



**THE MARKETING STRATEGIES USED BY EMERGING BUILDING  
CONTRACTORS IN POLOKWANE MUNICIPALITY, LIMPOPO.**

**Submitted in fulfilment of the requirements of the degree of  
Master of Management Sciences – Business Administration**

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## ABSTRACT

This study explores The Marketing strategies used by emerging building contractors in the Polokwane Municipality which falls under the Capricorn district of Limpopo province, South Africa. It was motivated by the high failure rate of emerging building contractors. The aim is to identify and evaluate the effectiveness of the marketing strategies employed by emerging building contractors. Every business needs a winning marketing strategy to strengthen both its market position and presence. The high failure rate of emerging building contractors is of great concern to government, beneficiaries and the owners themselves. Research has shown that businesses with no clear-cut marketing strategy are prone to collapse. A case in point is marketing in the construction industry. Emerging building contractors have failed to compete adequately among themselves due to a lack of marketing skills, little or no knowledge of how to develop a marketing plan or its importance, insufficient capital, and a lack of access to markets.

The respondents in the study were drawn from four important bodies in the construction industry in the Polokwane municipality, namely the Construction Industry Development Board (CIDB), the Limpopo Economic Development Agency (LEDA), the National Home Builders Registration Council (NHBRC) and the South African Women in Construction (SAWIC). It is required by law that all building contractors be registered with the CIDB. A quantitative method of data collection and analysis was used namely simple, random sampling to supply 75 potential respondents (33 women and 42 men). Two thirds (22 women and 28 men) of the 75 individuals were found to have active status on the CIDB register, while the registration of the remaining 25 had expired. Thereafter, descriptive and inferential statistics were used to aggregate and correlate data. The results of this study showed that we do not reject null hypothesis  $H_0$ , since  $(t(48) = 0.122, p=0.903)$  while mean and standard deviation of the marketing strategies are  $M = 24.16\%$ ,  $SD = 3.51\%$ . The data indicates that the emerging contractors did not have marketing strategies all together. The findings of the study may assist the emerging building contractors to develop marketing strategies in order to enhance the construction fraternity and lead to growth and future profitability.

**Keywords:** Limpopo Province, Polokwane Municipality, Emerging contractors, Marketing strategies, SMMEs

## DECLARATION

I, Mafeta David Selamolela, do hereby declare that this dissertation is representative of my own work in both conception and execution (except where acknowledgements indicate to the contrary). It has not been submitted before to this or any other University for any qualification.

.....

Mafeta David Selamolela

.....

Date

APPROVED FOR FINAL SUBMISSION

.....

Dr. Baruti B. Amisi

.....

Date

## **DEDICATION**

To my lovely wife, Sarah, and our three daughters, Sewela, Dikeledi and Basetsana who gave me enough time to complete this project. My love of continuous learning, instilled in me by my late parents, Mphengwa and Dikeledi keeps me going. To my siblings, including my two late sisters Thandi, Mamma and their families, friends and every one with the following clan surnames: Selamolela, Moagi and Thosago, my thanks for your support.

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## **LIST OF ABBREVIATIONS**

BEE- Black Economic Empowerment  
BBBEE- Broad-Based Black Economic Empowerment  
BSU- Business Studies Unit  
CDM- Capricorn District Municipality  
CIDB- Construction Industry Development Board  
CSD- Central Supplier Database  
DPW- Department of Public Works  
DTI- Department of Trade and Industry  
GB- General Building  
GB PE- General Building Potentially Emerging  
GDP- Gross Domestic Products  
HCPMA- Housing Consumer Protection Measures Act No. 95 of 1998  
IDP- Integrated Development Planning  
LDPW- Limpopo Department of Public Works  
LEDA- Limpopo Economic Development Agency  
N1- National road/ route 1  
NBRBS- National Building Regulations and Building Standards Act No.103 of 1977  
NDP- National Development Plan  
NDPW- National Department of Public Works  
NHBRC- National Home Builders Registration Council  
NSBA- National Small Business Act No. 102 of 1996  
PPPF- Preferential Procurement Policy Framework Act No. 5 of 2000.  
RSA- Republic of South Africa  
SA- South Africa  
SABS- South African Bureau of Standards  
SAWIC-South African Women in Construction  
SMEs- Small and Medium Enterprises  
SMMEs- Small Medium and Micro Enterprises  
SMS- Short Message Service  
SPSS- Statistical Package for the Social Sciences

## **CHAPTER ONE: INTRODUCTION**

### **1.1 INTRODUCTION**

Since the inception of the South African democracy in 1994, initiatives have been taken to promote small, medium and micro enterprises (SMMEs) within the construction industry, as part of small business development, articulated in the White Paper (South Africa 1995: 09).

This chapter introduces the subject of the research study; it gives insight into the structure and the main focus areas of the study. It covers the study background, definition of terms, problem statement, aims, objectives, research questions, assumptions, limitations and delimitations, rationale and scope of the study and the organisation of the chapters.

This study focuses on the central role played by a strategic marketing function in improving the business competitiveness of emerging contractors in Polokwane Municipality. The considered view is that all businesses, whether small or large, need a robust marketing strategy in order to penetrate high value markets. Kotler and Keeller (2006: 45) believe that the dividends that accrue from implementing a bankable marketing strategy include inter alia; increased profits and turnover, high brand visibility, and enhanced customer value

### **1.2 PROBLEM STATEMENT**

The problem is located within the marketing fraternity. Marketing is very important to every business as it enables them to analyse effective customer demand, better understand the industry and its competition dynamics. Atkinson, Dietz and Neumayer (2009: 54) concluded that small businesses provide a safe haven for the poor who depend on the construction sector for employment and income. Ladzani and Netswera (2009: 229) lament that whilst large contractors possess superior marketing leverage and capabilities, emerging contractors operating in predominantly rural areas often pay lip service to this critical value chain. The major concern is that most entrepreneurs do not make marketing a strategic priority (Ladzani and Netswera 2009: 234).



This study will focus on an evaluation of the effectiveness of the marketing strategies used by local emerging contractors with the aim to offer practical guidelines on how to strengthen them in the future.

### **1.3 AIMS OF THE STUDY**

The aim of the study is to identify and evaluate the effectiveness of the marketing strategies employed by emerging building contractors in the Polokwane Local Municipality in the Capricorn District of Limpopo province by means of a cross-sectional design. This approach enables the examination of the effectiveness of marketing strategies used by emerging contractors at approximately the same time (Welman, Kruger and Mitchell 2005: 95).

### **1.4 RESEARCH OBJECTIVES**

The objectives of this research are as follows:

- To establish the marketing strategies employed by local emerging building contractors;
- To establish the effectiveness of these marketing strategies;
- To make recommendations for remedial steps to improve the marketing strategies employed by emerging building contractors;

### **1.5 RESEARCH QUESTIONS**

To achieve the objectives mentioned above, the research will focus on the following research questions:

- What are the marketing strategies employed by the emerging building contractors?
- How effective are these marketing strategies?
- What remedial steps can be offered to improve the marketing strategies of emerging contractors?

## **1.6 RESEARCH HYPOTHESES**

### **1.6.1 Null Hypothesis**

- There is no statistically significant evidence of the marketing strategies employed by emerging building contractors.
- There is no statistically significant evidence of effective marketing strategies employed by emerging contractors.
- There is no statistically significant evidence of remedial steps that can be offered to improve marketing strategies of emerging contractors.

### **1.6.2 Alternate Hypothesis**

- There is statistically significant evidence of the marketing strategies employed by emerging building contractors.
- There is statistically significant evidence of effective marketing strategies employed by emerging contractors.
- There is statistically significant evidence of remedial steps that can be offered to improve marketing strategies of emerging contractors.

## **1.7 DEFINITION OF TERMS**

### **1.7.1 Marketing**

The different definitions of marketing are essential to the study as they reveal the role of marketing (Naidoo 2007: 31). This statement supports the view of Kotler (2009: 67) that marketing is deemed as the lifeblood of every growth-focused business. Naidoo (2007: 31) further states that, from the various points of view that the role of marketing has changed from being product based to one of customer satisfaction.

### **1.7.2 Strategies**

Strategy refers to tactics used by organisations to achieve a particular future goal and relates to the major issues for the future of the organisation. Strategy involves

managing people, resources and relationships. It matters to all organisations, be they profit or non-profit making, private or public, and everybody working in them (Johnson, Whittington and Scholes 2009: 3). No strategy can be made without thinking about the enemies (competitors) and who they are.

### **1.7.3 Marketing Strategies**

Armstrong and Kotler (2005:197) define strategic marketing as a process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. Kotler (2009: 67) attests that every business no matter its size and geographical location needs a winning marketing strategy to fortify its market position and presence. Powell (2011: 203), Best (2009: 124) and Venter and Van Rensburg (2009: 45) make it clear that no business can thrive in the volatile market place without a clear-cut marketing strategy. A sound marketing strategy should be drawn from market research and should focus on the right marketing mix in order to achieve the maximum profit potential to sustain the business.

#### **1.7.3.1 Effective Marketing Strategy**

Venter and Van Rensburg (2009: 13) refer to an effective marketing strategy as one that encompasses profit maximisation and business sustainability. They expressed that effective strategy is driven by the company's vision, customers' needs and mainly focuses on segments where they can compete successfully. The two authors further attest that it is the responsibility of everybody in the company to contribute positively towards attaining the company goals and to come-up with innovative ways to help the company to adapt to a changing environment of operations. Kotler (2009: 50) stresses that adapting to a changing environment serves as a yardstick for the company to continue concentrating its resources on the optimal opportunities in order to increase sales and achieve sustainable, competitive advantage.

Venter and Van Rensburg (2009: 13) conclude that there are many characteristics of an effective strategic marketing, however, the two authors summarise them in a five-point form as follows:

- a) ***Strategic marketing is driven by vision, strategic objective and corporate strategy*** - the marketers should look at the objectives of the company and ensure that their strategy will assist the company to attain its objectives
- b) ***Strategic marketing is driven by customer needs and heterogeneous markets*** - everyone might be a potential client for your product/service. However, you probably don't have the time or money to market to everyone. Contractors should identify and categorise their ideal customers. For example, homeowners who are looking for new houses, private companies that need contractors who specialise in the renovation of offices, etc.
- c) ***Strategic marketing focuses on segments where you can compete successfully*** - contractors should invest their resources in those segments in which they can best compete. For example, in subcontracting works, if you are a tiller, spend more money on buying tilling equipment and also look for tilling opportunities rather than looking for brick laying opportunities.
- d) ***Strategic marketing is everybody's responsibility*** - marketing should not be seen as the function of the Marketing department alone. Instead, all the employees should have a common understanding of the market and they should focus on providing an excellent service to customers. This will result in an increased number of satisfied, paying clients, which will lead to a maximisation of profit.
- e) ***Strategic marketing is a dynamic and evolving activity*** – the marketing strategy should not be static but should be adjusted as the environment changes. For example, Telkom South Africa was caught out by the introduction of mobile phones. As such the company should have kept up with the changing telecommunications environment. Lekhanya (2014: 1004) stresses that SMMEs owners/managers need to get proper information about the target market they want to serve before they can put their marketing communications strategies in place. This was also confirmed by Baptiste *et al.* that within emerging construction companies' context, appointing a marketing research company might not be realistic and the owners might have to do the work themselves.

### 1.7.4 Emerging Contractors

Dlungwana, Noyana and Oloo (2004: 15) define an emerging contractor as “a sole trader, partnership or legal entity which adheres to statutory practices, registered with the South African Revenue Services, who continues to generate profit and play a vital role in the commercial sphere”.

### 1.7.5 Small Scale Contractor

The National Small Business Act (No. 102 of 1996) argues that small contractors are those companies which employ fewer than 50 staff. The Amended Act of 2003 defines a small business as:

*“a separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, includes its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy mentioned in column 1 of the Schedule and which can be classified as a micro-, a very small, a small, or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the schedule opposite the smallest relevant size or class as mentioned in column 2 of the schedule”.*

**Table 1.1: Definition of SMEs in the National Business Act under Construction Sector**

CRITERIA	MICRO	VERY SMALL	SMALL	MEDIUM
Number of employees (fulltime)	Less than 5	Less than 20	Less than 50	Less than 200
Annual turnover	Less than R150 000	Less than R2 million	Less than R15 million	Less than R20 million
Total gross asset value	Less than R100 000	Less than R400 000	Less than R2.5 million	Less than R4 million

*Source: National Small Business Act, No. 102 of 1996*

## **1.8 ASSUMPTIONS, LIMITATIONS AND DELIMITATIONS**

### **1.8.1 Assumptions**

Buowari (2015: 9) believes that assumptions give a picture of facts which are not validated. Fisher and Stenner (2011) stated that the reasons why researchers identify and address assumptions is to avoid misrepresenting facts. All assumptions will be outlined in this section of the chapter.

### **1.8.2 Limitations**

Limitation are defined by Mawuli (2013) as those factors that act as weaknesses in a study, such as potential weaknesses that originate from geographical region, sample size, or data availability. Limitations are certain in any research due to unavoidable circumstances (Buowari 2015: 9). This research focused on the 50 emerging building contractors in the Polokwane Municipality of the Capricorn District Municipality of the Limpopo Province. Its findings are relevant to that geographical area only.

### **1.8.3 Delimitations**

Bouwari (2015: 10) refers to delimitations as boundaries imposed on a study, by the researcher, to stay within a certain scope. The first delimitation was that of the use of emerging contractors as defined by CIDB, based on a grading level of 1 to 5. The research groups are able to execute construction projects with a maximum value of R6 500 000, 00. Another delimitation of the study will be the geographical area of study. All the study respondents are emerging building contractors located within the boundaries of the Polokwane Municipality of the Limpopo Province.

## **1.9 ETHICAL CONSIDERATIONS**

Strydom and Delport (2005: 34) highlight that all researchers in South Africa are bound by certain ethical principles. They define ethics as “the appropriateness of the researcher’s conduct in relation to the rights of those who become the subject of his or her work or are affected by it”. Most ethical issues in research fall into one of four

categories namely, informed consent, protection from harm, right to privacy and honesty with professional colleagues (Leedy and Ormrod 2010: 108). The following ethical considerations have been observed in the course of this study:

- The researcher secured the informed consent of all owner-managers of emerging contractor businesses before interviews were conducted. Depending on the individual circumstances of the owner-manager, the informed consent was either written or verbal.
- The researcher ensured that the research respondents were protected against any physical, psychological, moral and reputational harm. All social and cultural prejudices likely to endanger the social status of participants would be dealt with consistently throughout the research process. The confidentiality clause on the consent form ensured that the researcher was not to publish the names of the respondents.

## **1.10 RATIONALE OF THE STUDY**

Every business, no matter its size and geographical location needs a winning marketing strategy to fortify its market position and presence (Kotler, 2009: 67). This study investigates the strategic input of the emerging contractors' marketing efforts in their quest to build and maintain a competitive advantage and promote growth in the increasingly volatile marketplace.

## **1.11 SCOPE OF THE STUDY**

This study was limited to emerging building contractors in the Polokwane Municipality which were within the Capricorn District Municipality of the Limpopo Province. The empirical component of the study was limited to 50 emerging construction companies in the Polokwane municipality that were actively registered on the CIDB database, with a CIDB grading of 2-5, and which had the capacity to manage projects with a maximum value of R6 500 00.00.

## **1.12 STRUCTURE OF THE CHAPTERS**

- Chapter 1: The Introduction to the study will highlight the statement of the problem, research aim, objectives and questions to be investigated.
- Chapter 2: The literature review will outline the theoretical basis of the study nationally and internationally, as well as examine current literature on emerging contractors. The literature examined the international construction market in the United States of America, Nigeria, Egypt and Kenya.
- Chapter 3: The research methodology outlines the activities involved in collection of the data. It clarifies the manner in which the proposed research was carried out and the selection of the respondents.
- Chapter 4: This chapter will present an analysis of the data collected.
- Chapter 5: The research findings will be presented and discussed in this chapter.
- Chapter 6: Any conclusions reached will be outlined in this chapter. Furthermore, any recommendations that arise will be presented. This might include the lessons learnt and suggested areas for future research on the subject of marketing strategies used by emerging contractors.

## **1.13 CONCLUSION**

This chapter includes the introduction, study background, research questions, definition of terms, assumptions, limitations, delimitations, rationale of the study, scope of the study, and the organisation structure of the chapters. The research aims and objectives are also outlined in this chapter and it provides a link to the literature review that follows.



## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 INTRODUCTION**

In this chapter, literature is reviewed to theorise the problem statement and the objective of the study. The review includes literature about Polokwane municipality of the Limpopo province, South Africa, as well as references to past studies, relevant historical background information and the current situation as regards marketing strategies used by emerging building contractors.

Armstrong and Kotler (2005: 197) explain that strategic marketing is a process by which companies create value for their customers and build strong customer relationships in order to capture value from customers in return. Powell (2011: 203), Best (2009: 124) and Venter and Van Rensburg (2009: 45) make it clear that no business can thrive in the volatile market place without a clear-cut marketing strategy. The National Small Business Act, No. 102 of 1996 describes small contractors as those companies which employ fewer than 50 people.

A great deal of literature on certain challenges faced by emerging contractors exists and none exists about marketing strategies used by emerging building contractors. Thwala and Mvubu (2009: 353) stress that the challenges include a lack of capacity to deal with the uniqueness, complexity and risks involved in contracting, effective management, poor record keeping, technical, financial and managerial skills. Furthermore, Lekhanya (2014: 1004) in his marketing intelligence and marketing communication research, states that small, medium and micro enterprises (SMMEs) in South African rural and remote areas have been struggling to grow. Fatoki and Garwe (2010: 729) found that the most important obstacle to growth of new smaller companies were issues of finance, economy, markets, management and infrastructure.

Contraction economists recommend that government should provide contractors with training in business management skills, financial management and good record keeping. They go on to say that government should establish a construction advice centre, have an improved payment system and assist with the establishment of a financial institution that will provide guarantees to enable contractors to access

finance (Thwala and Mvubu, 2009: 361). In the same vein, Lekhanya (2014: 1009) states that government should implement the Small Business Mentorship Programme policy outlined in the national strategic growth plan as an enabler, to address challenges faced by small businesses.

One of the proposed solutions to South Africa's developmental problem of having non sustainable emerging contractors is strengthening requirements for the formation of small and medium enterprises. In addition, South African economy risks stagnation without the creation of new small and medium enterprises (SMEs). Furthermore, the establishment and sustainability of new SMEs is crucial to the economic prosperity of the country or else it risks economic stagnation. Yet, governments throughout the world have not focussed on the development of emerging companies to promote their economic growth (Fatoki and Garwe 2010: 729). This view is consistent with those of Cant and Wiid (2013: 707) who contend that SMEs play an important part in almost all economies but particularly in developing countries with major employment and income distribution challenges, such as South Africa. SMEs' production of a business plan that forecasts their cash flow requirements, and an operational plan that demonstrates viability and sustainability will assist in overcoming the financial obstacles (Fatoki and Garwe 2010: 736). This chapter will explore literature from other countries and South Africa from different scholars and commentators. Mofokeng (2012: 48) mentions that there is both a possibility of success and the risk of failure in the operation of an emerging building construction company.

The literature indicates that it is imperative that construction companies, whether emerging or established, should have a marketing and/or a personnel department (as it might be expensive for emerging companies) within the company that deals with issues of marketing (Armstrong and Kotler 2005: 197). A questionnaire will also ascertain if emerging contractors in this study have made provision for someone to deal with marketing related issues.

## **2.2 INTERNATIONAL CONSTRUCTION MARKET**

This section looks at the construction market in both African countries and further

afield, in the international market. The selection was based on the economic growth and socio-political stability which lay the foundation for a stable construction market across similar African countries, as SMEs are important in all economies. Cant and Wiid (2013: 707) confirm that SMEs play a very important role in all the economies.

### **2.2.1 Construction Market in the United States of America**

The study on business development strategies used by general contracting construction companies in Texas, conducted by Kurien (2004: iii) of Texas A&M University, revealed that here the construction industry is seen to be very active and competitive. She further stresses that for a building construction company to remain active in this challenging construction environment, the companies have to come up with very aggressive marketing strategies to obtain business.

Kurien (2004: 5-6) further highlights that historically, there have been four eras of construction, namely: railways in 1800s; urban infrastructure of 1930s; electricity generation era; and petrochemicals in the post Second World War era (i.e. 1939-1945). The construction companies began to consider the use of business development strategies in the 1930s. The same author argues that construction companies need to also consider corporate strategic planning, business development strategies and promotion strategies, like any other business to ensure their survival. Johnson, Whittington and Scholes (2011: 7) concur that although there are numerous strategies available, construction businesses are not immune to the five strategic choices, namely: business strategy; corporate strategy and diversification; international strategy; innovation and entrepreneurship; and lastly acquisitions and alliances. Both references have corporate and business strategies in common.

Strategic planning is used as a compass instrument to direct the company towards its destiny (Kurien 2004: 6). The strategic planning encompasses the mission of the company; its goals and objectives; acquisitions and growth options; and its marketing plan.

### **2.2.2 Construction Market in Nigeria**

The construction industry in Nigeria is regarded as vital to growth and development, and it is also the oldest in the world (Odediran, Babalola and Adebisi 2013: 35). These authors state that the construction activity serves as a major indicator as a most important economic sector. The above supports the affirmation by Isa, Jimoh and Achueni (2013: 1) that the construction contribution to the Gross Domestic Product (GDP) in Nigeria has ranged between 3% and 6% since its independence in 1960 up until the 1980's, before it collapsed to approximately 1% over the last two decades. The last four years has seen a growth in its contribution, which stood at 3% in 2012, due to improved budgetary implementation and private sector participation (Isa, Jimoh and Achueni 2013: 1). Odediran, Babalola and Adebisi (2013: 35) suggest that the Nigerian construction market be included among the major construction activities in Africa, which, as a sector, has recorded impressive growth over the years. Competition is very intense among the construction professionals and contractors in the Nigerian building industry. Odediran, Babalola and Adebisi (2013: 36) further mention that for a business to sustain itself, effective strategies must be adopted in order to survive in such a competitive environment.

### **2.2.3 Construction Market in Egypt**

Hisham reports that Egypt has the largest population and market in the Middle East (approximately 90 million) and is the fourth-largest economy in Africa. This is in line with what was reported by Hauger (2016: 2) wherein he said that the Egyptian population is expanding at 2% per year. Hauger mentioned that Egypt's population had reached 92 million by December 2016 and it is no surprise then that their government prioritised housing and de-urbanisation. Hisham further states that 29% of the population is under 40 years of age and almost half of the population is under 19 years of age. Hisham and Hauger agree that there is a growing need for residential and commercial property. Hauger outlines in his report that for Egypt to keep up with their population expansion rate of 2% per year, there is a need for their government to build at least 500, 000 new houses every year, for the next five years.

Hisham attests that real estate in Egypt is ranked as an important sector which contributes to the economic growth as it affects more than 90 constructed related industries. Real estate accommodates at least 8% of the total labour force, as such it is a highly labour-intensive sector. Hisham reveals that the construction industry is one the most active in the economy, it contributes 5% of national Gross Domestic Products (GDP) of the Egyptian economy. The numbers of the contracting firms in the public and private sector are approximately 31 and 3600 respectively.

#### **2.2.4 Construction Market in Kenya**

Kenya's population is estimated to be at 49, 7 million. It is considered a "young" country because people under the age of 35 years of age account for 79% of the total population (Wetangula and Mazurewicz 2017: 15). These authors attest that 148 000 people are formally employed in the domestic building and construction industry. In 2015 the construction sector contributed 4.8% to the Kenyan economy. Similar to the Egyptians, Kenya has a housing deficit of over 2 million units, where nearly 61% of urban households live in slums. This deficit continues to rise, due both to the demand and supply of housing which is fuelled by an urbanisation rate of 4.4%. After reading through the literature of South Africa, Nigeria, Egypt and Kenya, one can conclude with certainty that a housing shortage is a common problem in Africa.

### **2.3 CONSTRUCTION MARKET IN SOUTH AFRICA**

Tshivhase and Worku (2012: 269) disclose that in the post-1994 democratic era, South Africa experienced a substantial growth in infrastructure investment in the public and private sectors with the public sector accounting for 65% to 70% of all construction work. Horta *et al.* (2013: 89) states that construction is a major industry worldwide, accounting for large amount of most countries' gross domestic product (GDP). These authors also attest that 9% of the world's gross domestic product is derived from global construction.

English and Hay (2013: 146) confirm that the construction industry in South Africa plays a major role in the South African economy, in terms of the production of the

country's infrastructure and fixed capital assets. Furthermore, the South African economy has moved towards higher skilled workers since 1990s, leading to a rise in unemployment among low-skilled workers (English and Hay 2013: 145). This is in line with the statement by Madikizela and Haupt (2010: 2) that the skills shortage faced by the construction industry could be improved by increasing the number of women in the sector. Furthermore, English and Hay (2013: 146) comment that women in South Africa comprise more than 50 % of the population and are in most instances, still more disadvantaged than men.

Since 2008, the construction industry has contributed around 9% to the total formal and informal employment sector in South Africa, while the contribution of the construction sector to the Gross Domestic Product has been around 9% (Construction Industry Development Board 2015: 2). The economic growth of any country is strengthened by investment in infrastructure and it provides opportunities for enterprise development, employment creation and poverty alleviation (Construction Industry Development Board 2012: 1). Furthermore, government and state owned entities are the major contributors to infrastructure development, which accounted for R150-billion in civil engineering projects and R25-billion in residential and non-residential building works (Construction Industry Development Board 2012: 1). PricewaterhouseCoopers (2014: 4) mentions that the top ten South African based construction and material companies are: Afrimat; Aveng; Distribution & Warehousing Network; Group Five; PPC; Murray & Roberts; Raubex; Sephaku; Stefanutti Stocks and WBHO.

**Table: 2.1: Highlighting trends in the South African construction industry**  
**November 2014**

	2014 'billions R	2013 'billions R	Difference 'billions R	% Changes
Total revenue	171.7	157.8	13.9	9%
Net profit	3.9	4.1	(0.2)	(4%)
Net operating cash flow	4.5	7.2	(2.7)	(37%)
Distribution to shareholders	1.9	1.6	0.3	15%
Total assets	109.4	107.4	2.0	2%
Secured order book	181.9	157.1	24.8	16%

(Source PwC: [www.pwc.co.za/construction](http://www.pwc.co.za/construction) search: 09 September 2016)

The study will now look at the background of the emerging contractors in Limpopo province

## **2.4 EMERGING BUILDING CONTRACTORS IN LIMPOPO**

A thoughtful review of existing literature shows that numerous scholars seem to be guided by the Construction Industry Development Board (CIDB) definition of emerging contractors which stipulates that only contractors in the Grades 1-5 qualify for that description (CIDB 2009: 17). According to CIDB's view and also as cited by Diale (2009: 12) and (LDPW 2009: 12) any contractor with an annual order book value of less than R6.5 million and who employs fewer than 50 employees automatically falls into the 'emerging contractor' category. For convenience purposes, this study will use the term interchangeably with that of small to medium scale contractors. Small and medium enterprises (SMEs) are seen as one of the important contributors to the economy of many developing countries (Fatoki and Garwe 2010: 729). They also state that these enterprises do not grow; rather, that South Africa has one of the highest failure rates in the world. Logically, if a business collapses unemployment will automatically result. The economically active population of South Africa suffers from high unemployment, with a current official estimate rate of 28.18%. (Statistics South Africa, Quarterly Labour Force Survey 2019).

Emerging contractors suffer from an acute shortage of skills, capital and low professional pedigree. This study is unique in that it explores how these contractors can aggressively manipulate their marketing effort for maximum impact and business effectiveness (Ladzani 2010: 77). The link between the marketing strategies and business survival in the context of emerging contractors in Polokwane, is a subject that has not been adequately researched and interrogated.

The establishment of small businesses plays a central role in developed and developing economies (Ladzani 2010: 68). Ladzani further stresses that all these economies are aware of the contribution that small businesses can make to income generation, reduction of poverty and unemployment, reduction of social ills when these businesses grow into larger concerns. The idea of emerging contractors

competing side-by-side with well-mechanised large contractors has meant difficulties for the emerging contractors (Dlungwana, Noyana and Oloo 2004:45). Firstly, owing to weak economies of scale, the playing field is deemed uneven. Secondly, large scale contractors such as WBHO, Murray & Roberts, the Big Five, continue to enjoy uncontested first mover advantages (Dlungwana, Noyana and Oloo 2004:45). In addition, they also have a monopolistic control over traditional markets. In the absence of meaningful government support, the emerging contractors continue to fail to make a meaningful impact on the industry. Furthermore, emerging contractors in Polokwane continue to fail when the government has, in the past already invested billions of rands into the so-called 'contractor development programme'. As it stands, everything points to the fact that all these billions have failed to put the sector on the path to an unbelievable recovery (Dlungwana, Noyana and Oloo 2004: 45).

Maas and Herrington (2006: 6) observe that the establishment of a new company comprises two phases; namely, the start-up phase and a later period of 3 - 42 months. The start-up phase refers to the first three-month period during which the owners identify the products or services that the firm will trade in and obtain all the required resources, whilst the later 3 – 42 month period refers to when the business begins to produce its products and/or renders its service and by so doing, begins to compete with other firms in the market place. Fatoki and Garwe (2010: 730) reveal that an established company is one which has existed for more than 42 months. The two authors further mention that 75% of firms in South Africa do not become established. The focus of this study is to evaluate the effectiveness of the marketing strategies used by these emerging contractors with an aim to offer practical guidelines on how to strengthen those marketing strategies in the future. This, in an attempt to identify to what extent these marketing strategies or lack thereof, contribute to the high failure rate of emerging contractors to thrive and become established.

## **2.5 STATUS OF EMERGING CONTRACTORS IN POLOKWANE**

Ladzani (2010: 77) contends that emerging contractors have little understanding of marketing strategic value. The contention by Ladzani sets in motion the need to vigorously restructure existing uncoordinated marketing strategies used by emerging



building contractors based in the Polokwane Municipality. Lediga (2015: 59) attests that after the 2009 national election Limpopo province became a tender capital, an atmosphere had been created that whoever was politically connected had a chance to procure a tender. Lediga (2015:59) indicates that teachers, nurses, clerks, policemen, students and other civil servants started to tender for business with the government that they worked for; even worse some tendered for the very departments in which they were employed. Their success was reliant on their political connections.

Kotler (2009: 67) concludes that every business, no matter its size and geographical location needs a winning marketing strategy to fortify its market position and presence. An in-depth diagnosis of the emerging contractors in Polokwane by CIDB (2009: 45) paints a gloomy picture, where the CIDB found that 58 small firms had a suspended and 1152 an expired status on the CIDB database in 2019. Thwala and Phaladi (2009: 45) caution that if the decline is not reversed, the industry's growth prospects will continue to be dim. The table below indicates the status of emerging contractors in Polokwane as recently reported by CIDB in July 2020 register.

**Table 2.2: CIDB Registered emerging contractors in the Polokwane Municipality**

Grade	Min Amount	Max Amount	Active	Suspended	Expired	Total
1	R1	R200 000	5000	34	5015	10049
2	R500 000	R1 000 000	188	29	222	439
3	R1 000 001	R3 000 000	89	10	51	150
4	R3 000 001	R6 000 000	170	11	103	284
5	R6 000 001	R10 000 000	113	10	61	184
		TOTAL	5560	94	5452	11106

(Source CIDB: [http://register.cidb.org.za/public\\_contractors/contractor\\_search](http://register.cidb.org.za/public_contractors/contractor_search): 05 July 2020).

Table 2.2 categorises contractors into various levels according to the value of the contract work that they can manage. For example, a contractor graded Grade 1 can only bid for work which amounts to the value of R200 000. A Grade 2 contractor can bid for work valued between R300 000 to R1 000 000, and so on. CIDB regards contractors in Grades 1 to 5 as emerging contractors. The highest grade of

contractor is one in Grade 9 wherein the contractor can bid for work to the value of R200 million more. Nieman and Nieuwenhuizen (2010: 35) and Abor and Quarter (2010:8) concede that most emerging contractors often suffer distress due to poor workmanship, a poor reputation, poor skills profiles, poor access to finance and poor deal making acumen. In most cases, because of this variety of challenges the chances of a business surviving is slim. Tshivhase and Worku (2012: 268) stress the negative aspect of access to finance and lack of technical skills, as they reveal that the majority (approximately 82 per cent) of emerging contractors in Limpopo are entrepreneurs with an underprepared and disadvantaged background, in terms of both technical and entrepreneurial skills, insufficient capital and little access to finance.

## **2.6 ROLE OF EMERGING CONTRACTORS IN THE LOCAL ECONOMY**

As pointed out by Horta *et al.* (2012), construction is a major industry worldwide accounting for a sizeable proportion of most countries' gross domestic product (GDP). They further stress that the global construction industry (CI) makes up approximately 9% of the world's GDP and accounts for 7% of total employment worldwide. This is in line with the statement of Tshivhase and Worku (2012: 268) that throughout the world, the construction industry has an important strategic role to play in promoting the economic growth and sustainable infrastructure development of many countries. A 2015 CIDB report states that since 2008, construction has contributed around 9% to the total formal and informal employment figures in South Africa, while the contribution of construction to the GDP has also been around 9%. Of the nine provinces in South Africa, construction in Gauteng is the highest contributor, accounting for around 30%, while Limpopo is third from the bottom accounting for 7% of all local employment.

The influential role of emerging contractors in the Polokwane municipality cannot be overemphasised. Apart from playing a catalytic role in the municipality's infrastructural development matrix, the sector provides 35 000 crucial jobs for locals (CIDB 2009: 45). The high failure rate of small contractors is of great concern, not only to the government but also to employment beneficiaries and the owners of such firms as well (DTI 2011: 57). Atkinson, Dietz and Neumayer (2009: 16) and Ladzani (2010:15) all agree that emerging contractors provide a safe haven for many

households who depend on the sector for income and employment. The majority view is that the collapse of emerging contractors will adversely expose many households to a triple crisis of unemployment, poverty and income insecurity (Abor and Quartey 2010:6 and Atkinson, Dietz and Neumayer 2009: 16). For instance, when one emerging contractor collapses, the economy suffers a domino effect, the business owner will lose his/her constant stream of income; their capacity to fend for their family will be negatively affected and they will struggle to pay their children's school fees. The emerging contractor will struggle to support his/her own family and in turn the families of their employees will also be negatively affected. The domino effect of a failed emerging contractor provides a business case for targeted government interventions in the sector (Abor and Quartey 2010: 6).

## **2.7 REGULATORY BODIES AND LEGISLATION IN THE CONSTRUCTION INDUSTRY IN SOUTH AFRICA**

### **2.7.1 National Building Regulations and Building Standards Act No.103 of 1977**

Emerging contractors should acquaint themselves with this act as it relates directly to the erection of buildings. The act was established to *“provide for promotion of uniformity in the law relating to erection of buildings; for prescribing of building standards; and for matters connected therewith.”* South African Parliament (1973).

### **2.7.2 Construction Industry Development Board Act No. 38 of 2000**

The Construction Industry Development Board (CIDB) *“is a national body established by an Act of Parliament (Act 38 of 2000). The CIDB develops the industry for the improved delivery of infrastructure to the South African public. It works with all the stakeholders for the sustainable growth of the construction enterprise and the best practice of employers, contractors and the professions. The CIDB identifies best practice and sets national standards. It promotes common and ethical standards for construction delivery and contracts. To implement these objectives, the CIDB is mandated to establish:*

- *a Code of Conduct for all parties engaged in construction procurement;*

- *a Standard for Uniformity in Construction Procurement based on best practice;*
- *a national Register of Projects; and*
- *a national Register of Contractors.”*

### **2.7.3 Housing Consumer Protection Measures Act No. 95 of 1998**

Emerging contractors are not limited to building residential houses only. The National Government, in particular the Minister of Housing, established the National Home Builders Registration Council (NHBRC) in terms of the Housing Consumer Protection Measures Act No. 95 of 1998. The NHBRC is mandated by the state to protect the interests of housing consumers and to regulate the home building industry. The NHBRC is an organ of state and it exists in every province of South Africa.

This Act defines a Home Builder as a person who is involved in the business of building a home. Section 10 of the act requires any such person to be registered with the NHBRC as a homebuilder. Building homes without prior registration with the council is a punishable offence. Section 14 of the Act goes on to say that the Home Builder shall enrol (request for a particular house to be entered in the records of the NHBRC) the house with the NHBRC, 14 days prior to commencement of any construction. The act states that the construction of a house, prior to enrolment is a punishable offence. The act further mentions that each offence carries a fine to the tune of twenty-five thousand rand or one year imprisonment. An emerging contractor who is not conversant with this act can find him/herself in trouble if he/she does not comply. Non-Compliance with the act might lead to liquidation of the business entity.

## **2.8 BUILDING CONSTRUCTION ENVIRONMENT AND PROJECT MANAGEMENT**

Venter and Van Rensburg (2009: 56) articulate that a dynamic marketing plan commences with conducting a firm's SWOT analysis. This analysis helps the firm to determine whether it is able to take advantage of any opportunity or minimise any threat as well as identify their strengths and weaknesses. Ademola (2012: 4) emphasise that South African emerging contractors in the construction sector of the

economy have failed to meet the requirements needed to be competitive in the global market. Ademola (2012: 4) further postulates that most of the South African small micro and medium size enterprises (SMMEs) in the construction sector of the economy have failed to deliver on their projects.

Baars (2006: 4-1) suggests that it is imperative that project leaders consider the environment within which their project will take place. The project does not take place in isolation. The environment in which it takes place should also be taken into consideration'. Baars further explains that a construction project may be located in the world of the sales representative or the world of the politician. The world of the sales representative revolves around profit maximisation and stability while in the world of politicians, the emphasis is to get things done. Baars suggest that a further study should be conducted to establish which world does construction belongs to.

Kerzner (2009: 2) articulates that, in order to understand project management, one needs to first acquaint him or herself with the definition of a project. He considers a project to be any series of activities and tasks that: have specific objectives to be in line with the anticipated end result; have definite starting and ending periods; have an allocated budget; require the use of human and nonhuman resources and are multi-functional. Kerzner (2009: 6) further states that project management involves five project processes which are, project initiation; project planning; project execution; project monitoring and control; and lastly project closure. Baars (2006: 1-1) agrees with Kerzner on the five processes although he uses some different terminology and has also sub-divided the five processes into six phases.

Baars (2006: 1-1 in his project management handbook, outlines the six important phases which are normally involved in a project. These phases are outlined in chronological order, starting with the initiation phase, followed by definition phase; design phase; development phase; implementation phase and ending with the follow up phase, as are demonstrated in Figure 2.1.

To illustrate the flow of these phases, the author cites a personal project management construction experience as an example. A four classroom block, in a newly developed township. Construction of classrooms is normally a competency of

the provincial Department of Education. However, note that sponsorship is not confined to the department only, the community can also approach the banks, charity organisations, and state owned entities and any investors that the community may deem fit to sponsor the development. The chosen example of a four classroom block helps only to illustrate the flow of six phases.

During the **initiation phase** the community will apply to a sponsor for sponsorship for the erection of the four classroom block. On receiving the proposal, the prospective sponsor of the project will evaluate the proposal, approve or disapprove it. If approved, the prospective sponsor will then provide the necessary finance. Under typical circumstances every project begins with the approval of finances. The project plan is also approved at this phase.

In the **definition phase**, the requirements that are associated with a project result are specified as clearly as possible. For example, in this instance, it will be stated that the block will be constructed of external and internal face bricks, smooth floated concrete floors, steel window and door frames, wooden ceilings, and timber roof trusses covered with metal sheeting. The specification should be clearly detailed clearly to avoid any ambiguity. This would ensure that parties involved have a clear expectation of the project result. Ultimately, the specifications will be presented for the approval of the project's decision-makers. Once the specifications have been approved, the design phase can begin.

In the **design phase**, the specifications that have been developed in the definition phase can be used to draw building plans. These will be the designs which the project supervisor will use to ensure that the project result can be achieved. Once the design has been chosen, it cannot be changed at a later stage of the project. This phase is then followed by the development phase.

During the **development phase**, all the resources needed to implement the project are arranged. This is a crucial phase for the emerging contractors as this is the point where they come into play. Potential building contractors are sourced, timelines or construction period set, materials and tools are ordered, and instructions are given to the personnel and so forth. The study by Söderlund (2004: 189) considers working within the allocated budget, time and conformance to specifications, to be the main contributing factors to the success of a project. Formal contract agreements are entered into with all parties involved in the implementation (construction work) of the

project. The development phase is complete when construction work is ready to commence.

It is during the **implementation phase** when the project becomes visible to outsiders. It may appear to them that the project has just begun, while the project had already begun at the initiation phase. The construction period as stated in the development stage also commences during the implementation phase. The physical construction of the four classroom block commences now. At the end of the construction phase, the result is evaluated in accordance with the second and the third phases, the specifications requirements that were created in the definition phase and the designs or building drawings. Completion of the actual construction phase leads to the last phase of project management called the follow-up phase.

During the **follow-up phase**, all parties which were involved provide various reports. These include written reports on lessons learned, providing instruction manuals for any particular machines that might have been installed and handing over of keys. In some instances, the project team might even hold a party to celebrate the results that the school has been built in accordance with the plans, budget and specifications. It is at this time that the project team is officially dismantled.

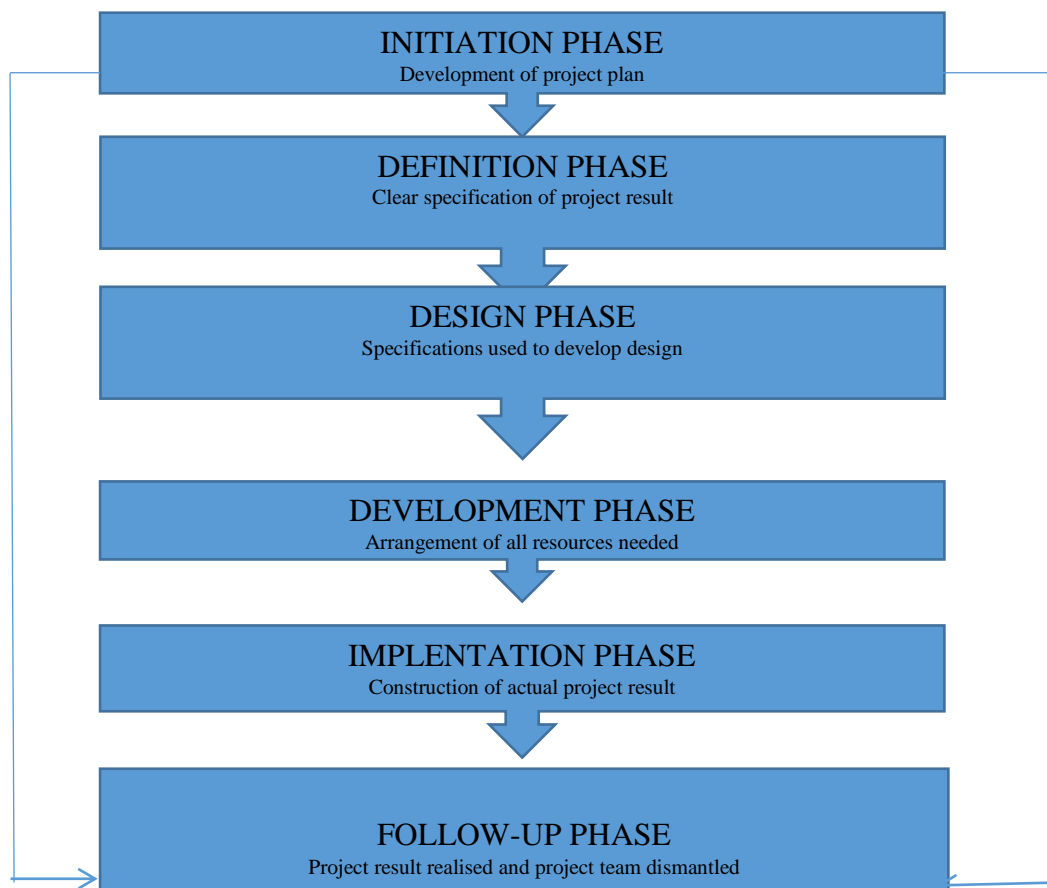


Figure 2.1: **Flowchart to demonstrate** the six phases of project management  
(source: the researcher)

Any new business is established, exists and survives in an environment characterised by internal and external factors which can impact positively or negatively on the business survival (Fatoki and Garwe 2010: 729). Mofokeng (2012: 48) mentions that there is a both a possibility of success and a risk of failure in operating an emerging building construction company. Martin and Root (2010: 64) confirm that often emerging contractors are unable to develop into sustainable entities due to a lack of construction knowledge and experience. In order to overcome some of the challenges faced by emerging contractors, provinces should implement the Small Business Mentorship Programme Policy that is outlined in the Strategic National Growth Plan, especially in the rural areas (Lekhanya 2014: 1009). Emerging contractors need to acquire knowledge that will ensure their survival and enable them to compete in the marketplace (Martin and Root 2010: 67). The two author's further claim that small scale contractors usually employ very few permanent staff and hire teams as and when they have projects. Martin and Root (2010: 67) argue that the owner of an emerging construction company is often the role player in the management of all its operations, including any marketing activities.

## **2.9 MARKETING THEORIES**

There are as many marketing theories as there are products and services. But this research has explored four which are specifically relevant to the construction industry.

### **2.9.1 Strategic Marketing Theory**

The evolution of theory in any academic discipline allows those disciplines to build their own bodies of theory and to have their unique way of looking at particular phenomena (Michael and Michael 2010: 26). The two authors believe that the reason marketing scholars do not agree on a common definition of theory is because marketing takes its theories from other disciplines, such as psychology and economics. Margarita (2009: 114) defines strategic marketing as “a philosophy that



business uses to direct customers on how to identify the value in something they need and want, how to provide for that value, communicating it and delivering it to individuals and various organisations”.

Different scholars have various views on what constitutes strategic marketing theory depending on their philosophical orientations. Michael and Michael (2010: 31) argue that there is no longer one method of evaluating theory, different disciplines will adopt different methodologies. The above supports the argument of Margarita (2009: 114) who claims that even though marketing strategy is necessary for all businesses, there is lack of common approach to the implementation of strategic marketing activities. In a study conducted by Lucio Lamberti (2010: 139), the outcome shows that “a lack of common approach to the implementation of marketing strategy makes it very difficult for the marketing fraternity to come up with a standardised marketing performance, measures and control system”.

Masood *et al.* (2013: 264) believed that for businesses to gain the competitive advantage and unique key competencies in the strategic area they need to formulate a unique marketing strategy. These authors attest that competitors find it very difficult to replicate key competencies. Masood *et al.* (2013: 264) highlight that it is important for organisations to come up with unique marketing strategy in order to position themselves in a way that their strategy would not be simulated. Marketing strategies play a fundamental role in the development of marketing plans for organisations to be objective and competitive. However, it should be noted that marketing strategies fail most of the time when they are not well executed (Masood *et al.* 2013: 265).

### 2.9.2 Marketing Mix Theory

The 4Ps marketing mix theory was developed by Jerome McCarthy in 1960 (Michael and Michael 14:2010). McCarthy held that no marketing deliberations can take place without mentioning the famous marketing concept, the 4Ps of marketing, namely: product, price, promotion and place. Mochtar (2004: 65) reviewed marketing in construction and proposed that the 4Ps be described as follows:

- **Product:** Building construction falls under the service industry. Although the end product in construction is a completed unit such as a house, we can say that the product in construction is the service received by the client.

- **Price:** Contracting in construction is conducted by means of a competitive tendering process. Most prices used are cost based. The procedure in cost-based pricing includes estimating the project cost, contractor's preliminaries and general, and lastly applying a percentage as a mark-up for the contractor's profit.
- **Promotion:** This covers the activities to be conducted by the contractor to make his company known to prospective clients. Business should select the correct media for advertising (Baptiste *et al.* 2011:23). This source highlights an example where somebody who is selling bicycle spares advertises in a gardening magazine. Baptiste *et al.* argue that it is true some gardeners ride bikes, but advertising in a biking magazine would be more relevant to the target market than advertising in a gardening magazine. As explored by Baptiste *et al.* promotional media can be divided into several groupings namely: print advertising, radio, television, internet, telemarketing, direct mail, brochures, pamphlets/flyers, outdoor advertising, exhibitions and trade shows. The growth of the internet and social media has meant that internet marketing has become an important aspect of effective marketing. This is consistent with the statement made by Michaelidou *et al.* (2011), who hinted that these two types of communication offer new marketing avenues for competitors themselves and between emerging contractors and their targeted clients and/or target audience.
- **Place:** Construction facility is in a certain location and not portable. Contractors will take their staff and resources to a specific location to do the work.
- **People:** The building construction industry comprises various builders' trades which require the contractor to hire people with particular skills to execute the work. The building trades include bricklaying and concrete works; waterproofing; carpentry and joinery; metalwork; floor coverings; dry walling and partitioning; ceilings; ironmongery; plumbing and drainage; glazing; painting; electrical works and so forth. The list is extensive. People working physically on the construction works are classified into un-skilled labour, semi-skilled, skilled labour and artisans. Un-skilled labour are those people who do not have any form of training on any of building trade, they serve as assistants to semi-skilled and skilled labourers. Semi-skilled labourer has had some sort of formal or informal training, and they are able to execute the works in a particular trade. Skilled labour refers to people who have had formal training and have not passed any trade test. Artisans are person who has completed an apprenticeship in a specific trade. Artisan have successfully completed

an assessment at an accredited trade test centre and has been found competent and issued with a national certificate. Artisans are tested by institutions that are accredited by the National Artisan Moderation Body (NAMB) which is regulated by the Quality Council for Trade and Occupations (QCTO). QCTO is regulated under the auspices of the Department of Higher Education and Training in terms of the Skills Development Act of 1998, Act 97 of 1998 section 26D(4).

- **Processes:** This section addresses compliance issues that are enforced in the building construction industry. The contractor needs to have the following documents in place in order to comply with the industry requirements. The documents include a valid tax clearance certificate, obtainable from SARS; municipal approved building plans, obtained from the local municipality where the project is to be built; certificates of compliance (COC) for example, an electrical COC which is issued by an electrician who has a valid electrical wireman's licence. In addition, they need a current registration with regulatory bodies such as CIPC, CIDB and NHBRC.
- **Physical Evidence:** Contractors are encouraged to take pictures and create brochures of the work that they have carried out, in order to compile a portfolio of successful projects. Since building structures are static it will not always be possible for the contractor to take their potential clients to view past projects that they already completed. Contractors are further encouraged to establish a good working relationship with their clients so that in future they can use those clients for referrals when potential customers want to know more about the contractor's workmanship and business conduct.

Best (2009: 38) and Kotler (2009: 50) argue that if the marketing effort is executed with precision, small firms can easily outsmart even well established companies in the market place. He further suggests that marketing is the major contributor to a company's revenue growth which ultimately leads to profit maximisation and business expansion. The Department of Trade and Industry Report of 2011 (DTI 2011: 13) noted that the high business failure rate (78%) of emerging contractors is a concern, not only to government but to beneficiaries of such businesses as well. This study is one attempt to analyse how and why emerging contractors fail and highlight areas of weakness, specifically marketing, that can be improved in an attempt to improve the failure rate.

### **2.9.3 Agency Theory**

Panda and Leepsa (2017: 74) indicate that the history of agency problem started years back when human civilisation began to practice business and try to maximise benefits. The Agency theory is concerned with the business activities conducted by the owner and other stakeholders who are interested in that business, for example building material suppliers, banks, family members and employees (Ross 1973: 134). This theory states that the management of daily business activities is conducted by managers, who are appointed by the business owners or shareholders. Panda and Leepsa (2017: 74) emphasise that this theory discusses the problem that arises when the owner of a business appoints someone else to manage the business. These authors' stresses that the problem with most of the appointed managers tend to serve their own interest and not the work they are appointed for.

The principle behind the theory is that any financial transaction must involve two people who are acting in their own interests but with different expectations (Ross 1973: 134). This becomes a deterrent to growth for emerging contractors because the involvement of third parties may lead to the possibility of theft. The second possibility that may occur is tension between the business owner and the appointed manager. The manager who has been employed to look after the interest of the owner might end up being in competition with his employer, the business owner (Ross 1973: 134).

The theory suggests that if a firm is managed by a person or group of persons who are not the real owners, then there is a high probability that they might work against the interest of the owner (Panda and Leepsa 2017: 77). They further argue that the agents might use the property of the firm to enrich themselves, which will create conflict between the owner and the agents. Panda and Leepsa (2017: 77) highlight that the owners, who invest the capital in a business that they are not going to manage, take all the risks, whereas the appointed managers are risk averse and mostly concerned to maximise their private benefits. The authors conclude that the agency problem cannot be ignored since or every organisation may suffer from this problem in some form or other (Panda and Leepsa 2017: 75).

### **2.9.4 Pecking-Order Theory**

Gitman (2009: 510) defines the pecking order as “an orderly sequence of financing that begins with retained earnings, which is followed by debt finance and finally external equity financing”. The Pecking-Order theory is considered mostly in relation to small businesses. This is in line with the study conducted by (Sanchez-Vidal and Martin-Ugedo 2005: 341) which stated that emerging contractors like any other small businesses, prefer to use their savings, then liability, and lastly equity. These authors believe that much of the time external funding results in bankruptcy (Sanchez-Vidal and Martin-Ugedo 2005: 341). Sheikh *et al.* (2012: 87) stresses that in instances where a firm requires external funding, it would prefer debt over equity and further concur that equity is generated as the last resort.

One element of the pecking order theory is that even though debt is considered cheaper than equity within certain situations, profitable firms would always prefer internal funding rather than new debt or equity (Sheikh *et al.* 2012: 87). These authors held that they have found sufficient evidence to support the pecking order theory. The capital structure of the organisation consists of 100% long-term debt (also referred to as debt capital) or 100% equity capital or both long-term debt and equity capital (Gitman 2009: 502). Gitman highlights that equity capital consists of shareholders' equity, preference share capital, ordinary share capital, ordinary shares and retained earnings. The results of the study conducted by Sheikh *et al.* (2012: 87) show that large firms are more likely to have access to long-term debt than smaller firms and as such the latter resort to short-term forms of debt.

## **2.10 MARKETING STRATEGIES**

When a company exercises both options; to compete in a particular direction within the market and a specific marketing method that company is actually defining its marketing strategy (Johnson, Whittington and Scholes, 2011: 17).

### **2.10.1 Characteristics of Strategic Marketing**

The five key characteristics of strategic marketing identified by Venter and Van

Rensburg (2009: 13) are: strategic marketing, driven by vision, strategic objective and corporate strategy; strategic marketing driven by customer needs and heterogeneous markets; strategic marketing which focuses on segments where you can compete successfully; strategic marketing which is everybody's responsibility; and strategic marketing which is a dynamic and evolving activity.

### **2.10.2 Strategic Choices**

Strategy refers to tactics used in achieve a particular future goal. Strategy is concerned with long term planning to ensure the future of the organisation. Strategy involves managing people, resources and relationships and matters to all organisations be they profit or non-profit making, private or public organisations, and everybody working in them (Johnson, Whittington and Scholes 2011: 3). These authors further define strategy as 'the long-term direction of an organisation'. This is a direct quote. Correct! There should have been many more of these in your writing! The strategy is divided into three levels, namely: corporate, business and operational. Corporate-level strategy is concerned with the existence of an organisation. On the other hand business-level strategy is concerned with how the individual business competes in the market while operational strategies are concerned with how the components of an organisation deliver effectively the corporate- and business-level strategies in terms of resources, processes and people (Johnson, Whittington and Scholes 2011: 7).

Five strategic choices are: business strategy; corporate strategy and diversification; international strategy; innovation and entrepreneurship; and acquisitions and alliances. For this study we will focus on business strategy which deals specifically with the three generic strategies identified by the strategist Michael Porter; cost-leadership, differentiation and focus strategies.

#### **2.10.2.1 Cost-leadership Strategy**

The strategy involves becoming an organisation that supplies goods or services at the lowest price than any other organisation in the market. Delivery of this strategy is dependent of four key drivers, namely: input costs, economies of scale, experience

and product or process design. Examples of *Input costs* include labour and raw material. With regard to *economies of scale*, one example could be bulk buying. It provides the buyer with an opportunity to procure a better discount. The more *experience* a person has in an activity, the more efficient he will become. Cost is also influenced by the complexity of the *product or process design*.

#### **2.10.2.2 Differentiation Strategy**

The strategy involves providing a unique product or service in a manner that is valued by customers to the point that, the customers are prepared to pay a higher premium.

The emerging contractors need to answer some of the following questions: what does his or her company do better, what is their area of excellence? What competitive advantage do they have over their competitors? Why should people use their services and what is their unique selling proposition? This is consistent with the statement made by Schnalke and Mason (2014: 173) which highlights that companies always search for the competitive advantage, and that the emerging global landscape defines the firm's opportunities and challenges. Cronje *et al.* (2007: 347) affirms that business should compete in the market in such a way that its product-range is seen as different from that of its competitors.

#### **2.10.2.3 Specialisation**

Cronje *et al.* (2007: 160) define specialisation as "the way in which a task is broken up into smaller units to take advantage of specialised knowledge or skills to improve productivity". Although it is correct to use the term 'product and/or service' it is confusing to classify the building construction business. Odediran *et al.* (2013: 34) explore the concept that the construction business encompasses a number of professions and trades, all which work together to achieve a single purpose, the construction of a project. Odediran *et al.* (2013: 35) observed that new business methods and technologies are constantly being developed, which cause changes and improvements in the construction industry.

#### **2.10.2.4 Segmentation**

The section basically deals with who the specific customers are that require the services of the emerging building contractor. Baptiste *et al.* (2011: 10) commented that the best way to obtain information about your target customers was to hire a market research company. Tshivhase and Worku (2013: 269) believe that the dawn of democracy and the imperative to redistribute the country's wealth have led to the emergence of black economic empowerment (BEE). This is an opportunity to encourage black-owned contractor companies to move into the main stream of the economy. Martin and Root (2010) indicate that prior to 1994, the formal economy was controlled by white South Africans under apartheid and since the abolition of apartheid, transformation has taken place which has allowed emerging companies owned and managed by historically disadvantaged, black individuals are able to participate in the formal economy.

Government has been seen to attract companies owned by historically disadvantaged black individuals to participate in the formal economy by means of various government interventions, not limited to the two, namely, the Broad-Based Black Economic Empowerment (BBBEE) Act 53, of 2003 and the Preferential Procurement Policy Framework (PPPF) Act 5, of 2000. These two interventions encouraged and assisted the establishment of emerging contractors.

#### **2.9.2.5 Concentration**

The other aspect of a company marketing strategy is that of concentration, which refers to the direction of all effort into what the company knows best. This is the most popular long-term strategy and normally entails a business directing all its resources and skills towards the profitable growth of a single market – in short, concentrating all that it has on what it does best in order to realise its mission (Cronje *et al.* 2007: 152). Cronje *et al.* (2007: 152) further explains concentration with an example of a company that offers a range of products or services and is making a loss in some of those services, it should consider discontinuing those services and concentrate instead on the ones that are profitable to the organisation.



Venter and Van Rensburg (2009:13) argue that rather than putting all their resources into a single market, it would be better to divide the market into segments, each containing customers with similar needs and buying criteria. Abd Ghani *et al.* (2010) explain that an emerging construction company, like any other firm that is involved in business activity, has its own daily strategy in order to operate and that strategic planning is a significant component in every company's strategic management.

## 2.11 FRAMEWORK FOR EVALUATING MARKETING STRATEGIES

Glueck (1980: 1) defines strategy as a combination of organisational objectives, policies, and plans, which together express the organisational approach to survival and success. He contemplates that it is not possible to demonstrate conclusively that a particular strategy is optimal or even to state with certainty that it will work. Glueck (1980: 1) indicates that strategy evaluation, in simple terms refers to an assessment of how well a business performs. Johnson, Whittington and Scholes (2011: 363) identify three criteria of success that can be used to evaluate strategic options:

- **Suitability** is concerned with the choice of strategy that will address issues relating to the opportunities and constraints faced by an organisation. This is in line with Kunene (2004: 70) wherein he highlights “that the suitability criterion of evaluating strategy is concerned with whether the strategic option addresses the circumstances in which the organisation is operating or wishing to operate”. Kunene continues that “the criterion further assesses the extent to which a proposed strategy fits the situation as identified in the strategic analysis and how it would contribute to or sustain the competitive position of the organisation”. In the study conducted by Kunene (2004: 70) the assumption is that there are three elements which suitability assessment extends to: exploitation of opportunities in the environment and avoiding threats; capitalising on the strengths and core competencies and avoiding weaknesses; and addressing the cultural and political context of the organisation.
- **Acceptability** focuses on whether the performance output of the chosen strategy will meet the expectations of the business owners. Whittington and Scholes (2011: 363) confirm that if the expected return on an investment is

too low or the risk is too high, management will not regard that strategy as acceptable.

- **Feasibility** deals with the practicality of the chosen strategy. Feasibility focusses on the availability of resources and competences to implement the strategy, and if the two (resources and competences) are not available, whether the organisation is in a position to obtain them? Glueck (1980: 2) confirms that an organisation should avoid strategies that overtax their available resources nor should they select those that create un-solved sub-problems. A strategy is regarded to be feasible if it can be implemented successfully.

Kunene (2004: 75) concludes that an organisation should consider a strategy that enables it to improve its market position, improve profitability and ensure sustainability. A proper evaluation of the strategies will reduce the risk of adopting suspicious strategies and moreover, also help to determine if the strategy is consistent with the mission and objectives of the company.

## **2.12 CONCLUSION**

This chapter has selected relevant literature from South Africa, by different scholars and commentators who have theorised on the various marketing strategies. The literature also showed that even emerging building construction companies need to consider their marketing strategies if they are to be successful.

The Project Management Theory pointed out failure to conform to cost, time and specification contribute to the failure of projects whilst the Marketing Theory emphasised the importance of a marketing concept, which involves the 4P's, namely price, product, place and promotion. The need to develop various marketing strategy theories, specifically for building contractors, in similar manner as has been done within the broader scope of management research, is stressed in this context. It is an area of research that might not only improve the marketing strategies used by emerging and established building contractors, but also improve the effectiveness of

many companies in the overall industry. The following chapter explains the research methodology which was adopted in the study.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 INTRODUCTION**

This chapter explains the research methodology which was adopted by the researcher in the study. There are two main approaches to research, the positivist and anti-positivist or interpretative approach. The positivist approach lends itself to quantitative methods while the anti-positivist better suits qualitative methods (Welman, Kruger and Mitchell 2005: 6). The purpose of this chapter is to present the methods and techniques which were applied throughout this research in order to attain the findings and recommendations. The study followed a quantitative method approach.

The chapter is structured as follows: the first section discusses the research method, followed by the research design, then population, sample size, data collection, and lastly, data analyses. Other topics that were discussed include validity and reliability, the limitations and delimitations, ethical considerations and lastly the conclusion.

### **3.2 QUANTITATIVE RESEARCH METHOD**

A quantitative method is defined by Maree as “systematic and has objective ways of using numerical data from a sample of a population to generalise the findings to the population that is being studied” (Maree 2012: 145). The intention of a quantitative study is to confirm if what has already been documented is true and whether it can be generalised to the study context.

Wiid and Diggins (2009: 86) confirmed that quantitative research relies on measurements, numbers and calculations. Fox and Bayat (2012: 77) stress that a quantitative methodology involves investigation where data can be analysed in terms of numbers that may be summarised.

Fox and Bayat (2012: 78) stated that some characteristics of quantitative research are summarised as follows: data is in the form of numbers; the focus is concise and narrow; data is collected by means of structured instruments such as questionnaires, and analysis of the results is more objective in focus. Fox and Bayat (2012: 78)

provide two advantages of quantitative research. One, the use of numbers allows for greater accuracy in the results; and secondly, mathematical computer software packages can be used for an analysis of the data. The following paragraph outline the approach which was adopted for this study.

### **3.3 RESEARCH DESIGN**

There are a variety of quantitative approaches available to be used for both the design and execution of research projects. The more widely used ones are the experimental method, observation techniques and survey research (Fox and Bayat 2012:78). Wiid and Diggines (2009:54) further explained that the many research designs could be classified into three basic categories, namely: exploratory, descriptive and causal approach to research.

A research design is a framework that guides how the research is to be conducted. As put forward by Welman, Kruger and Mitchell (2005:45), research designs have been invented to enable the researcher to answer research objectives as validly, objectively and accurately as possible. Kerlinger (1986:279) attested that the research design is the plan and structure of the investigation conducted to derive answers to the research questions.

The design ensures that the study addresses the relevant problem in the most cost-effective manner. This study followed a descriptive, cross-sectional design approach. Descriptive research is traditionally concerned with finding out who, what, where, when or how much (Cooper and Schindler 2003:147). Direct quote??? A cross-sectional study is a type of design that involves collecting information just once from any given sample of population. Wiid and Diggines (2009:54). In the case of this study, information was indeed collected just once from the sample population. The following item examined the population.

### **3.4 POPULATION OF THE EMERGING CONTRACTORS IN POLOKWANE MUNICIPALITY**

Burns and Grove (2009: 78) stated that a population encompasses the total collection of all units of analysis about which the researcher wishes to make specific conclusions. Polit and Hungler (1999: 37) defined population as an aggregate or totality of all the objects, subjects or members that conform to a set of specifications. In this study, Polokwane municipality is situated in the central part of the Limpopo province. Limpopo is one of South Africa's nine provinces and in terms of the population, is ranked fifth from the top with a population of 5 982 584. Gauteng is the largest with a population of 15 176 115 and the province with the smallest population is the Northern Cape with 1 263 875. (Statistics South Africa 2019). Limpopo shares its borders with Botswana, Zimbabwe and Mozambique, and its proximity to these African neighbouring countries, including Swaziland, makes Limpopo a perfect gateway to Africa and also an attractive tourist destination. Limpopo has five municipal districts, namely, Capricorn, Mopani, Sekhukhune, Vhembe and Waterberg. Polokwane municipality is found within the Capricorn district (Statistics South Africa 2019).

The municipality under examination for this research shares its name with the capital city of Limpopo, Polokwane. Polokwane is a Northern Sotho word meaning 'place of safety' (Statistics South Africa 2019). Locally, Polokwane municipality shares borders with three other local municipalities within the Capricorn District as well as local municipalities in the Mopani and Waterberg Districts. Polokwane municipality is the major economic centre within the province, with 38 wards composing 143 urban and non-urban areas. Within the province, the settlement types indicate that Polokwane is more urban than rural (Statistics South Africa 2019).

The major national road, the N1, which is the artery between the Western Cape, Free State, Gauteng and Limpopo and runs through to the Zimbabwe border passes through Polokwane municipality. The population of Polokwane municipality is 797 127 which is comprised of 239 116 households. Female headed households account for 44.9% of this total. The current unemployment rate sits at 32.4% with youth unemployment accounting for 42% of this total (Statistics South Africa 2019). In the South African context, Youth refers to persons between the age of 18 and 35 years. In terms of education, the population with no schooling who are aged twenty years and above is 9.2%, while those with matric are at 33.9% and those with a higher

education account, who are over twenty years of age make up 13.6% (Statistics South Africa 2019).

Verifiable data from the CIDB website showed that across all the CIDB grades, the Polokwane municipality hosts 11 424 contractors. Of this total number 11 106 are ranked as emerging contractors. Expressed as a percentage, 97% of the Polokwane's contractors fall into the emerging contractors' category. Polokwane has 5 560 contractors with an active status, 94 who have been suspended, 40 who have de-registered and 5 412 exhibit an expired status. This study population therefore comprise the 11 106 Polokwane-based emerging contractors drawn from the 2019 CIDB database (Construction Industry Development Board 2019).

### **3.5 SAMPLE SIZE**

A sample was defined by Welman, Kruger and Mitchell (2005: 57) as a subset of the population that exhibits all the characteristic features of the population. This means that sample sizes are selected using probability sampling, a non-probability method or both. This research made use of a non-probability sampling method. In the case of non-probability sampling, the probability of any particular member of the population being chosen is unknown (Struwig and Stead (2001: 111). With non-probability sampling the researchers may randomly choose the respondent that he comes across with.

Struwig and Stead (2001: 125) stated that the researcher faced difficulty to determine an ideal sample size. If the population displayed distinct characteristics that were identical, a sample of one would be adequate to measure those attributes (Struwig and Stead 2001: 118). They also claimed that large sample sizes were not a satisfactory replacement for accurate sampling. However, they stressed that the researcher should consider time and costs available for the study. In a study conducted by Diamantopoulos and Schlegemilch (2000: 17), a sample size between 20 and 50 respondents could be regarded as adequate. After a consideration of time required and costs incurred in the appointment and training of field workers needed to assist with data collection, the researcher resolved to collect the data himself. For the purposes of this study, fifty (22 women and 28 men) respondents participated

and answered the questionnaire. The following section outlines how the respondents were selected.

### **3.5.1 Selection of the respondents**

A quantitative method of data collection and analysis was used namely simple, random sampling to supply 75 potential respondents (33 women and 42 men). After the information of these 75 was verified on the CIDB register, only 50 (22 women and 28 men) were found to have active status while the registration of the remaining had expired. The researcher consulted with the both the inspectorate division officials (building inspectors) of the NHBRC and the facilities managers of Limpopo Economic Development Agency (LEDA) Both are responsible for monitoring the work carried out by the outsourced building contractors. In addition, he met with a professional consultancy and the chairperson of South African Women in Construction organisation (SAWIC) in Polokwane, to request the contact details of emerging contractors within the municipality. The purpose of the study was clearly explained to them and they really proved both interested and cooperative. The selection criteria stipulated that the respondent should be located within the Polokwane local municipality, registered with CIDB, and graded between level 1 General Building (1 GB) and level 5 General Building Potentially Emerging (5 GB PE). The difference between categories General Building (GB) and General Building Potentially Emerging (GB PE) is that contractor categorised GB can only do the work with value classified for that category only whereas the contractor categorised GB PE can do the work with value classified for the next level. For example, contractor categorised 2 GB PE is allowed to do the work with the value classified for category 3 GB.

Pre-arrangements were made telephonically with the respondents. This was followed with a face-to-face interaction where the respondents completed the questionnaires. Preference was given to respondents who were readily available and who were both willing to participate and geographically accessible. The snowball effect came into play when some of these contractors gave the researcher contact details other contractors with similar characteristics (these contractors served as informants). Before the appointment was set the contractor confirmed that he or she was located



within the municipality, registered with CIDB and graded appropriately. The respondents were informed of their right to participate or withdraw from the research project (without giving a reason) at any time.

### **3.6 DATA COLLECTION INSTRUMENTS**

The primary data consisted of a questionnaire completed by 50 (22 women and 28 men) emerging contractors, who had been selected randomly from within the sampling area where contractors met the grading and CIDB registration criteria. Maree (2010: 172) defines simple random sampling as that which can be used since every unit has the possibility to be selected or included into the sample.

A pre-test questionnaire was developed and tested on 10 emerging contractors within the municipality. The purpose of this was to test the suitability of the data collection instrument. Refinements and adjustments were made and the final questionnaire was produced. The 10 respondents also participated in the research project. A face-to-face interaction was held with each respondent, during which he/she answered the questionnaire. This method was selected as it had a high response rate. The advantage of this method was that the respondents were interviewed in the comfort of their business offices or homes and questions were able to be answered and clarity provided immediately (Burns and Grove, 2009: 78). Welman, Kruger and Mitchell (2005: 67) commented that interviews were a popular method in contexts where prompt feedback was a strategic necessity.

The secondary data consisted of information from published and unpublished materials from the CIDB website, marketing text books, accredited journals and research reports.

#### **3.6.1 The questionnaire**

A questionnaire is a survey instrument. It is a pre-formulated, written set of questions to which respondents record their answers. With this type of instrument, the researcher should supply the respondents with standardised instructions on how to complete the questionnaire and to further explain what is expected of them.

### **3.6.2 Structure of the questionnaire**

The measuring instrument of this study, the questionnaire, consisted of three major divisions: What are the marketing strategies employed by emerging building contractors? How effective are the marketing strategies employed by the emerging contractors? What remedial steps can be offered to improve the marketing strategies of the emerging contractors? Each has been briefly described in terms of what specific information it sought to collect. The questionnaire was designed by the researcher.

#### **3.6.2.1 Marketing strategies used**

The aim of this section of the questionnaire was to determine the different kinds of strategies available and which were more suitable for use by emerging building contractors. Since the literature review found that marketing strategies are important for survival of all sizes and types of companies, whether well-established or emerging, the questions asked had to relate directly to the relevant marketing strategies that a company employed.

#### **3.6.2.2 Effectiveness of the marketing strategies**

Here the questionnaire aimed to find out how effective these strategies had been. Since the literature review found that the effectiveness of any marketing depended on the marketing knowledge at the disposal of management, the questions asked had to relate directly to relevant marketing knowledge that management had and their ability to apply it to the construction industry.

#### **3.6.2.3 Steps to improve the marketing strategies**

The questionnaire aimed to find out the steps that had been taken to improve on the most suitable marketing strategies for emerging building contractors. Since the literature review found that marketing strategies were important for the survival of all

sized companies, the questions asked had to relate directly to relevant ways to improve on the marketing strategies that a company had.

### **3.7 DATA ANALYSIS**

Wiid and Diggines (2009: 54) indicated that a research design is a plan for the research project that is used to guide the data collection and analysis. Data analysis is the process of bringing order, structure and meaning to the mass of collected data. In this study, quantitative data was analysed with the aid of statistical techniques designed to reduce the set of data and interpret the collected information (Fox and Bayat 2012: 111). In certain circumstances, the analysed data would be summarised using data distribution, graphical representation and the normal distribution curve. The descriptive data analysis methods wherein the trends such as the mode, mean, median and standard deviation were utilised. The results of the data analysis are outlined in chapter four.

### **3.8 VALIDITY AND RELIABILITY**

Validity refers to the extent to which measured variables actually represent the ideas they are designed to measure while reliability relates to the consistency of the measurements, or the degree to which the measuring instrument gives the same results each time it is used under the same condition with the same subjects (De Vos 2008: 339).

#### **3.8.1 Validity**

The validity of an instrument refers to the extent to which the measuring instrument measures exactly what is intended to be measured (Maree 2012: 216). For the purpose of this study, a questionnaire was used to measure the efficiency of the marketing strategies used by emerging building contractors. To attain data validity, different data sources of information were triangulated by benchmarking oral evidence submitted by emerging contractors with the information on the CIDB register of contractors (Construction Industry Development Board 2014). In addition, an experienced statistician was employed to check and determine the quality of the

data, based on the assessment of the transcripts (Creswell 2009: 184). Maree (2012: 216) described four types of validity (face, content, construct, and criterion validity) as follows:

#### **3.8.1.1 Face/internal validity**

The researcher sought to ensure that the study measures or tests what was actually intended (Fox and Bayat 2012: 80). In this study, the questions in the questionnaire were crafted in such a way that the responses would measure the efficiency of the marketing strategies used by the emerging contractors.

#### **3.8.1.2 Content validity**

Content validity refers to the extent to which the instrument covers the complete content of the construct under investigation (Maree 2012: 216). The researcher has ensured that all the research questions have been adequately included in the questionnaire, so that the data collected will provide suitable data.

#### **3.8.1.3 Construct/external validity**

Construct/external validity is concerned with the extent to which the findings of the study can be applied to the entire population. Shenton (2004: 69) stressed that external validity is concerned with demonstrating that the work at hand can be applied to a wider population. In this study the findings could be generalised to other emerging contractors.

#### **3.8.1.4 Criterion validity**

Criterion validity is concerned with the extent to which the questionnaire relates to other instruments that measure the same variable (Heale and Twycross 2015: 66). In this study the researcher checked for any connection between marketing strategies used and the appointment of emerging building contractors to new contracts.

### 3.8.2 Reliability

Welman, Kruger and Mitchell (2005: 50) suggest that in order to determine reliability the researcher needs to ask whether the evidence and conclusions stand up to the closest scrutiny? A measuring instrument can be considered reliable if the result of the same test given twice is similar (Muller 2014: 6). In other words, if this research is repeated by someone else similar results should be obtained. In this study, reliability was provided since a clear and strong research methodology was used which led to reliable findings which could be tested by means of the same research protocol.

### 3.9 ETHICAL ISSUES

Ethics refers to what is legitimate and what is not legitimate to do. The main objective of ethics is to inform the researcher of the moral procedure to follow in conducting a research. Some elements of ethical research are plagiarism, informed consent, right to privacy, anonymity and confidentiality.

- **Plagiarism:** refers to when the researcher steals the ideas or writings of another without acknowledging the source.
- **Informed consent:** the researcher obtained consent from all the respondents. All those who participated had done so willingly.
- **Right to privacy:** every person has the right to privacy. The information from the respondents was used solely for the research purpose only.
- **Anonymity:** all respondents remain anonymous, their identities are protected and every one remains unknown to the readers.
- **and Confidentiality:** the researcher holds the information about the respondents secretly away from the public. This study respected the confidentiality of all the respondents.

The confidentiality clause on the consent form ensured that the researcher was not to publish the names of the respondents.

### **3.10 CONCLUSION**

The objective of this chapter was to outline the methodology used in the research and emphasise the fundamental research which underpinned the methodology implemented in the study. This was to demonstrate why the method was selected to be used. Firstly, the research study was placed in context (Polokwane municipality within Limpopo province and their relation to one another) with an explanation of the geographical situation. Secondly, the method used for data collection was discussed as the main strategy that was implemented. The process of data analysis was deliberated on. Furthermore, other elements which were discussed included issues of validity and reliability, limitations and delimitations, and ethical considerations. The results from the collected data in the survey are presented in chapter 4.

## **CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION**

### **4.1 INTRODUCTION**

The previous chapter discussed all structural and fundamental methodological components relevant to this study. This current chapter examines the approaches used to deal with the data that was captured for this study. All the data was acquired from the research questionnaires that were distributed amongst the Inspectorate division officials (building inspectors) of the NHBRC, facilities managers of Limpopo Economic Development Agency (LEDA) (who monitor the works carried out by the outsourced building contractors) a professional consultancy firm and the chairperson of South African Women in Construction organisation (SAWIC), within the Polokwane Municipality. The contact details of all those emerging building contractors who had received the questionnaires were then handed to the researcher. All the respondents were contacted and all/any questions were clarified. All the respondents who participated in the study had to satisfy the criteria that had been set for the current study.

The current chapter will begin with a discussion of the framework that was used to analyse and interpret the data before the characteristics of the research participants are described. This is then followed by an analysis of the results obtained from the data collected. The overall aim of this study was to evaluate the effectiveness of marketing strategies used by emerging contractors in the Polokwane local municipality under the Capricorn district of Limpopo province. Data was obtained in the four sections, namely demographical information, company marketing strategy, efficiency of the marketing strategy and business improvement strategy. The subsequent sections will focus on correlation and regression analysis which are intended to test the existence of the relationships between each of the factors and the demographical information. Many of the results have been presented by means of tables or diagrams.

### **4.2 STATISTICAL ANALYSIS**

The researcher was assisted by a statistician who is an expert in quantitative

research. First, the statistician provided guidance on the applicable research design as well as the design and construction of the data collection instrument. When the data was ready for analysis, the statistician suggested the most appropriate data analysis methods as well as explained how to use the SPSS software to analyse the data. Furthermore, the statistician also assisted by double-checking to see whether the interpretations compiled by the researcher were accurate. After the questionnaires were returned, they were screened to eliminate those that were incomplete as well as those in which the same question was answered throughout, which indicated that some of the respondents had not read the questions. Then the data was captured on a Microsoft Excel computer package. The Excel document was then imported into the IBM SPSS Statistics Version 25 where it was coded in preparation for data analysis. The data analysis involved several rigorous statistical tests reliability, correlation analysis, regression analysis, and mean score ranking. A comprehensive diagrammatic representation of the research path adopted for data analysis in the current study has also been included in the next section.

### **4.3 FREQUENCY DISTRIBUTIONS**

Frequency distributions such as percentages, graphs, line charts, pie charts, histograms and bar charts were utilised to display the research findings. Frequency distributions have been used to depict absolute and relative magnitudes, differences, proportions and trends (Zikmund *et al.* 2013: 54). These methods use both horizontal and vertical bars to examine different elements of a given variable (Malhotra 2011: 84). The use of frequency distributions facilitated the assessment of age gender distribution, age of respondents, years of employment, type of employment, educational qualifications, and the current position held.



### 4.3.1 Demographic profile

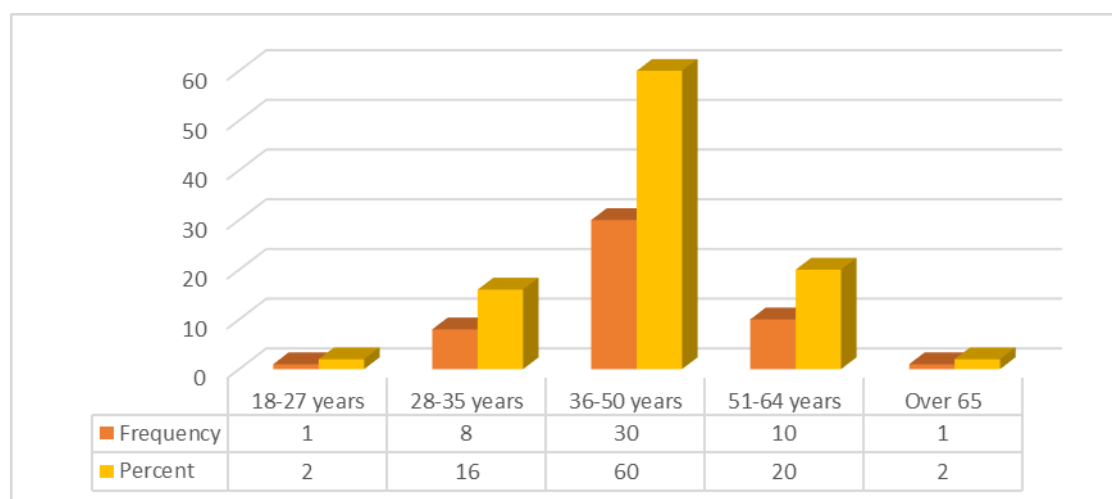
**Table 4.1: Frequencies and percentages of respondents' Gender**

	Frequency	Percent
Male	28	56
Female	22	44
Total	50	100

The frequencies and percentages pertaining to the respondents' gender have been illustrated in table 4.1. An analysis of the gender of the respondents (Table 4.1) indicates that 56% (n=28) of respondents were male and 44% (n=22) were female. The fact that there was only a 12% difference in the ratio of males to females in the sample may suggest that there is gender balance in the Polokwane local municipality.

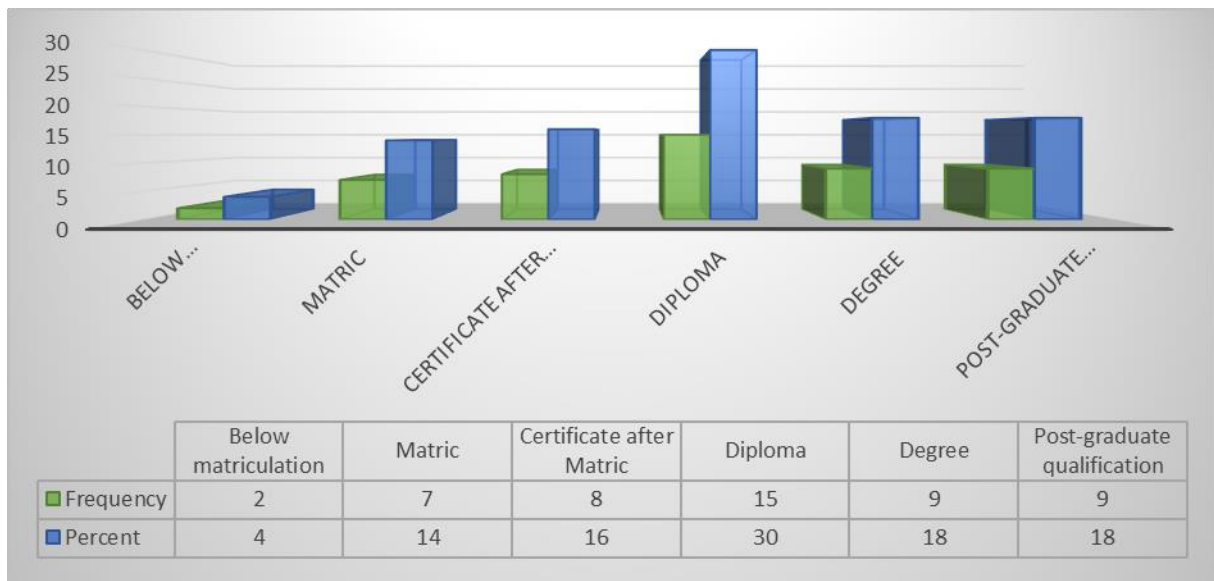
All respondents were African.

**Graph 4.1: Age groups of respondents**



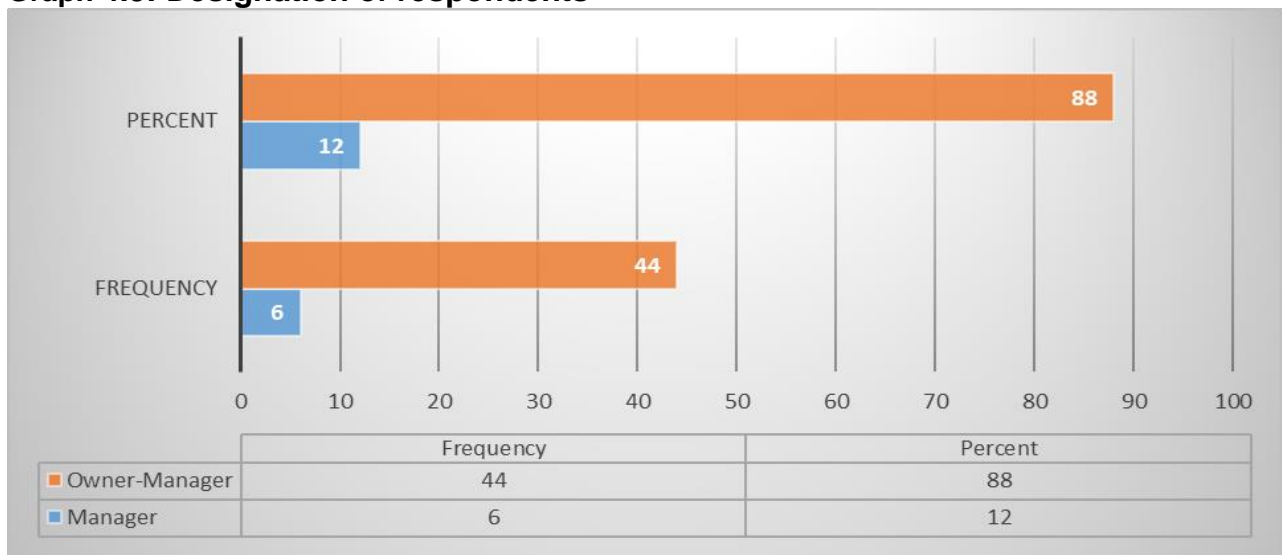
Graph 4.1 revealed that the majority (60%: n=30) of the respondents were aged between 36 and 50 years, 16% (n=8) fell between 28 and 35 years, 20% (n=10) were aged between 51 and 64 years, 2% (n=1) were between 18 and 27 years and 2% (n=1) were over 65 years respectively.

**Graph 4.2: Level of education of respondents**



An analysis of the educational levels among the respondents indicated that only 18% (n=9) of the respondents had tertiary education, a post-graduate qualification and/or degree respectively. The majority, 30% (n=15) indicated that their highest qualification was a diploma, 14% (n=7) indicated their highest qualification was a matric and finally 4% (n=2) indicated that their highest qualification was less than a matric.

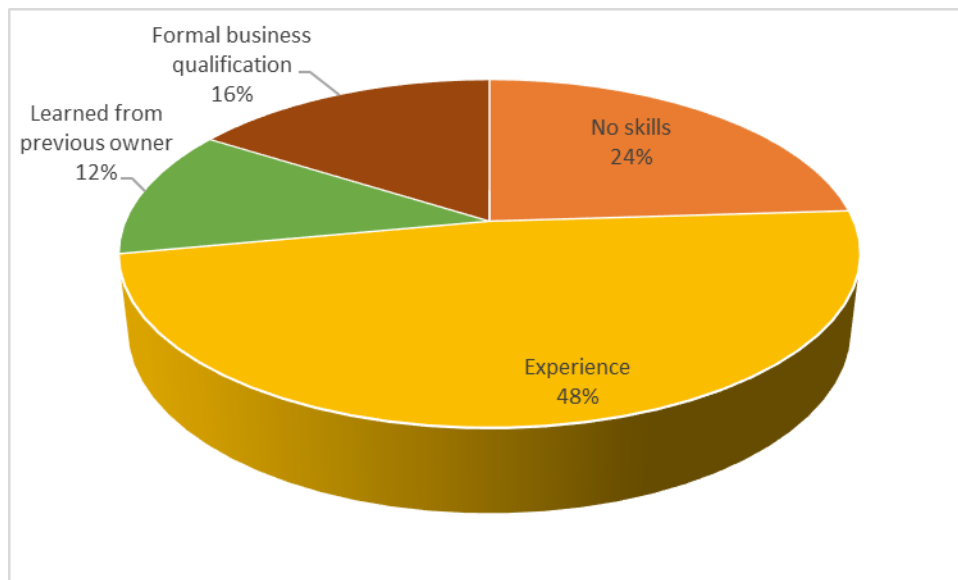
**Graph 4.3: Designation of respondents**



An analysis of the designation of the respondents (Graph 4.3) indicated that 88% (n=44) of the respondents were owner-managers and 12% (n=6) were managers.

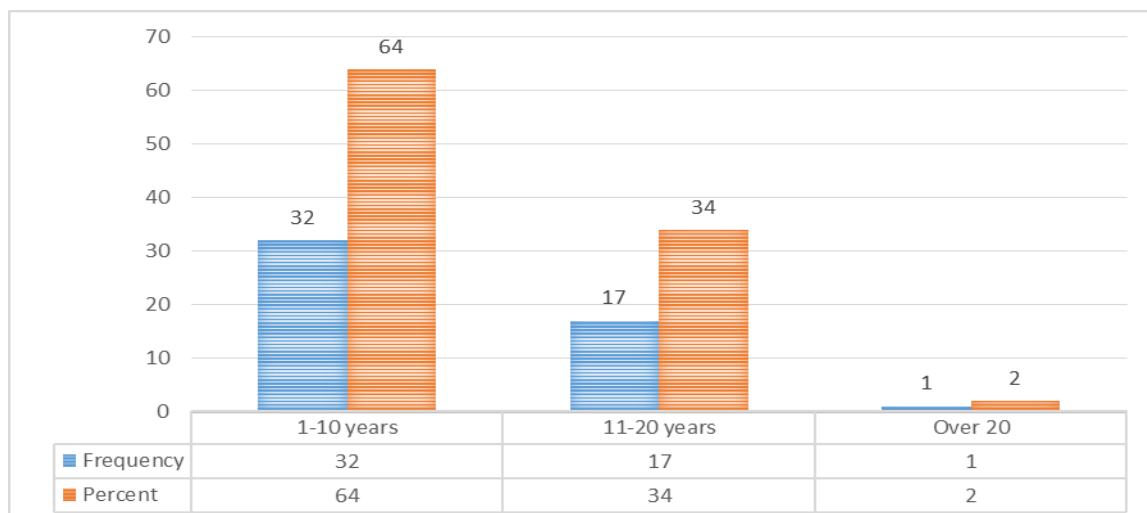
The fact that there was 76% difference in the ratio of owner-managers to managers in the sample may suggest that the majority of emerging building contractors in the Polokwane local municipality are owner-managers rather than appointed managers.

**Graph 4.4: Acquisition of construction skills**



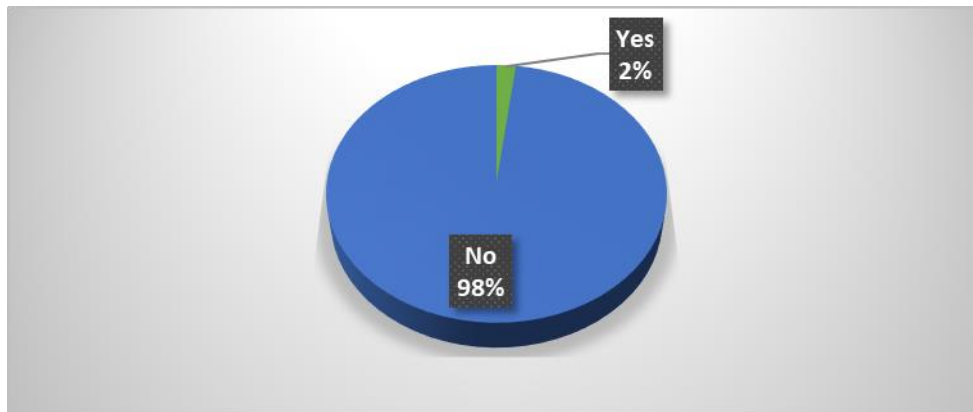
The analysis of the acquisition of construction skills by the emerging building contractors' within the Polokwane Local municipalities is exciting. The majority (48%: n=24) of the respondents had acquired skills by means of experience, 24% (n=12) had no formal skills at all, 16% (n=8) had acquired skills by means of a formal qualification and finally 12% (n=6) had acquired skills by working on earlier projects with other emerging contractors.

**Graph 4.5: Personal business experience of the respondents**



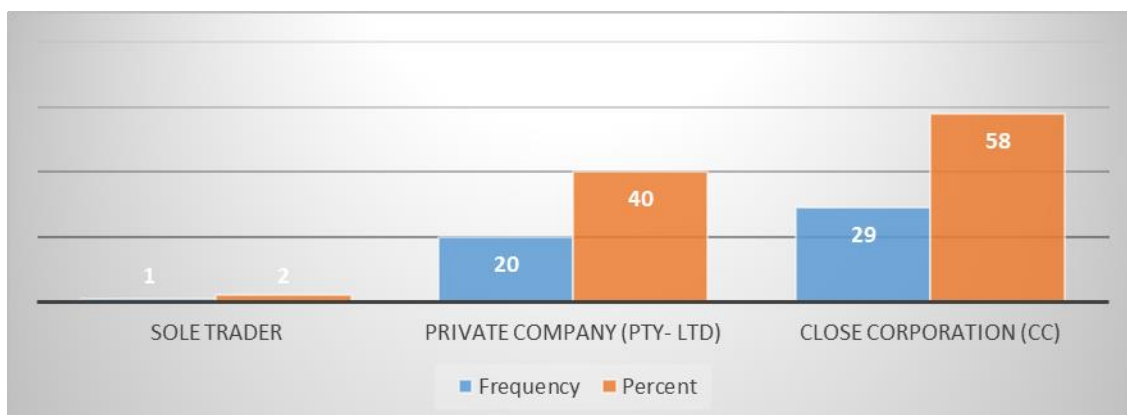
The number of years of personal business experience within the Polokwane local municipality was demonstrated graphically in Graph 4.5. The majority (64%: n=32) of the respondents had acquired personal experience of between 1 and 10 years, 34% (n=17) fell between 11 and 20 years and finally 2% (n=1) had more than 20 years' experience.

**Graph 4.6: Respondents who had experienced business failure**



An analysis of respondents who had experienced any business failure (Graph 4.6) indicated that only 2% (n=1) of the respondents had experienced any business failure. The sample suggests that the majority of emerging building contractors in the Polokwane local municipality had never experienced business failure. All business in the sample of respondents had been self-started.

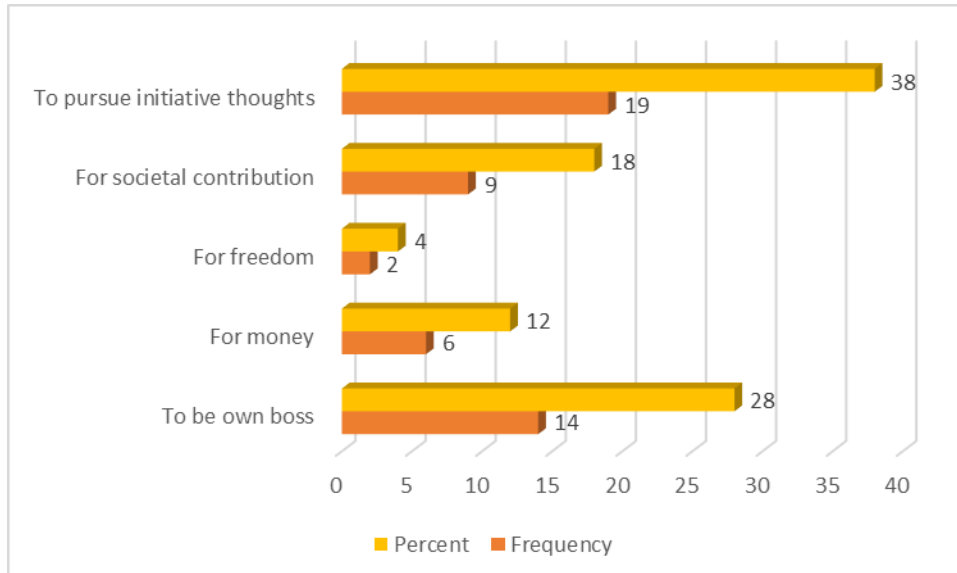
**Graph 4.7: Business Ownership**



The majority (58%: n=29) of the respondents preferred a close corporation as the type of business ownership, while those who preferred a private company were

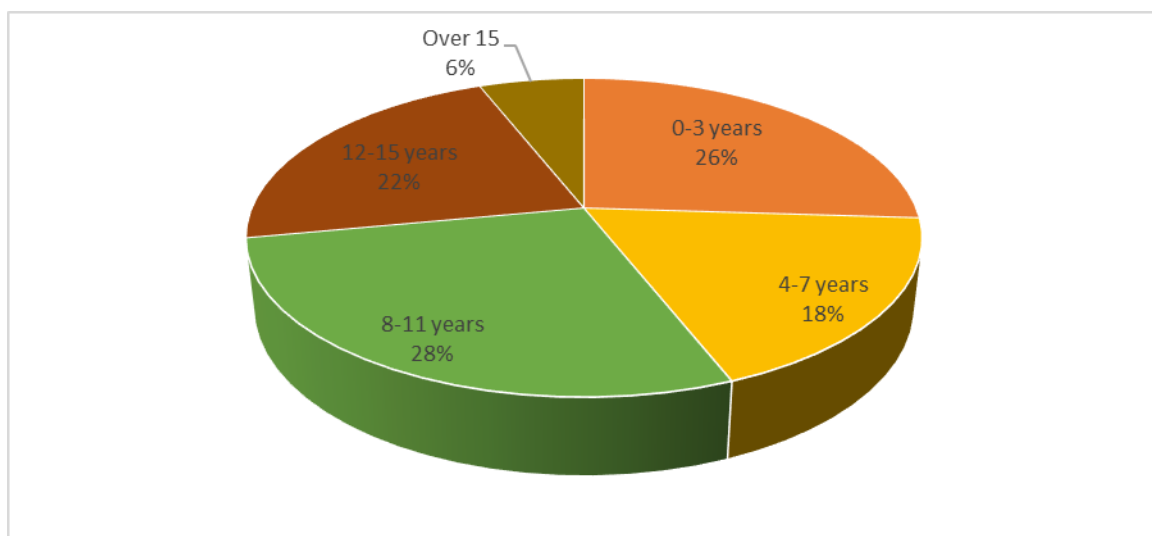
slightly lower at 40% (n=29) and the lowest were the sole traders at 2% (n=1). The graph shows the preferred type of ownership.

**Graph 4.8: Reasons for starting business**



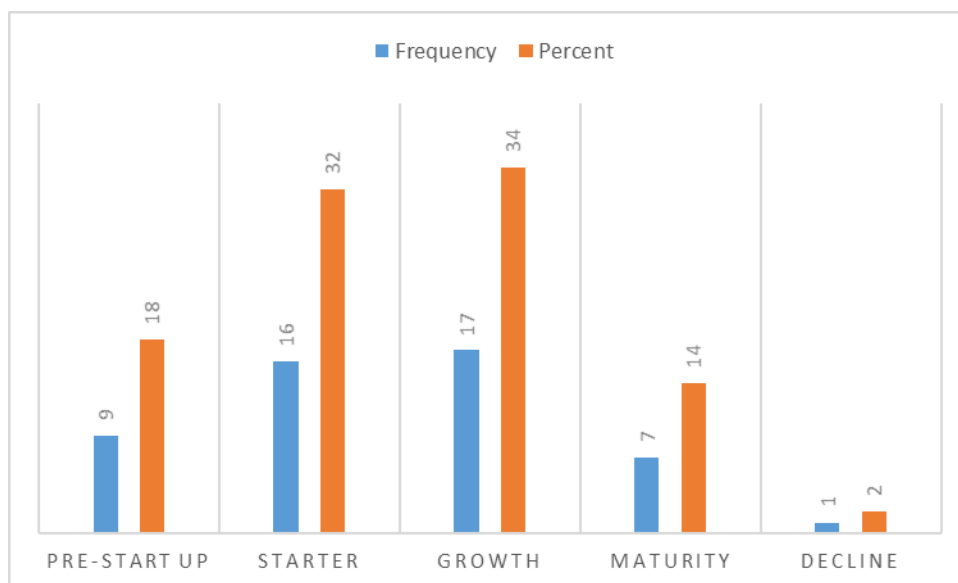
The reasons why emerging building contractors' had started their own businesses were illustrated as follows: The majority (38%: n=19) of the respondents started a business to pursue initiative thoughts, 28% (n=14) to be their own boss, 18% (n=9) for societal contribution, 12% (n=6) for money and lastly 4% (n=2) just to achieve freedom.

**Graph 4.9: Age of business**



For the purposes of data analysis, the frequencies and percentages pertaining to the age of the different businesses were grouped, as have been illustrated in Graph 4.9. The age distribution within the Polokwane local municipality (Graph 4.1) varies. The majority 28% (n=14) of the businesses were aged between 8 and 11 years, followed by slightly newer businesses at 26% (n=13) that fell between 0 and 3 years, and 18% (n=9) were aged between 4 and 9 years, and 6% (n=3) were older than 15 years, lastly 22% (n=11) were aged between 12 and 15 years.

**Graph 4.10: Business lifecycle**



An analysis of the important entrepreneurial lifecycle for business survival among the respondents in Graph 4.10 indicated that 34% (n=17) of the respondents indicated that the growth stage was selected as their most important in the entrepreneurial lifecycle for their survival, 32% (n=16) preferred the starter stage, 18% (n=9) preferred the pre-start-up, 14% (n=7) preferred maturity and 2% (n=1) indicated that the decline was their most important stage.

#### 4.4 ANALYSIS OF MARKETING STRATEGY USED BY BUSINESSES

**Table 4.2: Acquisition of new businesses**

		Frequency	Percent
Government tenders	Government tenders	13	26
	Private tenders	5	10
	Referrals	2	4
	Sub-contracting	2	4
	Government tenders and private tenders	4	8
	Government tenders and sub-contracting	4	8
	Government tenders, private tenders and referrals	1	2
	Government tenders, private tenders and joint ventures	1	2
	Government tenders, private tenders and sub-contracting	8	16
	Government tenders, joint ventures and sub-contracting	2	4
	Government tenders, private tenders, referrals and sub-contracting	1	2
	Government tenders, private tenders, joint ventures and sub-contracting	1	2
	Government tenders, referrals, joint ventures and sub-contracting	3	6
	All	3	6
	<b>Total</b>	<b>50</b>	<b>100</b>

The respondents were given six options to choose from with reference to how they sourced their work. There was no limitation in terms of the number of options that could be chosen. The sixth option was “*others*” where the respondents were to write in other option/s that they had used. Table 4.2 indicated that only 6% (n=3) of the respondents acquired their business by means of all the listed options except the

option others. A majority (26%: n=13) had acquired new business through government tenders; **at the canter**?? Not familiar with this term 16% (n=8) acquired business from government tenders, private tenders and sub-contracting; and at the bottom end 2% (n=1) had acquired business by means of government tenders, private tenders, referrals, joint venture and sub-contracting, respectively.

**Table 4.3: Sources of information about new projects**

	Frequency	Percent
Government Tender Bulletin	13	26
Radio	2	4
Government Tender Bulletin and newspapers	8	16
Government Tender Bulletin and Radio	1	2
Government Tender Bulletin and referrals	2	4
Social network and referrals	1	2
Newspapers and referrals	1	2
Radio and referrals	1	2
Government Tender Bulletin, Social network and newspapers	1	2
Government Tender Bulletin, newspapers and private tenders	4	8
Government Tender Bulletin, newspapers and referrals	2	4
Social network, newspapers and referrals	1	2
Government Tender Bulletin, social media, social network and newspapers	1	2
Government Tender Bulletin, social media, newspapers and referrals	1	2



Government Tender Bulletin, social network, newspapers and referrals	2	4
Government Tender Bulletin, newspapers, private tenders and radio	1	2
Government Tender Bulletin, social media, social network, newspapers and private tenders	1	2
Government Tender Bulletin, social media, social network, newspapers and referrals	1	2
Government Tender Bulletin, social network, newspapers, private tenders and referrals	1	2
Government Tender Bulletin, newspapers, private tenders, radio and referrals	1	2
Government Tender Bulletin, social media, social network, newspapers, private tenders and radio	1	2
Government Tender Bulletin, social media, social network, newspapers, private tenders and referrals	1	2
All	2	4
<b>Total</b>	<b>50</b>	<b>100</b>

The respondents were given eight options to choose from in respect of where they had learnt about new contracting opportunities. There was no limitation in terms of the number of options to be chosen. The eighth option was “*others*” where the respondents was allowed to write in other options that they had used. Table 4.3

indicated that the majority (66%: n=33) of the respondents had acquired business through the use of Government tender bulletin; followed by (16%: n=8) had used newspapers; then (8%: n=4) had used referrals and the remaining (10%: n=5) had used private tenders, radio, social network, social media and other which was represented by (2%: n=1) for each option.

**Table 4.4: Five most challenging factors in marketing of individual businesses**

	Frequency	Percent
12467	1	2
13467	2	4
14578	1	2
14678	2	4
14789	1	2
24678	1	2
45678	1	2
124811	1	2
125710	1	2
126811	1	2
136811	1	2
145610	1	2
145611	2	4
145711	1	2
146711	4	8
146810	1	2
147811	1	2
148911	2	4
157911	1	2
167810	2	4
167811	3	6
456710	1	2
458911	1	2
567811	1	2
1231011	1	2

1241011	1	2
1261011	1	2
1381011	1	2
1461011	3	6
1471011	1	2
1481011	1	2
1671011	3	6
1681011	2	4
1891011	1	2
6891011	1	2
<b>Total</b>	<b>50</b>	<b>100</b>

The respondents were requested to choose five from factors, which they regarded as the most challenging in marketing their businesses. Table 4.4 indicated that the majority 8% regarded the access to finance; 7% tight competition due to lessor projects in lower grades; 6% lack of marketing experience; 6% more contractors will lower CIDB grade; 5% high fees for buying tender documents; 5% high fees charged by Estimators for pricing tender documents; 5% exposure to potential markets; 3% lack of marketing qualification; 2% lack of access to social network; 1% non-registration with NHBRC; and 1% is attributed to lack of access to social media.

**Table 4.5: Five solutions to marketing challenges**

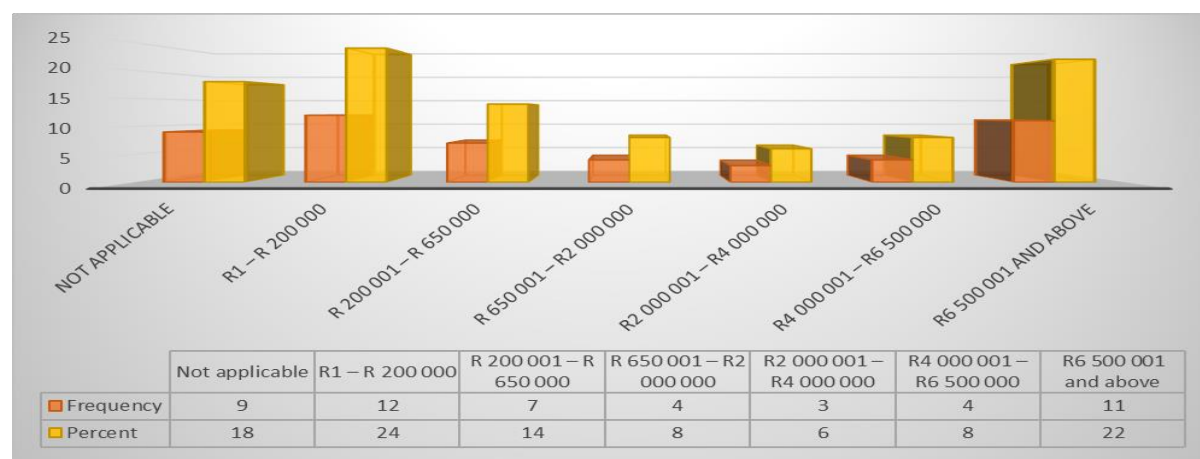
Options in questionnaire	Frequency	Percent
12346	1	2
12356	2	4
12358	3	6
12389	1	2
12456	2	4
12457	1	2
12458	1	2
12469	2	4
12479	5	10
12489	4	8

12567	3	6
12579	1	2
12589	1	2
12679	2	4
12689	2	4
12789	2	4
13489	1	2
13679	1	2
14567	2	4
14569	1	2
14578	1	2
14579	1	2
14678	1	2
14679	1	2
14689	2	4
14789	1	2
15689	1	2
24589	1	2
25679	1	2
36789	2	4
<b>Total</b>	<b>50</b>	<b>100</b>

The respondents were requested to choose five from the nine possible solutions to, the marketing challenges faced by the emerging building contractors. Table 4.5 indicated that the majority of 18% of respondents had regarded financial assistance by government to be the best possible solution to marketing challenges; 14% had regarded training in marketing; 13% had regarded affordable fees for renewal of CIDB, NHBRC, CIPC, BBBEE and SARS certificates; 11% had regarded government lowering tender document prices; 10% had regarded awarding bid to those with market related price rather than the lowest bidder to be the possible solution; 10% regarded shorter payment turnaround time; 10% regarded access to private market; 9% had regarded provision of estimators by provincial agencies to be

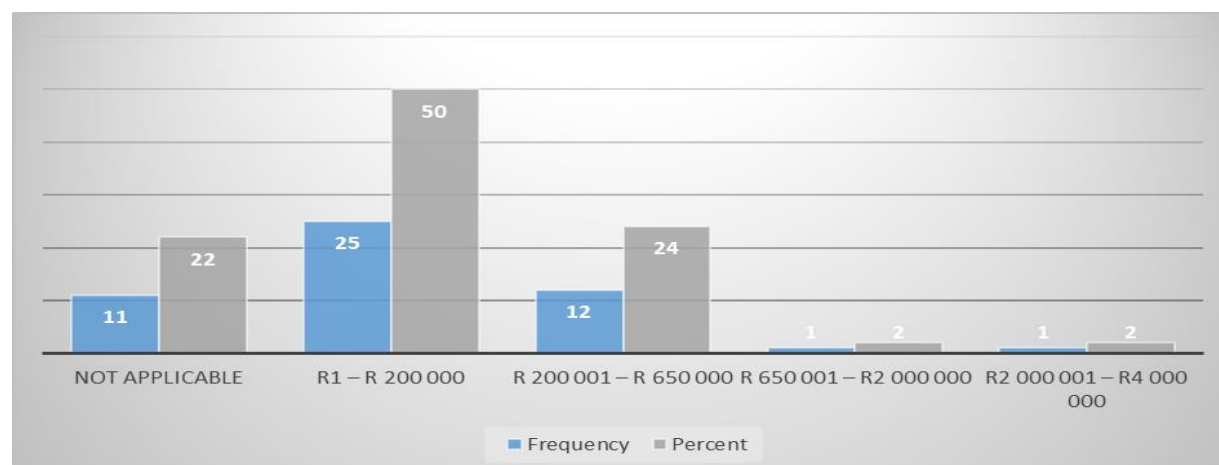
the solution; and 4% regarded hiring of marketing personnel to be the possible solution to marketing challenges.

**Graph 4.11: Highest contract value attained since the start of business**



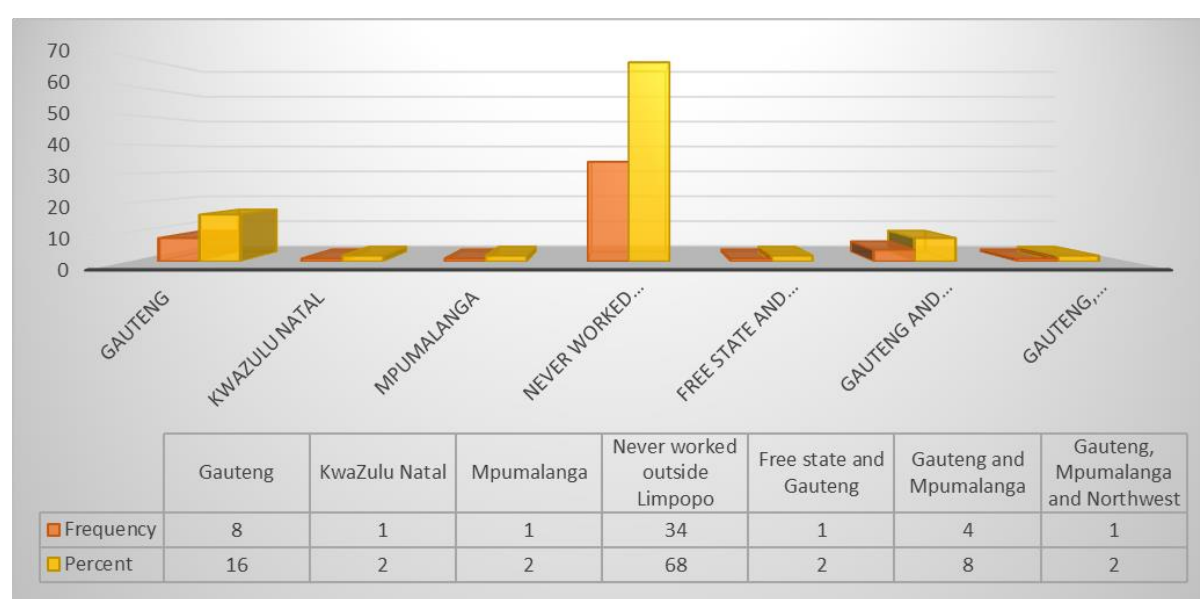
The highest contract values attained by the respondents since they had started their businesses was illustrated in Graph 4.11. The majority (24%: n=12) of the respondents had attained their highest contract with values ranging from R1 to R200 000, followed by 22% (n=11) who had attained contract with values between R6, 5 million and above, 18% (n=9) had never been awarded a contract, 14% (n=7) who had attained contract with values ranging from R200 001 to R650 000, 8% (n=4) who had attained contract with values ranging from R4 000 001 to R6 500 000, and another 8% (n=4) who had attained contract with values ranging from R650 000 to R2 000 000 and finally 6% (n=3) who had attained the highest contract values ranging from R 2 to R4 million.

**Graph 4.12: Lowest contract value attained since the start of business**



The lowest contract values attained by the respondents since they had started their businesses were illustrated in (Graph 4.12). The majority (50%: n=25) of the respondents had attained their lowest contract with values ranging from R1 to R200 000, followed by 24% (n=12) who had attained contract values between R200 001 and R650 000, 22% (n=11) who had never attained a contract, and the last two categories between R650 001 and R2 000 000 who had attained 2% (n=1), finally contractors who had attained contract with values between R2 000 001 and R4 000 000 accounting for 2% (n=1).

**Graph 4.13: Contracting work(s) outside Limpopo Province**



The frequencies and percentages of contracting works completed outside Limpopo province have been illustrated in Graph 4.13. The majority of 68% (n=34) of the respondents had never undertaken construction works outside Limpopo, 16% (n=8) had completed works in Gauteng, 8% (n=4) had undertaken work in Gauteng and Mpumalanga and the remaining 8% (n=4) were accounted for by the 2% for work completed in the Free State, North West, Kwa-Zulu Natal and Mpumalanga, respectively.

**Table 4.6: Customers outside Limpopo Province**

	Frequency	Percent
Government Departments	4	8
Municipalities	2	4
Private Companies	2	4
Not applicable	33	66
Government Departments and municipalities	3	6
Municipalities and National State Owned Entities	2	4
Private Companies and other organization	1	2
Government Departments, municipalities and Individuals	1	2
Government Departments, Individuals and municipalities	1	2
Not indicated	1	2
<b>Total</b>	<b>50</b>	<b>100</b>

The majority of the respondents 66% (n=33) did not have customers outside Limpopo, 22% (n=11) had government departments and municipalities as their customers outside Limpopo, 6% (n=3) had private companies as their customers outside Limpopo, 4% (n=2) had national state owned entities as their customers outside Limpopo and finally 2% (n=1) did not state the institution where the company got the contract outside Limpopo.

**Table 4.7: Government role in improving visibility of emerging contractors**

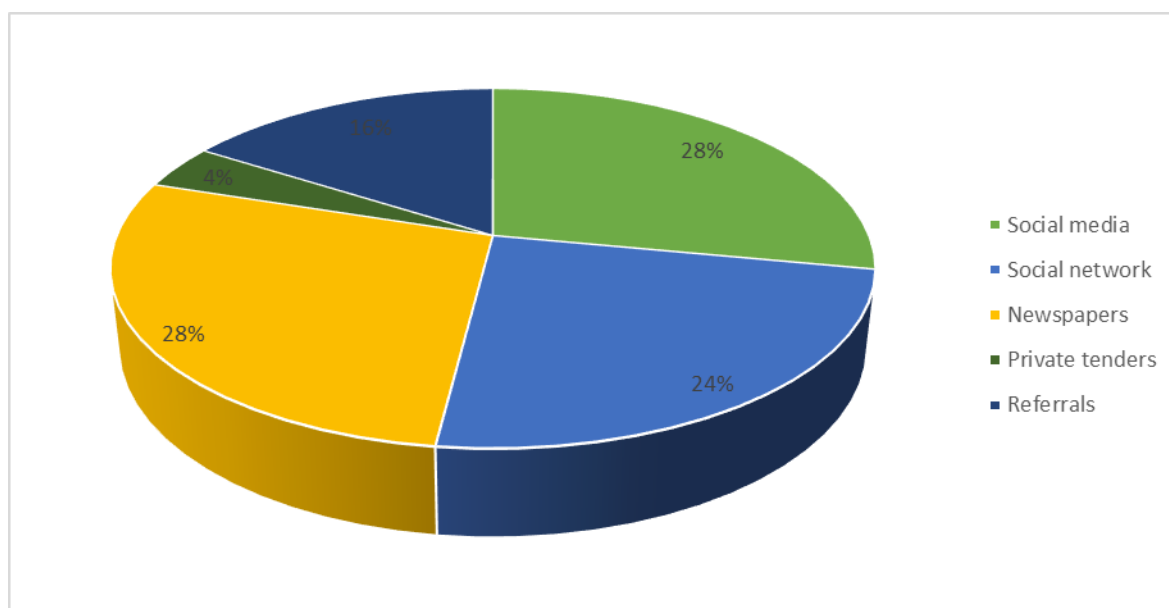
	Frequency	Percent
1	5	10
2	6	12
3	4	8
5	3	6
12	4	8
23	1	2

24	2	4
25	2	4
34	1	2
35	2	4
45	2	4
124	1	2
125	1	2
135	2	4
234	1	2
1234	1	2
1245	2	4
2345	1	2
12345	9	18
<b>Total</b>	<b>50</b>	<b>100</b>

As far as government's role in improving the visibility of emerging contractors, the respondents were given 5 unlimited options to select. Table 4.7 indicated that the majority 24% (n=12) of the respondents wanted the government to eliminate fraud and corruption in awarding tenders, 20% (n=10) wanted government to workshops and training in management and marketing skills, the second 20% (n=10) wanted government to provide financial assistance to those who are awarded contracts, the last 20% (n=10) wanted government to break down projects to create more contracts in the lower CIDB grades and finally 16% (n=8) wanted government to foster major companies to enter into joint venture with emerging contractors.



**Graph 4.14: Percentages of most effective marketing tool for your business**



The majority 28% (n=14) of the respondents preferred social media, another 28% (n=14) of the respondents preferred newspapers, followed by 24% (n=12) who made use of the social network, 16% (n=8) cited referrals and lastly 4% (n=2) who preferred private tenders

**Table 4.8: Respondents' target market**

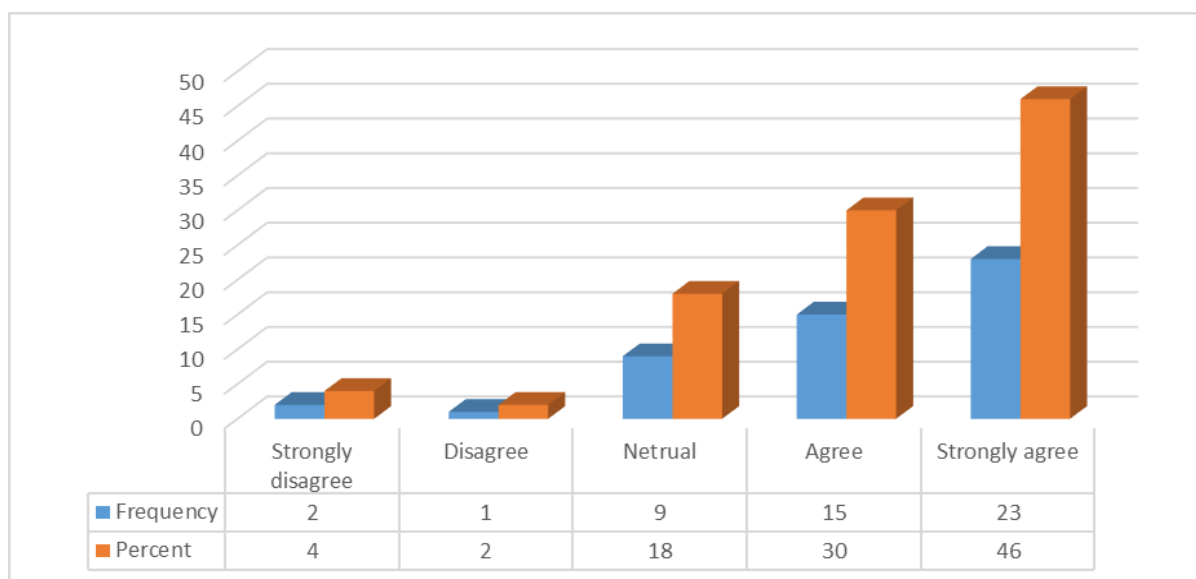
	Frequency	Percent
1	13	26
2	1	2
3	5	10
4	1	2
5	2	4
12	1	2
13	4	8
15	3	6
16	1	2
134	1	2
135	3	6
136	1	2

156	1	2
245	1	2
1235	1	2
1236	1	2
1345	1	2
1346	2	4
12345	2	4
12356	1	2
13456	2	4
123456	2	4
<b>Total</b>	<b>50</b>	<b>100</b>

The respondents were asked who their target markets were. They were given 6 options to choose from. There was no limitation in terms of the number of options that could be chosen. Table 4.8 indicated that the majority 34% had government departments as their target market, 22% indicated that municipalities were their target markets, 16% said private companies, 9% said state owned entities and lastly 8% indicated that the home owners were their target market.

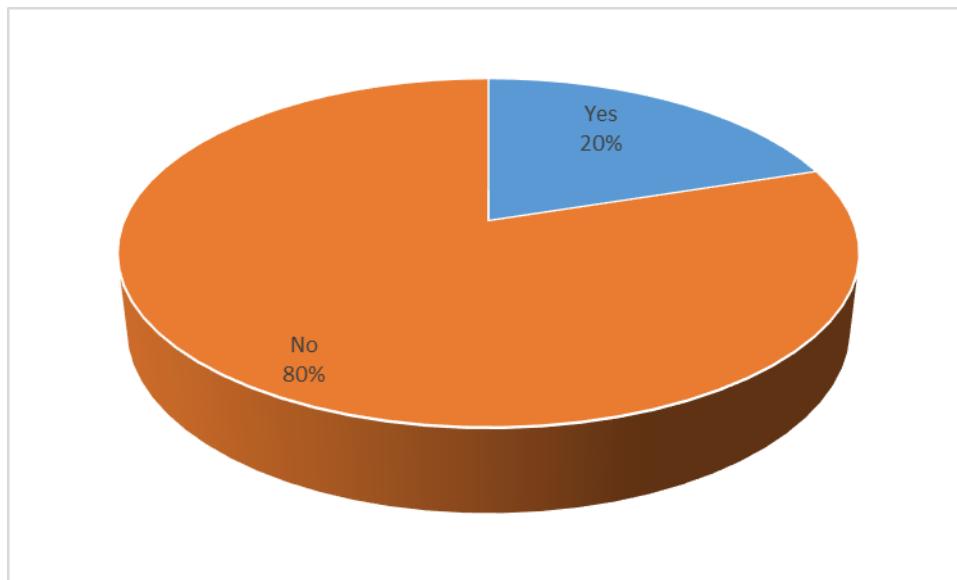
#### 4.5 ANALYSIS OF THE EFFICIENCY OF MARKETING STRATEGY

**Graph 4.15: Emerging building contractors need to have a marketing plan**



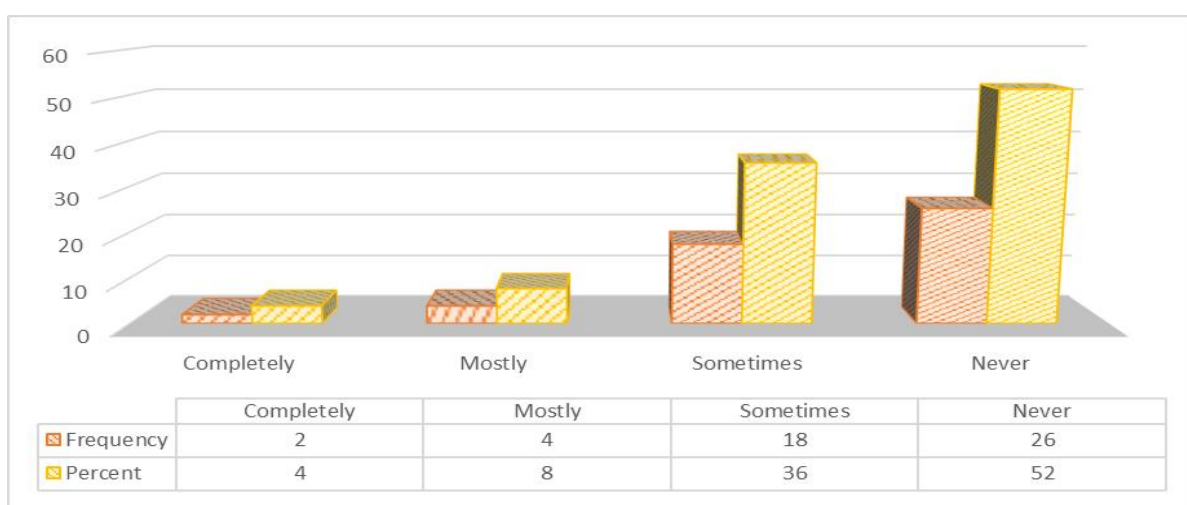
For the purposes of data analysis, the frequencies and percentages pertaining to the need for contractors to have marketing plan have been illustrated in Graph 4.15. The majority of 76% (n=38) of the respondents agreed that contractors needed to have marketing plan, 6% (n=3) disagreed and 18% (n=9) were not sure.

**Graph 4.16: Respondents with documented marketing plan**



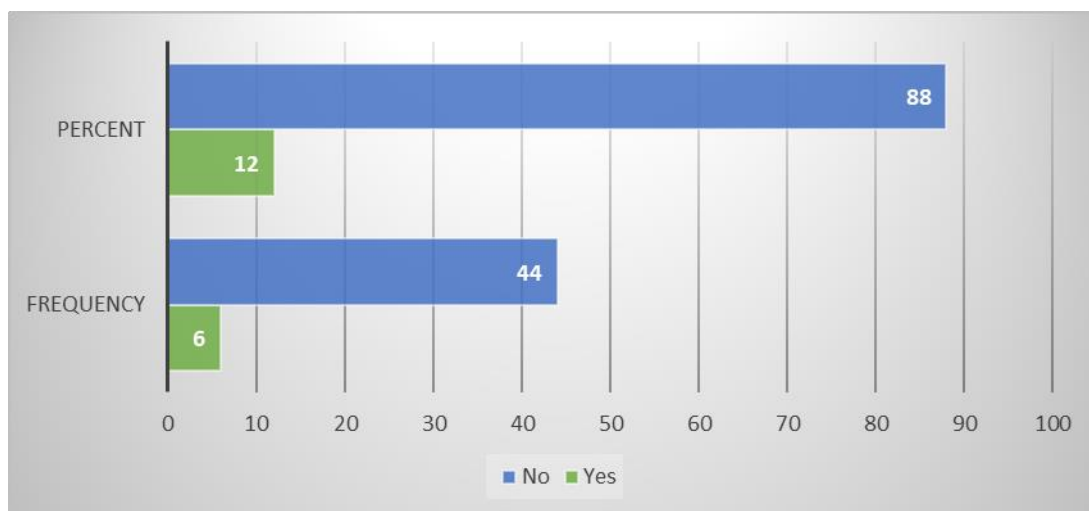
Frequencies and percentages pertaining to those respondents who had a documented marketing plan have been illustrated in Graph 4.16. The majority of 80% (n=40) of the respondents did not have documented marketing plan, while the remaining 20% did have documented marketing plan.

**Graph 4.17: Managing marketing effort based on a documented marketing plan**



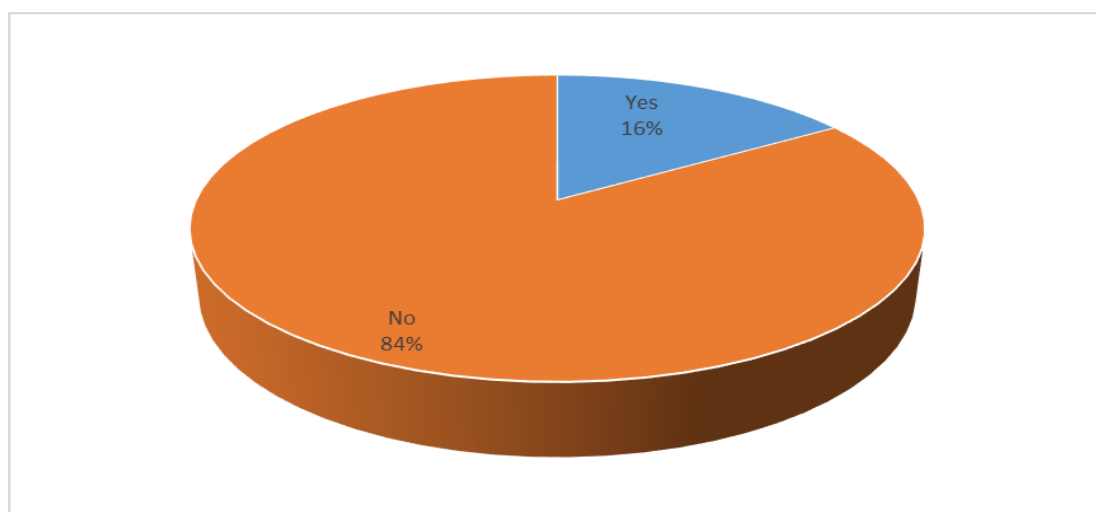
For the purposes of data analysis, the frequencies and percentages pertaining to the management of marketing efforts based on a marketing plan have been illustrated in Graph 4.17. A majority of 52% (n=26) of the respondents had never managed their marketing efforts based on a marketing plan, while 36% (n=18) said they had done so sometimes, 8% (n=4) mostly did and a minority of 4% (n=2) said that they had completely managed their marketing effects based on their plan.

**Graph 4.18: Respondents with functional standalone marketing unit**



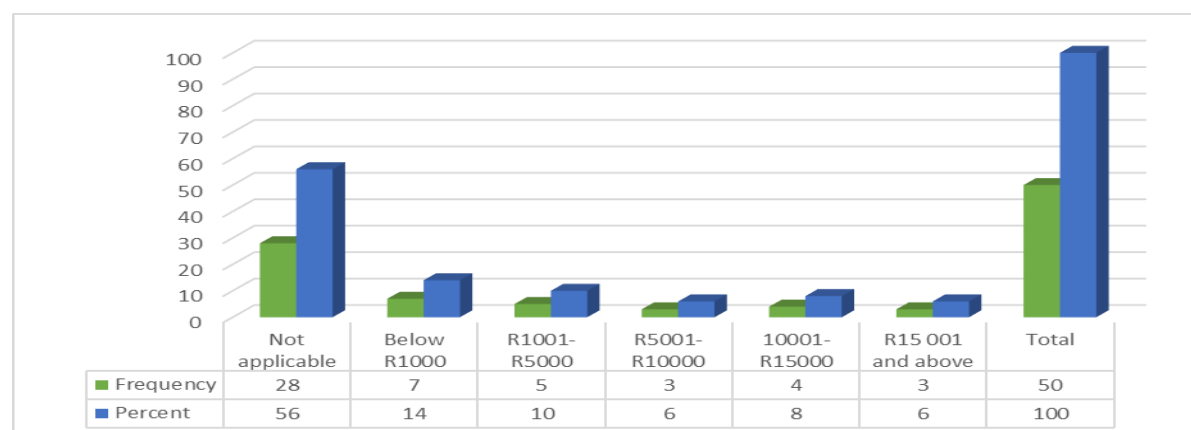
An analysis of the respondents with marketing units (Graph 4.18) indicated that 12% (n=6) had and 88% (n=44) did not have standalone marketing units.

**Graph 4.19: Respondents with a stand-alone marketing budget**



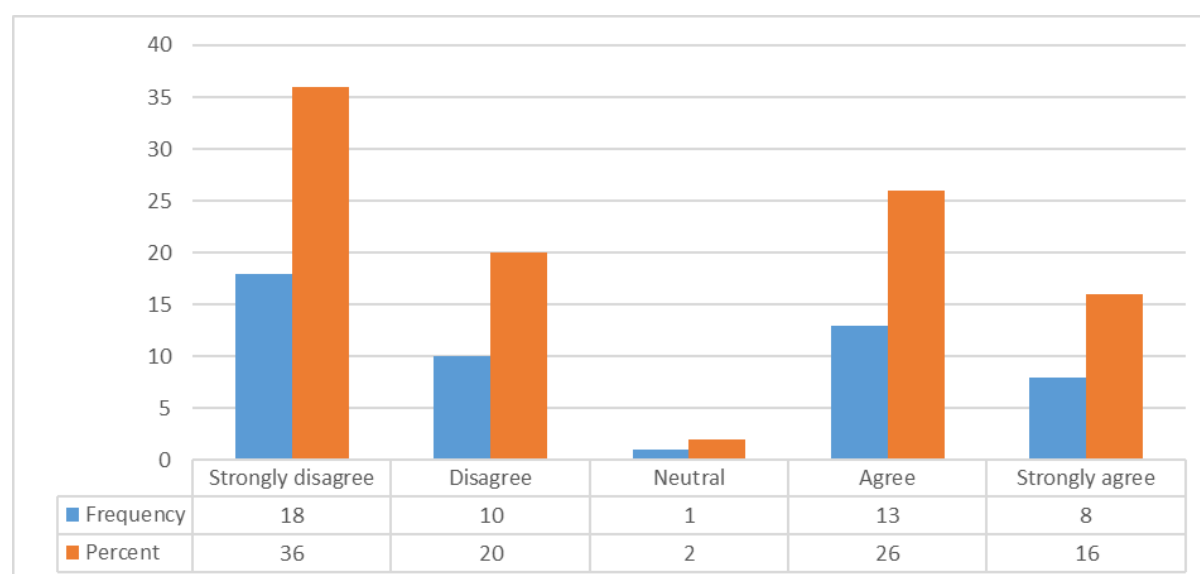
An analysis of the respondents with a marketing budget (Graph 4.19) indicated that 16% (n=8) had and 84% (n=42) did not have standalone marketing budget.

**Graph 4.20: Average monthly marketing budget**



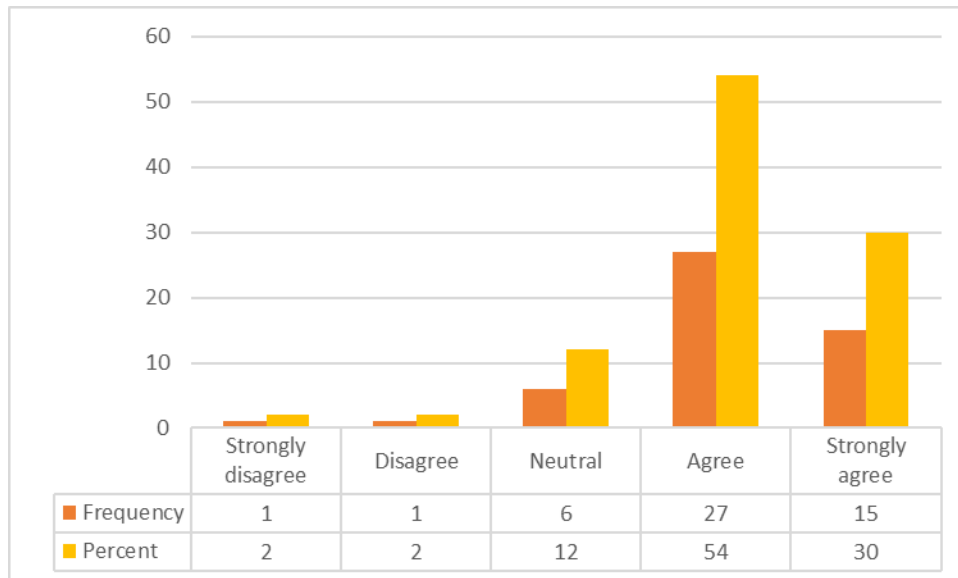
An analysis of the average monthly marketing budget of the respondents in Graph 4.20 indicated that the majority of 56% (n=28) did not have a marketing budget, 14% (n=7) had an average monthly budget of less than R1000, 10% (n=5) had a budget of between R1 001 and R5 000, while 8% (n=4) had a budget between R10 001 and R15 000, and finally 6% (n=3) a budget between (R5 001 and R10 000; R15 001 and more), respectively.

**Graph 4.21: Respondents who are not interested in knowing their competitors**



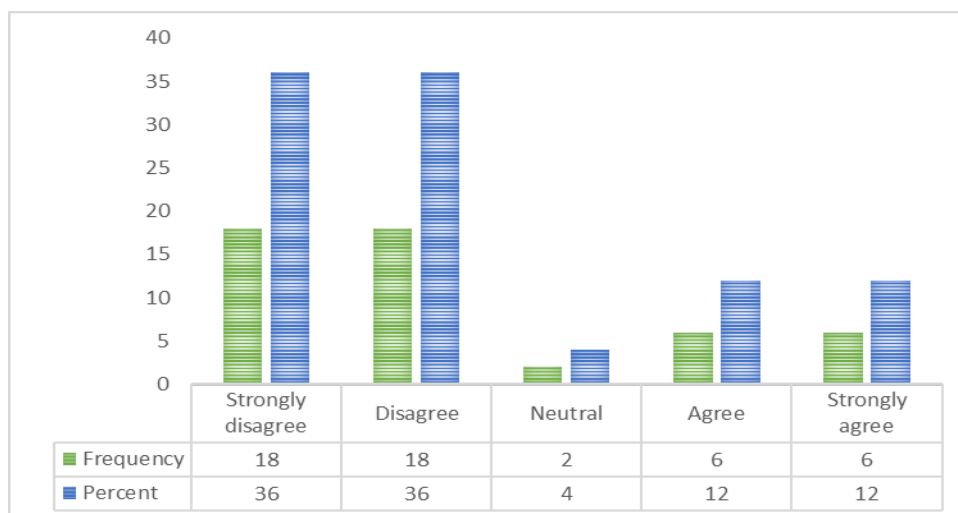
The majority of 56% (n=28) of the respondents disagreed that they are not interested in knowing their competitors, while 42% (n=21) agreed and 2% (n=1) were not sure.

**Graph 4.22: Need to focus resources in segments where respondent can compete successfully**



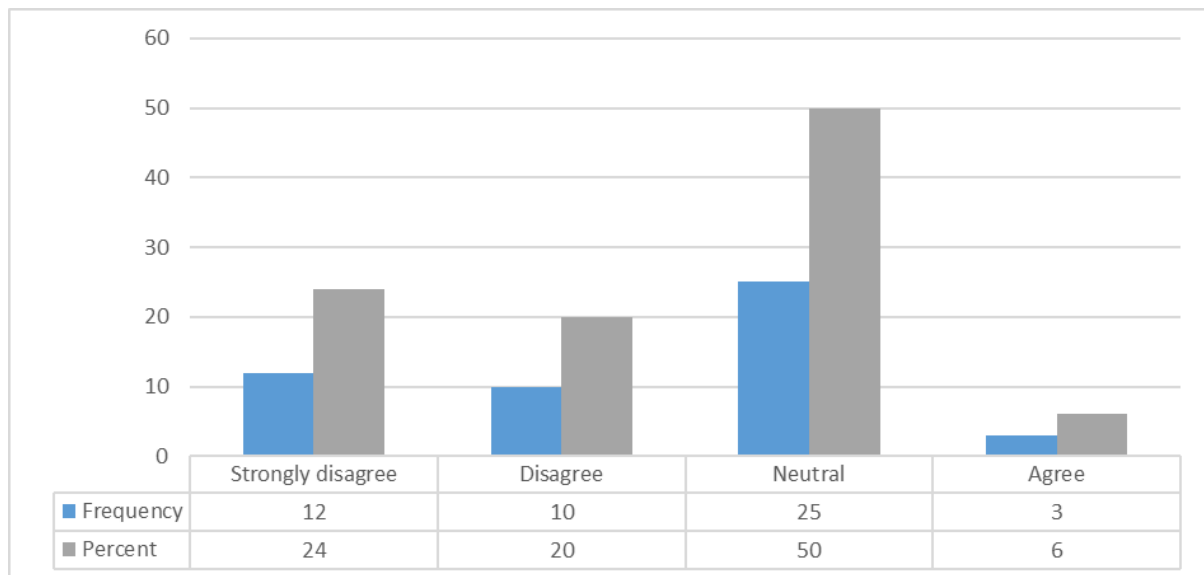
The majority of 84% (n=42) of the respondents agreed that it was necessary to focus their resources in areas where they could successfully compete, while 4% (n=2) disagreed and 12% (n=6) were not sure.

**Graph 4.23: Marketing strategy is only important in well-established business**



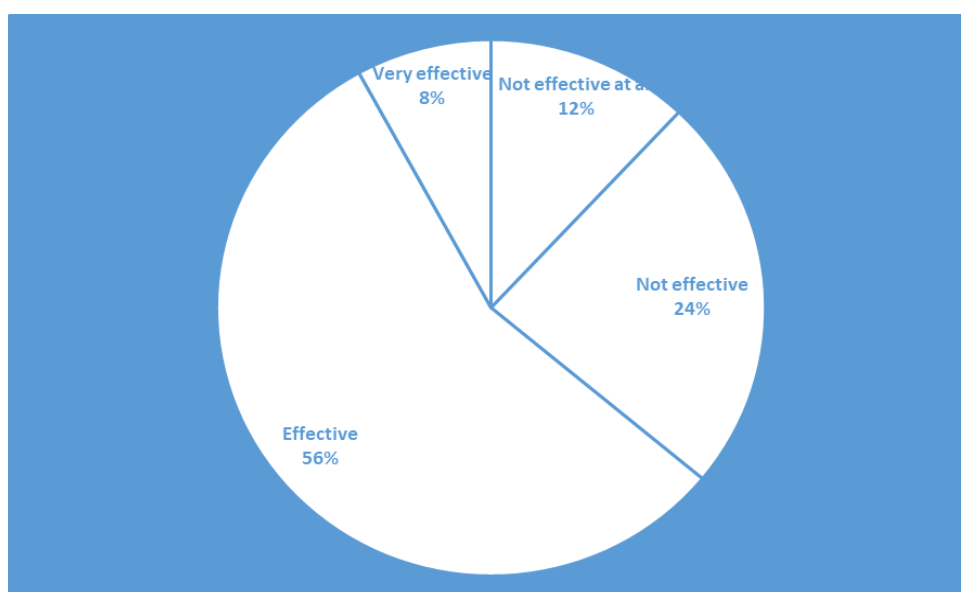
The majority of 72% (n=36) of the respondents disagreed that it was not only established businesses that required a marketing strategy, while 24% (n=12) agreed and 4% (n=2) were not sure.

**Graph 4.24: Efficiency in helping to attain organisational objective**



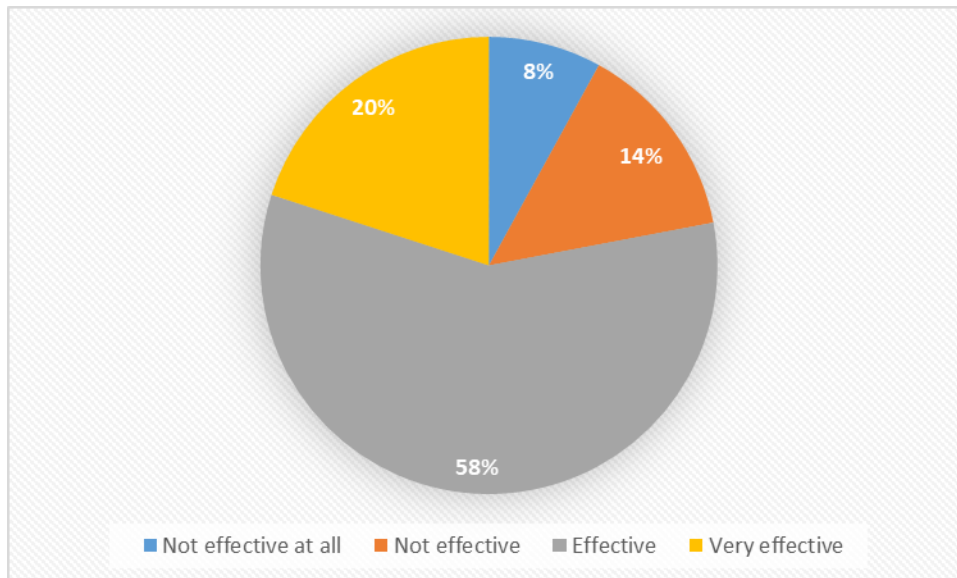
The majority 64% (n=32) of the respondents were of the opinion that their strategies to attain organisational objective were effective, while 36 % (n=18) were of the opinion that their strategies were ineffective.

**Graph 4.25: Efficiency in identifying product target market**



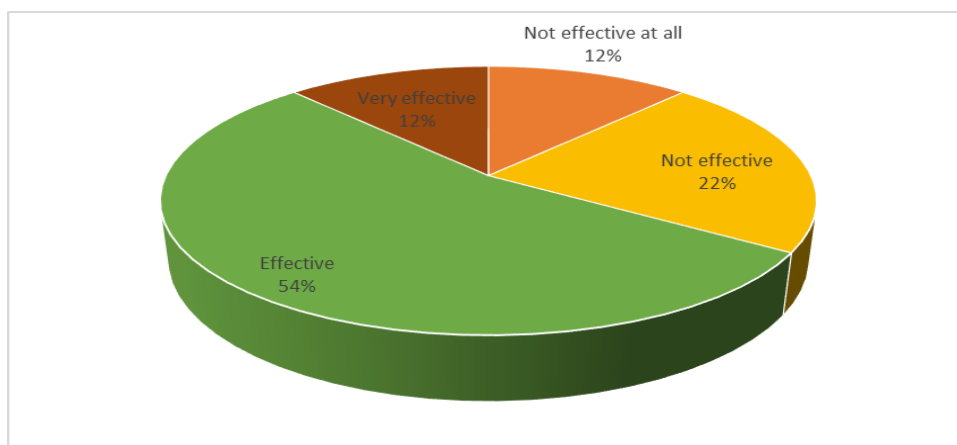
The majority of 64% (n=32) of the respondents said that their strategies had been effective and 36 % (n=18) were of the opinion that their strategies were ineffective.

**Graph 4.26: Efficiency in knowing business competitors**



The majority of 78% (n=39) of the respondents said that their strategies to know their business competitors had been effective, while 22 % (n=11) felt that their strategies had been ineffective.

**Graph 4.27: Efficiency in identifying the niche market for the organisation**

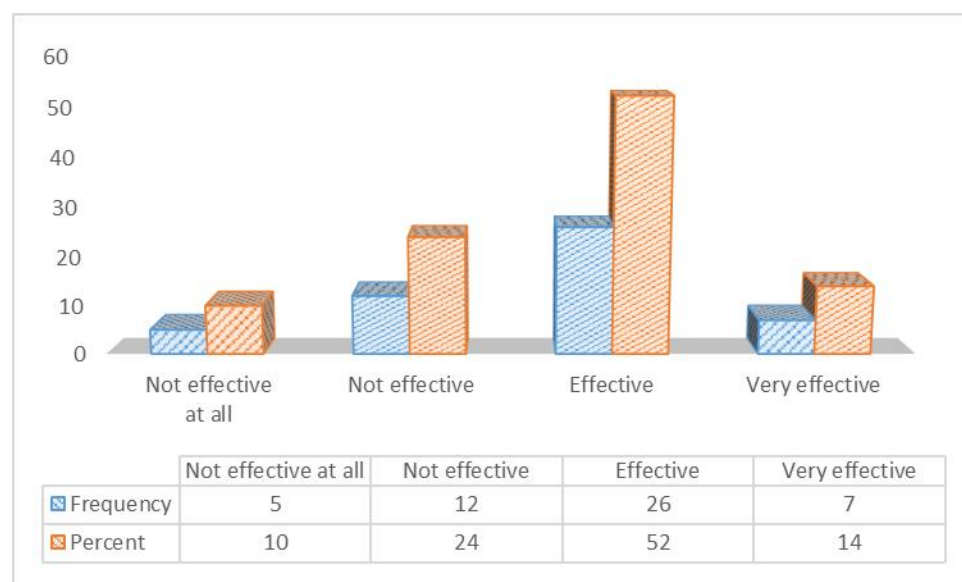


The majority of 54% (n=27) of the respondents said that their strategies to identify their niche markets were effective, 22% (n=11) said that their strategies to identify



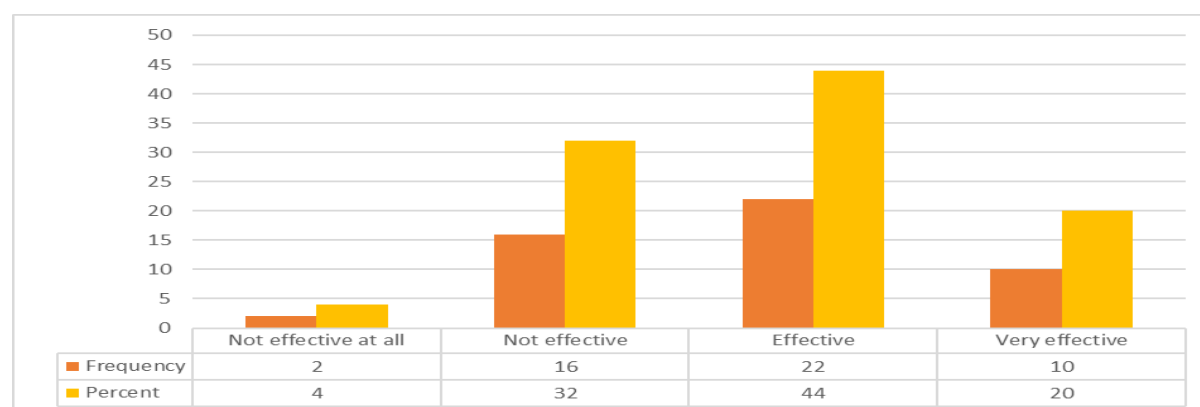
their niche markets were not effective while 12% (n=6) their strategies to identify their niche markets were very effective.

**Graph 4.28: Efficiency in developing awareness of the organisation's product offerings**



The majority of 52% (n=26) of the respondents said that their efficiency in developing awareness of the organisation's product offerings were effective, 24% (n=12) said they were not effective, 14% (n=7) said that their efficiency in developing awareness of the organisation's product offerings were very effective while 10% (n=5) were of the opinion that their efficiency in developing awareness of the organisation's product offerings were not effective at all.

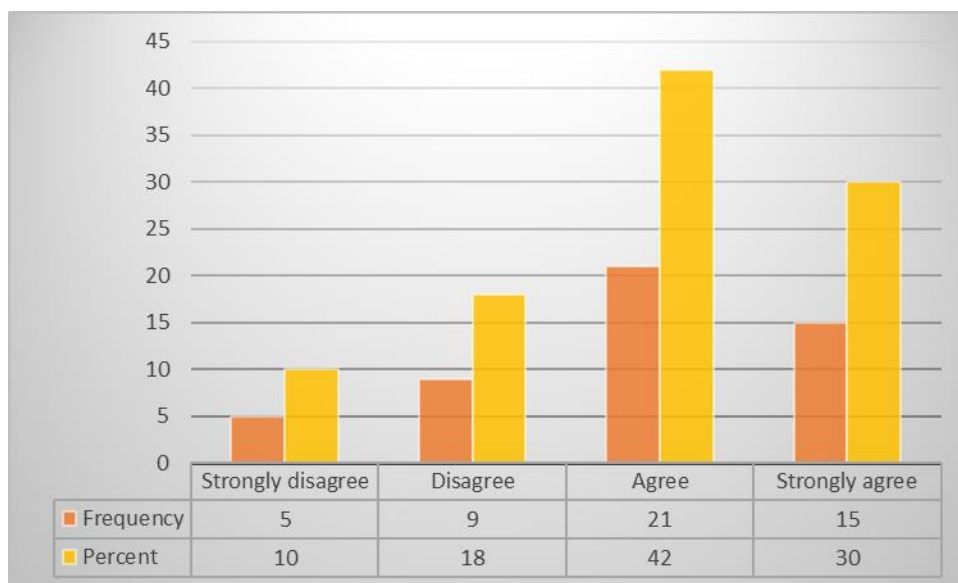
**Graph 4.29: Efficiency in helping the organisation to adapt to changing environment**



The majority of 44% (n=22) of the respondents said that their efficiency in helping the organisation to adapt to changing environment were effective, 32% (n=16) said they were not effective, 20% (n=10) said they were very effective while 4% (n=2) were of the opinion that they were not effective at all.

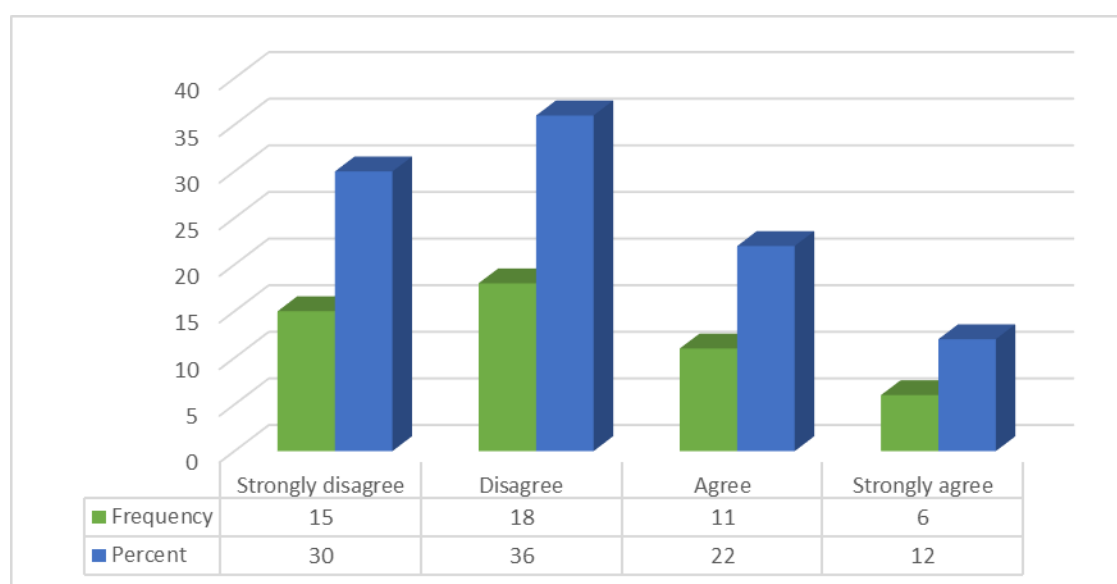
#### 4.6 ANALYSIS OF BUSINESS IMPROVEMENT STRATEGY

**Graph 4.30: Emerging contractors find it difficult to access advertised job opportunities**



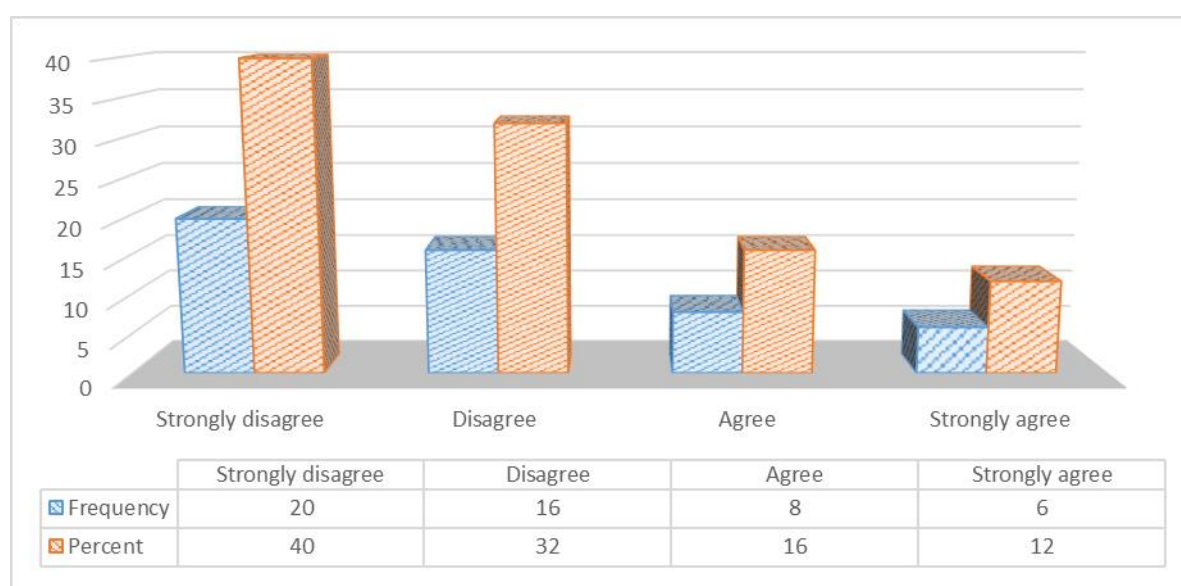
The majority of 42% (n=21) of the respondents agreed that they found it difficult to access advertised job opportunities, 30% (n=15) strongly agreed, 18% (n=9) disagreed whereas 10% (n=5) strongly disagreed.

**Graph 4.31: Tender documents prices are reasonable/ affordable**



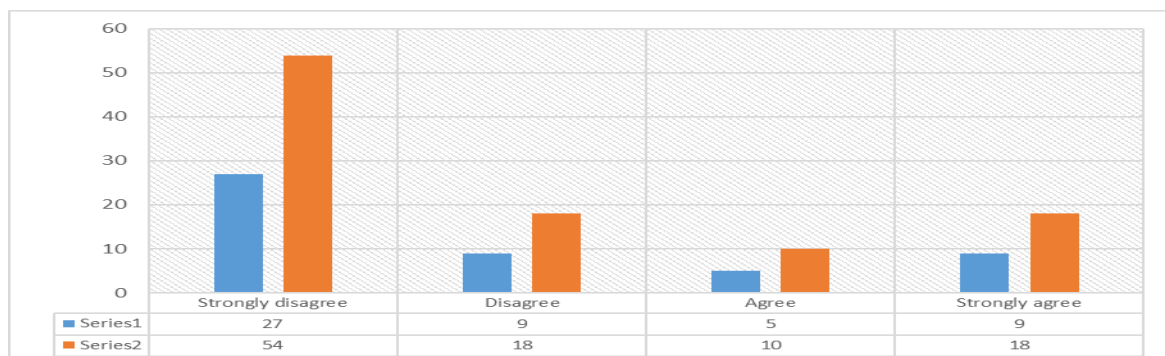
Frequencies and percentages pertaining to confirmation that tender documents prices were reasonable/ affordable have been illustrated in Graph 4.31. The majority of 36% (n=18) of the respondents disagreed that tender documents prices were affordable, 30% (n=15) strongly disagreed, 22% (n=11) agreed while the minority of 12% (n=6) strongly agreed that tender documents prices were reasonable/ affordable.

**Graph 4.32: Registration on Central Supplier Database makes it easy to access job opportunities**



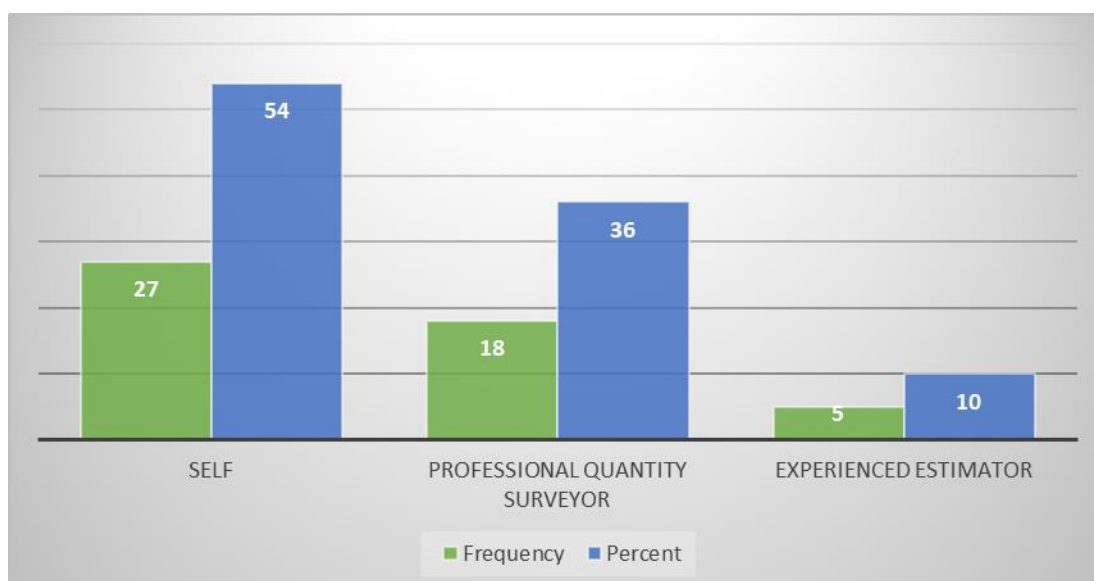
Frequencies and percentages pertaining to confirmation that being registered on the central supplier database (CSD) made it easier to access job opportunities have been illustrated in Figure 4.32. The majority of 72% (n=36) of the respondents disagreed, the minority of 28% (n=14) agreed that registration on CSD made it easier to access job opportunities.

**Graph 4.33: Fraud and corruption makes it easy to access job opportunities in government**



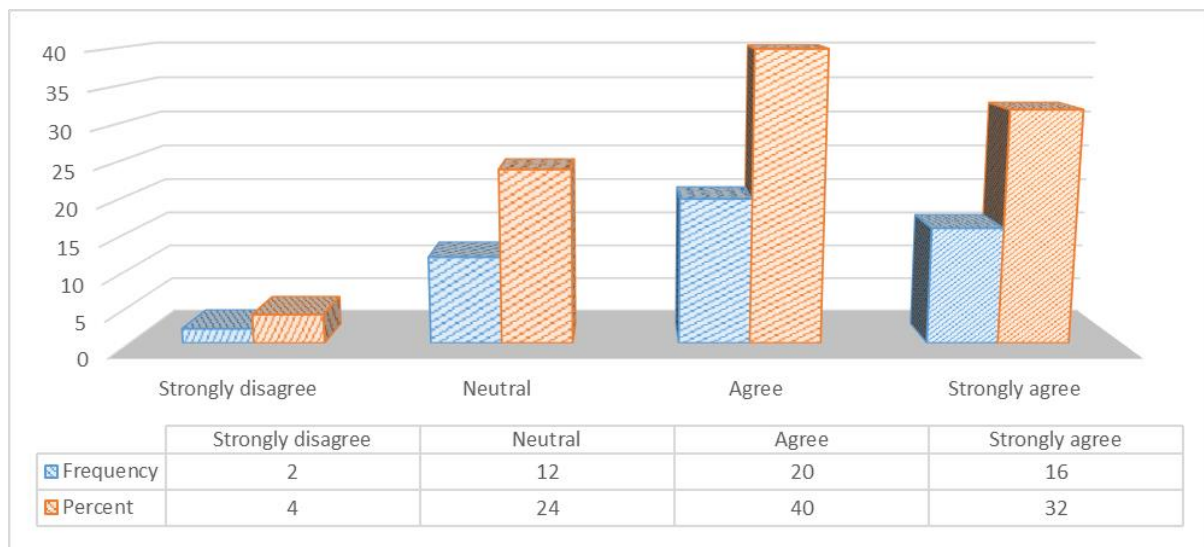
Frequencies and percentages pertaining to confirmation that fraud and corruption made it easier to access job opportunities in government have been illustrated in Graph 4.32. The majority of 72% (n=36) of the respondents disagreed while the minority 28% (n=14) agreed that fraud and corruption did make it easier to access job opportunities in government.

**Graph 4.34: Pricing of respondent's project**



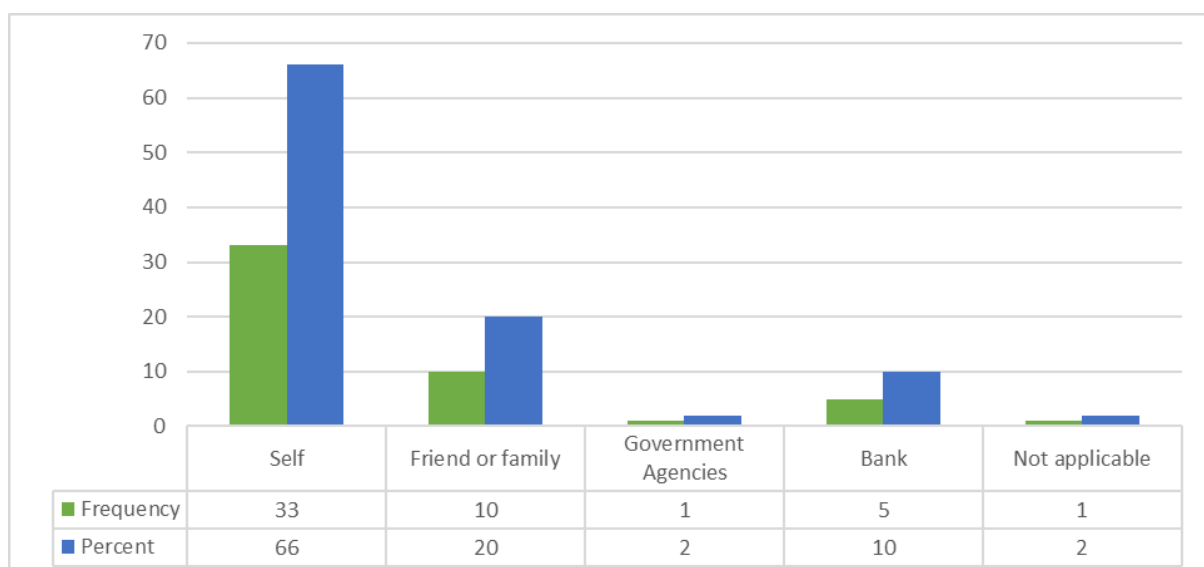
An analysis of whether respondents had a bill of quantities drawn up and by whom has been illustrated in Graph 4.34. It indicated that 54% (n=27) of the respondents drew up the bill themselves, 36% (n=18) had bills drawn up by professional quantity surveyors and 10% (n=5) had made use of experienced estimators.

**Graph 4.35: Attending built environment exhibition increased your knowledge base of the environment you operated in**



The frequencies and percentages pertaining to the attendance of built environment exhibitions and whether this increases the respondent's knowledge base of their environment have been illustrated in Graph 4.35. The majority of 72% (n=36) of the respondents agreed, 24% (n=12) were not sure and 4% (n=2) disagreed.

**Graph 4.36: Financing of projects**



Frequencies and percentages pertaining to how project had been financed have been illustrated in Graph 4.36. The majority of 66% (n=33) of the respondents had financed the projects themselves, 20% (n=10) indicated that they had been assisted by family or friends, while 10% (n=5) had been financed by banks and finally, 2% (n=1) had been financed by government agencies and 2% (n=4) of those that never financed a single project.

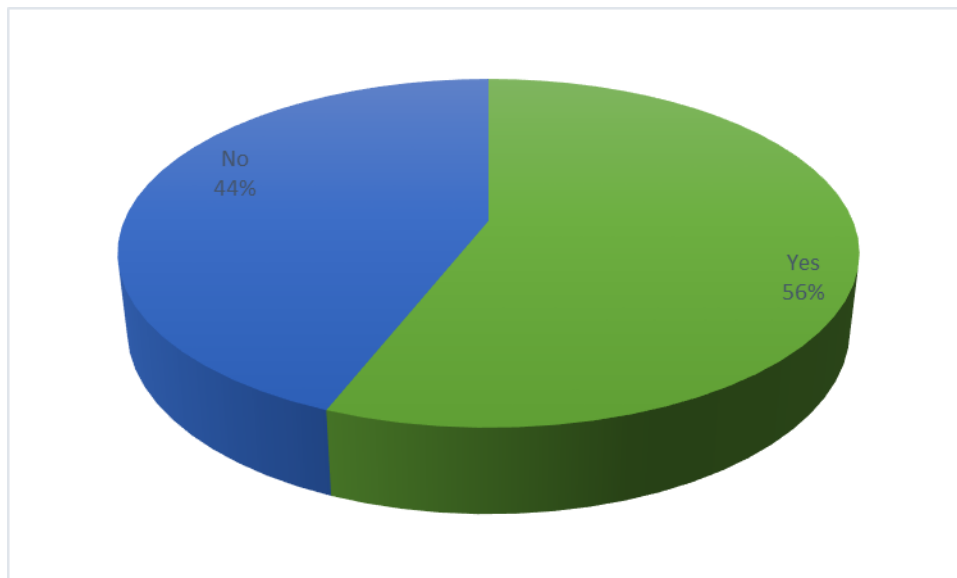
**Table 4.9: Familiar Provincial and National Government Support Agencies**

	Frequency	Percent
1	3	6
3	1	2
7	1	2
13	1	2
15	2	4
19	3	6
159	2	4
347	1	2
1357	1	2
1359	6	12
1379	1	2
1389	2	4
1569	1	2
12359	1	2
13579	1	2
134579	2	4
135679	5	10
136789	2	4
1235679	1	2
12345679	1	2
12356789	1	2
123456789	11	22
<b>Total</b>	<b>50</b>	<b>100</b>

The respondents were asked to indicate which of the listed 9 national and provincial agencies were familiar to them. The agencies were then coded as follows: 1=Construction Industry Construction Board (CIDB); 2=Industrial Development Corporation (IDC); 3=Limpopo Economic Development Agency (LEDA); 4=National Empowerment Fund (NEF); 5=National Home Builders Registration Council (NHBRC); 6=National Youth Development Agency (NYDA); 7=Small Enterprise Development Agency (SEDA); 8=Small Enterprise Finance Agency (SEFA) and 9=Treasury's Central Supplier Database (CSD).

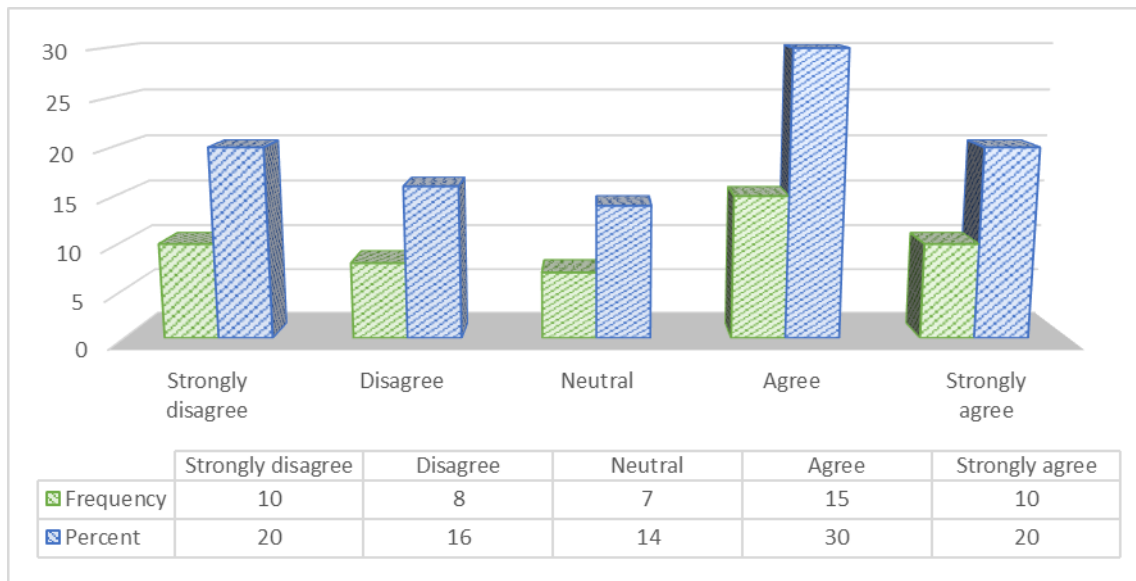
The majority of 18% of the respondents indicated that they were familiar with the CIDB, 16% were familiar with CSD, 15% were familiar with LEDA, 14% were familiar with NHBRC, 11% were familiar with SEDA, 9% were familiar with NYDA, 6% were familiar with SEFA, 6% were familiar with NEF, and lastly 5% of the respondents were familiar with IDC.

**Graph 4.37: Respondents registered with NHBRC**



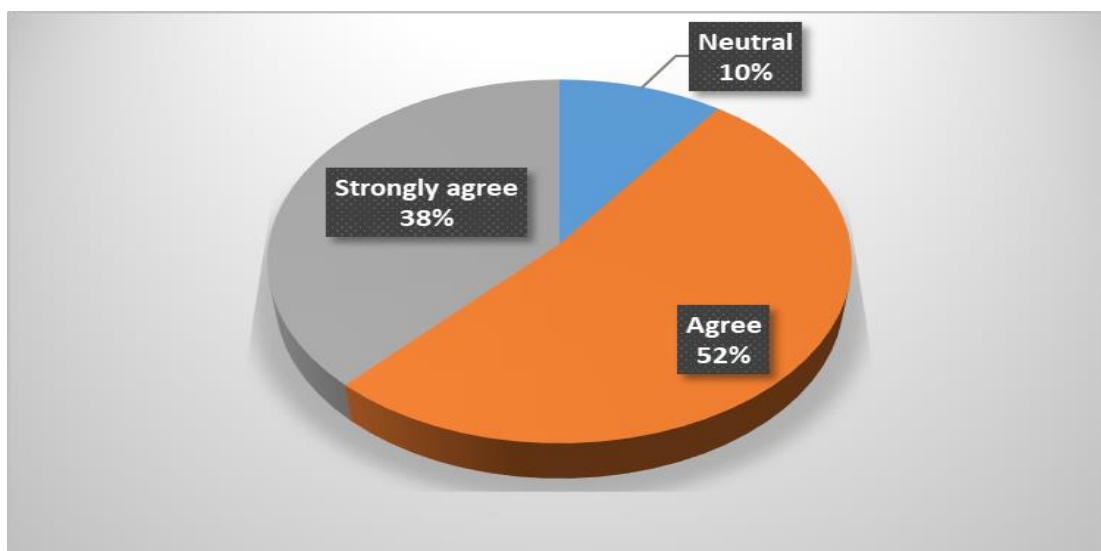
An analysis of respondents who were registered with the NHBRC has been illustrated in Graph 4.3. This graph indicated that 56% of the respondents were registered with NHBRC, while 44% were not registered.

**Graph 4.38: Registration with NHBRC did not increase possibilities of been appointed as main contractor in construction of residential houses**



For the purposes of data analysis, the frequencies and percentages pertaining to confirmation that registration with NHBRC does not increase possibilities to be appointed as main contractor in construction of residential houses, illustrated in Figure 4.38 The majority of 50% (n=25) of the respondents agreed that registration with NHBRC did increase their possibility of been appointed, 36% (n=18) disagreed and 14% (n=7) were unsure.

**Graph 4.39: Development of building construction marketing model can improve construction businesses**





For the purposes of data analysis, the frequencies and percentages pertaining to the development of a building construction marketing model have been illustrated in Graph 4.39. The majority of 52% (n=26) of the respondents agreed that a building construction marketing model could improve construction businesses, 38% (n=19) strongly agreed and 10% (n=5) were unsure.

## 4.7 DESCRIPTIVE STATISTICS

Descriptive statistics are techniques that help to state the characteristics or appearance of sample data Zikmund *et al.* (2013: 54) Frequency tables and the mean score ranking technique are the major descriptive statistics that have been employed in this study.

**Table 4.10: Descriptive statistics on demographics of respondents**

Statistics		N	Mean	Median	Mode	Std. Deviation
1	Gender	50	1.44	1	1	0.501
2	Population group	50	1	1	1	0
3	Age group	50	3.04	3	3	0.727
4	What is your highest level of education?	50	3.98	4	4	1.421
5	What is your designation in your organisation?	50	1.88	2	2	0.328
6	How did you acquire your construction skills?	50	2.20	2	2	0.99
7	How long is your personal business experience in construction?	50	1.38	1	1	0.53

Table 4.10 showed that mean and standard deviation for gender was (M=1.44 and SD=0.501), for the population group was (M=1 and SD=0); for the age group (M=3.04 and SD=0.73); for the highest level of education (M=3.98 and SD=1.42); for designation it was (M=1.88 and SD=0.33); for acquisition of construction skills (M=2.20 and SD=0.99); and for personal business experience in construction (M=1.38 and SD=0.53).

**Table 4.11: Descriptive statistics on company marketing strategy**

Statistics		N	Mean	Median	Mode	Std. Deviation
1	Government tenders	50	0.80	1	1	0.404
2	Highest contract value	50	3.72	3	2	2.259
3	Lowest contract value	50	2.12	2	2	0.849
4	Most effective marketing tool	50	2.72	2	1	1.679

Table 4.11 showed that the mean and standard deviation for respondents who acquired new businesses by government tenders was (M=0.80 and SD=0.40); and the highest contract value attained by respondents was (M=3.72 and SD=2.26). The mean and standard deviation for the lowest contract value attained by respondents was (M=2.12 and SD=0.85); while for the most effective marketing tool it was (M=2.72 and SD=1.68).

**Table 4.12: Descriptive statistics on efficiency of marketing strategy**

	N	Mean	Median	Mode	Std. Deviation
Emerging building contractors need to have a marketing plan.	50	4.12	4	5	1.043
Do you have a documented marketing plan?	50	1.80	2	2	0.404
To what extent do you manage your marketing effort based on your documented	50	3.36	4	4	0.802

marketing plan?					
Do you have a functional standalone marketing unit?	50	1.88	2	2	0.328
Do you have a stand-alone marketing budget?	50	1.84	2	2	0.37
How much is your average monthly marketing budget?	50	2.14	1	1	1.616
It is not important to know my competitors in the construction industry	50	2.66	2	1	1.573
Focus your resources in segments which you can compete successfully	50	4.08	4	4	0.829
Marketing strategy is only important in well-established business	50	2.28	2	1a	1.386
Helping to attain organisational objective	50	2.38	3	3	0.923

Table 4.12 showed that mean and standard deviation for the respondent's need to have a marketing plan was (M=4.12 and SD=1.04); whether respondents had a documented marketing plan was (M=1.80 and SD=0.40); whether the respondent managed their marketing efforts based on a documented marketing plan was (M=3.36 and SD=0.80); on the question of whether the respondent had a functional stand-alone marketing unit was (M=1.88 and SD=0.33). Furthermore, the mean and standard deviation for the whether the respondents had a standalone marketing

budget was (M=1.84 and SD=0.37); while the question about their average monthly marketing budget was (M=2.14 and SD=1.62); whether it was important for the respondents to know their competitors scored (M=2.66 and SD=1.57); whether they focused their resources on segments which respondents could compete successfully was (M=4.08 and SD=0.83); while the mean and standard deviation for whether a marketing strategy was important only for well-established businesses was (M=2.28 and SD=1.39). Lastly, the mean and standard deviation for the response to the question on how effective marketing strategies were to help the business to attain the organisational objective, was (M=2.38 and SD=0.92).

**Table 4.13: Descriptive statistics on business improvement strategies**

	N	Mean	Median	Mode	Std. Deviation
Emerging contractors find it difficult to access advertised job opportunities.	50	2.92	3	3	0.944
Tender documents prices are reasonable/affordable	50	2.16	2	2	0.997
Registration on Central Supplier Database makes it easy to access job opportunities.	50	2	2	1	1.03
Fraud and corruption makes it easy to access job opportunities in government.	50	1.92	1	1	1.175
Who is pricing your project?	50	1.56	1	1	0.675

Attending built environment exhibition increases your knowledge base of the environment you are operating in.	50	3.96	4	4	0.968
How have you financed your projects?	50	1.64	1	1	1.139
Are you registered with NHBRC?	50	1.44	1	1	0.501
Registration with NHBRC does not increase possibilities to be appointed as main contractor in construction of residential houses.	50	3.14	3.5	4	1.443
Development of building construction marketing model can improve construction businesses.	50	4.28	4	4	0.64

Table 4.13 showed the mean and standard deviation contractors experience d when they attempted to access advertised job opportunities was (M=2.92 and SD=0.94). As regards the affordability of tender documents the results showed (M=2.16 and SD=1.00); for registration with the Central Supplier Database which might have

assisted them to access job opportunities was (M=2.00 and SD=1.03). The mean and standard deviation for confirmation that fraud and corruption made it easy to access job opportunities in government was (M=2.16 and SD=1.00); while as regards who priced their tender documents scored (M=1.56 and SD=0.68). The scores the question about the relevance of built environment exhibitions and whether it increased their knowledge base of the environment was (M=3.96 and SD=0.97); the result for financing the project was (M=1.64 and SD=1.14); as regards registration with NHBRC was (M=1.44 and SD=0.50); whether this registration benefitted them being appointed as main contractor for residential house construction scored was (M=3.14 and SD=1.44); as regards whether the development of a building construction marketing model could improve construction businesses scored (M=4.28 and SD=0.64).

#### **4.8 CROSS-TABULATION AND ASSOCIATION**

Cross-tabulation of the questionnaire elicited information which pertained to the association characteristics of respondents. The section addressed the following attributes pertaining to the respondents:

- Hypothesis 1- Level of education and business failure
- Hypothesis 2- Level of education and Ownership
- Hypothesis 3- Level of education and government tenders
- Hypothesis 4- Level of education and access to finance
- Hypothesis 5- Level of education and Marketing strategy
- Hypothesis 6- Level of education and marketing unit
- Hypothesis 7- Level of education and marketing plan
- Hypothesis 8- Level of education and Project pricing
- Hypothesis 9- Marketing budget and business failure
- Hypothesis 10- Marketing strategy and marketing budget

Each of these characteristics will now be discussed

**Table 4.14: Level of education and business failure**

		Have you ever experienced business failure(s) in the construction industry before?		Total
		Yes	No	
What is your highest level of education?	Below matriculation	0	2	2
	Matric	0	7	7
	Certificate after Matric	0	8	8
	Diploma	1	14	15
	Degree	0	9	9
	Post-graduate qualification	0	9	9
Total		1	49	50

**Table 4.14-1: Chi-Square Tests**

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.381 <sup>a</sup>	5	.794
Likelihood Ratio	2.456	5	.783
Linear-by-Linear Association	.000	1	.989
N of Valid Cases	50		

Chi-square ( $\chi^2_{df}$ )

A chi-square test is usually used to examine the general fit of the model (Paulraj & Chen, 2004: 76). A chi-square value over the degree of freedom of value that is below 3 is an indication of an acceptable model fit as implied by Chinomona & Pretorius (2011: 118). In Table 4.14-1, the indicator value for chi-square over degree of freedom was 2.381 which therefore signified an acceptable model fit. Based on table 4.53-2, Chi-square ( $\chi^2_5$ ) = 2.381,  $p = 0.794$  leads to do not reject  $H_0$ , this

implies that there is no association between the level of education and business failure.

**Table 4.15: Level of education and ownership**

		Ownership			Total
		Sole trader	Private company (Pty- Ltd)	Close Corporation (CC)	
What is your highest level of education?	Below matriculation	0	1	1	2
	Matric	1	5	1	7
	Certificate after Matric	0	1	7	8
	Diploma	0	6	9	15
	Degree	0	4	5	9
	Post-graduate qualification	0	3	6	9
Total		1	20	29	50

**Table 4.15-1: Chi-Square Tests**

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.243 <sup>a</sup>	10	.210
Likelihood Ratio	12.108	10	.278
-by-Linear Association Linear	1.976	1	.160
N of Valid Cases	50		

In Table 4.15-1, the indicator value for chi-square over the degree of freedom is 13.243 which therefore signifies an acceptable model fit. Based on table 4.15-1, Chi-square ( $\chi^2_{10}$ ) = 13.243,  $p = 0.210$  leads to do not reject  $H_0$



**Table 4.16: Level of education and government tenders**

		Government tenders		Total
		No	Yes	
What is your highest level of education?	Below matriculation	1	1	2
	Matric	2	5	7
	Certificate after Matric	1	7	8
	Diploma	2	13	15
	Degree	3	6	9
	Post-graduate qualification	1	8	9
Total		10	40	50

**Table 4.16-1: Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.589 <sup>a</sup>	5	.610
Likelihood Ratio	3.347	5	.647
Linear-by-Linear Association	.485	1	.486
N of Valid Cases	50		

Based on table 4.16-1, Chi-square ( $\chi^2_5$ ) = 3.589,  $p = 0.610$  leads to not reject  $H_0$ , which implies that there is no association between the level of education of respondents and whether this affects new businesses by means of government tenders.

**Table 4.17: Level of education and access to finance**

		How have you financed your projects?					Total
		Self	Friend or family	Government Agencies	Bank	Not applicable	
What is your highest level of education?	Below matriculation	0	1	0	1	0	2
	Matric	4	2	0	1	0	7
	Certificate after Matric	8	0	0	0	0	8
	Diploma	8	4	0	2	1	15
	Degree	6	2	0	1	0	9
	Post-graduate qualification	7	1	1	0	0	9
Total		33	10	1	5	1	50

**Table 4.17-1: Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	18.922 <sup>a</sup>	20	.527
Likelihood Ratio	20.443	20	.431
Linear-by-Linear Association	.836	1	.360
N of Valid Cases	50		

Based on table 4.17-1, Chi-square ( $\chi^2_{20}$ ) = 18.922,  $p = 0.527$  leads to not reject  $H_0$ , this implies that there is no association between level of education and access to finance.

**Table 4.18: Level of education and marketing strategy**

		Marketing strategy business					Total
		Strongly disagree	Disagree	neutral	Agree	Strongly agree	
What is your highest level of education?	Below matriculation	1	0	0	1	0	2
	Matric	1	4	1	1	0	7
	Certificate after Matric	4	3	0	0	1	8
	Diploma	4	7	1	1	2	15
	Degree	4	3	0	1	1	9
	Post-graduate qualification	4	1	0	2	2	9
Total		18	18	2	6	6	50

**Table 4.18-1: Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.489 <sup>a</sup>	20	.748
Likelihood Ratio	17.888	20	.595
Linear-by-Linear Association	.279	1	.597
N of Valid Cases	50		

Based on table 4.18-1, Chi-square ( $\chi^2_{20}$ ) = 15.489,  $p = 0.748$  leads to do not reject  $H_0$ , this implies that there is no association between the level of education of respondents and whether they have a documented marketing strategy.

**Table 4.19: Level of education and marketing unit**

		Do you have a functional standalone marketing unit?		Total
		Yes	No	
What is your highest level of education?	Below matriculation	0	2	2
	Matric	0	7	7
	Certificate after Matric	0	8	8
	Diploma	4	11	15
	Degree	0	9	9
	Post-graduate qualification	2	7	9
Total		6	44	50

**Table 4.19-1: Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.492 <sup>a</sup>	5	.187
Likelihood Ratio	9.760	5	.082
Linear-by-Linear Association	1.592	1	.207
N of Valid Cases	50		

Based on table 4.19-1, Chi-square ( $\chi^2_5$ ) = 7.492,  $p = 0.187$  leads to do not reject  $H_0$ , this implies that there is no association between level of education of respondents whether they have a stand-alone marketing unit.

**Table 4.20: Level of education and marketing plan**

		Emerging building contractors need to have a marketing plan.					Total
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
What is your highest level of education?	Below matriculation	0	0	0	1	1	2
	Matric	0	0	2	2	3	7
	Certificate after Matric	0	0	1	3	4	8
	Diploma	1	1	4	4	5	15
	Degree	1	0	2	2	4	9
	Post-graduate qualification	0	0	0	3	6	9
Total		2	1	9	15	23	50

**Table 4.20-1: Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.147 <sup>a</sup>	20	.965
Likelihood Ratio	12.600	20	.894
Linear-by-Linear Association	.090	1	.764
N of Valid Cases	50		

Based on table 4.20-1, Chi-square ( $\chi^2_{20}$ ) = 10.1472,  $p = 0.965$  leads to do not reject  $H_0$ , this implies that there is no association between the level of education of respondents and whether they have a marketing plan.

**Table 4.21: Level of education and project pricing**

		Who is pricing your project?			Total
		Self	Professional Quantity Surveyor	Experienced Estimator	
What is your highest level of education?	Below matriculation	1	1	0	2
	Matric	3	2	2	7
	Certificate after Matric	4	4	0	8
	Diploma	10	4	1	15
	Degree	4	4	1	9
	Post-graduate qualification	5	3	1	9
Total		27	18	5	50

**Table 4.21-1: Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.606 <sup>a</sup>	10	.847
Likelihood Ratio	5.778	10	.834
Linear-by-Linear Association	.132	1	.716
N of Valid Cases	50		

Based on table 4.21-1, Chi-square ( $\chi_{10}^2$ ) = 5.606,  $p = 0.847$  leads to do not reject  $H_0$ , this implies that there is no association between the level of education of the respondents and the person who prices the projects.

**Table 4.22: Marketing budget and business failure**

		Do you have a stand-alone marketing budget?		Total
		Yes	No	
Have you ever experienced business failure(s) in the construction industry before?	Yes	1	0	1
	No	7	42	49
Total		8	42	50

**Table 4.22-1: Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	5.357 <sup>a</sup>	1	.021		
Continuity Correction <sup>b</sup>	.878	1	.349		
Likelihood Ratio	3.776	1	.052		
Fisher's Exact Test				.160	.160
Linear-by-Linear Association	5.250	1	.022		
N of Valid Cases	50				

Based on table 4.22-1, Chi-square ( $\chi^2_1$ ) = 5.357,  $p = 0.021$  leads to reject  $H_0$ , this implies that there is an association between having a marketing budget and business failure.

**Table 4.23: Marketing strategy and marketing budget**

		Do you have a stand-alone marketing budget?					Total
		Strongly disagree	Disagree	neutral	Agree	Strongly agree	
Marketing strategy is only important in well-established business	Strongly disagree	2	0	4	6	6	18
	Disagree	0	0	5	6	7	18
	neutral	0	1	0	0	1	2
	Agree	0	0	0	3	3	6
	Strongly agree	0	0	0	0	6	6
Total		2	1	9	15	23	50

**Table 4.23-1: Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	39.200 <sup>a</sup>	16	.001
Likelihood Ratio	25.912	16	.055
Linear-by-Linear Association	6.267	1	.012
N of Valid Cases	50		

Based on table 4.23-1, Chi-square ( $\chi^2_{16}$ ) = 39.200,  $p = 0.001$  leads to reject  $H_0$ , this implies that there is an association between a marketing budget and having a documented marketing strategy.

## 4.9 CONCLUSION

The current chapter has discussed an analyses and interpretation of the data, and supplied empirically derived observations in each case. Initially, the demographic profile of the respondents was examined. This was followed by an evaluation of the effectiveness of marketing strategies used by the emerging contractors in the Polokwane local municipality in the Capricorn district of Limpopo province. Then the statistical characteristics of the three objectives under scrutiny in the current study,



namely the establishment of marketing strategies employed by local emerging building contractors, the effectiveness of any management strategies and recommendations for remedial steps to improve marketing strategies employed by emerging building contractors were examined. This was immediately followed by a combination of cross-tabulations and a chi-squared test of the three objectives.

Taken as a whole, the research data reveals that the marketing strategies used by emerging contractors in the Polokwane local municipality are not effective. This study further reveals that, in most areas there are significant associations between business failure and marketing budget and the development of marketing strategy. It is necessary to give a more detailed discussion of what then can be concluded from the findings of the study as well as any implications associated with the findings discussed in the current chapter. This will be discussed in the next chapter, which will focus on the conclusions, recommendations and implications for further research.

## **CHAPTER FIVE: DISCUSSIONS OF THE RESEARCH FINDINGS**

### **5.1 INTRODUCTION**

The purpose of this chapter is to discuss the findings of the research. The findings provided will be in respect of the primary objective of the study which was to evaluate the effectiveness of the marketing strategies used by the emerging contractors in the Polokwane local municipality housed in the Capricorn district of the Limpopo province. The analysis provided evidence that most of the emerging building contractors have ineffective marketing strategies. Table 4.22 on page 98 illustrated that 84% of the emerging contractors does not allocate any budget for marketing, only 16% of these contractors have standalone budget for marketing. In order to conduct an evaluation of the effectiveness of the marketing strategies the following objectives were used for the analysis:

#### **Research objectives**

- To establish the marketing strategies employed by local emerging building contractors;
- To establish the effectiveness of marketing strategies used by emerging contractors;
- To establish the recommendations for remedial steps to improve marketing strategies employed by emerging building contractors.

### **5.2 RESEARCH FINDINGS AND DISCUSSIONS**

#### **5.2.1 Objective One**

The first objective of the study was “*to establish the marketing strategies employed by local emerging building contractors*”, a lack of documented marketing strategies was found to be a norm amongst most emerging contractors, 80% had no documented marketing strategy while only 20% had. The marketing strategies used by the emerging building contractors to acquire new businesses are, government tenders; private tenders; referrals; joint ventures; and sub-contracting. The study

revealed that 37% of the respondents rely on government tenders, 24% on private tenders, slightly more than 23% on sub-contracting, and 9% equally rely on both referrals and joint ventures.

The study also revealed that only 20% of the respondents had a documented marketing strategy. Of these 20%, only 20% of them managed the marketing efforts *totally* based on a plan, while 40% of them said they did *mostly* and the other forty 40% said they *sometimes* managed the marketing efforts as per a documented plan. However, Venter and Van Rensburg (2009: 45) attest clearly that no company can survive in the volatile market place without a clear-cut marketing strategy.

It was further revealed that only 12% and 16% of the respondents had a stand-alone marketing unit and marketing budget respectively. Armstrong and Kotler (2005: 197) articulate that, it is imperative for construction companies, whether emerging or well established, to have a marketing department or personnel to deal with issues of marketing. Forty-six percent of the respondents strongly agreed that emerging contractors should have a marketing plan, while 30% agreed, 8% of them were neutral, 2% disagreed and 4% strongly disagreed that emerging contractors needed a marketing plan. Keddy (2001: 34) and Kotler (2009: 23) concurred that companies that perform well on the marketing front, which host bigger marketing budgets, are better able to achieve their profit objectives than their counterparts.

### **5.2.2 Objective Two**

The second objective was “*to establish the effectiveness of marketing strategies used by emerging building contractors*”. Newspapers and social media were found to be the preferred marketing tools used by the respondents. Both tools accounted for 28% each. 24% was accounted for by social networks, 16% by referrals, and only 4% was accounted by those who preferred private tenders. The effectiveness of the respondents was impacted upon by a number of factors. These factors were ranked from high to low impact. High on the list was access to financial resources at 18%. See table 5.1 where these factors have been ranked.

**Table 5.1: FACTORS IMPACTING ON EFFECTIVENESS OF THE MARKETING STRATEGIES**

<b>FACTORS IMPACTING ON EFFECTIVENESS OF THE MARKETING STRATEGIES</b>	<b>PERCENTAGE</b>
Access to financial resources	18%
Tight competition due to lesser projects in lower CIDB grades	14%
High prices for buying tender documents	14%
Lack of marketing experience	12%
High fees to price tender documents	11%
Low CIDB grade	10%
Exposure to potential markets	9%
Lack of marketing qualification	4%
Lack of access to social media	3%
Not registered with the NHBRC	3%
Lack of access to social network	2%
<b>TOTAL</b>	<b>100%</b>

Source: Author from results

The study revealed that most companies had the owner as the major role-player in the management of all operations including that of their marketing activities. Since only 20% of the respondents had a documented marketing plan in place, it can be concluded that the marketing strategies used are not grounded. Odediran, Babalola and Adebisi (2013: 36) argue that for a business to sustain itself in a competitive environment like the construction industry, effective marketing strategies have to be adopted. It is evident that most respondents, 80%, had given very little attention to marketing activities, or rather the attention had been given in an unstructured manner which makes the strategies employed ineffective.

### **5.2.3 Objective Three**

The final objective was “*to establish the recommendations for remedial steps to improve marketing strategies employed by emerging building contractors*”. Every company has a reason for its existence. The majority of respondents, 38% established businesses in order to pursue their own initiative whilst the in the case of

12% and 4% of respondents, businesses were established for money and freedom respectively. Strategic marketing is driven by vision, strategic objectives and corporate strategy (Venter and Van Rensburg 2009: 13). It is imperative that emerging construction companies, like any business, should have a documented marketing plan which includes among other things: the company vision, mission, mission statement, goals, and objectives.

Five top remedies to improve the marketing strategies used by emerging building contractors that emerged from the respondents are the following:

1. Table 4.5 indicated that 18% (eighteen percent) are adamant that government should offer financial assistance or bridging finance;
2. Table 4.5 indicated that 14% (fourteen percent) are of the opinion that government should provide training in marketing;
3. Table 4.5 indicated that 13% (thirteen percent) feel that the costs to renew certificates for membership for CIDB, NHBR, CIPC, BBBEE and SARS should be affordable;
4. Table 4.5 indicated that 11% (eleven percent) are of the opinion that government should lower the price of tender documents; and
5. Table 4.5 indicated that 10% (ten percent) feel that government should award contracts to bidders who submit market related prices and not to the lowest bidder as is the current situation.

On the other hand, Baptiste *et al.* (2011: 20) stressed that it is important to have knowledge about the target customer and in some instances the company might have to hire a marketing researcher. Venter and Van Rensburg attest that companies should focus their resources on segments in which they can compete better. Fifty-four percent (54%) of the respondents agreed with the notion that resources should be focused on segments in which they could compete better, 30% strongly agreed with the notion, 12% were neutral, 2% disagreed whilst the other 2% strongly disagreed with the notion.

The majority of the respondents, 90%, agreed that the development of a marketing model, specifically designed for the building construction industry, would improve the performance of the contractors.

### **5.3 Research Hypotheses**

The results of the hypotheses test and t-test are discussed in the section below.

#### **5.3.1 Null Hypothesis ( $H_0$ )**

$H_0$  1: There is no statistically significant evidence of marketing strategies employed by the emerging building contractors.

$H_0$  2: There is no statistically significant evidence of effective marketing strategies employed by emerging contractors.

$H_0$  3: There is no statistically significant evidence of remedial steps that have been offered to improve the marketing strategies of emerging contractors.

#### **5.3.2 Alternate Hypothesis ( $H_1$ )**

$H_1$  1: There is statistically significant evidence of the marketing strategies employed by emerging building contractors.

$H_1$  2: There is statistically significant evidence of effective marketing strategies employed by emerging contractors.

$H_1$  3: There is statistically significant evidence of remedial steps that can be offered to improve marketing strategies of emerging contractors.

$H_0$  1: There is no statistically significant evidence of the marketing strategies employed by emerging building contractors.

## 5.4 Descriptive statistics

**Table 5.2: Summary statistics of mean scores (n=50)**

	N	Mean	Std. Deviation
Marketing strategies employed	50	24.16	3.5072
Efficiency of marketing strategy	50	15.98	3.7115
Remedial steps that can be offered to improve marketing strategies	50	25.02	3.9667

Based on the summary statistics supplied in table 1, less than one-half of the respondents have employed appropriate marketing strategies, with  $M = 24.16\%$ ,  $SD = 3.51\%$ . The skew-ness value of 33.7% is similar to its standard error (49.59%) and is thus considered significant.

Secondly, based on the summary statistics supplied in table 1, less than one-half of the respondents have employed effective marketing strategies, with  $M = 15.98\%$ ,  $SD = 3.71\%$ . The skew-ness value of 33.7% is similar to its standard error (52.49%) and is thus considered significant.

Lastly, based on the summary statistics supplied in table 1, fewer than one-half of the respondents have taken remedial steps that can be offered to improve marketing strategies, with  $M = 25.02\%$ ,  $SD = 3.97\%$ . The skew-ness value of 56.10% is similar to its standard error (33.7%) and is thus considered significant.

## 5.5 Testing for normality

A very important assumption in regression is that the dependent variable is normally distributed. Typically, it is used to describe “a symmetrical, bell-shaped curve, which has the greatest frequency of scores around in the middle combined with smaller frequencies towards the extremes” (Pallant 2005: 87).

**Graph 5.1: Marketing strategies employed**



**Graph 5.2: Efficiency of marketing strategy**



**Graph 5.3: Remedial steps that can be offered to improve marketing strategies**





### Normal Distribution variables (n=50)

The results as depicted in figures above showed that all variables are normally distributed.

## 5.6 Results

H<sub>0</sub> 1: There is no statistically significant evidence of marketing strategies employed by emerging building contractors.

**Table 5.3: Results of t-test**

	Levene's Test for Equality of Variances		t-test for Equality of Means			
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
Marketing strategies employed	1.314	0.257	0.122	48	0.903	0.1234
Efficiency of marketing strategy	0.023	0.881	-0.414	48	0.681	-0.4416
Remedial steps that can be offered to improve marketing strategies	1.431	0.237	0.674	48	0.503	0.7662

**H<sub>0</sub> 1: There is no statistically significant evidence of the marketing strategies employed by emerging building contractors.**

Based on the results of the study, we do not reject null hypothesis H<sub>0</sub>, since ( $t(48) = 0.122$ ,  $p=0.903$ ). The mean and standard deviation of the marketing strategies are  $M = 24.16\%$ ,  $SD = 3.51\%$ , which indicates that there is no statistical evidence of marketing strategies being employed by the emerging building contractors.

**H<sub>0</sub> 2: There is no statistically significant evidence of effective marketing strategies being employed by the emerging contractors.**

Based on the results of the study, we do not reject null hypothesis H<sub>0</sub>, Hence ( $t(48) = -0.414$ ,  $p=.681$ ). The mean and standard deviation of the marketing strategies are  $M = 15.98\%$ ,  $SD = 3.71\%$ , indicating that there is no statistically significant evidence of effective marketing strategies employed by emerging contractors.

**H<sub>0</sub> 3: There is no statistically significant evidence of remedial steps that can be offered to improve marketing strategies of emerging contractors.**

Lastly, the results of the study depicted that H<sub>0</sub> has not been rejected. Then, using independent t test ( $t(48) = 0.674$ ,  $p=.503$ ) the mean and standard deviation of the marketing strategies are  $25.02\%$ ,  $SD = 3.97\%$ , which indicates that there is no statistically significant evidence of remedial steps that have been offered to improve marketing strategies of emerging contractors.

## **5.7 CONCLUSION**

Surely marketing is one of the most important elements of the business value chain that cuts across most companies. It is noticeable that product offerings, customers, pricing and promotions in the built environment is noticeably different from that of other businesses. For a company to survive in this environment, it needs to be capacitated with adequate resources.

It is a fact that the building construction industry is a unique business and therefore, should be treated as such. There is much literature on marketing various businesses at large, however, very little has been focussed on the building or construction industry. The majority (90%;  $n=45$ ) of the respondents agreed that the development of a building construction marketing model could improve the construction business. However, 10% of them were unsure. This means that the majority would be in favour of a marketing model, specific to the building industry and recognise that this would be helpful to the industry. Since the probability value is greater than 0.05 the decision is not to reject the null hypothesis. Rather, we can conclude that there is no

statistically significant evidence of marketing strategies being employed by emerging building contractors. This conclusion stresses the need for the establishment of a model or a purpose made marketing manual especially designed for building construction companies, which will enhance their growth, sustainability and profitability in the building construction fraternity.

## **CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS**

### **6.1 INTRODUCTION**

This final chapter focuses on the conclusions derived from the findings of the research. The chapter also presents the recommendations regarding possible implementations of the findings and their implications for further research.

### **6.2 CONCLUSION**

The objectives of this study were to establish the marketing strategies employed by local emerging building contractors, assess the effectiveness of those strategies and come up with steps to improve them. The literature review suggested that emerging building contractors had a contribution to make in growing the Gross Domestic Product in both developed and un-developed countries. This is consistent with Cant and Wiid (2013: 70) who agreed that SME's are important in almost all economies particularly in developing countries with major employment and income distribution challenges, such as South Africa. In fact, building construction companies can make a significant contribution to the alleviation of the South African triple challenges, namely: unemployment, poverty and inequality.

Running a construction company requires experience, knowledge and understanding of management. The elements of management are not limited to, but include planning, organising, leading and controlling. Marketing is a critical component of planning, and as such, building contractors like any other business have to answer questions like: -What is my core business? -What makes my business different from other companies? -Who are my competitors? This view was supported by Kotler (2009: 67) who agrees that marketing is regarded as the lifeblood of every growth-focused business. This research was limited to the evaluation of the marketing strategies used by emerging contractors in the Polokwane municipality only. The 4Ps in marketing were discussed and characteristics of strategic marketing were identified. The meaning of effective marketing strategy was clearly defined. There are many characteristics of effective strategic marketing, however they were summarised in a five point form as follows:

1. Strategic marketing is driven by vision, strategic objectives and corporate strategy;
2. Strategic marketing is driven by customer needs and heterogeneous markets;
3. Strategic marketing focuses on segments where you can compete successfully;
4. Strategic marketing is everybody's responsibility; and
5. Strategic marketing is a dynamic and evolving activity.

It is clear from the responses in this study that the emerging building contractors had put very little effort into marketing their businesses. This viewpoint was supported by Ladzani (2010: 77) who agrees that emerging contractors have little understanding of strategic marketing value. According to Fatoki and Garwe (2010: 729), growth of new smaller companies is retarded by issues of finance, economy, markets, management and infrastructure. Lekhanya (2014: 1004) agrees that small, medium and micro enterprises (SMMEs) in rural and remote areas have been struggling to grow. From the literature review, it is clear that marketing play a critical role in the sustainability of any kind of business. Armstrong and Kotler (2005: 197) argue that it is vital for building contractors, whether emerging or well established, to have a marketing department or personnel to deal with issues of marketing. Both the literature review and the analysis of the primary data collected suggest that government and researchers need to equip emerging building contractors with training specific to the marketing needs of the construction business and assist them to adopt specific construction related marketing models.

According to the literature search conducted, no study has been undertaken to identify and evaluate the nature and effectiveness of marketing strategies employed by the emerging contractors in the Polokwane Local Municipality.

### **6.3 RECOMMENDATIONS**

Government and the provincial development agencies should offer basic marketing management training in the form of a classroom set-up or workshops to emerging building contractors. The training should be offered in a language understood by all attendees. Thwala and Mvubu (2009: 361) recommend that government should

establish construction advice centres where contractors could be trained in business management skills (including marketing), financial management and good record keeping. Such training will help emerging contractors to be sustainable and grow into well-established companies that are able to compete with their monopolistic sustainable counterparts. Researchers and academics should come up with models, manuals and information specifically designed for marketing management in the construction business. The responses from this research study would indicate support for this recommendation.

It should be made compulsory for managers and owners who do not have marketing management knowledge and/or qualifications to attend training. The overall numbers of emerging building contractors on the Construction Industry Development Board register of contractors warrant that there should be both national and provincial, dedicated associations to look after the interests of these contractors. These associations could act as a link between the emerging building contractors, government and investors in the building industry.

#### **6.4 AREAS FOR FURTHER RESEARCH**

In light of the above-mentioned recommendations, there is a need for further research on the development of models, materials and manuals specifically tailored to strategic marketing needs in the construction business. More research into training needs for building contractors will address gaps in their marketing management knowledge. Effective structures and educational processes in marketing management are needed if the emerging contractors of the construction industry are to be sustainable and remain competitive. Moreover, it is recommended that further research should be conducted into the unique nature of the emerging contractors within the construction industry and their need for specific marketing strategies.

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## APPENDIXES

### APPENDIX A

#### SURVEY QUESTIONNAIRE

My name is **Mafeta David Selamolela**; I am a student of the Durban University of Technology registered in a Masters in Technology of Business Administration degree. This questionnaire has been prepared for collecting data for the completion of the above mentioned degree on a topic: "The Marketing Strategies used by Emerging Building Contractors in Polokwane Municipality, Limpopo".

#### **Aims and objectives of the study**

The aim of this research is to evaluate the effectiveness of marketing strategies used by emerging contractors in the Polokwane Local Municipality under the Capricorn District of Limpopo province. The objectives of the research are:

- To establish the marketing strategies employed by local emerging building contractors;
- To establish the effectiveness of the above mentioned marketing strategies;
- To make recommendations for remedial steps to improve marketing strategies employed by emerging building contractors;

The information that you will provide for this research will be treated confidentially and you will remain anonymous should that be your wish.

I thank you for participating in this study.

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**Please fill in the information below:**

Surname and Initial	
Company name	
CIDB Registration number	
Physical address of company	
Date of interview	
Place of interview:	

**Section A: Owner/manager profile** (Kindly tick the appropriate answer)

A.1 What is your gender?

Male	Female

A.2 Population Group

African	White	Coloured	Indian-Asian	Other (Specify)

A.3 What is your age group (in years)?

18-27	28-35	36-50	51-64	Over 65

A.4 What is your highest level of education?

Below matriculation	Matric	Certificate after Matric	Diploma	Degree	Post-graduate qualification

A.5 What is your designation in your organisation?

Manager	Owner-manager

A.6 How did you acquire your construction skills?

No skills	Experience	Learned from previous owner	Formal business qualification	Other

If other, please elaborate

.....

A.7 How long is your personal business experience in construction? (In years)

1-10	11-20	Over 21

A.8 Have you ever experienced business failure(s) in the construction industry before?

Yes	No

If yes, please elaborate

.....  
.....

A.9 Business acquisition method

Self-started	Inherited	Purchased	Other

If other, please elaborate .....  
.....

A.10 Form of ownership of your business

Sole trader	Partnership	Private company (Pty-Ltd)	Limited company (Ltd)	Close Corporation (CC)	Other (please specify)

A.11 What were your reasons to start your own business?

To be own boss	For money	For freedom	For societal contribution	To pursue initiative thoughts

A.12 Age of business (in years)

0 – 3	4 – 7	8 – 11	12 – 15	Over 15

A.13 Which entrepreneurial lifecycle do you think was the most important for your business survival?

Pre-start up	Start up	Growth	Maturity	Decline

**Section B: Company marketing strategy** (Kindly tick the appropriate answer)

B.1 How do you acquire new business? ***[Tick relevant option(s)]***

Government tenders	Private tenders	Referrals	Joint ventures	Sub-contracting	Others

If other, please elaborate

.....  
 .....

B.2 What are your sources of information about new projects? ***[Tick relevant option(s)]***

1	Government Tender Bulletin	
2	Social media	
3	Social network	
4	Newspapers	
5	Private Tenders	
6	Radio	
7	Referrals	
8	Other (specify) ..... .....	

B.3 Tick **five** factors that you regard as most challenging in marketing your business.

1	Access to financial resources	
2	Access to social media	
3	Access to social network	
4	Lack of marketing experience	
5	Lack of marketing qualification	
6	High prices of buying tender documents	
7	High fees to price tender documents	
8	Low CIDB grade	
9	Not registered with NHBRC	
10	Exposure to potential market	
11	Tight competition due to lesser projects in lower grades	

B.4 How do you think marketing challenges can be solved? **(Please tick five most important options).**

1	Government should offer financial assistance / bridging finance	
2	Government to provide training in marketing	
3	Hire experienced marketing personnel	
4	Government to lower prices of tender documents	
5	Provincial agencies to provide for estimators at reasonable cost	
6	Awarded contracts to market related bidders and not lowest bidders	
7	Maintain shortest payment turnaround time	
8	Access to private sector market	
9	Affordability of renewal fees for CIDB, NHBRC, CIPC, BBBEE & SARS	

B.5 What is the highest contract value you have attained since you started your business?

1	Not applicable	
2	R1 – R 200 000	
3	R 200 001 – R 650 000	
4	R 650 001 – R2 000 000	
5	R2 000 001 – R4 000 000	
6	R4 000 001 – R6 500 000	
7	R6 500 001 and above	

B.6 What is the lowest contract value you attained since you started your business?

1	Not applicable	
2	R1 – R 200 000	
3	R 200 001 – R 650 000	
4	R 650 001 – R2 000 000	
5	R2 000 001 – R4 000 000	
6	R4 000 001 and above	

B.7 Where have you ever done contracting work(s) **outside** Limpopo Province?

1	Eastern Cape	
2	Free State	
3	Gauteng	
4	Kwa Zulu Natal	
5	Mpumalanga	
6	Northern Cape	
7	North West	
8	Western Cape	
9	Outside the country	

10	Not applicable	
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B.8 Who are your major customers in provinces **outside** Limpopo and state the contract value.

1	Government Departments	R	
2	Municipalities	R	
3	National State Owned Entities	R	
4	Provincial State Owned Entities	R	
5	Private Companies	R	
6	Individuals	R	
7	Other organisation	R	
8	Not applicable	Nil	

B.9 What role do you want government to play to improve visibility of emerging contractors? ***[Tick relevant option(s)]***

1	Foster major companies to enter into JV with emerging contractors	
2	Elimination of fraud and corruption in awarding tenders	
3	Provide workshops/ training in management and marketing skills	
4	Provide financial assistance to those who are awarded contract(s)	
5	Break down projects to create more contracts in smaller grades	

B.10 Which marketing tool is most effective for your business? ***(Please tick 1)***

1	Social media	
2	Social network	
3	Newspapers	
4	Private Tenders	
5	Radio	
6	Referrals	

B.11 Who is your target market? ***[Tick relevant option(s)]***

1	Government departments	
2	Home owners	
3	Municipalities	
4	Non-Governmental Organisations	
5	Private Companies	
6	State Owned Entities	

**SECTION C: EFFICIENCY OF MARKETING STRATEGY** (Kindly tick the appropriate answer)

C.1 Emerging building contractors need to have a marketing plan.

Strongly disagree	Disagree	Neutral	Agree	Strongly agree

C.2 Do you have a documented marketing plan?

Yes	No

C.3 To what extent do you manage your marketing effort based on your documented marketing plan?

Completely	Mostly	Sometimes	Never

C.4 Do you have a functional stand-alone marketing unit?

Yes	No

C.5 Do you have a stand-alone marketing budget?

Yes	No

C.6 How much is your average monthly marketing budget?

Not applicable	Below R1000	R1001- R5000	R5001- R10000	10001- R15000	R15 001 and above

C.7 It is not important to know my competitors in the construction industry

Strongly disagree	Disagree	Neutral	Agree	Strongly agree

C.8 Focus your resources in segments which you can compete successfully

Strongly disagree	Disagree	Neutral	Agree	Strongly agree



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C.9 Marketing strategy is only important in well-established business

Strongly disagree	Disagree	Neutral	Agree	Strongly agree

**Answer the following statement in relation to *how effective your company marketing strategy is in:***

1. *Not effective at all*
2. *Not effective*
3. *Effective*
4. *Very effective*

C.10 helping to attain organisational objective

1	2	3	4
---	---	---	---

C.11 identifying product target market

1	2	3	4
---	---	---	---

C.12 knowing business competitors

1	2	3	4
---	---	---	---

C.13 identifying the niche market for the organisation

1	2	3	4
---	---	---	---

C.14 developing awareness of the organisation's product offerings

1	2	3	4
---	---	---	---

C.15 helping the organisation to adapt to changing environment

1	2	3	4
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**SECTION D: BUSINESS IMPROVEMENT STRATEGIES** (Kindly tick the appropriate answer)

**\*\*Note:**      **The following statements (D1 – D4)** relate to how difficult it is to access job opportunities by emerging contractors:

1. *Strongly disagree*
2. *Disagree*
3. *Agree*
4. *Strongly agree*

D.1 Emerging contractors find it difficult to access advertised job opportunities.

1	2	3	4
---	---	---	---

D2. Tender documents prices are reasonable/affordable

1	2	3	4
---	---	---	---

D.3 Registration on Central Supplier Database makes it easy to access job opportunities.

1	2	3	4
---	---	---	---

D.4 Fraud and corruption makes it easy to access job opportunities in government.

1	2	3	4
---	---	---	---

D.5 Who is pricing your project?

Self	Professional Quantity Surveyor	Experienced Estimator	Other

D.6 Attending built environment exhibition increases your knowledge base of the environment you are operating in.

Strongly disagree	Disagree	Neutral	Agree	Strongly agree

D.7 How have you financed your projects?

Self	Friend or family	Government Agencies	Banks	Other	Not applicable

If it was **government agency, bank or other above**, please state name

.....

D.8 Which of the Provincial and National Government Support Agencies are you familiar with?

1	Construction Industry Development Board (CIDB)	
2	Industrial Development Corporation (IDC)	
3	Limpopo Economic Development Agency (LEDA)	
4	National Empowerment Fund (NEF)	
5	National Home Builders Registration Council (NHBRC)	
6	National Youth Development Agency (NYDA)	
7	Small Enterprise Development Agency (SEDA)	
8	Small Enterprise Finance Agency (SEFA)	
9	Treasury's Central Supplier Database (CSD)	

D.9 Are you registered with NHBRC?

YES	NO

D.10 Registration with NHBRC does not increase possibilities to be appointed as main contractor in construction of residential houses.

Strongly disagree	Disagree	Neutral	Agree	Strongly agree

D.11 Development of building construction marketing model can improve construction businesses.

Strongly disagree	Disagree	Neutral	Agree	Strongly agree

**THANK YOU FOR PARTICIPATING**