

# **ST. MARY'S UNIVERSITY**

**FACULTY OF BUSINESS**

**DEPARTMENT OF MARKETING MANAGEMENT AND**

**ASSESSMENT OF THE MARKETING STRATEGY**

**OF BATU CONSTRUCTION ADDIS ABABA**

**BY**

**KOKIE SOLOMON**

**JUNE 2014**

**SMU**

**ADDIS ABABA**

**AN ASSESSMENT OF MARKETING STRATEGY OF BATU**

**CONSTRUCTION**

**BY**

**KOKIE SOLOMON**

**A SENIOR ESSAY SUBMITTED TO THE DEPARTMENT OF**

**MARKETING MANAGEMENT**

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**ST. MARY'S UNIVERSITY**

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**FOR THE DEGREE OF BACHELOR OF ARTS IN**

**MARKETING MANAGEMENT**

**JUNE 2014**

**SMU**

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**APPROVED BY THE COMMITTEE OF EXAMINERS**

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Department head

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signature

\_\_\_\_\_  
Advisor

\_\_\_\_\_  
signature

\_\_\_\_\_  
Internal Examiner

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signature

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External Examiner

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signature

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# CHAPTER ONE

## INTRODUCTION ONE

### 1.1 Background of the Study

Competitiveness is characterized by the productivity with which a nation utilizes its human, capital and natural resources. To understand competitiveness, the starting point must be a nation's underlying sources of prosperity. A country's standard of living is determined by the productivity of its economy, which is measured by the value of goods and services produced per unit of its resources. Product can be offered with varying features. A stripped-down model, one without any extras, is the starting point. The company can create higher level models by adding more features. Features are a competitive tool for differentiating the company's product from competitors' products. Being the first to differentiate the company's product from competitors' products. Being the first producer to introduce a needed and valued new feature is one of the most effective ways to compete. (Hall of India 2006:242). True competitiveness, then, is measured by productivity. Productivity allows a nation to support high wages, attractive returns to capital, a strong currency and with them, a high standard of living. To plan effective marketing strategies, the company needs to find out all it can about its competitors. (Hall of India 2006:527) must constantly compare its marketing strategies, products, prices, channels and promotion with those of close competitors. The more that one firm's strategy resembles another firm's strategy the more the two firms compete. In most industries, the competitors can be sorted into groups that pursue different strategies. A strategic group is a group of firms in an industry following the same or a similar strategy in a given market. (Hall of India 2004:569). The company needs to look at all of the dimensions that identify strategic groups within the industry it needs to know each competitor's product quality, features, and mix; customer services; pricing policy; distribution coverage; sales force strategy; and advertising and sales promotion programs.



After the EPRDF took power, in 1991 G.C, a dramatic shift has occurred in the political and economic environment of the country in general & construction sector in particular. By undertaking the construction work from government and private organizations, Batu Construction Share Company had made great contribution in introducing modern construction technology and transferring knowledge to local workers.

Purely local industries also count for competitiveness, because their productivity not only sets their wages but also has a major influence on the cost of doing business and the cost of living in the country

Currently, the company is engaged in constructing Sugar plantation farmland development (Land Ripping & Land Leveling) in Tendaho, Tanabeles and kuraz projects around a total of 160 million birr capital. In the mean time the company also constructing An office building in Fincha sugar factory by 13 million birr capital. All these current projects were held through negotiation with the project owners not by free competition.

Basically it's to beat competitors in qualifying for an order and getting it with good conditions so the company ultimately makes a surplus.

## **1.2 STATEMENT OF THE PROBLEM**

In present days, companies marketing strategy, that is a fundamental pattern of present and planned objectives, Resource deployments and interactions of an organization with markets, competitors, and other environmental factors has become more of diversified so as to cope up with the dynamic change in preference, test, quality requirement and generally change in demand of ultimate customers (walker et as: 2003: 9). Construction activities throughout the world to win competitive atmosphere of the market are implemented precisely based on the proper application of managerial operations like planning, organizing, directing and controlling techniques of the construction market opportunities strategy.

A well built marketing strategy of a given firm can be disclosed in terms of profitability, construction market and construction volume over the product or service offered to the fragmented market(s). Continual growth in market construction is an indicator of the success of a company's marketing policy.

The company that has the largest market construction for a given geographical market is said to be the market leader in that market strategy.

A company whose moves are mainly based on competitors actions and reactions. (Hall of India 2004;585).Through such wide range of construction market opportunities, Batu Construction Share Company as a level 1 General Contractor Beside the road projects the company did not built a significant building material, mashenery and employment through participating different auctions. For those periods the company were engaged a obtained through inter organizational deals that helps them for survival in the market.

Due to such facts it can be justified that the company is in a problem of lacking its competency.

### **1.3 BASIC RESEARCH QUESTIONS**

From this point of view the study tried to answer the following questions in order to identify the company's competency problem and proposed the possible solutions.

The major questions that are tried to answer in detail through the study are:-

1. What are the marketing strategies aspects problems related to?
2. What are the internal factors that hinder the company from being competitive in the construction industry?
3. What are the major building construction factors that hinder the company from being competitive in the construction industry?
4. What are the basic reasons for projects obtained good will Aspects?

## **1.4. OBJECTIVE OF THE STUDY**

As stated in the statement of the problem unable to be compete in the market is the main problem to be addressed in this study. Thus, the objectives of the study are as follows:

- To effect promotions based on marketing strategy and competence
- To assess the training and development needs of employees
- To decide upon apay raise where (as in the unorganized sector) regular pay schales have not been fixd.
- To let the employees know where they stand insofar as their marketing strategy is concerned and to assist them with constructive criticism and guidance for the purpose of their developments.

### **1.4.1 GENERAL OBJECTIVES**

Assessing the possible reasons for why the company lacks its competence in the construction market and try to propose the possible solutions for the problems.

### **1.4.2 SPECIFIC OBJECTIVES**

- Significant building material problems that contribute for not participating in the competition
- Assessing the external factors that hinders the company from participation & being competent in the market
- Assessing the impacts of unable to be competent in the construction market building & in the organization.
- To propose remedial solutions that makes the company projects obtained
- To highlight the degree of market strategy in Megnagha sub city
- To measure the marketing strategy activities in the sub city and identify the problems areas in marketing strategy activities.
- Give practical recommendations on how to activities marketing strategy in the sub city.

## **1.5 SIGNIFICANCE OF THE STUDY**

This study is conducted in order to fulfill partial requirement of marketing management degree program for the student researcher. In addition, the student researcher believes the final findings of this research and its corresponding recommendations will contribute a construction the company in achieving its corporate objectives. Furthermore, this research will be used as a second hand evidence for other researchers who insist to carry out further investigation on the same issue or other related topics.

The outcome of this study is important for the management of the company as well as the Agency that supervises Batu Construction share company i.e. the Privatization and Public Enterprises Supervising Agency (PPESA) in identifying the reason about the failure of the co's competency & indicate the basic remedial solutions.

## **1.6 DELIMITATION OF THE STUDY**

As the title designated, this study has given a focus on the corporate assessment of BATU Construction S.C market strategy In Addis Ababa. However, due to the fact that BATU construction has faced decline in its building construction volume and market strategy during the stated years, this study has only covered construction activity and competitive of the company among various perspectives which are used to achieve desired market strategy leading position. Likewise, the study has only centered on the selected metropolis an areas of the company is engaged in constructing sugar plantation form and development (Land Ripping and Land Leveling) in particularly around Tendaho, Tanabeles and Kuraz Projects

It can easily be grasped that the issues within the construction sector are vast and the problems can be expanded tremendously. However this paper will limit itself to the major problems within the organization regarding why the company unable to be competent in the construction industry.

## **1.7 RESEARCH DESIGN AND METHODOLOGY**

### **1.7.1 RESEARCH DESIGN**

To accomplish the above objectives and to seek answer to the research question and to reveal how the above problems took place, the study using descriptive type of research method, in order to define the real problem and describe the factors and challenges of marketing strategy with regard to BATU construction.

### **1.7.2 POPULATION AND SAMPLING TECHNIQUES**

The study focused on the number of employees. The type and the extent of research tools to collect data necessitate a detailed sampling procedure.

The sampling method preferred for this study is probability sampling. In this method of sampling design, the population in the frame is divided into sub-group called strata that are individually more homogenous.

In addition to this, the sample frame from which the sample is drawn contains heterogeneous groups which are divided into two strata called the management and the ordinary employee.

Finally the sample size of the respondent were selected randomly from each stratum to give total sample size of respondents, from a total number of 228 head office staffs, expected to give representative information on the concerned questions.

With regard to quantitative data and qualitative data, literatures, and official published documents were collected.

### **1.8.1 TYPE OF DATA COLLECTED**

In conducting this research, literatures, and published official documents are revised.

Primary data for this study were collected from questionnaires from employees and managements of the company whereas; the secondary data for this study were collected from published documents, and financial statements of the company.

### **1.8.2 METHOD OF DATA COLLECTED**

To accomplish the research understudy, the student researcher has collected primary data through the help of Interview with marketing manager of the company; and questionnaire which was disseminated to selected readers and building of the constriction similarly, secondary data was used from the company's records unpublished materials and internet for this study.

### **1.9 METHOD DATA ANALYSES**

Processing of the data for this study involves editing, coding, classifying and tabulating of the collected data and examined carefully to detect errors and omissions.

After editing and coding, classifying of the raw data based on homogeneous or common characteristics of responses were identified. Finally these groups of similar responses summarized and displayed in narrative form.

For qualitative type data of the study the researcher used same scales like strongly agree, Agree, Disagree Strongly disagree, etc. to give some insight about the respective questions.

Finally, after the data are analyzed, summary of findings, conclusions and recommendations stated clearly and precisely.

### **1.9.1 LIMITATION OF THE STUDY**

As a student researcher my intention was to cover all the possibilities to assess the marketing strategy of BATU Constriction S.C. however the study need skilled and organized construction to get detail and enough information, adefvate time and financial data and information on time, all the above reasons reduce the strength of the outcome of the research.

### **1.9.2 Organization of the Study**

The entire paper is divided into four chapters. Chapter one of the study includes back ground of the study, Statement of the problem, Objectives of the study, significance of the study, scope of the study, limitations of the study, and research methodology. Chapter two of the study deals with reviews of related literature. Chapter three deals with Data presentation and Analysis. Finally, chapter four provide summary, conclusion and recommendation about the study.

# CHAPTER TWO

## Review of Related Literature

### 2.1 Competency and Competitive Analysis

#### 2.1.1 Concepts and Definitions

This chapter is dedicated to data related literature of market strategy. A competency is A cluster of related abilities, commitments, knowledge, and skills that enable a person (or an organization) to act effectively in a job or situation.

Competence indicates sufficiency of knowledge and skills that enable someone to act in a wide variety of situations. Because each level of responsibility has its own requirements, competence can occur in any period of a person's life or at any stage of his or her career.

Competency: The combination of observable and measurable knowledge, skills, abilities and personal attributes that contribute to enhanced employee performance and ultimately result in organizational success. To understand competencies, it is important to define the various components of competencies.

More than two decades ago, Michael potter suggested for basic

Competitive positioning strategies that companies can follow three winning strategies and one losing one the three winning strategies (Hall of India (2006:534).

- Knowledge is the cognizance of facts, truths and principles gained from formal training and/or experience. Application and sharing of one's knowledge base is critical to individual and organizational success.
- A skill is a developed proficiency or dexterity in mental operations or physical processes that is often acquired through specialized training; the execution of these skills results in successful performance.



- Ability is the power or aptitude to perform physical or mental activities that are often affiliated with a particular profession or trade such as computer programming, plumbing, calculus, and so forth. Although organizations may be adept at measuring results, skills and knowledge regarding one's performance, they are often remiss in recognizing employees' abilities or aptitudes, especially those outside of the traditional job design.
- Individual attributes are properties, qualities or characteristics of individuals that reflect one's unique personal makeup. Individual attributes are viewed as genetically developed or acquired from one's accumulated life experiences. Although personal characteristics are the most subjective of the components, a growing, significant body of research links specific personality traits to successful individual and organizational performance.
- Individually recognizing and rewarding any of these sources of expertise provides a strong basis for individual performance engagement. However, it is their combination that results in the unleashing of resources that are all too frequently untapped.

When utilizing competencies, it is important to keep the following in mind:

- Competencies do not establish baseline performance levels; rather they are used to raise the bar on employee performance. They provide employees with road maps to increase their capabilities incrementally.
- Competencies focus on an organization's culture and values. Consequently NU has selected a unique set or combination of competencies that support and facilitate its mission.
- Competencies reflect the organization's strategy; that is, they are aligned to short- and long-term missions and goals.
- Competencies focus on how results are achieved rather than merely the end result. In this manner they bridge the gap between performance management and employee development and are an integral component of personal development plans.

- Competencies close skill gaps within the organization.
- Competency data can be used for employee development, compensation, promotion, training and new hire selection decisions.

Normally, identifying competitors would seem a simple task. At the narrowest level, a company can define its competitors as other companies offering similar products and services to the same customers at similar prices. (Hall of India 2006: 527).

**Competitiveness** : is defined by the productivity with which a nation utilizes its human, capital and natural resources. To understand competitiveness, the starting point must be a nation's underlying sources of prosperity. Competitiveness and the conditions for it forms a complex concept. Basically it's to beat competitors in qualifying for an order and getting it with good conditions so the company ultimately makes a surplus (www.uvu.edu)

**Competitiveness:** the degree to which a nation can, under free and fair market conditions, produce goods and services that meet the test of international markets while simultaneously maintaining or expanding the real incomes of its citizens. Ivanchevich, et al (1994, : 4)

**Competitors:-** are organizations which are in the same industry or type of business that provide goods or services to the same set of customers.

**Competitive Analysis:** The process of identifying key competitors; assessing their objectives, strategies strengths and weakness, and reaction patterns; and selecting which competitors to attack or avoid. (Kotler & Armstrong, 2005, : 527)

Competitive analysis compliments industry analysis. It helps to focus manager's attention on key rivals and appraise the company's strength and weakness.

Competitive analysis helps to define the company's distinctive competence.

The competitive state of an industry exerts a strong influence on how firms develop their strategies to earn profit over time. Although all industries are competitive, the nature of this competition can differ significantly b/n industries.

How firms compete with one another in any given industry is directly related to the interaction of the five key forces.

As initially developed by Michael Porter, these five forces are as follows:-

- The threat of new entrants into the industry.
- The bargaining power of customers.
- The bargaining power of suppliers.
- The intensity of the rivalry among firms within the industry.
- The potential for substitute products or services.

( Pitts & Lei, 2005, : 42-43)

**Competitive advantage:** An advantage over competitors gained by offering consumers greater value, either through lower prices or by providing more benefits that justify higher prices. (Kotler & Armstrong, 2005, : 527)

### **Distinctive Competencies**

A distinctive competency refers to a unique strength that allows a company to achieve superior efficiency, quality, innovation, or customer responsiveness.

A firm with a distinctive competency can charge a premium price for its products or achieve substantially lower costs than its rivals. Consequently, it can earn a profit rate substantially above the industry average. (W.L. Hill & R. Jones, :111)

**Building Core Competencies:-**An equally important organization-building concern is that of staffing operating units with the specialized talents, skills and technical expertise needed to give the firm a competitive edge over rivals in performing one or more critical activities in the value chain.

Core competencies can relate to any strategically relevant factor: great proficiency in product development, better manufacturing know-how, the capability to provide customers better after-sale service, faster response to changing customers requirements, superior performance in minimizing costs, the capacity to re-engineer and re-design products faster than rivals, superior inventory management system strong marketing and merchandising skills, specialized depth in unique technologies or greater effectiveness in promoting union-management cooperation.

Four traits concerning core competencies are important to a strategy-implementers organization-building task.

- Core competencies rarely consist of narrow skills or the work efforts of a single department. Rather, they are composites of skills and activities performed at different locations in the firms value chain that, when linked create unique organizational capability.
- Because core competencies typically originate in the combined efforts of different work groups and departments, individual supervisors and department heads can't be expected to see building the overall corporations core competencies as their responsibility.
- The key to leveraging a company's core competencies into long-term competitive advantage is concerning more effort and more talent than rivals on developing and strengthening these competencies.
- Because customers need change in often unpredictable ways and the specific skills needed for competitive success cannot always be accurately forecasted, a company's selected bases of competence need to be broad enough and flexible enough to respond to an unknown future. (Thompson & A.J. Stricknand,1996,:245-246)

Unless a company's strategy is well-matched to both external and internal circumstance, its suitability is suspect. The two biggest situational considerations are (1) industry and competitive conditions (these are the heart of a single-business

company's "external environment") and (2) a company's own internal situation and competitive position.

(Thompson & A.J. Stricknand,1996, :59)

### **2.1.2 COMPETITIVE STRATEGIES**

**Competitive Marketing Strategies:** are strategies that strongly position the company against competitors and give the company the strongest possible strategic advantage.

More than two decades ago, Michael Porter suggested four basic competitive positioning strategies that companies can follow three winning strategies and one losing one.

**The three strategies include:-**

**1) Overall Cost leadership:-**Here the company works hard to achieve the lowest production costs. Low costs let it price lower than its competitors and win a large market share.

**2) Differentiation:** Here the company concentrates on creating a highly differentiated product line and marketing program so that it comes across as the class leader in the industry.

**3) Focus:** Here the company focuses its effort on serving a few market segments well rather than going after the whole market.

Companies can pursue any of the three strategies called value disciplines for delivering superior customer value.

These value disciplines are:-

- **Operational excellence:** The Company provides superior value by leading its industry in price and convenience. It works to reduce costs and to create a lean and efficient value delivery system.

- **Customer Intimacy:** The Company provides superior value by precisely segmenting its markets and tailoring its products or services to match exactly the needs of targeted customers.
- **Product Leadership:** The Company provides superior value by offering a continuous stream of leading edge products or services. . (Kotler & Armstrong, 2005,: 534-535)

### 2.1.3 SUCCESS FACTORS

An industry's *key success factors* (KSFs) :-are the strategy-related action approaches, competitive capabilities, and business outcomes that every firm must be competent at doing or must concentrate on achieving in order to be competitively and financially successful. KSFs are business aspects all firms in the industry must pay close attention to the specific outcomes crucial to market success (or failure) and the competencies and competitive capabilities with the most direct bearing on company profitability.

#### **Technology- Related KSFs**

- Scientific research expertise (important in such fields as pharmaceuticals, medicine, space exploration, other “high tech” industries)
- Production process innovation capability
- Product innovation capability
- Expertise in a given technology

#### **Manufacturing- Related KSFs**

- Low-cost production efficiency (achieve scale economics, capture experience curve effects)
- Quality of manufacture (fewer defects, less need for repairs)
- High utilization of fixed assets (important in capital intensive/high fixed-cost industries )
- Low-cost plant locations

- Access to adequate supplies of skilled labor
- High labor productivity (important for items with high labor content)
- Low-cost product design and engineering (reduces manufacturing costs)
- Flexibility to manufacture a range of models and sizes/take care of custom orders.

### **Distribution-Related KSFs**

- A strong network of wholesale distributive/dealers
- Gaining ample space on retailer shelves
- Having company-owned retail outlets
- Low distribution costs
- Fast delivery

### **Marketing-Related KSFs**

- A well-trained, effective sales force
- Available, dependable service and technical assistance
- Accurate filling of buyer orders (few back orders or mistakes)
- Breadth of product line and product selection.
- Merchandising skills
- Attractive styling/packaging
- Customers guarantee and warranties (important in mail-order retailing, big ticket purchase, new product introductions)

### **Skills-Related KSFs**

- Superior talent (important in professional service)
- Quality control know-how
- Design expertise (important in fashion and apparel industries)
- Expertise in a particular technology

- Ability to come up with clever, catchy ads
- Ability to get newly developed products out of the R&D phase and into the market very quickly.

### **Organizational Capability**

- Superior information systems (important in airline travel, car rent, credit card, and lodging industries)
- Ability to respond quickly to shifting market conditions (streamlines decision-making, short lead times to bring new products to market)
- More experience and managerial know-how  
(A. Thompson & A.J. Strickland, 1996, :83-85)

### **Building Core Competencies.**

An equally important organization-building concern is that of staffing operating units with the specialized talents, skills and technical expertise needed to give the firm a competitive edge over rivals in performing one or more critical activities in the value chain.

Core competencies can relate to any strategically relevant factor: great proficiency in product development, better manufacturing know-how, the capability to provide customers better after-sale service, faster response to changing customers requirements, superior performance in minimizing costs, the capacity to re-engineer and re-design products faster than rivals, superior inventory management system strong marketing and merchandising skills, specialized depth in unique technologies or greater effectiveness in promoting union-management cooperation.

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- The key to leveraging a company's core competencies into long-term competitive advantage is concerning more effort and more talent than rivals on developing and strengthening these competencies.
- Because customers need change in often unpredictable ways and the specific skills needed for competitive success cannot always be accurately forecasted, a company's selected bases of competence need to be broad enough and flexible enough to respond to an unknown future. (Thompson & A.J. Stricknand,1996,:245-246)

Unless a company's strategy is well-matched to both external and internal circumstance, its suitability is suspect. The two biggest situational considerations are (1) industry and competitive conditions (these are the heart of a single-business company's "external environment") and (2) a company's own internal situation and competitive position.

(Thompson & A.J. Stricknand,1996, :59)

## **2.2 Overview of the National Construction Sector**

The size of the construction sector in Ethiopia as a percentage of GDP has increased in the ten years to 2012 from 4.3% to about 5.8%. This covers various market sub sectors; roads; railways, telecom, power, water supply and treatment, irrigation as well as industrial and commercial building and housing.

Apart from roads contractors, the general contractor category seems to imply all forms of heavy civil engineering construction, including a specialist area of geotechnical investigations works, often combined with materials testing and investigations.

### **2.3 ROLES OF THE CONSTRUCTION INDUSTRY IN THE ECONOMY**

The construction industry has a vital role in the economic development of a country, providing the resources for creation and development of nation's infrastructure.

#### **Key features of this role include:-**

- It creates employment and income for the population.
- It is a major employer of semi and unskilled labor
- It generates revenue for the Government through taxes of all types, and rental incomes.
- It is a major player in stimulating demand for supply and production of materials and fabricated goods needed for building and construction, as well as associated services.
- It provides opportunities for private sector business to set up and provide all manner of inputs to the industry, in addition to those already established by Government under its ownership.

#### **The goals set out in the GTP for the construction industry are summarized as:-**

- Raise the capacity of existing service suppliers by improving the capacity of higher grade local consultants and contractors;
- Promote smaller lower grade suppliers to middle/ high grade classifications;
- Facilitate the classification of non-skilled and semi-skilled labors;
- Promote the introduction of new construction consultants and contractors;
- Build the capacity of companies that lease construction plant and equipment;
- Resolve the gap in supply and demand for both local and imported industrial construction materials. iMC ( 2013, : 16-19)

## 2.4 CURRENT STATE OF THE CONSTRUCTION INDUSTRY IN ETHIOPIA

The recently published Base line survey on the construction sector of Ethiopia for the Construction Contractors Association of Ethiopia (OCAE) states that the total number of contractors with valid registrations for 2011/13 is estimated at 4075; 2512 (60%) were registered by ministry of urban development and construction (MUDC) and the remainder at regional offices. During 2011/13 alone, 579 contractors were registered at MUDC with regard to consultants, the Baseline survey states that throughout the country, in 2011/13 there

there was a total of 265 registered consultants, the majority of which are based in Addis Ababa

Based on figures from the MUDC, the following table is a summary of the participating companies that are registered as construction industry contractors.

Total Registered (2002-2013)	Contractors by classification		Remarks
5590	General (GC)	2953	<ul style="list-style-type: none"> <li>- Growth over 10yrs at 11.5% annually.</li> <li>- Number with active registrations at Federal and Regional level in 2011=4075 (60% with MUDC and the remainder with Regional offices).</li> <li>- 3857 (68%) number who renewed registration(2008-2011)</li> <li>- 579 (23%) were new registration (2012).</li> <li>- 204 (8%) up graded (2011) remainder at the same grade.</li> </ul>
	Roads (RC)	15	
	Building (BC)	2602	
	Specialized (SC)	20	

The table below is based on the information provided the 579 contractors registered with MUDC

Classification	Type of Equipment Required							New Registration by category (2011)					
	Bul Dozer	Loader	Excavator	Grader	Roller	Dump Truck	Total Items	GC	RC	BC	SC	AL	%
Grade 1	4	2	1	2	3	10	22	4	0	1	0	5	0.9
Grade 2	3	1	1	1	2	8	16	1	1	0	1	3	0.5
Grade 3	1	0	0	1	1	5	8	3	1	6	0	10	1.7
Grade 4	0	0	0	1	1	3	5	0	0	25	2	27	4.7
Grade 5	0	0	0	0	0	1	1	31	0	81	3	115	19.9
Total by category of mechanized contractor Grade 1-5								39%	2	113	6	160	
Total by category of mechanized contractor Grade 1-5								24%	1%	71%	4%	100	
Grade 6	0	0	0	0	0	0	0	86	166	0	0	252	43.5

The Grade 1 non-mechanized contractors are showing to indicate the level of potential for up grading to equipment-based contractors, albeit with very limited capacity, to undertake more than a sub contractor role on a construction project of reasonable size.

## Eligibility of Contractors

In addition to owning equipment, for each grade there is an eligibility criterion to be able to tender for contracts that is based on the value of the construction contract.

Category	Grade	Contract Value (Million Birr)
GC,RC,BC	1	>20.0
GC,RC,BC	1	>15.0
GC,RC,BC	3	>10.0
GC,RC,BC	4	>5.0
GC,RC,BC	5	>2.50

### 2.5 Batu Construction Share Company's (BCSC) Performance

#### Situations

Few years back, within the period of (2004-2008) BeSe has got in to mess in operation activities. Road projects and airfield terminals promised to be delivered on scheduled time extended to more than two fiscal years. Even though, the project completion time lagged, ermuch, BeSe did slowly every task to the required quality that impressed its clients at that time, Frequent complaints of project owners to board of directors and Privatization and Public Enterprise Supervising Agency (PPESA) forced higher authorities to take action on the existing management and replace with new one, The new top management team that has started its work in 2008 and read, to make change has finalized ongoing projects. resulted a profit performance in two consecutive periods which BeSe never had in a decade, Even though, bad image of BeSe is gradually eroding b: performing project work on time. pervious bad tr~ck resulted lack of construction market from major project owners. Recently, the company established good relationship with Wonji Showa Sugar Factory and working on farm road, syphone structure, bridges and drainage structures, In addition, good relationship with Fincha Sugar Factory also created opportunity in building construction works.

Most of the major project owners made stiff technical requirement that doesn't suite public enterprises construction firms. The above two facts lead the company to limit it annual turnover below birr 30 million, creates idle resources, financial loss and constraints.

Two units of the operation division of BCSC, i.e. engineering and machinery, maintenance units do not have any procedure to carry out task. This pitfall hinders the effort of creating efficiency and standardized performance.

Through reviewing the company's performance, the documents that are written in different times for different purposes shows that Batu construction share company is in a great problem of:-

- Getting a large project through Competition
- Declining organizational performance
- Getting the good will in eyes of the customers BCSC (2005)

# **CHAPTER THREE**

## **Data Presentation ,Analysis and Interpretation**

This chapter is dedicated to data presentation analysis and interpretation of the study. Based on the information collected from primary and secondary source from management and employees of the company through questionnaire the following responses are also captured. In addition relevant secondary data from company periodical report is also included.

The information collected from primary sources are examined using six general perspectives. These are marketing strategy, competency, monitoring, good will and resources utilization. These dimensions are believed to be the major factors in order to determine the organization's competitive positions. Each dimension will be discussed and the findings are presented thoroughly with respect to management and employees perspective in the following sub sections.

All the data were collection through questionnaires containing close and open ended questions and through interviewing the marketing strategy manager. 200 copies of question were activities for manager. 2 managers cooperated in filling out the question as while the rest 226 questions were not properly filled, and referring the rates of return for questionnaire are 182(85%) where as with the employees 125 questionnaires were activities and 123 of the employees properly filled and returned the questionnaires. Also referring the rates of return for questionnaires are 145 (97%) .

### 3.1 GENERAL CHARACTERISTICS OF THE RESPONDENTS

Table 1: General characteristics of respondent employees

Item No	Question	No of Respondents	Percentage (%)
1	<b>Sex</b>		
	A. male	94	55.95
	B. female	74	44.05
	<b>Total</b>	<b>168</b>	<b>100</b>
2	<b>Age</b>		
	A. 18-27	11	6.55
	B. 28-37	28	16.67
	C. 28-47	63	37.35
	D. 48-56	57	33.93
	E. Above 57 years	9	5.35
	<b>Total</b>	<b>168</b>	<b>100</b>
3	<b>Education back ground</b>		
	A. Below 10 <sup>th</sup> grade	6	3.57
	B. 10 <sup>th</sup> complete	41	24.4
	C. Certificate	34	20.24
	D. Diploma	67	39.88
	E. First degree and above	20	11.91
	<b>Total</b>	<b>168</b>	<b>100</b>

**Source:** data collected through **Questionnaire**

According to item one of table No 1 in the male and female respondent employees account for 94(55.95%) and 74(44.05%) respectively from this we can see that majority of the sample respondents are male.

Item 2 from table No. 1 indicate that from the total groups of respondent employees (6.55) are in the age group of 18-27-28(16.67%) of the respondents are between the age of 28-38. Other respondent which wear 63(37.5%) and 57(33.93%) falls under the age of respondents wear under the age of 57 and above. This shows that age group 38-56 dominates the total respondents. They are suitable for effective delivery and recovery

The 3<sup>rd</sup> item of table no1 summarizes the educational background of the respondents. from the total number of respondents 6 (3.57%) were below 10<sup>th</sup> grade, 41 (24.4%) were 10<sup>th</sup> completed, 34 (20.24%) were at certificate level, 67 (39.88%) of the



respondent Employees were diploma level, 67 (39.88%) of the respondent Employees were diploma level and 20 (11.91%) of respondents were first degree and above, from this we can infer with that most employees can communicate effectively with the service providers.

### **3.2 ANALYSIS OF THE FINDING OF THE STUDY**

This research study tries to investigate the overall marketing strategy of BATU Construction S.C from Employees evaluation of the construction response and managers point of view.

#### **3.2 Findings on Primary Data**

##### **3.2.1 Management perspective**

The marketing strategies are the basic and the primary issue that should be taken into consideration before entering into the market. Knowing the management's attitude towards the marketing strategies believed to be crucial. Though, I forward the following questions:

**Table 2. Questions Related to Marketing strategies**

Item	Questions	Options	Respondent	
			In No.	In Percentage
1	Is there a defined marketing strategy in the organization?	a. yes	62	55.6
		b. no	106	44.4
<b>Total</b>			<b>168</b>	<b>100</b>
2	Is there any data held about competitor who are newly involved in the construction business and records of who is winning/losing?	a. yes	86	44.4
		b. no	82	55.6
<b>Total</b>			<b>168</b>	<b>100</b>
3	Does the company apply a SWOT analysis in formulating marketing strategies?	a. yes	62	44.5
		b. no	106	55.5
<b>Total</b>			<b>168</b>	<b>100</b>

**Source:** data collected through **Questionnaire**

From table No 2 we can see that 106 (44.4%) of respondent employers were not satisfied by the marketing strategy. The state in there reason, the need to be informed the options, need dedicated attention and knowledgeable help from frontline managers.

In the Interview held with area constriction manager it was learned that, fortunately most employers don't demand the Impossible. What they want is exceedingly reasonable the marketing strategy are Important to employees. Because both are Important In achieving a high level of Employers satisfaction. There for our organization is truly committed to provide superior employers performance.

One can't deny the fact most respondent employers does not strategy with arketing strategy. But as noted by area marketing strategy constriction manager the organization should truly committed to provide superior employers performance.

Item 2 from table No. 2 we can see that 82 (55.6%) respondent employer's were not satisfied by the winning and losing by the constriction. The state in their reason, they need to be informed the options, need dedicated attention and knowledgeable help from front line manager In the interview held with area construction manager it was learned that, fortunately most employers don't demand the impossible what they want is exceedingly reasonable. Both the winning and the losing are bade to employers. Because both are bade in achieving a high level of employer's dissatisfaction. Therefore our organization is truly committed to provide superior employers performance.

Item 3 from table No.2 we can see that 106 (63.1%) of respond ant employers were not satisfied by the apply a swat analysis by the constriction. They state In their reason, they need to be informed the options, need dedicated attention and knowledgeable help from front line managers.

In the interview held with area construction manager it was learned that fortunately most employers don't demand the Impossible what they want is exceedingly reasonable the apply aswot analysis are Important to employers. Because the Important in achieving a high level of employers satisfaction. Therefore, our organization is truly committed to provide superior employer one can't deny the fact most respond at employers does not satisfy on marketing strategy of Batu Construction. But as noted by area construction manager the organization should truly committed to provide superior employer performance.

**Table 3 Questions Related to marketing strategy competitive**

Q.no	Items	Options	Responses	
			In No.	In Percentage
1	Do you believe the company has a competency problem?	c. Yes	113	66.26
		d. No	55	32.74
<b>Total</b>			<b>168</b>	<b>100</b>
2	If your answer for the question no. 3 above is yes, what do you think about the major factor(s) for the problem?	a. Financial	36	21.43
		b. System	29	17.26
		c. Personnel	81	48.21
		d. Equipment	22	13.1
<b>Total</b>			<b>168</b>	<b>100</b>
3	Do you believe the limited commitment of the management and Employee influenced the organizations performance?	a. Strongly agree	36.	44.4
		b. Agree	54	21.6
		c. Disagree	32	22
		d. Strongly disagree	46	12
<b>Total</b>			<b>168</b>	<b>100</b>
4	The salary scale exerts an influence on the organizational competition	a. Strongly agree	64	22.8
		b. Agree	42	32.2
		c. Disagree	32	21.1
		d. Strongly disagree	30	23.9
<b>Total</b>			<b>168</b>	<b>100</b>

**Source:** data collected though **Questionnaire**

Item 1 from Table 3 we can see that 113(66.26%) respondent computers we complain efore in the company competency problem of BATU construction they explain I their reason that some of the front line managers have no helpful appearance and five prompt attention for employers and leaving the desk frequently for personal matters.

Item 2 from Table 3 we can see that 36(21.43%) of the management believes that the reason behind the problem is associated with equipment, finance, 81(48.21%) system and qualified human resource. However, 54 (17.26%) of the management thought the reason to be only the financial constraint and similar percent of the management justified for the problem to be having poor equipment 22(13.1%)utilization.

Item 3 from table we can see that In respect to the commitment of management and employees organizational performance, 55.6% of the management agrees its influence, while 54(21.6%) of the management team heavily stress its impact pm the company's performance.

Item 4 from table No 3 For the question asked about the influence of the salary scale on the organizational competition 36(44.2%) strongly agree in its influence whereas 29(21.6. %) agree the influence but the rest 22(32.2%) completely strongly disagree 46(14.12%)the existence of the influence.

**Table 4 question related to construction department**

Q.n o	Items	Options	Responses	
			In No.	In Percentage
1	Does the company have qualified personnel especially on the construction department?	a. Strong agree	24	22.2
		b. agree	54	34.8
		c. Medium	21	13.4
		d. disagree	49	16.4
		e. strongly disagree	20	13.2
<b>Total</b>			<b>168</b>	<b>100</b>
2	Do you believe the managements and the employee's salary is enough compared to the market?	a Strong agree	39	32.2
		b. agree	36	22.4
		c. Medium	28	17.4
		d. disagree	46	10.2
		e. strongly disagree	19	17.8
<b>Total</b>			<b>168</b>	<b>100</b>
3	Is there a high employee in & out turnover in the organization?	a. Very High	53	22.2
		b. High	27	37.4
		C. Medium	33	23.4
		d. Low	30	8.8
		e. very Low	25	8.2
<b>Total</b>			<b>168</b>	<b>100</b>

**Source:** data collect through **Questionnaire**

Item from table of we can see that Regarding the qualified personnel, 24(22.2%) of the management believes the existence of the qualified personnel in the construction department where as 49(16.4%) of them deny the existence but 21(13.4%) of the management group admits the partial fulfillment.

Item 2 from table No 4 we can see that As to the influence of the salary scale on the organizational competency,29(02.20%) of the management strongly agree its influence while 36(320.4%) of the respondents agree and the same percent 28(17.4%) strongly disagree the influence.

Item 3from table No 4 we can that 25(8.2%) In respect to the salary scale and employee turn over all the managements units believes that the insufficient salary and the presence of a high in and out employee turnover 27(37.4%) in the organization.

Monitoring and continuous evaluation of projects are the major tools in keeping company's competitive position. Believing the following issues helps 33(23.4%) in determining the competitive position,30(8.8%) I forward the questions below:



**Table 5. Questions Related to Monitoring**

Q.no	Items	Options	Responses	
			In No.	In Percentage
1	How frequent does the organization normally monitor and control the performance of the project?	a. Every week	43	33.3
		b. Every month	34	22.5
		c. Every quarter	36	22.2
		d. Every year	22	12.8
		e. Every project end	33	9.2
<b>Total</b>			<b>168</b>	<b>100</b>
2	Is there any continuous assessment about the organizational competitive position?	a. Very High	41	27.1
		b. High	38	22.9
		C. Medium	28	23.7
		d. Low	32	10.2
		e. very Low	29	16.1
<b>Total</b>			<b>168</b>	<b>100</b>

**Source:** data collect through **Questionnaire**

Item 1 from table No we can see that Regarding the frequency in which the organization monitor and control the project performance, 33(9.25%) of the management unit explained the organization monitors the project every month and 34(22.5%) of them respond the projects are monitored every week, 43(33.3%) the rest 36(22.2%) of the management thought that the projects are monitored every quarter.

Item 2 from table No5 we can see that In respect to the assessment of organizational position, 41(27.1%) of the management admit the company did not held any assessment, while 28(23.7%) of them admits that the company held the continuous assessment.

**Table 6. Questions Related to Good will**

Q.no	Items	Options	Responses	
			In No.	In Percentage
1	The company's previous bad reputation influenced the current market opportunity.	a. Strongly agree	53	33.3
		b. Agree	56	45.6
		c. Disagree	41	11.1
		d. Strongly disagree	18	10.1
				-
<b>Total</b>			<b>168</b>	<b>100</b>
2	Do you believe the company had a unique quality that forces the customer to give the project by negotiation?	a. Very High	43	32.5
		b. High	42	25.1
		C. Medium	38	10.1
		d. Low	25	9.1
		e. very Low	20	
<b>Total</b>			<b>168</b>	<b>100</b>

**Source:** data collect through **Questionnaire**

Item 1 from table No 6 we can see that 53(33.3%) As to the question asked to know whether the company's previous bad reputation exerts an influence on current market opportunities, 56(45.5%) of the management accept the influence, 41(11.1%) of them explained that it was a major influential reason and the rest 18(10.1%) completely

disagree the stated reason. Item2 from table No 6 w can see that 48(32.5%) With regard to whether the company has unique quality that forces the customer negotiate or the project, 420(25%) if the total management believes the company has unique quality and 38(23.2%) of them did not accept the company's unique quality.

In one way or another organization internal strength arises 25(10.1%) from its resources. To understand whether the company 20(9.1%) has a resource problem or do not project by negotiation customer.

**Table 7. Questions Related to Resources/Equipment, Finance &Personnel/**

Q.no	Items	Options	Responses	
			In No.	In Percentage
10	Do you believe the company has well equipped machinery, qualified personnel & firm finance related to its grade 1 General Contractor?	a. Very good	48	22.8
		b. Good	42	32.8
		c. Medium	38	16.2
		d. bad	20	9.8
		e. very bad	20	
<b>Total</b>			<b>168</b>	<b>100</b>

**Source:** data collect through **Questionnaire**

Item 1 from table No 7 we can see that 48(22.8%) Regarding the management's belief whether the company has enough resource/equipment, finance, and qualified personnel/or not, 42(32.8%) of them believes of all resources the well equipped are partial while 38(18.4%) of them believes the company's resources and the rest 20(16.2%) did not totally believe by the company resources.

Believing that the external factor does exert its own influence on the organization competency, I would like finance related to its trade, very bad 20(9.8%)

**Table 8. Questions Related to External factors**

Q.no	Items	Options	Responses	
			In No.	In Percentage
1	Is that fair the requirement asked to register as a contractor especially for high level contractor?	a. Very good	43	33.5
		b. Good	38	22.3
		c. Medium	28	20.2
		d. bad	43	17.5
		e. very bad	18	11.5
<b>Total</b>			<b>168</b>	<b>100</b>
2	Is that fair the requirement asked by the government to participate indifferent bids?	a. Very good	48	63.3
		b. Good	39	22.2
		c. Medium	30	7.5
		d. bad	28	7.0
		e. very bad	23	
<b>Total</b>			<b>168</b>	<b>100</b>
3	Do you believe there is an internal and external factor that exerts an influence on organizational competency?	a. Yes	68	56.5
		b. No	100	43.5
<b>Total</b>			<b>168</b>	<b>100</b>

**Source:** data collect through **Questionnaire**

Item 1 from table 8 we can see that 43 (33.5%) very good As to the fairness for the requirement asked by government body to register as a high level contractor good 38(22.3%) of the management respond shows the fairness of the requirements, 28(20.5%) of them did not believe the fairness and 18(11.5%) if the rest management have no idea about whether it is fair or not.

Item 2 from table 8 we see that 48(63.3%) very good In relation to the fairness of the bid requirement 39 (22.2%) of the management believes that its fairness while 23(7%) of the deny the fairness but 30(7.5%) of the management did not know whether the requirement is fair or not.

Item 3 from table 8 we can see that In respect to those factors, whether they exert influences on the organizational competency or not, the entire management unit believes that the factors exerts on influences on the organizational competency.

### **3.2.2 Employee Perspectives**

Concepts about the competitiveness and the competitive position help in determining the company's future. Besides the knowledge, the management and the employee should work on those factors that hinder to be competent. So that, the following questions are placed to know about the competency and related issues respect to the employee:

### **3.3 Findings on Secondary Data**

In this section, we examine basic company resources related to equipment, employee and finance briefly. Data summarized in this section are collected from internal company reports and details are attached in the annex part.

#### **3.3.1 Equipment Status**

The company has got a total of 191 equipments out of which 91 are construction heavy machinery, 52 are heavy trucks and 48 are light vehicles. Though the company seemed to have much equipment, 68% of total equipments (129 in number) have served more than 16 years of service life. Whereas, 32% of the total equipments (62 in number), have relatively younger ages of less than 15 years.

**Refer Appendix 1 for details.**

#### **3.3.2 Employee Status**

With respect to employee in and out turnover, seven years of company employee record shows, there is an average of 57% employees recruited per year, but in the same period there was an average of 45% employees who left the company due to various reasons.

Regarding to effort made by the company to fill the vacant posts computed ratios showed that, there was a 57% filling rate per year. This indicates there is a 43% gap.

**Refer Appendix 2 for details.**

### **3.3.2 Financial status**

The data utilized in this part is based on four years (2009-2013 G.C) of company's audited statement.

The income statement for four years period shows that there was a decline in revenue from 27.97 million birr (in 2009) to 15.63 million birr (in 2011), but this trend reversed to a revue of 33.99 million birr in 2013 G.C.

The minimal profit in 2009 (i.e. 1.11 million birr) has moved down to a 4.82 million birr loss in 2011. This poor financial performance boosted to a 6.44 million birr profit success in 2013.

The reason behind this impressive financial performance is that the company has got a 173 million birr contract agreement out of which 90% of the amount got through negotiation (i.e. without making competition).



# CHAPTER FOUR

## Summary, Conclusions and Recommendations

### 4.1 Summary of Findings

The research was designed to assess marketing strategy of BATU CONSTRUCTION descriptive research method was a management and employed to analyze the result found from questionnaire and interviews from the construction.

In view of these the researcher focused the marketing strategy tools being used by the construction if these tools are at sufficient amount, are they distributed, are at a standard level or do they possess the right content in them.

From the analysis and interpretation made in the previous chapter the following summary, conclusions and recommendations are drawn up. Competitive analysis helps to define the company's distinctive competence. The competitive state of an industry exerts a strong influence on how firms develop their strategies to earn profit over time. Although all industries are competitive, the nature of this completion can differ significantly b/n industries.

Competitive analysis compliments industry analysis. It helps to focus manager's attention on key rivals and appraise the company's strength and weakness.

An organization success is largely dependent on the quality of work and effort of its employees. However, there is even lack of full understanding on company's strategies, proper skilled and well experienced man power, Lack of equipped machineries and a gap in commitments retaining plan through addressing the root causes.

Therefore, the purpose of this study was to identify and investigate the factors that have great impact on organizational competitiveness.

The study posed the following questions: Assessing the possible reasons for why the company lacks its competence in the construction market and try to propose the possible solutions for the problems, specifically the study focused on answering the following specific questions in:

- Investigating organizational problems that contribute for not participating in the competition
- Assessing the external factors that hinders the company from participation & being competent in the market
- Assessing the impacts of unable to be competent in the construction market externally & in the organization.
- Proposing remedial solutions that make the company competent.

In light of these basic Questions, the data obtained through the primary and secondary sources were analyzed in relation to the existing literature in the area.

Through analyzing the primary data that emanates from questionnaire and the secondary data from the company published documents the following facts could be raised as a summary:

- There is a gap in the concept and application of marketing strategy even within the management.
- Lack of formulating SWOT Analysis in developing Marketing strategy.
- The company working system is not moderate and not taking into consideration the dynamic market situation.
- The commitment of the management and employee is being differed.
- Lack of skilled professionals in the core process mainly in the engineering and equipment departments.
- Lack of proper project monitoring and evaluation system.
- Unable to utilize the resources efficiency and effectively.

- The salary scale of the company is very low & didn't make the company competent.
- Employee turnover becomes high recently.
- The bid requirement being unfair.
- The financial trend shows that the company is recovering from loss.
- Not able to get a bank guarantee in the bid process due to the financial loss and obsolescence of the machinery.
- Unable to repay the loan on time for borrowed and to hinder the business communication.
- Existence of previous bad reputation.
- Deployment of old machinery that have frequent failure.
- Not able to replace obsolete, construction, machinery and equipments.
- Scarcity of spare parts due to obsolete model and high price.
- Lack of proper equipment performance record.

## **4.2 Conclusions**

Based on the analysis and findings that arises from the primary and secondary sources the following conclusions are clear:

- The strategic plan lacks market analysis, competitor analysis, competitive positioning for opportunities and threats and how to deal with them.
- Most of plan is “internally- focused thinking” and not critical, with little reality in relation to market place.
- No information on market share, not computed.
- With huge increases in volume of civil engineering works, have also seen great increases in competitors, BATU Construction S.C. is relatively small, with limited recourses to be able to compete against many- do not get short listed as pre qualification criteria are difficult to meet( lack of heavy equipment, skilled personnel/technical staff and financial resources).

- Most of the equipments are beyond repair and could be sold for spares. Maintenance procedures and training, but not prepared.
- The enterprise seeks to learn from past experience to improve current performance and to introduce new concepts.

### **4.3. Recommendations**

#### **Marketing strategies Aspects Problems related to:**

- The company should formulate the SWOT analysis in developing marketing strategies.
- The company's working system should be moderate by taking into consideration the dynamic market situation.
- The management and the employee should have uniform concepts about the company's strategy and should work in achieving the objectives the company.

#### **Competency Aspects**

- The company is not maintaining a share in the works that could be done with the level of resources apparently available, the current approach is not sustainable in the long term. So that, the company should also focus on minimizing the level that could be well competent.
- Formulate new structure, new salary by relating the industry that makes them competent. Develop good working culture.

#### **Monitoring Aspect**

- The company should monitor and evaluate every project periodically, at least monthly. Apply tight internal control system.
- The company should also take immediate remedial actions that are necessary.

## **Good will Aspects**

- Every management and employee should work hard in commitment to maintain the company's good will.
- Being ethical in all manner,

## **Resource Aspects /Man power, Finance, and Equipment/**

- Improve the employee skill, especially technical staffs, through training and education.
- Refill the core job positions through recruitments.
- Searching the construction markets continuously through selecting target markets and increase the revenue. Dispose the idle resources in a way to generate revenue.
- Giving special concern on debt collection accounts. Develop cost reduction programs.
- Deploy equipments having new technology Implement periodical maintenance.
- Proper utilization and handling of equipment. Implementing a well material management system to support the projects.

## **External Factors**

- By contacting the concerned governmental bodies effort should be made to get the construction opportunities on negotiation bases and they become stand with the company until the profit becomes well firm through facilitating bank guarantee, collaterals, etc.To cooperate with other contractors through joint association to amend the tight requirements

**4.3 Recommendation:** After making detail assessment on the bases of major organizational competency dimensions and based on the summary of findings, the following proposals are forwarded as a recommendation.

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