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FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

An investigation on the impact of competition on the financial performance of MBC Accounting Services Private Limited

Submitted by

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This dissertation is submitted in partial fulfillment of the requirements of the Bachelor of Commerce Honours Degree Programme in the Department of ACCOUNTING at MSU.

Gweru, Zimbabwe

March 2017

APPROVAL FORM

The undersigned certify that they have supervised the student, TARIRO MUTSAGO'S **dissertation entitled, '**An investigation on the impact competition on the financial performance of MBC Accounting Services (Private) Limited 2013-2016'**, submitted in Partial fulfillment of the requirements of the Bachelor of Commerce Honours Degree in Accounting at Midlands State University.**

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DEDICATION

To my mother, to my husband and to my son.

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This dissertation would not have been possible without the guidance and help of several individuals who in one way or another contributed and extended their valuable assistance in the preparation and completion of this study.

I would like to express my sincere appreciation to Midlands State University for enrolling me into the Bachelor of Commerce Accounting Honours Degree programme. It is in partial fulfillment of this programme that this research was carried out.

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And of cause I wouldn’t feel morally satisfied if special gratitude is not given to the Almighty God for all the guidance and protection for without Him l wouldn’t have made it this far.

ABSTRACT

Aim

The aim of the study was to investigate the impact of competition on the financial performance of MBC Accounting Services (Pvt) Ltd. It was prompted by the noted decline in the annual profits and gradual decreases in the clientele base from the year 2013 to 2016 despite efforts by management to improve the financial performance.

Methodology

The study was conducted on a survey descriptive approach which uses quantitative and qualitative data collection methods. A census of 19 questionnaires were administered and 18 were provided for analysis yielding a response rate of 94, 74%.Six interviews were scheduled and successfully conducted. Data was presented through tables and analyzed using the measures of central tendency. To determine the relationship between competition and financial performance, linear regression was used to determine the hypothesis.

Key Findings

Major research findings indicated that the rivalry amongst existing firms, threat of new entrants and the bargaining power of supplier were the majors forces influencing the degree of industrial competiton. Besides these forces the company was affected by firm size. However challenges were being faced in adapting to the competitive environment which includes lack of managerial support which demotivated the moral of employees.

Key recommendations

The researcher suggested recommendations were that MBC management should have continuous employee training programmes so that they are abreast with changes in the macro-economic environment thus successfully adapt to the competitive environment.

Originality

The research showed that besides competition, there are more important mediating variables in the influence on financial performance and management should take an active role.

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CHAPTER 1: INTRODUCTION

1.0 Introduction

This research aims at analyzing the impact of competition on the financial performance of an organization. [Baron et al (2011), Nhuta (2012), Rensburg (2012, Foroux (2014), OECD report (2011), Shahrani et al (2016), Tang et al (2016),)] have focused their efforts on studying the critical success factors of competition and its direct relationship with performance. They are of the view that firms improve their financial performance considerably when they respond to the competitive environment positively. However [Kohn (2013), Gary et al (2013), Thiel (2015), Huck (2011), Maduekwe (2016), Stuckle (2013)] are of the view that there is a substantial improvement in the financial performance if the company does not respond to the competitive environment. The disagreements of the above authors have motivated the researcher for further research since they were focusing on countries in the developed countries. Little attention has been given on the impact of competition on the financial performance in a Zimbabwean economy during this unfavorable economic condition.

1.1 Background of the Study

Mutare Business Consultancy herein referred to as (MBC Pvt Ltd) is the study unit of this research focusing on the impact of competition on the financial performance of an organization. According to Amyx (2012) negative perceptions against competition remains very significant in the business environment. Probable and existing clients perceive small businesses as lacking ability to provide quality services and unable to satisfy more than one critical project at a time, hence either the potential clients refuse to offer contracts to SMEs or existing clients terminate existing contracts in favor of established companies which are given business for their clout and name recognition alone. These sentiments agree to the minutes of a staff meeting held on 30 November 2015 in which the Managing Director (Mr. C Muranda) eluded the poor performance of the company to the decrease in number of existing clients as shown in the extract of the 2015 Annual Report below.

Table 1.1 Extract of Statement of Comprehensive Income for the years ending 30 December 2015

YEAR	SALES VOLUME	%
2013	$39 930	36
2014	$30 200	27
2015	$24 300	22
2016	$17 765	15
TOTAL	$112 195	100

Source: MBC Annual Report 2015

Table 1.2: Client Register

YEAR	CLIENTS B/D	NEW CLIENTS	CONTRACTS TERMINATED	CLIENTS C/D	% DECREASE
2013	44	9	15	38	40
2014	38	5	18	25	26
2015	25	3	10	18	19
2016	19	0	3	15	15
TOTAL	125	17	46	96	100

Source: MBC Annual Report 2015

In the above table MBC reported sales volume of $39 930 in 2013 and the total decrease in clientele base was 40%. During the financial year ended 2014 MBC furthered its decrease in revenue by 36% to $30 200. This was a result of the negative impact of the loss in clients by 26% from a clientele base of 38 to 25. In the 2015 financial period MBC's profit and clientele base declined by 22 % and 19% respectively and the clientele base has reduced to 19 clients. The year 2016 saw a decline in revenue by 15% to $17 765 and the clientele base also decreased by 15%. The company did not lure any new clients. The statistics above generally highlights decrease in revenue of MBC Accounting Services (P/L) as a result of a decline in the clientele base thereby causing failure to cover all its operating expenses.

According to the Zimbabwean independent dated January 24,2016 the Minister of Small to Medium Enterprises ,Ms Sithembiso Nyoni reiterated that one of the major causes of high mortality rate in the SME sector was competition from peers and big corporate to serve niche markets once regarded as a preserve for small business ,a view which concurred to Ntakobajira (2013) who posited that many SMEs close operations within the first year of operations due to failure to attract enough customers because of stiff competition which is normally evidenced by a dwindling customer base , below is an extract of client register for MBC which shows a depleting clientele base .

Effective adaptation to the competitive environment of an organization will minimise the rate of termination of contracts and help achieve profitability and a large clientele base, Hammer (2011). The Managing Director (MBC Pvt Ltd),Mr. Caleb Muranda in a meeting held in Mutare on 13 March 2016 , indicated the efforts of management towards marketing the company in a bid to lure more customers but however blamed rigidity of the process of securing clients which he indicated was being hindered by rivalry companies who were offering lucrative service packages to their clients .Since MBC is not adapting to the competitive environment and is experiencing diminishing performance on income, this has motivated the researcher to carry out a research on the impact of competition on the financial performance of MBC.

1.2 Statement of the Problem

Many firms are altering their business strategies to be responsive competitively as they believe that being adaptive to competition will enhance business performance. On the same note profits for MBC and the clientele base have decreased in the last four years .It is against this background that this research would seek to investigate if there is a relationship between competition and the financial performance of the organization and to establish other factors which can affect the performance.

1.3 Main Research Question

What is the impact of competition on the financial performance of companies in the Zimbabwean Economy?

1.4 Research Objectives

- To analyse the critical factors for successful adaptation to competitive environment
- To identify other factors which affect the financial performance of an organisation
- To identify the risks and challenges associated with adapting to the competitive environment
- To assess Public Private Partnerships applicability as a competition mitigating tool
- To investigate the relationship between competition and the performance of MBC

1.5 Sub-Research Questions

- What are the critical factors for successful adaptation to competitive environment?
- What are the other factors that can affect the financial performance of an organisation?
- What are the risks and challenges associated with adapting to the competitive environment?
- How can Public Private Partnerships be used as a mitigating tool against competition?
- What is the relationship between competition and the financial performance of MBC?

1.6 Significance of the Study

Findings on this research will help companies on how best to adapt to the competitive environment and what needs to be done internally before adapting. The research will provide literature which other academics can consider resourceful and for referencing. The study will further provide more insight on the relationship between competition and financial performance which will aid in decision making. Furthermore the research would recommend other measures which the company may employ to improve financial performance.

1.7Delimitation

The research is based on MBC Accounting Services Pvt (Ltd) located in Mutare. The study covers the financial periods from 2013 to December 2016. The study will only focus on the impact of competition on the financial performance of MBC, dwelling much on the finance department.

1.8 Limitations of the Study

- The research was done in a short space of time and concurrently with other studies thus the researcher practiced self discipline to strike a balance between research and the other three modules.
- The management and employees of MBC were cautious to release their financial information and the researcher had to assure them that they were to be kept confidential

- Financial resources slowed down the pace of the research especially towards printing, travelling and internet connectivity; however the researcher received financial aid from her most beloved family members.
- The integrity of the personnel was a major consideration in the population selection to improve the accuracy, reliability and completeness of information collected from the respondents.

1.9 Assumptions

The researcher will assume that information from the respondents on the interviews held and the questioners answered portrays a fair view.

1.10 Definition of Key Terms

- Competition: The Oxford Dictionary defines completion as the activity or condition of striving to gain or win something by defeating or establishing superiority over others.
- Financial Performance: It is the assessment of the viability, stability, and profitability of a business, sub-business or project mainly using ratios (Gibson, 2012). It is a way the company can use assets generating revenue.
- MBC: MBC Accounting Services (Private) Limited
- SME's: Small to Medium Enterprises
- PPP's: Public Private Partnerships

1.11Chapter Summary

This chapter has provided the introduction, background of the problem, statement of the problem, the main topic, objectives, research questions, significance of the study, delimitations, limitations as well as the assumptions underlying the carrying out of this study. The proceeding chapter shall be on the review of literature.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

This chapter discusses the literature that will be used as the basis of this research. It covers the cornerstones of the main topic presented in the research objectives namely: the critical factors for successful competition adaptation, other factors which affect the financial performance of an organization, the risks and challenges associated with adapting to the competitive environment, the applicability of Private Public Partnerships as a competition mitigating tool and the relationship which exists between competition and the financial performance of MBC.

2.1 Forces Driving Industry Competition

The industry in which an organisation operates in is influenced by forces which govern competition. These forces rather influence an organisation in its performance (Dalken 2014). The forces are referred to as the Porters Five Forces.

2.1.1 Porter's Five Forces

From an economists concept of substitutability, Dalken (2014) views an industry as 'the group of firms producing products that are close substitutes for each other, he distinguishes the five basic forces which govern competition in an industry. This Five Forces Model is described by Dobbs (2014) in his analyses of their impact on the Kenyan Industry as 'an outside-in-business unit strategy tool that is used to make an analysis of the attractiveness (value) of an industry structure'.

2.1.2 Rivalry among Existing Firms

Rivalry among existing firms has a serious influence on the intensity of industry competition because it is the major determinant of how competitive and profitable an industry is (Zelimir 2012). Intensity of rivalry according to Wilkinson (2013) refers to the extent to which firms within an industry put pressure on one another and limit each other's profit potential. According to Dobbs (2014) for companies to successfully adapt into the competitive environment, knowledge of the degree of rivalry in an industry is crucial as it will enable the players in an industry to know who its rivals are, how they perform and this will facilitate the adoption of a competitive strategy such as product differentiation if the company had little or no product differentiation.

Barney (2011) agreed with the view that knowledge of the intensity of rivalry is necessary in adapting to competition but he also further eluded that employee input is also equally crucial a view that is supported in literature by David (2015) who highlighted the importance of continuous employee training programmes on strategic management to enhance the success of adapting into the competitive environment. On another view point Mekic and Mekic (2014) noted that if rivalry is fierce competitors will pilfer profit and market share from one another therefore reducing profit potential for all firms within the industry, an idea which is complimented by Mandere (2014) who reiterated that profits can be reduced as a result of price wars in response to competitor's action .

However, in spite of the above sentiments of Porter's force of rivalry among existing firms, literature shows that focus was put on the impact of this force on profitability .This has motivated the researcher to investigate if rivalry among existing firms affects other aspects of performance of an organisation independent of profitability.

2.1.3 Threat of Substitute Products

Tanwar (2013) explained substitute products as products or services that perform the same function as the industry's products but are available in another market. According to Pringle (2011) the availability of substitute products in another market poses a serious threat to a firm's products because customers can alternate in favour of those products however Marcus (2011) disagreed and explained that availability of substitute products doesn't necessitate the loss in clientele base but affects product demand. Thompson et al (2012) was of the view that the threat of substitute products places a ceiling on the prices that firms in a particular industry can profitably charge an assertion which was proved in a case study conducted by Mandere et al (2014) which concluded that the availability of Savings and Credit societies caused low interest rates as a result of the price ceiling set by substitute products.

Hunger (2012) and Ackagun (2013) proposed in literature that many businesses which struggle with the threat of substitute resultantly face challenges by having price ceilings in a bid to lure customers. However David (2011) argued that operational costs, technological advancements and changes in customers' tastes hinder firms from successfully responding to the threat of substitute products. In support, Recklies (2011) states that the organisation has to respond to more than just market forces, a view which was supported by Huggins and Izushi (2012) who reiterated that an organisation ought to be aware of, understand the implications and respond to changes in the macro-economic environment.

The mentioned researchers focused on the pros and cons associated with the threat of substitute products in a retail industry hence this research will focus on whether enough effort is being directed to evaluation of the firm's own quality of services and products on offer to customers despite presence of the threat of substitute products and services from competitors

2.1.4 Threat of New Entrants

Dagmar (2015) explained that new entrants to an industry bring new capacity, the desire to gain market share and increased competition due to substantial resources introduced, this view concurs to Ucmak and Arslan (2012) who highlighted that new entrants to an industry raises the level of competition, thereby reducing its attractiveness. However Marcus (2012) disagreed to the view stating that new entrants convey innovation in an industry by bringing in new ideas in a bid to capture market share and results of a survey conducted on a sample of China's manufacturing companies showed a perfect linear relationship between the threat of new entrants and the industry's attractiveness. Shao (2014) highlighted that this factor will enable the players in the industry to predict the growth of the market and it will guide them select a competitive strategy to adapt in order to remain competitive in the market.

On a different dimension Zelimir (2012) highlighted that for successful adaptation in the competitive environment a company must be aware of how flexible it is for companies to enter into an industry in a bid to understand the intensity of the existing competition , in agreement Mandere (2014) and Dobbs (2014) reiterated that companies must fully understand barriers to entry in an industry which include but are not limited to legal patents, brand loyalty of customers, scarcity of raw materials, legislation and government regulations. This idea is supported by results of the survey conducted by Ucmak and Arslan (2012) on Indian manufacturing companies, which indicated that 14 % of the firms in the market in which they operate is characterized by potential market entry although the percentage of entry is minimal due to strict government regulations. However Dulcic et al (2012) highlighted that responding to the threat of new entrants does not guarantee a competitive advantage that is unchallengeable and constant due to the consistent changes in the competitive environment.

However this research will seeks to explore the measures organisations are employing in order to effectively adapt and respond to the changing needs of their clients at the same time putting in place mechanisms to effectively deal with the threat of new entrants in their respective markets and lines of business

2.1.5 Bargaining Power of Buyers

Dagmar (2015) explained bargaining power of buyers as the impact that customers have on a producing industry .Dobbs (2014) advanced in literature that buyers can influence the industry by forcing down prices for higher quality or more services and playing competitors against each other at the expense of an industry's profitability. This is supported by Choi and Triantis (2012) who highlighted that in an industry where customers have a stronger position they can demand improved quality and lower prices, a view which concurs to Shao (2014) who explained that lower prices indicate lower revenues for the producer while higher quality products usually raise production costs. Pringle and Huisman (2015) was of the opinion that knowledge of the bargaining power of buyers will enable financial services companies to know the buyers and their power as this will enable them to decide the best competitive strategy such as cost leadership or differentiation.

On a differing tone, Mekic and Mekic (2014) highlighted that knowledge of the bargaining power of buyers alone has little or no power on the success of adapting to the competitive environment. Academic research by Dagmar (2013) indicated that the combination of Porter's five forces and the PESTLE analysis yielded successful results. On another note, Simister (2011) states that effective product differentiation creates buyer preference within a product category because it helps a product to stand out thereby reducing the bargaining power of customers. In conformity, Zhang and London (2013) were of the opinion that high product differentiation decreases the bargaining power of customers as the buyer will be unable to purchase the same product from a different supplier. This research aims at establishing ways in which businesses can dialogue with customers with respect to their expectations on service or product quality and pricing in the midst of other competitors but not compromising on ultimate target performance.

2.1.6 Bargaining Power of Suppliers

According to Ackagun (2013), suppliers can exert bargaining power over participants and industry by threatening to raise prices or reduce the quality of purchased goods and services and this directly affects the buying firm because it has to pay more for materials. Manol (2015) echoed the same sentiments by agreeing that powerful suppliers exerts influence on the producing industry, such as selling raw materials at high prices to capture some of the industry profits ,further agreeing Dobbs (2014) purported that if the buying power lies within suppliers they can adversely use the relationship to dictate prices and product quality. According to Shao (2014) this force will enable players in the industry to know how powerful they are thus this will guide them on what competitive strategy to implement in order to remain dominant in the market.

However Dalken (2014) highlighted that certain considerations should be noted when adapting to the bargaining power of suppliers because of technological changes which have significantly reduced the length of time a product has between its formation and its market development, a view which was supported by Huggins and Izushi (2011) who states that due to the dynamic nature of the macro-economic environment certain suppliers' products become outdated before they enter the market .This implies that the strategy implemented by a company in response to the bargaining power of suppliers become inapplicable. In addition Mohaptra (2012) posited that Porter's five forces have diverse degrees of impact in certain industries. The above has motivated this research to focus on the impact of the bargaining power of suppliers in respect to the financial services sector in particular accounting services companies in Zimbabwe.

2.2 Other factors which affect financial performance

2.2.1 Firm Size

The literature in the field proposes different results regarding the influence of firm size on financial performance. Dogan (2013) found that a positive relationship between firm size and profitability exist. The study focused on the profitability aspect of financial performance and results indicated that big companies have resources and capability to make profits for the long term compared to the capabilities of small to medium enterprises that are more or short to medium term in effectuating profitability. This view was further supported by results of an analysis conducted by Akbas and Karaduman (2012) on a sample of three thousand and thirty five (3035) Greek manufacturing firms which showed evidence of a positive influence between firm size and financial performance in all size classes. Niresh and Velnampy (2014) also examined the sources of the financial performance and the analysis revealed that one of the strategic sources of profitability was the size of the business which positively influenced cash flows and performance of an organization.

In disagreement was Banchuenviit (2012) who suggested existence of negative influence of firm size on profitability after testing firm size against profit for firms operating in the financial services sector in Australia and a linear relationship was observed. Pervan (2012) supported the notion by indicating that due to the presence of high market power, firms are able to charge higher prices for their products and services. The author went on to highlight that high profitability of the firm can be as a result of good negotiating power with the suppliers regardless of company size.

On another different view point, studies by Khatap et al (2011) highlighted that small companies perform better than large companies because they practice niche marketing thus they concentrate their efforts on a smaller market, supported by Alsawalhah (2012) who conducted a survey on fifty small to medium enterprises in India and results showed that small companies are performing better than larger companies and forming a greater percentage of the economy at large. This would necessitate further research to investigate which relationship exist between firm size and performance in relation to accounting services firms in Southern Africa as other relationship deduced were based on manufacturing firms located in Europe.

2.2.2 Employee Motivation

Employee motivation is defined as the level of energy, commitment, and creativity that a company's workers bring to their jobs (Dobre 2013). Motivation and performance of the employees are critical tools for the improvement of financial performance. Burton (2012) highlighted that highly motivated employers enhance the financial performance of an organisation by practicing team work. This was supported in literature by Njambi (2014) who explained that with higher employee morale workers will be focused more on their own productivity to attain the set goals by sharing their different expertise. However studies by Seligman (2011) denied that employee motivation enhances team work and productivity of the employees due to the differences in the workers needs and wants. Makkasar (2016) supported the thoughts of Seligman by highlighting that a motivated employee in an organization with poor leadership style performs dismally thereby adversely affecting the financial performance of an organization through poor communication with management, increased absenteeism, poor quality products and increased customer complains.

On the other hand Robison & Truong (2014) explained that organizations which are regarded as successful, such as Nike, Google, and Facebook, rely on human capital (for example consulting firms, in addition to technology companies) they give a major importance to salaries and are among the highest-compensating companies. This in turn enhances their financial performance since their workers are highly motivated. Nurley (2016) concurred highlighting that a motivated employee means a highly productive staff and a higher chance of meeting the organizational goals. However McGregor's theory X highlights that workers have an inherent dislike of work and will avoid it if there is no motivational tool which entices them. The study will seek to prove if the leadership style of management teams in small financial services firms has any bearing on the performance of these organizations.

2.2.3 Firm's Age

Vijayakumar (2011) highlighted that firms age positively affect the financial performance of an organisation. Mehari and Aemiro (2013) went on to explain that the younger the firm the more innovative, goal oriented and resourceful as compared to older firms which tend to promote their organisational structure and routines (Frankenberger et al. 2013) However the result of this study contradicts with the study by Yazdanfar (2013; 150-160) on a sample of micro firms in Sweden which highlighted that firm age is negatively related to the firm's profitability. Salman and Yazdanfar (2012) concurred and forwarded that most companies tend to be rigid in decision making as they grow in age as compared to recently established firms which are innovative and goal oriented

In a differing tone, Malik (2013) found that there is no influence between firm ages to the profitability by conducting a research on a sample of Pakistan insurance companies. The results indicated that whether old or not the ages of the firm does not affect the financial performance, but the organisational structure and culture plays a pivotal role as it sets the tone of how the organisation operates therefore the set goals of profitability will be attained. On another different view point, Llaboya (2016) states that the financial performance of an organisation improves with age due to the experience and knowledge gained over the years. In contrast Jasra (2011) highlighted that as firms grow in age, their performance also decline thereby adversely affecting the financial performance of an organisation.

The above seeks to alienate the age of a firm to its performance, however this research will strive to bring to light if the efforts of both non management and management teams exerted in the short and long run in enhancing the performance of the organisation have any effect on the performance of both new and older financial institutions.

2.2.4 Structure of the Organization

Beard and Dess et al (2011) defines organizational structure as the supervisory relationships, departmental structure and workflow within a company. The structure of an organization can make it easy or difficult for a firm to be profitable. Maduenyi (2015) highlighted that there is a positive relationship between organizational structure and the financial performance of an organization by indicating that a flat organizational structure improves coordination and communication between employees. This positively affects the financial performance though improved decision making as a result of the short chain of command. Parmar et al. (2014) supported the idea by stating that effective managers create innovative ways to make money, despite the demands on them to grow their businesses through the application of employee contribution. On another note Hezek (2013) states that organizational structure leads to improved capabilities which positively affect the financial performance of an organization. Results of a survey of KFC and Nando's brands by Melindanguyen (2015) suggested that their organizational structures positively impact the financial performance through the creation of a friendly environment thus the better the quality of services become, the more satisfied the customers feel.

However Wa We (2012) highlighted that failure to understand organizational objectives, the environment it operates and all the elements of an organization leads to poor performance. According to Dywer (2012) many organizational structures are associated with unbalanced management lines, increased bureaucracy, slowed communications and increased inflexibility which adversely affects productivity and attainment of the set goals. In support, Lester (2013) highlighted that the organizational structure, routines and procedures that were tailored for current business operations, hinder firms from adapting to other opportunities and thus most companies fail to be innovative in a bid to improve the financial performance of the company. Dywer (2012) strengthened these thoughts by highlighting that organizational structures facilitate managers to resist change thus fail to adapt to changes in the macro-economic environment because of the need to protect the organizational culture thereby adversely affecting the financial performance.

The above literature and conclusions were not specific to c a single organizational structure, motivating this research to focus on the impact of a line organizational structure on the financial performance of MBC.

2.2.5 Growth

Vijayakumar (2011), Salman and Yazdanfar (2012) and Yazdanfar and Ohman (2015), from their studies found that growth of the firm have positive influence on profitability. Their justification was that, firms with higher levels of growth are more likely to be profitable thereby improving their financial performance. Vijayakumar (2011) carried out a research on Indian automobile firms and results indicated that firms associated with growth enjoyed economies of scale advantages from their suppliers due to increased demand for automobiles thus the product price will be lucrative. Studies by Salman and Yazdanfar (2012) on Swedish firms indicated a positive linear relationship between firm growth and financial performance in the sectors of trade, health, transport and metal. Their results indicated that, firm growth and increased productivity positively affect financial performance. In addition Yazdanfar and Ohman (2015) eluded that growth facilitates stronger industry affiliation which enable management to gain control over input access. The standard of product quality will be improved thereby boosting the financial performance through increased customer satisfaction.

However Coad (2011) found that growth of the firm has a negative effect on profitability since growth is associated with an increase in operating expenses, a view which was supported by Verma (2013) who eluded that when the sales volume increase, certain costs will increase as well which include but are not limited to; the cost of storage, handling costs, production, advertisement, delivery and packaging thereby affecting profitability. On another different view point, Ekonomisi and Dergisi (2014) highlighted that growth rate will not guarantee profitability if customers are powerful or substitutes are attractive. Indeed results of a survey by Ekonomisi and Dergisi highlighted that some fast-growth businesses, such as personal computers, have been among the least profitable industries in recent years due to the availability of substitute products.

The above did not highlight the impact of the growth of the economy on the firms which operates within it hence being the focus of this research to analyse the impact of economic growth on the performance of financial service firms.

2.3 Challenges Associated With Adapting To Competition

It can be noted that adapting to the competitive environment is associated with various risks and challenges. These include labour turnover, insufficient knowledge on how to adapt to competition, business failure and lack of support from management.

2.3.1 Labour Turnover

Hana and Lucie (2011) defines labour turnover as the ratio of employees that leave a company through dismissal or resignation during a period to the number of employees on payroll during the same year. Kuria (2012) postulated that workers are more likely to resist the changes made in a bid to adapt to the competitive environment. Indeed, a one standard deviation increase in turnover rates can depress financial performance by as much as 27% according to a recent estimate (Park and Shaw, 2015).Due to intense competition demand for skilled labour force is high and other companies will be offering lucrative packages (Waldman et al 2015). This implies that there is a lot of hiring and firing in an organisation with the view of increasing productivity which in turn leads to the loss of key personnel (Burton and Crossley, 2012). According to Asmamaw (2011) labour turnover is associated with costs which include, recruiting costs, selection and or employment costs, orientation costs, training costs, lost wages or salaries, administrative costs, lost productivity, loss of human capital, and customer satisfaction issues.

However, Vladimir (2011) reiterated that there are benefits associated with recruiting new employees include but are not limited to: new skills, ideas, new contacts, new employees who are less resistant to change and are productive in a bid to please the management. The availability of new ideas facilitates innovation and quick adaption rate to competitor activities (Benrauch, 2013).To add on, Stimpson and Smith (2015) explained that labour turnover creates a strong culture in an organisation especially when the employees are reluctant to work. If these workers are dismissed it sends a message to others thereby increasing productivity.

However, the literature above focused on the costs and benefits associated with labour turnover but does not explain the causes of such turnover on the part of the employees which will in turn have an impact on performance a gap which this research will seek to close by analysing the causes of employee turnover and the impact on financial services players in Zimbabwe.

2.3.2 Insufficient Knowledge on How to Adapt To the Competitive Environment

According to Miscikowski and Stein (2011) most workers have insufficient knowledge concerning adaptation to the competitive environment hence it is a major obstacle in improving the financial performance of an organisation. This implies that this lack of knowledge leaves a gap in the effectiveness of the methods crafted to adapt in the competitive environment in a bid to enhance financial performance. In addition Jacobsen (2013) eludes that there is need for continuous professional development of workers through refresher courses and workshops to overcome the challenge of ignorance so that the company may adapt to the competitive environment and enhance its financial performance.

To support the idea Jacobsen (2013) posited that employees do not appreciate strategies that are implemented to adapt in a competitive environment (change) thus they are not acquainted with the advantages associated with adaptation to the competitive environment in a bid to enhance the financial performance of an organisation. Adapting to the competitive environment is highly effective if technological changes are implemented also, however most workers are not acquainted with the dynamic technological environment thus ignorance remains a major challenge (Dobre, 2013).

However, Wittig (2012) assert that insufficient knowledge is not really a major risk, rather it is the organisation that does not increase employee awareness on how to survive in a competitive environment. In support Frankenberger et al. (2013) eluded that if organisations prioritise improving employee awareness pertaining the external environment, adapting to the competitive environment yields profit margins through responding to competitor activities by producing customised goods and services. Sizeka (2012) also assert that competition is a broad subject thus employees must not be misinformed regarding ways to adapt to competition as a way to enhance financial performance. Furthermore Wittig (2012) highlighted that adapting to competition requires willingness of employees to accept change in an organisation thus management should advocate for change management so that adapting to competition will be successful to enhance the financial performance.

This research shall seek to establish the impact of continuous professional development on the ability of an organization to adapt to competitive forces.

2.3.3 Business Failure

Tavityaman (2013) articulated that firms' review set goals and objectives at the beginning of each financial year however poor adaptation in the competitive environment will facilitate the failure to attain the set goals and objectives thereby negatively affecting the financial performance of an organisation. Adapting to the competitive environment means changes in the way a business operates, change in product or service quality and marketing strategies (Waldmer and Carter 2015). The main goal of most organisations is profit maximisation hence they don't focus more to adapting to the competitive environment hindering the attainment of the set goals therefore resulting in business failure, (BPP Learning Media 2012). In conformity, Tang et al (2016) indicated that there is a positive relationship between the financial position of a firm and the way a company adapts to the competitive environment hence much effort will have to be channelled on how an organisation responds and reacts to competitive activities of rival firms.

On a differing tone Keough (2011) explained that the risk of business failure associated with adaptation into the competitive environment to enhance the financial performance are caused by inability to recognise adaptation strategies or techniques which are most suitable and effective for the particular industry in which the business operates. Adapting into the competitive environment is guaranteed to promote business success once applied effectively and no challenges associated with it will reduce the financial performance of the organisation (Miles, 2011). According to Sibanda (2014:1043) most management are aware of survival strategies in a competitive environment but they tend to be reluctant when it comes to the application thus it will appear as if adapting to the competitive environment is associated with business failure. Adapting to competition simply means adjusting to competitors marketing strategies, product quality, pricing strategies and quality of services rendered to enhance the financial performance of an organisation and no heavy costs are associated with it which may result in business failure (Drexl et al 2011).

The above literature focused on the impact of management reaction causing risk of business failure without highlighting the other factors which result in business failure an area that this research will focus on.

2.3.4 Lack of Support from Management

According to Aghion et al (2014) one of the limitations of effective adaptation in the competitive environment is lack of support from management, in support Zott et al (2011) argued that management perceive adaptation to the competitive environment as a costly move which strains the financial performance of an organisation .This further concurs to the thoughts of Kohn (2013) who suggested that management's main goal is cost containment whilst successful adaptation to the competitive environment requires a flexible budget. Shahran and Zhengge (2016) assert that managers choose to be inflexible with regards to the factors that hinder effective adaptation in the competitive environment.

However Lee (2012) and Wallelegn (2013) argue that it is not lack of support from management that hinders successful adaptation into the competitive environment a view which was supported by Wallelegn (2013) indicating that the dynamic environment in which companies operate results in unanticipated circumstances which can- not be blamed upon the top management when the company fails to adapt to competition. Muema (2013) also assert that top management are not responsible for failure to adapt into the competitive environment but poor communication channels within an organisation slow down the responsiveness to competitor activities.

This research will ascertain the involvement of MBC management in improving the financial performance of an organisation through adapting to the competitive environment.

2.4 Applicability of PPPs as a Competition Mitigating Tool

Dube and Chigumira (2011) outlined Public Private Sector Partnerships (PPP) as a policy decision adopted by government to partner with the private sector to deliver infrastructure. Partnerships British Columbia (2013) defines PPP as a contract between a public Sector authority and a private party, in which the private party provides a public service and assumes substantial financial, technical and operational risk in the project. However the authors above have focused on explaining the meanings of PPPs but however this study would want to focus more on the applicability of PPPs to enhance performance and mitigate competition.

2.4.1 Analysis of Various PPP Model's Synergy with Enhanced Performance

Jeffries (2011) explained the following are the types of PPP Models which can be adopted, **Build and Transfer Scheme (BT)** where private sector player sources finance and constructs infrastructure and upon completion the company hands over the infrastructure to the government or the government agency responsible. Mustafa (2013) explained that majority of

PPPs are structured in such a way that Private Sector is strategically placed to manage risk associated with high construction costs, construction overruns, operational inefficiencies, poor design, and community dissatisfaction. However John Wiley (2012) explained that majority of Projects under Build and Transfer Scheme are not revenue based and no profit can be expected from such consortiums and majority of them are donor funded.

Jeffries (2011) also stated the existence of **Build Operate and Transfer Scheme (BOT)** and under this model, a private sector player undertakes the construction of the infrastructure; financing the construction as well as the operation maintenance, the company would then operate the facility for fixed term at the end of which facility is transferred to the government agency or local government unit concerned .Mustafa (2013) explained that under this Model there is enormous risk however time management is the essential factor coupled with the nature of PPP Project involved with capability of boosting revenue and capital bases of the private consortiums involved depending on the nature of project management .

Lastly there is **the Build Own Operate and Transfer Scheme (BOOT) where** the private company finances, constructs, own and operates the infrastructure for a fixed term and ownership implying that the company is allowed to make any decisions it sees fit during the ownership term, with minimal or no government interference and at the expiry the fixed term the infrastructure is handed over to the government. According to Jefferies (2011) the financing and investment costs will be recouped after the construction of the infrastructure and the management will not be under government influence during the **Own and Operate Tenure** and Mustafa (2013) concurred with Jefferies (2011) and agreed that the capability of such Model to stimulate financial performance of the consortium will be based on the capability of their management. The above looks at various PPPs schemes which normally operate under infrastructural development programmes hence an aspect which lacks in the financial services sector and the research would like to focus on the various financial models that can be adopted through local PPPs programmes.

2.4.2 Evaluation of How PPPs Mitigate Competition

Hussain et al (2011) highlighted that mitigating competition can be achieved through public-private partnerships, where the government and the private sector jointly provide funding and other resources to boost productivity. Davies (2013) states that such collaborations will promote companies to gain a competitive advantage since the availability of adequate resources facilitate the production of quality products which lure a large clientele base thereby increasing the market share. In support Bracey and Moldovan (2015) postulated that the advantages of the private sector such as dynamism, access to finance, knowledge of technologies, managerial efficiency and entrepreneurial spirit, are combined with the social responsibility, network of contacts, environmental awareness, local knowledge, and job generation concerns of the public sector. These factors improve the competitive advantage of an organisation through good corporate image.

On a different view point Mitchell (2013) highlighted that risks are shared equally between the government and the private sector thus in the presence of profits it will be a win-win situation, in contrast Eustace(2013) explained that the government is very controlling thus all the risks are transferred to the private sector. In the case of business failure, the private sector financial performance is adversely affected.

To add on, Zuzana and Jaroslava (2013) highlighted that PPPs help companies mitigate competition through the development of capacity building programmes. These programmes advocate for increased efficiency and knowledge of changes in the macro- economic environment. Lack of knowledge according to Jacobsen (2013) is a barrier to adapting in the competitive environment thus the management will be well equipped with information through PPPs. In conformity, Cohen (2011) eluded that PPPs unite diverse actors' knowledge and skills in formulating effective decisions as well as results in developing effective strategies and policies.

Cohen (2011) further explained that through PPPs the private sector can employ diverse partners' particular resources and formulate enhanced problem solving techniques successfully and competently than a single partner thus various competitive strategies are crafted. Davies (2013) states that sharing of resources and skills improves product quality as well as strategic management skills, which foster effective response to a competitive environment, a view which as supported by Zuzana and Jaroslava (2013) who posited that good strategic management skills are an effective tool to mitigate competition. The researcher will examine how PPPs will be beneficial to MBC in mitigating competition in-order to boost the financial performance of companies in the financial services sectors other than manufacturing sector.

2.4.3 Evaluation Of How Government Control On PPPs Affects Performance.

Mogedal et al (2011) explained that countries may initiate privatization through the changing of existing laws and regulations. Renda and Schrefler (2012) highlighted the deterioration of existing public infrastructure during the period of the economic downturn in Zimbabwe worsened by the Government's inability to allocate a significant portion of the national budget towards capital projects due to absence of fiscal space. Chawodzera and Darter (2013) concurred with Renda and Schrefler (2012) on that the financial sector was mainly affected with the economic depression decade ending 2009 leaving the system falling to pieces except for a few privately run institutions ,however PPP for the Financial sector reform are urgently needed to a turnaround .

According to Hussain et al (2011) following the general acknowledgement PPP's, they have become the engine of growth for the economy characterized with fund mobilization, infrastructural development, obtaining of more value for money than under traditional public procurement options and when correctly implemented they produce reduced life-cycle costs ,better risk allocation, faster implementation of public works and services, improved service quality and additional revenue streams .However Mogedal et al (2011) highlighted how the countries are relaxing legislation relating to PPP's as several Governments has seen the benefits that PPP's are bringing to the development of the economy and the country at large as outlined by Renda and Schrefler (2013) .

Ruen (2011) outlined the ideal approaches towards the establishment of enabling legislations for PPP being to firstly to ensure that the existing pieces of legislation, which one way or another have a bearing on PPP are reviewed and amended to make them PPP compliant .This would be so since the pieces of legislation were enacted before the PPP were envisaged, and would thus either possess some conflicting provisions with PPP or involve a parallel process to PPP thus legislative review would eliminate barriers to PPP .

Evaluating the PPP Models and the motives of majority of PPPs that are entered into ,the Public Sector is the one who will be benefitting more either through infrastructural development or through financing programmes as compared to the Private Sector that nothing much the government has done for even relaxing the market entry requirements and no research has been done on the benefits of the Private Sector from such arrangements and this has created a gap that this researcher would want to focus on.

Zwi and Mills (2012) Explained that much emphasis has been given to the relaxation of laws governing PPPs because Government has relied upon the private sector to develop its infrastructure leading to the development of complacence to the Government arms responsible for infrastructural development .

There has been little that has been researched on the need of government fine tuning existing legislation and establishment of Institutional Framework to ensure that PPPs do not fail due to weak legislation and ensure adequate presence of institutions that oversees PPPs as their success hinges on them which will be the main focus of this research.

2.5 Relationship between competition and financial performance

Much has been said on the relationship between competition and the financial performance of an organization.

2.5.1 Increase in product quality

Belonwu (2015) advanced in literature that competition fosters an improvement in product quality which leads to customer satisfaction thereby enhancing the financial performance of an organisation. In addition, Marx (2013) states that competition is guaranteed to increase product quality through increase in quality management by comparing against rivals implying that an improvement in the product quality will lure more customers thereby enhancing the financial position of an organisation. To strengthen these thoughts Reenen (2011) highlighted that competition eradicates complacency in companies because of the quest to improve financial performance by comparing companies' products with those of competitors. Furthermore Loecker and Biesebroeck (2015) highlighted that competition fosters innovation in production processes.

Kohn (2013) and Foroux (2015) disagreed to the thoughts of Belonwu (2015) by arguing that a positive relationship between product quality and production costs exists hence the moment a company aim to manage such costs quality will be affected as a result of decrease in value addition thereby adversely impacting the financial performance of an organisation. Foroux (2015) was of the opinion that product quality is directly influenced with the machinery used thus companies purchase state of art machinery which adversely affects the financial performance, however Sizeka (2012) explained that competition helps an organisation to learn from rivals and draw inferences from the way competitors produce their goods especially rivals. Nickel (2016) agreed to this by stating that purchase of non-current assets affects the financial performance of a firm in the short run necessitating effective cost control techniques to be put in place in order to increase the financial position of an organisation.

Therefore this research will focus on cost control techniques that may be implemented to improve the financial performance of MBC through delivery of cost efficient services.

2.5.2 Growth

Baron and Tang (2011) eluded that there is a positive correlation between competition and the growth of an organisation and argued that competition results in growth of a business through the creation of partnerships thereby improving the financial performance of an organisation. Buccirossi (2013) defined partnerships as the association of two or more people as partners and Crafts (2015) highlighted that partnering with rivals helps in building a unique product line, this was further supported by Khandker and Koolwal (2013) who suggested that competition is a crucial factor in driving an organization's growth through the creation of alliances with like-minded businesses as this will facilitate the exchange in technology and tools, expand the overall market, cross promote each other's products and collaborate on research to educate consumers thereby expanding the company's' operations.

However Kohn (2013) highlighted that growth of a firm is associated with decrease in staff morale especially if staff can-not cope with the extra work. This results in productivity decline and production of poor quality goods thereby adversely affecting the financial performance of an organisation. Moreover, Gary et al (2013) states that staff turnover may increase due to heavy workloads and employee recruitment is costly to the organisation .In support Mabindisa (2013) highlighted that staff turnover affects the financial performance of an organisation through loss of key personnel, retirement packages and in terms of time during the orientation of new employees. Crafts (2015) supported these thoughts by indicating that there is a negative relationship between growth and the financial performance of an organisation because increased demand may result in compromising of product quality and services causing an increase in customer complaints. The company may even lose customers to competitors thereby adversely affecting the financial performance.

The relationship between financial performance and growth has brought the need to consider the need of being employee focused thus this research will focus on the most effective ways of motivating employees at the same time analyzing its impact on performance of firms in the financial services sector.

2.5.3 Profitability

According to Tan (2016) there is a positive relationship between profitability and the levels of competition in an industry. If a company has monopoly power, this implies that it has less competition thus demand will be inelastic, (Burja (2011). This results will in increased profits through increased prices to consumers, in addition Khandker and Koolwa (2013) forwarded the thought that the objective of companies to improve profits is attained by the production of quality products through adaptation to the competitive environment and this is in agreement with the OECD report (2011) which explained that competition fosters the increase in profitability through provision of quality goods and services as well as meeting the customers' needs which will enhance the financial performance of an organization through increased sales.

On the other hand Huck (2011) highlighted that if the entrance of new entrants in the market is high the profits of a firm will be dwindled due to the decrease in demand. In support academic research by Nickel (2016) indicated that there is a positive relationship between the successes of an industry with entrants of new players which will adversely affect the financial performance. In addition Warren et al (2015) states that profits and direct labour costs are directly related therefore the moment these costs are controlled, they will have a negative impact on productivity and the financial performance. According to Nollkamper (2013) increased profits are associated with an increase in income taxes which adversely affects the financial performance of a company. In addition Murphy et al (2013) and Ray (2011) posited that the managers in organizations with performance related bonuses may recognize fictitious revenue in-order to increase bonuses and window dress financial statements. This adversely affects the financial performance as the organizations will be basing their performance on window dressed information.

These research results seem to confirm the influence of competition on financial performance of an organization, but there is need to also understand the impact which competition will bring on the non financial performance aspects of an organization which this research will also pursue.

2.5.4 Productivity

According to Sotris (2016) competition enhances the financial performance by facilitating that an organisation gets optimum return from labour employed. The CMA report (2015) highlights that competition drives productivity in three main ways that is firstly within firms, competition acts as a disciplining device, placing pressure on the managers of firms to become more efficient, secondly competition ensures that more productive firms increase their market share at the expense of the less productive leading to them exiting the market and to be replaced by higher productivity firms and lastly competition drives firms to innovate, coming up with new products and processes which can lead to step-changes in efficiency.

Productivity is defined as the effectiveness of productive effort, (BPP Learning Media 2012). Maican and Matilda (2015) further explained that positive competition facilitates the development of cost control measures which will facilitate increase in productivity. These measures help an organisation to identify resources that are being wasted and corrective actions are designed to improve the financial performance of an entity (Jang et al 2011).In agreement was Sotris (2016) who eluded that competition enables the management to be cost conscious thus they ensure that maximum returns are gained from the assets employed by an organisation thereby improving productivity. Stiff competition facilitates employees to be resourceful thus they are not wasteful in the use of resources and are efficient in service provision thereby improving financial performance through customer satisfaction.

However, Tajudeen (2015) highlighted that increased productivity with poor cost control techniques adversely affects the financial performance of an organisation, a view which was supported by Akenbor and Agwor (2015) who posited that increased productivity and wastage of resources have a positive linear relationship.. In support, Tajudeen (2015) states that companies with poor cost control techniques will buy more from suppliers than what is expected due to increased productivity and those resources which are not utilized degrade the financial performance. When there are poor cost control techniques, it means the organisation has inadequate supervision of workers thus there is use of resources anyhow without anyone monitoring them thereby adversely affecting the financial performance of an organisation (Akenbor and Agwor 2015).

The research will ascertain how competition has affected the productivity of non manufacturing firms in this case MBC which has not been looked at in the above literature.

2.5.5 Effective Decision Making

Stucke (2013) explained that competition enhances the financial performance of an organization by improving the quality of decisions made regarding the price of products. Current and potential customers are in search of quality products at low prices and competition helps an organization to improve efficiency and effectiveness in service delivery. Akrani (2013) also stated that competition enhances the firm's financial performance by facilitating effective pricing strategies that lure a large pool of customers. Griffin (2016) posited that competition enhances the financial performance of an organization by facilitating prompt response to the target market demands this implies that competition will help an organization to satisfy their target market by producing quality products effectively and efficiently thereby improving an entity's financial performance. Ogden-Barnes (2012) supported this idea by highlighting that better pricing strategies lure a large clientele base which boosts the profit margins.

However Rosenweig (2013) postulated that there is a high probability that decisions which are made due to competition have an adverse impact on the financial performance of an organization because they are short-run decisions thus the organization will fail to craft long term decisions for survival. Icheku (2011) highlighted that companies lack clear criteria for determining the best decisions such that some decisions result in business failure. On another note, Solomon et al (2013) states that product managers are under pressure from the other managers and yet they have incomplete understanding of market competitors thereby resulting in the risk of producing unwanted goods.

However the literature above focused on effective decision making in retail and manufacturing industries and in this case this research would like to focus on service industries and to analyze if the impact between the manufacturing and service sectors is the same.

2.6 Hypothesis

The study hypothesized that as competition increases financial performance increases thus the researcher came up with the following hypothesis;

Ho: There is a positive linear relationship between competition and financial performance.

2.7Chapter Summary

The purpose of this chapter was to bring cross examine and thoroughly review scholarly material concerning the impact of competition on financial performance. The researcher looked critical factors for successful competition adaptation, other factors which affect the financial performance, risks and challenges associated with adaptation to the competitive environment, the impact of PPPs as a mitigating tool against competition and lastly the relationship that exists between competition and the financial performance.

CHAPTER 3: RESEARCH METHODOLOGY

3.0 Introduction

This chapter focuses on the methodology used to assess the financial performance of an organisation in a competitive environment. This chapter highlights and illustrates the research design and the techniques used by the researcher to obtain the relevant information relating to the subject under study. According to Saunders et al (2014) research methodology is defined as the techniques and procedures used by authors in a bid to explain, describe a phenomenon of the area under study. This chapter serves to present ; the research design, descriptive design, the population and sample population of the research, sampling methods used, the type of data used in the research and the research instruments used to collect the data, the type of questions in the research instruments and how the data is presented and analyzed.

3.1 Research Design

According to Creswell (2014) a research design is defined as an overall strategy chosen by the researcher to integrate the different components of a study in a logical way ensuring the effective addressing of the research problem and also serves as a blueprint for the collection, measurement and analysis of data. In support, Burns and Burns (2012: 84) suggest that a research design is merely a framework used by the researcher in the collection and analysis of data. Alzheimer Europe (2013) classifies research designs into four main approaches, namely, quantitative (experimental), qualitative (non-experimental), pragmatic (mixed methods) and advocacy/participatory (emancipatory) approach. This research dwells on three important processes of a research design that were put forward by Bhattacherjee (2012) which are (1) the data collection process, (2) the instrument development process, and (3) the sampling process. This means that the research design is responsible for the logistical arrangement to carry out this study.

The purpose of this research was to investigate the impact of competition on the financial performance of MBC. The researcher subscribed the pragmatic (mixed methods) research design which according to Bhattacherjee (2012) is a combination of quantitative and qualitative research methods through the use of questionnaires, interviews, observations, statistical analysis and surveys. The mixed methods research was adopted due to its ability to effectively exploit the advantages of quantitative and qualitative methods, whilst neutralizing the costs or risks associated with each research method (Grafton and Mahama 2011).

The mixed methods design was used in-order to develop parameters (relevant questions, range of responses) to understand the background meaning of data obtained from quantitative research, to develop a hypothesis for further testing and for qualitative questionnaire development. Observations were analyzed, interpreted and described by the researcher. In addition, the method enables the researcher to gain a complete and comprehensive understanding of the variables under study that is competition and financial position which could not be achieved by using quantitative or qualitative data collection methods alone but a combination of the two.

3.1.1 Descriptive Design

Royse (2011) and Pierson and Thomas (2010) indicated that a descriptive study aims to give a description of occurrences and aims to separate patterns of a group to others. According to Kothari (2014) descriptive studies are conducted to answer the questions who, what, when, where, and how. A descriptive study may use both qualitative and quantitative data although careful observation and analysis is required in descriptive research (Rubin and Babbie 2010). Since descriptive surveys engage the description, recording, analysis and interpretation of condition that exist, it enabled the researcher to collect information concerning the current status of the research with respect to variables or conditions in the situation.

A descriptive research design has been considered to be the best design for this research because it is more analytical, factual, accurate as possible, it provided the overall strategy for aswering the research questions for this study and that the design used questionnaires and interviews as methods of gathering data. In descriptive research the researcher begins with a well-defined subject and conducts research to describe it accurately. Thus these characteristics made a descriptive research more suitable for the study as it aims to relate the impact of competition on financial performance and alternative mitigating factors enhance performance of MBC with the objective of drawing definite conclusions to improve the situation.

3.1.1.1Quantitative Research

This type of research involves collecting and converting data into numerical form to come up with conclusions by analyzing statistically (Alzheimer, 2013).Regression analysis was used to establish the relationship between the two variables, that is competition and financial performance using data from the annual financial statements and managerial accounts. The method addresses unknown parameters and studies the effect of one predictor variable on a dependent variable (Fang, 2013)

According to Ramona (2011) the use of quantitative facts help eradicate biasness and it is associated with surveys which are specific, time saving and comparable thus makes it a perfect way of proving or disproving a hypothesis. Converting interviewees' responses into numerical figures facilitated the application of regression analysis in-order to determine the relationship which exists on the variables being tested by the researcher that is competition and financial performance. Since the researcher used the whole population to collect data, quantitative research facilitated the gathering of precise observations and results as quantitative research generated data in the form of numbers thus it was easier and less time consuming.

3.1.1.2 Qualitative Research

Qualitative research is a type of research which involves "recording, analyzing and attempting to uncover the deeper meaning and importance of human behavior and experience, including conflicting beliefs, behaviors and emotions" (Alzheimer Europe, 2013). This approach to data collection and analysis is methodical and allows for greater flexibility than in quantitative research. According to Explorable (2016) qualitative research relies mainly on the collection of non-numeric qualitative data such as words and pictures (Nisrin, 2015).

On other note, Coolican (2010) stated that data collection may be carried out in several stages rather than once and for all. Researchers will tend to use methods which give participants a certain degree of freedom and permit impulsiveness rather than forcing them to select from a set of pre-determined responses (of which none might be appropriate or accurately describe the participant's thoughts, feelings, attitudes or behavior) and to try to create the right atmosphere to enable people to express themselves.(Alzheimer ,2013) This may mean adopting a less formal and less rigid approach than that used in quantitative research.

The researcher used qualitative research to gather facts and an insight on the impact of forces driving industry competition at MBC, other factors affecting financial performance, risks and challenges associated with adaptation to the competitive environment and the applicability of PPPs as a competition mitigating tool through face to face interviews such that indirect ways to understand feelings, beliefs and attitudes were employed**.** The method was also selected because the researcher was able to dig deeper into the mind of the respondent in order to clearly understand a given phenomena which is the impact of competition on the financial performance of MBC and issues which could not be qualified for example empathy was explored.

3.2 Research Population

According to Hassan (2016), research population is also known as a well-defined collection of individuals or objects known to have similar characteristics. All individuals or objects within certain population usually have a common, binding characteristics or trait. The research population was managers, business partners, employees and the accounting department of MBC.

3.2.1 Target Population and accessible population

Target population is defined as the entire group of individuals or objects to which researchers are interested in generalizing the conclusions (Groves et al 2011) .The target population usually has varying characteristics. Academic literature by Huijan (2014) indicated that accessible population is the population in research to which the researchers can apply their conclusions. The target population comprised of 19(Nineteen) of all employees of MBC (Pvt) Ltd .Table 3.1 below shows the targeted population and the accessible population.

Table 3.1: Target Population and Accessible Population

Respondents	Target Population	Accessible Population
Management	4	4
Business partners	2	2
Employees	10	10
Accounting staff	3	3
Total population	19(100%)	19 (100%)

Source; raw data

3.2.2 Census

According to Zimstat (2012) a census is the procedure of systematically acquiring and recording information about the members of a given population. This is an investigation of 100% of the population from which the researcher wishes to draw conclusions (BPP Learning Media 2012). A census was used because all employees in the sample have the same opportunity to participate and the method yields representative results. The researcher provided questions for all the 19 employees within MBC because of the small population. This ensured that information from every employee within the organization is obtained there by yielding better conclusions.

Table 3.2 Population Census size

Respondents	Population	Census Size	Percentage (%)
Management	4	4	100
Business partners	2	2	100
Employees	10	10	100
Accounting staff	3	3	100
Total population	19	19	100

Source; raw data

The researcher's target population consisted of management staff and employees of MBC. The target population of the research comprised of , four (4) managers, two (2) business partners, three (3) accounting staff and ten(10) employees who have been with the organization for the period understudy and who have knowledge of the subject area. The total population is therefore nineteen (19) as shown above.

3.3 Sources of Data

Data are facts which may or may not be processed and have no direct impact on the user (Hall, 2011: 11). Literature by Bajpa (2011) classified data into two main sources, namely primary data and secondary data.

3.3.1 Primary Data

Primary data refers to data collected by the researcher specifically for purposes of the research (Bajpai, 2011). Similarly, it is data not found in secondary form which will be useful in addressing the study and hence the scholar will have to obtain it personally (Hellen 2013). Primary data was unique and tailor made for the current research as it provided relevant, accurate, timely and sufficient data pertaining to the current study which aided the researcher in making valuable and relevant recommendations and conclusions. In this study, the primary data used by the researcher was the information obtained from the management and employees of MBC through the use of questioners and interviews. The primary data in this instance constituted the raw data collected in the field concerning competition effects on financial performance. The author was confident that the data collected from the samples previously highlighted above facilitated the provision of answers to the research questions and attainment of research objectives.

3.3.2 Secondary Data

According to Clark (2013) secondary data means "information that has been already collected by someone else and is available for you, the researcher." The sources may be either official or unofficial and include a wide variety of textbooks, yearbooks, periodical journals, research reports and gazetteers. In this research, the researcher used secondary data sources which included textbooks, internet, journals and MBC financial statements in pursuit of gathering data to be used in answering some research questions and meeting research objectives and not ignoring to pay attention on the measurement, validity and coverage of data.

3.3.3 Data Research Instruments

Research instruments are methods and tools used by the researcher in the collection of relevant data for the purposes of the study being undertaken (Bryman 2012). In addition

Boman (2012) posited that the research instruments should complement each other in order to address issues of reliability and validity. The researcher made use of interviews and questionnaires in gathering primary data while secondary data was gathered from publications by other scholars and book writers and from the internet.

3.3.4 Questionnaires

Bryman (2012) defined questioners as a standard document that consists of a series of questions and spaces for the respondents to provide their responses. In conformity, Hague et al. (2013) states that the primary purpose of questionnaires is to facilitate the attainment of data from the respondents. Furthermore, the focus should be on how the sample is to be surveyed, either by mail, phone or in person, and developing specific questions that will be used (McLeod 2014). The questionnaires were designed in a logical and understandable way that allowed respondents to reply all the questions, facilitate data analysis and hence helped the researcher achieve the objectives.

The researcher's justification of using questioners includes but is not limited to: time saving, cost effective and collection of more information through the use of a large sample size at a low cost. Hall (2012) highlighted that questionnaires enhance comparison since different views of respondents will be noted on the same question.

3.4 Types of Questions

Questionnaires are restricted to two basic types of questions that is closed ended questions and open ended questions

3.4.1 Open Ended Questions

Emde (2014) defined open ended questions as questions in which respondents are asked to describe issues or state their views and feelings and answers can be given in a textual format. According to Ozuru et al (2013) they allow freedom of expression in conveying views, respondents to clarify views and allows for greater depth of responses although they can be time consuming.

3.4.2 Closed Ended Questions

According to Reja and Vehovar (2010) closed ended questions limit the responded to the set of alternatives being offered express an opinion .A great range of knowledge can be assessed in a short period of time ,however not all objectives can be assessed by means of closed ended questions and concepts and opinions can be clearly explained .Williams (2011) highlighted that little time is required ,no effort in extended time is required ,low cost ,easy to process responses as they are specific ,makes group comparisons easier and reduces variability in analyst’s interpretation

The researcher used closed ended questions since they encouraged a higher response rate due to them not being awkward for respondents to give their responses and the interpretation of results were likely to be accurate as there was a very narrow chance to misinterpret the responses to be categorized.

3.4.3 The Likert Scale

The questionnaires contained closed questions which were answered with the Likert Scale. According to Kumar (2011) a Likert scale is a psychometric scale which is used in constructing questionnaires and the scale clarifies attitudinal values or weight in considering attitude on an issue concerned. The responses range from strongly agreeing, agreeing, uncertain, disagreeing, or strongly disagreeing as illustrated in the table below;

Table 3.3: Likert scale

Response	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Score	1	2	3	4	5

(Source: Bryman 2012**)**

The table 3.2 shows the range of categories on Likert scale in which a respondent can choose or fit in for a particular question. Strauss and Cobin (2012) posited that the Likert Scale provides direct and measurable assessment and a score can easily be administered.

According to Hartley (2014) these scaled questions are easily understood by respondents most of the time because they do not force the participant to take a stand on a particular topic therefore making answering easier for the respondent. In addition, Dawes (2012) highlighted that the responses are easily quantifiable and subjective to computation of some mathematical analysis and are very easy to code when accumulating data since a single number represents the participant's response.

This method is also a quick, efficient and inexpensive method for data collection. However, these types of questions do not give respondents' room to elaborate on a phenomenon thus fails to measure the true attitude of respondents. Faced with such questions, respondents have a tendency of avoiding extreme choices due of the negative implications involved with "extremists", even if an extreme choice would be the most accurate (LaMarca, 2011).

3.4 Interviews

An interview is a process by which the interviewer questions the interviewee a series of questions with the objective of collecting detailed information from the participants about a specific area or set of areas (Kaufmann, 2013). In this regard, the researcher resorted to the use of interviews especially during the time spent awaiting for the responses to fill in the questioners. The use of interviews enabled the researcher to gather information which could not be easily collected by questionnaires. Interviews involve: unstructured and generally open-ended questions which are few in numbers and are intended to elicit views and opinions of the participants (Creswell, 2014). With this regard the researcher resorted to semi-structural, personal, face to face and telephone interviews because they strike a balance between rigidity and flexibility.

The researchers justification for the use of interviews is that the researcher can clarify misunderstandings and there are high chances that the response rate is improved as the researcher will be involved (Bhattacharya 2013). Through interaction with the respondent the researcher gathered in-depth knowledge sharing and hence developed a bigger picture of the phenomena. Interviews helped with the analysis of results and facilitated good networking.

3.5 Reliability and Validity

In this research information was verified for its validity. Kumar (2013) states that for results to be credible they have to be valid and reliable. Reliability is defined as the level to which the visible measure signifies a theoretical concept that is correct and anticipated (Kumar 2013). A pilot study was conducted before the research to verify the reliability and validity Pepper (2012) defines a pilot study as a preliminary investigation intended to collect data to prepare for a large, more definitive study.

The questionnaires and interview questions designed for this research were pretested in the area of study or an area similar to the study area so that any ambiguities in research instruments could be identified and adjustments be made if necessary. The questionnaires and interview questions were tested by from 10 respondents by checking for respondents understanding of questions asked and cross reference the comprehension to see if all respondents understood the same things from the questionnaire.

3.5.1 Reliability

Noble and Smith (2014) defined data reliability as the extent to which a measure ,indicator or method of data collected possesses the quality of being sound or true as far as can be judged. Reliability is the degree by which different researchers studying same area, uniform working framework are able to come up with similar findings. Bryman and Bell, (2011) asserts that reliability is concerned with consistence and dependability of a measuring instrument as it indicates the degree to which it gives the same answers over time, across similar groups, irrespective of who administers it. The questionnaire was tested for reliability during the pilot testing phase of the study by checking for respondents understanding of questions asked and then cross references the comprehension to see if all respondents understood the same things from the questionnaire. The choice of a structured questionnaire was also a way to ensure reliability of the research instruments. All observations and interviews were carried out by the researcher to ensure instrument reliability. The interview guide was used to give structure to the interviews. Results from observations were cross checked with results from questionnaires to check if the same responses were revealed from different instruments.

3.5.2 Validity

Information collected through the research tools helped in answering the chapter one research questions. According to Markon et al (2011) validity are the inferences made regarding cause and effect relationships. It is concerned with whether the research findings may be equally applicable to other research settings. The researcher ensured external validity of research findings by ensuring that the population demographic indicators in the sample were representative of the characteristics of the population to whom the findings will be generalized and applied. The use of multiple research instruments helped to maintain the content validity through the cross referencing of results of one instrument to another (Silverman 2016).

3.6 Ethical Considerations

Hammersley and Traianou (2012) defined ethics as the standard and behavior expected of a group as per the group's code of professional conduct. Mainly, this is the right and wrong principle that guides researchers. Miller et al (2012) explained that in any research that involves people the researcher ought to study the rights of the subjects. Examples include equality, integrity, the need for discretion and respecting the dignity of individuals. The following ethical principles were adhered to:

3.6.1 Informed Consent

The researcher made sure that all participants were knowledgeable about the research before they decided to take part. This included an explanation on the purpose of the research, procedures to be followed during the research process and the reason why the subjects were chosen to participate in the research (Resnik 2011).Guarantee was given to the participants of their rights and obligations during the course of the project without any discrimination or oppression.

3.6.2 Confidentiality

The respondents/participants were assured that their responses would be treated in the strictest of confidence and the information collected would not be used against the respondents without their approval (Markon et al, 2011). The information gathered was to be used mainly for purposes of this research.

3.6.3 Privacy/Autonomy/Self determination.

According to Ferreire (2015) the respondents were guaranteed of their right to privacy and that their participation was out of will without any terror or coercion. The respondents reserved the right to remain nameless if they so wished.

3.6.4 The Right to On-participation

Respondents had the right to reject to participate; either in full or partial and no payback action would be taken against them (Miller et al, 2011).

3.7 Data Presentation and Analysis

In data presentation tables were used. Data was explained in a descriptive way and analyzed using measures of central tendency. Kumar (2011) indicated that data presentation and analysis involves decreasing gathered data into a convenient size, formulating summaries. The questionnaires from the respondents were coded by the researcher. Microsoft Excel was used to tabulate data for easy analysis through the use of tables for easier analysis, comparison and interpretation. Frequencies and percentages are the other statistical principles which were used in the interpretation of data. The regression analysis model used financial performance as the dependent variable of the research and competition was the independent variable. The following is the formula which used to determine the relationship between the variables

Y = A+Bx where Y is the dependent variable (financial performance)

X is the independent variable (competition)

B is the slope of the line

A is the y Intercept

$$b = \frac{n\sum xy - \sum x * \sum y}{n\sum x^2 - (\sum x)^2} \quad \text{and} \quad a = \frac{\sum y - b\sum x}{n}$$

Source: Seber and Lee (2012

Pearson's' correlation coefficient is one of the statistical measures that are used to measure the degree of relationship between two linearly related variables (Seber and Lee,2012). The correlation coefficient is represented by (R) and ranges from positive (+) 1 to negative (-) 1 where +1 represents a perfectly strong positive relationship and -1 represents a perfectly strong negative relationship; 0 represents no relationship at

$$R = \frac{n\sum xy - (\sum x * \sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2] * [n\sum y^2 - (\sum y)^2]}}$$

The researcher used SPSS statistics to check for linearity, interpret different scatter plots and to transform data.

3.8 Chapter Summary

In this chapter an outline of research design, descriptive design, research population, research sample, research method, instruments used in data collection and ethical considerations was given and concluded with discussion of data presentation and analysis.

CHAPTER 4: DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter intends to present and analyze the collected data by way of questionnaires and interviews which were designed in line with the objectives of the study. It presents data in form of tables and charts, describing, analyzing as well as interpreting the data to derive a meaning. The analysis of data was done using statistical package for social sciences (SPSS). Each independent variable was analyzed separately to bring out the influence of various aspects with regards to the influence of competition on the financial performance of MBC. The research instruments were designed in line with the objectives of the study. To enhance quality of data obtained, structured and unstructured types of questions were included.

4.1 Data Collected By Way Of Questionnaires

Data was collected using questionnaires and interviews and results are presented below starting with the response rate.

4.1.1 Questionnaire Response Rate

Questionnaires were used to gather primary data for the research. According to Yasemin, (2012) response rate is defined as the extent to which the final data set includes all sample members and is calculated from the number of people with whom interviews were completed divided by total number of people in the entire sample. Of the nineteen questionnaires that were administered, eighteen of them were responded to and returned which gave a response rate of 95%. This is summarized in table 4.1.

Table 4.1 Response Rates of Questionnaires

Questionnaires Distributed	Questionnaires returned	Response rate
19	18	95%

Source: Survey March 2017

Cooper and Schneider (2013) explained that 70% response rate is reliable and comparing that to the realized response rate of 95% as reflected in the table above the attained position was impressive because a census was used in data collection since all the employees had the same opportunity to participate and the method is associated with representative results. The researcher administered the questionnaires personally to the management and employees of MBC. Only a single questionnaire was not returned due to the respondent not being available to complete the issued questionnaire and with persistent follow-ups there were no positive response from the individual however the response rate demonstrates a willingness of the respondents to partake in the study.

4.2 Influence of Critical Competition Success Factors on Industrial Competition

The question sought to establish the influence of porter's five forces on competition in the industry as shown in **Table 4.2**

Factors	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total	Mode	Overall Sentiment
Rivalry	13	2	0	1	2	18	13	Strongly agree
	72%	11%	0%	6%	11%	100%	72%	Strongly Agree
Threat of substitutes	3	3	1	5	6	18	6	Strongly disagree
	17%	17%	6%	28%	32%	100%	32%	Strongly disagree
Threat of new entrants	5	6	0	4	3	18	6	Agree
	28%	33%	0%	22%	17%	100%	33%	Agree
Bargaining power of buyers	5	4	1	2	6	18	6	Strongly disagree
	28%	22%	6%	11%	33%	100%	33%	Strongly disagree
Bargaining power of suppliers	15	2	1	0	0	18	15	Strongly agree
	83%	11%	6%	0%	0%	100%	83%	Strongly agree

Source: raw data

4.2.1Rivalry amongst existing firms

13 out of 18 (72%) strongly agreed, 2 out of 18(11%) agreed, none were uncertain, 1 out of 18 (6%) disagreed and 2 out of 18 (11%) strongly disagreed that rivalry amongst existing firms influenced the degree of industrial communication. A mean of 7.75 and a standard deviation of 7.06 were obtained indicative that there is a high concentration of observations with less dispersion from the mean. The responses are also skewed towards the "strongly agreement" which concur to the modal class of strongly agreeing (13 out of 18 respondents)

These results implied that a greater percentage agreed that rivalry amongst existing firms is a factor which influenced the degree of industrial competition. Academic literature by Njambi (2015) and Wilkinson (2013) highlighted that one of the forces that drive the degree of industrial competition is rivalry as it put pressure on the activities of the organisation and limit each other's profit potential. From the responses above the researcher deduced the company was experiencing rivalry from well established companies such as Earnest and Young thus the degree of competition intensified. Propositions by Wahlen (2014) indicated that rivalry amongst existing firms is one of the most dominant and destructive forces that influence the degree of competition in an industry through exerting a downward pressure on prices amplified innovation and increased service enhancement.

Cumulatively those in disagreement were 3 out of 18 respondents (33%) representing the outlier responses who were not familiar with the concept. Those who disagreed concurs to the views of David (2011) in literature who explained that continuous employee improvement is a critical success factor for organizations since some employees are not familiar with the activities in a business environment for adapting into the competitive environment as it equips the employees with strategic planning skills and adaptation skills which includes ability to accept change in the working environment.

4.2.2Threat of Substitute Products

17% of the respondents representing (3 out of 18) agreed with a further 17% (3 out of 18) respondents strongly agreeing, a further 6% (1out of 18) was neutral whilst 28% (5out of 18) disagreed and 32%(6out of 18) strongly disagreed that the treat of substitute products influences the degree of industrial competition. The modal class for the whole population was 'strongly disagreed' class with a frequency of 32% (6 out18) .This is also supported by a mean of 12.4 and a standard deviation of 10 indicating that data is substantially skewed to the disagreement section.

Comprehensively those in agreement that the threat of substitute products affected the degree of industrial competition were 6 out of 18 (33%) respondents although a large percentage of respondents were skewed to the disagreement side. This is supported in literature by Pringle (2011) that there are positive and negative perceptions regarding the threat of substitute products since the industry in which any organisation operates plays a pivotal role. Thompson et al (2012) highlighted that the threat of substitute products determines the degree of industrial competition by placing a ceiling on the prices that firms in a particular industry can profitably.

The respondents who disagreed that the threat of substitute products affected the degree of industrial competition totaled 11 out of 18 (61%) which concurs to the thoughts of Noronho and Kulkurni (2012) that the accounting services industry will never be replaced by the development of accounting software such as Sage Pastel because accountants take more active roles and offer more insights into business finances which is inapplicable by using software only. This implies that the threat of substitute products does not influence the degree of competition in an industry.

1 out of 18 respondents (6%) who remained indifferent on the effect of the threat of substitute products on industrial competition and is supported in literature by Njambi (2015) who

explained that there is uncertainty on the effect of the threat of substitute products since companies operate in different industries and some of the industries do not have any substitute products.

4.2.3Threat to New Entrants

6out of 18 (33%) respondents agreed with a further 5out of 18 respondents (28%) strongly agreeing that the threat of new entrants influenced the level of industrial competition making a total percentage of those in agreement of 61%. 4out of 18(22%) disagree with the norm leaving 3out of 18(17%) strongly disagreeing with this view. The mean of 9.6 and standard deviation of 4.3 was obtained indicating that there is a moderately wide dispersion of the observation from the mean and explains that the majority of respondents are aware on the existence of this force in the macro- economic environment.

The modal class 'agree' is in line with academic research by Njambi (2015) who highlighted that high unemployment rates in developing countries has led to the emergence of competitors in the industry operating as sole traders. In agreement, Grant (2010) suggested that the threat of new entrant promulgated the level of industrial competition because new entrants affected the pricing strategy of incumbent companies in the industry.

No respondents were uncertain that the threat of new entrants influenced the degree of industrial competition, a view which concurred to the thoughts of Mwangi (2013) who reiterated that due to the economic challenges in most developing countries and non existence of barriers to entry, most industries are experiencing the threat of new entrants.

The summation of those in disagreement was 7 out 18 (39%).This indicates that to some extent the threat of new entrants does not influence competition. Literature by Dulcic et al (2012) indicated that most industries are characterized by establishment costs thus the threat of new entrants is less significant as possible new entrants incur capital challenges.

4.2.4Bargaining Power of Buyers

Data in Table 4.2 shows that 4out of 18(22%) agreed with a further 5out of 18 (28%) strongly agreeing to this view. In addition 1out of 18 (6%) was not sure on the influence of the bargaining power of buyers on industry competition whilst 2out of 18 (11%) disagreed and a further 6 out of 18 respondents (33%) strongly disagreeing.

The modal class ‘strongly disagree’ supported by a mean of 10.8 and a standard deviation of 9.8 indicate that there is equal positive and negative sentiments on the influence of the bargaining power of buyers on competition. The population in agreement that the bargaining power of buyers influences the degree of industrial competition was 50% (9 out of 18) and this justifies research by Muriuki (2013) that the bargaining power of customers in the accounting services industry is very high as they demand financial statements that are accurate, free from error and faithfully represented at a reasonable price. Chipotle (2011) advanced in literature by highlighting that if the price for accounting services is too great, customers will unquestionably leave and venture to other segments

In aggregate those in disagreement that the bargaining power of buyers influence the degree of industrial competition were 8 out of 18 (44%) .Literature by Simister (2011) states that effective product differentiation will create buyer preference within a product category because it helps a product to stand out thereby reducing the bargaining power of customers thereby eliminating the bargaining power of customers.

Furthermore the neutral respondent contributing 6 % of the overall responses concurs to the academic literature Jeffries (2012) that little is known on the impact of bargaining power of buyers on industrial competition since it is dependent on the products offered by an organisation.

4.2.5Bargaining Power of Suppliers

15out of 18 (83%) strongly agreed that the bargaining power of suppliers influenced the degree of industrial competition, 2out of 18(11%) agreed whilst 1out of 18 respondents (6%) remained impartial. The mean of 4.4 and a standard deviation of 5.5 indicated a less dispersion from the mean and the data was skewed to the right.

The modal class ‘strongly agree’ with a response rate of 15 out of 18 (83%) correspond with Minov (2014) who explained that if there are no close substitutes the bargaining power of suppliers is high and in the accounting services industry there are no substitutes for accounting software thus the bargaining power influences the level of industrial competition.

The respondent who was uncertain is supported in literature Dalken (2014) who indicated that certain considerations should be noted when adapting to the bargaining power of suppliers because of technological changes which have significantly reduced the length of time a product has between its formation and its market development,

4.3 Other factors which affect financial performance of an organisation?

The question sought to establish the other factors which affect the financial performance of an organisation either negatively or positively as shown in table 4.3

Table 4.3 Other factors which affect the financial performance

Factors	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total	Mode	Overall Sentiment
Firm size	13	2	0	1	2	18	13	Strongly agree
	72%	11%	0%	6%	11%	100%	72%	Strongly Agree
Employee	10	8	0	0	0	18	9	Strongly

motivation								agree
	56%	44%	0%	0%	0%	100%	50%	Strongly agree
Firm's age	5	6	0	4	3	18	6	Agree
	28%	33%	0%	22%	17%	100%	33%	Agree
Organisational structure	5	8	1	2	2	18	8	Agree
	28%	44%	6%	11%	11%	100%	44%	Agree
Growth of the firm	15	2	1	0	0	18	15	Strongly agree
	83%	11%	6%	0%	0%	100%	83%	Strongly agree

Source: raw data

4.3.1Firm Size

The researcher wanted to assess if firm size had an effect on the financial performance of MBC. From the table above, the responses reviewed that 13out of 18(72%) strongly agreed, 2out of 18(11%) agreed, 1out of 18(6%) disagreed and further 11% (2 out of18) strongly disagreed that firm size had an effect on the financial performance. The modal class is "strongly agree". This is supported by a mean of 6,2 and a standard deviation of 4,6 indicating a high concentration of observation which expresses less dispersion from the mean indicating the greater percentage of response who agreed that firm size affect the financial performance.

These results conform to Niresh and Velnampy (2014) who eluded that the size of the firm positively influenced cash flows and the profitability of an organization through economies of scale advantages. Dogan (2013) advanced in literature by eluding that big firms have the capability to generate profits for the long term compared to smaller firms with weaker financial muscles.

The remaining 3 out of 18 which is less than 50% of the total population disagreed that firm size affected the financial performance of an organization and this is supported in literature by Pervan (2012) that the profitability of an organization can be influenced by the negotiating power with the suppliers regardless of firm size thus improve the financial performance.

The respondents are sure that firm size affects the financial performance of MBC but surprisingly losses are occurring and this have adversely impacted on the financial performance of the organization.

4.3.2 Employee Motivation

8 out of 18 respondents (44%) agreed with a further 10 out of 18 (56%) strongly agreeing that employee motivation had an effect on financial performance. The modal response rate was the strongly ageing class of 56%.A mean of 5, 2 and a standard deviation of 6.6 implying that the distribution of the data is right skewed concurs to literature by Ros and Van Eeden (2013) on their study of a South African marketing research company and a positive linear relationship was observed between motivation and the financial performance of an organization. Justification was that employees level of activity and power plays a pivotal role in the attainment of profits by an organization.

The standard deviation of 6.6 shows a high concentration of observation from the central values thus increasing confidence in the reliability of the central value .This showed that the entire population agreed that employee motivation affected the financial performance within

MBC. Academic research by Burton (2012) suggested that highly motivated workforce practice team work which facilitates the attainment of set targets. In addition Njambi (2014) eluded that when workers are treated as important assets the operational performance of an organization positively increases.

4.3.3Firm's age

This was an inquiry on whether firms' age had an effect on financial performance. The results are tabulated in table 4.3 above and 6 out of 18 (33%) respondents agreed that the age of a firm had an impact on financial performance, with a further 5 out of 18 (28%) respondents strongly agreeing, 4 out of 18 respondents (22%) disagreed and 3 out of 18 respondents (17%) strongly disagreed to this view. The modal class "agree" with 33% responses was observed. A mean of 9.6 and a standard deviation of 6, 2 indicated a wide dispersion from the mean implying a moderate variation of results. Literature by Vijayakumar (2011) eluded that there is equal and negative perceptions on the effect of firm age on the financial performance of an organization.

Respondents in agreement that firm age affected the financial performance of an organization concurs to Vijayakumar (2011) who postulated that there is a positive relationship between firm age and financial performance as younger firms tend to be more innovative and goal oriented as compared to older firms which are rigid in decision making. On the same note, Llaboya (2016) explained that the financial performance of an organization improves with age due to the experience and knowledge gained over the years.

39% (7out of 18) respondents who disputed that firm age had an effect on financial performance justified research by Yassin (2012) who indicated that there is no significant effect between firm age and financial performance as older firms may benefit from reputation effects to the expense of younger firms. At the same time younger firms tend to have new ideas and survival strategies thus there is no significant effect of firm age and financial performance.

No respondents were uncertain that firm size had an effect on financial performance and findings by Margarettha and Supartika (2016) highlighted that firm age had no significant influence and Dogan (2013) furthered the research by indicating that statistically, there is no relationship between the number of employees in an organization and the profitability.

4.3.4Organisational structure

Data in table4.3 indicated that 5 out of 18 respondents (28%) strongly agreed that organizational structure affected the financial performance of an organization, with a further 8 out of 18 respondents (44%) agreeing, 1 out of 18 respondents (6%) was uncertain, 2 out of 18 respondents (11%) disagreed and 2 out of 18 respondents (11%) strongly disagreed that organizational structure had an effect on financial performance.

The mean of 7.6 and a standard deviation of 4.8 showed a wide dispersion of results from the mean implying that there is a wide variation in the results obtained. Studies by Qingmin et al. (2012) on Australian and Chinese companies highlighted that there were mixed feelings on the impact of organizational structure. Justification of the research from the senior management was that organizational structure facilitated increased innovation, at the same time younger firms advocated that no success is attached to the organizational structure but the leadership style played a pivotal role.

The modal class ‘agree’ of 8 out 18 respondents (44%) harmonized with the views of Hezek (2013) that the organisational structure led to improved capabilities through the creation of a friendly environment which endorsed for employee input in decision making. Maduenyi

(2015) supported the notion by highlighting that organisational structure leads to improved capabilities which positively affects the financial performance of an organization.

The respondent who was neutral, 1 out of 18 (6%) that organizational structure affect6ed financial performance concurred to the thoughts of Malik(2013)who eluded that the effect of organisational structure is influenced by the management style in place at a certain time thus it is liable to variation

The aggregate of those conflicted with the view that organisational structure had an effect on financial performance was 4 out of 18 (22%).According to Lester (2013) organizational structure does not affect the financial performance but the management style and the organizational culture plays a pivotal role since the organisational structure is as a result of afore mentioned factors

4.3.5Firm Growth

15 out of 18 respondents (83%) strongly agreed that firm growth affected financial performance, 2 out 18 respondents (11%) agreed and 1 out of 18 respondents (6%) were uncertain on the effect of firm size on the financial performance of an organization. Furthermore, a mean of 4, 4 and a standard deviation of 5.5 was obtained. The standard deviation results showed that most of the respondents agreed that firm growth affected the financial performance at MBC.

The modal class “strongly agree” was observed with a response rate was 83% (15out of 18) which concurs to academic research by Margarettha (2016) that firm growth significantly affects profitability, a view which was supported by Yazdanfar and Ohman (2015) who eluded that growth facilitates stronger industry affiliation which enables management to gain control over input access. The standard of product quality will be improved thereby boosting the financial performance through increased customer satisfaction.

The respondent who was neutral was supported in literature by Jang and Park (2011) who eluded that the relationship between firm growth and financial performance is inconclusive and their justification was that firm growth had a negative impact on profitability

None of the respondents objected that firm growth affected the financial performance which indicated that the respondents were familiar with the effect growth on profitability.

4.4 Challenges Encountered In Adapting To a Competitive Environment

The question sought to analyze the challenges faced when adapting to a competitive environment.

Table 4.4 Challenges encountered in adapting to competition

Factors	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total	Mode	Overall Sentiment
Labour turnover	10	8	0	0	0	18	10	Strongly agree
	56%	44%	0%	6%	11%	100%	72%	Strongly Agree
Insufficient knowledge	7	3	3	2	3	18	3	Strongly agree
	39%	17%	17%	11%	16%	100%	39%	Strongly agree
Business failure	5	6	0	4	3	18	6	Agree
	28%	33%	0%	22%	17%	100%	33%	Agree
Lack of managerial	9	9	0	0	0	18	9	Agree

support								
	50%	50%	0%	0%	0%	100%	50%	Agree

Source: raw data

4.4.1Labour Turnover

The question assisted in gaining an insight on whether adapting to the competitive environment resulted in labour turnover. Results from the census reviewed that 8 out of 18 respondents (44%) agreed with a further 10 out of 18 respondents (56%) substantiating the result by strongly agreeing to this view. A mean of 5, 2 and a standard deviation of 6, 6 was obtained indicating a high concentration of observation about the mean.

This is supported by a modal class “strongly agree” of 56% which was indicative that respondents were aware that adapting to the competitive environment was associated with labor turnover .According to Waldman (2015) efforts by management to adapt to the competitive environment result in the loss of key personnel who leave for greener pastures and the injection of new blood into the organization. Vladimir (2011) advanced in literature and highlighted that the recruitment of new staff into the organization is associated with the introduction of new skills and ideas which results in the attainment of the organisational set goals and objectives.

4.4.2Insufficient Knowledge

From table 4.4 above7 out of 18 respondents (38%) strongly agreed that insufficient knowledge was a barrier to successful adaptation to the competitive environment with a further 3 out of 18 respondents (17%) substantiating the results by agreeing, a further 3 out of 18 respondents (17%) were uncertain, 2 out of 18 respondents (11%) disagreed and 3 out of 18 respondents strongly disagreed that insufficient knowledge was a challenge faced in adapting to the competitive environment. Furthermore a mean of 9 and a standard deviation of 3 were obtained which indicated a wide dispersion from the mean. This showed that a great percentage was in disagreement that insufficient knowledge was a challenge in adaptation to the competitive environment although the modal class strongly agreed.

In aggregate those in agreement that insufficient knowledge was a challenge faced in the adaptation to the competitive environment were 10 out of 18 (55%) which is supported in literature by Jacobsen (2013) who explained that employees do no appreciate the strategies that are implemented to adapt to the competitive environment thus they remain ignorant on adaptation strategies .

To add on, a summation of 5 out of 18 respondents (28%) respondents disagreed that insufficient knowledge is a barrier to adaptation to the competitive environment, a view which corresponded to Sizeka (2012) that competition is a broad subject thus the organisational culture should advocate for employee training programs.

On another view point Yasemin, (2012) pointed that the challenge of insufficient knowledge is questionable due to the dynamic environment thus most workers are educated although the levels of qualifications vary. These views supported the respondents who remained impartial that insufficient knowledge was a challenge in adaptation to the competitive environment.

4.4.3Business Failure

5 out of 18 respondents (28%) strongly agreed that adapting to the competitive environment was associated with business failure, 6 out of 18 (33%) respondents agreed, 4 out of 18 respondents (22%) disagreed and 3 out of 18 respondents (17%) strongly disagreed to the above views. A mean of 9,6 and a standard deviation of 6.2 showed a moderately wide dispersion from the mean indicating that most responses were aware that adaptation to then competitive environment led to business failure.

A modal class of 6 out of 18 (33%) in agreement affirms that adapting to the competitive environment is associated with business failure, a view which was supported by Sibanda (2014) who posited that most management are aware of strategies to adapt into the competitive environment but are reluctant to apply them thereby resulting in business failure.

However 7 out of 18 respondents (39%) jointly disagreed that adapting to the competitive environment is associated with business failure. To support the notion, Miles (2011) highlighted that adapting to the competitive environment is guaranteed to result in business success provided that the adaptation strategies are implemented effectively.

4.4.4Lack of Managerial Support

9 out of 18 respondents (50%) approved that lack of managerial support is a barrier to adapting to the competitive environment with a further 50% (9 out of 18) respondents strongly agreeing to this view. None of the respondents neither disagreed nor strongly agreed. The results are positively skewed indicating that lack of managerial support is a challenge in adapting to the competitive environment. A mean of 5.4 and a standard deviation of 7.2 indicated that majority of the respondents were aware that lack of managerial support was a challenge associated with adapting to the competitive environment.

According to Zott et al (2011) management perceive adaptation to the competitive environment as a costly exercise thus ignore efforts by employees to adapt to the competitive environment. In support, Kohn (2013) highlighted that management main goal is cost containment and yet adaptation to the competitive environment requires a flexible budget thus lack of managerial support remain a major challenge. The researcher concluded that lack of managerial support is a barrier to adapting to the competitive environment

4.5 Mitigating factors of PPPs against competition

Table 4.5 Possible Mitigating Factor of PPPs against Competition

Factors	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total	Mode	Overall Sentiment
Cost efficiencies	4	3	10	1	0	18	10	Uncertain
	22%	33%	55%	11%	0%	100%	55%	Uncertain
Early appraisal of risks	0	6	2	5	5	18	6	Agree
	0%	33%	11%	28%	28%	100%	33%	Agree
Capacity building programmes	9	6	3	0	0	18	9	Strongly agree
	50%	33%	17%	0%	0%	100%	50%	Agree
Improved response to market forces	3	2	3	4	6	18	9	Strongly disagree
	17%	11%	17%	0%	0%	100%	50%	Strongly disagree

Figure 4.12 Possible PPPs mitigating factors against competition

4.5.1Cost Efficiencies

The question intended to investigate whether PPPs would result in cost efficiencies and results from table 4.5 indicated that 4 out of 18 respondents (22%) strongly agreed, 3 out of 18 respondents (17%) agreed, 10 out 18 respondents (55%) were uncertain and 1 out 18 respondents disagreed (5 %) that PPPs resulted in cost efficiencies, A mean of 8.8 and a standard deviation of 10.77 was obtained which showed a less deviation from the mean thus implying ales variation in the results given

The modal response rate was uncertain with a percentage of 55.This concurs to the thoughts of Hussain(2012) who highlighted that most people are unaware of the benefits associated with private public partnerships such that awareness programmes should be implemented. This concludes to the fact many people lack awareness on the subject of PPPs and their benefits.

The population in agreement corresponds to literature by Bracey and Moldovan (2015) who reiterated that PPPs facilitate the sharing of skill thus there are no wastages of resources. The private partner manages complex financial arrangements as well as highly technical skills more efficiently by using innovative skills thereby resulting in cost efficiencies. (Meidute and Paliulis, 2011)

4.5.2Early Appraisal of Risks

6 out of 18 respondents (33%) agreed that PPPs result in early appraisal of risks, a view which harmonizes to the thoughts of lossa (2012) who explained that the financial alliance between the government and the private sector promotes a wide spread in decision making thus they will be able to assess risks associated with a project in the early stages. Out of the 18 respondents, 2 were not sure (11%), 5 out of respondents disagreed (28%) and 5 out 18 respondents (28%) strongly disagreed to this view. The modal class was ‘agree’ with a percentage of 33%.

Inclusively 10 out of 18 respondents disagreed to this view. According to Eustace (2013) many governments lack adequate regulation environment such that there is poor monitoring and evaluation of projects thus risks are not recognized early.

The respondents who were impartial were supported in literature by Jakutyte (2012) who speculated that PPPs are a trendy politics thus their success is dependent on the ruling party during that era.

4.5.3Capacity Building Programmes

The results gathered reviewed that 9 out of 18 respondents (50%) strongly agreed, 6 out of 18 respondents (33%) agreed and 3 out of 18 (33%) respondents were not sure whether PPPs provided capacity building programmes.

Inclusively those who agreed to this view were 15 out of 18 (83%).According to Zuzana and Jaroslava (2013) PPPs help companies mitigate competition through the development of capacity building programmes which advocate for increased efficiency and knowledge of changes in the macro- economic environment. These programmes improve awareness on adaptation strategies to competitor activities (lossa and Martimort 2012).

The impartial respondents correspond to the thoughts of Jakutyte (2012) that the true capabilities of PPPs have not been observed yet as it takes time to recognize the full influence of each PPP.

4.5.4Improved Response to Market Forces

2 out of 18 respondents agreed(11%) , 3 out of 18 respondents strongly agreed (17%), 3 out of 18 respondents (17%) were not sure , 4 out of 18 respondents (22%) disagreed and a further 6 out of 18 respondents (33%) strongly disagreed that PPPs resulted in improved response to market forces. The modal response rate was 33% which strongly disagreed to this view, Renda and Schrefler (2013) concurred by highlighting that the financial sector was mainly affected with the economic depression decade ending 2009 leaving the system

dilapidated except for a few privately run institutions thus reforms are urgently needed to a turnaround .

The respondents who agreed that PPPs improve response to market forces are supported by the thoughts of Hussain et al (2011) who eluded that the general acknowledgement PPP's, they have become the engine of growth for the economy characterized with fund mobilization, infrastructural development, obtaining of more value for money and when correctly implemented they produce reduced life-cycle costs, improved service quality and additional revenue streams. These factors when applied correctly facilitate improved response to market forces.

On a differing tone, Meidute and Paliulis (2011) highlighted that the PPP environment is not yet developed in most third world countries and efforts are in place by these countries for example Zimbabwe so as to reap the full benefits of PPPs.

4.6 The Impact of Entrance of New Competitors in the Market

The question sought to investigate the effects of competition to an organization.

Table 4.6 Impact of entrance of new competitors in the market

Factors	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total	Mode	Overall Sentiment
Increase in product Quality	9	9	0	0	0	18	9	Agree
	50%	50%	0%	0%	0%	100%	50%	Agree
Growth	0	7	5	6	0	18	7	Agree
	0%	39%	28%	33%	0%	100%	33%	Agree
Increase in profitability	5	8	2	3	0	18	8	Agree
	28%	44%	11%	17%	0%	100%	44%	Agree

Increase in productivity	9	7	2	0	0	18	9	Strongly agree
	50%	39%	11%	0%	0%	100%	50%	Strongly agree
Effective decision making	7	9	1	1	0	50%	9	Agree
	39%%	50%%	6%	5%	0%	100%	50%	Agree

Source: Raw data

4.6.1 Product Quality

Data from the above table indicate that 9 out of 18 respondents (50%) agreed with a further 50% (9 out of 18 respondents) strongly agreeing to this view. The results are indicative that competition in the market results in increased product quality, a view which was supported by Marx (2013) who postulated that competition is guaranteed to increase product quality through increase in quality management by comparing against rivals implying that an improvement in the product quality will lure more customers thereby enhancing the financial position of an organization. Conclusively it can be noted that an increase in product quality due to competition positively affects the financial performance of an organization through increased demand.

4.6.2Growth

Results from the research indicated that 7 out of 18 respondents (39%) agreed, 5out of 18respondents (28%) were neutral and a further 33% (6 out 18 respondents) disagreed that competition resulted in growth. The modal response rate was 39%“agreed” which concurs to the thoughts of Baron and Tang (2011) who eluded that there is a positive correlation between competition and the growth of an organization. Their argument was that competition resulted in growth of a business through the creation of partnerships thereby improving the financial performance of an organization.

5 out of 18 respondents (28%) who were uncertain justify research by Van Reenen(2010) who argued that there is mixed feelings on the impact of competition on growth as the performance of an industry may lure more players thereby hindering growth through the threat of new entrants. To support the notion, the dominant school of thought in growth theory highlighted that competition retarded growth through the depression of profits that were an incentive to invest in research and development

The percentage of those who disagreed concurs to the thoughts of Margarettha and Supartika(2016) who highlighted that there has been little agreement on the relationship that exist between firm growth and competition. In conclusion it can be noted that competition results in the creation of partnerships thereby resulting in growth through the sharing of expertise and financial resources.

4.6.3Increase in Profitability

From the statistics above, 8 out of 18 respondents (44%) agreed that competition resulted in an increase in profitability with a further 39% (5 out of 18 respondents) strongly agreeing to these sentiments. In addition 2 out of 18 respondents (11%) were neutral with a further 3 out of 18 respondents (17%) disagreeing that competition resulted in increased profitability. The modal class was ‘agree’ with a percentage of 44%.

Inclusively13 out of 18 respondents (72%) agreed that profits increased due to competition, a view which was supported by Burja (2011) who highlighted that if an organization has monopoly power, demand will be inelastic thus an organization tends to be profitable due to an increase in prices. In addition OECD report (2011) further explained that competition fosters the increase in profitability through provision of quality goods and services as well as meeting the customers' needs which enhance the financial performance of an organization through increased sales.

Out of the 18 respondents 2 of them argued that competition does not result in increased profitability. Nollkamper (2013) highlighted that competition does not warranty an increase in profits as failure to apply proper survival strategies in a competitive environment result in losses to a company.

The neutral respondents were supported in literature by Tan (2016) who highlighted that profitability is dependent on the employee motivation and management's innovativeness. These factors affect the profitability levels in a competitive environment.

4.6.4Increase in productivity

According to Figure 4.11 50 % of the population (9out of 18) strongly agreed that competition resulted in increase in productivity, 7 out of 18 respondents agreed (39%) and 2 out of 18 respondents (11%) were uncertain with regards to this view. Inclusively 16 out of 18 respondents agreed that competition resulted in an increase in production. According to Van Reenen (2010) increase in competition provided a large and continual boost to the productivity of an organization. Maican and Matilda (2015) further explained that positive competition facilitates the development of cost control measures which will facilitate increase in productivity and the higher the level of productivity, the more profitable a company becomes.

Academic research by Ondrej (2012) supported the neutral respondents (11%) by indicating that the increased productivity is determined by the cost control techniques adopted by an organization.

4.6.5Effective Decision Making

The question sought to determine whether there is a relationship between competition and effective decision making. According to Table 4.6 above 9 out of 18 respondents (50%) agreed, a further 7 out of 18 respondents (39%) strongly agreed 1 respondent (6%) was not certain that there is a positive correlation between competition and effective decision making. From the results the modal class agreed with 50% which is indicative that most people concurred that competition increased decision making, a view which was supported in literature by Stucke (2013) that competition facilitates prompt response to competitor activities thus effective decisions are made through crisis management. Studies by Griffin (2016) posited that competition facilitated prompt response to the target market demands thereby enhancing the decision making process.

The impartial respondents concur to the thoughts by Bushman (2013) who highlighted that despite the effect of competition on the financial performance ,the result is determined by the financial muscles of the organization to execute those strategic decisions .

4.7 Relationship between Competition and Financial Performance

4.7.1 Competition

Based on the work of Magretta (2013) the intensity of industrial competition was measured using the following competitive dimensions: rivalry amongst existing firms, threat of new entrants, and threat of substitute products, bargaining power of buyers and the bargaining power of suppliers. Respondents were asked to assess these factors using the Likert scale. Therefore market competition is the degree of competition faced by a company on each of the factors measured earlier. However market competition was scored as the mean of the responses

Table 4.7.1 Descriptive statistics for market competition

Variable	Mean
D1 Rivalry amongst existing firms	1.7
D2 Threat of new entrants	3.4
D3 Threat of substitute products	2.7
D4 Bargaining power buyers	3
D5 Bargaining Power of suppliers	1.2

4.7.2Financial Performance

Studies by Kamla (2012) indicated that financial performance was being measured in terms of financial ratios. Therefore the researcher believes that managers should pay more attention to these factors which are: product quality, growth, profitability, productivity and decision making.

Table 4.8 Descriptive statistics for financial performance

Variable	Mean
D1 Increase in product quality	1.5
D2 Growth	2.9
D3 Profitability	2.2
D4 Increased Productivity	1.6
D5 Decision making	1.7

The researcher applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study.

Table 4.8

Regression analysis results

Regression Statistics	
Multiple R	0.625
R Square	0.391
Adjusted R Squa	0.187
Standard Error	0.514
Observations	5

Analysis of variance (ANOVA)results of the relationship between competion and financial performance at MBC

	df	SS	MS	F	;ignificance F
Regression	1	0.507721893	0.5077	1.9225	0.25965262
Residual	3	0.792278107	0.2641		
Total	4	1.3			

	Coefficien	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Jpper 95.0%
Intercept	2.605	1.032198792	2.5235	0.0859	-0.6801835	5.889651	-0.6801835	5.889651
competition	0.388	0.279524481	1.3865	0.2597	-0.5019977	1.277146	-0.5019977	1.2771456

The results from the multiple regression analysis using the SPSS software illustrated in Figure 4.13showed that the intensity of competition has a positive strong effect on financial performance. Studies by Kamla (2012) indicated that when companies face intense competition, efforts are put in place to satisfy customers by producing high quality products and services thereby positively affecting the financial performance.

$Y = A + Bx$

$y=2.6+0.39x$

4.7.3Interpretation of Regression Analysis

The data analyzed showed that taking all other independent variables at zero, a unit increase in competition will lead to a 0.39 increase in financial performance. These results infer that competition has a significant positive contribution on financial performance of MBC.

4.8 Interviews

The researcher conducted interviews with the management and the key personnel to gather information for this research.

4.8.1 Interview Response Rate

Structured interview questions were set up for top management middle management and junior staff of MBC (Pvt) Ltd. Six interviews were planned to be conducted and all of them were conducted successfully giving a response rate of 100%.

4.9 In your opinion how does rivalry amongst existing firms, threat of new entrants, threat of substitute products, bargaining power of buyers and the bargaining power of suppliers influence the level of industrial competition?

4.9.1Rivalry amongst Existing Firms

The respondent 1 agreed that this force influenced the degree of industrial competition and much emphasis was given on the loss of clients to well established firms such as Earnest and Young due to their name and clout. The respondent 2 also indicated that the clientele base had drastically decreased due to rivalry and the debtors officer concurred by producing the debtors list with a lot of debts exceeding payment period since these companies had engaged with other service providers.

In addition respondent 3 pointed that there was competition to lure clients especially schools and their opponents were practicing destroyer pricing thus it was adversely affecting the financial performance. The respondent 4 was of the opinion that due to the increased levels of competition the company was failing to pay the workers on time. To add the respondent 5 and 6 also added that rivalry amongst existing firms had led to the decreased profits for the organisation as the clients had deserted them.

From these responses, it can be noted that the threat of rivalry firms was affecting the degree of industrial competition and is supported by a modal class "agree" from the questionnaire results since all the respondents were in agreement.

These views were supported in literature by Wahlen (2014) who posited that rivalry amongst existing firms is one of the most dominant and destructive forces that influence the degree of competition in an industry through exerting a downward pressure on prices amplified innovat ion and increased service enhancement.

4.9.2Threat of Substitute Products

The interviewees were quite hesitant on this factor respondent 1 stressed out a point on the un availability of substitute products for accounting services. Justification was that despite the in troduction of software packages to aid in performing the tasks done by accountants these soft wares were unable to make decisions alone. The respondent 2's response was that most comp anies were no longer outsourcing their services thus it posed a threat to the organization at lar ge due to the loss in clients.

On another note, the respondent 3 was of the opinion that the company was not facing the thr eat of substitute products. In addition the respondent 4 expressed some mixed feelings on the issue of substitute products as he was failing to come to terms on the possible cause of the de crease in clientele base. The respondent 5 denied that the threat of substitute products was aff ecting the company. Views of the sixth respondent were that the threat of substitute products did not affect the accounting services greatly.

Interview responses above indicate that most respondents disagreed that the threat of substitut e products affected them. This response concurs to the modal class obtained from questionnai res of strongly disagreeing.

According to Noronho and Kulkurni (2012) accounting services industry will never be replaced by the development of accounting software such as Sage Pastel because accountants take more active roles and offer more insights into business finances which is inapplicable by using software only.

4.9.3Threat of New Entrants

Responses from the respondent 1 indicated that the company was facing the threat of new ent rants. Views of respondent 2 expressed concern over the economic challenges in the country such that most graduates were partnering to establish Small Accounting Services companies t hereby affecting the incumbents by fighting over the market share.

The respondent 3 pointed out that some clients had opened up that they had left for fresh bloo d in the industry with affordable prices. In addition the respondent 4 highlighted that the new entrants were flooding the Industry due to the unavailability of entry barriers. Furthermore res ponses from the respondent 5 and 6 erred out that the company's profitability were in danger as they were operating at a loss and failing to recoup al the operating profits.

Most of the interviewees agreed that the company was facing the threat of new entrants whic h is supported by a modal class from questionnaires which was in agreement.

The above responses were supported by Njambi (2015) who highlighted that high unemployment rates in developing countries has led to the emergence of competitors in the industry operating as sole traders. In agreement, Grant (2010) posited that the threat of new entrant promulgated the level of industrial competition because new entrants affected the pricing strategy of incumbent companies in the industry.

4.9.4 Bargaining Power of Buyers

Views from respondent 1 indicated that their clients demanded accounting statements which are free from error and liable thus very few would negotiate for lower prices so as to avoid co mpromising on quality. The respondent 2, 3and 4 stressed out that the company was not facing the threat of bargaining power of buyers since the buyers were very few. The respondent 5 and 6 were of the opinion that their clients had high bargaining power because of their nature of being price sensitive.

A large percentage of the interviewees disagreed that the company was experiencing the bargaining power of buyers. These results concurred with the questionnaire results with a modal class of strongly disagreeing.

According to Muriuki (2013) the bargaining power of customers in the accounting services industry is very high as they demand financial statements that are accurate, free from error and faithfully represented at a reasonable price. Chipotle (2011) advanced in literature by highlighting that if the price for accounting services is too great, customers will unquestionably leave and venture to other segments.

4.9.5Bargaining Power of Suppliers

"We have a few suppliers for accounting software thus their prices are high" these were the words of the first respondent that the company indeed was facing the bargaining power of suppliers. The respondent 2 also indicated that there were no close substitute products thus the suppliers had more power. On other note the respondent 3 was impartial on the possible impact and indicated unfamiliarity with the subject in question.

Respondent 4 and 5 were quite confident that to the suppliers were influencing the degree of competition because they are few. Respondent 6 strongly agreed that the bargaining power of suppliers influenced the degree of industrial competition such that the company failed to be technologically advanced thereby behind the competitive environment. A great percentage of t he interviewees agreed that the threat of bargaining power of suppliers affected the organizati on which is supported by the questionnaire modal class of strong agreement

Academic research by Minov (2014) highlighted that if there are no close substitutes the bargaining power of suppliers is high and in the accounting services industry there are no substitutes for accounting software thus the bargaining power influences the level of industrial competition.

4.10 Other Factors Which Affect Financial Performance.

4.10.1Firm Size

Most of the respondents indicated that the question was quite controversial. The respondent 1 explained that before the economic downturn in 2008, the company was doing well regardles s of being small in size. The respondent 2 went on to say that well established companies suc h as Delloite were doing very well and others were not performing. The respondent 3 pointed out that firm size did not necessarily affect the financial performance but rather the organisati onal culture plays a pivotal role as it determines who does what and how thus efficiently usin g labour. The respondent 4also expressed doubts that firm size affected the financial performa nce of MBC and argued that changes in the economic environment which limited access to fu nds in a bid to diversify the business. Furthermore the respondent 5 and respondent 6 explain ed that firm size is of much importance as bigger firms enjoy economies of scale advantages and at the same time there is efficiency in small companies because of the short span of contr ol.

These results infer that more respondents are in agreement that firm size affects financial perf ormance which is evidenced by the modal class of "strongly agree" obtained from the questio nnaires.

Niresh and Velnampy (2014) eluded that the size of the firm positively influenced cash flows and the profitability of an organisation through economies of scale advantages. According to Dogan (2013) big firms have the capability to generate profits for the long term compared to smaller firms with weaker financial muscles.

4.10.2Employee Motivation

Response from the respondent 1 indicated that the company had experienced the effect of this factor at a certain period and highlighted that motivation of workers is vital since a highly m otivated workforce aid the company to attain the set objectives. The respondent 2, respondent 3, respondent 4, 5 and 6 all agreed that employee motivation is very important. Suggestions by the respondent 4 were that the organization should also implement non financial motivatio nal tools such as certificates of appreciation and end of year parties.

Most of the respondents were in agreement which is in line with the modal class obtained fro m questionnaires which was strongly agreed.

The above views were supported in literature by Burton (2012) who explained that highly mo tivated workforce practice team work which facilitates the attainment of set targets. In additio n Njambi (2014) eluded that when workers are treated as important assets the operational perf ormance of an organisation positively increases.

4.10.3Firm's Age

It can be noted that the respondent 1 explained that firm size is insignificant on the financial p erformance of an organization and an example of MBC was given. The respondent highlighte d that despite the company having twenty years in business it is still struggling .The responde nt 2 went on to highlight that some companies which started years back have managed to buil d a name for themselves thereby luring more customers. Respondent 3’s views were that s ome newly established companies were performing well depending on the management skills being applied which are very responsive to market forces, respondent 4 expressed uncertain ty to the above views. Those who gave negative comments were the respondent 5 and 6 point ed out that firm age is insignificant on the profitability of an organization.

The interview responses indicated that there are mixed feelings on the issue of firm age but m ost of the respondents were in agreement. This is supported by a modal class of 'agree' from t he questionnaires distributed.

4.10.4Organisational Structure

The respondent 1 disagreed that organisational structure affected the financial performance a nd his argument was that the structure does not delegate duties to the subordinates but the ma nagement style in place is vital. To add on, the respondent 2 highlighted that the organisation al structure is insignificant although it is important but more efforts should be on the welfare of the employees. On a differing tone the respondent 3 explained that the organisational struct ure is beneficial as it sets the tone in the organization by denoting the span of control and the chain of command therefore the longer the span of control the longer it takes for the executio n of duties.

In addition, respondent 4 was uncertain on the impact of organisational structure and highlig hted that the question was controversial. The respondent 5 and 6 disagreed and they both poin ted out that the organisational structure is highly dependent on the type of industry since som e industries perform best with at the tall structure and others with a flat structure. The respond ent 6 explained that the organisational structure affects the financial performance because a p oor structure de -motivated the workforce who in turn will fail to produce effectively and effi ciently.

Analysis of the responses indicates that most respondents agreed that organisational structure had an effect on financial performance which is supported by a modal class of agree.

Hezek (2013) highlighted that the organisational structure leads to improved capabilities thro ugh the creation of a friendly environment which allows for employee input in decision maki ng.

4.10.5Firm Growth

All the respondents agreed that firm size had an effect on financial performance and views by respondent 1 were that as firms grow in size they gain economies of scale advantages and are able to retain a large market share due to increased growth. The respondent 2 was of the opin ion that increased growth resulted in increased inefficiencies which adversely affected the fin ancial performance of an organization. Respondent 3 went on to highlight that slowly growin g firms may suffer stiff competition from well established firms thereby adversely affecting t he financial performance. On another note respondent 4 pointed out that some people perceiv e growing firms to be successful thus they may invest in these companies. The 5^{th} respondent was quite uncertain on the effect of firm growth on financial performance however the respon dent 6 strongly agreed by highlighting that growth was associated with an increase in profitab ility.

Most the responses above most of the agreements were in agreement. The response rate conc urs with the questionnaire modal class which strongly agree that organisational structure affec ts the financial performance of an organization since most of the respondents were in agreem ent.

Literature by Margaretha (2016) explains that firm growth significantly affects profitability, a view which was supported by Yazdanfar and Ohman (2015) who eluded that growth facilitates stronger industry affiliation which enables management to gain control over input access.

4.11Challenges encountered in adapting to the competitive environment

4.11.1Labour turnover

Views from the respondent 1 indicated that adapting to the competitive environment was associated with labour turnover. Much emphasis was given on the lucrative offers given to the top performing employees by the competitors thereby affecting the organization. In addition the respondent 2 stressed out that some workers resist change and perform dismally leading to their retrenchment. This move was said to be costly to the organization. Furthermore respondent 3 highlighted that adapting to the competition was not a favourite subject to some subordinates especially those who with an inherent dislike of work thereby increasing labour turnover. Views from responded 4 eluded that some clerks resigned after the introduction of the accounting software because they resisted change. The respondent 5 and 6 gave examples of some of their workmates who left for greener pastures and those who resigned too due to pressure from the new accounting software introduced which they were failing to use indicating that adapting to a competitive environment had some negative effects.

Since most of the respondents were in agreement this concurs to the modal class of agree obtained from the questionnaires distributed. Waldman (2015) reiterated that efforts by management to adapt to the competitive environment result in the loss of key personnel who leave for greener pastures and the injection of new blood into the organisation. Vladimir (2011) advanced in literature and highlighted that the recruitment of new staff into the organisation is associated with the introduction of new skills and ideas which results in the attainment of the organisational set goals and objectives.

4.11.2Insufficient Knowledge

The respondent 1 explained that insufficient knowledge was not a challenge in adapting to the competitive environment but the financial challenges was a major concern. In addition views from respondent 2 indicated that the budget was always fixed thus there was no room for cris is management thus the company failed to adapt to competition. On a differing tone the respo ndent 3 stressed out that the company never engaged in workshops for capacity building thus the employees had insufficient knowledge about the changes in the external environment.

Respondent 4 was uncertain on the issue under discussion however the accountant agreed that insufficient knowledge was a barrier and much emphasis was given on the new accounting st andards that were being introduced and the management's failure to adapt these changes in th e system. The respondent 5 also highlighted that besides knowledge gained at the university; t here was need for employee's refresher courses in a bid to be well informed. Interview respo nses from respondent 6 clearly indicated that there was need for continuous employee trainin g programs as he pointed out that some of the financial statements were returned by ZIMRA s o that they would be prepared using accredited format.

From the interview responses above it can be denoted that most respondents agreed that insuf ficient knowledge was a barrier although few disagreed. These responses concur to the modal class of questionnaires which strongly agreed to this view.

Views by Jacobsen (2013) indicated that employees do no appreciate the strategies that are i mplemented to adapt to the competitive environment thus they remain ignorant on adaptation strategies to the competitive environment.

4.11.3Business Failure

This question was mainly directed to the management. The respondent 1 stressed out that ada pting to the competitive environment was associated with business failure as more resources may be channelled out to boost the companies' competiveness thereby affecting the liquidity of the company. Respondent 2 also explained that adapting to the competitive environment st rained the financial muscles of the organization, a view which was supported by the accounta nt who stressed out that efforts to adapt to the competitive environment always strained the b udgets of MBC. The respondent 3 disagreed that business failure was a challenge associated with competition and blamed the managements' failure to support the organisational activitie s. In addition respondent 4 was of the opinion that the organisation was associated poor cost c ontrol techniques thus some of the costs associated with adapting to the competitive environ ment led to business failure, a view which contradicted to respondent 5 and 6 views who erre d out that business failure is not as a result of adapting to competition but poor management s kills.

Most of the respondents were in agreement and this concurs to the modal class of agree from the questionnaires. Sibanda (2014) posited that most management are aware of strategies to a dapt into the competitive environment but are reluctant to apply them thereby resulting in bus iness failure.

4.11.4 Lack of Managerial Support

The respondent 1 agreed that sometimes they turned a blind eye to the need to adapt to the co mpetitive environment due to the possibility of risks. Views from respondent 2 also indicated that some of the ways to adapt to the competitive environment are costly thus as the manage ment they ignore some of them. The respondent 3 and 4 were also of the opinion that manage ment tend to ignore adapting to the competitive environment due to weak financial muscles. I n addition the respondent 5 highlighted that efforts to convince the management to market the business through advertising in a bid to lure more clients were fruitless as the management were in disagreement. To add on respondent 6 strongly agreed that the management was not supportive in some of the organisational activities.

From the interview responses results it can be noted that most of the respondents agreed that the management failed to support efforts to adapt to the competitive environment. This is supported by the modal class of questionnaires which agreed to these sentiments.

According to Zott et al (2011) management perceive adaptation to the competitive environment as a costly exercise thus ignore efforts by employees to adapt to the competitive environment. In support, Kohn (2013) highlighted that management main goal is cost containment and yet adaptation to the competitive environment requires a flexible budget thus lack of managerial support remain a major challenge.

4.12 Do the following benefits of PPPs act as mitigating tools against competition?

4.12.1Cost Efficiencies

The respondent 1 and the respondent 2 were the only people who agreed that PPPs if applied effectively result in cost efficiencies. Respondent 3 highlighted that they will be honoured if the government would sub contract the auditing of government facilities to the Small to medium enterprises since the audit arm had work overload. On a differing tone the 4th respondent highlighted that she had doubts that the partnership with the government would yield successful results due to the current economic hardships. The respondent 5 also expressed concern that the probability of spending less money is unavoidable especially when poor cost control techniques in place, a view which conquered to the thoughts of the human resource manager who said that the PPPs were dominated with poor legislation thus the success was not guarantee

d. The respondent 6 went on to say they were not quite familiar with the benefits associated w ith the PPPs since most of them were not in the financial services sector.

Most of the interviewees disagreed that PPPs resulted in cost efficiencies. A view which was supported in literature by Mustafa (2013) who highlighted that the capability of PPPs to stim ulate financial performance of the partnership will be based on the capability of their manage ment. This is also supported by the modal class "uncertain" obtained from the questionnaires"

4.12.2Early Appraisal of Risks

Information obtained from questionnaires proved beyond reasonable doubt that PPPs result in early appraisal of risks. The respondent 1 doubted that partnering with the government woul d result in the early appraisal of risks. The justification given was that due to the nature of the economic environment, some risks are unidentifiable before their occurrences. The responde nt 2 was of the opinion that if proper legislation is in place for the PPPs and qualified personn el are involved, the partners are able to recognise risks at an early stage and make appropriate measures in bid to survive in the competitive environment. The respondent 3 also agreed that the sharing of the different expertise facilitate the recognition of risk associated projects. The respondent 4 disagreed and expressed concerns over the turbulent economic environment.

The remaining staff which comprised of respondent 5 and respondent 6 all agreed on the earl y appraisal of risks through PPPs giving a modal response of being in agreement which concu rs to the results obtained from the questionnaires.

Hussain (2012) highlighted that most people are unaware of the benefits associated with pr ivate public partnerships such that awareness programmes should be implemented.

4.12.3Capacity Building Programmes

Views from respondent 1 highlighted that due to the contacts that the government has, this wi ll facilitate the increased number of workshops for the company. On the same note, the respo ndent 2 also suggested that there is a greater probability of awareness programmes which ena bles the organisation to be abreast with changes in the external environment. Respondent 3 w as also of the opinion that partnering with the government will improve their awareness throu gh the capacity building programmes. In addition the respondent 4 and 5 remained adamant t hat PPPs will result in capacity building programmes and their justification was that the PPPs had no proper legislation thus no one would initiate for these programs .However most of the responses were in agreement which concurs to the modal class of agreeing from the question naires.

According to Zuzana and Jaroslava (2013) PPPs help companies mitigate competition throug h the development of capacity building programmes which advocate for increased efficiency and knowledge of changes in the macro- economic environment. These programmes improve awareness on adaptation strategies to competitor activities (lossa and Martimort 2012)

4.12.4Improved Response to Market Forces

The respondent 1 highlighted that PPPs indeed resulted in improved response to market force s since there is a lot of sharing of ideas. Respondent 2 was of the view that partnering always yielded good results despite some challenges associated with it. According to information gat hered from the respondent 3, the responses showed some uncertainty since most of her respon ses showed that she was against the issue of partnerships.

On a differing tone, respondent 4 and 5 reviewed that PPPs do not result in increased respons e to market forces but rather the leadership style in place and the motivation of workers led to improved response as there are the drivers of productivity in an organisation. In agreement th e respondent 6 pointed out that little is known so far on the issue of PPPs thus increased awareness is of paramount importance since their perception was that anything associated with the government was political and furthered the discussion by indicating that PPPs did not result in improved response to market forces due to the long chain of command in the consortium.

Most of the interviewees proved beyond reasonable doubt that PPPs did not result in improved response to market forces. These results concur with the modal response obtained from questionnaires which was in disagreement of the idea.

Renda and Schrefler (2013) concurred to the above sentiments by highlighting that the financial sector was mainly affected with the economic depression decade ending 2009 leaving the system dilapidated except for a few privately run institutions thus reforms are urgently needed to a turnaround .

4.13 How does entrance of new players in the market affect the financial performance

4.13.1 Increase in Product Quality

The respondent 1strongly agreed that competition resulted in increased product quality in a bid to gain a large market share through customer satisfaction .Respondent 2went on to say that in a bid to outcompete rivalry firm's product quality is vital for product differentiation. From the respondent 3's perspective competition facilitated the company to increase the quality of services offered so as to prove to the customers that they perform better. This view was also supported by the thoughts of respondent 4 and 5 who shared the same sentiments with respondent 3. In addition, respondent 6 strongly agreed that competition increased product quality through the sharing of notes.

All the respondents concurred that competition resulted in an increase in product quality which concurred with the modal class of agreeing obtained from questionnaires.

Marx (2013) postulated that competition is guaranteed to increase product quality through increase in quality management by comparing against rivals implying that an improvement in the product quality will lure more customers thereby enhancing the financial position of an organization

4.13.2Growth

The question was associated with mixed feeling from the respondents. From the respondent 1's view competition is not associated with growth in the company. Justification was that due to the availability of many players in the market over a small market share, growth perspectives were minimal. The respondent 2 explained that due to the economic challenges growth was not an option due to fear of business failure. In addition, the respondent 3 also disagreed to this view and blamed weaker financial muscles of the company. The respondent 4 was uncertain on the issue of growth and blamed the uncertainty of the economic conditions of the country. However the respondent 5 and 6 and agreed that competition was associated with growth and cited examples of Econet which was growing despite the intense competition.

Most of the respondents were in agreement which concurred to the modal response obtained from questionnaires which were in agreement. Tang (2011) eluded that there is a positive correlation between competition and the growth of an organization.

4.13.3Increased Profitability

Respondent 1's views were increased competiton had an adverse effect on profitability especially if poor competitive strategies were adopted. The respondent 2 highlighted that competition resulted in increased profitability especially if the company was a market leader. In addition respondent 3 highlighted that due to the nature of the industry in which the company operates; rivalry tends to decrease the prices of services thereby negatively affecting the profitability of an organization.

The remaining three (3) respondents all concurred that indeed competition resulted in increased profitability. Justification by respondent 4 was that if a company possessed a greater market share, they enjoy economies of scale advantages thus they practice destroyer pricing which positively increases the sales value and increase profits. Much emphasis was given by responded 5 that all things being equal in their industry, competition resulted in increased profits.

Most of the respondents agreed that competition increased profitability and this concurred to the modal class of agree obtained from the questionnaires. According to the OECD report (2011) competition fosters the increase in profitability through provision of quality goods and services as well as meeting the customers' needs which will enhance the financial performance of an organization through increased sales.

4.13.4Increased Productivity

All the respondents concurred that competition increased product quality. The respondent 1 asserted that competition pushed the organization to improve their skills and knowledge thereby increasing productivity. Respondent 2 explained that through competition the management is pressurized to implement cost control techniques which positively affect the financial performance of the organization. In addition, respondent 3 highlighted that intense competition facilitated the company to be efficient in the services offered due to pressures to gain a larger market share.

Most of the respondents agreed to this view and according Maican and Matilda (2015) positive competition facilitates the development of cost control measures which will facilitate increase in productivity. These measures help an organization to identify resources that are being wasted and corrective actions are designed to improve the financial performance of an entity (Jang et al (2011).

4.13.5Effective Decision Making

The respondent 1 was neutral on how competition resulted in increased decision making. Views from respondent 2 highlighted that comparison of the company's activities with that of rivals facilitated effective decision making, a view which was supported by both respondent 4 and 5 director who indicated that competition resulted in innovativeness in an organisation through the type of decisions made. Respondent 6 also agreed that competition facilitated effective decision making in a bid to avoid business failure

Most of the respondents were in agreement which concurred to the thoughts of Stucke (2013) who explained that competition enhances the financial performance of an organization by improving the quality of decisions made regarding the price of products. Ogden-Barnes (2012) supported this idea by highlighting that better pricing strategies lure a large clientele base which boost the profit margins an organization. The results also concurred to the modal class of "agree" obtained from the questionnaires.

4.9Chapter Summary

This chapter focused on the analysis and presentation of findings obtained from the questioners administered and interviews held with management and key personnel. Data was presented and analyzed according to research objectives of the research. Responses obtained from the data were presented in the form of tables, graphs and charts. The next chapter will give a summary of the research and recommendations thereof.

CHAPTER FIVE: SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction

This chapter intends to convey the summary to the research, conclusions drawn from the research, recommendations and areas of further study.

5.1 Summary to the Research

At this stage it is necessary to summarize aspects which this study was designed for; the main objective was to investigate the impact of competition on the financial performance of MBC Accounting Services (Pvt) Ltd.

The first chapter introduced research problem being failure to attain profits and the decline in clientele base. The increased competition has resulted in at least 50% of the clients opting for other service providers. The debtors list from 2013 to 206 showed a decline from 44 to 19 and the profits from $39 930 to $ 17 765 which is an indication that the organization is performing dismally. .The chapter also provided basis of data collection, research questions, research objectives and detailed structure of the study of the company under research. (MBC)

Chapter two discussed literature review highlighting what other accredited scholars and authors published and had said about the research topic and this provided the research with guiding principle towards parameters under which an effective analysis was carried out. The main objectives were to identify critical factors for successful adaptation to the competitive environment, other factors which affect the financial performance, risks and challenges associated with adapting to a competitive environment ,the impact of PPPs as a mitigating tool against competition and the relationship that exist between competition and financial performance. Studies by Shahrani (2016) indicated that there is a positive linear relationship between competition and financial performance. Khandker and Koolwa (2013) further explained that increased competition results in improved product quality, profitability, growth and increased productivity and effective decision making despite the challenges faced in adapting to the competitive environment.

Research methodology in chapter three examined the methods used in the research. The researcher opted for the mixed methods research which uses both qualitative and quantitative data collection methods. A census was conducted on the management and the employees of the company. Primary and secondary data sources were used as data collection tools. Personal interviews and administering of questionnaires were the research instruments used to collect primary data. The chapter concluded by highlighting the data analysis tools to be used in chapter four.

Chapter 4 focused on the presentation and analysis of data gathered in chapter 3. The information that was relayed to the researcher by respondents obtained from questionnaires administered and interviews conducted was analyzed and presented on graphs, pie charts and tables. To ascertain the relationship between competition and financial performance the researcher utilized regression analysis model.

5.2 Major Research Findings

5.2.1 to assess the critical factors for successful adaptation to a competitive environment

The research found out that the company was facing rivalry amongst existing firms, threat of new entrants and bargaining power of suppliers to a greater extend. The threat of substitute products and bargaining power of buyers was of less significance due to the nature of the industry. These factors were influencing the degree of competition in the industry.

5.2.2 To assess other factors which affect financial performance?

It was discovered that besides competition, there were other factors affecting the financial performance of MBC. From the compiled data from questioners and interviews it was prompted that employee motivation, firm size, firm age, organizational structure and firm growth affected the financial performance although much emphasis was on employee motivation.

5.2.3 To assess the risks and challenges of adapting to a competitive environment

It was discovered that lack of financial resources prompted the emanating of challenges when adapting to the competitive environment which included labour turnover and lack of managerial support due to fixed budgets. Responses from the questioners administered indicated that the modal response rate agreed that labour turnover, insufficient knowledge, lack of managerial support and business failure were the major challenges associated with adapting to the competitive environment.

5.2.4 To assess how PPPs could be used as a mitigating factor against competition

From the analysis of the data collected through questionnaires and interviews it was reviewed that some of the employees lacked awareness on the benefits associated with PPPs. It was discovered that there was lack of proper legislation and regulation thus the existing pieces of legislation, which one way or another have a bearing on PPP should be reviewed and amended to make them PPP compliant.

5.2.5 To assess the relationship that exists between competition and financial performance.

The research findings proved that a positive relationship exists between competition and financial performance provided that effective adaptation strategies which facilitate an increase in productivity, product quality and company growth. Quantitatively this stance was supported by a positive coefficient of variation (+0.39)

5.3Conclusion

The research intended to make an investigation on the impact of competition on financial performance of MBC. The research aimed at providing the proper recommendations for successful adaptation to the competitive environment. Research findings enabled to answer the sub research questions which made the research a success. The following recommendations were placed

5.4 Recommendations to MBC

Considering the changes in the external environment, companies ought to be abrupt with these changes so as to remain competitive. According to Mundia (2014) most companies are lacking awareness on ways to adapt to competitive environment thus more education awareness and campaigns should be held. The researcher also recommends that the company must engage in extensive advertising so as to lure more clients. Additionally the researcher further recommends that MBC should put in place conditions conducive for innovation through decentralization of the decision making process to the employee. Moreover there is need to continuously monitor the financial performance of the organisation so as to quickly notice any variances and take appropriate action.

5.5 Suggested Areas of Further Study

Further studies can be on ways to improve financial performance on accounting service companies since this research dwelled much on the impact of competition on financial performance.

5.6 Summary

The chapter was focusing mainly on the major findings of the research and the recommendations thereon. The chapter summarized the whole research from the first chapter to the fourth chapter.

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Appendix A : Cover Letter

Midlands State University

P Bag 9055

<u>Gweru</u>

The Managing Director

Mutare Business Consultancy

<u>Mutare</u>

Dear Sir

<u>REQUEST FOR AUTHORITY TO CARRY OUT RESEARCH AT MBC (PVT) LTD</u>

My name is Tariro Mutsago .I'm a student of the Midlands State University, undertaking a Bachelor of Commerce Honors Accounting Degree ,As a partial fulfillment of the above mentioned programme ,I'm required to submit a research project and my research topic is , **An Investigation on the Impact of Competition on the Financial Performance of MBC Accounting Services (Pvt)[2013-2016] .**In line with the above requirements I am kindly asking you to objectively participate in the study by answering the following questions or filling the attached questionnaire .The data you will provide by responding to this questionnaire will go a long way in ensuring that the researcher makes informed recommendations to the study, responses will be treated with strict confidentiality and will be used for academic purposes.

Few minutes of your busy schedule towards completing the attached questionnaire will be greatly appreciated

Yours faithfully

Tariro Mutsago (R134556X)

Bachelor of Commerce Accounting Honours Degree Student

Midlands State University Gweru

APPENDIX B

Questionnaire

Instructions

1. Do not write your name on the questionnaire

2. Tick in the relevant box for your response

1. The following factors influence the level of industry competition

	Strongly Agree	**Agree**	**Not Sure**	**Disagree**	**Strongly Disagree**
a)Rivalry amongst existing firms					
b) The threat of substitute products					
c)Threat to new entrants					
d)Bargaining power of buyers					
e)Bargaining power of suppliers					

2. The following are other factors which affect financial performance

	Strongly Agree	**Agree**	**Not Sure**	**Disagree**	**Strongly Disagree**
a) Firm size					
b) Employee motivation					
c)Firm's age					
d) Organizational structure					
e) Growth of the firm					

3. The challenges encountered in adapting to a competitive environment include:

	Strongly Agree	**Agree**	**Not Sure**	**Disagree**	**Strongly Disagree**
a)Labour Turnover					
b) Insufficient knowledge					
c) Business failure					
d) Lack of managerial support					

4. The following are possible mitigating factors of PPPs against competition

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
a) Cost efficiencies					
b)Risks are appraised early					
c) Capacity building programmes					
d) Improved response to market forces					

5 How does entrance of new competitors in the market affect the following?

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
a) Increase in product quality					
b)Growth					
c) Increase in profitability					
d)Increased productivity					
e)Effective decision making					

APPENDIX C

Interview guide for the policy makers, (Management and Accountants) at MBC (Pvt) Ltd on the possible strategies to bridge the financial performance gap as a result of competition.

1. In your opinion what are the critical factors for successful adaptation to a competitive environment?

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2. In your own point of view, what are the other factors that can affect the financial performance of an organisation?

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3. What are the risks and challenges associated with adapting to the competitive environment?

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4. How can Public Private Partnerships be used as a mitigating tool against competition?

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5. How does entrance of new competitors in the market affect the financial performance of an organisation?

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