AN ASSESMENT OF CHALLENGES CONTRIBUTING TO POOR PERFORMANCE OF SMALL AND MEDIUM CONTRACTORS IN TANZANIA: A CASE STUDY OF LINDI REGION

AN ASSESMENT OF CHALLENGES CONTRIBUTING TO POOR PERFORMANCE OF SMALL AND MEDIUM CONTRACTORS IN TANZANIA: A CASE STUDY OF LINDI REGION

By

Francis Ndulane

A Dissertation Submitted in Partial Fulfillment of the Requirements for Award of The Degree Of Master Of Science Accounting And Finance (Msc A&F), Mzumbe University

2015

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a thesis report entitled "**An Assessment of Challenges Contributing to Poor Performance of Small and Medium Contractors In Tanzania".** In Partial/Fulfillment of the Requirements for the Degree of Master Of Science Accounting And Finance of Mzumbe University.

_____

Major Supervisor

_____

Internal Examiner

_____

External Examiner

Accepted for the Board of

_____

DEAN/DIRECTOR, FACULTY/DIRECTORATE/SCHOOL/BOARD

DECLARATION AND COPYRIGHT

I, **Francis Ndulane,** declare that I am the sole author of this dissertation. This is my original work and that it has not been submitted wholly or partially for any other award to any other university or institution for a similar or any other degree award, and where other people's research was used, they have been dully acknowledged.

Signature ……

Date……..

ACKNOWLEDGEMENT

The achievement of this Research Report has come out as the result of my dedicated efforts to the fulfillment of my Masters Degree in Finance and Accounting, but I concede the truth that there were people behind me, who in one way or another supported me, academically, financially, materially, morally, spiritually and numerously other ways that I may not be able to mention here.

Am greatly indebted to Dr.Ernest Mwasalwiba who supervised this work from its initial stage up to its completion. I wish also to express my sincere thanks to my course lecturers and all members of staff at Mzumbe University, Morogoro for consistent advice; support and encouragement they accorded me during the preparation and completion of this report. I greatly acknowledge the financial assistance from my beloved Wife, and my employer, TANROADS Lindi for the patience they accorded me during the whole study period.

Furthermore, I sincerely present my thanks to all staffs working in Lindi Region who took their valuable time in filling study questionnaire, moreover I also precise to accord piece of thanks to my colleagues who assists me in revising my questionnaire before administering it, their assistance were very significant to the completion of this work. It's not possible to thank each and everyone but I pray to Almightily God to bless them all. Finally, my genuine thanks goes to GOD the almightily, the spiritual support I have been getting have been super support to me.

DEDICATION

This Research Report work is dedicated to Almightily God, my wife **Salvacia T**. **Ndumiw**e, my children **Alfred, Albert and Adrian** for their kindness and moral support during the study periods.

LIST OF ABBREVIATIONS

AQRB	Architects and Quantity Surveyors Registration Board
CRB	Contractors Registration Body
KPIs	Key Performance Indicators
MOF	Ministry of Finance
MOW	Ministry of Works
NCC	National Construction Council
PMI	Project Management Institute
SMCs	Small and Medium Contractors
SPSS	Statistical Package for Social Sciences
TACECA	Tanzania Civil Engineering Contractors Association

ABSTRACT

This paper assessed the challenges facing small and medium civil contractor in Lindi region. The study used a case study design for methodology. It utilized both primary data and secondary data. Data were analyzed in both qualitative and quantitative methods. The overall findings indicates that, due to the combination of factors such as poor tendering applications whereby frequently the small and medium contractors place their tender at a lower rate/amounts of money and after being awarded, poor management and supervisory skills.

The study has identified a number of factors that affects performance of small and medium civil contractor in Lindi region, among them; poor financial and technical capabilities; fraudulent practices, lack of coordination between designers and contractors and; poor monitoring and feedback are ranked as the first three factors that affected Small Civil Contractors. In addition, lack of training on quality for staff, lack of management leadership and lack of previous experience of contractor were also identified as factors related to contractors as the most critically ranked factors. It is therefore recommended that policy makers, researchers and practitioners look at improving the human resource base through continuous professional and skill development. In response to the poor performance of small and medium civil contractors in Lindi region, evaluating the performance is particularly important especially in Tanzania where construction works are largely manual.

TABLE OF CONTENT

LIST OF TABLES

LISTS OF FIGURES

CHAPRTER ONE

BACKGROUND INFORMATION

1.0 Introduction

This chapter presents the background information of the research. It includes the problem statement, objective of the research, research questions, as well as significance of the study. The study will confine itself in assessing the factors contributing to poor performance of small and medium contractors in Region. The study will deal with Contractors Clients like TANROADS, TBA, Local Authorities Contractors Registration Board (CRB), Tanzania Civil Engineers and Contractors Association (TACECA), National Construction Council(NCC) and Architecture and Quantity Surveyors Registration Board (AQRB) all in Lindi Region.

1.1 Background Information

Tanzania has embarked on long term development strategy which aims at achieving sustainable human development with all pre-requisites for a middle income country by the year 2025 (Ministry of Works 2003). This envisages creation of a strong, diversified, resilient and competitive economy that can effectively cope with the challenges of development and that can easily adapt to the changing market and technological conditions in the regional and global economy. The priorities indentified as the essential catalyst for the attainment of the vision 2025 objective include development of infrastructure as an important ingredient towards attainment of faster economic growth (Ministry of Works 2003).

Small and contractors can be powerful instruments of generating job opportunities, they can perform small projects at different and remote geographical locations that might be unattractive to big firms or too costly using the big firms, low overheads enable small contractors to work at more competitive prices (Mpendulo, 2009).

Contractors in Tanzania, like many of their counterparts in other developing countries, are faced with poor performance in the execution of their works. A seminar organized by the National Construction Council (NCC) in February 1997 on "Challenges and Opportunities of Construction Industry in Tanzania" identified ten

issues which have an adverse impact on the performance of contractors (Seng'enge, 2000). Among them the following five were considered to be critical;

i. Low share of work opportunities (10% for civil works contractors).
ii. Poor quality of services and products.
iii. Lack of a policy on construction industry.
iv. Inadequate commitment, particularly from professional constituencies in addressing con-training factors.
v. Inadequate financing credit facilities

Other issues indentified include inadequate training facilities, long-term projected shortage of human resources, and lack of equipment, corruption and high taxes. The share local contractors in large medium sized projects continues to decline, access to credit remains a serious problem for the majority of contractors and the problem of construction equipment affects the performance of small and medium local civil contractors throughout the country. On the basis of Contractors Annual Returns submitted to the CRB for the year 1999, about 73% of contractors complained of poor work opportunities 56% complained of financial problems and 26% cited equipment as a problem (Materu & Uriyo, 2000). Other less adverse problems mentioned were poor quality of construction materials and management of skilled staff.

In 2002, Contractors Registration Board (CRB) deregistered 115 contractors due to poor performance in the evaluated projects compared to 276 contractors in 2001. Thus, the total of contractors deregistered since 1998 is 1.315(Ministry of Works 2002). Also annual reports from TANROADS-Lindi indicate that small contractors are not performing well as compared to big contractors. The summary below shows the performance of contractors for the last five years in the maintenance works for selected projects funded by Road Fund Board (RFB).

Table 1.1: Previous Five years Road Fund Board (RFB) Funded project in TANROADS LINDI.

S/N	FINANCIAL YEAR	CONTRACT SUM	AMOUNT EXECUTED	AMOUNT UNCOMPLETED	UNCOMPLETED WORKS (%)
1	2009/10	5,123,469,000	3,342,250,000	1,781,219,000	35
2	2010/11	6,062,429,000	4,892,310,000	1,170,119,000	19
3	2011/12	7,486,562,000	5,714,020,000	1,772,542,000	24
4	2012/13	9,531,775,000	6,297,220,000	3,234,555,000	34
5	2013/14	10,509,582,000	7,537,494,000	2,972,088,000	28

Source: TANROADS-LINDI

Despite of some initiatives taken by the National Construction Council (NCC), Ministry of Works (MOW) and other stakeholders in addressing the issues cited above, the situation today remain uncharged (National Construction Council 2007).

1.2 Statement of the Problem

The construction industry is full of unending challenges, requiring high energy and constant problem solving (Contractors Registration Board, 2004), In Tanzania construction Industry which is an important player in the economy has not been performing well when measured against the usual criteria of cost, productivity, quality, safety and environmental responsibility (Ofori, 2002). The resulting effects is that though the contractors Register has more than 2000 Contractors, with 97% being local contractors, foreign contractors continue to dominate the Tanzania contracting industry (Materu, 2000).

The majority of the local contractors remain small to medium contractors (92%) with a small segment (8%) being large contractors. The local contracting industry thus continues to be hampered by capacity, low productivity, poor workmanship and low profit margins for contractors. Irrespective of all bodies such as contractors registration body (CRB), Tanzania Civil Engineering Contractors Association (TACECA), The architects and Quantity Surveyors Registration Board (AQRB) in promoting and supporting contractors in Tanzania, the above mentioned challenges still persist.

The study therefore aims at assessing the challenges and come out with the solution which will contribute to the promotion of culture of business performance excellence in the Tanzania construction industry. This will improve the performance of small and medium contractors and hence play its role as the essential catalyst for development of infrastructure as an important ingredient towards attainment of faster economic growth.

1.3 Objective of the study

1.3.1 General Objective

The main objective of the study is to assess challenges facing small and medium contractors in Tanzania in executing their works. So as to formulate the recommendations for improving their performance taking case study of Lindi Region.

1.3.2 Specific objectives

i. To identify the reasons for failure of small and medium contractors.
ii. To analyze the technical capability of small and medium contractors.
iii. To establish the tender awarding trends to small and medium contractors in Tanzania (civil and building contractors).

1.4 Research Questions

1.4.1 General Research Question

What are the challenges facing small and medium contractors in Tanzania so as to formulate the recommendations for overcoming those challenges?

1.4.2 Specific Research Question

i. What are the reasons for failure of small and medium contractors?
ii. Are the small and medium contractors capable of performing their work successfully?
iii. What are the trends for awarding tenders to small and medium contractors in Tanzania (civil and building contractors)?

1.5 Significance of the Study

The study will improve contractor's performance by finding the root causes of failure in managing enterprises. The findings may suggest ways of improving the existing performance of local contractors in the country. It's expected that, the study finding suggestions and recommendations will add more knowledge to the researcher in practical approach. Moreover, the study finding may serve as a basis for further research on the some topic of interest or a problem of the nature. Nevertheless, the findings will assist the regulatory bodies to device ways to help small and medium contractors improve their performance by paying close attention and design more ways for capacity building.

CHAPTER TWO
LITERATURE REVIEW

2.0. Introduction

This chapter visits ideas, other research findings and theories propounded by different authors with major focus on performance measurement and its challenges. The chapter concentrates on three areas of theoretical, empirical, as well as conceptual framework.

2.1 Theoretical Literature Review

2.1.1 Definition and Types of contractors in Tanzania

Contractor is the one who enters into a contract, this term is usually applies to persons who undertake to do public work, or the work for a company or corporation on a large scale, at a certain fixed price, or to furnish goods to another at a fixed or ascertained price. 2 Pardess. n. 300 Vide 5 Whart 366. According to contractors Registration Board (CRB), the Contractors in Tanzania are classified into five types namely.

i) Mechanical contractors
ii) Electrical contractors
iii) Civil works contractors
iv) Building contractors
v) Specialist contractors

They are also divided in two categories namely; Local contractors and Foreign contractors. Local contracting firms are those whose majority shares are owned by citizen of the United Republic of Tanzania Firms not meeting these criteria will be registered as a foreign one. Furthermore, the contractors are classified according to discipline class and the amount of contractor limit in any single contract.

Table 2.1 indicates the class size ranging from class one to class seven and the amount of works in Million Tshs. the company can handle. Also class one to four are allowed to build any storey building of more than 4 storey's structures, whereas class five is restricted to 4 storey's building, class six are restricted to 3 store's structure and class seven are not allowed to build storey building.

Table 2.1 Classification of Contractor Class per Single Contract

CLASS LIMIT FOR ANY SINGLE CONTRACT (In Million Tshs)					
CLASS	CIVIL	BUILDING	MECHANICAL	ELECTRICAL	SPECIALIST
ONE	UNLIMITED	UNLIMITED	UNLIMITED	UNLIMITED	UNLIMITED
TWO	5000	3000	2000	2000	400
THREE	3000	2200	1200	1200	150
FOUR	1500	1200	600	600	-
FIVE	750	600***	300	300	-
SIX	300	200**	150	150	-
SEVEN	150	120*	75	75	-

Source: Contractors Registration Board, 2013

*Class Seven not allowed to build storey building

** Class Six are restricted 3 storey's structures

***Class Five are restricted to 4 storey's structures

2.1.2. Construction Industry Regulatory Bodies

In order to regulate the construction Industry the government has formulated bodies such as Contractors Registration Board (CRB), National Construction council (NCC), Tanzania Civil Engineer Contractors (TACECA), Architects and Quantity Surveyors Registration Board (AQRB) in Tanzania aiming at promoting construction industry and to raise the capacity of local contractors to a level where they can handle any construction project within the country.

Architects and Quantity Surveyors Registration Board (AQRB)

Architects and Quantity Surveyors Registration Board was established by the Architects and Quantity Surveyors (Registration) Act No 16 of 1997, which was repealed and replaced by Act No 4 of 2010.The Architects and Quantity Surveyors Registration Board becomes a leading Institution in protecting the public, promoting professionalism and excellence in the construction industry for the creation and maintenance of highest possible standards of quality built environment. The main objective of the board is to ensure that Architects and Quantity Surveyors provide professional services that serve the needs of the people and their environment by;

i. Monitoring, regulating and safeguarding professionalism;
ii. Protecting the health, safety and welfare of public through regulation of practice;
iii. Promoting awareness to both the Public. and professionals;
iv. Collaborating with regulatory organs and stakeholders.

National Construction council (NCC)

The National Construction Council (NCC) is a government institution established through Act of Parliament No. 20 of 1979 (National Construction Council Act CAP 162 R.E. 2008) and became operational in 1981. Its establishment was prompted by the need to have an institution for promoting the development of the construction industry in Tanzania. NCC was established to perform the following functions;

i. To promote and provide strategic leadership for the growth, development and expansion of the construction industry in Tanzania with emphasis on the development of the local capacity for socio-economic development and competitiveness in the changing global environment.
ii. To advise the government on all matters relating to the development of the construction industry and to formulate proposals and recommendations for their implementation.
iii. To provide advisory services and technical assistance to construction industry stakeholders on all matters related to the construction industry.
iv. To promote and co-ordinate quality training for persons engaged, or to be engaged in the construction industry, and promote, conduct and co-ordinate research on all matters related to the construction industry.
v. To promote the documentation and dissemination of information related to construction industry and to compile and maintain list of projects and directory of construction materials and equipment.
vi. To promote and monitor the development and implementation of standards, regulations and codes of practices on all related to the construction industry. And promote the use of innovative technologies and the application of best practices in the construction industry.

vii. To promote and establish forums for enhancing industry-wide co-ordination, collaboration and discussion on matters related to the construction industry. To benchmark, monitor and evaluate the performance of the construction industry. And to solicit and manage the fund for training of personnel in the construction industry.

viii. To promote quality management including provision of technical auditing services in the construction industry. And to promote environmentally sustainable construction practices including health and safety aspects.

Contractors Registration Board (CRB)

The Contractors Registration Board (CRB) is the Government Regulatory Board established in 1997 under the Contractor Registration Act No. 17 of 1997 for the purpose of registration, regulation and promotion of contractors in Tanzania. The Board deals with all types of contractors and the main categories include Building Civil Works, Mechanical, Electrical and Special Works. The main objective of the CRB is to ensure that competent contractors who observe business ethics and care for the quality of works, the environment and the safety of their workers and the public at large serve the construction industry depends, to a large extent, on the competence of persons and firm involved in the sector.

Since contractors are key players in the industry, the CRB has the role of ensuring that their performance matches the expectations of the general public. This is achieve through constant monitoring, regulation , education and promotion of contractors. On average CRB has been registering over 560 contractors annually. By January 2007 there were 4432 contractors on its register, among which 94% are small contractors ranging from classes seven to four. Upon establishment CRB had only 998 contractors on its register (Xueyong, 2009).

Tanzania Civil Engineering Contractors Association (TACECA)

The Tanzania Civil Engineering Contractor Association was established on 17th May 1996, and was registered on 11th October 1996 with the aim to raise capacity and capability of local Contractors to a level where they can handle any construction

project within the country. The vast majority of the membership is made up of Tanzania Contractors who range from large companies to small one-man enterprises.

2.1.3 An Overview of Construction Industry

The construction industry is vital for the development of any nation. In many ways, the pace of the economic growth of any nation can be measured by the development of physical infrastructures, such as buildings, roads and bridges. Construction project development involves numerous parties, various processes different phase and stages of work and a great deal of input 9from both the public and private sectors with the major aim being to bring the project to a successful conclusion (CRB 2000). The level of success in carrying out construction project development activities will depend heavily on the quality of the managerial, financial, technical and organization performance of the respective parties, while taking into consideration the associated risk management, the business environment, and economic and political stability (seng'enge 2000).

According to Wang (1994), as construction is becoming more complex, a more sophisticated approach is necessary to ideal with initiating planning, financing designing approving, Implementing and completing a project. An assessment of contractors activities by the CRB in 1999 based on the Annual Returns revealed that 85% by value of civil works executed in 1999 was undertaken by foreign contractors who constitute only 2.6% of registered civil engineering contractors. The situation was much better with respect to building contractors where foreign contractors, who constitute 1.7% of registered building contractors, accounted for 44% of the reported building works. When building and civil works are considered together, the share of foreign contractors is 71.6% value and this is an area contention between local and foreign contractors.

Over-dependence on foreign contractors is not a very situation for a country that wants to build a sustainable contracting capacity. Indeed the foreign contractors should not be blamed because, in fact, they are filling and otherwise wide gap between construction needs and capacity in the country. The main concern, however, is how to raise the capacity of the local contractors make them competitive

within the country in particular and the region in general. To do this it is important to understand their problems and related factors and then draw up strategies to alleviate the problem (CRB 2000).

Performance Indicators

The UK working groups on Key Performance Indicators (KPIs) have identified 10 parameters for benchmarking projects in order to achieve a good performance in response to Egan's report (1998) These KPIs information on the range of performance being achieved on all construction activity and they comprise of; client satisfaction product; Client satisfaction service; defects; Predictability cost; Predictability time; Profitability; Productivity; Safety; Construction cost and Construction time. However. Most of these indicators, such as construction cost, construction time, defects, client satisfaction with the product and service, profitability and productivity, promote result-orientated thinking, whereas predictability of design cost and time, and predictability of construction cost and time, and safety can e regarded as process-orientated thinking. There are no suggestion for performance indicators in benchmarking projects at the project selection phase i.e. analysis stage, when the client and end-user's requirements need statements and the delivery strategy determined.

According to Pillai et al.., (2002) a performance measurement system is required to reflect the needs and expectation of all the stakeholder's performance need to be measured and assessed throughout the project phase, in order to ensure that no tremendous conflicts, disputes and syndromes have occurred by the time completion stage is reached. On the other hand a key performance indicator (KPI) is the measure of the performance of the process that is critical to its success. The best performance achieved in practice is the benchmark. The objective is to understand the existing processes and activities and then to identify and external point reference or standard by which that activity can be measured or judged. Takim and Akintoye Lema and Price (1994).

Performance measurement

Mbugua et al.., (1999) and Love et al.., (2000) have identified a distinction between performance indicators, performance measures and performance measurement. According to Mbugua et al.., (1999) performance indicators specify the measurable evidence necessary to prove that a planned effort has achieved the desire result. In other words, when indicators can be measured with some degree of precision and without ambiguity they are called measures. However, when it is not possible to obtain a precise measurement, it is usual to refer o performance indicators.

Performance measures are the numerical of indicators (Sinclair and Zairi, (1995). On the other hand, performance measurement is a systematic way of evaluating the inputs and outputs in manufacturing operations or construction activity and act as a tool for continuous improvements (Sinclair and Zairi, 1995: Mbugua et al.., 1999. In response to calls for continuous improvement in performance, many performance measurements have emerged in management literature. Some examples include: the financial measures (Kangari et al., 1992;) Kay 1993; Brown Laenrick 1994; and Kaka et al., 1995), client satisfaction measures (Walker, 1984; Bititc, 1994; Kometa 1995; Harvey and Ashworth; 1997; and Chinyio e al., 1998) employee measures (Bititci, 1994; Shahand Murphy, 1995; and Abdel-Razek, 1997), project performance measures (Bellasi and Tukel, 1996) and industry measures (Latham, 1994; Egan, 1998; Construction Productivity Network, 1998; and Construction Industry Board, 1998); as cited in (Mbugua et al., 1999).

Cordero (1990) classifies performance measurement based on the method of measurement and area of measurement. The methods of measurement of performance can be in terms of the technical performance, the commercial performance and the overall performance.

The areas of measurement are at the planning & design level, the marketing level and manufacturing level etc. and for the overall performance are at the level of a firm or strategic business unit. Furthermore, he proposes a model of performance measurement in terms of outputs are determine whether they help to accomplish objectives (effectiveness) and resources are measured to determine whether a

Performance indicators minimum amount of resources is used in the production of outputs (efficiency).

However, in his model, Cordero (1990) failed to reflect the interests of stakeholders, their needs and expectations. If construction organizations are to remain competitive in the long run, they need to develop and better understand their relation with their customers, suppliers, employees lenders and the wider community, as suggested y Love et al., (2000). Hence performance measurement has to incorporate the interest of the stakeholders, both economically and morally. Neely (2005) tells us that performance measurement is the process of quantifying the efficiency and effectiveness of actions. For a performance measurement system to be regarded as a useful management process, it should at as a mechanism that enables assessment to be made, provides useful information and detects problems, allowing judgment against certain predetermined criteria to be performed. More importantly, he system should be reviewing and update as an ongoing process (Ongand 2008).

With the increased interest in performance measurement a systematic shift of emphasis from financial performance measure to non-financial measures of performance has emerged quite significantly. Traditional accounting and financially-oriented performance measurement systems are no adequate to evaluate the firms performance, Traditionally performance measurement involved management accountants through the use of budgetary control and the development of purely financial indicators such as return on investment (Chenhall, 1997). As Busi and Bititci (2006) ably observe performance measurement has developed into a relatively broad body of literature to cover both financial and non-financial measures but the areas of under-development still exist. Measuring performance of government should draw a considerable amount of attention from professional associations, scholars and practitioners as suggested to us by Holzer and Kloby, (2005).

For construction projects there have been different measurement indicators. The generally perceived factors that influence quality performance can e grouped under the headings of client, project, project environment, project team leaders project procedure and project management procedure (Chan and Tam, 2000). Research has

documented that sophisticated and specialized client having a better chance of success are critical variables. The nature of the clients having a better chance of success is critical variable. The nature of the client (whether from the public or private sector). The clarity of the project mission, their competency in terms of ability to brief, make decisions, and define roles, have been found to significantly contribute to the quality of a project (Naoum, 1991).

According to Walker (1994), project scope, nature of the project and complexity of the project (the project characteristics), also have an influence on the performance of projects; in addition to the environment in which a project operates. Naoum (1991) believes that the changes in the environment can create uncertainty not only regarding prices but also in terms of investment in the work of the organization, which will affect the demand for the building. In this same debate, the procedures adapted during the construction process, like the form and method of tendering, are key variables for quality performance (Serpell and Alarcon, 1998). Together with a project team, a group of construction professionals and personnel from one or more organizations can combine to fulfill the necessary design, detailing and construction functions comprising the construction project that is committed to their professional work ethics and construction projects and can achieve excellent performance. Beale and Freeman (1991) believe that the performance of the team on construction projects will, to a great extent, depend on the skills and experience of several key project leaders.

2.2. Empirical Studies

2.2.1 Studies in Africa

2.2.1.1 Challenges faced by SMCs in South Africa

The challenges faced by small and medium contractors can be distinguished between those that affect small scale contractors and those affect medium-sized contractors. Small and medium contractors. Small and medium contractors are facing increased competition due to the long-term real decline in demand, and many contractors have responded by shedding labor. The larger contractors have responded by moving into the international market. Small local contractors, in particular, are furthermore subject to volatilities due to the geographic distribution of construction and peak

workloads that characterize construction projects, which has further reduced their ability to build (Thwala and Phaladi 2009).

The relative lack of success facing small contractors in South Africa was a result of: inadequate finance and inability to get credit from supplies; inability to employ competent workers; poor pricing, tendering, and contract documentation skills; poor mentoring; fronting for established contractors; lack of entrepreneurial skills; lack of proper training; lack of resource for either large or complex construction work; lack of technical, financial contractual, and managerial skills; and late payment for the work done (Thwala and Phaladi 2009).

Lack of effective management during their early stages is a major cause of business failure for small and medium sized contractors. Owners tend to manage their business themselves as a measure of reducing operational costs. Poor record keeping is also a cause for start-up business failure. In most cases, this is not only due to the priority attached by new and fresh entrepreneurs, but also a lack of basic business management skills. Most business people, therefore end up losing track of their daily transactions and cannot account for their expenses and profit at the end of the month. During the early stages of some business start ups, owners were unable to separate their business and family/domestic situations. Business funds were put to personal use and thus used in setting domestic issues. This has a negative impact on profitability and sustainability. Some owners/managers employ family member simply because of kinship relations (Twala and Phaladi 2009).

2.2.1.2 Challenges Faced SMCs in Swaziland

According to Wellington Didibhuku Thwala and Mpendulo Mvubu(2009) identified challenges facing small and medium contractors in Swaziland and came out with the following comments.

Skills Shortage in Small Contractors

Swaziland is characterized by a systematic under investment in human capital. This has resulted in a labour force with a skewed distribution of craft skills, career opportunities and work-place experience. While the promulgation of the Skills Development Act of 1997 is commendable, micro enterprises already express

concern about the administration costs of recovering levies in the form of grants for training. Furthermore, there are the costs of designing a workplace training programme as an alternative to using external training institutions and the relatively high charges by private training institutions after the closure of the former industrial training boards which had been subsidized through levies from industry.

Financial Constraints

The high competition among emerging contractors has contributed to increase financial failures of the emerging market, making the market unsustainable. Lack of access to finance both during preconstruction which disqualifies emerging contractors from meeting guarantee and performance bond requirements and during construction which leads to cash-flow problems, incomplete work and even liquidation are financial constraints facing emerging contractors. The inadequacy of external finance at the critical growth/transformation stages of micro enterprises deters the enterprises with growth potential from expanding.

Late Payment by Clients

Small contractors run into problems due to late payments by the clients. Delays with interim and final payments, as well as onerous contract conditions faced by construction firms, can also impose huge constraints on the industry. Many construction firms have suffered financial ruin and bankruptcy because of delays in payment, which are common with government contracts. The unlucky contractor, failing to repay loans in a timely fashion business put into liquidation.

Difficulties When Running the Businesses

The contractors do not seem to understand the nature of complexity and risk in contracting; do not seem to be adequately informed of how to deal with them properly.

The contractors lack skill, experience and tools to win profitable contract; they either win a grossly under-priced bid, or lose a grossly over-priced one. Cost, price, control program not provided. They lack own ready finance and access to affordable loan. Due to lack of collateral, any one that gets credit from banks is subjected to high interest and financial risk management charges that make contracts unprofitable.

In the ambition to grow big and make big profit, most of them take projects they do not have the necessary skills and financial resources to execute. The contractors tend not to employ qualified worker; they consider them expensive, but they fail while doing things all by themselves or with cheap, incompetent workers. They lack skills to properly program projects resources in monthly segments for healthy cash flow; they are not allowed front load due to lack of trust; they do not know how to prepare documents for timely payment; delayed payment.

2.2.1.3 Challenges Faced SMCs in Malawi

The construction industry, by nature, has many peculiar problems and requirements (Ofori, 2009). For instance Kapulula (2008), Kayanula and Quartey (2000), Ngoma (2006) and Ofori (2009) reported that the construction industry in Malawi has been dogged by many problems including mismanagement, skills shortage, corruption, lack of technology, inflexible credit terms, late payments to contractors and difficulties in accessing finance. In addition dissatisfied clients have been complaining about the underperformance and shoddy workmanship, especially that of the SMCs.

2.2.1.4 Challenges Faced SMCs in Ghana

Challenges facing small and medium contractors in Ghana are almost the same throughout developing countries.

Bribery and corruption

Bribery and corruption is a big problem for both contractors and consultants in Ghana. Contractors often have to pay kickbacks to the people involved in a project. The total kickback amount was generally expressed around 10%. However, most of the contractors try to negotiate this down to about 5%. One main problem identified with kick back is that if affects work quality. Where kickbacks have been paid, contractors tend to use low quality materials to recoup the amount lost and the consultant are forced reject the work because it is substandard (Laryea, 2010).

Financial

The contractors explained that the biggest problem on contracts was payment. Payment-related delays meant that a contractor cannot predict cash flow. The difficulty in predicting cash flows means that banks consider contractors as a higher risk, thus the interest on money to construction firms is higher. Thus, the cost of contractors acquiring capital is high.

Design

The contractors indicated that most designs are often inadequate and poorly articulated enable contractors to clearly understand what to build without several meeting with designers. Drawings do not often have sufficient details. Right from the beginning, the client's requirements are not captured in the tender documents. As a result, there are a lot of variations in the construction phase and naturally that impacts on cash flow, workflow, and duration/programme. Ultimately, design-related problems impact on profitability of firms.

Contractor's classification

Many of the contractors explained that those who classify firms do not ensure that firms in the same category have the minimum requirements in practice. This does not create real competition. The interviews indicated that he process of registering construction firms in Ghana needs review. It is important for government ministries to ensure that people who register firms actually possess the personnel, capital and equipment required for classification into a particular category.

Cumbersome payment procedures

Payment for work done is a very big problem for contractors in Ghana. One reason is that jobs are more than what government can afford to pay. Government is over paying. The main funding for road project in Ghana cone from road tolls, the Consolidated Fund, and donor agencies. The complicated and bureau tic structure of payment to contractors makes even the release of payment a problem, Even when government has given the approval for payment, Parliament must approve the total amount, before the Ministry of Finance (MOF) will disburse the money, every quarter, Before the MOF disburses the payment, it will ask the contractor to account

for monies disbursed for the last quarter to ensure that it has actually completed the work. However it takes time for the contractor to gather the documentation needed to prepare the accounts and also for the MOF to vet the accounts.

2.2.1.5 Challenges faced by SMCs in Nigeria

Adams (1997) identified he constraint on indigenous contractor's performance in Nigeria as emanating from uncertainties in supplies and prices of materials, obtaining interim payment, procuring work, access to capital, negotiating variation payment, access to plant and equipment, inappropriate contract conditions, maintain plan and equipment, resolving contract disputes, meeting deadlines, design changes, incomplete contract documents, transporting materials and equipment, materials control in site, providing reliable tenders, communicating with client/representatives, shortages shortage of skilled labor, public image, accounting of financial management inadequate supervision by client project planning and site management, technical know-how, commitment to construction, company organization, personnel management and providing quality workmanship.

Contractors in developing countries have limited access to funding sources, especially contractors in the small-and-medium bracket. One of the biggest consequences of this is that it prevents them from satisfying the financial requirements (e.g. bid and performance bonds) needed to win major contracts often awarded to their foreign counterparts.

2.2.1.6 Challenges faced by SMCs in Tanzania

According to study conducted y (Xueyong, 2009) the small and medium contractors in Tanzania face challenges such as financial weakness, stiff Environment Competition within Contractors insufficient skilled Personnel both Technical and Managerial Levels inadequate access to credit of financial institutions, lack of Project Cost Management Knowledge and risk Monitoring as elaborated below:

Stiff environment highlighted by undue competition with contractors

Since there are so many small and medium local contractors to competitive in the market, the environmental has become more and more competitive and harder to secure potential lucrative contracts. It is common as some contractors, even without

knowing the scope of work and drawings, manage to get tender in a rather lower price, even lower than consultant's estimate. Under such circumstance, most likely SMCs will fail to deliver and the client interest will be badly hurt. Even if contractor can manage to complete work, the workmanship and quality will not be guaranteed since the contractor will be forced dig every corner to save the costs by lowering the standard of materials.
Risky tendering will do no good other than harm to ever stakeholder involved in the project.

The established registration criteria and working class limits by CRB, according to contractor's capability and competence, are significant in safeguarding the public interest since this system bars the incapable contractors from getting larger work above their capacities thus to ease the stiff competition to some extent. Some contractors even venture to engage in fraudulent, coercive, corrupt, collusive or prohibited practices in order to secure works during the tender process.
Those go against the procurement principle of fair and competitive bidding and are prohibited in every tender.

Financial weakness

The fast growth of the nation has given rise to the incorporation of so many small and medium contractors in the past decide. However, they are normally restrained in terms of financial capacity and strength. While undertaken construction work, insufficient cash flow will greatly hinder the smooth progress which in turn delay in progress to be reflected and incorporated in the payment certificate will worsen the financial situation. Moreover, due to the limited capital, it is hard for them to go for large works for sustainable growth. To be competent and competitive in delivering awarded works, as sound financial status is a pre-requisite.

Insufficient Skilled Personnel both Technical and Managerial Levels

In Tanzania there are plenty of unskilled labors in the marketing construction is not only intensive, it requires qualified skilled labor foreman, engineer, accounting and financial staff and Administrative and managerial personnel. Shortage of the technical and managerial staff has been a problem facing the contractors. Tendering

and contract management is very professional and technical and alls for huge stock of expertise in Tanzania.

Some SMCs established the construction companies without having enough technical skills. In short the contractor are unwilling to keep the require personnel on permanent basis. In some cases some contractors submit a list skilled personnel whom they have prior agreements that they will be available if the contractors win the contract. But at the time executing the contract, the those skilled personnel may not appear at site because they are employed by other contractors who may recruit them by providing more attractive remuneration. Or the skilled personnel appear on a list of staff during registration only in order to obtain higher class at CRB.

In adequate access to credit or financial institutions

SMCs have been facing problem in accessing credit facilities. In reality commercial banks are reluctant to grant credit to SMCs without collateral or securities, which will in return guarantee the banks in case of the contractor, fail to pay back such credit facilities, In case of obtaining loan, it normally incurs, substantial financial costs and higher lending interest rate on SMCs.

Lack Project Cost Management Knowledge

Project Cost Management includes the processes involved in planning, controlling, and managing costs so that the project can be completed within the approve budget. These involved the following processes:-

i. Resource Planning: Determining what resources (people, equipment, materials) and what quantities of each should be used to perform project activities.
ii. Cost Estimating: Developing and approximation (estimate) of the cost of the resource needed to complete project activities.
iii. Cost Budgeting: Allocating to overall cost estimate to individual work item.
iv. Cost Control: Controlling changes to the project budget (PMI 2004)

The estimate costs process taken following inputs namely scope baseline, project schedule, human resource plan, risk register, enterprise environmental factors, and Organization process assets. Under estimating the cost of resource needed to complete particular project would cause the quality of work to be poor thus a contractor will not be able to acquire other project as it is necessary to prove beyond reasonable doubt that the company past experience in similar job is require when pricing a new tender. However over estimating the project cost would decrease the chance of winning the tender thus making he company jobless and cannot sustain in business.

Risk Management

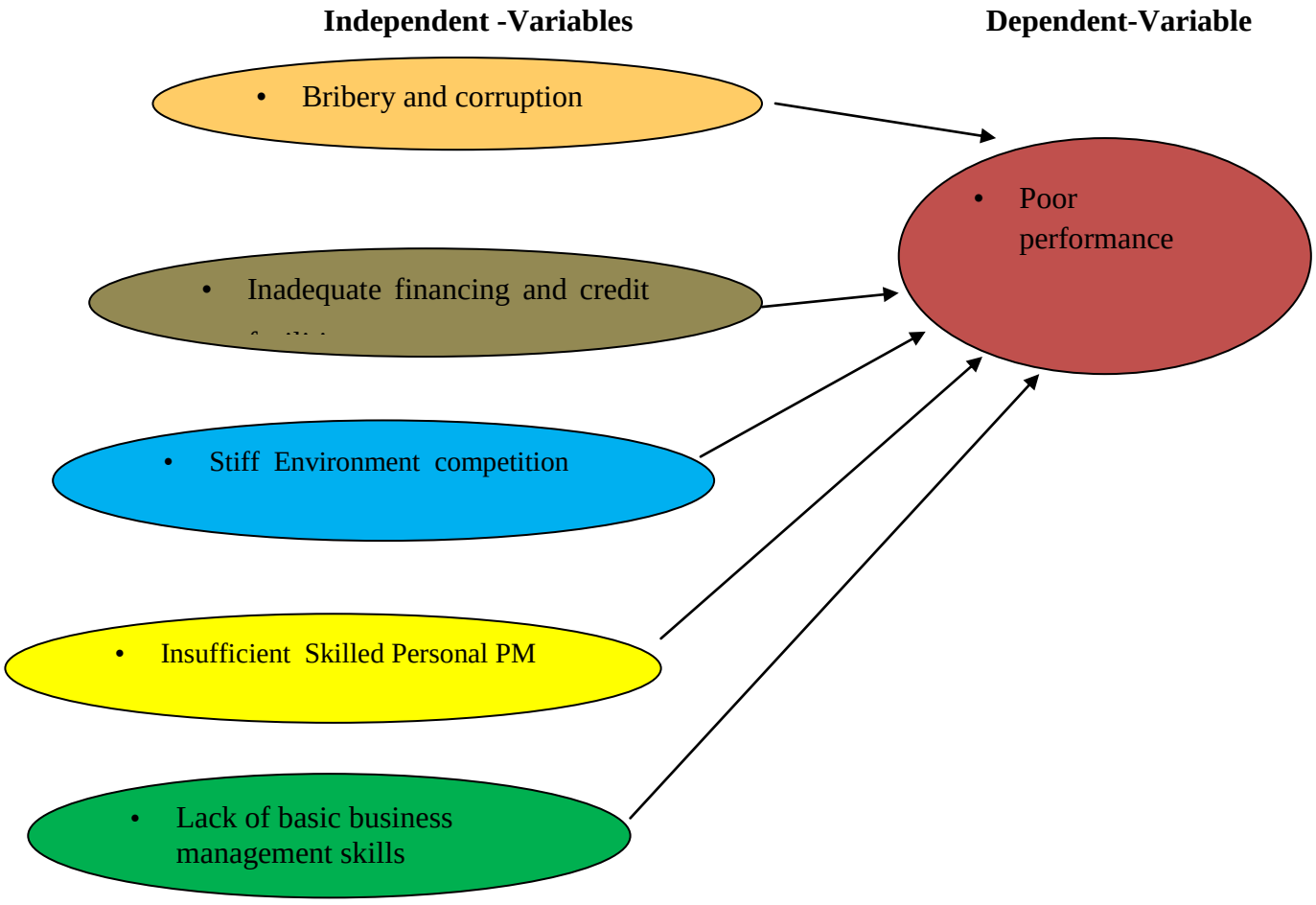
According to Xueyong 2009 there are risk during the executing of the project contractor may face. Occupational health and safety policy, environmental protection master plan shall be enforced to mitigate or avoid risk to employees and environment. Important event such as heavy drought, soaring of inflation rate, remarkable in exchange rate, sharp price fluctuations in bulk materials are all factors which may affect the project implementation. Currently global financial crisis and its impact on the construction industry in Tanzania are worth study. Avoid risk in tender preparation as this is always performed by SMCs in Tanzania Tender shall be prepared by professional and qualified engineers, who understand well the tender documents, drawing; specification etc.

Moreover, lack of seriousness in tender pricing is too risky for SMCs because they cannot deliver the work due to its unsound tender. They even did not know what the scope of works was during tender application. Consequently, the tendered price was much lower than consultants cost estimate. The Tanzania Construction Industry, continue to face challenges including inadequate work opportunities, lack of access to capital, lack of access to equipment and lack of technical and management skills in their endeavor to deliver infrastructure projects effectively. It is also due to lack of preparedness to work in the fast changing technological, economic and environment.

2.3 Conceptual Framework

Based on the theoretical and empirical literatures presented above, the study intends to use the same to analyze the problems and come out with presented objectives as shown below:-

Figure 2.1 Conceptual Framework



Source: Researcher, 2014

The model for conceptual frame work shows the relationship between dependent variable (poor performance) and independent variables(bribery and corruption, inadequate financing and access to credit facilities, Stiff environmental competition, lack of skilled personnel and lack of basis management skills.

CHAPTER THREE
RESEARCH METHODOLOGY

3.0. Introduction

According to Kothari (2006), Research methodology is a way to systematically solve the research problem. It is about study the various steps that are generally adopted by researcher in studying his research. It composed by area of the study, research design, population of the study, sample size and sampling technique, data collection and data analysis.

The chapter describes how the study will be carried out towards the data collection, analysis and presentation. The chapter also provides assurance that appropriate procedures will be deployed by considering several sub topics: research design philosophy, approaches, study area, sample, sampling procedure, sample size strategies, data collection methods, data processing and analysis in order to assess challenges facing small and medium contractors in Tanzania.

3.1 Research Design

Research design is the conceptual structure within which, research is conducted. The decision regarding what, where, when, how much and by what means concerning an inquiry (Adam and Kamuzora, 2008). A case study design is the one which involve only one organization in the process of collecting data and also it is essentially on intensive investigation of the particular unit consideration (Kothari, 2004).

This design gives an easier use of analytical and descriptive technique. Descriptive research is used to obtain information concerning the current status of the phenomena to describe what exists, with respect to variable or conditions in a situation (Mugenda and Mugenda, 1999). For purpose of this study a case study research design was chosen because it is less expensive compared to other methods and it offers an in depth analysis of variable to be studied (Kothari, 2005). It also includes some issue which answer to two question why and how of the research (Bobbie, 1983), Since two types of questions answered about what is going on and

why is it going on in connection with challenges facing small and medium contractors in Tanzania, this work is basically an exploratory research.

3.2 Study Area

The study was conducted in Lindi Region. The population for this study is defined as all small and medium contractors involved during the sampling period. The sampling plan for this study will be randomly selected Contractors N=46 including registered bodies, municipal council and TANROADS and that the result will be assumed to be for the whole population. The study will be undertaken in Lindi Region as the researcher is a student undertaking Msc. Degree in Accounting and Finance at Mzumbe University –Main Campus(Morogoro).

3.3. Data Collection Method

For the purpose of this study there are two types of data to be used namely primary and secondary data.

3.3.1. Primary data

These additional data researcher will collect for the first time to answer research question.

3.3.1.1 Questionnaires

A questionnaire is a technique of data collection in which each personal is asked to respond to the same set of questions in predetermined order(Adam, 2008). These are questionnaires that the respondent complete on his/her own. The Questionnaires method is simple to use as compared to interview and observation. The method is also free from biases and gives more freedom to respondents to express their feelings in the absence of the researcher (Kothari, 2004).

3.3.1.2 Observation

Ndunguru, (2007), refers to the circumstances of being in or going setting and recording facts as they observed. This would enable the researcher to find out from the contractor side the way factors affecting contractors in Tanzania. Issues such as financial weakness during construction works insufficient cash flow, delays in progress will be observed

3.3.1.3 Interviewing

Interview refers to the act of perceiving as conducted between two people who is asking a set of questions called the interviewer and the other who is answer questions called the interviewee or simply respondent (Ndunguru, 2007:94). Interview is an effective, informal verbal and non verbal conservation, initiated for specific purpose and focused on certain planned content areas.

The method is preferred because it enables the interview to understand the respondents inner feeling about he problem (Kothari, 1990). The methods also gives respondents freedom to ask for clarification in case of any difficulty. In additional the method also ensures a high response rate as compared to questionnaires as earlier provided by (Babble 1986).

3.3.2 Secondary Data

Secondary Data readily available data or information. Secondary data are cheap to find, inexpensive, easily accessible, saves time and efforts. Disadvantage of this type of data are related to the credibility of the source of this information and the small degree that may not fit into the research objectives, the data might be outdated also it is not control over the quality of data and it is not easy to know how authentic the measures is applied. In this study the secondary data will be used get information from various source like: Books, Magazines, websites, already published reports, Journals and publication, Research paper (Kothari, 2004).

3.4 Units of Measurement and scaling Criteria

The methods of measurement adopted will be assigning number to the observations or statement to reflect the magnitude of agreement or disagreement. Some forms of scale and range intervals will be used to show the properties of the provided statement or observation. For example, number 1, 2, 3, 4, and 5 will be used Numbers 1 and 2 will be assigned “very poor” and “poor”, respectively, to mean unsatisfactory observation or statement, 3 “average” or neutral”, 4 “good” and 5 “very good”, excellent” or “best” observations, properties or statements.

Similarly, various scales will be used to include dichotomous response ("Yes" or "No"), rating (proving distance between points), like (agreement or disagreement statements). Semantic rating (using words instead of numbers to measure strength of altitude), range, interval, and itemized scales. The scale will e assigned attributes such as "1" implies strongly disagree" , or "excellent".

3.5 Reliability

Reliability refers to the extent which a scale produces consistent results if repeated measurement are made (Malhotra, 2005), Questions are designed to probe sense and reliability from raw data. All threats related to reliability will be observed by considering subject or participant error, subject or participant bias (Saunders et al,. 2005).

3.6 Validity

Validity refers to whether the finding are really about what they appear to be about (Saunders et al, 2005) A great care will be made to ensure that findings are the reflection of the reality challenges facing small and medium contractors in Tanzania.

3.7 Sampling procedures

Sampling is the procedure whereby the researcher uses to gather people, places, or things to study (Barbie, 1992). The sampling methods are classified as either probability or non probability (Nachmias and Nachmias, 1981. This research used purposive and stratified sampling in accessible respondents and their organization i.e small and medium civil contractors. The four common methods of random sampling involve simple random sampling systematic random sampling; stratified random sampling; and cluster sampling (Mugenda and Mugenda, 1999).

3.8 Data Analysis

Data analysis is a practice in which raw data is ordered and organized so that useful information can be extracted from it (Kothari,2006) The researcher used a description of findings to show relationship between the objectives of the study and the result of the study. In data analysis, the researcher used both qualitative and

quantitative techniques. Quantitative analysis will involve computation of some mathematical measures such as percentages.

The research collected data and processing and analyzing. The data was entered into the computer using a data base created in Ms Excel. Then the data will be transferred directly into SPSS DATA editor which provides both data and variable views. The data processing will be initiated by involving the analysis the descriptive statistic and focusing on frequencies. The output will contain graphical presentations (Histograms and pie chart) as well as tabulated information. The researcher's choice will be determined by research objective and research questions.

Table 3.1: Budget

s/no	Details	Quantity	Amount in Tshs
1	Laptop HP ,modem and internet bundle	1	1,760,000.00
2	Photocopy paper A4 reams	4	40,000.00
3	Typesetting and proof reading		700,000.00
4	Fuel, meal	30 days	1,200,000.00
5	Subsistence for research assistance	5	1,600,000.00
6	Binding final copies	3 copies	300,000.00
	Grand Total		**5,600,000**

Source: Data analysis, 2015

CHAPTER FOUR

RESULTS AND ANALYSIS

4.0 Introduction

In this chapter the results of the research on small and medium contractors in Lindi is presented together with analysis of data collected. The presentation is done with the aid of graphs and pie charts, the main statistics calculated in the data analysis are the mean. A total of 120 questionnaires were distributed purposely to selected respondents that were identified. 103 questionnaire were received and seven questionnaire were spoiled, which meant that the total workable questionnaire were 96 which was at a return rate of 80%.

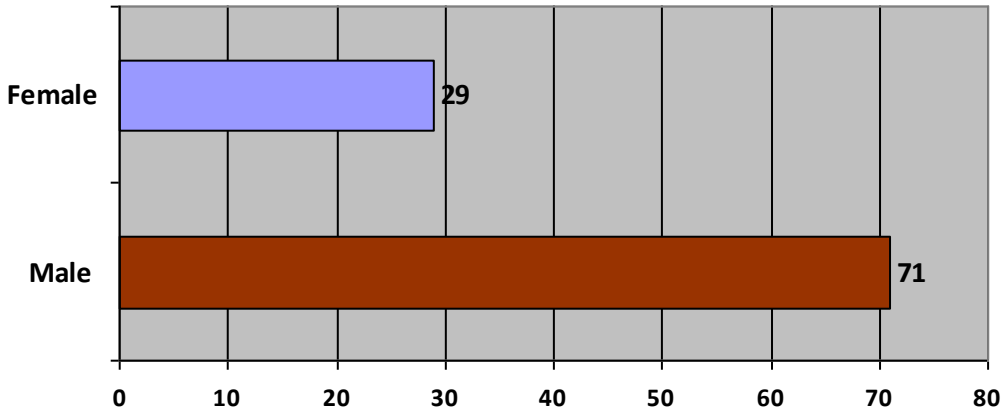
4.1 Background Information

This section has presented the respondents background Information

4.1.1 Respondent Gender

The study focused through the whole sector which is run by both male and female. There were 68 males and 28 feamles that were responded to the questionnaire. The majority of the respondents were males whereby in total they amounted to 71% and the females to 29%. This indicates that the industry is dominated by males.

Figure 4.1 Respondents Gender

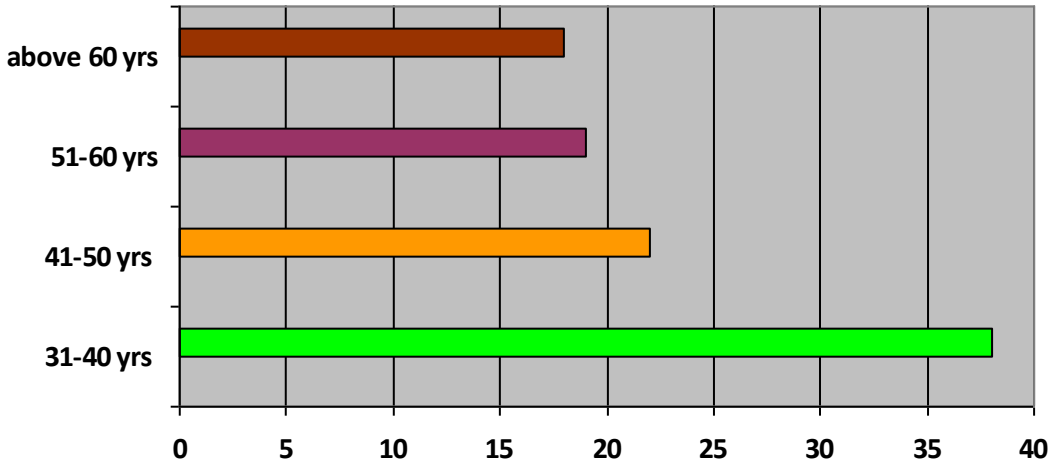


Source: Data analysis, 2015

4.1.2 Age of respondents

Hughes (2003) stated that the age of the respondents is usually related to an experience profile. The age of the respondents ranged from 23 years to 64 years old. The categories of 21 years to 30 years respondents was at 13% . 31 to 40 years respondents were at 28% which was the highest in this category. 41 to 50 years respondents was at 22%, 51 to 60 years respondents which was at 19% while respondents that were 61years and old was at 18%

Figure 4.2 Respondents Age-categories



Source: Data analysis, 2015

4.1.3 Job title of the respondent

Table 4.3 shows the frequency and percent of job title of the respondent according to each type of target group:

Table 4.1 Job title of the respondent

	Frequency	**Percent%**
Project Manager	13	28.3
Site Engineer	6	13.0
Organization Assistant Engineer	23	50
Others	4	8.7
Total	46	100

Source: Data analysis, 2015

Analysis was done to examine the frequency and percent of job title of the respondent. Findings show that 28.3% of the respondents were project manager, 13% were site engineer, 50% were assistant engineer and 8.7% were other supportive staffs. Concerning the size of the organization, the researcher did by measuring the number of employee, results reveled an average number 16 employees for the examined organization. Concerning the experience of the small and medium contractor, findings show they were averagely 6yeras since established

4.2 Small and Medium Civil Contractor Profile

This subsection has outlined basic information of the small and medium civil contractor that were examined in Lindi region.

4.2.1 Number of projects executed in the last five years

Table 4.4 shows the frequency and percent of number of projects executed in the last five years according to each type of target group:

Table 4.2 The number of projects executed in the last five years

Projects Executed	**Frequency**	**Percent%**
1 to 10 projects	25	54.3
11 to 20 projects	11	23.9
21 to 30 projects	3	6.5
More than 30 projects	7	15.2
Total	46	100

Source: Data analysis, 2015

Findings above show that more than 54.3% of the small and medium size contractors in Lindi had executed 1 to 10 projects, 22% had around 11 to 20 executed project. On the other hand 6.5% and 15.2% of contractor had in between 21-30 and more than 30 projects respectively.

4.2.2 Value of projects executed in the last five years (in TZs)

Table 4.5 shows the frequency and percent of value of projects executed in the last five years according to each type of target group.

Table.4.3 Value of projects executed in the last five years

Value of Executed Project	Frequency	Percent%
Less than 30 Millions	19	41.3
Between 30 to 50 Millions	13	28.3
Between 51 to 71 Million	6	13.0
More than 71 Million	8	17.4
Total	46	100

Source: Data analysis, 2015

Concerning the value of executed project. Results show that 41.3% of the organization had executed less than 30millions, 28.3% of them had project valued between 30 to 50 millions, 13% of the small and medium size organization had between 51 to 71 millions while 17.4% had executed more than 71 millions. The income group of the respondents related to that study have effect in various ways since if the owners of SMEs contracting firm have higher income, then they can effectively carry and complete the contracting work at the set quality and quantity standard level and vice versa. The study has established that, for other municipal and TANROADS staff if they have higher income, then they can effectively participate well in their supervisory work without being involved in corruptions which contribute to selected and award contracting work to contactors with poor capabilities of carrying out contracting work.

4.3 The Size of the Small and Medium Civil Contractors

This section summarizes data presentation and analysis of the study. This section has examined the capacity of the organization.

4.3.1 Number of Engineers in the Organization

A total of 14 organizations were examined. 64.3% had two engineers, 21.4% had four, while 14.3% had eight engineers,

Table 4.4 How many Engineers do you have in your Organization?

Description	Frequency	Percent
Two	9	64.3
Four	3	21.4
Eight	2	14.3
Total	14	100.0

Source: Data analysis, 2015

4.3.2 Number of technicians the organization

The results presented in table 4.5 describe the number of technicians in the organization. This analyzed was meant to determine the size of the firm.

Table 4.5 How many Technicians do you have in your Organization?

Description	Frequency	Percent
Three	4	28.6
Five	5	35.8
Six	3	21.3
Ten	2	14.3
Total	14	100.0

Source: Data analysis, 2015

Findings show that, 35.8% of the firm had five technicians, 28.6 % and 21.3% had three and six technician. On the other hand 14.3% had ten technicians. Regarding if the engineers and technician are enough to execute the duties

Table 4.6: Do you think they are enough for Execution of your Duties?

Description	Frequency	Percent
Not enough	10	71.4
Are enough	4	28.6
Total	14	100.0

Source: Data analysis, 2015

Results show that, 71.4% of contractors firm that indicated they don't have enough technicians to execute their duties, while 28.6% that mentioned they have enough technicians to execute their duties.

4.4 Challenges Facing Small and Medium Civil Contractors

The results of the constraints facing small and medium size contractors were analyzed and they are presented in table given below. The results are therefore presented below. Results show that, lack of quality training for staff was ranked first (1st) with relative importance index (RII) of 1.3043. This was followed by lack of management leadership which had a RII of 1.1644. The third (3rd) factor affecting ranked by respondents was lack of previous experience with RII of 1.1344. Interestingly, poor planning and control techniques and High number of competitors were ranked tenth (10th) and eleventh (11th) with RII 1.0045 and 0.9995 respectively

Table 4.7: Challenges facing small and medium civil contractors in Tanzania

Challenges affecting performance	**RESPONSES (RANKINGS)**					**RII RANK**
	1	**2**	**3**	**4**	**5**	
Lack of management commitment to continual quality improvement	15	6	12	1	12	6th
Lack of training on quality for staff	4	7	13	6	17	1th
Lack of Management leadership	7	10	12	11	11	2th
Poor Planning and control techniques	11	11	6	9	19	10th
High Level of competition	13	5	8	14	16	7th
High number of competitors	7	9	10	11	9	8th
Poor financial control on site	4	11	17	13	9	9th
Lack of previous experience	7	17	8	11	17	3th
Lack of technical and professional expertise and resources to perform task,	5	16	14	9	12	5th
Lack of education and training to drive the improvement process	5	9	12	7	13	4th

Source: Data analysis, 2015

As indicated in table 1 below, ten (10) factors relating to the consultants practice that affected the quality performance of small scale contractors were identified and ranked. Fraudulent practices and kickbacks was ranked first (1st) with RII 1.0245, poor monitoring and feedbacks obtaining a RII of 0.9945 was ranked second (2nd), lack of coordination between designers and contractors was ranked third (3rd) with a relative importance index of 0.9645. Small scale contractors indicated that inefficient team work among stakeholders contributed little to poor quality performance as indicated in its least ranking (tenth) and low relative importance index (0.7096).

Table 4.8: Challenges facing small and medium civil contractors in Tanzania

Challenges affecting performance	**MEAN**	**(ΣW/N)**
Lack of management commitment to continual quality improvement	3.087	1.0645
Lack of training on quality for staff	3.783	1.3043
Lack of Management leadership	3.377	3.377
Poor Planning and control techniques	2.913	1.0045
High Level of competition	3.072	1.0595
High number of competitors	3.029	1.0445
Poor financial control on site	3.000	1.0345
Lack of previous experience	3.290	1.1344
Lack of technical and professional expertise and resources to perform task,	3.159	1.0895
Lack of education and training to drive the improvement process	3.203	1.1044

Source: Data analysis, 2015

Performance measurement in the construction industry remains a critical tool for effective administration of the project delivery in both developed and developing countries. However, in developing countries where most construction firm find themselves confronted with quality performance which it is believe that it presents a mechanism for dispensation of robust civil works. This study therefore, identified critical factors affecting quality performance as been perceived by small scale

contractors in the region construction industry. Through a literature review the study established twenty-one (21) factors that affected the quality performance of small scale contractors in the region construction industry. Hence study employs quantitative technique in data collection and the data collected was analyzed Using Relative Important Index (RII). To this extent, the paper has identified: fraudulent practices and kickbacks, lack of coordination between designers and contractors and; poor monitoring and feedback as rank as the first three factors that affected the QP of SCC and related to consultants.

In addition, lack of training on quality for staff, lack of management leadership and lack of previous experience of contractor were also identified as contractor related factors that affected the performance of small contactor as the first three ranked. Hence, addressing the research objectives and drawing on the research findings, with it wider implications for the quality practices in the Lindi Constructor. It is therefore suggested that policy makers, researchers and practitioners look at improving the human resource base through continuous professional and skill development. Again monitoring systems should be improved at various district offices for the implementation of good construction procedure with the aim of ensuring quality practices. More importantly, design should be revaluated before the actual construction through pre-construction conference in order to do away with unnecessary alteration to design during construction that will not ensure quality.

4.5 Measures Taken by Small and Medium Contractor to Overcome Challenges

The question aimed at determining strategies employed by small and medium sized civil contractors in Lindi region in countering the challenges they are facing in completing fully the projects they are awarded by TANROADS in Lindi Region. The results from respondents on that view are summarized in table 4.8 below.

Table 4.9 Measures used by small and medium civil contractors to improve performance

	Organization/ owner	**CRB official**	**Municipal Council**	**TANROADS**	**Freq**	**%**
Improving management capacity and skills	7	1	1	2	10	28.57
Improving the supervisory capacity	5	0	0	1	6	17.14
Improving the technical skills of the staff	1	1	1	2	5	14.29
Improve financial capacity and skills	2	0	0	1	3	8.57
Improve procedure of Tender application	2	0	0	1	3	8.57
Total	20	2	3	10	35	100

Source: Data analysis, 2015

From table 4.8, 28.57 percent of respondents said that most of their strategies are on improving management skills, 17.14 percent said that their strategies are on improving supervisory skills, 14.29 percent said that the most of their strategies are on improving technical skills of their staff, 8.57 percent of the respondents said that most of their strategies are on improving financial management skills, 22.86 percent of the respondents said that most of their strategies are on improving amounts of financial capital resources as a working capital and 8.57 percent said that most of their strategies are on improving tender applications procedures

CHAPTER FIVE
CONCLUSION AND RECOMMENDATION

5.1 Introduction

The environment of small and medium size civil construction organizations should be proper to implement projects with success performance. It is important for construction organizations to identify the challenges of performance in order to solve and overcome. The following issues are recommendations related to obtained results.

5.2 Conclusion

The findings has revealed that small and medium contractors in Lindi do get work regularly and that contributes to the appropriate function of the organization, however the jobs that they do get are just to keep them surviving till the next job comes along. This means that the current state of many of this organization is not healthy because for a construction firm to make a profit they need to participate meaningfully in the available construction job market. The conclusion drawn by the researcher based on the problem statement is that the majority of small and medium civil contractor firms in the lack the management skills and is often challenged when it comes to the financial capability as well as financial management. Economic environment factors also have a huge impact in a small firm as the economy and inflation affects everyone, and this factors have an effects in the failure of this firm and they can be improved and changes can be made in some areas.

5.3 Recommendation

Training programs: It's recommended to develop human resources through proper and continuous training programs about construction projects performance. These programs can update their knowledge and can assist them to be more familiar with project management techniques and processes. In addition, it is preferred to develop and improve the managerial skills of engineers in order to improve

The Construction organizations: It is necessary for construction organizations in Lindi to evaluate both of market share and liquidity before implementation of any construction project because of difficult economic situation facing most of Local Authorities in Tanzania. This will assist organizations to perform projects successfully and strongly. In addition, it is recommended that a new approach to contract award procedure by giving less weight to prices and more weight to the capabilities and past performance of contractors. SME civil contractors should improve their overall tender applications procedures whereby they should quote reasonable tender prices so that they can cope with the overall cost of the project and hence be in a good position to complete fully their awarded construction projects by TANROADS Lindi Region and other institutions

Recommendations to Employers/Project Owners: Employers/Project owners are recommended to facilitate payment to contractors in time order to overcome delay, disputes and claims. All managerial levels should be participated with sensitive and important decision-making. Continuous coordination and relationship between project participants are required through project life cycle in order to solve problems and develop project performance.

It is recommended to minimize disputes between owner and project parties. Employees in construction industries should be more interested with belonging to work to productivity and time performance of project. Contractors should ensure that they employ quantity surveyors on part time or full time basis to undertake site measurements of value of work done to be able to recoup the full benefits of their investment.

Recommendations for Contractors: Contractors should not increase the number of projects that cannot be performed successfully. In addition, contractors should consider political and business environment risk in their cost estimation in order to overcome delay because of closures and materials shortage. There should be adequate contingency allowance in order to cover increase in material cost. A proper motivation and safety systems should be established for improvement productivity performance of construction projects in Lindi. should also place more efforts towards

their financial management skills, improve their technical skills of the staff they employ; improving their amounts of financial resources and improving their overall tender applications procedures.

5.4 Area for future research

It is recommended to develop performance measurement framework and modeling system in order to measure performance of construction organizations and projects.

REFERENCES

Adams, O,, (1997), Contractor development in Nigeria: perceptions of contractors and professionals, Construction Management and Economics.

Abdul – Kadir, M.R. (1996). Conceptual phase best practice PhD Theses, Loughborough University. Acord, T. (2000). Defining benchmarking. FDM: Des Plaines, (15) pp 34 – 35

Atkinson, A.A., Waterhouse, J.H., and Wells, R.B. (1997). A stakeholder approach to strategic. Performance measurement. Sloan Management Review; Cambridge, (3) pp 25 – 37 Babbie, R, (1998), The Practice of Social Research, 8th edition, Belmont, California:Wadsworth.

Baker, B.N.,Murphy, D.C., and Fisher, D.c., and Fisher, D. (1983). Factors affecting project success.

In: D.I. Cleland (ed.) project Management handbook. New York: Van Nostrand Reinhold.

CRB, (2008) Proceedings of CRB Consultative Meeting on Contractors' Financial Management Aspects, "Seeking Collaborative Solutions to Contractors Financial Challenges"

Camp, R.C. (1989) Benchmarking: The search for industry best practices that lead to superior performance. New York: Quality press. Cooke-Davis, T. (2002). The 'real' success factors on projects. International Journal of Project Management, Vol.20,pp 185-190

Cordero, R. (1990). The measurement of innovation performance in the firm: an overview. Research policy, Vol. 19 pp 185-192

Dvir, D., Raz,T and Shenhar., A.J.(2002). An empirical analysis of relationship between project planning and project success. International Journal of Project Management, Article in press.

Egan,J.(1998) Rethinking construction: report of the construction task fotce on the scope for improving the quality and efficiency of UK construction. Department of the Environment, Transport and the Region, London Kagioglou,

Karlof, B. and Ostblomn,S. (1993). Benchmarking: a signpost to excellent in quality and productive. Chicester: John Wiley & Sons.

Kothari, C.R (2004), Research Methodology Methods and Techniques, New age International (P) Ltd (2nd edition) New Delhi India

Laryea,S.(2010), Challenges and Opportunities Facing Contractors in Ghana, West Africa Built Environment Research (WABER) Conference, 27 – 28 july 2010,Accra Ghana

Lema, N.M. and Price, A.D.F., (1994)Benchmarking: Performance improvement concept towards competitive advantage. Journal of Management in Engineering,ASCE, 2(1)pp 28-36

Liu, A.N.N., and Walker, A. (1998). Evaluation of project out comes, Journal of Construction Management & Economics, 16,pp 209-2019

Love, P.E.D., and Holt, G.D. (2000). Construction business performance measurement: the SPM Alternative Business Project Management Journal, 6 (5) pp 408-416

M.,Cooper,R., and Aouad, G. (2001). Performance management in construction: a conceptual framework. Construction Management and Economics, 19pp 85-95

Mbugua,L.M.,Harris,P., Holt,G.D., and olomolaiye, P.O (1999). A framework for Determining critical success factors influencing construction business performance.

In: Hughes,W.(ed) Procs. 15 Annual ARCOM Conference, September 5-7, Reading: ARCOM.Ipp. 255-264

Moddley,K.and Preece, C.N.(1996). Implementing community policies in the construction industry. In: Longford,D.A. and Retik,A.(Eds), The Organisation and Management of Construction DShaping theory and practice. London: E&FN Spon.Vol.pp. 178-186

Morris,P.W.G. and Hough, G.H. (1987). The Anatomy of Major Projects: a study of the reality of project management. Chichester: John Wiley & Sons.

Pillai, A.S., Joshi,A.,Rao,K.S.(2002). Performance measurement of R & D projects in a multi-project, concurrent engineering environment. International Journal of Project Management, (2002), pp 165-177

Mugenda, O. and Mugenda, A., (2003), Research Method Quantitative and Quantative Approaches. African Centre for Technology Studies (ACTS) press, Nairobi, Kenya PMI,(2004), Project Management Book

Posten, R.M. (1985) Selecting software documentation standards. IEEE Software (1)Pp(83-86)

Shetty,Y.K.(1993) Aiming Hing: Competitive benchmarking for Superior Performance. Long Range Planning, 26(1)pp 39-44

Saunders, M., et al (2003), Research Method for Business Students (3rd edition),London: FT Prentice Hall.

Thwala, W., and Phaladi,M.,(2009). An exploratory study of problems facing small contractors in the North West province of South Africa, African Journal of Business Management Col.3 (10), pp. 533-539, Available online at http:/www.academicjournals.org/ajbm

NCICM (2000). State of the construction industry in Malawi and regional cooperation and the challenges the industry is currently facing. *National Construction Industry publication*, 2(1):pp. 11-13.

NCICM (2004). *Emerging contractors report: National Construction Industry Council of Malawi publication.* 6(1):pp. 23-24.

Ngoma, I. (2006). Lessons in effecting transportation skills transfer to meet set target; *In proceedings of 2006 Third Africa Technology Transfer*, Nkopola Lodge, Mangochi, Malawi, 10-15 May 2006, pp. 10-13.

Ministry of Public Works and Roads, "Swaziland. Swazi-land today," 2007, http://www.gov.sz.

APPENDECES

APPENDIX 1

RESEARCH QUSTIONAIRES

INTERVIEW AND QUESTIONAIRE GUIDE FOR CONTRACTORS REGISTRATION BOARD (CRB), TANZANIA CIVIL ENGINEERING CONTRACTORS AASSOCIATION (TACECA), THE ARCHITECTS AND QUANTITY SURVEYORS REGISTRATION BOARD (AQRB) AND NATIONAL CONSTRUCTION COUNCIL(NCC)

A. PERSONAL DATA

1. What is your education level?
    a) Form four
    b) Form six
    c) Higher education

2. What is your position in the organization?

_____

_____

3. What is your job title of the respondent

_____

_____

4. The number of projects executed in the last five years

_____

_____

5. Value of projects executed in the last five years?

_____

_____

6. How many Engineers do you have in your Organization?

_____

_____

7. How many Technicians do you have in your Organization?

_____

_____

8. Do you think they are enough for Execution of your Duties?

_____

_____

9. To what extent do contractors comply with the requirements of your organization?

a. Excellent b. Good c. Average d. Poor

10. What are the main challengers facing the contractors in Lindi region?

_____

_____

_____

_____

_____

_____

12. What measures should be taken to improve performance of civil contractors in Lindi region?

_____

_____

_____

_____

APPENDIX II:

INTERVIEW GUIDE FOR CONTRACTORS

A. PERSONAL DATA

1. What is your level education?
   a) Standard Seven
   b) Form four ( )
   c) Form six
   d) Higher education

3. What is your position in the company?

_____

_____

RESEARCH DATA

4. Name of company

_____

_____

5. Year of registration

_____

_____

_____

_____

6. How many engineers do you have in your company?

a. One b.Two c. None ( )

7. How many Technicians do you have in your company?

_____

_____

_____

_____

8. How many works do you get per annum?_____

9. Do you complete them (works) as per contract period and specification?

10. What are the factors leading to non – completion as per contract period?

_____

_____

_____

_____

11.What are the main challengers facing contractors in Lindi region?

_____

_____

_____

_____

12.Are you satisfied with the services offered by Contractor Registration Board (CRB) /Tanzania Civil Engineering Contractors Association (TACECA)/ The architects and Quantity Surveyors Registration Board (AQRB)/National Construction Council(NCC).

_____

_____

_____

13. Is contract awarding procedure exercised by TANROADS/COUNCILS transparent and fair? YES/NO

14. If no give your reasons

_____

_____

_____

_____

15. Are your clients such as TANROADS/COUNCILS having qualified staff during supervision of works

    (a) Yes
    (b) No ( )

16. Are you paid as per time stipulated in the contract?

    (a) Yes
    (b) No ( )

17. Are you asked for kickbacks (Bribery)

    (a) Yes
    (b) No ( )

APPENDIX III

INTERVIEW GUIDE FOR TANROADS/TBA STAFF/LINDI COUNCILS

A. PERSONAL DATA

1. What is your level education?
    a) Standard Seven
    b) Form four ( )
    c) Form six
    d) Higher education

2. What is your position in the Office?

_____

_____

3. What are your duties in the office?

_____

_____

_____

_____

RESEARCH DATA

1. Name of Organization

_____

2. Location of Organization (physical address)

_____

3. Year of Establishment.

_____

_____

_____

_____

4. How many Engineers do you have in your Organization?

_____

_____

_____

_____

5. How many Technicians do you have in your Organization?

_____

_____

_____

_____

6. Do you think they are enough for execution of your duties?

_____

_____

_____

_____

7. What are main challengers facing/contributing to poor performance of small and medium contractors in Lindi Region?

_____

_____

_____

_____

8. What do you think should be done to overcome these Challenges?

_____
_____
_____
_____

9. What factors do you consider most for the contractor to qualify for the award of works in your Organization?

_____
_____
_____
_____

THANK YOU FOR YOUR COOPERATION