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Exploring the Competiveness of Ilanzi Construction Limited in the Road Construction Industry in Zambia

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Declaration

I, Kanchepa Goma, declare that **"Exploring the Competiveness of Ilanzi Construction Limited in the Road Construction Industry in Zambia"** is my own original work and that all sources that have been referred to have been acknowledged by complete references.

Kanchepa Goma

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I dedicate this dissertation to my beloved son Ngonidzashe Godoka.

Acronyms

ADB	African Development Bank
NCC	The National Council for Construction in Zambia
RDA	Road Development Agency of Zambia
SWOT	Strengths Weaknesses Opportunities and Threats
UNCTAD	United Nations Conference on Trade and Development

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Abstract

This qualitative study seeks to explore the competiveness of Ilanzi Construction Limited in the Road Construction Industry of Zambia. Ilanzi is a local contractor in the Zambian road construction industry. The literature looked at factors affecting contractors in their operations. The study employed direct individual interviews and there were six respondents and the data was analysed using thematic analysis. The study concluded that Ilanzi Construction Limited has certain aspects of the business which may be viewed as competitive these aspects are as follows the firm's adherence to good quality of work, competent staff and lastly their good reputation within the industry. However, there are factors which were identified as impacting negatively on the operations of Ilanzi, some of which included the strong presence of foreign contractors, funding problems as well as high capital requirements. There were recommendations which were presented for the management of Ilanzi to consider in overcoming some of the problems they are facing. These recommendations included, diversification, training and development and finding alternative means of sourcing business and ultimately working capital. The study is not exhaustive; therefore, further research on other local contractor firms in Zambia can be conducted in order in order to provide solutions that cater across the entire country of Zambia.

CHAPTER ONE:

Introduction

1.1 Introduction

Road construction is a vital industry in all countries. A proper road network is important in the economy because that's the main way goods and services can migrate within and across the country thereby promoting economic growth and development. Roads also help by opening up the country's borders for more trade. The majority of roads in Zambia were constructed after independence beginning in 1964 till about the late 1970s many of which are now damaged and thus require rehabilitation. In 2012 The Link Zambia 8000 Road Programme was initiated by the Government of Zambia to facilitate for the construction of new roads in Zambia. This project is currently ongoing and has led to an increase in firms bidding to undertake these road projects. The Road Development Agency is the national authority for maintenance and road development in Zambia (RDA, 2012) they are the authority that advertises tenders for road works in Zambia. Zambia is a landlocked company and therefore road networks are highly important and the main way to travel as well as transfer of goods and services.

Chapter one is the foundation of the study which presents the background to the study, the objectives, the problem statement and the overall plan of the study.

1.2 Background

Ilanzi Construction Limited is a firm that operates in the construction and infrastructure development industry. The firm started as a general works contractor in 2011. Over the years, the firm has undertaken challenging projects and accumulated skills and experience in both road and building construction. As a result of more firms bidding for road construction tenders, it has become more difficult to acquire new projects. This new competition has made it become more difficult for firms to win them over. In these times we live in firm do not only deal with competition from firms within their country only but also international firms. It is even more especially with big players such as Chinese firms that have the financial muscle and capabilities are often viewed more favorably. Firms in the road construction sector need to reevaluate their strategies on a regular basis in order to stay competitive. It is vital for their survival, as those seeking services for road construction will often choose those who can get the job down quick, well and have the capabilities. It is best that Ilanzi analyses all aspects of its business operations both internally and externally to make adjustments where necessary. Even though Ilanzi Construction Limited actively takes part in the road construction industry, it is important to look at factors that could affect their performance either positively or negatively i.e. factors affecting their competiveness. Survival in the road construction industry in Zambia has become a challenge.

1.3 Problem statement

The move to upgrade Zambia's road infrastructure has seen mushrooming of road construction firms within a short space of time of which Ilanzi Construction Limited is one of them. Due to the increasing number of construction firms, Ilanzi Construction Limited is experiencing competitive challenges leading to loss of business in the past year 2015. Therefore, the purpose of the study is to explore the competiveness of Ilanzi Construction Limited in the Road within the Zambian Road construction industry.

1.4 Aim

The aim of this study is to explore the competiveness of Ilanzi Construction Limited with regards to the factors that affect its operations and how the firm can enhance its competiveness with regards to these factors.

1.5 Objectives of study

The following objectives were developed to address the objectives of the study:

- To explore factors affecting the competiveness of Ilanzi Construction Limited within the road construction industry of Zambia.

- To assess the strengths and weaknesses of Ilanzi Construction Limited within the road construction industry of Zambia.
- To determine the extent to which the factors identified enhance competiveness.
- To provide recommendations for the senior management of Ilanzi Construction Limited

1.6 Research Questions

The following research questions were developed to address the above objectives:

- What are the factors affecting the competiveness of Ilanzi Construction Limited within the road construction industry of Zambia?
- What are the strengths and weaknesses of Ilanzi Construction Limited within the road construction industry of Zambia?
- To what extent do the factors identified enhance competiveness?
- What recommendations can be given to the senior management of Ilanzi Construction Limited?

1.7 Significance of the Study

There is very little knowledge with regards to Zambian road construction firms and this study will help add to that knowledge base. The study will provide valuable knowledge with regards to how firms can improve their competiveness in road construction in Zambia. The findings will help Ilanzi to identify where they can improve on their operations and ultimately help them to build their competitive levels.

1.8 Limitations

One firm is being looked at so it is difficult to generalize the information studied to all firms in the same industry as they may be experiencing different factors in their operations. Furthermore some information was confidential and could not be obtained; this limited the depth of knowledge obtained.

1.9 Chapter Organisation

This study comprises of five chapters. This first chapter which was an introduction presented the background of the study, the problem statement, the aim of the study, the research objectives and questions, the significance of study as well as limitations of the study.

Chapter 1- Introduction

This chapter is the introduction and foundation of the study. The introduction includes a background of the road construction industry, the problem of the study and the research objectives and research questions.

Chapter 2- Literature Review

This is a review of the literature related to the study. The literature reflects on the concept of competiveness, models of competiveness, activities of contractors as well as the road construction industry in Zambia.

Chapter 3- Research Methodology

Chapter three reviews the methodology of how the study was conducted. Interviews were carried out on six respondents that included the managers at Ilanzi Construction Company.

Chapter 4 –Data Presentation, Analysis and Discussion

Chapter four presents the results according to different themes that come about from the data. This chapter has a detailed discussion of the findings of the study..

Chapter 5- Conclusion and Recommendations

The final chapter of the study presents the conclusions drawn from the findings and recommendations for the management at Ilanzi Limited are given. There scope for further research is also explained.

1.10 Conclusion

The study was introduced in this chapter and the problem and its setting were defined. The background to the study showed that there were problems with regards to projects for Ilanzi Construction Limited. The problem statement, aim of the study, research objectives, research questions and significance of study were also presented in this introductory chapter. The following chapter presents literature related to the study.

CHAPTER TWO:

Literature Review

2.1 Introduction

This chapter presents literature related to the study. The chapter begins by exploring the key concept of competiveness at a national level and then at a firm level. The chapter also looks at models of viewing competiveness as well as tools that can be used to achieve competiveness. Factors affecting contractors in the construction industry are also looked at in the Zambian Road construction industry.

2.2 Defining competitiveness

Competiveness as a concept has three main levels that is country, industry and firm level. Country level competiveness means a country is able to produce goods and services that meet international standards; however Krugman (1994), argued that it is actually firms and not countries that compete. Competitive sources are organizational assets and processes that lead to competitive advantage (Ambastha and Momaya, 2004). Competiveness is twofold and comprises of assets and processes which help to achieve financial gain. Porter (1990) mentions the fact that productivity goes hand in hand with competiveness, however in the current business times speed and adaptability have proved to be more important (Ambastha and Momaya, 2004).

The following are a few definitions of competiveness Ambastha and Momaya (2004), competiveness of a firm is its portion in the competitive market. Chao-Hung and Li-Chang (2010) “A firm’s competiveness is its economic strength against its rivals in the global marketplace when products, services, people and innovations move freely despite the geographical boundaries”. According to Cho (1998), firm competiveness is how a firm can achieve desired competitive objectives for example market share and profit. Cho (1998) also looked at competiveness as what is currently taking place in the firm and the plans for the future. Competiveness is often linked with prosperity or ‘sustained superior performance

(Powell, 2001:875). Competiveness is how a firm fairs against other firms in the same industry or sector. This ideally should be in a way that is sustainable in the long term (Riley, 2012). A business requires one or more competitive advantages in order to be competitive (Riley, 2012). Competitive advantage can be viewed as activities that position a particular firm to be more superior to other firms in a particular industry which ultimately links to the strategic management in the firm (Depperu and Cerrato, 2011). In developing countries the competiveness levels are often affected by under developed, economic infrastructure as well as outdated technological infrastructure and thus firms struggle to be innovative. Competition is one of the factors that pushes firms to aim to perform better and is one of the drivers of competiveness (UNCTAD, 1999).

2.3 National Competiveness

Powell (2001 p. 875) argues that "competiveness in general is an ability related to prosperity or sustained superior performance of any subjects". The three levels of competiveness mentioned earlier in this chapter may seem to be independent of each other but they actually have an influence on each other. Firm competiveness speaks to industry competiveness and the latter also speaks to firm competiveness. Industrial Competiveness impacts on national competiveness and the latter also impacts on industrial competiveness. Competiveness at the national level can be viewed from different perspectives; according to Porter (1980) national competiveness is linked to productivity. Industries with high productivity have strong efficiency capabilities and their production processes allow them to produce more products based on the same inputs as their rivals in the industry (Coelli et al., 2005). On the other hand Others view low labour costs as a sign of national competiveness, these lower costs can lead to a decreased unemployment rate which can translate to high volumes of exports which can impact positively on the balance of payments of a specific country (Wise and Covarrubias, 2012). National competiveness can be determined by looking at certain factors which include, firstly the market share in international markets, this can show a firm's level of competiveness however as much as having a huge market share is deemed as ideal, making profit while maintaining that market share is vital. Brand recognition in international markets can also be viewed as an indicator of competiveness, having a well know brand is often linked to success and this factor is usually well received by firms. A company that can be listed on an international stock exchange market is another factor and this shows a certain level of success and achievement (Depperu and Cerrato, 2011).

2.4 Firm Competiveness

According to Porter (1998) a firm's competiveness can be linked to competitive advantage. A firm has competitive advantage when it is able to create and maintain profits that are more than the industry average, secondly when it can supply a service or good at a lower cost than rivals and lastly when it can provide goods or services which are different from competitors (Johnson, Scholes and Whittington, 2008). Strategic management looks at how a firm's resources are coordinated to carry out organisational goals. Plans are set which include the analysis of the firm's internal and external environments as well as the actions of competitors (Johnson, Scholes and Whittington, 2008).

Competiveness is viewed as being able to compete successfully in a business environment (Porter, 1990). Competiveness is being able to do well in terms of market share, sales and profits (Lall, 2001). The competiveness of a firm is a topic that is often discussed by experts both in the business and academic fields. Competiveness can either be viewed as a driver of a firm's performance or as an outcome of a firm's competitive advantage. As a driver of competiveness, one would look at internal and external sources which can either be tangible or intangible. Internal intangible firm sources include knowledge of the firm as a whole. Internal intangible sources tend to be employee related and include firm human resources, managerial capabilities and employee knowledge. Internal tangible sources include both physical and financial resources. According to (Depperu and Cerrato, 2011), a firm's resources could be viewed as their strengths and can be dividing into three sub categories namely physical for example equipment and geographic location, secondly human resources for example a workforce that is well trained and experienced and lastly firm resources that is both formal and informal as well structures in the firm used for reporting. This view supports the fact that a firm can achieve certain advantages by developing the above mentioned resources and this can help them to be different and ideally better than their competitors.

External industry related sources look at factors such as bargaining power of suppliers and buyers, rivalry amongst firms, low threats of substitution and new entrants to the market (Porter

1980). External national economy related resources look at the national economy as a whole, (Depperu and Cerrato, 2011). In order to attain a competitive advantage a firm needs to provide customers with goods and services which continuously attract them (Barney, 2001). Competiveness in developing countries is often hampered by improper economic infrastructure. Competition will often push firms to improve their activities in terms of their goods and services. New firms can also help boost competiveness of existing firms as they are forced to up their game as a result of these new firms in the industry (UNCTAD, 1999). Competiveness has become popular over the years especially because traditional indicators such as profitability and productivity are no longer sufficient for continued improvement in business competiveness leads to more sustained growth in the long term (Barney, 2001).

2.5 Characteristics of Competiveness

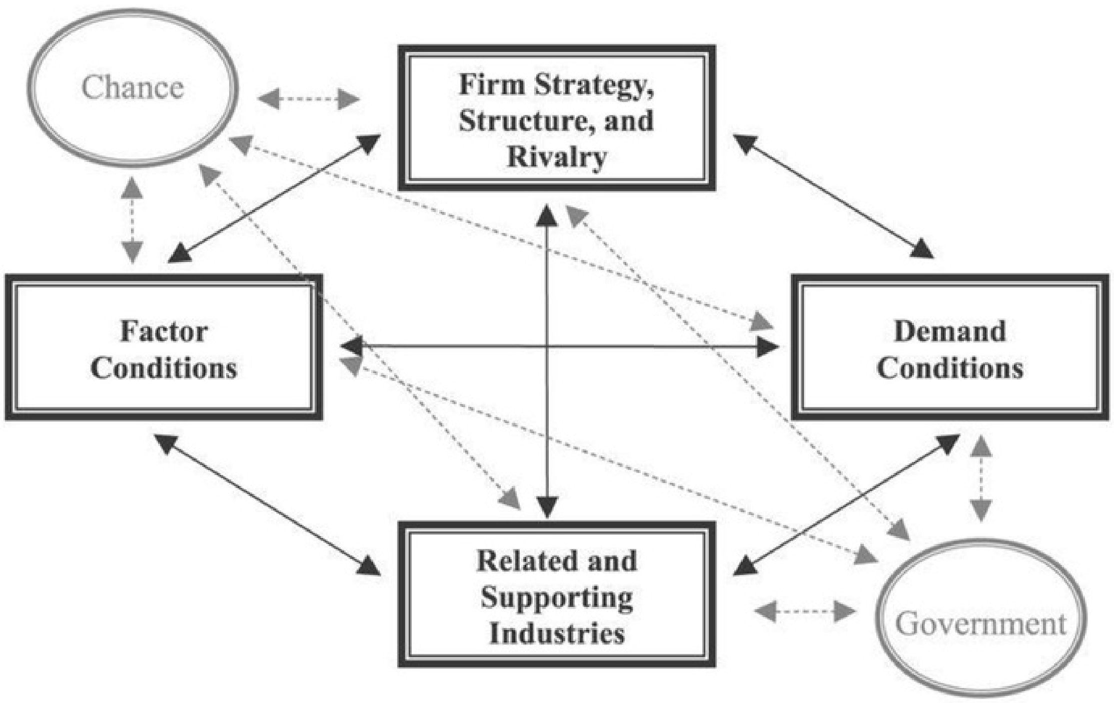
According to Henricsson et al (2004) competiveness has the following characteristics, firstly it is multilayered it can either be at a national, industry or firm level. Secondly it is multi defined there are different definitions of competiveness and it will also depend on what context is being used, competiveness can be defined differently depending on whether you are looking at it from the national, industry or firm level. Secondly competiveness is multi measured the way it is measured will depend on the definition used for example some may use Porters Five Forces model where as another researcher may use the Resource Based View. There is no set limit of how many methods can be used in a particular situation. Competiveness is dynamic whatever influences competiveness will change with time and meaning for example the growth of an economy and lastly process, competiveness comprises of many components that is assets and processes. Ideally processes should convert assets into performance (Henricsson et al., 2004). In today's ever changing business environment it is important to be able to be dynamic and adjust to new market conditions, this can lead to competiveness, (Barney, 2001). Basu (2011) also noted that competiveness involves dynamic progress as well as the ability to innovate and improve.

2.6 Frameworks for Measuring Competiveness

2.6.1 Porter's Diamond Framework

When comparing the competiveness of nations the most widely used theory is that of Porter's Diamond Framework, there are four main factors that influence the national competitiveness of a country namely factor conditions, demand conditions, related and supporting industries and firm strategy, structure and rivalry and additionally there are two other factors which can be included these are government and chance.

Figure 2.1 Porter's Diamond Framework



Source: Porter (1990)

Factor conditions in broad perspective include land, labour and capital and more specifically specialised factors which include skilled labour, infrastructure, the ability to research and

knowledge. Porter (1990) argued that the specialised factors are the foundation for a nation's sustainable competitive advantage.
Demand conditions look at the home demand that is the buyers in the home country, under this factor there are three points to consider firstly is the fact that a nation's industry would benefit with regards to competiveness if their main market segment is within their home market, secondly the more assertive and advanced the buyers are this creates greater pressure for firm's to create good quality goods and services and lastly if the needs of buyers in a nation can correlate to the needs of buyers in other nations the firm can adjust its operations accordingly to meet the buyer needs elsewhere as well. These three points can assist in enhancing international competiveness as they create an environment where firms need to be innovative on a regular basis in order to uphold their competitive positions and to meet the product quality and service demands of their buyers (Porter, 1990).

Related and supporting industries, Porter (1990) stated that the industry of nation is more internationally competitive if that nation's economy fosters an environment where industries are interdependent especially when related in terms of skills and inputs. These collaborative efforts can help with knowledge transfer within the industry because an environment of learning and creativity is encouraged.

Firm structure, strategy and rivalry, competition amongst firms in a nation adds to the need to be more internationally competitive in terms of quality as well as innovation. Firms will adjust their operations to help them to be more internationally competitive (Porter, 1990).

Chance and government these two factors can help aid in competiveness but their contributions are not sustainable and are therefore limited. Chance looks at factors wars, foreign policy of governments as well as global and technological shifts which are beyond the control of the firm. Government can impact on all four of the factors previously discussed. Depending on which policies it introduces, government can either have a positive or negative impact. However it is important to note that government cannot create competitive in its own right (Porter, 1990).It is important to note that the framework discussed above, constantly adjusts to new market changes and that the factors identified reinforce each other and this leads to competitive advantage.

2.6.2 Porter's Five Forces Model

The Five Forces Model is a tool that was founded by Michael. E. Porter, its purpose was to identify five forces within the realm of the microenvironment that have influence over competition and ultimately the profitability of a firm (Porter, 1980). It is important to note that the impact of the forces will change dependent on government policies and macroeconomic activities (Mohapatra, 2012). The Five Forces will now be reviewed below

i. Threat of Entry

This force has to do with other firms potentially entering the market or industry and is dependent on how strong the barriers to entry are. Firms that have the resource capabilities are often the biggest threats. Whether they succeed on entering the market or not often depends on barriers to entry. Low barriers are common in growing industries where good returns on investment are likely (Hough et al., 2011). However there are several high barriers to entry which could deter certain firms for example firms in the market who operate using economies of scale, firms who have a strong brand with strong customer loyalty, it becomes difficult to penetrate the market especially because of the relationships which are already established (Johnson, Scholes and Whittington, 2008). Another barrier which may be an impediment is high capital requirements this factor varies depending on the technology required, setting up an online business for example is a lot cheaper than renting a physical office space (Johnson, Scholes and Whittington, 2008). Financial capabilities is one of the most common type of entry barriers, the higher the capital requirements needed for a particular industry the stronger the barrier to entry (Hough et al., 2011), for example when setting up or joining an industry such as construction or chemical manufacture where requirements such as factories and huge pieces of equipment are needed can make the industry look unattractive (Collis and Montgomery, 2005). Lastly under this force is the issue of differentiation, when customers view the products or services of one firm as better than another in industry where business is based on projects for example construction this is vital

(Johnson, Scholes and Whittington, 2008).

ii. Bargaining Power of Suppliers

This force deals with suppliers and the leverage they may have and its impact on firms. Supplier bargaining power increases if there a few people who provide a certain raw material or product also if there is a shortage of materials needed by firms in the industry, bargaining power will increase. However if a supplier only caters to just a few firms and they are that suppliers main source of business, the supplier may then have limited bargaining powers especially if they are in a position to procure the products from elsewhere (Hough et al., 2011).

iii. Bargaining Power of Buyers

Buyers/ customers can also have bargaining power; they may exhibit these powers especially in situations where they have low switching costs between products. They also have a fairly high degree of bargaining power when they are a small group and their business is viewed as vital for the firms providing the goods or services. A well informed buyer base can also result in them have strong bargaining power (Hough et al., 2011). If buyers are sensitive to prices they tend to have higher bargaining power as they can readily switch (Indiatsy et al., 2014).

iv. Substitute products

Firms in a similar industry can also be competition, especially if their products are viewed as superior and better in quality and performance (Hough et al., 2011). Also if there are low switching cost for customers this can cause problems for firms, because they can buy the products of another firm which can end up affecting the market share of a particular firm especially if the numbers of customers that switch over are of a significant volume (Peng, 2006).

v. Rivalry among competing sellers

The more the number of people who are offering a good or service the higher the amount of competition. Therefore it is important to have a strategy that will put a firm in a good competitive position. The strategic moves of other firms in the industry can have an impact on the operations of other firms in the industry (Hough et al., 2011). When high exit barriers exist these can increase the level of competition, non transferable assets such as machinery may be viewed as a high exist barrier (Hill and Jones, 2012). The Five Forces Model can be used even if there is no specific information about profits. It is important to look at all five forces and not just one when applying this model practically (Johnson, Scholes and Whittington, 2008).

2.6.2 Resource Based View Approach

The Resource Based View originated in the 1980 and 1990s. The approach argues that the resources a firm has are the main source of their sustained competitive advantage. Firms which have strong resources are able to achieve a stronger competitive advantage. In order for a firm to benefit from sustained competitive advantage the resources also need to have the following attributes. The resources must be valuable and the reource potential fully utilized. It is important to capitalise on opportunities but at the same time mitigating threats to the firm. Secondly the resources must not be common and must not be something many of the firm's current or future competitors can easily have access to. Lastly the resources must be difficult to duplicate, this creates value for the firm and lowers competition as they will have resources that other firms may not have or a limited number of firms have access to (Barney, 2001).

This approach involves a firm looking internally at its resources and core competencies to gauge the level of competitive advantage (Henry, 2011). 'a core competence' is a proficiently performed internal activity that is central to a company's strategy and competiveness' (Hough et al., 2011:115). Resource based view puts a lot of emphasis on the different components both tangible and intangible and how value can be created and lead to overall firm improvement (Parnell, 2013). Porter (1980), notes that a firm will increase and keep their competitive advantage when they achieve the delivery of their goods and services. Porter (1998), competitive advantage is attained when a firm obtains profits which are more than industry norms, the firm can produce good or services at a lower price and lastly being able to achieve differentiation. Furthermore project management which includes factors such as site management and supply chain management are important and affect the competiveness of a company. According to Porter (1990), human resources that are well qualified and experienced within a particular industry can lead to certain advantages for a firm as human resources are the cornerstone of the firm.

A firm's resources includes its assets, information systems, knowledge basically all aspects of its operations required to achieve the strategies set out. They can be divided into three groups, physical, human and organizational .Physical includes geographic location, and access to raw materials. Human includes well trained staff as well as those experienced with industry knowledge especially for the managers. Organizational includes how reports are drawn up and presented as well as organizational planning (Barney, 2001).

Tangible and Intangible Assets

There are two categories that are used for analysis these are tangible and intangible resources.

Tangible Assets

Tangible assets are those which can be seen and counted and include the following financial resources, these include cash available or working capital which the firm uses in its day to day operations. The firm's ability to borrow or credit capabilities would also fall under this as the more it is eligible for credit facilities this can be helpful in situations where working capital from projects is not available so that they are still able to carry out operations. Also financial resources can lead to growth as a result of more innovation being implemented within the organisation (Ketchen et al., 2009).

The second type of resource under tangible assets is that of firm resources, this looks at how the firm, carries out its strategic planning that is how the firm plans for the future as well as how it adapts its operations in response to changes in the market or industry. Secondly evaluation and control systems falls under this point this includes. Another point to note here is the way the firm implements report writing and storage which is important because it must be done in a clear manner which makes stored data readily available and not difficult to interpret (Ketchen et al., 2009).

The next resource is that of physical resources, these include factories, equipment as well as the physical location of a firm. A firm which has modern facilities and machinery is already at an advantage because it means that they are able to carry out operations in a more efficient manner and also possible in less time than other firms which are still using older equipment. Purchasing of raw materials as well as channels of distribution, that is how firms carry out procurement processes and the quality control implemented there to ensure that the best raw materials are being used for the operations (Ketchen et al., 2009).

Lastly under tangible assets is that of technological resources, these include factors such as a firm's unique operational process and also their trade secrets or the factors that are unique to the firm and make them different from their competitors. Also the trademarks of the firm are a technological resource (Ketchen et al., 2009).

Intangible Assets

Intangible assets are those that a firm has that but they cannot be physically seen or quantified. The first is that of human resources, this looks at the individuals who work within the firm. The level of experience and their abilities can greatly affect a firm in a positive way. Also the capabilities of the managers is vital as they ultimately decide on the direction in which the firm will go and they need to be able to do this with the proper discernment which often goes hand in hand with years of experience (Utami and Lantu, 2013).

Secondly there are innovative resources; this is the firm's ability to be creative and to come up with new ways of carrying out certain activities. The way in which the firm has both technical as well as scientific skills can put them in a winning position because they are able to create processes that make their operations even more efficient as these will be unique to them it is very difficult for competitors to steal their ideas (Utami and Lantu, 2013).

Lastly are reputational resources, how people outside the firm view the firm's, brand, customer views, relationships with suppliers fall under this factor (Utami and Lantu, 2013). Clients require proof of completed work they have done before, this may deter certain organisations from entering the main stream industry. Products and services are often the source of a firm's good reputation. Reputation can positively affect a firm's performance, as an intangible asset it can assit a firm's sustainabilty and competiveness (Egwuonwu, 2010).

2.7 Strategy Tools to help Assess Competiveness

2.7.1 Strategic Planning

Strategic Planning involves setting plans that look to the future of a firm. The plans are created, applied and then reviewed for any changes. The aim of strategic planning is to also identify areas where the firm can achieve competitive advantage and ways in which to sustain this advantage (Ketchen et al., 2009). Strategic planning can yield many benefits for a firm, which include the following forward thinking in terms of the growth of the firm and the possible changes in its current operations or improvements that may need to be implemented. This is helpful because it keeps the firm from being static and unresponsive to change. Secondly strategic planning can result in improvements in the performance of the firm, the plan is set out it can make it simpler to see how operations should be carried out and where to improve on certain activities or eliminate some altogether to obtain maximum effectiveness. This can result in highly beneficial improvements in performance. Improved employee performance is another benefit, a strategic plan that is effectively executed clearly shows the role of everyone in the organisation and they also understand what is expected of them, at times ambiguity of roles can demoralise an employee and even lead to reduce productivity.

In the diagram below are some questions that may come about during the strategic planning process.

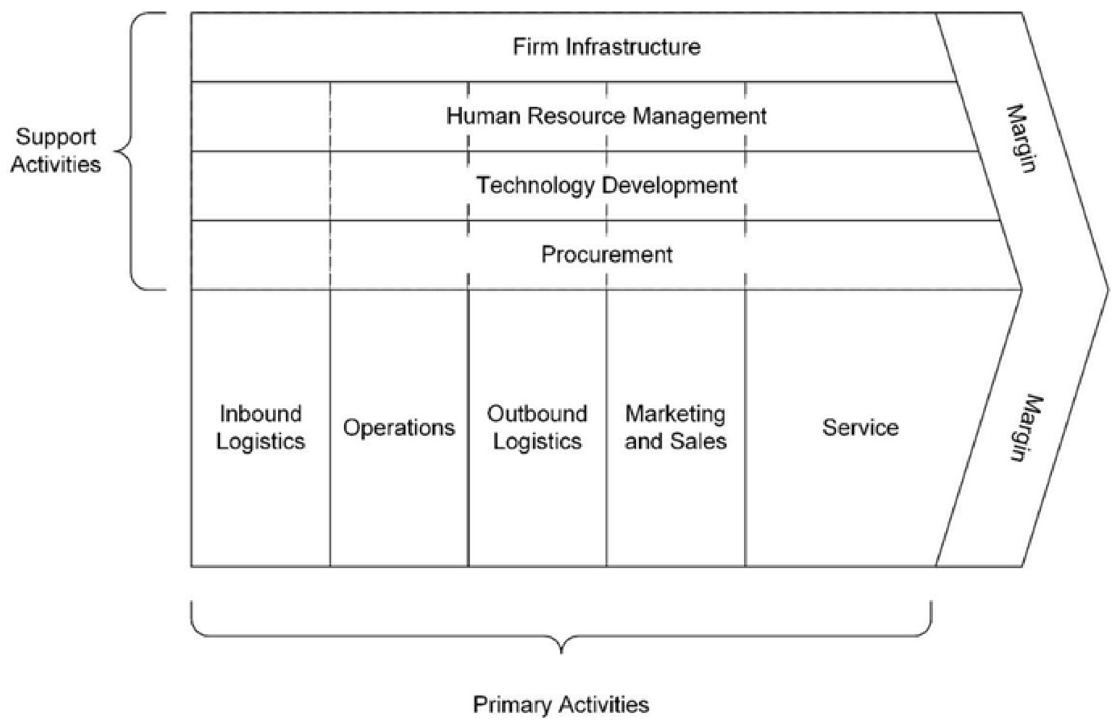
Figure 2.2. Strategic Planning Questions

Source: Willis (2010)

2.7.2 Value Chain Analysis

Value chain analysis is a tool used to evaluate the different components of a firm's supply chain the aim of which is to identify the activities that add value to the overall processes (Frynas and Mellahi, 2011). The interactions of these can lead to competitive advantage for a firm and the value chain helps to identify these. It is a helpful way in looking at the different activities entailed for a company and also how the firm can build on core competencies in order to help them overcome competition. According to Porter (1985), there value chain has certain drivers of cost and uniqueness which assists in zoning in or areas where advantage and differentiation advantage cost can be achieved. Drivers of cost may include economies of scale, firm's strategy for differentiation, location, institutional factors such as taxes as well as organisational learning. Drivers of uniqueness may include integration, timing, policies and decisions as well as relationships with stakeholders. Value Chain Analysis ultimately aims at giving the customer value threw products and services at the minimum cost possible by reviewing processes on a regular basis (Frynas and Mellahi, 2011).

Figure 2.3 Value Chain



Source: Porter (1990)

Primary activities include inbound logistics that involves receiving raw materials and control of inventory. Secondly operations which involves converting the raw materials to final products. Outbound logistics involves how the products are stored for example in warehouses and how they are also distributed. Marketing and sales involves the pricing and promotion of the product and lastly services which involves customer car as well as repair of products if need be (Utami and Lantu, 2013).

Supporting activities help to enhance the primary activities and involve aspects such as, firm infrastructure, human resources, procurement and sourcing, technology. Firm infrastructure includes general firm administration that is financial, legal and managing the information's systems of the firm amongst other things. Human Resources Management which involves recruitment, training as well as remuneration, procurement involves buying the raw materials and lastly technology which looks at how the firm can improve so this entails research and development (Hough et al., 2011).

2.7.3 PESTLE Analysis

This mode of analysis is used to look at the external environment and how each element can influence a company's operations.The PESTLE analysis is one of the most used methods to analyse the external business environment. The elements can impact on each other. The macroeconomic environment is divided into six elements

Political, is the first element this looks at government policies and regulation as well as taxes. Factors such as changes in the political arena for example a recent election or change in political parties running the country would also influence changes in the market (Gupta, 2013). Regulation and legislation would also fall under this for example how foreigners may operate within a country and their limitations and remittance of profits (Gupta, 2013) also competition laws can inhibit the formation of certain alliances which may result in monopolies being formed (Friend and Zehle, 2004). Political stability also has an effect on whether a particular market will be attractive, political stability can correlate with economic stability and thus make the market more appealing (Johnson, Scholes and Whittington, 2008).

Economic, is another element which can impact on firm operations strongly (Johnson, Scholes and Whittington, 2008). There are several factors which can impact on this section. Firstly inflation rates high inflation rates in general will lead to increase in the prices of most aspects of the economy, meaning business operations also become costly as raw materials are costly to procure. Secondly exchange rates also fall under this element for example if the currency of a country devalues or weakens this means that products that are sourced from outside the country become more expensive which can result also in operational costs increasing or the firm having to buy raw materials of lesser quality thus affecting the standard of their output in order to cater to the increase in costs (Ketchen et al., 2009). Thirdly high interest rates means that paying back debts becomes costly and consumers may change their spending habits accordingly which could lead to a decrease in demand for goods and services (Gupta, 2013).

Social, is another element which can be reviewed changes in society that impact on business operations for example changes in demographics such as population increase, can lead to an increase in demand of goods and services overtime which is advantageous to firms (Johnson, Scholes and Whittington, 2008). Secondly changes in distribution of income can impact the operations of a firm, for example if more people are able to afford cars there will be a need for new roads as well as improvements in the maintenance of existing roads, where more people may be driving and seeing the value in having a car (Gupta, 2013).

Technological, infrastructure falls under this factor for example road networks, railroads and telecommunications. The level of technology provides a firm with greater flexibility in terms of how they carry out operations. This element impacts on businesses in every sector. Improvements in technology means that overtime new approaches to carry out certain aspects of business for example manufacture, logistics even procurement means that tasks can be carried out faster and more efficiently which can lead to improved capabilities of a firm (Johnson, Scholes and Whittington, 2008).

Legal, legal environment of the particular industry, issues such as tariffs and trade barriers. Competition laws can impact a particular industry for example foreign firms may not be allowed to operate in it or would be limited in their activities this can benefit local firms who may not have the same capabilities as the foreign firm and may have found themselves at a disadvantage had they been competing against the foreign firm (Hunger and Wheelen, 2005). Employment laws also fall under this element; these laws have a strong impact on business operations as generally ill treatment of employees especially if it can be proved can negatively affect a business even to the point of an operating licence being revoked.

Environmental, factors relating to the environment including, waste disposal as well as energy consumption and environmental laws. More firms are enforcing environmentally friendly operations as there heavy penalties for those who go against such laws. Firms in industries such as construction, mining and chemical manufacture are influenced strongly by this element are often under pressure to dispose of waste from their operations in a way that does not harm the environment, (Hill and Jones, 2012).

2.7.4 SWOT Analysis Model

SWOT analysis is one of the most well know strategizing tools used, it zones in on factors that may impact on organizational development and growth. It is simple but is also effective (He, Antonio and Rosa, 2012). SWOT analysis investigates the internal and external environments of a firm (Ghazinoory, Abdi and Azadegan-Mehr, 2011). Internal analysis looks at what the firm is capable of and also what can be improved on. The external analysis focuses on opportunities and threats (Coman and Ronen, 2009). SWOT analysis comprises of four elements, namely strengths, weaknesses, opportunities and threats. SWOT looks at the strengths and weaknesses as well as opportunities for expansion and external threats.

Strengths, strength is something a firm does well and adds to its presence in a particular market or industry. Strengths can be in the form of skills for example innovative products, good customer care, good relationships with suppliers. Valuable physical assets, such as reliable machinery, valuable human resources can also be a strength for a firm as well as posessing skilled labour force can be highly useful in a firm. Valuable intangible physical assets such as a good brand or customer loyalty can also be deemed as strengths,. Good alliances such as partnerships with suppliers which can help lower costs as well as teaming up with other firms in the form of joint ventures. Strengths could also be termed as competitive assets and strengths often directly correlate to competiveness (Hough et al., 2011).

What is important to note with regards to analysis of strengths of a firm is the fact that strengths come about from the competence level of the firm in terms of performing different functions of the business; there are three types of competence we will look at.

1. Competence- an activity the firm is good at. It comes about from learning overtime and is often specific to a particular activity however some can cover different areas of the firm and can be applied across functions.
2. Core competence which is a well executed activity that is internal to a firm and forms the core of their strategy and competiveness. This type of competence is very important and can range from 1 to 3 very few firms have more than 3 of these. An example could be a good quality product produced at a low cost.
3. Distinctive competence is an activity a firm does better than another firm in the same industry. This is even of greater value than a core competence and can lead to a competitive advantage (Hough et al., 2011).

It is important to note that though competencies are important core competencies are of even greater value because they give a firm's strategy an extra edge and can help improve market share and overall profits. Distinct competencies are the most superior however (Hill and Jones, 2012).

Weaknesses, a weakness is something that a firm can improve on or something they do not have. These factors that put the business at a disadvantage compared to their competitors. Examples of internal weaknesses could be firstly poorly trained staff, staff are an important component of a firm, if they are inadequately trained this means that they are not working to their full potential which would ultimately affect the achievement of goals as certain activities may not be carried out effectively which can compromise the overall quality of goods and services produced by a firm (Hill and Jones, 2012). Lack of physical assets such as equipment and factory facilities could mean that a firm is unable to produce superior products and services like those of their competitors in the industry, which means that their array of product offerings may be viewed as inferior by customers and this may lead to a significant decrease in their market share (Hill and Jones, 2012). Lack of financial capacity can also count as a weakness for a firm; this limits the scope of the operations a firm can carry. This factor also comes into play with regards to strategic planning; constrained financial capacity will ultimately affect the operations and plans of a firm because at the end of the day, financial capacity is one of the main drivers of business (Hough et al., 2012).

Opportunities, is something a company can capitalise on and use to grow. These can be for a season or for longer periods of time. There is no set formula in how to identify opportunities. Management need to be tactful in how they choose to pursue opportunities as many may seem attractive though may not be necessarily feasible. Opportunities should be able to fit in well with already existing financial and organizational resources (Hough et al., 2011). According to Ozdogan and Birgonul (2001) a growth strategy can assist a company into entering new markets which can either be related or unrelated to the current business activities, it is important to have this mind set with regards to opportunities that are identified. Opportunities can also come in the form of strategic alliances, according to Ozdogan and Birgonul (2001) strategic alliances could yield certain benefits for a firm, namely sharing of assets and sharing of business risk as well as gaining more resources and ultimately profit from more operating capital.

Threats, is something that could cause trouble for the business, these often come from other firms in the industry. These could be cheaper substitute products or services from competitors, this can result loss of customers especially if it easy for them to switch products this can lower the customer base of a firm (Hough et al, 2012) Demographic shifts for example an increase in skilled labour leaving particular industry of a country can result in a firm losing valuable staff who may leave for better opportunities in other countries but also this can lead them to losing skilled labour to other firms in the industry as result of skill shortage (Hill and Jones, 2012). Changes in foreign exchange can also prove to be a burden for a firm especially if relies on imports for raw materials, these would now be expensive and the firm would have to adjust its pricing to adjust to this change which may not be met favourably by the customers. Political instability in a country can also be a treat because at times due to political instability they may be issues such as border post being closed which affects good entering and leaving the country and also if there are people fighting business are forced to shut down to minimize the chances of their facilities being destroyed (Hunger and Wheelen, 2005).

Strategies for a way forward can then be crafted with regards to the direction the company will go in from the SWOT factors that have been identified.

2.8 Critical Success Factors for Contractors

According to Lu, Shen and Yam (2008), these are some of the critical success factors for contractors in the construction industry.

i. Project management, competitive advantage can be achieved when goods or services are delivered on time. The timely completion of each project is important as even one delayed project can impact negatively on the reputation of a firm.
ii. Firm structure, this is important because how the firm is set up in terms of the roles within the firm that is the individuals as well as departments responsible for different aspects of the business. Also there needs to be a balance between resources and those using them for example if there are too many employees resources can be strained which can affect effectiveness so it is important to consider this as part of the firm's structure.
iii. Firm resources, this includes people as well as money within the firm. Staff with the required set of skills is very important and training is necessary to keep abreast of changes in processes and technology. It is also important to have money as this plays a role in all aspects of the business and the quantity within the firm can either encourage or hinder growth.
iv. Competitive strategy, the strategic plan of the firm, is its master plan which can either benefit the firm or destroy it and thus this when carefully thought out can put a firm in a very advantageous position. Matching the strategy with available resources is important and the logical way to do it.
v. Relationships, it is important to have good rapport with other firms that the firm may encounter regularly. It helps to encourage a good business environment, it also helps to build trust and can also help a firm to obtain new projects. In construction completing jobs on time is important, this relies a lot on the relationship with suppliers.
vi. Bidding technique, being able to bid effectively can translate to gaining more projects. It is important to have the correct administrative procedure set in place especially knowing what is required when bidding for tender and similar situations. The industry has a lot of competition so this is vital to help improve the firm's competitive position.
vii. Marketing the construction industry differs from the traditional view with regards to industries such as those for consumer goods such as food and clothing. Marketing in

construction entails the firm finding out about information in the market in which they operate include new processes and other trends. This will help the firm keep abreast with new market information and be able to respond in an appropriate manner. This can help improve the competitive position of a firm.

viii. Technology this looks at factors such as research and development as well as innovation. This is important as being technologically sound can help differentiate a firm and giving it an added advantage.

2.9 Barriers to company growth

i. Institutional factors, such as government as well as customers can both impact on business operations. Competition laws can work against smaller firms making it even more difficult for their operations.

ii. Internal barriers, this involves employee management as well as how employees enter and leave the company. Also owners who hang on to power even when there is need to for company growth and to hire extra consultants can often be the down fall of many firms.

iii. External barriers, lack of demand of goods and services as well as problems accessing raw materials as well as late payments from clients may result in operations having to stop at times which correlates to slow growth.

iv. Financial barriers, high credit costs and bank charges for small firms affects their overall growth and also paying back prior loans becomes expensive to operate effectively and can also stifle growth (Bartlett and Bukvic, 2001). Delayed payments by government which is the main client often results in delays which ends up adding to the overall cost of the project (Ofori, 2007). Finance is an important component of the operations of any business, the lack of which can even lead to a company shutting down (Ofori, 2007). Lisa (2016) identified two main types of industry costs, indirect expenses, which are not project specific and are incurred on a regular basis as part of the day today operating cost that is factors such as office rental, wages, software subscriptions and internet access.

2.10 The Domestic Construction Industry Competiveness Hexagon

This approach puts together factors that affect the competiveness of a firm within the construction sector, within a particular country. The satisfaction of stakeholder, employee, shareholder and client needs as well as the society as a whole are the main drivers of this approach. When one factor changes it has the ability to affect another factor. An example is a change in government policy such as increases in taxes will also affect the way a firm carries certain operations and may require the firm to increase its prices which eventually impacts on the client that purchases the goods or services.

Figure 2.4 Domestic Construction Industry Competiveness Hexagon

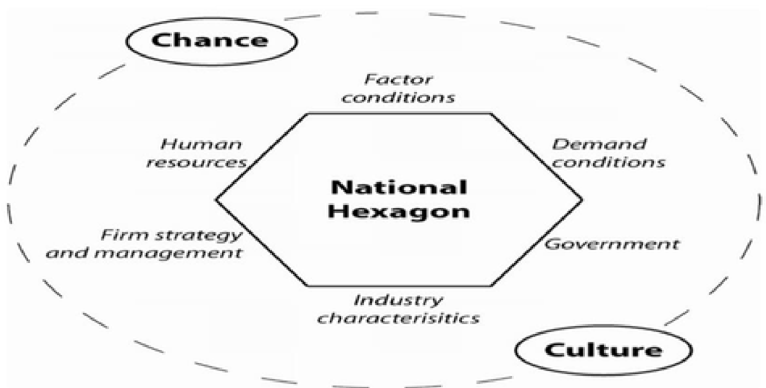


Figure 5: The Domestic Construction Industry Competitiveness Hexagon.

Source: (Henricsson et al., 2004)

2.11 Training, Knowledge Management and Competiveness

Training is an important activity for any business to function well. Implementation of training improves the chances of success and in the long run should result in competiveness. Training also helps with staff retention, staff generally leave a firm if they are not happy with a particular issue, training can help lower employee turnover because if staff see that they are valued and management are making an effort to improve their skills this can lead to improved morale and them being more dedicated to the firm (Garger, 1999). Training helps to empower human resources as they fell proud of their work they take extra care in carry out their dutied which in turn leads to increased quality (Smith and Hayton, 1999). Jehanzeb & Bashir (2013) also supported this point and stated that if staff feel confident in the work they are doing this leads to them having greater work place satisfaction and thus they will even perform better, which works to the advantage of the firm. Secondly costs can be minimized as a result of training because there is an improvement in the overall execution of tasks and processes as the staff are well equipped with the knowledge which leads to decreases in mistakes being made and there is improved efficiency (Cole, 2002). Training can also lead to market growth for the firm, this may come about due to an increase in innovative thinking within the firm which means new products and services are created and this can expand the product offering of a firm and ultimately leading to market share growth (Greengard, 2000).

Knowledge management looks at how efforts are made to enhance the aspects of knowledge in a firm and applying them within the day to day activities of the firm and also utilizing them to achieve the objectives of the firm (King, 2009). Bhojaraju (2005) researched on knowledge management and its impact on competitive advantage and concluded that collecting, analysing and distributing of knowledge can add to competitive advantage because there is the culture of knowledge diffusion within the firm which means that individuals are more likely to use this improved knowledge base to improve how they perform and this lead to the improvement in the overall firm performance.

1. Technology is important and it must be effectively incorporated in to the firm to help store knowledge in the firm appropriately (Nicholl, 2012).
2. Process involves the steps taken within the knowledge management, process. Knowledge gaps are identified and in those areas where the gaps are big those are made high priority areas (Nicholl, 2012).
3. People, play an important role in the process and bring the element of technology and process together. It is important to engage people at all levels in the firm into the implementation especially those who are never involved with firm decision making this can help to boost morale in the firm (Nicholl, 2012).

The figure below show the components of knowledge management

Figure 2.5 Components of Knowledge Management

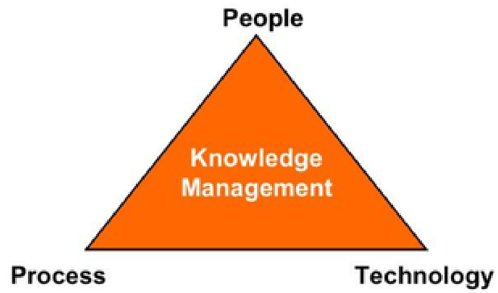


Figure 1: Components of Knowledge Management

Source: (Nicholl, 2012).

2.12 Importance of Road Networks

A survey done by the World Bank showed that only one quarter of roads in Africa are paved however Southern Africa came out as the region with the best road transport system compared to the rest of Africa. Also it was noted that the cost of goods and services increases by a large margin due to the bad connectivity via roads. Trade between African countries is often low due to the bad road networks (ADB, 2015). The cost of road construction often results in national governments taking up the responsibility of fixing as well as building new roads as it requires a huge amount of financial capital (RDA, 2012). The Link Zambia 8000 Programme aims to improve access to markets as well as reduce travel costs and time for both local communities and the economy as a whole. The government created the Link Zambia 8000 Programme in order to cater to the increasing growth and to enhance the economic viability of the country (RDA, 2012). Zambia is landlocked and roads are the main form of transport for people as well as goods and services. The roads have worsened over the years and it is vital to rectify this in order to improve the development of Zambia. The country as a result of being landlocked incurs high costs of transport which eventually affects final product pricing, therefore development of road networks is vital (ADB,2015).Transport infrastructure leads to enhanced social benefits such as access to schools and hospitals and economic benefits such as access to markets (ADB, 2015).

2.13 Contractor relationships with Suppliers

The supply chain is of great significance in the operations of construction firms. Durrani (2015) stated that, suppliers are vital to the operations of any organisation; External relationships a firm has with other organisations are important and assist with attaining competitive advantage. According to Hawkins (2011), the more dependent a firm is on the materials from a supplier in terms of their business operations it is important to nurture such a relationship in the right way. Some benefits of good relationships with suppliers include continued supply of raw materials even when they are cash flow problems a supplier may still give a firm materials on credit because there is an element of trust that has been built between the supplier and the firm. Secondly there is improved flexibility there more close the two are the response to demand changes is improved as result of interacting on a regular basis (Durrani, 2015).

2.14 Corporate Reputation

Corporate reputation has to do with how a firm is viewed by both internal and external stakeholders and is strongly influenced by the past behaviour of the firm (Egwuonwu , 2010). According to Utami and Lantu,(2013), even if a firm has resources regardless of whether it is big or small, certain clients require proof of completed work they have done before. A lot of firms believe in a good reputation and thus try by all means to maintain their good standing in the eyes of those they interact with regularly as well as potential clients furthermore most top level managers helped in the achieve1ent of company goals and objectives (Harrison, 2014). Reputation can help a firm gain trust and credibility within the zone in which it operates and this leads to the achievement of organisational goals (Mahon and Wartick, 2003).

Benefits of good corporate reputation include, firstly a firm will be the first preference of customers even though other firms are offering the same good and services at a similar price. This often as a result of customers previously dealing with the firm and they were satisfied with the way they carry out their business operations. Also this can come about as a result of recommendation from other clients who engaged the services of a particular firm and by word of mouth spoke about their satisfaction with the services and thus other firms were willing to also give them a try. Secondly a firm can charge a higher price for goods and services especially if they have a well know brand which is synonymous with good quality, another benefit of reputation is that it can minimises the impact of corporate attacks on the firm as they are generally seen as being in good standing so even if someone were to try discredit the firm it would take a lot to actually tarnish their reputation. Reputation can also help a firm to attract high skilled and experienced workers as individuals are drawn to being associated with firms that are well known and respected and this can lead to the firm having enhanced competiveness as human resources are a vital component for every firm (Brammer and Millington, 2005).

2.15 Road Construction Industry in Zambia

Zambia is located in Southern Africa, the country is land locked and the road network is not the best however activities have begun to improve on this. Infrastructure development is still not at a level that is satisfying to the Government of the republic of Zambia (RDA, 2012).

The construction industry in Zambia is one of the sectors that has grown very quickly. This has been due to the steady demand of residential property as infrastructure development such as the building of road networks. Furthermore the construction industry is one of the biggest contributors to economic growth in the country (ADB, 2015)

The NCC Report (2013) also mentions how the construction sector will continue to experience growth also due to the continued growth of infrastructure development. The main official bodies in the industry are the Road Development Agency (RDA) and the National Council for Construction (NCC). Tenders for projects are advertised and then companies bid for them. The construction industry in Zambia is broken down into five main groups,

i. Heavy construction which includes civil projects and road construction
ii. Commercial building which includes retail space and office building and office parks
iii. Residential which includes houses and flats
iv. Communication, installing of telecommunication systems
v. Energy which includes power stations

In Zambia The National Council for Construction (NCC) regulates the construction industry and all registrations, licences and certifications are done by this authority. Contractors are graded between 1 and 6. Grades of 1-3 are the highest and these firms are able to bid for larger projects. Then those between 4-6 are the smaller firms they are not allowed to bid for the bigger projects

(NCC Report, 2013).As a result of globalization the local construction industry has been unable to escape foreign firms entering the market this is the biggest competition for local contractors (NCC Report, 2013).The Zambian construction industry will experience continued growth especially regarding infrastructure development.The majority of the growth in the Zambian construction industry has been brought about by road construction and the construction industry is one of the biggest contributors to economic growth in the country (Zambia Invest, 2015).

NCC (2013) identified the fact that construction is vital for the economic growth and development of Zambia. As of 31 October 2014 the NCC had 4641 companies registered majority of which were Zambian however most projects were awarded to foreign firms who only represent 4% of those registered (Republic of Zambia Report, 2014). Projects in southern Africa have been slow generally due to cash flow constraints (KPMG Report, 2015).

Large scale government projects are often give to large foreign companies who have the technical and financial means, construction is one of the sectors in which China has made a huge impact on the African continent and countries such as Angola, Nigeria and Zambia which have many resources have attracted many of these firms (Corkin, Burke and Davies, 2008). Many local contractors in Zambia are not principle contractors in projects and often play second fiddle to foreign contractors. Some factors that stop local contractors from participating in the construction industry include. To add on data from a report from the RDA (Road Development Agency of Zambia) showed that local contractors were the lead contractors in only 12% of the projects and the fact that many of the projects did not cater to small contractors. There are two main types of construction industry costs, indirect expenses, which are not project specific and are incurred on a regular basis as part of the day today operating cost that is factors such as office rental, wages, software subscriptions and internet access. The other type of costs are direct and are linked to particular projects for example hiring consultants, (Lisa, 2016). The construction industry requires a vast degree of infrastructure throughout the process from beginning to end, (Chukwundi and Tobechkwu, 2014).

2.16 Challenges for local contractors

1. Finance, local contractors have problems obtaining access to finance even from banks also mainly because Zambian banks historically only give short term loans. Local contractors are

often deemed as high risk because the government which is often the main client does not pay in a timely manner (Republic of Zambia Report, 2014). Wolfe (2014) capital is at the core of construction activity and that it is important to have working capital to cope with unforeseen incidents such as delays furthermore me stated that contractors are often subject to unstable cash flow issues and have to delay or stop work all together and this is often because of delayed government payments. Tenders are costly to bid for as they require a lot of documentation and submission fees at times. Collateral requirements, these are difficult for local contractors to meet, it would be helpful if banks were less stringent and provided credit at an affordable rate (Republic of Zambia Report, 2014).

2. Limited technical and managerial skills senior management often no as experienced as would be ideal this puts them at a disadvantage, most contractors have very few senior managers with proper skills. Having experience in terms of how the industry works as well as strategic planning of operations and also possessing good interpersonal skills are all important managerial traits. Local contractors need to work harder at ensuring hat the above mentioned traits are embedded in their senior managers to be more effective and successful in their business operations.In Southern Africa foreign contractors tend to dominate the industry especially because most local contractors lack competitive advantages (Dlungwana and Rwelamila, 2004).
3. Lack of access to equipment, local contractors often take on less complex projects due to lack of equipment and often serve in the role of subcontractor in the large scale road construction projects (Republic of Zambia Report, 2014).
4. Employee retention problems, staff retention is difficult especially in the construction industry as staff move quite easily between firms to where they feel they are being paid more. Employee rentention has to do with strategies to help keep employees in an organisation (Griffeth et al., 1999). It is important to apply methods of retaining staff as this can end up affecting the firm negatively as operations can be slowed down due to staff leaving the company (Ongori, 2007). Also as an employee leaves the firm there is a certain drain of the firm's intellectual capital which can affect the firm because more resources would need to be used to make up for that loss which can end up being costly especially if staff leave on a regular basis (Dess and Shaw 2001).

5. .A construction project is deemed as a success if it is within the budget, of sound quality and finished with the specified time (Mirawati. Othman and Risyawati, 2015). However delayed payments are a huge problem in the industry, government often fails to pay within the specified time frame which then affects the operations of the contractor in terms of operations and at times they can wait for periods up to 6 months (Republic of Zambia Report, 2014). It is important to view suppliers as allies as they are an important part of the operations of a firm, They are also helpful when credit facilities are needed for a project to be undertaken this can help with avoiding execution time delays (Durrani, 2015).
6. Low numbers of Zambian Construction industry professionals in the office of the Auditor General is an issue because those working there are not fully aware of what is entailed in project execution and find it difficult to record inefficiencies (Republic of Zambia Report, 2014).
7. There is a training crisis in the industry and there are limited skills not just for the technical people but there is also a lack of managerial skills. There is also an issue of fragmentation in that many of the firms have few staff members and this can hamper performance improvement there is also a lack of mentorship programs. Often firms are forced to subcontract which leads to low continuity amongst the teams and efficiency can also be jeopardized (Mirawati. Othman and Risyawati, 2015).
8. Another challenge is that often there are few training programs that can help assist with technical and managerial skills and. Procurement systems which are lacking may also slow down project execution (Dlungwana and Rwelamila, 2004).
9. In developing countries the bigger players tend to be either foreign owned or owned by the government of the respective nation. The sector is closely linked to government. Construction is one of the sectors in which China has made a huge impact on the African continent and countries such as Angola, Nigeria and Zambia which have many resources have attracted many of these firms (Corkin, Burke and Davies, 2008).
10. Contractors in developing countries have bad relationships with their suppliers and often this is the reason that suppliers may refuse to provide credit facilities this may be due to previous delays in payment (Carson, Madhok and Wu, 2006).

11. Corruption and unfair competition, different aspects of projects tend to be handled by different companies, some may not possess the requiredd skills, they sometimes use bribes to get projects awarded to them (Republic of Zambia Report, 2014).

2.17 Conclusion

Chapter two has provided literature related to this study in particular, the meaning of competiveness, the different ways to analyze competiveness. The chapter also reviewed the Zambian road construction industry and factors that affect contractors in the industry. The following chapter presents the methodology the study.

CHAPTER THREE:

Research Methodology

3.1 Introduction

This chapter presents the different aspects that form part of the research process namely the research design which includes data collection and analysis. The methodology is guided by the following objectives which were initially mentioned in chapter one of the dissertations.

- To explore factors affecting the competiveness of Ilanzi Construction Limited within the road construction industry of Zambia.
- To assess the strengths and weaknesses of Ilanzi Construction Limited within the road construction industry of Zambia.
- To determine the extent to which the factors identified enhance competiveness.
- To provide recommendations for the senior management of Ilanzi Construction Limited

3.2 Research Design

The research design is the grand plan of the research process used to answer research questions (Kumar, 2011). The design includes the objectives of the study, where the data will be collected from and most importantly it should reflect why a particular method was chosen (Saunders, Lewis and Thornhill, 2012). A research design should make everything clear with regards to the research process and may include certain information such as the target population, sample, data collection methods, geographic location of study (Kumar, 2011).

3.3 The Research Philosophy

Research is underpinned by paradigms, paradigms are ideologies on what is studied as well as how the process should be carried out and how the findings should be analysed (Bryman, 2008). There two main opposing world views in research which are Positivism and Phenomenology (Creswell, 2009). Positivism operates on the assumption that reality can be separated from the researcher, furthermore those who advocate for Positivism believe that knowledge is valid if can be measured (Creswell, 2009). The Positivism Approach aims to discover facts of a particular issue or subject that is being investigated whilst maintaining an element of objectivity (Gray, 2009). Phenomenology operates on the assumption that reality cannot be separated from the researcher, those who apply this approach believe that knowledge stems from the viewpoints of individuals.

This study applied the phenomenology paradigm where it seeks to explore the factors that are affecting the competiveness of Ilanzi Construction Company. Phenomenology seeks to understand the reasons for behavior from the viewpoint of the participant (Creswell, 2009). Subjectivity is a crucial factor in the phenomenology paradigm, and there is a focus on meaning as opposed to measurements which are more important in the positivism paradigm (Creswell, 2009). Another point to add is that this paradigm is often used for small samples and the data is often substantial (Gray, 2009). This study investigates the respondents' viewpoints on factors that affect competiveness of their firm. The phenomenology approach will assist in gaining a deeper understanding of the situation within the company.

3.4 Research Methodology

Quantitative research involves the collection of numerical data which is then analysed using statistics and graphs (Acaps, 2012). Quantitative research can also be viewed as looking into the link between variables, (Saunders, Lewis and Thornhill, 2012). Larger sample sizes tend to use quantitative methods where as qualitative research involves methods such as observation and interviews (Acaps, 2012). Qualitative is exploratory in nature (Saunders, Lewis and Thornhill, 2012). This approach can be used when a researcher wants to get a full understanding of a specific issue or situation. Qualitative research often uses different ways of gathering data and ways of analyzing that data. As this study aims to explore the factors affecting the competiveness of Ilanzi Construction Limited, the study will apply the qualitative approach.

3.5 Strengths and Weaknesses of Qualitative Research

Strengths of qualitative include the following, it is helpful to use when there is a small quantity of people being studied and the researcher wishes to extract detailed information. It is also helpful when complicated situations are being studied. It also has an advantage in that it is possible to zone in on a particular case for information. It is also possible to gauge a person's personal experience as well as factors like their self esteem. Using qualitative it is possible to determine what has caused a particular situation (Choy, 2014). Weaknesses of qualitative research include the fact that it is hard to generalise information to other individuals or situations. Data collection and analysis can be time consuming especially with the use of interviews. It is easy for results to be affected by the views of the researcher, (Choy, 2014).

3.6 Interview strategy

Interviews have been used with research for a long time (Wilkinson and Birmingham, 2003). Interviews "are ways for participants to get involved and talk about their perception and interpretation with regards to a given situation. It is their expression from their view point." (Cohen, Manion and Morrison, 2000: 267).

3.6.1 Characteristics of Interviews

There are different types of interviews, unstructured, semi-structured and structured. In unstructured interviews, the participant is the one who steers the direction of the conversation and there is a great degree of flexibility (Wilkinson and Birmingham, 2003). Semi structured interviews the researcher is more in control, questions are drafted prior to the interview taking place however there is some leniency for the participant to change the direction of the conversation and additional question can be posed to the participant. (Kumar, 2011). The researcher is able to ask more question in order to probe more deeply .Structured interviews are similar to an questionnaire only they are done face to face and are rarely flexible, (Wilkinson and Birmingham, 2003)

3.6.2 Advantages and disadvantages of Interviews

Some advantages of interviews include, the fact that the researcher facilitates the interview process directly there is a strong likelihood to achieve a high response rate. Secondly if need arises the researcher can use follow up questions especially if information given may be unclear to the researcher. Interviews allow for different ways of interpreting the participants' views including body language and tone which can be of great significance. Participants especially those who are frustrated in certain situations can use interviews to vent and this can yield very rich data. In general generate data which is vast and detailed (Wilkinson and Birmingham, 2003). A disadvantage of interviews is that they can take long to carry out as well as to transcribe the data which is retrieved. Another disadvantage is that it is easy for the interviews to move away from the main subject matter which can result in the process being even longer than necessary.

Another disadvantage is that the process could be influenced by interviewer bias and may result in some of the data being corrupted.

Semi-structured interviews were chosen for this study because, these involve the use of open ended questions. This allows for the matter that is to be investigated to be discussed in greater detail, if the person being interviewed gives short responses the interviewer can ask more questions to get more information from the question. Semi-structured interviews were also chosen because the questions can be formulated beforehand. They also allow the interviewees to freely express their opinions. When well prepared this can be a very effective way to collect data, (Mathers, Fox and Hunn, 2002). Interviews also allow questions to be explained if something is not understood, (Kumar, 2011). Interviews are the best way to understand the day functions of the company thus this is the method that was chosen to fully grasp what is going on. The study being exploratory in nature is best suited by semi structured interviews because the study aims to explore and discover new insight about a certain subject with regards to this study, the factors affecting competiveness.

3.7 Target Population

The target population according to Saunders, Lewis and Thornhill, (2012). are a group of people that a researcher wishes to learn more about. In this study the target population consisted of the managers involved in the day to day operations of Ilanzi Construction Limited in Zambia. There were six respondents who participated in this study.

3.8 Sampling Strategy

Sampling methods can either be probability or non-probability. Probability is costly and more difficult to do however it is the only type where a generalization can be made from a sample to a bigger number of people (Saunders, Lewis and Thornhill, 2012). Some examples include simple random sampling suggests that every person in the target population could be chosen, stratified random sampling, works on the premise of setting the population into groups and once that is done samples are randomly chosen from each subgroup and lastly cluster sampling involves dividing the population into groups before the sampling actually takes place (Latham, 2007).

Nonprobability are easy to carry out however a generalization cannot be made from a sample, There are three main types of nonprobability samples , convenience Sampling, this involves the research choosing respondents in a manner that is convenient to the researcher, for example interviewing people at a shopping mall or in a class. An issue with this type of sampling is that it is difficult to achieve sample accuracy. Researcher will use this method because it is fast and not expensive, (Saunders, Lewis and Thornhill, 2012). Quota Sampling, involves respondents being placed into classes or groups however this is not done prior to the study beginning and this usually done as the survey is taking place, this type of sampling is usually used for large populations (Saunders, Lewis and Thornhill, 2012). Purposive, the researcher uses their judgment, with regards to who to choose in the study and who will most likely answer the research questions best. This is best used for small samples (Saunders, Lewis and Thornhill, 2012). This study applied purposive sampling strategy in order to select the six participants.

3.9 The Research Instrument

A research instrument is a method used by the researcher to collect data from respondents during a research process. There are two main types which are often used include the questionnaire asoociated with quantitative methods and the interview associated with qualitative methods (Kumar, 2011). As this is a qualitative study the research instrument that is used is an interview guide because the study requires data which is rich and of good quality (Babbie and Mouton, 2009). This interview guide consisted of nine questions which were asked to each of the participants. However there was a degree of flexibility employed and where the research did not understand the information given by a participant further question were asked to gain clarity. The nine questions aimed to answer the objectives of the study

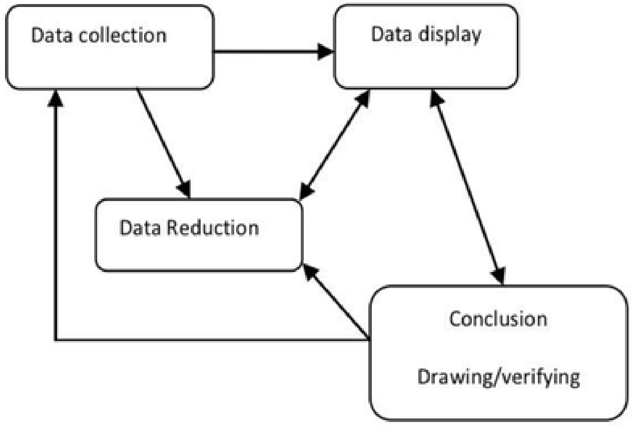
3.10 Data Collection

The first part involved reviewing literature that looks at the issue under study in the form secondary data is data which has been collected and published before for example books and journal articles (Kumar, 2011). The second part involved data being collected in the form of semi structured interviews in order to explore the views of the interviewee (Jamshed, 2014). The researcher confirmed the interview dates telephonically. The interviews were conducted face to face in Lusaka. Before the interviews took place the research firstly explained the process and the fact that they were free to pull out of the process at anytime. The consent forms for recording were then signed. The researcher gave the respondents time to read through the questions before the interviews took place. There was audio recording of the interviews. At the beginning of the interview, the personal introductions were made followed by an overview of the purpose of the study. The participants were thanked for participating in the research process. The recorded interviews were saved on a CD.

3.11 Thematic Data Analysis

After the interviews the data was analysed by use of thematic analysis. Thematic analysis is an approach of analyzing recurring themes that come from data (Imbrahim, 2012). Thematic analysis is useful as it is exploratory in nature and the researcher does need to be well versed in the knowledge that underpins the study to be able to apply it. The process involves sorting through the data and then identifying broad themes and then narrowing it down to main themes that emanate from the data (Boyatzis, 1998). Miles and Huberman (1994) created the model of thematic analysis below, data collection involves carrying out the semi-structured interviews, and secondly there is the stage of data display which involves setting out the data collected in the form of diagrams such as graphs and tables. The next step is data reduction involves choosing which data to use and putting the data into different groups which are reduced to even smaller groups after further data analysis lastly conclusions from the data are drawn.

Figure 3.1 Thematic Data Analysis



Source: Miles and Huberman (1994)

3.12 Validity and reliability

Validity refers to whether if what was meant to be measured was done so in the planned manner, (Mujis and Reynolds, 2010) where as reliability looks at how the same results can be achieved if the research is repeated, (Silverman, 2001). As this is qualitative study it is important to establish trustworthiness, this concept is reviewed based on credibility, transferability, dependability, and conformability (Lincoln and Guba, 2000).

Credibility

The entails proving that the results are true. This ensures that the research reveals what is proposed from the viewpoint of the respondent in the study (Lincoln and Guba, 2000). In this study credibility was achieved by linking the data from the participants on the factors affecting the comptitiveness of the firm and linking it with previously reviewed literature. Secondly credibility is achieved by clearly showing how the data was analysed and interpreted.

Transferability

This looks at how the findings can be applied in other contexts. The individual who will 'apply' the knowledge elsewhere is responsible for ensuring that it is sensible. This also looks to what extent the findings can be generalized (Lincoln and Guba, 2000).

Dependability.

This factor is similar to reliability which is used in quantitative methods, essentially it looks at whether the same results can be achieved if the research is repeated, (Lincoln and Guba, 2000). This was achieved in this study by creating an audit trail of all the processes in the research process.

Conformability

This looks at the degree to which the findings would be supported by others, the main point to consider under this factor is to limit bias or distortion. The findings should show what has been studied and not the personal views of the researcher (Lincoln and Guba, 2000).

3.13 Limitations of the Study

One firm is being looked at so it is difficult to generalize the information studied to all firms in the same industry as they may be experiencing different factors in their operations. Some information was confidential and could not be obtained; this limited the depth of knowledge obtained.

3.14 Ethical Considerations

The application of moral principles in all aspects of the research process can be referred to as ethical considerations (McNabb, 2002), below are some points to consider;

Some important ethical points to consider while carry out while conducting research include:

i. Voluntary participation, it is important that the individuals taking part in the research must know that they are doing so voluntarily and can choose to abstain at any point, and letters of consent must also be signed (Babbie and Mouton, 2009). This was explained to the participants and they were aware that should they wish to no longer want to participate in the study they could freely leave at anytime they saw fit

ii. No harm to participants, participants must not experience any physical, emotional or mental harm during the process (De Vos et al, 2011). The respondents were assured that no harm would happen to them at any point in the process.

iii. Anonymity and confidentiality, it is important that when research is conducted and information is given, it must not be known by others who gave what information. This must only be know by the researcher and the person taking part in the research(Babbie and Mouton, 2009). The respondents signed consent forms however they did not put down their name or position in the company

iv. Deception, it is important to be transparent with participants at all times, they must know, what is expected of them and how the process will be undertaken, (De Vos et al, 2011).

3.15 Conclusion

This chapter reviewed the research design and techniques that were applied for the collection of data. The qualitative method of research was used for the study with interviews being used to collect the data. The import issues of trustworthiness and ethical considerations were addressed as well. The presentation and analysis of data will be discussed in the next chapter.

CHAPTER FOUR:

Data Presentation and Analysis

4.1 Introduction

Chapter 3 laid down the foundation of the research design and the methods of how the data was going to be collected. This chapter will present the findings from the data. The findings will be presented using a thematic approach and using the themes which were deduced from the interview responses. The objectives of the study were the main guide for this chapter which aimed to explore factors affecting the competiveness of Ilanzi Construction Limited within the road construction industry of Zambia, to assess the strengths and weaknesses of Ilanzi Construction Limited within the road construction industry of Zambia and lastly to determine the extent to which the factors identified enhance competiveness.

4.2 Sample characteristics

Data was collected from participants mainly via interviews based on the interview guide. There were 6 respondents in total towards this study and these participants came mainly from the engineering, procurement and business management backgrounds. All the six respondents were interviewed on nine different interview questions. Differing responses were given and recorded by the researcher.

4.3 Presentation of results

The results are presented according to each research objective. The sections included factors affecting the competiveness of Ilanzi Construction Limited within the road construction industry of Zambia, strengths and weaknesses of Ilanzi Construction Limited within the road construction industry of Zambia and extent to which the factors identified enhance competiveness.

4.4 Factors affecting the competiveness of Ilanzi Construction Limited within the road construction industry of Zambia

This section presents data related to the factors affecting the competiveness of Illanzi Construction Limited within the road construction industry of Zambia.

4.4.1 Question 1: Please give a synopsis of your view of the road construction industry in Zambia

This was the first question of the study and its aim was to find out the respondents views with regards to the industry they operate in, in general, to see factors that impact on the industry as a whole.

Table 4.1 Synopsis of road construction industry

Respondent	Emerging Themes
1, 2, 4, 5	• Funding

2, 3, 4, 5, 6	• Government initiative to increase economic growth

Source: Own source

The table above illustrates the findings regarding respondent's views of the road construction industry in Zambia. Below is a discussion of each theme.

Funding

Four respondents mentioned the issue of lack of funding and how it can be an impediment to business and put one at a disadvantage. The respondents strongly felt that lack of access of finance was an impediment to the completion of projects. They felt that not having sufficient readily available funds at times led to stand still in operations and ultimately affecting the project completion time. According to the Republic of Zambia Report (2014), local contractors in the construction industry struggle to obtain finance, this comes about mainly because they are categorize as being high risk which means they may not pay back the money they borrow. They mentioned how the main client in road construction is the government and they have been struggling to settle receipts with contractors in a timely man one of the respondents said that "the Government is the main funder in the industry and is quite constrained. There are funding problems for projects." This has been brought about by too many projects being rolled out before previous ones have even been completed in the economy as a whole. A construction project is deemed as a success if it is within the budget, of sound quality and finished with the specified time (Mirawati. Othman and Risyawati, 2015). Projects in southern Africa have been slow generally due to cash flow constraints, (KPMG Report, 2015). Delayed payments by government which is the main client often results in delays which ends up adding to the overall cost of the project (Ofori, 2007). Finance is an important component of the operations of any business, the lack of which can even lead to a company shutting down (Ofori, 2007). KPMG Report (2015). states that money for operations is vital for business and lack of financial resources can negatively affect operations.

Government Initiative to increase economic growth

Five of the respondents felt that the Link Zambia 8000 Programme (RDA, 2012) initiated by the government of Zambia has led in the increase for road projects in the industry. The Link Zambia aims to improve access to markets as well as reduce travel costs and time for both local communities and the economy as a whole. The government created the Link Zambia 8000 Programme in order to cater to the increasing growth and to enhance the economic viability of the country (RDA, 2012).One respondent said "Government has policy where they plan to construct 8000km of road works called Link Zambia 8000 as well as Pave Zambia 2000 these two projects have spurred the construction industry in the road sector."Zambia is landlocked and roads are the main form of transport for people as well as goods and services. The roads have worsened over the years and it is vital to rectify this in order to improve the development of Zambia. The country as a result of being landlocked incurs high costs of transport which eventually affects final product pricing, therefore development of road networks is vital (ADB,2015).

4.4.2 Question number 2: How would you describe the economic and business environment in Zambia for your particular industry?

The question aimed at getting more in depth knowledge of the road construction industry and operating in it.

Table 4.2 Economic and Business Environment of industry

Respondent	Emerging Themes
1, 2, 3, 4, 6	• Industry growth
2, 4, 5	• Costly industry

Source: Own source

Table 4.2 reveals major findings on the economic and business environment of the industry. It is evident from the findings that most respondents feel that the industry was growing faster. Two respondents also felt that the industry was very costly and requires quite a lot of financial investment.

Industry growth

Under the industry growth theme, respondents felt that the industry grew immensely, especially in the past decade with one of the respondents revealing that the construction industry as a whole in Zambia contributed to 10% of the GDP and was one of the main economic activities of the country. This has also led to enhanced economic activity in rural areas. Zambia Invest (2015) states that the Zambian National Council of Construction (NCC) issued out a significant number of certificates for project works to be carried out and the number of registered companies were set to grow which goes to show the growth of the industry. Furthermore Zambia Invest (2015) noted that the Zambian construction industry experienced continued growth especially in the area of infrastructure development and they also noted that the construction industry is one of the biggest contributors to economic growth in the country.

Costly industry

The respondents also felt that, road construction was a costly investment that took about 70% of the country's budget. According to one of the respondents "road construction is a huge cost investment". Another respondents also revealed how "it is difficult for local companies to survive and often undergo a natural death as some would have borrowed from banks and owe money when payments are delayed equipment is taken away." Wolfe (2014) stated that capital is at the core of construction activity and that it is important to have working capital to cope with unforeseen incidents. Lisa (2016), identified two main types of industry costs, indirect expenses, which are not project specific and are incurred on a regular basis as part of the day today operating cost that is factors such as office rental, wages, software subscriptions and internet access. The other type of costs are direct and are linked to particular projects for example hiring consultants like specialized engineers as well as hiring of heavy machinery such as bulldozers and cement mixers. This type of cost is often the main source of high industry costs.. Government needs to reduce on procurement of new projects so that industry can be sustainable, was the view of two of the respondents, especially because of the government. One respondent felt it was a good plan by government but like any business it needs to be sustainable as building roads is expensive. Chukwundi and Tobechukwu (2014) argued that the construction industry requires a vast degree of infrastructure throughout the process from beginning to end.

4.4.3 Question number 3: How do you view competition in your industry?

This question aimed at exploring the respondents' views on direct competition in the industry.

Table 4.3 Competition in the industry

Respondent	Emerging Themes
1, 2 3, 4, 5, 6	• Foreign contractor dominance

Source: Own source

Table 4.3 above presents data on the views of competition in the road construction industry. All respondents felt that the industry is dominated by foreign contractors the Chinese firms to be specific.

Foreign contractor dominance

As a result of globalization the local construction industry has been unable to escape foreign firms entering the market this is the biggest competition for local contractors (NCC Report, 2013).The respondents were unanimous in their response and felt that the bigger issue in terms of competition was that of foreign contractors in particular the Chinese, "Chinese dominating industry and looks like it will be that way for a while." In Southern Africa foreign contractors tend to dominate the industry especially because most local contractors lack competitive advantages (Dlungwana and Rwelamila, 2004) Three respondents felt that it is unfair that foreign contractors are able to bid for projects, "Competition unfair for local companies as bids are open even to foreigners". According to Corkin, Burke and Davies, (2008), construction is one of the sectors in which China has made a huge impact on the African continent and countries such as Angola, Nigeria and Zambia which have many resources have attracted many of these firms.. One of the respondents mentioned the fact that these Chinese firms were often parastatals that had strong financial muscle and could pretty much do as they like. The majority of these Chinese firms obtain loans from their government which they use for their operations and Chinese parastatals are the main type of company you get in Africa. China's government willingly provides resources to infrastructure projects especially where they eventually hope to have a significant degree of influence in the countries. Two respondents said that the foreign contractors are at an advantage because they are often seen as more desirable. According to the NCC Report (2013) large scale government projects are often give to large foreign companies who have the technical and financial means. Their easy access to capital remains their greatest advantage and allows them to bid for large projects (Corkin, Burke and Davies, 2008). One of the respondents mentioned how Chinese firms are the only ones who have a NCC level one certification in Zambia which is because they have the capital to qualify. NCC level one means they can bid for big projects. The NCC Report (2013) stated that Grades of 1-3 are the highest and these firms are able to bid for larger projects as they have the huge capital requirements. Then those between 4-6 are the smaller firms they are not allowed to bid for the bigger projects.

4.4.4 Question Number 4: On a scale of 1 (easy) to 10 (difficult) how would you rate the ease of entry into your industry?

This question aimed at rating the respondent's views on how easy it is to enter the industry.

Table 4.4 Ease of entry into industry

Respondent	Emerging Themes
1, 2	• 5
3	• 4
4, 6	• 8
5	• 6

Source: Own source

The above presents data on the views of the respondents on the ease of entry into the road construction industry in Zambia. Those who gave a rating of above 5 gave reasons such as the fact that equipment is expensive and that there is huge capital requirements needed in a particular to enter the road construction industry. According to Hough et al (2011) the higher the capital requirements needed for a particular industry the stronger the barrier to entry. Barriers to entry are a way to deter certain firms from entry into a particular industry and financial capabilities is one of the most common type of entry barriers. On the other hand one respondent felt that there were low entry barriers for their industry because there was no need to incur all the capital investment. According to the Lloyd-Reason et al (2009), for a smaller firm to begin in the industry the barriers are not high because they are able to hire all the equipment on a need for use basis. Track record was also identified as a barrier by one respondent. According to Utami and Lantu,(2013), even if a firm has resources regardless of whether it is big or small, certain clients require proof of completed work they have done before, this may deter certain organisations from entering the main stream industry.

4.4.5 Question Number 5: How important are relationships between you and your suppliers of materials that are needed for your operations?

This was the fifth question under objective one it aimed at exploring whether relations with supplier can affect the competiveness of a firm.

Table 4.5 Relationship with suppliers

Respondent	**Emerging Themes**
1, 2 ,3, 4, 5, 6	• Important to meet deadlines and benefit from credit facilities

Table 4.5 above presents data on the views of the importance of relationships with suppliers. Three respondent stated that it was important to have good relations with supplier to avoid delays and meet deadlines and then four respondents stated that it was important to build trust with suppliers in order to benefit from credit facilities.

Important to meet deadlines and benefit from credit facilities

Four respondents felt that this relationship is important especially for meeting project deadlines. Failure of the delivery of raw materials on time can affect the overall project. Another respondent also stated that projects can delay especially if there are weak channels of communication with the supplier. The supply chain is of great significance in the operations of construction companies Durrani (2015) stated that, suppliers are vital to the operations of any organisation; External relationships a firm has with other organisations are important and assist with attaining competitive advantage. 3 respondents also went on to say that trust and confidence in each other are important to maintain a cordial relationship. Companies are making more of effort to have close relation with their suppliers. According to the more dependent a firm is on the materials from a supplier in terms of their business operations it is important to nurture such a relationship in the right way. Durrani (2015), noted that traditionally the supply chain relationships of local contractors are not fostered correctly and do not last long which often affects the competiveness of the contractor in the long term. Three respondents stated that clients will not always pay on time so it is important to establish a credit facility with suppliers to avoid delays and the halting of operations. They would still be able to get raw materials without paying at that point in time. According to Overby and Min (2011), if a firm has good relations with their supplier and in the past have paid within the specified time, the supplier can offer credit so that they can pay later

4.5 Strengths and weaknesses of Ilanzi Construction Limited within the road construction industry of Zambia

This section presents data aimed at exploring the strengths and weakness of Ilanzi Construction Limited. All the six respondents were interviewed over two different questions in an effort to answer the second objective.

4.5.1 Question Number 1: What factors in your opinion set you apart from other firms in your industry?

This was the first questions under objective two. It aimed to highlight the respondent's views of their company strengths.

Table 4.6 Factors that set apart your firm from other firms in industry

Respondent	Emerging Themes
1, 3, 4, 5, 6	• Adherence to quality
1, 2, 3, 4, 6	• Competent staff

Table 4.6 above presented data on the respondents' views of factors that set them apart from other firms. Adherence to quality was stated and the fact that the company hands over good quality roads to their clients at the end of the project. Five of the respondents felt that having competent and knowledgeable staff put them in a good position. The fact employees can be reward and given bonuses when allowable was given as strength

Adherence to quality

Adherence to quality was one of the points that came up with the majority of the respondents. They felt that this factor can lead to greater degree of competiveness. High quality generally brings positive attributes to an organisation they felt. Quality refers to how a good or service meets the expectations of the end user , quality improvement is important for customer satisfaction and contributes to the competitive success of an organisation (Schuurman ,1997),. People naturally will gravitate toward good quality as this gives value for money. The respondent s also felt that as result of their good quality services the customers were often happy and gained value for money. According to Hoonakker, Carayon and Loushine (2010), consumers appreciate organisations that practice quality control and this leads to customer satisfaction. Also good quality control reduces the occurrence of mistakes and having to do redo work which can be costly for a firm.

Competent staff

Intellectual capital is vital compontent of any organisation and having staff who skilled is necessary for the success of the organisation (Kleinman, 2000.) Five of the respondents felt that the organisation has competent human resources who are able to execute the projects to the specifications. Jehanzeb and Bashir (2013) supported this point and stated that if staff feel confident in the work they are doing this leads to them having greater work place satisfaction and thus they will even perform better, which works to the advantage of the orgnaisation.

Another respondent speciafically said that they had well vested business people and understand the environment we operate in which we operate and this helped the organisation to remain competitive within the industry. Kleinman (2000) stated that staff who receive regular training are more in tune with market changes for example in processes or technology are able to respond both accordingly to help their organisation align with this.

4.5.2 Question Number 2: Do you feel that there are any factors that your company can improve on to help you operate better and improve your position within the industry?

This was the second question under objective two. It aimed to establish the weakness or factors Illanzi could improve on in terms of their operations.

Table 4.7 Factors to improve on

Respondent	Emerging Themes
1, 2, 4, 6	• Improve on resource base
2, 3, 5, 6	• Improve on strategies to retain staff

Source: own source

The above presents data on the views of factors the company could improve on. One respondent felt that relations with suppliers needed to be improved on. 3 respondents felt that it was important to improve on the resource base in order to be able to bid for bigger projects. Four respondents felt the company needed to improve on strategies to maintain staff.

Improve on resource base

Four respondents felt that it was important to improve on the resource base of Illanzi this included financial and physical resources, "Need to build resource base so that we are not limited in our bids for big projects". They felt that firms which have more access to a different array of resources were in a better place to compete in the industry and generally performed better, "Those with lots of resources overshadow those with low resources". Internal tangible sources include both physical and financial resources. According to Barney (2001), a firm's resources could be viewed as their strengths and can be dividing into three sub categories namely physical for example equipment and geographic location, secondly human resources for example a workforce that is well trained and experienced and lastly organizational resources. A firm can achieve certain advantages by developing the above mentioned resources and this can help them to be different and ideally better than their competitors. One of the respondents felt that joining forces with other firms could help with the issue of resources for example a joint venture. According to Ozdogan and Birgonul (2001), strategic alliances could yield certain benefits for a firm namely sharing of assets and sharing of business risk as well as gaining more resources and ultimately profit from more operating capital.

Improve on strategies to retain staff

The respondents spoke about how in the industry in general there is a lot of staff turnover and generally staff tend to want to move to firms they feel pay better. Employee rentention has to do with strategies to help keep employees in an organisation (Griffeth et al., 1999). Employee turnover that takes place often can negatively impact an organisation in the long run mainly by restricting the firm from achieving objective (Abasi and Hollman, 2000). Compensation has been identified as one of the reasons an employeee remains in a place of employment but also on the otherhand it can be the reason they leave. Staff rewards such as bonuses or salary increases were identified as being important in a bid to retain staff (Abasi and Hollman, 2000). The issue of training and development was also raised under thhis point, the respondents felt that staff improvement in the form of training and empowering them would help to retain them within the organisation. Training and developemnt can contribute to an organisation in the following ways, firstly it can help enhance job satisfaction and the morale of the staff, secondly it can help to motivate staff and ultimately can impact positively on the operations and productivity of a company (Malik, Ghafoor and Naseer, 2011). Abasi and Hollman (2009) stated that employee rentention is an issue affected by most organisations. An employee who is motivated will fully understand their role in an organisation and will by all means try to be effective and contribute positively to the organisation. Kalimullah, Yaghoubi and Moloudi et al (2010) argued that rewards are positively correlated to performance and this can help to keep staff within an organsation, furthermore Malik, Ghafoor and Naseer (2011). added on to this and were of the view that every businesss should use salary bonuses and promotion as a means to motivate staff.

4.6 Extent to which the factors identified enhance competiveness

4.6.1 Question Number 1: Do you feel that these factors make your presence in the industry stronger?

This was the first question under objective three, it aimed to identify whether the factors identified that set the firm apart from other firms in the industry made the presence of Illanzi stronger.

Table 4.8 Factors and presence in industry

Respondent	Emerging Themes
2, 5	• Mindset of growth
1, 3, 4, 6	• Reputation

The table above presents data on factors and the presence in the industry

Mindset of growth

Two respondents felt that the factors helped the company to look to the future with a mindset of growth. This growth would not just be in the industry alone but geographically as well. One of the respondents also felt as a company our strategy is not to be a once of company but to being the industry for while to come and regular review of strategy was important. Strategic Planning involves setting plans that look to the future of a firm. The plans are created, applied and then reviewed for any changes. The aim of strategic planning is to also identify areas where the organisation can achieve competitive advantage and ways in which to sustain this advantage (Ketchen and Eisner, 2009). One respondent mentioned the fact that diversification so that when the company has no business for example during the rainy season they can still generate an income. According to Ozdogan and Birgonul (2001) a growth strategy can assist a company into entering new markets which can either be related or unrelated to the current business activities.

Reputation

A good track record was highlighted as a strength, the respondents felt that being know for handing over good quality of work was advantageous as most people will often research on a company before engaging with it, according to one respondent "Clients will look at past jobs record of our performance and quality of work we do and efficiency which gives us an added advantage". Four of the respondents, felt that previous work they have done and essentially their reputation was astrong attributre they have, they felt that people generally will gravitate or want to engage companies that are known to complete work but at the same time maintaing good quality. Egwuonwu (2010) stated that reputation is how people see a firm compared to another and is often linked to a firm's previous activities such as good products and services. Products and services are often the source of a a firm's good reputation. Good reputation can also stem from reliability as well as finacial performance. Reputation can positively affect a firm's performance, as an intangible asset it can assit a firm's sustainabilty and competiveness. According to Harrison (2014) a good number of top level mangers felt that corporate reputation was very important for the achievement of company goals.

4.6.2 Question Number 2: How do these factors affect your operations and overall company strategy?

This was the second question under objective three, it aimed to see how the previously identified factors had a direct impact on company operations and strategy.

Table 4.9 Factors on operations and company strategy

Respondent	Emerging Themes
2, 4, 6, 5	• Regular review of str
6, 3, 1	• Culture of continued learning and knowledge building

Table 4.9 above presented data regarding how the factors affect company. Three respondents felt that overall it has a positive impact on the company and helps them to growth. Three respondents felt that this led to motivated staff. Respondent 6 felt that it has helped build a culture of continued learning in the organisation and knowledge building and lastly respondent 5 mentioned the emphasis on training of staff.

Motivation of staff

The respondents felt that staff motivation was important and that if the workers are taken care of clients will also be taken care of by receiving good quality products and services. If workers are happy they will carry out their work more efficiently. Mullins (2010) stated that people are one of the most important assest and they are often the foundation of many organisations.

Culture of continued learning and knowledge building

The respondents felt it was important to have a company culture where continous learning takes place ast it is easy for one to become complacent and not respond to industry dynamics,adding on assesments must be done often to assess the development of processes in the organisation, (Dlungwana and Rwelamila, 2004).

According to King (2009), Knowledge management looks at how efforts are made to enhance the aspects of knowledge in a firm and applying them within the day to day activities of the firm and also utilizing them to achieve the objectives of the firm. Bhojaraju (2005) researched on knowledge management and its impact on competitive advantage and concluded that collecting, analysing and distributing of knowledge can add to competitive advantage because there is the culture of knowledge diffusion within the firm which means that individuals are more likely to use this improved knowledge base to improve how they perform and this lead to the improvement in the overall firm performance. Vinesh (2014) identified the fact that training and development helps the performanceof employees and thus leads to an increase in productivity. Training can also help improve on the quality of services provided by an organisation because of greater staff dedication.

4.7 Conclusion

In this chapter results of the interview were presented in relation to the first three research objectives; To explore factors affecting the competiveness of Ilanzi Construction Limited within the road construction industry of Zambia, to assess the strengths and weaknesses of Ilanzi Construction Limited within the road construction industry of Zambia and to determine the extent to which the factors identified enhance competiveness. Themes were originated from the data collected and then these were discussed. re and various categories of data were derived from the interview followed by a discussion. The results revealed that Illanzi Construction Limited has factors which are impacting on its operations in a negative way. However there are ways that Illanzi can still turn around its operations to work in their favour. In chapter 5 the conclusions and recommendations shall be drawn.

CHAPTER FIVE:
Conclusions and Recommendations

5. 1 Introduction

The aim of this study was to explore the competiveness of Ilanzi Construction Limited with regards to the factors that affect is business operations and how the firm can enhance its competiveness with regards to these factors.

Chapter five presents the conclusions and recommendations of the study. The findings from the primary research are presented. . The conclusions drawn are in keeping with the study objectives as outlined in the introductory chapter which are:

- To explore factors affecting the competiveness of Ilanzi Construction Limited within the road construction industry of Zambia.
- To assess the strengths and weaknesses of Ilanzi Construction Limited within the road construction industry of Zambia.
- To determine the extent to which the factors identified enhance competiveness.
- To provide recommendations for the senior management of Ilanzi Construction Limited

5.2 Findings from the Primary Study

5.2.1 To explore factors affecting the competiveness of Ilanzi Construction Limited within the road construction industry of Zambia.

The respondents gave feedback that the industry of road construction is growing due to The Link Zambia 8000 Program, however the issue of funding was raised by the respondents. They felt that this put them at a disadvantage at times as they are not able to complete projects on time. They rely on government as the main client who delay in payments Another factor that was brought up by the respondents is the fact that road construction is costly and how survival was becoming more difficult. The presence of the Chinese contractors and their dominance of the industry especially for large scale projects was discussed, the Chinese who have the financial capabilities and source funding from their country and therefore can easily bid for most projects. Most of the respondents felt that the industry was difficult to just enter into due to the high capital requirements it entails. The interviews revealed the fact that relationships with suppliers can work to the advantage of the contractor especially to help minimise project delays.

5.2.2 To assess the strengths and weaknesses of Ilanzi Construction Limited within the road construction industry of Zambia

The respondents revealed that their firm's adherence to quality in terms of providing good quality work over to their clients as well as the client getting value for money because the work provided last for the duration of which it is meant to last. Secondly the respondents explained that they felt the staff were competent enough to execute the work this helped the company. On the other hand the respondents felt that it was important to improve on the firm's resource base as they felt that having access to an array of resources makes a firm even more viable and strong. Lastly the respondents revealed that they felt the firm needs to improve on staff retention especially with regards to remuneration as well as regular training and development to help keep morale up and lessen the chances of them leaving the firm.

5.2.3 To determine the extent to which the factors identified enhance competiveness

The respondents felt that the firm's mindset of growth meant that the firm will make efforts to improve the competitive abilities. The respondents felt that the factors did enhance their competiveness especially with regards to reputation which works to the advantage of firms in the industry, because most potential clients would want to know what work has been done previously. The respondents revealed that the culture of continuous learning and motivation of the staff especially in the form of training can enhance the work force which will also pour over to the competitiveness of the firm.

5.3 Conclusions

The study derived the following conclusions:

Ilanzi Construction Company has certain aspects of the business which may be viewed as competitive which are the firm's adherence to good quality of work, competent staff, their good reputation within the industry however there are also factors which are negatively impacting their operations.

The following factors are negatively impacting the competiveness of Ilanzi :

Lack of access to funding from banks, ultimately a firm needs money in order to operate, as mentioned in the literature in Chapter Two banks are unwilling to provide loans especially to local contractors as they feel they may default on payments.

Secondly delayed payments by government, this also has a negative impact as they rely on that money from projects for different aspect of business operations especially acquisition of raw materials and weak relations with a suppliers results in not being able to benefit from credit facilities. These weak relations often come about as a result of previously default on a payment that is not paying in the time agreed upon..

Strong presence of foreign contractors, these foreigners are perceived as superior because they have more expertise and financial means in their own right to carry out projects, this means that often they are given priority. Even though Illanzi does get projects them and other local contractors would benefit more if they were given chance and there was less of a foreign firm presence in the industry.

Government policies which are too lenient for foreign contractors entering the country, the Government of the Republic of Zambia has not taken an active role in the promotion of local contractors this is evident from the fact that foreign contractors dominate the industry, this makes it difficult for local firms to truly flourish.

High capital requirements of the industry, the road construction industry cannot function without equipment such as graders and cement mixers. Very few companies actually own their own equipment, equipment hire is therefore necessary which is expensive because some charge per hour, This cost cannot be avoided as the equipment is needed for work to be carried out.

The implementation of these factors may enhance the competiveness of Illanzi:

Diversification can help enhance competiveness in the following ways, financially the firm can benefit from strategies such as joint ventures by increasing their cash flow. Diversification can also lead to an increase in the market share for example if the firm can identify a market niche where very few players existing or creating a completely new one altogether. Diversification can also bring about company growth which can in terms of increased profits, increase the employee base or even the number of projects to be carried out.

Training and development of staff, the regular implementation of this factor is important, because the it has several benefits for the firm firstly business is dynamic and there may be changes ins standards of how certain activities are done within a particular industry and it is important to train staff accordingly to keep up to date. Secondly this factor can also be helpful in being ahead of competitors especially because the staff will be advancing in their skill. Another point to consider is the fact that regular training allows a firm to see where they may lack in certain skill and be able to overcome and fill the gaps. Regular training and development is also beneficial in that it can improve the morale of employees as they will feel that their personal advancement is important to management and also it help in retaining staff as some competitors use the offer of training to try and poach employees from other firms.

5.4 Recommendations

- The senior management at Ilanzi needs to find alternative ways of sources business and not relying on the government alone so that they are able to maintain a good level of working finance. They can try and get more jobs in the private sector where the payment plans may be more efficient.
- The management should be the main drivers of improvement because employees will not make the effort if they believe the management do not believe in the initiative for improvement and the management should also have considered the views of the employees as they are the one who are on the ground and understand certain aspects better because they apply them on a regular basis.

- Elimination of any activities which do to add value to the end product and utilise that money in other parts of the business. Some activities may be costly and not add any value therefore it is import to dissect the processes and identify where there is no value creation.
- The management could consider joining forces with another firm which may have strengths in different forms from Ilanzi and joint venture could create a stronger company which may have a greater presence in the industry, they should consider possible teaming up with a foreign firm which may also help with transfer of knowledge and skills.
- The management should aim to carry out training and a regular basis and provide incentives for staff to boost morale even more. In instances for example when a project is completed on time the management can provide financial benefits or something simple like extra days off can be viewed positively as the nature of the work keeps some employees away from their families.

5.5 Scope for further research

The study focused on Ilanzi Construction Limited, however to get an even more in depth knowledge of Zambian firms in the road construction industry in Zambia, one would need to conduct a study on several companies at one time to draw more substantial conclusions.

5.6 Conclusion

The chapter presented the conclusions that were derived from the study. Recommendations for the management at Illanzi Construction Limited were given. The research objectives were the foundation for the study, as the study concludes it is evident that the study objectives have been achieved. There is also scope for further research in the topic.

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