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CHAPTER 1: INTRODUCTION

1.0 Introduction

Construction companies, small and large alike, contribute significantly to the economy of their respective countries (Moore, 1984). To effectively do so contractors have to engage in the marketing process for the survival and prosperity of their enterprises.

1.1 Marketing

Marketing involves the distribution of the firm's product or services to the consumers in order to satisfy their needs and to accomplish the firm's objectives (Tate Jr. *et al.*, 1982). The contractors as service distributors likewise have aspirations and goals to prosper, and in order to realise this objective, the firms' customers have to be a number one priority.

In order to put this approach into practice the customers' needs should be learned by the firms, i.e. their likes and dislikes should be known, so that the right goods and services are delivered. As provided by Pearce (1992) the whole organization efforts should be directed to the service and satisfying the clients. Secondly, the needs of the customers must be met at a profit for the firm to remain afloat (Pearce, 1992). Thirdly, the business owner must try to view the business from the customers' perspective by reflecting if the firm is doing all in its power to provide the exact services and products required. Fourthly, the business should be able to divide its customers according to their needs. Location and economic status are examples of customers' classification (Tate Jr. *et al.*, 1982). Also persuasion is essential in that, the clients' objectives and motives must be well understood to establish what would actually make them want to purchase something (Pearce, 1992). Lastly, the business should have a competitive edge. This means that the business should be viewed as the best by the customers as far as quality, reliability, integrity and service are concerned (Tate Jr. *et al.*, 1982)

In support of the same view Armstrong and Kotler (2000) mentioned that the marketing aim is to attract new customers by promising superior value and to keep current customers through satisfactory delivery.

In order to understand the concept of marketing better, the terms needs, wants and demands will briefly be discussed. It has been noted that human needs is the primary concept that underlies marketing. The needs are defined as ‘a state of felt deprivation’ (Armstrong and Kotler, 2000:5). They comprise of physical, social and individual needs. Wants are needs as shaped by culture and individual personality and demands are human needs determined by the buying power. Wants are controlled by the availability of resources hence people look for products that yield the highest value and satisfaction for their money. Clients in the construction industry will require certain services according to their needs. These needs will also be satisfied according to the financial status of the client which will in turn determine the exact services required by the client, i.e. the size, quality, shape etc of the product.

To efficiently carry out the marketing exercise therefore, the top marketing companies do all they can to learn and comprehend the needs, wants and demands of their customers, which will finally form a basis for marketing strategies design.

1.2 Marketing in Construction Services

Marketing process in the construction industry is a bit complicated compared to that of products industry in that with the latter there are stipulated processes available to be followed in order to market the products (Moore, 1984). This therefore calls for adoption of some of these tools by the construction industry. Again contractors cannot freely advertise their service through the media as is the case with products marketing (ibid). It is argued that contractors can only advertise through billboards at the contraction site or through the finished products. For example a well structured house serves as a marketing strategy for its builder.

Moore (1984) indicates that marketing practices have for a long time been undertaken in the consumer goods industries. They have established what the customers like, need and want concerning the products through research by either a marketing specialist or own employees. With the construction firm, the customers and consultants dictate what they want, and so firms do not just produce the products, making marketing in construction a tricky task. There are still some speculative house building firms though, which embark on a market research to determine what the clients look for in the houses, e.g. room sizes, fitments and so on.

As observed by Moore (1984) the construction industry has invariably been undercapitalised and payments of services provided are always overdue. The implication therefore is that the marketing exercise cannot be exhausted in the industry, being a costly process. In addition, the product industry has an advantage over the construction industry as they are able to successfully advertise precise products with precise prices. Construction industry can do the same but the results will not be as high as those in products industry.

Furthermore, the comparison of prices can be done among competitors in the products industry so that variations can be done as necessary. However, the contractors are unable to compare prices prior to selling, but after. (i.e. after submission of tenders). Even if the prices were to be disclosed by the client, they would not present prices for materials, labour etc, hence would not be of major assistance to the contractors (Moore, 1984).

Finally, in order to place a contract, three items have to be submitted by the client to the prospective contractor, namely the plan, bills of quantities and specifications. In turn the contractor is asked to present the estimated cost with a specified time period of construction. With the open tendering the lowest bidder is usually selected to carry out the works, though the work quality, experience, resources and financial status cannot be predetermined. In a case like this, there is very little that marketing practise can do besides making sure that adequate forthcoming contracts are known about so that enough

tenders are submitted, and also that the proportion of successes will produce an acceptable turnover (Moore, 1984).

Fortunately nowadays open tendering is rarely used especially in small projects. Instead a list of approved contractors is kept by most public authorities and a good number of private clients and their consultants. For a contractor to be on that list a very exhaustive questionnaire relating to the company is completed. Alternative tendering methods have been found to widen a scope of marketing activities for contractors (Moore, 1984).

1.2.1 What clients look for in the construction services

Clients in construction services determine what is to be produced by the contractors and some criteria are used in soliciting the services. In support, Friedman (1984:71) says “in developing a new growth and marketing strategies, a company must discover the most important factors in buying situations for current and prospective clients”. The criteria are as follows:

The Price Factor

For a long time the clients have always looked for the most affordable services in construction. This has led to the belief in the construction industry that price is the most important criteria in selecting the service provider. As stated by Friedman (1984), most of the construction process has been bidding hence the contractors regard the price as a critical factor for a client when selecting a contractor. Indeed price is important, but it is not necessarily the most vital factor. For instance a manufacturer of high technology items needs a specialized construction expertise to deal with various construction problems. Friedman (1984) has indicated that George Bridwell, regional manager for Penny in Chicago, argued that a good contractor should:

- Have a reputation of using good subcontractors and for building a good quality building.
- Have a good record of solving problems, rather than creating problems that cause delays and excessive extra costs.

- Be flexible in regard to adopting building schedules to specific timing problems that may affect store installation (Freidman, 1984:74-76).

Quality of Personnel Assigned to the Project

Another important factor is the quality of service provider. Construction buyers want information on the human resource undertaking the construction task. They look for personnel that clearly understand what the job entails, who is cooperative and not difficult to work with. Clients in addition want someone who has the desired influence within the contractor's organization to motivate people and organize the resources. This is so that the project is finished within the estimated time period without unnecessary delays which usually mean additional costs to the project (Friedman, 1984).

1.3 Defining the Small Contractors

Tate Jr. *et al.* (1982) argue that there is no generally accepted definition of a small business. However there are some criterion used to define the concept, which include size, type of customers, financial strength, and number of employees. A small business is defined as "an organization with a name, a place of operation, an owner, and one or more workers other than the owner" (Tate Jr. *et al.*, 1982:4). On the other hand a definition found in the Small Business Act of 1953 in Tate Jr. *et al.* 1982 is as follows: A small business is one that "is independently owned and operated and which is not dominant in its field of operation" (Tate Jr. *et al.*, 1982:3).

The same definition has been presented by Pickle and Abrahamson (1976), who further present the criteria used to classify a small business as thus:

- The management is independent. [usually managers are also owners]
- Capital is supplied and ownership is held by an individual or a small group.
- The area of operation is mainly local. Workers and owners are in one home community. Markets need not be local.

- Relative size within the industry- the business is small when compared to the biggest units in its field. The size of the top bracket varies greatly so that what might seem large in one field would be definitely small in another (Pickle and Abrahamson, 1976:4).

In addition to the above mentioned criteria Baumbach (1983) mentions that a small business is one that is highly personalized, and describes the small business as “...any business in which the owner/manager is able to recall the first names of his or her employees” (Baumbach, 1983:4).

Macfarlane (1977) has pointed out that indeed there is no general definition of the concept. However the most widely used criterion is that of paid employment or number of people on the payroll. The author presents the same criteria used above to describe these businesses, and adds that a business having no paid employees is also regarded as small.

1.4 Small Contractors in Lesotho

According to the International Labour Organization (ILO) report, the Lesotho construction industry is presently dominated by the non-Basotho contractors who are based in Lesotho. In the late 1970s there existed no domestic contractors who specialize in civil construction and roads (however this is not the case today as the country has a significant number of small and large contractors in civil construction as well as roads.) The domestic building contractors do not have sufficient capital and are poorly equipped in fundamental managerial and business skills.

Subsequent to a large-scale retrenchment of Basotho mineworkers in the Republic of South Africa mines in the early 1974 there was a shift in objectives of the road building programme. The Lesotho Government utilized the international missions to determine the enormity of the crisis and to provide solutions, which then brought about a broader scope for labour intensive works in the area of road construction, airstrips maintenance and agriculture.

The Labour Construction Unit (L.C.U.) was established in April 1977 as a branch of the Ministry of Works with two major objectives. First, to efficiently construct civil works using labour intensive methods by substituting labour for machinery whenever possible and second, to be all set to instantly absorb the unemployed if the need arises (Ntoi, 2000).

The labour based road programmes made use of contractors employed from the local communities. They develop the contractors and assist them to take advantage of the appropriate market opportunities. It is also specified in a report made by L.C.U. for the Ministry of Works, Lesotho in 1998 that the objective is to provide functional rural road communication to promote the socio-economic conditions of the rural people. The report further indicates that L.C.U. embarked on a privatisation programmes as part of the government policy and efficiency improvement.

This resulted in the establishment of a training programme which covers the technical and managerial topics for labour-based routine maintenance and rehabilitation contract for gravel roads for local small scale civil contractors. According to the report all the trained contractors have been awarded contracts in annual routine maintenance and are presently bidding for periodic maintenance and rehabilitation work contract competitively.

The Ministry of Local Government in Lesotho, through the Maseru City Council (MCC) is also very active in the development of small contractors. It is accountable for a variety of services within the periphery of the Municipal Area boundary. Such services include among others, providing economic and social support to the city dwellers. With the aim of curbing the ever-increasing rate of unemployment in the city, the Maseru City Council decided to make use of community participation method and adopt labour-based methods in improving urban development services. To augment the effectiveness of its operations MCC solicited support even though labour-based methods are popular in Lesotho. The Maseru City Council implemented the labour-based project 2000 – 2002 so as to:

- support the establishment of the Labour-Based Unit (LBU) within MCC and;

- capacitate local staff of the Council to run the Unit after the termination of the project.

The technical assistance was provided by the United Nations Development Programme/United Nations Volunteers (UNDP/UNV) and the International Labour Organization (ILO), while the Government of Japan financed the project. The project tools that allowed for community participation in the delivery of service from the planning up to the project implementation stage were created.

In order to develop small-scale contractors, who can perform the road maintenance duty on a network of the gravel road through labour-based methods a project was launched in 1993 by the L.C.U financed by the World Bank. During the project life, 32 domestic contractors were capacitated in both technical and managerial aspects of operating a road maintenance business. ILO granted technical assistance while the Swedish International Development Cooperation Agency (SIDA) provided funding. A set of training material referred to as, Road Maintenance and Rehabilitation (ROMAR), was compiled solely to address the needs of labour-based road maintenance contractors. This compilation was based on the ILO Improve Your Construction Business (IYCB) methodology and is currently used in and outside the regions.

In a classroom setting as well as field training and trial contracts, the contractors as presented by Pule (1999) were trained with the use of the Road Maintenance and Re-gravelling (ROMAR) and the Improve Your Construction Business (IYCB) training materials. The ROMAR manual provides the techniques of carrying out labour-based maintenance while the IYCB equips the contractors with business and managerial skills. The contract documents were also used in order for trainees to be aware of the documents used. Also guest lecturers from the ILO, LCU, Ministry of Labour, Lesotho insurance companies and financial institutions were invited for the trainees to learn how these would take part in the contracts. The field training involved demonstrations by supervisors and trial contracts involved a contract of three-month trial for the contractors. (Pule, 1999).

As a way of marketing themselves within government establishments the small contractors have to follow rules and regulations as specified in Public Procurement Regulations (2007) by the Minister of Finance in Lesotho. In order to assess the capacity of qualifying tenders it is stated that the procurement unit shall examine and evaluate the financial resources, technical qualifications and the expertise of the tenderers according to the criteria set out in these regulations, for the purpose of securing equal opportunities and fair competitions to tenderers.

The tenderer's' technical capacity and expertise shall be determined subject to any of the following indicators depending on the nature, specifics, quality and quantity of the works, goods or services;

- education and professional qualifications of management, supervision, and operational staff of the tenderer. In most cases small contractors are not highly educated and professionally qualified, consequently they seldom win the tenders. To attest to this statement ILO observed that due to the small (virtually non-existent) local private construction sector, the L.C.U. selected trainees had very different backgrounds and work experience. For instance one trainee had completed secondary school, owned a commercial pig farm and a four-ton truck while another had a Diploma in social administration, owned a fruit and vegetable business and a private car. This then is a clear indication that small contractors are not professionals as would be desired by the government.
- details of contracts of a similar nature carried out over the past five years with their costs, timeframe, location and the purchase with a reference or references of satisfactory completion. This condition is not in favour of those contractors who are new in the industry and have not yet completed the required period of time.
- details including specifications of the tenderer's technical facilities, plant and equipment; generally the small contractors do not invest in all these due to lack of finance. The reasons as provided by Pule (1999) are that they are unable to provide an adequate security to obtain a loan; secondly they are charged higher rates of interests than normal; and finally bankers are not knowledgeable enough

to give them suitable assistance. According to Ntoi (2000) they are therefore more amenable to the use of labour intensive construction methods.

- quality control measures to be carried out directly or under sub contracting; for small contractors the issue of quality control is a foreign concept because the exercise is usually carried out by large contractors, and besides, Lesotho consulting firms are used to designing and supervising large conventional works. Consequently Pule (1999) has suggested that the consulting firms be introduced to the labour-based construction principles so that they may also appreciate it.
- samples description or photographs of the goods to be supplied, a certificate or certificates of authenticity;
- details of the tenderer's proposed arrangement for subcontracting and for managing those subcontractors

It is also stated in the Public Procurement Regulations (2007) that in the evaluation of financial qualifications the procurement unit shall require tenderers to furnish evidence of their financial capability to fulfil contractual obligation, and the evidence of financial qualification may be established by the following documents;

- statements by the bank
- tenderer's own financial statements, together with an audit opinion from qualified independent auditor;
- table of consulting staff, remuneration and other cost estimates; or
- reports on tender's annual sales of works, goods or services, similar to a given contract performed in the last five years.

Small contractors who are classified into category C and category D, more often than not lack access to credit facilities as indicated earlier and evidently they are not in a good position to tender for they will not meet the financial qualification requirement.

1.5 Statement of the Research Problem

The problem statement of the study is that the small contractors in Lesotho do not adhere to these marketing tools, and even if they do it is to a very limited extent, which impinges

on the prosperity of the firms. In order to realise success they have to take heed to the tools of services marketing. Until recently, marketing has always been undertaken with regards to the sale of physical products such as equipment. Jobs on services also contribute largely to the total employment; hence measures have been formulated and adopted to improve the marketing of services. In their provision of services to the community, small contractors in Lesotho, who are within the services industry, do not adhere to these marketing tools, and even if they do it is to a very limited extent, which impinges on the prosperity of the firms. In order to realize success, they have to take heed to the tools of services marketing. This study principally focuses on the ways that small contractors market their services based on the general marketing tools provided in the next chapter.

1.6 Objectives of the Study

Primarily the study seeks to identify the methods of marketing small construction firms and their constraints.

1.7 The Research Question

The study seeks an answer to the following question:

What critical success measures are undertaken by small contractors in marketing their businesses?

The research sub-questions are as follows:

- What marketing methods do small contractors use?
- How useful are these methods in realising the success of these businesses?
- What are the constraints to the marketing process?
- How do these small contractors overcome the marketing constraints?

1.8 Hypothesis

In order to achieve the objectives of the study and to answer the research questions, the study will be guided by the following working hypothesis:

The small contractors in Lesotho lack awareness on marketing tools used in services marketing.

1.9 Limitations

The first limitation of the study was that the respondents did not have enough time to respond, so it meant making few visitations to one interviewee. Secondly, some respondents may have felt that the information required was confidential; hence they did not disclose the correct answers. In some cases they might have given answers which they thought were desirable. Hence the questions would be rephrased to find out if there were any inconsistencies, especially the question regarding the employees' welfare.

1.10 Scope of the Research

The research population under study is the small contractors in Lesotho and the study is intended to cover ten months period. In essence the study was not intended for medium or large contractors. It is worth mentioning that the government is the major client in the construction industry hence only a few questions in the interview were related to the private sector. Since the country has ten districts, the researcher decided to focus on the population in the Capital City, Maseru, where the sample was then derived. Time and financial constraints would not allow for the sampling of the entire country.

1.11 Structure of the Research Report

The first chapter presents the introduction of the report. It gives the aim of the study, the research question, the working hypothesis and the study limitations.

The second chapter discusses the review of the literature. The focus is mainly on the marketing of services as opposed to that of goods, the definition of small contractors is

presented which is finally followed by the examination of small contractors in Lesotho and their marketing approaches. The third chapter examines the research methodology. Various methods of research are put forward and the one found to be most appropriate for the study is then presented and justified.

Chapter four comprises of the findings of the study as well as their analysis. The background information on small contractors and their marketing strategies are firstly presented, followed by the marketing support structure and provision of quality services. Finally the policies of marketing and the challenges encountered by the contractors are discussed. The fifth and final chapter presents the summary of the findings and recommendations.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

The chapter aims at discussing the methods used to market the small contractors' businesses. In order to go about this, the strategic marketing concept will firstly be presented, and secondly the marketing strategy fundamentals will be discussed. Thirdly various strategies of marketing will be looked into, followed by products and services marketing and their dissimilarities. Marketing in construction companies will also be looked into, and finally the constraints to marketing process will be considered in addition to case studies.

2.1 The Strategic Marketing Concept

The strategic marketing is "the corporations mission to seek a sustainable competitive advantage by meeting customer needs" (Czinkota, *et al.* 2002:11). The concepts direct the overall marketing strategy of a firm, which answers the following questions: 1 where does the firm want to go? 2 how does the firm get there? 3 how does the firm maintain a competitive advantage? The fundamentals of marketing have therefore been a necessity.

2.2 Marketing Strategy Fundamentals

According to Czinkota *et al.* (2002) markets are composed of homogeneous groups of customers having the same needs and wants. These groups are called the market segments. Since marketers do not have adequate resources to appeal to all segments they focus on target markets /specific segments. In order to appeal to each target market, the marketing mix is created through the marketing strategy, and aids in the development of a positioning strategy. For example Pepsi is thought to be targeted to the younger generation, and that is its positioning strategy.

The marketing mix is the representation of controllable elements of the businesses' strategy. It comprises of developing strategies in four areas of decision: product, pricing,

distribution/place decision, and promotion. Hence it is referred to as the Four Ps, and these are discussed below.

2.2.1 Product decision

A wide range of issues such as new product development, branding, packaging, labelling and the strategic management of products are encompassed in product decisions. Product (either goods, services or places) provide form utility to customers. This is achieved by the conversion of raw and component materials into finished products desired by the market place. Czinkota *et al.* (2002). For example in construction bricks, cement and water are converted into a building.

2.2.2 Pricing decisions

The pricing decisions should support various objectives, and at least the strategy should firstly ensure that the marketing strategy of a product is sustained. Secondly the organization's financial goals should be achieved, and finally the realities of the market place should be fitted. As observed by Czinkota *et al.* (2002), prices have always been determined by "a best-guess decision" which is immediately adjusted when the guess turns erroneous. This is despite years of study by market researchers and economists. For example Pampers diapers were originally sold at ten cents per unit, but were soon prices at six because they were not selling (Czinkota *et al.*, 2002).

2.2.3 Place (distribution) decisions

The ability of the marketers to make time, place and possession utility for customers is mirrored in distribution decisions. Time and place utilities symbolise the marketers' ability to offer goods anytime and any place customers would like to buy them. Possession utility aids the product transfer from the producer to the customer through the marketing channels. These paths are the networks of organizations that move a product from the producer to the intended market (Czinkota *et al.*, 2002:13). For instance in

construction the cement manufacturer may transport the product to the building materials shops, the shop owners will then transport it to the contractors building site.

2.2.4 Promotion decisions

The firms' marketing strategy is communicated through promotion decision to consumers and members of the channel who distribute the product to the market. Trading and communication required personal travel by land or sea, which was time-consuming, unsafe and expensive. Nowadays these are carried out in real time through the internet, telephone etc, which has significantly increased the trading efficiency and amount.

To achieve this communication, the promotion mix of a firm is used. The elements of the mix include advertising, personal selling, publicity as well as sales promotion. From these elements, every firm makes a choice on which to use in communication with the market. Advertising notably has also risen through the radio, television and the internet (Czinkota *et al.*, 2002). Small contractors should therefore master every new and improved communication technology for them to succeed in marketing.

2.3 Services and Products Marketing

According to Dalrymple and Parsons (2002) physical products in most cases have some elements of service as part of an offer. Goods such as computers go with the warranty service to repair or replace. Goods differ in service components, there are those with low and those with a high service component, consequently the programs of marketing differ for each type of product. The creation and execution of marketing programs are influenced by certain characteristics of the services, these being intangibility, perishability, inseparability, variability and client relationship, all of which will be looked into below.

2.3.1 Intangibility

Services unlike products cannot be touched, smelt, heard, tasted or seen (Dalrymple and Parsons, 2002). This according to Czinkota *et al.* (2002) is the main property that distinguishes services from products. Services are intangible dominant hence there is a risk associated with paying for them. The quality of a service cannot be determined or tried out before payment. It is for the marketers to maintain an impressive loyalty so customers feel comfortable purchasing the service. Again, the intangible nature of services means marketers have to communicate the concept one way or the other to the customer. This can be by developing a tangible representation of the service. For example, plastic cards may represent bank credit. Finally, the service provider has to emphasize skills and technical competence of someone in contact with the buyer so as to build the customers' trust (Dalrymple and Parsons, 2000).

2.3.2 Perishability

Services have to be used as soon as they are offered for they go to waste. They cannot be stored for future use or carried in inventory. An empty cinema represents an income that will never be recovered, hence accurate demand forecasts must be made to avoid this problem. Unexpected demand is also a problem as it creates shortages on services, for instance, a shortage of transit cabs drivers at night might present problems for customers who need to travel at that time. Therefore to alleviate the service problem, supply must be matched with demand. One way would be by encouraging customers to perform part of the service such as filling the forms in the doctor's office (Dalrymple and Parsons, 2000).

To manage demand the following suggestions have been made by Dalrymple and Parsons (2000):

- Differential pricing to shift demand from peak to off-peak periods. An example is low weekend rates at urban hotels.
- Advertising campaigns that focus on the solitude of islands beaches during off-peak season periods.

- Offering complementary services to those who are waiting. Theatres sell popcorn and candy and rent videotapes to people waiting to see the movie.
- Reservation systems guarantee services to customers who cannot be handled during peak periods. These customers can be told of variable service times and kept from going to competitors.

2.3.3 Inseparability

Unlike tangible products that are manufactured, dispensed to the dealers who sell to the consumers, the services are firstly sold, and then produced and consumed simultaneously. For example, a customer buys a film ticket first, and the film is watched thereafter. The service is directly delivered to the customer, and the services are easily obtained by the customer.

Services are brought to customers by local sales agents since they cannot be stocked up or transported. The more the service outlets are maintained by service marketers, the higher the proceeds. Different methods of lowering the cost of getting closer to the customers have been tried, e.g. having temporary offices that are opened or closed whenever necessary. The best solution is to use technology, like selling the tickets on the internet.

Another important factor is the image. The service marketers should make a positive image of their facility. For example, the lawyer's office should not be shabby as it makes the client doubtful about the services provided.

2.3.4 Variability

The quality of service differs between transactions as it is made by differing people. With the products however consistency is maintained by the inspectors at manufacturing stage. To reduce the risk of invariability customers will seek each other's opinion before purchasing a service. Service variation risk can be reduced by marketers through

provision of warranties like those used for tangible products. Technology is the best option for marketers. For example, Automatic Teller Machines allows customers to do transactions without the use of a teller. Highly trained employees also reduce the risk of variability. Service production has to be controlled to identify where the problem lies, and customers can deliver such data through a suggestion box so that the employees causing the problem may be retrained or let off.

2.3.5 Client relationships

Customers and service firms usually have close and long-lasting relationships. Service-providers should work at having a client relationship, which can be achieved by dropping the formalities when communicating with a customer, e.g. including them in the social activities where appropriate (Dalrymple and Parsons, 2000). Unless the competitor is extremely good, the customer will seek the same services elsewhere. The customers' trust is built through a long service provided.

In addition to the above characteristics, Lovelock (2001) has pointed out that the marketing concepts and practices that have been developed for manufacturing companies are not directly transferable to service organizations. This is mainly because services vary markedly from products. It is further presented that the above characteristics are applicable but to some and not all services. Lovelock (2001) has provided a handful of factors in this regard, which explicitly distinguish services from products. These and their implications will be discussed below:

No customer ownership of the service

Value and not ownership of tangibles is derived from services. This excludes construction services, food services and spare parts installations. The physical objects services such as hotel rooms, people's expertise etc, are rented out by the marketers.

For service providers pricing is the key implication. In the event that the firm rents out its services, the length of time of rental will determine the price of a service. Services are also sought using different criteria from that used when actually buying a good. Taking car rental versus car purchasing as an example, what the customer looks for is the length of the rental; say one day to a few weeks, appearance of a car, and a class of a car (full size, compact). A service station location is also vital to the customer, as well as hours when the station opens. On the other hand when purchasing a car, the model, colour, and speed to mention just a few, become very crucial to the potential buyer.

Customer involvement in the production process

In the process of carrying out a service the resulting outcome is a combination of physical facility and physical or mental labour. This means that in order to form the product of the service a customer has to take part in the process, though this does not apply to all services such as construction services. Self-service is one way of partaking in the service delivery, an example being the operation of an automated teller machine (ATM). Another form is that of collaboration with the service staff. The customer in a way becomes a partial member of staff who needs to be trained for the optimum service deliverance. For example, an ATM machine user has to be guided before operating it (Lovelock, 2001). In addition to the clients' collaboration with the service staff, Czinkota *et al.* (2002) pointed out that customers consume their services in the presence of other customers, who may influence one another's experience.

Servicescape is another factor that influences the customers' service experience. It is "the nonliving physical evidence used to create the service environment" (Czinkota *et al.*, 2002). The servicescape is composed of ambient conditions such as room temperature, inanimate objects that support the business in completing its undertakings such as furnishings and business equipment, and other physical evidence such as signs, symbols etc (Czinkota *et al.*, 2002).

Since the services are intangible the customer cannot easily evaluate them. As such the physical evidence around the service forms the bases for service performance evaluations. A clean office for example, may symbolise competence and professionalism of a service provider. The servicescape design must therefore accommodate the needs of both the employees of the firm and the customers (Czinkota *et al.*, 2002).

Introducing transformation to the nature of the process of production changes the customer's role in participation. The treatment given by the service providers determines the customer's satisfaction with the final product. A fine treatment will motivate the customer to come for more. Other attracting factors are the service stations' location and opening times, they should be situated in an easily accessible place, and open at the most convenient times for the customers. Moreover they have to be appealing and easy to use (Lovelock, 2001).

People as part of the product

The clients in the construction industry do not need to be in physical contact with the contractors in order to obtain the services provided as is the case with other types of services. A high contact service, unlike a low contact service (delivered at arm's length) brings the client to be physically in contact with both the service personnel and other clients e.g. on a full bus. The quality of personnel serving the high contact service determines the service standard of such firms, therefore the personnel not only need the technical skills but also people's skills.

The employees have to be highly trained and motivated to carry out their tasks. The customers' behaviour also has to be moulded so everyone can reap satisfactory benefits from the firm (Lovelock, 2001).

Greater variability in operational inputs and outputs

It is not easy to manage inconsistencies in the inputs and outputs of the services. This occurs because the staff members are inevitably in the clients company within the operational system. Unlike the products, services cannot therefore be offered according to clear standards and a monitored situation thereby offering constantly high-quality services. The exceptions in this case are construction and other services that can be offered in the absence of a customer.

Difficulty of customer evaluation

Before purchasing goods, a buyer can determine their nature, such as colour, texture etc. In addition experience also determines the procurement of goods and services, e.g. previous work of a contractor. Then there are services which cannot be characterised even after usage, for instance personal services such as surgery.

It is therefore the marketer's duty to sensitise the customers on such services by way of explaining how they operate and what to expect before and after service delivery. This will help the client to feel at ease with the service and the client will be likely to spread the information thus increasing the clientele.

No inventories for service after production

Unlike products, services cannot be locked up in a store room for future use. This means that if there is shortage then the clients go back empty handed. For this reason it is the firm's responsibility to ensure that the demand matches the availability of services. On the other hand the firm may need to reduce its serving power due to a decline in demand. Market forecasting is therefore vital for the firm

Importance of the time factor

Although the construction service does not require the physical presence of a client, deadlines must always be met by the contractors. Most services delivery requires the presence of a customer at a service station, and the time taken to give a service is also highly crucial. The customer must not feel like they have waited forever for a service, which means that the marketer has to timely serve the clients especially when they have to queue up to be served. In the event that the customer feels delayed then they will not hesitate to pay more for a faster service. Again the customer will choose a service that conveniently serves them; hence most services have opted to operate twenty-four hours a day for the benefit of the clients (Lovelock, 2001)

And as previously mentioned sometimes the customer's physical presence may not be required. However, time is still of essence to the customers, they still want a speedy service regardless. The firms therefore have to be sensitive to the limited time that customers have and do all they can to rapidly deliver the service, bearing in mind that the good quality of their work must always be maintained.

Different distribution channels

Some service firms make the use of electronic means such as electronic funds transfer, to distribute their services, while in contrast the products firms use physical means of dispensing their produce. Sometimes the services company may use both the physical and electronic means, located on one site, so that a customer may either personally visit the site for the services, or electronically access the same service from the internet.

This has resulted in the rapid growth of communication particularly the internet, which aids in banking among other things. Customers in both the small and large businesses are able to access services from wherever they are via e-mail and Web sites and at a low cost. Consequently even those firms whose market is restricted to a small area are in a better position to expand further a-field.

Public relations

Public relations attempts to influence the way consumers, stockholders, and other public feel about companies (Solomon and Stuart, 2000:497). The objectives of public relations includes among others calling attention to the involvement of a firm with the community by way of supporting sports and concerts to mention but a few. As such the small contractors will create a favourable attitude from the clients.

Stephenson (2003) reiterates that every owner of a small firm must be aware of how public relations can assist business position and communication with the community as well as the industry. It is further mentioned that interaction between the firm and the community within which the business operates in is of great importance. Small business owners should participate in community related activities by joining both business and non-business activities. According to Stephenson (2003), many business owners are reluctant in joining the business and industry associations. The joining cost and time necessary for taking part in the associations' functions are the sources of such scepticism. However leading business people are aware of the vitality of associating and networking with others who share the same interests, hence they join the local business associations as well as amateur sports. As such the firm owner will be regarded as a "goodwill ambassador" of his business (Stephenson, 2003:174).

Also a small firm owner must strive to offer their clients gifts that do good according to Stephenson (2003). For example a firm may find out clients' closest charity causes and make donations to such charities in their clients' name. The statement that this action makes is that the company realises that in life there are more vital issues in life other than business. Clients will in turn show gratitude and respect for the firm (Stephenson, 2003) Promotional products such as T shirts portraying company logo can also be given away free so that awareness of the sponsor is created. (Solomon and Stuart, 2000)

2.4 The Strategies for Marketing Services

Three major concepts are discussed under the strategies for marketing services: differentiation, quality and productivity. Public relations as part of marketing technique will also be looked into.

2.4.1 Differentiation

The perception on the customers' part, that some services are necessarily the same reduces the firm's marketing tactics to price competition (Cooper and Madden, 1993). However this is not always the case with customers in the construction industry. Most clients through observation and word-of mouth are aware that different contractors offer the same services differently.

Therefore according to Williams (2008) a company has to have a good company profile that makes it stand out of the rest. A profile of a company provides an overview of what a potential client can get from the firm, what the organization is all about and what is unique about its services.

Perceptive marketers are aware that true functional differentiation creates loyal customers. Addition of an original feature to the product is one differentiation approach, and this kind of innovation can be copied by other firms. Nonetheless the firm that innovates first gets a good reputation and builds a loyal clientele (Cooper and Madden, 1993).

2.4.2 Quality

The quality of services is not easy to define and monitor as that of goods. For instance, it is easier to predict and assess a client's satisfaction with aesthetics of a product than it is with the strength and durability of the same product. However the delivery of higher quality than other competitors in service firms is the most vital tool. The quality level is

determined by the customer, i.e. most customers' expectations must be met, which is a case in construction services. The quality standard is therefore determined by the average customer's expectations. The top firms standards are then set above the expectations to maintain a reputation for the best quality. In order to monitor the quality, customers' complaints are used as feedback to the company's management. Also the International Organization for Standardization (ISO) is an important quality standard most firms adhere to. ISO 9000 is an international quality standard (Hutchins, 1997) and it refers to a set of three standards; ISO 9000, ISO 9001, and ISO 9004. All the three are termed the quality management system standards.

Lastly, the competent service firms are committed to their staff members as they are to the customers. The staff member represents the company to the customers, and if the employees are satisfied with the company, then this will be portrayed by the way they serve the customers. Incentives are used by most companies to motivate their employees. These may be in a form of rewards, compensation packs, work environment that is conducive (which sadly cannot be controlled at all times in the construction industry) etc.

2.4.3 Productivity

In order to maintain adequate profits, companies have to increase their productivity through various techniques. Firstly, additional staff may be employed on condition that the company can still make profit despite the increased employee costs (Cooper and Madden, 1993). The delivery of construction service especially, is usually a very long process which requires a considerable amount of labourers. Secondly, only the best workers may be hired to increase productivity without compromising the quality of service. Again, new technology may be procured as long as the company can afford to do so. Finally, the most regular customers can be identified so that utmost care is taken to meet their needs so that productivity is boosted, though the regularity of clients is not as high in construction industry as it is in other services and products industries. However too much productivity can bring about less quality as mistakes may go unchecked with

larger volumes, thus quality control must always be exercised (Cooper and Madden, 1993).

2.5 Marketing in Small Businesses

According to the literature, marketing in small businesses does not vary much with that of medium and large businesses. The main focus of marketing is still on ensuring that the customers' needs and wants are met so as to keep afloat in business and the same goes for marketing in small contractors. Adoption of a marketing orientation ensures that customers are satisfied and delighted. Such adoption is done to maintain a long term relationship with clients and maintain an appropriate image.

Imperative as marketing is, small businesses including small contractors are somewhat reluctant to engage in the practice due to limited resources and daily business pressures. As previously stated by Moore (1984) the profits are always overdue in the construction industry leading to meagre financial resources, which in turn leads to little or no marketing exercise. Though this may be costly for small business, it is advised that they weigh these costs against those of working on inadequate marketing information. Kenny and Dyson (1989) have identified ways of adopting the marketing orientation, which are discussed below.

Firstly, the customers' needs and wants have to be recognised. This does not only apply to small businesses but to medium and large firms as well. In order to understand all the marketing principles and practices, identification of customer needs and wants has to be the point of precedence. This has always been practised in the construction industry though, as clients have always dictated what they want, though it may be problematic with other forms of small businesses. Firms should understand and acknowledge the importance of customer orientation.

It is largely the comprehension that presents difficulties mainly due to the firms' contented attitudes where the customers are concerned, over and above the costly

research needed. As a result firms become overly obsessed with the offered service or product such that the needs of a customer are ignored.

Firms sometimes believe that they know what the customers' needs are, and also tend to believe they are offering better than competitors as far as quality, price and after-sales services are concerned. The conviction ends only when they begin losing customers and then take drastic measures without knowledge of the problem causes. Implementing a customer orientation by way of concentrating on the needs of a customer is therefore not as costly as it is perceived to be. All that it takes is to focus on the benefits attained from the offered goods and services. For example, a construction firm should understand that customers are actually looking for good quality project and not just a road or a house.

Secondly, there have to be links with other functions of the business. The customer orientation has to form a basis for other business functions such as human resource and finance. These responsibility divisions may create conflicts if no common aim and overall coordination are in place. For instance, a financial manager may argue that his job is to ensure that everyone works within budget, while the sales manager would aim for a smooth and even production. As good as both intentions are, they may conflict as the financial manager may argue that the smooth and even production would mean going over budget.

However with an effective customer orientation as a major marketing basis, then the managers interests will not clash, each striving for the same mission. Firms are all working for a profit, but if the longer term stability should be maintained, then customer satisfaction should come first.

Thirdly, the firms have to define their business. The nature of a business can be described by the marketing approach in accordance with customer orientation. This definition has a far reaching implication on the way the firm operates. If the business is not sufficiently defined, then unfavourable issues may suffice. For instance if the competitors' activities are not monitored then the company's market may decline. Seemingly minute factors

such as poor record of delivery and inefficient response to enquiries are some of the causative agents of customer dissatisfaction. The firm would therefore have to retrace its steps and begin focusing on the customer needs to bridge the gap created by its previous ignorance.

Another way of adopting a marketing orientation is provision of future direction. Other factors contributing to the firm's change of market share include new or improved technology and material, social and cultural change. In the construction industry improved methods in construction such as off-site manufacture can be used in order to reduce the construction industry waste. Monitoring these factors is a tedious task, which the smaller business may find quite impossible.

Nonetheless it is not wise to react to changes at a later stage or as they come as severe or disastrous recovery problems will be encountered. Marketing activity involves forecasting the future and trying to prepare for the change in customer needs as shaped by the inevitable changes. Such readiness will guarantee the survival or prosperity of the firm. It is acknowledged that being ready for the future is quite costly as a lot of research must be carried out. For small business this would mean opting for an easier way out, i.e. reacting to the changes as they come or making short term plans. However there are repercussions involved in this regard, which would lead to a serious decline of the market. It is therefore mandatory for small contractors and other small firms to embark on market research to some extent.

Building a firm's image is also a strategy for adopting a marketing orientation. A firm's image is shaped by the level at which customer's satisfaction is met. This image is the peak of the marketing orientation, even though some firms still fail in customer relations. This means that marketing is not yet popular. Poor management is still the order of the day and people's needs are not a priority. All this is manifested in poor service delivery.

For marketing strategy to be effective all the staff members of the firm have to be sensitised on what the firm is all about, and more especially on the importance of

customer service, so that no mistakes are made to compromise the image. The image comprises of the product quality as well as the manner in which the product is offered. For example, a rude receptionist can taint the whole image of a high quality product firm.

The marketing and selling concepts additionally form the way of adopting the marketing orientation. The concept of selling is based on the assumption that firms must do all they can to increase their sales. This is mostly evident in product firms and some services firms such as insurance companies whereby intense promotion or selling pressure is applied, i.e. attention is directed toward the firm's need, namely the income.

This has largely tainted the image of marketing and selling especially where the selling pressure is applied. If research on the needs of a customer would be carried out, then the goods and services would be sold without effort, hence the "pressure techniques" (Kenny and Dyson, 1989:26) employed to persuade the client to buy would not be necessary.

The selling concept comes with risks especially at the initial stage where the market is still very limited, thus it relies on repeat customers' purchases. Some sales persons generally go to lengths to secure an order as directed by their firms' aggressive sales policies. Customer protection legislations are evidence of such questionable promotional selling practise (Kenny and Dyson, 1989).

Finally, the cost of the marketing strategy is an element of marketing orientation. As previously reported, in marketing the fundamental considerations are the needs, wants and values of the customer and the firm's position relative to competition. Quite insignificant cost is incurred by any business in deliberating upon these aspects, and it is not difficult to grasp that providing a greater degree of customer satisfaction than that offered by competitors has profitability implications for the individual firm.

Small businesses, including contractors in particular, have a tough task of deciding whether it can afford to adopt such a concept in view of the cost implications. Similarly it

is also necessary to deliberate on the risk of not applying the concept, and in the end it may have to be a trade off decision.

Evidently it is a question of the individual company judging the situation and deciding just what degree of uncertainty it is able to live with. If there is a strong conviction that consumer needs and wants are more understood than say, competitors' activities, then scarce resources may be allocated to clarify the latter. If vice versa then the converse may apply. Whatever the situation, the adoption of a marketing profile will in itself increase the realisation that the firm is indeed operating in an uncertain environment and that there is a cost factor involved if this uncertainty is to be reduced (Kenny and Dyson, 1989).

2.6. Case Studies

Some case studies from the local and the international sources have been identified and presented, these being Swaziland and Singapore. This is in order to get a broader perspective regarding the environment within which the small contractors operate.

2.6.1 Singapore

Poor working environment and management and lack of planning on the small contractors' part, has led to dwindling of construction companies. This is according to a report by the United Nations Centre for Human Settlements (1996). These companies exist from one project to the next thus are not financially stable.

As a result many studies have been undertaken to establish the success measures that the small contractors undertake for the growth and development of their firms. The report investigated the circumstances under which the small contractors firm thrive.

The small contractors in Singapore battled with an array of constraints in their businesses' operations as far back as the post Second World War construction period (Thwala and Mvubo, 2008). They went through the same predicament as most contractors in developing countries are currently experiencing.

Such situations included technical and managerial skills inadequacy, financial setbacks, and late payment by clients. Sour relations with the suppliers were also an obstacle to the development of the contractors. However the situation changed for the better so that the contractors' initiatives were supported (Thwala and Mvubo 2008).

The report by the United Nations Centre for Human Settlements (1996) indicated that the contractors in Singapore have good relations with their clients and this was one of the major elements of success. Through good relations repeat orders are obtained. Again the clients assign repairs and maintenance jobs to the friendly firm owners. Also recommendations are made to other prospective clients.

An observation was made that there are factors that bring about good relation with the clients. Firstly the contractors make fair deals and are dedicated to their projects. Secondly they are most sensitive to the clients needs hence there is prompt respond to such. Also contractors ensure that they avoid unnecessary delays on the project assigned. The study indicated that good performance on the project implementation also ranked the highest among factors that contribute to successful marketing of the small firms, so much so that even conscious advertising of the firm has a low impact on the firms' development.

2.6.2 Swaziland

According to Thwala and Mvubu (2008) the small contractor development programme in Swaziland falls under the Ministry of Public Works and Transport. The Ministry is mandated to make sure that a sustainable public infrastructure is provided for and maintained. The construction and maintenance of government roads and buildings are some of the responsibilities of the Ministry. These works are commissioned by the government to the accredited contractors.

In order to maintain order in the construction industry the State through the Ministry registers and categorises all the contractors, and the small to medium size companies fall between classes two to six. Therefore all the construction firms assigned with the duties of implementing the government projects, or those whose training and support are funded by the government have to be registered. The firms' performances and capacities will reflect in this registration, and the following must be exercised in the process:

Firstly the approved list of public tenders must function. This decreases the cost incurred by both the public sector and the industry in the open tendering process. Secondly the advanced contractors are promoted through performance monitoring. In addition the small contractors who perform well are provided with the necessary resources. Finally the support is withdrawn from those performing poorly and those who have graduated (Thwala and Mvubu 2008).

The contractors in Swaziland as pointed by the authors have encountered some obstacles in the operation and success of their firms. To begin with, they lack resources and are unable to provide sureties. They cannot obtain professional security and are not insured. Again in as far as finding jobs is concerned, they lack in the approach, knowledge, experience and time. When they do find a job, they struggle to comprehend the contract documents, and tender preparation and submission. Moreover there is no continuity regarding the work type, scale and location. Finally the contractors are not equipped with the necessary technical and managerial skills.

2.7 Summary of the Chapter

In this chapter the concept of strategic marketing as the guiding philosophy for directing the marketing strategy has been presented. Marketing strategy fundamentals were discussed and it was established that the market is divided into segments whose needs are met through the marketing mix (product, place, price and promotion). Services and products marketing were also explored and found to differ due to the characteristics of the services including (intangibility, perishability, inseparability and variability). Strategies for marketing the services were discussed under which the concepts of

differentiation, quality and productivity were explored. Marketing in small businesses then discussed. Finally case studies were presented to further strengthen the theoretical framework.

CHAPTER 3: RESEARCH METHODOLOGY

3.0 Introduction

Burney (2008) categorises the methods of reasoning into deductive and inductive approach. The inductive research (bottom- up approach) works from more specific to broader generalization and theories, the conclusion is then derived from the assertion Burney (2008). As reiterated by Trochin (2006) specific measures and observations are firstly made, followed by identification of regularities and patterns. A tentative hypothesis that can be investigated is then devised in order to reach a conclusion.

The deductive approach (top-down approach) on the other hand moves from general to more specific, and the conclusion follows from the available facts. Trochim (2006) explained further that a theory is made concerning a certain issue of interest, then narrowed down to a precise hypothesis that can be tested. The author argues that the hypothesis can further be scaled down through observations made to analyse the hypothesis. With this method, as presented by Burney (2008) the arguments are based on laws, rules and accepted principles. The method is likened to a waterfall that descends from the theory, hypothesis, observation and finally to confirmation.

For the purposes of the study undertaken by the researcher, the most appropriate method of research is the deductive approach. The primary aim of the study is to establish the extend to which the small contractors in Lesotho adhere to the marketing methods as provided in the previous chapter for their companies, and to establish factors that contribute to successful marketing by small contractors. The specific issues which will be looked into include some of the methods used to market the small contractors' businesses, and the constraints to marketing processes.

In order to achieve the objective of the study and to answer the research question, the study will be guided by the following working hypothesis: *the small contractors in*

Lesotho use inappropriate marketing tools in the services marketing. The statement is supported by literature and it will be briefly discussed.

It has revealed that, in order to market their businesses, small contractors have to maintain a long term relationship with their clients through recognizing and satisfying the customers' needs. Secondly all the functions of a business have to be linked through the customer orientation so they all have one goal. Again the business has to be defined within the firms to prevent unfavourable issues which may lead to a decline of the market. Finally, provision of the future direction such as adopting new technology to meet the clients' needs is also essential in addition to building the firm's image.

In contrast, the Lesotho Government regulations, which is adhered to by the small contractors in the country presents a different view altogether. In order for these small contractors to market themselves to the government, they have to adhere to rules and regulation as prescribed by the Public Procurement Regulations (2007). The small contractors have to meet the following criteria in order to qualify for a tender:

- Financial capability, whose evidence is established through bank statement, reports on tenderer's annual sales of works, goods or services etc.
- Technical capacity and expertise which is evidenced by education and professional qualifications of management, details of contracts of similar nature carried out over the past five years etc.

The L.C.U. and M.C.C. roles are to develop the small contractors engage ROMAR and IYCB manuals which provide technique for carrying out labour-based construction and maintenance and business and managerial skills respectively.

Now all the above mentioned tools are not incorporated in the methods of adopting the marketing orientation. Clearly, if they are not then it becomes quite impractical for the contractors to adopt such tools.

3.1 Description of Data

In order to test the mentioned hypothesis, the primary as well as the secondary data was used to carry out the study. As observed by Culbert (2004), primary data is collected by the researcher himself while the secondary data is collected by the others to be re-used by the researcher. Both these types of data were quantitative in nature, and indeed the study intended to look into the measures that contribute to successful marketing by small contractors and the data gathered was mostly quantitative in nature.

According to Thomas (2003:1) quantitative methods of research focus attention on “measurements and amounts (more and less, larger and smaller, often and seldom, similar and different) of the characteristics displayed by the people and events that the researcher studies”. Quantitative research makes use of numbers and statistical methods. Usually it is supported by numerical measurement of particular aspects of an event.

Leedy and Ormrod (2005) have pointed out that the quantitative research through the use of numbers is employed to understand the world better. Furthermore these numbers may sometimes be used to represent the observable, physical world such as the number of people engaging in a particular activity, as is the case in the study. Also these numbers according to Leedy and Ormand (2005) are then summarized and interpreted through the use of statistics. The quantitative information was valuable in the last stage whereby the hypothesis was tested and as Wisker (2001) explains, quantitative data is collected among other things to verify existing hypothesis. Primary data was gathered through the interviews.

3.2 Sample

The entire population of small contractors in Lesotho could not be used due to time and financial constraints hence a sample was interviewed. Besides even if they could all be interviewed, de Vos (1998) argues that the massive amount of data would not be easy to process, analyze and interpret. Hence for feasibility purposes sampling is the best method.

A sample is obtained by gathering data only about some members of a population (a group of people under investigation) (Galloway, undated). It is therefore “a subset of measurements drawn from a population in which we are interested” (de Vos, 1998:191) and an endeavour to comprehend the population from which it is drawn, and this is appropriate for the study. Wisker (2001: 138) in her discussion of a sample has indicated that “a sample is a selected and chosen group upon which you carry out your research.”

With an available array of sampling methods the researcher had initially opted for simple random sampling whereby all members of the study have an equal chance of being selected. However the list of registered small contractors could not be obtained from the concerned offices as it was “against the law” as pointed out by the staff members, hence snowballing sampling and availability sampling were eventually used to carry out the research. The snowballing sampling process entails contacting a few potential respondents initially and then asking them whether they know anyone with the same characteristics required for the research. In this way a desired sample size can be obtained.

The availability sampling on the other hand also known as “man- in the-street interviews” is carried out in this manner: any one who fits or meets the criteria of the researched phenomenon, in this case, a small contractor, is included in the sample until the required sample size is obtained. The respondents are usually those that can easily be reached.

Both methods are suitable for the reason that the researcher knew a few of these contractors, and through the snowballing sample others could be identified. Also because the contractors are scattered all over the region the selected sampling methods eliminated the time and financial constraints that would otherwise impinge on the study.

3.2.1 Sample size

There are a number of ways in which one may draw a sample size. De Vos A.S (1998) has suggested that if the population (in this case, population of the small contractors) is

large then a small percentage of that population can be a sample, and if a population is small then a larger percentage is necessary.

Guidelines for sampling

Population	Percentage suggested	Number of Respondent
20	100%	20
50	64%	32
100	45%	45
200	32%	32
500	20%	100

Source: (de Vos, 1998:192-193)

Alternatively drawing a ten percent sample of the known population would be useful as suggested by other methodologists. The researcher got the information that in Maseru only, there are approximately two hundred and nine registered small contractors, bearing in mind that there always some whose businesses collapse at one point or another, hence their numbers vary every now and then. Hence a ten percent of the whole population was selected as the appropriate method of sampling, i.e. twenty respondents were interviewed.

3.4 Data collection

Primary and secondary data were utilized in the study. In order to collect primary data, structured interviewing was conducted. Bernard (1994:237) pointed out that structured interviewing “involves exposing every informant in a sample to the same stimuli”. Examples of such stimuli are a list of names or, as was the case in the study, a set of questions.

Bernard (1994) further indicates that the questionnaire is the most common type of structured interviewing. A questionnaire is either administered in person, over the phone or self administered. In all the cases the asked questions are all identical. With regard to the study the questionnaire was administered in person.

Interviewing has been described as the most common method of data collection used by researchers to date. Through it information is transmitted from the interviewee directly to the interviewer, thus minimizing the distortions in the recounting of events (de Vos, 1998). This is precisely what the study required so that first-hand information from the respondents was acquired. Through asking the right questions which are precise, unambiguous and understandable, the hypothesis could be accurately tested.

Interviews are useful as pointed out by Goddard and Melville (2001) in that information can be gathered from illiterate individuals, which can be expected with small contractors. In addition vague answers from the respondents can be clarified there and then, and a follow up on interesting response can be done. Also the respondents may feel uncomfortable disclosing information on sensitive issues. Terreblanche and Durrheim (2002) added that in-depth information can be derived from semi-structured interviews and probing.

As mentioned earlier, structured interviewing was conducted, and the most suitable type of this form of interviewing was an open-ended interview. In this case the questions are pre-formulated and then arranged such that they follow more or less the same sequence. Open-ended interview is advantageous in that systematic gathering of data is employed thus information can be easily compared, and also an interviewer does not have to be a professional to perform the task. A disadvantage is that less information is acquired as the questions are structured.

The small contractors were interviewed and notes taken which would later help test the hypothesis. The secondary data which had already been collected was from the library texts, the website as well as the Lesotho government documents.

3.5 Data Analysis

According to Wisker (2001) one will generally have far too much data which cannot all be incorporated in a research report, hence a “ruthless” selection of what is relevant has

to be made. In addition during research, available data must be analyzed in order to observe the kind of information that is emerging. Lastly a researcher may find out that data analysis and interpretation becomes repetitive and monotonous as it is carried out over and over. However this exercise is essential for valid findings therefore was performed by the researcher.

Several ways can be utilised in data analysis. Firstly upon collection of data questionnaire data can be indicated as well as the number of returns as suggested by Wisker (2001). Open ended interviews can be used by the researcher and be thoroughly read and coded according to kinds of issues and answers. The codes would then be noted as to what they refer to, for instance the interview questions comprising of data on small contractors who market themselves according to the tools provided by literature may be denoted by a blue mark, and that of those who use other tools may be denoted by a red mark. For those who utilize a combination of these tools both colours of the marks may be indicated.

When the coding of all the answers has been dealt with, a univariate analysis would be done. This is whereby “one variable is analyzed, mainly with a view to describing that variable”(de Vos, 1998:204). All the information gathered on a single variable would be summarized so that it is easy to understand and be used.

In order to display and summarize the data a frequency distribution may be used and this would be in a table form. Gravetta and Wallnau (1998) have defined a frequency distribution table in two ways. Firstly, it is “an organized tabulation of the number of individuals located in each category of a variable’s scale of measurement (potential scores)”. It has also been defined as “a table which presents the variable’s scale of measurement (potential scores) by listing the different measurement (x values) in a column order (either in ascending order – from highest to lowest – or in a descending order – from lowest to highest). The frequency distribution table assists with the arrangement and analysis of otherwise disorganized data.

The Likert Scale was found to be appropriate by the researcher. According to Fraenkel and Wallen (1990) this is a form of an attitude scale whereby individuals are asked to rate the level at which they agree or disagree with a given statement. Therefore if the respondent agrees with a statement then it means a positive attitude toward it. The respondents are requested to draw a circle around the number or word that best represents their feelings on the included topics.

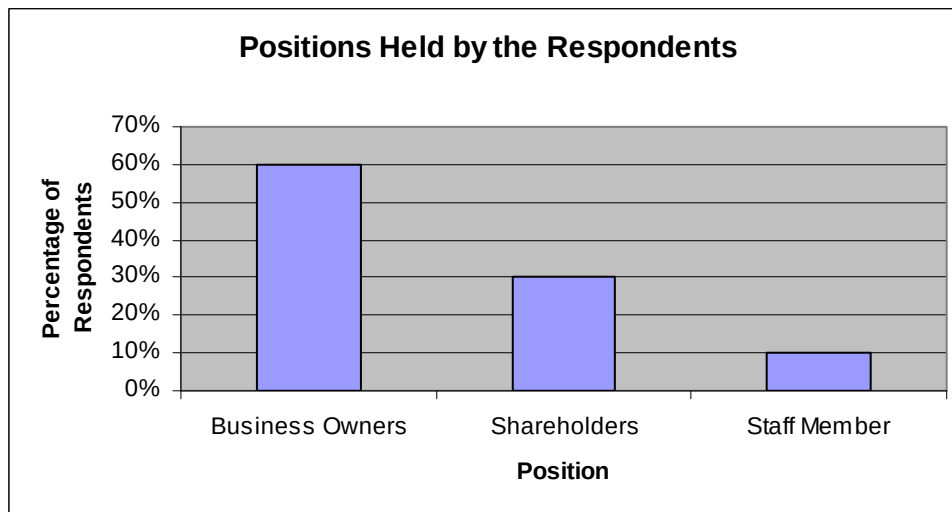
CHAPTER 4: DISCUSSION OF RESEARCH FINDINGS

4.0 Introduction

In this chapter the discussion of the results of the interviews held with the small contractors in Lesotho is presented together with the analysis of the data collected. This is done with the aid of graphs and pie charts.

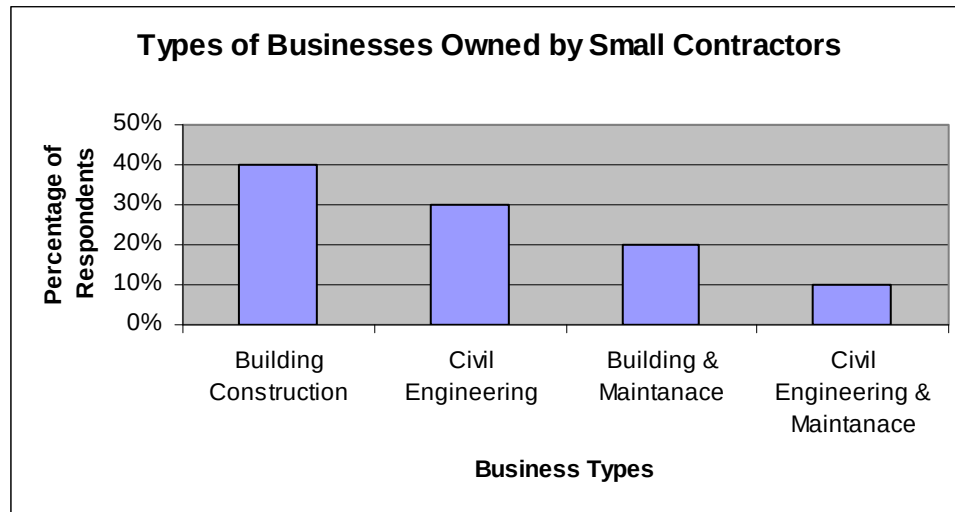
Firstly the background information on the contractors is presented followed by their marketing strategies. The marketing support structure is then looked into as well as the public relations issues. Thirdly the provision of quality service by the contractors and their staff welfare are discussed, followed finally by the marketing policy and marketing challenges encountered by the small contractors.

Figure 1: Positions held by the respondent



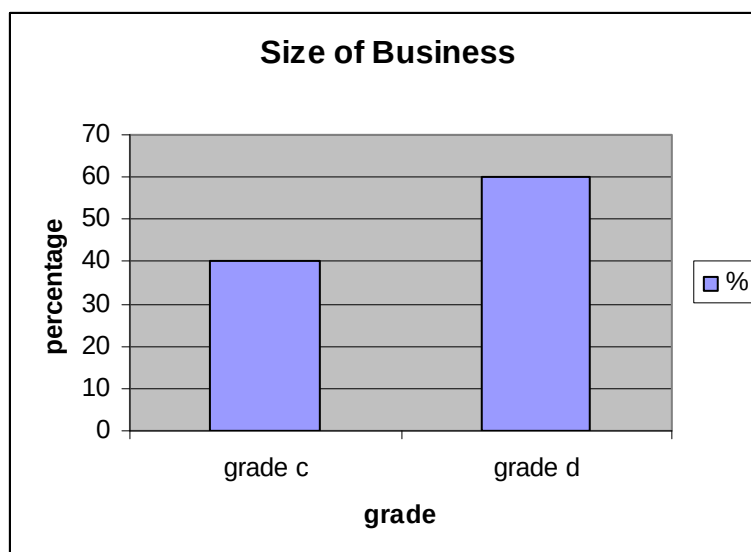
The respondents as business owners and share holders are most informed about the business and how it is run, hence the expectation is that accurate responses will be provided. The above graph indicates that most of the respondents, i.e. 60 percent of them, were the owners of the businesses. Shareholders constitute 30 percent of the sample while only 10 percent were employees of the business, mainly supervisors.

Figure 2: Type of businesses



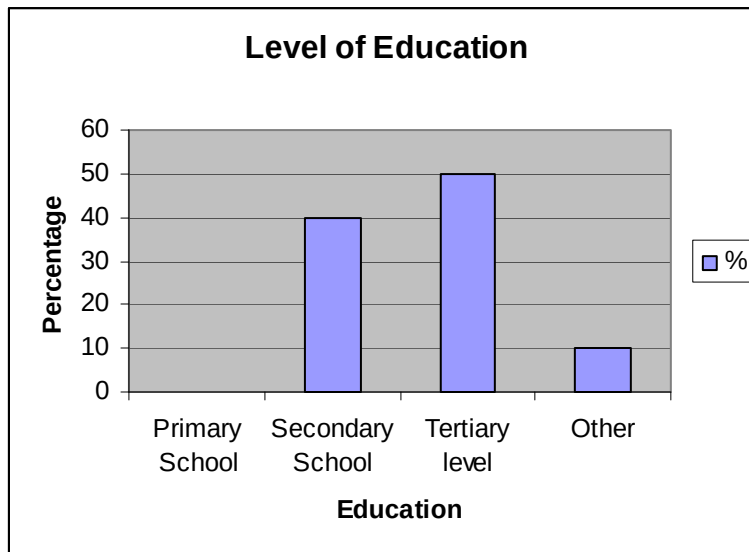
The study is directly focused on the construction companies, hence it is imperative that the business types are specified. As presented in figure 2 most of the small contractors own the building construction companies. These constitute 40 percent of the businesses. Civil engineering companies come second with 30 percent. The least owned companies are those with both building and maintenance and as well as both a combination of civil engineering and maintenance, which make up 20 percent and 10 percent of the industry respectively.

Figure 3: Size of business



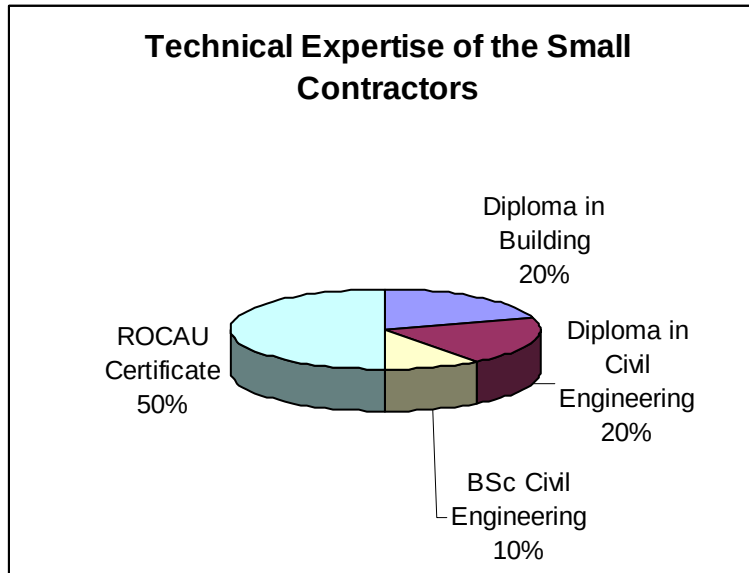
In this case the question on the size of the business will help ensure that only the small contractors, and not medium or large, are the focus of the study. The small contractors in Lesotho are categorized into Grade C and Grade D, C being the higher grade. 60 percent of these contractors fall under Grade D while 40 percent are in Grade C.

Figure 4: Level of Education of Small Contractors



It is anticipated that the higher the level of small contractors' education, the more the awareness in marketing skills. Notably the small contractors mostly hold tertiary qualifications. These comprise half of the population sample with high school qualifiers making up 40 percent of the contractors. The least percentage, 10 percent, is of those contractors who hold university qualifications. Evidently this is a group of educated people hence the assumption is that they are aware of methods of marketing.

Figure 5: The Small Contractors' Technical Expertise



It is expected that the small contractors should have qualifications in construction in order to run their businesses. As indicated above, 20 percent of the small contractors have diplomas in building and 20 percent in civil engineering. Figure 5 also shows that only 10 percent of the contractors hold a BSc Civil Engineering degree, while half of the sample has other qualifications some of which were obtained from ROCAU.

4.1 Marketing Strategies

4.1.1 The contractors' clients

In order to establish whom the small contractors market themselves to, they were asked to mention their clients, and it was found out to be the public sector, (the Lesotho government) the private sector (the Non- Governmental Organizations) and or individuals. Of all these clients the most jobs are found within the government. Sixty percent of the respondents have all the three categories as clients while 30 percent has the public sector as the sole client. Only 10 percent of the contractors do not have individuals as clients.

The government being the major client for small contractors implies that there is a high degree of competition amongst small contractors as well as between themselves and bigger contractors. Hence they have to strive to meet all the requirements of winning the tenders as well as marketing themselves satisfactorily to attract the clients.

4.2.2 Information on the availability of jobs

The small contractors have to somehow find information on the jobs available for them to market themselves to potential clients. The greatest source of information on the existing jobs for small contractors is the public media. It has been shown in the study that 40 percent of the small contractors rely only on the media to learn about available jobs while 25 percent rely on both the media and job hunting (i.e. door- to- door) in addition to 15 percent that relies on job hunting only. Also 20 percent relies on word of mouth and on all the information sources respectively.

4.2.3 Securing the available jobs

In this case 80 percent was found to use reference to previous project in order for them to be awarded a job while only 10 percent rely on their previous clients and another 10 percent on other conditions (such as qualification and lowest bid) respectively.

It is therefore crucial for small contractors to carry out their projects to the best of their abilities so that they can be able to prove to their clients through reference to the past projects that they are the best candidates for the job required.

4.2.4 Training for small contractors

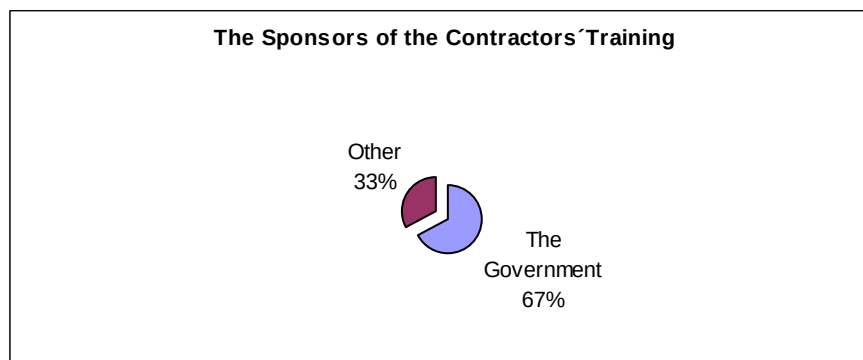
Training is important for small contractors in running the business, and as suggested by Stephenson (2003) they must invest in themselves by attending business and marketing training and information seminars. Therefore small contractors were asked whether such

training is offered or not. Regarding the availability of training 90 percent of the respondents indicated that they are trained while 10 percent responded otherwise. Now if most of the small contractors are being equipped with skills then it goes back to the point made earlier that they are aware of the existing marketing tools to some extent.

4.2.5 Skills offered in training

Of those that admitted to being trained 30 percent specified that they receive the skills on how to improve their business and 20 percent pointed out that they are equipped with marketing skills. Tendering skills seem to be available to 40 percent of the contractors and 10 percent showed that they are trained in other skills. In order to find jobs, small contractors need to have the ability to attract their clients hence if 20 percent concur to being educated on marketing their businesses and 40 percent on tendering then the impression is that these contractors are in fact aware of the requirements of attaining jobs from clients, especially the government. It is just a question of putting their knowledge into practise.

Figure 6: The Training Sponsor



Ideally the government should ensure that small contractors receive training for the prosperity of their business thereby increasing the country's economic growth. The findings indicated that Lesotho government is the major sponsor of the contractors training. Figure 6 indicates that of the 90 percent of those contractors offered training 67

percent concurred to this while the remaining 33 percent pointed out that there are other sponsors such as their association members.

During the interview, small contractors did point out that they receive training from the government. However some claimed the training was not as in-depth as they would have desired. In other words it deals with only the basic issues and there is no advanced form of training. Moreover it is a once off exercise and the contractors felt that it would have been more advantageous as an on-going process

4.2.6 The degree of benefit derived from training

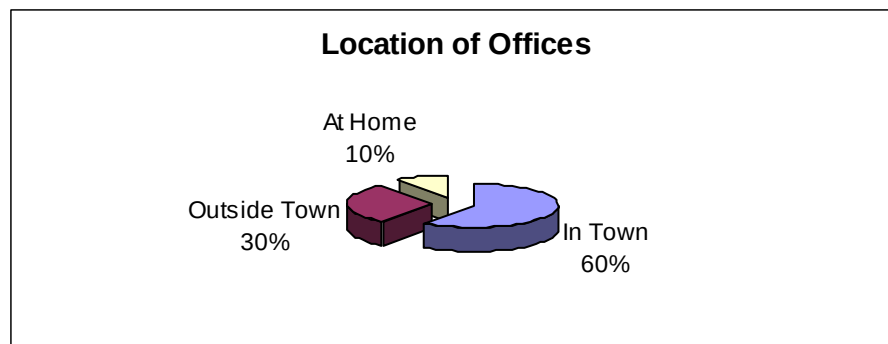
Seventy-eight percent of those trained responded that the exercise is highly beneficial while 22 percent showed that the training is just beneficial.

4.3 Marketing Support Infrastructure

4.3.1 Availability of offices

As one of the customer service marketing tips suggested by Stephenson (2003) the small contractors must have offices so that the prospective clients know where to locate them. It was therefore shown by the study that all the small contractors in Lesotho have offices. These are vital for marketing any business for clients know where to find a contractor for assistance. For this reason if all the small contractors have offices then they are on the right track to marketing themselves.

Figure 7: Location of Offices

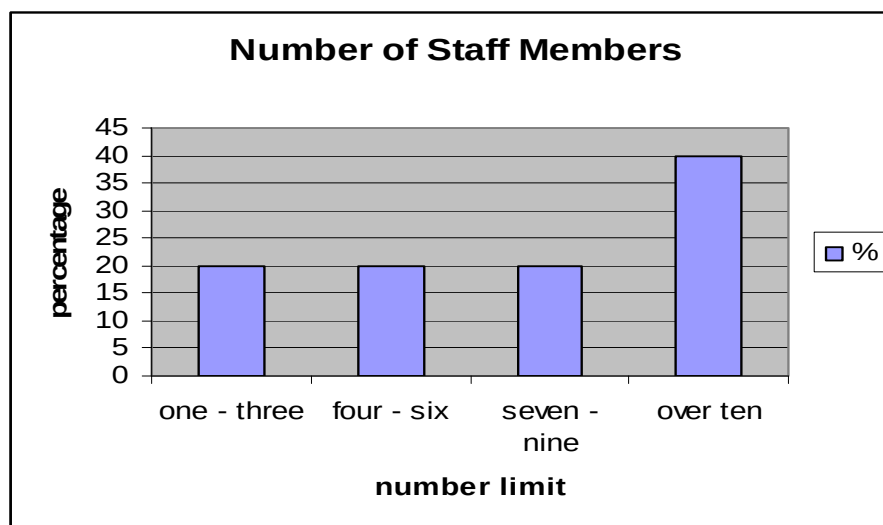


The clients prefer offices that are easily accessible hence the contractors were asked to specify their offices' location and the results were as follows: 60 percent of the contractors' offices are located in town, which is to their advantage for they are easily accessible to their current and prospective clients, and 30 percent have their offices outside town, and these are less reachable. The remaining 10 percent of the contractors have their offices in their own homes. This group of small contractors are not easily reached by clients hence it greatly minimises their chances of marketing themselves. Such contractors claim that they cannot afford to rent offices closer to town, hence the use of their homes.

4.3.2 Availability of door-tag on office doors

Sixty-five percent of small contractors do not have the door- tags for their clients to easily locate the offices. Only 35 percent has these tags and this does not reflect appropriate marketing capacity.

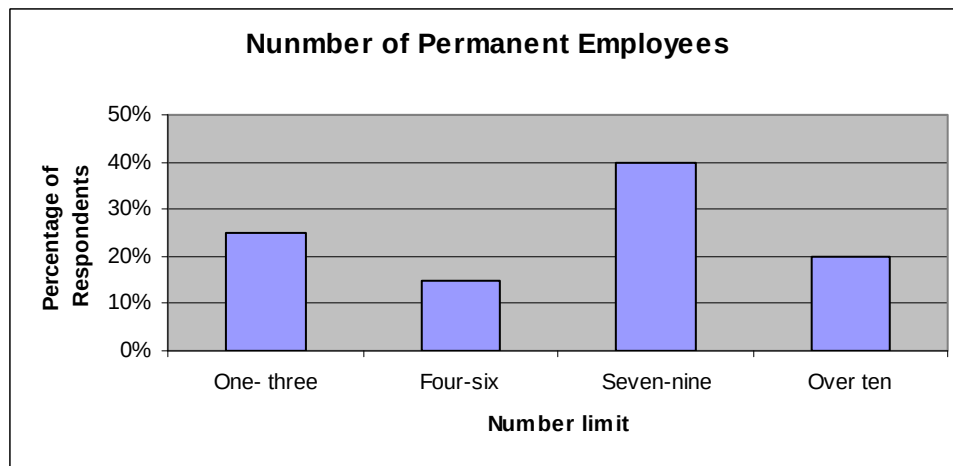
Figure 8: Number of Staff Members



A considerable number of staff members are an indication that a firm is well established; hence the clients are more confident in soliciting the services from such a company. It was consequently found necessary to ask a question pertaining to the number of

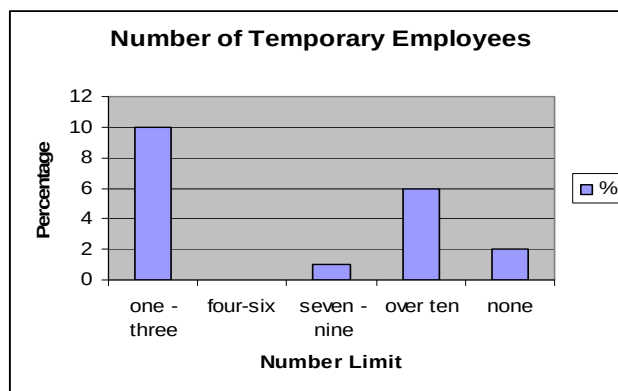
employees the companies have. It is presented in figure 8 that 20 percent of the contractors have only up to three, six and nine employees respectively while 40 percent of them have ten and more employees. The largest number of employees was found to be twenty- three though the gap between this and other firms was quiet large, hence the small contractors probably still have a long way to go.

Figure 9: Number of Permanent Staff Members



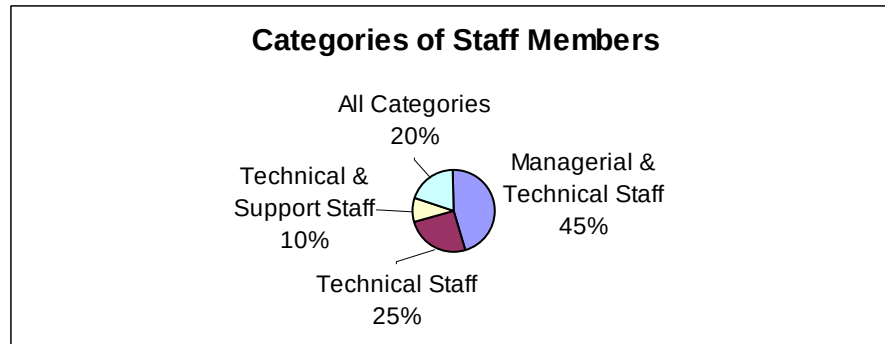
The small contractors responded in this manner to the question regarding the full time employees; 25 percent specified that they have up to three full-time employees, 15 percent have up to six permanent employees, and 40 percent have up to nine of these while 20 percent have more than ten such employees.

Figure 10: Number of Temporary Employees



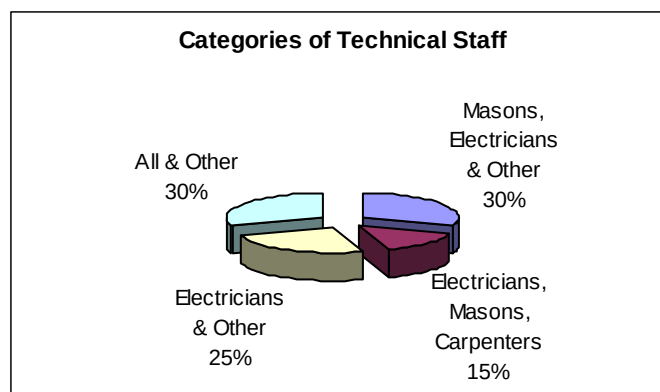
As shown in figure 10, ten percent of the small contractors have up to three and up to nine part-time employees respectively and 20 percent indicated other numbers (over eighty temporary employees depending on the project). Sixty 60 percent showed that they do not have people working temporarily.

Figure 11: Categories of Staff Members



The staff members of the small contractors companies in Lesotho are classified into support staff (office clerks and messengers), managerial staff (mainly secretaries and supervisors) and then the technical staff which includes electricians, builders etc. Figure 11 illustrates that 45 percent of the small contractors have both the managerial and technical staff and 20 percent has all these categories combined, i.e. managerial, support and technical staff, and a further 25 percent has only the technical staff members. The remaining 10 percent of the contractors have both the support and the technical staff within their companies.

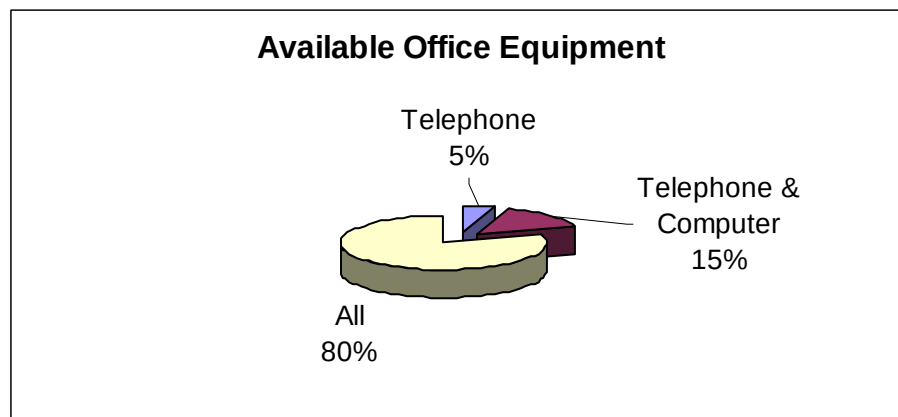
Figure 12: Categories of the Technical Staff



A variety of technical staff members is also a commendable marketing strategy in that a company is able to deliver services without outsourcing the employees. Of all the small contractors 30 percent have the masons, electricians and other categories not mentioned in the interview questions (these include trades man/artisans, civil engineers etc). Another 30 percent of the contractors have all the mentioned and other categories. Electricians and other categories are found in 25 percent of the companies while the masons combined with electricians and masons, carpenters and electricians are constituted within 15 percent of the businesses each.

The small contractors' companies' seem to have a good combination of qualified human resource which is essential for effective delivery of projects. Such combination means that the companies do not always have to contract out skills from elsewhere to perform their jobs, and this in itself is a required marketing strategy.

Figure 13: Office Equipment Available



Office equipment is yet another important marketing strategy for easy management of everyday office chores such as communication with the clients. The study found that 80 percent of the contractors' offices have all the specified office equipment (i.e. telephone, computer, and fax machine) and only 15 percent has a telephone and a computer. Five percent of the small contractors' offices have only a telephone in their offices. A few offices even had video machines and players to record and watch their projects in process

so they could be able to assess their own work. The existing equipment in the small contractors' offices signifies significant degree of marketing skill.

4.3.3 Technical equipment available

In order to carry out their projects the small contractors need the technical equipment necessary, and this forms part of the marketing strategy. The small contractors mentioned that they own grinding machines, welding plant, drilling machine, and concrete mixers. Twenty-five percent of the companies own heavy technical equipment including trucks, drill and cranes. Seventy five percent of the contractors indicated that they can only hire these heavy machineries due to financial constraints.

4.3.4 Availability of a business logo

A logo design promotes the business in the market and attracts potential customers. For this reason it is necessary for small contractors' firms to have logos, hence the question on their availability was asked.

Eighty percent of the small contractors have business logos while 20 percent do not have the logo. Logos are some of the attractive business marketing materials and this demonstrates a positive move as far as marketing is concerned.

4.3.5 Other marketing materials available

It has been found that most small contractors have some of the marketing instruments. Only 10 percent of these contractors have all the marketing instruments, while another 10 percent has visiting cards only. 30 percent of the contractors have visiting cards as well as letterhead whereas the remaining 20 percent has none of these. Small contractors are poorly equipped in as far as this section is concerned as the least portion is the only one with all the business materials.

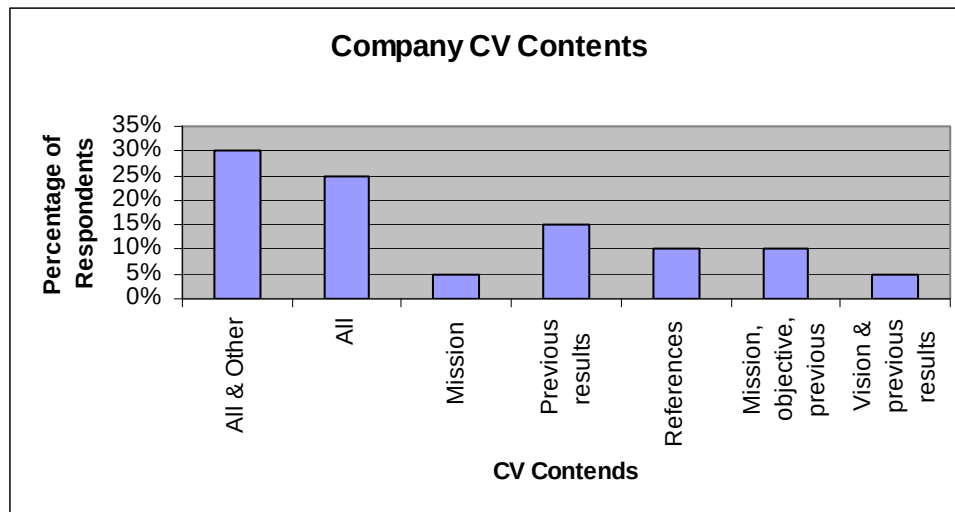
4.3.6 Availability of brochures

Brochures are essential in giving a quick and yet comprehensive insight on what the company is about and what is being offered by it. They are the remote sales people of the company therefore required for marketing, and a question regarding their availability was posed to the contractors. The findings proved that small contractors do not have brochures in Lesotho, and as far as marketing of their businesses is concerned this impacts negatively. Clients, both existing and potential, have to have an insight of what is offered by companies, and brochures would be ideal for the purpose.

4.3.7 Availability of a company CV

A Curriculum Vitae (CV) presents the capability of a company to carry out projects, and clients will solicit services based on the CV, and as such it forms one of the marketing tools. Most companies were found to have a company CV. Ninety percent of the respondents indicated that they are in possession of these and only 10 did not have them. The majority of contractors seem to have a very high regard for their businesses.

Figure 14: The company CV contents

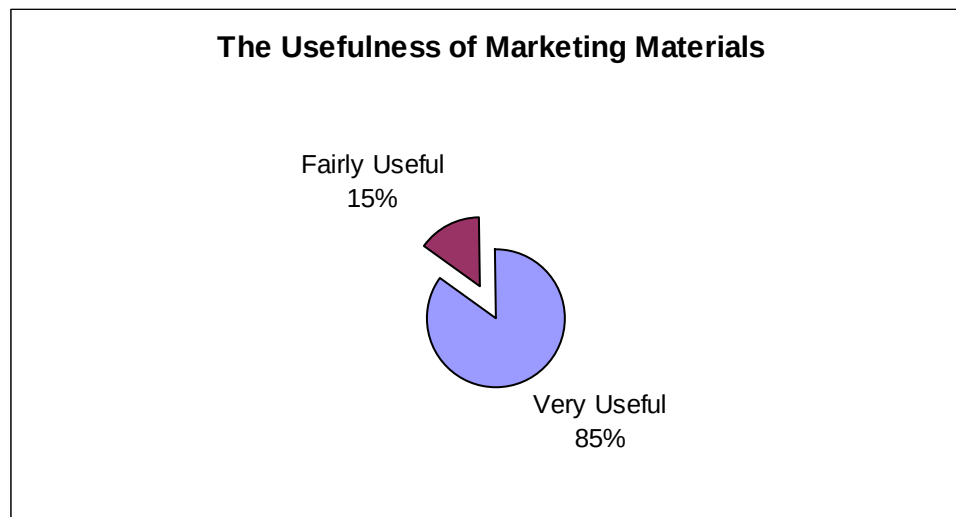


A good quality CV promotes a business better than that of bad quality, and quality is determined among other things by the contents of the CV.

Most companies' CV had the required contents according to the study. 30 percent of the respondents had all the CV contents, as well as other that were not indicated in the interview question. This included plant available. Another 20 percent had all the presented contents of the CV. Other companies had only one item in their CVs namely the mission statement, previous performances, and references and these constituted 10 percent of the businesses each. Some companies had fewer items on their CVs, i.e. mission statement, objectives, previous performances and references and these made 10 percent of the companies. The last 10 percent was of those that had only two items namely the company's vision and previous performances.

Almost half the respondents had all the required form of CV which is ideal for marketing their companies to clients, especially the government and the NGOs. Some companies have less than half the required contents while others have just one item on the CV. This evidently impinges deeply the marketing exercise and as such the potential growth of businesses is compromised.

Figure 15: The Usefulness of the Marketing Instruments



The small contractors should acknowledge the usefulness of the marketing materials in order for them to utilise them in their marketing exercise, hence it was inquired from them the level of usefulness of these materials. The small contractors found the marketing

instruments very useful as 85 percent of the contractors indicated. The remaining 15 percent found them fairly useful, and this is not entirely damaging as the marketing materials are still regarded valuable by this minority.

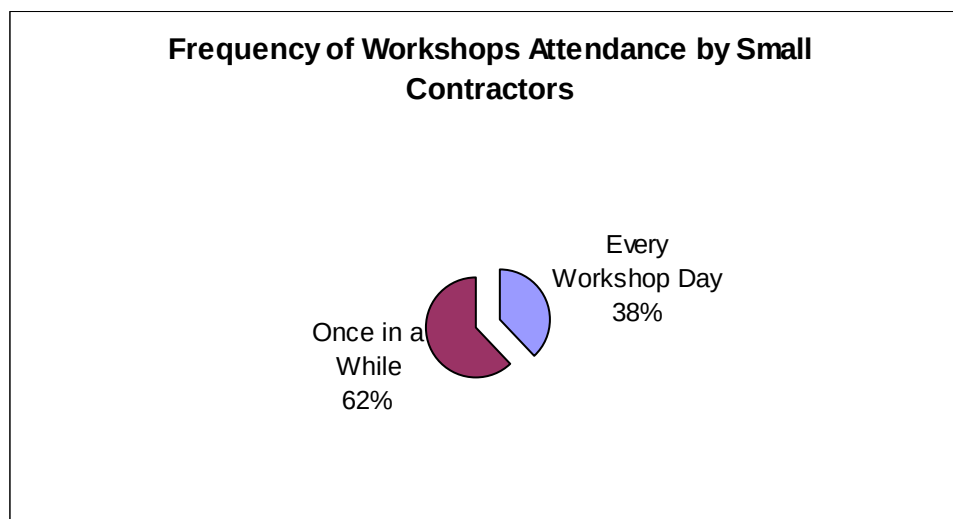
4.4 Public Relations

4.4.1 Attendance of workshops for contractors

Workshops are beneficial to the small contractors as through them they are offered skills necessary for running their business strategically to achieve their missions and values. This is where they interact with different organizations, thereby marketing themselves further (Stephenson 2003). Therefore the contractors were asked whether or not they attend industry workshops.

Most of the small contractors indicated that they do attend workshops for small contractors, i.e. 75 percent concurred to attending, as opposed to the 25 percent that disagreed. The implication is that small contractors largely attend the workshops intended for contractors as a much smaller portion of them stated that they do not attend these workshops.

Figure 16: The Frequency of Workshops' Attendance



The frequency of workshops' attendance is the direct indication of how valuable the workshops are to the contractors. Of those that attended the workshops, 38 percent indicated that they attend every time the workshops are held, and 62 percent on the other showed that they only attend once in a while. The majority of contractors seem to contradict the observation that was made above about the contractors highly regarding the workshops. The fact that a good 62 percent of the contractors seldom attend the workshops means that their consideration for this is quite low.

4.4.2 An association of contractors joined

An association of contractors is important for the functionality of the contractors firms because they are able to share their experiences and guide one another. The majority of small contractors have not joined any contractors' association as indicated by 62 percent of them, and no more than 40 percent have joined the associations. These associations are therefore not very significant to the contractors.

4.4.3 An Association's benefit to the company

The findings have indicated that of those that have joined the associations 75 percent agreed that they are not gaining anything from the society as they do not address their issues as contractors. Twenty-five percent showed that in fact the associations are highly beneficial. From this observation then one can argue that the association of contractors are not of benefit as far as the contractors are concerned.

4.4.4 Association with joint ventures

Eighty five percent, of small contractors are in joined ventures. They have mentioned that it is highly useful as they are able to share both the skills and cost of projects where only one party cannot afford to carry out the work alone. Fifteen percent of the contractors claimed that they are not in joint ventures.

Promotion of goodwill by the small contractors is also one way of marketing themselves. This builds a positive public attitude toward the business so that the business is understood and accepted by the community (Stephenson, 2003). There are various ways of promoting goodwill and the small contractors were asked on the following:

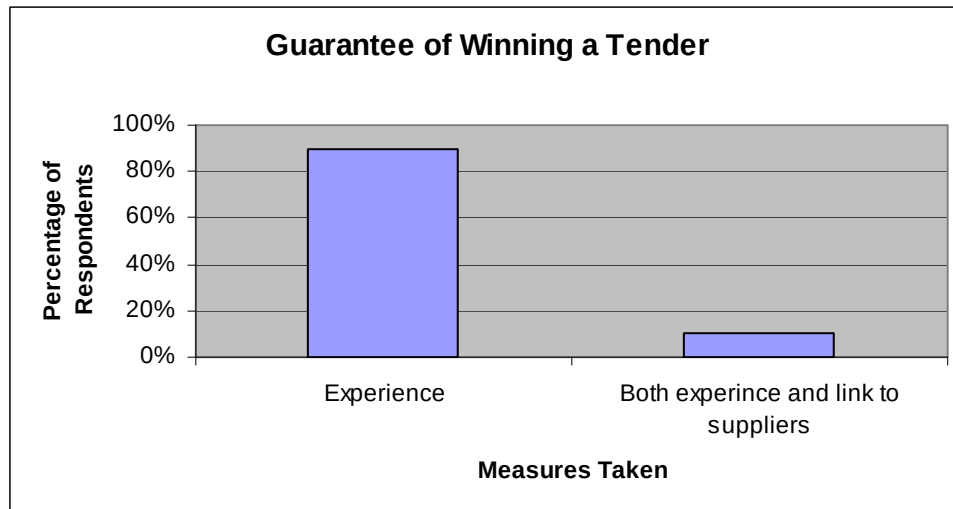
4.4.5 Engagement in public sponsorships

With the regard to public sponsorships half of the small contractors agreed that they do engage in such whereas another half indicated that they do not. Hence there is a moderate consideration of such sponsorships by contractors, which promotes the marketing practise.

4.4.6 Public service activities engaged

The best part of the small contractors i.e. 70 percent declared that they take part in public service activities, and 30 percent stated that they do not take part in such activities. Marketing of companies involves among other things taking part in public services, and since most small contractors adhere to this practice then there is a high regard for it.

Figure 17: Winning a Tender

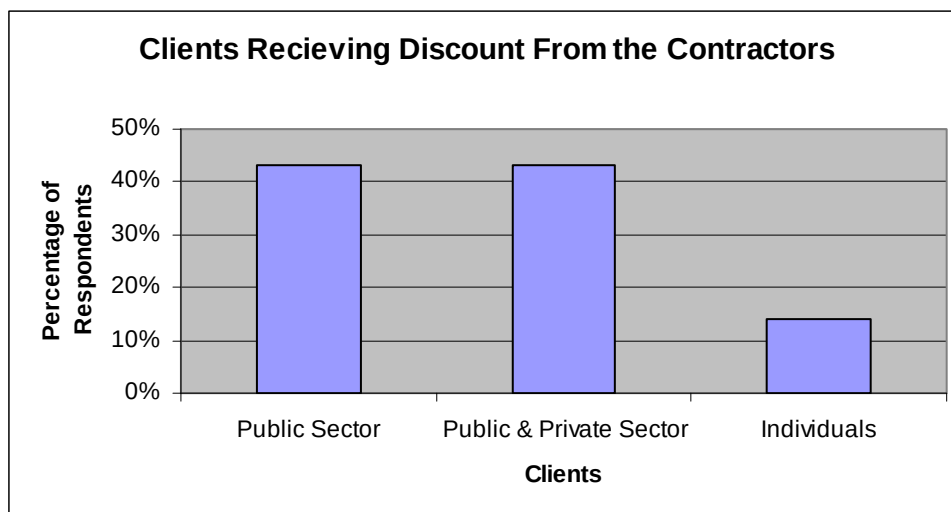


According to the study 85 percent of the respondents pointed out that experience determines the winner of a tender, and 5 percent indicated both experience and links to suppliers guarantee a tender. Therefore the contractors are highly aware of what experience can do as far as marketing themselves to the clients is considered.

4.4.7 Offering of a discount

Seventy percent of the contractors mentioned that they do offer discounts to their clients while 30 percent does not do so. Price reduction is one of the attractions for clients (Solomon and Stuart 2000), and the small contractors seem to practise this.

Figure 18: Clients Receiving a Discount



Of the contractors who offered discount to clients, 43 percent reduce their prices for the public sector and the other 43 percent marked down their prices for both the public and the private sector. The individual clients received a price cut from 14 percent of the contractors.

4.4.8 Categories of individuals receiving the discount

As indicated 20 percent of the small contractors giving out discount do so to individuals and they all make such offer to those who cannot afford the service, 30 percent of the small contractors give discounts by way of reducing the specification while 70 percent indicated other methods of price reduction. This involves performing an extra work for clients free of charge, or allowing for negotiation of price. The clients as indicated are highly motivated to offer jobs to contractors based on the discounts offered to them.

4.4.9 Escalation of prices

Five percent attested to increasing prices for their clients. Therefore generally the small contractors do not increase the practises hence are better able to get more job offers from the clients.

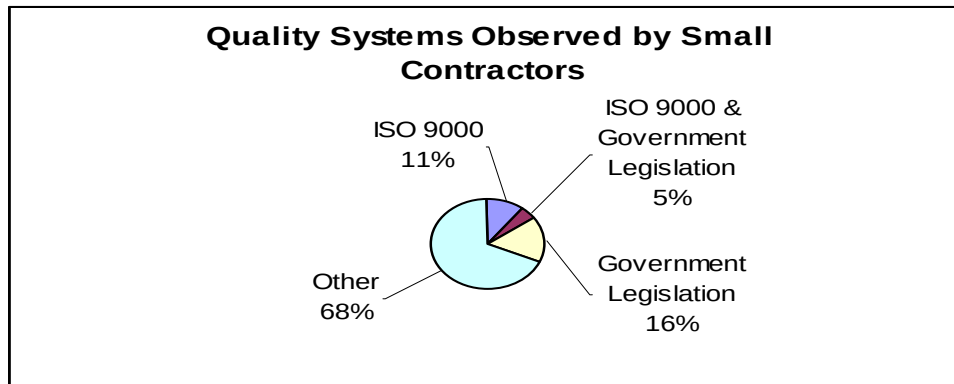
4.4.10 Clients affected by increasing prices

The contractors who increase the prices do so in the public sector during tendering.

4.5 Providing Quality Service

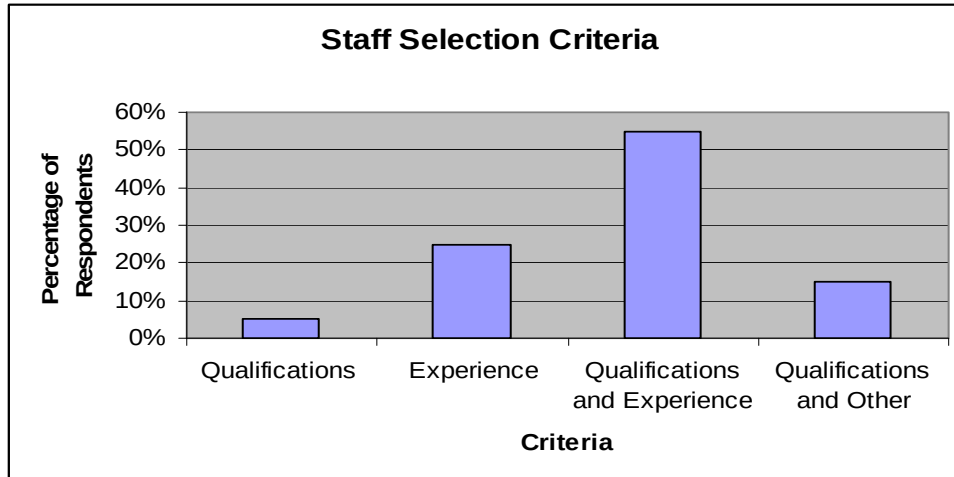
The small contractors have indicated that manufactures and other determinants such the South African Bureau of Standards (SABS) approved products, determine the quality of equipment. This is indicated by 35 percent and 65 percent of the contractors respectively. This highly impacts positively on the small contractors' reputation as clients would rather spend money on good quality work.

Figure 19: Quality Systems Observed by Small Contractors



As far as the observation of quality systems are concerned, the small contractors are doing poorly. Sixty- five percent of contractors do not adhere to any form of quality system. The remaining 35 percent is divided among the four categories of quality systems, and undoubtedly there is poor adherence to quality systems by the contractors.

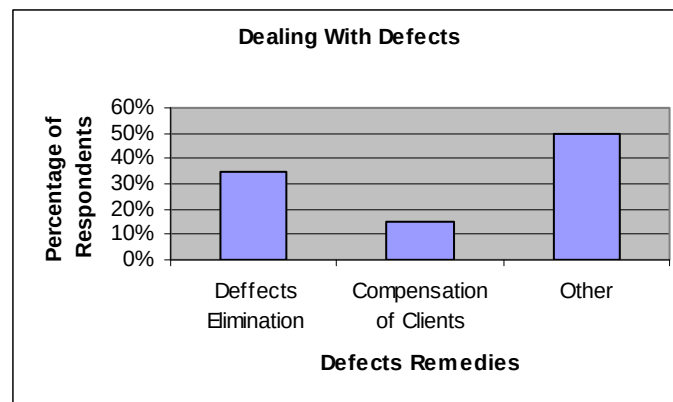
Figure 20: Staff selection criteria



In the pursuit of providing good quality service the employees have to be competent in their service delivery, and this creates a favourable marketing strategy for the company. The following results were obtained from contractors regarding their selection of staff members:

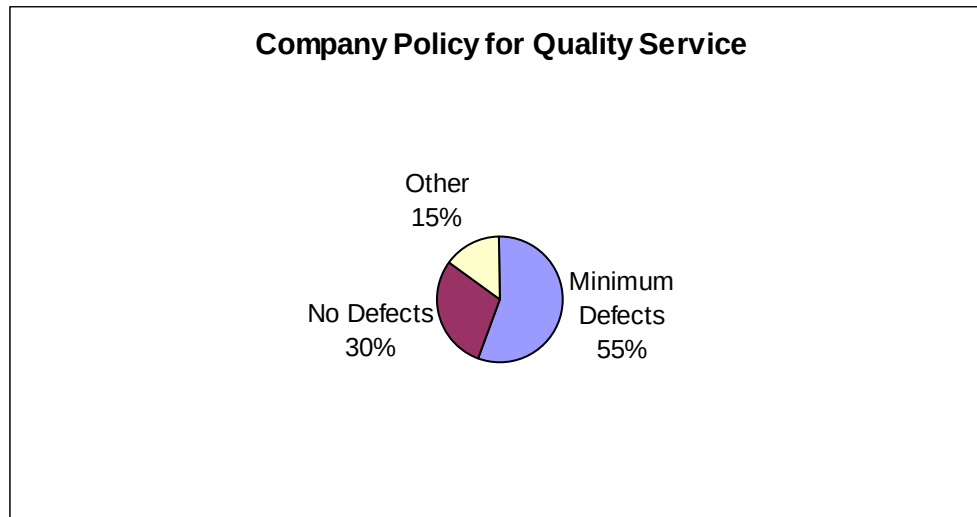
Most contractors (55 percent) used both qualifications and experience as criteria to select their staff members whilst 25 percent agree that only experience is a criteria for selection. Five percent of the respondents believe that only qualifications is a criteria and the remaining 15 percent has pointed out both the qualification and other (that being family and close friends) are a criteria for choosing the staff members. The contractors seem to be doing a moderately good job on staff selection as most take into consideration the applicants' qualifications as well as experience.

Figure 21: Handling defects



The methods of addressing the defects in service delivery also say a lot on how the companies adhere to good quality service as part of marketing. In response to the question of handling the flaws, the largest group of small contractors (50 percent) believe that there are other ways of dealing with defects arising during project implementation. They have argued that the meeting of specifications has to be monitored every step of the way to avoid unnecessary flaws. On the other hand 35 percent of the respondents argued that defect can be eliminated by re-doing the job while 15 percent pointed out that they compensate the clients for faulty projects. In taking care of defect the contractors are doing well as only 15 percent mentioned compensation (which is not what the clients desire, but a job well done).

Figure 22: Company Policy for Quality Service



Quality is one aspect of services marketing that is drawing attention from marketers. The customers to firms that produce similar services are won and lost on the basis of the service quality. Hence the companies that market themselves well to the clients have policies on service quality (Kinner, 1990). The small contractors were asked whether or not such policies exist in their companies. The responses indicated that all the contractors highly regard the policies on quality of services. Fifty-five percent have “minimum defects” as their quality policy, 30 percent have a “no defects” policy while 15 percentage opted for other policies those being “to check every step of the projects”, and “getting the project right the first time”.

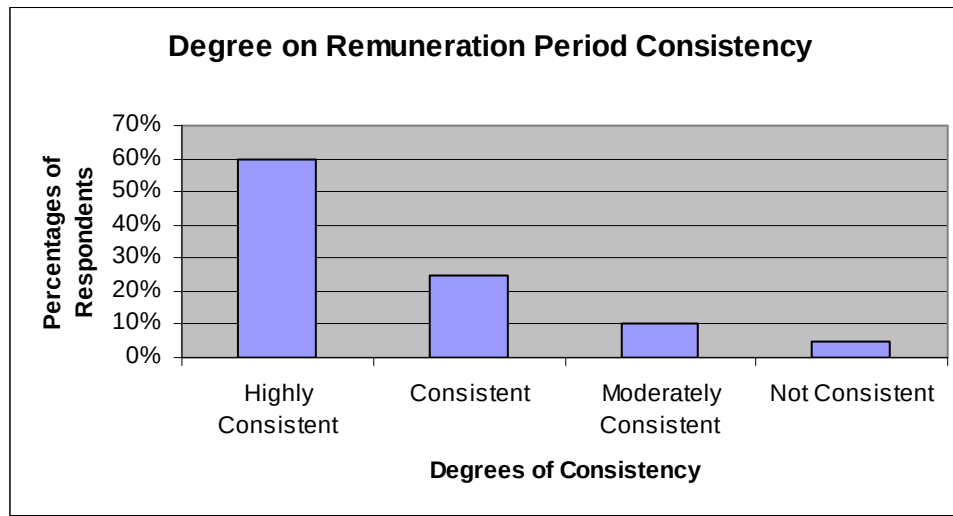
4.6 Staff Welfare

As part of marketing the business, the staff members’ welfare should be considered as much as possible as these are the people who get directly in contact with the clients. When they are treated well they in turn will take good care of the clients by providing good quality services without unnecessary delays. In that regard the questions were directed to the small contractors concerning the following:

4.6.1 Staff members remuneration period

The employees are paid monthly according to 85 percent of small contractors. Only 5 percent mentioned that they do not have specific times for paying the staff members as this depends on the payments made to them as contractors by the clients. This should be a bit de-motivating for the workers and fortunately it is not practised by most contractors.

Figure 23: Degree of Remuneration Consistency

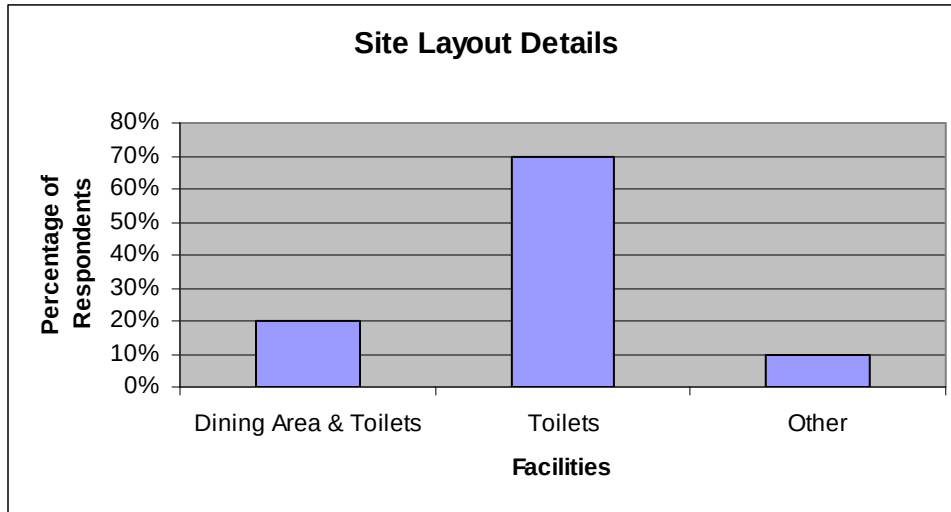


The overall payment of the staff members by the small contractors is generally consistent in that 60 percent of the contractors pointed out that their payment dates are highly consistent and 25 percent indicated that they are just consistent, while 10 percent claimed a moderate consistency. Only 5 percent indicated the inconsistency of pay-days due to the inconsistency of payments made to them as contractors by the clients.

4.6.2 Provision of protective clothing

More than half the respondents i.e. 60 percent provide for protective clothing for their staff members while 40 percent of contractors do not. This indicates a moderate consideration for staff members as 40 percent is still a large number.

Figure 24: Site Layout Details

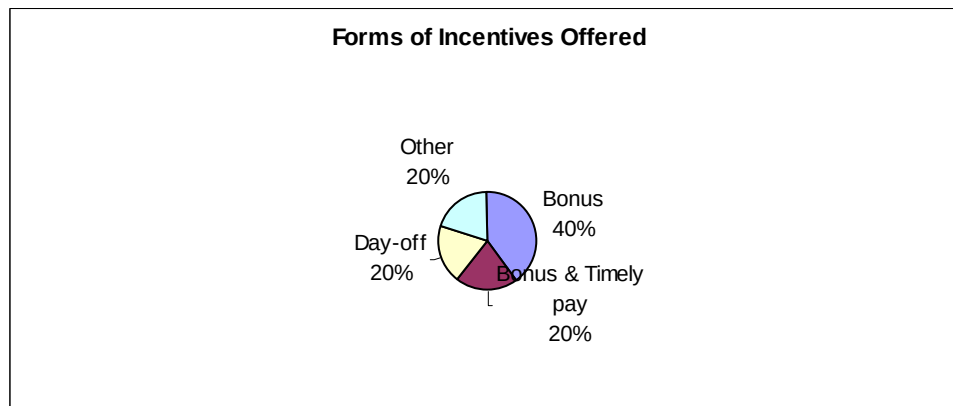


As shown in figure 24 above most small contractors provide toilets only on site, and less than 20 percent provides dining areas and others (e.g. changing areas) on site. Thus a poor site layout is provided by the contractors.

4.6.3 Incentives provision to employees

Half of the clients as indicated above provide for incentives for their employees while the other half does not. The incentives provision is therefore moderately done by the small contractors.

Figure 25: Forms of Incentives



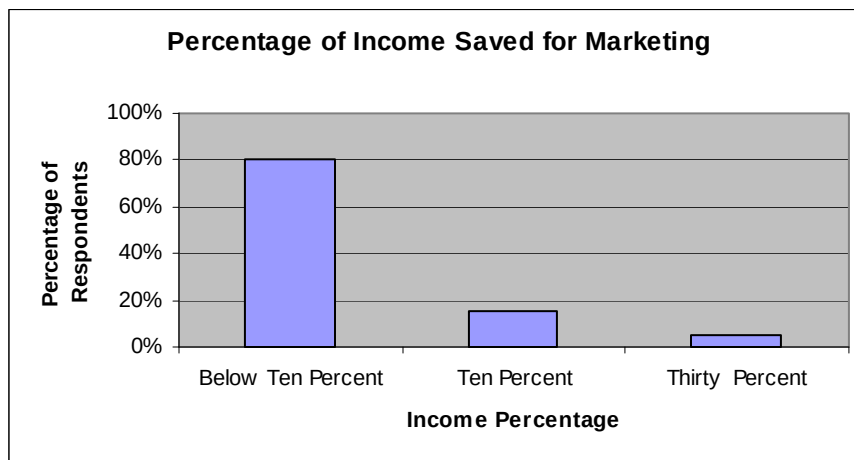
The incentives offered by 40 percent of the contractors are in a form of bonuses, while bonus and timely pay, day-off and other forms of incentives such as free transport are offered by a 20 percent of the contractors.

4.7 Marketing Policy

4.7.1 Marketing budget

As previously mentioned, marketing is the integral part of the business functions in order for it to realise profits. Consequently it is vital for businesses to budget for this exercise. In response to the question of budgeting for marketing the small contractors revealed that most of them budget for marketing as 75 percent of them indicated. Only 25 percent of them mentioned that they do not exactly put money aside for the exercise. They only purchase marketing materials such as visiting cards as and when the need arises.

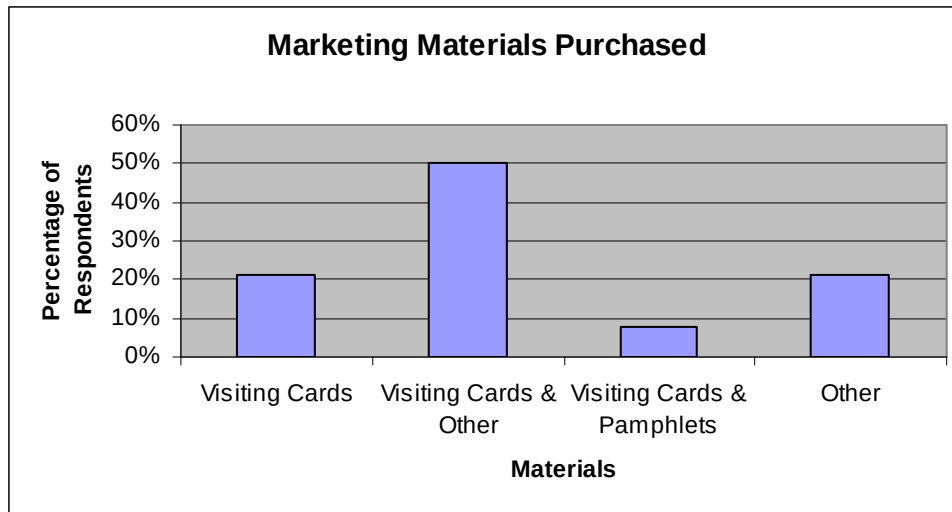
Figure 26: Percentage of Income Saved for Budgeting



It was also found necessary to establish exactly how much is being set aside for marketing and the contractors responded as follows:

Of those budgeting for marketing, 80 percent set aside below 10 percent (sometimes 5 percent) while 10 percent of the contractors budget 10 percent, and 5 percent of the respondents' budget as high as 30 percent. This therefore suggests that budgeting is not well practised by the small contractors.

Figure 27: Marketing Materials Purchased



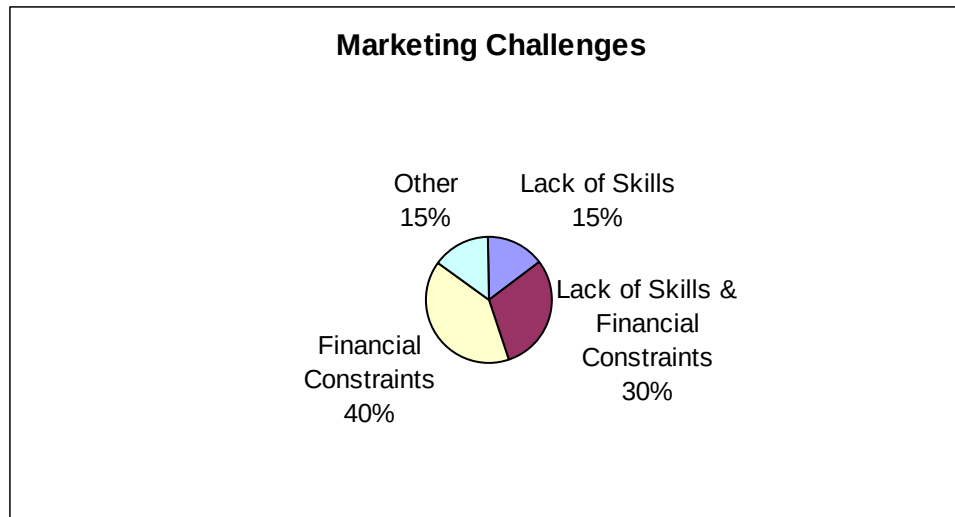
With an array of marketing materials available it was deemed necessary to find out which of these materials are considered to be the most important by the small contractors in Lesotho. This would be determined by the share of income allocated for such material. The greatest share of the budget goes to visiting cards and other materials such as calendars, caps and t-shirts to give to clients. This is carried out by 50 percent of the contractors. Visiting cards only and other materials are both indicated by 20 percent of contractors while both visiting card and pamphlets are budgeted for by 10 percent of the small contractors.

4.8 Marketing Challenges

Finally the marketing exercise in the construction industry is a bit complicated, (Moore, 1984), hence it is only natural for small contractors to encounter difficulties in the process. With this in mind, the small contractors were asked to present their share of

marketing challenges as well as the remedies to these. Below are the challenges and solutions:

Figure 28: Marketing Challenges Encountered



The most dominant marketing constraint according to 40 percent of the contractors is that of lack of finance. This is closely followed by both financial constraint and lack of skills as put across by 30 percent of the respondents. Lack of necessary skills is shared by 15 percent of the contractors and the last 15 percent agree on other constraints. These include scarcity of jobs and delays in payment by clients especially the public sector.

4.8.1 Remedies to marketing challenges

To combat the inadequate skills 35 percent of the contractors look for and hire those with the necessary skills, and where there is shortage of finance, funding is solicited, as claimed by 40 percent of the contractors. With other constraint of late payment by the public sector the contractors solicit legal advice. When jobs are unavailable as pointed out then the contractors' hands are tied until such time when projects emerge.

4.9 Summary of the Chapter

The small contractors in Lesotho have not deviated considerably from the prescribed methods of marketing their businesses as was presumed by the researcher. However as

will be presented in the following chapter on conclusion and recommendations there are some points which are still not observed by the contractors, of which if considered and put into practise the marketing would be the order of the day for the small contractors.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.0 Summary

In this concluding chapter the findings on the research will be provided. This will be in respect of primary objective of the study which is to ascertain the degree to which the small contractors in Lesotho adhere to the methods of marketing the companies as prescribed by the literature provided in chapter two, and to establish their awareness of the existing marketing skills. As was hypothesised by the researcher the small contractors in Lesotho lack the use of appropriate marketing tools used in services marketing, and the analysis will therefore test the hypothesis. Finally the policy recommendations will be provided.

In order to conduct the investigation of the problem the main research question and subsidiary questions devised were as thus:

Research question:

What critical success measures are undertaken by small contractors in marketing their businesses?

Supplementary questions:

- What marketing methods do small contractors use?
- How useful are these methods in realising the success of these businesses?
- What are the constraints to the marketing process?
- How do these small contractors overcome the marketing constraints?

Based on the first two subsidiary questions “*what marketing methods do small contractors use?*” as well as “*how useful are these methods in realising the success of these businesses?*” below are the findings:

Productivity was found to be a marketing method used by the small contractors. Adequate profits have to be maintained to realise productivity, and in order for that to happen the contractors among other things have to hire enough workers as the construction services require. The small contractors in Lesotho are indeed “small” in every sense of the word. One of the definitions of small business that has been put across in the first chapter is “any business in which the owner or manager is able to recall the first names of his employees” (Baumback, 1983:4). Hence undeniably the findings do prove that the number of permanent employees in the businesses mostly ranges between only seven and nine, which may not be enough to perform the construction work.

Skilled workers again increase the companies’ productivity in that they are able to get the project right the first time, hence the chances of redoing the job thereby wasting time are reduced significantly. It was also revealed that a considerable number of the small contractors are educated to some degree; and they have technical expertise, and as such are quite competitive and do not wholly lack the use of appropriate marketing tools. This is reiterated by their acknowledgement that the government offers a form of training in marketing, tendering and improving the business.

The last vital point in productivity is that the contractors should have modern technology in order to carry out their work faster and the small contractors lack in this respect. Hence it can be concluded that the overall strategy of productivity is not being applied by the small contractors.

Differentiation is the second method of marketing undertaken by the contractors. It is strategy for marketing whereby according to customers some services are necessarily the same; hence marketers are aware that true functional differentiation creates loyal customers. A business should have a competitive edge in that customers are able to view it as the best as far as quality, reliability, integrity and service are concerned.

As indicated in the preceding chapter, all the small contractors have offices of which more than half are located in town therefore easily accessible to clients. These offices are

mostly furnished with the necessary office equipment, (except for only a fraction of that have only a phone), portraying a satisfactory image for the businesses.

The magnitude of client relationship with the business owners was also emphasised as being the marketing method. The contractors have to do everything in their power to attract new and keep current clientele for the prosperity of their companies, and it is through good public relations that this can be realised. The small contractors moderately observe this strategy as was indicated in the findings.

The contractors highly support the public service activities and offer discounts to customers, except for a few, and this build a good reputation for them. Small contractors in Lesotho also attend the contractors' workshops as a way of interacting with one another and with clients. Hence it can be argued that their overall observance of the strategy is moderate based on the findings. The third and last marketing strategy is quality and this is also observed by the contractors.

Quality is one of the major requirements of the clients that is determined by the customers' expectations, hence is a marketing strategy.. However the top companies set their quality standards above those expectations to maintain the reputation for the best quality. The quality of staff members seems to be vital to the contractors as revealed by the study; most use qualifications as well as experience as criteria for staff selection. However the way they handle defects is not quite notable though they realise that they have to monitor their projects step by step to find and rectify faults from the onset. Finally according to the study the companies all have policies for quality.

As mentioned in the first chapter the leading firms are committed to their staff members as they are to customers. The staff members represent the company and if well treated by the company then they are motivated to serve the clients well. Hence good quality service will be realised. Most small contractors' companies take good care of their clients as far as timely remuneration; protective clothing and bonuses are concerned.

With regard to the last two subsidiary questions namely, “*what are the constraints to the marketing process?*” and “*how do these small contractors overcome the marketing constraints?*” it was established that the marketing challenges encountered by the small contractors in Lesotho are chiefly finance related. As previously argued the financial institutions in Lesotho do not readily assist these contractors based on lack of security to obtain a loan. The literature however has mentioned ethics, codes of practise and pressure groups as the major challenges of marketing and these are however not applicable to difficulties encountered by the small contractors.

5.1 Conclusion

The conclusion drawn by the researcher based on the hypothesis is that the small contractors’ lack of awareness to the marketing tools prescribed by the literature is not as appalling as was originally thought. They actually practice marketing process at a quite acceptable manner even though there needs to be some changes and improvements in some areas.

Indeed it was established that a form of training is offered by the government, but the small contractors are not fully equipped as far as marketing of businesses is concerned. The firms also lack in the availability of modern equipment necessary to increase their productivity, hence most of them rely on the hired machinery in order to carry out their projects.

The findings have also revealed that the small contractors in Lesotho are aware of building loyal clientele as a marketing strategy; however there is need for improvement. Firstly the contractors lack in the observance of quality systems, which is an impediment in their attraction of clients who seek good quality services. Secondly, the companies’ CVs are often lacking in the information provided, which is a major set back as the clients cannot confidently solicit the services from such firms. Finally the working environment is not conducive for the employees, and as previously stated, dissatisfied employees do not serve the customers well.

Last but not least, the small contractors in Lesotho do not adequately budget for marketing as was disclosed by the study. The majority of them set aside less than ten percent of their income for the exercise.

5.2 Recommendations for Further Studies

Marketing of businesses both large and small is an imperative process that should be undertaken by the company owners, and this should not be an ad hoc process, but a planned exercise where people know exactly what they are doing (Armstrong and Kotler, 2000).

The future study should therefore explore the reasons for difficulty Lesotho government by the Lesotho government to offer more comprehensive and long term training for the contractors to equip them with the fundamental marketing skills, and not just the basics as is the case currently. This with the attention drawn to the fact that not all the contractors are in minor roads building and maintenance, therefore are not the only ones in need of training.

If they are equipped in marketing of their business, the contractors will be in a position to know that they need marketing materials such as brochures in order to market themselves better, and they will also appreciate the vitality of comprehensive company CVs.

Also a further study may be needed to investigate the small contractors' opinion on the need to develop their quality marketing strategy. Clients do not only require service delivery but that with good quality, and the intangible nature of the services also means that their quality cannot be predetermined before payment, hence the skilled staff is best able to deliver quality services for the benefit of the clients.

It is recommended that the contractors have meaningful workshops as well as contractors' associations which address the issues pertaining to small contractors. This will motivate them to attend these meetings more, which is highly beneficial for gaining knowledge and skills and to network.

To end, the characteristics of services namely intangibility, variability, perishability and inseparability make it difficult for contractors to market their services. It is only through the workshops that these problems would be highlighted and addressed and it is through the government intervention that this may be possible.

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APPENDIX

SECTION A

BACKGROUND INFORMATION

What position do you hold in the company?

company owner

shareholder

CEO

other

What kind of a business are you in?

civil engineering

building

maintenance

other

What is the size of your business?

grade a

grade b

grade d

other

What is your education level?

Primary school

High school

Tertiary level

Other

What technical expertise do you have?

diploma in building

diploma in civil engineering

BSc in building

BSc in civil engineering

e) Other

SECTION B

MARKETING STRATEGIES

Who are your clients?

the public sector
the private sector
individuals
all the above

How do you know about the availability of jobs?
through the public media
through job hunting
through the word of mouth

How do you ensure that you get a job from any of these sectors?
through reference to previous projects
through reference to association with bigger companies
through previous clients
through connections
other

Do you receive any form of training as a contractor?
yes
no

If yes what skills are you equipped with?
improving the business
marketing skills

tendering skills
other

If yes who provides for this training?
the government
NGOs
other

How beneficial is this training?
highly beneficial
beneficial
moderately beneficial
not beneficial

SECTION C

MARKETING SUPPORT INFRASTRUCTURE

Do you have offices?

yes

no

other

If yes where are they located?

in town

outside town

at home

other

Is there a name tag on your door?

yes

no

How many staff members do you have?

1-3

4-6

7-9

10and above

How many are full-time members?

1-3

4-6

7-9

Other

How many are part-time members?

1-3

4-6

7-9

None

What categories of staff members do you have?

support staff

managerial staff

technical

other

How is the technical staff categorised?

masons

carpenters

electricians

plumbers

other

What office equipment do you have?

telephone

computer

fax machine

other

What technical equipment do you have?

working tools

a van

a small truck

other

Do you have a business logo?

Yes

No

Do you have the following in your business?

visiting cards

letterhead

brochures

other

Do you have brochures

yes

no

Do you have a company CV?

yes

no

If yes what does it entail?

The company's vision

the company mission statement

objectives

previous performances

references

other

If yes to questions 15, 16, 17, 18 and/or 19 then how useful are these?

very useful

fairly useful

not useful

SECTION D

PUBLIC RELATIONS

28. Do you attend workshops for contractors?

yes

no

29. If yes how often?

every time workshops are held

once in a while

30. Have you joined any association of contractors?

yes

no

If yes how is it beneficial to your business?

highly beneficial

beneficial

moderately beneficial

not beneficial

32. Do you engage in any form of public sponsorship?

a) yes

b) no

33. If yes what form of sponsorship?

a) sports events

b) cultural events

c) other

34. Do you take part in public-service activities?

a) yes

b) no

35. If yes how do you contribute?

free advice

free service

c) contribute money to good cause

contribute time to good cause

other

36. Have you joined any form of contractors' association?

yes

no

37. If so which association/s

community

club

church

other

38. How valuable are these for the company?

highly valuable

valuable

moderately valuable

not valuable

How do you guarantee that you win a tender?

experience

link to suppliers

other

Do you offer discounts?

yes

no

If yes to which clients?

the public sector

the private sector

the individuals

If offered to individuals, which group?

the affluent

the relatively affluent

the poor

other

How exactly is the discount presented?

by reducing the specifications

other

Do you increase the prices?

yes

no

45. Which sectors are on the receiving end?

a) the public sector

- b) the private sector
- c) the individuals

46. If the individuals are affected, then which group?

- a. the affluent
- b. the relatively affluent
- the poor
- all the above
- other

47 Are you associated in joint ventures?

- a) yes
- b) no

48. If yes, how advantageous are they?

- highly advantageous
- advantageous
- moderately advantageous
- not advantageous

SECTION E

PROVIDING QUALITY SERVICE

49. What determines the quality of you business equipment?

- a) the price
- b) the manufacturer
- c) other

What quality systems do you adhere to?

ISO 9000

The government legislation

Other

- d) none

What criteria do you use to select your staff members?

qualifications

experience

other

52. Is there a company policy for quality?

- a) yes
- b) no

If yes what is the policy?

No defects in products at all times

Minimum defect

Other

If defects do suffice then what happens?

eliminate the defect

compensate the client

other

SECTION F

STAFF WELFARE

55. When do your staff members get paid?

- a) weekly
- b) fortnightly
- c) monthly
- d) other

How consistent are the pay days?

highly consistent

consistent

moderately consistent

not consistent

Do you provide for their protective clothing?

yes

no

What is included in the site layout?

dining area

toilets

other

Do staff members have incentives?

yes

no

If yes what form of incentives?

bonus

timely pay
day-off
None

SECTION F

MARKETING POLICY

Do you budget for marketing?

yes

no

62. If yes what percentage of your income goes to marketing?

10%

20%

30%

Other

63. To what areas do you direct these funds?

brochures

visiting cards

pamphlets

other

SECTION G

MARKETING CHALLENGES

64. What challenges is your company faced with?

financial constraints

lack of specific skills

manpower shortages

other

65. How are these addressed?

a) solicit funding

b) attend more workshops on business improvement

c) other

