

An Investigation into The Impediment in The Award of Contracts to Local Contractors in Public Institutions: A Case Study of NAPSA Lusaka.

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Abstract

The construction industry is one of the fastest infrastructure developments, it is imperative that local contractors are given a level ground in terms of awarding of contracts. The study therefore investigated the impediment into the awarding of contracts to local contractors. This was achieved through the specific objectives that included; to establish the role of technical capacity in the award of the contract to the local Contractors; to ascertain the influence of financial capacity on the award to contracts to the local contractors; to find out the effect of lack of enabling atmosphere for locals on the award of contracts to the local contractors and to establish the extent to which corruption impedes award of contracts to the local contractors

Primary data was obtained from the respondents using questionnaires. Purposive sampling technique was employed to obtain information from both the NAPSA staff and local contractors. 50 questionnaires were distributed to the respondents. The obtained data was then analysed by the usage of Statistical Package for the Social Sciences and presented in charts and tables. The study found out that while financial inability and enabling atmosphere greatly affected the local contractors in securing tenders, technical inability

and corruption were less likely to affect the award of contracts to local contractors. The study further found that local contractors face challenges when bidding for NAPSA tenders and most cases there are only sub-contracted by the foreign bidders and bid documents have issues with the activity schedule page do not portray a clear picture at times with over pricing. It was therefore concluded that impediment into securing of contracts by local contracts was financial inability and lack of enabling or favorable business environment in which the local contracts operated.

Arising from the findings herein, it was recommended that various measures that can be undertaken to assist local contractors and these include priority should be given to local contractors and that ZPPA should allow bid securing declaration instead of bid security to all local bidders who meet the criteria, address corruption, kickbacks, middlemen and transparency in the bidding process.

Keywords: Local contractors (MSME); Tender process (SCM).

D) CHAPTER 1: INTRODUCTION

1.1.0 Overview

In the recent past, Zambia has seen growth in the number of privately owned enterprises in the various sectors of the economy. These businesses compete for the same market in the provision of goods and services thereby leading to intense market competition. Besides the market competition, the coming on board of international companies into the market has posed a huge challenge to local contractors and suppliers. The problems that Zambian local contractors may be facing are not unique to Zambia as Hillebrandt (2000) opines that problems faced by contractors in developing countries include shortages of operative and management manpower, material shortages, plant and finance, as well as some problems of management of the firm (Hillebrandt, 2000). While large foreign contractors may be advantaged into terms of the major challenges highlighted above, local contractors remain highly challenged to overcome these mainly due to institutional arrangement for the developing countries like Zambia.

The role and importance of local contractors however cannot be underestimated. Local contractors contribute immensely to the economic growth of the country through employment creation, tax revenue and value addition among many others. Thwala & Mvubu (2009) prop up this by stating that local contractors who are usually small can be powerful instruments of generating job opportunities; perform small projects at different and remote geographical locations that might be unattractive to big firms or too costly using the big firms; low overheads enable small contractors to work at more competitive prices; large number of functional small and medium scale black contractors can help to decentralize the construction industry dominated by established large contractors. They added that

the relatively low skills and resources required at this scale can easily lower the entry point for the small and medium size owners to begin to participate in the industry (Thwala & Mvubu, 2009).

In Zambia, like in many developing countries, local small and medium businesses have remained uncompetitive especially in attracting business with established institutions such as the government institutions and other quasi-government institution. Arising from this fact, it is indisputable that these local contractors have not contributed their full potential to the economic well-being of the country as remain repressed by the large foreign firms that seem to have high potential in delivering to the expectations of the client.

1.1 Background

Local business depends on the availability of business opportunities such as markets and customers. Contractors survive in business simply because they are doing business, by winning a tender or will be employed to do a job in their particular area of expertise from time to time. One of the approaches used by contractors to remain in business is through direct engagement by employer/buyer or through tendering (Joshua, 2010). Local contractors, for instance, their survival in depend so much on the availability of tender opportunities from the public sector and to a certain extent in the private sector. The first step towards being awarded a contract is for them to participate, from time to time, in a competitive bidding or tendering process (Joshua, 2010).

Tendering has been the most adopted phrase that firms use in trying to purchase or outsource external services in any country. The same can be conducted by either e-procurement or open bids that are presented to such organizations for consideration. By definition, tendering means the method of procurement whereby suppliers,

Contractors, or Consultants are invited by the procuring entity to compete with each other in submitting priced tenders for goods, works or services. This entails tenders are invited as means of determining which contractor undertakes the works for the lowest price and indeed quality. Hordijk et al. (2004) define procurement as the act of purchasing goods or services from an outside body by the government with a specified contract and a specified award procedure. In this definition, the government comprises of traditional state authorities (state and regional), and bodies governed by public law and associations of these first two bodies. So, in contrast with associated concepts as acquisition, buying or purchasing, procurement is always public (Dreschler, 2009).

1.1.1. Public Procurement in Zambia

- Over the years and before the establishment of the Zambia Procurement Authority, public procurement was under the watchdog of the Zambia National Tendering Board which was established in 1982 which was established under the ZNTB Act of 1982. The Act required that the parastatals and other public bodies constitute the tendering committees while it retained the oversight function of all public procurement.

Up until 2008, public procurement in Zambia has been governed by the ZNTB Act of 1982. However, in 2008, a law was passed to repeal and replace the ZNTB Act with the Zambia Public Procurement Act and further the established of the Zambia Public Procurement Authority (ZPPA) which is an independent statutory regulatory body established by the Public Procurement Act (PPA) No. 12 of 2008 of the laws of Zambia which repealed and replaced the Zambia National Tender Board Act, Act No. 30 of 1982. The ZPPA Act is responsible for policy, regulation, standard setting,

compliance and performance monitoring, professional development and information management and dissemination in the field of public procurement (zgfoffce.org, 2012).

According to the Act as cited by zgfoffce.org (2012), in public institutions, a procuring entity is responsible for the management of all procurement activities within its jurisdiction while the controlling officer or chief executive officer is responsible and accountable for ensuring that all the procurements of the procuring entity are undertaken in accordance with the Act. Thus, in accordance with the Act, it is required that a procuring entity appoints a procurement committee which is the highest approvals authority in the procuring entity and responsible for ensuring that all procurement is undertaken in accordance with the provisions of the Act. The procurement committee is required to have not more than two members from the private sector. The Act further requires the establishment of procurement units within the procuring entity to be responsible for managing all procurement activities (zgfoffce.org, 2012).

Like in many countries, public procurement as guided by the ZPPA act follows a process that include that for all amounts for goods and service to procured above K50,000 has to be subjected to tendering process which process include advertising for the tender and invitation of bids, bid opening and evaluation (this stage has three evaluation criteria, namely; pre-qualification, technical and financial). Thus, all public procurement including procurement under NAPSA are required to follow the set procedure.

1.1.2. Procurement under NAPSA

NAPSA was formed to provide income security against the risk arising from retirement (old age), death and invalidity with a focus on adequacy of benefits and monthly receipt of pension in a better way than the repealed ZNPF. This is achieved

through the payment of different kinds of benefits to its members (www.napsa.co.zm). A member of NAPSA is one who has duly registered with NAPSA, has been issued with a Social Security number (and card) and contributes to the scheme in accordance with the National Pension Scheme Act. No. 40 of 1996 of the laws of Zambia. This person is eligible upon retirement or invalidity to receive a benefit payment from NAPSA; subject to the prescribed conditions which are outlined later on in this edition. This entails that all formerly members of the ZNPF are now members of NAPSA. NAPSA is the official custodian and manager of the assets of the ZNPF. This means that NAPSA is managing all the funds contributed to the ZNPF and has continued paying benefits to eligible members of that scheme as they qualify for the same (www.napsa.co.zm).

NAPSA undertakes all its procurement using the Public Procurement Authority Act No. 12 of 2008 and the Public Procurement Regulations of 2011. The PPA Act No. 12 of 2008, states that;

An Act to continue the existence of the Zambia National Tender Board and re-name it as the Zambia Public Procurement Authority; revise the law relating to procurement so as to ensure transparency and accountability in public procurement; regulate and control practices relating to public procurement in order to promote the integrity of, fairness and public confidence in the procurement process and repeal and replace the Zambia National Tender Board Act, 1982; and provide for matters connected with or incidental to the foregoing.

Therefore, all contractors whether local or international follow the guidelines in the Public Procurement Authority Act No. 12 of 2008, in bidding for tenders.

There are benefits of having the productive and the performing local Contractors in any local industry that hires locally. Wellington and Mpendulo,

(2009) pointed out some of the public benefits to be gained by employing the majority of local Contractors in undertaking large civil works contracts which include the following:

- i) job opportunity generation;
- ii) perform projects at different and remote geographical locations that might be unattractive to foreign firms or too costly using the foreign firms;
- iii) charge low overheads to enable local Contractors to work at more competitive prices;
- iv) help to decentralize the construction industry dominated by established foreign Contractors;
- v) can create barriers for foreign Contractors to participate in the industry, and
- vi) can develop a platform for growth and redistribution of wealth in a country.

It's not easy to indicate and conclude that most of these tenders have been done and awarded in a transparent manner as other vices such as expected corruption may play a key role in the way tenders are awarded to the best evaluated bidder (BEB).

Many other challenges in public procurement emanate from the tendering process itself. Generally, most bidders have similar challenges when it comes to submission of bids. Mwita, (2013) adds that Invitation of bidders to compete for the tenders poses challenges to them. In order to establish which bids, meet the Employer's requirements in the tendering process, bid evaluation is used. He urged that the winner should meet all the minimum evaluation criteria stipulated in the bidding document and further added that challenges facing local Contractors in the bidding process could be established when upon submission of bids and as the result of the

subsequent bid evaluation process; it becomes so difficult for all or some of the bidders to meet all of the Employer's requirements. There are challenges due to commercial requirement and technical ones. These challenges or barriers should be overcome by any bidder to qualify for award of a contract (Mwita, 2013).

Thus, local contractors' challenges in securing contracts are not unique to NAPSA in awarding the tenders. The most common challenges among others include but not limited to these indicated here. Some firms may have turnover issues as requested by the hirer and also may lack stipulated experience. Other bidders may not reach the required benchmark of owned equipment to be used for certain tenders also the inability to provide bid securities has negative effects on them. Some tender documents are made in a hurry thereby leading to irresponsible bids as critical information may have been skipped as requested by the hirer. Preparation of bids with the highest bid prices are usually not taken into consideration by most hirers as their interest is to engage the one with low prices in the delivery of goods and services. Other challenges may include conflict of interest, stiff competition and corruption which is synonymous with most firms in Africa when it comes to tender handling and the same is exacerbated by the influence from government officials (siteresources.worldbank.org, 2015).

Transparency International in its 2005 global report stated that corruption in large scale public projects is a daunting obstacle to sustainable development. Government officials have so much influence on the baring of the tenders especially if it involves government owned firms and this may lead to unfair evaluation bids. Inadequate technical and managerial skills also is a major drawback on the firm submitting such and others tend to bring tenders late only to be turned away (www.transparency.org).

1.2 Problem statement

Public procurement is very cardinal for the growth of the economy especially when complemented with engagement of local contractors. In Zambia, Public procurement is estimated to account for between 10 and 15% of GDP and is therefore one of the top three types of spending besides salaries and debt payments (zgoffice.org, 2012). However, key to the realisation of the contribution of public procurement to economic growth is the empowerment of local businesses to partake into the provision of goods and services in the public sector.

Like in many other developing countries as observed by Mwita (2013), Thwala & Mvubu (2009) and Hillebrandt (2000), the participation of local and small contractors in public procurement has remained very low. This has mainly been attributed to both industry and financial factors that have not been favorable for local enterprises as they have been perceived to be lacking capacity, high levels of incompetence, unfavorable pricing of the good services among many other challenges. These have negated the potential of the local contractors to contribute effectively to the economy of the country.

While the ZPPA talks about preferential treatment in procurement for the local, the youth and the women in some sectors of the economy, it has become eminent that whatever project has been advertised by the public institution has definitely attracted massive big foreign firms to compete with the local. ILO (2015) adds that the constraints facing local small scale enterprises include; access to investment and working capital, participate in bids and overcome chronic cash flow challenges arising from delayed payments, public tendering and procurement processes that do not maximize the potential to influence working conditions across the sector; and the precarious performance of many smaller enterprises and their stagnant

growth providing a lack of incentives for firms to meaningfully invest in their workforce (ILO, 2015).

In the recent past, local contractors especially for huge projects have been treated to a 20% subcontracting policy in which case, it has been revealed that still the 20% subcontracting policy is not been adhered and as such is seen as neither policy nor law (Saasa, 2018). In the case of NAPSA projects, it has become common that majority of the contracts are been awarded to foreign companies with the exception of the well pronounced K460 Million Garden Hotel awarded to Mukuba Property Development Company Limited. The importance of awarding such contracts to the local contractors has been echoed by (NAPSA, 2016) that such will enable to the creation of jobs which would go a long way in addressing the problem of unemployment in the country. Besides recognizing the importance of local contractors in the economy, the levels of local contractors being awarded contracts remains a significantly low. It is for this reason that this study sought to investigate the impediment into Local Contractors securing contracts in Public Institutions with a focus on NAPSA projects.

1.3 General objective

The main objective of this study was to investigate the impediment into the award to contracts to local contractors in NAPSA projects.

1.3.1 Specific objectives

The study objectives were:

- To establish the role of technical capacity in the award of the contract to the local Contractors
- To ascertain the influence of financial capacity on the award to contracts to the local contractors

- To find out the effect of lack of enabling atmosphere for locals on the award of contracts to the local contractors
- To establish the extent to which corruption impedes award of contracts to the local contractors

1.4 Research questions

The specific objectives were guided by the following research questions;

- What role has technical capacity in the award of the contracts to the local contractor?
- Does financial capacity influence the award or contracts to the local contractors?
- What effect has lack of enabling atmosphere for locals on the award of contracts to local contractors?
- To what extent does corruption impede award of contracts to the local contractors?

1.5 Conceptual framework

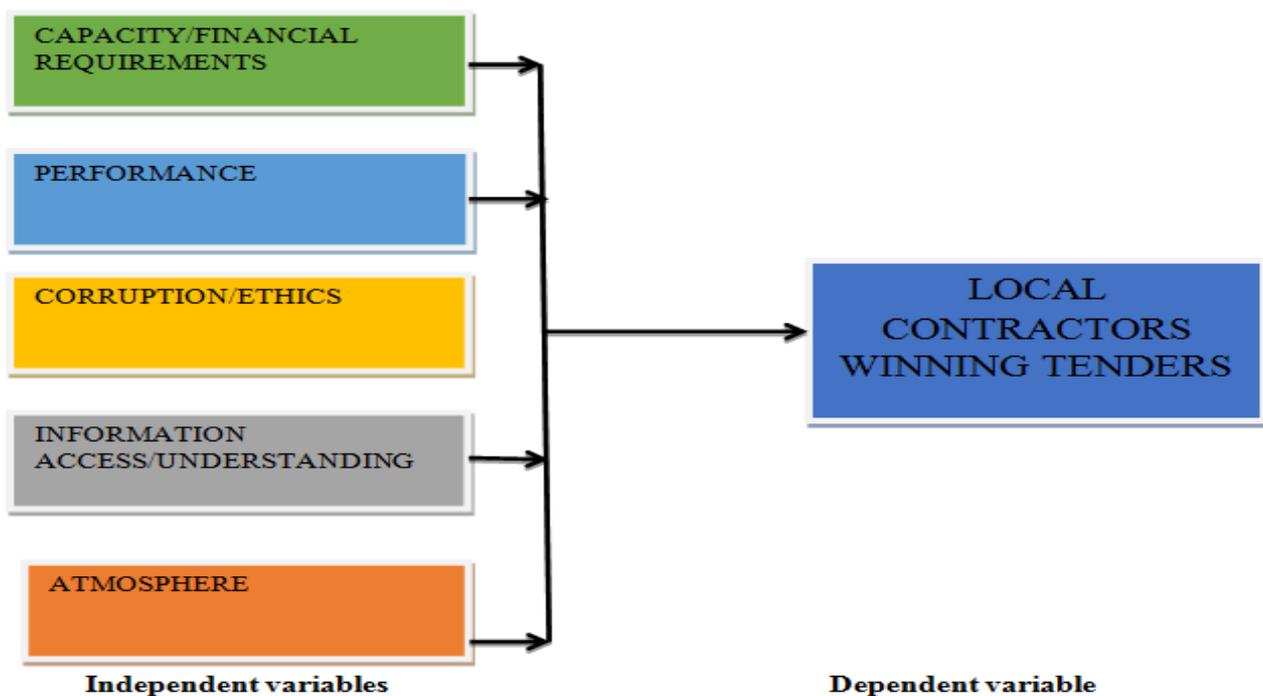
Jabareen (2009) defines a conceptual framework is a network of interlinked concepts that together provide a comprehensive understanding of a phenomenon or phenomena. He adds that the concepts that constitute a conceptual framework support one another articulate their respective phenomena and establish a framework-specific philosophy. Thus, this study adopted a conceptual framework to guide the empirical investigation through ontological assumptions which relate to the knowledge of the way things are, the nature of reality, real existence, and real action and the epistemological assumptions which relate to how things really are and how things really work in an assumed reality.

Kothari (2004) adds that conceptual framework consists of independent variables which cause

changes in the dependent variable. The independent variables in this case are: Capacity/Financial requirements, Performance, Corruption/Ethics in public procurement, Information access/Understanding and

Atmosphere which affect the dependent variable namely; local contractor's successful winning tenders. The conceptual framework is thus presented as below

Figure 1: Conceptual Framework



Source: Own Conceptual Framework

1. 6 Significance of the study

Local contractors are part and parcel of the main stream economic players and contribute massively to the economic growth of the country through employment creation, tax revenue and value addition among many others. local contractors who are usually small can be powerful instruments of generating job opportunities; perform small projects at different and remote geographical locations that might be unattractive to big firms or too costly using the big firms; low overheads enable small contractors to work at more competitive prices; large number of functional

small and medium scale black contractors can help to decentralise the construction industry dominated by established large contractors (Thwala & Mvubu, 2009).

Local contractors however remain constrained in their pursuit of service provision, survival and growth. It is true that any business can only survive if it can continue to attract business opportunities. Currently, Zambian local contractors remain relegated to only very small projects not require much capital investment, technical skills and managerial experience among others. While it is clear that local contractors and suppliers in

developing countries remains high constrained, there has been not literature currently that has investigated the impediments into lack of award of contracts by public institutions to local contractors with only ILO (2016) that has investigate empirically the constrained facing Micro, small and Medium enterprises in Zambia. Thus, by undertaking this study, the findings of the study will inform key stakeholders that include the government and the private sector development agency of the bottlenecks and impediments into the success of local contractors in securing contracts.

The study will also inform the local contracts of the various factors that once known to them will help bridge the gap between the foreign and local contractors and warrant fair competition to the local contractors.

The study will further contribute to the existing board of knowledge in supply chain management, economics and finance and opens up for the further research in the area of public procurement in Zambia.

1.7 Ethical consideration

The researcher was ethical by treating all information confidential and respondents were pre-informed about the purpose of this study. The key informants were allowed to exercise freedom to skip any question that may have irritated them. The study adhered to research ethical instructions by carrying out the research for its intended purpose stated in the agreement form.

1.8 Operational terms

Tender opening

Tender opening marks the end of the tendering procedure and late submission are not entertained by most firms. Gildenhuis (2002, p.605), correctly argues that official opening procedures should be prescribed in order to avoid any irregularities. Tenders should be opened in public and in the

presence of all competing suppliers who wish to be present. According to Moeti et al., (2007, p.124), to avoid the unfair selection of a tender bid, all tenders received in good time must be opened in public and particulars of each tender must be made public and this information should be entered into an official tender register, to be kept for auditing purposes. According to Steyn et al., (2010, p.374), public opening is highly recommended. Bidders are present and they can also sign the attendance register and enhances transparency in the way everything is conducted.

Tender assessment

Tender assessment follows thereafter and this done in the absence of the bidders themselves. According van Bon (2005, p.20), bids should only be evaluated in terms of the criteria stipulated in the bidding documents. The trouble encountered is that most tenders are subjected to how they priced as a criterion in Zambia. In most cases, the lost bidder is given the contract and this is what Gildenhuis is against as he contends that governments are not and should never be obliged to accept the lowest tender. Good reason may exist why the lowest tender should not be awarded. There may be doubts, for instance, on the quality of product or service offered by tender.

Tender Awarding

This stage is what appears to wrap up the whole tendering procedure. All firms are anxious of scooping the tender. However before awarding the same, Pauw et al. (2002, p.237) insinuates that, an audit should confirm that the evaluation exercise has not in no way been flawed and open procedures and non-discriminatory criteria were used. They further argued that this confirmation is necessary in the selection and awarding of all public tenders, and also greatly reduces possibility of tenders contesting the award. To explain the supplier selection process further, a pool of suppliers is chosen for procurement according to a predefined

set of criteria. Moeti et al. (2007, p. 24) added that all bidders should be invited to attend the awarding of tenders, as this goes a long way towards mitigating claims by bidders and other interested parties of tenders having been unfairly awarded. This method is seen to enhance transparency by all local contractors and trust is built. Most Zambian tenders are good at organizing pre-bid meetings and live out this important observation made by Moeti et al (2007). This gap is supposed to be addressed so that trust is strongly built amongst local contractors and avoid unnecessary speculations that can prove detrimental. A condition of contract sets out obligations and rights of parties and details the conditions under which the contract is to be carried out. It further provides solutions for problems that can arise during and after construction.

Negotiated Tendering

Sometimes the client has to do without competitive tendering and chooses to negotiate with one or two contractors. Negotiations are preferred when; a quick start of work is required, the contracting firm has specialist plan or technique that is required for the works, the building industry is overstressed and the contractors are kept busy, there is a good business relation between the contractor and the employer, say based on past relationships. It is therefore essential that negotiations should only exist if the employer is sure he is getting real benefit from it.

II) CHAPTER 2: LITERATURE REVIEW

2.0 Overview

In this chapter the study's focus is on the various literature that have been reviewed including but not limited to previous studies, articles, books, online documents, and so on. Arlene (2014) opines that a literature review surveys books, scholarly articles, and any other sources relevant to a particular issue, area of research, or theory and by so doing, it

provides a description, summary, and critical evaluation of these works in relation to the research problem being investigated (Arlene, 2014). Thus, literature reviews are designed to provide an overview of sources you have explored while researching a particular topic and to demonstrate to the readers how the research fits within a larger field of study. To achieve this, both theoretical and empirical literature has been reviewed herein and a conceptual framework developed to show the relationship between variables.

Theoretical Literature Review

Labaree (2018), notes that the purpose of theoretical literature review is to examine the corpus of theory that has accumulated in regard to an issue, concept, theory and phenomena under investigation. He adds that theoretical literature review helps to establish what theories already exist, the relationships between them, to what degree the existing theories have been investigated, and to develop new hypotheses to be tested and that it is used to help establish a lack of appropriate theories or reveal that current theories are inadequate for explaining new or emerging research problems (Labaree, 2018). Therefore, this section tackles the theoretical literature review relating to public procurement.

Relationship theory

Business transactions of contract nature are based on a business relationship. This can be viewed under the following relationships.

Principal-Agent Theory

The basic notion of Principal-Agent Theory is that a client (principal) hires another party (agent) to perform a certain task (Müller & Turner, 2005). This means that the agent will also take decisions on behalf of the principal, decisions which may impact the principal himself. If the self-interests of the agent differ from those of the principal and the principle is unable to observe the actions of the

agent, a problem may occur for the latter. The principal cannot be certain the agent will act in the principal's interests.

Principal-agent theory is based on two crucial assumptions: hyper rationality of man, meaning a person is "able to make very difficult deliberations and computations very quickly" (Petersen, 1993, p. 279), and secondly that actors will pursue their (economic) self-interests and will thus behave opportunistically. When a principal hires an agent to do specific work, he becomes dependent on the agent. But since both parties aim to maximize their own interests, they are likely to have differing interests concerning the work to be performed. This is where friction in the principal-agent relation occurs. Hyper rationality means that a person can always take a decision that is optimal for his self-interest.

An important characteristic of the principal-agent relation is information asymmetry, meaning both parties do not have access to the same amount of information. Therefore, the principal cannot fully understand why the agent takes certain decisions or performs certain actions and whether this is actually in the best interest of the principal. Two situations can be discerned here. The first situation is hidden action in which the principal does not observe the action of the agent but only the outcome. Based on the output alone, a principal cannot judge whether the agent put in sufficient effort. The second situation concerns hidden information. In this situation the principal is able to observe the actions of the agent, but not the environmental factors. Without knowledge of the context, the principal cannot fully understand the decisions taken by the agent (Petersen, 1993).

Stewardship Theory

Stewardship theory is often presented as a counterweight to agency theory (Pastoriza & Ariño, 2008). It is based on the same situation, one party contracting with another and the relationship

being studied is that of principal and manager. However, stewardship theory is derived from organizational behaviour, sociology, and psychology, while agency theory starts from an economic perspective (Davis et al., 1997; Van Slyke, 2007).

Stewardship theory still assumes man to be rational, but now man believes that more can be gained by collaborative behaviour than through self-interested behaviour. Moving beyond purely extrinsic (i.e. financial) rewards, the main motivators for stewards are intrinsic rewards such as growth, achievement and duty (Davis et al., 1997; Pastoriza & Ariño, 2008; Van Slyke, 2007).

Caers et al. (2006) discern two approaches within stewardship theory. The first assumes the interests of principal and steward are the same, the second that there are differences between their interests but that the steward will still act within the interests of the principal and not pursue his own. This means that the steward can be trusted and thus should be given sufficient leeway to take any necessary actions to maximize the outcome. In addition, this means control mechanisms can or even should be reduced since they can work counterproductive by lowering the steward's motivation or by having to spend effort on meeting monitoring demands (Davis et al., 1997).

Relational Contract Theory

Relational contract theory is based on an empirical investigation by Macneil how contractual parties in complex long-term relations behave in practice. It turned out they adhere less importance to the juridical aspects of their relation than was commonly assumed. When conflicts arise, they try to find a solution without immediately referring to the contract. The reason for this discrepancy is that the parties believe more value can be achieved by continuation of their relation. Macneil therefore concluded that the existing rules of contract law were unsuitable for the reality of complex

contractual collaborations, since they were based on discrete transactions: simple contracts with a short duration, limited need of interaction and cooperation, in which risks can be easily assessed, without shared profits or losses, and where it is possible to accurately define rights and obligations at the start (De Hoon, 2005, pp. 98-100).

Macneil thus has a different perspective on the role of contracts in contractual relations. He states that all contracts are embedded in relations, even the most formal contract (Poppo & Zenger, 2002; Van der Veen & Korthals Altes, 2011). This means the context will always play some role, although the extent to which it is of importance can differ for each case. The contract is one part of the relation between client and contractor. The content of the contract does not necessarily reflect the actual relations between parties. The parties may diverge from the stipulations of the contract and adopt a different working relation from what was initially established. They can choose to ignore the stipulations of the contract to maintain a relation.

Transaction Cost Economics Theory

Transaction-Cost Economics (TCE) is a theory that explains why companies exist and explores the boundaries of companies within markets. It is concerned with the question how parties should be related to each other, and whether activities should be done by a firm itself or outsourced (make or buy decision). There are costs involved in making transactions with another party. If a transaction is recurring, it might be more economic to internalise the transaction, i.e. take over a company that has a specific expertise that a company frequently uses (Williamson, 1981). As Shelanski and Klein (1995, p. 337) state: "Simply put, TCE tries to explain how trading partners choose, from the set of feasible institutional alternatives, the arrangement that offers protection for their relationship-specific investments at the lowest total cost". TCE is thus

concerned with choosing the right type of contract (Müller & Turner, 2005).

Transaction costs represent friction in transactions, for instance misunderstandings and conflicts, which lead to delays, breakdowns of service, and other malfunctions (Williamson, 1981). The theory is widely used in many fields of study, including for the overall structure of the firm, whether activities should be performed within the firm or acquired, and how human assets should be organized.

Neo-classical micro-economic

The theory used focuses on neo-classical micro-economic theory for price determination. The main implication for clients is that, in order to obtain the most competitive bids for projects in the most cost-efficient way, they should vary minimum number of bidders in competition according to market conditions. It demonstrates how tendering theory determines prices and how it is different from game and decision theories and that in the tendering process, with non-cooperative, simultaneously, single sealed bids with individual valuation, extensive public information, a large number of bidders and long sequence of tendering occasions, then develops a competitive equilibrium. The development of a competitive equilibrium means that the concept of the tender as the sum of a valuation and strategy, which is at the core of tendering theory.

The wider spectrum gives NAPSA a large playfield to choose a bidder that meets their desires and competitive bidders appear to be those with preferred contract size. Such a model can be used as part of a more systematic approach in prequalification of bidders. It may also be used by bidders to as a basis for assessing bidding performance.

General Tendering Process

Public procurement in Zambia, like in many other countries, follows a standardized procurement process that is briefly discussed here.

Tender opening

Tender opening marks the end of the tendering procedure and late submission are not entertained by most firms. Gildenhuis (2002, p.605), correctly argues that official opening procedures should be prescribed in order to avoid any irregularities. Tenders should be opened in public and in the presence of all competing suppliers who wish to be present. In addition, particulars of each tender should be announced in public and entered into an official tender register which should be kept for auditing purposes. According to Moeti et al., (2007, p.124), to avoid the unfair selection of a tender bid, all tenders received in good time must be opened in public and particulars of each tender must be made public and this information should be entered into an official tender register, to be kept for auditing purposes. According to Steyn et al., (2010, p.374), public opening is highly recommended. Bidders are present and they can also sign the attendance register and enhances transparency in the way everything is conducted.

Tender assessment

Tender assessment follows thereafter and this done in the absence of the bidders themselves. According van Bon (2005, p.20), bids should only be evaluated in terms of the criteria stipulated in the bidding documents. The trouble encountered is that most tenders are subjected to how they priced as a criterion in Zambia. In most cases, the lost bidder is given the contract and this is what Gildenhuis is against as he contends that governments are not and should never be obliged to accept the lowest tender. Good reason may exist why the lowest tender should not be awarded. There may be doubts, for instance, on the quality of product or service

offered by tender. According to Lyons (2005, p.10), the department evaluates and select suppliers based upon price, quality, availability and reliability. Kovacs, (2008, p.186) also highlight that one of the things a tendering entity is mostly short of is financial resources; therefore cost-consciousness is one of the highest priorities in tendering practices. Although in most of the cases alone cannot reflect all the merits and demerits of the offered facilities, its prime essence is unquestionable.

Accordingly, Van Bon (2005, p.40) bids may only be evaluated in accordance with the evaluation criteria stipulated in the bid documentation. When any bid is passed over or regarded as non-responsive, the reasons for passing over such bid must be defensible in any court of law. Deviations by more than a predetermined Percentage from the cost estimate of the project or commodity cannot be regarded as justifiable reason for the rejection of a bid and has, therefore, not been approved as evaluation norm.

Tender Awarding

This stage is what appears to wrap up the whole tendering procedure. All firms are anxious of scooping the tender. However before awarding the same, Pauw et al. (2002, p.237) insinuates that, an audit should confirm that the evaluation exercise has not in no way been flawed and open procedures and non-discriminatory criteria were used. They further argued that this confirmation is necessary in the selection and awarding of all public tenders, and also greatly reduces possibility of tenders contesting the award. To explain the supplier selection process further, a pool of suppliers is chosen for procurement according to a predefined set of criteria. Moeti et al. (2007, p. 24) added that all bidders should be invited to attend the awarding of tenders, as this goes a long way towards mitigating claims by bidders and other interested parties of tenders having been unfairly awarded.

This method is seen to enhance transparency by all local contractors and trust is built. Most Zambian tenders are good at organizing pre-bid meetings and live out this important observation made by Moeti et al (2007). This gap is supposed to be addressed so that trust is strongly built amongst local contractors and avoid unnecessary speculations that can prove detrimental. A condition of contract sets out obligations and rights of parties and details the conditions under which the contract is to be carried out. It further provides solutions for problems that can arise during and after construction.

Negotiated Tendering

Sometimes the client has to do without competitive tendering and chooses to negotiate with one or two contractors. Negotiations are preferred when; a quick start of work is required, the contracting firm has specialist plan or technique that is required for the works, the building industry is overstressed and the contractors are kept busy, there is a good business relation between the contractor and the employer, say based on past relationships. It is therefore essential that negotiations should only exist if the employer is sure he is getting real benefit from it.

Advantages to the negotiated tendering are; the client is capable of retaining services of a contractor who is found satisfactory from the past, there is a tendency of obtaining lower figures than tender sum under normal tendering procedures this is particularly in the Two stage tendering and lastly, cost of tendering is reduced as compared to the earlier methods. The disadvantage to this method is that there is a prolonged wastage of time before actual contractor is engaged.

Challenges in Tendering

Lack of acceptance, lack of strategy, lack of methods of procurement, lack of trust, lack of know-how, lack of competence, the cost problem,

the price problem and the innovation problem are amongst the some of the main contributors to tender process failure in national government according to Koppelman (200:1-8). Tendering just like any system in government can fail and the issue above is indicative of that. Also tendering documents have massive errors and this leads to unnecessary corrections through the issuance of addendums to prospecting bidders who also have to adjust their documents before the final submission. Most Zambian Bid documents have issues with the activity schedule page in the same as they do not portray a clear picture at times. For example the recent tender document from NAPSA Tender number NAPSA/DI/CO2/02/18: provision of physical security services on a one (1) year running contract at levy business park in Lusaka subject to review and renewal annually for another two years based on satisfactory performance, had some activities schedules that were blank and this makes costing difficult in most cases. However, the addendum issued consequently corrected this embarrassing scenario. This brings issues of incompetence on the part of the hirer. Especially the department entrusted to perform such a task will be labeled stooges in the preparation of such important documents.

Capacity/ Financial Requirement

The ability of local contractors to grow depends highly on their potential to invest in restricting, having the right equipment, innovation and qualification (Ganbold, 2008). All of these investments need capital and therefore access to finance. Ganbold (2008) highlighted that the consistently repeated complaint of local contractors about their problems regarding access to finance is a highly relevant constraint that endangers the economic growth of the countries.

According to International Finance Corporation (2011), local contractors play a key role in economic development and make an important

contribution to employment and GDP. Financial access is critical for local contractors' growth and development. In their early stages of development, SMEs rely on internal sources of funding, including the owner's savings, retained earnings, or funding through the sale of assets.

Empirical Literature Review

A number of empirical studies have been undertaken in the area of procurement both public and private procurement. Some of these studies are reviewed below

Tendering Challenges

RoT (2003) in the Country Procurement Assessment Report-Tanzania of 2003 had the following findings, lack of procurement planning; weakness in the advertisement of non-compliance of contract award procedures criteria and weak complaints and administrative review process were observed. One of the most critical issues in the current practice is the lack of procurement planning in the government financed projects.

Procurement planning is essential for public procurement to achieve one of its major goals of providing value for money. Despite the requirement by the PPA 2004 to prepare procurement plans no actual procurement planning is taking place for government funded project, hence procurement actions are carried out on a basis. Among these actions include, selections of procurement methods. Lack of procurement plans makes the use of prequalification discretionary, even for complex procurements.

Milassy, (2005) on the Evaluation of Procurement Procedures in Local Government Authorities concluded that, Procurement function is vital in most organizations and to overcome the problems and complaints associated with procurement procedures it is a must to adhere to the PPA, 2004 and its regulations.

However, qualified purchasing personnel to satisfy the demand is highly encouraged. Mangesho, (2003) in the study on the impact of Tendering System on Effectiveness and Efficient Competitive Procurement in Tanzania Public Institutional reports that, proper planning system should be established and administered in procurement activities.

Another scholar by the name of Kuhanga (2007) found that at University of Dar es Salaam there was no procurement plan in place which leads to emergency procurement, anticipation of future demand, long lead time, consolidation of demand and wastage of time and resources. Also, procurement is critical function for effectiveness of Central Government, Local Governments, independent departments, executive agencies and projects.

Capacity/ Financial requirement

According to Wanjohi (2012), lack of access to credit is almost universally indicated as a key problem for local contractors. This affects technology choice by limiting the number of alternatives that can be considered. Many local contractors may use an inappropriate technology because it is the only one, they can afford. In some cases, even where credit is available, the entrepreneur may lack freedom of choice because the lending conditions may force the purchase of heavy, immovable equipment that can serve as collateral for the loan. Lack of access to long-term credit for small enterprises forces them to rely on high cost short term finance. There are various other financial challenges that face small enterprises. They include the high cost of credit, high bank charges and fees.

Corruption/ Ethics in Public Procurement

Corruption in procurement can impede economic development, distort market mechanisms and

create inefficiencies reducing competitiveness, trade and foreign direct investment. Corruption can occur through violations of procurement rules or through legitimate deviations from the rules (Soreide, 2002). Corruption is a rather recent phenomenon in public procurement. Public procurement itself was adopted in the public sector only recently; however, it quickly became one of the best instruments for the successful implementation of public policy. Therefore, corruption in public procurement is one of the most urgent economic problems.

According to Kenneth (1989), ethics is discussed from a very narrow perspective as being primarily concerned with such issues as bribes and confidentiality. He continues to add that ethics is concerned with the philosophical study of morality as guide by internal conviction against what is wrong and right. According to (Public Procurement and Disposal Act, 2005) it is very important that the public procurement function is discharged with probity, transparency and accountability in a manner that secures best value for public money. Probity requires the purchasing process to be conducted ethically; honestly; and with fairness to all participants. According to Economic Recovery Strategy for Wealth and Employment Creation, (2003), in all government activities, public procurement is most vulnerable to corruption and fraudulent practice. One way for governments to assist local contractors in achieving their full potential is through their public procurement system. However, local contractor's entry into this potentially lucrative market is often hindered by challenges such as corruption, red tape and lack of transparency in tendering, to name but a few (Puddephatt and March, 2012). They continued that in Egypt, where public procurement makes up a significant portion of the economy and has the potential to play a major role in incentivizing local contractors' growth, collusive tendering (bid

rigging) corruption and in transparency remain serious obstacles for local contractors.

Information Access

Local contractors need to have access to adequate information to enhance productivity and to facilitate market access. The establishment of an active SMEs sector and the effective utilisation of quality business information - has been identified as crucial in attaining long-term and sustainable economic growth for developed and developing countries, (Matovu and Obura 2011). Poor information quality can create chaos. Unless its root cause is diagnosed, efforts to address it can be worthless. According to Ladzani (2001), the priority ranking of the local contractor's needs, clearly puts information provision at the top of the list of services to be provided. The local contractors' development is hampered by an information-poor environment (Matovu & Obura, 2011).

In most developing countries, market signals on business opportunities, customer trends, methods of organisation, etc., are not communicated, effectively, to the local contractors (Ladzani 2001; Okello-Obura 2008). The local contractors perform better in information-rich environments (Moyi 2000; Ladzani 2001). To achieve quality within the information rich environment, some notable challenges need to be handled head on local contractors in Uganda face the following difficulties identified by the Commonwealth Secretariat (2010): insufficient knowledge of the formal tendering process; no feedback was made available about previous unsuccessful tenders (Obanda, 2011). According to Obanda ensuring easy access to all relevant information on business opportunities in public procurement is of key importance for local contractors. He states that in Uganda, it is apparent that after newspapers, established relationships are very important in terms of accessing contracts and opines that the

Commonwealth (2010), findings show that 38% of the respondents stated that opportunities were communicated through either direct invitation from the buyer or through some form of personal contact.

Logically, established relationships represent a barrier for those local contractors who are not currently engaged with the public sector. The increased use of Information and Communication Technology (ICT) is vital given that the whole country is covered by the mobile telecommunication network and hence has internet accessibility. Particularly develop websites that may be helpful to local contractors' by enabling cheap and quick communication, for example, downloading the contract documents and any supplementary documents without incurring copying or mailing costs. Adopting this would enable publication of public procurement notices online; multi-functional search engines; direct downloading of contract notices and accompanying documentation; electronic tendering facility enabling local governments to receive bids electronically in conformity with the PPDA regulations.

Atmosphere

Public procurement is widely considered to be one of the areas that is most vulnerable to corruption. The factors that affect the vulnerability are not limited to the volume of transactions and the serious financial incentives at stake. They stem from a combination of system weaknesses (complexity of the processes, regulatory incoherence, multitude of stakeholders, close interaction between public officials and businesses), as well as, implementation deficiencies (lack of transparency and ineffective information systems, poor professional capacities, weak oversight and controls).

With the growing number of companies using suppliers based in low cost regions, and increased

financial pressure brought about by the current volatile economic environment, the instances of fraud and corruption in the procurement cycle are increasing (Deloitte June 2012). Worldwide organisations, whether big or small, are prone to the risk of fraud and corruption in their procurement cycle.

Local contractors winning tenders

Measurement of successful bidding entails various factors that need to be put in place so as to be sure that the bidder wins the tender each and every time, he/she bids. Jonathan Farrington (2012) insists that some of the important factors that constitute successful bidding are; Perceived quality of a company's products/services, Relationships with existing or potential customers, Position of the company in its market place, The company's overall image and finally the company's track record in similar projects. According to Farrington, there are as well issues that suppliers have to consider in order to complete successful bid negotiations and these issues include guaranteeing quality, delivery dates and after sale services, preparing a detailed bid documentation, developing a clear objective for the negotiation and making the first formal presentation of the bid.

Jonathan Farrington (2012) tries to ask why is it that some companies grow prosperous on the fruits of their success at winning major bids while others think themselves lucky to garner a few crumbs from the feast. The most effective bid winners prefer to draw a veil over those factors that make them successful. Bidding is important and according to Rothkopf and Harstad (1994), bidding is fair and, equally important such that it may make legitimate a transfer that would otherwise be suspect.

However, the bidding process can be a minefield of potential litigation, with bidders complaining of the lack of a fair and consistent approach to tendering and accusations of favoritism and corruption. Best

practice guidance for successful local contractors' engagement handbook states that policy makers and politicians believe that procuring more from local contractors' will: strengthen the economy, regenerate local communities, generate stakeholder goodwill. This is so because studies indicate that in both advanced economies and developing countries local contractors contribute on average 60% of total employment (Ayyagari, Beck & Demirgüç, 2007).

Summary Literature

The literature reviewed above has showed the importance of local contractors and the importance of ethics, capacity building and financial assistance to the local contractors. The reviewed theories have showed the relationship between the principal and the agent and it has been established that it is only when the two has functional relationship that business can be enhanced. While relational and the transaction cost economic models are important in explaining the business relationship between the principal and the agent, they are not sufficient to explain, in the case of Zambia in general and NAPSA in particular, as to why local contractors fail to secure contracts with the public institutions. The lack of such empirical evidence points to the existence of the research gap that need to be filled by this study. It is therefore imperative that this study is undertaken to address this gap and open up the area for future research

III) CHAPTER 3: RESEARCH METHODOLOGY

3.0 Overview

This section outlines the means that led to the achievement of the main objective of the present study. It includes explanation and justification of the research design, which basically outlines the research approach and the research method. This chapter further explains the methods and sources of data collection, the target population and sample size, the sampling procedure, the data collection instruments that were used, the method of data analysis, ethical considerations and the limitations that were encountered during data collection.

Research methodology is defined as a way of systematically solving the research problem (Kothari, 2004). The research methodology will cover both qualitative and quantitative research approaches. It involved the use of questionnaires on NAPSA officers and interview guides for support staff.

3.1 Research design

This research sought to investigate the challenges and solutions facing local contractors when bidding for NAPSA tenders. The study adopted a descriptive research Design in order to address the research questions and objectives. According to AECT (2001), the term descriptive research refers to the type of research question, design, and data analysis that will be applied to a given topic. Descriptive statistics tell what is, while inferential statistics try to determine cause and effect. And Glass & Hopkins (1984) as cited in AECT (2001) adds that Descriptive research can be either quantitative or qualitative. It can involve collections of quantitative information that can be tabulated along a continuum in numerical form, such as scores on a test or the number of times a person chooses to use a-certain feature of a multimedia program, or it can describe categories of information such as gender or patterns of

interaction when using technology in a group situation. According to (Gulock, 1993), Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection.

Due to the nature of this study, descriptive research was adopted as the most suitable and appropriate research design.

3.2 Sampling design

Simple random sampling method was used select the ten (10) staffs from the NAPSA procurement while purposive sampling was used on the Forty (40) assumed contractors or suppliers as retrieved from the NAPSA data base.

3.3 Sampling technique

Research instruments to be used in this study included the use of interview guides and questionnaires. The interview guide was conducted in order to collect additional information, mainly qualitative, which the questionnaire is not able to elicit. An interview guide was prepared in order to have consistency in asking question. Open-ended questions, four point like scale and closed-ended questions were used. The interviews were preferably administered to the company's top management staffs or to staffs directly involved in the tendering process while the questionnaire was administered to the local contractors.

3.4 Target population

In this research, the target population used was staffs from the NAPSA procurement while and assumed contractors or suppliers as retrieved from the NAPSA data base

3.5 Sample size

The research used a sample size of a 50 people randomly chosen to answer the questionnaires which included (ten (10) staffs from the NAPSA procurement while purposive sampling was used

on the Forty (40) assumed contractors or suppliers as retrieved from the NAPSA data base.

3.6 Methods of data collection

Primary data

Questionnaires were used on NAPSA senior and middle management officers while interview guides were used on a selected group of support staff. Closed-ended questionnaire was a form of questions where the respondents were restricted to pre-determined responses (Aaker et al). This is simply the fact that the respondents had attained a certain level of education and understood the questions very well. After completing the questionnaire design, a pilot study of the sample was administered to non-participating agents to test the efficacy of the questionnaire and review the results to determine the relevance and usefulness of the responses before proceeding to the larger population.

Secondary Data

Secondary data was collected from already existing literature such as books, reports, research journals, ZPPA Act, and other relevant materials that the researcher came across.

Methods of data analysis

According to Mugenda and Mugenda (2003), data analysis is the process of bringing order, structure and meaning to the mass of information collected. The information collected was codified and entered into a spreadsheet and analyzed using Statistical Package for Social Sciences (SPSS) and excel. Statistical Package for Social Sciences has got descriptive statistics features that assist in variable response comparison and gives a clear indication of response frequencies (Mugenda and Mugenda, 2003).

The first phase in any data analysis is to determine the appropriate statistical tests to analyse data with, based on the study design, the hypotheses or research questions which are being answered, as well as the kinds of variables utilized. After collection of data through the questionnaire survey, quantitative analysis was performed using the SPSS software package (Statistical Package for Social Sciences, version 20). The first version of the computer program SPSS (Statistical Package for the Social Sciences) was produced in 1968 and is one of the most widely used tools for statistical analysis in the social sciences. The advantages of SPSS are that it is one of the easiest major statistics packages to utilise; comprehensive and flexible, it can be utilised by a variety of research fields (Landau & Everitt, 2011).

In this regard, data was analyzed and presented as charts, figures, tables and through descriptive statistics of means and percentages.

In reporting the analysed data, the mean, which is the statistical term for average, is a component of descriptive statistics used to summaries properties of a single variable. It is calculated by adding all the value from a data set and then dividing the results by number of observations (Alsulamy, 2014). Therefore, this method was used to help the researcher for ranking the main criteria and sub criteria. Also, it helped the researchers to find out if there are any statistical differences between the local and international contractors.

Additionally, the correlation statistical technique is considered as one of the most general and most valuable statistics techniques. In addition to this, correlation is a single number that illustrates the degree of relationship between two variables. The correlation technique permits the explorer to study naturally occurring variables that are possibly unethical or unworkable to investigate experimentally (McLeod, 2008). Since these methods are the most popular and most commonly

used methods for investigating the relationship between two quantitative variables, they were used as the main techniques in this research. That is because the main data collection of this research is a questionnaire survey fundamentally involving ranking criteria and sub-criteria of contractor selection. Further, one of the main objectives of this research is to compare the outcome between the local and international bidders. Therefore, this method is the most suitable for this research.

IV) RESEARCH FINDINGS

4.0 Overview

This chapter provides a summary of the findings of this study, the conclusions and the recommendations of the study. The chapter discusses, of aim of the study. The following objectives guided the study to find out whether local Contractors faced challenges when bidding for provision of goods and services at NAPSA, to determine to what extent these challenges affected local Contractors in their contracting business to NAPSA, to identify areas for improvement so as to enable local Contractors to compete adequately in the bidding process and thereby win tenders at NAPSA and to investigate government involvement in the awarding of tenders to the locals.

Summary and Research Finding

The study was aimed at investigating the impediment into the award to contracts to local contractors by the public institutions with a NAPSA as a case study. Despite government's efforts to empower local contractors, through the CEEC local bidders at Commercial evaluation stage and pre-bid meetings held by the Procurement Unit, the Local bidders' failure to reach the commercial evaluation stage in NAPSA tenders had continued and is evident for all to see. The findings from this study summarized below using three objectives;

Role of technical capacity in award of contracts

This question was mainly centered on finding out to the extent to which lack of technical capacity impede local contractor winning tenders. Technical capacity in this case includes sufficient knowledge and experience, lack of bid security and inadequate technical and managerial skills among others. The study established that only to some extent does lack of technical capacity impede local contractors winning bids.

Lack of Financial Capacity affecting award of Tenders to Local Contractors

The study found that lack of financial capacity greatly impedes securing of contracts by the local contractors. 50% of the local contractors indicated that financial capacity has greatly affected them in securing bids while 44% of the officials also indicated that financial capacity of the locals has been of great impediment to securing tenders. This means that while the local contractors have technical ability, the financial inability greatly has affected their securing of tenders.

The study found that local contractors face challenges when bidding for NAPSA tenders and most cases there are only sub-contracted by the foreign bidders. Due to challenges such as lack of capacity to delivery and the lack of equipment local contractors are overlooked in the tender processes. Majority of local contractors said that lack of enabling atmosphere for local contractors in the tendering market, lack of capacity for local contractors, corruption; lack of understanding of the bidding procedure and the least said poor performance of local contractors has caused a challenge for them to win tenders. The study further found that most local contractors bid documents have issues with the activity schedule page in the same as they do not portray a clear picture at times with over pricing.

Lack of enabling Atmosphere and winning of Tender

From the results it was further concluded that the atmosphere was not supporting local contractors as they face challenges as stiff competition from foreign bidders who have the equipment and required skills to undertake in tender project. The other challenge is lack of capacity to delivery, lack of credit facilitates, lack of experience to delivery on projects and inability to complete projects and sub-standards jobs. The other challenge for local contractors is that most tenders are given to foreign bid and this is in the ratio of 80% tenders are done by foreigners, 20% local bidders

4.1 SAMPLE CHARACTERISTICS

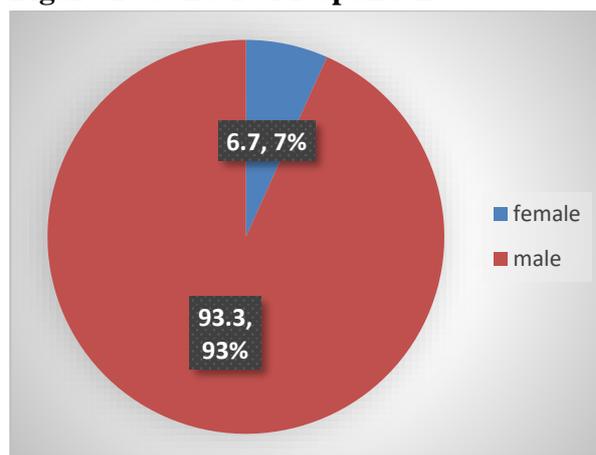
The demographic data included gender of respondents, age, education qualification, type of projects the respondents operated in, number of years in operation and work position occupied by the respondents.

4.1.1 Gender

- The study sought to establish gender distribution of the respondents as it has been argued that women are not taking their share in the economic activities of the country.

It was found that the majority of respondents amongst local contractors were males which was 93.3% while only 6.7% were females.

Figure 1: Gender of respondents

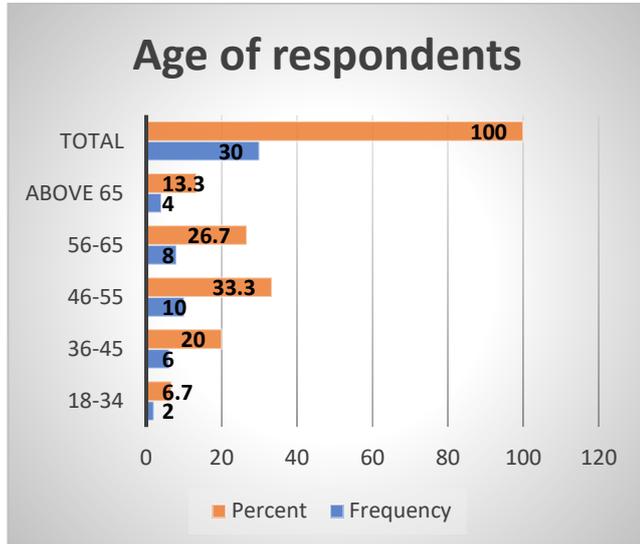


Source: Author 2019

Age

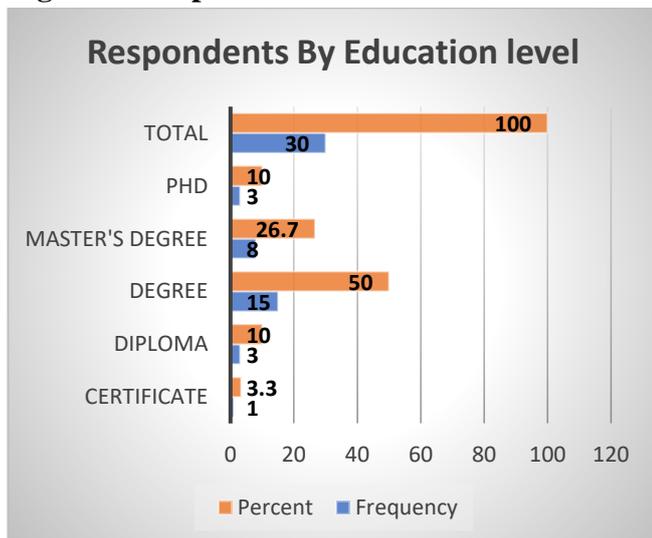
- The study wanted to find out the age distribution of the respondents in order to establish the age group which was more activity as contractors. The results obtained were presented as below

Figure 2: Age of respondents



The study found that the maximum age of respondents was above 65 years and the minimum was below 18 years. Majority of respondents were age between 46-55 years old was 33.3%, followed by those between 56-65 years which made 26.7%, followed by the age group of 36-45 years which made 20.0% and the least age group was 18-34 which was made 6.7%.

Figure 3: Respondents on education level

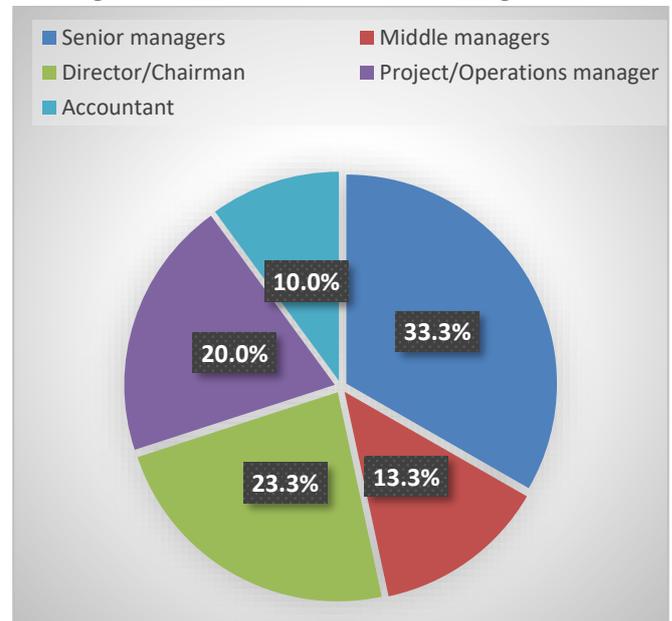


The study found that majority of respondents that were sampled in this study were degree holders which made 50%, followed by master's degree which made 26.7%, followed by both PHD and diploma which made 10% respectively and the least being certificate which made 3.3%. This shows that a good number of local contractors were profession graduates.

Company Position

It was also imperative that the position and capacity in which the respondent was representing the organisation is established. The table below presents the results of the study on the position of the respondent in the company

Figure 4: Position held in the organization

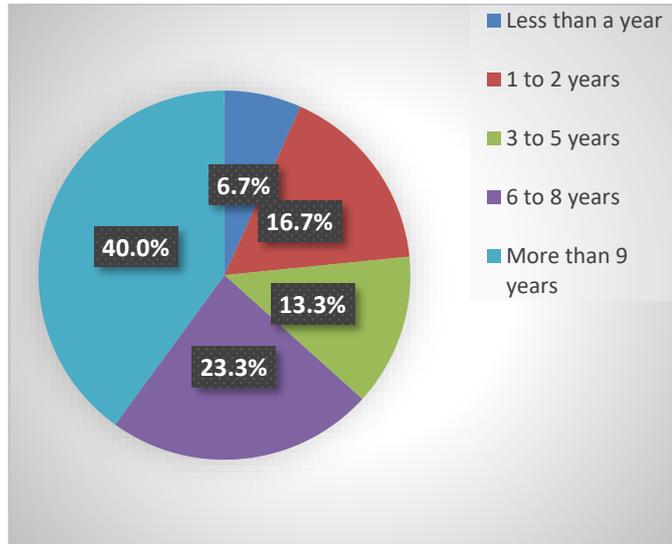


It was found that majority of respondents that were sampled in this study were senior managers which made 33.3%, followed by director/chairman which was 23.3%, followed by project/operations which made 20.0%, followed by middle manager which made 13.3% with the least being accountants which made 10.0%. This shows that various positions amongst local contractors participated in the research.

Longevity in the Organisation

It was imperative that the respondents' length of service with the company is established. This helps the respondents to understand the organisational culture and thus represent the organisation well. The results were tabulated as in the Figure below.

Figure 5: Number of years on that position



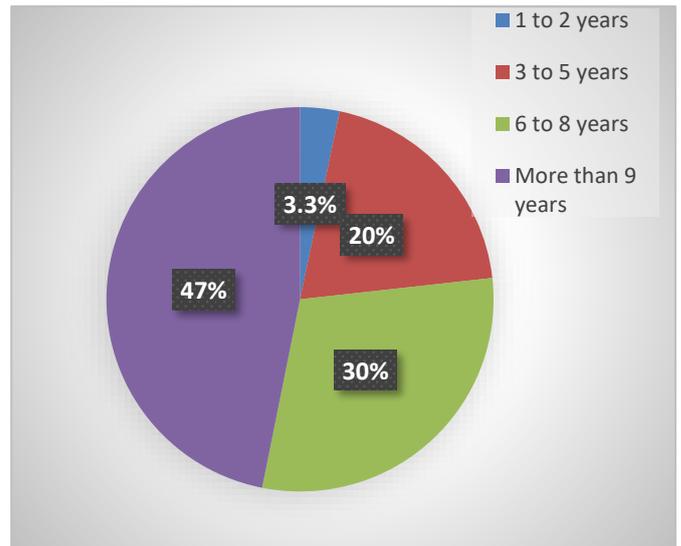
From the Table above, it is shown majority of respondents that were sampled in this study have been in the current position for more than 9 years which was 40.0%, followed by those who had between 6 to 8 years which was 23.3%, followed by 1 to 2 years which made 16.7%, followed by those between 3 to 5 years which made 13.3% and the least being less than a year which made 6.7%.

Age of the Company

The study sought to find out how long the company has been in existence. The table below shows the outcome of the study.

Figure 6: Number of years the organization has been in operations

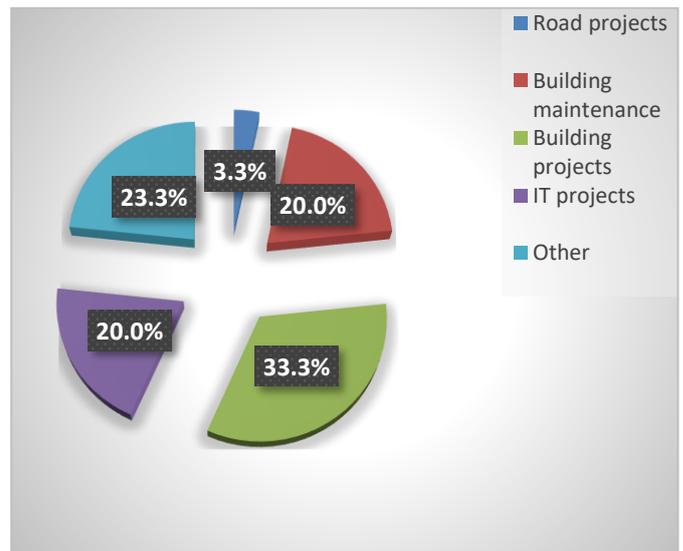
Figure 6 below shows majority of contractors have been in operation for more than 9 years which was 47.0%, followed by those who had between 6 to 8 years which was 30.0%, followed by 3 to 5 years which made 20.0% and followed by those between 1 to 2 years which made 3.3%.



Type and nature of the Service Provided

It was important that the type and nature of the service provided by the company is established in order to assess the suitability of the company in the projects undertaken by NAPSA. The results are tabulated as below.

Figure 7: Type of projects that the organization deals in



From Table 7 above, it is shown majority of local contractors said that they were into building projects which was 33.3%, followed by those who indicated other (supplying of material, landscaping) which was 23.3%, followed by those

who were into building maintenance and was equaled by those in IT projects which was 20.0%, and followed by those in road projects which made 3.3%.

Number of projects Undertake

- The study further wanted to establish the number of projects that the company has undertaken in the last six years. The results are presented in the table below

Figure 8: Number of projects undertaken in the last six years

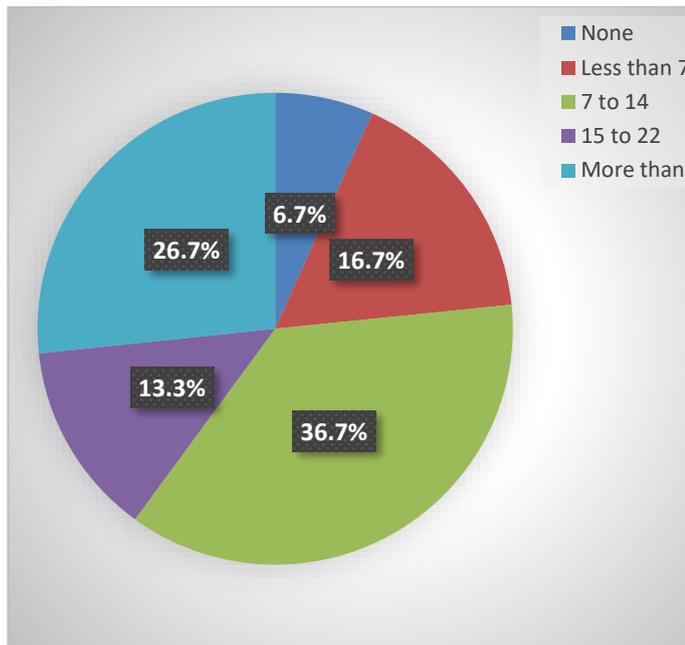


Figure 8 above shows majority of local contractors said that they have undertaken 7 to 14 projects which was 36.7%, followed by more than 22 which was 26.7%, followed less than 7 which was 16.7%, followed by 15 to 22 which made 13.3% and followed by those who indicated none due to conflict of interest which was 6.7%. Thus, most of the companies sampled had been active in the business with only two companies that have not undertaken any project in the last six years. The results were further presented in the figure as below

Challenges faced local contractors

Bidding for NAPSA projects

The study first started by establishing whether the company had in the past years bid for NAPSA projects. The results were presented as below.

Figure 9

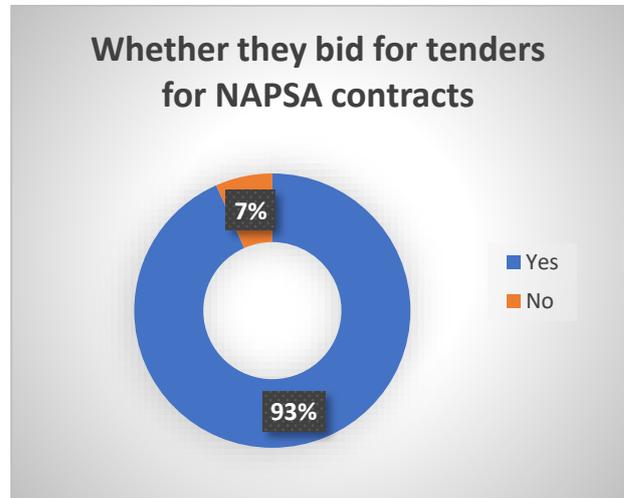


Figure 9 above shows majority of local contractors said that they have been bidding for NAPSA tenders which was 93.3% and that only about 6.7% had not been bidding for NAPSA projects.

Bid Submission

The study wanted to find out whether the companies when bidding they submit the bids on time. The results are presented as below

Figure 10: Whether dully prepared bids are submitted on time

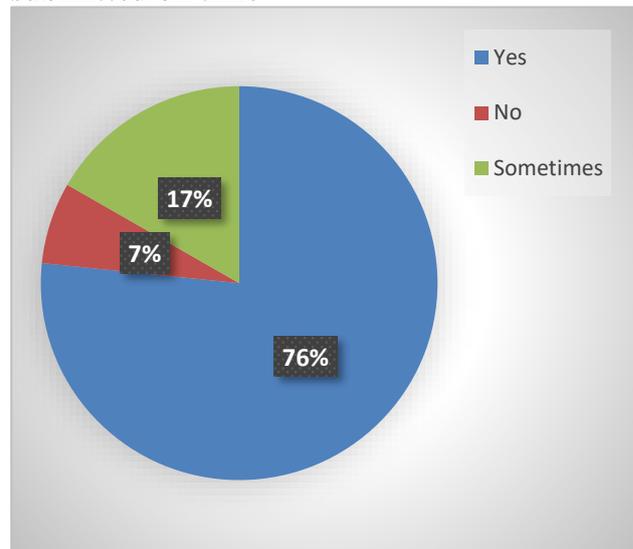


Table 10 above shows majority of local contractors said that they have been submitting dully prepared bids to NAPS which made 73.3%, followed by those who said no which was 6.7%, and followed by those who said sometimes which made 16.7%.

Challenges in Bidding

The study wanted to find out whether the contractors faced challenges in tendering for the projects with NAPSA. The results are presented as below

Figure 11: Whether local contractors face challenges when bidding for NAPSA tenders

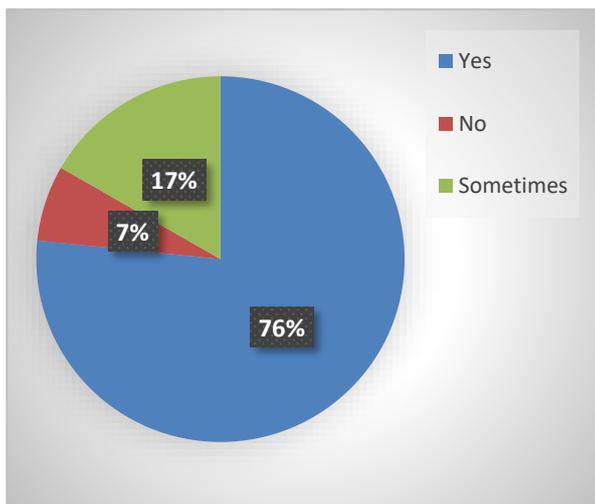
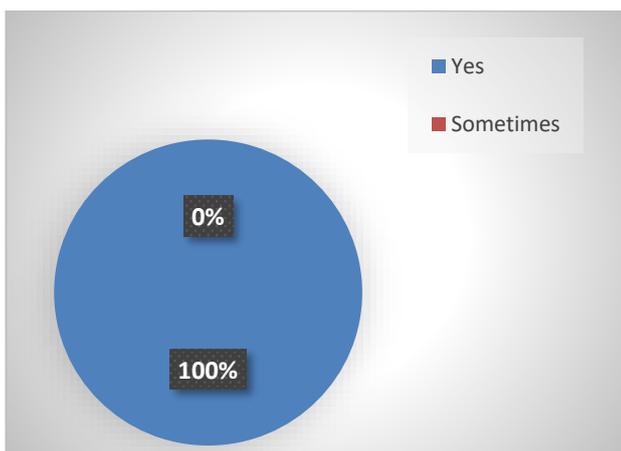


Table 11 above shows all the respondents said they faced challenges when bidding for NAPSA contractors. The findings show that 100% of the respondents said yes, they faced challenges.



Challenges faced in tendering for NAPSA projects

The study investigated the specific challenges that local contractors faced in tendering for NAPSA projects. The outcome from the study are presented as below

Figure 12: Types of challenges do local contractors face when bidding for NAPSA tenders

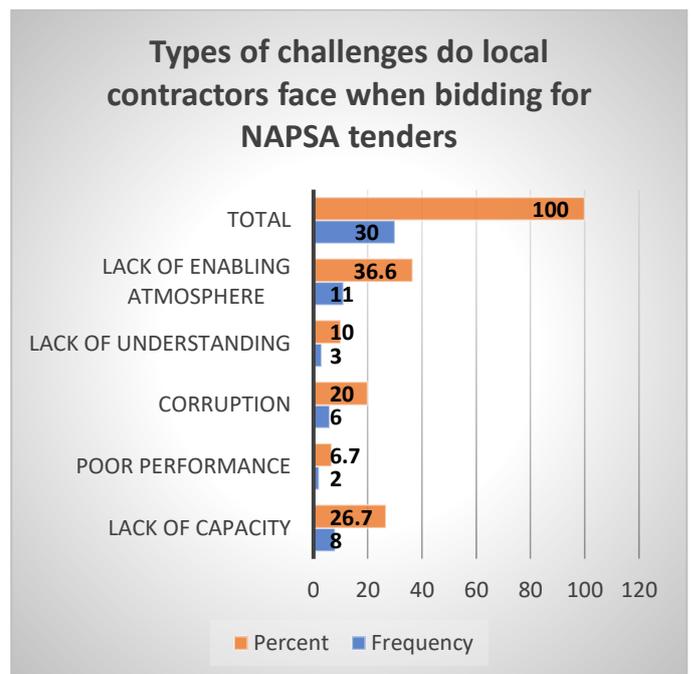


Table 12 above shows majority of local contractors said that lack of enabling atmosphere was which made 36.6%, followed by those who said lack of capacity for local contractors 26.7%, followed those who said corruption which made 20.0% followed by those who said lack of understanding of the bidding procedure and requirements and the least said poor performance of local contractors has caused a challenge for them to win tenders.

Extent of the Challenges on the contractor

The study further investigated the extent to which the said challenges affect the contractor. The results are tabulated as in the figure below

Figure 13: Extent to which local contractors are affected by these challenges

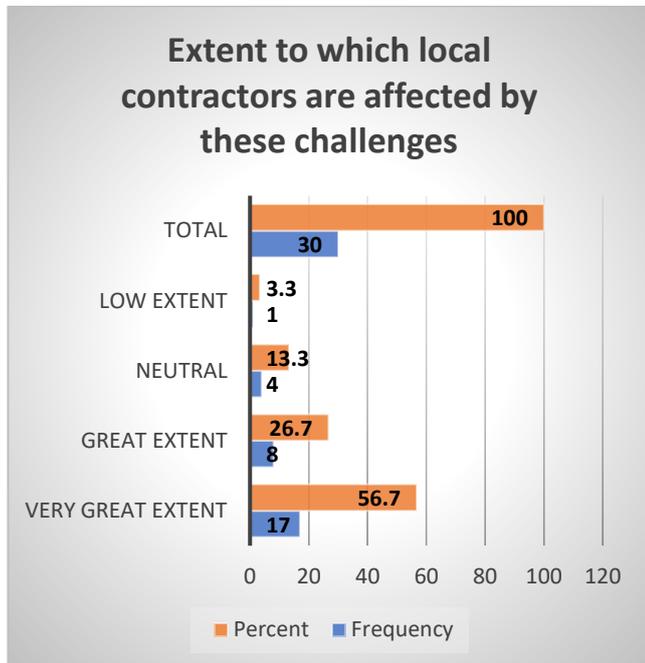


Table 13 above shows majority of local contractors said the challenges affected them to a very great extent which made 56.7%, followed by those who said the challenges affected them to a great extent which was made 26.7%, followed those who said neutral which made 13.3% followed by those who said low extent which made 3.3%.

Government creating enabling environment

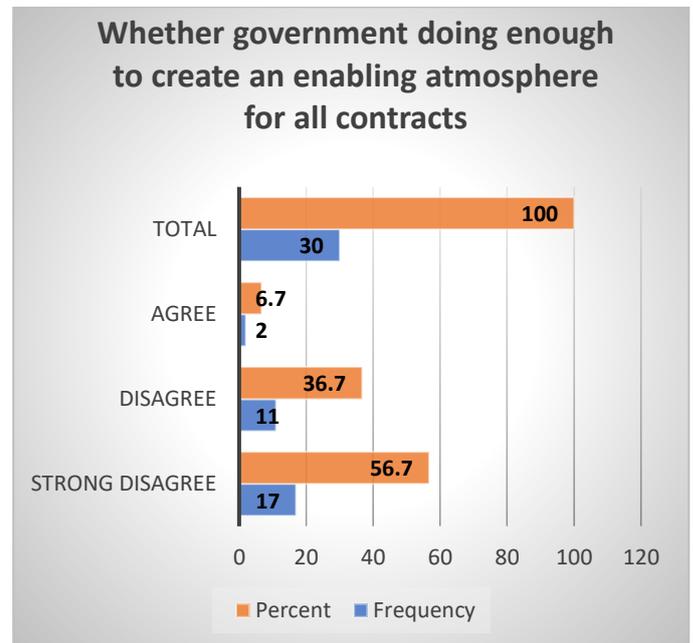
The study further investigated whether the government was doing enough to create an enabling environment of the local contractors to thrive.

Figure 14 shows majority of local contractors strong disagree that government was doing enough to create an enabling atmosphere for local contractors which made 56.7%, followed by those who disagreed which was made 36.7%, and this was followed agree that government was doing

enough to create an enabling atmosphere for local contracts which was 6.7%.

The obtained results were presented as in the figure below.

Figure 14: Whether government doing enough to create an enabling atmosphere for all contracts



The table above shows the degree to which a number of factors were perceived to affect local contractors winning contracts with NAPSA.

Recommendations for Creation of the enabling environment

The study further asked the respondents to recommend to the government what ought to be done to help local contractors thrive amid foreign company competition. The recommendations for those who disagreed and those that agreed were presented as below

Those in Disagreement recommended

- Help local contractors do not have the capacity to prepare responsive bids therefore local contractors should give technical assistance, training and equipment for them

- to have the capacity to compete favorable for tenders.
- b. Political influence should be address in the bidding for tenders as most foreign bidders often use connections to win tenders
- c. Give priority to local contractors who meet the required standard
- d. Address corruption, kickbacks, middlemen and transparency in the bidding process.
- e. Increase sub-contracts with foreign bidders from 20% to at least 35%
- f. Empower local contractors to buy equipment at reduced tax
- g. Encouragement of joint ventures when bidding.
- h. Train local contractors in budget management and engineering estimates
- iii. Priority should be given to local contractors who meet the required standard in the bidding process.
- iv. To relax bidding requirements in favor of local Contractors
- v. Address corruption, kickbacks, middlemen and transparency in the bidding process.
- vi. Increase allocation of sub-contracts to local contractors with foreign bidders from 20% to at least. Zambia Public Procurement Authority should relax bidding requirements in favor of local Contractor.
- vii. Registering all contractors with the Zambia Public Procurement Authority and National Council of Construction to help them enhance their skills and have equal opportunities in the tender process. NAPSA should exercise fairness and integrity in evaluating bids and encouraging local contractors to form committees for supporting local contractors in the financial, administrative and technical issues
- viii. The Zambia Public Procurement Act should be amended so that all works below a certain threshold should be for local contractors only. As much as the work of foreign bidder is appreciated some tenders should only be reserved for local bidders.
- ix. Politics should not be used in the tender processes because most local contractors do not the financial capacity to bribe those influential in selecting bidders for tenders.

Those in Agreement

- a. Sub-contracting local contractors with foreign bidders
- b. Encourage contractors to bid for government tenders.
- c. Amendment of the Zambia Public Procurement Act.
- d. Local contractors are now given tenders as long as required standards are met.
- e. Registering all contractors with the Zambia Public Procurement Authority Engineering Council of Zambia

Measures to help contractors to win tenders

Since the respondents picked the challenges that affected them enhance the research wanted to local contractors to suggest the measures themselves. The following were given as the recommendations to enable local contractors win tenders.

- i. Government should give local contractors long term loans so that they can buy the right tools and equipment for them to compete with foreign bidders.
- ii. Train local contractors on how to prepare tenders that meet the required standards so that they can also be considered for tenders

The advantages of these measures are that local contractors will know how to prepare required bids, have the confidence to produce required standards of works, and win tenders in the bidding process.

RESPONSES FROM NAPSA STAFF

Respondents' Demography

The bio data included gender of respondents, age, education qualification, type of projects the respondents operated in, number of years in operation and work position occupied by the respondent

Gender

The study wanted to establish the gender of the respondents and the results are presented as below.

Figure 1: Gender of respondents

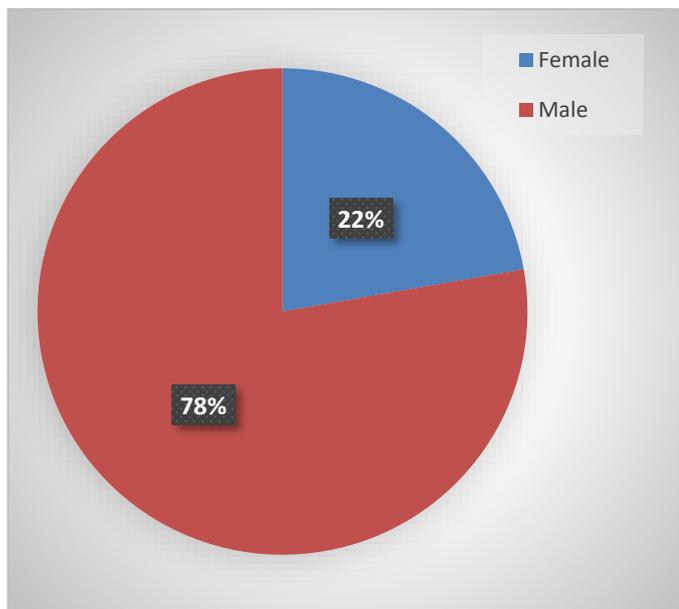
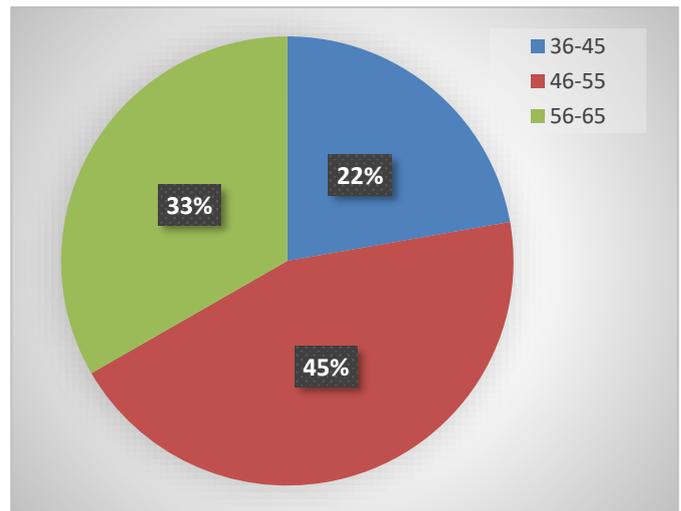


Table 1 above shows that the majority of respondents amongst NAPSA officials were males at 77.8% while female respondents stood at 22.2%. The results were further presented in the chart shown below

Age

The study wanted to establish the age distribution of NAPSA officials and the results are presented in the figure below



The table above shows the maximum age of respondents was above 65 years and the minimum were below 36 years. Majority of respondents were age between 46-55 years old was 44.4%, followed by those between 56-65 years which made 33.3%, followed by the age group of 36-45 years which made 22.2%.

Education level

It was also important in this study that the education level of the respondent is known. The figure below shows the education level of the NAPSA officials. The results were further presented in the chart and are reported as below

Figure 3: Education level of respondents

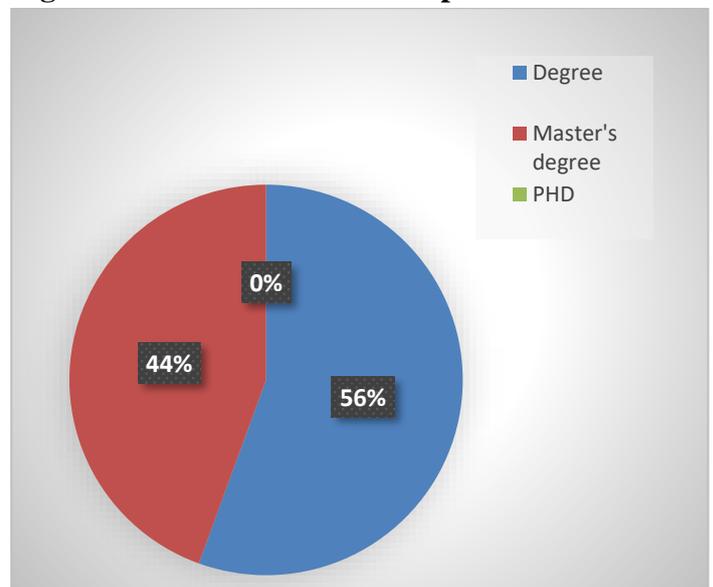


Figure 3 above shows majority of respondents that

were sampled in this study were degree holders which made 55.6%, followed by master's degree which made 44.4%.

Number of Years with NAPSA

The length of stay of the official with an organisation entails better understanding the operation and culture of an organisation. The table below shows the results of the study.

Figure 4: Number of years in the organization



Figure 4 above shows majority of respondents that were sampled in this study had worked for NAPSA for more than 9 years which made 45%, followed by those between 6 to 8 years which made 33.0%, followed by those between 3 to 5 years which made 22.0%.

Challenges

The study sought to establish the challenges that local contractors face from the perspective of the awarding officials. The results are tabulated in the table below

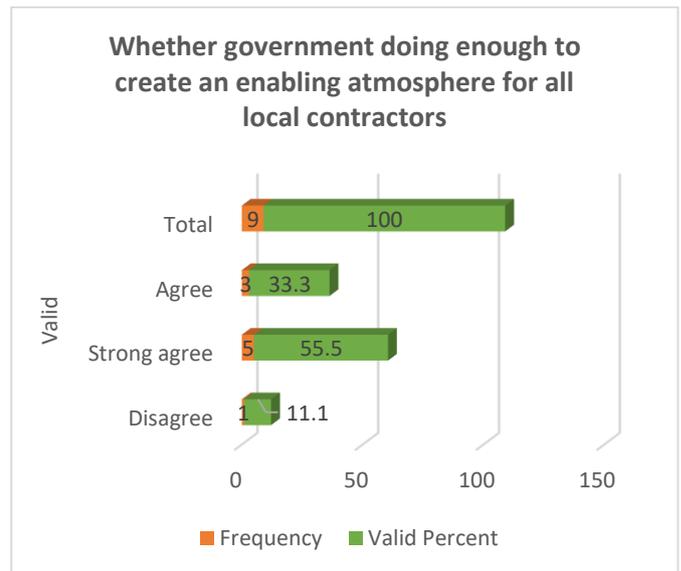
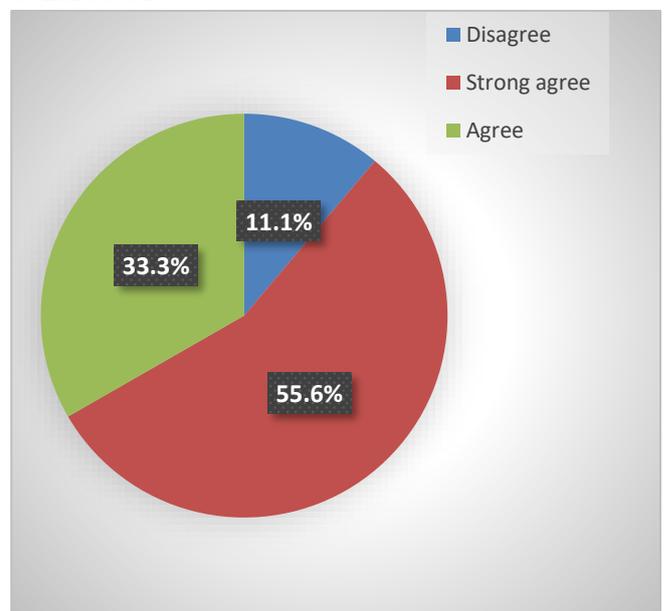


Figure 5 above shows majority of respondents that were sampled in this study strongly agreed that government doing enough to create an enabling atmosphere for all local contractors which made 55.5%, followed by those who just agreed government was doing enough for local contractors which made 33.3%, followed by those who disagreed that government was not doing enough to create an enabling atmosphere for all local contractors which made 11.1%

Figure 5: Whether government doing enough to create an enabling atmosphere for all local contractors



Disagreed

Over 80% of tenders are still being issued to foreign bidders thereby disadvantaging local contractors

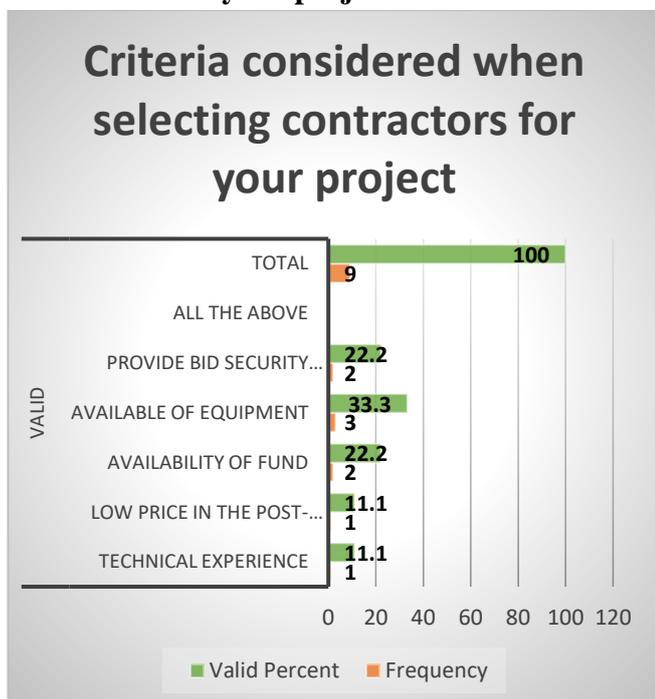
Agreement

1. Issuance of 20% tenders to local bidders
2. Encouraging local contractors to partner with foreign bidders in the tendering process
3. Establishment of projects that are building the capacity of local contractors
4. Enactment of the Zambia Public Procurement Act to strengthen the weaknesses and protecting local contractors.
5. Workshops to train local contractors on how to come up with responsive bids which meet the standards of ZPPA.
6. Registering all contractors and renewing their registration.

Criteria for selecting contractors

The study investigated the criteria used by NAPSA in selecting the contractor for the project. The following presents the results from the study

Figure 6: Criteria considered when selecting contractors for your project



The table above shows majority of respondents that were sampled in this study said available of equipment is important as this determines the ability to delivery and the standards which made 30.0%, followed by availability of fund and able to provide bid security covering the validity which was 20.0%, followed by technical experience and low price in the post-qualification stage which made 10.0%. From the finding all the above are important criteria for awarding bids to contractors as if an institution misses any of the requirement then there disqualified from the bidding process.

Selection Criteria and the Local contractors

The study wanted to find out whether the selection criteria pointed out earlier favors the local contractors. The results are tabulated as below

Figure 7: Whether criteria set above favor local contractors

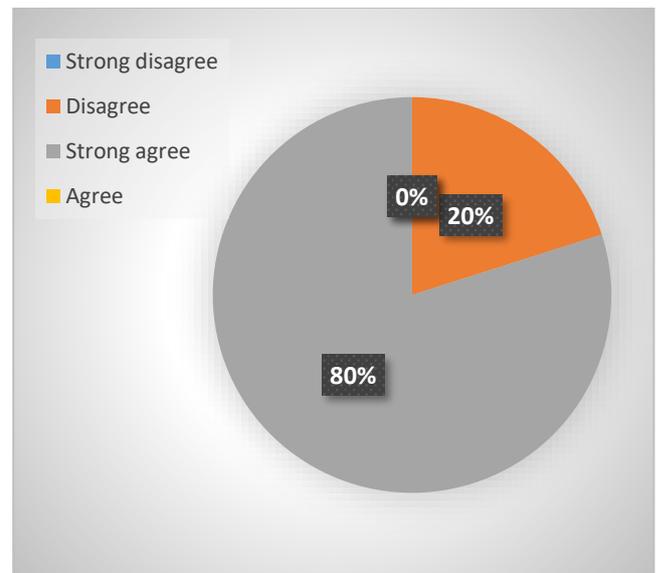


Figure 7 above shows majority of respondents that were sampled in this study strongly agreed that the criteria did favor local contractors as this is the standard put in place by Zambia Public Procurement Authority which made 79.7%, followed by those who disagreed that the criteria does not really favor local contractors as most unable to meet the criteria.

Bids Failing to meet the evaluation Criteria

The study further investigated whether the bids submitted by the local contractors meet the evaluation criteria. The results are tabulated as below

Figure 8: Bids submitted fail to meet any of the stipulated evaluation criteria

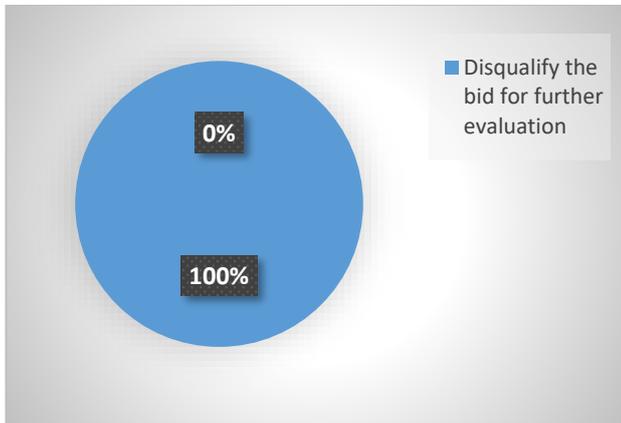


Figure 8 above shows all NAPSA staff said that they disqualify the bid for further evaluation which was 100%.

Local contractor Competitiveness

It was further deemed important to establish the competitiveness of the local contractors in the bidding process. The results are presented in the figure 9 below

Figure: 9 Rating of the competitiveness of the local contractors in the bidding process

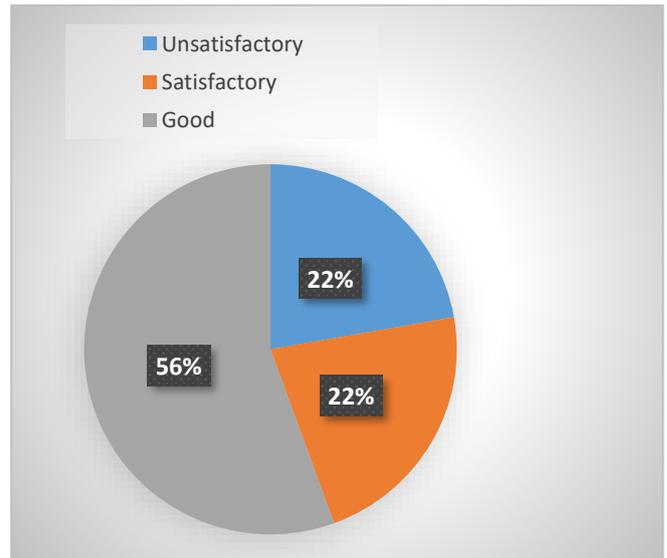


Figure 9 above shows majority of respondents rating of local contractors' competitiveness was good which made 56%, followed by both unsatisfactory and satisfactory which made 22%.

Weaknesses of Local contractors in winning the Contracts

The responses from the officials established the following to be the weaknesses in local contractors winning the contracts with NAPSA

- i) Lack of equipment, credit requirement and financial capacity to undertake a project.
- ii) Unable to submit tenders on time and poor documentation for bids
- iii) Unable to meet the criteria due to lack of understanding of the tending procedure thereby ending
- iv) Expensive bid prices for person interest

1.1.3. Extent of challenges affecting local contractors

The study investigated the extent to which the challenges faced by local contractors affect the local contractors. The results are presented in the table below

	Great extent	To some extent	Moderately	Not at all	Do not know	Total
Inadequate approach and insufficient knowledge and experience required for the preparation of responsive bids	2 (22.2%)	4 (44.4%)	2 (22.2%)	0 (0.0%)	1 (11.1%)	9 (100%)
Stiff competition within contractors and presence of foreign bidders	5 (55.5%)	1 (11.1%)	3 (33.3%)	0 (0.0%)	0 (0.0%)	9 (100%)
Inadequate access to credit and high financing cost	4 (44.4%)	1 (11.1%)	3 (33.3%)	0 (0.0%)	1 (11.1%)	9 (100%)
Inability to prepare the lowest bids prices	0 (0.0%)	2 (22.2%)	2 (22.2%)	5 (55.5%)	0 (0.0%)	9 (100%)
Inability to provide bids securities	0 (0.0%)	4 (44.4%)	3 (33.3%)	0 (0.0%)	1 (11.1%)	9 (100%)
Inadequate technical and managerial skills	1 (11.1%)	3 (33.3%)	1 (11.1%)	4 (44.4%)	0 (0.0%)	9 (100%)
Lack of experience	0 (0.0%)	1 (11.1%)	3 (33.3%)	5 (55.5%)	0 (0.0%)	9 (100%)
Lack of owned of equipment or insufficient hire sources	3 (33.3%)	3 (33.3%)	2 (22.2%)	0 (0.0%)	1 (11.1%)	9 (100%)
Inability to complete projects and sub-standards jobs	5 (55.5%)	2 (22.2%)	2 (22.2%)	0 (0.0%)	0 (0.0%)	9 (100%)

Table 10: Extent to challenges affect local contractor's bidding process

The results from Table 10 above shows challenges with affect local bidders in the bidding process and these start from great extent, some extent, moderately, not at all and do not know.

Challenges which affected local contractors to the great extent were as follows;

- Lack of owned equipment and insufficient hire sources (33.3%)
- Stiff competition within contractors and presence of foreign bidders (55.5%)

- Inability to complete projects and sub-standards jobs (55.5%)
- Inadequate access to credit and high financing cost (44.4%)

And those that affect local contractor only to some extent were found to be;

- Inadequate approach and insufficient knowledge and experience required for the preparation of responsive bids (44.4%)
- Inability to provide bids securities (44.4%)

While those challenges which did not affect **them at all** were;

- Failure to meet the turnover requirement (53.3%)
- Inability to prepare the lowest bids prices (55.5%)
- Inadequate technical and managerial skills (36.6%)

Measures to help contractors to win tenders

NAPSA officials made the following recommendations to help local contractors win tenders with the public institution such as them.

- There is need to create of means of providing securities and guarantee for local contractors.
- Local contractors should be combined when bidding for tenders to help them have strong bids and compete favorable with foreign bidders.
- Local bidders should ensure that their documentation is in place before bidding for a tender.
- Local bidders should ensure they bid for tenders where there has the right equipment, tools and able to deliver.
- Local bidders should be trained on how to prepare bids that are attainable and which meet the right criteria for tenders.
- Local contractors should improve their working capital and hence increase the ability to secure financial facilities such as credit to help win tenders

Correlation Analysis

Correlation analysis is used to establish if there exists relationship between two variables which lies between strong negative correlation and perfect positive correlation. The correlation analysis results of this study shows the strength of association between independent and dependent variable. From the correlation analysis, the study shows the existence of a strong positive correlation between lack of capacity and local contractors winning tender contractors ($p < .549$, $p = .012$) this goes to show an association between independent and dependent variable. What this means is that the

more the challenge facing local contractors the more there was a possibility of not winning a tender contract or if there are challenges then local contractors would not win tender contractors.

The study utilizes 0.05 significance level, results showed there was a positive association between lack of enabling atmosphere for local contractors and not winning tender contracts. The study shows also that there exists a strong correlation between lack of enabling atmosphere for local contractors and not winning tender contracts ($p = .876$, $p > .000$) this shows that as long the atmosphere is not enabling then local contractor will not be winning tender contractors.

v)DISCUSSION OF FINDINGS

Demographic Profile of Research Participants

The main objective of the study was to assess challenges and solutions to winning tenders with a special bias to NAPSA local contractors' engagements. The dependent variable was local contractors winning tenders and the independent variable was capacity, enabling atmosphere, corruption, performance and information.

The NAPSA contractors were mainly males and out of thirty (30) respondents only two (2) were females which show male dominated. The findings also showed male dominance in the procurement department of NAPSA. From the findings it can be concluded that the study was male dominance due to the reason that females have shun away from tender contractors. The minimum age of respondents was eighteen (18) and the maximum was above sixteen five (65) years.

Results from this study were that most respondents were senior managers (33.3%), followed by those who said director/chairman which was (23.3%), followed by project/operations which made 20.0%, followed by middle manager which made (13.3%) with the least being accountants which made 10.0%. This shows that various positions amongst local contractors participated in the research.

The study revealed that majority of respondents had been in the current position for more than 9 years which was 40.0%. The study also revealed that majority of contractors have been in operation for more than 9 years which was 47.0%, followed by those who had between 6 to 8 years which was 30.0%. This shows that the respondents in this study had spent enough time at their organizations and had been in operation for a long time for them to understand the challenges local contractors face in winning tender contracts

Challenges faced by Local bidders

In line with the first objective both respondents from NAPSA staff and local contractors were asked whether local Contractors faced challenges when bidding for NAPSA tenders. The results were that 30 respondents from the local contractors do face challenges when bidding for NAPSA contracts and this was also confirmed by the NAPSA staff who participated in the study. From the findings it was concluded that local contractors face various challenges when bidding for NAPSA contracts.

On addition to the findings above local contractors were asked the type of challenges they faced. Majority of local contractors said that lack of enabling atmosphere for local contractors in the tendering market, lack of capacity for local contractors, corruption, lack of understanding of the bidding procedure and the least said poor performance of local contractors has caused a challenge for them to win tenders. From the results it was further concluded that the atmosphere was not supporting local contractors as they face challenges as stiff competition from foreign bidders who have the equipment and required skills to undertake in tender project. The other challenge is lack of capacity to delivery, lack of credit facilitates, lack of experience to delivery on projects and inability to complete projects and sub-standards jobs. The other challenge for local contractors is that most tenders are given to foreign bid and this is in the ratio of 80% tenders are done by foreigners, 20% local bidders. This situation

does not favor local contractors as they only benefit from tenders by being sub-contracted in the tender process. Furthermore, challenge is that corruption and lack of transparency is also evident in the bidding process where those with money bribe influential people in the tendering process.

The findings above are supported by Koppelman (2008) who said the problem with tenders is lack of acceptance, lack of strategy, lack of methods of procurement, lack of trust, lack of know-how, lack of competence, the cost problem, the price problem and the innovation problem are amongst the some of the main contributors to tender process failure in national government. Therefore, tendering just like any system can fail and the issue above is indicative of that. Also tendering documents have massive errors and this leads to unnecessary corrections through the issuance of addendums to prospecting bidders who also have to adjust their documents before the final submission. Most local contractors bid documents have issues with the activity schedule page in the same as they do not portray a clear picture at times.

The extent of the Challenges

In line with the extent to which challenges affect local contractor's bidding process table 13 presented a summary of the respondents' views on the extent of the challenges that faced local contractors when they bid for NAPSA tenders. Majority of local contractors said the challenges affected them to a very great extent was which made 56.7%, followed by those who said the challenges affected them to a great extent which was made 26.7%. On the perspective of local contractors it was revealed that the extent to which challenges affect local contractors were as follows; inability to provide bid securities (63.3%), lack of owned equipment and insufficient hire sources (33.3%), stiff competition within contractors and presence of foreign bidders (66.6%) and inadequate access to credit and high financing cost (50.0%).

The findings above can be related to the Country Procurement Assessment Report-Tanzania (2003)

which had the following findings, lack of procurement planning; weakness in the advertisement of non-compliance of contract award procedures criteria and weak complaints and administrative review process were observed. One of the most critical issues in the current practice is the lack of procurement planning in the government financed projects. The challenges faced by local bidders in Tanzania are somehow related to those faced by Zambian local bidders and this is due to the fact that all Southern African Countries have similar procurement systems.

From NAPSA point of view challenges which affected local contractors to the great extent were as follows; lack of owned equipment and insufficient hire sources (33.3%) stiff competition within contractors and presence of foreign bidders (55.5%), inability to complete projects and sub-standards jobs (55.5%) and inadequate access to credit and high financing cost (44.4%).

The impact of challenges facing local bidders could be understood by looking at the types of tender's local bidders undertake as mostly there are only given 20% of tenders or as sub-contractors to the foreign bidders. For example, Levy Business Park and Society business tenders were given to foreign bidders as most local bidders lacked the capacity to deliver the tenders on time. Just recently, the car park of Levy Business Park was being renovated and the tender was still given to a foreign contract overlooking the local bidders. Therefore, the study can conclude that local bidders are affected to the extent that they cannot win small tenders from NAPSA and government is not enabling the atmosphere to help local bidders. Even with the so called 20% tenders must be awarded local bidders is just on paper and not in reality. Local contractors are only given small tenders such as to delivery things like office materials and furniture's as there are shunned from large tenders.

Measures to address of the Challenges

In relation to the challenges the following measures were pointed out by the respondents. Government should give local contractors long term loans so that they can buy the right tools and equipment for them to compete with foreign bidders. Training of local contractors on how to prepare tenders that meet the required standards so that they can also be considered for tenders

Priority should be given to local contractors who meet the required standard in the bidding process. Zambia Public Procurement Authority should allow bid securing declaration instead of bid security to all local bidders who meet the criteria. The other measure to help local bidders with financial assistance to ensure they can qualify for tenders. This can be done by lowering interest rates and loan requirements. Address corruption, kickbacks, middlemen and transparency in the bidding process. NAPSA should exercise fairness and integrity in evaluating bids and encouraging local contractors to form committees for supporting local contractors in the financial, administrative and technical issues.

The Zambia Public Procurement Act should be amended so that all works below a certain threshold should be for local contractors only. As much as the work of foreign bidder is appreciated some tenders should only be reserved for local bidders. Local contractors should be combined when bidding for tenders to help them have strong bids and compete favorably with foreign bidders and local bidders should ensure that their documentation is in place before bidding for a tender. Finally, local bidders should ensure they bid for tenders where there has the right equipment, tools and able to deliver.

Role of technical capacity in award of contracts

This question was mainly centered on finding out to the extent to which lack of technical capacity impede local contractor winning tenders. Technical capacity in this case includes sufficient knowledge and experience, lack of bid security and inadequate

technical and managerial skills among others. The study established that only to some extent does lack of technical capacity impede local contractors winning bids. This means that local contractor has the required level of technical skills that can help them to compete favorably with foreign companies. The responses from the officials resonated with the views expressed by the local contractors that technical ability is not the case of being left out on the award of tenders. The findings show that there are other factors that impede award of contracts to local contractors rather than technical inability.

Lack of Financial Capacity affecting award of Tenders to Local Contractors

The study found that lack of financial capacity greatly impedes securing of contracts by the local contractors. 50% of the local contractors indicated that financial capacity has greatly affected them in securing bids while 44% of the officials also indicated that financial capacity of the locals has been of great impediment to securing tenders. This means that while the local contractors have technical ability, the financial inability greatly has affected their securing of tenders. It is out of this that majority indicated that the government should create an environment to enable local contractors build financial capacity. The financial incapacity has been exacerbated by the fact that government delays in paying local contractors who already have small financial base making it difficult to compete with the large foreign firms that are able to inject own finances in the project and only wait to be paid when the contract has already commenced.

Corruption impeding award of tenders to local contractors

The study found that of the major challenges that local contractor face, corruption was ranked third at 20%. This means that many local contractors did not perceive corruption in tendering as the main impediment in the award of contracts. The study further established that as corruption was not one of the main challenges, the tendering process is less riddled in corruption than perceived.

Enabling Atmosphere and the Winning of Tender

From the results it was further concluded that the atmosphere was not supporting local contractors as they face challenges as stiff competition from foreign bidders who have the equipment and required skills to undertake in tender project. The other challenge is lack of capacity to delivery, lack of credit facilitates, lack of experience to delivery on projects and inability to complete projects and sub-standards jobs. The other challenge for local contractors is that most tenders are given to foreign bid and this is in the ratio of 80% tenders are done by foreigners, 20% local bidders

Conclusions based on the results

From the findings it was concluded that local contractors face various challenges when bidding for NAPSA contractors despite being given priority at commercial evaluation stage and pre-bid meetings held by the Procurement Unit, the local bidders' failure to reach the commercial evaluation stage in NAPSA tenders had continued.

Recommendations

This study has established the challenges local contractors face when bidding for NAPSA tender contractors and the solutions to help local contractors to win NAPSA tender contractors. Based on the results and findings of this study, the researcher makes the following recommendations:

Offer credit finance to local contractors:

This study recommends that government should give local contractors long term loans so that they can buy the right tools and equipment for them to compete with foreign bidders. This should also include lowering interest rates and loan requirement. It is vital to ensure that local contractors are very well financed for them to be able to deliver on tenders that are awarded to them. The other measure to help local bidders with financial assistance to ensure they can qualify for tenders. This can be done by lowering interest rates and loan requirements.

Increased tender awarding for local contractors

The 20% awarding of tenders to local contractors should be increased to 35% and this should not just be on paper but be practical as this will create confidence among local contractors. The 20% awarding of local contractors is appreciated but the problem is that the 20% margin to 80% margin is a huge difference seeing that local contractors can also deliver on NAPSA tenders. Therefore, the study recommends increasing from 20% to 35% of awarding tenders to local contractors will increase competition and experience among local contractors.

Training local contractors

Zambia Public Procurement should train local contractors on how to prepare tenders that meet the required standards so that they can compete with foreign bidders when it comes to delivering responsive valid bids. Local contractors also be trained in delivering low price but achievable bids because local contractors often overpriced their tenders for them to promote their selfish interest.

Registering contractors

Registering all contractors with the Zambia Public Procurement Authority and National Council of Construction to help them enhance their skills and have equal opportunities in the tender process. NAPSA should also exercise fairness and integrity in evaluating bids and encouraging local contractors to form committees for supporting local contractors in the financial, administrative and technical issues.

Amend Public Procurement Act

The Zambia Public Procurement Act should be amended so that all works below a certain threshold should be reserved for local contractors only. As much as the work of foreign bidder is appreciated some tenders should only be reserved for local bidders. Politics should not be used in the tender processes because most local contractors do not have the financial capacity to bribe those influential in selecting bidders for tenders. Priority should be

given to local contractors who meet the required standard in the bidding process.

Securing Declaration

Zambia Public Procurement Authority should allow bid securing declaration instead of bid security to all local bidders who meet the criteria. Address corruption, kickbacks, middlemen and transparency in the bidding process. NAPSA should exercise fairness and integrity in evaluating bids and encouraging local contractors to form committees for supporting local contractors in the financial, administrative and technical issues. Local contractors should be combined when bidding for tenders to help them have strong bids and compete favorably with foreign bidders and local bidders should ensure that their documentation is in place before bidding for a tender. Finally, local bidders should ensure they bid for tenders where they have the right equipment, tools and are able to deliver.

Sub-Contracting Local Contractors

The only way local contractors can gain experience is by partnering with already established foreign contractors in some projects. In large tender contracts' local contractors should be sub-contracted for them to learn and gain the much needed experience in delivering standard results in a project.

Easing the Criteria used to select Bidder

The Zambia Public Procurement Authority should act as a voice for local contractors so the criteria for local contractors are reduced to ensure more qualify for tender contracts. The government therefore should create an enabling atmosphere for local contractors.

Limitations of the study

The study was confined to NAPSA headquarters located along Church road at Levy Business Park. Information was collected based on the procurement department at NAPSA and local contractors who have participated in the tendering process at NAPSA. The results of the study were used to act as a guide to both the organization and local contractors thus may not be generalized to

other public institution as the business nature of the sampled institution may differ from other public institution although the procurement procedure is the same.

Future research

The case study of this study was the National Pension Scheme Authority NAPSA staff and local contractors. The data collected was only limited to NAPSA staff and contractors which may not fully reflect the true picture facing local contractors in Zambia. Therefore, the researcher recommends for further studies on the challenges face local contractors when bidding for tender contracts in Zambia.

Conclusion

From the findings it was concluded that local contractors face various challenges when bidding for NAPSA contractors despite being given priority at commercial evaluation stage and pre-bid meetings held by the Procurement Unit, the local bidders' failure to reach the commercial evaluation stage in NAPSA tenders had continued.

Amongst challenges facing local contractors the study found that lack of capacity to delivery on an awarded tender, lack of equipment to win tenders, lack of credit finance to deliver on tenders, corruption and stiff competition from foreign bidders. The study also concluded most tenders are given to foreign bid and this is in the ratio of 80% tenders are done by foreigners, 20% local bidders. This situation does not favor local contractors as they only benefit from tenders by being sub-contracted in the tender process.

The extent of these challenges is that local contractors cannot be able to compete favorable with foreign bidders and as such they close businesses or are just awarded smaller tenders which cannot even sustain their businesses. Furthermore, the study found that local contractor's

failure to meet the turnaround times in tender's processes had to some extent affected them.

From the correlation analysis, the study showed the existence of a strong positive correlation between lack of capacity and local contractors winning tender contractors ($p < .549$, $p = .012$). What this meant was that the more the challenge facing local contractors the more there was a possibility of not winning a tender contract. The study also showed also that there exists a strong correlation between lack of enabling atmosphere for local contractors and not winning tender contracts ($p = .876$, $p > .000$) this showed that as long the atmosphere is not enabling then local contractor will not be winning tender contractors.

The study thus concluded that while local contractors have technical ability, they are not able to get tenders due to financial constraints and lack of enabling environment which was seen to favor foreign firms.

VI) ACKNOWLEDGEMENT

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