

ANALYSIS OF STRATEGIES ADOPTED BY CONTRACTORS IN KENYA
A CASE OF NATIONAL CONSTRUCTION AUTHORITY 1 BUILDING
CONTRACTORS

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ABSTRACT

A company should apply proper strategies so as to respond to challenges in business environment and be successful. The construction industry in Kenya is dynamic and very competitive with a lot of challenges which need to be met with elaborate and updated skills in order to enhance efficiency and match internal capabilities with the ever changing building industry. The main purpose of the research is to do an analysis of strategies adopted by category National Construction Authority 1 building contractors in Kenya. The specific objectives of the study was to examine what cost leadership strategy, diversification strategy, restructuring strategy, embracing information technology strategy, and strategic alliances strategy are applied by Category 'NCA 1' contractors in Kenya. The population for this study was all registered contractors by National Construction Authority in building category National Construction Authority 1. These are contractors in the top category handling projects of Ksh.500,000,000.00 and above in building construction works. A research sample of 94 contractors was drawn from this population using simple random sampling technique and generated by use of Slovin's formula. Primary data was collected using a questionnaire and the results of this study were analyzed using statistical software, namely the SPSS version 21 computer programme. From the study, cost leadership strategy and diversification strategy are to a great extent applied as shown by mean of 3.52 and 3.53 respectively. Respondents also agreed that to a great extent companies use information technology and restructuring strategies with both at a mean of 3.48. The following recommendations are made: contractors should consider restructuring some departments by outsourcing machinery and equipment through hiring thereby reducing idle capital. Diversification strategy in construction industry involves the operation of another business that benefits from access to the first firm's core competences and is applied as a way of increasing company growth and spreading risk. This can be done by registering in more than one category and hence gaining a competitive advantage. Contractors can use cost leadership strategy to gain competitive advantage by emphasizing and perfecting value chain activities that can be achieved at costs substantially below what competitors are able to match on a sustained basis. Construction companies should take full advantage of Information technology by integrating their activities to respond better to customer needs. Embracing Information technology has led to growth of construction companies and made it easier for contractors to manage projects from long distances.