

**A STUDY OF EFFICIENCY AND COMPETITIVENESS IN A  
CHEMICALS MANUFACTURING COMPANY  
(CHEMPLEX ANIMAL & PUBLIC HEALTH)**

**By**

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## **DECLARATION**

I, **Johannes Manyenga** do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and by comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university.



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## **ABSTRACT**

The study dwells on one of the few companies making animal and public health chemicals in Zimbabwe. It is fairly a new company and the industry is old globally even in Zimbabwe. Chemplex has a varied product range covering grain protection, insecticides, pesticides in addition to the animal chemicals. However, Chemplex's viability is under serious threat because the existing strategies are not competitive enough for global participation. The manufacturing of products has been scaled down due to critical shortage of foreign currency.

The intent of this paper is to suggest that the use of a quantitative research methodology can inform today's decision-making managers in the animal and public health chemicals manufacturing company. While not claiming to be predictive, the research seeks to develop intelligent forecasts and strategic inclinations concerning what is possible while indicating strategies for working toward desired goals. In a time of accelerating change and globalization of markets, the methodology can help in revealing to managers how to cope successfully with uncertainty and move confidently into tomorrow. In that regard, a quantitative and case study approach will be implemented.

The research has proposed ISO certification, strategic alliances, outsourcing and licensing agreements as recommendations that Chemplex should seriously consider. These have been identified as highly necessary given the global trends and Chemplex's competitive potential since manpower and facilities are greatly underutilized. Chemplex does not have all the necessary resources to embark on meaningful growth

and expansion on its own at the moment. The foreign currency generation will be expected to improve under such strategies as well to enable Chemplex to compete independently in future.

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# **CHAPTER 1. INTRODUCTION**

## **1.1 Motivation**

The location of Chemplex is in a region where agricultural activities dominate in driving the growth economic development of Zimbabwe. In particular, Zimbabwe is one such country whose economic prosperity has been driven by agriculture. The country has a huge potential in the beef industry, which can be exported to earn much-needed foreign currency. Chemplex manufactures chemicals, which can be used for safe keeping of other agricultural products intended for export. This would also boost the country's ability to export products that can compete on the international markets. The company also manufactures some products that are crucial in the farming sector. It has chemicals for animals' treatment and disease prevention, which are on high demand locally, regionally and internationally. The other products include plant chemicals for use in the fields and for storage.

On the human resource side of the company, Chemplex have qualified personnel who can produce quality products. However, the manpower development programs if implemented would empower the staff and add value to overall company products and image thereby achieving more competitiveness.

The markets exist for the consumption of Chemplex's products although it may need extra penetrative tactics to be able to get more results. The local market is not even fully serviced. The international markets will need to be explored and utilized. The international markets are critical in their foreign currency contributions.

As such there is every reason to study Chemplex's competitiveness and efficiency given all the above opportunities that have great potential in creating value for the company. If these avenues are exploited correctly the company will benefit as well through generation of foreign currency, which is needed in the manufacture of the products. This will likely make the company independent of the Reserve Bank's assistance in sourcing foreign currency to acquire the ingredients that are not available locally. It will empower employees through above average compensations and security of their jobs. The company will also be able to develop locally, regionally and internationally since it will have the resources needed for such projects. The parent company will continue to provide inputs that are needed and available in abundance.

## **1.2 Problem Statement**

Chempex is operating in an environment with several challenging issues. The competitiveness and efficiency of Chemplex's business operations are faced with serious global tasks. The manpower for the company is sufficiently trained to meet some of the competition from other players in the industry.

The problem with achieving global competition and efficiency standards is largely contributed by the lack of funding to upgrade the company's manufacturing systems. The equipment used in the process and production system is sourced from suppliers outside of the country the company is based. This means that they would need some foreign currency to acquire replacement units. The production system would also require upgrading to meet the ever changing technology of the world. This would be very important since the competition cannot be expected to remain the same; international companies would explore all possible markets for expansion of markets and also cheaper production costs.

The raw materials like Arkopal N130 and HBTA XXL used for Deltatick SC and Venton Wound Oil production respectively would need to be sourced using foreign currency because they are not available locally. The foreign currency is not readily available in the official channels like banks. The alternative to acquiring the foreign currency at viable rates is not possible because Chemplex is not exporting its products. The failure to export cannot enable Chemplex to build its own foreign currency reserves so that it can embark on growth and improve its manufacturing systems.

At present Chemplex has no international partner in the form of alliances for support. Chemplex does not have assistance in acquisition of inputs and production systems through off shoring some functions where the company's existing facilities cannot manage internally. The penetration of markets beyond Chemplex's current areas of influence which could be made easy through such alliances is not in existence. The company is not benchmarking the manufacturing systems with others in the same industry. Chemplex is not seriously considering strategic actions to keep its competitiveness in line with global trends.

Chemplex has run into viability problems culminating in poor financial stability, low production and an insignificant market share. The existing capacity is even underutilized because of severe shortcomings in generating foreign currency, which is vital in many of the products being manufactured by the company. The efficiency and competitiveness of the company needs to be assessed. Strategies which can be reviewed and implemented to improve its position are not given the urgency deserved. As such the fundamental problems are found in the following areas:

Focus by Chemplex on strategies which improve its position and foreign currency generation is one area that must be considered. Chemplex has critical requirements for foreign currency to be able to finance its manufacturing operations which require imported materials. If strategies

are crafted which address the foreign currency shortage, then Chemplex would be enhanced its competitiveness and viability.

Improving efficiency and competitiveness to world-class standards will be very important for Chemplex since the products and manufacturing systems will be available on the markets at optimal prices.

Necessity to improve efficiency and competitiveness of Chemplex both locally and globally would a vital and strategic move since almost all markets are now open to international products. If Chemplex does not consider the existence of global competition, then its viability will be under threat in future.

### **1.3 Research Objectives**

Any organization has shareholders who are interested in maximizing their returns on investment. They also want to see the organization's future as being bright for them to keep their investment in it. The study wishes to evaluate the possibilities of making the company attractive to investors and generate its own resources as follows:

To assess the efficiency and competitiveness of the Chemplex so that options for improvement can be identified and dwelt on.

To determine the future of the company by seeking to study the bottlenecks currently in the system and recommend their elimination. This will be done by considering opportunities available and possible to Chemplex in the market and from its internal resources, as the research would expose.

To evaluate and try to reveal through the research, possible avenues for growth and competitive issues and generation of foreign currency.

Eventually the study should establish that whatever the problems are, the company has the potential to operate efficiently and competitively for the betterment of the economy, shareholders, stakeholders and the associated industries.

There is huge potential for the products in the world and this company should wake-up and tap these markets. The company can build enough capacity to trade competitively globally in one-way or the other.

The study will come up with the right tools after contacting a proper research analysis and as such will suggest alternatives on how to improve the operations and competitiveness of the company. It is hoped that Chemplex will have a greater role to play in the economy and socially.

There are possibilities for such achievements by embracing production systems utilizing latest technological advancements in the industry. The various options will be discussed and recommendations drawn up for this company.

#### **1.4 Research Design**

The research will be based on the quantitative and case study research strategic approach. It will be deductive in nature because questionnaires will be sent out to collect data on what would be keys areas relating to the study. The analysis of this data will help with proposals for conclusions and recommendations since it would be a product of the situation in Chemplex. The research will also use some secondary data in the form of newsletters and other publications within Chemplex and other relevant sources including discussions. The Internet will be searched for relevant information regarding the subject and other similar case studies. The study will also peruse other completed and current studies that are related to the research topic depending on

availability of such material. Although the total number of staff members in the Company is about 100, the research will only target a group of about 15 respondents because these are appropriately positioned to have the relevant information. The research will involve sending out some questionnaires to the managers and supervisory staff members who constitute the fifteen respondents of the company to get their views on the competitiveness and efficiency of their operations and products. These groups of people are in proper positions to understand the performances that can influence overall company competitiveness. The questionnaire will gather statistical data from their responses.

The targeted fifteen participants will each be given a set of questions together with a cover letter. The questions will be identical and requiring an easy completion method of ticking appropriately. The research uses dichotomous type of questions. The cover letter and questions will be confidential throughout the process and thereafter as stipulated by the University of KwaZulu-Natal's ethical requirements. The research questions will have a fully self-introductory cover letter with necessary contact details for clarity on any question or aspect of the whole project attached. The cover letter will explain the confidentiality aspect of the responses, purpose of the research and the likely benefits of honest answers if the recommendations are implemented. There will be no incentive other than the fact that huge company benefits would be reaped and then the staff will enjoy improved rewards from Chemplex.

### **1.5 Permission To Carry Out Research with Chemplex Animal & Public Health Company.**

The research was introduced to Chemplex via a phone-call. A meeting was requested and arranged. During the meeting the request to carry out an MBA research work was tabled. The research work was granted and facilitation of access to the respondents agreed. The staff

members at the supervisory and management levels were identified as the best respondents in view of the nature of the research topic. A commitment to produce a letter of acceptance addressed to the researcher's business address was also made. The letter was indeed received on 17<sup>th</sup> March 2006 paving the way for commencement of the study, and is included as Appendix D.

### **1.6 Envisaged Contribution**

The research is intended to add value to Chemplex by increasing the competitiveness of the business. It is envisaged that strategies could be proposed for the success of the company. The production will be expected to increase following availability of resources. The interested parties will enjoy an enhanced performance from the company and hence better rewards. The areas where the company has not scored remarkably will be identified and strategically addressed with strategies targeting improvements in competitiveness. The products' penetration into the market will be looked at with the view of future research attempts on improving Chemplex's impact on the market place. With the improved performance having been achieved, the company will be expected to enhance the economy of the nation. This research will be enriching the knowledge on the subject and create wider discussions in the field of strategic management as well.

### **1.7 Preview of Dissertation**

The chapters are briefly summarized to highlight the issues that will be discussed or dwelt upon in this research. This synopsis represents the research work for the purposes of answering the research questions in the study and also proposed strategies. The subsequent chapters are:

## **Chapter 2. Literature Review**

Chempex's strategies as enshrined in the mission statement come under scrutiny. Various business management tools such as SWOT, Porter's and BCG models and the Concept Matrix approach are employed to help map out the current status of the company and opportunities for future growth. In this chapter, relevant literature will be perused and acknowledgements made to sources that have been used.

## **Chapter 3. Research Methodology**

The questionnaires will be drawn up with the intentions of collecting respondents' views regarding the topic under study. A certain group of staff members will be identified because of their nature and level of the positions in Chempex in relations to the subject under study.

## **Chapter 4. Presentation of Data**

The questionnaires were hand-delivered to Chempex and collected after two working days. The data was recorded in a table and analyzed question by question initially. An excel bar graph was then used to display all the responses. The analysis will also provide pointers related to research questions and give the platform for recommendations to be promulgated.

## **Chapter 5. Conclusion and Recommendations**

All strategies having been deliberated and questionnaires results now available, the recommendations are subsequently unavoidable. At this stage Chempex is strongly advised to pursue strategies that would cure its critical weaknesses and threats, whilst making use of its strengths to capitalize on opportunities. The research proposes strategies that subscribe to some corporative alliances and make use of the resources, which other partners might pose.

## **1.8 Conclusion**

Chempex has the potential to improve its competitiveness. The problems would be examined after being identified and responsive strategies proposed. The motivation and envisaged contributions can only spur the study to progress with the research work. The study will carefully examine the current status of the company in terms of its efficiency and competitiveness as well as means to generate foreign currency. The future prospects will be speculated in view of exploiting the opportunities.

## **CHAPTER 2: LITERATURE REVIEW**

### ***2.1 Introduction***

Almost every company or organization has to operate with some form of vision as an outline to its strategic mission. Chemplex's mission from their internal sources of strategic meetings is given by Chemplex (Chemplex, 2005a) "Our mission is to satisfy customer needs through the supply of quality animal and public health products in an environmentally sustainable manner, resulting in the creation of stakeholder value". An analysis of any company's mission statement using a variety of tools such as environmental scanning, SWOT technique, concept matrix, BCG matrix and Porter's competitive analysis will then help understand the requirements for a company in its attempt to achieve the goals and satisfy its vision. There has to be a scenario analysis of the company's current position to assess the competitive areas and then a roadmap on how the company would achieve its desired goals or even surpass them. The macro-environment will be analyzed using SWOT analysis to come up with current status of action plans, which will be used to trace development of the proposals to follow. However, some of these key result areas will be scrutinized to see actual critical factors influencing the competitiveness and efficiency of a company in today's world. The other areas will be assessed on their potential in competitively addressing any company's growth especially in the manufacturing systems and technical knowledge bases.

The current competitive strengths will be explained with the view of building strategic moves for global entrance, which the company would have contemplated. The global participation by a company can be achieved through export, licensing and foreign direct investment among

other options available. Whereas licensing and export strategies are the more likely strategies followed by companies wishing global competition, foreign direct investment demands a lot of financial resources to setup the facilities. A general analysis of the various concepts as outlined in Appendix A will be examined broadly as they are at play in today's scenario regarding companies.

## **2.2 Concept Matrix**

The concept matrix in Appendix A will be referred to in the literature survey of this research. This concept has been found to very be a quick way of referencing the strategies according to different authors. The matrix concept has been drawn up from several literature sources particularly interested in strategic management with the view of explaining the concepts in summary form. The strategic concepts in Appendix A are broad in their application in addressing a variety of company competitiveness and efficiency issues. The strategies are found in both private and public enterprises as they play a crucial role in the business world. Appendix A will be used as a reference tool for Section 2.3 until Section 2.17 inclusive, in this chapter.

## **2.3 Economies of scale**

Porter (1980) argued that an increase in volumes of the products being produced or sold will result in a competitive advantage for the firm. The high economies of scale imply that it will be very difficult for new entrants since the cost of the products could be lowered because of volume benefits. However, any company relying on this competitive advantage should be aware that this advantage is not defendable forever, said Porter (1980). The same products specifications can be produced at a premium but with more benefits and can easily become more competitive than those being produced at higher volumes and less costs.

The fact that economies of scale can be coordinated across wider markets and segments, it also leaves the strategy under attack from those operating narrowly because of less localized management. This will eventually defeat the competition in some markets and reduce the competitiveness of the strategy. The competitors could introduce better production and service delivery technologies which would have the potential to yield higher levels and hence become better cost competitors. The new capital installations could also produce brands that have better features than existing products. All of the above was analyzed by Porter (1980) about the advantages and disadvantages of economies of scale.

According to Bensoussan and Fleisher (2002), economies of scale strategy require continued market share pursuance. The assumption is that competitors are not chasing through the same route as well as it would result in overcapacity of the product in the market. The unavoidable scenario would prevail with competition shifting to price wars and eventual price stagnations and loss of profits.

Hitt, Ireland and Hoskisson (2003) mentioned that economies of scale can be extended to any functions with an overall effect of delivering at marginally low cost. This strategy according to Hitt *et al* (2003), is used to capture larger market share. If competition is delayed, the company competing on economies of scale will accrue excess resources which can be used in difficult times. The strategy also frustrates new entrants without capacities to challenge the pacesetters. However, retaliation can be applied in several ways and the economies of scale competitive advantage would be lost, especially with new technologies and process reengineering taking place throughout the world.

## ***2.4 Technological Developments and Capital Requirements***

Porter (1980) mentioned about the need for substantial financial resources needed to compete in some sectors as a barrier. This is because some of the financial resources could be risky or injected for investment that might not provide recoverable costs. The barrier favors companies already in business.

Ansoff's (1998) synergy approach using the "2+2=5" argument classified one of the components for return on investment (ROI) as investment synergy. This strategy includes sharing of capital resources like machinery and plant facilities. There are other silent agreements that are not normally considered at the beginning like equipment maintenance and replacement strategies that could threaten the investment synergy approach. The capital resources can be used only temporarily and at an agreed fee so that relations do not degenerate in future according to Ansoff (1998).

Prahalad and Doz (1998) mentioned one of the reasons for companies' interdependency as technology linkages. It was further argued that the advantages emanate from the fact that different companies could have identical technological processes and therefore it might be necessary to depend on other similar facilities rather than develop own systems. The problem will be that this interdependency will not allow full autonomy for one of the companies since it can never be equally beneficial. In the event that other economic pressures have affected any of the companies involved, it will inadvertently rope in the others in the synergy into the quagmire (Prahalad and Doz, 1998).

Hiroyuki (1998) argued that a company must strive to get the best out of its resources that is, both invisible and visible assets. The manufacturing capacities must be fully utilized even if it means bringing

in new products or producing more than the local markets demand so that it can enter new markets.

Cooper and Schendel (1998) alluded to the effect of technological threats. They raised possibilities of innovations in technology as having potential to either create new opportunities or even destroy those already in existence. The new industries may well come with state of the art technology and pose great challenges on old firms. The established firms have two options of acquiring new technology as well or re-engineering their systems to maintain the competitive advantages. This threat is also mentioned by Porter (1980) as a threat of new entrants and has the capability of changing the whole industry's environment and competitive landscape.

The study on the future of the telecommunications industry in South Africa by Pieterse (1999) made reference to the technological developments in the whole industry as having the ability to reshape the competitiveness. According to Pieterse, the rapid technological development was stated as one of the key drivers for competition. It will depend on whether a company decides to be a leader or follower in the technological race. In competitive strategy, being a leader in the technological development translates to market leadership and a high probability of better financial returns before competitors' emulation. The technology strategy can also be used in achieving economies of scale in marketing, services, production and logistics which all have the potential of creating value for the company, Pieterse (1999) further suggested.

Bauernschmitt (1997) stated the imperativeness for organizations to grasp the technological concept for survival, in the study of technology management as a tool for global competition. The technological concept was viewed in that study as a vehicle for future growth internationally, survival and competitiveness for the companies who embrace the concept.

Hitt *et al* (2003) stated the need for companies to have physical resources and capital for a successful investment. Some of the industries would require substantial capital resources to enter the mainstream business. It is such requirements that would force companies to consider strategic alliances, joint ventures and distribution avenues as gateways to globalization, they said. However, the ability to capitalize with modern manufacturing systems can also leverage their competitive positions positively. A company must weigh the options available before making decisions which could have risks of failing to recover the capital costs incurred; it was further argued (Hitt *et al*, 2003).

## **2.5 Outsourcing or Contracting out**

Kanter (1998, p.151) said, "The strategy here is to divest all but the solid core". The functions that the company perceives could be done better elsewhere are supposed to be all channeled appropriately to where competitiveness can be achieved. This is done to ensure that the company outsourcing these responsibilities can concentrate on those it can perform competitively. The challenge is that the outsourcing company will not grow since its manufacturing emphasis on core business is narrow, hence specialization as a competitive advantage can be achieved. The company's products will not be marketable until the outsourced items have been incorporated. This affects dependability and speed to meet market needs since the operations are outside its direct responsibilities.

Reyneke (2001) in his contribution of risk-based preventative maintenance through outsourcing stated the benefits of cost reduction, total productivity and avoidance of catastrophic failures. The researcher also mentioned the importance of cost reduction by managing maintenance waste through techniques like Reliability Centred Maintenance (RCM) and Total Production Management (TPM). The proper

outsourcing to the largest outsourcing company Heckett Multiserv (HMS) was a good approach since their experience would be very vital in achieving the goals of reducing cost and improving revenue and production, Reyneke (2001) stated.

The invention of globalization of markets has put several organisations under immense pressure according to Thongoane (2002) in the study on Telkom's outsourcing strategy. The organisations have been forced to reengineer in one form or the other through mergers, outsourcing, and unbundling etc. In Thongoane's (2002) Telkom study, the outsourcing approach was preferred and a company created from the parent company as Telecommunication Facilities Management Company (TFMC).

According to the study by De Lange (2001) on the competitiveness of operating profitably after an outsourcing strategy of the human resources skills, the researcher mentioned that this was now a worldwide trend because of the competition and globalization changes in the markets partly induced by technology. The rationale for outsourcing of the Human Resources and Payroll functions unit of Bonus Building Supplies was that it was non-core business.

Johnson (1999) stated the growing global trends towards outsourcing as a strategic imperative. The study focused on the outsourcing of Information Technology (IT) mainly by the United States (US) IT industry and recommended that South African companies could draw lessons from the US experience. It was mentioned in the study that certain outsourcing decisions had been rescinded because they had failed to yield the competitive results as expected. The outsourcing strategy has the potential to improve the company's competitiveness but the decision on the affected functions must be well calculated before commitment, otherwise negative results would be experienced (Johnson, 1999).

Outsourcing is viewed as an effective strategy because individual organisations cannot possess all the resources for superiority in competition, according to Hitt *et al* (2003). It must be borne in mind that although outsourcing is considered in that manner caution should always be applied in its application, Hitt *et al* (2003) said. Outsourcing strategies have the potential to kill creativity and innovativeness in the organisations where it is applied indiscreetly. The strategy could lead to low morale amongst the staff members to such an extent that even the core functions that remain in the organisation might not be performed to expectations and that attitude would propagate negative results. The necessity of outsourcing must be evaluated objectively and communicated to all concerned parties likely to be affected; it was hinted (Hitt *et al*, 2003).

Dreischmeier *et al* (2005) said the outsourcing company must evaluate its organisational readiness before committing to any form of offshored practice. The support and relationship that would ensue between the companies requires commitment from staff according to Dreischmeier *et al* (2005).

## **2.6 Substitute threats**

Porter (1990) argued that the threat posed by substitute products on an industry have the effect of subduing the overall profits in that sector. The substitute threat will always exist and could be aided by the problems associated with switching products. The more attractive in cost-performance and test of a substitute will be, the more the tightness on price control of that product can be ensured. For a company with global competition ambitions, the existence of alternatives can never be ruled out (Porter, 1990).

## **2.7 Suppliers and Buyer power**

According to Yavitz and Newman (1988), the aim of vertical integration by acquisition is to achieve fast and cheaper prices through the facilities provided by another company. The strategy of acquiring major supplier sources and buyer channels would be aimed at controlling cost and dependability of the industries that can directly influence your pricing and marketing structures.

Hitt *et al* (2003) mentioned the bargaining of suppliers according to Porter (1980) as having a bearing in the industry competition. The suppliers' control of costs would be beyond that of the user companies; as such increases in prices would need careful strategies in factoring them into the products costs. Usually this is difficult when the supplier is a monopoly or the substitute products are impossible to obtain. Possibilities of overcoming such strategic impedance would be vertical integration of the critical supply chain upstream and downstream for the assurance of the markets' existence, Hitt *et al* suggested.

According to Porter (1980), the suppliers and buyers of the company's products have got a bearing on the overall competitiveness of a company. Any price variation effected upstream of a company's inputs would introduce corresponding pressures to the cost of the product. The downstream consumers are equally affected and resistance to products or pursuance of alternative substitutes would become unavoidable.

## **2.8 Strategies**

Hofer (1988) argues that there are two important factors, which influence turnaround, are organisational performance and timing of the process. The organisational performance would naturally be measured by declining profits, market share, underutilization of assets and those having unnoticeable growth among a host of other reasons. As such

some turnaround strategies affecting organisational performance like asset utilization are likely to get support from the corporate level since the effects are less serious. The time criticality of turnaround is based on the likely threats posed by the situation. If the decision can be deferred to allow operational changes for a planned turnaround implementation then it might not be very critical on time limits, otherwise they could also come up with operational strategies that would extend the timing of the turnaround implementation, Hofer (1988) argued.

Hofer (1988) also identifies two major strategies in turnaround, which are changes in the organisational strategy of competing in the same business and the strategy that wishes to enter new business. The choice of a particular strategy would then depend on expected profitability of its implementation after assessing the current status of the business. It is important to note that Hofer (1988) also warns of possible pitfalls emanating from implementation of the turnaround strategy. The turnaround strategy might fail to produce expected results and plunge the whole business into more viability problems against the managers' expectations. Therefore careful analysis must be conducted before strategies are implemented and those that are likely to incur large cash commitments should be avoided, Hofer (1988) implied.

Hamman (1998) in the study of formulating a strategy for an engineering department proposed a turnaround strategy approach as the primary grand strategy in addressing the threats and weaknesses of ISCOR. The study further proposed the support of the primary grand turnaround strategy by concentrated growth strategy, market and product or service development strategies. According to Hamman (1998), the strategic plan addressed the factors affecting ISCOR's daily operations and was expected to make the engineering department and company more business oriented. The turnaround strategy can be implemented with other supporting strategies successfully provided a

company's current position has been examined fully and all constraints and strengths identified, according to Hamman (1998).

According to Porter (1980) companies diversify for various strategic reasons like future benefits from new business that would also help the current business. This can result in accessing more distribution channels and markets. Diversification strategy can also be used when competitive options have been identified with reasonable financial gains.

Pieterse (1999) in the study of the future competitiveness of the telecommunications industry in South Africa alluded to the main competitors as in the cellular and fixed telephone systems. The companies are competing in the same industry but their fundamental network systems are different. This diversity in competition will imply that competition can never be compared directly in the same areas they compete. There are bound to be different competitive advantages for the two approaches but since the service is the same, the strategies employed by each service provider will be critical to the success of the company. As Pieterse (1999) stated that all three companies have very strong core competencies that could be exploited for future opportunities, it therefore remains with each company's strategic approach to competition in a diversified industry that will enable it to globalize and grow in the future.

Porter (1980) stated that a company should know the structure of the industry and then match its strengths and weaknesses to the environment strategically. The aim would be to build defenses against the competitive forces especially where weakest competition exists and avoid confrontations in weak areas. This strategy is prone to attack when competitors indirectly flank it from other areas where less effort is applied. Eventually the competitors will enter those markets or business strongholds and expose this strategy's weaknesses. It would be advisable to concentrate on company's strengths and exploit them, but at the same

time inroads should be made to convert the weaker areas into competitive forces. In the modern competitive world where globalization has engulfed the business environment, companies who had very formidable defendable strategic positions have been overcome. Again the industry is continually evolving and strategic alliances are formed with suppliers, buyers and other related firms in the same structure, Porter (1980) mentioned.

## **2.9 Strategic alliances**

Thongoane (2002) mentioned the pressures of globalization as drivers of reengineering in today's businesses for companies to become competitive. The Telkom initiative resulted in the creation of a facilities management company from itself. Telkom had control over the new company's operations and hence a competitive advantage.

Hough (1996) in Project B of an investigation into strategic alliances by South African companies for purposes of local and international competitiveness stressed benefits such as market penetration, wide product ranges, cost reductions and access to new technologies. The study identified one of the main areas of corporation as marketing. The relevance of the marketing function as a popular area of strategic alliance would be the intention to grow which could be hampered by lack of such skills in markets outside existing boundaries. The alliances would then compliment such shortcomings and help a company reach new markets. The strategic alliances are very vital in companies with intentions of growth globally and locally. Depending on the prevailing conditions in the company, an equity or non-equity alliance can be formed resulting in both parties reaping positive results. The strategic alliances can be implemented through licensing agreements through the transfer of patents, trademarks and technical know-how to foreign countries.

Cools & Roos (2005) argue that alliances can be extremely effective ways of embracing new strategic opportunities, pursue new sources of growth, and contribute to the positive side of the business. The alliances were recommended in environments with uncertainties and where the market demands overwhelms an individual company's capacity.

Barney (2002, p.368-70) said "The three types of strategic alliances are non-equity, equity and joint ventures". The non-equity strategic alliance involves contractual agreements like licensing, supply and distribution between separate companies. The equity position of strategic alliance would include some investment by one partner in the other company and can be reciprocated. In a joint venture type of strategic alliance, a new firm is set up between involved partners whose profits are used to compensate the parent companies. In Figure 2.1 below, the types of strategic alliances are diagrammatically presented and briefly described according to Barney (2002, p. 370).

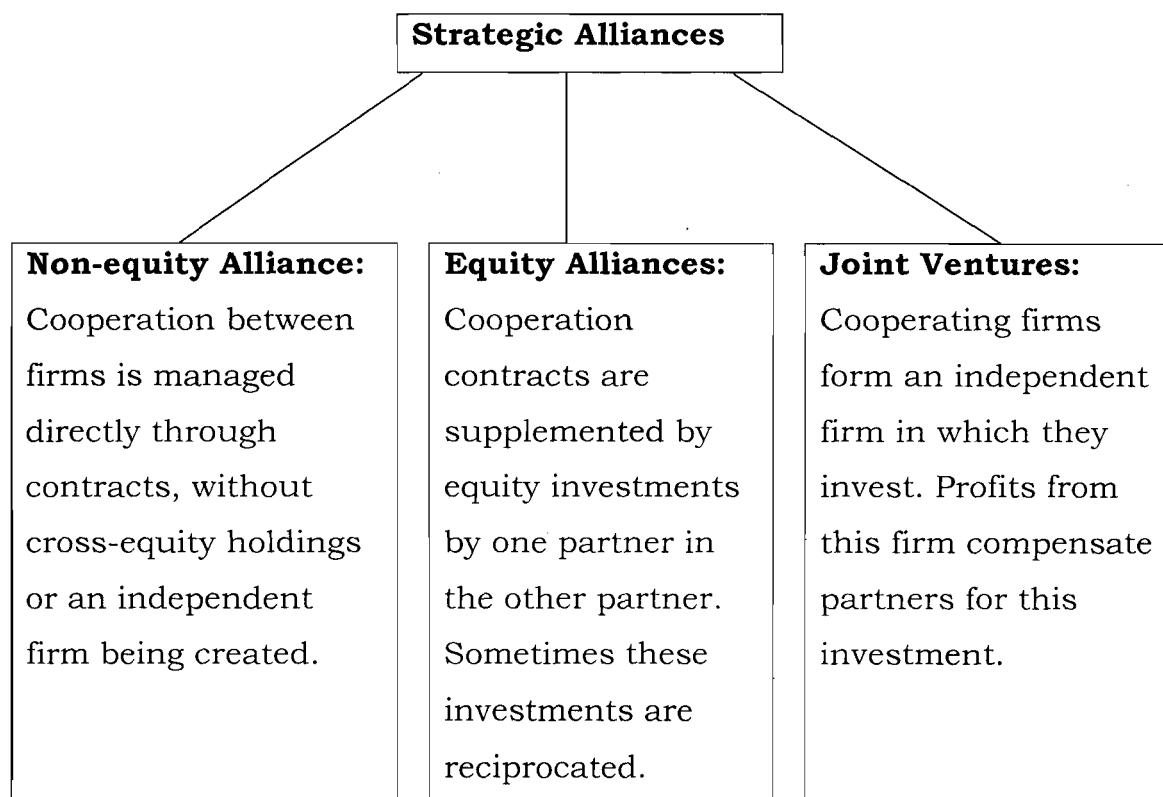


Figure 2.1 Title Source: Gaining & Sustaining Competitive Advantage

Hamel *et al.* (1989) argued that cooperation would achieve a low cost route to allow new competitors the access of new technologies and markets. The basis of competitive strategy is to be able to focus what competitors could be doing in future and not so much on what they have already done. This means that new developments will continue to hog the limelight in the competitive world as new markets are discovered and technological advancements improve people's lives, they further agrued.

According to Overton (1995), vice president of reengineering at AMTRAK, "partnering with an organization with world-class capabilities, can offer access to new technology, tools, and techniques that the organization may not currently possess; better career opportunities for personnel who transition to the outsourcing provider; more structured methodologies, procedures, and documentation; and competitive advantage through expanded skills" The concept of strategic alliances according to Overton (1995) is that if a company cannot competitively sustain itself because of other missing strategic ingredients, then instead of closing business it can form some alliances with companies in the same industry and outsource some functions whilst concentrating on what it can manage. This type of agreement will result in the companies involved having a win-win situation and can break the alliance after the contractual period is over, said Overton (1995). Since both companies would have gained in this marriage, they are likely to be able to stand-alone and compete strategically in the environment again, Overton (1995) continued. There are possibilities of mistrust and lack of corporate understanding which have serious threats to such agreements, and that need to be well communicated before the deal is entered into, Overton (1995) hinted. The alliances can also provide opportunities for outsourcing, it was further mentioned.

## **2.10 Joint ventures and Mergers**

In the study of competition for South Africa's telecommunication industry, Pieterse (1999) alluded to the effective use of partnerships by the cellular competitors Vodacom and MTN. The study highlighted that the partnership strategy was used mainly for market expansion into other African countries. The partnership strategy offers less risk when a company is venturing into foreign markets because of the shared responsibilities. The threat of foreign companies or those already trading globally is minimized because of the skills and expertise drawn from different sources of the companies coming together. There are problems with such kind of strategy. The companies in a partnership could have fundamentally different managerial philosophies that can harm the business. The viability of the partnership can be threatened by mistrust and unclear positions on the participatory companies that could eventually result in poor competitiveness. The joint venture strategy usually results in the formation of a new company with the view of achieving competitiveness by pulling resources together which the individual companies would not have managed.

The Boston Consulting Group (BCG) matrix, Cools and Roos (1969) combines the experience curve and the product life cycle theories. The BCG's approach is that new products entering the market for the first need a lot of cash investment in order to create a competitive market share. According to Boston Consulting Group report by Cools and Roos (2005), mergers and acquisitions offer higher potential for economies of scale than the alliances option. The risk and uncertainty are low and there are no barriers to consolidation regulating their setting up and operations.

Spoerk (2002), in the case study of Aveng-LTA about becoming a global player mentioned the competitiveness gained from merging as a

strategy of globalization for a company. The competitiveness emanates from the pulling together of resources by companies in the merger strategy to establish enough depth and capacity. A merger results in the creation of a new company that will enjoy the expertise from the parent companies. Spoerk (2002) alluded to the new organisation having valuable expertise, financial stability and resources as some of the gains of the merger. However, it is fundamental to understand the reasons why the merger was established in the first place. It is equally important to know why the different companies could not become players independently and consequently the feasibility of merging successfully without any disgruntlements. In a merger, the business direction and strategies of the new company should be clearly defined and any future departures on approach must be done in the interest of the new entity.

Ansoff (1969) made reference to the application of a synergy in management principles. He described synergy as a situation where the whole was greater than the sum of the individual parts. Ansoff's (1969) approach was that synergy presented an aspect of corporate strategy and the development of the companies that embark on such a business direction. The synergy route would result in diversification even into unrelated product lines. The mergers or acquisitions from synergic strategies could extend upstream and downstream of the business through backward and forward integration moves.

The acquisition of a company in the same industry would increase the market power, according to Hitt *et al* (2003). This horizontal acquisition strategy would provide high chances of better performance than if a company in different business lines is acquired. In the same strategy of acquisitions, suppliers and distributor companies can also be targeted with advantages in larger control in operations being achieved whilst at the same time allowing the individual companies to continue focusing on their core business. These strategic mergers and acquisitions

would enable a company to expand into international markets and grow its business. Acquisitions are influential in diversification strategies especially if the companies targeted are in unrelated product lines. The diversification can be achieved when the acquiring company introduces different products in the new markets that could still increase the market share and indirectly compliment the consumption of the existing products.

### ***2.11 Experience Curve***

According to Reyneke (2001), Heckett Multiserv (HMS) is the world's largest specialized outsourced service provider for the transportation of steel and metallurgical products. With that experience the company was now facing problems when protectionism policies were abolished and steel prices went down. It then warranted cost savings in other operational departments which eventually eroded their financial position. The lesson here is that even with several lots of experience, there might be other changes introduced later which will affect such competitive advantages. The strategy must be targeting other avenues in the market or broad business environment with the aim of creating competitive advantages, whilst at the same time maintaining and defending your current position. With a diversified business approach, HMS would not have been affected that much. It is unfortunate for a company to rely on a narrow business mind in this rapidly globalizing economic wave.

Chemplex has experience in the production of its products and the company wishes to have the depth expanded. Chemplex has no experience in operations abroad and has indicated interest in such business adventures.

## **2.12 Government Policy**

Chalumbira (2000) in the evaluation of the national competitiveness of a country when carrying out research on Coca Cola South Africa, mentioned the criticality of the policies of the country as strategy for development. The researcher used Porter's (1980) theory that a country's competitiveness is seen through its industries. In that study, Chalumbira (2000) concurred with Porter's (1980) theory on determinants of national competitive advantage and also other surveys on globalization. A country's policies that have potential of affecting competitiveness include legislation like taxes, tariffs, quota system and political climate among other reasons. The nation's policies can also discourage foreign direct investment and hence reduce competitiveness when certain companies are protected in a particular sector of business environment. Despite the necessity of such protectionist theories in some other industries like defense, the country's policies should encourage establishment of businesses so as to allow competition in all sectors of the economy.

Thongoane (2002) in the evaluation of an outsourcing initiative by Telkom mentioned the influx of international organisations with higher competitive pressures as one of the triggers of a reengineering process. The government policy provided incentives and an even platform for foreign organisations to increase the competition. The stance taken by host governments in the business environment of globalization has changed the face of competition to such an extent that other strategies like outsourcing and mergers have become popular. Any organisation should understand that competition can be from any corner of the world and should strategize for the future with that in mind, especially given the relaxation by governments on policies that used to hinder fair and unrestricted global participation. Consumers have now been exposed to all kinds of tastes of products with different attractive competitive offers.

The consumers in the market place also subject Chemplex's products to the same selection tests.

According to Brooks and Morales (2006) agricultural output in Zimbabwe continued to decline further in the 2005/2006 season by about 30% in tobacco sales alone which was already two-thirds below the 1999/2000 peak. Brooks and Morales (2006, p. 7) said 'The causes of this decline relate to the disruptions caused by land reforms, and shortages and unaffordable cost of mostly imported key inputs, as well as the government's failure to support new small-scale farmers with the finance and technical assistance promised.' The report also mentioned that even other critical service providers like Air Zimbabwe and other government departments have been forced to turn to the black market to get the much needed foreign currency in order to keep them running.

### **2.13 Cost Leadership**

The generic strategy utilizing cost as a competitive tool according to Porter (1980) is the clearest of the three strategies, namely; focus, differentiation and cost strategies. The cost leadership strategy could be achieved from several strategic steps for example economies of scale in production, logistical and marketing functions of the company. The same generic strategy can also be achieved through other comparative advantages like factor cost and factor quality. The industries continue to evolve and likewise other sources of advantages. The factors of production might change from country to country and this would imply previously comparative advantages would have been swept away. The host governments could suddenly come up with other impediments to success of the foreign companies in favour of local ones. This could imply cost leadership enjoyed from strategies like economies of scale would be difficult to achieve. The foreign companies for example might be asked to establish production facilities in the host country against unfavorable

factors of cost and quality. There could be bad practices like tariffs, bribery, quotas and legislatures on employment requirements that favour locals whose overall effect would affect the cost leadership approach of the global company. The companies use such advantages to produce and export to other global destinations thereby creating a global competitive advantage. This strategy is also open to attack by other firms aspiring to become cost leaders. The ensuing competition generally results in serious strategic errors in reducing cost that will be disastrous to profitability, according to Porter's (1980) arguments.

Gilbert and Strebler (1990) argued that delivered cost can be a competitive formula for a company and can be coupled with a higher perceived value. The cost leadership strategy can be successfully attacked and the competitive position taken away by new entrants, it is therefore not reliable on its own as hinted by Gilbert and Strebler (1990).

In the study on formulating a strategy for the engineering department by Hamman (1998) for ISCOR, the cost competitiveness was mentioned as the main goal of the company. The study further identified and recommended the turnaround strategy supported by concentrated growth, market development and service or product strategies. From the proposed strategic combinations, it appears very remote to easily achieve the cost advantage, as all strategies are likely to incur heavy financial investments. In most engineering functions, the popular strategies would be on reducing waste and improving effectiveness and efficiency of the processes if the cost advantage route has to be realized.

## **2.14 Differentiation Strategy**

The differentiation competitive strategy aims to give an image to a product that will make it attract a premium. The differential cost build up is mainly associated with some advantages that distinguish it from similar products. According to Porter (1980) this uniqueness emanates

from a company's skills and resources that are supported by the organization. Porter (1980) further qualifies differentiation as an advantage from brand identification and customer loyalties established during years of advertising and customer service because of the company being an early mover. This strategy creates serious barriers to new entrants since substantial financial resources will be needed to enter such a market, more so if it is on global basis. The cost differential associated with the differentiation strategy could become huge and not sustainable especially in view of new technology acquisitions and uncontrollable input costs. Rather, the approach should ensure that differentiation is not wedded to the company but only utilized when there is a foreseeable period when it will be competitive.

According to Bateman and Snell (1996), the differentiated strategy is achieved through high product quality, excellent marketing and distribution facilities, and also superior service delivery. The differentiation approach is costly and the companies embarking on these strategies expect returns high enough to offset initial costs.

Gilbert and Streb (1990) differed with Porter (1980) on the approach of their generic strategies related to cost and differentiation. Whereas Porter (1980) made specific application of each strategy, Gilbert and Streb (1990) advocated for outpacing the strategies and believed that they can both coexist in a company. Porter's (1980) fears of getting stuck in the middle of the two strategies cannot be generalized since it will depend on the technicalities used to implement the strategies. It is possible to deliver at low cost and at the same time create value through differentiation, said Gilbert and Streb (1996) in their argument on differentiation.

Pieterse (1999) in the study on the future of South African telecommunications industry mentioned the differentiation strategies

followed by the major competing companies, Telkom, MTN and Vodacom. An appropriate market positioning strategy was mentioned as a way of preempting competitors. This would involve differentiation of the products each company offered in the same market. The issue of key drivers for the telecommunication products was also brought up and the need to satisfy them accordingly in the globalization phenomenon was spelt out. The technological changes and varying tastes by the consumers also demanded a differentiation strategy to create competitive advantages in the market. The differentiation strategy might not be defendable but should be utilized when comparative advantages can be enjoyed.

According to Hitt *et al* (2003), the reason for differentiation is for the product to be acceptable to the consumer at a cost that is viewed fair because of the extra value being offered by the product. The product will have peculiar features that give a non-standard image with increased cost that the consumers prefer against lowly prized options. The differentiation strategy could have high returns but requires financial investment in research and marketing departments to keep abreast with ever changing and appealing products from competitors and counterfeit products. The strategy is good but does not have lasting advantages. A company should never rely on it; rather implement the differentiation strategy together with other techniques to achieve a better competitive position, Hitt *et al* (2003).

## **2.15 Focus strategy**

According to Porter (1980), the focus strategy is premised to serve effectively and efficiently a narrow target of customers, where as competitors whose approach in competition is broad in nature for the same market. The focus strategy could achieve low cost and differentiation in its approach of serving unique markets. Since the

strategy is penciled for narrow markets, there are possibilities of losing out on cost advantage as trade-offs are introduced. This could have viability implications on profit margins. On global focus strategy, broad line competitors with a variety of products could overwhelm the tactic and cost advantages could be lost easily. The focus strategy on regional or national platforms could be difficult to defend because global broad line competitors and national marketing strategies may not be matched. The focus strategy success is to some extend dependent on the success of the cost leadership and differentiation strategies. The cost and differentiation strategy could require considerable investment for their success globally, like low-cost distribution systems and strong marketing abilities respectively, Porter (1980) stated.

Pieterse (1999) identified one of the strategies followed by the telecommunications companies in South Africa as focusing their energies towards satisfying certain markets. For example, the study mentioned Telekom as offering a very solution focused product for its major customers whereas Vodacom was much more focused on brand image. In such instances, the focused strategy should be concentrated to ensure that no market share is lost but other strategies must be pursued concurrently. The focus strategy would be easily lost especially when substitutes and imitators are introduced to the market with attractive cost reductions. It is therefore dangerous to solely rely on it, it was said by Pieterse (1999).

## **2.16 Environmental Scanning**

The assessment of the environment yielded a lot of insights according to Hitt *et al* (2003) and Bensoussan and Fleisher (2002). The main consumers of the products from a company determine its strategies as well. If the sector of that consumer base is undergoing some major changes because of the government's policy or other influences, then the

company's strategies would be affected. There could be political interferences taking centre stage and new players coming onto the scene, according to Brooks and Morales (2006). The foreign currency regulations imply that companies are no longer free to invest their foreign currency inflows independently, it was further discussed. The non-availability of the foreign currency on the official reserves makes the competitiveness of companies very difficult.

## **2.17 SWOT Analysis**

A company's business policy is considered fewer than three major categories; that is policy overview, strategic alternatives and tactical support according to Leontiades (1982). The strategic alternatives taking into account the prevailing internal and external environment will guide the company's strategy formulation process and tactics, Leontiades (1982) advised.

Leontiades (1982) suggested that a company's competitive strengths will be an inventory and used against competitors' weaknesses to build defensive and offensive strategies. This is viewed as a great strategy because it will involve competitor intelligence surveillance so that the company's interests are protected from attack thereby enhancing business policy, Leontiades (1982) argued. A company's weaknesses can be protected by avoiding confrontation in that respect. Since very few companies possess strengths throughout their departments, strategies must then be formulated as a compromise between offensive and defensive approaches but with optimum balance dependent upon external environment and skilful utilisation of internal competitive advantages, Leontiades (1982) further advised.

Andrews (1980) mentioned that the distinctive competences as strengths for an organisation relate more to what they can do; rather it was what the organisation can do particularly well. The transfer of such

strengths to opportunities with profit potential would create a competitive advantage in the business management of the company, Andrews (1980) advised. Marketing techniques should be used to identify the opportunities where such competitive strengths can be transferable into organisational benefits, for example growth and diversification strategies. The identification of opportunities and timely deployment of the resource competences are viewed as key to a company's success and future development according to Andrews (1980). Notwithstanding the internal strengths, weaknesses and opportunities; the strategy should consider competitor activities as a formidable threat to its business operations, Andrews (1980) further advised.

Hitt *et al* (2003) mentioned core competencies as strategic assets a company can have to create competitive advantages over rivalry firms. Competitor intelligence was proposed to be an important stage in strategy management when the anticipation of competitor objectives, capabilities and strategic intentions are monitored by an organisation, Hitt *et al* (2003) further cautioned.

## **2.18 Other Factors**

Companies can have internal competitive resources in the form of experienced skilled manpower according to Leontiades (1982) which can be used to their advantages. Brooks and Morales (2006) said there is migration of qualified personnel from Zimbabwe to other countries in search of greener pastures, and in South Africa alone there is an estimated above one million Zimbabweans. Companies with competitive resources in the form of manpower are concerned about the possibilities of losing their skilled personnel because of the economic hardships being faced; it was further discussed (Leontiades 1982; Morales & Brooks 2006). The AIDS scourge, according to Brooks and Morales (2006) has affected the country's human resources pool negatively since the

sufferers cannot access treatment to prolong their life span and ability to work productively. The Southern African Migration Project, according to Brooks and Morales (2006), reports another dark side of the human resources shortage when it surveyed the attitude by final-year tertiary education students in Zimbabwe where 56% and 70% are expected to migrate within six months and two years of their graduation respectively.

The natural resources and factors of production like land are also issues for consideration (Porter 1980). The related and supporting industries are also existent according to Porter's Five Forces model (Porter 1985).

## **2.19 Conclusion**

It is no secret that competitive strategies and competitive advantages in areas like skilled manpower and relatively modern processes must constantly be reviewed to match world developments. It is also clear that even if a company has an infrastructure by way of installed capacities that are underutilized, it will fail to realise competitive advantages because of shortages in skills and materials for production processes. The opportunities could be abundant in the market but require some strategies that will be able to identify and make use of them. There are competitors locally and internationally, which have thriving business operations.

The chapter has been based on literature about the competitiveness issues as applied in other scenarios. This provided better understanding of the applications of competitive strategies. The internal research work on competitiveness was also considered.

After going through the literature, the academic debate was taken forward to the Zimbabwean company, Chempex, based on the observations, company documents, secondary sources and conversations with staff members. The economic situation in Zimbabwe is

hyperinflationary, lacks foreign direct investment and companies are generally struggling to sustain operations. No such academic study had been carried out under such difficult conditions for a similar company in that industry. A quantitative approach, discussions and existing information will be used in the research methodology to follow.

## **CHAPTER 3. RESEARCH METHODOLOGY**

### ***3.1 Introduction***

The selection of the research methodology is very important in order to use the appropriate techniques to answer the research questions and objectives. It is equally important to know the types of research methods available for selection. Although there are two main research methods which are qualitative and quantitative approaches, this survey will use the quantitative method. This will involve designing of questionnaires which will be distributed to the identified respondents in Chempex to gather objective information about the company's competitiveness. The research design will be done so as to complement a quantitative method with case study techniques. Telephone calls and discussions with staff members would be other means by which the research will include. The techniques are observation, perusing company documents and talking to staff members. Gay and Airasian (2003) referred to the reasoning approach when using quantitative research as deductive since there will be empirical and analytical observations made.

### ***3.2 Critical Questions Reviewed***

The way of data collection is expected to yield satisfactory results with a reasonably high response rate. The study should produce reliable data because there will be transparency and repeatability in the method that will be used. However, there will be fear when the participants discuss the questionnaires before answering them during their gatherings or through internal phone calls. There are possibilities that some of the respondents might feel that they will be victimized suspecting that the results and recommendations will show their

shortcomings. With that in mind the design of the research will attempt to make the questionnaires as objective as possible but still focusing on the core issue of the research, which is how Chempex's competitiveness can be improved both locally and outside the country of its current location.

The questionnaires will be kept as confidential documents after the respondents have received them and after collection. This information will be emphasized to the participants by way of a covering letter (Appendix A), and therefore should mitigate threat to reliability of the findings. The study should expect the results to be of high validity since contact details would be provided in case of any clarification required.

The research design will have no ethical implications since it will not dwell on any issues that might result in embarrassment or segregation of any sort. It will be about the competitiveness of Chempex and will not seek to apportion blame on anyone. It is basically supposed to increase knowledge about competitive issues and propose a roadmap for the possible glory of Chempex. The study is not based on any personal interests other than the scholarly and professional reasons as required by the examining institution.

Through the literature survey, discussions with company staff and other secondary sources, it became evident that the issues affecting Chempex were mainly to do with competitiveness and not efficiency. As such the fundamental questions are reviewed as follows:

- How can Chempex improve its position locally and internationally?
- How can the company improve its competitiveness to world-class standards?
- Why is it necessary to maintain efficiency and improve competitiveness of the Company both locally and globally?

### **3.3 Actual Research Work**

The questionnaires together with the cover letters were hand delivered to Chempex for onward distribution to the respective respondents through the company's internal mail system. In the cover letter, the expected time to complete the questionnaires and the date the responses were expected are mentioned so that each respondent can manage personal time to be allocated for the questionnaire. It is clearly indicated on the cover letter that the completed questionnaires would be collected after two working days. It would be indicated in the cover letter that the responses would be sealed and dropped by the general manager's secretary in an inaccessible box. The secretary will be given the names of the participants and told to check with everyone whether they would have submitted their answered questionnaires before the collection time. The cover letter has a closing remark thanking respondents for their participation and valuable contribution. The questionnaire copy is attached as Appendix B.

The study is based on the quantitative approach. According to Gay and Airasian (2003), quantitative questions should be designed in a clear and well-ordered sequence of steps, which was followed in this survey. This instrument will gather numerical data from the respondents as opposed to the narrative approach of the qualitative method but could involve some narrative data as well at a smaller scale from discussions with Chempex staff members during informal meetings. This approach will also eliminate the influence of contextual variables, which according to Gay and Airasian (2003), might have different meanings to survey's subject. The fact that the empirical (quantitative) approach is more narrowly focussed and outcome inclined than the qualitative method, it will provide accurate and more relevant in this study to a large extent.

Frary (1982) states that questionnaires should not be very long and are only relevant to a small proportion of the whole sample, when discussing about preliminary considerations to questionnaires. Frary (1982) argued it will annoy respondents and result in non-return, incomplete and inaccurate responses to the administered questionnaires. According to Frary (1982), a pilot test of a sample of the questionnaires to a representative respondent group will produce insights into criticism of the preliminary version. Frary (1982) also suggests avoiding quantitative questions with an 'other' option since they will be received with different reactions and used without due commitment. The respondents will choose them not because they necessarily take them as the best option but just to avoid going through the whole process of elimination, Frary (1982) further argued.

Ranking questions should be avoided if possible according to Frary (1982), because responders may not have the capacity to rank more than six questions at any given time. There may also be a chance of misinterpreting the direction of ranking and as a result the outcome can be misleading. If a ranking approach cannot be avoided then there will be a need for designing the questions in such a way to exclude any mistakes associated with direction and the number of items to be considered for selection. Fray (1982) also mentions questions requiring personal data which is not necessary. Sensitive questions should be excluded as much as possible, since they are likely to result in both non-returns and incomplete responses, otherwise if unavoidable then Frary (1982) suggests they are placed at the end of the questionnaire. According to Frary (1982) the scalability of some questions will require breaking them into dichotomous or dummy variables which are ordinally scalable and appropriate for many statistical tools. This study will base its questions on this approach applying caution to avoid proliferation of variables by making sure that almost all questions are complete on their own.

A questionnaire format and appearance that is attractive, clearly laid out and printed is the best option according to Frary (1982). This encourages the responders to complete all the questions since they will be legible and interesting to read. The percentage of returns on well designed and easy to read questions is likely to be higher than those that are less appealing to the responders. This research uses the dichotomous approach, mainly to make it easy for the respondents and analysis of the results and also it is considered the most appropriate method for the information needed. The dichotomous approach is frequently used as a follow up to a preliminary survey where the study now wants to get to finer details of the previous questionnaires. It is used in this research because clear-cut answers are required.

Although the questionnaires have specific questions for departments like accounts and human resources, the study purposefully avoids specifying them by grouping to exclude tendencies of responders paying more attention to those questions relevant to their department only. The questions are designed in such a way as to acquire the information only relating to the topic and not any other information outside the scope of the study. The questions are made simple and clear so that they do not confuse the respondents and answers expected thereof.

The sampling technique depends on what the researcher intends to find out a population. Usually researchers decide to study a sample from a larger population because of budget and time constraints (CBS "Evening News", November 1968). This study uses the population of interest as a sample. A census sampling technique is used in this study and includes all the supervisory and management staff members of Chemplex. According to CBS Evening News (1968:148), the entire population of interest is included in the study since the total number of

participants is small. In this study on Chemplex, all fifteen (15) staff members in the supervisory and management levels were included.

The questionnaires will be sent to 15 staff members of Chemplex to get their views on the competitiveness of their operations and products. The staff members will range from supervisory level to section heads. This group of people will be selected because they are well informed because of the positions they hold in the company. They understand current Chemplex performances that can influence overall company competitiveness.

An inquiry will be made seeking permission to carry out research work on Chemplex's competitiveness and efficiency. During that inquiry issues of identity and modalities on how to access the respondents will be discussed and agreed. All fears will be discussed and eventually dispelled and a letter of approval to carry out the study with the Chemplex will be sought.

The questionnaire will gather some statistical data about their responses. The research will target a number of 15 participants after realizing that the rest of the staff members were too junior to have such information.

The introduction will be done through a cover letter in each envelope containing a questionnaire. The cover letter will explain the nature of the study and intention of the findings. The cover letter will clarify the ethical issues in the letter so that the participants will be assured of no victimization of whatever nature as a result of the research.

The responses are expected to be reliable and valid. The validity is boosted since the predictability of accuracy of the responses has been enhanced by providing contact details for the researcher for any clarification on the questions. According to Parry and Crossley (1950),

validity was defined as the ability to predict accuracy or performance. Possibilities of group discussions will not be ruled out in the work environment as threat to reliability and validity. As mitigation against such threats, the incentives will be clarified as the benefits the respondents would enjoy as a result of the company having more profits and a new image.

### **3.4 Data Collection**

#### **3.4.1 Questionnaires Approach**

The questionnaires will be hand-delivered to the company's premises. The questionnaires will be kept as confidential documents after the respondents have received them and after collection. A provisional time of 30mins on average will be indicated as sufficient on the cover letter and questionnaire. The respondents will be given two working days to complete the questionnaires. The questionnaires will then be collected after confirming with the general manager's secretary. A copy of the questionnaire used in the survey is included as Appendix C together with the accompanying introductory letter to the respondents, Appendix B.

#### **3.4.2 Case Study Techniques.**

This study used the quantitative approach to gather information from the targeted group of 15 people in the supervisory and management roles with Chemplex as one of the techniques. Further discussions with the same sample were then used to deepen the researcher's understanding Chemplex's competitiveness. This census approach to sampling the population was decided on complexity of the subject.

The secondary sources of data were obtained from Chemplex and perused with the intention of understanding the information related to competitiveness issues as discussed within the company. The secondary

sources were mainly found in the form of internal documents from meetings held within the company structures. The production systems were also observed in operation and records on performance assessed.

There were opportunities when conversations with staff members took place formally and informally regarding the competitiveness of Chemplex. Sometimes telephone conversations were done to understand some of the problems and positive aspects of the company. These discussions were semi-structured tools. Since Chemplex was a fairly new company, its official opening ceremony also offered a lot of information especially on Government's current policies regarding foreign direct investment. The official opening occasion helped me determine the sample as well.

### **3.5 Conclusion**

The questionnaires will be drawn with some amendments being considered. After having completed the introductions to Chemplex and the respondents through the cover letter including all contact details for any clarification, the questionnaires will be hand-delivered since an approval to carry out the research work was given by Chemplex management. The mode of distribution to the final respondents will be agreed to and confidentiality is stressed in the cover letter. The response rate is expected to be encouraging with the questionnaires answer sheet being delivered on time.

The other sources of information like internal company documents, conversations with staff members and observations will be used to gather more detailed data on Chemplex. Any clarifications will be made either by phone call to Chemplex or actual visit at the premises. This approach will augment the questionnaire method and improve the quality of the data gathered, using triangulation technique.

The data will be presented in the following section as it was obtained. The questionnaire responses will be in the form of a table and other case study technique feedback as write up work.

## **CHAPTER 4. PRESENTATION OF FINDINGS**

### ***4.1 Introduction***

The collected questionnaires were 93.33% of those dispatched to the participants, and these were completed and returned on time. All questions on the returned questionnaires were clearly answered. The non-response figure was explained by absenteeism and a messenger later delivered it. However this late response was not taken into consideration because of the unknown influences that might have affected the quality of the answers. The collection still ensured confidentiality in that the responses were dropped in a box at the general manager's secretary. The data was recorded in Table 4.1 below entitled Responses to Questionnaires Received, ready for analysis. The case study also produced some responses from the discussions and sources from internal documents as shown in subsequent work.

All the received questionnaires will be checked for proper completion. The results will then be recorded in a table for analysis using some Microsoft Excel tools, which is a column chart.

Table 4.1 Responses to Questionnaires received.

Questions	YES Responses	NO Responses	Total No. of Responses
Q1	14	0	14
Q2	13	1	14
Q3	14	0	14
Q4	14	0	14
Q5	8	6	14
Q6	14	0	14
Q7(a)	1	13	14
Q7(b)	12	2	0
Q7(c)	14	0	0
Q7(d)	1	13	0
Q7(e)	14	0	0
Q8	6	8	14
Q9	<b>8</b>	6	14
Q10	14	0	14
Q11	13	1	14
Q12	14	0	14
Q13	14	0	14
Q14(a)	14	0	14
Q14(b)	12	2	14
Q14(c)	14	0	14
Q14(d)	14	0	14
Q14(e)	11	3	14
Q14(f)	11	3	14
Q14(g)	14	0	14
Q15	5	9	14
Q16	0	14	14
Q17(a)	14	0	14
Q17(b)	<b>1</b>	13	<b>14</b>
Q17(c)	2	12	14
Q17(d)	10	4	14
Q18	14	0	14
Q19	14	0	14
Q20	12	2	14

The data was analyzed using a Microsoft Excel spreadsheet. The responses to questions were also grouped separately and weighed on their own to prepare them for individual comments on the implications of each point. This was done using percentages and thereby providing possibilities for remarks in the recommendations and conclusion section of the study. At the end all the responses were plotted to give graphical representation of the whole research results on a column chart.

## **4.2 Data Acquired from Case Study of Chemplex**

The following information emerged from discussions with people at the company and perusing internal documents about Chemplex. The SWOT analysis was used in the study to understand Chemplex in more detail about the existing future possibilities available to the company.

### **4.2.1 Porter's Generic Competitive Strategies**

The theories of Porter (1980, 1985, & 1990) describe some of the strategies for gaining competitive advantage as cost advantage, differentiation and focus. The cost leadership position requires that the company should have some elements of differentiation strategy included in its products lest competitors emulate this stance and plunge the company practising that strategy into a disastrous situation. The cost leadership strategy is often achieved through economies of scale, Porter (1980) advised. Chemplex's attempts in utilising the economies of scale in the manufacturing systems has been unsuccessful because of lack of financial resources to acquire foreign currency needed in the purchase of raw materials like Marlophen NP12 which had a nil stock level on 31<sup>st</sup> October 2005 according to Chemplex documents (2005b). This raw material is used in the manufacture of Tickbuster EC.

The differentiation strategy approach cannot ignore the cost component of its products. The company involved in this dimension of

competitive advantage will need to have some form of uniqueness in the products that other competitors are trading as well. The company should have a vibrant Research and Development function and should be able to attract highly skilled manpower through a well-established corporate image. The differentiation strategy will therefore call for an additional cost in the product or marketing that could be recovered through a premium. The company engaged in differentiation strategy should look for cost reduction in products or other products where differentiation strategy is not applied. The image, distribution and service areas are prime targets for building differentiation advantages. Chemplex has done some differentiation. The differentiation strategy is not supported by equally good marketing programs and distribution channels. Most of Chemplex's local market is the agricultural sector and existences of synergies are not evident from the information available. Chemplex's cost reduction limit approach has been difficult since some of the input costs are too high, for example acquiring foreign currency on the parallel markets because it is not available in the official means and this has been pushing prices up. The fact that this problem deserves some attention is known by Chemplex. The competitive advantage emanating from focus strategy requires both cost leadership and differentiation approaches according to Porter (1980). This type of competitive advantage is concentrated in a segment. Chemplex has been applying this strategy relatively successful.

#### **4.2.2 Economies of Scale**

Chemplex cannot apply the economies of scale strategy despite some of the advantages mentioned in Chapter 2. Chemplex admits in its internal documents that it does not have the necessary requirements to engage an economies of scale approach.

#### **4.2.3 Technological Advancements**

Chempex's current capital installation is not a disadvantage since it is relatively modern. The problem according to their documents is serviceability and upkeep given the lack of foreign currency to procure the spares when needed. The infrastructure is apparently underutilized thereby denying them of the earnings potential. It is envisaged that with time more upgrades will be needed. Chempex also understands its capabilities to produce under some agreement with foreign players in the industry but nothing has materialised. In this respect, Chempex processes have considerable respect in terms of quality production systems, dependability, and speed of processing and even marketing strategies at the moment as given by statistical information on product rework levels, returns by customers and growth in product sales from their internal correspondences. However, with this ever-changing world Chempex is struggling to compete with other companies in the same business lines because of the lack of some critical resources; like finance, manpower, and modern process systems.

#### **4.2.4 Outsourcing**

Chempex has mooted outsourcing but nothing has been implemented to date. The existing information alluded that more research is required into the strategy, as no clear structures had been proposed. Chempex has experience in the production of its products and the company wishes to have the depth expanded. Chempex has no experience in operations abroad and has indicated interest in such business adventures through outsourcing as another option.

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#### **4.2.5 Substitute Threats**

Chempex's products have competition from substitute options in the market although not right across the whole range of products. Household chemicals like detergents, insecticides and animal dips have stiff competition because there are several varieties being traded on the same markets. It was further mentioned that imitators are also competing on the same markets in which Chempex operates.

In the case of Chempex, imitations have affected their focus strategy besides the existence of well-known competitors who have a bigger market share. The focus strategy has however, been used by Chempex with a reasonable measure of success locally and with very limited forays into foreign markets, for example individuals have been exporting little quantities to Mozambique targeting small scale farmers and domestic consumers according to discussions and internal documents (Chempex 2005c).

#### **4.2.6 Government Policy**

Chempex is a product of the Government's 'Look East Policy' which favours investment from the Eastern countries of the world. The Government has some control over the operations of Chempex since it is also a subsidiary of the Chempex Corporation Group which it partly owns. Chempex enjoys some cheap inputs from the parent company, for example calcite, caustic soda and dolomite used in the manufacture of grain protectants, detergent concentrate and tickbuster WP respectively. This is according to Corporate Strategy Overview August 2005 from Chempex's internal documents for the period 2004 to 2006. The government's policies on import and export regulations and price controls also affect Chempex's product performance on the markets, eventually competitiveness is not free and fair. Tariff declarations and quota systems would affect Chempex's products because it provides an



unfair practice to the markets. If the tariff and quota systems are introduced to Chemplex's advantage, it has the possibility of killing production excellence in terms of quality and customer care services.

#### **4.2.7 Diversity of Competitors**

Chemplex's business is in a pretty diverse competitor environment and this has been made more complex by the wide product range being traded on the markets (Chemplex 2005c). Chemplex's strategies have not addressed the diversity of the competitors adequately yet since the company admits that part of its weaknesses is lack of growth into foreign markets and low local market share (Chemplex 2005c).

#### **4.2.8 Positioning**

In terms of positioning, Chemplex has not looked further than the national boundaries that much. The local market has been sufficiently covered with most products being strategically available. The globalisation aspect of positioning has not been catered for at the time of the study according to discussions and available documentation.

#### **4.2.9 Strategic Alliances and ISO Certification**

Chemplex does not have strategic alliances for growth opportunities and also sharing risks associated with its business practice. The marketing department mentioned this as a weak area that needed improvements. There are some research discussions with other local institutions about the products being manufactured, especially with international recognition. According to a discussion with the production manager for Chemplex, Mr L Zulu, the other reason why their products are not commanding a respectable market share both locally and internationally is because of lack of ISO certification. The internal documents also mentioned the absence of ISO certification as one reason

for failing to get international partners, for example licensing agreements. This has brought up the idea about introducing benchmarking and ISO certification so that their operations will be in synchronisation with global competitors and also acceptable for partnership strategies. It has also been mentioned that lack of ISO certification could be part of the poor market penetration by Chemplex's products (Chemplex 2005c). Strategic alliances have been mentioned and noted as requiring further attention according to Chemplex documents (Chemplex 2005c). Chemplex has not entered into any merger or joint venture strategy but indications have been expressed through discussions within the organisation (Chemplex 2005c).

#### **4.2.10 Foreign Currency**

According to the documents circulating in Chemplex (Chemplex 2005c) and discussions with production manager, they have been forced to consider the black market source of foreign currency like many other companies in Zimbabwe, but cannot do it at a large scale because of government control. This constraint is alleged to cause further underutilisation of the installed capacity and hence hampering growth according to the documents (Chemplex 2005c). Chemplex (2005) has mentioned that the black market source of foreign currency has pushed prices up and hence making their products uncompetitive.

### **4.3 SWOT Analysis Rating for Chemplex**

The company's strengths, weaknesses, opportunities and threats (SWOT) are very important in aiding its attempts of achieving its goals as enshrined in the organisation's mission statement (Chemplex 2005a). A snapshot of the Chemplex is given in Table 4.2 below using the SWOT analysis according to research carried out internally (Chemplex 2005a). Table 4.2 was adapted from Chemplex internal circulation papers

(Chempex 2005a) and included in the research with some additions considering prevailing conditions.

Table 4.2 Swot Analysis Rating for Chempex (Source: Chempex 2005a.)

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>1. Experienced staff.</li> <li>2. Financial backing for local currency.</li> <li>3. Infrastructure.</li> <li>4. Quality Assurance Back-up.</li> <li>5. Product Knowledge.</li> <li>6. Guaranteed local raw material supply.</li> <li>7. Local low cost distribution channels.</li> <li>8. Technical partnerships with local industries, e.g. parent company.</li> </ul>	<ul style="list-style-type: none"> <li>1. Low exports.</li> <li>2. Narrow product range.</li> <li>3. Young brand.</li> <li>4. Poor visibility in market.</li> <li>5. Limited R&amp;D activities.</li> <li>6. Lack of depth and width in HR.</li> <li>7. Poor customer care.</li> <li>8. Limited partnerships, no Foreign Direct Investment flowing into the country.</li> <li>9. Poor geographical location to access marketing routes and means.</li> <li>10. Poor market intelligence.</li> <li>11. High dependence on single customer.</li> <li>12. Lack of foreign currency reserves.</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>1. Export markets</li> <li>2. Booming indigenous farmers.</li> <li>3. New product opportunities.</li> <li>4. In-house branding opportunities.</li> <li>5. New technology.</li> <li>6. Modern processing systems.</li> <li>7. Room to improve domestic market share.</li> <li>8. Strategic alliances with similar organizations locally and abroad.</li> <li>9. Establishment of more distribution channels abroad.</li> <li>10. Patents and licenses.</li> <li>11. Low product cost (cost leadership).</li> <li>12. Set up customer care programs with local and out of country clients.</li> </ul>	<ul style="list-style-type: none"> <li>1. Vagaries of the weather.</li> <li>2. Shrinking local commercial census.</li> <li>3. Bureaucracy in product registration.</li> <li>4. Growing competition locally and internationally.</li> <li>5. Emergency of substitutes.</li> <li>6. Presence of imitations and pirates.</li> <li>7. Limited foreign currency availability.</li> <li>8. Brain drain in general.</li> <li>9. Legislative effects.</li> <li>10. New technologies and processes.</li> <li>11. Economic recession locally and internationally.</li> <li>12. Competitor intentions.</li> <li>13. Supplier power.</li> <li>14. Consumer choice and resistance.</li> </ul>

#### **4.3.1 Strengths**

According to the internal documents (Chemplex 2005), Chemplex has strengths in experienced human resources, financial backing of local currency, cheap local distribution channels, and enjoys support from parent company in the form of quality and local raw materials. It is also mentioned that their manufacturing processes are still new and produce products with almost zero rework orders. The rate of breakdowns has been reported to be very low.

#### **4.3.2 Weaknesses**

The internal documents (Chemplex 2005a) highlighted the weaknesses as one of the main problem in the development of Chemplex. The documents identified some of the weaknesses as poor market intelligence and lack of foreign currency reserves. These were causes of Chemplex's inability to enter foreign markets which could provide the foreign currency wanted, according to the discussions. It was mentioned that Chemplex had no partnerships or strategic alliances. Like the general industry phenomenon affecting the country, they alluded to lack of foreign direct investment as one of the weaknesses affecting its growth. Chemplex's weaknesses are very crucial according to the discussions, especially in the financial criterion that is fundamental in whatever the company might want to do.

#### **4.3.3 Opportunities**

The existences of opportunities have been mentioned as vital for exploitation to establish competitiveness in the market according to Chemplex's internal documents. Chemplex would need capital to keep in phase with technological trends and also establish more distribution channels. The discussions also mentioned the strategic alliances like licensing agreements as opportunities that could be pursued. The foreign

markets and cost leadership were among the possible avenues of strategic development available to Chemplex.

#### **4.3.4 Threats**

The availability of substitute products according to Porter's Five Forces model (1980) has been cited as a threat by Chemplex. According to internal sources of Chemplex's documents; the emergence of substitutes, existence of pirates and imitators have been identified as problems in the marketplace. The internal documents identified growing local and international competition as a threat for Chemplex's development. The technological advancements in the industry internationally have possible viability problems to Chemplex according to the same source. The other threats have been identified as lack of foreign currency, brain drain in the sector, legislative requirements in areas of operation, consumer choice and supplier power.

#### **4.4 Other Issues**

Chemplex is a product of the government's 'Look East Approach' policy according internal publications and documents. The 'Look East Approach' has been adopted as an investment incentive to countries from the eastern block of the world that their interests will be secure in Zimbabwe. Although other countries from the western block can invest in Zimbabwe, the treatment and thrust of the government has been more welcoming to eastern countries because of political understandings. The government has some control and influence on Chemplex's operations. However, Chemplex's operations have been affected by issues like input costs, lack of funding and unclear strategy on markets and products being manufactured.

Chemplex has an internal competitive resource in the form of experienced skilled manpower according to internal surveys by SWOT

Analysis (Chemplex 2005a). Chemplex is concerned about the possibilities of losing its skilled personnel because of the economic hardships being faced according to reports on migration of manpower from Zimbabwe (Morales & Brooks 2006). The AIDS scourge, according to Morales and Brooks (2006) has affected the country's human resources pool negatively since the sufferers cannot access treatment to prolong their life span and ability to work productively. Chemplex has expressed fears about the human resource base dwindling in one of its internal documents (Chemplex 2005a).

The natural resources and factors of production like land are all in Chemplex's favour. The related and supporting industries are also existent according to Porter's Five Forces model (1985). A lot of companies depend on Chemplex's products since the country's economy is to a large extent driven by agriculture. Suppliers of raw materials internally are readily available since Chemplex is a division of a major phosphate manufacturing corporation. However, the costs are getting beyond reach for the ingredients that are not available locally. The market is readily available for Chemplex products although there is competition locally and internationally.

The fuel shortage has added misery to Chemplex's operations. There is no foreign direct investment and survival will require careful strategies. The AIDS scourge has been noted and coupled with a brain drain for greener pastures, and Chemplex has experienced these impacts according to their documents (Chemplex 2005a). However, unemployment even amongst highly skilled people is still high and manpower is available for such companies like Chemplex (2005a). Despite a deteriorating infrastructure, the Internet and email facilities are available to provide competitive alternative form of communication for business transactions, which Chemplex can utilise. Other regional and international organisations and economic groupings like Southern

African Development Community (SADC), African Union (AU) and Common Market for Eastern and Southern Africa (COMESA) also provide vital influence on the company's performance and Chempex has expressed full utilisation of these platforms.

#### **4.5 Detailed Presentation of Findings**

The questionnaires were received and counted. It was noted that they were only 14 returned questionnaires as opposed to the 15 sent out. The questionnaires were checked question by question in ascending order to find out if there was any response skipped. They were all answered clearly. The researcher then counted responses per question and recorded them as frequencies in Table4.1 earlier in this chapter, entitled *Responses to Questionnaires received*.

After the data was verified, each question was then weighed against the research questions to compare how much they provide solutions to the research questions. The process of detailed question analysis on the questionnaire sheet was followed below.

##### **Q1. Are you aware of Chempex Animal & Public Health's overall strategy?**

All of the respondents expressed that they indeed know the strategy and that it has been communicated to them. The responses are also expressed in the Table4.3 below.

Table 4.3 Awareness of Chempex strategy

	Frequency	Percentage	Cumulative percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

**Q2. Do you know what the company's strategy is trying to achieve?**

From Table 4.4 it can be seen that the respondents again indicated largely that they are indeed knowledgeable about Chemplex's expectations, with 93% acknowledging they are aware of what the strategy is trying to achieve.

Table 4.4 Company strategy targets

	Frequency	Percentage	Cumulative percentage
Yes	13	92.86	92.86
No	1	7.14	100
Total	14	100	100

**Q3. Do you know what your department is supposed to do to achieve the company's goals?**

It was noted that 100% of all the respondents agree that they know their responsibilities in as far as attaining the company's goals as shown in Table 4.5. This stresses the point that they are aware and willing to support the company's activities in achieving its overall goals.

Table 4.5 Role of each Department

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

**Q4. Does your department get enough support from other departments to help it achieve its goals?**

The responses shown in Table 4.6 indicate that the departmental support is spread across all strategic sectors of Chemplex. This position is very important in achieving the goals for the company. The stance is also critical even in future strategy formulations where the different

departments should work as a team. It was a 100% response that all departments support each other.

Table 4.6 Departmental support

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

***Q5. Do you think that Chemplex has the ability to compete locally?***

The response distribution shown in Table 4.7 was not very convincing for the assumption that supports the capacity for the company to competitively operate even in the local market. The respondents indicate that there could be other shortcomings that affect the company's performance locally.

Table 4.7 Chemplex's ability to compete locally

	Frequency	Percentage	Cumulative Percentage
Yes	8	57.14	57.14
No	6	42.86	100
Total	14	100	100

***Q6. Does your supervisor encourage you to achieve results to meet the company's targets?***

There is indeed the will to work towards the desired goals as shown in Table 4.8 with a 100% result indicating supervisory encouragement. The strategies to achieve the Company's targets are likely to receive support when implemented.

Table 4.8 Supervisor Encouragement to achieve results

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

**Q7. ‘The company has got enough resources to meet its goals’, do you think this is a correct statement considering the following:**

#### **Financial status:**

There is a resounding awareness that the financial status is not good for the growth of the company as only 7% say that the financial status to meet its goals, Table 4.9 below displays the responses.

Table 4.9 Financial Status’s ability to make Chempex meets its goals

	Frequency	Percentage	Cumulative Percentage
Yes	1	71.14	7.14
No	13	92.86	100
Total	14	100	100

#### **Human resources**

The human resources department will need some attention in future, but for now the efforts should be directed towards the need areas, such finance. An 87.71% as shown in Table 4.10 is not bad.

Table 4.10 Human Resources’ ability to support goals

	Frequency	Percentage	Cumulative Percentage
Yes	12	85.71	87.71
No	2	14.29	100
Total	14	100	100

### **Distribution channels**

It is obvious that the Company's outlets are not enough in view of the products they produce. An increase of the distribution channels is assumed to definitely improve Chempex's operations as indicated on the scoreboard below, Table 4.11. This suggests that Chempex has got no resources to increase outlet channels.

Table 4.11 Availability of distribution for Chempex's goals

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

### **Raw materials supply**

The problem of raw materials is highlighted in the responses shown in Table 4.12. The raw materials are needed to produce goods for competition in the market.

Table 4.12 Availability of raw materials for Chempex's goals

	Frequency	Percentage	Cumulative Percentage
Yes	1	7.14	7.14
No	13	92.86	100
Total	14	100	100

### **Plant capacity**

The company's process and manufacturing equipment is not considered to be a setback at all as shown in Table 4.13 with 100% in support of its ability, since it is fairly new and producing efficiently without any rework issues. It is actually underutilized because of lack of necessary inputs into the process system according to the responses in Table 4.12 above.

Table 4.13 Ability of plant to support Chempex goals

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

***Q8. Do you rate Chempex's quality of products to be of world-class standards?***

The respondents as indicated by 42.86% in Table 4.14 below are aware of their products having some quality problems. The percentages are almost balanced on whether they view them as of world-class standards or not. This position indicates that there is need for improvements to be able to calibrate their products correctly with international scales. The benchmarking of manufacturing systems and product conformance to international standards would be needed for a clear position.

Table 4.14 Chempex's product quality rating

	Frequency	Percentage	Cumulative Percentage
Yes	6	42.86	42.86
No	8	57.14	100
Total	14	100	100

***Q9. Do you think Chempex's existing distribution outlets have enough product(s) knowledge to achieve the company's strategy?***

The overall YES response in Table 4.15 with a 57.14% suggests that they do not have enough knowledge about the products. The impression being suggested is that the marketing department would need to improve its strategies. However, there are still a reasonable percentage of the respondents indicating that the product knowledge is adequate. Although the responses to this question are almost balanced,

it does not rule out the possibility of the shortcomings in the marketing department to be driven by other factors like human resources development and lack of finance.

Table 4.15 Distribution outlets' knowledge of Chempex products

	Frequency	Percentage	Cumulative Percentage
Yes	8	57.14	57.14
No	6	42.86	100
Total	14	100	100

***Q10. Do you believe the statement, “Chempex’s products are competitively priced and can even be the preferred products on the world markets?”***

According to the responses in Table 4.16 below, the company's products have competitive prices and should not encounter problems when made available on the international markets. It would be an issue of how to get them there and the financing power of Chempex, in Table 4.12 previously raw materials were not readily available to support the company's goals.

Table 4.16 Competitiveness of prices on world markets

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

***Q11. Do you think that increase in distribution channels locally will enhance Chempex’s competitiveness?***

The majority of the responses in Table 4.17 are of the opinion that the Company would have positive gains in its competitiveness if local outlets are also increased. This again strengthens the willingness to support growth strategies even locally within the company itself. This is

also supported by the responses in Table 4.12 and 4.13 where lack of raw materials is seen as a setback whereas the plant capacity is greatly underutilised respectively.

Table 4.17 Effect of increase in outlets locally Chemplex's competitiveness

	Frequency	Percentage	Cumulative Percentage
Yes	13	92.86	92.86
No	1	7.14	100
Total	14	100	100

***Q12. What about increase in distribution channels globally by the company with regards to competitiveness, will it help positively?***

It was a unanimous position by the respondents that they believe this would increase the competitiveness of Chemplex, Table 4.18 shows. This again strengthens the willingness to support expansion policies which the company might introduce.

Table 4.18 Effect of increase in outlets globally on Chemplex's competitiveness

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

***Q13. Alliances and joint ventures between Chemplex and other foreign companies are options, do you think that this would improve the company's competitiveness. IF NO go to Q15.***

The whole respondents to the questionnaire think that some form of alliances with foreign companies would improve the Chemplex's competitive advantages in one way or the other, Table 4.19 explains.

Table 4.19 Effect of alliances/joint ventures on Chemplex's competitiveness

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

***Q14. If Chemplex enters into strategic alliances and joint ventures, what do you think about the following? Will it...***

#### ***Expand range of business expertise***

All of the questionnaires were answered in a way strongly suggesting that strategic alliances or joint ventures would indeed expand range of business expertise for the Company, as shown by responses in Table 4.20.

Table 4.20 Effect of strategic alliances on business expertise

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

#### ***Improve financial credibility***

Although there were some responses suggesting otherwise, the general feeling is that financial position would improve with such strategies being pursued. The negative responses in Table 4.21, 14%, think otherwise.

Table 4.21 Effect of strategic alliances on financial credibility

	Frequency	Percentage	Cumulative Percentage
Yes	12	85.71	85.71
No	2	14.29	100
Total	14	100	100

### ***Improve market penetration***

The responses received all suggested that the alliances and joint venture strategies would help the company enter into new markets and increase participation in existing ones, Table 4.22 below indicates.

Table 4.22 Effect of strategic alliances on market penetration

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

### ***Improve access to overseas markets***

The answers from the respondents in Table 4.23 show that they are of the opinion that these strategies of alliances and joint ventures would help the company reach other global markets it cannot manage to do now.

Table 4.23 Effect of strategic alliances on access to overseas markets

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

### ***Enhance access to new technology***

Although there were some respondents who believe that these strategies would not help in the learning process about new technology in the industry, the response of 78.57% in view of positive gains is enough evidence that the strategies would be worthwhile considering, Table 4.24 explains.

Table 4.24 Effect of strategic alliances to access new technology

	Frequency	Percentage	Cumulative Percentage
Yes	11	78.57	78.57
No	3	21.43	100
Total	14	100	100

### ***Improve in R&D depth & services***

Again in Table 4.25, it appears that the respondents whose position was that there would be no benefits in accessing new technology maintained their position and still feel that there would be no gain in the R&D department.

Table 4.25 Effect of strategic alliances on R&D depth and services

	Frequency	Percentage	Cumulative Percentage
Yes	11	78.57	78.57
No	3	21.43	100
Total	14	100	100

### ***Provide access to foreign currency***

The responses in Table 4.26 were all of the opinion that these strategies would help in the company's quest to access the much needed foreign currency.

Table 4.26 Effect of strategic alliances on access to foreign currency

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

***Q15. Improvements in customer service can increase the company's competitiveness and market share; do you think Chemplex has adequately addressed these issues?***

The position of 64.29% was more inclined towards more effort being needed in the customer services although 35.71% were of the opinion that it was adequate.

Table 4.27 Customer services effect to competitiveness

	Frequency	Percentage	Cumulative Percentage
Yes	5	35.71	35.71
No	9	64.29	100
Total	14	100	100

***Q16. Increase in product range as a differentiation strategy the company has implemented, in your opinion, has this been successful in view of its market share?***

There was a 100% position that they believe the differentiation strategies were not helping the company in the market, as shown in Table 4.28.

Table 4.28 Success of Chempex's differentiation strategy

	Frequency	Percentage	Cumulative Percentage
Yes	0	0	0
No	14	100	100
Total	14	100	100

***Q17. Do you think the following have contributed to Chempex's let downs in pursuit of its strategic intents?***

***Finance:***

The respondents all agree that they believe the company's strategies or their intentions have been or are still being affected negatively by financial position; Table 4.29 shows a 100% support of that view.

Table 4.29 Contributing factors for Chemplex's problems: Finance

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

### **Skills**

The skills of the staff are not viewed as a possible drawback for the company's failure at the moment by most of the respondents; Table 4.30 has a 92.86% in support of the opposite view.

Table 4.30 Contributing factors for Chemplex's problems: Skills

	Frequency	Percentage	Cumulative Percentage
Yes	1	7.14	7.14
No	13	92.86	100
Total	14	100	100

### **Manufacturing systems**

Most of the respondents according to Table 4.31 think that the company's manufacturing systems do not have a considerable negative impact on the competitiveness at least for the moment with an 82.71%.

Table 4.31 Contributing factors for Chemplex's problems: Manufacturing systems

	Frequency	Percentage	Cumulative Percentage
Yes	2	14.29	14.29
No	12	85.71	100
Total	14	100	100

## **Marketing**

The responses in Table 4.32 indicate strongly that the marketing issues have a bearing on the company's performance and suggest that it is an area that will need to be reviewed in the near future.

Table 4.32 Contributing factors for Chempex's problems: Marketing

	Frequency	Percentage	Cumulative Percentage
Yes	10	71.43	71.43
No	4	28.57	100
Total	14	100	100

### ***Q18. Among the competitors for Chempex, are there any foreign companies?***

The information the respondents had at the time of completing the questionnaires as shown in Table 4.33 suggested that they are aware of foreign competitors within the market place they operate. This knowledge is very important because their strategies would need to consider these threats and also carry out some competitor intelligence research to determine likely direction in the industry.

Table 4.33 Nature of Chempex's competitors

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

### ***Q19. Are you professionally satisfied with your job?***

The overall feeling shows 100% satisfaction from the respondents, across this level of staff that is crucial in spearheading strategies the company might hope to implement, Table 4.34 shows.

Table 4.34 Job satisfaction rating

	Frequency	Percentage	Cumulative Percentage
Yes	14	100	100
No	0	0	100
Total	14	100	100

***Q20. Does Chemplex have clear succession plans, which it implements according to your knowledge and understanding?***

The management and departmental succession plans are largely clear as the responses represent only 14.29% not being aware of its clarity or existence, Table 4.35 below shows.

Table 4.35 Management on clarity of succession plans

	Frequency	Percentage	Cumulative Percentage
Yes	12	85.71	85.71
No	2	14.29	100
Total	14	100	100

#### ***4.6 Graphical representation***

Overall responses were also plotted on a column chart below, Figure 4.1. The 20 questions were rearranged to do away with subsections. This was a way of presenting the responses in a different way and also brings more clarity on the significance of the results. The graphical representation alludes to Chemplex's need to craft new strategies. However, some of the questions' responses do not have relevance to Chemplex's competitiveness as they are used to other company issues like personal gratification. The questions are 1 – 4, 6, 19 and 20 which have been used to isolate relevant from irrelevant issues.

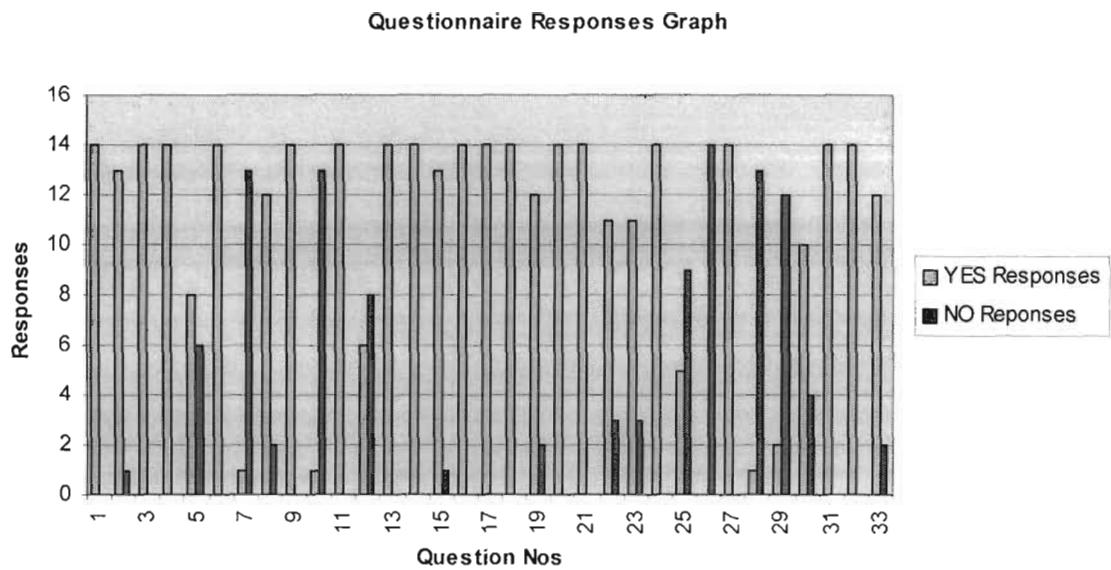


Figure4.1. Column chart representation of questionnaire responses.

#### **4.7 General Outcomes analysis versus Title**

The questions directly related to Chemplex's competitiveness and efficiency have largely exposed sticking shortcomings which have to be addressed. The questions which were not pertinent to the study case gathered information related to staff general knowledge and satisfaction.

Chemplex's competitiveness has several areas where strategic improvements are needed to have the company participate meaningfully in local and global markets. Manufacturing systems though not requiring immediate attention will still need to be benchmarked against similar global players as the responses have indicated. Competitiveness in Chemplex has been affected by the lack of sound financial status, in particular foreign currency for importation of raw materials and penetrating new and existing markets. There is a solid feeling from the respondents that strategies being currently pursued by Chemplex will not improve its competitive position. However, the efficiency of Chemplex has been found to relatively acceptable.

#### **4.8 Conclusion**

The overall responses received and presented were also displayed using MS Excel graphically on Figure 4.1 above. The picture from the results and graphical representation confirm the need for strategies that will address some priority matters. The marketing research, foreign currency generation, and distribution system have been identified as some of the areas Chemplex would need to concentrate on in future. Some of the areas do not require urgent attention according to the ratings provided. The analysis is used to give more clarity in order to facilitate drawing conclusions that will be properly guided for the strategies.

## **CHAPTER 5. CONCLUSION AND RECOMMENDATIONS**

### **5.1 *Introduction***

The major research findings are now known from Figure 4.1 and data analysis that have been discussed in previous chapters. The strategies for Chemplex's competitiveness and efficiency can now be looked at with a view to design ways of improvements. In this chapter, a brief conclusion of Chemplex's problems will be discussed and recommendations proposed for the company's development.

A variety of tools will be considered in this research for Chemplex's competitive and efficiency requirements. The developments in the international industries and business world will be used as yardsticks for the new recommendations. The strategies will attempt to mitigate some of the shortcomings by introducing creative means of overcoming the problems.

### **5.2 *Discussion of Data and Analysis***

#### **5.2.1 *Financial Status***

The study has managed through the questionnaire instruments, discussions and secondary sources to expose some areas which definitely need to be addressed for Chemplex's survival and international ambitions. On Q7 in the questionnaire, 92.86% of the responses indicated that they were aware that the financial status of Chemplex is not good and equally so for raw materials supply. The respondents and case study techniques concurred on most of the issues, for example financial status and foreign currency constraints respectively. The main

problems have been identified as to do with foreign currency shortages for the acquisition of ingredients used in the manufacture of chemicals, and poor market penetration for distribution of products to a wider market base. Chemplex's growth potential has been compromised by foreign currency shortages. The product range has been limited because the company cannot import some ingredients needed in the manufacture of other products. The products that Chemplex manufactures could provide the foreign currency if the strategies could be geared towards such efforts. The response of 85.71% in Q14 supporting the capability of improving financial credibility for Chemplex through strategic alliances, also confirms the current financial status. Q14 under potential to provide foreign currency through alliances, a 100% response rate supported the opinion that this would help Chemplex's quest in accessing the hard currency.

### **5.2.2 Technological Developments and ISO Certification**

The plant status is still in good condition for efficient production of quality products that can meet customer needs and expectations both locally and internationally. The feedback expressed satisfaction with the state of the equipment and almost zero rework levels being achieved. The statistics obtained from Q17 of 85.17% on factors which have contributed to Chemplex's let downs do not consider manufacturing system as a problem for the moment. There is a 100% support that strategic alliances would expand the range of Chemplex's business expertise in Q14. This is not in contradiction to Q17 but rather suggests that the respondents are aware of competitors to Chemplex who are using different technology as evidenced by Q18 where respondents have overwhelmingly acknowledged by 100% that there are foreign companies trading in the same markets. The products will also need international accreditation through conformance to quality and environmental standards like ISO900 and ISO1400. The fact that the products will be

used by consumers exposed to other brands implies that such international recognition as ISO certification is required. Its absence has been a weakness that should not be allowed to continue.

The recommended strategies should be attended to at the same time reinforcing the current areas where the company is scoring remarkably. The human resources has been rated lowly at 14.29% for attention suggesting acceptable adequacy for now in Q7 and 92.86% in Q17 of respondents considered there was enough skilled manpower. The marketing department should be geared to usher in a new image for the company both locally and globally as respondents have shown with 71.43% favouring improvements. The quality aspects of the company should have rigorous systems in place to make sure that the products can compete successfully at the same time making sure that waste and rework issues are eliminated. Current trends in the industry should be monitored through competitor intelligence with the view to keeping abreast of technological developments, although this is not a major concern at the moment but it must be monitored. There will be need to have manpower development programs and continued acquisition of state of the art equipment with credible performance for the company if it has to maintain the expected and future goals, once it has managed to stand alone. Q15 does not have a very convincing response rate for addressing customer service programmes with only 35.71% thinking that Chemplex has adequately dealt with the issue. Q8 sourced information on quality of products being manufactured by Chemplex and the responses were almost balanced at 42.86% rating world class products and 57.14% suggesting otherwise. This confirms that Chemplex need to have their products calibrated correctly against international scales like ISO.

### **5.2.3 Other Resources**

In essence, the economies of scale approach need to be backed up by reengineering of processes strategically to keep in line with recent technological trends, but this can never be assurance that competitiveness will be defendable sine die. The manpower and production systems are reliable for now. The marketing and distribution systems have been alleged as needing attention by the respondents. In particular the outlets have been noted inadequate and lacking product information. The R&D function would require exposure to other similar industry operations abroad.

The presence of competitors especially coming from newer and cheaper production and distribution systems has been acknowledged with the capacity to surpass the uniqueness in products and services. The differentiation strategy alone will be very difficult to defend and achieve competitiveness in an industry as per the observations.

The responses from questionnaires and information from secondary and conversations suggest that Chemplex has no internal capacity to embark on meaningful investment in foreign markets at reasonable scales. The only foreign venture has been identified as in Mozambique where an individual sells to small scale farmers and household units. Otherwise, if any company were considering global participation seriously, the best approach would be to establish own facilities and operate independently in due course if resources permit, otherwise synergic strategies could be used to build enough resources for the said aim. Despite the associated risks in possible failures to recover costs, technological investment still remains a strategy which companies looking into the future for greater prosperity should consider in their medium to long-term goals. The development and acquisition of technology would be fundamental to the company's survival in the market, and Bausernschmit (1997) was right in the encouragement of its

adoption by all companies irrespective of size or current business strategy since the approach can be used for competitive strategy in the future operations. Q13 had a 100% response in favour of alliances and joint ventures as engines for positively driving Chemplex's competitiveness in one way or the other. The 100% negative response to differentiation as a success implied that other factors were viewed as important for Chemplex's competitiveness. There was a 100% position on respondents' satisfaction with their jobs and 87.71% clarity on succession plans in Chemplex according to Q19 and Q20 respectively.

#### **5.2.4 Strategic Synergies**

There will always be the threat from substitute products on the market probably with attractive and competitive attributes as revealed in the responses received and other sources used to gather information. It will be therefore essential to create competitive strategies that insulate the substitutes away from the products being traded. In view of switching costs resistance, other strategies like strategic alliances and joint ventures could be considered as a panacea to averting threats from substitutes. Q7 has a 100% position on the plant's capability to deliver as required suggesting even underutilisation of the facilities which can be used under some alliances by other companies.

The industry itself is growing but the market penetration by most of Chemplex's products is very low. An analysis of the strategies is vital for Chemplex's survival and growth, but the strategies should not emphasise the BCG approach since it does not fit into the situation competitively. The fact that the respondents feel that Chemplex's products are competitively priced in Q10 at 100% support implies that more distribution channels will be paramount. The response rate of 57.14% that Chemplex has the ability to compete locally is weak suggesting that more needs to be done on distribution outlets.

The tools used to analyze the respondents' answers indicated that there is indeed some work that can be done to improve Chemplex's competitiveness notwithstanding the fact that the main handicap is the lack of foreign currency and the means pf generating it. The major solace is that the responses mainly concur that possibilities of improvements exist. The strategic actions can still be formulated and the company would be a force to reckon with in the future both internationally and domestically. Outsourcing has been suggested as a possible solution in mitigating foreign currency shortages and providing exposure to other technological trends in the industry since the production will be done outside its premises and therefore no need to procure raw materials. Similarly the strategy could be strengthened by considering licensing options.

The results analysis also revealed that the majority of the responses knew Chemplex's strategy and each department's requirements in achieving the goals of the company according to Q2 and Q3 with 92.86% and 100% ratings respectively in agreement. This suggested that they are towards that goal despite other hindrances beyond their capacities as also evidenced by Q4 and Q6 both with 100% in interdepartmental support and supervisor encouragement respectively.

### **5.2.5 Other Strategies Options**

The diversification strategy has already been implemented by Chemplex but has been rated negatively by the respondents as shown in Q16 Table 4.28. That the respondents have overwhelmingly expressed the differentiation strategy's failure does not necessary mean that its not good for Chemplex. In normal strategy practice, to differentiate your products you need to have a sound financial backing, which Chemplex does not have at the time of conducting the research.

The cost leadership strategy could be difficult to introduce at this juncture given the fact the Chemplex is experiencing financial problems to source raw materials and embark on an aggressive growth path, Table 4.12. The turnaround strategy could be too early to consider given the economic environment that is prevailing where foreign currency is difficult to source. The focus strategy should be maintained wherever it had been applied in selected markets until the funding situation has improved.

### **5.3 Recommendations**

The study relied on the respondents' feedback and other analysis tools to understand the company's current position and future options. The company has local and international or regional activities that are not very successful because of the foreign currency shortages it is experiencing. The research has come up with some suggestions, which are considered highly relevant in improving Chemplex Animal & Public Health's competitiveness. The research work had to rely on scarce resources and tried as much as possible to come up with recommendations. The recommendations to Chemplex were drawn responses and snapshot of the company's other sources of information under the following sub-headings.

1. ISO Certification
2. Strategic Alliances
3. Licensing Agreements
4. Outsourcing Strategies

#### **5.3.1 ISO Certification**

The current efficiency records are very encouraging and might not need immediate attention at the moment except to maintain them.

However, Chempex needs to conform to international standards by having their processes and products assessed and registered as discussed in 5.2.2. They need to preferably have ISO 14000 certifications as this includes environmental standards so that the products are competitively tradable internationally. Chempex also needs to have quality certification to ISO 9000 for all their products to enhance competitiveness as well. These accreditations should apply to all products and systems under their management and any future alliances.

Once the accreditation discussed above for ISO 9000 and ISO 14000 have been completed, then the researcher recommends that Chempex should enter into strategic alliances with other companies in the same or related industry. This would increase its distribution outlets in countries where such relationships are not in existence at the moment, and also allow it to represent other products locally.

### **5.3.2 Strategic Alliances**

Strategic alliances are strong when resources are combined from different companies in the same industry for a formidable competitive stance. This recommendation is following from the discussions in section 5.2.1, 5.2.3 and 5.2.4 above. The strategy would expand the licensee's market base and also provide an opportunity for global participation. The company entering into such a strategic approach does not intend to have its equity shared in the alliance but rather allow contribution of knowledge for a common purpose. The alliance should last for a given period and thereafter each company could stand-alone. As such any company seeking such a strategic move should understand its own requirements in the association to be able to compete individually in future.

Chempex is producing products that have almost zero rework needs. This is a sign that the efficiency levels of their production are very

commendable and can meet international standards. The company's products can reach the international markets through alliances with other reputable companies in the world. The time frames for these alliances must be agreed upon between the involved parties but Chemplex should negotiate for periods long enough to achieve their goals, at least five year agreements are recommended.

Chemplex would have the opportunity to study the markets and establish ways of penetrating on their own after alliances have been dissolved. The company will also obtain the opportunities to learn from similar operations on how best they can compete in future. There will also be the advantages of exposure to the latest manufacturing systems and human resource tactics. As Chemplex has problems especially to do with sourcing some ingredients, which need to be acquired using foreign currency; an alliance of this nature could be viewed as a great solution to its viability. Chemplex could also gain in skills and human resource functions because of such strategies. Chemplex can also use this as an advantage to learn the requirements of the foreign markets through the marketing skills learnt from the alliance and also contacts that are likely to having been established.

The company will have a mixture of marketing skills from their own systems and the new approaches, which might be provided by the partners. Chemplex will also have the opportunity to assess the consumer preferences regarding their products before they become independent. The strategic alliance form of corporation also establishes some very important technical networks, which can help the involved partners in future developments especially R&D functions.

Chemplex will do better if it beckons to the competitive strategic call and form some strategies now so that it cushions itself against the unknown future, which might greatly affect its business. This will benefit the strategic partners in the alliance and also itself in addition to the

local, regional and international markets since it will be able to deliver the required products competitively.

### **5.3.3 Licensing Agreements**

Chemplex has problems acquiring foreign denominated inputs for its processes. The company should consider strategic alliances through licensing agreements as another option of improving competitiveness as pointed out in section 5.2.1 and 5.2.4 in previous sections. These licensing alliances would be very crucial in Chemplex's competitiveness since they would create some foreign currency inflows whilst at the same time avoiding costs related to tariffs or quota systems. The licensing strategy will offer other benefits like exploitation of factors of production including labor, technology and materials. The Company should consider this approach in order to greatly improve its revenue base for the hard currency that would be used to capitalize the operations in the long term and also provide funds for procuring imported essential ingredients. In areas where Chemplex cannot form partnerships with companies in the same industry, alternative-licensing agreements involving distribution outlets should be established. It will be a strategic way of entering new markets and should be successful if economies of scale tactics are used.

### **5.3.4 Outsourcing**

The outsourcing strategy intends to capitalize on what other competitors do best with the main purpose of creating a win-win situation. Section 5.2.1 and 5.2.4 discussed respondents' views about such an option where a concomitant positive attitude was expressed towards the strategy. Whereas the outsourcing strategy idea is acceptable and has been preferred by the respondents, more investigations should be conducted by Chemplex to identify functions which are better candidates for outsourcing. The outsourced responsibilities should be something easy to monitor and assess success,

and not options in departments like HR, which has strong strategic relevance to the company and naturally drives most of the plans the company intended to pursue. However, Chemplex's outsourcing options should consider that in some instances better results could be realized through specialized centers of excellence that deal with unique products. The feasibility of vendors to strike a successful partnership with Chemplex must be assessed against their experience and scale of capacities to carry out the functions competitively, otherwise the move could be regretted. The model should have a positive impact on Chemplex and allow reasonable control over the operations.

Outsourcing affects staff morale since multi-skills cannot be developed, duties may become too routine and innovativeness can be stifled. If at all the outsourcing strategy is to be considered, then it must be done on a small scale with the view of establishing necessary requirements to eventually bring such responsibilities back. Chemplex should look for low-cost offshore vendors where it can achieve benefits through scale and cost advantages. Such vendors should have required experienced labour and facilities and must be willing to allow some operational control by Chemplex. Chemplex should also consider outsourcing locally where management, monitoring and control of the operations are easy. If however, the outsourcing results in staff having greater exposure to a wider range of products then it must be embraced with all the urgency it deserves and Chemplex would be advised to take up such opportunities. Such strategic impact will be critical and used as competitive advantage in future. Therefore outsourcing must be weighed and considered on merit rather than adopted as an escape route with unknown consequences.

Chemplex can also improve its competitiveness through strategic alliances with companies who can share their operational costs, thereby spreading the business risk with the vendor(s). Some of the marketing

and sales functions can be contracted to other companies who are superior in such skills so that the products gain market share. This would result in Chempex achieving competitive advantages and allow it to concentrate on some core activities like production. The outsourcing to well selected vendors will change the financial outlook positively since new markets would be reached.

For Chempex, outsourcing will result in accelerated re-engineering benefits because other partners might have manufacturing systems that are superior to its own setup. This would imply that there is no rush in capitalizing its own processes, which has been confirmed not a priority at the moment from the survey responses. In terms of business risk, it will be to Chempex's advantage because of the flexibility provided when some of its functions are outsourced. The fact that some of the responsibilities have been transferred to another company in this co-operation, it means that Chempex has some of its original resources freed to embark on other business processes of its choice.

#### **5.4 Limitations**

The Chempex Animal & Public Health's financial status could not be ascertained because it was regarded as too confidential. However, the respondents were aware that the company is in difficult financial periods and that it was the main obstacle for them to achieve some of the goals. Therefore this information was not available for study and was excluded from the research work except mentioning that they needed foreign currency for their crucial operations.

There were also some problems of getting similar literature from previous work by researchers or other interested parties. There were no similar studies done on the same company before despite internal meetings and discussions on strategies. The census sample used was small and not randomly selected for it was viewed the information was

privileged to a certain level of staff. The study did not emphasise marketing strategies for Chemplex since they have similar potential of growth effects.

The questionnaires sent out were not all received on time leading to the exclusion of one that was delivered late. The exclusion was based on unclear circumstances on why it was not made available on collection date although it was mentioned the particular respondent was absent.

### **5.5 Future Studies**

The company will need to have future studies in marketing strategies carried out. Chemplex's market share is very low even locally. This is against some of the strategies it had already taken onboard like product differentiation which need a lot of marketing skills. This study did not dwell much into this subject.

There is need to carry a similar study using a larger and random sample so as to test the recommendations made in this research. That study will need to follow the same format of a questionnaire section and case study techniques like discussions, company documents and observations.

### **5.6 Summary**

The research involved questionnaires, conversations, secondary literature in Chemplex archives, observations and literature review from other sources. A case study approach was adopted together with a quantitative research method. After the information was gathered, it was analysed using Excel spreadsheets and this information, together with other data from other techniques, were used to come up with the recommendations. The recommendations were drawn from the results and centred on ISO certification, outsourcing, licensing and strategic

alliances as the highlights of the findings alluded to financial and distribution outlets problems.

### **5.7 Conclusion**

The main problem affecting Chemplex is the lack of foreign currency. The foreign currency shortcomings have caused problems in acquisition of raw materials critically needed in the manufacture of the products Chemplex trades in. The competitiveness of Chemplex cannot be realised without a lasting solution to the foreign currency problem.

The research set out to find solutions for Chemplex so that competitiveness and efficiency could be realised for the betterment of the company, nation and shareholders. The future of Chemplex was envisaged as bright after the elimination of the constraints currently being experienced. The technological advancements and trends in the global business environment were to be pursued in search of glory. Quantitative and case study approaches were the tools identified as highly likely to bring out the responses from the participants.

The research has greatly answered the problem statement as set out earlier in that recommendations to generate and overcome foreign currency problems were crafted for Chemplex's implementation. The recommendations also involved strategies which can provide growth platforms for Chemplex so that the research objectives of improving competitiveness on a bigger scale are realisable.

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## **LIST OF APPENDICES**

- Appendix A. Concept Matrix on Competitiveness
- Appendix B. Covering Letter – Introducing the Questionnaire
- Appendix C. MBA Questionnaire Document
- Appendix D. Letter of Acceptance to carry out research
- Appendix E. Ethical Clearance Letter
- Appendix F. Dissertation Supervisor Declaration (With Graduate School)

## Appendix A

Concept Matrix on Competitiveness

Concepts	Turnaround strategy	Strategic alliances	Joint ventures & Mergers & acquisitions	Positioning	Experience curve	Cost leadership	Diversity of competitors	Government Policy	Suppliers power	Substitutes threats, switching costs, prices	Outsourcing\ Contracting out	Focus	Capital & technological developments	Differentiation	Economies of scale
References															
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Prahalad C K & Doz Z L 1998		✓	✓		✓		✓								
Kanter M R pg 151					✓										
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Spoerk PL 2002, Milpark Business School															✓
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Overton 1995, AMTRAK Engineering					✓									✓	✓	

## **Appendix B**

Petrozim Line (Pvt) Ltd  
Msasa Oil Terminal  
Delport Rd  
Msasa, Harare

### **Introducing the Questionnaire – Covering letter**

26<sup>th</sup> May 2006

Chempex Animal & Public Health Company  
Delport Road  
Msasa, Harare  
Zimbabwe

Dear Sir or Madam:

#### **Subject: The study of competitiveness and possible improvements in Chempex Animal & Health Company's current strategies.**

Your valued responses will be very important in that it will provide the necessary information which the researcher would use in coming up with recommendations. It will take you about **30minutes** to complete the whole questionnaire consisting of **20** questions although some have got subsections. Please answer freely and all of them even if some questions do not cover your department.

You are assured that all the information you will provide will be kept in the strictest confidence. The results will be used as part of an MBA Dissertation with University of KwaZulu-Natal, RSA on Advanced Strategic Management.

When you have completed the questionnaire please drop it in the box provided by the General Manager's secretary. If you want any clarifications or have queries related to this project, please contact me on e-mail [manyenga@comone.co.zw](mailto:manyenga@comone.co.zw) or telephone #737785 or mobile # 011215150.

Thank you very much beforehand and proceed freely to enjoy your questionnaire.

Respectively,  
Johannes Manyenga  
Plant Engineer  
Petrozim Line (Pvt) Ltd  
Enlosure (1)  
Jm/april'06

## Appendix C

Title: MBA Questionnaire sheet

Subject: A Study of Efficiency and Competitiveness in Chempex Animal & Public Health Company.

This questionnaire will take you about **30mins** to complete. Please tick as appropriate in the boxes provided for **YES** or **NO**. You are kindly reminded to drop it in the box clearly marked **MBA Dissertation Questionnaires Completed** by the General Manager's secretary.

Please enjoy the questionnaires from Q1 to Q20, which follow:

Q1. Are you aware of Chempex's overall strategy?

Yes	No

Q2. Do you know what the Company's strategy is trying to achieve?

Yes	No

Q3. Do you know what your department is supposed to do to achieve the Company's goals?

Yes	No

Q4. Does your department get support from other departments to help it achieve its goals?

Yes	No

Q5. Do you think that Chempex Company has the ability to compete locally?

Yes	No

Q6. Does your supervisor encourage you to achieve results to meet the Company's targets?

<b>Yes</b>	<b>No</b>

**Q7.** "The company has got enough resources to meet its goals", do you think this is a correct statement considering the following:

<b>Yes</b>	<b>No</b>

**Financial status**


**Human resources**


**Distribution channels**


**Raw materials supply**


**Plant capacity**


**Q8.** Do you rate Chemplex's quality of products to be of world-class standards?

<b>Yes</b>	<b>No</b>

**Q9.** Do you think Chemplex's existing distribution outlets have enough product(s) knowledge to achieve the Company's strategy?

<b>Yes</b>	<b>No</b>

**Q10.** Do you believe the statement, "Chemplex's products are competitively priced and can even be the preferred products on the world markets"?

<b>Yes</b>	<b>No</b>

**Q11. Do you think that increase in distribution channels locally will enhance Chemplex's competitiveness?**

Yes	No

**Q12. What about increase in distribution channels globally by the Company with regards to competitiveness, will it help positively?**

Yes	No

**Q13. Alliances and joint ventures between Chemplex and other foreign companies are options, do you think that this would improve the Company's competitiveness. If NO go to Q15.**

Yes	No

**Q14. If Chemplex enters into strategic alliances and joint ventures, what do you think about the following? Will it ...**

Expand range of business expertise

Yes	No

Improve financial credibility

Yes	No

Improve market penetration

Yes	No

Improve access to overseas markets

Yes	No

**Enhance access to new technology**

Yes	No

**Improve in R&D depth & services**

Yes	No

**Provide access to foreign currency**

Yes	No

**Q15. Improvements in customer service can increase the Company's competitiveness and market share; do you think Chemplex has adequately addressed these issues?**

Yes	No

**Q16. Increase in product range as a differentiation strategy the Company has implemented, in your opinion, has this been successful in view of its market share?**

Yes	No

**Q17. Do you think the following have contributed to Chemplex's let downs in pursuit of its strategic intents?**

**Finance**

Yes	No

**Skills**

Yes	No

**Manufacturing systems**

Yes	No

**Marketing**

Yes	No

**Q18. Among the competitors for Chemplex Company, are there any foreign companies?**

Yes	No

**Q19. Are you professionally satisfied with your job?**

Yes	No

**Q20. Does Chemplex Company has clear succession plans, which it implements according to your knowledge and understanding?**

Yes	No

Thank you for completing the questionnaire. You really sacrificed some of your very special time and responsibilities to help me with these valuable responses, which will go a very long way in my dissertation work. I once more assure you that this information will be kept very confidential!



Number 115 & 116  
t Road  
y City Industrial Park.

33-4-91 425 266/9  
33-4-91 925 197

P.O.Box GD 117  
Greendale  
Harare  
Zimbabwe

E-mail: caph@chemplex.co.zw

March 2006

cozim Line  
CY 2179  
seway  
are

**: Letter Of Acceptance**

request to carry out research study with our organization  
ers:

mplex Animal & Public Health has granted Mr J. Manyenga, who  
studying MBA with the University of KwaZulu Natal permission  
conduct research on competitiveness of the company.

will have access to our facilities and staff members as  
essary that have interest in his research work.

hope this will benefit him and our organization at the same  
e.

rs faithfully,  
eral Manager

Zulu

mplex Animal & Public Health

YOUR  
FORMATION



UNIVERSITY OF  
KWAZULU-NATAL

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

27 NOVEMBER 2006

MR. J MANYENGA (201510177)  
GRADUATE SCHOOL OF BUSINESS

Dear Mr. Manyenga

ETHICAL CLEARANCE APPROVAL NUMBER: HSS/06760A

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

"A study of competitiveness and efficiency of Chempex Animal and Public Health Co."

Yours faithfully

MS. PHUMELELE XIMBA  
RESEARCH OFFICE

cc. Faculty Office (Cheralyn Terblanche)  
cc. Supervisor (Mr. RM Challenor)