

**AN INVESTIGATION INTO THE COMPETITIVENESS OF THE  
MOTOR INDUSTRY IN ZIMBABWE: A CASE OF  
WILLOWVALE MOTOR INDUSTRIES**

**BY**

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## CHAPTER ONE

### 1.1 Introduction

The motor industry in Zimbabwe has gone through an enduring and often chequered history since the end of the Second World War when motor transport became a popular mode of transportation in Africa. Since then the industry has grown in with new players coming into the industry culminating in the importation of a complete assembly plant in 1961 when Ford Motor Corporation of Canada assembled the Ford.

The motor industry in Zimbabwe consist of four different groups of players namely the car assemblers, component manufacturers, and vehicle and spares importers and retailers as well as repair companies. The company was established in 1961 when Ford Motor Corporation of Canada imported a complete assembly plant to assemble the Ford Range for the then Federation of Rhodesia and Nyasaland. It was forced to close down after the Unilateral Declaration of Independence (UDI) by the Smith regime in 1965. The Industrial Development Corporation bought the company in 1967 for contractual assembly of vehicles. Franchise holders were allocated foreign currency for the importation of motor vehicles kits, which the company then assembled on their behalf.

In 1986 the Government of Zimbabwe instituted reforms for the Industry, under which franchises were to be held by assemblers under a vertical integration policy. Willowvale Mazda Motor Industries became the distributor of both passenger and commercial vehicles under a government directive.

Lack of foreign currency restricted production, so the company sought a technical partner who could provide the product as well as transfer of technology. Mazda Motor Corporation of Japan was selected as the technical partner and a joint venture agreement was signed in 1989. Other parties to the strategic alliance were the Industrial Development Corporation of Zimbabwe (IDC) and Itochu Corporation, a Japanese Trading House. They became shareholders in the company, which was known as Mazda Motor

Industries (Pvt) Ltd. The new company concentrated on the Mazda brand, achieving significant gains in productivity.

## **1.2 PROBLEM STATEMENT**

Willowvale Mazda Motor Industries was on one time the giant of the motor industry in Zimbabwe; a position which has since changed after the liberalization of the economy in 1993 when competition intensified. The problem confronting the company is increased competition. By evaluating its current competitive, strategies can be formulated to enhance its ability to cope with competition in the industry both domestically, regionally and internationally.

## **1.3 RESEARCH OBJECTIVES**

The objectives of this study were to;

- Establish the dynamics of the Zimbabwean motor assembly industry
- Establish the competitive challenges faced by players in the industry
- Deduce strategies that can be employed by motor industry to counter the challenges
- Evaluate the competitiveness of Willowvale Mazda Motor Industries (WMMI) in the motor industry
- Recommend ways in which Willowvale Mazda Motor industries and the sector as a whole can employ to be adequately competitive

## **1.4 RESEARCH QUESTIONS**

The research sought to answer the following questions:

- Who are the major players in the Zimbabwean Motor Industry?
- What are the dynamics of the Zimbabwean motor assembly industry?
- What are the challenges faced by players in the motor industry?
- What is the competitive structure of the industry?
- What are the sources of competitive advantage in the industry?
- What are the strategies they are can employ to counter the challenges?
- Is WMMI competitive enough to compete against domestic, regional and international market?



- How does Willowvale Mazda Motor Industries compete in the motor industry?

### **1.5 ASSUMPTION OF THE STUDY**

It is assumed that the study is going to be objective and representative of the situation in the motor industry and those respondent are going to be co-operative and sincere in responding to the needs and expectations of the study.

### **1.6 RESEARCH PROPOSITION**

This study proposes the following;

The motor industry in Zimbabwe is not competitive enough to attract both regional and international market.

Willowvale Mazda Motor industry's position ha since changed negatively due to the intensification of competition in the sector.

### **1.7 JUSTIFICATION OF THE STUDY**

The research is meant to benefit the following:

- The researcher, to further understand and comprehend the competitive strategies from a both a theoretical and practical perspective.
- The sector will benefit from the research through recommendations to take corrective management action to achieve sustainable recovery.
- The research will also benefit other companies facing similar problems.

The study will further provide a platform for future research and literature for the academic community. There is also a literature gap with regard to the competitiveness of motor industry. This implies that the study will provide a platform for future studies that the academics and heads of departments within the industry can do. WMMI in general could benefit from the conclusions and recommendations of this study.

### **1.8 SCOPE OF THE STUDY**

This study is going to investigate challenges and strategies that are used to improve the competitiveness of the motor industry in Zimbabwe. Due to the Vastness of the sector, the researcher will narrow down to the motor assembly industry and is specifically center it on Willowvale Mazda Industries as a case study. Respondents are going to be staff and management of this company.

## **1.9 DISSERTATION OUTLINE**

The dissertation is arranged as follows, Chapter 1: Introduction – It gives the introduction or foundation of the study. Its components are the background to the study, problem statement, objectives of the study, justification of the study and the dissertation outline. Chapter Two: Literature Review – the chapter reviews theoretical and empirical literature on competitiveness and sustainability. It also brings under the spotlight various theories of strategic growth and marketing. This chapter forms the basis on which the study findings are discussed.

Chapter Three: Research Methodology – this chapter covers the methodology of the study. It gives an overview of data collection methods and the justification of the methods used, data processing and how the data will be analysed and presented. Chapter Four: Research Findings and Analysis – the chapter gives research findings and discussion of the research results. Chapter Five: Conclusions and Recommendations, the chapter presents the conclusions, recommendations and area of further study.

## **1.10 RESEARCH METHODOLOGY**

In this study the researcher will carry out a survey to determine the views of management and staff of WMMI at the head office and outlet shops within Harare. The researcher will use both stratified and simple random technique in choosing respondents of this study.

In this survey, the researcher is going to make use of primary data. This data has a disadvantage of being expensive to collect, but it is important, as it is possible to formulate structured and unstructured questions that focus on the

study topic. In this study, primary data will be obtained from questionnaires. Secondary data is one that is gathered and recorded by someone else prior to the current project. It includes the use of information from the journals, internet. Secondary data has the following advantages data is already available; data is highly accessible and less expensive to obtain.

The following data collection techniques shall be used in the research:

- Questionnaires

Data for the study will be collected using the following data collection procedures:

- Distribution of questionnaires by hand and mail

Tables, graphs as well as figures will be used to analyse the data. Since the data will be collected from a representative sample, statistical methods such as the mean, median, mode and so on, shall be applied to determine the views of the respondents. The purpose of these presentations is to get the trends and also any correlations and patterns that may exist.

### **1.11 DATA PRESENTATION AND INTERPRETATION**

The data presentation and interpretation method used shall be based on tables, charts and other statistical methods such as the mean, median, mode and correlations to mention a few.

### **1.12 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

Having presented the data, the researcher shall present a summary, conclusion and recommendations based on the data analyzed. The presentation may be for use by other potential researchers. Area of further study is also presented in this chapter.

## **CHAPTER TWO**

## **2.0 Literature Review**

### **2.1 Introduction**

The chapter reviews literature on the competitiveness of motor industry in Zimbabwe. Of major concern are concepts on motor industry competitiveness, sustainable competitive advantage for firms, technology and innovativeness of motor industry and the competitive challenges faced by players in the motor industry and an evaluation of the strategies they are employing to counter the challenges. The chapter end with a chapter summary.

### **2.2 GLOBAL DYNAMICS OF MOTOR ASSEMBLY INDUSTRY**

In 2000 the Ford Motor Company set out its version to be 'the world's leading consumer company for automotive products and services' and set its two main global priorities as customer satisfaction and e-business. An e-transformation kick started by the parent company's e-business priority, would contribute to the turnaround required to be the word's leading consumer company for automotive products and services'. Ford of Europe identified priority e-initiatives in the B2C, B2B, and B2E domains. Clear leadership, top down management and a 'ruthless execution' approach have produced industry –leading internet projects in each domain, bringing tangible an intangible benefits to the business and its employees. CISCO's support and advice have been extremely valuable. Hence the dynamism in the automobile industry.

David Thursfiled, President and Chairman, Ford of Europe, adds: "We're moving from 'push' manufacturing processes to very lean, very dynamic 'pull' business models. We're creating virtual worlds where our engineers and our suppliers can collaborate. And we're web enabling our day-to-day employee activities not only to realize productivity gains but also to bring about a far reaching internet culture shift.

The high price of oil is changing the way people drive. There are also more concerns about the environment. Car manufacturers say those factors have

led to increased competition (<http://www.autonews.com/nov/2003>). Globally dealers say new car buyers are turning to hybrids that run on gasoline and electricity. Others are turning to smaller vehicles, some; to those that can go places larger cars cannot, according to <http://www.autonews.com/nov/2003>). Many car dealers are turning to markets where fuel-efficient are already in production.

Allen, (2001) says that the Indian automobile industry is currently experiencing an unprecedented change in the dynamism of its operations. There has been a boom in demand for all types of vehicles. This boom has been triggered primarily by two factors that is an increase in disposable incomes and standards of living of middle class Indian families estimated to be as many as four million in number; and the Indian government's liberalization measures such as relaxation of the foreign exchange and equity regulations, reduction of tariffs on imports, and banking liberalisation that has fuelled financing-driven purchases. Industry observes product that passenger vehicle sales will triple in five years to about one million, and as the market grows and customer's purchasing abilities rise, there will be greater demand for higher-end models which currently constitute only a tiny fraction of the market Allen, (2001).

Leading automotive assemblers and component makers are increasingly turning to India for components. One of the now widely cited examples of this trend is the Indian component firm. Sundaram Fasteners Limited (SFL) basing on the researches by Chanaron. J (2003). Tie Ups with foreign firms has helped Indian auto components suppliers further invest in capacity and automation and acquisition of the latest know-how, thereby closing the productivity gap with other world-class component makes. In the past two years, more than a dozen multinational firms have announced plans to enter the Indian market. Most of them have formed joint ventures with Indian firms Chanarom, J (2003).

The automotive industry's intra-sector relationships and the dynamics of international automotive market development are complex. The component

sector is large and highly diverse in composition. The automotive industry as a whole is still growing as it expands into emerging markets. The components sector is set to require more labor on a global basis than it currently employs, and to grow faster than the vehicle manufacturer sector as a result of increased outsourcing.

### **2.3 COMPETITIVENESS OF THE MOTOR INDUSTRY**

The definition of competitiveness is hardly a definable one however according to MacNeil et al (2002) postulate that competitiveness is essentially the liability and skill for market contention and the skill for position gain and permanent commitment that are indicated especially by expansion of business successfulness, market share and profitability. Torok states that “on micro level the concept of competitiveness means the skill of position gain and self-maintenance in the market competition among companies, each other’s competitors and – in respect of macro economy – among national economies MacNeil et al (2002).” In economic competitiveness is a widely used definition; according to <http://www.acca.be/ACEA/ER0603-Internet> Version pdf competitiveness refers to the commitment in market competition in case of companies and success in international competition in case of countries. In the last two decades, in parallel with recruitment of globalisation, competitiveness became one of the key concepts in which the successful participation and the phenomenon of global competition among new conditions is described in case of companies, countries and regions.

With reference to the above it can be seen that competitiveness is a dynamic concept. No single indicator is used to measure competitiveness, which is, additionally, very complicated to be measured. On the other hand according to Cooke and Morgan (1998) competitiveness is the basic capability of perceiving changes in both the external and internal environment and the capability of adapting to these changes in a way that the profit flow generated guarantee the long-term operation of the firm. This definition – in accordance with the contingency approach and the evolutionary theory of firm – interprets

competitiveness as an on going struggle for survival. This capability of survival is one of the most complex phenomena of company's operation.

## **2.4 PORTER'S FIVE FORCE MODEL APPLIED TO THE MOTOR INDUSTRY**

Porter's five forces model identifies the factors in the environment, which influence the capability of an organisation to position itself to competitiveness. (Thompson and Strickland, 1999). Porter's five forces give a competitive environment analysis of any industry.

In any industry the rules of the competition are governed by five competitive forces. These are:

- (a) Potential entrants,
- (b) Competitive rivalry,
- (c) Substitutes,
- (d) The bargaining power of buyers and suppliers

These five forces address the question 'why are some markets more attractive than others? The collective strength of these five competitive forces determines the ability of firms in an industry to earn, on average, rates of return on investment in excess of the cost of capital.

### **Constituents of the five forces**

#### **2.4.1 Potential entrants**

Thread of entry to an industry will depend on the extent to which there are barriers to which there are barriers to entry, which most typically are as follows:

##### **(a) Economic of scale**

In some industries, economies of scale are extremely important, for example, in the production of electrical components, in distribution or in sales and marketing Martin and Raes. (2002)

**(b) The capital requirement of entry**

Martin and Racs, (2005) observe that the capital cost of entry will vary according to technology and scale. The cost of setting up a retail clothing business with leased premises and stock from wholesalers is minimal when compared with the cost of, for example, entering capital intensive industries such as chemical, power or mining.

**(c) Access to distribution channels**

For decades, brewing companies in Germany, the UK and France, have invested in the financing of bars and pubs, which has guaranteed the distribution of their products and made it difficult for competitors to break into their markets.

**(d) Cost advantages independent of size**

Largely, these are to do with early entries into the market and the experience so gained. It is difficult for a competitor to break into a market if there is an established operator who knows that market well, has good relationships with the key buyers and suppliers and knows how to overcome market and operating problems (Nelissen, 2002). However, the increasing globalization of markets is facilitating market entry to one part of the world from another. A company may have gained experience and built a reputation in its home market, which it can transfer to another.

**(e) Expected retaliation**

If a competitor considering entering a market believes that the retaliation of an existing firm will be so great as to prevent entry or mean that entry would be too costly, this is also a barrier (Dess and Miller, 1993). For instance, entering the breakfast cereal market to compete with Kellogg's would be unwise unless very careful attention was paid to a strategy that avoids retaliation.



#### **(f) Legislation or government action**

Legal restraints on competition vary from patent protection, to regulation to control markets, through to direct government action. In 1995, the US government threatened the Japanese government with trade sanctions because, it argued, the Japanese government promoted restrictions to the access of foreign competition (Rees, G. 1999). Of course, managers in already protected environments might face pressure of competition for the first time if governments remove such protection.

#### **2.4.2 The power of buyers and sellers**

The power of buyers and sellers can be considered together because they are linked. All organisations have to obtain resources and provide services; this is what has become as the supply value system of an organisation. The relationship of buyers and sellers can have similar effects in constraining the strategic freedom of an organisation and in influencing the margins of that organisation.

Buyer power is likely to be high when there is a concentration of buyers, particularly if the volume purchases of these buyers are high. This is the case in grocery retailing in France and the UK, where just a few retailers dominate the market.

This power will be further increased when for instance (Hill, 1988):

When supplying industry comprises a large number of small operators, or they are alternative sources of supply, or the component or material cost is a high percentage of total cost, or the cost of switching supplier is low or involves little risk.

There is a threat of backward integration by the buyer if satisfactory prices or quality from suppliers cannot be obtained. According to Womack et al (1990), supplier power is likely to be high:

When there is a concentration of suppliers rather than a fragmented source of supply, or the 'switching costs' from one supplier to another are high, or if the brand of a supplier is powerful, or there is the possibility of the supplier integrating forward if it does not obtain the prices and hence the margins, or the supplier's customers are highly fragmented, so their bargaining power is low.

### **2.4.3 The threat of substitutes**

Porter (1980) says the threat of substitution may take different directions which are that, there could be product-for-product substitution. Also there may be substitution of need by a new product or service rendering an existing product or service superfluous. Moreover generic substitution occurs where products or services compete for need, for example, furniture manufacturers and retailers compete for available household expenditure with suppliers of televisions, videos and holidays. Therefore the availability of substitutes can place a ceiling on prices for a company's products or make inroads into the market and so reduce its attractiveness.

### **2.4.4 Competitive rivalry**

According to Thompson and Strickland (1999), organisations need to be concerned with the extent of direct rivalry between themselves and competitors. What rivalry is based upon? Is rivalry likely to increase or decrease in intensity? How the competitive rivalry be influenced? In strategic terms, the most competitive conditions will be those in which entry is likely, substitutes threaten and buyers or suppliers exercise control, previously defined forces are relevant here. However, Thompson and Strickland (1999) argue that there are likely to be other forces, which affect competitive rivalry these are as follows;

- (a) The level to which competitors are in balance: where competitors are of roughly equal size, there is the danger of intense competition as one competitor attempts to gain dominance over another.

- (b)** Market growth affects rivalry. The idea of the product life cycle suggests that conditions in markets primarily between growth stages and maturity, are important, not least in terms of competitive behaviour.
- (c)** Development of global customers and their existence may increase competition among suppliers as they try to win their business on a global scale.
- (d)** High fixed costs in an industry, perhaps through high capital intensity or high cost of storage are likely to result in competitors cutting prices to obtain the turnover required. This can result in price wars and very low margin operations.
- (e)** If the extra capacity is in large increments, the competitor making such an addition is likely to create at least short-term overcapacity and increased competition.
- (f)** Again, differentiation is important. In commodity market, where products or services are not differentiated, there is little stop customers switching between competitors.
- (g)** If the acquisition of weaker companies by stronger companies results in the provision of funds to improve the competitive standing of such firms, their ability to compete more effectively may be enhanced.
- (h)** When there is a high exit barrier to an industry, there is again likely to be persistence of excess capacity and consequently increased competition.

In order to construct a competitive strategy, an organisation needs to know what is likely to happen in the markets in which the organisation delivers its products and services. It also has to know who its competitors are in a particular industry structure hence the use of Porter's five forces model.

#### 2.4.5 Porter's Generic Competitive Strategies applied to the motor industry

Porter (1986) identified generic strategic options for creating competitive advantage, namely: the low cost, differentiation and focus strategies. A firm in the automobile assembly industry may use one of the three strategies or a combination of two as a strategic game plan to achieve competitiveness in the market.

##### **(a) Focus on Strategy effectiveness**

Focus strategy concentrates on a narrow segment and within that segment attempts to achieve a cost advantage or differentiation. Focus on Strategy effectiveness approach works best in niche markets poorly served by other competitors or where scale economies are difficult. A firm operating in the automobile industry in Zimbabwe can thrive on this strategy as it avoids diluting of strategy implementation enables competition on the basis of limited resources; bypasses the assets and skills of larger competitors; provides strong positioning and reduces competitive pressures (Boyer, 1998; Aker, 1994).

##### **(b) The Low Cost Strategy in competitiveness**

Hatten (1993) says that in terms of this strategy, the firm seeks to be the lowest cost producer in the case in the motor industry for a given level of quality. The firm can thus compete on the basis of price alone. Such a firm can sell its products at average industry prices to earn higher profit than rivals or below average industry prices to gain market share. According to Aaker, (1994) the low cost strategy requires greater managerial attention in thoroughly assessing efficiencies in terms of costs and overhead and to ensure its resonance with rewards, structure, systems and culture of the enterprise.

##### **(c) Differentiation Strategy for competitiveness**

Differentiation Strategy for competitiveness is critical where there is intense competition and when buyer decision can only be solicited through

differentiating the product or service. The aim is the development of a product or service offering unique attributed valued by paying customers and that customers perceive to be better than or different from competitor offerings. Sustainable differentiation allows firms in the motor industry assembly to command a premium price, increase unit sales and achieve brand loyalty (Strickland and Thompson, 1999). Miller and Dess (1993) argue that differentiation and price leadership strategy is the most successful combination in all industries including the automobile industry in Zimbabwe.

#### **(d) Quality enhancement strategy for competitiveness**

The primary focus here is enhancing the product and/or services. Quality enhancement means changing the process of production in ways that require workers to be more involved and more flexible.

#### **(e) Innovation an strategy for competitiveness**

The primary focus here is developing products or services different from those of competitors or offering something new and different. A vital component of any innovation strategy is getting employees to broaden their skills.

In order to achieve a competitive advantage, the firm operating in the motor industry is required to make a choice about the type of competitive advantage it seeks to attain and the scope within which it will attain it. Choosing the competitive scope or the range of the firm's activities can play a powerful role in determining competitive advantage because it aims to establish a profitable and sustainable position against the forces that determine your industry competition.

### **2.5 COMPETITOR ANALYSIS IN THE MOTOR INDUSTRY**

Competitive analysis is the process by which a company attempts to define and understand its industry, identify its competitors, determine the strengths and weaknesses of its rivals, and anticipate their moves. It embodies both competitive intelligence to collect data on rivals and the analysis and interpretation of the data for managerial decision making. This analysis

provides rich data that helps a company to avoid surprises in the market place by anticipating its competitors' moves and shorten the time required to respond to them. The analysis also offers a forum for executives to discuss and evaluate their assumptions about the firms capabilities, market position, and the competition. It also helps in selecting viable strategies that position the firm strongly in its market. Therefore, competitive analysis serves as the foundation for a firm's strategy formulation processed (Carrillo J. et al 2004)

According to Easterby-Smith, M. (1997) competitive analysis is the cornerstone of effective strategy formulation and implementation. This analysis helps executives understand and predict strategic moves by competitors. It also allows executives to develop, select, and test appropriate strategies. However, competitive analysis is complicated and time-consuming, and it requires significant organisational resources, creativity, imagination, and insight. This complexity often breeds flawed analysis. Undetected, such analysis leads to ineffective, if not disastrous strategies (Smith, 1997)

### **2.5.1 Criteria for competitor analysis**

The following criterion reflects the ways of undertaking competitor analysis in the motor industry;

Firstly the firm has to Plan whereby they decide what it is the firm in the motor industry is after. Secondly the firm Collects information, gathering information on their competitors in the motor industry. The information can be obtained from annual reports, investment analysis reports, company literature, competitor advertising, trade associations, customers, sales people and conferences.

Thirdly the firm then Processes the information collected. Fourthly there is the Evaluation of information; in this case the firm does the detailed evaluation of information processed in terms of its reliability, appropriateness and usefulness to the competitive framework. Lastly the firm then communicates

the information; communication involves distributing the findings to those who should know in the organisation.

### **2.5.2 Advantages and Disadvantages of Conducting competitor analysis to the motor industry**

#### **Disadvantages**

Some companies become bogged down by getting too much information and not doing anything with it. Too much analysis creates paralysis. Also some firms get too involved in analysing information gathered to the extent that they do not spend enough time in their own business. Some undertake competitor analysis as a window dressing exercise. Moreover some organisations collect very good information but do not allow it up with action plans and subsequent implementation.

#### **Advantages**

Most companies are kept on their toes. Also firms become aware of what competition is like and what their competitors are doing. Companies will also find out how their competitors are performing compared with their own performance. Competitor analysis helps the companies to refine and fine-tune their competitive strategy. It also provides focus in relation to corporate strategy. Moreover the information can be used to conduct benchmarking in order to adopt best practice. Lastly the information reinforces marketing plan for the best organisation.

### **2.6 COMPETITIVENESS IN THE MOTOR INDUSTRY THROUGH CORE COMPETENCE APPROACH**

The core competence approach assists managers to think strategically in terms of resources and capabilities of the businesses this was put forward by Hamel and Prahalad (1994). Thompson, Jr and Strickland III (1993:122), addition to the definition of core competence as a 'competitively important internal activity that a company performs better than other competitively important internal activity.' The management of core

competence is principal to strategic challenges facing a firm given their important relationship to superior profits (Winter 2000).

Thompson, Jr and Strickland III (2003:122) stress the fact that a firm's 'core competence resides in its people and in its intellectual capital not in assets on the balance sheet.' Hence it is vital for a firm to have a core competence as a strategy, as it is the source of competitive advantage. According to Hamel and Prahalad (1994), they further state that core competencies are built over a process of continuous improvement and enhancement constituting the focus for corporate strategy.

Teece (1990) states that core competencies cannot be simply stockpiled for use when needed. Instead, these core competencies require constant use to maintain corporate fitness. To maintain corporate fitness, firms require not only investment in existing competences, but also the acquisition and development of new ones. As a result, one of the firm's key factors in maintaining corporate competitive advantage involves striking a real balance between the development of new competencies and the improvement of existing ones (Penros, 1959; Rubin, 1973). Winter (2000) argues that whatever this balance between the development of new competencies and the improvement of existing ones, investment in future capabilities must always continue. According to McKinsey article cited in Coyne, (1997), core competence is clearly an important concept, but for most, it is like a mirage: Something that from a distance appears to offer hope in a hostile environment, but that turns to sand when approached.

## **2.7 ROLE OF FIRM RESOURCES IN ESTABLISHING COMPETITIVENESS**

Wernfelt (1984) defines firm resources as strength or weakness factors for a firm. Consequently, a core idea within the resource thinking is differing from competitors by exploiting a firm's unique strength resources and resource combinations. This study adopts the view that, the term 'resources' is used as an upper concept including the following sub-concepts; individual resources, capabilities, core competence, and knowledge. All these concepts are strongly interdependent and to some extent overlapping in this study.



Firm resources are inputs in the production process. Examples of the individual resources in the motor assembly context are selected raw materials, employees' skills, availability of financial capital, and favourable geographical location relative to customers. A capability is a capacity of the resource combination to perform a certain task or action (Grant 1991). Examples of the capabilities in the motor assembly industry are marketing and distribution capability.

Core competence means a combination of skills and technologies that enables for a firm to offer a particular benefit to customers. For example managing a distribution channel of a firm in the car assembly can form into a core competence for a firm in the motor assembly industry. The knowledge based view states that knowledge can be, is also seen as a special type of firm resource (Hoskisson et al. 1999). Knowledge included several sub-concepts such as information about markets and target customers in the motor assembly industry is an example of knowledge that is perceived as weakness in many firms.

Differences between individual resources, capabilities, core competences, and knowledge, however does not provide a meaningful basis for studying sources of competitive advantage. It is argued, instead, that it is more relevant to consider a firm's resources as a phenomenon having two sides. Therefore, it is proposed that a distinction should be made between strategic core resources and critical supporting resources in the car assembly industry context (Figure 2.1)

### **Figure 2.1 Firm resources underlying competitive advantage**

Strategic core firm resources are those resources that are the primarily source of the competitiveness advantage. Accordingly, the strategic firm resources represent the core idea around which the business is build. It ca be stated

that without these resources a real competitive advantage cannot be created. In the small-scale food processing context, a typical example of strategic resources is a different use of raw materials that may result in a product's different raw materials basis compared with a bulk product. Strategic core resources should be approached by identifying which resources among a firm's resource collection are such factors that differentiate a firm and its product from principal competitors.

According to the earlier studies within the field (Forsman 1996), potential strategic core resources in the small-scale food processing context represent by unique product recipe, skill of particular production method, farm-connection (own-produced raw material), location near customers, and flexibility of a firm's activities due to small firm size.

Critical supporting resources, in turn, are those resources that in themselves do not create a sufficient basis for competitive advantage but are needed to support the strategic resources so that a firm could achieve a favourable position in the market. The critical resources are not necessarily rare for a firm but rather resources that Barney (1991) defines as 'common' resources that may help to ensure firm's survival when pursuing the competitive advantage. For example a marketing capability may have an important role as a critical supporting resource for a firm to find an optimal target group for its differentiated product.

The critical firm resources are those individual resources, core competence, and knowledge that support the management of the strategic resources into a favourable position in the market relative to a firm's principal competitors. In this sense, the availability of the critical supporting resources can be seen as a precondition for a sustainable and successful business. However, the strategic core resources and the critical supporting resources are strongly interdependent which makes it difficult to identify causality between them.

## **2.8 ROLE OF HUMAN RESOURCES IN ESTABLISHING A COMPETITIVE ADVANTAGE**

The role of human resource management (HRM) in supporting firms' competitive advantage has received growing attention over the last decade, leading to the emergence of different streams of literature. The strategic human resource management (SHRM) perspective sees HRM as contingent on firms' environment, competitive strategy and organisational structure. The central goals of HRM are to promote employee commitment to the work of the organisation, to foster employee initiative and creativity, and to provide the firm with an adequate pool of individual competencies. Achieving these goals requires a consistent set of HRM practices including the selection, development, appraisal and motivation of the workforce.

Human resource development can be defined as "a series of experience that stretch individuals to learn new knowledge, attitudes, and behaviour" (Freyssenet et al. 2003). It relies mainly on job and task experience, i.e. on-the-job training, which is most conducive to the development of experiential knowledge. Moreover the appraisal of individual performance relies on a combination of objective and subjective criteria. The former can be used for evaluating results. While the latter apply to the assessment of work attitudes and behaviours that best reflect the potential contribution of individuals to the organisation.

Techniques to motivate the workforce present greater variations depending on the country considered. In the Japanese model, employees are motivated to engage in continuous learning and problem –solving because these activities are taken into account in performance appraisal, which in turn affects promotion opportunities and pay (Lung et al, 1999). In the U.S. the use of financial scheme such as gain-sharing or profit-sharing is an important feature of firms pursuing innovation strategies. However, some authors points to declining career prospects within flatter, flexible organisations, and a resulting increase in interfirm mobility (Lung et al, 1999).

Employability is considered as an alternative to internal promotion for motivating employees when growing environmental uncertainty prevents the firm from committing to stable employment (Waterman et al. 1982). These two options can be viewed as U.S and Japanese version of SRHM, although national differences should not be overemphasised. As pointed by Romijn, C, (1998), Japanese firms do not offer systematic promotion and employment security, and a U.S. employee may stay with the same firm as long as his or her performance meets the firm's strategic objectives. In both cases, the focus is on enhancing individuals learning processes and their contribution to the knowledge base of the firm.

(Freysenet et al. 2003) state that using human resources as a competitive advantage means analysing what factors are necessary for the organisation's long term success. Relevant areas to review include ; organisational design, key work processes, teams, hiring effective employees, promotion strategies, defining competencies and performance measures, training and development programs for current job and preparation for future positions, reward and recognition systems, motivation and retention, employee perceptions and customer perception of the organisation and employees Humphrey, (2000). In order to formulate appropriate competitive advantage through the employees program for an organisation, it is first necessary to analyse the firm's competitive strategy or business strategy and organizational human resource practices.

The organisation should create a complete model of HRM and employment relationship, also it should support long-term thinking, building 'core competencies" and also develop "sensing" capabilities says Ross, and Beaver (2000). The future is essentially unpredictable, but the organisation develops the capacity to sense the change. According to Humphrey, (2000) a central role of the personnel function to develop this capability to collect information about future trends in labor markets and skill sets, and in linking changes in aspirations, work practice and motivations without this insight, is leading the blind organisation into the future.

Successful companies know that there is a direct link between employee satisfaction and customer satisfaction (Lung et al, 1999). It is the responsibility of managers and supervisors to ensure those employees are motivated, productive and positive –if not enthusiastic-about- their work. This means integrating human resources practices with core business practices; encourage all departments to work together on “people” programs that bring value to the organisation and improve productivity and quality in products and services. Positive human resources business programs translate into a positive financial impact on the organisation basing on the findings by (Freysenet et al. 2003)

According to Johnson D. (1989) there are many organisations whee the emphasis on human resources has made a difference in the performance of the organisation. These organisations acknowledge the significance of their employees in making a difference in the company and providing the essential ingredient for its competitive advantage. Successful organisations do not isolate their “people programs”. They consider them an integral part of their business strategy (Winter (2000). The management should trust their workers and give them responsible and challenging assignments, workers in return will respond with high motivation, high commitment and high performance Ross, and Beaver (2000).

Moreover in order to attain full competitiveness a firm operating in the motor industry should design an effective rewards system and annual increases should be made. Communication system should be effective, wide and easy procedures should be available for individuals to raise grievances and receive replies (Murphy and Young, (1995). Management commitment to full employment means that if the job disappears through technological change or shutting down then the company will offer alternative employment or helping them to find another one according to Johnson D. (1989).

Basing on the findings by Legge (1995), the employer strategy should focus on creating competitive advantage through the employees and using the practices that support this strategy which include:

- Creating an attractive work environment
- Optimising people resources levels
- Sharing information
- Development capability
- Designing optimal work system
- Aligning reward and recognition systems

## **2.9 IMPACT OF INNOVATIVENESS ON COMPETITION**

The World Economic Forum in its report for the year 2007 states that the Zimbabwean economy based on the level of its competitiveness has a high rate of technology imports against other countries but for further steps in order to catch up with its competitors in the world market, the innovation ability of firms operating in Zimbabwe needs to be improved. Today, the automobile industry is facing a serious challenge due to rapidly changing market conditions, fueled by increasing global competition, higher performance expectations by customers and the market and ever evolving technologies (Lin et al. 2002).

In this global age the importance of company innovational processes can be underestimated in the developed countries those innovational activities and institutes give the engine of growth that belongs into this sphere. Also these economies owe part of their success to innovational processes – the modernity and competitiveness of producing area is the key issue of future Gatigon & Xuereb (1997) suggest that consumers prefer products and services of technological superiority. Hence innovation is a pre-requisite in attaining competitiveness against competitors.

Many companies attempt to strengthen market research, to improve distributional channels and to modernize marketing as well through innovation. A considerable part of the organisations investments (procurement of machines and instruments) and the improvement of the technological level are also found to be important. Although the commitment

to own researches, patent buying and technology transfer is smaller than the desirable. Firms devote their resources to R&D, actively acquire new technologies, and use sophisticated production technologies (Voss & Voss, 2000). Accordingly, a technology-oriented firm is one “with the ability and will to acquire a substantial technological background and use it in the development of new products” (Gatignon & Xureb, 1997, p78). Because of their strong commitment to R&D and application of latest technologies, technology-oriented firm can build new technical solutions and offer new and advanced products to meet customer needs.

Innovation is being touted as a tool to revolutionize the way business gets done because of its broad impact on manufacturing, logistics, material handling, inventory tracking and management, safety and security, cashless payment, and customer service (Chen, 2004; TIBCO, 2005). A case study of the innovation carried out in the retail business amassed the following benefits through the use of Radio Frequency Identification (RFID) as an innovative measure; (a) improved accuracy in managing inventory; (b) improved visibility of orders and inventory; (c) reduced costs for logistical operation; (d) improved efficiency of store operation: (e) shorter retail cycle of designing manufacturing and stocking the latest products; (f) improved sales floor planning for desired styles, sizes, and colors; (g) improved customer service; and (h) improved security, among others. RFID promises many benefits, and as such, it is not hard to understand why retailers are eager to integrate the technology (Leob, 2003).

The industries in the world today are facing a serious challenge due to rapidly changing market conditions, fueled by increasing global competition, higher performance expectations by customers and the market, and ever evolving technologies (Lin et al, 2002) hence the need for innovative measures to have a competitive advantage.

## **2.10 INFORMATION TECHNOLOGY AS A COMPETITIVE TOOL**

The effect of information technology (IT) as a competitive tool has been widely documented Powell (1990) and Aaker S. G (1994) have concluded that it

improves competitive advantage when acting together with some intangible resources such as CEO commitment to IT. Low conflict levels, the existence of open communications, organizational flexibility and IT planning integration with the overall business plan. In order to attain competitive advantage firms should combine IT with specific latent advantages that are enjoyed by the company and are difficult to imitate (Aaker S. G 1994). The main difference in the economic and competitive benefits that companies obtain from IT lies in the difference in intangible resources and not in the difference in technology. These intangible resources may be of a human or of a managerial nature and among them; it could be possible to mention the ownership structure.

The effective use of technology for instance computing, robotics and telecommunications may affect the conditions in which products are produced or supplied, creating a positive effect on production economies (Parsons, 1983). These effects have been backed up by recent studies in which in the mid term, an increase of the business performance after the introduction and development of new technology in business according to Leob, (2003).

In the last two decades a lot of important progress has been made in the theoretical articulation of the underlying causes of organizational success. As Porter (1980) postulates that the causes of business success depend, basically, on the structure sectors and the competitive forces affecting them. Wernerfelt (1984) and Barney (1991) stipulate that the original cause of competitive advantage stems from company ownership of specific resources which are both capable of generating value and scarce or difficult to imitate or to substitute.

The existing link between Information Technology and competitive advantage would be regulated by certain complementary elements (Ross and Beaver 1996). Powell, W. (1990) state that the competitive effect of technology is higher when other non-tangible elements merge elements such as a clear support on the part of the upper management for technologic updating low conflict levels, and high technical and training qualities on the part of the staff.



Positive complementary effect may also exist between the use of Information Technology and the application of cooperative principles, especially those related to the commitment and participation of members in the business activity. In fact, the cooperative firm is the only type of organisation in which the member actively participates in the production/commercialisation process. In this way, cooperative firms could strengthen their position in the market by means of the implantation and use of IT. The link between both circumstances, cooperative formula and technological development, may produce a synergic effect that may affect the competitive advantage in a positive way.

Information Technology is a resource which is viewed in terms of its quality and the extent to which the Information Systems function contributes to decision making in organisations. This contribution must continue competitive advantage. The constituents of competitive advantage are given by Barney (1991) as follows:

An information system is an integrated man/machine system for providing information to support the operations, management and decision making functions in an organisation. The system utilises computer hardware and software, manual procedures, management and decision models, and a database (Stoner, G. (2000)).

According to Wernerfelt (1984), he postulates that accurate information is an essential ingredients of sustained competitive advantage. According to him, every organisation needs systems for gathering and storing data, tracking key performance indicators, identifying and diagnosing problems and reporting strategy critical information. He also notes that telephone companies have elaborate information systems to measure signal quality, connection times, interruptions, wrong connections, billing errors and other measures of reliability. Accurate and timely information allows organisational members and management to monitor progress and take corrective action promptly.

Moreover Wernerfelt (1984) gives the five basic elements of an information system as people, machines, procedures, database and control. Aaker S. G. (1994) view that human resources is the most important element in an information system as they play many roles at various levels within the system. They further allude to the fact that, managers and other personnel are the prime beneficiaries because information systems are designed to meet their information needs. Modern information systems are distinguished by the presence of computers. Stoner, G. (2000) observes that, although people are still as necessary to computer-based systems as they were before, their roles have changed from doing routine work to making decisions based on system inputs and outputs.

Gottardi and Polemarchakis, (1995), emphasise the point that procedures in the information system use both computer-based knowledge, models and personnel to ensure that the correct data is entered into the computer, and that it then properly transformed, communicated and used. They further elaborate that, procedure include all processing and information flow activities, computer programs and specifications. Data must be accessible to, and compatible with the computer system. A formalized database is the foundation upon which such an information system must be built. Stoner, G, (2000) supports the above authorities by saying that each information system requires an element of control which relates to the interaction between all the other basic elements. Information systems require measurement, feedback and adjusting mechanisms for cost-effective performance.

Researches by Barney (1991) propounds that, a firm achieves competitive advantage through IT when it is able to implement a “value creating IT strategy not simultaneously being implemented by any current or potential competitors”. Barney (1991) sites specific examples of where value of IT was realized through the reduction of costs, differentiation of products or service or services, but is quick to mention that “However, IT adding value to a firm – by reducing costs and or increasing revenues – is not the same as IT being a source of sustained competitive advantage for a firm”. Barney (1991) gives an example of Walmart’s temporary competitive advantage over K-Mart after

adopting a new purchasing/ inventory/distribution system. This research is on sustained competitive advantage which is explained by Barney (1991) as follows, more generally, a firm is said to have a sustained competitive advantage when it is implementing a strategy not simultaneously implemented by many competing firms and where these other firms face significant disadvantages in acquiring the resources necessary to implement this strategy.

A number of authors have gone further to establish factors that enable resources to be sources of sustainable competitive advantage over competitors which include as suggested by Barney (1991), the role of history, the role of causal ambiguity, and the role of social complexity. These factors will be used in this research to help to establish whether players in the motor assembly industry have IT resources with these attributes and whether such resources have an impact on their competitive advantage. These factors are briefly described as;

- (a) The role of history which looks at favourable conditions which arise from being in the right place at the right time for example, acquiring an Internet Service Provider Licence ahead of competitors which is later followed by regulation that forbids issuing of new licences (Fletcher HD 1999).
- (b) Causal Ambiguity is the second aspect which is defined as the ambiguity concerning the nature of the causal connections between actions and results this is according to Aaker S. G. (1994). This ambiguity may arise in the form of unspoken and tacit attributes of a firm also called invisible assets, which could be operational procedures or routines.
- (c) Social Complexity is the third factor where resources that are socially complex for instance relating to organisation culture and customer perception are difficult to imitate.

## **2.11 BENCHMARKING, ISO CERTIFICATION, VALUE CHAIN AND THE BALANCED SCORECARD IN COMPETITIVENESS OF THE MOTOR INDUSTRY.**

### **(a) Benchmarking**

Benchmarking can be defined as a systematic and ongoing process of measuring products, services and practices against external partners or competitors in order to achieve improved performance Kaplan and Norton, (1992). Benchmarking is a manager's tool for determining whether the company is performing particular functions and activities competitively, whether its costs are comparable to those of competitors, and which activities and processes need to be improved. It is a way of learning, which companies are best at performing certain activities and functions and then imitating or improve on their techniques Kaplan, and Norton (2001).

Once adopted, benchmarking allows organizations to be realistic, vigorous new performance targets, and this process helps convince people of the credibility of these targets. Camp (1999) says that the most difficult part of a company which is starting the process is getting people to understand that there are companies out there that might be performing better than they do. Camp (1999) argues that overcoming this myopia is very important hence the use of benchmarking. Benchmarking allows organizations to define specific gaps in performance and select processes to improve. It provides a vehicle whereby products and service are redesigned to achieve outcomes that meet or surpass customer expectations Peters, T. and Waterman, R. (1982). Benchmarking allow companies to improve the capabilities of employees. It provides a basis for training employees Juran (1951).

However, Benchmarking should not be seen as a universal panacea. Some commentators have suggested that it can be a waste of time for some firms in that it can breed complacency among brand leaders, detracts 'laggard' firms from improving, and requires effort and time better invested somewhere Ceelman, J. (1998). Atkinson et al (1997), states that benchmarking is not in itself a strategy for achieving competitive advantage, although it supports and enhances strategies of imitation or collaboration that may lead to an

advantage, although it supports and enhances strategies of imitation or collaboration that may lead to an advantage; “Benchmarking is primarily an instrument for developing and implementing strategies which are either imitative or incremental innovations” Atkinson et al (1997).

### **(b) ISO Certification**

SAZ ISO 1005: (1998) states that compliance with international standards and regulations enhances competitiveness through boosting access to markets and investment, facilitating technology diffusion, promotion of quality and provision of non-tariff barriers. Hugon (1995) states that certification of products promotes confidence between buyer and seller. As such, countries/organisations that invests heavily in quality and international standards gain long-term competitiveness in the global arena (Kane, 1998).

ISO 9000 is rapidly becoming the most popular quality standard in the world. Thousands of organisations have already adopted this important standard, and many more are in the process of doing so, ISO 9000 applies to all types of organisations. It doesn't matter what size they are or what they do. It can help both product and service oriented organisations achieve standards of quality that are recognised and respected throughout the world (Evans, A and Danks, C, 1998).

Hugon (1995) reported that in many industries people think that ISO 9000 is not the ticket to quality or competitiveness that its supporters claim. ISO 9000 is a method for guaranteeing consistency of approach through the use of written procedures, systems audits and review. In other words, it is a systems standard and documents what a company does and not what is produced. According to Dragoon, B. (2002), ISO 9000 provides a framework and systematic approach to managing business processes to produce a product/service that conforms to customer expectations.

### **(c) Balanced Scorecard**

Jablonisk, (1991) states that the balanced scorecard gives an indication of the company's performance, on factors critical for attaining sustainable competitive advantage, such as being customer-focused, improving quality, emphasising team work, product development and long term view in management. The balanced scorecard was developed as a means for addressing both the strategy development process and continuing monitoring strategy achievement and performance management. It does this by dividing measures into four different, inter-related perspectives: Financial, Customer, Internal Business Processes and Innovation and Learning Applying measures on these four perspectives moves the evaluation away from being a control element towards a tool for putting strategy into action (Kaplan and Norton, 2001).

Through selecting appropriate performance drivers and outcome measures to fit the theory of business in a chain of cause and effect relationships, the organization will have a better idea of how to achieve its potential competitive advantage when using the balanced scorecard (Kaplan and Norton, (1992). Aaker (1994) lists the following as measures reflecting long term profitability of an enterprise: brand loyalty; product and service quality; brand and firm associations; relative cost; new product activity; and employee-manager relationship; and capability and performance.

However the balanced scorecard has its limitations according to Kaplan and Norton (1992) which are that, it fails to adequately highlight the contributions that employees and suppliers make to help the company achieve its objectives, also it does not identify the role of the community in defining the environment within which the company works and it does not identify performance measures to assess stakeholders' contribution Kaplan and Norton, (1992).

#### **(d) Value Chain**

Porter (1998:135) states that “the value chain groups a firm’s activities into several categories, distinguished between those directly involved in producing, marketing, delivering, and supporting a product or service; those that create, source, and improve inputs and technology and those performing overarching functions such as raising capital or overall decision making. Within each of these categories appears an array of discrete activities or economic/organisational processes, at the level of field repair, inbound materials receiving and storage, billing and reviewing and rewarding employees. To achieve a competitive advantage, a company must create a series of value creating activities in a way that creates more value than competitors. This value is created through lower cost or differentiation as in above.

Thompson and Strickland (1999) state that the Value Chain Analysis helps to generate necessary information on the following,

- (a) The size and cost of each activity,
- (b) The cost behaviour of each activity,
- (c) Differences between the organization and its competitors,
- (d) On the basis of (c) above, decide which activities should be outsourced, overhead or left out entirely so as to maximise firm’s strategic advantage.

Based on the results of the value chain analysis, the firm will seek to control the cost drivers and redesign the value chain, highlight on activities contributing the most total value-added and develop strategies with which to defend or improve the value-addition (Aaker, 1994). According to Porter (1998) the competitive advantage from value analysis arises from both operational effectiveness (best practice in performing similar activities) and strategic effectiveness (configuration of activities and how they fit together).

## **2.12 CHAPTER CONCLUSION**

This chapter has reviewed literature on a number of views from different reputable authors on the subject are reviewed, compared and contrasted. The literature brought about a deeper understanding of the subject under study allowing a researcher to carry out relevant tests or investigation with a full understanding of the subject. Concepts and principles discussed include the dynamics of the Zimbabwean motor assembly industry, strategies that can be employed by motor industry to counter the challenges, and the competitiveness of the Motor Industries in the country. This literature shall be benchmarked by the research findings from this study. The next chapter provides a discussion of the study methodology.



## **CHAPTER THREE**

### **3.0 RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 INTRODUCTION**

This chapter seeks to explain the research methods and approaches that the researcher used in this research study. The chapter includes among other things, the research design and strategy data collection methods and sampling criteria. According to Easterby-Smith (1997) methodology is a basic scientific approach for gathering facts from which we can get the truth or knowledge for solving a problem. Belleger and Greenberg (1978) as cited by Reynolds and Miller (2005) put this simply a how the researcher searches for answers to his research problem.

This research study was carried out to explore the competitiveness of the Zimbabwean motor industry with attention to Willowvale motor industry. The study sought to answer the following research questions:

- Who are the major players in the Zimbabwean Motor Industry?
- What are the dynamics of the Zimbabwean motor assembly industry?
- What are the challenges faced by players in the motor industry?
- What is the competitive structure of the industry? What are the sources of competitive advantage in the industry?
- What are the strategies they can employ to counter the challenges?
- Is WMMI competitive enough to compete against domestic, regional and international market?
- How does Willowvale Mazda Motor Industries compete in the motor industry

### 3.2 RESEARCH DESIGN AND STRATEGY

Saunders, Lewis and Thornhill (1998) and also Easterby-Smith (1997) define research design as the specification of procedures for collecting and analysing the data necessary to help identify or react to a problem or opportunity. Such a design is informed by Saunders et al (1998)

Observation that the research process consists of two main strategies, namely; the positivists strategy and the phenomenological strategy. A positivists approach is very scientific and objective, quantitative, deductive, predictive and uses statistical methods to forecast the result while the phenomenological approach is descriptive, inductive, qualitative and subjective because it deals with people's opinions. The positivist's strategy is about testing hypotheses while the phenomenological strategy goes about answering research questions. In the process of research design the following was considered, (i) Sampling frame, (ii) target population and (iii) data collection method. See table 3.1

**Table 3.1 Research design and strategy**

<b>SAMPLING FRAME</b>	<b>TARGET AND POPULATION</b>	<b>DATA COLLECTION METHOD</b>
Willowvale MMI	Executive, management and general staff	Questionnaire Administration
Other players	Senior management	Questionnaire Administration

The researcher found the qualitative or phenomenological approach to be very flexible since it does not bind or limit one to individual variables but releases one to view all perspectives that enlightens conceptions, insight and understanding, Blankship and Breen (1992). The author was of the opinion that qualitative methods

would fulfil the purpose of the study because of the nature of the information to be gathered in the social science domain.

### **3.2.1 SECONDARY DATA**

The researcher made use of secondary data from the following appropriate sources:

1. Central Statistics Office (CSO) of Zimbabwe
2. Ministry of Transport
3. Graduate School of Management

In order to get data from the Ministry of transport and CSO the author had to book an appointment with officers from these institutions.

### **3.2.2 PRIMARY DATA**

Primary data is data that is specifically collected by the researcher from the field (Moore, 2000). Three methods of primary data collection were considered.

#### **The experimental method**

Firstly, the experimental method in which a researcher manipulates a variable under highly controlled conditions to see its effects or impact on a second variable. The manipulated variable is called independent variable while the second variable, the one measured for changes, is called the dependent variable. The positivists or scientific disciplines prefer this method because they are interested in understanding the cause –and-effect relationship laws of nature sometimes referred to as hypotheses. The author disqualified the experimental method due to reasons discussed in section 3.2 above.

#### **The case study method**

Secondly, the case study method, which is non-experimental but involves an in-depth descriptive record, kept by an outside observer, of an individual or group of

individuals. Case studies may involve only a sample and therefore may not be representative of the general group or population Fraenkel and Wallen (1996). It is prone to be subjective as important details can be left out intentionally or unintentionally. Much of the information collected may be retrospective data, recollections of past events, and as such, hence distortions due to poor memory are inherent Reynolds and Miller (2005) argue that the time needed for analysis of data in a case study is regularly underestimated simply because case study data is largely unstructured and hence time consuming to process.

### **The survey method**

Last but not least, the survey method is another type of non experimental but descriptive study which makes inferences about behaviour from data collection via interviews or questionnaires. Such interviews or questionnaires commonly include an assortment of forced- choice questions, multiple choices or open-ended questions to which subjects or elements of research are asked to respond. Surveys are handy in assessing attitudes and opinions on a variety of subjects however they are limited in that they rely on a self-report method of data collection which can be distorted by intentional deception or miscomprehension of certain questions. The survey is a form of exploratory research which focuses on directly perceptible phenomena and is easily applicable to a large group of respondents Saunders et al (1998).

### **The choice of the survey method**

Due to the short period in which to complete the research and the tight deadline thereof, the author selected the time efficient and cost effective survey method as guided by Saunders et al (1998) six principles of selecting a method which calls one to (i) keep things simple (choosing between precision or overall impression in degree of accuracy and going for cost effective answers), (ii) borrowing tools from others (since tools are not easy to invent or design but can be used in range of circumstances with slight amendment or variation), (iii) collecting only what is needed, (iv) keeping watch of distortions that create the Hawthorne effect (ie research changing the very thing it seeks to explore), (v) Using available expertise and (vi) accepting that some things cannot be measured no matter what.

### **3.2.3 THE SURVEY DESIGN**

The survey sought to explore the competitiveness the motor industry in Zimbabwe. The researcher aimed at providing both breadth and depth by combining data collection tools for example one on interviews with key informants, together with questionnaire administration.

#### **Sampling methods**

Sampling techniques provide a range of methods that enable the researcher to reduce the amount of data needed to collect and to restrict data collection only to a subgroup rather than all possible cases or the whole population. (Saunders, Lewis and Thornhill, 1998) Similarly, Easterby- Smith (1997) support this view arguing that “it’s not always necessary to contact everyone in a population in order to know what they think, a subset of the population which is fully representative of main areas of interest can be constructed”. Studying the entire population is always impossible due to constraints in logistics and budgetary resources and this was true to the author’s local reality. There are two known basic sampling techniques, which are, the probability sampling technique, and the non-probability sampling technique. Under the probability sampling, which is also referred to as the random or representative sampling, each unit of the population has a known chance of being included in the sample. Non probability, as known as judgmental sampling, occurs when selection of the sample is dependent on human judgment. Fraenkel and Wallen (1996) commenting on the importance of probability sampling declared that probability is at the heart of all sampling theories. However this type of sampling may bring challenges due to the non availability of a selected subject or the inaccessibility of a subject due to distance. Thus, the author used the judgmental method to some respondents outside WMMI and probability method in selecting sample elements or subjects within WMMI

## **The sample size**

This study concerned itself with the following universal set of sample subjects made up as follows: WMMI and other layers within the industry.

## **Sample elements**

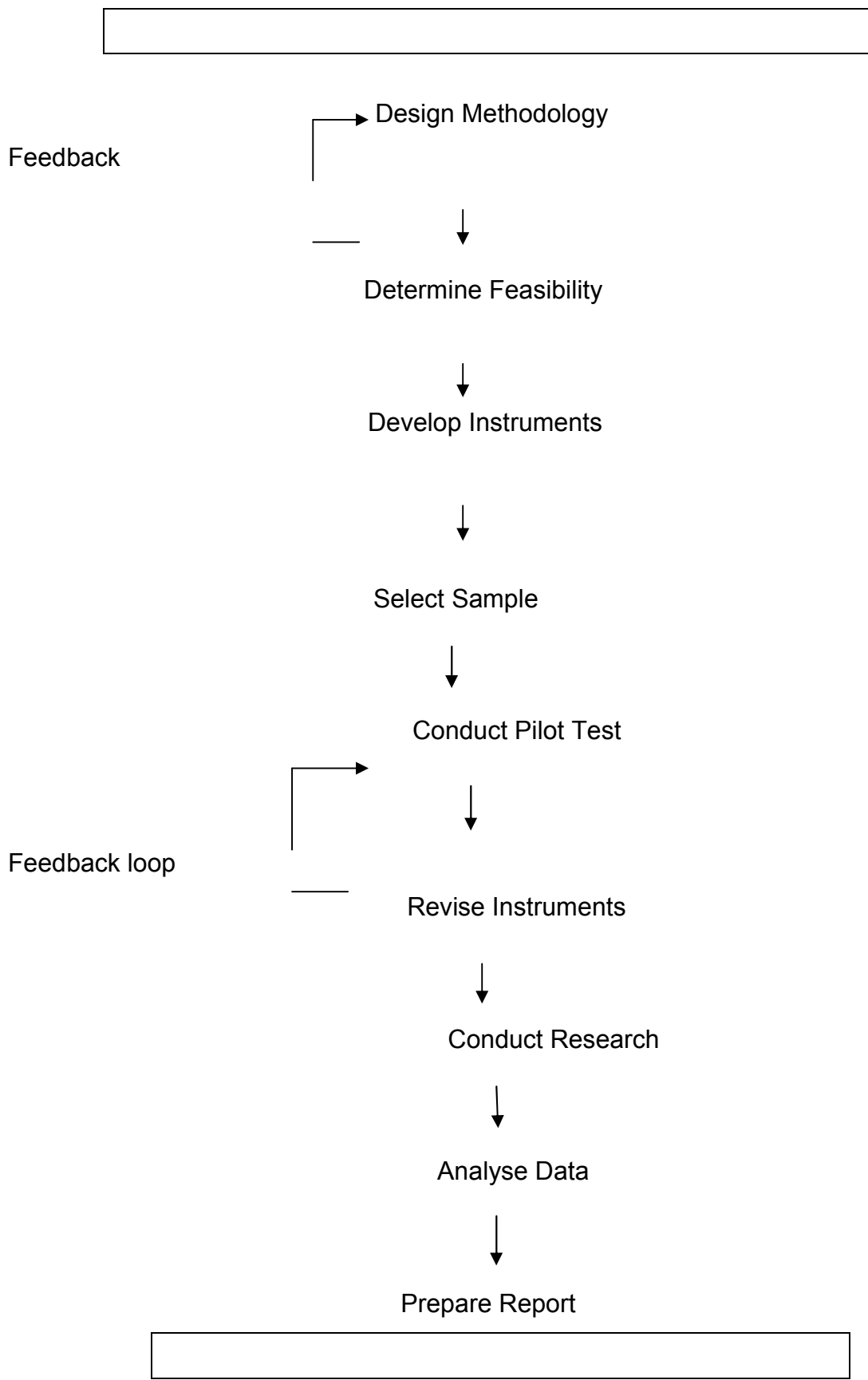
At WMMI the researcher will target both the management and general staff members.

## **Questionnaire design**

In order to collect relevant data, broad research questions were translated into specific primary data gathering questions. The preoccupation of this process was (i) Content of questions (only relevant and unambiguous questions were preferred), (ii) Response format (structured, close ended, multiple choice plus scaled response questions) (iii) Wordiness (verbose, wordy and long winding questions were excluded in favour of concise ones) (iv) Organisation (the questionnaire was structured into sections each with a specific data collection objective

Throughout the questionnaire design process the author was guided by the following flow chart

**Figure 3.1: The questionnaire design flow chart**



**Source:** Saunders, M., Lewis, P. and Thornhill, A. (1998)

## **Pilot Survey**

A pilot survey was conducted primarily in order to pre-test the efficacy of the survey instruments (the questionnaires). This test run revealed unanticipated problems with question wording, instructions to skip questions and helped see if the interviewees would understand the questions in order to give useful answers (Blankenship and Breen, 1992).

## **Administering the questionnaire**

A register was opened for all targeted questionnaire respondents were date of despatch and responses were logged in. Each envelope or email contained an introduction letter, (see Appendix) a cover letter (see Appendix) and the questionnaire (see Appendix for the questionnaire to banks and Appendix for the questionnaire to microfinance institutions)

## **3.3 ANALYSIS AND PRESENTATION**

The study extracted data from the original records, that is, the questionnaire onto the summary sheets incorporating frequency distribution tables. The data was captured and coded using Epi- Info statistical package and was analysed using the Statistical Package for Social Sciences (SPSS) and Excel. Descriptive statistics and use of graphs and tables were used to illustrate the findings of the research. Conclusions were then drawn from the findings in the field and the researcher identified emerging issues, which could provide areas of further research.

## **3.4 JUSTIFICATION FOR THE METHODOLOGY USED**

The methodology used was considered to be adequate for the purpose because of the following reasons:

- i) It has the review of literature which provided the theoretical frame work which underpins the study;



- ii) Primary data whose analysis and interpretation helped to clarify grey areas as well as helping to find areas that need further research

### **3.5 LIMITATIONS OF THE STUDY**

This study failed to get honest responses from due to a lot of insecurity by employees of from some staff members and farmers. The researcher had to give assurances to the respondents that this was for academic purposes only and nothing else, thus when some divulged the information.

### **3.6 CHAPTER CONCLUSION**

This chapter discussed the research design and methodologies that were used to conduct this study. This encompassed types of research designs, research design and method selected and justification for the methodology used. The next chapter presents and discusses the research findings.

## CHAPTER FOUR

### 4.0 RESEARCH FINDINGS, ANALYSIS AND DISCUSSIONS

#### 4.1 INTRODUCTION

The present chapter presents the findings of the study and their discussion. These findings are discussed by drawing parallels to the literature reviewed in the study as well as specific research findings. The chapter also provides a basis from which the recommendations and the conclusions of the study come from

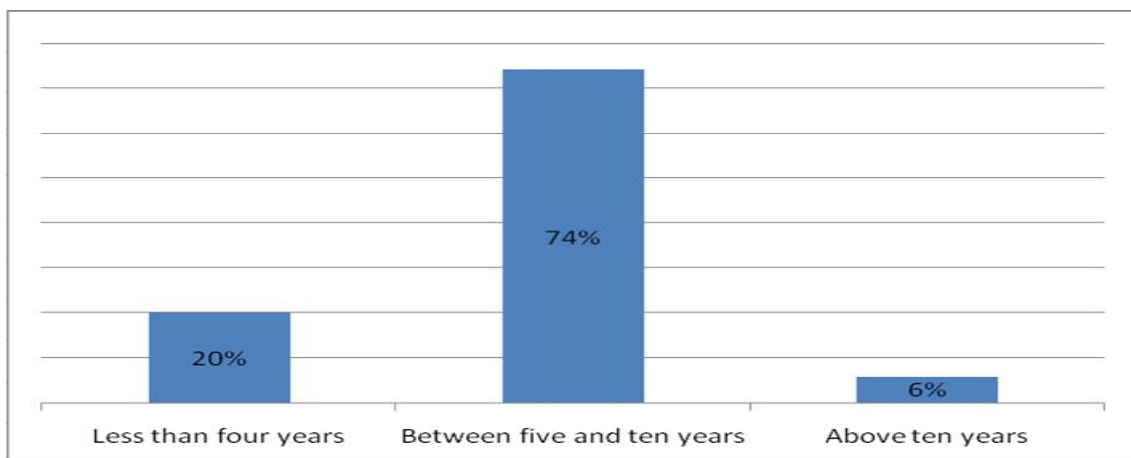
#### 4.2 RESPONSE RATE

A total of 46 questionnaires were sent to staff and management of Willowvale Mazda Motor Industries. Thirty questionnaires were successfully completed and returned, representing a response rate of 65%. This response rate is high enough to warrant validity and reliability of the research findings.

#### 4.3 DEMOGRAPHIC INFORMATION

##### 4.3.1 LENGTH OF TIME SERVING WILLOWVALE MADZA MOTORS

Respondents were asked about the duration, in years they have spent serving Willowvale Mazda Motors. Their responses are represented in the chart underneath:

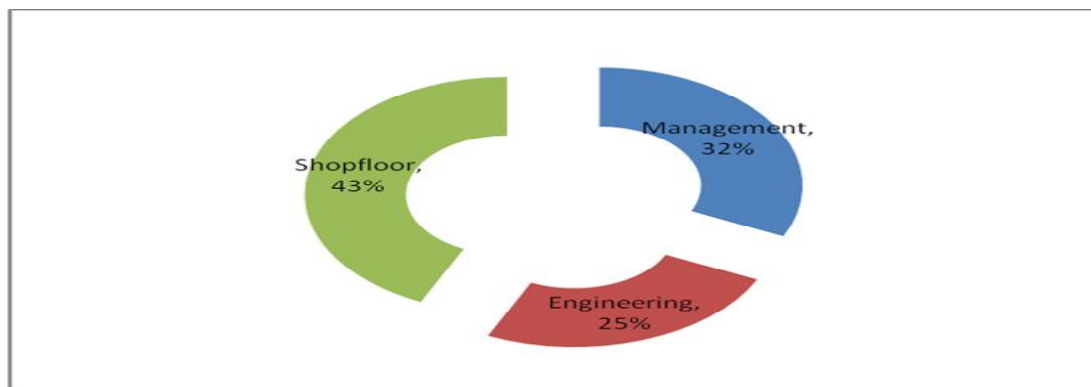


**Figure 0.1: Length of time serving the organisation**

As for figure 4.1 above 20% of the respondents maintain that they have served Willowvale Mazda Motors for less than four years, 74% have served for a period between five and ten years and 6% have served for more than ten years.

#### 4.3.2. POSITIONS HELD BY INDIVIDUALS

The diagram below shows the categories the respondents fall into at Willowvlae Mazda Motors:

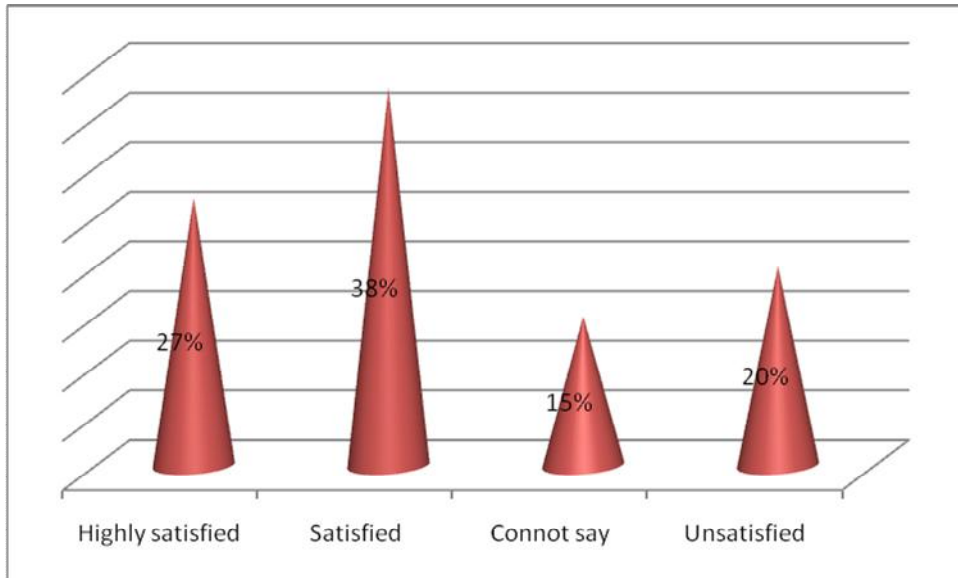


**Figure 0.2: Positions held by individuals at Willowvale Mazda Motors**

The diagram above illustrates that 25% of the respondents are engineers, 32% are managers and 43% are shop floor workers. The general staff constitute a larger proportion of those individuals who responded.

#### 4.3.3. THE STATUS OF THE WORK ENVIRONMEMNT AT WILLOWVLAE MAZDA MOTORS

Concerning the status of the work environment of Mazda Motors, respondents' comments are disclosed below:

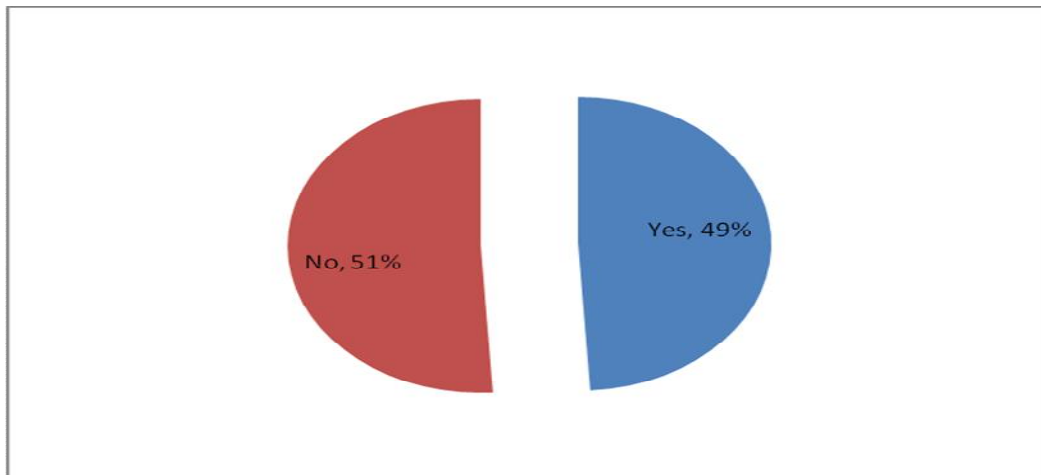


**Figure 0.3: The status of the work environment of Willowvale Mazda Motors**

Results of the findings concerning the status of the work environment of Willowvale Mazda Motors are such that 27% of staff and management argued that they are highly satisfied, 38% said they are satisfied, 15% was silent and 20% pointed out that they are unsatisfied. Commonly the working environment's status of Willowvale Mazda Motors is well. Concerning the environment; Cooke and Morgan (1998) argue that if a firm is to be competitive, it must have the basic capability of perceiving changes in both the external and its internal environment and the capability also, of adapting to these changes in a way that the profit flow generated guarantees the long-term operation of the firm.

#### **4.4.4. PERIOD IN THE AUTOMOBILE INDUSTRY**

The diagram below shows the responses as to whether individuals have worked in the automobile industry before joining Willowvale Mazda Motors.



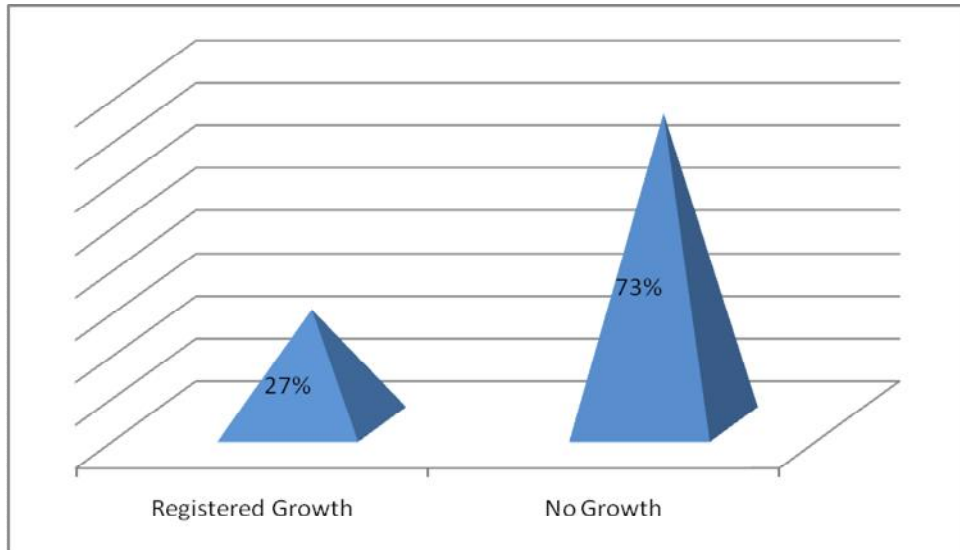
**Figure 4.4: Period of time in the automobile industry**

Figure 4.4 above reveals that 49% of the staff and management have served the automobile industry before joining Willowvale Mazda Motors and 51% is their first encounter. Almost half of the respondents have served the automobile industry before Willowvale Mazda Motors and another half have not.

#### **4.4 DYNAMICS OF THE ZIMABWE MOTOR INDSTRY**

##### **4.4.1. GROWTH STATUS OF WILLOWVALE MAZDA MOTORS**

The chart beneath reveals the responses about whether Willowvale Mazda Motors has registered growth in the past two years:

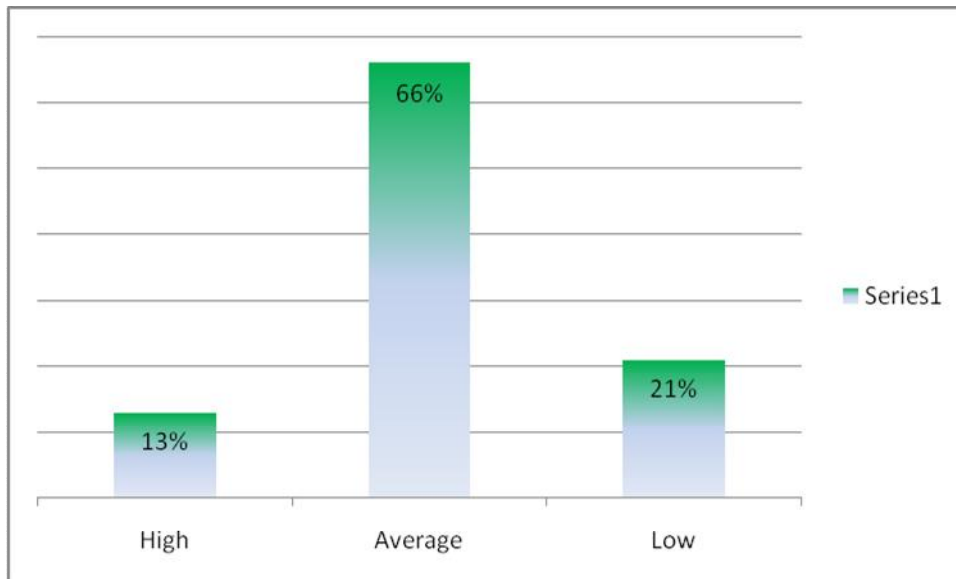


**Figure 4.5: Growth status of Willowvale Mazda Motors in the past recent years**

For the past two years, 27% of the staff and management at Willowvale Mazda Motors aired out that the company has registered growth and 73% maintains that there is no growth. This means that there was no expansion of business at Willowvale Mazda Motors for the past two years. The enterprise is being constrained by critical forex deficiencies and restrictive credit facility (offshore). The economic decline diminishes the demand for automobiles. Gatignon and Xuereb (1997) maintain that in this global age the engine for growth are innovation activities and institutes.

#### **4.4.2. THE LEVEL OF OPERATIONS FOR WILLOWVLAE MAZDA MOTORS**

The diagram below demonstrates the level of operations (in terms of volumes of trade) at Willowvale Mazda Motors for the year 2008.

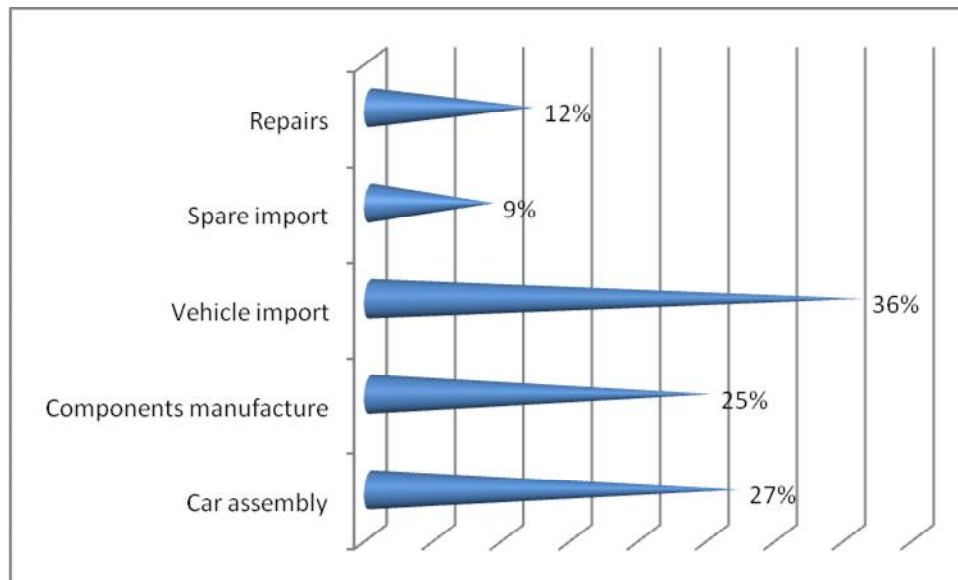


**Figure 0.6: The level of operations for Willowvale Mazda Motors**

As for the volumes of trade at Willowvale Mazda Motors 13% of the respondents said it is high. 66% aired out that it is average and 21% pointed out that is low. For the year 2008, the level of operations in terms of trade volumes are moderate. The level of operations at Willowvale otherwise is compromised by a decrease in disposable income and standard of living. Yet in the case of India, Allen, (2001) says that the automobile industry is currently experiencing an unprecedented change in the dynamism of its operations. There has been a boom in demand for all types of vehicles. This boom has been triggered primarily by two factors which are an increase in disposable incomes and standards of living of middle class Indian families estimated to be as many as four million in number; and the Indian government's liberalisation measures such as relaxation of the foreign exchange and equity regulations, reduction of tariffs on imports and banking liberalisation that has fuelled financing-driven purchases.

#### 4.4.3. AREAS THAT HAVE REGISTERED SIGNIFICANT CHANGE (DECLINE)

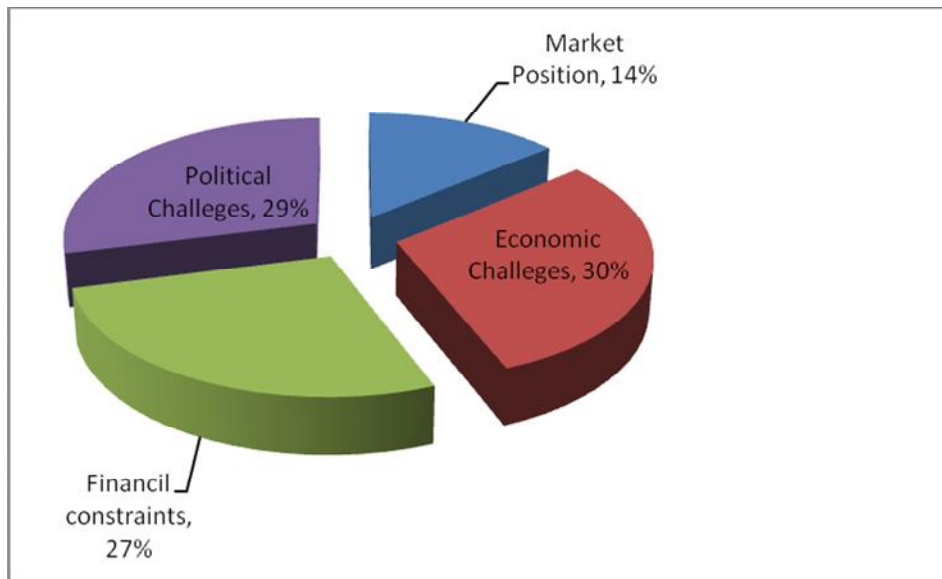
The figure below (figure 4.7), highlights the areas that have recorded the highest change



**Figure 4.7: AREAS THAT HAVE RECORDED SIGNIFICANT DECLINE**

It is shown from figure 4.7 above that 12% of the respondents said the company has recorded a significant decline in repairs, 9% mentioned spares import, 36% stated vehicle import, 25% pointed out components manufacture and 27% mentioned car assembly. The importation of vehicles has significantly declined at Willowvale Mazda Motors. In its report for the year 2007, the World Economic Forum states that the Zimbabwean economy has a high rate of technology imports against other countries but for the further steps in order to catch up with its competitors in the world market, the innovation ability of firms operating in Zimbabwe needs to be rapidly changing market conditions, fuelled by increasing global competition, higher performance expectations by customers and the market, and ever evolving technologies; Lin et al (2002).





**Figure 4.8: Categories of constraints the motor industry is facing**

As if figure 4.8 above 14% of staff and management pointed out that one of the category the motor industry is facing is market position, 27% mentioned financial constraints, 29% stated political challenges and 30% cited economic challenges. Political and economic challenges are detrimental constraints the motor industry is facing.

#### 4.5.2. THE CHALLENGES THE MOTOR INDUSTRY IS FACING

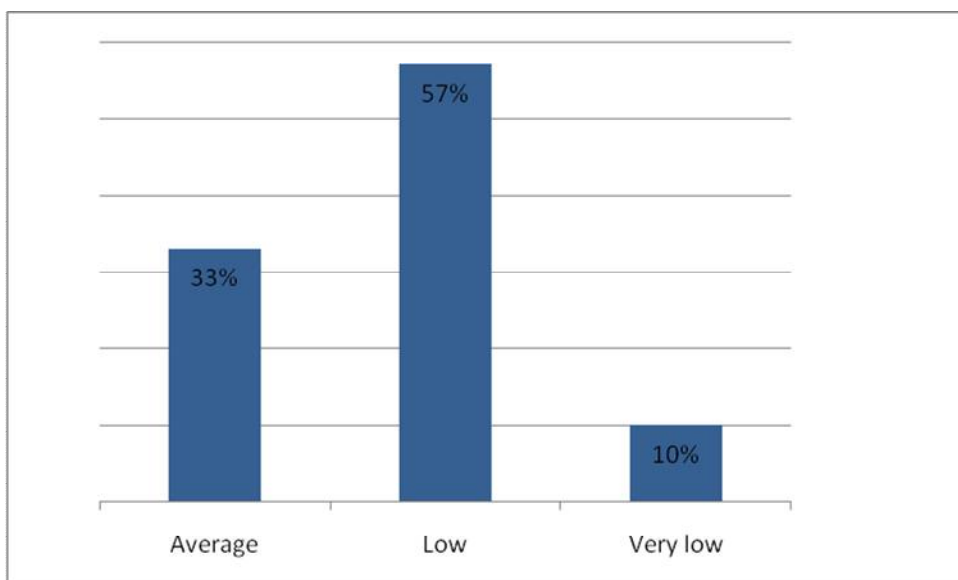
**Table 0.1: The challenges facing the motors industry**

Challenge	Response %
Forex shortages	63%
Price volatility (inflation)	59%
Material shortages	47%
Power outages	53%
High cost of finance	13%
Duty structures making imports cheaper	29%
Country risk negatively affecting offshore	33%
Credit lines	
Market adopting the wait and see attitude negatively affecting sales volumes and market share	39%
South Africa MIDP making imports cheaper	16%

Table 4.1 above tabulates that 63% of staff and management at Willowvale Mazda Motors pointed out forex shortages as one of the challenges the company is facing, 59% mentioned price volatility (inflation), 47% cited material shortages, 53% aired out power outages, 13% stated high cost of finance, 29% maintains that duty structures are making imports cheaper, 33% argued that the country risk is negatively affecting offshore credit lines, 39% pointed out that the market is adopting the wait and see attitude that is negatively affecting sales volumes and market share and 16% aired out that South Africa MIDP is making imports cheaper. Forex shortages and price volatility are the main challenges the automobile industry is facing.

#### **4.5.3. DETERIORATING DISPOSABLE INCOME AND SALES LEVEL AT WILLOWVALE MAZDA MOTORS**

The diagram below illustrates the impact of the declining disposable income to the level of sales at Willowvale Mazda Motors

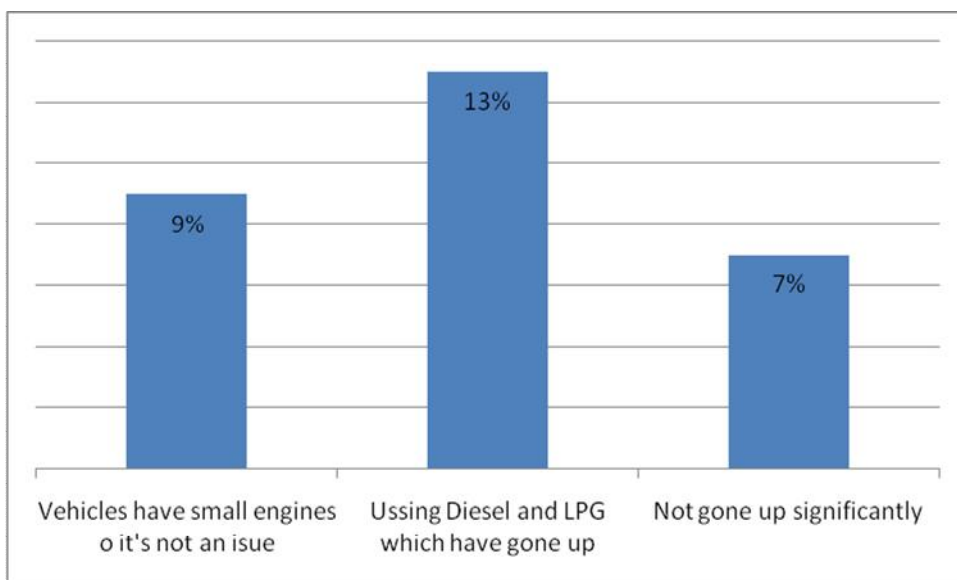


**Figure 4.9: Declining disposable income and sales level at Willowvale Mazda Motors**

It is revealed from figure 4.9 above that 33% of respondents maintains that due to declining disposable income, the sales level at Willowvale Mazda Motors are average, 57% said the sales level is low and 10% pointed out that the sales is very low. The falling disposable income is reducing the level of sales at Willowvale. Individuals and SMEs in Zimbabwe cannot afford to purchase new automobiles. Conversely, the case is dissimilar in India as Allen, (2001) says that there is a boom in demand for all types of vehicles due to a rise in disposable income and living standards. Industry observers predict that passenger vehicle sales will triple in five years to about one million, and as the market grows and customer's purchasing abilities rise, there will be greater demand for higher-end models which currently constitute only a tiny fraction of the market.

#### 4.5.4 THE IMPACT OF A RISE IN OIL PRICE TO WILLOWVALE MAZDA MOTORS OPERATIONS

Figure 4.10 below shows the responses as to whether the rise in oil price has a significant impact on the operations of Willowvale Mazda Motors



**Figure 4.10 The impact of rising oil prices to operations of Willowvale Mazda Motors**

Figure 4.10 above shows that 9% of the respondents maintains that since the vehicles have small engines the rising prices oil is not an issue of Willowvale Mazda Motor's operations, 13% said they are using Diesel and LPG which have gone up and 7% said the rising prices have no a significant impact. This means that a rise in prices of oil is said to have no serious impact to Willowvale Mazda Motors basing on the findings in figure 4.10 above. Nevertheless this is in contrast with what is affirmed in the literature. The high price of oil is said to be changing g the way people drive. Car manufacturers say that increase in prices is one of factors have led to increased competition (<http://www.autonews.com/nov/2003>). Globally dealers say new car buyers are turning to hybrids that run on gasoline and electricity. Other are turning to smaller vehicles, some, to those that can go places larger cars cannot, according to the site <http://www.autonews.com/nov/2003> many car dealers are turning to markets where fuel-efficient models are already in production

#### **4.6 COMPETITIVE STRUCTURE OF THE MOTOR INDUSTRY**

Dragoon, B. (2002) postulates that competitiveness is essentially the liability and skill for market contention and the skill for position gain and permanent commitment that are indicated especially by expansion of business successfulness, market share and profitability. Peters, and Waterman, (1982) say competitiveness refers to the commitment in market competition in case of companies and success in international competition in case of countries. Dragoon, B. (2002)

Points out that competitiveness is the basic capability of perceiving changes in both the external and internal environment and the capability of adapting to these changes in a way that the profit flow generated guarantees the long-term operation of the firm.

##### **4.6.1 THE COMPETITORS OF WILLOWVALE MAZDA MOTORS**

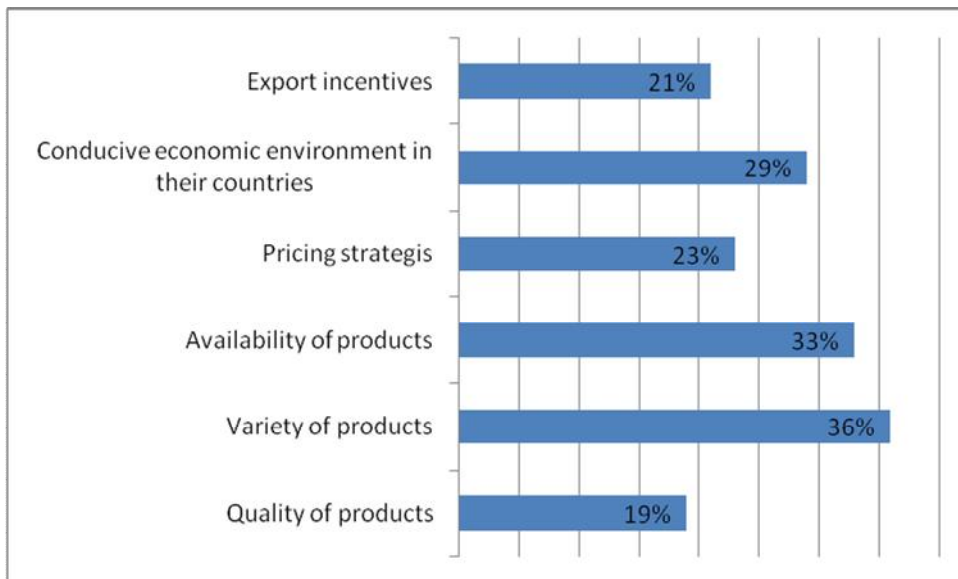
The rivals of Willowvale Mazda Motor industry are diagrammatically represented in the chart beneath.

#### **Figure 4.11. The competitors of Willowvale Mazda Motors**

Results from the survey disclose that 10% of staff and management at Willowvale Mazda Motors is Ford (South Africa), 20% stated Isuzu (GM), 34% mentioned Nissan and 36% aired out Toyota. In the literature Ford has been cited as one of the strong rivals. In 2000 the Ford Motor Company set out its vision to be 'the world's leading consumer company for automotive products and services' and set its two main global priorities as customer satisfaction and a business. Ford of Europe identified priority e-initiatives in the B2C, B2B, and B2E domains David Thursfield, President and Chairman, Ford of Europe, adds that the company is moving from 'push' manufacturing processes to very lean, very dynamic 'pull' business models. Ford is creating virtual worlds where its engines and suppliers can collaborate.

#### **4.6.2 The strengths of rival firms**

Strengths represent competitive assets. The calibre of a firm's resource strengths is a big determinant of its competitiveness-whether it has the wherewithal to be a strong competitor in the market place or whether its capabilities and competitive strengths are modest, thus relegating it to a trailing position in the industry. Plainly, a company's resource strengths may or may not enable it to improve its competitive position and financial performance; Porter, (1998). The diagram below reveals the strengths of the competitors of Willowvale Mazda Motors

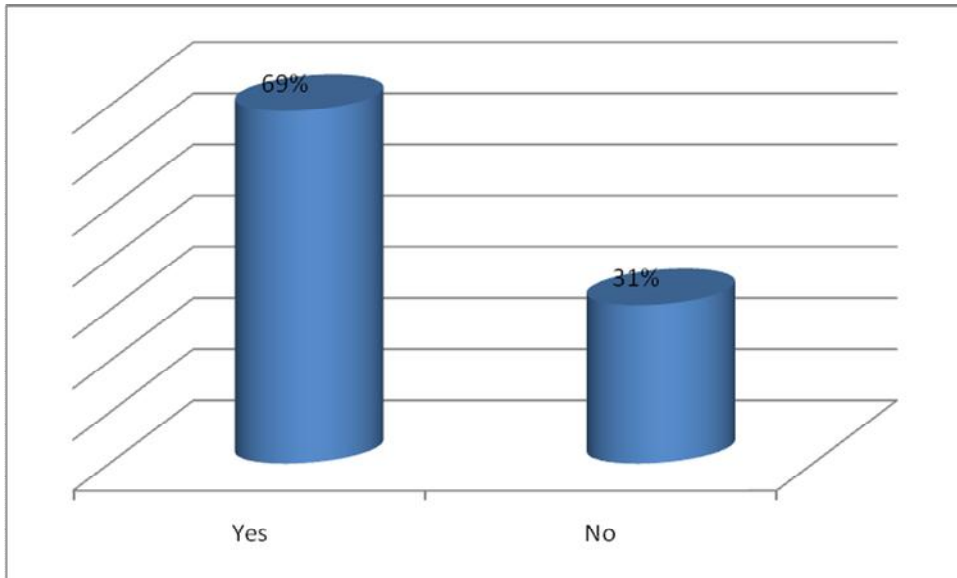


**Figure 0.12 The strengths of rival firms**

Figure 4.12 above shows that 21% of the respondents mentioned export incentives as one of the strength of the competitors of Willowvale Mazda Motors, 29% stated an enabling economic environment in their respective countries, 23% mentioned pricing strategies, 33% cited availability of products (Isuzu has consignment from Republic of South Africa), 36% aired out product variety (Williowvale has no 3.0 L model and Stretch cabs) and 19% mentioned product quality. In the literature availability of products has been mainly emphasised. Professor Micheal Porter of Harvard Business School in 1980 pointed out that availability of substitutes can place a ceiling on prices for a company's products or makes in roads into the market and so reduce its attractiveness.

#### **4.6.3 AWARENESS OF POTENTIAL CUSTOMERS TO WILLOWVALE MARKET OFFERINGS**

The chart underneath demonstrates if potential clients to the market offering of Willowvale Mazda Motors:



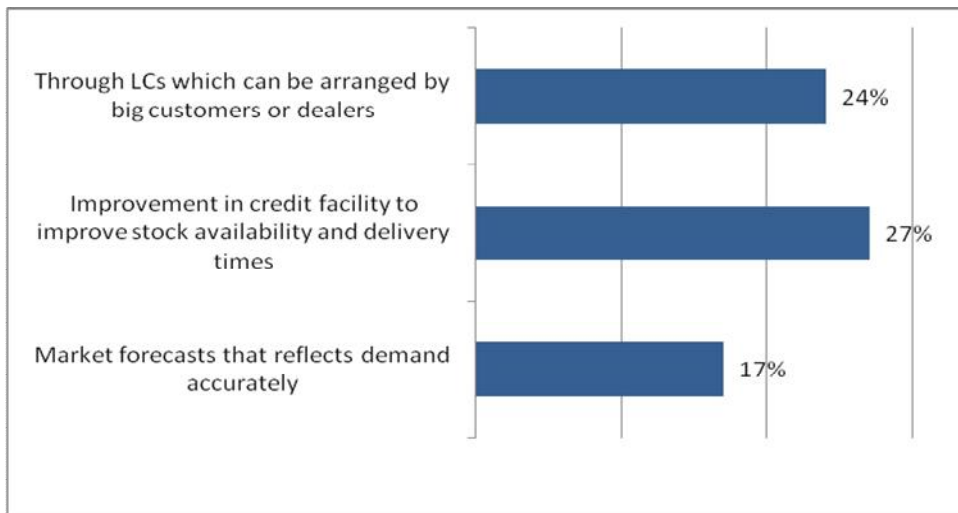
**Figure 0.13 Awareness of potential clients to Willowvale market offerings**

In as far as the awareness of potential clients to Willowvale Mazda Motors 69% points out that they are aware and 31% said they are not. Generally, the potential clients are aware to Willowvale’s market offerings. The company is employing advertisements and product launches as its marketing strategies to ensure that it remains a market leader. The aim is the development of a product or service offering unique attributes valued by paying customers and that customers perceive to be better than or different from competitor offerings.

#### **4.6.4 THE MANAGEMENT OF STOCK AT WILLOWVALE MAZDA MOTORS**

The diagram below outlines the ways Willowvale Mazda Motors can best manage their stock:



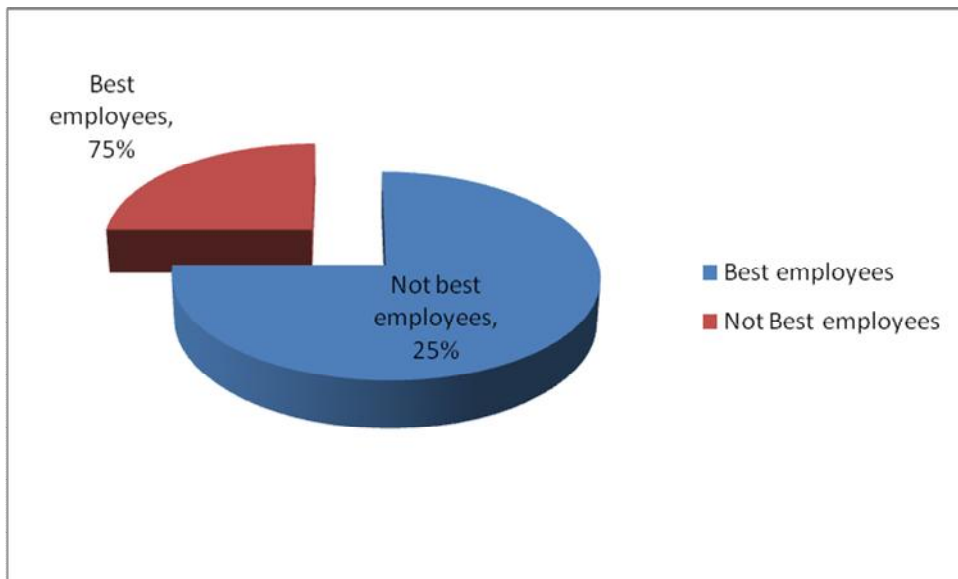


**Figure 0.14 Ways Willowvale can employ to manage stocks effectively**

The findings in figure 4.14 above are such that 24% of respondents Mazda Motors pointed out that one of the ways Willowvale Mazda Motors can employ to ensure effective management of stock is through LCs which can be arranged by big customers or dealers, 27% pointed out improvement in credit facility to improve stock availability and delivery times and 17% pointed out market forecast that reflects demand accurately. Under this, Chen 2004 also encourage firms to improve accuracy in managing inventory, improve visibility of orders and inventory; and shorter retail cycle of designing, manufacturing and stocking the latest products.

#### **4.6.5 THE HUMAN RESOURCE BASE OF WILLOWVALE MAZDA MOTORS**

The diagram below shows the response about the quality of the human resources base at Willowvale Mazda Motors.

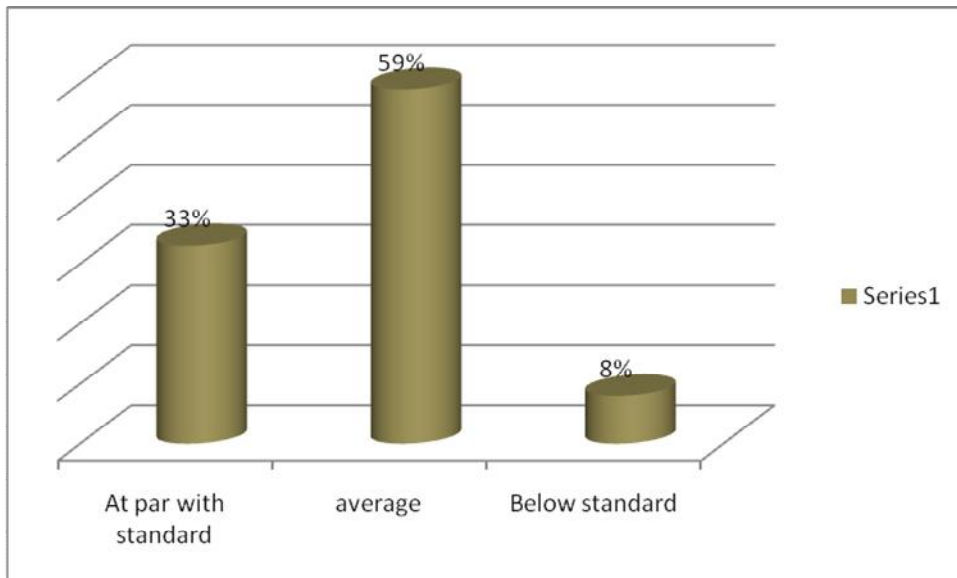


**Figure 0.15: the quality of human resource base at Willowvale Mazda Motors**

As for the quality of human resource base 75% of the respondents argued that Willowvale Mazda Motors has the best employees and 25% said it does not have. This means that the quality of human resources at Willowvale is good. As for human resources base, (freysenet et al, 2003) state that for an enterprise to use human resources as a competitive advantage means analysing what factors are necessary for the organisation's long-term success. Humphrey, (2000) as well maintain to formulate appropriate competitive advantage through the employees program for an organisation, it is first necessary to analyse the firm's competitive strategy or business strategy and organisational human resource practices. The organisation should create a complete model of HRM and employment relationship, also it should support long-term thinking, building 'core competencies' and also develop "sensing" capabilities says Ross, and Beaver (2000).

#### 4.6.6. THE LIKELY PERFORMANCE OF WILLOWVALE MAZDA MOTORS IF GIVEN THE OPPORTUNITY TO ENTER THE INTERNATIONAL MARKET

The diagram below reveals the likely performance of Willowvale Mazda Motors given the opportunity to enter the international market.

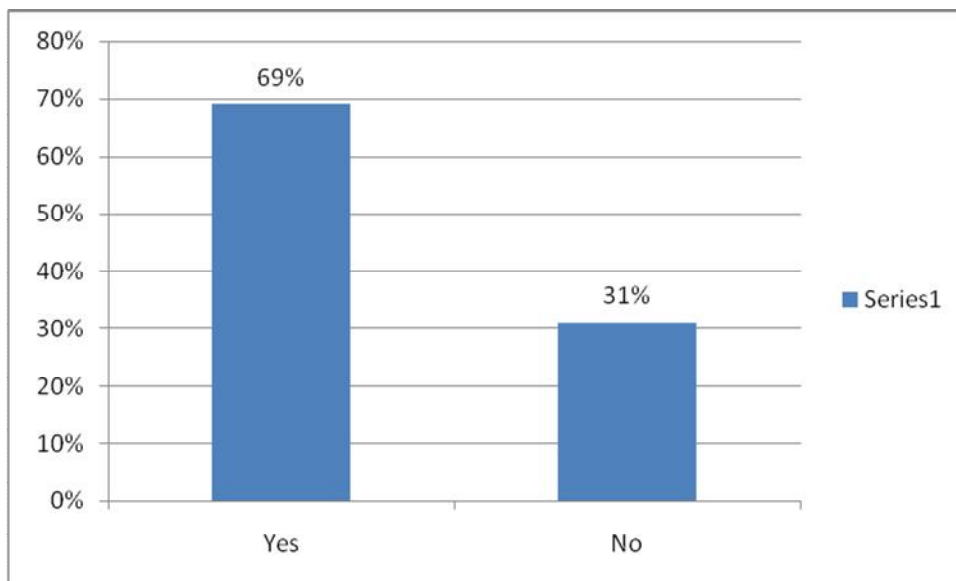


**Figure 0.16: The likely performance of Willowvale Mazda Motors in the international market**

From figure 4.16 above 33% of respondents maintains that if Willowvale Mazda Motors is given the opportunity to enter the international market it will be at par with standard. 59% said its performance will be average and 8% said it will be below standard. If Willowvale is to enter the international market its performance is likely to be moderate. To exploit the international market. Willowvale is encouraged to continue producing quality vehicles. There is also need for significant export incentives to compete with republic of South Africa. Exchange regulations will also have to be made more favourable for price competitiveness. It is maintained that currently the automobile industry is facing a serious challenge due to rapidly changing market conditions, fuelled by increasing global competition, higher performance expectations by customers and the market, and ever evolving technologies Lin et al. (2002).

#### 4.6.7 JOINT VENTURES AS AN ALTERNATE STRATEGY TO THE AUTOMOBILE INDUSTRY

The diagram below shows the responses as to whether joint ventures are alternative strategy to the automobile



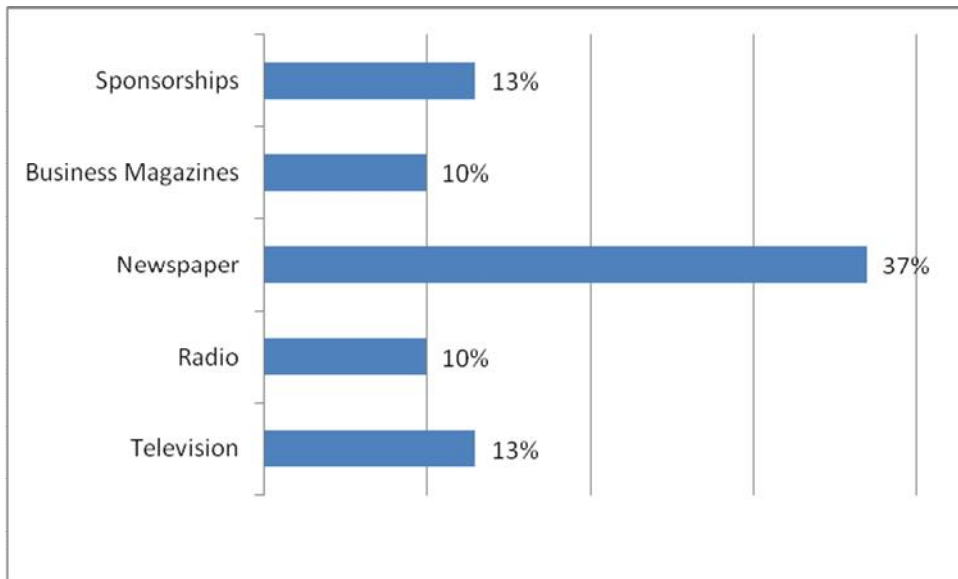
**Figure 0.17: Joint Ventures as an alternative strategy to the automobile industry**

The findings from figure 4.17 above are such that 69% of the respondents do agree that joint venture is an alternative option for the automobile industry and 31% disagree. A larger proportion agrees that joint venture is an alternative for the automobile industry. Chanaron, J. (2003) said most of the firms have formed joint ventures with Indian firms. Leading automotive assemblers and component makers are increasingly turning to India for components. One of the now widely-cited examples of this trends is the Indian component firm, Sundaram Fasteners Limited (SFL) basing on the researches by Chanaron, J. (2003). Tie ups with foreign firms has helped Indian auto components suppliers further invest in capacity and

automation and acquisition of the latest know-how, thereby closing the productivity gap with other world-class component makers. In the past two years, more than a dozen multi-national firms have announced plans to enter Indian market. Most of them have formed joint ventures with Indian firms Chanaron, J (2003).

However Porter (1986) identified generic strategic options for creating competitive advantage, namely: the low cost, differentiation and focus strategies. A firm in the automobile assembly industry may use one of the three strategies or a combination of two as a strategic game plan to achieve competitiveness in the market. Focus strategy concentrates on a narrow segment and within that segment attempts to achieve a cost advantage or differentiation. Focus on strategy effectiveness approach works best in niche markets poorly served by other competitors or where scale economies are difficult. Willowvale can thrive on this strategy as it avoids diluting of strategy implementation; enables competition on the basis of limited resources, bypasses the assets and skills of larger competitors; provides strong positioning and reduces competitive pressures (Boyer, 1998, Aaker, 1994). In terms of low cost strategy, Hatten (1993) says that the firm seeks to be the lowest cost producer in the case in the motor industry for a given level of quality. Using this strategy Willowvale can therefore compete on the basis of price alone. It can sell its products at average industry prices to earn higher profit than rivals or below average industry prices to gain market share. According to Aaker, (1994) the low cost strategy greater managerial attention in thoroughly assessing efficiencies in terms of costs and overheads and to ensure its resonance with rewards, structure, systems and culture of the enterprise.

Differentiation strategy for competitiveness is critical where there is intense competition and when buyer decision can only be solicited through differentiating the product or service. The aim is the development of a product or service offering unique attributes valued by paying customers and that customers perceive to be better than or different from competitor offerings. Sustainable differentiation allows firms in the motor industry assembly to command a premium price, increase unit sales and achieve brand loyalty (Strickland and Thompson, 1999) Miller and Dess (1993) argue that differentiation and price leadership strategy is the most successful combination in all industries including the automobile industry in Zimbabwe.



**Figure 0.18: media used by Willowvale Mazda Motors to communicate with clients**

From figure 4.18 above 13% mentioned television as the media used by Willowvale Mazda Motors to communicate with customers, 10% mentioned the radio, 37% pointed out newspapers, 23% cited business magazines, and 17% mentioned sponsorships. Willowvale Mazda Motors is mainly using newspapers to communicate with its customers. Murphy and Young, (1995) state that communication should be effective, wide and easy procedures should be available for individuals to raise grievances and receive replies.

## 4.7 RESPONSIVENESS' VIEWS AND COMMENTS

The diagram below shows the comments and views of respondents to improve the performance of Willowvale Mazda Motors:

**Table 4.2 Comments and views of respondents to improve performance of Willowvale**

Comment	Response (%)
Enhanced customer service	23%
Customer relationship management	19%
Investment in modern IT systems	31%
Major sponsorships	17%
Product line extension to plug gaps	22%
Reduce time from idea generation to actual launching	11%
Model line up that competes with major players	29%

Table 4.2 above tabulates that 23% of the respondents urges Willowvale to enhance customer service, 19% calls for customer relationships management, 31% advised Willowvale to invest in modern IT systems, 17% stated the need for sponsorships, 22% advised Willowvale to extend product lines to plus gaps, 11% said it must reduce gaps from idea generation to actual launching and 29% said there is need for

model line up that competes with major players. Willowvale Mazda Motors is chiefly advised to invest in modern information technology systems. Information Technology is a resource which is viewed in terms of its quality and the extent to which the information system function contributes to decision making in organisations. This contribution must constitute competitive advantage. Barney (1991) lists information system as one of the factor that enhances competitive advantage. An information system is integrated man/machine system for providing information to support the operations, management and decision- making functions in an organisation. The system utilises computer hardware and software, manual procedures, management and decision models, and a database (stoner, G. (2000)). Strickland (1996) postulates that accurate information is an essential ingredient of sustained competitive advantage. According to him, every organisation needs systems for gathering and storing data tracking key performance indicators, identifying and diagnosing problems and reporting strategy critical information. Strickland also notes that telephone companies have elaborate information systems to measure signal quality, connection times, interruptions, wrong connections, billing errors and other measures of reliability. Accurate and timely information allows organisational members and management to monitor progress and take corrective action promptly. Moreover Strickland (1996) gives the five basic elements of an information system as people, machines, procedures, database and control.

#### **4.8 CHAPTER CONCLUSION**

The present chapter has presented and discussed the research findings. The findings presented and discussed include the competitive challenges faced by players in the industry, strategies that can be employed motor industry to counter the challenges and an evaluation of the competitiveness of Willowvale Mazda Motor Industries in the industry. The next chapter presents the conclusions and recommendations of the study.



## **CHAPTER FIVE**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

The present chapter presents the major conclusions and recommendations of the study. These are taken from the research findings. Furthermore, the study presents the are of further research.

#### **5.2 CONCLUSIONS**

The major conclusions of the study are the following:

##### **5.2.1 THE STATUS OF THE WORK ENVIRONNEMENT AT WILLOWVALE MAZDA MOTORS**

The work environment of Willowvale Mazda Motors is well. If a Willowvlae is to be competitive, it must have the basic capability of perceiving changes in both the external and its internal environment and the capability also, of adapting to these changes in a way that the profit flow generated guarantees the long-term operation of the firm.

##### **5.2.2 GROWTH STATUS OF WILLOWVALE MAZDA MOTORS**

For the past two years, there was no expansion of business at Willowvale Mazda Motors. The enterprise was being constrained by critical forex deficiencies and restrictive credit facility (offshore). The economic decline diminishes the demand for automobiles.

### **5.2.3 THE LEVEL OF OPERATIONS FOR WILLOWVALE MAZDA MOTORS**

Though the level of operations, in terms of trade volumes, for the year 2008 was moderate, it has to some extent compromised by a decrease in disposable income and standard of living.

### **5.2.4 AREAS THAT HAVE REGISTERED SIGNIFICANT DECLINE**

Willowvale has registered a significant decline in the following areas: spares imports, vehicle imports, components manufacture, car assembly and repairs. At large, the Zimbabwean economy has a high rate of technology imports against other countries but for the further steps in order to catch up with its competitors in the world market, the innovation ability of firms operating in Zimbabwe needs to be improved. The Zimbabwean automobile industry as a whole is facing a serious challenge due to rapidly changing market conditions, fuelled by increasing global competition, higher performance expectations by customers and the market, and ever evolving technologies.

### **5.2.5 THE CHALLENGES THE MOTOR INDUSTRY IS FACING**

The motor industry is facing the following political, economic, financial and market challenges, forex shortages, price volatility (inflation), material shortage, power outages, high cost of finance, duty structures making imports cheaper, the country risk negatively affecting offshore credit lines, the market is adopting the wait and see attitude that is negatively affecting sales volumes and market share and South Africa MIDP which is making imports cheaper. As well, the falling disposable income is reducing the level of sales at Willowvale. Individual and SMEs in Zimbabwe cannot afford to purchase new automobiles.

### **5.2.6 THE IMPACT OF A RISE IN OIL PRICE TO WILLOWVALE MAZDA MOTORS OPERATIONS**

A rise in prices of oil is said to have no serious impact to Willowvale Mazda Motors because vehicles have small engines, the use of diesel and LPG have gone up.

However, globally the high price oil is said to be changing the way people drive. Car manufacturers say that increase in prices is one of factors have led to increased competition. New car buyers are turning to hybrids that run on gasoline and electricity. Many car dealers are turning to markets where fuel-efficient models are already in production.

### **5.2.7 THE STRENGTHS OF RIVAL FIRMS**

The competitors of Willowvale Mazda Motors are Ford, Isuzu (GM), Toyota and Nissan. The strength of these competitors is on the: quality of products, variety of products, availability of products, pricing strategies, conducive economic environment in their countries and export incentives.

### **5.2.8 AWARENESS OF POTENTIAL CUSTOMERS TO WILLOWVALE MARKET OFFERINGS**

Generally, the potential clients are aware to Willowvale's market offerings. The company is employing advertisements and product launches as its marketing strategies to ensure that it remains a market leader. The aim is the development of a product or service offering unique attributes valued by paying customers and that customers perceive to be better than or different from competitor offerings

### **5.2.9 THE MANAGEMENT OF STOCK AT WILLOWVALE MAZDA MOTORS**

Willowvale Mazda Motors is managing its stock through: LC which can be arranged by big customers or dealers, improvement in credit facility to improve stock availability and delivery times and market forecasts that reflects demand accurately.

### **5.2.10 THE MEDIA USED BY THE AUTOMOBILE INDUSTRY TO COMMUNICATE WITH CUSTOMERS**

To communicate with its clients Willowvale is using the following media: the radio, newspapers, business magazines, and sponsorships. Willowvale Mazda must

ensure that the communication system is effective, wide and easy procedures should be available for individuals to raise grievance and receive replies.

### **5.3 TESTING OF THE PROPOSITION**

Largely on the basis of the above conclusion, the proposition is adopted. However, there are certain issues which relate to forex shortages, price volatility (inflation), material shortage, power outages, high cost of finance, duty structures making imports cheaper that have affected the motor industry. Willowvale Mazda Motor Industry's position has since changed negatively due to the intensification of completion in the sector.

### **5.3 RECOMMENDATIONS**

The study makes the following recommendations:

- Willowvale Mazda Motors can ensure effective management of stock through: LCs which can be arranged by big customers or dealers, improvement in credit facility to improve stock availability and delivery times and market forecasts that reflects demand accurately. It must also improve visibility of orders and inventory; and shorter retail cycle of designing, manufacturing and stocking the latest products.
- As a way of ensuring efficient utilisation of human resources to gain a competitive edge Willowvale must analyse what factors are necessary for the organisation's long term success as well as formulating appropriate competitive advantage through the employees program for an organisation. Initially, it is necessary to analyse the firm's competitive strategy or business strategy and organisational human resources practices. Willowvale should create a complete model of human resource management and employment relationship, also it should support long-term thinking, building 'core competencies' and also develop sensing capabilities.
- To effectively penetrate the international market, Willowvale Mazda Motors it must continue producing quality vehicles and ensure significant export

incentives to compete with Republic of South Africa. Critically, exchange regulations will too, have to be made more favourable for price competitiveness.

- In addition, Willowvale Mazda Motors is encouraged to form joint ventures and employ one or two of the generic strategies-differentiation, low cost and differentiation. Focus strategy concentrates on a narrow segment and within that segment attempts to achieve a cost advantage or differentiation. Focus on strategy effectiveness approach works best in niche markets poorly served by other competitors or where scale economies are difficult. In terms of low cost strategy the firm seeks to be the lowest cost producer in the case in the motor industry for a given level of quality. Using this strategy Willowvale can therefore compete on the basis of price alone. It can sell its products at average industry prices to earn higher profit than rivals or below average industry prices to gain market share. Differentiation strategy for competitiveness is critical where there is intense competition and when buyer decision can only be solicited through differentiating the product or service. The aim is the development of a product or service offering unique attributes valued by paying customers and that customers perceive to be better than or different from competitor offerings. Sustainable differentiation allows firms in the motor industry assembly to command a premium price, increase unit sales and achieve brand loyalty.

Finally, Willowvale Mazda Motors is encouraged to: ensure that there is customer relationships management at the enterprise, invest in modern IT systems, extend product lines to plug gaps, reduce gaps from idea generation to actual launching and to ensure that there is model line up that competes with major players.

#### **5.4 AREA OF FURTHER RESEARCH**

A further study should be conducted to identify the opportunities and threats that Willowvale is likely to face if it is to enter the regional and international market.

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## APPENDICES

### QUESTIONNAIRE FOR STAFF AND MANAGEMENT

#### SECTION A: DEMOGRAPHIC INFORMATION

1. How long have you been with Willowvale Mazda Motors?

- a) < 4 years [ ]
- b) 5 years-10 years [ ]
- c) > 10 years [ ]

2. Which of the given categories do you fall into?

- a) Management [ ]
- b) Engineering [ ]
- c) Other (specify)-----

3. How do you feel about your work environment?

- a) Highly Satisfied [ ]
- b) Satisfied [ ]
- c) Can't Say [ ]
- d) Unsatisfied [ ]
- e) Highly Unsatisfied [ ]

4. Before joining Willowvale Mazda Motors, had you ever worked in the automobile industry before?

- a) Yes [ ]
- b) No [ ]

5. If the answer to Qn 3 is yes which company were you with?-----  
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**SECTION B: DYNAMICS OF THE ZIMBABWE MOTOR INDUSTRY**

6. Has the company registered growth in the past 2 years?

a) Yes [ ]

b) No [ ]

7. Please comment on your answer-----  
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8. Can you rate level of operations for Willowvale Mazda Motors ( in terms of Volumes of Trade?) for 2008?

a) Very High [ ]

b) High [ ]

c) Average [ ]

d) Low [ ]

e) Very Low [ ]

9. Which of the following has seen the highest change (indicate whether it's a decrease or an increase?)

a) Car Assembly [ ]

b) Components manufacture [ ]

c) Vehicle Import [ ]

d) Spare import [ ]

e) Repairs [ ]

**SECTION C: CHALLENGES IN THE MOTOR INDUSTRY**

10. What major challenge have you been facing in the recent years?

- a) Economic Challenges [ ]
- b) Financial Challenges [ ]
- c) Political Challenges [ ]
- d) Market Position [ ]
- e) Other (Specify) [ ]

11. Can you comment on these challenges?

a. Economic

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b. Financial

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c. Political

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d. Market Position

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e. Other (Specify)

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12. Given the decline in disposable income of potential customers, can you rate your sales levels?

- a) Very High
- b) High
- c) Average
- d) Low
- e) Very Low

13. Has the increase in oil prices affected your operations? Please comment-----

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**SECTION D: COMPETITION STRUCTURE OF THE MOTOR INDUSTRY**

14. Who are your major competitors?



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15. Do you feel threatened?

- a) Yes [ ]
- b) No [ ]

16. If your answer to Qn 15 above is Yes what do you think is (are) their strong point(s)?

- a) Quality of product [ ]
- b) Variety of products [ ]
- c) Availability of products [ ]
- d) Brand Aware customers [ ]
- e) Other (Specify) [ ]

17. Are potential customers aware of your market offering?

- a) Yes [ ]
- b) No [ ]

18. If your answer to Qn 17 above is yes, how did you make yourselves known?

- a) Advertisements [ ]
- b) Sponsorships [ ]

19. Given a 1 to 10 scale, can you rate your company's position on the market?-----  
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20. How best can stock be managed at this organisation?-----

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21. Do you think your organisation has the best employees?

a) Yes [ ]

b) No [ ]

22. If your answer to Qn21 above is No, can you state the reason?-----

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23. Given an opportunity to enter the international market, how do you think you will perform?

a) At par with standard [ ]

b) Average [ ]

c) Below standard [ ]

d) Can't say [ ]

24. Can you comment?-----

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## **SECTION E: SOLUTIONS AND RECOMMENDATIONS**

25. Does the idea of product line extension appeal to you, that is working with other car

models?

a) Yes [ ]

b) No [ ]

26. Do you consider a joint venture with another automobile industry an option?

a) Yes [ ]

b) No [ ]

27. How else do you think you can communicate best with potential customers (media)?

a) Television [ ]

b) Radio [ ]

c) Newspaper [ ]

d) Business Magazines [ ]

e) Sponsorships [ ]

28. As a faithful employee to his/her organisation, what else do you think needs to be done in order to improve your organisation's performance?-----

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**THANK YOU FOR YOUR TIME AND SUPPORT**

**END OF QUESTIONNAIRE**