ANALYSIS OF FAILURE CAUSES OF SMALL-SCALE CONTRACTORS IN ZAMBIA: CONTRACTORS' PERSPECTIVE

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Sidney Kawimbe
ZCAS University

SIDNEY KAWIMBE

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SERVICES FOR SCIENCE AND EDUCATION, UNITED KINGDOM

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Abstract

The construction industry has been one of the fastest growing industries in Zambia from 2010 to 2019, recording an average contribution of about 9.9 percent of National Gross Domestic Product. However, this growth contribution appears to be made by foreign owned companies who account for less than 5 percent of registered contractors, but have a share of over 90 percent of the works contracts mainly from local and central governments. Small Scale Contractor business in Zambia is prone to failure and stagnation, with the sector witnessing failure rate of 45%. As in the case of any other business sector, failure, collapse, bankruptcy, and or closure terms are common words in the construction industry since construction industry involves many risks. The objective of the study was to understand failure causes of Small-Scale Contractors from their perspective in Zambia and come up with measures that can assist the sector to grow and become sustainable. The study was a national wide study with respondents drawn from all the ten (10) provinces of Zambia using a mixed research method with a bias to qualitative research method. The sample for the research consisted of 348 owners/managers of Small-Scale Contractor businesses calculated from the entire population of registered Small-Scale Contractors on the National Council for Construction data base. The respondents were selected using purposive sampling as this method was deemed to be the best suited method since it captures respondents with varying profiles ideal for this study. The research instruments used consisted of observation, open-ended questionnaires and close-ended questionnaires made on a 5-point likert scale with questionnaires distributed to all the 10 provinces of Zambia. The 5-point likert scale was ideal as it reduces the frustration levels of patient respondents and increases the rate and response quality and also that for larger studies like in this case where (N greater than 100). The research findings indicate that difficulty in acquiring works from clients especially the local and central governments, inadequate financial and technical capacity among local contractors, difficulty in getting payment from clients, lack of experience, and corruption are the major causes of (SSCs) business failure. The study presents a number of recommendations, including enhancement of training for (SSCs) business owners and managers in managerial and entrepreneurial skills, government support to (SSCs) by way of enforcing the 20% subcontracting policy and stake holder fight against corruption and nepotism.

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Firstly, I would like to acknowledge my supervisor, Dr Chiselebwe Ngandwe for accepting to be my supervisor and for his guidance, effort and patience throughout this process. He always quickly responded to my emails, phone calls and was available when needed. Special thanks also go to my workmates at ZCAS University especially my mentor Dr Kelvin Mukolo Kayombo for his encouragement and understanding when I took some time off to work on my thesis and to all the lecturers at Binary University for the invaluable knowledge I gained. May the good Lord richly bless you all.

Dedications

To my wife Priscilla Mubanga Kawimbe, son Chomba, daughters Jay, Chongo and Taizia, I say thank you for being patient with me while I was not available most of the time studying late into the night

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Equations

Acronyms

AfDB	African Development Bank
ANRCP	Accelerated National Roads Construction Programme
BAZ	Bankers Association of Zambia
BEE	Black Economic Empowerment
BFP	Business Failure
BOZ	Bank of Zambia
CEEC	Citizen's Economic Empowerment Commission
CPI	Consumer Price Index
CSO	Central Statistics Office
DRC	Democratic Republic of Congo
EBZ	Export Board of Zambia
EDB	Easy of doing Business
EIZ	Engineering Institute of Zambia
FDI	Foreign Direct Investment
FIDIC	The International Federation of Consulting Engineers
FSDP	Financial Sector Development Plan
G&S	Growth and Sustainability
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
HDI	Historically Disadvantaged Individuals
ICT	Information and Communication Technologies
IFAD	International Fund for Agricultural Development
II	Importance Index
IOD	Institute of Directors
KYC	Know Your Customer
LDCs	Least Developed Countries
MCTI	Ministry of Commerce Trade and Industry
MHSRIP	May His/Hers Sour Rest in Peace
MPR	Monetary Policy Rate
MSMEP	Micro Small and Medium Enterprise Development
NAMSSC	National Association for Medium and Small Scale Contractors

NAPSA	National Pension Scheme Authority
NCC	National Council for Construction
NCSR	National Council for Scientific Research
NRFA	National Roads Fund Agency
OECD	Organisation for Economic Cooperation and Development
PACRA	Patents and Company Registration Agency
PF	Patriotic Front
PPP	Public-Private Partnership
PSDRA	Private Sector Development Reform Action
RA	Roads Authority
RDA	Road Development Agency
SADC	Southern Africa Development Community
SEDP	Small Enterprise Development Board
SI	Statutory Instrument
SIDO	Small Industries Development Organisation
SIZ	Surveyors Institute of Zambia
SME	Small and Medium Enterprise
SOE	State Owned Enterprises
SSCs	Small Scale Contractors
TDAU	Technology Development and Advisory Unit
TIZ	Transparent International Zambia
TNDP	Third National Development Plan
UNCH S	United Nations Conference on Human Settlements
VIS	Village Industry Services
ZACCI	Zambia Chamber of Commerce and Industry
ZACSMBA	Zambia Chamber of Small & Medium Business Association
ZAM	Zambia Association of Manufacturers
ZDA	Zambia Development Agency
ZESCO	Zambia Electricity Supply Corporation Limited
ZIA	Zambia Institute of Architects
ZMK	Zambian Kwacha
ZPA	Zambia Privatisation Agency
ZRA	Zambia Revenue Authority

CHAPTER 1: INTRODUCTION

1.1 Background

The definition of a small-scale contractor varies from country to country. A small-scale contractor is defined broadly as one with limited capital investment, who may need financial and managerial support to effectively run his or her business, (Sibanda, 2010). This description of small-scale contractors suits characteristics of firms classified by the National Construction Council (NCC) of Zambia. Zambia is one of the countries in southern sub-Saharan Africa. For SSCs, creating an enabling environment includes removal of barriers to their entry into the market and to their growth and sustainability. Part of the enabling process may be to offer the Small-Scale Contractors (SSCs) support, which will facilitate their access to the necessary resources to start and sustain their businesses (Rogerson, 2010). Most governments have outsourced to the private sector some of the activities that were previously carried out in-house by government departments. This measure has been adopted by most states in the sub-Saharan region. Due to the absence of suitable SSCs in most countries, it has been found necessary to develop and empower SSCs to participate in contracting (Twala, 2011). The initiative to support the SSCs has mainly been the direct or indirect responsibility of governments as observed by Thwala and Mvubu (2011) in the success stories from countries such as Malaysia and Singapore. The best option for a given country depends on the state of development of the construction industry (consultant/contractor capacities, experience with contracting) (Bentall, Beusch, and Veen 2011)

However, very little research has been undertaken in understanding inhibiting factors to performance of SSCs in the sub-Saharan region (Chilupunde, 2010). Many of the research studies that have been conducted in the Zambia were not necessarily on SSCs and generally were not specific to construction business areas such as buildings (Fugar, F and Agyakwah-Baah, A 2010). The need to get abreast of the constraints to the delivery of projects cannot, therefore, be overemphasised. Equally, much of the reported research work has come from regions other than the sub-Saharan region and Zambia in particular and is generally not specifically about SSCs (James, 2014). Furthermore, such research has generally listed inhibiting factors to performance without exploring the salient issues or general trends that should lead to systemic solutions. The foregoing has had a major impact on the development of the construction industry in the sub-Saharan region generally and Zambia in particular.

For example, practitioners in the region have generally employed measures that have worked elsewhere with the hope that such measures would address the challenges that small-scale contractors face in their states (Kululanga, 2012). While at times such measures have worked, in most of the times, the measures have been disastrous. It should be noted that solutions that worked elsewhere did so when the construction business environments of those regions remained static or unchanging for fairly a long time in the distant past. However, such construction business environments are a feature of the past. Today’s construction business environment is characterised by dynamic changes punctuated with increasing uncertainties in technology, budgets, and development processes. Such is the current order of the construction business environment. The foregoing only underscores the need to continuously understand the root causes of performance and underperformance more vigilantly and tied to specific periods.

Generally, SSCs seem to focus on quick fixes and such measures most often address symptoms of their performance challenges. The consequences of addressing symptoms have led some construction industries of developing countries into vicious cycles of undesirable level of quality of service and products (Kululanga, 2012). It should be pointed out that effective improvement is derived by understanding the root causes to challenges of performance by SSCs operation in a dynamic environment characterised, for instance, by financial shocks, international protocols, insurgency, and so forth. As such, a symptom of underperformance should be a precursor for uncovering its root causes. Thus, the study was aimed at examining the constraints that are important in Zambia with regard to SCCs and any pattern of changes or shifts in inhibiting factors. At the apex of construction in Zambia is the Roads Development Agency (RDA) which is a parastatal responsible for the maintenance, rehabilitation, and construction of the public road network in Zambia. The RDA engages the largest number of civil consultants and contractors annually with projects across the entire nation. The RDA faced challenges in the implementation of its roads programmes as it had to outsource all its works and services to an industry dominated by the SSCs, but disproportionately awards most tenders to large and few foreign owned companies.

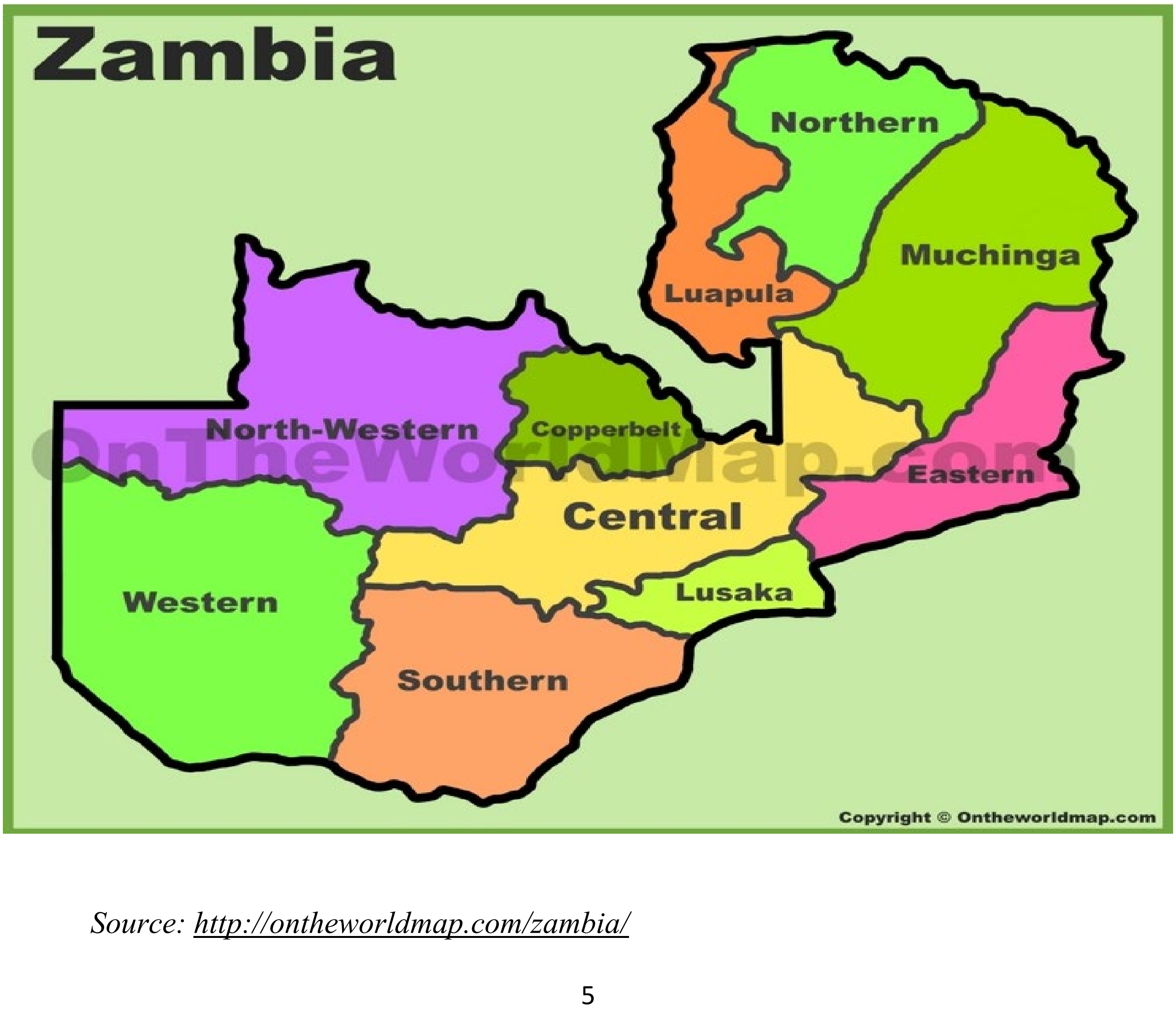
1.2 Importance of the Construction Sector

In any economy, the construction sector plays a critical role in delivering quality infrastructure, which in turn influences the use of natural resource revenues towards achieving structural change and industrial development.

The construction industry represents the building blocks of a community. Without the industry, there would be no schools, hospitals or even homes. But more importantly, there would no offices, factories or shops. It is these buildings that represent the fundamental foundations of a strong economy. A vibrant construction sector attracts foreign direct investment, creates jobs, boosts tourism, and generally attracts talent

1.2.1 Role of Construction Sector in Zambia

Zambia is a vast and landlocked African country situated in the southern part of the continent. It is a vast country, covering 752, 618 km², bordering a total of eight nations which include Angola, Tanzania, Zimbabwe, Namibia, the Democratic Republic of Congo, Mozambique, Malawi, and Botswana. The country is politically divided in 10 provinces and has 73 ethic tribes. The capital city is Lusaka, which is located in the south-central part of Zambia in Lusaka province. The country's population is estimated to stand at 17 Million (CSO, 2018) and the majority of this population is concentrated mainly around Lusaka city in the south and the Copper belt Province to the northwest, the core economic hubs of the country.



Source: http://ontheworldmap.com/zambia/

The construction sector in Zambia is led by the demand by the mining industry, shopping malls, infrastructure development, residential buildings and offices. The Zambia real estate and construction sector grew by 9.5% and 9.1% respectively in 2016 and 2018. According to the Zambia Development Agency (ZDA), Zambia recorded USD 3.3 billion in Foreign Direct Investments (FDI) mainly in the construction sector in 2016. Building and construction has been the largest industrial sector of Zambia contributing 27.5% of the GDP, Agriculture 2.7%, mining 12% with other sectors' growth spread with the difference in 2017, CSO (2018). It is estimated that the backlog of housing units in Zambia is about one million and that 110,000 units per year will be required to clear the backlog for ten years.

The Zambian government has allocated a major part of its construction budget to development of the link 8000 and paves 2000 road networks projects. Due to focus on construction, the logistics sector is also benefitting. More than USD 1.2 billion was spent in road networks in 2017 alone. It is envisaged that this investment will play a role in galvaninsing the new logistics parks for serving mining sector of Southern Democratic Republic of Congo (DRC) as well as Copper belt regions of Zambia. The construction sector has unique characteristics that sharply distinguish it from other sectors in Zambia such as mining, agriculture, services, etc. The sector is very sensitive to economic cycles, and political environment and has significantly high rate of failure. Enshassi, Al-Hallaq and Mohamed (2016) stated that the sectors' fortunes tend to fluctuate with the general economy and a cyclical nature and quick responses to the changes in the economy. With this date of affairs, it is logical to expect a booming SSCs subsector.

This has allowed many people to see opportunities and opening up their construction companies which usually fall under the Small-Scale Contractors SSCs category. In similar vein, Small Scale Contractors SSCs are believed to be a nursery for the larger firms of the future - more and more large firms started as small scale businesses before they grew large. It is therefore with this regard that SSCs are seen to be the next and important step up for expanding micro enterprises in construction sector; they contribute directly and often significantly to aggregate investment for any nation, and they are involved in the development of appropriate technology also.

Globally, the development and sustenance of SSCs cannot be underestimated, given the contribution they make to the economic growth. Ahiawodzi and Adade (2012) for instance estimated that 70 per cent of gross domestic product and 92 per cent of business in Ghana is accounted for by SSCs contributing 50 per cent. The sector has been described as the engine of economy growth due to its influence on job creation and wealth distribution.

It is not surprising that the health of every economy is linked to vibrant and strong SSCs (Altenburg and Eckhardt 2006). SSCs are the source of income, training opportunities and important basic services to underprivileged population United Nation Conference on Human Settlements (UNCHS), 1996). In spite of their contribution to various economies, SSCs face various challenges that hinder their development (Mahembe 2011). These challenges include technical knowhow deficiencies, insufficient management skills, business skills constraint, human resources, high cost of capital and bureaucracy, corruption, insufficient financial management skills, delayed payments (Bartlett and Bukvic, 2010)

1.2.2 Role of SSCs in Zambia

Due to focus on construction, the logistics sector is also benefitting. More than USD 5 billion is being invested in road networks in the next 5 years, (NCC, 2018). This investment will pay a role in galvanising the new logistics parks for serving mining sector of on the Copper belt region of Zambia.

Given the critical role that SSCs can play in the delivery of infrastructure projects at the local government level, better understanding is required of how this sector can be successful as it is "vital to the stability of economy". In Zambia, since the introduction of structural economic reforms and the country's transition to liberalised economy in 1991, there has been increased activity in the SME sector in general and SSCs in particular. The classification of an SME is dependent on various factors. For instance, the European Commission-Enterprise and Industry report (2014) defines a Small Medium Enterprise as an organization that employs between ten (10) and two hundred and fifty (250) staff with a minimum turnover of EUR 50 Million and must have a balance sheet of between EUR 2 Million and EUR 40 Million. This is in sharp contrast to Zambia which categorizes Small Scale Contractors in three levels as follows:

a) Small Enterprises- A small enterprise shall be any business entity registered with the Registrar of Companies with a minimum capital of between K80,000.00 and K200,000.00 in investments including plant and machinery and in the case of a trading and service provider, it should have a minimum capital of K150,000.00.

Further, a small enterprise is classified as one which should have an annual turnover of between K151, 000.00 and K300, 000.00 with a workforce of between eleven (11) and fifty (50) employees.

b) Medium Enterprises- A medium enterprise shall be any business entity larger than a small enterprise and registered with the Registrar of companies with a minimum capital investment of between K200, 000.00 and K500, 000.00 in plant and machinery.

c) In addition, the medium enterprise involved in trading or service provision should also have a minimum capital of between K151, 000.00 and K300, 000.00.

   Additionally, medium scale enterprises are further classified as those that have an annual turnover of between K300, 000.00 and K800, 000.00 with a workforce of between fifty-one (51) and one hundred (100) employees.

d) Informal Enterprise - An informal enterprise shall be any business enterprise not registered with the Registrar of Companies with less than K50, 000.00 in investments and employing less than Ten (10) persons. In line with the provisions of the company's act, for an entity to qualify as an SME, under the above-mentioned categories, the legal status and total investment criteria must be met.

(NOTE: Exchange rate is K10.00 to USD1)

The study of SSCs in Zambia goes many years back. According to Mauzu (2011), the post liberalization economic policies in Zambia were characterized by the dominance of the export sector, predominantly in the mining industry. However, the government, upon recognizing the negative impact and danger of the overreliance on one major economic sector decided to begin the process of diversifying the economy and this was done through the development of The Third National Economic Plan of 1969 which recognized the role of Small Medium Enterprises as vital to growth of other economic sectors. The government then established the Small Industry Development Organization (SIDO) in 1992 with the sole purpose of providing financial and technical support to the sector. However, SIDO failed to achieve its intended objectives partly due in part to political interference where senior managers were appointed on political patronage (Mulyangu, 2011). Mulyangu, (2011) further contends that lack of qualified staff also may have played a role in the demise of the SIDO. This this led to the repeal of the SIDO act and in 1996 was replaced by a new body called Small Enterprise Development Board (SEDB). The objective of SEDB included the formulation and implementation of policies and programs that were aimed at promoting small enterprises, as well as the development of industrial estates and common facilities for use by small scale contractors before SIDO was established.

The Village Industry Services (VIS) had been established up as an NGO with government support, before SEDB to develop rural based labour intensive agriculture projects and village industries using simple based local equipment and resources. Nonetheless, VIS equally failed in their intended objectives and were later abolished. However, after a change of government and the coming in of multiparty politics, a new organization, the Citizen Economic Empowerment Commission (CEEC) was set up in 2007 with the sole purpose of providing finances to Small Scale Contractors.

Unfortunately, one of the weaknesses of the Citizen Economic Empowerment Commission was that it did not provide technical support, mentorship programs and training to entrepreneurs which ultimately led to most of them failing to implement their business projects effectively and failed to repay the loans obtained from the institution. Recognizing the pitfall, the CEEC has since restructured its financial policies and services to strengthen support to the entrepreneurs and projects they finance. Other initiatives taken by government included the establishment of the Zambia Development Agency (ZDA) which was mandated to promote both local and international investments and particularly promote partnerships and synergies between local and foreign investors.

The Zambia Development Agency was born out of the merger of the Export Board of Zambia (EBZ), Zambia Privatization Agency (ZPA), Small Enterprise Development Board and Export Processing Zone. One of the ZDA's major objectives was to help local businesses in particular, Small Scale Contractors to grow and be able to compete at regional and international levels beyond Zambia.

It is clear from the above that previous and current governments have invested heavily in the promotion of the SME sector in general and SSC in particular in Zambia but this investment has failed to yield the expected returns of a vibrant and flourishing SSC sector. However, these efforts have continued despite the many pitfalls that have befallen the sector and the many challenges that still continue to be experienced by both the sector participants and stakeholders. This is evidenced by the emphasis of the SSCs in the government's Seventh National Development Plan, The 24 years vision 2030 (2006-2030) which aims to transform Zambia into a prosperous middle income nation by 2030 and to create a new Zambia which is a "strong and dynamic middle-income industrial nation that provides opportunities for improving the well-being of all, embodying values of socio economic justice, the Private Sector Development Reform Action Plan 2004 (PSDRM), Financial Sector Development Plan (FSDP) and the new government SME Policy of 2014. It is widely stated in literature Tambunan (2006), that SSCs in developing countries are important socially and economically for a number of reasons, including:

a) the wide dispersion across rural areas and important for rural economies;
b) their ability to employ a significant amount of the labor force in their local economies; and
c) their ability to provide an opportunity for enhancement of artisans and craftsmen's' skill development.

According to Dodia (2010), SSCs are a powerful force of any economy. This is the case with China, Egypt, Germany, Asian Tiger economies which all built their strong production bases on the SSC sector. It is estimated that 88% of Japan's economy is based on SMEs sector, of which 50% are SSCs. There is however limited documented information regarding the business activities of the SSCs and its contribution to the national development and economic growth. The 1996 survey also reviewed that the sector was dominated by enterprises with a workforce of less than ten (10) employees and that the construction activities accounted for about 14% while trading account for around 49% and services accounted for a paltry 10%.

The NCC places contractors in various categories depending on their capacity to perform on projects with Grade 1 being the best and Grade 6 being constrained capacity as shown below in table 1.1

Table 1.1: Grades and categories of contractors and their maximum contract values

Grade		B	C	R	M	E	ME
1	ZMW	>40 m	>50m	>150m	>50m	>75m	>75m
	US Dollar	>4m	>5m	>15m	>5m	>7.5m	>7.5m
2	ZMW	40 m	50m	150m	50m	75	75m
	US Dollar	4m	5m	15m	5m	7.5m	7.5m
3	ZMW	20 m	25m	50m	25m	30m	30m
	US Dollar	2m	2.5m	5m	2.5m	3m	3m
4	ZMW	10 m	15m	30m	15m	15m	15m
	US Dollar	1m	1.5m	3m	1.5m	1.5m	1.5m
5	ZMW	6.78 m	10m	15m	10m	10m	10m
	US Dollar	0.68m	1m	1.5m	1m	1m	1m
6	ZMW	3 m	3m	5m	3m	5m	5m
	US Dollar	0.3m	0.3m	0.5m	0.3m	0.5m	0.5m

ZMK = Zambian Kwacha (Currency of Zambia)

Note: 1 $ = K10 as at 10th August, 2017

Categories of contractors: B – General Building and Housing: C – General civil Engineering works: R – General

This has prompted the government through the Ministry of Commerce to develop a new policy named the Micro, Small and Medium Enterprise Development Programme (MSMEP) which seeks to achieve among others, the following objectives:

a) To facilitate the creation and development of viable SSC that would contribute 30% towards annual employment creation and 20% towards GDP by the year 2018;
b) To facilitate an increase of 10% towards the utilization and value addition of local raw materials in identified regional areas by the year 2018;
c) To strengthen forward linkages between SSC and large-scale companies by facilitating an annual increase of 10% in subcontracting of SSC by large scale companies.
d) To improve productivity in the SSC sector by 10% by the year 2018; and
e) To enhance local economic development thereby stimulating broad based economic growth by stabilizing five (5) Business incubators and five (5) Industrial Parks in identified locations by the year 2018.

It is envisaged that once the policy is fully and effectively implemented, the SSC subsector will become the country's economic backbone and provide tens of thousands of jobs for local people and play significant role in wealth creation and poverty reduction while achieving the much-needed economic diversification that has eluded the county for years. One growth area has been the citizen empowerment drive. From the foregoing, it is evident that the government has put high on the agenda SMEs development in general and SSCs in particular. In order to ensure that this subsector thrives and becomes sustainable, the Zambian government has put up a policy that a minimum of 20 percent of works on all roads awarded by Road Development Agency (RDA) would be subcontracted to or awarded to Zambian owned companies in line with the shareholding structure specified in the Citizens Economic Empowerment Commission (CEEC) Act No 9 of 2006 whose overall goal is to contribute to sustainable development by building capacity in Zambian owned companies, 20% Sub-Contracting Policy (2016). The specific objectives of the minimum 20% Sub-Contracting Policy are to:

a) Empower local contractors;
b) Create jobs for Zambian citizens;

c) Create sustainable local contracting capacity; and

d) Upgrade local contractors from grade six through to grade one. Grade 6 is the lowest category of contractors while grade one is the highest grade. The higher the grade the more the capacity that contractor has.

   Most local SSCs are grade in the range of 3 to 6 while the lucrative grades of 3 through 1 are mainly dominated by foreign owned contractors due to their capacity in terms of expertise, finances, management

In this vein, the RDA has since developed guidelines on the implementation of the 20% sub-contracting as follows:

a) What to subcontract

b) All companies shall be required to sub-contract at least 20% of the contract sum.

c) The Road Development Agency will specify the initial items to sub-contract in the bidding document, however, the main contractor can offer other items and or alternatives.

As for eligibility requirements under Sub-Contracting Policy are, the following provisions have been set:

a) Be Zambian citizen-owned company where at least fifty-point one percent (50.1%) of its equity is owned by citizens and in which citizens have significant control of the management of the company; and

b) Be contractors registered with the National Council for Construction (NCC) from grades one (1) to six (6) in the applicable category depending on works to be sub-contracted. Depending on the circumstances, the RDA may restrict sub-contracting to certain grades and this shall be defined as such in the solicitation documents.

Further, the guidelines for selecting Sub-Contractors have been set as follows:

a) Two methods of subcontracting shall be applied, domestic sub-contracting and/or nominated sub-contracting depending on the nature, complexity, urgency and value of the main contract.

b) Through the domestic subcontracting, the main Contractors shall select the sub-contractors that are registered with NCC in the appropriate grades and categories, subject to the approval of RDA.

c) In nominated sub-contracting, RDA shall propose a list of sub-contractors from which the main contractor will get quotations and sign an agreement, which shall form part of the contract.

d) Preferential treatment shall be applied to local contractors whose registered place of business is in the same district/province as the location of the site.
e) The sub-contractors shall be selected based on their technical capabilities, financial capacity, relevant experience and legal status.
f) A sub-contractor shall not be committed to more than one Main Contractor over the same on-going works period, depending on and in relation to the scope of the sub-contracts and, the grades and categories of their registration with NCC.
g) A sub-contractor shall not be committed to the same Main Contractor more than twice within a period of three (3) years.

The Zambian construction industry has in the last six years continued to record double digit growth rates, thus establishing itself as the biggest growth industry in the Zambian economy. The double-digit growth rates which have averaged over 15% per year since 1999 have meant that the industry has literally doubled since 1999. At constant 1994 prices, the construction industry has grown from K227.6bn in 1999 to a total of K425.5bn in 2017.

As percentage contribution to the Gross Domestic Product (GDP) the industry has increased its share from 9.4% in 1999 to 13.5% in 2017. No doubt, the source of this rapid growth rate was initially attributed to the Government initiative of the Road Sector Investment Programme (RoadSIP), a programme heavily supported by World Bank and other bilateral and multi- lateral donors now in its second phase. This programme was hinged on the government demonstrating transparency and accountability as is the case with most World Bank funded projects.

The sector has received special attention because by its nature it is labour intensive and its economic multiplier effect has been acknowledged worldwide. The sector has seen massive numbers of entrants who according to National Council for Construction (NCC) number around 3,861 with 95% being local contractors while the remaining 5% being foreign owned.

The Zambian government hopes to create 1 Million jobs in the next five years by anchoring these aspirations on four priority growth area. The four priority sectors are Agriculture, Manufacturing, Tourism, and Infrastructure. These sectors have the highest requirement for labour and the potential to be highly competitive. The distribution of potential direct jobs to be created is as indicated in figure 1.2

Table 1.2 Expected jobs

SN	Sector	Expected Number of Jobs	Percentage
1	Agriculture	550,000	55%
2	Construction	85,000	8%
3	Manufacturing	65,000	7%
4	Tourism	300,000	30%
	Total	**1,000,000**	**100**

Source: ZDA (2016)

From the government's perspective construction in general and SSCs in particular are expected to be among the key drivers of job creation and economic prosperity. The construction sector and the SSCs in particular by their nature are supposed to absorb both skilled and unskilled labour.

1.2.3 Current condition of SSCs in Zambia

The majority of the SSCs in Zambia are in the bracket of SME, (Kulemeka *et al.*2015). For example, the statistics show that SSCs contractors represent a sizable number of building and civil engineering contractors in Zambia. Notwithstanding their potentials, SSCs continue to face various challenges, Construction News (2014), thus resulting in high rate of business failure in the subsector. It has been suggested that capable SSCs have the capacity to deliver a high-quality infrastructure for the economic transformation of a country. From the perspective of sectoral economic activity, the growth of the construction sector has been impressive over a sustained period. This performance has been significantly underpinned by Zambia's aforementioned high propensity to spend on infrastructure development. Save for two short episodes (2007–09 and 2012–13), the real growth rate in construction value added has always been higher than the overall real GDP growth rate since the turn of the twenty-first century.

However, construction sector growth has also seen a higher degree of volatility than the overall real GDP growth trajectory. As indicated earlier, the majority of indigenous SSCs are found in the grade ranging between grade 3 and grade 6 meaning that they can only tender for jobs with the maximum value of K25 Million (1 USD = K10) or $2.5 Million

1.3 Problem Statement

For a long time, the study of construction business failure has not been given much attention like the study of construction business success. In numerical terms, the construction industry in Zambia is dominated by SSCs who face unique challenges in the implementation of projects. In 2013-14 registration there were 3,953 contractors registered by NCC, (NCC Construction News 2015). During the 2014-15 registration period, the number declined to 3,870, (NCC Construction News 2016) representing a 2 percent drop. As at the close of 2018, the number of registered contractors further dropped to 3,861, (NCC Construction News 2017) representing a further 1% drop. It is clear that SSCs numbers are dwindling. It is apparent that these businesses are not flourishing. Too many SSCs are barely surviving while many more have closed down. The question addressed in this study is therefore, "What makes SSCs businesses in Zambia fail?

1.4 Scope

This research study seeks to develop a situational model of perceived critical success factors for SSCs in Zambia. Thus, the study is restricted to the context of Zambia (all the 10 provinces namely: Northern, Luapula, Central, Copperbelt, Muchinga, Sounthern, Eastern, Western, North Western and Lusaka). To this end, only participants from Zambia were employed in the research. The scope of this research study is also limited by applying the theoretical framework, derived from already established studies in different contexts, rather than seeking an understanding of the critical success factors from scratch. Even though the theoretical framework is based on several studies in different contexts, this present research study does not involve itself in providing a means of comparison between countries in terms of the critical success factors. In view of the cardinal role of the owner-managers in the SSCs, they have been considered in most prior studies as the key stakeholder within the country. Hence, this study explores the views of owner-managers and no other stakeholders. This study focuses on SSCs that have already been established for at least 5 years. Identification of these SSCs was derived from the official website of the NCC. Hence, the population covered the whole country.

1.5 Research Objective

Research objectives describe concisely what the research is trying to achieve. They summarize the accomplishments a researcher wishes to achieve through the project and provides direction to the study

1.5.1 General Objectives

The main objective of this research is to examine the factors associated with failure of SSCs in the construction industry in Zambia from the promotors' perspective

1.5.2 Specific Objectives

1.5.2.1 To establish if at all there is positive correlation between the level of education of the contractors and general performance of their contracting firms;

1.5.2.2 to establish if skill levels or lack of them play a critical role in the performance of the SSCs;

1.5.2.3 to establish if there is a direct relationship between government policy of empowering the SSCs policy through the implementation of the 20% subcontracting policy and the general performance of the SSCs;

1.5.2.4 to investigate the prevalence of corruption in the whole contracting value chain and examine its impact in performance of SSCs;

1.5.2.5 to examine the role of organisational structure, corporate governance policies and legal framework in the performance of SSCs;

1.5.2.6 to determine the if internal controls play a role in the performance of SSCs;

1.5.2.7 to ascertain if financing challenges have a bearing on the performance of SSCs;

1.5.2.8 to assess if family and or community relationships has an effect on the performance of SSCs and

1.5.2.9 to determine if society stigma against failure from society has an impact on the performance of SSCs

1.6 Research Questions

On the basis of the above, the following research questions emerge:

1.5.1 What levels of education do the promoters or the Managers of the SSCs business possess?

1.5.2 Does the skills or lack of them have an effect on the success or failure of SSC business?

1.5.3 What are the deficiencies in the 20 percent subcontracting policy/regulatory framework?

1.5.4 What is the impact of corruption on the success or failure of SSCs?

1.5.5 Do the SSCs have organizational structures/corporate governance structures in established in their businesses?

1.5.6 Do SSCs have internal controls in their businesses?

1.5.7 Does financing affect the performance of SSCs?

1.5.8 Does family relationship have an impact on the success or failure of SSCs in Zambia?

1.5.9 What is the effect society stigma on promoters of SSC businesses of failure of their businesses

1.7 Significance of the Study

The present study is expected to make a number of contributions in a number of ways. From a theoretical perspective, the study adds new knowledge and extends the growing body of literature in the field of (SSCs) business. The study has the potential to contribute to the understanding of the critical success factors for (SSCs) in African generally and Zambia in particular as seen from the perspective of the small-scale contractor businesses owners and managers. It is designed to give rise to a situational model, based on the Zambian (SSCs) perceptions, that enriches current research by offering new insights with rich information on the factors that tend to be perceived as associated with (SSCs) business success or failure, which has not been done before in this country. From a practical perspective, understanding (SSCs) business success/failure through the different perceived factors covered in this present study is very important. This study could provide (SSCs) and managers of with knowledge and guidance about the way they could manage and run their businesses in a very successful manner

The perception created is that finances are the main reasons why SSCs fail to succeed. For instance, Fatoki and Garwe (2010) noted that inaccessibility of finance is the second most reported contributor to low firm creation and failure, after education and training in South Africa. However, it appears that there are other factors that conspire against growth and sustainability of SSCs. Unfortunately, when it comes to understanding the major causes of failure of SSCs, various sometimes contradictory reasons are advanced as being causes of SSCs failure. Despite the many interventions and initiatives employed by various organizations to stimulate growth in the SSCs, there is no consensus as to what the main causes of failure are, which factor or factors are more pronounced, and thus this dissertation will endeavor to cover some of these gaps.

1.8 Limitations

In applying the retrospective or ex post facto method, it is usually not necessary to impose a control over the research subject. This research complied with this principle. The following limitations are applicable to this research:

a) the retrospective analysis involved discussing issues with respondents which issues may have negative traumatic past experiences. Some of the respondents may have experienced memory lapses when providing the necessary information
b) some owners refused to be reminded of their misfortunes and down falls as failure has a societal stigma attached to it. Such respondents may have held back some of the information about the failure of their business
c) financial information or records about small business venture are often not readily made available. Also, some of the records to tell the historical story were not available; consequently, the researcher relied on the owners to tell the truth how "Bad? and "Why?" their businesses finally closed down
d) due to poor internet connectivity, some vital respondents especially in rural parts of the country were not able to respond in good time.
e) this study is limited to small scale contractors in Zambia who have valid registration with the National Construction Council (NCC) as of December, 2018. The majority of SSCs are not registered and hence not captured. This pool could represent a significant proportion of SSCs and hence the research results may not be a true reflection of the challenges that SSCs face that end up stifling their growth

The above problems were addressed by allowing those prepared to be interviewed to be reassured by the interviewer.

1.9 Chapter Summary

The purpose of Chapter 1 was to introduce the reader to the background, problem statement, research questions, objectives and the methods used to address them. The chapter orientated the reader to the importance of understanding the causes of small business failures in the context of their important roles within the economy of South Africa. The next chapter provides a broad theoretical overview of small business failures.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter presents the systematic literature review process that was carried out in order to inform the research question. It aims to introduce the methodology for performing rigorous reviews of current empirical evidence concerning the performance (successful or otherwise) of SSCs. The chapter initially provides an overview of the systematic literature review and reasons behind its use. Next, the strengths and limitations of the systematic review process are examined. Finally, the chapter sums up the main findings of the systematic literature review.

In order to have clear understanding of the topic, work that has been published by other scholars on small scale contracting is reviewed in this chapter. In order to put the research topic into perspective, the construction sector in Zambia is discussed in detail. The objective of this chapter therefore is to broaden on perspectives on factors that collude in causing SSCs' failure as cited by literature and explaining the SSCs failure phenomena needed to inform the methodology (Chapter 3). The review examines the different perspectives (causal descriptions) under which SSCs failures have been discussed. The chapter ends with a critical evaluation of conventional SSC theories as well as lessons that could be learnt from the existing theories for researchers interested in undertaking similar studies in the Zambia and the sub region context.

2.2 SSCs as Small-Scale Business

A small-scale business is a business that maintains assets, number of employees or revenues below a certain level. Chigunta (2012) defines a small business as the new venture creation or the concept of self-employment. He further defines small business as the establishment and management of a business for the principal purpose of profit and growth. However, he argues that not all business owners or managers can be recognised as small business owners.

Chigunta (2017) explains that small business owners are individuals who establish and manage a business for the principal purpose of furthering personal or family goals. The business is thus the primary source of income and will consume the majority of one's time and resources. The owner considers the business as an extension of his or her personality intricately bound with one's personal and family needs and desires.

2.3 Classification of Small to Medium Enterprise (SME) in the Zambian Context

Zambia Development Agency (ZDA) has defined an SME according to the Small Enterprise Development Act of 1996 as a business whose:

(a) total investment, excluding land and building does not exceed

(i) Fifty Thousand Kwacha (K50, 000) in case of a manufacturing and processing enterprise

(ii) Ten Thousand Kwacha (K10, 000) in case of a trading and service providing enterprise

(b) annual turnover does not exceed Eighty Thousand Kwacha (K80,000)

(c) employing up to thirty (30) persons

Unfortunately, the said act does not at the same time define what a medium business or medium enterprise is. Under the circumstances, one is left to craft a definition that best suits his or her situation.

For example, the Zambia Chamber of Small and Medium Business Associations (ZCSMBA) has a new class of membership formulated in 2012 called Corporate member and has defined such a member as an enterprise that fulfils (i) and any two of (ii), (iii) and (iv) below:

(i) formally registered as a company

(ii) annual turnover of five hundred million Kwacha (K500,000) or more

(iii) assets of two billion Kwacha (K2,000,000) or more

(iv) minimum of thirty (30) employees

One may quarrel with any of these definitions, especially bearing in mind that the definition in the SEDB Act was formulated some twenty years ago and a lot of changes have taken place since then, to warrant a revisit of the definition. These are the available definitions and these are the definitions that will be applied in this research. It is of interest to note that in both the above definitions, the number of employees is one of the criteria used.

Employment is one of the most important factors in determining the performance of an economy and the attendant social and political wellbeing of a country. It is so sensitive an indicator of economic performance that governments have been known to be 'kicked out' of office based purely on a poor employment record. The challenges facing small and medium-sized contractors can be distinguished between those that affect small-scale contractors and those that affect medium-sized contractors.

Some key features of small-scale contractors are that they are largely unregistered, operate in the informal sector of the economy and have very little formal business systems. The small-scale sector comprises the largest percentage of total contractors, although they employ very few permanent staff, usually less than ten employees. For the construction industry to operate efficiently it needs a number of organisations, services and institutional linkages. Firstly, there is the need for contractors to undertake the construction work. These contractors should have the experience and resources to undertake the size of projects required. This will include having suitably trained and experienced staff, including skilled and unskilled labourers, supervisors and engineers.

The contractor will also be required to own or have access to equipment and material resources for the project and the working capital to finance his work. Within developing countries contractors or organisations capable of undertaking construction projects may be classified into 5 groups (World Bank 1984).

a) Small builders and 'jobbers'
b) Communal and self-help groups
c) State owned organisations
d) Private contracting companies
e) Foreign contractors

In the majority of low-income countries such as Zambia, category (i) and (ii) are small businesses while category (iii) and (iv) are deemed large enterprises. These contractors have sufficient resources of their own to undertake large projects and also have suitable financial collateral and experience to obtain further financial and material loans to extend their working potential. The remaining contractors in this group are generally large scale multi-national contractors.

They usually have international connections and can easily access cheap capital from international lenders while some especially those from China and Japan even have access to state grants and other incentives. In the case of category (i) and (ii) above, small contractors are therefore restricted to undertaking small building work and occasional minor civil engineering work. This study is primarily concerned with the first group which are small builders and jobbers, referred to in this thesis as Small-Scale Contractors (SSCs) who are recognised and registered by the NCC.

These businesses are often small enough to be 'invisible' to national construction statistics. In its 1994 World Development Report the World Bank noted that technical change is making it possible for small scale operations to be economical - and implemented by private enterprises (World Bank 1994). There has been a growing awareness of the importance of social and economic roles of small business in recent decades on the basis of favourable characteristics, Larcher and Miles (2010). SSCs are generally more labour intensive than large firms and therefore generate more direct and probably more indirect jobs per unit of invested capital. This aspect should there put SSCs business at the pedestal of any economic, political and social agenda. There has been a growing awareness of the importance of social and economic roles of small business in recent decades on the basis of favourable characteristics (Larcher and Miles, 2010). The SSCs provide productive outlets for the talents and energies of enterprising, independent people, many of whom would not fulfil their potential in large organisations. They supply dynamism and contribute to competition within the economy to enhance community stability and generally do less harm to the environment than large construction organisations.

2.4 Taxonomy of Small-Scale Contractors

The classification of contractors into small, medium and large scale varies from country to country. A small-scale contractor is categorised broadly as one with limited capital investment who may need financial and managerial support to effectively run his or her business. A description of SSCs suits characteristics of firms classified by NCC in Zambia as small-scale contractors.

2.5 Business Failure

The definition of “business failure” as adopted for this research means: Any small business in which the owner has lost control or the business is no longer commercially viable, resulting in the small business’ physical structure/assets voluntarily or involuntarily closing down or being disposed of, and the small business ceasing to operate or transact.

Further, there are many other definitions of failure mentioned in literature. According to Dun and Bradstreet Report (2019), a business failure is defined as a business that:

a) ceases operation following assignment or bankruptcy;
b) ceases operation with losses to creditors after such actions as foreclosure or attachment;
c) voluntarily withdraws, leaving unpaid debts;
d) is involved in court actions such as receivership, reorganisation of arrangement
e) or voluntarily comprising with creditors; or

f) voluntarily compromises creditors.

Success and failure are often seen as two sides of the coin, so that by avoiding the latter, the former becomes more achievable. However, survival is not a synonym for success, as individuals define it in their own terms (Cope, 2010). For example, having some revenue is generally seen less of a success than having a lot of revenue yet, for a start-up company any revenue may represent an important auspice of success. Like revenue, optimal use of resources is not a synonym for success, because a firm’s performance in a competitive environment depends on the ability of other firms to leverage resources.

Ucbasaran et al (2013) posited that providing a clear definition of business failure is important for (at least) two reasons. First, it enables comparisons across studies. Second, the nature of the definition employed will influence the nature of the outcomes and processes researchers observe. To date, researchers have used numerous definitions for business failure, which vary in terms of their inclusivity ranging from broad (discontinuity of ownership) to less permissive (discontinuity of the business) to narrow (bankruptcy) definitions. It mostly appears in a critical situation as a consequence of a sharp decline in sales, as a result of recession, the loss of an important customer, shortage of raw materials, deficiencies of management etc.

A company is considered to have failed if the realized rate of return on invested capital, with allowances for risk considerations, is significantly and continually lower than prevailing rates on similar investments. Another criterion is insufficient revenues to cover costs and situations where the average return on investment is below the firms cost of capital. Baden-Fuller (1989) defined failure as a function of future events:

л=rC-C’

Equation 2.1 Failure as a Function of Future Events

Where:

л = present value of anticipated profit in the coming period,

C = residual value of the plant if scrapped now,

r = rate of interest,

C' = present value of anticipated capital gain in scrap value from deferring the closure.

2.6 Theories of Business Failure

This section is dedicated to an in-depth discussion of the theories on small business failure. In undertaking a comprehensive business failure theoretical review, classifications are important. The theoretical assumptions refer here to frameworks of the causes of failure, in which the failure by owners of businesses to adhere to certain basic business management principles culminates in the decline and eventual failure of the businesses concerned. To better understand the causes and consequences of business failure, researchers draw on many theories from the field of psychology, such as Attribution Theory, Mantere *et al.*, (2013); Amankwah-Amoah (2015) and Bell and Taylor (2011), in order to determine what each individual goes through when they experience a business failure.

Others look at specific conditions of business failure that might affect the impact of the costs, such as applying the personal bankruptcy law in a given country and the asset protection it provides Hasan and Wang (2008), and factors associated to Institutional Theory. Researchers feel that it is important to understand the different phases that one goes through after the trauma, which can resemble, in many ways, the death of a family member, Bell and Taylor (2011); Jenkins *et al*., (2014). Ucbasaran *et al*. (2013) divide the consequences of business failure into three main timeframes: The aftermath – the instant consequences that are supported after the event; Sense-making and the learning process – an evolving process that starts and takes place for a variable amount of time after the failure; and the outcomes – the long-run outcomes for the individual affected by the experience.

In the first stage, aftermath, Ucbasaran et al. (2013) refer essentially to the costs, which they basically classify as financial, social and psychological. Based on Ucbasaran et al.'s (2013) work, it was possible to summarize the main theoretical contributions that frame this stream of research. As illustrated, business failure is a continuous process with key moments that require further study.

The determinants of business failure are intimately related with the consequences and the outcomes, as well as the psychological processes involved, and should not be separated from the individual, given the cognitive, behavioral and personality theories involved – all leading up to a key stage: rising from failure to achieve success. Most of the studies analyzing the consequences of failure are focused on the individual. Teixeira and Dias (2017) have argued that this may be justified by the fact that such individuals are either the survivors of the failure or the ones that support most of the consequences. In this vein, it comes as no surprise that most of the research done in this field is based on theories from psychology such as (Yamakawa *et al*.2015).

This specific literature stream usually considers failure a traumatic event, Ucbasaran et al., (2009); Byrne and Shepherd (2015), where the individuals related with the failure gain a series of costs and benefits during the following period. When considering the social costs, they can understandably be devastating to the individual, both in personal and professional terms, Ucbasaran et al. (2013); Nielsen and Sarasvathy (2016). Drawing knowledge from Institutional Theory and Network Theory, the authors in this field argue that relationships suffer through this process, leading to stigma and negative discrimination towards future professional endeavors, Ucbasaran *et al*. (2013); Simmons *et al*., (2014); Nielsen and Sarasvathy, (2016).

The media also often attributes BF to mistakes made by the managers (varying from county to country), being mostly linked to the impact and consequences the failure generates on its environment – all leading to a strong stigma. Cardon *et al*. (2011) conducted a study titled Entrepreneurial Passion as Mediator of the Self-Efficacy to Persistence Relationship. Of the 389 failure accounts in the data set, 331 contained statements on the impact of the failure being reported. The most frequently reported impact of failure (125 accounts or 38 percent) was the development of a sense of stigma around entrepreneurs who had experienced failure. One account stated that (see Cardon et al. (2011) "Failure leads to exile and an abrupt end to one's career path." Singh et al. (2015) view stigma as a process rather than a static label, considering that it occurs before and after the failure, arguing that it influences the failure itself and future endeavors.

They also describe some situations where the stigma actually motivates the failed business into starting a new venture, increasing the complexity of the social phenomenon. The other costs considered in this framework are the psychological ones. These costs can be either motivational or emotional (Ucbasaran *et al*., 2013). Indeed, failure can be emotionally very stressing, creating negative emotions that are "inextricably linked to its complex social cost" Cope, (2011) and Yamakawa *et al*. (2015) present empirical evidence where shame and embarrassment arise in failed businesses, derived from their strong commitment to the business stakeholders.

These negative emotions often lead to withdrawal and, eventually, to loneliness, possibly impacting so strongly on the individual to the point of interfering "with the individual's allocation of attention in the processing of information".

An example of an intensifier of psychological costs which is presented by Cannon and Edmondson (2011) is the individual's own personal life experience and early socialization processes. The authors argue that parents often shield their siblings from harm while schools reward students who committed fewer mistakes, creating control-oriented behavior rather than learning-oriented behavior that leads to a significant decrease in self-esteem when focusing on one's own failure. This ultimately leads people to engage in activities that improve their self-esteem rather than potentially damaging ones (i.e. to say, riskier situations of failure).

Motivation may also take a deep hit with failure, creating "a sense of helplessness, thus diminishing individuals' beliefs in their ability to undertake specific tasks successfully in the future and leading to rumination that hinders task performance" (Ucbasaran et al., 2013). However, it may also serve as a boost for future endeavors as a compensation for missing a self-defined goal Cardon and McGrath 1999); Ucbasaran et al., (2013). Further, in undertaking a comprehensive business failure theoretical review, classifications are important, Steyn Bruwer & Hamman (2006); Pretorius (2008). The theoretical assumptions refer here to frameworks of the causes of failure, in which the failure by owners of businesses to adhere to certain basic business management principles culminates in the decline and eventual failure of the businesses concerned. For example, the mismanagement of a small business is presented as a cause that triggers a venture's decline and eventual failure, Amit & Schoemaker (1993); Arditi, Koksal & Kale (2000); Mellahi & Wilkinson (2004). But, how can the failure concept in small business be viewed? The next section theories of failure in small businesses.

2.6.1 The "hazard rate" failure theory

These studies demonstrate the importance of analyzing business failure from different perspectives, which is the objective of this study in the Colombian context. Before an in-depth review of small business failure is conducted, attention is first given to the conceptualisation of "hazard rate" in the small business failure process. This concept is being introduced to set the stage for a deeper review of small business failure theories. According to Abouzeedan & Busler (2012), the hazard rate is used to isolate causes responsible for the fate of small businesses. The hazard rate measures the propensity of an item to fail or die depending on the age it has reached. It is part of a wider branch of statistics called survival analysis, a set of methods for predicting the amount of time until a certain event occurs, such as the death or failure

2.6.2 Organisational Learning Theory

Organizational learning theory states that, in order to be competitive in a changing environment, organizations must change their goals and actions to reach those goals. In order for learning to occur, however, the firm must make a conscious decision to change actions in response to a change in circumstances, must consciously link action to outcome, and must remember the outcome. Organizational learning has many similarities to psychology and cognitive research because the initial learning takes place at the individual level: however, it does not become organizational learning until the information is shared, stored in organizational memory in such a way that it may be transmitted and accessed, and used for organizational goals. The first part of the learning process involves data acquisition, the second part of the theory is interpretation and the third part is adaptation/action.

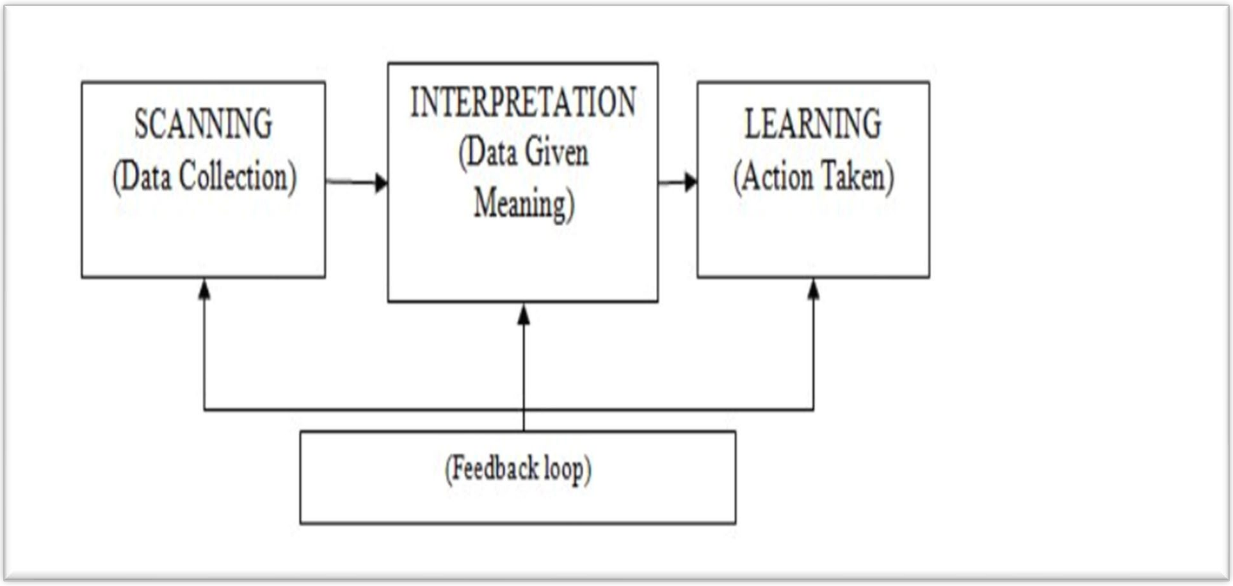


Figure 2.1 Organisational learning

Source: Levitt, B., and J. G. March (1988). Organizational Learning

2.6.3 Attribution Theory

Although causes of business failure were the subject of much interest during the 1970s through to the 1990s, within the entrepreneurship literature explicit discussion about failure causes is muted. Instead the sources of failure are explored using softer language, the term 'attribution' is adopted in place of 'cause'. A cause indicates a reason, a priori explanation whereas attributions represent perceived cause. Attributions are mechanisms through which people explain their behavior, the actions of others and events around them.

Exploring failure through attributions rather than causes is particularly suited to the business field as it enables failure to be examined from the viewpoint of the businessman. An individual making attributions about an event has critical implications for the individual's ability to learn from, make sense of, and prosper following the failure experience. A key debate within the management literature has arisen surrounding biases associated with attribution theory, in particular, self-serving attribution bias.

Such a bias incorporates the notion that individuals tend to assume their own actions (internal attributions), explain positive outcomes, whilst actions independent of themselves (external attributions) explain positive outcomes.

Risk and failure are fundamental elements of entrepreneurship. According to Pretorius (2009), a venture fails when it involuntarily becomes unable to attract new debt or equity funding to reverse decline; consequently, it cannot continue to operate under the current ownership and management. In the last decade, studies of business failure have increased and have analyzed diverse topics such as financial and accounting issues, management, sociology, information systems, and economics using diverse models (Walsh and Cunningham, 2016). The entrepreneurship literature has investigated attributions, learning, emotions, impacts, and recovery using objective or subjective criteria at both the specific firm level and the individual level of evaluation (Jenkins and McKelvie, 2016).

Yamakawa and Cardon (2015) examined the relationship between attributions for failure and the perceived learning of entrepreneurs and showed that internal, unstable failure attributions generate more perceived learning, whereas external, stable attributions generate less perceived learning. Mandlet et al. (2016) investigated entrepreneurs' career decisions following a business failure by applying a qualitative comparative analysis. Their study showed that patterns of attributions explain why entrepreneurs abandon entrepreneurship.

These studies demonstrate the importance of analyzing business failure using attribution theory to understand key elements, improve business skills, and support successful entrepreneurship. The subject of failure is specifically addressed via financial modeling to predict situations that might lead to business failure. Xu et al. (2014) proposed a method to select financial ratios for business failure prediction (BFP) based on soft set theory, thereby improving the forecasting performance of BFP in terms of accuracy and stability. Sun et al. (2014) analyzed and evaluated the literature on financial distress prediction and found that these models have important practical significance for improving the awareness of financial 563 Failure of entrepreneurial ventures in Colombia risk, preventing corporate financial distress, and avoiding bankruptcy liquidation. Lin et al. (2011) explored broader coverage of financial features using data mining techniques and found that financial features can be expected to achieve a more accurate prediction of corporate financial distress than models based exclusively on survey results from experts.

These studies demonstrate the importance of predicting business failure from a holistic perspective that includes different features of ventures and the importance of applying different models to predict business failure. Moreover, smaller firms are particularly susceptible to failure due to poor management (Lukason and Hoffman, 2015), and business success depends on rigorous management processes.

Jenkins et al. (2014) examined entrepreneurs' grief after firm failure and constructed a database of entrepreneurs who recently experienced firm failure and filed for firm bankruptcy. They found that psychological capital can play an important role in helping entrepreneurs to rebound after firm failure. Ucbasaran et al. (2013) suggested that there are two interrelated psychological costs associated with entrepreneurs' experience of business failure: emotional and motivational. These studies indicate the importance of analyzing the psychological profiles of entrepreneurs, their interrelationship with other aspects, and the importance of beginning another business to increase the chance of success. Finally, business failure has been studied from a leadership perspective in which successful entrepreneurship involves effective leadership that implies a particular style and personal traits (Geoghegan and Dulewicz, 2008; Anantatmula, 2010). A lack of leadership performance, particularly in terms of supervising, can be directly associated with firm failure (Nixon et al., 2011). These studies demonstrate the importance of analyzing business failure from different perspectives, which is the objective of this study in the Colombian context.

Similarly, business men's overconfidence in their abilities are more likely to blame factors outside of their control for failure. However, a study by Mantere et al. (2013) strongly suggests that entrepreneurs do not avoid taking responsibility for failure. Failure can provide a rich learning experience however the ability to utilize and harness that learning effectively requires accurate attribution of the cause of failure, Yamakawa *et al*. (2010). Attribution theory has developed a model that elucidates three main parts of the attribution: (1) the attribution's antecedents, (2) the attribution itself, and (3) the attribution's consequences.

This is demonstrated in figure 2.2. Typically, people have formed beliefs about what attribution to make (internal or external) to certain causes and certain effects. For example, in general, people tend to attribute success internally (particularly one's own success, but others' success as well).

Failure is attributed differently: self-failure is usually attributed to external causes, but the failures of others can be attributed to internal reasons – as a way to protect ourselves from the thought of potential similar failure ('It would not happen to me'). When a result is unexpected, it is attributed to external causes. When it is expected – to internal. People also tend to discount people's motivation to do something, if the act was also imposed by external circumstances. For instance, if a person helps someone, they can be attributed to good will. But if the person is helping, and there is a reward for the help – people will believe that at least partially, the reward was a cause of their help.

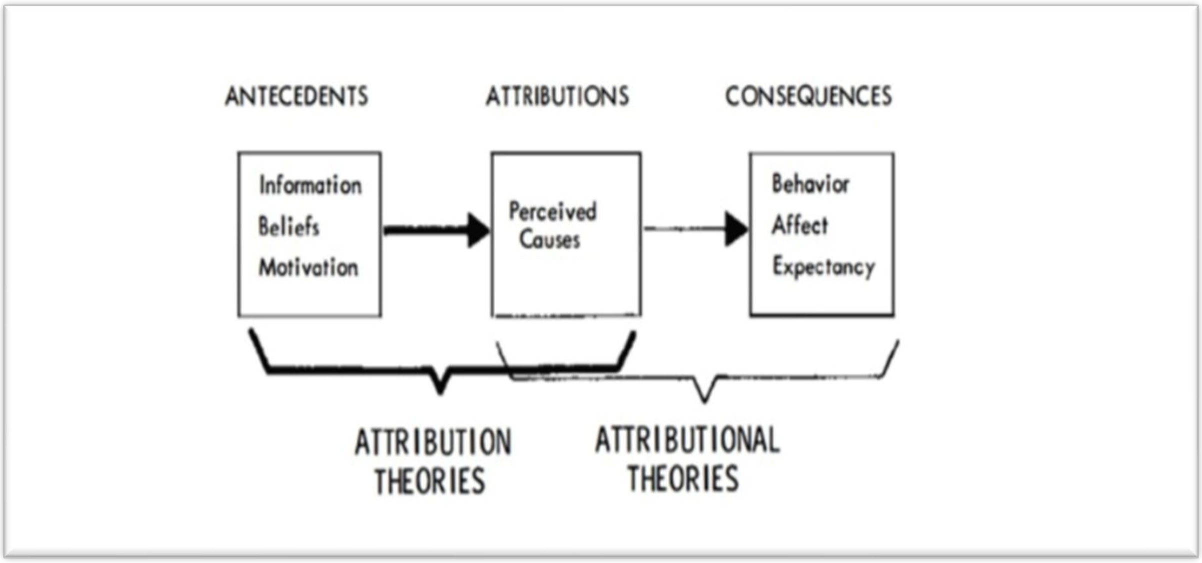


Figure 2.2 Model of Attribution Field

Source: Kelley, H. H., & Michela, J. L. (1980)

In summary, it is a concept that people make sense of their surroundings on the basis of what they consider is the cause and what is the effect of the phenomenon. It suggest that individuals observe their own behaviours and experiences to try to figure out what caused it and then shape their behaviour accordingly.

2.6.4 Infant Industry Theory

One of the most notable arguments for protection is known as the infant industry argument. The argument claims that protection is warranted for small new businesses especially in less developed countries. New businesses have little chance of competing head-to-head with the established firms located in the developed countries. Developed country firms have been in business longer and over time have been able to improve their efficiency in production.

They have better information and knowledge about the production process, about market characteristics, about their own labor market, etc. As a result, they are able to offer their product at a lower price in international markets and still remain profitable.

A firm producing a similar product in less a developed country, on the other hand, would not have the same production technology available to it.

Its workers and management would lack the experience and knowledge of its developed country rivals and thus would most likely produce the product less efficiently. If forced to compete directly with the firms in the developed countries the LDC firms would be unable to produce profitably and thus could not remain in business.

2.6.5 Deterministic Approach

According to Farouk and Saleh (2011), this approach was championed by authors such as (Jones and Neubaum 2005). The basis of this approach is that a specific set of internal and external variables can be identified that explain the growth of small and medium enterprises. Critics of this model are of the view that its contribution has been somewhat limited as it only provided fuzzy explanations leaving a great deal of issues unexplained. In addition, this model is said to be lacking empirical validation.

2.6.6 Failure Process as Procrastination

Where there is uncertainty, there is bound to be failure. It is not surprising, therefore, that many new ventures fail. What happens to entrepreneurs when their business fails? People hear of highly successful entrepreneurs extolling the virtues of failure as a valuable teacher (Galbalda, 2010). Yet the aftermath of failure is often fraught with psychological, social, and financial turmoil. The purpose of this article is to review research on life after business failure for entrepreneurs, from the immediate aftermath through to recovery and re-emergence. First, the authors examine the financial, social, and psychological costs of failure, highlighting factors that may influence the magnitude of these costs (including individual responses to managing these costs). Second, they review research that explains how entrepreneurs make sense of and learn from failure. Finally, the authors present research on the outcomes of business failure, including recovery as well as cognitive and behavioral outcomes. They develop a schema to organize extant work and use this as a platform for developing an agenda for future research.

Therefore, tasks that are perceived as a threat can generate procrastination. A small-scale contractor's procrastination over business failure refers to the postponement of closing a failing business, where such an event is emotionally unattractive, but important because it will lead to a less negative outcome. From the procrastination literature it appears that small scale contractors engage in procrastination because it temporarily relieves the anxiety of thinking about, and taking steps towards, closing the failing business.

Anxiety concerning the activities needed to close the business may be related to having to tell employees that they will lose their jobs, suppliers will not receive their outstanding payments, and customers will not receive their expected products and services.

In addition, there may anxiety related to thinking about what will happen after the business has been closed. This anxiety may arise from expected reactions from the environment, i.e., the stigma of failure, from worries about finding a new occupation and, potentially most important, from losing something that is very dear to the entrepreneur. The long-run financial consequence of this avoidance-coping behavior is likely an increase in the economic loss for the individual, other owners, creditors, and society. Therefore, from a narrow economic rational perspective, such behavior appears irrational. However, behavioral economists argue that if preferences are time-inconsistent, i.e., if people prefer immediate rewards over future rewards and future punishment over immediate punishment, substantial procrastination similar to that of failing entrepreneurs can be expected.

2.7 Applicable Theory

For purpose of this study, the attribution theory was used to understand the factors that are deemed responsible for failure of SSCs from the contractors' perspective. This theory posits that humans are motivated to assign causes to their actions and behaviours. In social psychology, attribution is the process by which individuals explain the causes of behaviour and events. There are two facets to the theory namely:

External

External attribution, also called situational attribution, refers to interpreting someone's behaviour as being caused by the situation that individual is in. For instance, if one's vehicle tyre is punctured, it may be attributed to a hole in the road; by making attributions to the poor condition of the road, one can make of the event without any discomfort that may in reality have been the result of their own bad driving.

Internal

Internal attribution, or dispositional attribution, refers to the process of assigning the cause of behaviour to some internal characteristic, like ability and motivation, rather than to outside forces. This concept has overlap with locus of control in which individuals feel they are personally responsible for everything that happens to them.

2.8 Literature Gap

This research analyses retrospectively the causes of failure in South African small businesses. Explanatory theories are used to provide an account of the causes of the events or situations concerned. In this research, the theories discuss the identified factors which are believed by the various researchers cited to have caused the businesses to fail. The shortfall or gap from extant literature is that it does not subject these factors of failure to causality testing. To make sense of this, there is a need also to study descriptive theories which predict what certain objects are capable of doing by virtue of their nature. In contrast, realist explanatory theories seek to explain causality in terms of what mechanisms can do in view of their inherent qualities or constitution.

2.8 Lessons that could be learnt from Theories

This chapter has helped to draw attention to the major explanatory theories on the causes of small business failures. A number of pertinent issues, however, need to be drawn from the literature reviewed to serve as input in the chapters that follow. One issue that stands out clearly from the literature review is that the researchers' publications paint a picture of the primary need for SSCs to be conversant with basic business management rules as well as to have access to basic resources without which their businesses cannot be guaranteed success. An issue which does not, however, feature prominently in the literature reviewed concerns the idea of grounding explanatory theories in local realities. This element is crucial to ensure that research becomes relevant to those concerned. The critical realist approach has the merit of devoting much attention to the identification of the stakeholders who matter in the understanding of particular problems, that is, the supportive environment of the SSCs.

As indicated above, one of the objectives of this research is to relate the findings to the broader development context of SSCs in Zambia. This is one way of making the research relevant to the Zambian situation. This research, therefore, devotes considerable attention to the Zambian stakeholders as well as to critical issues associated with failure of the businesses researched. These issues cover the importance of SSCs businesses to the Zambian economy in terms of job creation (for example, the roles of other stakeholders in the operations of the owners' small businesses).

What is different in this research is thus the attention it seeks to pay to conceptualisation issues by locating the SSCs business failure problem in the context of other important actors whose operations can or do impact on the performance of the owners of SSCs businesses in different ways.

The critical realist concerns with such conceptualisation issues (by grounding research in local realities) is what sets this research apart from the conventional approaches. Based on the above, the following are therefore paramount in this research:

a) There are many inter-related factors that are used to explain the causes of SSCs business failure
b) Obtaining the causes of SSCs business failure from the owners' perspectives provide valuable information for understanding and decision making on the part of other stakeholders
c) In view of the importance of SSCs in the development of Zambia, theories on the failures of SSCs businesses must not be separated from the wider socio-economic environments in which they operate.
d) Classifying the many causes of the SSCs business failure theories into themes or factors help to simplify understanding the failure causes at work both for researchers and business owners. The critical realist research method can assist researchers to address the above issue by conceptualising the many failure causes as sets of integrated variables with particular causal powers by virtue of their nature
e) Explaining "How?" and "Why?" SSCs businesses fail necessitates the use of the causality principle in business research. Quantitative research methodologies have not been successful in explaining "How?" and "Why?" businesses are failing (McKenzie & Sud 2008:124) as evidenced from consistently high failure rates, that is, deterministic views versus critical realist approaches.
f) The value judgements and coping mechanisms/skills of the owners of the SSCs businesses and related stakeholders can be influenced in such a way as to enable them to apply the basic principles of business management to ensure the success of the businesses.

2.9 Risks in Construction Business

Although, risk can befall anybody in life, risk has become one of the biggest problems in the construction industries which are mostly, because of a lack of adequate environmental information and construction experience. It is sometimes, hard for managers to tell which risks can ground their construction company. This bad reputation is due to many reasons. Among the main risks that may cause business failure are:

a) Delay and disputes

b) Direction and supervision
c) Damage and injury to persons and property
d) External factors
e) Payment
f) Law and arbitration

2.10 Failure in Construction Sector

There are numerous reasons that contribute to the failure of SSCs. Some are internal reasons and others are the external. Mudavanhu et al. (2011), point out that there are various reasons why small businesses fail. This point of view proposes that new SSCs fail from a combination of external and internal reasons. Hiatt and Sine (2012) assert that the external and institutional environments impact on organisational outcomes.

Political organisations play an important role in establishing the environment in which the new firms are born. Therefore, the main role of a political organisation is to offer a stable and reliable atmosphere, essential for the growth of economic activities (Fatoki, 2014). Again, this is accomplished through the protection of private property, the enforcement of contracts, enactment of laws, provision of social welfare and education, organised armed protection against outside attacks and the protection of personal safety and public order. Environments characterised by weak organisations and high levels of civil and political violence, directly affects the survival of a new venture (Fatoki, 2014). For example, this proposes that new SSCs's failure may be affected by reasons such as corruption, weak property rights, crime and a system that does not promote entrepreneurship and contract enforcements. Another stream of research on new SSCs failure, as pointed out by Ahmad and Seet (2009) focuses on management skills, as the new small firm transits from the founding entrepreneurial stage to higher growth rate stages. In addition, one of the critical reasons in the success of a new SSC, is the ability of its original leadership to carry on meeting new tests as the business progresses.

New SSCs are often started by an entrepreneur with a very specific idea, who then gets together the other founders and funding to form a new SSC business. Start-up firms need to supplement their managerial competences as they grow (Fatoki, 2014). The expansion of the venture offers changing leadership requirements and a necessity for diverse managerial capabilities. Entrepreneurs reach an "executive limit" at which their incapability to manage the firm becomes damaging. In such instances, ventures that do not replace the entrepreneur with a professional manager are more inclined to fail (Fatoki, 2014). Fatoki (2014) maintains that this "executive limit" concept is consistent with the internal causes of failure. Valdiserri and Wilson (2010) agree that management or leadership mistakes are one of the causes of SSCs failure. Most of the primary leadership blunders that result in the failure of businesses are:

a) embarking on the business for the wrong reasons;
b) underestimating business time requirements;
c) family burden on funds and time;
d) absence of market awareness;
e) absence of financial responsibility; and
f) no clear focus.

Van Scheers (2010) highlighted some of the marketing skill challenges relating to the SSCs as follows:

a) gain an understanding of the market and potential for growth
b) access to finance education and training
c) competitiveness; and marketing of their businesses

Phaladi and Thwala (2008) conclude that a lack of financial and effective management, resources, entrepreneurial skills, contractual and managerial skills, technical skills, proper training and a lack of credit from suppliers and banks, are serious reasons that lead to the failure of SSCs. Individuals who have complicated drives for starting a business and achieving a financial return is but one of them. Over-optimism usually drives the process, causing business founders to overrate the returns and underrate the risks involved. Although most entrepreneurs claim that finance is a key cause of failure, banks contend that they are willing to lend to new firms that are investment ready.

Temtime and Pansiri (2014) also argue that a lack of financial resources may be a direct cause for business failure, but the indirect cause, which is often more important but seldom recognised by entrepreneurs, is the lack of management skills. Banks and other lending bodies have approved a set of criteria that they use to assess new business applications. Robb and Fairlie (2018) also disagree with entrepreneurs that a lack of finance is the major cause of small firm failure.

Boeker and Wiltbank (2005) find that, to the business owners, the most critical reasons causing business failure are: (1) poor capitalization, (2) poor conditions in the market, (3) key people incompetence and (4) a poor management strategy. On the other hand, to the providers of funds, the four primary causes of new SME failures are: (1) the poor design of products, (2) a lack of technical skills, (3) inadequate capitalization and (4) a lack of management skills (Fatoki, 2014). According to Business Magazine (2014), there are entrepreneurs who have business passion and have more capital available, but still struggle to build sustainable enterprises.

Business Magazine (2014) highlights that the reason why people start businesses is to make money, but they are not properly armed with the knowledge required to manage the cash flowing inside and outside the business. Failure to plan correctly as well as to manage budgets, simply results in mistakes and business failure (Business Magazine, 2014).

2.10.1 Internal Controls

Internal controls are policies and procedures put in place to ensure the continued reliability of accounting systems. Accuracy and reliability are paramount in the accounting world. Without accurate accounting records, managers cannot make fully informed financial decisions, and financial reports can contain errors. Internal control procedures in accounting can be broken into seven categories, each designed to prevent fraud and identify errors before they become problems. Small businesses are expected to be concerned with internal controls to protect their assets and reduce risk of fraud. Additionally, the growing awareness of fraud has caused investors and other companies to focus on stronger internal controls, Jiang (2010).

Strong and robust internal controls encourage efficiency, compliance with rules, laws, regulations, policies, and procedures (Rahim et al., 2017). In addition, internal controls are also able to eliminate fraud and prevent abuse of power. Preventive controls are designed to avoid errors or irregularities from even occurring in the first place. For example, job rotation serves as a shield from employees to abuse their power and position and cover up its malpractices for many years. On the other hand, detective controls are designed to identify an error or irregularity after it has occurred. Frequent internal audit and examination are good examples in which to discover employee errors in the working process both intentionally or unintentionally. However, several limitations are inherent in internal control systems, e.g., judgment. The effectiveness of controls will be limited by decisions made with human judgment under pressure to conduct business based on the information at hand and resources available.

For example, a small company or organization may be unable to segregate so many positions, tasks, and responsibilities because of the need to hire more people in every role, meaning higher cash outflow due to increased perks paid to employees. Thus, a company needs to judge and balance the requirements to have sufficient internal control within a limited budget.

Fraud prevention, embezzlement detection, and accurate financials are all reasons to follow good internal control practices. Implementing controls into the financial accounting software alone isn't enough to ensure compliance; it takes some people power too.

Since most SSCs have very little accounting background, accountants are necessary to play a key advisory role in helping a business design and implement sound internal controls.

Large corporate and government institutions view internal controls as a critical component for accountability and sustainability. One would argue that it is because these large institutions prepare themselves for possible borrowing propositions and hence prepare themselves by ensuring that internal controls are in place as it is a perquisite for borrowing. This cannot be said about small businesses in general and SSCs in particular.

2.10.2 Discontinuity of ownership due to insolvency.

Pretorius's (2003) definition of business failure is explicit: "Business failure occurs when a fall in revenues and/or a rise in expenses are of such a magnitude that the firm becomes insolvent and is unable to attract new debt or equity funding; consequently, it cannot continue to operate under the current ownership and management." Similarly, Coelho and McClure (2015) consider a business to have failed when it has not survived the market test (i.e., revenues do not sufficiently exceed costs to make continuing the business attractive).

2.10.3 Discontinuity of ownership due to performance below threshold

Rather than there being a universal notion of poor economic performance sufficient for business failure (the market) Coelho & McClure, (2015) some studies have emphasized that entrepreneurs' expectations represent an important threshold consideration for defining business failure. For example, Ucbasaran *et al.* (2010) define failure as not only the sale or closure of a business due to bankruptcy, liquidation, or receivership but also the sale or closure of a business because it has failed to meet the entrepreneur's expectations, which reflects the varying personal thresholds of performance among entrepreneurs. Publications concerning causes of failure, on the other hand, generally examine only a limited number of non-financial causes or focus on specific types of enterprises, such as small ones.

Various causes for business failure may originate either from the external environment or from factors internal to the business. While some external causes are not so predictable, internal causes of business failure could in many cases be forecasted in advance. In most cases, a complex mixture of causes contributes to business failure; it is very rare for one single factor to be involved, (FEE 2004).

According to the literature, the variables that explain firm failure can be grouped into four broad categories: (1) firm specific, (2) industry specific, (3) macro-economic, and (4) spatial or geographic factors, Ooghe and De Prijcker (2008), classified causes of bankruptcy into four groups of factors: general environment (economics, technology, foreign countries, politics, and social factors), immediate environment (customers, suppliers, competitors, banks and credit institutions, stockholders, and misadventure), manager/entrepreneur (motivation, qualities, skills, and characteristics) and corporate strategy (strategy and investments, operations, personnel, and administration).

2.10.4 Timely Completion of Construction Projects

In construction, the delay can be defined as the extra time required or incurred either beyond the stipulated completion date or beyond the date that the project stakeholders agreed upon for the completion of the project. This trend has become the norm rather than the exception, especially in developing countries. This scenario, thus, constitutes a major risk and debilitating effect on relationships and cash flow among employers, consultants, and contractors, which can lead to exhaustive disputes, arbitrations, and expensive litigations. The significance of this impact, therefore, clearly justifies the concern over such a chronic problem facing the industry.

2.10.5 Tender Preparation

Laryea (2010) defined a tender or bid as a formal offer to supply goods or services for an agreed price. Tendering is the process used by many construction clients to obtain the parts: deciding on the type of contract and the terms and conditions that would form the basis of the contractual relationship and under which the work will be done; selecting the most suitable contractor given the budget and time available; and establishing the contract price. Chilipunde (2010) said that important elements at tender preparation stage include the following: (i) Establishment of a realistic contract period on which the tender may be based. (ii) Identification of construction methods. (iii) Assessment of method related items which affect the bid price. (iv) Making provisions to aid the build-up of contract preliminaries and plant expenditures. (v) Making provisions to aid the tendering/estimating process.

Chilipunde further stated that to arrive at the project tender price, the costs arising from elements in (i) to (iv) including overheads and mark-up, compiled by the estimator, have to be adjudicated by senior management or the owner of the organization. The purpose of the adjudication is to assess the risk inherent in the tender and decide upon a competitive bid price.

2.10.6 Tender Estimation

Laryea (2010) explained that if the contract price is correct, both the supply chain and construction project will function efficiently and effectively and the whole project will be a success. Laryea (2010) added that the engineer's estimate is crucial because it will affect the successful implementation of the supply chain management during the construction project. Only if the engineer's estimate is correct will it be possible to attain the level of service required to produce the right quality of products, at the correct time and budget.

Rogerson (2010) observed that when the number of bidders is large, as is the case in a slow economy, an owner runs a significant risk of selecting a contractor that has either accidentally or deliberately submitted an unrealistically low price. Tenders for local contractors in developing countries should not be rejected on the basis of tender price but rather to find the suitable ways of making sure that the engineer's estimates are correct and relevant for each individual project. The realisation and understanding of cost determinants enrich the competence of cost estimators and hence, along with decent cost forecasting techniques, deliver more reliable and accurate cost estimates. Cooke and Williams (2010) further noted that smaller contractors who often deliver the work packages have to compute their estimates from first principles to be able to furnish accurate quotes to the larger contractors. They emphasized the need for computing estimates from first principles for local contractors in developing countries. They observed that the use of bidding theories by senior managers in adjudicating tenders is only relevant in a stable market place.

2.10.7 Government Policy

The construction sector plays a critical role in delivering quality infrastructure, which in turn influences the use of natural resources revenues towards achieving structural change and industrial development.

Zambian government through the Road Development Agency (RDA) has introduced the 20% subcontracting policy. It is now Government Policy that a minimum of 20% of the works on all road contracts awarded by the Road Development Agency (RDA) would be executed by Zambian-owned companies in line with the shareholding structure specified in the Citizens Economic Empowerment Act No. 9 of 2006 whose overall goal is to contribute to sustainable economic development, by building capacity in Zambian-owned companies. The 20% subcontracting policy is only applicable to all road contracts exceeding ZMW30 million.

Contracts below the ZMW30 million thresholds shall be reserved for citizen-owned, citizen-influenced and citizen empowered companies in line with the Citizen Economic Empowerment (Preferential Procurement) Regulations of 2011. For a local contractor to qualify for this incentive, the contracting company needed to:

a) be an indigenous Zambian citizen owned company where 50.1 percent shares are owned by are indigenous Zambians company.
b) be indigenous citizen contractors registered with the National Council for Construction (NCC) from grades one (1) to six (6) in the applicable category depending on works to be subcontracted. Depending on the circumstances, the RDA, their appointed local road authorities (LRAs) and other Government institutions shall be bound to restrict sub – contracting to certain grades and this shall be defined as such in the solicitation documents
c) contractors shall not have subsidiaries that will be eligible for subcontracting.

The objectives for this 20% subcontracting policy are to:

a) empower local contractors;
b) create jobs for Zambian citizens;
c) create sustainable local contracting capacity; and
d) upgrade local contractors from grade six through to grade one.

Critics such Phiri (2016) have contended that such policy has not met its objective due to among other reasons lack of political will to follow through their policy pronouncements. It can therefore be argued that specific certain pieces of legislation as defined by the government may act as a constraint or catalyst to growth of SSCs and in this case policies such as the 20% subcontracting policy and the Citizens empowerment (CEEC) policy have been a constraint to enterprise growth because of ineffective implementation. Further, this view is consolidated by the EDB for 2018 which ranked Zambia No 8 on the EDB report for 2018. It can therefore be viewed in this context that Zambia is not failing badly as it is ranked in the top 10 tiers on the EDB.

Top ten African nations for Doing Business	Rank
Mauritius	20
Rwanda	29
Morocco	60
Kenya	61
Tunisia	80
South Africa	82
Botswana	86
Zambia	87
Djibouti	99
Lesotho	106

Figure 2.3 Ease of Doing Business Global Ranking

Source: Quartz Africa (2018)

Further, considering the progress made in the EDB over a period of time, it can observe that the country ranks around 85 on a rating of 100 during the period 2010 to 2018 as can be observed from figure 2, Courtesy of World Bank

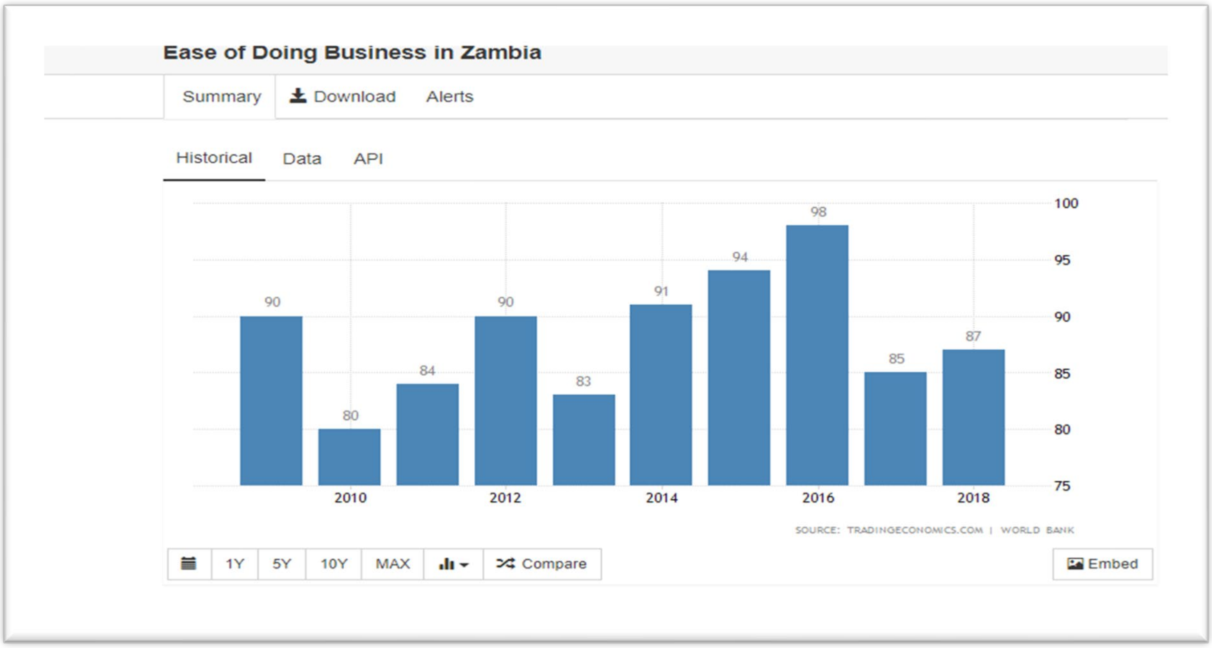


Figure 2.4 Ease of Doing Business YoY

(Source: Trading.com/World Bank)

2.10.8 Corruption

An etymology dictionary explains that the noun "corruption" was first used in the 14th century. The origin of this word comes from Latin "corruptus" (past participle of "corrumpere") meaning "to destroy, to spoil" whereas "rumpere" is "to break". Various definitions of corruption are used in the literature. The most popular one belongs to Nye who explains corruption as "behavior that deviates from the formal duties of a public role (elective or appointive) because of private-regarding (personal, close family, private clique) wealth or status gains" (Andvig, 2006). Nowadays Transparency International, The World Bank and The International Monetary Fund use a standard definition of corruption as "the abuse of public office for private gains". Furthermore, the World Bank identified corruption as "the only significant obstacle in the economic and social development" because it undermines the rule of law and weakens the institutional foundations on which sustainable development depends.

In contrast, Macrae (1982) identifies corruption as "an arrangement that involves an exchange between two parties (the demander and the supplier) which (i) has an influence on the allocation of resources either immediately or in the future; and (ii) involves the use or abuse of public or collective responsibility for private ends".

Besides, Osoba (1996) states: "corruption as an anti-social behaviour conferring improper benefits contrary to legal and normal norms and which undermines the authorities' capacity to secure the welfare of all citizens". And finally, a narrower definition that is especially suitable for the topic of this thesis is suggested by Ahlin (2001). He explains corruption as the extra fees or bribes that must be paid by entrepreneurs in order to operate an official business.

Corruption in business is quite a common element. Some forms of corruption are usual and involuntary accepted, so they are even dealt as the price of doing business. Segraves comments in her article that the cost of corruption is often passed to consumers, and it stifles competition and subverts the free market. Additionally, Gray *et al.* (2004) admit that it is not easy to estimate the levels of corruption experienced by all firms in the country as a whole. For this reason, the only analysis that could be conducted is a comparison of the types and levels of corruption encountered by different types of firms across countries (e.g. small or large, private or state-owned, new or old).

In line with OECD (2013), there are several categories of different actions of abusing public office for corruption and they help to understand how corruption is related to business. The concept includes four broad categories of human action: bribery, extortion, patronage and theft of public assets. In accordance with The Global Infrastructure Anticorruption Centre, all types of corruption are considered as criminal offence in most jurisdictions. The variants of corruption according to Inna (2015)

Bribery

Bribery is by far the most widespread form of corruption in business. Bribery occurs in the private sector and it consists of payments by individuals or firms to public officials in order to influence administrative decisions under their responsibility (OECD, 2013). From an ethical point of view bribes are considered to be as “evil” in most cultures, empasizes Verhezen (2009) in his book. Bribers and bribees either try to explain bribes as “gifts” or hide them from public, as they are illegal and immoral in most of the countries. The bribee tries to make public believe that the “gift” is offered only as a sign of appreciation. Verhezen (2009) states: “a bribe is a “gift” or a payment presented by a briber who expects a special consideration in return, one that is specifically incompatible with the duties of the bribe's role”. In comparison to a gift, the bribe is a payment for a definite service which remains secret. For instance, many multinational companies limit the monetary value of sincere gifts at a value less than USD100 to distinguish them from possible bribes. Anything exceeding that value limit is automatically considered as an internal offense against the ethical procedure.

Bribery is understood as dishonest behavior due to its violation of trust in politicians, business relations and bureaucrats. The temptation to sell something which is forbidden provides a base for the bribery; hence, everything has its price. Bribes sometimes referred to as "grease" money. Moreover, Segraves (2011) explains in her article that small businesses may bribe larger companies to get contracts, and in newly developed countries small businesses may have to provide additional payments to local utilities in order to receive phone service and electricity. Bribery usually takes place when a bribee has some monopoly power on imperfect market and there no appropriate rules on it.

Bribers tend to offer bribes in order to obtain unfair or undeserved benefits or to solicit reductions in socio-economic costs. While giving and receiving bribes three possible kinds of thresholds may be ignored (Verhezen, 2009):

a) an entrusted reputation of integrity;
b) social norms of accountability and moral responsibility;

c) legal rules of an institutionalized judicial system.

Bribery is based on reciprocal relationship in which trust is a mandatory element. In this case trust does not mean that a person is trustworthy, trust is just a way to deal with uncertainty (Verhezen, 2009). Nonetheless, the trust between the corruptor and the corruptee does not build a warm alliance. In countries where legal enforcement or efficient institutions are absent deals are often facilitated by personalized relations.

Hence, informal trust and its related networking become more important, though the sides of this kind of relationship do not wish to be socially recognized. After the materialization of the service both will exit the relationship, but later a similar exchange may be repeated under the same circumstances. The money invested into a bribe usually gives a return immediately. Defenders of bribery hold the position that bribery has appeared in conditions where government does not work efficiently, so public officials remain underpaid and unmotivated. From this point of view the incentives for bribes are high and the short-term benefits seem obvious (Verhezen, 2009).

They do not try to create a “common good”, instead, gift objects are used only for private benefit which shows the real character of the bribe. Furthermore, corrupt officials benefiting from bribes may redesign their activity by creating scarcity, delays or red tapes in order to encourage bribery (Verhezen, 2009). Due to bribery unfair competition undermines the morality of “fair players” and destroys the market system. Bribery weakens the social contract between agent and principal, and thus, jeopardizes the functions of public office. As a consequence, bribery destructs any form of good reputation.

Furthermore, Verhezen (2009) indicates that bribery and corruption are the diseases of cooperative social order. They lead to a loss of enormous amounts of public revenues from taxes, custom duties and privatization programs. Moreover, income inequality caused by illegal redistribution of funds or state activities is also a result of bribery and corruption. In spite of it, the level of bribery is not a critical variable as long as the economic growth rate is able to absorb the inefficient cost of corruption. However, bribery should be distinguished from extortion, as the latter one includes harm to another person, when the former represents a desire to influence (Verhezen, 2009). Nevertheless, bribery and extortion are the opposite ends of the same problem (OECD, 2000).

Some could argue that there is nothing immoral when giving a bribe for more efficient job of public servant, it could be even considered as “tips”. Yet, in Verhezen's (2009) opinion such system of “tips” could easily lead to extortion.

Extortion

Extortion is defined as an act of threatening harm to another person in order to obtain benefits to which one has no prior rights (Verhezen, 2009). Legal dictionary defines extortion as "the obtaining of property from another induced by wrongful use of actual or threatened force, violence, or fear, or under colour of official right".

If the victim of extortion provides the payment or other benefit, it will normally become liable for the offence of bribery. Some types of extortion threats are aimed to harm the victim's business. Extortion is a real problem and a current-day crime for many small business owners, emphasizes Davis in his article. Internet-related extortion may occur as a number of small entrepreneurs are doing more and more businesses online, consequently the cyber-criminals are following the trail. Davis additionally notes that sometimes extortion is reported as an attempt against business people who receive e-mails with their customer information attached. The extortionists demand money in exchange of not exposing commercial information to competitors and customers themselves. The crimes can be committed by hacker-cybercriminals or even by a dishonest employee. In fact, the concepts of extortion and facilitation payments can overlap, and the terms are sometimes used to describe the same occurrence. Nevertheless, the literature on law enforcement has identified extortion possibilities as the key obstacle to successful control of corruption (Mishra and Mookherjee 2012).

Patronage

Patronage is usually a financial support that is given to an organization or activity by a provider of patronage, namely patron. According to OECD (2013), "corruption in the form of patronage (sometimes called favouritism, nepotism, clientelism) consists of the preferential treatment of firms and/or individuals by public officials regarding the compliance with government rules for the allocation of government contracts or transfer payments". Green and Ward (2004) define that in business conditions public officials do a favour to a private company by "bending" the rules, and the latter one gives a gift to the official in return.

In addition, personal connections play an important role in patronage and many private business relations rely on trust and reputation to assure qualitative performance. Rose-Ackerman further asserts that a close personal link between private entities and public officials often undermines the transparency and effectiveness of both public and private institutions. Moreover, personalized ties will limit the entry to the market for new competitors. Quite often patronage is focused on big business interests, like in state-owned enterprises where a state is the main customer. In this case government procurement contracts are given away to a specified company without any competition.

In many developing countries credit and banking services are a common source of patronage and corruption. Moreover, in the developed countries patronage is common among municipal parties and constituencies (Jamal, 2010). As a result, the long-run consequences of patronage are so profound that it complicates the creation of effective state and private institutions.

Embezzlement

Investopedia defines embezzlement as “a form of white-collar crime where a person misappropriates the assets entrusted to him or her”. In this type of fraud, the assets are attained lawfully and the embezzler has the right to possess them, but the assets are then used for unintended purposes. A business journalist Ray in her article presents an argument to emphasize the difference between embezzlement and stealing. She explains that embezzlement is done from the inside, and it involves stealing resources that were meant to be protected by the hired person. As a result, the most commonly embezzlement is done by employees or others with fiduciary responsibility. A company owner can lose a great amount of money before even suspecting that embezzlement is going on. In accordance with Legal Information Institute, embezzlement can involve not only taking large amounts of goods or money from a company at once but also taking small amounts of money over time. Sometimes company managers under-report the income to their supervisors and keep the difference. Undoubtedly, income reported to tax officials does not illustrate the real picture; as a consequence, embezzlement involves income tax evasion.

Embezzlement is a common problem, and it can have serious negative effects on the businesses that fall victim to it.

The way how embezzlement affects business is explained by Ray (2011) and listed below:

a) business suffers direct losses due to a shortage of money or other assets. In particular, new or small businesses are affected the most;

b) overcharging customers in order to get the resources of the company makes the business appear incompetent;

c) the secrecy required for embezzlement prevents honest and open working business relationships. Some ways how to protect business from embezzlement are mentioned in Bianco’s article.

In his opinion, companies need to develop a program to recognize signs of employee fraud, for instance examination of source documents. Besides, internal controls may prevent embezzlement, for example, segregating duties, regular or programmed transfers of employees from department to department, and mandatory vacations. Finally, a usual sign of embezzlement includes anything out of the ordinary, such as unexplained inventory shortages, larger than usual purchases, significantly higher or lower account balances, excessive cash shortages or surpluses etc. Transparency International (TI) states that corruption hurts everyone who depends on the integrity of people in a position of authority. Corruption may also be defined as the abuse of entrusted power for private gain. Transparency International uses this definition. It captures three elements of corruption:

a) **Public and private sectors**

Corruption occurs in both the public and private sectors. This includes media and civil society actors. Actors can be individuals, companies, or organisations such as political parties.

b) **Abuse of power**

Corruption involves abusing power held in a state institution or a private organisation.

c) **Benefit**

Both sides involved in the corrupt act benefit, either in terms of money or undue advantage. In a study conducted on behalf of OECD, Fjeldstad *et al* (2016,) reported that a factor such as corruption was found to be the sixth most serious constraint as 33.2 % of micro enterprises cited this as negatively affecting their business. Corruption, especially among public officers has the potential of raising business costs for enterprises as they may be asked to pay bribes in order to obtain necessary business documents such as licenses quicker and avoid the red tape that still exists in most public institutions. Figure 2.5 below is manifestation of corruption prevalence as reported by Transparency International Zambia (TIZ).

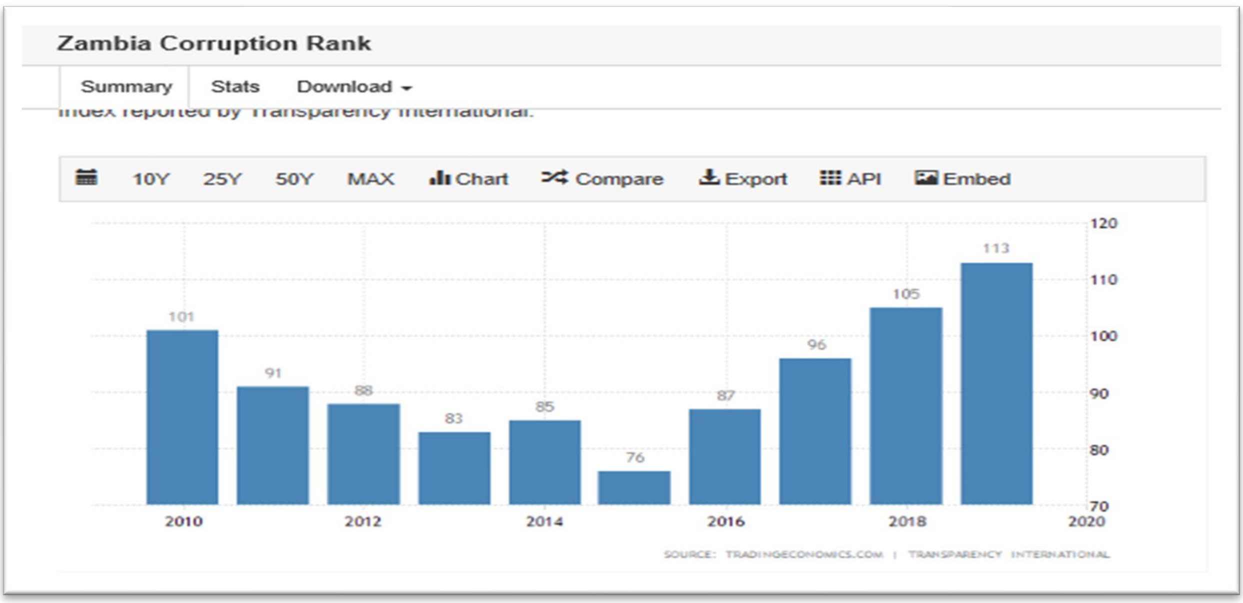


Figure 2.5: Corruption Perception Index (CPI)

Source: Trading Economics.com

The (CPI) from transparency International is consistent with the view of the majority of respondents in that the index has been consistently rising from the low 2015 at 75% to the high of 97% in 2017. In Zambia, low levels of democracy, weak civil participation and low political transparency are associated with corruption. Higher levels of bureaucracy and inefficient administrative structures. Low press freedom and low economic freedom are equally key to promoting corruption.

2.10.9 High Cost of Borrowing

The high interest rates, high fees and other costs of banking services charged by commercial banks and financial institutions are a major barrier to SSCs accessing funds for business start-ups or expansion. According to The Indo Zambia Bank 2014 annual report, the Bank of Zambia, in response to rising inflationary pressures and volatility in exchange rates tightened the monetary policies significantly by raising the Monetary Policy Rate (MPR) rate from 9.75% to 10.25% in March 2014, and then to 12.0% in April 2014. This was adjusted to 12.5% in November 2014. In response to these policy changes by the BoZ, the average lending rates by commercial banks rose to 20.5% in 2014 from 16.4% in 2013.

The situation was worsened in November 2016 when the Bank of Zambia adjusted its policy rate to 15.5%, pushing commercial banks average lending rates to peak around 40%. Such interest rates prove to be very exorbitant and affect the cost of borrowing.

This in turn renders loan repayments very difficult as they cannot match with the projected revenues and profits of most businesses thereby, potentially sending most SSCs into financial ruin. The issue of interest rates and exchange rates does not only affect SSCs but banks as well.

Most banks cite macroeconomic obstacles such as volatility of the Kwacha, rising costs of funding and inflation as some of the major macroeconomic obstacles to providing finances to SSCs. The local currency has, over the years seen massive depreciation. For example, according to the Bank of Zambia, the Kwacha has depreciated from a level of K4.796.11/US$ at End-December 2010 to a level of K10, 200/US$ at the close of June 2018. The macroeconomic factors extend to government's policy inconsistency, mostly reacting to major events or situations. This has included the government's decision to impose a ban on exports or imports of certain commodities such as maize, fuel and even certain products. In addition, the government recently removed the subsidy on electricity, thereby pushing up tariffs, only to reverse the decision after a short period.

The government equally introduced measures to control foreign exchange trading and payments through a new statutory instrument (SI 33) that prevented payments and pricing of goods in foreign currency as well as disclosure requirements for all citizens with foreign accounts abroad. This decision too was later reversed after a backlash from the business community.

2.10.10 Government Policy on Interest Rates

The Zambian government throughout its policy statements indicate that they pursue the free economic policies and hence do not set the cost of capital or interest rates. However, some actions do not point to free economic policies. However, economists some economic commentators have indicated that under the guise of free economy, the government decides the cost of borrowing. One such is Saasa, (2017) who indicated in a paper presented at the Economics Association of Zambia symposium that Zambia is no longer a free market economy

2.10.11 Collateral Requirements for loans

As part of commercial banks risk management policies (ZANACO Bank SSCs policy) most banks require entrepreneurs to offer tangible collateral as security for their loans. This collateral would mostly be in form of property and depending on the amount, could include movable assets such as motor vehicle. The requirement of collateral to secure business loans has greatly affected the ability of SSCs to access finance as most of them are not able to provide such collateral. Further, the banks require that the collateral to be provided be insured by the entrepreneur and a latest evaluation report on the property that is adequate to cover the borrowing sought be submitted with the application for the loan. These costs provide further hindrance to access to finance for SSCs.

In Zambia, in order to increase SSCs and individuals access to finance, the government has amended the law on bank lending to allow for banks to accept movable assets such as household goods, motor vehicles, agriculture equipment and other items of value. This measure will force banks to expand their involvement with SSCs and to provide small loans to those with low value assets.

2.10.12 Provision of Audited Financial Statements

Most financial institutions require the SSCs to produce audited financial statements for the previous three financial years. This means that a SSC which would not have been in operation for three years or has not kept clear and formal accounting records may not be able to obtain financing from commercial banks. It is very well known that most start-ups operate in informal set-ups and formalize their operations with time, as their businesses grow.

Requirement for cash flow projections-There is a requirement for entrepreneurs to provide projected cash flows for twelve months, Bank statements for twelve months, and a business plan to support all assumptions made before consideration for financial support could be made (Finance Bank SMEs Policy). With the already discussed lack of skills and business acumen, most SSCs are not able to prepare bankable business plans let alone afford to pay a consultant to prepare one for them.

2.10.13 Training and Education

Junaida (2013) states that the general assumption is that the businesses that pay more attention to training and development will be more successful in the long run. A large body of small businesses training literature has attempted to address this issue by empirically testing the relationship between training investments both in terms of resources, time and business performance through individual and organisational performance data. This aspect is consistent with the views of Phiri (2016) who reported that Zambian SSCs have relegated training to the peripheral as the skills training institutions such as Mansa Trades Institute, Livingstone Trades Institute, Lukashya Trades Institute and Lusaka Trades Institute to mentions just a few that were training artisans in hands on skills have been turned into business colleges thereby denying artisan training opportunities.

These artisans are said to be the engine of the construction industry and their elimination from the equation poses a danger to the very survival of the SSCs.

2.10.14 Lack of adequate Capital

Financial and investment opportunities need to be provided to the SSCs by banks. Even though it is difficult for SSCs to obtain finance, there is good news for those that are blossoming; contact for investment and finance is no longer a problem. A total of 18% of all firms that submitted applications for bank loans and 16% for credit facilities and bank overdrafts, were successful (BAZ, 2019). Well over two thirds of credit and overdraft applications have been fully granted. In South Africa, Mahlaka (2014) has highlighted that 13% of overdraft or credit applications, as well as 10% of bank loan applications were rejected. However, it is without doubt that SSCs also fail due to lack of capital. Fatoki (2014) states "lack of capital is often the most critical challenge that a successful SSC faces as its very success creates this and it quickly becomes a vicious cycle".

Without cash flow, management and or raising more capital including debt, the business is often constrained by capital as it grows. Often the profit in one operating cycle is insufficient to find extra working capital required for the next operating cycle especially when the major client is the government. However, the solution is often simpler that most businesses realise. It often starts with a plan to determine cash needs and when cash needs arise. Capital in the Zambian capital markets is for the elite.

With the only 22 companies listed on the Lusaka Stock Exchange due in part to difficult to achieve listing rules, SSCs are left with almost no other source of financing but to approach banks whose lending rate averages 45%. This is despite the central bank, Bank of Zambia (BOZ) setting the Monetary Policy Rate (MPR) at 9.75%

2.10.15 Corporate Governance

There are several definitions for corporate governance. However, the most appropriate definition which is more relevant to SSCs describes corporate governance as "a set of rules, regulations and structures which aim to achieve optimum performance by implementing appropriate effective methods in order to achieve the corporate objectives". In other words, corporate governance refers to internal disciplines or systems, which govern the relationships among 'key players' or entities that are instrumental in the performance of the organization.

Moreover, it supports the organization's sustainability on the long term and establishes responsibility and accountability. It is sometimes argued that because SSCs have few employees who are mostly relatives of the owner and thus no separation of ownership and control, there is no need for corporate governance in their operations. Also, the question of accountability by SSCs to the public is non-existent since they do not depend on public funds. Most especially the sole proprietorship businesses do not necessarily need to comply with any disclosure. In spite of these arguments, there is a global concern for the application of corporate governance to SSCs. It is often argued that similar guidelines that apply to listed companies should also be applicable to SSCs. The extant empirical literature on corporate governance of SSCs focuses on a number of factors including board size, board skill level, board composition and control.

The guidelines of corporate governance aim to achieve greater transparency, fairness and hold executive management of the organization accountable to shareholders. In doing so, corporate governance plays a pivotal role in protecting shareholders and, in the meantime, duly considers the interest of the organization at large without prejudice to employees' rights. Whilst executive management should have reasonable level of power to run the business, corporate governance ensures that such powers are set to practical dimensions in order to minimize misuse of authority to serve objectives not necessarily in the best interest of the shareholders. Therefore, it provides a framework for maximizing profits, promoting investment opportunities and eventually creating more jobs. In general, corporate governance highlights two major principles:

a) Oversight and control over the executive management's performance and strategic directions.
b) Accountability of the executive management to the shareholders.

For that reason, the principles of corporate governance apply on those who assume the ultimate responsibility for success or failure of the organization. On the other hand, it is imperative to understand that the proper implementation of good corporate governance does not necessarily guarantee success of the organization. Meanwhile, a bad corporate governance practice is certainly a common syndrome causing failure in many organizations. In other words, corporate governance refers to internal disciplines or systems, which govern the relationships among 'key players' or entities that are instrumental in the performance of the organization. Other definitions have been given to corporate governance.

For an SSC, it concerns the respective roles of the shareholders as owners and the managers (the directors and other officers). It is about setting rules and procedures as to how the company is run. It is also about putting checks and balances in place to prevent abuses of authority and ensure the integrity of financial results. As a result, the role and independence of the auditor has been under the microscope. The main corporate governance themes that are currently receiving attention are:

a) adequately separating management from the board to ensure that the board is directing
b) and supervising management, including separating the chairperson and chief executive roles;
c) ensuring that the board has an effective mix of independent and non-independent directors; and
d) establishing the independence of the auditor and therefore the integrity of financial reporting, including establishing an audit committee of the board.

It can be argued that for SSCs in particular the role of other stakeholders must be well articulated through a bottom-up approach where unions' (in the case of workers) views are explicitly laid out at board meetings. In this case there should be explicit rules governing the channelling of such views to board meetings. Indeed, the interest of communities, customers and allied stakeholders could be channelled through similar processes.

The application of a broad view of corporate governance should not be limited to the boardroom and this view allows us to take into considerations issues that encourage corporate entrepreneurship. Particular attention must however be paid to the possible tensions that will exist between owners and the board in the case of sole proprietors especially in an economy like Ghana where traditional cultural practices about ownership tend to scoff into businesses. A well-designed system will result in reaping the benefits and thus attract other SSCs into adopting corporate governance systems. It is important to note here that fostering good corporate governance mechanisms greatly impacts innovative ideas in corporate business.

Enforcing corporate governance practice result in strict and stringent mechanisms which could dampen corporate entrepreneurship Moreover, it supports the organization's sustainability on the long term and establishes responsibility and accountability.

The guidelines of corporate governance aim to achieve greater transparency, fairness and hold executive management of the organization accountable to shareholders. In doing so, corporate governance plays a pivotal role in protecting shareholders and, in the meantime, duly considers the interest of the organization at large without prejudice to employees' rights.

The issues of corporate governance is a relatively new phenomenon to the Zambian context taking into account that the country has had corporate failures and most but not all blamed on corporate governance failure. The majority of failures have been in the State-Owned Enterprise (SOE) side where political patronage has been blamed. This resulted in the establishment of the Institute of Directors (IOD) as a way of enhancing corporate governance practices (Phiri 2016). There is therefore a strong case for ensuring that some semblance of corporate governance in applied to the framework of the SSCs business.

2.10.16 Delayed Payment

In the construction industry, payment is the sum of money paid to contractors after their work for certain projects has been successfully completed. In a typical engineering and construction contract, it is apparent that the contractor has promised to carry out all the works under the contracts. On the other hand, the employer must keep his side of the promise by considering payment when due which in most cases comes in monetary form. Payment is considered as the life blood of the construction industry because construction projects often involve very large capital outlay. It is very obvious that a healthy and consistent disbursement of money is a critical point in determining contractor performance.

In order to ensure the flow of the work activities under the contract and its eventual successful realisation, construction contracts have to be drafted. Delay in getting payment especially from the government was reported as another key contributor to the failure of SSCs. It has been noted that delayed receipt of payment from government affect the performance of the businesses they claimed that most often they get loans from banks and the delayed payment meant that they had to borrow money from other sources to meet their debt servicing usually at higher rates than banks. Most African governments run budget deficits. The trickle-down effect is that governments are not able to pay suppliers of goods and services on time. The delay in getting payment especially from government is exacerbated by corruption, red tape and lack of or poor funding to spending agencies due to budget deficit as indicated above.

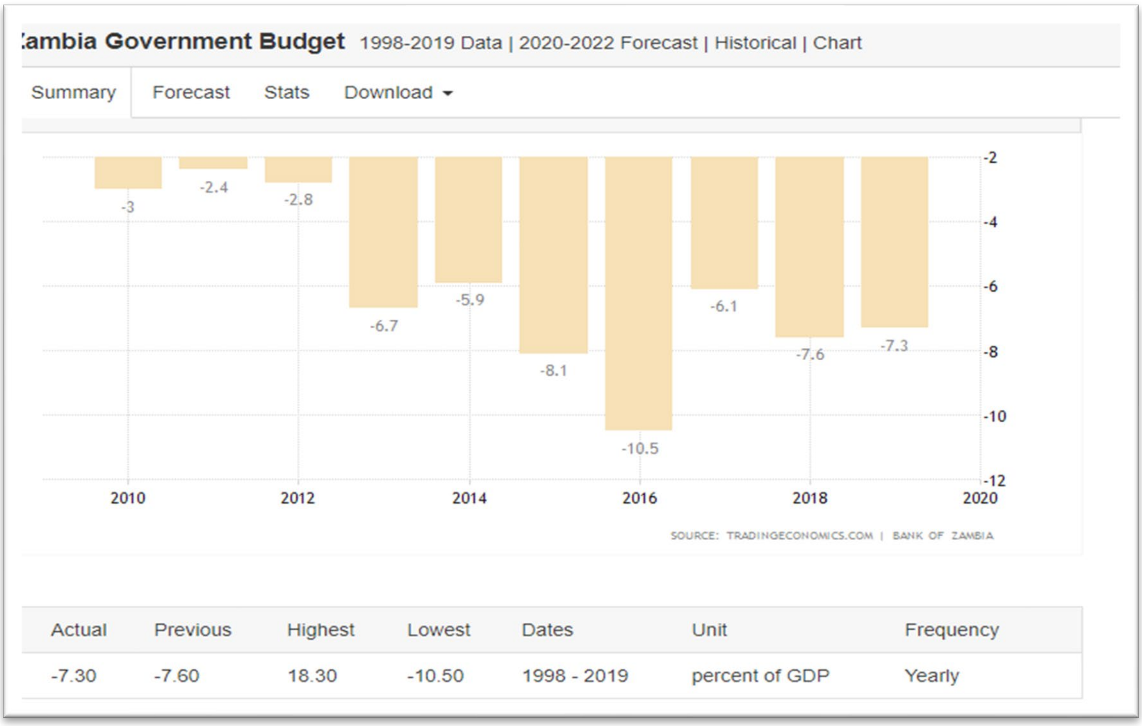


Figure 2.6 Zambia Government Budget Deficit

Source: Trading Economics (2020)

Figure 2.6 above show that the Zambian government has been running a budget deficit for the past 10 years with the highest being in 2016 when the deficit reached 10.5% and lowest being in 2011 when the deficit stood at 2.4%. This state of affairs entails that government expenditure significantly reduces and the first casualty is the payment of goods and services that the government contracts. Since the biggest client for most SSCs is the local and central government, this delayed settling of debt

Ayudhya (2012) posited that the prolong time required for the procurement and payment is a strong indicator that the company is in financial difficulties. Ayodele and Alabi (2011) opined that delayed payment results to the loss of continuity of construction activities and consequent breakdowns in the command structure and communications. This negatively affects the SSCs as the funds when finally received would have been eroded with inflation which has been hovering around 8%, (Central Statistics Office, 2018). Most of the time, contractors would blame clients when they receive late payment; however, contractors also contribute to this situation.

Contractors often borrow working capital from banks in order to finance their construction operations and invariably have to pay interest on these borrowings. Contractors are highly dependent on regular interim payments from employers during the course of construction to help discharge the debt so accrued. Therefore, when a SSC does not receive interim payments on time or in accordance with the terms agreed or for the proper amount, the interest he or she needs to pay in the form of finance charges to the bank will invariably increase. Delayed payment will also affect the contractor's performance. The SSC may end up having demoralised employees and in worst cases these employees may leave the company for greener pasture

2.10.17 Difficulty Acquiring Work

Entrepreneurs venture into business for various reasons. There are those whose motivation is to meet a societal need. These are termed social entrepreneurs while there are those that start scalable start up entrepreneurships. In the case scalable entrepreneurships, the motivation for the promoters is profit and growth. It is with background that for a small-scale business to grow, it should have jobs to perform and make a profit out of such. SSCs are faced with a myriad of setbacks and key among them is the difficulty in acquiring work. For a start-up, it is particularly difficult as the business would not have a track record or references for similar work done to convince anyone that they can perform to expectation.

2.10.18 Family relationships

Understanding the family business environment starts the process of success with family labor. The family business environment typically has the following key characteristics:

a) *The family and the business overlap*. Family considerations affect many business decisions; for example, business expansion is justified by a son's interest in the business. On the other hand, business considerations affect many family decisions; for example, bathroom and kitchen remodelling must wait until an additional truck is paid for.

b) *The small business way of life brings great satisfaction to family members*. Many families want to continue their attachment to the business and each other as long as possible. Children grow up wanting to raise their children the way their parents raised them.

C) *Family pride, values, history, and willingness to sacrifice drive the business to success*. The family business is much more than a business. It is often a family's identity in the community. Family members are willing to sacrifice much for the success of the business.

b) *The family culture emphasizes self-employment*. Most owners highly value self-employment. Not surprisingly, their children are often raised to prefer self-employment over working for someone else, especially a neighboring business. The desire to be part of ownership and management often dominates career decisions.

c) *The opportunities provided by a small business may not fit the strengths of family members*. The strengths of younger siblings in the management of crops, machinery, or sales often duplicate the strengths already in the business. An answer to the desperate need for strengths in financial management, marketing, or labor management may be nowhere to be found among family members in the business.

d) *Chronic health problems, weather, marital problems, economic difficulties, and calamities impede progress of the business*. Factors over which the family has little control continuously affect the outcomes of plans and expectations. *Family members often come into the business with vague job descriptions, compensation packages, and placement in the business hierarchy*. Confidence that everything will work out substitutes for careful discussion of the pros and cons for joining the business. Growing up in the business or marrying into it leads to the conclusion that not much can or will change.

Although the family may be a repository of resources for an entrepreneur, it may be overly simplistic and straightforward to assume that the level of cohesion and commitment is the same in all family relationships (Moor and Komter 2012; Wiklund et al. 2013). For instance, children maintain and nurture strong relationships with their parents and siblings, but as they grow and form their own families, new emotional relations develop in these new constellations.

It is noteworthy that the family is a social group with varying levels of cohesiveness and solidarity between family members (Wiklund et al. 2013).

This generates different strengths of ties between family members and influences unique levels of cohesiveness, which may subsequently impact the economic behaviours of family members (Wiklund et al. 2013). Therefore, because family firms involve several family members and relationships in complex networks (Hasenzagl, Hatak, and Frank 2018) as well as varied socioemotional attachment to the family firm (Miller and Le Breton-Miller 2014), it is necessary to examine the roles of the different familial relationships on firm performance and their potential moderating effects on skill variety.

Several of these family characteristics appear negative. In fact, many family businesses are unsuccessful in bringing in succeeding generations. The challenge is to take advantage of the significant strengths of family businesses while dealing with their inherent weaknesses. Many family businesses succeed and thrive generation after generation. Top managers and the rest of the family working hard at family relations explain the success. The following three sections suggest guidelines that can help bring about the success.

2.10.19 Failure to find Work

Other authors, such as Valeria Scherger et al (2011) used fuzzy methodology to identify the causes of failure of SSCs and to forecast firms' health. The authors identified 74 causes, of which internal non-individual factors can be singled out: type of organization, centralization of decision making, information management, computerization of the firm, internal communication, adaptability to change, degree of investment, work force's educational level, difficulty of getting qualified labor, degree of unionization, frequency of employee training, planning, external advice, average time of payment to suppliers, stocks policy, cost level compared to sector, contracts, price level, type of clients, advertising and promotions, use of facilities, market reach, budgetary control, financial planning, location form and means of payment, quality level, projects above possibilities, financial history, customer satisfaction, sector experience, financial decisions, absenteeism, problems with deliveries, mistakes in decision making, delays in decision making, technological level, firm's age, frequency of management changes, work accidents etc. They also identified external factors which are not predictable and SSCs cannot do anything about them. Among the key external factors identified was the lack of jobs or capacity to find jobs especially from the central and local governments.

2.11 SSCs - Comparative Observations

Construction practice has undergone a great deal of development in response to the dynamic nature of human needs and infrastructure (Anumba *et al*. 2008). The introductions of information communication technology, manufacturing concepts, green economy etc. are the issues that the construction practice have implemented to better its process. Managing projects is one of the oldest and most respected accomplishments of mankind with inputs from builders, architects, masons and craftsmen (Irefin 2013). The construction of the pyramids, ancient cities, the Great Wall of China and other wonders of the World are such evidences.

As construction practice is in high demand, there is also a higher need for adequate successful planning and controlling of resources during the process of construction. The construction practice entails the entire system that defines procedure and standards for all phases of the building process; dictating responsibilities and interaction among the building industry professionals, who are in charge of making decisions and may also be involved in construction practice as Project Managers.

2.11.1 The Case of South Africa

In every economy, the construction sector plays an important role to improve the social economic conditions of its citizens. In South Africa, SSCs enter the market at the lower end and in the general building contracting category, making the sector extremely competitive and unsustainable and the emerging contractor policies intended for Black Economic Empowerment (BEE) are being used as job creation opportunities, which contributes to the overcrowding of the emerging market. It is common for black businesses to be based on manual skills which are used to satisfy needs of the community. SSCs in the context of South Africa refers to small business which is owned (at least 50%), managed and controlled by previously disadvantaged persons and which is overcoming business impediments arising from the legacy of apartheid. However, technical competence is no guarantee of business success. Operational (e.g. scheduling and ordering) and business (e.g. planning, financial control and budgeting) skills are vital to the success of any enterprise. SSCs contribute positively to the economics of the country and to the survival of large numbers of people.

Furthermore, customer satisfaction was found to be one of the factors affecting contractor performance and reputation in (Gharakhani *et al*. 2013). As for skills shortage in SSCs sector, the country 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. The imbalances of the past with regard to the school curriculum known as “Bantu education” which did not offer much mathematics and science as part of the curriculum hinder the emerging market as these subjects are essential for entry into the engineering and built environment industry.

This Bantu system secured the exclusion of black people from participating in the construction industry as they did not have the necessary skills required. According to Matas (2010) the Bantu Education Act No. 47 of 1953 established a Black Education Department in the Department of Native Affairs which would compile a curriculum that suited the nature and requirements of black people. The aim was to prevent Africans receiving an education that would lead them to aspire to positions they would not be allowed to hold in the apartheid society. Africans were to receive an education designed to provide them with skills to serve their own people in the homelands or work in labouring jobs under whites. On the other hand, the job reservation of 1951 applied to Blacks, Coloureds and Indians. The notion behind job reservation was the best, the most highly skilled jobs, should be reserved for whites.

Social stratification was at the core of apartheid as black people were not allowed opportunities to own any business but to only provide cheap labour to white minority. The 1951 Native Building Workers Act provided that no Black might be employed as skilled building workers outside of a Bantu area. The above discussed Acts created a skills shortage among the Africans to compete in the labour market. Further, Twala (2012) catalogues the following as possible causes of SSCs failure in South Africa:

Skills related barriers

South Africa 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. He stated that while the promulgation of the Skills Development Act of 1997 was commendable, micro enterprises already express concern about the administration costs of recovering levies in the form of grants for training undertaken, 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 barriers

Efforts to promote SSCs access to finance might have more impact on development and growth but access is limited and cost of capital is high. While government has made some efforts to increase accessibility to finances, the targeted programmes have had limited success because awareness and usage of existing promotional programmes is very low. In addition to insufficient access, high interest rates also pose a constraint to SSCs growth.

Legal barriers

With regard to legal barriers, a commonly perceived constraint of SSCs is the labour laws which are said to raise the cost of employment artificially prolong retrenchments or corrective action and do not allow for adequate flexibility especially in wage settings and the arrangement of working time. As a result, enterprises feel a profit squeeze and impact on the willingness to create jobs.

He concluded that after 13 years into new democratic South Africa, the state of SSCs continues to be unsustainable and even with existence of supportive programmes (i.e contractor development programme and emerging contractor development programme). The South African construction industry will continue to provide jobs for Historically Disadvantaged Individuals (HDI) but without such intervention, SSCs will remain unsustainable and their performance unsatisfactory. Other studies stated that that lack of effective management during their early stages is a major cause of business failure for SSCs. Owners tend to manage their businesses themselves as a measure of reducing rational costs.

Poor record keeping is also a cause for start-ups business failure. And lack of financial management; lack of entrepreneurial skills; lack of proper training; lack of resources; lack of technical skills, lack of contractual and managerial skills; late payment for work done which are common with government contracts; inability to get credit from suppliers and fronting for established contractors are also contributing factors for the failure of SSCs in the country. Twala (2012) considers the following points as the main factors to consider for the success of the SSCs in the country:

a) Business skills: location of business premises is very important, set specific targets for the business, carrying out market research, employ qualified personnel and put them in position according to their skills, know and understand existing skills needed and attend refresher courses on business management skills.

b) Management skills: financial management should be emphasized, networking with other people with similar businesses and keeping records of workers to help in evaluation of the performance.
c) Access to capital: merge with others that have similar businesses, negotiate favourable credit purchases from the supplier, source affordable loans from financial institutions and negotiate advance payments from the clients.
d) Good record keeping: financial record should be prioritized and establish a record of books of accounts on a daily basis, weekly, monthly and annual basis.
e) Well managed Cash flow: prepare cash flow forecast and budgets, prepare a cost-benefit analysis, lease equipment and other financial assets to improve your cash flow, negotiate outstanding loans through payment procedures and scale down operational costs.
f) Family/domestic situation: separate business activities and family obligations and look for alternatives sources of income to cater for family basic need.

2.11.2 The Case of Palestine

The Palestinian construction industry has been a vital contributor to the Palestinian economy. It contributed 26% of the gross domestic production. It plays an important role in building up the Palestinian national economy in terms of absorption high number of labors and affecting various economic, social, educational, and vocational sectors. Since the early 1990s, this sector has been subjected to many challenges which have decreased its role in improving the Palestinian economy in contrast with its counterparts in many developing and neighboring countries, (Enshassi 2006). According to Muhamid (2012), the construction industry in Palestine was one of the leading sectors that achieved high rates of economic growth in the 1970s and up to the mid-1980s. During that period, the contribution of this sector increased in terms of providing job opportunities for the Palestinian labour force and the generation of local production. In addition to its social role in providing homes, public facilities and infrastructure for economic enterprises, the construction and housing industry was a driving force in the Palestinian economy.

Gross domestic capital formation in the Palestinian territories rose from $US10.8m to $US520.3m (i.e. 4,717.6 per cent) between 1968 and 1987 – an annual average of 248.3 per cent. This was primarily attributable to the contribution of the construction industry, which ranged from 43 per cent to 82 per cent during the same period (United Nations Conference on Trade and Development, 1994).

He summarized that, the construction industry had been a vital contributor to the Palestinian economy. Since then, this sector has been subject to many setbacks which have decreased its role in building up the Palestinian economy in contrast with its counterparts in many developing and neighbouring countries, Enshassi et al., (2006). However, he also noted that a combination of factors including blockade from Israel, lack of managerial skills, delayed payment by various clients contributed to the decline in the construction sector in the past five years.

2.11.3 The Case of Nigeria

Different studies examined what and why small-scale construction businesses failed in Nigeria. Otim, Alinatiwe, Tindiwensi, & Kerali, (2016) qualitatively reasoned that some of the causes of construction failure in Nigeria were, lack of adequate capital or short fall in meeting a client's project expectation either with regards to completion-time, quality and cost by a contractor is adjudged project failure. Other researchers such as Nzekwe, et al., (2015); Elsokhn and Othman (2014) and Othman (2013) shared this same opinion. Meanwhile, in the view of Otim et al., (2016) project failure could be due to improper planning and poor management of resources.

A study of about 39 SSCs in construction sector performance illustrated that a majority of them operated at between 30%-35% of their established capacity between 1995-1996 with sales and profit volume showing little increase, NCI (2001). Erratic supply of power as well as inadequate infrastructural amenities has contributed directly to low capacity utilization of the Small Scale Contractors in the construction and manufacturing sector in the country Completing the idea about the significance of enterprise indicators (liquidity, profitability and productivity) in providing sustainability of the system, it can be considered that three levels of performance are being formed in the enterprise: actual, target (planned) and standard

Nonetheless, a survey of Small-Scale Contractors in construction sector operating in LDCs showed that owners practically get everything done by themselves without seeking consultation from professionals or experts. This has resulted in incompetence, inefficiency, wastage and under-utilization of resources available to the organization. As it is imperative to manage conflict in projects, thus, the selection of project manager for project management is supposed to include conflict management which is crucial to project success. In line with this view, Verzuh (2012) highlights the importance of the project manager's selection and the use of risk management techniques to prevent project failure.

Although, the selection of a competent project manager and conflict management is important to project success, it could be argued that they are not the only variables to be considered.

It has therefore been realized that other factors could be involved. The aforementioned rationale for project success thus led to constant search for critical success factors among researchers commenced. Among these are Kerzner (2013) who stated that project success also depends on the behavior of the top management of the parent organization and the customer's organization and not just on the actions of the project manager and his team.

The problem of poor education and experience in Nigeria's construction sector has been traced to inadequate relevant and appropriate information or data relating to the proposed business ventures. Verzuh (2012) justified his reasons of why education and lack of experience were big issues in performance of SSCs. He linked the problem of planning and poor management to poor education and experience. Further, Alasan and Yakubu (2011) have explained the lack of pioneering, inventive, innovative, dynamic, vibrant and entrepreneurial skills and abilities necessary to effectively confront and tackle issues as they emerge.

Capital and natural resources are inert factors of production, human beings are the active agents who accrue and amass capital, exploit natural and material resources, put up social, economic and political organization and carry forward national development. Without a doubt, a country which is incapable to build and develop the skills and knowledge of its citizens and utilizes them effectively in the economy will not be able to develop anything else. In the view of Essien & Udofia (2006), effective and successful formal education is the only way to build as well as develop the human skills, expertise and competence required for the growth and development of Small-Scale Contractors in Nigeria and in other LDCs.

2.11.4 The Case of Ghana

According to the Ghana Statistical Service, between 2009 and 2013, the construction and real estate industry contributed on average about 14.34 per cent to the country's GDP (GSS 2018). Given its labor-intensive nature, the construction sector is a major employer within the economy. Key constraining factors cited by contractors operating in the Ghanaian market include the difficulty in accessing finance for building and construction projects, project delays resulting from lengthy bureaucratic processes relating to the acquisition of land and securing building permits, the infrastructure deficit and the slow pace of service delivery.

Although the sector experienced robust growth for more than two decades, during 2016 there was a slowdown in construction activity and investment in the country's private sector. This was attributed to the climate of uncertainty preceding the December 2016 elections.

However, since the inauguration of the new President, New Patriotic Party's Nana Addo Dankwa Akufo-Addo, infrastructure development has been prioritised and role players in Ghana's construction industry are confident that conditions in the sector will improve. Fugar and Agyakwah-Baah (2010) found the following to be causes of delays in building construction projects in Ghana: delay in honoring payment certificates, underestimation of cost of projects, underestimation of complexity of projects, difficulty in accessing bank credit, poor supervision, underestimation of time for completion by contractors, shortage of materials, poor professional management, fluctuation of prices, poor site management, construction methods, delay in instructions from consultants, late deliveries of materials, lack of programme of works, delay by subcontractors, poor design, breakdown of equipment, client initiated variations, obtaining permit from municipality, insufficient communication between parties, necessary variations, shortage of skilled labour, legal disputes, unfavorable site conditions, foundation conditions encountered on site, discrepancy between design specification and building code, bad weather conditions, mistakes with soil investigations, unskilled equipment operators, accidents during construction, shortage of unskilled labour, and public holidays. There is also evidence that Ghanaians approach to government work is poor due to cultural orientation inherited from the colonial era; when public sector work was perceived as belonging to the "Whiteman", hence, it could be handled haphazardly (Amponsah, 2010; Damoah, 2015; Damoah et al., 2015; Damoah and Akwei, 2017). The cultural set-up may have a significant influence on Ghanaian Government construction projects performance

Frimpong et al. (2003) studied factors that cause cost overruns in construction of ground water projects in Ghana. Frimpong (2003) explained that the contractors and consultants mentioned monthly payments difficulties as the most important cost overruns factor, while owners ranked poor contractor management as the most important factor. Frimpong (2005) added that despite some difference in viewpoints among the three groups surveyed, there is a high degree of agreement among them with respect to their ranking of the factors. The three groups felt that the major factors that can cause excessive groundwater project cost overruns in developing countries are poor contractor management, monthly payment difficulties, material procurement, poor technical performances, and escalation of material prices.

2.11.5 The Case of Malawi

As is the case in other African countries, the private sector in Malawi faces many challenges in achieving meaningful strides forward in the economy. Lack of consistency in policy implementations, e.g. interference in the operations of the liberalized markets, poor allocation of resources to the SMEs and the focus on production while paying little attention to extension services and market linkages are some of the issues for which the government has been blamed The construction industry is dominated by small- and medium-scale contractors (SSCs) who face an emerging trend of unique challenges in the implementation of projects Kulemeka *et al* (2015) have attributed failure of SSCs in Malawi to a numbers of reasons. Key among them were:

Poor quality of work

This is a major contributor to SSC business failure. They stated that records at Roads Authority (RA) showed that ex gratia extension of time was granted on projects that could not be handed over due to poor quality. Consequently, additional time had to be allowed for contractors to rework and bring the works to acceptable level for handover and payment certification.

The RA did not impose any penalties on these contracts, hence the granting of ex gratia extension of time. Generally, the decision to grant ex gratia extension of time was based on tangible efforts which the contractor was seen to be putting into the project in trying to achieve the required standards and specifications. From figure 3 below, it can be seen that delivery of approximately 27% of projects executed by SSCs between 2007/2008 and 2010/2011 FYs was affected by poor quality of work.

	Successful	**Fair**	**Unsuccessful**
Scale	Completed ahead of time or on time	Extra time granted for project completion	Liq damages applied terminated or closed
Small	571	309	205
Medium	143	45	54
Total	714	354	259
% of successful against total contracts executed by SSCs	**53%**	**26.7%**	**19.5%**

Figure 2.7: Poor Tender Preparation and Responsiveness

Source: Kulemeka et al (2015)

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From Figure 2.7 above, it can be seen that delivery of approximately 27% of projects executed by SSCs between 2007/2008 and 2010/2011 FYs was affected by poor quality of work.

Failure to Complete Projects on Time

When, at the end of the contract period, it was obvious that the SSCs could not complete the remaining work, even if ex gratia extension of time was granted, the RA "closed" or "terminated" the contract. If the RA was satisfied with the quality of work completed thus far, no penalties were imposed and the project was "closed."

However, if it was clear that the efforts were unimpressive at the end of the contract period, the RA "terminated" the contract and blacklisted the contractor for 12 months. If at the end of the grace period, the ex gratia extension of time, the contract was still not finished, the RA allowed the works to continue but the additional time attracted liquidated damages. Application of liquidated damages did not trigger blacklisting of the contractor. If the SSCs completed the works successfully at the end of the grace period, no penalty was imposed. The foregoing shows that delivery of at least 19% of projects carried out by SSCs between 2007/2008 and 2010/2011 FYs was either not completed or had liquidated damages clause invoked. Ironically, there was a poor performance by the SSCs in this period despite the good economic conditions that prevailed between 2007 and 2010 as can be demonstrated by rate of change of real GDP of above 8% during this period. Figure 1 shows the rate of change of real GDP between 2007 and 2010 which was above 8%.

Kululanga (2012) explained that training (to teach writing and reading skills, financial management and business management skills), business management skills (to ensure sustainable business enterprises), financial management (to manage cash flow, among other things), unethical manners (to combat collusion, professional pricing the same job for more than one bidder, among others) and information technology (to make specific software available such as those required to aid preparation of works programmes) were areas identified to be amongst constraints and challenges faced by local contractors in Malawi.

According National Construction Industry of Council of Malawi (2012) the causes of delay in traditional contracts were due to owner interference, inexperienced contractor, and improper payments of completed work, labour productivity, poor site management, slow decision making, construction methods and improper planning subcontractors.

2.11.6 The Case of Swaziland

The construction sector in Swaziland is not only a significant source of direct employment but also a sector which contributes, through its wide range of projects and operations. The Swazi economy is unable to deliver employment for a growing number of workers.

Structural unemployment and poverty are persistent and growing problems in contemporary Swaziland. Small businesses have been advocated as an important means of generating employment in which Swaziland is not an exception. Thwala and Mvubu (2008) identified the following factors as constraints to the success of local contractors in Swaziland: lack of business management skills, lack of financial management skills, exorbitant interest rates from banks, compulsory business management services, risks involved in construction industry, lack of access to finance both during preconstruction and construction, bad relationships with suppliers, late payments of completed work by the client, lack of collateral, bidding for projects beyond contractor technical or financial capacity, lack of skills to properly program projects resources in monthly segments for healthy cash flow, inability to prepare documents for timely payment, misunderstanding of terms of contract and inability to use applicable contractual instruments to demand performance by client.

Contractor Accreditation Process

A registration of accredited construction enterprises in Swaziland constitutes an essential tool for the industry transformation, for monitoring the performance of enabling environment programmes, and for ensuring compliance with the performance of public-sector projects.

Contractor grading in Swaziland Categories	Local contractors	Foreign contractors	Project Category Eligible to tender for
Category 1	1	2	Locally and internationally funded construction projects above E20 million.
Category 2	1	2	Local and internationally funded construction projects above E10 million but below E20million.

Category 3	4	0	Local and internationally funded construction projects above E5 million but below E10million.
Category 4	6	0	Local and internationally funded construction projects above E1million but below E5million.
Category 5	24	0	Local and internationally funded construction projects above E500, 000.00 but below E3million.
Category 6	158	0	Local and internationally funded construction projects below E500, 000.00.

Table 2.8: Segmentation of small-scale contractors

Source: Wellington, T & Mbuvu, M (2009)

2.11.7 The Case of Cameroon

Cameroon is a Central African country that is a member of CEMAC4 . As it looks towards the horizon of 2035, Cameroon would like to be an "emerging country" with an economy "characterized […] by a predominant industrial and manufacturing sector (in terms of GDP and exports), [and] effective integration into the world economy" (MINEPAT, 2010, p. 50, free translation from the original French). By 2030, Cameroon plans to have a healthy, competitive and diversified manufacturing sector able to reverse the current foreign trade structure (exports and imports) (MINEPAT, 2010, p. 51) by exporting more manufactured goods than primary products (Sevaistre, 2010). Given that the best economies are those in which governments have introduced rules to facilitate market interactions without necessarily inhibiting business development (World Bank, 2013), if Cameroon is to achieve its goals it will need a framework conducive to business development in general and the development of manufacturing firms in particular.

The Cameroon economy has performed satisfactorily since 2010, with growth of more than 4 per cent a year and low inflation (less than 3 per cent). The country also has better education and health indicators than the rest of sub-Saharan Africa. However, it suffers from weak institutions and persistent corruption that hampers development projects. Medium-term prospects depend very much on solving problems of governance, especially making good use of the debt remission obtained under the Heavily Indebted Poor Countries (HIPC) Initiative. But in the short term, support from international funding agencies and the spin-off from building the Chad-Cameroon oil pipeline should ensure good investment performance.

The recovery of the purchasing power of wages, very badly hit by devaluation, continues. GDP growth should be around 3.9 per cent in 2000/01, below the average performance of recent years, because of disruption in export crops (cocoa and coffee) and the timber sector. Lower oil production and a drop in world oil prices from 2001/02, along with the fall in the price of coffee, may keep the growth rate at 3.9 in 2001/02.

Of this 22%, construction sector accounted for 41%. Achieving the Millennium Development Goals of eradicating extreme poverty and hunger, among other social issues, required rapid and sustained growth for African countries and Small-Scale Contractors are proven to contribute to growth and industrialization in poor countries, Odd-Helge et al. (2016). Further, Saravanan *et al*. (2008) find that SSCs comprise over 90 per cent of African business operations and contribute to over 50 per cent of employment and GDPs in Africa. If Small Scale Contractors promotion increases growth, this by itself is likely to imply a reduction in poverty.

Quality of construction is a key component of perceived value to both clients and contractors. The International Federation of Consulting Engineers (FIDIC) noted that “lack of quality in construction is manifested in poor or non-sustainable workmanship, and unsafe structures; and in delays, cost overruns and disputes in construction contracts”. Value and quality of construction are of concern to both public and private sector clients. The procurement process in the construction industry is plagued with a number of problems and challenges. Some of the challenges and problems faced by the construction industry in Cameroon and Africa that leads to the delivery of projects of poor-quality standards are discussed in this write up. Various studies have been carried out to investigates the factors that posing a negative impact on construction quality through the value chain in creating new capital works such as design, procurement and construction. Concerns had been based on the principal issues like; construction, design and procurement related factors.

Furthermore, issues like weak capacity, corruption and embezzlement, finance related issues like budget and funding, procuring design quality, material quality, planning challenges, cultural, human resources and contractor performance issues have been reviewed. These problems have been identified through a critical literature review and field experience drawn from the Cameroon and Africa context and attempts have been made to analyse each of the problems or challenges that lead to the delivery of poor-quality projects. Value and quality of construction are of concern to both clients and contractor in both the public and private sector

2.11.8 Key Issues from Comparative Studies

Causes of failure for SSCs businesses are varied. Causes of SSCs businesses from selected countries in the region and beyond were reviewed as shown in table 2.3

Table 2.1 Key issues from comparative studies

SN	Country	Key Issues Hindering Growth of SSCs
1	South Africa	i) Skills barrier as few black people were allowed to enrol at universities ii) Financial barriers due to black people exclusion iii) Legislation does favour some social classes
2	Palestine	i) Blockade from Israel ii) Lack of managerial skills iii) Delayed payment
3	Nigeria	i) Fluctuations in prices of materials ii) Access to capital iii) Shortage of skilled labour iv) Corruption in awarding jobs especially from central and local government v) Breach of contract by public clients
4	Ghana	i) Delay in honoring payment certificates ii) Underestimation of cost of projects iii) Underestimation of complexity of projects iv) Difficulty in accessing bank credit v) Underestimation of time for completion by contractors vi) Poor professional management vii) Poor site management viii) Discrepancy between design specification and building code ix) Unskilled equipment operation x) Unskilled labour, and public holidays.

5	Malawi	i) Poor quality of work ii) Failure to complete projects on time iii) Poor business management skills iv) Delayed payment the client (mostly local and central governments)
6	Swaziland	I) Bureaucratic accreditation process II) Lack of business management skills III) Lack of financial management skills IV) Exorbitant interest rates from banks V) Compulsory business management services VI) Lack of access to finance both during preconstruction and construction VII) Late payments of completed work by the client VIII) Biding for projects beyond contractor technical or financial capacity IX) Lack of skills to properly program projects resources in monthly segments for healthy cash flow
7	Cameroon	i) Poor Project Management ii) weak capacity iii) Corruption and embezzlement iv) Finance related issues like budget and funding v) Procuring design quality vi) Material quality vii) Planning challenges viii) Cultural

Causes of SSCs businesses from 7 countries (Ghana, Cameroon, Palestine, Malawi, South Africa, Swaziland and Nigeria) indicate that some common factors of SSCs business failure. Key among them is the lack business management skills which appears to be in almost all the 7 countries. Lack of financing options stands out prominently as corruption.

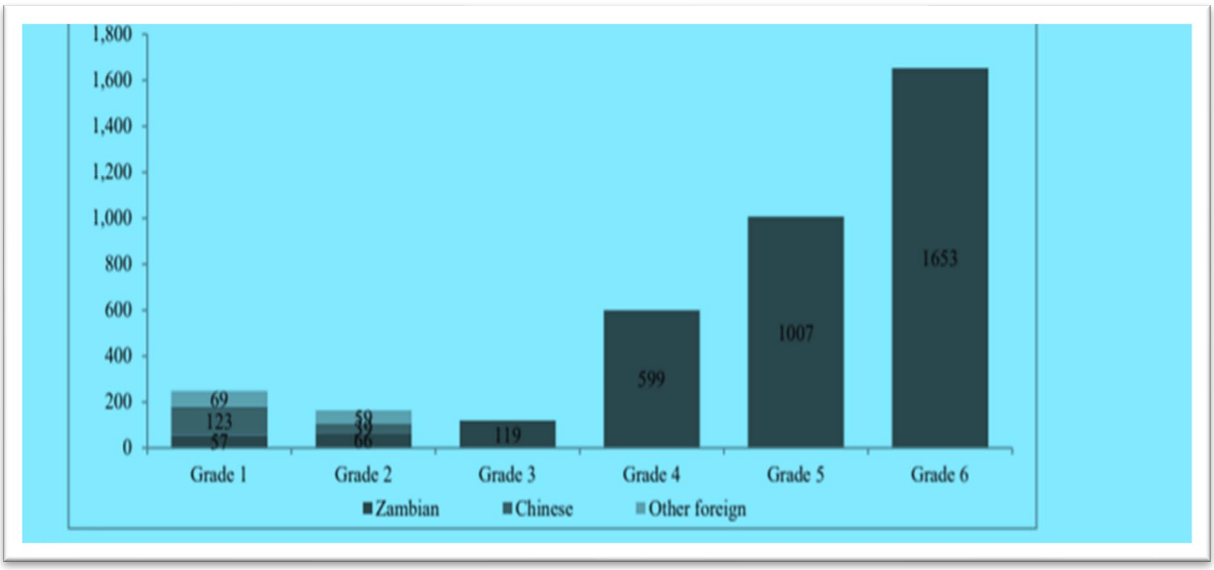
2.12 Situational Analysis for Zambia Construction Sector

2.12.1 Institutional Arrangements

National Council for Construction (NCC)

In order to stimulate economic development, the Zambian government embarked on an ambitious. Having noticed the pivotal role that SSCs started playing in the economic development of Zambia, the government enacted The National Council for Construction (NCC) Act No. 13 of 2003. The Act defines the functions of the NCC primarily to register and regulate the contractors in Zambia. The Act further provides for the promotion and development of the Zambian Construction Industry; and for affiliation to the Council of professional bodies whose members are engaged in activities related to the construction industry.

Examples of such professional bodies include the Engineering Institution of Zambia (EIZ), Zambia Institute of Architects (ZIA), and Surveyors Institute of Zambia (SIZ). The aim of the National Council for Construction Act is to regulate the entire construction industry in the nation. This is why it also provides for the establishment of the Construction School; the training of persons engaged in construction or in activities related to construction; and for many other matters connected to construction. Unfortunately, the National Council for Construction Act limits the punishment of erring construction companies to only those that undertake works for public sector contracts. Further, one of the purposes of the NCC was to promote Zambian construction companies. However, this was not always visible on the ground because most of the construction companies that excelled in Zambia were foreign companies.



2.9: Grading of Construction Firms in Zambia

Source: (NCC News, 2018)

Figure 2.7 shows the dominance of construction sector by foreign based companies. The construction sector in Zambia is a relatively nascent one with players being novice construction companies in the sense of experience, financial muscle, international connections and generally exposure to the best practice in international conduct of business. The sector is dominated by large international construction companies such as AVIC International of China, China Heinan from China, AFCONS Infrastructure Limited from India and a few others. The other critical players are the government both at local as well as central, National Construction Council (NCC) the regulator of constructors of all categories, the architects/engineers, project managers, technical managers, project fund managers and financing banks.

At face value one might expect the construction industry in Zambia to be characterized by monopolistic competition—a type of imperfect competition where market entry and exit are highly feasible and, more importantly, where many price-taking producers (firms) sell goods or services that are differentiated from one another and hence are not perfect substitutes (Gans et al. 2003). But, as it can be seen later in this section, the industry is actually characteristic of an oligopoly, with very few dominant firms within each of the six construction sector service areas, namely: (i) Category B—general building and housing; (ii) Category C—general civil engineering works; (iii) Category E—general electrical and telecommunications; (iv) Category M—mining services: construction works within mining areas; (v) Category Me—mechanical engineering works; and (vi) Category R—general roads and earthworks.

It is partially in light of this industrial structure and the limitation that it imposes on local participation that Phiri (2016) analyses the 20 per cent subcontracting policy in the Zambian construction sector, assessing its efficacy in developing the capacity of local contractors, and finds that:

a) it would be difficult to grow the capacity of local contractors using the policy because of a limited and weak implementation framework;
b) the policy statement only covered the road subsector and was silent on the other salient subsectors such as building and energy installation construction;
c) the policy did not have any measures or implementation framework for how its objectives would be achieved; and
d) foreign contractors were not willing to build the capacity of local contractors as there was no incentive for them to do so.

The government has endeavoured to incentivise the and help the SSCs grow by introducing the 20% subcontracting policy where 20% of all works by foreign contractors is subcontracted to Zambian SSCs. However, Saasa (2018) also finds that:

> *"the 20 percent sub-contracting initiative is neither policy nor law". National Association for Medium and Small-Scale Contractors (NAMSSC) one of the institutions that propagate and speak for the SSCs has been pushing the Government to work on a legislation which would lead to increased compliance. The initiative has not been working as earlier envisioned. The transfer of technology or skills development is not working because RDA nominates political cadres with no qualifications and knowledge in construction but may produce NCC registration certificate. These politically-inclined beneficiaries normally trade-off the 20 percent with Chinese contractors".*

(Saasa 2018: 26) Clearly, issues of efficiently, effectively, equitably, and justly promoting local content in construction should be a high priority on the Zambian agenda for construction sector development if the sector is to deliver the structural change and industrial development it is meant to bring to the country.

2.12.2 Construction Sector: Cost and Pricing Implications

The construction sector can be viewed in terms of the supply of and demand for construction materials. The sector is therefore organised in terms of the number of suppliers and consumers, the pricing mechanism, the ease of entry and exit, the level of information flow or (asymmetries), and so on (industrial organisational lens)

On the Supply Side

Cheelo and Liebenthla (2018) reported that the National Council for Construction and Zambia Institute for Policy Analysis and Research (NCC and ZIPAR 2017) report that the NCC recorded 3,081 registered firms in 2016. This increased to 3,791 as of 30 September 2017 according to the NCC list of registered contractors (NCC 2018). In terms of ownership, NCC and ZIPAR (2017) estimated that most of the firms (91.4 per cent) in the construction industry were Zambian-owned, with foreign-owned firms only accounting for 4.4 per cent and jointly owned firms for 4.2 per cent.

Although foreign-owned firms constituted less than 5 per cent, they generally dominate the industry in terms of the value of contracts awarded. For instance, in 2014, 90 per cent of foreign-owned construction firms which submitted public tender bids successfully secured the tenders, compared with the 3.8 per cent of Zambian-owned firms which were successful in the same year. In the Zambian context, it is important to note that construction firms are graded based on each firms capacity to deliver, which is determined as a mix of the firm’s previous contracts, access to credit, numbers of professional and technical staff (human resource competence), financial position including capital endowment and the state of technology. The grading system is numeric with 1 being the highest grade attainable and 6 the lowest. The higher the grade, the higher the annual subscription a firm is required to pay. In 2018, the annual subscription for Grade 1 was K9, 754, while for Grade 6 was K625. The NCC and ZIPAR (2017) survey shows that the majority of the firms in construction (87.9 per cent) in Zambia in 2017 were registered in the lower grades (4–6), while firms in higher grades (1–3) account for about 12.1 per cent

On Demand Supply Side

According to Cheelo and Liebenthal (2018), of consumers of construction services, namely households, private firms, and the government. Households’ direct demand for construction services is mainly exerted through demand for housing accommodation. According to the Living Conditions and Monitoring Survey (LCMS) of 2015 (CSO 2016), the distribution of households by the type of housing they occupy and by tenancy status reveals current (2015) housing service consumption patterns across the country.

About 81.3 per cent of urban households are resident in detached houses, flats/apartments, or semi-detached houses, compared with only 16.6 per cent of households in rural areas.

2.12.3 Zambian Construction Sector

In 2011, when the PF came to power, its manifesto locked the country into an ambitious infrastructure development path that persists today. The public infrastructure development ambitions are also seen in the 5-year Seventh National Development Plan (2017–2021). The 7NDP has ten Strategic Development Outcomes, including one on 'Improved Transport Systems and Infrastructure', which focuses on construction and rehabilitation of railways; development of aviation infrastructure and operations; construction and rehabilitation of the road network; and construction and rehabilitation of maritime and inland waterways. Beyond this, the Development Outcomes in agriculture, tourism, water and sanitation, information and communication technology (ICT), etc. all incorporate components of related infrastructure development. Ultimately, the underpinning philosophy of a sustained expansionary fiscal path committed Zambia to, initially, two major infrastructure development undertakings, namely:

a) The Link Zambia 8000 road project—also known as Accelerated National Roads Construction Programme (ANRCP)—which was initiated in 2012, aiming to transform Zambia into a land-linked country through extension of the surfaced core road network by 8,000 km in three phases; and

b) The creation of new districts and revitalization of old ones, which saw an expansion of the total number of districts from 72 in 2011 to at least 108 in 2017 (Brinkhoff 2018), with all the new districts requiring administrative infrastructure (offices and personnel housing, schools, health facilities, road network, etc.). To date, Zambia's political commitment to development through infrastructure expansion has remained consistently strong, particularly during the period 2013–17. The country's nominal expenditure on non-financial assets (NFAs) (or capital spending on physical assets) grew from ZMK2.5 billion in 2010 to a peak of ZMK12.8 billion in 2015 before slowing down somewhat to ZMK8.3 billion in 2017. Concurrently, the share of NFA expenditure increased from 17 per cent of total budget expenditure in 2010 to a high of 25 per cent in 2015 (the year before the general elections of 2016), but declined to a period low of 14 per cent in 2017 (a year after the elections).

The sector contributes about 29 per cent of the national GDP according to CSO (2016) while growing, year-on-year, faster than the already rapidly expanding Zambian economy. It is thought that the sector offers excellent potential for broad-based wealth and job creation, due to its labour intensity, low entry barriers for semi-skilled and unskilled labour, and high concentration of SSCs. At the same time, the quality of employment is just as important as the creation of employment itself. The construction sector is among the sectors most prone to industrial accidents and injuries, and workers are among the most vulnerable to ill-health, poverty in case of maternity, disease and disability.

The presence of poor working conditions is most prevalent for unskilled labourers as they are often used as a disposable commodity rather than invested in as contributors to a growing business team. As a result, the unskilled work force generally does not have, or is not aware of social security instruments available to protect them. According to the Zambian Central Statistical Office (2012), the construction sector ranks 19th out of 21 sectors in terms of the number of employees that believe they are covered by a social security scheme

2.12.4 Current Status

In Zambia for more than a decade now, most of the construction projects undertaken by local contractors are either abandoned, delayed and or of poor quality posing an adverse effect in the achievement of entrepreneurship development among Zambian contractors. Several factors affect contractor performance in the Zambian construction industry.

Contractor performance is often responsible for either a successful project that reflects strong contractor skills and site management or a failure that reflects the contractor's lack of knowledge, skills and experience. Any factor affecting contractor performance either negatively or positively can be avoided or enhanced using project management skills. This research aims at identifying the major factors affecting contractor performance among local contractors in Zambia; it further assesses the relative importance of these factors from the consultants', contractors' and clients' perspectives and identifies the role of the Zambian government in promoting local contractors.

Zulu and Chileshe (2008) investigated contractor performance in Zambia and found it below expectations, arguing that nothing can be learned from local on-going projects that have not been completed or have been delayed.

They concluded that contractors' poor performance has huge implications on competitiveness. Construction project development involves numerous parties, various processes, phases and stages of work and a great deal of inputs from both the public and private sectors with the major aim of bringing the project to a successful conclusion, Takim and Akintoye, (2002).

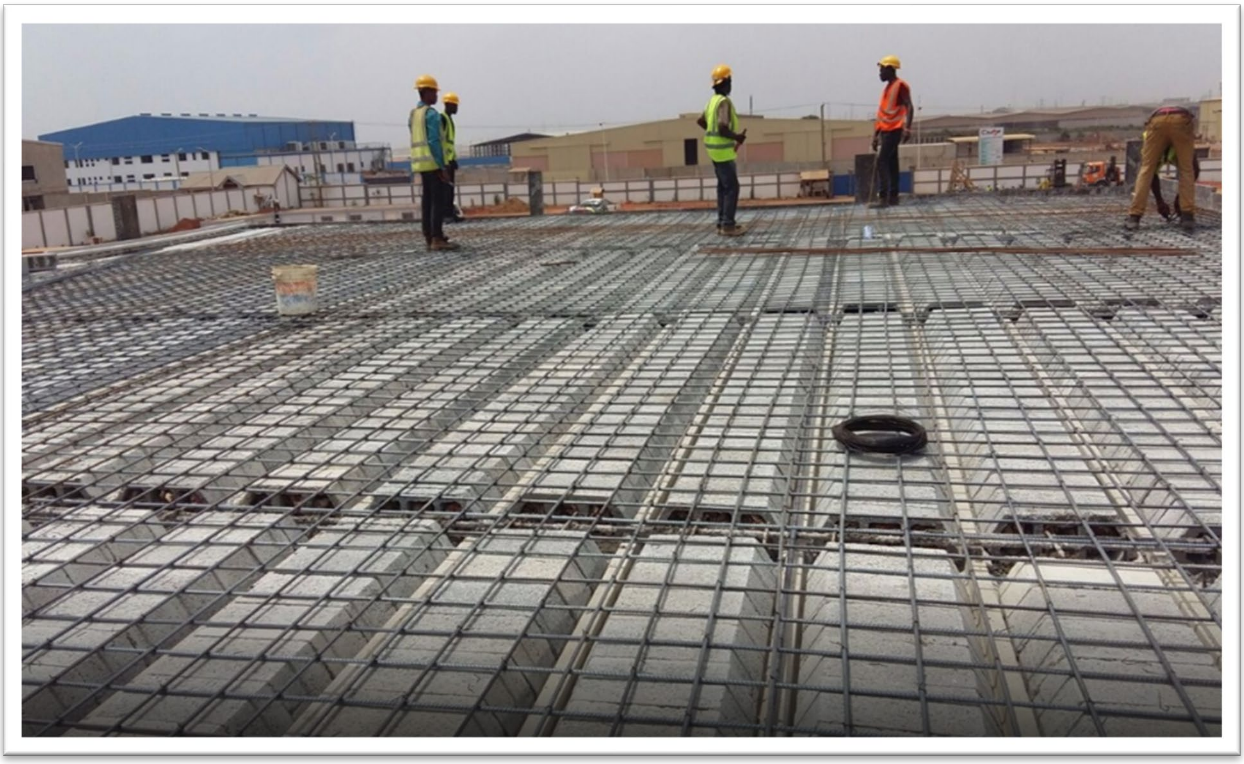


Figure 2.10 Construction site by AVIC International

Source: NCC Quarterly Magazine (2017)

The level of success in carrying out construction projects depends on the quality of management, financial, technical and organizational performance of the respective parties. This needs taking into account the associated risk management, business environment, economic and political stability. The finished product in any industry requires satisfying a certain standard to provide customer satisfaction and value for money. In the construction industry, achieving quality of the finished product is no less than in any other industry, Chan and Tam (2010).

A construction project is acknowledged as successful when it is completed on time, within budget, and in accordance with specifications and in accordance to stakeholders' satisfaction. In the same argument, Teo and Ofori (1999) inform us that the main rationale and impetus for the development and implementation of procurement arrangements for construction projects is to increase the likelihood of the participants in the construction process to satisfy the client's objectives. However, as recently observed by Eshassi et al. (2009) the business environment for the construction sector continues to change rapidly. In such circumstances the changes from the environment affect the contractor's performance.

2.12.5 Sector Structure and performance

The building construction market system can be grouped into five categories of players: Clients (public and private), Architects/designers (building designers, draftsmen), Building contractors (including sub-contractors). Input suppliers (including building material producers and importers) and allied service providers, Customers/end users. The interaction of these players with respect to one another is mapped out in figure 2.10 below:

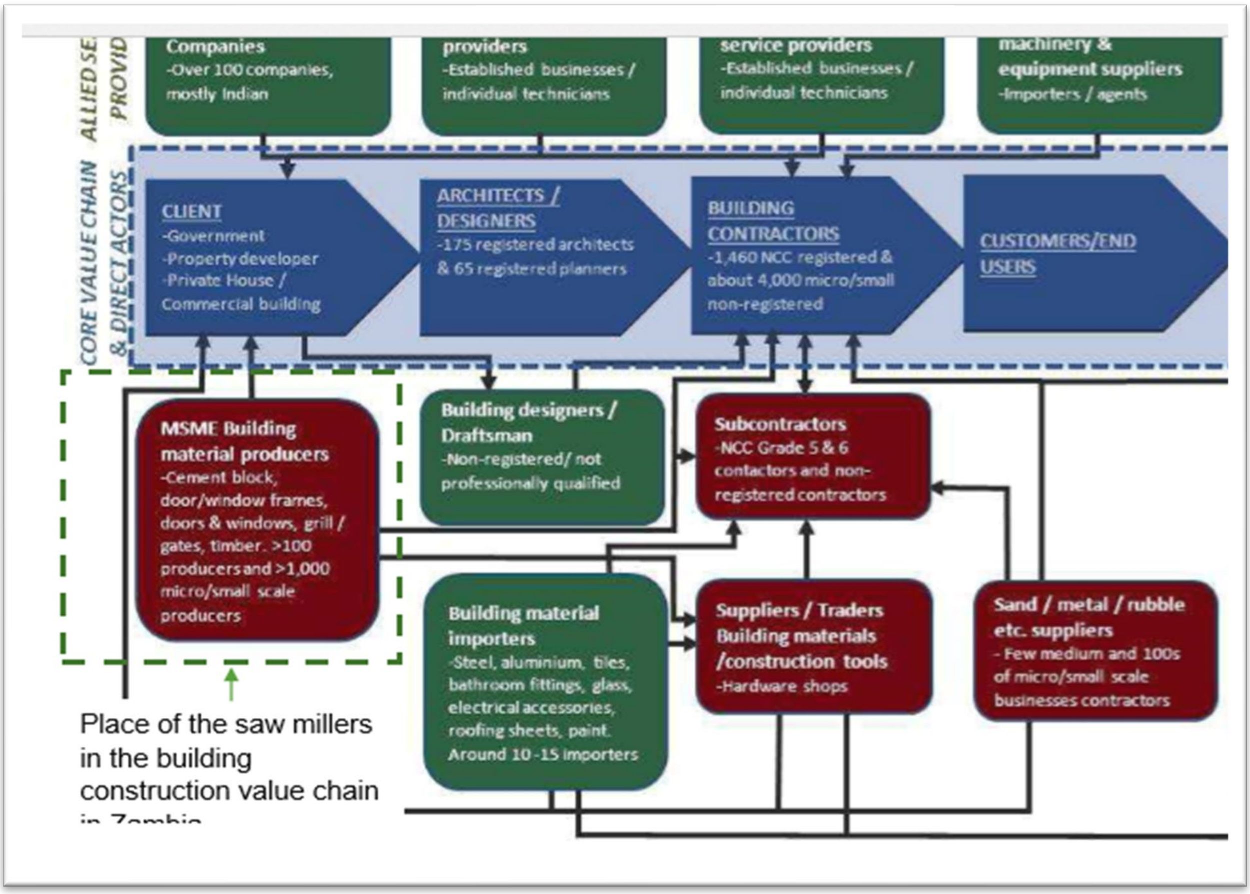


Figure 2.10 Simplified Building Construction Sector Value Chain Map in Zambia

Source: Analysis of Building Construction Market System 2014, (NCC)

2.13 Chapter Summary

This chapter commenced by highlighting the need for the present research through an exposition of the basic business management principles that the owners of businesses need to follow. Attention was then turned to the small business failure theories as reported in relevant journal articles concerning failure of small businesses, as well as in several textbooks and papers. It should be noted that the SSC business entity does not exist in isolation. The causes need to be grounded on the positioned practices of supporting stakeholders/supportive environment and even competing organisations to obtain insights into how their practices could affect the performance of the owners of small businesses. Understanding the elements of the failure mechanism can assist the owner-managers to resolve their problems and thereby reduce the high failure rate. In the following chapter, methodology attention is shifted to how data was collected and the various methods that were used.

CHAPTER 3: METHODOLOGY

3.1 Introduction

Research methodology is a way of systematically solving the research problem, Creswell (2014). It includes the various steps that are taken by a researcher in studying the research problem along with the rationale or logic behind them. The research design followed a logical sequence. The aims, rationale and objectives of the research were stated at the outset. The study was conducted in five stages. The first stage was reviewing relevant literature on small scale contracting business. The literature review phase overlapped all stages as it was important to incorporate even latest information on the research subject. The second stage was data collection which was done through questionnaire surveys. The third stage was the analysis of the data collected. The fourth stage was the discussion and development of the small-scale contracting business framework. The fifth stage was the validation of the small-scale contracting framework. In keeping with the issues addressed in chapter 2 (literature review) the procedure for data collection and analysis involved obtaining an account of the failed SSCs in the construction sector as having caused their businesses to fail. The task was undertaken to establish the causes of failure from the perspective of the business owners.

This chapter there discusses the research design, data collection, data processing, and the limitations of the research methods. The author's approach was to resort to qualitative to understand the causes as well as the aftermath of a business failure from a retrospective point of view of a failed business. Specifically, the author undertook semi-structured interviews with business owners of failed business and others that are still running.

The data collection method involved obtaining empirical data from the owners of failed businesses about the factors which closed down their businesses, finding relations between variables and developing a causal exploratory model of the business failure from the variables.

3.2 Research Approach

According to Creswell (2014), the selection of the research approach is a critically important decision. The research approach does not simply inform the research design but it gives the researcher the opportunity to consider critically how each of the various approaches may contribute to, or limit, his study, allow him/her to satisfy the articulated objectives and design an approach which best satisfies the research's requirements (Creswell, 2014).

3.2.1 Deductive Vs Inductive

The main difference between inductive and deductive approaches to research is that whilst a deductive approach is aimed and testing theory, an inductive approach is concerned with the generation of new theory emerging from the data. A deductive approach usually begins with a hypothesis, whilst an inductive approach will usually use research questions to narrow the scope of the study. For deductive approaches the emphasis is generally on causality, whilst for inductive approaches the aim is usually focused on exploring new phenomena or looking at previously researched phenomena from a different perspective. In this study, the research was inductive and exploratory as the exact causes of SSCs failure from the contractors'' perspective in Zambia.

3.2.2 Quantitative Vs Qualitative

A quantitative research commonly includes statistic or primary data generated from comprehensive surveys, with the purpose of projecting the outcomes to a broader population. It applies to a form of statistical analysis by quantifying data. The purpose is to simplify the outcomes to a broader setting, centred on the outcomes of a sample of the population which is representative. According to Cant (2010), the research results are exposed to difficult statistical and mathematical manipulation to create generally representative data that can be widely applied to the entire population and used as a foundation to estimate future actions and tendencies under different conditions. On the other hand, qualitative research is primarily exploratory in nature. It is used to gain an understanding of underlying reasons, opinions and motivations. It provides insights into the problem or helps to develop ideas or hypotheses for potential quantitative research. This type of research is used to uncover trends in thought and opinions, and delve deeper into the problem. This approach was the main form used in the thesis as it is subjective in nature and proved to be an effective method to provide an in-depth understanding of relationships between various variables and how these variables interplay with one another although some elements of quantitative approach was employed.

The method also allowed for thorough review of the questionnaire responses from the respondents. It enabled the researcher to explore every variable, examine it in relation with other variables and be able to track down their effect and impact and overall impact, and examine various actions (consequences) taken by different organizations in addressing the issue at hand. In this research qualitative research approach was used primarily because in qualitative research as opposed to quantitative research requires fewer respondents.

In the case of this study, since some data collected was qualitative and while the other data collected was quantitative in nature, it was only logical to use a mixed method approach but with a bias to qualitative

3.2.3 Justification for Using Mixed Method with bias to qualitative Research

Creswell and Plano (2011) describe qualitative research as multifaceted research method involving an interpretive, naturalistic approach to subject matter. The multifaceted nature of qualitative research enables researchers to develop a holistic picture of phenomenon in question. Denzin and Lincoln (2005) provide the following principles that underlie the qualitative research:

a) Qualitative research is holistic; it looks at the larger picture and begins with a search for understanding the whole
b) Qualitative research looks at the relationships within a system
c) Qualitative research focusses on understanding a given social setting
d) Qualitative research demands time consuming analysis; it requires ongoing analysis of the data
e) Qualitative research design requires the researcher to become the research instrument. It also incorporates informed consent decisions and is responsive to ethical concerns.

Largely, qualitative data built on holistic narratives of pertaining phenomenon with regards to aspects of business performance among interviewed SSCs. This study did this to triangulate data from all interviews, observations and document review. The use of these methods proved imperative in generating intensive and rich understanding of investigations. This research is exploratory in nature as it attempts to explore the causes of SSCs failure in Zambia from the perspective of the SSCs themselves.

Greener and Martelli (2018) also have referred mixed methods as an emergent methodology of research that advances the systematic integration, or “mixing,” of quantitative and qualitative data within a single investigation or sustained program of inquiry. The basic premise of this methodology is that such integration permits a more complete and synergistic utilization of data than do separate quantitative and qualitative data collection and analysis. The mixed methods studies contribute to learning about best practices in how to implement a such combination of methods. Mixed methods research originated in the social sciences and has recently expanded into the health and medical sciences including fields such as nursing, family medicine, social work, mental health, pharmacy, allied health, and others.

Creswell and Plano Clark (2011) have also posited that in the last decade, its procedures have been developed and refined to suit a wide variety of research questions. These procedures include advancing rigor, offering alternative mixed methods designs, specifying a shorthand notation system for describing the designs to increase communication across fields, visualizing procedures through diagrams, noting research questions that can particularly benefit from integration, and developing rationales for conducting various forms of mixed methods studies.

3.3 Data Collection Methods

The study adopted an exploratory approach. Data extraction from the respondents was collected through structured questionnaire methods. For purposes of survey, some contractors were met in person and explanations were given for the need for the study. This approach to data collecting was the main form used in the thesis as it is objective in nature and proved to be an effective method to provide an in-depth understanding of relationships between various variables and how these variables interplay with one another. The method also allowed for thorough interrogation and interviewing of the participants in the research. It enabled the researcher to explore every variable, examine it in relation with other variables and be able to track down their effect and impact and overall impact, and examine various actions (consequences) taken by different organisations in addressing the issue at hand.

3.4 Data collection period

Data was collected from the respondents from all the 10 provinces from June 2018 to August, 2018. The period of data collection spanned to more than 14 months because some respondents especially those from far flung areas where internet connectivity is a challenge took time respond claiming they did not frequently check mails due to poor network and hence some had to resort to mailing back the questionnaire through the dysfunctional postal system. In order to ensure that there was no biasness during the interview, the researcher made sure that he stated seemingly innocuous details that might prime an individual to form theories or thoughts that could bias the answers or behaviour.

This thesis is based on data collected from Lusaka in Zambia, between June 2018 and August 2019. During this period, data was collected at 4 intervals. The first set of data collection was from June 2 to June 3rd 2018; during the piloting of the tool develop to establish its adequacy for data collection as well as its relevance to responding to the research questions. The second interval of data collection was between June 15 to July 29th 2018 collecting data from formally and informally operating SSCs in all the 10 provinces of Zambia.

The third interval was data collection conducted on August 8th 2018, among institutions that regulate, support and facilitate investments, trade and enterprise development in Zambia. The last and final interval of data collection was conducted on the 15th of August, 2018 among SSCs representatives operating in the SSCs landscape of Zambia.

3.5 Data Analysis

Having completed the data collection in the implementation phase, the analysis of such data has to be undertaken. Analysis of data which is a process of inspecting, cleaning, transforming, and modelling data with the goal of highlighting useful information, suggesting conclusions, and supporting decision making (Wikipedia, 2012). A more precise definition by the Mosby's Medical Dictionary (2010) states that the data analysis is the phase of a study that includes classifying, coding, and tabulating information needed to perform quantitative or qualitative analyses according to the research design and appropriate to the data. Data analysis follows collection of information and precedes its interpretation or application. Data analysis provides researchers with facts and figures that allow them to interpret results in the context of the community and to make statements about the significance of the findings for the individual and society (Sarantakos, 2015).

In this research, qualitative data collected from questionnaires was analysed using a Quick Impressionist Summary technique. This rapid data analysis technique was chosen because of its efficiency and ability to provide the required information. The method involves: summarising key findings and noting the frequent responses from respondents. The research data was analysed in a tabular form and a coding system was applied to those categories and themes contained in the questionnaire. It was felt that grounded theory suited this research project best and would provide a good means of extrapolating and interpreting the data. Also, given the nature and complexity of the subject being studied, grounded theory would yield the most information.

3.6 Questionnaire Design

The data necessary for this study have was collected by using the questionnaire devised in accordance with the existing literature and analogous to the ones used in similar studies (Arasti 2011; Arasti, Zandi, and Bahmani 2014; Arasti, Zandi, and Talebi 2012; Chittithaworn et al. 2011; Franco and Haase 2010; Koksal and Arditi 2004; Scherger, Vigierb, and Barberà-Marinéc 2014; Woldie, Patricia, and Adebimpe 2008).

The starting questionnaire used in this study contained 7 questions designed to collect data on demographic characteristics of SSCs and 18 questions designed to assess the influence of certain factors on SSCs failure. The development of this questionnaire was presented in the paper by Nikolić et al. (2015). The group of questions related to the factors having an effect on SSCs failure contains three subgroups.

The questionnaire was used as a research tool for the collection and assessment of the effect of certain factors based on the opinion of 348 SSCs from across Zambia who had closed or changed the business activity of their SSCs or are struggling. A total of 348 correctly filled in questionnaires were collected and such a high response rate (100%) was achieved due to direct contact of the researcher with the respondents through their mother body, the NCC. The rating of the influence of certain factors was performed using a five-point Likert scale on which one denotes the weakest and five the strongest influence. In addition, the questionnaire also comprises yes/no questions. After the data had been entered into a computer database, it was statistically processed in order to set up a structural equation model and test the proposed hypotheses.

These factors were translated into questions of simple, easy, unambiguous form. Questions of similar topics were grouped together to build the main areas of the draft questionnaire. The draft questionnaire was discussed with my supervisor who gave a valuable advice and comments. After preliminary approval of supervisors, draft questionnaire was discussed with two statistical experts and some well-known construction managers to evaluate the content of the questionnaire. Modifications and changes were done to questions. The factors that cause contractors failure were divided into four main groups:

a) Management group
b) Financial group
c) External group

Due to these dynamics in the respondents, the questionnaire was adapted to consider aspects that were cross culture in nature.

3.7 Interview Protocol

Patton (2015) asserts that interview protocol is an instrument of inquiry—asking questions for specific information related to the aims of a study as well as an instrument for conversation about a particular topic (i.e., someone's life or certain ideas and experiences). In this case, a structured questionnaire which is a systematic approach to interviewing where the respondent is asked the same predetermined questions to all candidates in the same order and the researcher rated them with a standardized scoring system. This method is almost twice as effective as the traditional interview.

3.8 Conceptual Framework

A conceptual framework represents the researcher’s synthesis of literature on how to explain a phenomenon. It maps out the actions required in the course of the study given his previous knowledge of other researchers’ point of view and his observations on the subject of research. In other words, the conceptual framework is how the researcher understands of how the particular variables in the study connect with each other. Thus, it identifies the variables required in the research investigation. It is the researcher’s “map” in pursuing the investigation.

As Creswell. (2018) put it: The conceptual framework “sets the stage” for the presentation of the particular research question that drives the investigation being reported based on the problem statement. The figure below shows the study’s conceptual framework which illustrates the relationship between the variables of the study. The independent variable in this study are the factors that appear to collude in stifling growth and sustainability of SSCs and these have been grouped in three categories: managerial factors, external factors and the financial factors. The dependent variable is the growth and sustainability of SSCs. A conceptual framework below shows the link between dependent and independent variable.

Conceptual Framework

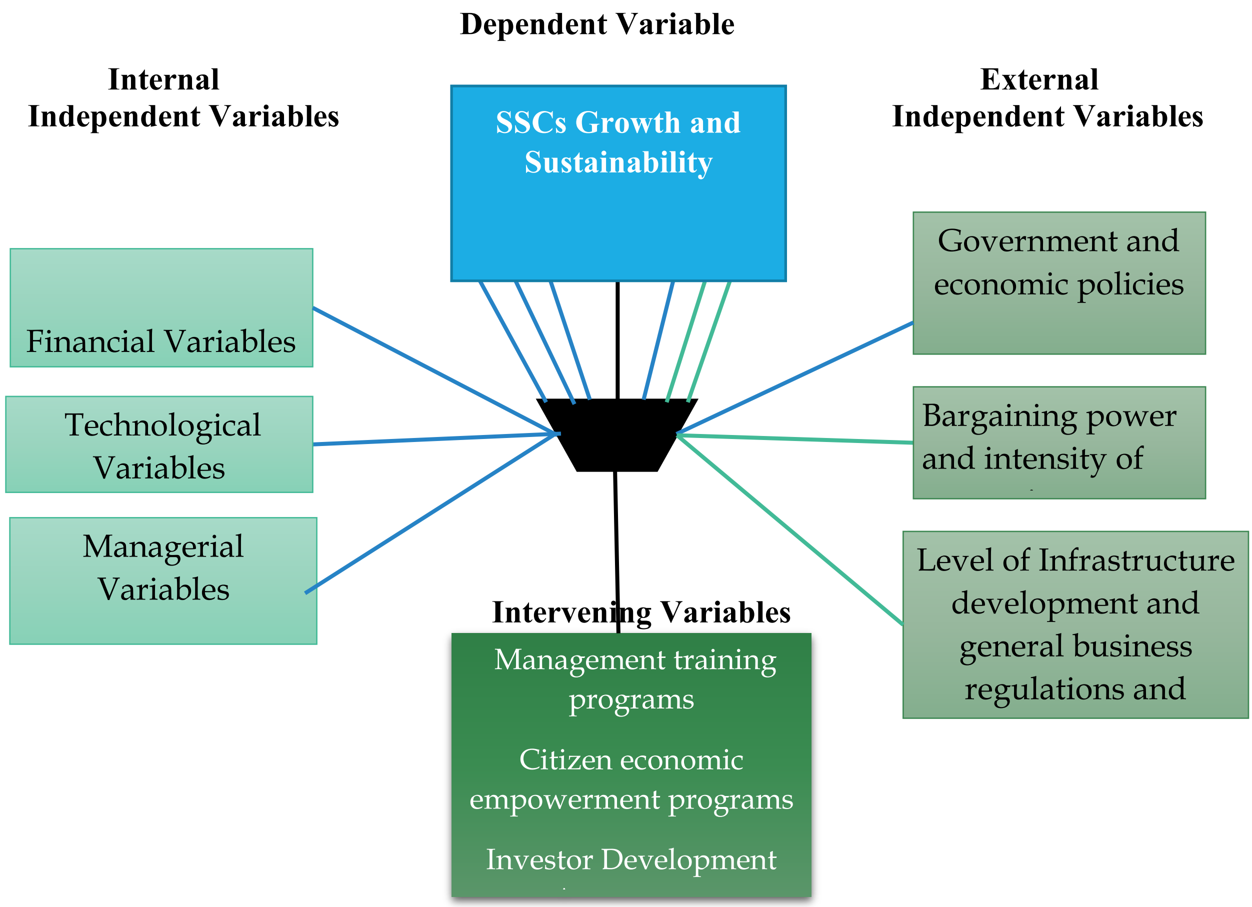


Figure 3.1 Conceptual Framework

Source: Author, 2019

The conceptual frame work in figure 3.2 shows the relationships between various variables at play. In order for the sector to grow there is need for all stakeholders to positively play their role and enable a conducive environment at all levels of participation. In this thesis the following is true of the various factors above: Government Policy- Effective government policies and programs are required to ensure that SSCs in construction sector operate in a favourable and conducive political, economic and social environment. Policies such as fiscal and monetary policies that affect the prices of key production factors, namely tax regulation, interest rates, exchange rates or economic policies such as membership to trade bodies, import and export policies, trade and inflation etc. Other policies that could affect Small Scale Contractors may arise from political policies such as labour laws, sector preferences and empowerment policies. All these policies and program may impact the SSCs sector negatively or positively depending on its objectives.

The sector is also influenced by many stakeholder interventions and programs. Some key stakeholders have interest in particular sectors and thus will influence policies that support their agenda and is in line with their interest.

These programs may not be conducive or in favour of the local SSCs in construction sector and thus cause conflict between the sector players and stakeholders. Sometimes stakeholders will impose certain conditions to the Small-Scale Contractors in construction sector in return for their support and these have the potential of affecting sustainable growth of the sector. The Small-Scale Contractors in construction sector face competition particularly from foreign firms and thus this has bearing on their operations and growth. The intensity of competition in particular industry and the levels of investments and technology required to operate cost effectively as well as the threats of substitution will influence the number of Small-Scale Contractors in construction sector that will participate in that sector

The SSCs are not excluded from organizational work culture and internal operational problems that may be brought about by their organizational structure, management style, staff levels of education and skills, financial position, and business objectives. These play a very critical role in determining the growth of any entity despite the existing environmental and economic circumstances. It is therefore important to understand and examine the relationship between the internal environment of the business and its external environment and the impact such a relationship will have on its success or failure.

The Literature Review has led to some important observations. First, the theories indicate that the SSCs business success or failure processes are related to certain business management principles or theories to which business owners need to adhere in order to stay in business. These principles may be described as the key success factors for business survival, implying that once they are non-existent the business will have to close.

Second, the review also brings out the fact that the SSCs business failure factors need to be understood in terms of how the principles are interpreted by the business owner as per the value judgment. Thirdly, there is also the fact that a discussion of the SSCs business failures would not be complete without considering the broader socio-economic environment in which the businesses operate. For explanatory theories to be relevant, the local context needs to be considered. The discussion thus ends with an indication of how the above issues need to be taken into consideration in the processes of data collection and analysis to relate the explanatory factors underlying the business failures to local conditions

3.9 Research Design

A research design is a grand plan of approach to the research topic. This research made use of the qualitative study design focusing on cross-sectional data from SSCs in all the 10 provinces of Zambia using observations, document reviews. Qualitative research methods have been used in various fields such as sociology, psychology, anthropology, economics, business studies, law and environmental studies among others. Qualitative research design is defined Astalin (2013) as:

> *"A systematic scientific inquiry which seeks to build a holistic, largely narrative, description to inform the researcher's understanding of a social or cultural phenomenon". This definition implies that data and meaning emerge "organically" from the research context.*

Three distinct facets clearly stand out from Astalin (2013)'s definition of a qualitative study design and these facets linked well to the study. Firstly, investigations into the performance of SSCs worked out well because investigations were done '*in depth'* with interviewees working in the construction sector. In depth investigations of phenomena are of great importance to understand the subject matter. This means that quality time spent understanding the phenomena is of importance to have holistic knowledge of the subject under investigation and to decipher correct interpretations that show the correct situation on the ground. To a large extent, this kind of investigation i.e. *'in depth'* helped to answer the research questions holistically.

Had quality time not been allocated to study the performance of the SSCs on the ground, a number of factors would not have been studied or understood well because conceived knowledge of phenomena of what something appears like on face value is not always as it pertains in reality, hence the importance of gaining an *in depth* understanding to get the correct interpretation. Secondly when studying the phenomenon in depth, it was important to understand the existing context in which it was found. These contextual conditions of SSCs were pertinent to the study because they helped to understand what kind of work SSCs do, how they do their work and what causes successes or failures of SSCs businesses in the Zambian context.

The contextual conditions involved looking at various variables such as financing, corruption, competition, laws and policies governing the SSCs industry and other fiscal policies that directly or indirectly impact on the performance of the industry.

Using this process, a rich amount of data was gathered, which might otherwise have been impossible had another approach been used. Thirdly, the use of multiple sources of evidence helped not only to study the performance of the SSCs in depth but also to understand their context. This study worked with a combination of observations, document reviews and interviews. Observations were done at physical premises where SSCs operated to check business conduct and general day to day activities. Reviewing business documents also helped to show how SSCs were performing. Most importantly, the study worked with interviews with key persons working in the SSCs sector. Face-to-face interviews were conducted with key informants that had adequate knowledge of the performance of their respective companies. This method of data collection was important because it gave an opportunity for the interviewees to ask questions in the event that some questions were unclear.

3.9.1 Research Population

Kumar (2011) define population as a group of individuals, objects or items from which samples are taken for measurements. In other words, population refers to a total group of persons or the comprehensive collection of items that are relevant to the study, Steyn *et al* (1987) cited by Mwanaumo (2013). Willian (2011) argues that population in research does not necessarily mean a number of people, rather it is a collective term used to describe the total quality of things (or cases) of the types of objects, orgaisations people of even events. Therefore, population can be certain types of objects, organisations people of even events. In this research, the target population was the entire registered SSCs with the NCC throughout the country (10 provinces) totaling 3,590 (Three Thousand Five Hundred and Ninety), (NCC, 2018)

This study was contextualized and investigated the performance of SSCs in Zambia. In comparison to other nine provinces, Lusaka has more SSCs and that Zambia's economic activities are concentrated mainly in four provinces namely; Lusaka, Copper belt, Central and to some extent Northwestern Province. It is in this light that SSCs' concentration is in these provinces. Table 3.1 is testimony of the above positions

Table 3.1 SSCs Registration

SN	Province	Registered SSCs	Percentage
1	Lusaka	1035	29%
2	Copper belt	921	26%
3	Central	831	23%
4	North-western	325	9%

5	Southern	289	8%
6	Eastern	100	2%
7	Northern	59	2%
8	Luapula	12	0.3%
9	Western	10	0.3%
10	Muchinga	8	0.2%
	Total	**3,590**	**100%**

Source: NCC News (2018)

To ensure that all SSCs had an equal chance of being included in the sample, the SSCs to include in the sample were chosen using purposive sampling. Purposive sampling, also known as judgmental, selective or subjective sampling in which researchers rely on their own judgment when choosing members of the population.

3.9.2 Collaboration with Institutions for Robustness

In order to authenticate and put into context the responses of the sample. It was necessary to bring into the picture institutional stake holders in this whole SSCs value chain. Some institutions were selected for robustness based on their relevance in understanding why SSCs fail to flourish in Zambia. The following institutions were targeted as the researcher believed that they would give a better insight in the research questions at hand as shown in table 3.2 below

Table 3.2 Institutional Stakeholders

SN	Institution	Number
1	Commercial banks	13
2	Microfinance Institutions	20
3	Zambia Association of Manufacturers (ZAM)	1
4	Zambia Chamber of Commerce and Industry	1
5	Non-governmental Organizations (NGO)	1
	Total	**36**

Source: Author (2019)

Commercial Banks

There are eighteen (18) registered commercial banks in Zambia. Of these eighteen (18), Fifteen (15) foreign owned while the remaining three (3) are locally owned banks as shown in the table below. Apart from Citi Bank, all the remaining seventeen (17) commercial banks have a SSCs department to serve the SSCs. The inclusion of registered commercial banks was necessitated by the need for the research to have the necessary robustness as banks are key stake holders success or failure of SSCs globally in general and Zambia in particular. The banks inclusion on the list of identified key stakeholders was the fact that they are the primary provider of financing to SSCs.

Table 3.3 Registered Commercial Banks

SN	Bank	Ownership
1	AB Bank	Foreign
2	Access Bank	Foreign

3	Bank of China	Foreign
4	Barclays Bank	Foreign
5	Cavmont Bank PLC	Foreign
6	Citi Bank	Foreign
7	Eco Bank	Foreign
8	First Capital Bank	Foreign
9	Eco Bank	Foreign
10	FNB	Foreign
11	Stanbic Bank	Foreign
12	Standard Chartered Bank	Foreign
13	United Bank of Africa	Foreign
14	ZANACO Bank PLC	Local
15	First Alliance Bank	Local
16	Indo Zambia Bank	Local
17	Zambia Industrial Commercial Bank	Local
18	Investrust Bank PLC	Local

Source: www.boz.co.zmMicrofinance Institutions (MFIs)

MFIs are believed to be critical to the success of SSCs because they are fundamentally created to service the unbanked because their requirements for accessing loans are less stringent as banks. Secondly, they are easily reachable and operate in close proximity with the SSCs. Currently, there are thirsty six (36) registered MFIs in Zambia and hence the larger number than banks were required to get a greater understanding of the challenges that SSCs face

Zambia Association of Manufacturers (ZAM)

ZAM IS a registered organisation in the Republic of Zambia, is a business association which represents the interests of the entire manufacturing sector and other related economic and/or production sectors in Zambia. The association was chosen as an institution of interest because most SMEs are into manufacturing sector on a small scale and hence the relevance of this association. Their views on sustainability of SSCs are critical

Zambia Chamber of Commerce and Industry

The Zambia Chamber of Commerce and Industry (ZACCI) is a national body representing the interests of the private business sector in Zambia. The ZACCI focuses on the promotion and development of trade, commerce, and industry. The inclusion of the ZACCI was in an effort to get solicit their views on challenges that are faced by SSCs in as far as trade is concerned

Zambia Chamber of Commerce and Industry (ZACCI)

ZACCI is a national body representing the interests of the private business sector in Zambia. The ZACCI focuses on the promotion and development of trade, commerce, and industry. The association was selected for solicitation of views because there are many SSCs that are members of the association and hence there was need to get the views of the association on the challenges that SSCs faced

Non-Governmental Organizations (NGOs)

NGOs that assist SSCs were brought in the picture because they are mostly on the ground and they appreciate the challenges that SSCs face. Among them were the Women in Mining, IFAD, and Zambia Green Jobs. The stake holders' views were considered critical as they deal with SSCs and have first-hand information on the challenges that SSCs face

3.9.3 Sampling Techniques

Non-probability or non-random sampling represents a group of sampling techniques that helps researchers to select units from a population that they are interested in studying. Further, Bryman and Bell (2011) define non-random sampling as a sampling technique in which the researcher selects samples based on the subjective judgment of the researcher rather than random selection. In non-probability sampling, not all members of the population have a chance of participating in the study unlike probability sampling, where each member of the population has a known chance of being selected. In this research, quota sampling was used to select the sample because any other sampling method would not have been ideal considering that Zambia with 10 (ten) province has rural and urban provinces. Most SSCs are concentrated in Lusaka and Copper belt provinces hence to avoid any biasness, a quota sampling was utilised.

3.6.4 Sampling Plan

The sampling plan was designed in such a manner that the resulting data contained a representative sample of the parameters of interest and allowed for all questions as stated in the goals to be answered. The most appropriate methods of sampling that the research undertook was the random sampling. A random sample would be representative of the population and usually eliminates bias by giving all individuals an equal chance to be chosen. The questionnaire was sent out to a total of 348 contracting companies asking their contribution in ranking the 14 factors identified in terms of severity using an ordinal scale. The ordinal scale was:

Table 3.4 Response Classification

Scale	Interpretation
0	No influence
1	Very low influence
2	Low influence
3	Moderate influence
4	High influence
5	Very high influence

Source: *Author, 2019*

A total of 348 completed questionnaires were returned, representing a good response rate of 100 per cent. According to Baruch & Holtom (2008) the average rate of 53% with a standard deviation of 5% is deemed representative enough. This sample size of 348 appears overly large. This was intentional because large sample sizes aid in determining the average value of quality among the tested samples. This average is the mean. The larger the sample size, the larger the more precise the mean

3.9.4 Sample Size Determination

While some experts in qualitative research avoid the topic of "how many" interviews "are enough," there is indeed variability in what is suggested as a minimum. According to Unite for Africa (2016), samples sizes larger than 30 and less than 500 are generally best suited for most research. Sample size also has a direct impact on the appropriateness of the statistical techniques chosen (Hair *et al*., 2010). The participants of this research phase were purposefully selected based on their involvement in entrepreneurial activities.

The number of participants is further viewed as being sufficient. The principle relied upon in this research is saturation. This principle is based on diminishing returns – the notion that each additional unit of information would supply less new information than the preceding one: until new information dwindles to nothing. In this study the saturation principle holds true and it can be confirmed that the number of participants were sufficient and enough information was provided to enable the researcher to compile a questionnaire for this study and that was reliable and valid. While some experts in qualitative research avoid the topic of "how many" interviews "are enough," there is indeed variability in what is suggested as a minimum.

Further, proper sample size determination is very important as was noted by Kothari (2004);

> *"If the sample size ('n') is too small, it may not serve to achieve the objectives and if it is too large, we may incur huge cost and waste resources."*

The sample size should be appropriate by giving the desired confidence interval. Kothari (2004) is of the view that small samples are appropriate if the universe in made up of homogenous items which was not the case in this study. To determine the appropriate sample size, this researcher additionally referred to the work of Krejcie & Morgan (1970). Krejcie & Morgan (1970) produced a table which clearly stipulates what sample size should correspond with a given population based on a formula. It assumed standard error at .05 and confidence level at 95%.
Therefore, for a population of 3,590, the sample size computed should be SSCs. In the world of research, it is usually advised that confidence level of 95 % and Margin of error of 5% should suffice in any credible research study. It was for this reason that the figure 3.2 was followed in in ascertaining the sample size for this study.

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382

Source: Krejcie, R.V., & Morgan, D.W., (1970).

The sample size was further confirmed by computation according to the following by using online computation (*www.raosoft.com*) as follows:

- The confidence level = 95%
- Confidence interval = 5
- Population = 3,590
- Variability Percentage = 50%
- **Sample size = 348**

It is against this background that the 348-sample size was settled for in this study.

Table 3.5 Profile of Sample Elements

SN	Province	No of SSCs
1	Northern	30
2	Lusaka	80
3	Southern	50
4	Eastern	20
5	Western	20
6	Central	30
7	Copper belt	50
8	Luapula	15
9	Muchinga	40
10	North Western	13
	Total	**348**

Source: Author (2019)

3.9.5 Credibility and Validity

Credibility and initial direction for the interviews were achieved in this research by ensuring internal validity. Initially, 10 SSCs were approached and sent questionnaires in a pre-pilot study in 2018 on an ad hoc basis to establish what they believed caused small scale contracting businesses to fail within a period of two years from their initial start-up. Using this input, an open-ended structured questionnaire was compiled which was pilot tested in 2019 on a further 20 small scale contracting business men.

The aforementioned processes enhanced the internal validity of the instrument, thus avoiding extraneous factors to ensure that the instrument was designed to measure exactly what it was supposed to measure, that is, the small business failure process. The two types of threats to validity in retrospective design are internal validity threats and external validity threats. Threats to internal validity in this research were reduced by optimizing the selection of the sample, as there was no need to control other internal variances (Kumar 2011).

Threats to external validity were reduced by considering generalizations with reference to this research (Kumar 2011). The measurement of the dependent variable (that is, the high failure rate of SSCs), as well as the interaction of history and treatment effects were also considered.

3.9.6 Sample Unit of Study

The survey unit was the SSCs that failed and those that are struggling in the 10 provinces of Zambia within two years of their starting up.

3.9.7 Accessing the Information

Participation and interaction with the owner-managers of the failed businesses enabled them to freely explain the causes of their business failures. The qualitative method used in the research enabled a deeper understanding to be obtained of the meanings attributed to the business management principles by the owner managers of the failed businesses. The researcher undertook all the interviews to collect the data. The theory of causal comparative (non-experiment) or critical realist retrospective methodology guided the researcher on how the data should be collected.

3.10 Data Collection Techniques

Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes. The data collection component of the research is common to all fields of study including physical and social sciences, humanities, business, etc. While methods vary by discipline, the emphasis on ensuring accurate and honest collection remains the same.

The researcher was weary of the consequences from improperly collected data included such as inability to answer research questions accurately, inability to repeat and validate the study, distorted findings resulting in wasted resources, misleading other researchers to pursue fruitless avenues of investigation, compromising decisions for public policy and or causing harm to human participants and animal subjects. In this research, both quantitative and qualitative data was collected by employing four main data collection techniques, namely; literature review, semi-structured interviews, survey and questionnaire. Both primary and secondary data was used in this research.

3.10.1 Literature Review

The main objective during literature review was to get a better understanding of small-scale businesses in general and small-scale contracting business in particular. Secondary data was collected and reviewed in order to lay a foundation of the research work and build upon what has been established by other researchers. The sources of literature used included the following: books, journal articles, research papers, and government reports, published and unpublished theses

3.10.2 Questionnaire Distribution and Collection

The self-administered questionnaire survey was adopted based on the advantages that a representative sample would be realised with little time or cost. The questionnaire was developed to cover all aspects needed to accomplish the purpose of research. The respondents were assured anonymity which in turn helped them to be honest in their answers. These factors made the method more advantageous compared to other methods available. However, it was also necessary to ensure that questionnaire was reliable.

The questionnaire was pilot tested on six SSCs that were carefully selected from 5 provinces. The questionnaire which carried an introductory letter of the subject was written in one format. This method involved the use of structured questionnaires targeted at the SSCs that have failed, yet successful SSCs were targeted. It also was designed to challenge entrepreneurs to discuss issues that affect the industry and contribute to their non-sustainability and sluggish growth. These matters covered a wide range from personal situations, organizational operations, national economic conditions, stakeholder engagement and involvement and other social cultural issues.

The survey was specifically chosen considering that all the SSCs were assumed to be able to read and write as it is expected that they are reasonably affluent in terms of academics and financial.

3.10.3 Face-to Face

In order to gain in-depth understanding of the issues, face to face interviews were conducted with a selected number of SSCs and industry stakeholders. The face to face allowed for probing of some of the responses and gauging the seriousness of the matter by observing respondent's facial expression. It also enabled the respondents to clarify on some of the issues raised in more detail and also augment the responses from the questionnaire

3.7.4 Observations

This involved making observations of the operations and nature of business of the SSCs during face to face informal interviews. The observations gave an insight into the actual issues affecting the business, its structure, size, and operating environment.

3.10.4 Interviews

Interview, according to Rubin and Babbie (2011), is an encounter for data collection, in which one person (interviewer) asks questions to another (the responded) either face to face or using other applicable means. The idea is to get the respondents views fast and also to know their facial expressions. This was used extensively as the research was skewed towards qualitative as opposed to quantitative. It must be mentioned that the primary data collection tool was a questionnaire. However, these other auxiliary and additional tools were adopted just to consolidate the case

3.11 Piloting

After developing the data collection tool, a pilot test of the instrument was done to confirm its adequacy in ensuring that all required data was covered in the tool. The tool was also piloted to confirm its clarity in terms of yielding reliable data from the respondents. This was done further to test field procedures and processes to be used during actual data collection. Based on the pilot results, some few changes were made to the instruments to ensure that the questions provided clarity and adequacy and more relevant to the target audience.

3.12 Research Strategy

The primary goal of this qualitative sampling strategy is to address the research questions, the time frame of the study and allocated the resources from the population sampled (Marshall et al, 2013). In approaching qualitative methods, Patton (2012) illustrated that the sampling strategy demonstrated the qualitative problematic research because the researchers implied the population sampled. In the quantitative methods, the researchers would recognize and focus on the probability and convenience sampling approaches. In the qualitative approach, the qualitative researchers would focus on the selection of individuals and settings either purposeful sampling or criterion-based selection.

Fellows and Liu (2017), argue that if there is no evidence of variation in the population structure, or if there is no reason to ignore the structure, then random sampling procedure is appropriate. To obtain a representative sample that truly reflects the population, the researcher had to look carefully at the nature and characteristics of the population to determine the type, method and procedure for sampling. After identifying, classifying and listing the SSCs, the next step was to determine an appropriate sampling strategy to identify the specific SSCs in terms of number and identities (samples) that had to be studied. A database of SSCs was obtained from NCC and was purposively selected and a maximum of 348 MSEs were surveyed. Purposive sampling was used because, the researcher wanted to have a diversified sample that would consider the geographical spread as well as the nature and class of the SSCs as regards their registration status.

For the research at hand, purposive sampling was adopted. According to Creswell (2007:125), purposeful sampling is synonymous with qualitative research. This is because the researcher can select participants and research sites that are associated with the phenomenon and research problem being studied. The researcher needs to decide who or what is representative of the phenomenon being studied and how many sites or participants need to be included in the study in order to explore the research problem. Rubin and Rubin (in Bachman & Schutt 2011:129) suggest the following three guidelines for selecting participants for purposive sampling. The participants should be.

a) knowledgeable about the subject or phenomenon that is being studied;
b) willing to participate in the study and
c) representative of the range of points of view

During the field work the researcher distributed the questionnaires to the owners of the businesses that were selected using the above method. Literature review indicated that SSCs with varying sizes differed in profiles in relation to their competencies and incomes. It was therefore useful for the researcher to employ a sampling method that acknowledged the fact that there were different types of SSCs. No easier method exists to extract a research sample from a larger population than purposive sampling.

There was no need to divide the population into sub-populations or take any steps further than plucking the number of research subjects needed at random from the larger group.

3.10.1 Data Limitations

One of the key limitations was the lack of reliable data on the SSCs in construction sector in Zambia. There is no up-to-date data on the size of SSCs in Zambia or number of people involved in the sector, or contribution of the sector to overall national economy or population of Small-Scale Contractors per province as most of them are not registered with the NCC. The data available is scanty and out-dated. Further there has been very little research done on Small Scale Contractors construction in Zambia hence it was a challenge to gather information from previous research. Most of the data was obtained from the Ministry of Commerce and international organizations such as the World Bank reports. Another limitation was the low number of respondents from the Stakeholder groups as most of them hesitated to provide required information due to organizational bureaucracy.

3.10.2 Limitations of the Data Collection Methodology

Despite the prospects of realist research to establish causal relationships between or among variables, such interpretations were made with caution. A number of problems were faced during the data collection process: Some respondents refused to give accurate information because they were still being haunted by the effects of failure and those owing their creditors were afraid to be interviewed as they thought the police were after them. This is on the backdrop of the stigma associated with failure in the Zambian cultural setting. Still other could not answer the questionnaire questions correctly due to low educational levels by the respondents

3.10.3 Research Ethics

There are several reasons why it is important to adhere to ethical norms in research. First, norms promote the aims of research, such as knowledge, truth, and avoidance of error. Secondly, since research often involves a great deal of cooperation and coordination among many different people in different disciplines and institutions, ethical standards promote the values that are essential to collaborative work, such as trust, accountability, mutual respect, and fairness.

Most researchers want to receive credit for their contributions and do not want to have their ideas stolen or disclosed prematurely. Third, many of the ethical norms help to ensure that researchers can be held accountable to the public. Fourth, ethical norms in research also help to build public support for research. People are more likely to fund a research project if they can trust the quality and integrity of research. Finally, many of the norms of research promote a variety of other important moral and social values, such as social responsibility, human rights, and animal welfare, compliance with the law, and public health and safety.

Ethical lapses in research can significantly harm human and animal subjects, students, and the public. In observing ethics, the author did not force any person to participate in this study, all participants did so voluntarily. With regard to the interview, the researcher began by explaining the gist of the study to the respondent in a letter after which the researcher then requested for consent on whether the particular respondent wanted to continue with the study or opt out. Confidentiality of respondents was also upheld. Furthermore, the author did not in any circumstance falsify data or make claims that are not adequately supported by the finding of the research study. All secondary data sources were properly cited and acknowledge.

3.10.4 Scope for Further Research

The present study was conducted on SSCs in Zambia. The success of any business is measured by knowing how many various dimensions are affecting the success of such business The research by selecting different SSCs and the factors affecting their success can help in making good policy for development of SSCs. Comparative studies among countries and business models can be followed and their level of influence on success of SSCs can be a valued addition to the existing literature. Business success factors and motivators for SSCs alone can be studied to know how an SSC can be motivated and to continue the journey to towards success. Business is dynamic and the intention, readiness and the role of technology in SSCs' success in resolving the business failure issues, in getting finance and in managing the business are some of the others. Similarly, the change management practices among SSCs can be studied for understanding the adoption and accommodative levels in business.

Further, there is a need to undertake further research on:

a) the programmes in place to train the owners of SSC businesses and the impact of such programmes.
b) the impact of the closed/failed SSCs businesses on the overall economic development of Zambia (for example, impacts on the formal/first economy).
c) comparing failure rates in different Southern African Development Community (SADC) countries.
d) the fact that if small business failure originates largely from nonadherence to business management principles, then failure should be preventable by adherence to business management principles. Thus, it needs to be ascertained what is preventing owner-managers from adhering strictly to business management principles.

e) developing a "grand theory of failure of small businesses". There is still no "grand theory of failure" or "uniform failure knowledge". To arrive at a grand theory, more ground empirical studies are needed to

3.13 Chapter Summary

Research methodology is basically action plan of the research that has to be done. In this Chapter a description of the methods, procedures and approaches used to conduct this research has been discussed. It provides a description of the research design, research method, and study area, data collection instruments, tools of research, search strategies, and approaches and techniques used to analyze, present and interpret data. This chapter also outlines the approaches that were used to analyze, present and interpret the data, as well as the problems that were encountered before, during and after data collection. Specific data analysis, presentation and interpretation approaches have been provided in the next Chapter of Findings.

CHAPTER 4: FINDINGS

4.1 Introduction

The present chapter focuses on the research findings as gathered from the questionnaire surveys. This is the crucial part of the thesis as it involves the presentation of the findings, the analysis and interpretation of data in order to get the final results. The chapter summarizes the results of the study and analysis and presents the findings. This chapter also reports the findings under three categories namely financial, external environment and managerial. It will also provide information about the instrument that was used during the study. This instrument used was a questionnaire which was administered to SSCs business owners as well as business managers. Furthermore, this chapter also discusses the response rate that was recorded during the course of this study; the non-response rate is also presented here.

4.2 Response Rate

Interviewing the respondents (the owner-managers of the failed small businesses) as well as managers through administration of questionnaires which had a blessing of the NCC which is their regulator enhanced the response rate and accuracy of the research. The researcher had ample opportunity to clarify any possible misunderstandings which could otherwise have skewed the answers and resulted in potential response bias. This was done by way of telephone call follow ups where clarification was needed. The response rate was high (100 %) since the respondents had agreed to be interviewed as no respondent would be willing to disappoint the regulator who had recommended and supported the research.

4.1 Questionnaire response

SN	Respondents	No of Respondents	Percentage
1	Business Owners	301	86
2	Managers	47	14
	Total	**348**	**100%**

All 348 respondents were available, willing, and managed to complete the questionnaire as presented to them as shown in table 4.1. A total of 301 or 86% of the respondents were SSC business owners while 47 o 14% or the respondents were managers of the SSCs. It is evident that most SSC businesses are run by the owners themselves indicating very little professional separation of functions of owners and manager.

4.3 Importance Index

For analysing data by ordinal scale, an importance index was used. This index was computed using the following equation as posited by Lim and Alum (1995):

$$\text{Importance Index} = \frac{[(5n5+4n4+3n3+2n2+n1) \times 100]}{[5(n1+n2+n3+n4+n5+n0)]}$$

Equation 4.1 Importance Index

Where n0 is the number of respondents who answered “no influence”, n1 is the number of respondents who answered “very low”, n3 is the number of respondents who answered moderate influence, n4 is the number of respondents who answered “high influence”, and n5 is the number of respondents who answered very high influence. Accordingly, if all participants answer one factor to be “no influence” then the importance index is 0, which means that this factor is not relevant and last in rank. On the other hand, if all answer “very high influence”, then the importance index is 100, which means that this factor has very high relevance and is the first in rank. Table 4.3 shows the possible ranges for the importance index and the corresponding impact levels.

Table 4.2 Importance Index Range

SN	Importance Index Range Percentage	Impact Level
1	0	No Impact
2	<20	Very Low
3	20-40	Low
4	40-60	Moderate
5	60-80	High
6	80-100	Very High

Table 4.3 Importance Index

Rank	Reason	Importance Index
1	Difficult in acquiring work	**94**
2	Difficult getting payment from client	**92**
3	Lack of experience in the firm's line of business	**89**
4	Lack of managerial experience	**81**
5	Poor corporate governance structure	**80**
6	Corruption	**79**
7	Lack of funding	**78**
8	Poor record keeping	**77**
9	Misapplication of funds	**76**
10	Lack of knowledge of differentiating business from personal capital	**76**
11	Lack of qualified staff	**73**
12	Buying jobs	**72**
13	Change in type of work	**70**
14	Size of work program	**59**

Table 4.3 above shows the severity of factors as regards causes of business failure from the perspective of the businessmen and women. High on the index is difficulty in finding work which had an importance index of 94 followed by difficulty getting payment, lack of experience in the firm's line of business and lack of managerial experience in that order at 81. The bottom four included lack of qualified staff with importance index of 73, buying of jobs with the importance index of 72 and change in type of work at 70 with size of work program having the lowest severity index of 59. From the foregoing, it is evident that size of work program ranks lowly as a cause of small-scale construction business failure. The same is presented in graphical form as shown in figure

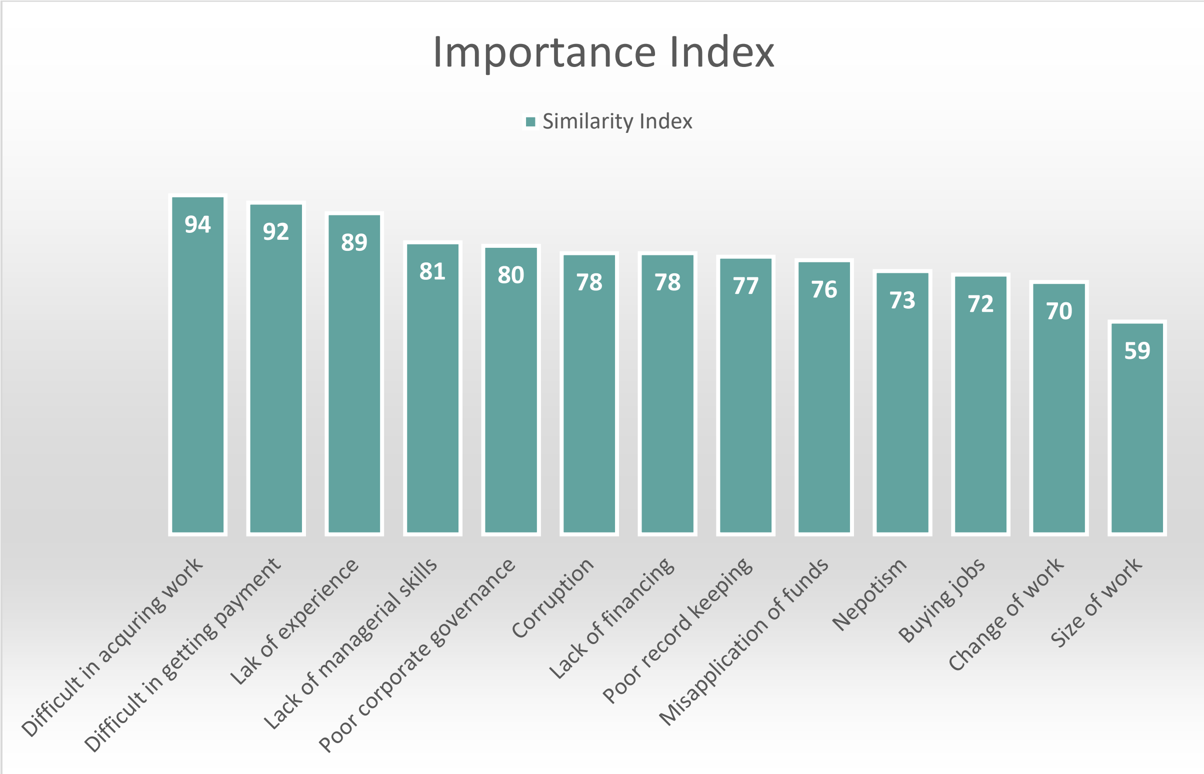


Figure 4.1 Importance Index (Graphical)

4.4 Demographic Information

Demography is the statistical study of populations, especially human beings. Demography encompasses the study of the size, structure, and distribution of these populations, and spatial or temporal changes in them in response to birth, migration, aging, and death. In this subsection, findings that relate to the demographics are presented

4.4.1 Gender

Table 4.3 below illustrates the level of participation by respondents according to gender. In most cases it was been found that there are fewer females than males in the construction sector. The reasons why there are few females than males in the sector generally are plentiful but as Hanek et al (2016) state, female entrepreneurs face challenges such as illiteracy, innumeracy and inadequate business skills and these challenges may negatively affect their participation and survival in the sector.

Females in Kenya for instance according to Hassan & Mugambi (2013) tend to be less confident and more unwilling to take risks, thereby affecting their drive to grow to a larger enterprise classification. Skills such as literacy and numeracy may be obtained through formal education.

With regard to this, Clark et al (2010) found that most micro enterprise owners have only primary or secondary school education with less than 1 % having attained university education therefore reflecting a less educated population of enterprise owners. The situation is no different with this study.

Table 4.4: Gender Distribution

SN	Category of Owners	Responses	Percentage
	Male	312	89%
2	Females	36	11%
	Total	**348**	**100%**

Out of the sample of 348 proprietors of SSC businesses sampled, 312 or 89% were owned by males as opposed to 36 or a meager 11% which were owned by females. This can be explained in terms of cultural orientation. In Zambia, there is culturally male chauvinism where male dominance is propagated at early stage. It is common knowledge that the woman's' role is in the kitchen and this means that there are few women that venture into business.

Further, this negative cultural orientation coupled with spiritual myths that do not permit females to stand in front of men or be in leadership position exacerbates the problem of gender stereotyping in business.

> *"Constructing business is tough for females in Zambia due to so many reasons. Firstly, children are made to believe that science and mathematics subjects are best suited for boys and any girl who dares to excel at these two subjects is frowned as a boy. So you can see that computational subjects appear to be the boys' preserve and no wonder you do not find a lot of women venturing into construction businesses out there. I am surprised that we even have an association for women in construction. This is encouraging at least as such things would not be heard off in the past." (Respondent No 70)*

This expression is a vivid reminder that culturally, females are supposed to take up more domestic chores as opposed to the perceived male dominated roles such as running businesses in general and construction businesses in particular. Such expressions are in line with the study by conducted Kimbu and Ngoasong (2019). Traditionally, Africa in general and Zambia in particular, women are deemed to be keepers for homes and hence running businesses is not a priority.

"Africa has seen the highest growth among businesses run by women in recent years. This would appear to be good news: entrepreneurship is arguably crucial for job creation and economic growth. But the flip side of this data is that businesses run by women are less likely than those run by men to grow because of a higher fear of business failure. This is not because women are bad entrepreneurs. Instead, it's because they often start from a lower base. They have less start-up and investment capital, and possess little or no collateral security. This limits access to loans and credit. They are also affected by exclusion from certain sectors, as well as insufficient staff numbers. All these factors affect the growth and survival of their businesses"

4.4.2 Level of Education

There is little doubt that education contributes towards social capital, opening up the world of career opportunities and networking contacts. Education is said to the best equalizer of life chances. Several authors have linked the level of education and the success of the business. For instance, Kata (2014) indicated that in instances where business owners had good education, their businesses prospered and were generally more stable than those owned by sponsors that had little or no education at all.

Table 4.5: Education levels

SN	Level of Education	Responses	Percentage
1	Doctoral Level	2	0.6%
2	Masters' level	10	3%
3	Undergraduate	50	14%
4	Diploma	80	23%
5	Certificate	90	26%
6	Grade 12	100	29%
7	Below Grade 12	16	5%
	Total	**348**	**100%**

Table 4.4 shows that out of the 348 sampled business owners when it comes to education levels, it was discovered that a paltry 2 or 0.6% had attained the education level up to doctoral level. A further 10 or 3% of the business owners had Master's Degree level of education. As for undergraduate Degree level, 50 or 14% had attained the degree level of education.

The other group of 80 or 23% indicated having attained the level of Diploma. Another 90 or 26% reported that they had attained certificate level of education. 100 or 29% of respondents reported having attained grade 12 education levels while only 16 or 5% indicated that they had not attained grade 12 level of education. This in part explains why SSCs find it difficult to grow and become sustainable as with this kind of education levels, it is extremely difficult for the business owners to comprehend and later on complete complex bidding documents.

4.5 Size of Business based on Skill of labour force

Most SSCs businesses are still in their infancy partly because of the historical political past of Zambia where the country was governed by socialist ideologies that do not promote private ownership of business but by the state in trust for its citizens. This entailed that colleges and universities were churning out graduates that were only prepared to work as clerks and officers, or white-collar jobs

Table 4.6: Size of companies (in terms of skilled labour)

SN	Companies with skilled Labour	Responses	Percentage
1	2 < 20	300	86%
2	21 < 50	40	12%
3	51 and above	8	2%
	Total	**348**	**100%**

A significant characteristic of SSCs assessed was the size of the companies. From the findings, it was revealed that most of the companies were majorly small-sized having skilled human resource ranging between 2 and 20 employees, 300 of them or 86%, between 21 and 50, 40 of them or 11% while a paltry 8 SSCs or 2% had employed more than 50 permanent staff. This is clearly an indication that most of these businesses are small scale or at best can be described as peasant businesses

4.6 Size Based on Total number of Employees

Number of employees can also be used to determine the performance of a business in general and small-scale contractor business in particular.

Table 4.7 Total number of Employees

SN	Companies with skilled Labour	Responses	Percentage
1	2 < 20	314	90%
2	21 < 50	35	9.5%
3	51 and above	2	0.5%
	Total	**348**	**100%**

Out of the sample of 348, only 2 (two) or 0.5% of SSCs reported having more than 51 employees in their businesses. A further 35 or 9.5% reported that they had employed between 21 and 50 employees at the company. The majority of the sample, 314 or 90% reported that they had employed between 2 and 20 people.

4.7 Challenges Facing SSCs in Zambia

The study identified various challenges that confront SSCs in Zambia. These include inadequate funding, inadequate information management and record keeping, lack of knowledge of differentiating business from a personal capital, poor infrastructure, lack of management skills and lack of corporate governance structures.

4.7.1 Difficulty in acquiring Work

Difficulty in finding or acquiring work is the inability of a business to find contracts. This is a serious setback as businesses being going concerns do incur fixed costs. These fixed costs such as statutory obligations and license fees have to be paid whether a business is making money or not. The table below shows how the respondents answered to the question posed as whether they thought that difficulty in finding work was an issue to them.

Table 4.8 Difficult in acquiring work

SN	Ease of acquiring work especially from government	Responses	Percentage
1	It is difficult to get awarded contracts from government and private sector	307	88%
2	It is easy to get contracts from easy to get contracts from government and private sector	41	12%
	Total	**348**	**100%**

Table 4.7 above shows that out of the 348 respondents that were asked to state what they considered as the key factor that contributed to the failure of their businesses, 307 or 88% of the respondents indicated that they considered difficult in acquiring work especially from government as one of the main causes of their business failure. The claimed that most often, the government awards contracts to the big construction such as Avic International (a Chinese construction company) and China Geo.

The two companies are believed to account for 90% of government contract, Mwandamena (2016). Only 41 or 12% of the respondents indicated that they were able to get contracts from the government and the private sector. This resonates with the claim by the NCC chairman that only 5% of contracts are awarded to the local SSCs. This was affirmed by a one respondent who stated:

> *"I registered a company four years ago and have complied with all the regulatory regime of both ZRA, NCC, PACRA, Engineering Institute of Zambia (EIZ) Grade 5 and all other bodies. However, it has been difficult to get work despite biding on several occasions. I have now run out of money to pay for bidding documents as it is expensive. I am now considering venturing into trading business if I can find some money from somewhere as construction business is now tricky", (Respondents No 56").*

4.7.2 Lack of Financing Options

Some authors such as King (2007) reported that SSCs fail due to lack of capital. King further stated that lack of capital is often the most challenging aspect that SSCs face. When asked if lack of financing constituted a major hindrance to SSCs success, the results are as shown in table 4.10 below.

Table 4.9 Financing

SN	Loan amount borrowed	Responses	Percentage
1	Above ZMK20 Million	1	0.3%
2	ZMK10,000,000 < ZMK 19,999,999	5	1.4%
3	ZMK0 < ZMK 9,999,999	200	57%
4	Never borrowed	142	41%
	Total	**348**	**100%**

Table 4.9 show that only 1 or 0.3% of the respondents reported having borrowed more than K20 million from the bank, while 5 or 1.4% reported having borrowed b tween K10 million and K20 million from the banks. 200 or 57% reported that they had borrowed below K10 million and 142 or 41% reported that they had never borrowed from the banks or any financial institutions from the contracting businesses. The participants of the study attributed this scenario of underperformance to the lack of financing, and challenged the government to take responsibility in uplifting the entrepreneurs. The issue of underfunding in the area of study is twofold: inability to secure adequate funds to start-up businesses; and inadequate funds to sustain or upgrade the small enterprises. The Respondents explained about their experience with inadequacy in funding for the business. One of the Respondents explained:

> *"Starting a business in Zambia is very tricky. One needs to do a lot before he can actually settle to own a business, but the most challenging factor is funding which is not easy to get. When I decided to start my business, I had to sell a lot of my things like furniture and electronics as well as solicit money from friends and family. It is very difficult to secure a bank loan unless you have a formal employment or working with the government" (Respondent No 025)*

This statement was affirmed by another participant who stated that there are few credit institutions in the country that one can actually rely on. The existing institutions, however, must seek collaterals that are equivalent or more than the loan needed before one qualifies. The participants noted that the credit facilities that can satisfactorily meet the needs of the business owners do not exist currently in the country. In case one needs a loan, they are forced to issue collateral, especially if it's a commercial bank.

The challenge affects the SSCs who do not have any asset, a situation that forces many of the entrepreneurs to sell their property to start businesses. Other participants also mentioned that they are forced to borrow from their friends and acquaintances who sometimes demand for their money even before the business pick up. Most of them, thus, have opted to avoid venturing in a business until they get their own savings. The findings of the study are supported by Klein (2014) who had insinuated that many entrepreneurs start off their business through their savings and loans from families and friends or worse still shylocks. The Organization for Economic Co-operation and Development OECD (2009) had suggested that over the years, the Zambian government had introduced various financial schemes to channel funds which would assist small business in the country. Considering the study context, getting loans from institutions is the hardest task to accomplish. Another respondent lamented:

> *"After graduating from Copper belt University with a Degree in Civil Engineering, I failed to get a job. After a year I decided that I wanted to open my own business to cater for myself and my family needs. I didn't have enough savings, so I approached one of the banks in Lusaka for a loan to start my own construction business. But I was denied the chance since I did not have collateral for the loan. I went to other banks and private institutions to ask for the same. However, no one gave me the opportunity amidst my good business idea" (Respondent No 003).*

The preceding claims made by the participants show that funding of SSCs in Zambia is a complex process. Small businesses are not given the opportunity to secure bank loans as the SSCs are expected to provide collateral before they can be given the loans. The observation is echoed by Moses & Adebisi (2013) who suggested that financial challenges confront SSCs in the African continent and other developing nations. The authors argued that many business ideas are aborted before implementation due to lack of funding. Furthermore, other comprehensive studies have argued that inadequate financing of businesses is associated with the inflexible financial legislation that consider collateral a key requirement for getting bank loans, Kennedy & Tennent (2006); Moses (2010) Thus, many businesses suffer from financial illusion. Moreover, mechanism for an appropriate credit facility which evaluates and weighs credit status of loans is not present in Zambia. Individual who need loan are expected to offer collateral as a criterion for getting funds, Balogun (2004) stated that many government schemes and private institutions that have tried to solve the problem of funding SSCs in the Zambia have not yielded any fruit over decades.

4.7.3 Poor information management and record keeping

When asked what type of records the SSCs keep and how they were kept, 200 or 57% indicated that they kept some sort of records of their businesses. However, when further asked what type of records these were, only 20 or 10% of the respondents mentioned that they had opened some kind of ledger to track costs and expenses while the rest reported recording transactions only when it was convenient and not a must as indicated in the table below:

Table 4.10: Record Keeping

SN	Record Keeping	Responses	Percentage
1	Bank records	100	29%
2	Other Business records	100	29%
3	No records kept	148	42%
	Total	**348**	**100%**

Table 4.10 shows that 100 or 29% of the respondents reported having kept bank records for their businesses, while a further 100 or 29% reported having kept some documents for the businesses other than bank records. Most of the businesses that were interviewed do not consider record keeping an important process, and those who keep records do it unprofessionally. One of the Respondents stated that there is no actual evidence that lack of records in a business can affect the performance of the owner. The Respondent believed that although she has not gone to school, she knows what is needed in the businesses. Alternatively, she thought that the process of keeping records is a time-consuming duty that will affect my concentration of business owners. To support this assertion, another respondent noted:

> *"I would wish to maintain records but there is never enough time. The business is very small; my working capital is not even close to ZMK50,000, so why should I keep records? I can tell you without any doubt all my expenses and profits in a day without looking through a book… "(Respondent No 014).*

4.7.4 Legal and Contractual Environment

Legal and contractual requirements are the formal processes that are put in place mostly by regulators of the sector or the government, both central and local to ensure that there is sanity in any business environment.

Table No 4.11 Legal and Contractual Environments

SN	Legal environment affecting growth of SSCs	Responses	Percentage
1	Strongly agree	30	9%
2	Agree	20	6%
3	Not Sure	20	6%

4	Disagree	70	19%
5	Strongly Disagree	208	60%
	Total	348	100%

Table 4.11 shows that when asked if the legal and contractual environment played a part in accelerating the closure of SSCs, 30 respondents or 9% indicated that strongly agreed that there was a strong relationship between the legal environment and the survival of the businesses.

20 or 6 % agreed that there was a relationship between SSCs survival and the state of legal and contractual environment. 20 or 6% indicated that they were not sure if there was a link between SSCs and the legal environment. A further 70 or 60% disagreed that there was a link between the current legal environment and the sustainability of SSCs. The majority of the respondents, 208 or a whopping 60% of the respondents strongly disagreed that there was a relationship between the legal environment and the sustainability of SSCs.

> *"The Zambian legal and contractual environment is very conducive for business. To underscore the position, Zambia ranks 8th in the Ease of Doing Business (EDB) survey out of 50 countries in Africa. Moreover, the legal system in Zambia is sound and enforcement of contracts and legal liabilities is robust………. (Respondent No 68)".*

This sentiment agrees with the findings of Kombe (2017) who stated that the business conditions are ripe for any entrepreneur to flourish but most small business owners prefer hand-outs from government. Others still felt that the legal environment was not supportive of the local SSCs but favoured big business.

> *"The 20% sub-contracting statutory Instrument which the government has announced where foreign contractors are required to allow 20% of works to be done by local SSCs is a fallacy. What normally happens is the subcontractors buy from the contractor and resupply… the same thing just swirls in the same cesspool. Without clear directives of an industrial base to substitute the same quality of requirements for enabling these subcontractors participate meaningfully makes this whole process impotent or redundant………. (Respondent No 44)".*

4.7.5 Delayed payment

This is when an invoice sent by the business to the customer is not honoured within the agreed period. Delay in paying construction contractors has impacted negatively on the effectiveness of the contractor and as such affect project delivery schedule. Failure to pay contractors for work executed might lead to the contracting firm being insolvent.

Table 4.12: Delayed payments

SN	Timely receipt of funds	Responses	Percentage
1	Always delayed	254	73%
2	Not sure	90	26%
	No delays	4	1%
	Total	348	100%

Table 4.8 show that 254 or 73% or respondents reported that payments from their client who in most cases is the government is delayed. 90 or 26% reported that they were not sure if the payments were delayed as they considered delay by so called a few months is not necessarily delay but government beauracracy. A further 4 or 1% indicated that they did not experience any delay in payments from their clients. One respondent stated that:

> *"We won a tender to construct a clinic by the government through the Ministry of health in 2012 following the then president Michael Sata (MHSRIP) that the government would construct 650 rural health centres country-wide. I mobilised on site and obtained a loan from bank (name withheld). Half way the project, we ran out of money as the Ministry of Health did not fulfil their contractual obligation of releasing funds on a phased approach. As a result, the bank had to foreclose on my property which was pledged as collateral and to-date we have not been paid. This has led to laying off all the workers and we are still owing huge sums to the statutory bodies like National Pensions Scheme Authority (NAPSA). I can safely say we are insolvent and will not continue in business" (Respondent No 59)*

The construction process will be delayed and the list goes on. But one thing is for sure: delayed payments or non-payment to contractors have a negative influence on the overall construction process.

It should be understood that ‘the practice of efficient and timely payment in construction projects is a major factor that can contribute to a project’s successes as reported by (Camilleri 2011).

4.7.6 Lack of Proper Infrastructure

Infrastructure are the basic physical and organisational structures and facilities such as buildings, roads, power supply, communication towers, internet facilities etc needed for the proper operation of an enterprise

4.13 Lack of Infrastructural Facilities

SN	Infrastructure a hindrance to growth of SSCs	Responses	Percentage
1	Strongly agree	140	40%
2	Agree	90	26%
3	Not Sure	80	23%
4	Disagree	20	6%
5	Strongly Disagree	18	5%
	Total	**348**	**100%**

able 4.13 shows that 140 or 40% of respondents reported that they strongly agreed that infrastructure is a major hindrance to the growth of their businesses, while 90 or 26% agreed that infrastructure was a hindrance to the growth of the small businesses. 80 or 23% of the respondents indicated that they were not sure if at all infrastructure was a hindrance to the growth of their businesses. A further 20 or 6% disagreed that infrastructure was the cause of their business’ stagnation while 18 or 5% strongly disagreed with the idea that infrastructure was hindering growth of their businesses. Some of these sentiments were also echoed by Opara (2011) where he noted that lack of these facilities may hinder entrepreneurial ventures. During the study, participants commented about the worrying impacts of poor infrastructure on enterprises.

One aspect of this threat is the epileptic and erratic power supply which affects the operation of businesses. Many of the respondents shared the view asserting that they are unable to make profits due to the inadequate power supply. One of the participants stated:

> *“We depend on electricity to perform our activities, but the distribution and big number of load shedding of power by Zambia Electricity Supply Corporation Limited (ZESCO)*

has made it virtually impossible for us to remain in business", (Respondent No 156). It becomes even more concerning when a business is outside the industrial centre. Other alternativ1e sources of power are very expensive, so we are forced to depend on the government. Most of our construction requires a lot of fabricating and welding which largely needs a stable supply of electricity. If one would consider other sources like solar energy, you would end up using all your income in production" (Respondent 037).

4.7.7 Inadequate Entrepreneurship Training

Small Scale Contracting is a business just like any other business. Promoters of this type of business therefore need to be equipped with entrepreneurship skills in order to run their enterprises as business.

4.14: Inadequacy of Entrepreneurship Training

SN	Entrepreneurship Training	Responses	Percentage
1	No	305	87%
2	Yes	20	6%
3	Not Sure	23	7%
	Total	**348**	**100%**

Table 4.13 shows that out of the 348 sampled respondents, 305 or 87% indicated that they had not attended any entrepreneurship or managerial skills training from any formal institution but have only been able to learn from the job or from someone that they worked for. A further 23 or 7% indicated that they were not sure if at all they had any formal training as they had in the past received someone speaking to them during an event and did not know if that would qualify as formal training. Having formal education is one of the means through which individuals can obtain business or management skills. During the study, many participants explained that their businesses have failed as a result of lack of entrepreneurship training as explained by one respondent:

"I learnt the required skills and knowledge of this business through apprenticeship. `Although I went to school, I did not reach secondary level, a situation that has prevented me from getting well-paying jobs. I now feel that education is very important when it comes to business and employment. I had proceeded to a degree level, I could be managing my own business". (Respondent No 017)

The study found that the SSCs owners lack the needed skills for business management. Some of the demanded skills include interpersonal communication, assertive conduct, negotiation, problem-solving, and conflict resolution. Without these skills, managers and business owners can end up losing customers. One of the participants recognized the need for proper management skills:

> *"Some of our customers are very impatient and rude. Sometimes you can lose your temper when you negotiate with arrogant customers. In my business, I have observed customers literally get aggressive because of changes in good prices. The Zambian market is currently unstable, and prices fluctuate day in day out. If you don't convince them of the increased prices, the customer would never return to the shop again". (Respondent No 042)*

4.7.8 The Government Support System (20% Subcontracting Policy)

Zambian government through the Road Development Agency (RDA) introduced the 20% subcontracting policy. It is now Government Policy that a minimum of 20% of the works on all road contracts awarded by the Road Development Agency (RDA) would be executed by Zambian-owned companies in line with the shareholding structure specified in the Citizens Economic Empowerment Act No. 9 of 2006 whose overall goal is to contribute to sustainable economic development, by building capacity in Zambian-owned companies. The 20% subcontracting policy is only applicable to all road contracts exceeding ZMW30 million. Contracts below the ZMW30 million thresholds shall be reserved for citizen-owned, citizen-influenced and citizen empowered companies in line with the Citizen Economic Empowerment (Preferential Procurement) Regulations of 2011.

However, the effectiveness of this policy still remains a subject of debate in public and in private with each side of the argument claiming victory. When a question was posed to the respondents on the effectiveness of the policy. Table 4.14 indicated the responses.

4.15 20% Subcontracting policy

SN	Subcontracting policy	Responses	Percentage
1	Policy very effective	10	3%
2	Not sure	10	3%
3	Policy Not effective	288	94%
	Total	**348**	**100%**

Table 4.14 above shows that 10 or 3% of the respondents reported that the 20% subcontracting policy was very effective and helping SSCs acquire skills and capacity in their contracting business. A further 10 or 3% of the respondents were not sure if the 20% subcontracting policy was effective. However, 288 or 94% of the respondents reported that the 20% subcontracting policy was not effective as it was not benefiting the local contractors either in capacity building or technology transfer.

> *Although there is a government pronouncement that at least 20% of central and local government contracts should be awarded to local contractors (by law), I do not think this is working because I have not seen any of my colleagues being awarded those jobs as subcontracts. Probably politicians are the ones that are getting awarded those jobs through their companies and corrupt proxies. You see the government is quick to make pronouncements for political expedience but when it comes to implementation, it is the same old story. I do not trust them anymore. My business has suffered and it is now one year since I had any meaningful contract from government", Respondent No 12*

This lamentation resonates with the findings of Phiri (2016) where he concluded that even though there have been numerous pronouncements about the 20% government contracts to awarded to local contractors, there is very little evidence that this pronouncement is being followed by actin as the same big Chinese companies (AVIC and China Geo) are still getting the lion's share in terms of government contracts.

4.7.8 Corruption

Corruption is a concept that is difficult to define, for what is referred to as corruption in one society, might not be called corruption in another society. In this view, Wraag *et al.* (2009), defined corruption as "the abuse of entrusted power for private gain", "an inducement to show favour", "the perversion of destruction of integrity in the discharge of public duties by bribery of favour"), and "the use or existence of corrupt practices especially in a state or public corporation". These authors further defined bribery as "the payment in money or in kind that is given or taken in a corrupt relationship". However, World Bank (2000) defines corruption as the abuse of public office for private gain.

Table 4.15: Corruption

SN	Corruption Perception	Responses	Percentage
1	Very High	200	57%
2	Not Sure	100	29%
3	No Corruption	48	14%
	Total	**348**	**100%**

During the study, when asked if corruption negatively affected the growth of the construction sector in Zambia, 200 respondents or 57% reported that the vice was rampant especially in government and state-owned enterprises (SOEs) and that it affected the industry as undeserving businesses are awarded contracts for jobs that they lack technical or financial capacity to undertake.

100 or 29% reported that they were not sure if at all corruption existed in the bidding process especially in government procurement while a paltry 48 or 14% or respondents reporting that they had not encountered any corruption which affected their businesses. The prevalence of corruption in the sector was echoed by one respondent and stated that:

> *"I know of a friend whose uncle is a senior government official was asked to register a company specifically to be used as a front to supply building material for schools, which materials were only supplied to the tune of 50% and the proceeds shared between him and the uncle. My friend had never supplied building materials and the said company was only registered for the sole purpose of this shady transaction". We the local contractors are not considered when it comes to government contracts. The government prefers foreign contractors mainly Chinese. But what they should know is that these foreign companies will one day leave the country. By side-lining local contracting companies for foreign ones, the local companies are not gaining any experience and no capacity is being built in local companies…… (Respondent No 13)*

The results appear to collaborate with the Transparent International Zambia (TIZ) Corruption perception index (CPI) which indicated that corruption levels were rising steadily at 96 points in 2017 up from 87 points in 2016, see figure 4.16. The most common types of corruption include bribery, fraud and the misappropriation of economic wealth. Munzhedzi (2016) suggested that corruptions could be as a result of people's belief that the provision of services in the developing societies is reliant on the government. It therefore means that the government and subsidy grants regarding empowerment initiatives may be received by undeserving small businesses and candidates. Businesses which do not qualify may pay bribes or kick-backs to receive the said grants and subsidies. For instance, TIZ said that the Zambia construction industry contributed 24% to the economy's GDP in 2017, surpassing mining at 5%.

It said the government led growth of Zambia construction industry in the last 5 years through projects such as the Link Zambia 800 road project is underway, as well as through Pave Zambia 2000 and the L400 Project which together recently received funding. However, the TIZ lamented that rampant corruption hinders growth. In Zambia, according to the World Bank report 2013 on average, 16% of firms in Zambia experienced at least one payment request across six transactions dealing with utilities access, permits, licenses and taxes. Further the bribery levels almost doubled in Zambia between 2007 and 2012 from 7% to 12% with Lusaka being the most exposed to corruption, three times more than firms in other towns. The high levels of corruption hamper the growth of business not just income deprivation but also by hindering participation in public and private business deals or tenders.

The awarding of contracts is not done on merit and in a transparent manner and thus despite a firm's capacity and capability to deliver on a particular assignment they are de-franchised and their business investments and plans ruined. According to research done by Sibajene Eleccan (2009) constraints faced by SSCs supplying goods and services to mines in Zambia) 55.3% of respondents felt the tendering system was flawed and non-transparent. It indicated that favouritism among buyers and end users was rift and most buyers asked for an average of 10% cut of total business volumes awarded to suppliers.

4.7.9 Lack of knowledge of differentiating business from personal capital

Businesses are started and are assumed to run indefinitely, which the accounting world call going concern. This therefore entails that businesses are legal entities and as such should have their finances accounted for separately from the personal finances of the owners.

Table 4.17 Separation between business and personal finances

SN	Separation of Business and Personal Finances	Responses	Percentage
1	No separation	343	99%
2	Not Sure	0	0%
3	Separation in place	5	1%
	Total	**348**	**100%**

When asked if they separated their personal finances and business finances, only five (5) of the 348 respondents indicated that they separated business and personal finances. The remaining one three hundred and forty-three (343) indicated that there was no need to separate the finances as it would mean duplicating transaction costs and in any case the amounts that they handle was insignificant to be separated. Many SSCs do not have a business account, but instead share one account for both personal and business. Most of the participants stated that there is no need for having a different account. The scenario was echoed by one Respondent who argued that he did not think there is a need to have a separate account for the business yet his revenue was less than K60, 000 and stated that:

> *"I know that a business should have its own account to promote accountability, but the process of opening an account is stressful… Especially, I don't believe SSCs like me should keep separate accounts. In case my business grows bigger, I will open a separate account" (Respondent 044).*

The statement above reflects the mentality that many SSCs have towards having business accounts for their businesses.

He argued that most loaning institutions consider lending money to SSCs a time-consuming process since small businesses do not have any proper accounting skills as the business owners fail to separate their business accounts from personal finances, thus, making the financial statements unreliable. The author added that without updated financial records, many banks would not be willing to loan SSCs due to the uncertainty in the risk taken.

Olatunji (2013) noted that many businesses in Nigeria end up using working capital for personal use, and this is majorly associated with lack of record keeping. Majority of the companies interviewed have faced this problem, and in some instances, closed their companies.

4.18 Corporate Governance

This is the system of rules, procedures, practices and processes by which a business is directed and controlled. This also involves separating the duties and roles of management and the shareholders through their directors.

Table 4.18: Corporate governance

SN	Corporate Governance Principles	Responses	Percentage
	No board put in place	300	86%
	Not Sure	24	7%
	Boards in place	24	7%
	Total	**348**	**100%**

A question was posed to thirty-four (348) respondents SSCs if they had any semblance of a board in place or an advisory body in place. The responses are indicated above in table 4.17.

Thirty of the respondents indicate that they were aware of the importance of having corporate governance structures in place. However, when asked if they had put up in place, 300 or 86% reported that they had not put a board in place citing fear of interference by the board members and claiming they were the founders of the business and knew it all. They also indicated that it was costly to put up a board in place as each time the board members met, they would demand some kind of allowance which they claimed was a drain on the meagre resources they had as working capital. The other four 24 or 7% respondents indicated that they had heard of the boards in companies but that they did not know why these boards were supposed to be doing at the company.

A paltry 24 or 7% reported that they had advisory boards that very tasked with responsibility of overseeing the operations of the businesses. When one respondent was asked why there are no corporate governance structures established in their business, the respondents stated that:

"It is difficult to establish a board because my business is very small with annual turnover of not more than K300, 000.00 (1USD=K10.00). Introduction of a board any semblance of corporate governance will mean that the board members will have to be sitting allowances. These costs cannot be absorbed by my small business. The other reason is that putting any corporate governance structures will mean that I will need to comply with numerous reporting legislation. I would therefore prefer to operate small". (Respondent No 97)

This sentiment that SSCs business owners prefer to remain small agrees with the comments made by Mahmood (2012) that good governance is vital for the development of a healthy and competitive corporate sector. As a result, a strong corporate sector boosts "sustained" and "shared" economic growth, i.e. growth that can withstand economic shocks and benefit all. It is expected that poverty alleviation and equitable distribution of wealth can be achieved in developing countries by encouraging long-term economic growth through a well-planned and well implemented approach to corporate governance.

4.18.1 Internal Controls

Internal controls are the procedures put in place to help achieve the objectives of the business in relation to finances, logistics, efficiency and generally optimisation of the business

Table 4.29: Internal Controls

SN	Internal Control in Place	Responses	Percentage
	No written manual to guide our operations	298	86%
	In the Process of putting internal controls in place	10	2%
	Some rules written in a book	20	6%
	Internal Controls in place (Standardized Manual in Place)	20	6%
	Total	**348**	**100%**

Out of the 348 respondents that were asked if they had implemented some form of internal controls, 298 or 86% reported that they viewed internal controls as an expensive undertaking and hence did not see any need to put such measures. They further explained that putting internal controls in place would mean employing and Internal Control Officer, and expense they were no willing to incur. A further 10 or 2% indicated that they were in the process of putting in place internal controls but did not give a time frame. Another 20 or 6% reported that they had some written rules that served as internal controls but were not in any formal document. The last group consisting of 20 respondents or 6% confirmed having put in place internal controls and were of the view that internal controls were key to the success of the business.

> *"I view internal controls as a very important component of my business because without internal controls, there are a lot of loop holes and such can lead to income leakages. I also feel that putting internal controls in place helps the business to continue running smoothen in my absence as all the employees will follow those prescribed operational procedures and hence securing my business". (Respondent No 28)*

The lack of internal controls or having weak internal controls has wider implications on any business, more so on SSCs due to the nature of business.

4.8 Summary of Findings

The findings presented in above sections are the key factors associated to the failure of SSCs from the perspective of businessmen and women in the construction sector themselves. These variables that appear to hinder growth and sustainability of SSCs are hereby summarised as follows:

4.8.1 Internal Factors

a) Lack of entrepreneurship skills
b) Poor information management
c) Poor or no corporate governance structures
d) Weak internal controls
e) Unaccommodating legal and contractual environment
f) Inadequate entrepreneurship training to the business owners
g) Lack of knowledge in separating business from personal finances
h) Lack of technical skills

4.8.2 External Factors

a) Lack of financing options
b) Delayed payment
c) Difficulty in acquiring work
d) Poor infrastructure
e) Lack of government support
f) Endemic corruption
g) Gender stereotype

The discussion centred on the most important findings regarding the failure causes of SSCs from the perspective of the contractors themselves. From the study, the following key findings were identified:

a) It is not surprising to those familiar with Africa generally and Zambia particularly that 307 out of 348 or 88% of the respondents reported that their businesses had collapsed or were struggling due to difficulty in acquiring work. This variable ranked highest on the Importance Index (II) at 94 indicating that it is a high impact factor. Difficulty in finding jobs is a serious impediment to the growth of the SSCs. Various factors have been attributed to this fact such as corruption in the award of jobs, nepotism and tribalism are other issues that make it difficult for SSCs to win tenders especially from central and local government.
b) Difficulty getting payment from the client ranked second on the (II) at 92. Out of the 348 respondents, 254 or 73% reported that the biggest challenge to their business growth was difficulty in getting payment from the client, especially local and central government. Most African countries are heavily indebted and a big chunk of their national budgets is channelled to debt servicing leaving SSCs and other businesses grappling with unpaid invoices from the local and central government. Since the biggest client of SSCs in Zambia is government, this in turn is leaves SSCs in dire situations and has led to most of them folding or going into voluntary liquidation as they end up failing to pay bills mostly employee remuneration and statutory obligations.
c) Lack of experience ranked third on the (II) at 89. Lack of experience meant that these SSCs have to either sell the job to competent and capable mostly foreign contractors or abandon the job half way as they do not have the necessary technical experience to undertake certain jobs.

d) Corruption ranked 6^{th} on 88 on the Importance Index. This is clear sign that the vice is endemic in the construction value chain. This was confirmed by 57% or 200 out of the 348 respondents who claimed that undeserving or some contractor especially foreign owned ones where bribery was rife. This is further confirmed by the high corruption perception with Zambia ranking at 97% on the CPI by the Transparency International Zambia

e) Weak corporate governance structures ranked fifth at 80 on the (II). 300 out of 348 or 86% reported that they did not have any corporate governance structures in their businesses due to partly the high cost of setting such structures and partly to the size of their businesses. Only 7% indicate that they had put in place some sort of board of directors. Further it was difficult to verify the independence of these boards. In the few boards that were put in place, the office bearers would be the same family members without any expertise and their composition would be a formality to probably lobby for government incentives.

f) Lack of financing ranked 78 on the (II). Out of 348 respondents, 206 reported that they had borrowed from financiers for their businesses particularly to finance a specific job. 142 reported that they had never borrowed from any financing company. This is in sharp contrast to the general belief that lack of financing is a major hindrance to the growth of SSCs.

g) Poor information and record keeping ranked 77 on the (II). Out of the 348 respondents, 100 or 29% reported having kept some kind of bank records such as bank statements, bank deposit slips, and bank withdraw slips and cheque stabs. Another 100 respondents or 29% reported that they kept records other than bank records. They reported having records such sales day book, purchases daybook, quotations, invoices and payment vouchers. The rest 148 or 42% reported that they did not keep any records of their businesses as they did not see any need as their businesses were too small.

h) Size of work ranked 59 on the (II) at number 14 indicating that its impact was considerable. This shows that some SSCs are awarded contracts beyond their capacity and this leads to failure to perform and ultimately have a telling effect on the growth of business.

The next chapter presents the conclusions and recommendations of the study. In the next chapter, dealing with the conclusions and recommendations, attention is paid to how this situation could be addressed

4.9 Chapter Summary

Data related to the empirical study in Zambia was presented and analysed. Demographic information and business profiles of respondents were presented. Possible reasons which could have contributed to business failure were examined. The results revealed that there were numerous factors which influenced the failure small scale contractors' businesses in Zambia. It began with the identification of the set of variables which the respondents cited as having caused their businesses to struggle. The chapter ends with the summary of key findings from the study

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The purpose of this chapter is to summarise and draw conclusions regarding the main findings of this study. The main introduction to the study was covered in Chapter One. Chapter Two discussed the previous findings of causes of SSCs business failure and success factors in the Zambian construction sector and the context within which the research was conducted. In Chapter Three, methodological issues were considered and appropriate approaches were selected and justified. The research process was conducted through the use of survey questionnaires. Chapter Four presented analysis and provided detailed discussions. In this last chapter (Chapter Five), the research is ended by summarising the issues addressed throughout the study.

The chapter concludes with recommendations firstly to the government as a major stakeholder and then to the SSCs themselves on how they can push the development agenda in order for them to remain afloat in a harsh business environment. There is also a section on the recommendations for further research that can be conducted based on the conclusions and limitations of the study. Recommendations for future studies are also summarised in this chapter. The conclusions are discussed in the same sequence in which the empirical results were contained. The most prominent areas which lead to either SSCs business success or failure were identified and will be discussed with specific recommendations towards the end of the chapter.

5.2 Summary of Findings

This study examined the reasons for SSCs failure in Zambia. Based on the structured surveys administered to SSCs, several factors were identified that were responsible for SSCs failure: difficulty in acquiring work standing at 94 out of 100, difficulty in getting payment from client especially the local and central government at 92, lack of experience in the firm's line of business at 89, lack of managerial experience and poor corporate governance structures81. Others were corruption at 79, lack of financing 78, poor record keeping at 77 and misapplication of funds 76. Lack of knowledge in differentiating business from personal funds ranked 76 while lack of qualified staff was rated at 73. Buying jobs ranked 70 and size of work programme ranked 59. Therefore, in conclusion, the local contractors will remain unsustainable and their performance unsatisfactory without the intervention of government. In order to address the challenges faced by local contractors in Zambia, it is important for government to review the policy with regard to capacity building of local contractors

5.3 Areas for Further Research

One of the main causes of SSCs failure in Zambia is lack of business especially from the local and central governments that prefer foreign based contractors. Further research studies can investigate the processes and capabilities that SSCs need to have, as well as the information they need to get to be able to access government tenders, debt finance from commercial banks and trade creditors. Another study could compare the impact of motivations, personal values and managerial skills and technical capacity on a SSCs businesses in Zambia.

5.4 Recommendations to Government

The following recommendations are therefore prescribed as measures and strategies to stakeholders in an attempt to address small scale business failure of contractors in the Zambian construction sector.

a) Publish tenders available contracting jobs especially by central and local governments. Difficult in acquiring work was cited as among the highest ranked reasons why businesses failed. The reason was ranked first at 94 on the (II). This has been tried by the major players, the government through the 20% subcontracting to Zambian contractors but with limited success as the governments still prefers awarding contracts to foreign owned contracts citing lack of capacity and incompetence issues with local contractors

b) Fight Corruption**:** Corruption ranked 6th on the (II). The government through state agencies should vigorously fight corruption by stiffening laws and applying them fairly without shielding politically exposed persons. In order to level the playing field, there is urgent need to ensure that only deserving contractors are awarded contracts especially from the central and local governments.

c) To solve the problem of lack of managerial skills, the government should regularly organise seminars for potential and existing SSCs as this will help them get educated on how to plan, organise, direct and control their businesses.

d) Create facilities for entrepreneurial skills and training development: beside the entrepreneurship programme in the on-going secondary school curriculum reform in Zambia and new incubator support programme from National Scientific Council for Research (NSCR) and Bongo Hive, this study suggests that there should be more facilities for entrepreneurial skills and training development, institutions that are active in promoting entrepreneurship. Training and development programmes should encourage entrepreneurship and offer education on all aspects of the management process and business systems.

e) There is urgent need to provide training by the government through the NCC

f) Government should put in place deliberate policies where SSCs banks can be setup with the sole aim of facilitating access to finance by SSCs who would otherwise to be able to access financing from the conventional banking sector.

5.5 Recommendations to SSCs

The following under listed recommendations are to be considered by contractors in the set-up of their business activities in order to reduce and avoid the risk of failure

a) The SSCs should seriously consider upgrading their skills through short courses and other informal learning processes.

b) SSCs should ensure that they cost political risk and factors in Contractors should ensure that they cost political risks and factor it in the estimation of tender.

c) SSCs should ensure that almost always they have a team leader at the site who understands the rudiments of construction to be able to interpret the design and its execution in accordance to specifications

d) SSCs should form partnerships and pull their resources together to be able to tender for large projects to help them grow and develop as opposed to being greedy and ending up failure to perform on large projects

e) SSCs should ensure that they put proper monitoring and control measures in place from the inception to completion in the execution of projects.

f) SSC 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. To ensure proper and accurate records keeping, appropriate technology and qualified manpower with expertise in functional areas of management should be engaged and properly compensated based on their education, experience and skill and dedication. Efforts should be made to maintain accurate records on finances, inventory, revenues, expenses, and so forth. Accounts should be kept on a daily, weekly, monthly, and annual basis using current technology

g) SSCs should endeavour to run their businesses in a professional manner by separating personal finances from business finances

5.6 Direction for Future Research

There are a number of research opportunities to explore in the future based on this study. The following recommendations are therefore made for future research:

a) The fact that if SSCs business failure originates largely from no adherence to business management principles, then failure should be preventable by adherence to business management principles. Thus, it needs to be ascertained what is preventing owner-managers from adhering strictly to business management principles.
b) Future research to explore the impact of Zambian politics (in relation to policy formulation) on business failure of contractors in the construction industry.
c) Determinants of financial impact on business failure of SSCs in Zambia.
d) A model to predict the business failure of SSCs in the Zambian construction industry.
e) There is also need to undertake further research on the programs in place to train owners of small-scale contracting businesses and the impact of such programs

5.7 Chapter Summary

Research on the failure of SSCs in Zambia can make tremendous contribution by providing detailed information of the causes behind the failed SSC businesses by utilising models and engaging communities that in identifying workable strategies of developing SSCs businesses into fordable businesses. The chapter therefore brings together recommendations firstly to government as a major stake holder, and then to the SSCs themselves and lastly discusses the direction for future research and the benefits that may come after such research.

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The construction industry has been one of the fastest growing industries in Zambia from 2010 to 2019, recording an average contribution of about 9.9 percent of National Gross Domestic Product. However, this growth contribution appears to be made by foreign owned companies who account for less than 5 percent of registered contractors, but have a share of over 90 percent of the works contracts mainly from local and central governments. Small Scale Contractor business in Zambia is prone to failure and stagnation, with the sector witnessing failure rate of 45%. As in the case of any other business sector, failure, collapse, bankruptcy, and or closure terms are common words in the construction industry since construction industry involves many risks. The objective of the study was to understand failure causes of Small-Scale Contractors from their perspective in Zambia and come up with measures that can assist the sector to grow and become sustainable. The study was a national wide study with respondents drawn from all the ten (10) provinces of Zambia using a mixed research method with a bias to qualitative research method. The sample for the research consisted of 348 owners/managers of Small-Scale Contractor businesses calculated from the entire population of registered Small-Scale Contractors on the National Council for Construction data base. The respondents were selected using purposive sampling as this method was deemed to be the best suited method since it captures respondents with varying profiles ideal for this study. The research instruments used consisted of observation, open-ended questionnaires and close-ended questionnaires made on a 5-point likert scale with questionnaires distributed to all the 10 provinces of Zambia

SIDNEY KAWIMBE **Binary Graduate School, Binary University, Malaysia**