not be thought of on mutually exclusive basis.

**Chapter 4** aims at presenting and interpreting data gathered using research instruments as discussed in chapter 3. The data collected are the pointers that will eventually lead the study to answer the research question. The data has been collected from the samples of population as narrated in the previous chapter.

**Chapter 5** will dwell on recommendations and conclusions. Concrete recommendations and a conclusion made at this stage of the research study are based on the rigorous examination of the potential future growth of MBSA Consulting. This will be done by reviewing literature in order to consolidate the theoretical framework that underpins any strategic growth development process.

## **1.9. SUMMARY**

The research proposal has delineated on the possible future growth of MBSA Consulting given its BEE status. MBSA as an emerging firm must find innovative ways to uplift the HDI in order to realise their strategy. It further highlighted the stumbling blocks, which are on the way. Another critical milestone was the rationale behind the study. The following chapter will attempt to set the wider context and to highlight how this study supplements the work that has been conducted in the past which is related to this topic.

## CHAPTER TWO - LITERATURE REVIEW

### 2.1 INTRODUCTION

This chapter primarily concerns itself with the task of reviewing various perspectives and theories that have been put forward in the study of strategic management. This will be conducted through critical discussion of work that has been conducted in the field of strategic management. In reviewing the relevant literature, the study will attempt to elucidate some of the key issues that the enterprise of strategic management censures itself with. The chapter will critically take on a retrospective analysis of literature that has been published on the subject matter and also review more contemporary material. In reviewing literature, the researcher will attempt to illustrate the subject, thereby identifying new means of analysing the problem. The literature review guided the design of the questionnaire to focus questions on the specific aspects of the literature to serve as a guideline to ensure meaningful and accurate results.

The chapter will first give a general overview of MBSA Consulting and then Broad Based Black Economic Empowerment will be reviewed. That will be followed by exploration of the meaning of strategy as defined by other authors; it will then proceed to present what are considered to be core components of strategic management. The chapter will then look at three major steps in strategic management namely; strategy analysis, strategy formulation and strategy implementation. This chapter will in detail narrate the appropriate theoretical paradigm on the research topic of growth strategy, stressing specifically on theories, which might be relevant to MBSA Consulting. The researcher will critically review previous literature on strategy and looking to seek some tentative guidelines and possible responses to the research problem. The structure will not fully unpack the models nor deliberate on them as they are going to be applied in the forthcoming chapters.



## 2.2 GENERAL OVERVIEW OF MBSA CONSULTING

*“to be the service provider of choice to improve quality of life”*

(MBSA Company Profile: 2004)

MBSA Consulting is an established consulting engineering practice, which is completely owned by previously disadvantaged professionals, whose aim is to develop and provide professional consulting services to its clientele. The firm operates in two offices which are based in East London and Mthatha in the Eastern Cape Province (MBSA Company profile: 2004).

MBSA clientele

MBSA Consulting's target market are mainly public institutions namely: Department of Public Works, Department of Roads and Transport, Municipalities and quasi-government parastatals. At the present moment MBSA works with approximately twenty clients and another five potential clients. MBSA's target market base goes beyond the borders of the Eastern Cape (SA) and the entire country and eventually aims to venture into the global market as a global player. MBSA prides itself with highly qualified and competent personnel, duly accredited by the South African Qualifications Authority Board (MBSA Company profile: 2004).

Although MBSA Consulting is young in its present form, it was created out of an amalgamation of firms, some of which have been operating since 1986. Members of the firm have extensive experience in previous consulting practices. MBSA employs approximately twenty professionals and four support staff (MBSA Company profile: 2004).

This firm which has a turnover of more than Ten Million Rands per annum ventures into projects not limited to design and supervision of roads projects, water schemes, sewer schemes and other project management related contracts (MBSA Company profile: 2004).

### **2.2.1 MBSA Consulting's Current Empowerment Status**

MBSA Consulting Empowerment Strategy and the summary of its Employment Equity Plan clearly demonstrates the company's achievements and future commitment to transformation. This can be briefly summarised as follows:

- 100% is owned by Historically Disadvantaged Individuals (HDI)
- The Managing Member, who is also the principal shareholder is employed full time by the company.
- 100% of the qualified professional and technical staff employed in the company are HDI's
- 100% of the management of the company are HDI (MBSA Consulting:2004).

The company subscribes to the following charter:

- Recognition that as part of the business community they have a role to play in developing the HDI skills.
- The belief that it is both their self interest and morally incumbent to invest in the economic empowerment of the disadvantaged individuals and communities.
- They also commit to adopt and implement policies that address *affirmative action in recruitment and development of staff through implementation of an in-company advancement strategy* (MBSA Consulting:2004).

### **2.2.2 Company Challenges**

#### **2.2.2.1 Limited HDI with the "Right Skill"**

During the apartheid era a job reservation policy was reinforced by a vastly inferior education system for black learners and this had devastating effects on skills, particularly technical and science skills, the resultant impact being that the majority of workers obtained positions in the labour market. Only a

small minority gained access to higher education. Technological and professional careers were made less attainable by chronic inadequacies in the teaching of mathematics and sciences in black schools (Strategy for Black Economic Empowerment: 2004).

Although MBSA principals and managers have vast experience in the relevant fields of civil engineering there is a challenge in as far as the future growth is concerned because of a skills shortage. This is worsened by the fact that when it comes to black professionals, those that have skills are already taken up. Even if the company would consider merging with another BEE company, there is a very small pool of black skills in South Africa. The issue of skills shortage is also exaggerated due to the fact that not only is there a skills shortage among black people, but in the industry at large (<http://hsrspublishers.ac.za>).

#### **2.2.2.2 Low Level of Confidence by Clients**

MBSA Consulting is, by far, a recently formed firm when compared to other established practises of civil engineering. There is still a frame of mind amongst society that the best engineering skills can only be found in established white companies. There is a perception of low level of confidence in some of the clients given the fact that the firm is wholly managed by HDI's. The changes in Government structures after the release of the Municipal Systems Act also made it difficult for MBSA in terms of marketing because they were starting to form relationships and building trust with their clientele and suddenly the reporting structure changed from provincial departments to a local government set-up (Municipal Systems Act).

### **2.2.2.3 Lack of Financial Resources**

The engineering profession is amongst a few professions that pays high salaries. The cost of recruiting engineers is too high. The kind of equipment required to execute the work is also exorbitant. Given the above facts that the company desires to expand, it becomes difficult to acquire these assets because of the limited amount of equity that small companies have. Sources of BEE funding are generally expensive, reflecting the lender's assessment of risk associated with recently formed black enterprises (Strategy for Black Economic Empowerment: 2004).

### **2.2.2.4 Performance Management**

Management of operational practice has not kept pace with the new pressures facing MBSA to perform efficiently and effectively. Considerable work has gone into developing a quality management system (QMS), which benchmarks the firm's quality norms, provides clear work instructions for different activities, and provides a comprehensive performance management system (MBSA Consulting: 2004).

### **2.2.2.5 Weak Planning and Management**

Attempts to analyse the business models and cost structure of different offices have failed because each office has pursued its own approach to business planning, costing and financial analysis. There are few commonalities in the approach or costing, and a few mechanisms currently in place to track inputs against outputs. Stringent new financial management systems have been instituted, which provide MBSA with more precise and timely indicators of financial performance. But it will take time to institute a more coherent approach to allocating resources in line with available budgets, tracking staff

utilisation rates and ensuring that our rates align with what it costs to deliver services - and what clients will pay.

### **2.3 A STRATEGY FOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)**

*“The concept of Public Private Partnership is central to the business of Public Works. As part of its core functions, the Department spends billions of rands every year procuring goods and services from the private sector, mainly the Built Environment industry. In turn, the industry views government as its top client.” Minister of Public Works, Stella Sigcau, 2003.*

Black Economic Empowerment is defined as an included and consistent socio-economic procedure that directly contributes to the economic transformation of South Africa and unveils major increases in a number of Historically Disadvantaged Individuals that manage, own and control the country's economy, as well as addresses income disparities. It has been acknowledged that South Africa needs to focus on a BEE strategy to achieve the broad-based economic empowerment of HDIs (Strategy for BEE: 2003). It is for this reason that MBSA has positioned itself along this general government strategy to empower HDIs. According to Strategy for BEE:2003, the BBBEE will facilitate growth, development and stability in the South African economy. In a nutshell BEE includes elements of human resources development, employment equity, enterprise development, preferential procurement as well as investment, ownership and control of enterprises and economic assets.

In order for BEE to be achievable, government has instigated policy instruments whose objectives are to drive this process. Among the instruments include: BBBEE Act, Preferential Procurement, balanced scorecard, National Small Business Act and partnerships and charters. The BBBEE Act is aimed at providing an enabling framework for the promotion of BEE in South Africa (BBBEE Act). The Preferential Procurement Policy Framework Act is another instrument which has been established to support black-owned enterprises. The National Small Business Act was instigated to

provide an enabling environment for Small Medium and Micro-enterprises (SMMEs). The balanced scorecard which was issued as a Code of Good Practice is designed to allow government institutions and other state-owned agencies to align their procurement processes along BEE strategies (Strategy for BEE: 2003). Partnerships in this case refer to the collaboration between private sector and government to achieve aims of BEE.

## **2.4 WHAT IS STRATEGIC MANAGEMENT?**

Hit *et al* (2003:7) describes the strategic management process as, “the full set of commitments, decisions, and actions required for a firm to achieve strategic competitiveness and earn above-average returns”. From the above description, it can be gleaned that in order to achieve the desired outcome of competitiveness and earning of above-average returns, various inputs, which are derived from analysing the internal and external environment, are key to deriving a full set of commitments, decisions and actions. Strategic management is used to pace the business with the ever changing competitive environment.

According to Deresky (2000:220) the process by which a firm’s manager evaluates the future prospects of the firm and decides on appropriate strategies to achieve long-term objectives is called strategic planning. He further goes on to define strategy as, “the basic means by which the company competes – its choice of business or businesses in which to operate and the ways in which it differentiates itself from its competitors”. Both definitions refer to the actions that companies plan in response to or in anticipation of changes in its client base and also its competitors.

Different commentators and scholars on the subject matter are noticing that, in the ever-changing competitive environment, firms need to engage in strategic planning to exist and grow. Noe *et al* (2000:43) define strategic management as “a process, approach to addressing the competitive challenges an organisation faces. It can be thought of as managing the pattern or plan that integrates an organisation’s major goals, policies, and

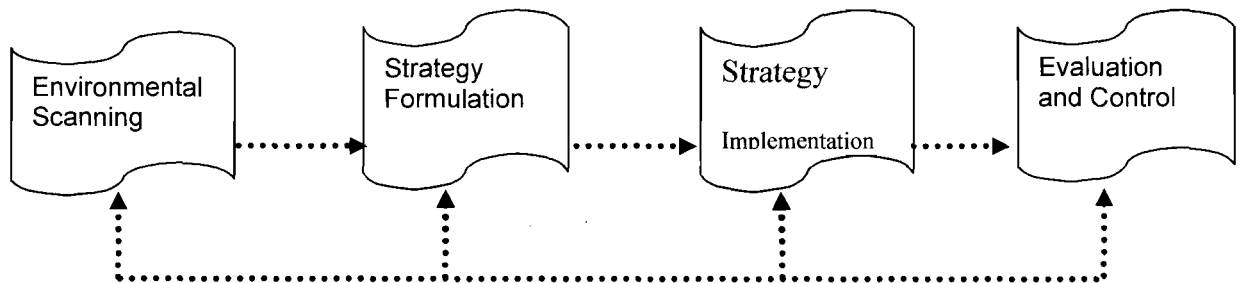
action sequences into a cohesive whole”. Companies first engage in generic strategies which are positioned in a consistent manner relative to its competitors. Secondly they engage in approaches of developing strategies for achieving the company’s goals in view of the firm’s objectives taking into consideration environmental factors.

As stated above, it can be concluded that firms engage in strategic planning to position themselves in a positive footing that will enable them to prosper in future. Strategic management gears companies for future prospects by engaging different strategic types and by analysing the environment and competition.

## 2.5 KEY COMPONENTS OF THE STRATEGIC MANAGEMENT PROCESS

The core components of strategic management process include strategic analysis, strategy formulation, strategy implementation and evaluation and control.

Figure 2.1: Basic Elements of strategic Management Process



Source:Wheelen & Hunger(2004)

According to Lynch (2000:18), the organisation, its mission and objectives have to be examined and analysed. Senior managers conduct an examination of the objectives and the organisation’s relationships with its environment. External environmental analysis is used to assess the understanding of the general environment. This continuous process of external environment analysis involves scanning, monitoring, forecasting and assessing (Hitt *et al*,

2003:43). The internal analysis is used to assess the resources, capabilities and core competencies of the firm. Hitt *et al* (2003:77) stated, “by studying the external environment, firms identify what they might choose to do and by the studying internal environment, firms determine what they can do”. The environmental analysis will then suggest and craft direction in providing and generating a number of candidate strategies.

The process involves matching the company’s strategic advantages to the business environment in line with the challenges that the organisation faces. Hitt *et al* (2003) explain that the strategic management process requires a high level of rationality with the intention of ensuring that a company can readily respond to the challenges of the current business environment. After choosing a tailor made strategy for the organisation, certain drivers are available to successfully achieve the goals and mission. These include leadership, culture, reward systems, organisational structures and allocation of resources (Ehlers and Lazenby 2004: 7).

## **2.6 STRATEGY ANALYSIS**

Prior to an organisation’s formation of strategy, the prerequisite is an external analysis to identify opportunities and threats and an internal analysis to identify strengths and weaknesses. Environmental scanning is the monitoring, evaluation, and dissemination of information from the external and internal environments to key people within the corporation. Firms use this tool to avoid strategic surprise and to ensure its long-term health (Ehlers and Lazenby 2004: 8).

According to Lynch (2000:25), strategy analysis can be divided into two components. The first component is the analysis of the environment and resources. The second component consists of identification of the vision, mission and objectives.



### **2.6.1 Analysis of the Environment**

Lynch (2000:104) explains that strategists essentially agree that an understanding of the environment is an essential element of the development of corporate strategy. It is pivotal for organisations to conduct environmental analysis studies due to the fact that this process provides the organisation with a firm grasp of the nature and magnitude of its competitors and sets-in the basis for developing a sustainable competitive advantage for the organisation. During this process most organisations will identify opportunities that might be further explored and locate possible threats that need to be contained (Lynch, 2000:105). Lynch (2000) further explains that environmental analysis allows the organisation opportunities to develop networks and other linkages, which lead to sustainable co-operative linkages. Such linkages may strengthen an organisation in its environmental context by providing mutual support with others originations. Lynch (2000:106) sites eight basic stages in environmental analysis, which are as follows:-

1. Consideration of the nature of the environment (Strategic Environment)
2. Factors affecting many organisations (General Environment)
3. Analysis of growth (Market Growth)
4. Factors specific to the industry (Success in an Industry)
5. Factors specific to the competitive balance of power in the industry
6. Factors specific to co-operation in the industry
7. Factors specific to immediate competitors
8. Customer analysis

### **2.6.2 Strategic Environment**

Subject to investigating specific aspects of environmental analysis, it is viewed as imperative to provide some general considerations to the basic conditions surrounding the organisation (Lynch 2000:107). The aim of understanding the strategic environment is to assess the strengths and forces driving strategic change and its dynamics (Lynch 2000:107). The theory underpinning this area of thought is that if forces are extremely unstable, they make it difficult to apply some of the tools of analysis. Secondly, the nature of

the environment may influence the way the organisation is structured to cope with such changes (Lynch 2000: 107). Lynch (2000:107) explains that environmental forces surrounding the organisation can be assessed according to two main measures, which are changeability, and predictability where changeability is the degree to which the environment is likely to change while predictability is the degree with which such changes can be predicted. When turbulence is high, firms will need to respond fast to changing environments. (Lynch 2000:107). It is therefore vital that senior managers are always on the alert and have forward focused ways to counteract the ever-changing environment. In South Africa this case is common because of ever changing legislation; this is caused by the fact that Government is fairly new. Firms here which depend on co-operative links with Government are subjected to this environment and they compete on how fast they adapt to the change (Lynch 2000:107).

### **2.6.3 General Environment**

According to Hitt *et al* (2003:41), the general environment is formulated out of dimensions in the broader society that influence an industry and the firms within it. These dimensions are grouped into six environmental segments: demographic, economic, political/legal, socio-cultural, technological and global. This is consistent with the model, which Lynch (2000:109) has suggested which he termed PEST analysis to analyse the general environment. Hitt *et al* (2003:41) further explain that companies that are able to compete successfully within their industry place a premium on gathering the necessary information required, understanding each segment and its implications for the selection and implementation of the appropriate strategies. Hitt *et al* (2003:42). When analysing the general environment, one ought to compare the mentioned aspects with industry environment and competitor environment. It is imperative not to overlook what Lynch (2000: 111) calls 'scenario'. Scenario-based analysis is a tool used to model the future environment of an organisation, whose strategic outcomes can be examined. This model is less interested about the future prediction and more focused on developing different perspectives of the future.

#### 2.6.4 Market Growth

Analysis of market growth is one of the key elements of corporate strategies. The significance of market growth analysis for the study is that it affords the specific company the ability to forecast the merits of investing its resources on a potential business venture. The basic hypothesis underpinning the logic of market growth analysis is that an industry or a market segment within an industry goes through four basic phases of development. Each phase in the growth stages of a segment within an industry will have particular implications on the corporate strategy one organisation adopts. These phases can briefly be described as introduction, growth, maturity and decline (Lynch, 2000:112).

The strategy decision changes as the industry moves along its life cycle. In the **introductory phase**, organisations attempt to develop an interest in the product. It follows that marketing tools and awareness strategies are of great importance during this phase of one organisation's strategy. As the industry moves towards **growth**, new competitors enter the particular industry in hope of gaining a share in the new market. Typical of the long run profit curve in a competitive environment, profits for primary entrants in the particular segment will tend to decline as competition intensifies from secondary/latecomer entry (Lynch, 2000:113). In such instances an organisation's strategy will have to shift from an emphasis on awareness campaign about the product to strategies that stress the particular distinguishing factors about their specific product. It is at this stage that branding becomes an essential tool for the company's strategic focus. In the **maturity stage**, demand is mounting slowly and can be regarded as constant. Most of the customers have already bought the product. Although the stable situation may persist for a while, firms may enjoy higher profits but new entrants remains a threat (Ehlers and Lazenby (2004: 107). The last stage is **decline**. This is when the demand simply does not exist; firms usually react to this by cutting prices. This is when inefficient companies are driven out of the industry (Ehlers and Lazenby (2004: 107). As cited by Ehlers and Lazenby (2004: 107), the different stages in the life cycle pose various threats and opportunity to the organisation as it moves along, it is then imperative to understand what is happening in which stage.

### **2.6.5 Competitive Industry Environment**

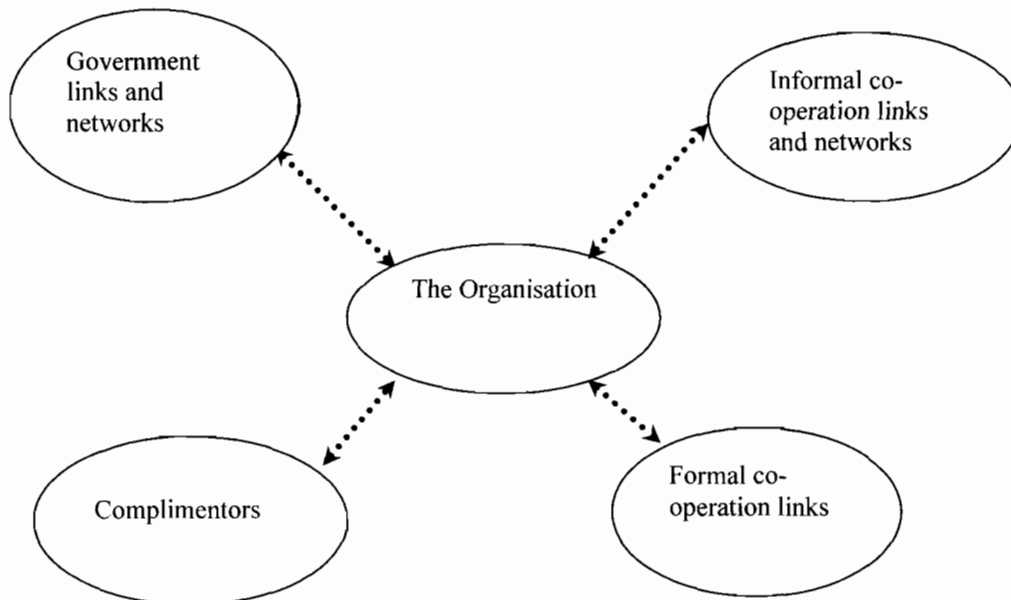
This section of the analysis is an attempt to examine how competitive forces shape strategy. The essence of strategy formulation capacitates companies with the coping tools against competition as Mintzberg and Quinn (1998:75) explains. Compared to the general environment, the industry environment has a more direct impact on the firm's strategic competitiveness and above-average returns. The intensity of industry competition and an industry's profit potential (as measured by the long-run return on invested capital) are functions of the five forces of competition: the threats posed by new entrants, the power of suppliers, the power of buyers, product substitutes, and the intensity of rivalry among competitors (Hitt *et al* 2003: 55). Much of this analysis was structured and presented by Professor Michael Porter of Harvard University Business School and is now termed the Five Forces Model. The objective of such analysis is to investigate how the organisation needs to form its strategy in order to develop opportunities in its environment and protect itself against competition and other threats (Lynch 2000:124). The collective strength of these forces predicts the ultimate profit potential of an industry Ehlers and Lazenby (2004: 95).

### **2.6.6 Co-operative Environment**

Hitt *et al* (2000:277) describe co-operative strategy as a strategy in which organisations work together in order to achieve a shared or common objective. Lynch (2000:133) provides a similar definition of co-operative strategy and explains it as "links and networks are the occasions when organisations link together for a mutual or common purpose without a legally binding contractual relationship". The primary function of this analysis is to assess and establish the nature and strength of the co-operation that has already been forged between organisation and its environment (Lynch 2000:133). Co-operation between organisations in the industry plays a crucial role in sustainable competitive advantage and produce lower operational costs for those companies involved in them by creating a common and larger pool of shared recourses for those companies that part take in them. This is a

typical example of such practices that can involve the sharing of a common client database.

Figure 2.2 Analysing Co-operation: The four links Model



Source: Lynch 2000:133

According to Wheelen and Hunger (2004:127) there are two general types of co-operative strategies, namely: Collusion and Strategic Alliance. Wheelen and Hunger (2004) defines collusion as “the active cooperation of firms within an industry to reduce output and raise prices in order to get around the normal economic law of supply and demand”. They then define strategic alliance as “a partnership of two or more corporations or business units to achieve strategic significant objectives that are mutually beneficial”. Various authors highlight that collusion is illegal in most countries.

In the case of the South African context in which MBSA competes, government has introduced what is termed Public Private Partnership (PPP) which is aimed to be a link of cooperation between public and private sector.

### 2.6.7 Immediate Competitors

Competitors are firms that are producing a similar product to a particular organisation's goods and services and compete for the support of the same customers (Ehlers and Lazenby 2004:105). Hitt *et al* (2000:65) explains that competitor analysis focuses on each company against whom a firm

directly competes. Lynch (2000: 136), states that when analysing competitors and their relationship to an organisation, it is important to analyse some immediate and close competitors. Ehlers and Lazenby (2004: 105) echoed by Hitt *et al* (2000:66) mention that when analysing competitors, organisations must understand:

- What are the future objectives of the competitors?
- What are their current strategies?
- What do the competitors believe about the industry – what are their assumptions?
- What are their capabilities?

Information about the above questions assists the firm in preparing for the anticipated response profile for each competitor. According to Rogerson (1993), the fundamental obstacles blocking black enterprise in South Africa more especially in the sphere of the construction sector is competition from white businesses.

### **2.6.7 Customer and Market Segmentation**

Customers generate proceeds that keep the firm sustained and in existence (Lynch 2000: 138). Ehlers and Lazenby (2004:104) describe a customer as “people, individuals and groups, who buy the goods and services that an organisation produces”. Lynch (2000: 138) suggests that customer analysis be conducted as follows:

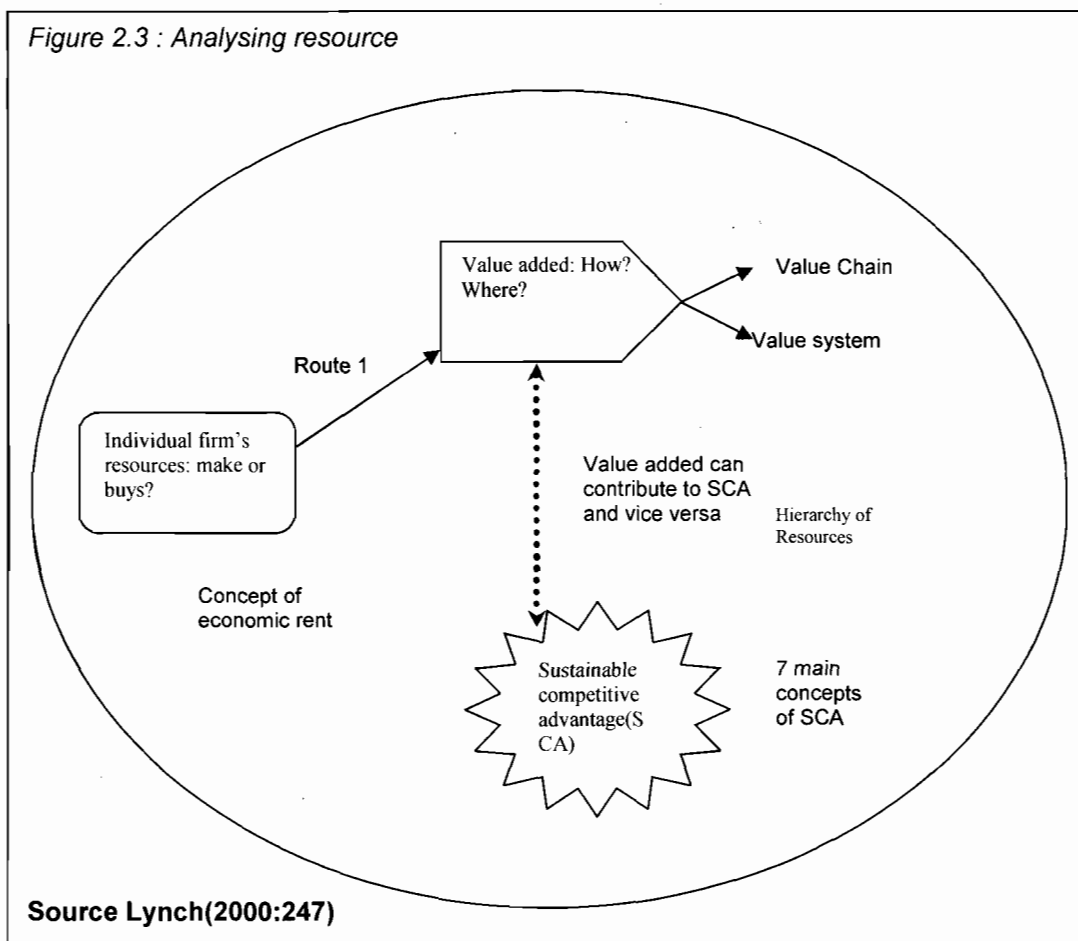
- Identification of the customer and the market
- Market segmentation and its strategic implications
- The role of customer service and quality

Profiling the present and the potential customer helps the organisation to improve its ability to plan for the need of the market. (Ehlers and Lazenby 2004:104).

## 2.7 RESOURCES

Resources, capabilities and core competencies are the characteristics that make up the foundation of competitive advantage. Resources are the source of a firm's capabilities. Capabilities in turn are the source of a firm's core competencies, which are the basis of competitive advantages (Hitt *et al* 2000: 81). Resources include patents, trademark rights, specialised rights, specialised physical assets, and the firms working relationships with suppliers and distribution channels. (Minzberg 1996: 59). A well-resourced company will tend to be able to achieve its core business more efficiently as compared to a company that is not as well resourced; it is this difference that can determine the successes of an organisation.

Figure 2.3 : Analysing resource



According to Lynch (2000:247), it is vital to find out how resources deliver profit in private firms and provide services in publicly owned organisations.

Figure 2.3 above shows the importance of industry key factors for success including both the resources and the environment. According to Lynch (2000), the resource analysis requires to proceed along two parallel and interconnected routes: value added and sustainable competitive advantage.

There are many definitions and examples of what constitutes firm resources including:

### Tangible Resources

Lynch (2000:258) defines tangible resources as the physical resources of the organisation.

- Financial Resources
  - The firm's borrowing capacity
  - The firm's ability to generate internal funds
- Organisational Resources -
  - The firm's formal reporting structure and its formal planning, controlling, and co-ordinating systems
- Physical Resources
  - Sophisticated and location of a firm's plant and equipment
  - Access to raw materials and
- Technological Resources
  - Stock of technology, such as patents, trademarks, copyrights and trade secrets Hitt *et al*(2000:84)

### Intangible Resources

Intangible resources include assets that typically are rooted deeply in the firm's history and have accumulated over time. (Hitt *et al* 2000:84). These types of resources are not easy to quantify but constitute one of the primary competitive edges that an organisation can have at its disposal.

- Human Resources
  - Knowledge



- Trust
- Managerial capabilities
- Organisational routines
- Innovation Resources
  - Ideas
  - Scientific capabilities
  - Capacity to innovate
- Reputation Resources
  - Reputation with customers
  - Brand name
  - Perceptions of product quality, durability, and reliability and
  - Reputation with suppliers
    - For efficient, effective, supportive, and mutually beneficial interactions and relationships (Hitt *et al* 2000:83)

### **2.7.1 Organisational Capability**

According to Lynch (2000: 258), organisational capability is the “skills, routines, management and leadership of the organisation”. Hitt *et al* (2000:85) provide a better articulated explanation of organisation capacity. They explain it as the firm’s capacity to deploy resources that have been purposely integrated to achieve a desired end state. Hitt *et al* ( 2000: 86) further elucidate the meaning of organisational capacity stating that, “The foundation of many capabilities lies in the skills and knowledge of a firms employees and, often, their functional expertise, hence, the value of human capital in developing and in development and using capabilities and, ultimately, core competencies cannot be overstated”.

### 2.7.2 Core Competencies

Hitt *et al* (2000:86) view core competencies as resources that capably serve as a source of a firm's competitive advantage over rivals. They state that '*...as the capacity to take action, core competencies are "crown jewels of the company", the activities the company performs especially well compared to competitors and through which the firm adds unique value to its goods or services over a long period of time.*(p.86)

### 2.7.3 Firm Resources and Sustainable Competitive Advantage

Resource Based View theory symbolises a considerable shift in emphasis towards the individual resources of the organisation away from the market based view. (Lynch 2000: 278). According to Hitt *et al* (2000: 88) a continued competitive advantage can be achieved only when competitors have failed in efforts to duplicate the benefits of a firm's strategy or when they do not have confidence to imitate the company.

From the resource based perspective, to offer sustainable competitive advantage: Hitt *et al* (2000) explain that **valuable** capabilities allow the firm to exploit opportunities or defuse threats in its external environment, they go on to say, sometimes, firm's capabilities become valuable only through adaptation that improve their ability to satisfy customer's needs.

By effectively using capabilities to exploit opportunities, a firm is able to create value for customers. According to Hill *et al* (200:90), these capabilities should ideally be **rare**, or if possible, unique, in the competitive environment the organisation operates in. Rare capabilities are possessed by a few, if any, current or potential competitors. It is recommended that capabilities should be difficult to copy or **imitate**; and there should be no **substitute** for them.

## 2.8 VISION, MISSION AND OBJECTIVES

Resulting from the analysis of the firm's internal and external environments emerges the information required to form a strategic intent and develop a strategic mission. Both intent and mission are linked with strategic competitiveness. Strategic intent is the leveraging of a firm's resources, capabilities, and core competencies to accomplish the firm's goals in the competitive environment which ultimately is to create surplus value. A firm's strategic mission is a statement of a firm's unique purpose and the scope of its operations in product and market terms. (Hitt *et al* 2000:22).

The mission is a statement of the organisation's reason for being; it usually states the customers concerned, the needs satisfied and or the values received by the customers, and the technology used. The mission statement is often accompanied by a statement of a company's vision and or values. An organisation's objectives are what it hopes to achieve in the medium to long term future, they deliberate on how the mission will be operationalised. (Noe 2000:48).

Lynch (2000:436) agrees that whether a company or public body, all organisations need to develop their purpose and develop a common insight of the main elements. Identifying and concentrating on the essentials for that organisation usually overcome the potential complexity of this approach; such process is best described as a process of shaping the purpose of the organisation.

In crafting the purpose of the organisation, there is a need to develop a vision of the future organisation. Lynch (2000:443) explains a company's vision can be defined as, " a mental image of a possible and desirable future state of the organisation. Vision is therefore a backdrop for the development of the purpose and strategy of the organisation. Criterion that is usually used to

assist in developing the organisation's vision is: foresight, breadth, uniqueness, consensus and actionability" (Lynch 2000:443).

## **2.9 STRATEGIC DEVELOPMENT/ FORMULATION**

The strategic formulation process is part of the strategic management process in which most firms engage, either formally or informally (Deresky 2002; Hitt *et al* 2000). The planning methods range from a proactive, long-range format to a reactive, more seat-of-the-pants method, whereby the day-by-day decisions of key managers, in particular owner-managers, accumulate to what can be discerned retroactively as the new strategic direction (Deresky 2002:223). Strategy can be formulated on three different levels, which are: business unit level; corporate level and functional level (quickmba.com; Silbiger 2004).

### **2.9.1 Hierarchical levels of strategy**

Corporate strategy refers to the overarching strategy of the diversified firm (wikipedia.2006). Basically, this aspect of the strategy considers what changes should be made in growth objectives and strategy for achieving it, the business the firm is in, and how these lines of business fit together. Various authors quote three components of corporate strategy which are (1) growth or directional strategy: what should be our growth objective, ranging from retrenchment through to varying degrees of growth, (2) portfolio strategy: what should be our portfolio of lines of business, which implicitly requires reconsidering how much concentration or diversification we should have and (3) parenting strategy: how we allocate resources and manage capabilities and activities across the portfolio (quikmba:2006)

A business-level strategy is an integrated and co-ordinated set of commitments and actions in which the firm uses to gain a competitive

advantage by exploring core competencies in specific product markets. Only firms that continuously upgrade their competitive advantages over time are able to achieve long-term success with their business-level strategy. Customers are the base of successful business-level strategies and every organisation requires a business level strategy (Hitt *et al* 2000:111). In selecting a business level strategy, the firm determines (1) who will be the basic customer, (2) identify customer needs, and (3) how those needs will be satisfied. According to Lynch (2000:564), there are three main business level strategies, which are sometimes called generic strategies namely: cost leadership; differentiation and focus. At the business level strategy, the strategic issues are less about the co-ordination of operating units and more about developing and sustaining a competitive advantage for the goods and services that are produced. According to Mintzberg and Quinn (1998) at business level, the strategy formulation phase deals with: positioning the business against rivals; anticipating changes in demand and technologies and adjusting the strategy to accommodate them; influencing the nature of competition through strategic actions such as vertical integration and through political actions such as lobbying.

Functional strategies are relatively short-term activities that each functional area within a company will carry out to implement the broader, longer-term corporate level and business level strategies (Mitchell:2000). Functional strategies include marketing strategies, new product development strategies, human resource strategies, financial strategies, legal strategies and information technology management strategies. The emphasis is on short and medium term plans and is limited to the domain of each department's functional responsibility (<http://wikipedia.org>). Functional units of an organisation are involved in higher-level strategies by providing input into the business unit level and corporate level strategy. Once the higher-level strategy is developed, the functional units translate it into discrete action-plans that each department or division must accomplish for the strategy to succeed. (<http://wwwquikmba.com/strategy/>)

## 2.10 STRATEGIC IMPLEMENTATION

Strategies can only be successful when the company gives as much attention to their implementation as it did to their development. According to Lynch (2000:758), converting general strategies into detailed implementation plans revolves around four basic elements: Identification of general strategic objectives; Formulation of specific plans; Resource allocation and budgeting and Monitoring and control procedures. Within the implementation process, it is useful to draw a distinction between different types of implementation, which are comprehensive, incremental and selective (Lynch 2000).

Strategy implementation revolves around allocation of sufficient resources, establishing a chain of command or some alternative structure and assigning responsibility of specific tasks. Strategy formulation and implementation is an on-going, never-ending, integrated process requiring continuous reassessment and reformation. (wikipedia.org).

In another aspect, Mintzberg and Quinn (1998) claim "there are various internal contexts appropriate to manage strategies in terms of organisational configuration. Those contexts are entrepreneurial, mature, professional, innovative, diversified, and international". While on the other hand, Hitt *et al* (2000) highlight four strategic actions for implementing strategy: corporate governance, organisational structure and controls, strategic leadership and strategic entrepreneurship. Corporate strategy represents the connection among stakeholders which aim to determine and control the strategic direction and performance of an organisation at its core. Corporate governance is concerned with pinpointing methods to ensure that strategic decisions are made effectively (Hitt *et al* 2000: 309).

The second strategic action is organisational structure and controls. Organisational structure is concerned with specifying the firm's formal reporting relationships, procedures, controls and authority and decision making process (Hitt *et al* 2000:346). Lynch (2000:787), argues that "strategic

control systems monitor the main elements of the strategy and its objectives. The crucial point from this is to obtain information on time to be able to take action which may include: customer satisfaction; quality measures and market share". According to Hitt *et al* (2000:349), strategy and structure have a reciprocal relationship that shows the interdependence between strategy formulation and strategy implementation.

Another strategic action as cited by Hitt *et al* (2000) is strategic leadership which he describes as "the ability to anticipate, envision, maintain flexibility, and empower others to create strategic change as necessary". One of strategic leader's skills is the ability to manage human capital, ability to manage knowledge and create commercialised innovation. A company's ability to achieve strategic competitiveness and earn above average returns is compromised when strategic leaders fail to respond appropriately and quickly to changes in the complex global competitiveness (Hitt *et al* 2000). Effective strategic leaders are willing to make candid and courageous, yet pragmatic, decisions that may be difficult, but necessary through foresight as they reflect on external conditions facing firm (Hitt *et al* 2000). Strategy implementation is more likely to be effective with a participative style of managerial behaviour. Top managers are an important resource for firms seeking to formulate and implement strategies effectively. Managers often use their discretion and prerogative when deciding on strategy, including those concerned with the effective implementation of strategies.

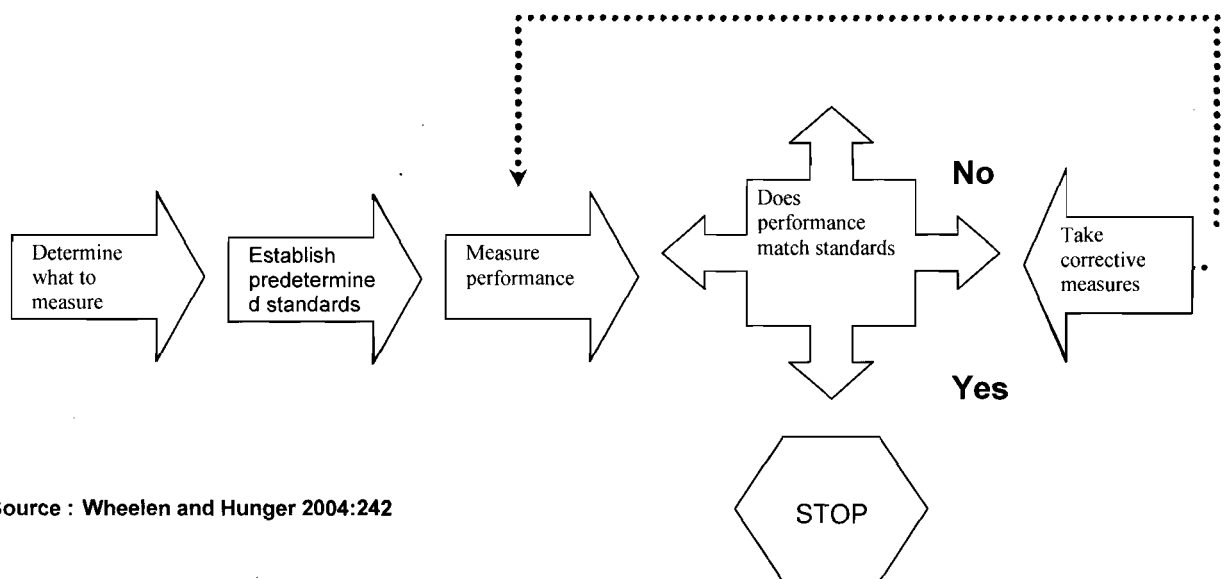
The last strategic action according to Hitt *et al* (2000) is strategic entrepreneurship. Mintzberg and Quinn (1996) mentions that in its traditional form, entrepreneurship includes a situation in which a single individual, typically with a clear and distinct vision of purpose, directs an organisation that is structured to be as responsive as possible to his or her personal wishes. Strategic entrepreneurship is taking entrepreneurial actions using a strategic perspective. To be precise, it involves confronting simultaneous opportunity seeking and competitive advantage seeking behaviours to design

and implement entrepreneurial strategies to create wealth (Hitt *et al* 2000: 417). It is argued that entrepreneurship and innovation cannot be divorced as the entrepreneurship strategy is driven by innovation.

## 2.11 STRATEGY EVALUATION AND CONTROL

Evaluation and control guarantees that the firm is accomplishing what it was set to achieve, it weighs against performance with desired results and provided the feedback necessary for management to evaluate results and take appropriate corrective measures (Wheelen and Hunger 2004:242). The process can be viewed as depicted in the diagram below:

Figure 2.4 :Evaluation and Control Process



Source : Wheelen and Hunger 2004:242

The process of evaluation and control consists of gathering information, which will determine activities that have been conducted which can be found in the performance data and activity reports (Wheeler and Hunger 2004: 243). Strategy evaluation is an effort to look further than the obvious facts regarding the short-term health of a business and appraise instead those more fundamental factors and trends that govern success in the chosen field of endeavour (Mintzberg and Quinn 1998:55). The process of business evaluation should answer to three questions: Are the objectives of the business appropriate?; Are the major policies and plans appropriate? and, do the results obtained to date confirm or refute critical assumptions on which the



strategy rests (Mintzberg and Quinn 1998:55). The general principles of strategy evaluation are based on the following broad criteria: consistency; advantage and feasibility. A strategy, which fails to meet one or more of these criteria, is strongly suspecting (Mintzberg and Quinn 1998:55).

## **2.12 SUMMARY**

The literature review has explored various aspects of strategic management, this has been done with the aim to give the researcher the basis for analysing the research problem. The report starts by defining strategic management and strategy. Different author's definitions of both strategy and strategic management have been juxtaposed and according to the report neither inconsistency nor differences have been observed. It has been established that strategic management is above the firm attainment of competitive advantage over competitors.

The foregoing chapter further narrates the core components of the strategic management process. It has been confirmed that the process begins by analysing internal and external environment. Should the environmental analysis be overlooked in one way or the other then the basis for strategic management will be suspect. The study then goes on to define and interpret various aspects involved in industrial analysis and resource analysis. Models used to conduct environmental analysis, designed by influential strategists like Michael Porter's five forces are examined and discussed in this foregoing chapter. It has been discovered that one of the key elements in the strategic management process is the development of vision and mission for the organisation.

Finally, this chapter has attempted to discuss strategy formulation, which is fundamentally based on three different levels, which are: business unit level; corporate level and functional level. After formulation, the strategy needs to be implemented and continuously evaluated. Although this is not a

straightforward process, the process involves assessing whether the strategy is achieving what is intended to accomplish.

The following chapter will explore the research objectives as explained in the first chapter.

## CHAPTER THREE - RESEARCH METHODOLOGY

### 3.1 INTRODUCTION

This chapter's intention is to deliberate on the research approach and seeks to find a research strategy for this project. The main aim is to answer the research objective using the appropriate method as discussed in Chapter One. The chapter will first outline the research paradigm where key definitions and assumptions will be discussed. Subsequent to this, two main approaches to research, which are deductive and inductive approaches, will be detailed and discussed. Main research strategies will be identified and explanations will be provided and food for thought on why these strategies should not be thought of being mutually exclusive.

This chapter further goes on to narrate and unpack the process of research design. From this, a research design, which is specifically crafted for this research, will be unveiled. The targeted population will also be discussed briefly. This section will also discuss sampling procedures and the sampling method, which will be employed in this research. From there, data collection methods will be discussed and the method which will be used in this research will be exposed. Question design will be discussed with the aim of crafting a formal process of structuring data collection. A pilot survey or questionnaire pre-test will be discussed and the process of doing this in this research will also be explained. As an endeavour to guarantee informed outcomes in this research, concept and procedure of validity and reliability will also be dealt with.

### 3.2 RESEARCH PARADIGMS

Hussey and Hussey (1997:47), define paradigms as “the progress of scientific practice based on people’s philosophies and assumptions about the world and the nature of knowledge; in this context, about how research should be conducted”. There are three ideologies, which dominate the research paradigm: positivism, interpretive and realism (Saunders *et al* 2003:83).

Positivism is a research paradigm which employs observable social reality. This philosophy places its emphasis on highly structured tactics to facilitate replication, and the final result can be law-like generalisations similar to those produced by the physical and natural scientists (Saunders *et al*:83). Gill and Johnson (in Saunders *et al* 2003) highlight the notion that there is importance in focussing on a highly structured methodology to facilitate replication on quantifiable observations that lend themselves to statistical analysis.

Interpretivism according to Saunders *et al* (2003), is the research paradigm which probes the researcher to seek to understand the subjective reality and meaning of participants. Other authors term this interpretivism paradigm as phenomenological paradigm (Hussey and Hussey: 1997).

Realism is the research philosophy which realises the existence of an external and objective reality that influences people’s social interpretations and behaviours but which may not be perceptible to them. Some authors such as Hussey *et al* (1997:47) recognise the first two paradigms which are positivism and interpretivism. The researcher of this project shares the sentiments because positivism and realism philosophies are almost the same except that realism acknowledges that people are not objects to be studied (Saunders *et al* (2003); Hussey and Hussey 1997). Hussey and Hussey (1997:48) in turn refer to positivism as quantitative and interpretivism as qualitative. Between these different paradigms there is no less importance between the two but usage depends on the research topic and question.

The research question warrants the study to lean more on positivism, since this study's method is quantitative.

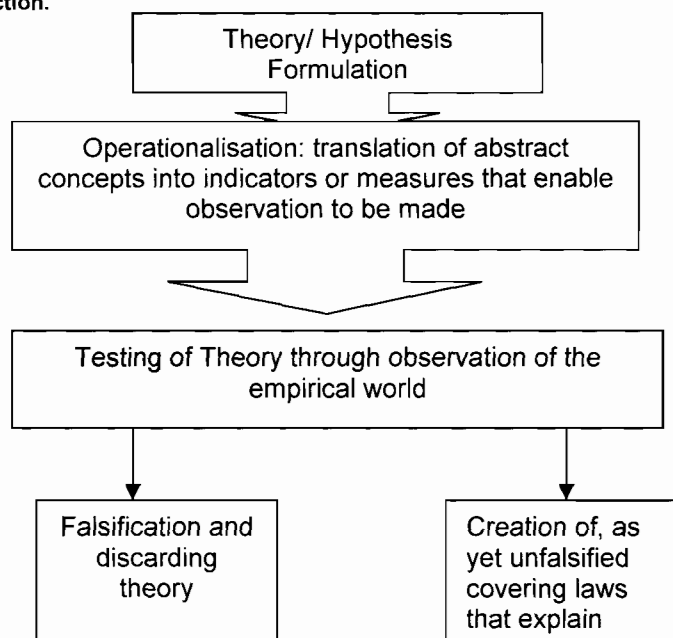
### 3.3 RESEARCH APPROACH

There are two types of research approaches which researchers apply when attempting to do a research project: deductive and inductive approaches (Saunders *et al* 2003:85). The deductive approach is a research approach which aims at testing theoretical proposition by means of using a research strategy tailor-made for the purpose of testing the approach (Saunders *et al* 2003:85). Robson (in Saunders *et al* 2003), mentions five chronological stages which deductive research will traverse:

- “Deducing hypothesis from theory;
- Expressing the hypothesis in operational terms, which propose a relationship between two specific variables;
- Testing this operational hypothesis;
- Examining the specific outcome of the inquiry and;
- If necessary, modifying the theory in light of the findings”.

Gill and Johnson (1991:28) define the deductive research method as a method which “entails the development of a conceptual and theoretical structure prior to its testing through empirical observation”. According to Saunders (2003: 86), deductive approach is characterised by the need to search and explain causal relationships between variables and need to be utilised in a manner that allows facts to be measured **quantitatively**. The process of deduction is as per Figure 3.1 below:

Figure 3.1 The process of deduction.



Source : Gill and Johnson (1991:28)

According to Gill and Johnson (1991:33), the logical ordering of induction is the converse of deduction, it moves from the 'plane' of observation of the empirical world to the construction of explanations and theories about what has been observed. The inductive approach involves the development of a theory as a consequence of the observation of empirical data (Saunders *et al* 2003). Those who subscribe to the inductive approach cite and criticise the deductive approach because of its tendency to construct an inflexible methodology that does not allow alternative explanations of what is going on (Saunders *et al* 2003).

This research was deductive in nature because theoretical structure was built first and then tested; practice was evaluated against theory thereby coming up with informed answers.

### 3.4 RESEARCH DESIGN

Research design is the 'science (and art) of planning procedures for conducting studies so as to get the most valid findings' (Vogt: 1993 in Hussey and Hussey: 1997). The research design will be a detailed plan to guide the researcher 'through out' the research (Hussey and Hussey: 1997). This plan contains clear objectives crafted from research questions. It also reflects thorough thought about the way of employing a particular strategy (Saunders 2003). The strategies as listed by Saunders *et al* (2003) includes: experiment; survey; case study; grounded theory; ethnography; action research; cross-sectional and longitudinal studies and exploratory, descriptive and explanatory studies.

Coldwell and Herbst (2004:37) argue that the experimental studies involve manipulation of one or more variables by the researcher beyond that necessary for measurement to determine effect of another variable. Saunders *et al* (2003) adds that this classical form of research owes its existence to natural sciences. The characteristics of experimental research design include: random sampling; a control (dependent variable); a treatment (experimental) group (independent variable); pre- and post tests of both the experimental and control groups on the independent variable; and the use of inferential statistics for measurement and analysis (Coldwell and Herbst 2004:37).

Robson (2003) in Saunders *et al* (2003), defines case study as 'a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence'. Hussey and Hussey (1997: 65), define a case study as an extensive evaluation of a single instance of a phenomenon of interest and is an example of a phenomenological methodology. Eisenhardt (1989) in Hussey and Hussey (1997) concurs as he describes a case study as 'a research study, which focuses on understanding the dynamics present within a single setting'. Saunders *et al* (2003) highlights that this strategy (case study) might be best suited to be used when exploring existing theory.

Grounded theory is the research strategy where theory is developed from data generated by a series of observations or interviews mainly involving an inductive approach (Saunders *et al*: 2003).

Survey is a research strategy, which concerns itself with the structured collection of data from a size-able population (Saunders *et al*: 2003). This strategy is normally linked with the deductive approach. The data is usually collected by means of a questionnaire or interviews or a combination of the two. Neuman (1997) argues that survey takes dominance over other research strategies. Saunders *et al* (2003), argues that survey strategy gives the researcher more control over the research although one tends to be delayed by information from others. The basic idea behind the survey method is to measure variables by asking people questions and then to examine relationships among the variables.

The research strategies that were selected for this research are survey and case study methods over other mentioned methods. The case study was chosen because the research aims at empirical investigation of MBSA in a real life context. The survey method is a very popular and common strategy in business and management research (Saunders *et al*: 2003). More time was spent structuring questionnaires in order to draw appropriate answers to address the problem statement.

### **3.5 POPULATION**

Hussey and Hussey (1997: 55) define population as 'any precisely defined set of people or collection of items, which is under consideration'. Saunders *et al* (2003) defines population as 'the full set of cases from which a sample is taken'. The researcher collected information from: -

- Directors of MBSA Consulting;
- Staff members of MBSA;
- MBSA Clients



### **3.6 SAMPLING**

A sample is a subset of a population and should symbolize the main interest of the research (Hussey and Hussey 1997:55). Data collected and analysed from every possible case is called census (Saunders *et al* (1997). Sampling techniques give a variety of means that allow researchers to reduce the amount of data required to collect by considering only data from a subgroup rather than all probable cases or elements (Saunders *et al* 2003:150). Vogt (1993:202) in Hussey and Hussey (1997) defines a sampling frame as 'a list or other record of the population from which all the sampling units are drawn'.

However, Hussey and Hussey (1997) point out that it is possible to select the whole population when conducting a study depending on the size of the population. Because the population is mostly too large to conduct a study on, the next viable option is to choose a sample. According to Saunders *et al* (2003), sampling gives an alternating option to census when:

- It is impossible to survey the entire population
- Budget constraints make it impossible to survey the entire population
- Time constraints obscure the researcher from surveying the entire population

In contrast, Henry (1990) and Saunders *et al* (2003) argue that the smaller number of cases you select in order to collect data can be more accurate because more time will be spent designing and piloting the means to collect data. It is important not to be biased when selecting a sample from the population (Hussey and Hussey (1997).

### **3.7 SAMPLING METHODS**

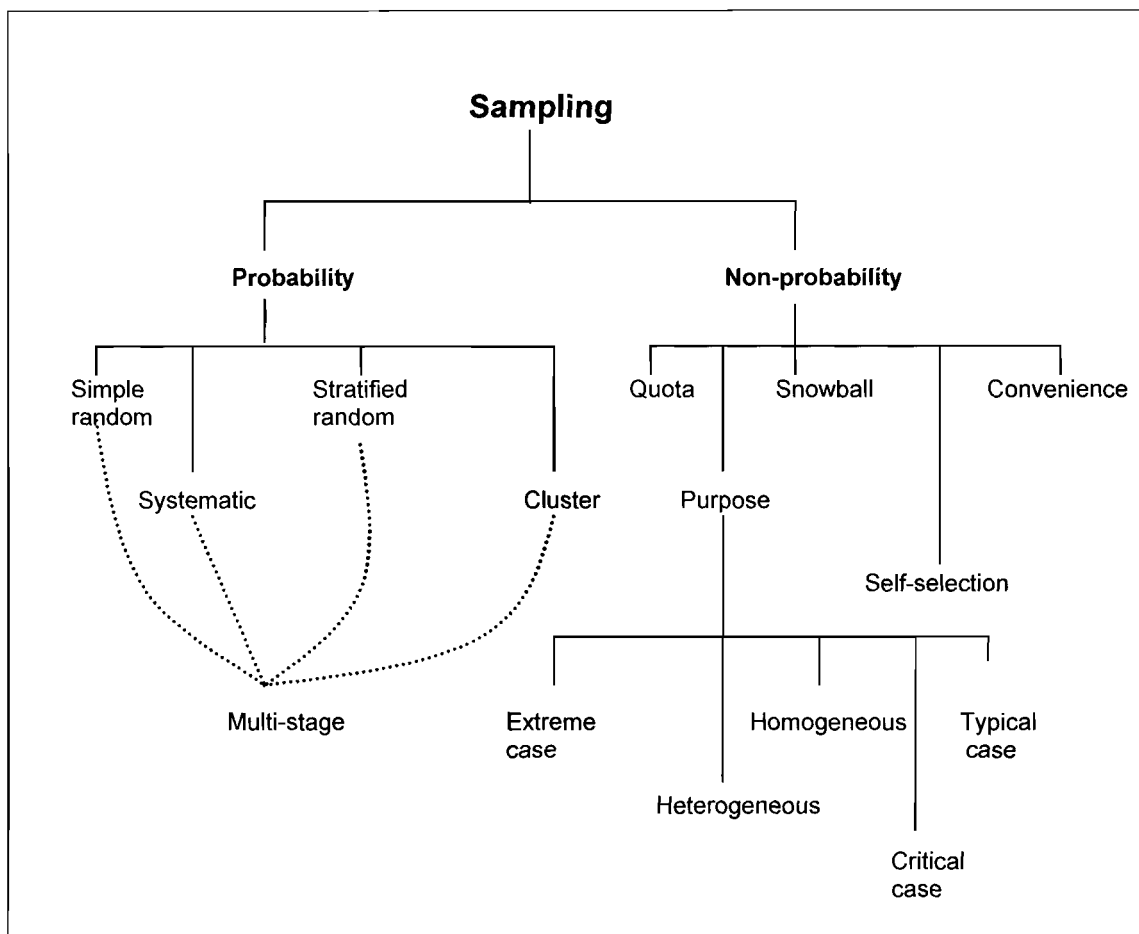
Most researchers agree that there are two types of sampling: probability sampling and non-probability sampling. According to Codwell and Herbst (2004:79), probability sampling moves from the premise that every unit in the

sampling frame has a known chance but not necessarily an equal chance, of being selected. This is usually linked with survey-based research where one needs to make inferences from the sample about a population to answer research questions or to meet set objectives. Henry (1990) in Saunders suggests that for a sample of less than 50 cases one ought not to use probability sampling. He argues that one ought to collect data on the entire population as the influence of a particular extreme case on subsequent statistical analyses is more distinct than of larger samples.

There are four types of probability sampling techniques: simple random sampling, systematic random sampling, stratified sample and cluster sample (Codwell and Herbst 2004); (Saunders *et al* 2003). Simple random sampling deals with selecting a sample at random from the sampling using a random number table or by means of a computer (Saunders *et al* 2003). Systematic random sampling is a probability sample where the initial sampling point is selected at random and then cases are selected at regular intervals (Saunders *et al* 2003).

According to Codwell and Herbst (2004), a stratified sample is collected by independently selecting a simple random sample from each population stratum. Hussey and Hussey (1997) define cluster sample as making a random selection from a sampling frame listing groups of units rather than individual units. The benefit of the probability sample is that it tends not to be biased if the sampling frame is complete and the samples are adequate while the latter is impossible to assess whether the sample represents the specific nor targeted population (Codwell and Herbst 2004:79).

**Fig 3.2 Sampling techniques**



(Source: Saunders *et al*: 2003)

Saunders *et al* (2003), defines non-probability sampling as a “selection of techniques in which the chance or probability of each case being selected is not known”. Codwell and Herbst (2004:79) mention that non-probability samples are chosen using, for example, the expertise or judgement of the investigator. They further mention that it is impossible neither to evaluate sampling errors nor to judge whether the sample represented a specific population or not. There are various types of non-random sampling: Quota, Purposive, Snowball, Self-selection and Convenience.

Quota sampling is entirely non-random and is usually applied in interview surveys (Saunders *et al* : 2003). Cooper and Schindler (2001) in Codwell and Herbst (2004:79) view that the reasoning behind quota sampling is that certain relevant characteristics describe the dimensions of a population. If a

sample has the same distribution of these characteristics, then it is likely to be representative of the population regarding other variables which there is no control over.

Purposive or judgemental sampling is where a researcher is allowed to use his or her judgement to select cases that will enable the research to respond to questions (Saunders *et al* 2003). This form of research according to Saunders *et al* (2003) is often used when one works with very small samples such as in case study research. According to Hussey and Hussey (1997), in this form of sampling, the researcher takes a stand prior to commencement of the survey and does not pursue other contacts, which may arise during the course of the study.

Snowball sampling or networking is related to phenomenological studies where involvement of people with experiences in the area being studied plays a crucial role (Hussey and Hussey (1997). This sampling method is normally applied in cases where it is difficult to isolate members of the desired or targeted population.

Self-selection sampling is when a research or researcher gives a case (normally individual), to show interest to take part in the research (Saunders *et al* (2003). According to Codwell and Herbst (2004), convenience sampling occurs when the more convenient elementary units are selected from a population. Most authors are raising concerns about reliability of this method but it is the easiest to conduct (Cooper and Schindler (2001); Saunders *et al* (2003).

This study has used non-probability sampling as a selection technique. This technique was chosen because the researcher is already aware of the target participants of the study. The type of non random sampling was purposive sampling because the targeted population is small and known in advance.

### **3.8 SAMPLE SIZE**

According to Codwell and Herbst (2004), deciding on the sample size depends largely on the definition of the study population. The researcher has to decide whether the population concerned is finite or infinite, then a sampling frame can be determined.

In this case the study population as discussed in the previous section is finite because the population is not big and translates to a very small sample. The total sample size was forty (40), which included employees of MBSA, Directors of MBSA and MBSA client representatives. Out of forty questionnaires that were distributed, only thirty two (32) correctly filled questionnaires were returned. The response rate was therefore 80%.

### **3.9 DATA COLLECTION**

According to Codwell and Herbst (2004), "...data refers to known facts or things used as a basis for inference or reckoning". Some authors tend to differentiate between data and information; they view the latter as data which has been organised into useful form. There are two forms of data: primary and secondary data. Primary data is collected from the source which secondary data already exists, these include published statistics, and annual reports (Saunders *et al*: 2003; Codwell and Herbst : 2004). Data can be described as qualitative and quantitative, qualitative being non-numerical and quantitative being discrete or continuous (Codwell and Herbst: 2004).

Data collection methods include: questionnaires, interviews, document review, observation, focus groups and case studies (Codwell and Herbst,2004; Hussey and Hussey 1997; Saunders *et al*: 2003). Questionnaires are mainly used when one needs to quickly get information in a non-threatening way. Questionnaires are best used where descriptive or explanatory research is involved. Interviews are used in cases where a full understanding of someone's impressions or experiences is required to learn more about their

answers to questionnaires. Interviews are categorised into structured, semi-structured and unstructured interviews. Structured interviews use questionnaires based on a predetermined set of questions. Semi-structured interviews omit some of the questions in particular interviews. Unstructured interviews are those interviews which are informal in nature. Document review is applied in situations where impressions of how a programme operates without interrupting the programme; taken from review of applications, finances and memos. Observation method is used to gather accurate information about how a programme actually operates, particularly with regard to process. The researcher here tries to participate fully in the lives and activities of cases thus forming part of the group, community or organisation. Each focus group concerns itself with exploring a topic in depth through group discussions. Case studies aim at fully understanding or depicting client's experiences in a programme and conduct comprehensive examination through cross-comparisons.

Secondary data include both quantitative and qualitative data, and they can be used in both descriptive and explanatory research (Saunders :2003). The data types available are raw data and compiled data. Secondary data can be classified into three main subgroups of secondary data: Documentation data, survey-based data and those compiled from multiple sources (Dale *et al* 1988 in Saunders *et al* (2003). Documentation secondary data include written documentation such as notices, correspondence, minutes of meetings, reports to shareholders, diaries, transcripts of speeches and administrative and public records. This form of secondary data is usually used in research projects that also use primary data collection methods (Saunders *et al* : 2003). Survey-based secondary data is data collected by surveys which have already been analysed for their original purpose (Saunders *et al*:2003: 191). Multiple-source secondary data is secondary data which is created by combining two or more different data sets prior to the data being accessed for the research.

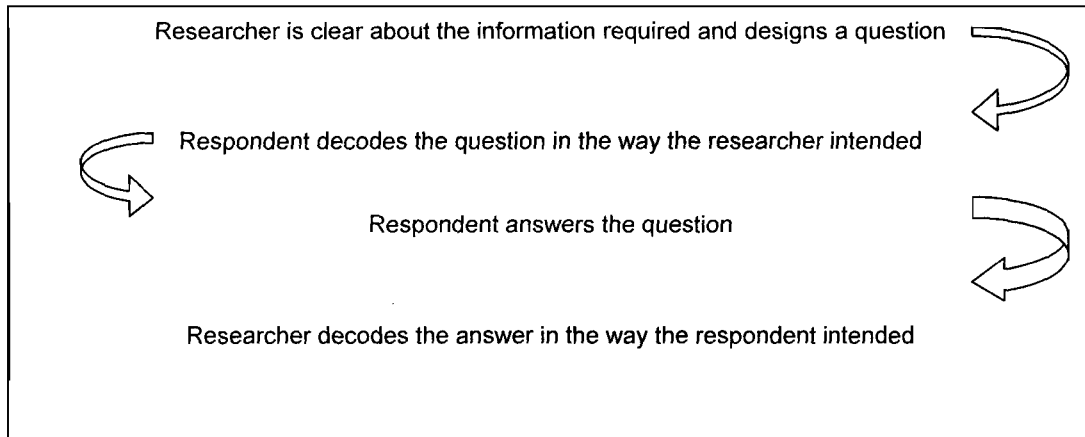
This research followed a structured questionnaire to collect primary data from the sample as discussed in the previous section. Questionnaires were

distributed to the participants through e-mail and participants were requested to return them via the same e-mail route within a period of seven days. Openheim (2000), in Saunders *et al* (2003) states that complicated and longer questionnaires are best presented in a structured interview form, hence the researcher's choice of this form of questionnaire. This type of questionnaire was chosen over others because it guarantees that the respondent is the exact person whom the research targets and that will enable the reliability of the data received. The interviewer administered questionnaire approach was employed as means to answer the research problem. According to Saunders *et al* (2003), the interviewer-administered questionnaire has the higher response rate than self-administered questionnaires. The researcher who was responsible in ensuring that all respondents are responding to the questionnaire was also monitoring the response rate.

### **3.10 QUESTIONNAIRE DESIGN**

Most of data collection methods rely on questions for extracting pertinent data from the respondents (Hussey and Hussey : 1997). When conducting a study, the researcher ought to know a substantial amount about the subject so as to decide the most appropriate questions to ask (Hussey and Hussey : 1997). Neuman W.L (1997), quotes two key principles for good survey questions: avoid confusion and keep the respondent's perspective in mind. He goes on to state that good survey questions provide the researcher valid and reliable measures. Foddy (1994) in Saunders *et al* (2003: 291) mentions four stages which bring about question validity and reliability. The stages are presented in Fig 3.3 to follow.

**Fig 3.3 Stages that must occur if a question is valid and reliable**



**(Source- Foggy -1994)**

The questions were designed as follows:

- The questionnaire began by introducing the purpose of the questionnaire to all participants. The questionnaire was accompanied by a covering letter which introduced and narrated the purpose of the survey. This was the first part respondents looked at.
- The questions were kept as simple as possible. This was done through avoiding of ambiguity, confusion and vagueness. The questionnaire neither used jargon, slang nor specialist language. This was avoided because technical terms and abbreviations can be interpreted in many ways by respondents (Neuman (1997:233)).
- All the questions were phrased such that only one meaning was possible. Questions were structured such that respondents were not confused and thereby believe that a relationship between two variables existed.
- Negative questions were avoided. The question did not begin from a premise which influences the respondent not to agree.
- Only one question was asked at a time.
- The questionnaire was structured such that only relevant questions were asked.



- Questions which serve as a cross-check on the answers to other questions were included. This enabled the researcher to validate whether the questions asked had been understood by the respondent.
- Questions which required the respondent to calculate were avoided as they could be avoided by the respondents.
- Leading questions or value laden questions which implied what the required answer might be were avoided. The questions would make the respondents feel that all responses are legitimate.
- Questions which were offensive or insensitive were avoided. These types of questions have the potential to cause embarrassment to both respondents and the researcher.
- Questions which were beyond the respondents capabilities were avoided as this had potential to frustrate respondents.
- The questionnaire schedule was kept as short as possible by addressing only pertinent questions.

### **3.10.1 Types of questions to be asked**

#### **3.10.1.1 Open and Closed Questions**

According to Hussey and Hussey (1997), some questions which might be asked are likely to be factual and others might seek opinions. Open-ended question in terms of Saunders *et al* (2003) is a question allowing respondents to give answers in their own way, whereas closed questions are those that provide a number of alternative answers from which the respondent is instructed to choose. Open questions are helpful because of the fact that they can specifically provide opinions in the respondents own words but the disadvantage about them are difficult to analyse.

*For example "In addition to service offered by MBSA, which additional service(s) do you think MBSA can offer?"*

These types of questions can also discourage respondents because they are forced to use their own words and because of time constraints they can avoid participating (Hussey and Hussey 1997:166).

Closed questions are the most convenient for collection and analysing data since the range of possible answers are limited.

*For example “How would you categorise the size of MBSA”*

<i>Very small</i>		<i>Small</i>	<i>X</i>	<i>Medium</i>		<i>Large</i>	
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The questionnaire in this research had both open and closed questions because among the data that were to be collected there was opinion and factual data.

### 3.10.1.2 Rating Scale Question

Saunders *et al* defines rating question as ‘a closed question in which the respondent is offered a list of items and instructed to place them in rank order’. According to Hussey and Hussey (1997: 171), this type of question provokes participants to give opinions they do not hold. This can be mitigated by allowing participants to give more discriminating responses and to state if they have no opinion by providing them with some form of rating scale. A more frequently used type of scale is the Likert scale. According to Saunders *et al* (2003), the Likert scale is a scale that allows the respondents to indicate how strongly they agree or disagree; this turns a question into a statement by ticking a box. The advantage of this type is that it can combine a number of different statements in a list which does not take up much space.

*For example “Would you associate the statement “to be service provider of choice to improve the quality of life” with MBSA”*

<i>Always</i>		<i>Usually</i>		<i>Sometimes</i>		<i>Seldom</i>		<i>Never</i>	
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This study included this type of question because of the stated advantages and it can also limit time to complete the questionnaire.

### 3.10.1.3 Classification questions

According to Hussey and Hussey (1997:171) classification questions are questions which set out to find more about the participant. This is mainly used to do comparisons with other research studies and to conduct cross tabulation or statistical analysis. The questionnaire in this research will contain this type of question.

*For example "How would you define your relationship with MBSA?"*

<i>Client</i>	<i>Potential Client</i>	<i>Employee</i>	<i>Potential Employee</i>	<i>Director</i>	<i>Other State.....</i>
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### 3.10.2 Sensitive questions

Sensitive questions are those that may be threatening or embarrassing to the respondent as cited by Lee (1993). In Hussey and Hussey: 1997 the research avoided these types of questions as it could challenge ethical issues.

## 3.11 QUESTIONNAIRE PRE-TEST

The purpose of the questionnaire pre-test is to refine the questionnaire so that respondents have no problem in answering the questions. Prior to using the questionnaire to gather data it should be pilot tested (Saunders *et al*,2003).

In this study, test questionnaires were distributed to some respondents. The main objective was to detect and test any flaws in the manner of the questioning and correct these prior to the main survey. According to Thomas and Burgess (2001:15), the piloting may enable the researcher to convert an

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open-ended question into a closed question by determining the range of possible answers. This assisted in performing a trial analysis on the pilot sample and test all analysis procedures. After conducting this, all applicable amendments were done to help maximise the response rate and minimise error rate answers.

### **3.12 DATA ANALYSIS TECHNIQUE**

The data from participants was captured into an excel spreadsheet for analysis. The data was divided into separate columns by questions. Those closed questions which the choice of answer was the same were grouped together. The control variables used were the demographics of the population, age group and race.

### **3.13 RELIABILITY AND VALIDITY ISSUES**

Reliability is concerned with the findings of the research while reliability is concerned with the extent to which the research findings accurately represent what is happening in the situation (Hussey and Hussey: 1997:173). There are several ways of measuring reliability: Test-retest, parallel forms and Split Half (Rust and Golombok : 1989). Test-rest involves administering the same questionnaire to the same respondents under the same environment on more than one instance and correlating the scores. Parallel forms is essential to build two corresponding forms of the questionnaire and to administer both to the same respondents in order to correlate the scores. Split half concerns itself with dividing the questionnaire into two halves and the correlation between the halves is used to produce an estimate of reliability for the whole questionnaire.

Having assessed the disadvantages and advantages of each reliability test, this study will employ split half reliability. According to Rust and Golombok (1989), this form of reliability provides an estimate of reliability from one administration of the same test, and can be carried out with data collected in the pilot study.

The validity of the questionnaire is the extent to which the data collection method accurately measures what they were intended to measure (Rust and Golombok: 1989; Saunders: 2003). According to Rust and Golombok (1989), there are various types of validity of which the most straightforward are: Face validity, Content validity, criterion related validity and predictive validity.

Face validity deals with describing the appearance of the questionnaire to respondents that is whether or not it looks as if it is measuring what it claims to measure. Content validity is a relationship between the content and the purpose of the questionnaire, that is whether or not there is a good match between the test specification and the task specification. Criterion related validity is the relationship between scores on the questionnaire and a criterion measure, while predictive validity relates scores on a questionnaire to a future criterion measure.

### **3.14 ETHICS**

According to Saunders (2003), ethical concerns normally emerge as one plans and seeks access to organisations and individuals. "In the context of the research, ethics refer to the appropriateness of your behaviour in relation to the rights of those who become the subject of your work, or re affected by it" (Saunders :2003:129).

In this instance, the research ethics complies with the guidelines of the institution which are as follows:

- The questionnaires must be enclosed.
- The informed consent document must be submitted prior to research.
- A cover letter outlining the study, including the purpose of the study, the name of the researcher, the name of the supervisor, the institution, contact details of researcher, supervisor as well as the promise of confidentiality, and anonymity to the respondents if this is possible.

- Permission from gate keepers, that is, parents, principals of school children, institutions, or other authorities, should this be warranted for the study .
- Finally a well-edited, typed document, outlining the title, the objectives of the study, the place where research will be conducted, the research methodology, the sample whether it is a qualitative or quantitative study and the careful filling in of the various sections on how the data will be collected, secured and disposed of once the research is over, to maintain confidentiality.

The institutions ethical committee has approved the ethical clearance of this study. (See appendix 2)

### **3.15 SUMMARY**

This chapter has been an endeavour to define the research methodology. Research paradigms and their three ideologies have been discussed. Based on the needs of this research, the researcher has chosen the deductive approach. This approach aims at testing theoretical proposition by means of applying research strategy designed specifically for the purpose of its testing.

The research design has been discussed at length detailing prominent strategies used in the process. Ultimately the survey and case study methods have been decided on over other possible strategies. The survey method was decided on because of the fact that the researcher wanted to measure variable and hypothesis. The case-study method has been selected because the study aimed at assessing MBSA Consulting against a theoretical frame work, the population was defined in the MBSA Consulting context as directors of MBSA Consulting, BEE companies in the Eastern Cape, long serving staff members of MBSA and MBSA Clients.

The chapter has discussed sampling at large and has revealed that the purposive method was deemed to be appropriate for the study. Data Collection procedures were defined and the researcher has chosen the

questionnaire and document review and case studies. The process of question design has been identified and narrated. The researcher decided that the questionnaire pre-test will be conducted among respondents in order to detect possible flaws in the manner of the questioning. In the process the issue of reliability was discussed and it has been decided that the slip half method will be used. Validity of the questionnaire was also discussed and the research will employ all the discussed forms of assessing validity.

## CHAPTER FOUR – RESULTS AND DISCUSSIONS

### 4.1. INTRODUCTION

This chapter aims at presenting data gathered using research instruments as discussed in chapter 3. Discussion is also incorporated in this chapter. The data collected are the pointers that will eventually lead the study to answer the research question which is:

*“To what extent is the future growth of MBSA Consulting feasible given the mentioned challenges? Can MBSA Consulting rely on its BEE status to acquire government contracts?”*

The data has been collected from the samples of population as narrated in the previous chapter. The use of charts will be extensively used to present the findings of the survey.

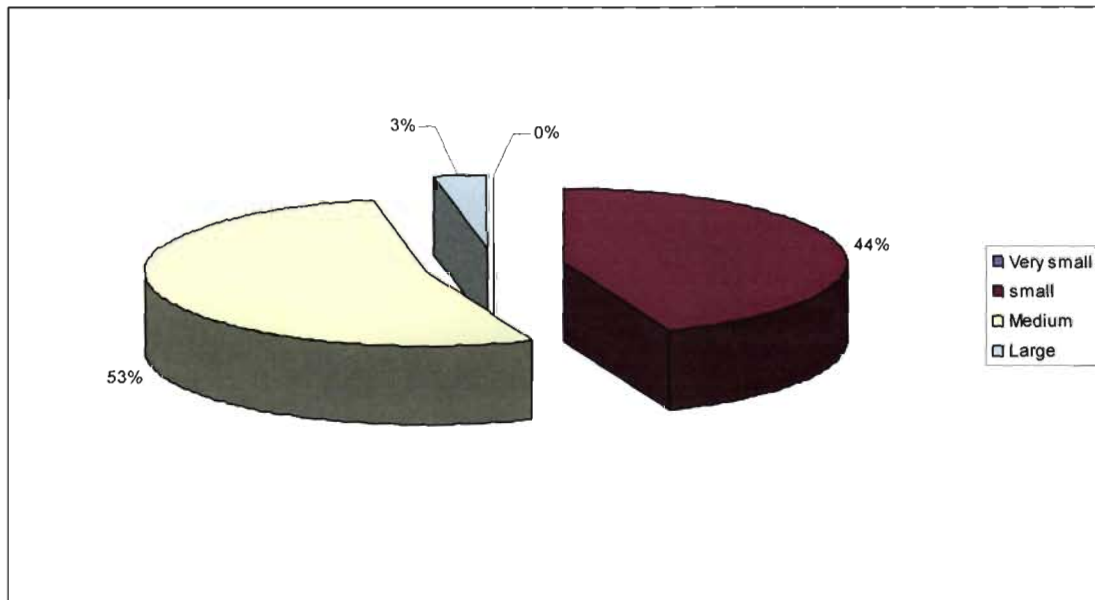
The questionnaire was divided into three themes (See appendix 1): Section A which dealt with demographics and issues common to all respondents; Section B aimed at dealing with specific issues related to clients. This second section was aimed at getting the views of clients and potential clients, the purpose of which was to establish their attitude towards MBSA and HDI companies at large and finally Section C, which dealt with specific issues related to employees of MBSA. The last section was meant for the employees of MBSA Consulting. The primary aim was to assess various aspects including those related to retaining staff, to the employee satisfaction index. All respondents were instructed to complete Section A while Section B and C were dedicated to clients and MBSA employees respectively. The first section was labelled Section A. These questions were common to both the employees and clients. The aim was to get a general feel of all the respondents.



## 4.2 SECTION A

### 4.2.1 Size of MBSA

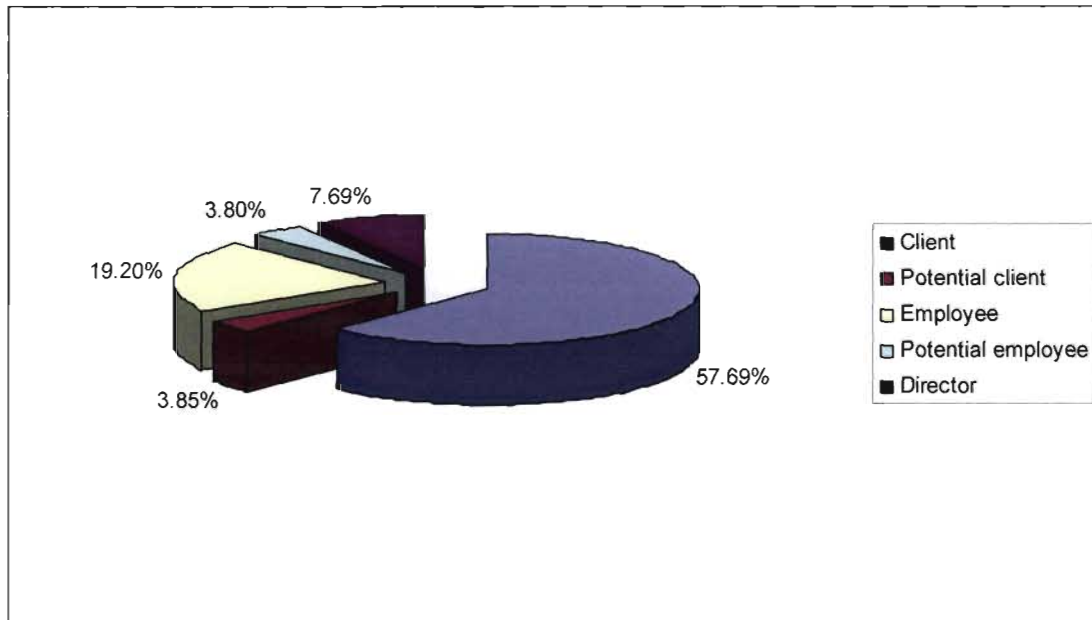
Figure 4.1 – Size of MBSA



An extent of 44% of respondents categorise MBSA as a small company, while 53% categorize MBSA as a medium size company. The remainder of respondents which is 3% categorise the company as large. There were no respondent who categorised MBSA as very small. From the results displayed in Figure 4.1 above, it is evident that the majority of respondents perceive MBSA Consulting as a medium sized company. As a Small Medium and Micro-enterprises (SMMEs) Company, MBSA stands an opportunity to receive support through the National Small Business Act which will allow MBSA to strengthen its competitive advantage.

## 4.2.2 Respondents relationship with MBSA

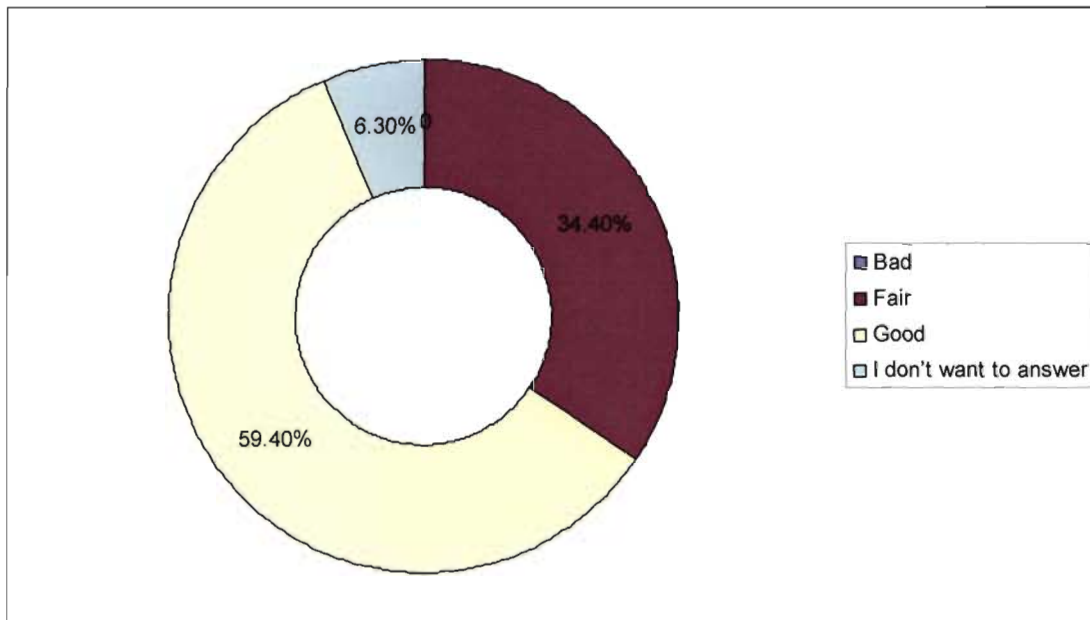
Figure 4.2 – Respondents relationship with MBSA



This question was asked to ascertain the relationship with MBSA in order for the researcher to gather perceptions of the population more especially to the general questions. The graph above (Fig.4.2) indicates that the largest percentage of respondents (57.69%) are MBSA Consulting clients. 19.20 % of respondents are MBSA employees while 7.69 % are MBSA directors. The results indicates that potential clients and employees are 3.85% and 3.80% respectively.

### 4.2.3 MBSA Reputation

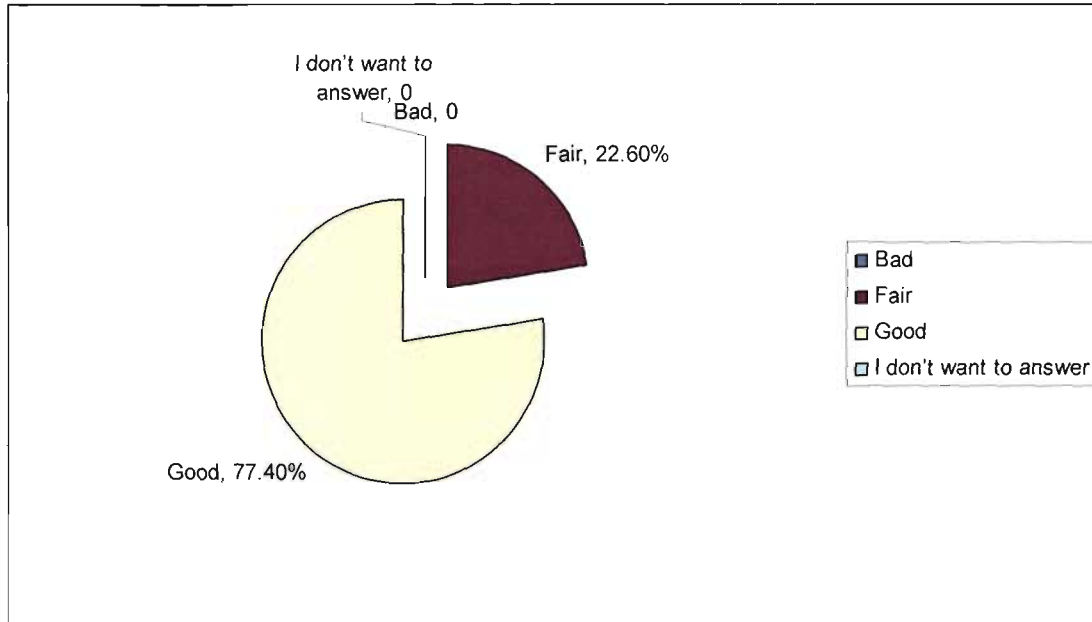
Figure 4.3 – MBSA Reputation



The respondents were asked to rate MBSA reputation given the fact that the company was an HDI company. They were given a choice of five answers: 'Bad', 'fair', 'good' and 'I don't want to answer'. The response shows that 59.40% of respondents feels that the company reputation is good while 34.40% feels that the reputation is fair. A small amount of respondents (6.30%) did not want to answer and there was no respondent who felt that MBSA's reputation was bad. According to the literature review, reputation resources which include reputation with customers, brand name and perception of product quality makes up the foundation of competitive advantage. One can discuss in this case that MBSA is performing fairly good because majority of respondents felt that MBSA reputation was good.

#### 4.2.4 MBSA Potential Growth

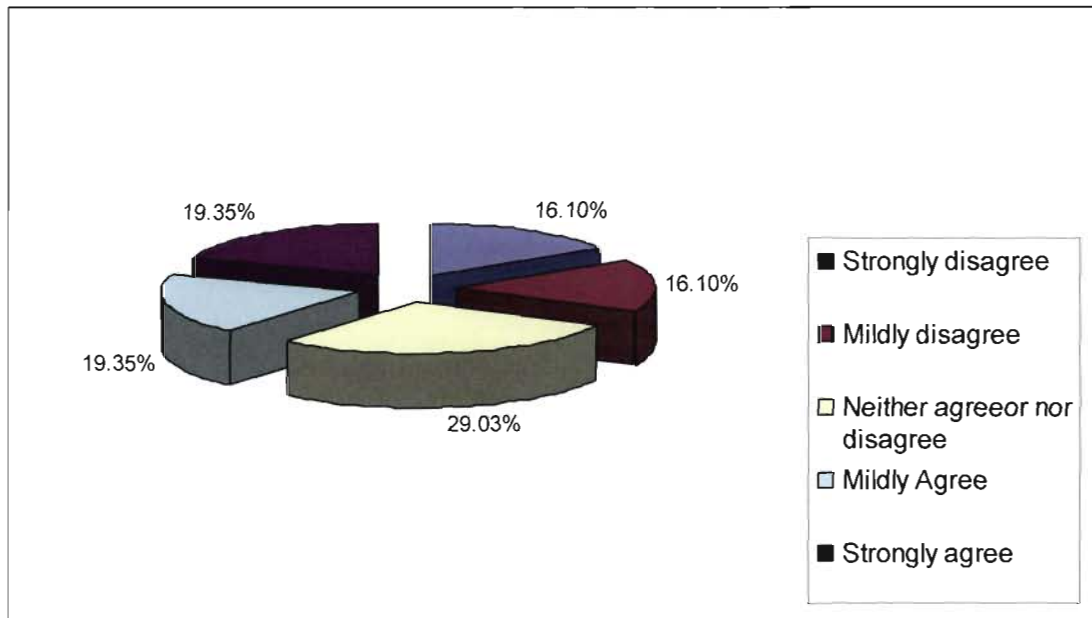
Figure 4.4 – MBSA potential growth



The majority of the respondents (77.4%) are of the opinion that MBSA has a good potential for growth. The balance of respondents (22.60%) hold the opinion of that MBSA had a fair chance of growth. There were no non-committals and respondents who felt that chance of MBSA's growth were bad. These results suggest to the researcher that there is a market and potential for growth in as far as MBSA is concerned. The chapter on literature review has discussed various factors which included competitive Industry Analysis and co-operative Environment. Based on the analysis of the results, respondents feel that prospects of MBSA's growth are high. It is upon MBSA therefore to exploit the situation.

#### 4.2.5 Incorporation of non-HDI members into MBSA

Figure 4.5 – Incorporation of non-HDI members into MBSA



The majority of those who responded favoured the fact that MBSA should incorporate non-HDI members in order for them to compete with established companies. There were 29.03% non-committal to the statement. The rest of the respondents pointed out that they were of the opinion that MBSA should not incorporate non-HDI members. This kind of results reflects that the general feeling is divided into two thoughts. As discussed in the literature review, it has been highlighted that there are perceptions that BEE companies are failures hence other participants are of the opinion that by incorporating non-HDIs to the firm, MBSA will be able to compete with established companies. While on the same token, some respondents felt otherwise.

#### 4.2.6 Services offered by MBSA and additional services that can be offered

Most respondents mentioned that MBSA was involved in civil engineering related work while relatively few mentioned that the company was more in social facilitation. This open-ended question was asked to test whether respondents knew exactly what MBSA's line of business was. The results show that majority of participants know what services MBSA offers. Some

participants were not aware of services offered by MBSA. This ignorance and gap can create a problem in as far as appointments are concerned. Clients can bypass MBSA thinking that they do not offer that particular service.

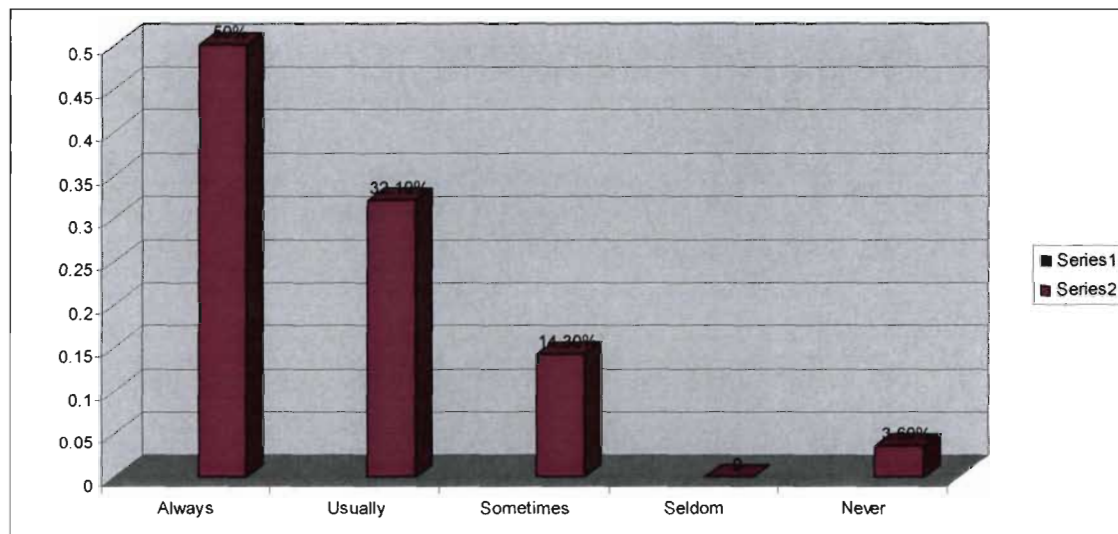
Respondents were requested to suggest new services additional to what MBSA offers. The response was very wide and can be summarised as follows:-

- Environmental management
- Geotechnical services
- Solid waste management
- Consulting in labour based projects
- Mapping services

This highlights that there is room for MBSA to expand its services.

#### 4.2.7 MBSA as “Service provider of choice to improve quality of life”

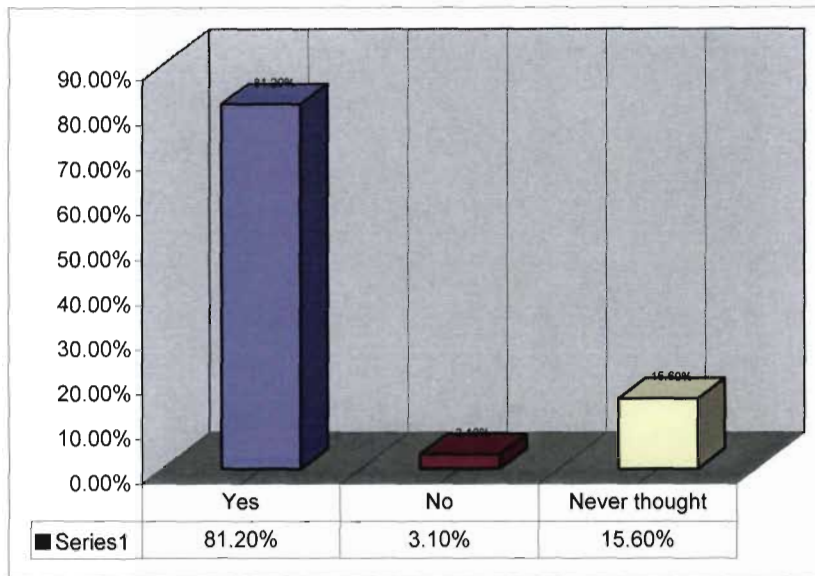
Figure 4.6 – MBSA as a “Service provider of choice to improve quality of life”



According to the survey, overwhelming 96.4% of respondents associate the above statement with MBSA. However, 3.6% of respondents distance MBSA from the statement. As discussed in the literature review this is the mission statement of MBSA. As bold as it is, majority of participants were not shy to associate this company with this mission statement.

#### 4.2.7 Willingness of experienced HDIs to work for MBSA

Figure 4.7 – Willingness of experienced HDIs to work for MBSA



It has been discovered 84.30% of respondents were of the opinion that experienced HDIs would be interested in working for MBSA, while a marginal 3.5% of respondents felt that fairly experienced HDIs would not be interested in working for MBSA. 15.6% of respondents were 'not sure' on this question. One can deduce from this opinion of the participants that experienced black professionals might be willing to work for MBSA. This can translate to MBSA being the leaders in their market.

#### 4.2.9 Fairness of Black Economic Empowerment

Figure 4.8 – Fairness of BEE

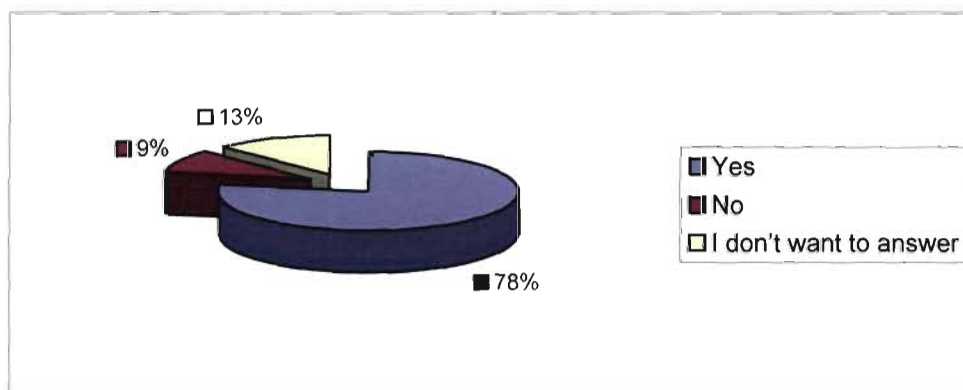
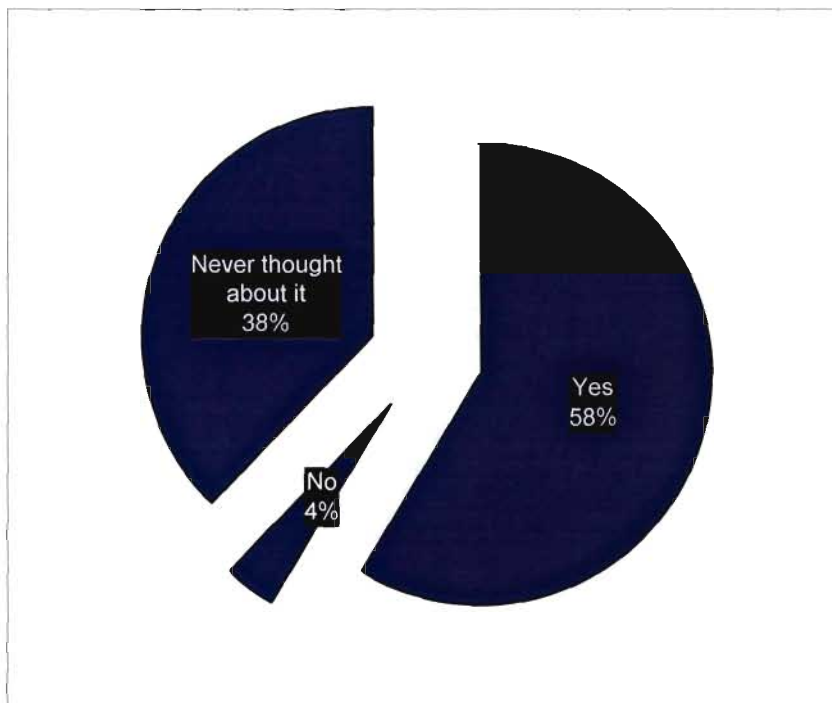


Fig 4.8 above shows that the majority of respondents (78%) think that BEE was fair. 9% of respondents were against the idea of BEE. 13% of the respondents were non-committal. The current legislation as discussed in the literature review highlights that government has committed their support to BEE companies. The response can therefore be converted to the willingness and acceptance by clients at large and that the legislations and regulations will be implemented accordingly.

#### 4.2.10 MBSA recruitment and affirmative action policies

Figure 4.9 – MBSA recruitment and affirmative action policies



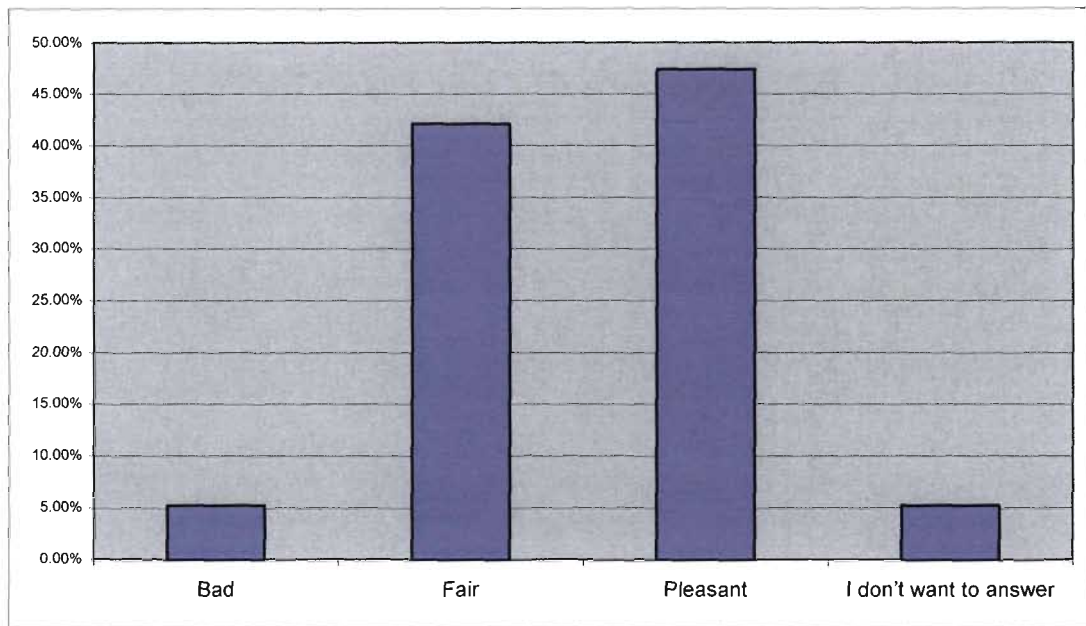
The findings of the study suggest that the majority (58%) of respondents did think that MBSA recruitment and affirmative actions policies were justifiable given the South African context. A marginal 4% felt otherwise while 38% reported that they never thought of the question. As discussed under the general overview of MBSA, this firm's recruitment and affirmative action policies are in line with the current legislation. This exposes MBSA to get preference over firms which do not practice as such.



## 4.3 SECTION B – CLIENTS ONLY

### 4.3.1 Client encounter with MBSA

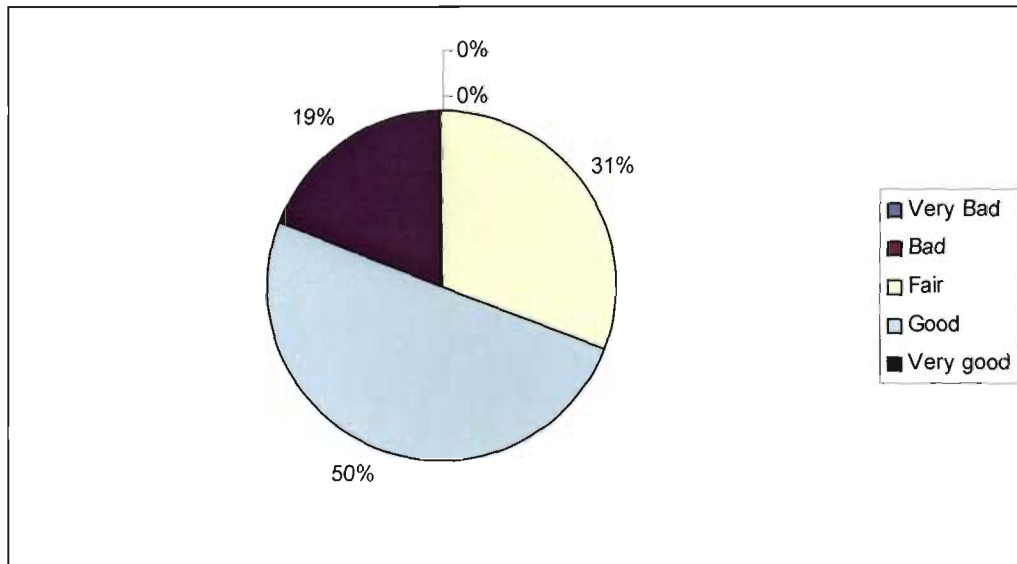
Figure 4.10 – Client's encounter with MBSA



This question was asked to ascertain the client's knowledge and general encounter with MBSA. Majority of the respondents (69.20%) indicated that they had had an encounter with MBSA in the past three years. On the contrary, 30.8% of respondents indicated that they never had an encounter with MBSA. Majority (47.40%) of those respondents who had an encounter with MBSA pointed out that the encounter was pleasant. 42.10% of those who responded felt that their encounter was fair. Only 5.30% of the respondents felt that their encounter was bad. 5% did not want to answer.

### 4.3.2 Comparing MBSA with other HDI Companies

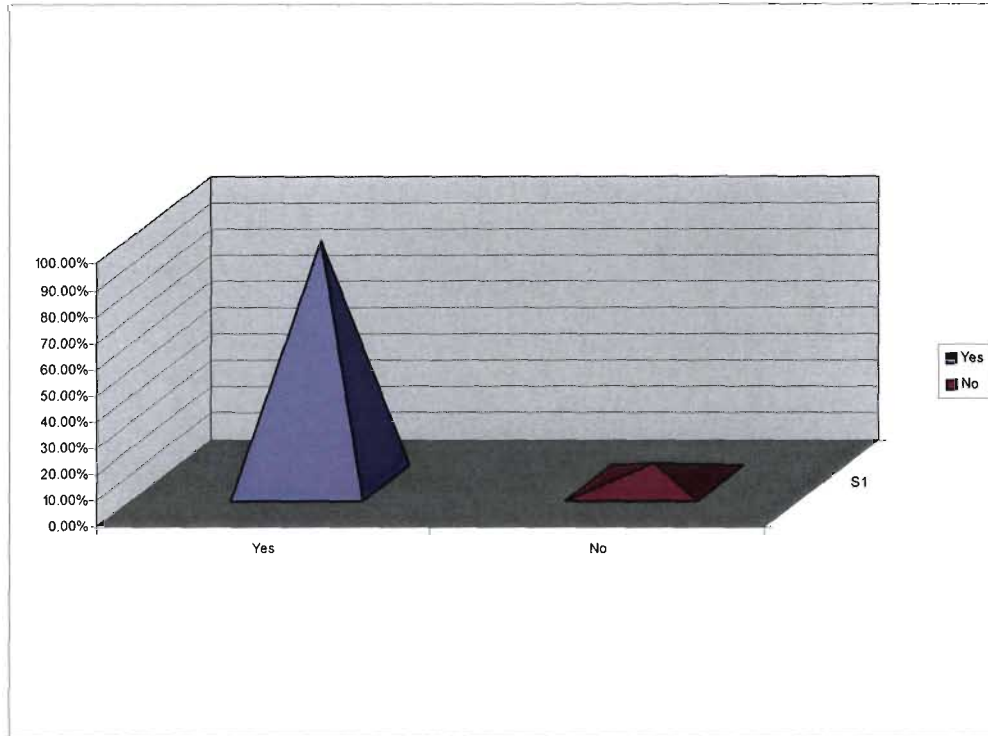
Figure 4.11 – Comparing of MBSA with other HDI Companies



The question requested the respondents to rate MBSA against other HDI companies. It has been revealed that 31% of the respondents rated MBSA as 'fair' when comparing with other HDIs. Those who rated MBSA as 'good' were in the magnitude of 50% while 'very good' amounted to 19%. There were no respondents recorded on 'very bad and 'bad'. These results provides the researcher with a tool to assess the general thinking of the clients when rating MBSA with immediate competition. Based on the analysis, it can be reported that the performance of MBSA is good.

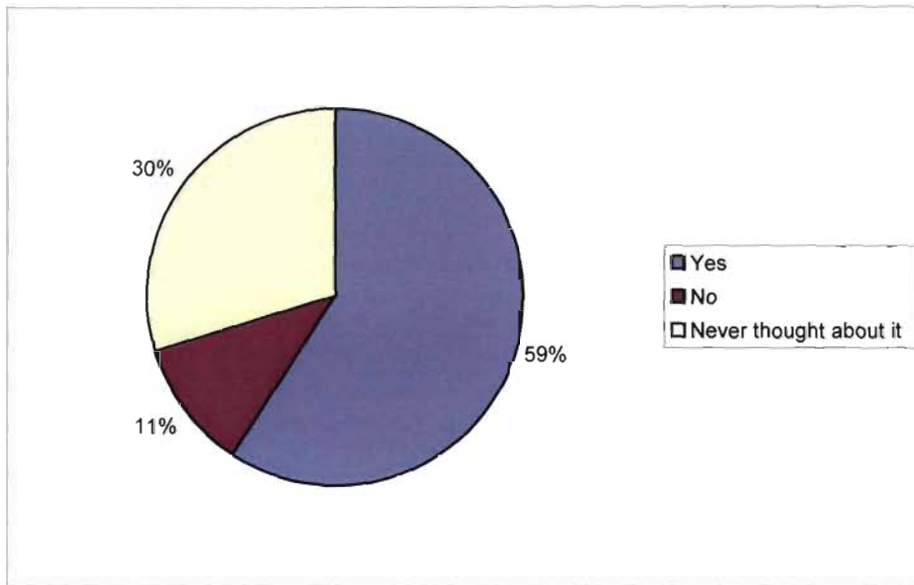
### 4.3.3 Likelihood of engagement of MBSA

Figure 4.12 – Likelihood of engagement of MBSA in simple projects



A whopping 92.3% of respondents indicated that they would appoint MBSA in straightforward/simple jobs. A marginal number of respondents (7.7%) indicated that it was unlikely that they would appoint MBSA in these kinds of projects.

Figure 4.13 – likelihood of engagement of MBSA in complex projects



The majority of respondents (59%) indicated that they would appoint MBSA in complex or difficult projects. Those that did not commit to the statement rated 30%. The remaining respondents (11%) mentioned that they would never consider appointing MBSA in complex projects. This response indicates that MBSA must target both simple and complex projects since there is potential to get them.

#### 4.3.4 Areas that MBSA must improve on

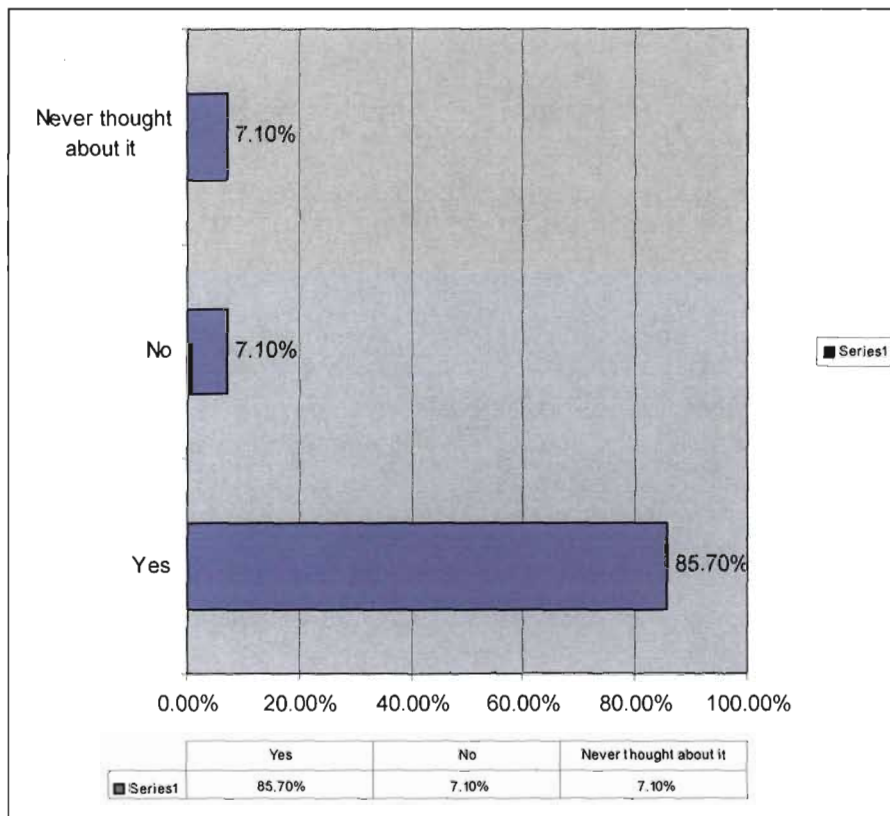
One respondent said *“In project management, improve the way contracts are being run when working with other service providers, more especially when MBSA is a lead agent. All members of the project team should contribute”*. Respondents came out strongly that MBSA must improve on contract administration and project management. The response indicates that there are pertinent areas that MBSA must improve on in order to gain competitive advantage.

### 4.3.5 What clients like about MBSA

Respondents indicated that they liked MBSA because it was a pure HDI company and there was no fronting. Some respondents liked continuous interaction by the company. Other respondents liked the professional manner in which MBSA conducted its business. If MBSA capitalises on its services, there is a strong possibility that the company will be competitive.

### 4.3.6 Confidence in MBSA

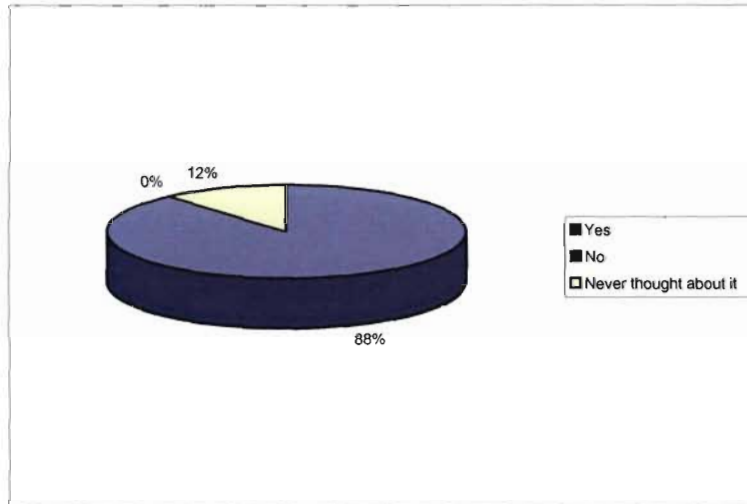
Figure 4.14 – Confidence in MBSA



According to the study, 85.7% of respondents indicated that they have confidence in MBSA Consulting and 7.10% thought otherwise. The remaining 7.10% were 'lying on the fence'. The confidence can be associated to branding and reliability of the service. In this case majority of clients are indicating that they have confidence in MBSA.

#### 4.3.7 Comment in respect of MBSA's heading towards the right direction

Figure 4.15 – Comment in respect to MBSA's heading towards right direction



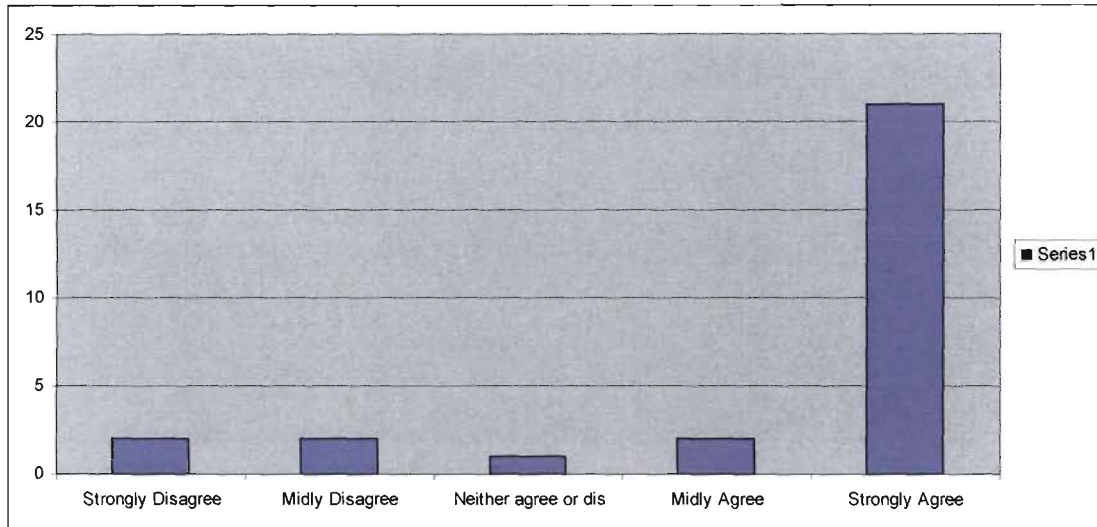
Respondents were requested to indicate whether MBSA was heading towards the right direction or not. The majority of respondents (88%) mentioned that MBSA was heading in the right direction. There were no respondents who were opposed to the statement. However, 12% indicated that they never thought about the statement. This indicates that in as far as co-operative links are concerned, MBSA must continue to work with their strategic partners to solidify positive work.

#### 4.3.8 Clients likelihood to support firms such as MBSA

All respondents (100%) indicated that they would like to support firms like MBSA Consulting. This can be translated to the fact that MBSA's growth strategy looks positive because the support from the clients is there.

#### 4.3.9 Comment on 'Service providers place their interest before their own'.

Figure 4.16 – Comment on 'service providers placing their interest before their own'

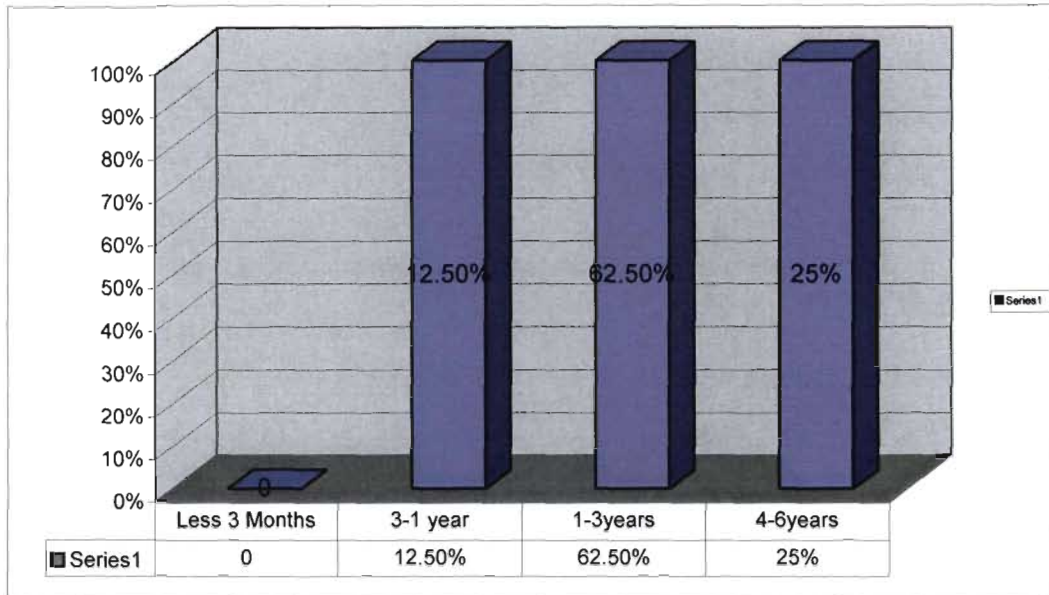


Respondents were asked how they feel about the statement, which says 'Service providers should place their client's interest before their own'. The respondents were given a choice of five answers: Strongly disagree, mildly disagree, neither agrees nor disagrees, mildly agree and strongly agree. Majority of respondents (82.1%) agreed to the statement while only 14.20% disagreed with the statement. Non-committal was 3.6%. This question was asked to assess the customer and how they felt about interests. MBSA should try to achieve the needs and expectations of the clients.

## 4.4 SECTION C – MBSA EMPLOYEES ONLY

### 4.4.1 Length of Service at MBSA

Figure 4.17 – Length of service at MBSA

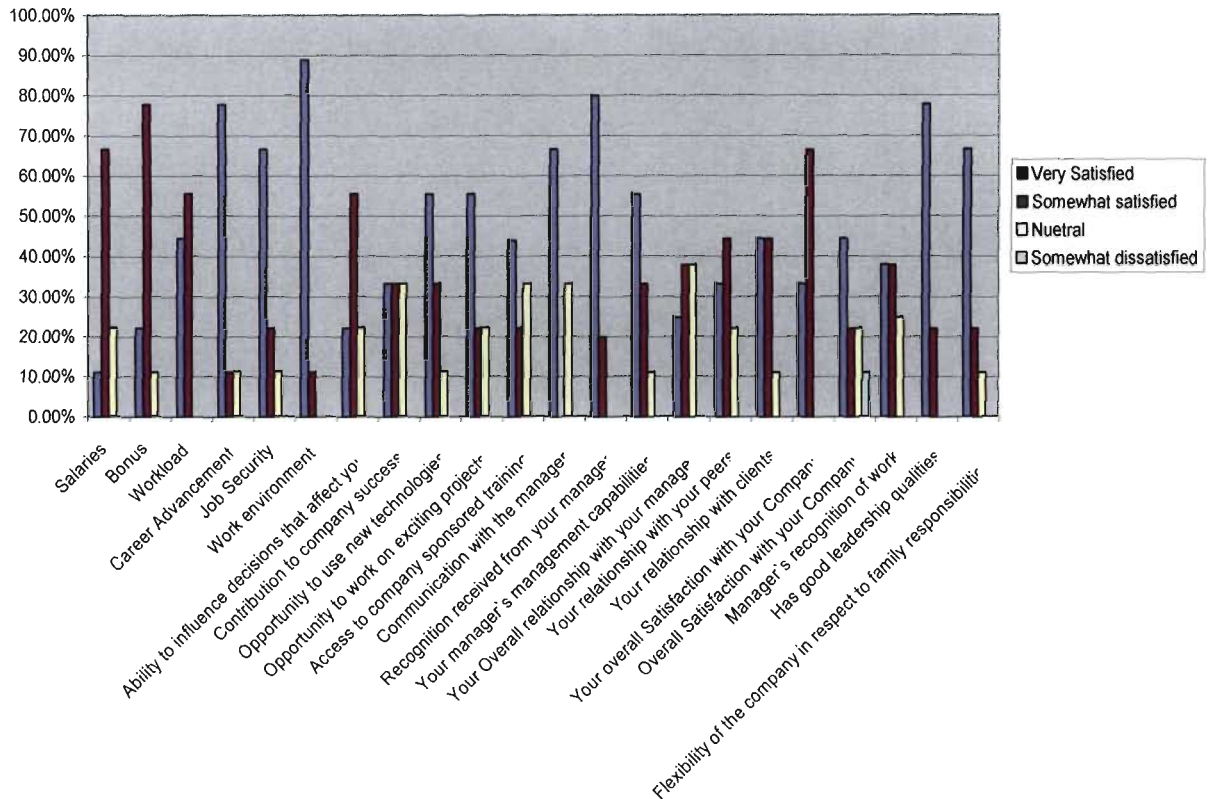


Respondents who are employees of MBSA Consulting were asked about their length of service at MBSA. The survey has revealed that 62.50% of respondents have been with MBSA for a period between 1-3 years, while 25% of respondents had been with the company for a period of between 4-6 years. 19.50% of respondents have worked for MBSA for less than a year.



## 4.4.2 Employee satisfaction Index

Figure 4.18 – Employee Satisfaction Index



Respondents who are employees of MBSA Consulting were requested to indicate whether they agree or disagree with the statements. The statements were listed and the respondents were given a choice of five answers: very satisfied, somewhat satisfied, neutral somewhat dissatisfied and very dissatisfied.

The respondents were asked about how they feel about their salaries, 66.70% indicated that they were somewhat satisfied, 11.10% indicated that they were very satisfied while 22.2% were neutral.

According to the survey, majority of respondents (77.8%) revealed that they are somewhat satisfied with the kind of bonuses they are getting. 22.2% of respondents were very satisfied with the bonus structure. There were 11.1% who were neutral about the statement.

Majority of respondents (55.6%) indicated that they were somewhat satisfied with the workload at MBSA, while 44.4% indicated that they were very satisfied with the workload.

The findings suggest that 77.8% of respondents are somewhat satisfied with the career advancement at MBSA. 11.1% of respondents were very satisfied and 11.1% were non-committal.

The study shows that 66.7% of respondents were very satisfied with job security, 22.2% were somewhat satisfied while 11.1% were neutral.

An overwhelming majority (88.9%) of respondents reported that they are very satisfied with the physical work environment. There were also those respondents (11.1%) who felt that they are somewhat satisfied with the physical work environment.

Respondents were requested to judge how satisfied or dissatisfied in terms of influencing decisions that affect them. Some 55.6% indicated that they are somewhat satisfied with influencing decisions that affects them, 22.2% were very satisfied and another 22.2% were 'lying on the fence'.

Respondents were asked to rate how satisfied or dissatisfied they were with their contribution towards the company success. 33.3% were very satisfied, 33.3% were somewhat satisfied and the other 33.3% were neutral.

According to the study, 55.5% of respondents were very satisfied with the opportunity afforded to them to use new technology. 33.3% of respondents indicated that they were somewhat satisfied, while 11.1% were neither satisfied nor dissatisfied.

The findings suggest that 55.60% of the respondents were very satisfied with the opportunity to work on exciting projects while 22.2% were somewhat satisfied. The other remaining 22.2% remained neutral.

44% of respondents indicated that they were very satisfied with access to company sponsored training. 22.2% were somewhat satisfied and 33.3% were neutral.

Majority of respondents (66.7%) indicated that they were very satisfied with the communication with their managers. The other 33.3% of respondents were neutral.

Respondents were asked how they feel about recognition received from their manager. Majority of respondents (80%) were very satisfied with the statement. Those who responded by mentioning that they were somewhat satisfied were 20%.

The respondents were requested to comment about how they feel about their manager's management capabilities. The study revealed that 55.5% of respondents were very satisfied with their manager's management capabilities. 33.3% of respondents indicated that they were somewhat satisfied with the manager's management capabilities. 11.1% of respondents did not want to commit to the statement.

The research survey revealed that 25% of respondents were very satisfied with their relationship with the manager. 38% were somewhat satisfied and 38% were neutral.

Respondents were requested to evaluate their relationship with their employees. Results of the survey indicated that 44.4% of the respondents were somewhat satisfied, 33.3% were very satisfied and 22.2% were neutral.

According to the survey, 44.4% of respondents mentioned that they were very satisfied with the relationship they are having with the clients, 44.4% were somewhat satisfied and 22.2% were neutral.

Results of the study suggest that 44.4% of the respondents were very satisfied with MBSA, 22.2% were somewhat satisfied, while 22.2% were neutral and 11.1% were somewhat dissatisfied.

The study revealed that 38% of respondents were very satisfied with the manager's recognition of work, 38% were somewhat satisfied and 24% were neutral.

Respondents were asked to indicate why they were satisfied with their manager's leadership qualities. 77.8% of respondents were very satisfied and 22.2% were somewhat satisfied.

According to survey, 66.7% of respondents indicated that they were very satisfied with the flexibility of the company in respect to family responsibilities. 22.2% were somewhat satisfied and 11.1% were neutral.

From the above presentation, it is evident that generally the employee satisfaction index is between neutral to very good. In all the indicators of employee satisfaction, there is no employee who indicated that they were not satisfied. This is positive for a small firm like MBSA and that means MBSA has what it takes to sustain their human resources. When it comes to relationships with the managers and leadership in general, the employees indicated that the relationship was not the best. An area which was impressive about the response was that of job security, proof that the employees view their jobs as secured clearly indicating that employees have hope for MBSA.

#### **4.5 SUMMARY**

The foregoing chapter has discussed the findings of the survey and presented them in a detailed manner in order for the researcher to build evidence and recommend the direction which MBSA must explore. The primary data was collected from a field survey using a questionnaire as the main data collection instrument. The researcher has exposed facts about the perceptions of respondents more especially the clients which MBSA must impress.

In general, the survey revealed the performance of this entity, as viewed by all the concerned stakeholders. The comments generally revealed that MBSA has a potential future ahead, and therefore areas that this small company must improve on. Although some responses were doubtful, this attributed to the participant not understanding the question but nonetheless, overall the response was satisfactory.

## CHAPTER FIVE – CONCLUSION AND RECOMMENDATION

### 5.1. INTRODUCTION

The most important objective of the preceding chapter was to expand on the key aspects of the study in terms of exposing and unpacking the research objectives as stated in Chapter 1. Chapter 1 outlined the main research objectives as mentioned hereunder:

- To examine the future growth aspects of MBSA Consulting
- To determine the need for strategic realignment
- To gain research experience requisite in finding knowledge that is useful to the real world
- To determine if MBSA Consulting can exploit the advantage they have and recruit the right kind of personnel.

The research has been guided by the question “To what extent is the future growth of MBSA Consulting feasible given the existing challenges? Can MBSA Consulting rely on its BEE status to acquire Government Contracts?”. The state of affairs in terms of MBSA Consulting Empowerment profile was stated, as ‘looking glossy’ as it was to attract attention, one ought to ask ‘is that enough for a company to succeed in the ever changing competitive environment?’ MBSA Consulting’s empowerment strategy includes the following:

- Recognition that as part of the business community the entity has a role to play in changing the economic landscape of the country
- The belief that it is both in their self interest and morally incumbent to invest in the economic empowerment of the disadvantaged individuals and communities.
- They also commit to adopt and implement policies that address affirmative action in recruitment and development of staff through *implementation of an in-company advancement strategy.*

In the introductory chapter, MBSA challenges were stated and they were related to the limitation that there was a skills shortage let alone Historically Disadvantaged Individuals. The other challenges facing the company included:

- Doubtful confidence from the clients,
- Lack of financial resources,
- Performance management
- Weak planning and management

Chapter Two presented a theoretical framework concentrating on key issues of strategic management. The chapter detailed the concept of strategic management starting from definition as described by experts in the field to the implementation and evaluation. The basic elements of strategic management are one of the salient features in that chapter. The process entails environmental scanning, strategic formulation, strategy implementation and evaluation and control. Each of these elements was discussed at length and various instruments of analysis as recommended by many strategists have been used.

Chapter Three was focusing on the research methodology which *in te alia* included research design, sampling, data collection procedures and question design. Data analysis procedures were also highlighted and tools of analysis were divulged.

A detailed account of the research findings were discussed in Chapter Four. This was done specifically to analyse and interpret data only. The response rate was positive and the study achieved more than eighty percent (80%) of the response rate. Although the response represented all the population, sixty percent (60%) of respondents were MBSA's clients.

## **5.2 CONCLUSIONS**

This research was aimed at revisiting the feasibility of future growth strategy of MBSA Consulting. The conclusions of the whole study are presented in the following sub-sections below.

### **5.2.1 FUTURE GROWTH STRATEGY OF MBSA CONSULTING**

One of the research objectives was to examine the future growth aspects of MBSA Consulting. An effort has been made in the study to give informed answers firstly from the theoretical framework and then from the data gathered from the recipients of MBSA's strategy. There were questions, which were asked from the respondents specifically to reveal their opinion on this research objective. The theoretical framework of strategic management prescribe three elements, which an organisation must follow: strategy analysis, strategy formulation and strategy implementation. With MBSA as no exception to other organisations, the researcher has superimposed MBSA's strategy to the strategic ideologies as discussed in chapter 2.

According to the findings of the study, it is concluded that MBSA is a small to medium sized company; therefore MBSA falls under the SMME sector. This means that MBSA has an opportunity to access all the services which have been set aside by the Government to grow SMME's. These services include funding towards training and capacity building. The study has acknowledged that objectives for supporting SMME are not only to grow an individual business, but to empower companies in order to contribute towards job creation. In view of this it can be concluded that there is an opportunity for MBSA to access support which can assist in the growth of this firm.

When judging the size of established companies, which happened to be controlled and managed by previously advantage individuals, most of these firms are large and have branch offices around the major centres of the country. These companies have the support of each other in terms of



resources and expertise while MBSA Consulting has only two offices, which are small. This can hinder growth aspects of the firm.

Reputation goes a long way in terms of achieving strategic competitiveness which leads the firm to earn above-average returns. Although most of the participants indicated that they view the reputation of this firm as good, only a minority indicated that the firm was very good. It can therefore be concluded that the reputation of MBSA is not perfect. According to the intangible resources as discussed in this study, reputation is but one of the major important aspect which drives the future growth of the organisation.

From the research findings, it is evident that clients that were interviewed are acquainted to MBSA's deliverables. This was shown by the largest number of respondents who indicated that they had an encounter with MBSA. The majority of clients indicated that their encounter was pleasant, only a marginal few indicated that the encounter was bad. This explained that the mission of MBSA, namely "to be the service provider of choice to improve quality of life" is being implemented if the clients are satisfied with the encounter with the company. As was discussed in the literature review, strategy can be crafted to be perfect but if its implementation is not practised, it is as good as non existent.

When comparing MBSA's performance with other firms which are also managed and controlled by Historically Disadvantaged Individuals, MBSA appeared to be above average. Majority of clients revealed that the firm in question was good. This is confirmed by the results which indicate that 50% of clients indicated that the performance was good, 30.8% said the performance was fair and 19,2% indicated that the performance was very good. This should give MBSA a major confidence and hope because there were no respondents who mentioned that the firm was bad or very bad.

The findings have also shown that MBSA ought to improve on various aspects in order to realise its growth strategy. Clients came out strongly that MBSA must improve on their contract administration and project management. This

aspect is viewed as most critical, more especially in an engineering company where the end product's success is measured by the quality, time of completion and financial implications.

### **5.2.2 DETERMINING IF MBSA CAN EXPLOIT THE ADVANTAGE THEY HAVE AND RECRUIT THE RIGHT KIND OF PERSONNEL**

Resources are instrumental in every organisation in terms of determining and ensuring profits can be generated. They are also important in identifying those resources that enable an organisation to complete and survive against competition. It has been argued in this study that better salary and attractive growth opportunities somewhere else were highlighted as the primary reasons why employees leave organisations.

As part of their growth strategy of MBSA and fulfilling codes of good practice, this firm is practising affirmative action policies. However, resulting from racial disparity of the past, there is a general challenge of skills shortage in the built environment sector. Due to the skills shortage, this issue remains a problem. The willingness of other HDIs to work for MBSA has been tested and the majority of respondents (84.3%) revealed those that offer this kind of skill are willing to join MBSA. There was a limitation on this issue because this was not necessarily the people concerned but the opinion of MBSA employees and clients. Given the outgoing statement however, the study also revealed that there is a skills shortage, suffice to mention black engineers. It has been suggested that in order for MBSA to compete with established companies, the firm should consider incorporation of non-historically disadvantaged individuals to address this issue. This has been supported by a fair number of respondents (38.7%).

It bears mentioning that MBSA employees are relatively happy with the treatment in general. This can be backed up by the employee satisfaction index, which was conducted by the study. In the previous chapter, this was analysed in greater length. Job satisfaction consists of several elements, namely job description, remuneration, work environment, employee benefits,

incentives and motivation. Several questions were asked pertaining to this, and the study has proved that the employees were generally satisfied with the current state of affairs as discussed. There are issues however, that require immediate attention from the company such as relationships with the leadership.

### **5.2.3 DETERMINING THE NEED FOR STRATEGIC REALIGNMENT**

MBSA has positioned itself to be a BEE company thereby getting preference in terms of government contracts. As indicated earlier, their recruitment policies are aligned to those of affirmative action.

The study concluded that one of the reasons why clients appoint MBSA is because the firm is a BEE company. It can be deduced therefore that the clients are subscribing to the government mandate which is to empower historically disadvantaged individuals.

Clients are satisfied with the service of MBSA Consulting. This was done by benchmarking MBSA with other HDI Companies. The results obtained from the analytical process, reveals that at least 50% of clients rated MBSA service as 'good' and 19.2% were of the opinion that the service was 'very good'.

Generally, the study has discovered that MBSA is heading towards the right direction. This can be confirmed by the majority of respondents who highlighted this issue. This has also been confirmed by all respondents who indicated that they are interested in supporting firms like MBSA.

### 5.3 RECOMMENDATIONS

These recommendations are raised in view of the findings of the research study. It is advisable that MBSA should make an endeavour to attend to the following: -

- a) MBSA should position itself to be a medium size company. This will be done by developing a clear vision and mission statement, which should be inclined towards being a BEE company. This will facilitate in identifying a clear cut market where competitors will be other BEE companies. MBSA will thus be able compete with some of the established firms. By formalising and concretising recommendations, MBSA will be crafting a niche for themselves.
- b) Reputation is viewed as one of the 'make or break' factors in the company. To address this issue, MBSA should explore two basic options which include: branding and quality management. It is advisable that MBSA subscribe and hold a certificate of Total Quality Management preferably from an institution which is endorsed by International Standards Organisation (ISO). This will assist in reassuring the client that the service they are receiving is of high standard and quality.
- c) MBSA should remain a BEE company as this entity is widely known. This recommendation is a contradiction to the findings of the study which suggests that the company should incorporate non-HDIs. This firm must invest on HDI's and grow their skills. Instead of MBSA incorporating non-HDIs, MBSA must source a mentor to guide the company; this will be done in order not to compromise the current BEE status of the firm. The main reason for this is that it is evident in the findings that most clients engage MBSA because of its BEE status.
- d) As highlighted in the study, it came out strong that MBSA should improve on its project management section. This can be done by

organising specific training courses for the project managers. These courses can be financed from enterprises which are set to support SMMEs.

- e) Management is encouraged to motivate employees by remuneration and growth opportunities. The findings of the research suggest that remuneration and growth opportunities were the main reason employees were leaving companies. Due to the fact that there is general lack of skills in the industry, this will help attract this scarce resource.
- f) It is suggested that MBSA's strategy remains the same as it is their competitive advantage. Without the researcher contradicting himself, an intensive market analysis must be done immediately in order for the firm to ascertain client's needs, so as to make an in-depth analysis of this aspect.

#### **5.4 LIMITATION OF THE STUDY**

The researcher has identified the following practical constraints in terms of the study:

- The main focus is on MBSA, in lieu of a wide array of Civil Engineering Consultants.
- Limitation in respect of literature available on the evaluation of government's competence in the light of its constitutional mandate.
- There are a few numbers of clients MBSA has, so the sample size will be small.
- MBSA is a relatively new company, so the firm's performance information over a longer time period will not be available.

## **5.5 SUMMARY**

This last chapter has refreshed the reader on and summarised the whole study. Conclusions of the study, which were based on the findings of the research, have been the main issue of discussion. Subsequent to that, concrete recommendations were tabled for MBSA management to consider.

## **5.6 RECOMMENDATIONS ON FUTURE RESEARCH**

The future growth strategy of MBSA Consulting was researched in this dissertation, but before implementing these recommendations, further research should be conducted on similar firms based in the Eastern Cape.

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Internet 1: [www.quickmba/strategy](http://www.quickmba/strategy)

Internet 2: [www.mbsaconsultants.com](http://www.mbsaconsultants.com)

Internet 3: [www.wikipedia.org](http://www.wikipedia.org)

## **Appendix 1**

### **QUESTIONNAIRE**

**TO BE COMPLETED BY CLIENTS AND POTENTIAL CLIENTS (representatives)  
OF MBSA CONSULTING.**

**“THE FUTURE GROWTH STRATEGY OF MBSA CONSULTING IN SOUTH  
AFRICA IN THE LIGHT OF ITS BEE STATUS”**

Researcher : Kwezi Mpuhlu  
Supervisor : Khadija Kharsany  
School : Graduate School  
University : University of Kwazulu Natal

#### **Note to the respondent**

- The purpose of this questionnaire is to gather understanding of MBSA Consulting growth strategy given the fact that MBSA is a HDI Company.
- This questionnaire is also intended to evaluate MBSA's performance against its competitors.
- This will enable the researcher to solicit concrete recommendations and evaluate the future growth.
- This is for only data collection purposes and statistical purposes.
- If you do not want to take part, just hand in the blank questionnaire at the end of the survey session.
- What you say in this questionnaire will remain private and confidential. No one will be able to trace your opinions back as a person.

#### **Note to the respondent**

1. Please answer the questions as truthfully as you can. Also, please be sure to read and follow the directions for each part. If you do not follow the directions, it will make it harder for us to do our project.
2. We are only asking you about things that you should feel comfortable telling us about. If you don't feel comfortable answering a question, you can indicate that you do not want to answer it. For those questions that you do answer, your responses will be kept confidential.

Do not write your name

Please provide a complete answer to each of the questions mentioned below

Fax the questionnaire to Kwezi Mpuhlu at 043-726 6513 or send by email to [kwezi@mbsaconsultants.com](mailto:kwezi@mbsaconsultants.com)

**Part 1 : Permission to use my responses for academic research**

**I hereby give permission that my responses be used for research purposes provided that my identity is not revealed in the published records of the research**

Initials and Surname \_\_\_\_\_

Postal address \_\_\_\_\_

Contact numbers: (w) \_\_\_\_\_ (c) \_\_\_\_\_

Signature \_\_\_\_\_

1. How would you categorise the size of MBSA

Very small	Small	Medium	Large
------------	-------	--------	-------

2. How would you define your relationship with MBSA?

Client	Potential Client	Employee	Potential Employee	Director	Other State.....
--------	------------------	----------	--------------------	----------	------------------

3. Given the fact that MBSA is an HDI Company, how would you rate their reputation?

Bad	Fair	Good	I do not want to answer
-----	------	------	-------------------------

4. Given the fact that MBSA Consulting is an Emerging HDI Company, how would you rate their potential growth?

Bad	Fair	Good	I do not want to answer
-----	------	------	-------------------------

5. Can you please tell us, why do you think employees leave companies.

--

6. Do you think MBSA should incorporate more non-HDI members to compete with established companies.

Strongly disagree	Mildly disagree	Neither agree nor disagree	Mildly agree	Strongly agree.
-------------------	-----------------	----------------------------	--------------	-----------------

7. In the last three years, did you ever had an encounter with MBSA

Yes	No
-----	----

8. If yes, how would you rate your describe your encounter

Bad	Fair	Pleasant	I do not want to answer
-----	------	----------	-------------------------

9. Can you please tell us, what service is MBSA offering

--

10. In addition to service offered by MBSA, which additional service(s) do you think MBSA can offer?

--

11. Would you associate the statement "to be service provider of choice to improve the quality of life" with MBSA

Always	Usually	Sometimes	Seldom	Never
--------	---------	-----------	--------	-------

12. Comparing MBSA with other HDI companies, how would you rate MBSA

Very Bad	Bad	Fair	Good	Very Good
----------	-----	------	------	-----------

13. As an Employer, would you appoint MBSA to be involved in simple and straightforward job?

Yes	No
-----	----

14. As an employer, would you appoint MBSA to be involved in a complex job?

15. Do you think BEE is fair

Yes	No	Never thought about it
-----	----	------------------------

16. Do you think MBSA recruitment and affirmative action policies are justifiable given the South African situation?

Yes	No	Never thought about it
-----	----	------------------------

17. What do you think attracts new employees in any companies?

a) .....

b) .....

c) .....

18. Do you think other fairly experienced HDI's would be interested in working for MBSA

Yes	No	Never thought about it
-----	----	------------------------

19. In which areas do you think MBSA must improve?

--

20. What do you like about MBSA

--

21. Do you have confidence in MBSA Consulting?

Yes	No	Never thought about it
-----	----	------------------------

22. Do you think MBSA is heading in the right direction

Yes	No	Never thought about it
-----	----	------------------------

23. Why do you think Clients appoint MBSA

--

24. Explain why employers break their relationships with consultants

--

25. Would you like to support firms like MBSA

Yes	No	Never thought about it
-----	----	------------------------

26. How do you feel about the following statement? 'Service providers should place their client's interest before their own'

Strongly disagree	Mildly disagree	Neither agree nor disagree	Mildly agree	Strongly agree.
-------------------	-----------------	----------------------------	--------------	-----------------

27. In general do you think service providers place their client's interest before their own?

Always	Usually	Sometimes	Seldom	Never
--------	---------	-----------	--------	-------

## **Appendix 2**

### **“THE FUTURE GROWTH STRATEGY OF MBSA CONSULTING IN SOUTH AFRICA IN THE LIGHT OF ITS BEE STATUS”**

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Letter of informed consent  
2006

24 November

Dear Respondent,

MBSA Research Project

**Researcher** : Kwezi Mpuhlu (0832999988)  
**Supervisor** : Khadija Kharsany (0837861503)  
**Graduate School of Business**  
**University of Kwazulu-Natal**

We need your help to evaluate the Future Growth Strategy of MBSA Consulting in South Africa in the light of its BEE status.

#### **Consent and Participation**

Although you do not have to complete the questionnaire because participation is voluntary, you will assist us greatly with your answers, which will only take a few moments.

#### **Undertaking by Researcher**

The researcher undertakes to: -

- Honour the agreement that participants can withdraw at any given time, should they wish without any negative or undesirable consequences to themselves
- Treat responses in a confidential manner
- Ensure anonymity where requested
- Provide the participants with copies of the survey results as benefits to them, should they choose to receive such
- Dispose of the collected data as soon as the MBA dissertation has been accepted and passed

#### **Consent**

I \_\_\_\_\_ (please provide your name and surname)  
hereby confirm that I understand the contents of this document and the nature of the research project, and I hereby agree to participate in the research project, provided that my personal identity or identity of the organisation for which I work are not revealed in the final published research report.

Signature of participant \_\_\_\_\_  
Date \_\_\_\_\_

## **GUIDELINES FOR DRAWING UP AN INFORMED CONSENT DOCUMENT**

The Informed Consent document could either be

1. in the form of a letter to the participant, containing information on the items listed below and concluding with a declaration allowing for the name of the participant, signature and date, or
2. drawn up as a declaration with a separate information sheet containing information on the items listed below

Note: in the case of 1 above, a copy of the signed consent has to be given to the participant.

### **INFORMATION TO BE INCLUDED IN THE INFORMED CONSENT DOCUMENT**

- . **The project title understandable by the lay person.**
- . **A statement of the projects aims, in terms understandable by the lay person,**
- . **The names, affiliations and contact details of the investigator/s, with qualifications where appropriate,**
- . **Name, contact address or telephone number of an independent person whom potential subjects may contact for further information, usually the project supervisor, team leader or school director,**
- . **A brief explanation of how the subject was identified,**
- . **A clear explanation of what is required of the subjects who agree to participate, including descriptions of any procedures they will undergo and any tasks they will perform, together with an indication of any possible discomfort or any possible hazards involved. The estimated total time of involvement and the number of occasions or duration of time over which this involvement is spread should be stated.**
- . **Potential benefits to be derived from participating in the study should be stated,**



- . **An indication of payments or reimbursements of financial expenses incurred by subjects,**
  - . **A statement on the use of any written, audio or video recordings made,**
  - . **An indication of how and when the gathered data will be disposed of,**
  - . **A statement assuring confidentiality or anonymity as appropriate,**
  - . **A statement that a decision not to participate will not result in any form of disadvantage,**
  - . **A statement that participation is voluntary and that subjects are free to withdraw**
- from the study at any stage and for any reason.**

**EXAMPLE OF DECLARATION**

I.....(full names of participant)  
 hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

**SIGNATURE OF PARTICIPANT**

**DATE**

.....  
 .....

**NOTE:**

**Potential subjects should be given time to read, understand and question the information given before giving consent. This should include time out of the presence of the investigator and time to consult friends and/or family.**

## Appendix 3

### INFORMED CONSENT DOCUMENT

**Research Topic:** “THE FUTURE GROWTH STRATEGY OF MBSA CONSULTING IN SOUTH AFRICA IN THE LIGHT OF ITS BEE STATUS”

#### **Introduction**

This informed consent document purports to ask for your voluntary participation in this research study being undertaken in MBSA Clients. This document further gives you information about the study which will also be discussed with you. Once you understand the study, and if you agree to take part in it, you will be asked to sign the consent form in front of a witness. You will be given a copy of the signed form for your own record.

#### **What Are The Objectives Of The Study?**

The following research objectives have been identified:

- To examine the future growth aspects of MBSA Consulting.
- To determine the need for strategic realignment.
- To gain research experience requisite in finding knowledge that is useful to the real world.
- To determine if MBSA Consulting can exploit the advantage they have and recruit right kind of personnel.

#### **Who Are The Targeted Study Participants?**

All Client bodies to MBSA Consulting i.e Municipalities, Government Departments and Parastatals. The study will target those officials who have direct contact with MBSA in order to seek ideas about important issues or aspects of the subject related to the above study objectives. It will also discover what is important across the research topic's range of knowledge.

#### **What Will It Mean To Take Part In This Study?**

Your participation will be most appreciated, as it will enable the researcher to complete his milestone project in the pursuit of knowledge and acquisition thereof. It will further help the MBSA either to give recommendation on its future growth.

#### **What Are The Risks Of Being In The Study?**

There are not risks inherent in the study and an effort has been to keep the questions easy and straight forward. Some open-ended questions may require you to share your own perspective or views with the researcher. You are at liberty not to answer any of the questions.

### **What Are The Benefits Of Participating In This Study?**

No direct benefit (s) will be derived from participating in the study. The information collected during the study will be kept confidential and you as a respondent will remain anonymous both during and after the research, thus your honest personal views and recommendations are requested.

### **What If You Do Not Want To Take Part?**

Your participation in the study is absolutely voluntary and you are free to withdraw from the study at any stage and from any reason.

### **How Will Confidentiality Be Guaranteed?**

Anonymity will only be guaranteed in respect of research participants. Participants will not be asked to furnish their names, nor contact details. All questionnaires will be coded during capturing. Anonymity will be precluded with respect to MBSA and Client bodies to be involved in the study. Research findings, as part of the researcher's undertaking to MBSA, will be disseminated to the organization.

### **Who Can Be Contacted If You Want To Obtain More About The Study?**

In the event you require more information before deciding on whether or not to participate or if you participate and later realize that there are questions that to be clarified, you may contact the researcher:

<b>Contact Person</b>	:	Kwezi Mpuhlu
<b>Email</b>	:	<a href="mailto:kwezi@mbsaconsultants.com">kwezi@mbsaconsultants.com</a>
<b>Contact Number</b>	:	043- 726 6513 (w) or 083 2999988
<b>Fax Number</b>	:	043- 726 1408
<b>Physical Address</b>	:	7 Gloucester Road, Vincent, East London

**INFORMED CONSENT DECLARATION BY RESEARCH PARTICIPANT**

I..... (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in this research project. I have been fully informed of the study being conducted and understand what is required of me. I know the risks and benefits to participating in the study.

I understand that my participation involve honestly answering questions from the questionnaire by taking not more than twenty (20) minutes of my time to complete and return the attached questionnaire to the researcher.

Under these conditions I am therefore willing to participate in the study and I understand that I am at liberty to withdraw from the project at any time, should I so desire. Withdrawal from the study will under no circumstances affect my relationship with the researcher.

\_\_\_\_\_  
**Signature Of Participant**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Signature Of Witness**

\_\_\_\_\_  
**Date**

## **Appendix 4**

Kwezi Mpuhlu  
7 Gloucester Road  
Vincent  
East London

23 November 2006

***TO WHOM IT MAY CONCERN***

### **THE FUTURE GROWTH STRATEGY OF MBSA CONSULTING IN SOUTH AFRICA IN THE LIGHT OF ITS BEE STATUS**

The attached questionnaire forms part of a research project I am currently conducting in fulfillment of my Masters Degree in Business Administration (MBA) I am studying through the Graduate Business School of the University Of KwaZulu-Natal (UKZN, Westville Campus). This research will be undertaken in Eastern cape to major clients of MBSA Consulting.

**My research topic is “THE FUTURE GROWTH STRATEGY OF MBSA CONSULTING IN SOUTH AFRICA IN THE LIGHT OF ITS BEE STATUS”**

."

Your participation will be most appreciated, as it will enable the researcher to complete his milestone project in the pursuit of knowledge and acquisition thereof. It will further help the MBSA either to give recommendation on its future growth.

Please be so kind to assist me by taking not more than twenty (20) minutes of your time to complete and return the attached questionnaire at your earliest convenience preferably no later than **Monday, 04 December 2006**.

**Contact Person** : Kwezi Mpuhlu  
**Email** : [kwezi@mbsaconsultants.com](mailto:kwezi@mbsaconsultants.com)  
**Contact Number** : 043- 726 6513 (w) or 083 2999988  
**Fax Number** : 043- 726 1408  
**Physical Address** : 7 Gloucester Road, Vincent, East London

Your participation in the study is absolutely voluntary and you are free to withdraw from the study at any stage and from any reason. No direct benefit (s) will be derived from participating in the study. The information collected during the study will be kept confidential and you as a respondent will remain anonymous both during and after the research, thus your honest personal views and recommendations are requested.

I take this opportunity to express in advance my heartfelt gratitude for both your earnest effort as well as your most valuable time you have spent in completing this research questionnaire.

Yours faithfully

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**KWEZI MPUHLU**

## **Appendix 5**

Approval Letter



RESEARCH OFFICE (GOVAN MBEKI CENTRE)  
WESTVILLE CAMPUS  
TELEPHONE NO.: 031 – 2603587  
EMAIL : [ximbap@ukzn.ac.za](mailto:ximbap@ukzn.ac.za)

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11 DECEMBER 2006

MR. K MPUHLU (202523370)  
GRADUATE SCHOOL OF BUSINESS

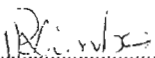
Dear Mr. Mpuhlu

ETHICAL CLEARANCE APPROVAL NUMBER: HSS/06809A

I wish to confirm that ethical clearance has been granted for the following project:

"The future growth strategy of MBSA consulting in South Africa in the light of its BEE Status"

Yours faithfully

  
.....  
MS. PHUMELELE XIMBA  
RESEARCH OFFICE

→ cc. Faculty Office (Christel Haddon)  
cc. Supervisor (Ms. K Kharsany)