

MANAGEMENT STRATEGY OF SMALL CONSTRUCTION CONTRACTORS DURING CRISIS AND RECESSION IN BUILDING INDUSTRY

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Resumen: Al igual que la naturaleza, la economía sigue un ciclo de períodos con características completamente diferentes. En una clasificación general, este ciclo se divide en dos períodos, auge y recesión, que pueden diferir en términos de duración, intensidad y alcance. La recesión se refiere a una situación económica en la que existe una demanda relativamente baja de bienes y servicios. Una fuerte recesión puede llevar a quiebras generalizadas, desempleo significativamente alto y desafío incluso el más eficiente de las empresas. Es muy importante que los gerentes conozcan el estado de la economía donde hacen negocios, ya que las economías en auge y recesión imponen diferentes desafíos y requieren diferentes políticas y estrategias que se adopten. El éxito en la industria de la construcción requiere no sólo conocimientos técnicos y habilidades, sino también capacidades de gestión adecuadas. Contracción económica y la recesión puede obligar a algunos cambios en las prioridades de la empresa, pero el pensamiento estratégico y la posesión de una estrategia fuerte para lograr objetivos a corto plazo ya largo plazo mediante el mantenimiento de la ventaja competitiva puede salvar el negocio. En este estudio, se examinan los factores asociados con el funcionamiento de las pequeñas empresas en una recesión, las posibles estrategias de supervivencia que los pequeños contratistas de construcción podrían seguir durante la recesión, y se recomiendan algunas soluciones para hacer frente y crecer en un sector de construcción recesivo.

Abstract: Like nature, economy follows a cycle of periods with completely different features. In a general classification, this cycle is divided into two periods, boom and recession, which may differ in terms of duration, intensity and scope. Recession refers to an economic situation where there is relatively low demand for goods and services. A strong recession may lead to widespread bankruptcies, significantly high unemployment and challenge even the most efficient of companies. It is very important for managers to know the status of economy where they doing business, as economies in boom and recession impose different challenges and require different policies and strategies to be adopted. Success in the building industry requires not only technical knowledge and skills but also suitable management capabilities. Economic contraction and recession may force some changes in the priorities of the business but strategic thinking and possession of a strong strategy to achieve short-term and long-term goals by maintaining competitive advantage can save the business. In this study, the factors associated with operation of small businesses in a recession are examined, possible survival strategies that small construction contractors could follow during recession are reviewed, and a few solutions to cope with and grow in a recessive building sector are recommended.

Keywords: Strategy, Strategic management, Contract, Recession, Small business, Building sector, Institutional crisis.

1. INTRODUCTION

Market-based economies often experience periods of expansion, also known as booms, followed by periods of contraction, also known as bust or recession, so identification of boom-and-bust cycles (business cycles) in macro economy and prescription of appropriate policies are among primary objectives of economics. Choosing the right strategy to maintain profits or at least minimize losses during a recession is crucial, and so are the strategies to prepare for post-recession period. Strategic insight of company executives into high-frequency changes of their business environment can strengthen their ability to sense early signs of more profound changes; an ability that can serve as a significant competitive advantage. It is common knowledge that successful people think first before making a decision so as to reduce the probability of failure, and it is the same logic that compels us to make full use of strategic thinking before making decisions of greater importance for our economic well-being.

In the past 40 years, Iran's real estate market has been one of the most volatile sectors of this country and has undergone many cycles of boom and recession (Hosseini & Daneshpoor, 2012). But 2016 marked the fifth year of an unrelenting recession in this market, which is already longer than the previous bust periods (averagely lasting about 3-4 years) and is definitely the longest recession in Iran's real estate market in the past 20 years. Since 2012, Iran's building sector has experienced a steady decline in value-added, which has eroded its former advantage over other sectors of the economy. To be more precise, from 2001 to 2011 this sector had an average annual value-added of more than 5% and even experienced a 23% jump in real estate prices in 2007, but the positive 2.5% growth in 2011 was followed by negative 3.1% growth in 2012 and 2013, negative 0.4% growth in 2014, and a negative 13.5% growth in 2015 (Donyae Eghtesad Newspaper, 2016). According to the reports of Iran's central bank, the negative growth of building sector by the end of 2016 is about 18% (Donyae Eghtesad Newspaper, 2017).

Businesses can be categorized according to various indicators, but the common approach followed by the majority of countries is classification by size. In Iran, there are two general size-based classifications for businesses:

A) Classification of Iran's statistical center and central bank:

Large businesses: businesses with 10 or more employees

Small businesses: businesses with less than 10 employees

B) Classification of Iran's ministry of industries and mines:

Large businesses: businesses with 50 or more employees

Small businesses: businesses with less than 50 employees

This paper presents a descriptive applied research conducted by library study and review of literature and available reports and publications, in order to outline the role of strategic management and provide some suggestions for how small construction companies might endure prolonged recession and economic crisis.

2. THEORETICAL PRINCIPLES AND REVIEW OF LITERATURE

Economic cycle consists of four periods: growth, boom, recession and crisis. In economic recession, which follows an economic boom, lesser demand for products leads to lower commodity prices and therefore contraction of production, which result in reduced corporate income and profit margin (Baghayee & Mousavi, 2009). In the case of real estate market, demand, supply, and prices can be affected by two sets of factors: i) endogenous factors, which originate from within the real estate market and building sector, and ii) exogenous factors, which affect the market from outside, e.g. oil shocks, instability in the capital market, government policies, etc. (Najafi & Sobhani, 2004)

One of the variables affecting the investment is the financial facilities granted by banks to various economic sectors. Usually, availability of better facilities for an economic sector is a sign of its better profitability and leads to attraction of more investors (Shah Abadi & Ganji, 2014). The share of private investment in a country's GDP in a period of time can roughly signify the economic status of that country (Asgari & Chegini, 2007). Interest rate, which plays a key role in economic fundamentals, is also among the main factors

influencing the real estate prices (Gholi zade & Kamyab, 2007). A study by Gholipoor and Bakhtiaripoor on the effect of bank finances on real estate prices in Iran over the period 1991-2007 has shown a significant correlation between facilities granted by banks to the building sector and real estate prices in both short and long terms and has inferred a one-way causal relationship from the size of granted facilities to real estate prices (Gholi zade & Bakhtiyari Poor, 2012). Real estate is a consumer product that doubles as an asset, so on one hand, it is exposed to economic shocks, and on the other hand, since it constitutes a large portion of gross fixed capital formation of economy, any volatility in this sector could also cause a shock in the economy as a whole (Akbari & Yarmohamadian, 2012).

In a study by Agnello and Schuknecht, the housing booms and recessions in 18 developed countries during 1980-2007 were investigated and the probability of boom and bust were estimated. This study reported that probability of boom and recessions in housing market is significantly influenced by a number of policy variables, including short term interest rates, money and credit developments, and deregulation of mortgage market. It was also indicated that adverse effects of sever housing booms and recessions can overflow to other sectors of the economy (Afshari & Hemati, 2013). Real estate prices are also linked with stock price index, currency exchange rate, and price of gold and other alternative financial assets. So in the context of alternative assets, real estate price is negatively correlated with stock price index, currency exchange rate and gold value (Saljoghi, 1991).

A study by Seljuki on the problems of Iranian government in regard to development projects report that 90% of development projects of Iranian government start without sufficient economic justification and as a result of political pressure from representatives, local religious leaders, and political parties or other legal or extralegal reasons (Tavakoli, 2007).

Concerning the progress of government-funded construction projects, documents of Iran's 2016-2017 budget shows that from a total of 594 projects under construction, 57 projects have more than 80 percent physical progress, 132 projects have 50 to 80 percent physical progress, 205 projects have 20

to 50 percent physical progress, 172 projects have less than 20 percent physical progress, and 28 projects have been cancelled. According to this report, only 36.5 percent of government-funded construction projects have more than 50 percent progress and the remaining 63.5 percent are not even halfly done. Another noteworthy point in the 2016-2017 budget is the way funds have been allocated to unfinished projects: 65.5 percent to the projects with less than 50 percent progress and 34.5 percent to those more than 50 percent progress. Of this 34.5 percent, only 7.7 percent has been allocated to nearly finished projects (with more than 80 percent progress) and the remaining 26.8 percent has been used to fund the projects with 50 to 80 percent progress. The total construction budget in 2016 (for 594 unfinished construction projects) has been 31970 billion Rials, which is expected to finish only 106 projects by the end of this year. Comparing the construction budget of different Iranian governments from 1997 to 2016 show that they all have been heavily dependent on oil prices, so the fall of oil prices from 80 dollars in 2009-2011 to 35-40 dollars in 2016 have left many projects unfunded and resulted in a multitude of projects with 20 to 30 percent progress that are being constantly delayed (National center for Iranian construction contractors, 2016, <http://abadgar.org/site/content/content/item/17730>).

With the prevalence of unfinished projects and lack of sufficient financial resources, the majority of projects are funded in a very slow pace in a way locally known as "trickle funding". With trickle funding, thousands of workshops with machinery and equipment and, more importantly, human resources, are operating in a semi-active state, which is quite inefficient and is well below the existing capacities. This has also led to unreasonable prolongation of construction projects and has undermined the public-sector productivity and thereby the productivity of private sector (Brent & Ritchie, 2003).

In this discussion, one should make a distinction between the terms crisis and disaster. According to Brent, "crisis" refers to a situation which originates from issues such as inapt structures and management operations or failure to adapt to a change, but, "disaster" refers to a volatile situation

due to unexpected and sudden shocks over which little or no control can be exercised (Slatter, 1984).

Strategy planning basically relies on two main processes: analysis of the organization's internal factors (strengths and weaknesses), and detailed analysis of external factors (opportunities and threats). An organization's ability to respond to external turbulence in a timely manner depends on three factors: knowledge about the nature of turbulence, knowledge about organizational capabilities, and aggressiveness of the strategy.

Today, it is a common knowledge that the performance of senior managers rests on their ability to utilize a simple yet powerful tool called strategic thinking and management. Strategic management is a tool that allows the elements within the business to be coordinated with external pressures due to business environment. When the external environment is constantly changing, there is no choice but to adjust and rearrange the business accordingly, and change management is the tool that can aid the managers in this effort (Ahmadi & Fath Olah, 2007).

3. CHANGES IN THE BUILDING SECTOR (EXTERNAL ENVIRONMENT)

The most notable change in Iran's building sector is the transformation of the sector economy from the format of a productive and industrial activity to that of a service activity. The other notable change in the last twenty years is the dramatic increase in the quality of raw materials used and work put into the buildings; a change that has resulted in far greater desirability of newer buildings as compared to older ones. Also, the last decade has seen a surge in the number of new companies that has entered the building sector, which has intensified the competition to a whole new level. Some of these new competitors are financial institutions, which also double as consumer. These institutions have access to huge financial resources that allow them to initiate countless new projects. In these years of recession however, heavy competition along with gradual decline in demand has left many newly constructed units unsold and empty. Financial institutions that have entered the construction industry have not put much effort into deep analysis or followed any particular strategy. In fact, at present, the main problem of the building sector is the absence of strategy, particularly in the face of

substantive and structural changes taking place in this industry. These changes are not predictable as every party involved in the sector is undergoing some form of structural change. For a company to survive in this situation, it should have the capability to establish a logical balance between its short-term needs and long-term objectives so that short-term goals align with long-term strategies.

3.1 Features of boom in building sector

During economic booms, governments enjoy good financial condition; there are less available property for buyers and real estate prices tend to rise, and so investment in the building sector will increase. Also, the economy generally experience a high level of demand, so interest rates will also increase.

3.2 Features of recession in building sector

The signs and features of recession in building sector include reduced rate of employment, reduced investment in the building sector, reduced corporate profits, reduced interest in productive and industrial activities, decline in purchasing power, and reduced demand.

3.3 Features of crisis in building sector

The features of crisis in the building sector include sharp decline in real estate prices, sharp increase in the number of available and new unsold units, sharp decline in the general level of demand in the economy, high unemployment within the building sector, sharp decline in investment in this sector, and also government budget deficit and a central bank pushed decrease in interest rates.

3.4 Opportunities in the crisis

A crisis situation can push the organizational culture toward more creativity and flexibility, and thereby create an opportunity to ensure sustained well-being of business. So such situation can be seen both as a limitation (threat) and as an opportunity. Williamson suggests that in the event of a crisis, managers must be prepared and know how to negotiate new contracts that ensure the survival of the business (Donyae Eghtesad Newspaper, 2013).

Slatter has proposed several turnaround strategies to counter the issue of lack of profitability which

often follows a financial crisis. The turnaround strategies suggested by Slatter include asset reduction, cost reduction, growth via acquisitions, focus on new markets, and organizational change (Williamson, 1990).

4. STRATEGIC PLANNING IN SMALL BUSINESSES

In the classical management approach, all efforts start with planning; the process commonly regarded as the most essential and critical part of management. Planning in the context of management has evolved, with the evolution of human societies, into different practices, attitudes, and approaches designed to fulfill different needs arising in different eras.

4.1 Types and evolution of planning methods

Budgeting, operational planning, planning short-term medium-term and long-term planning, rolling planning, planning with strategic business units (SBUs), business-level strategic planning, participation and engagement planning, strategic management, strategic vision and thinking, change management, knowledge management, strategic learning organization, value-based planning.

4.2 Types of strategy

In general, strategies can be divided into three classes: macro strategies, main strategies, specific strategies (David et al., 2016).

Macro strategies are those involving and followed by governments on a national level. Main strategies include grand strategies, alternative strategies, and functional strategies. Specific strategies include four strategies of Japanese companies etc.

Grand strategies include stability, retrenchment, expansion and combination strategies. Alternative strategies include diversification, innovation, joint venture, retrenchment, divestiture, liquidation, restructuring, and status quo strategies. Functional strategies include marketing, finance, research and development, operations, human resource management, and information management strategies. Porter's competitive strategy, BCG and GE matrices belong to the group of specific strategies.

In a different approach, strategies are divided into four groups: conscious, creative, Prospective and Building the future. This approach aids the organization to make the best choice, with maximum alignment with environmental conditions, among dozens or even hundreds of available strategies.

Creative strategy immediately elevates the business to a position of competitive advantage, and this advantage will be maintained as long as competitors lag behind creatively or fail to adopt a similar strategy. Preactive strategy makes use of an ongoing paradigm shift, i.e. when the capabilities deemed important in the business are changing, as a unique opportunity to get ahead of competitors. Proactive strategy is to change the rules of the business or competition by introducing an original shortcut or innovation, and thereby achieve a clear superiority over competitors (Zabriskie & Huellmantel, 1991).

Many believe that strategic management is inapplicable to building industry, as this industry is based on contracts, plans, and projects and real estate deals which do not need any particular strategy. But such thinking will not work in the future. Any company that aims to survive in a competitive market must develop and retain a "sustainable comparative advantage". Construction companies must constantly enquire about the benefits of a particular project over another, how to earn more profit, how to achieve higher productivity and lower costs, or whether increasing their prices will increase profitability. These are the fundamental questions that must be answered by the management (Ravanshadnia & Abbasian, 2011).

5. STRATEGIC MANAGEMENT IN SMALL BUSINESSES

Strategic management process is as important for small businesses as it is for large companies. Irrespective of the size, enterprise must start its operation with a strategy. But small businesses seeking to take advantage of strategic management concepts and principles soon find their limitations concerning the available capital and the mechanism of using external opportunities (absence or inaptitude of a reference framework for daily activities). The results of a recent study suggest that in small businesses, strategic

management is typically unofficial (not as structured as large companies), but those small businesses that utilize strategic management gain far more tangible results than larger companies (Binesh, 2011).

Strategic management is the art and science of formulation, implementation and evaluation of cross-functional decisions that enable a business to achieve its long-term goals.

5.1 Strategic thinking in the business

Success in strategic planning requires an ability to think strategically. Classical guidelines and analyses in the field of strategic management may be largely inapplicable to today's intensely competitive markets, but it has been proven that these tools can significantly boost the development of strategic thinking. Managers who think strategically develop a better readiness to face future problems.

Strategic thinking allows managers:

- 1) to gain a better picture of the business as it is and as it should be, and adjust resource allocation to gain competitive advantage in the future market.
- 2) to evaluate risks, benefits and costs of their decisions.
- 3) to answer the questions that arise in the course of strategic planning.
- 4) to achieve the desired model by strategic planning in a logical and systematic way; a model that may lead to a dramatic improvement in the business performance (Bideye, 2007).

5.2 Detachment, integration, complexity

Detachment refers to inability of managers to adapt to changes in business environment. In the presence of frequent and rapid changes in business environment with complex and unpredictable consequences, fast and yet accurate analysis of developments becomes particularly important. Adapting to changes in business environment is the only way of surviving in an evolving business. In those cases where current changes resemble those previously happened, the previous decisions must be investigated to determine the right approach to handle the current challenge.

Integration involves concepts such as mergers, alliances, joint ventures, macro-level joint planning, and formulation of common fundamental laws at the international level. Today, integration also applies to issues such as staff training and formulation of codes of ethics in organizations.

Complexity in the business strategy context is closely associated with integration, as both concepts deal with increasingly rapid changes in the business environments.

5.3 Strategic project portfolio management

In developing countries, lack of certainty, weak economic, political, and judicial structures and frequent changes in laws and administrative policies increases the risk associated with centralized companies and encourage engagement in a portfolio of activities. The term portfolio refers to a combination of assets chosen to receive investment by an individual or business entity. Technically, a portfolio includes a range of real and financial assets that receive investment. Many investors tend to form a portfolio of assets (including both real and financial assets) based on careful planning and scientific or sensible decision making. In simple words, portfolio is the set of assets fully or partially owned by an individual or business entity (Ravanshadnia, 2016). Research shows that the risk of a business with a diverse portfolio of activities will be far less than the total risk of individual activities.

Likewise, diversification can also benefit contractor companies, as the risk of a diverse portfolio of projects is lower than the total risk of individual projects. This is why companies with long track record in a business are advised to enter a fringe of new fields.

5.4 Strategic management of human resources

Human resource management is the strategic and sustained management and administration of the most valuable asset of a company, which is the employees who work individually and collectively so that company can achieve its objectives. Recessions and economic contractions change the priorities of company. Under such circumstances, company must raise the level of motivation, and honest communication is one of the best motivational tools. Human resource management must ensure that employees retain their motivation

and are not overwhelmed by the mass of messages communicated and details provided in the course of handling the situation. Human resource management must also identify and cancel the processes and procedures that provide the lowest utility at highest cost. However, research shows that companies that continue their training programs during a crisis perform better than those that abandon such programs. These programs do not need to be expensive as there are many cost-effective options that will do just as well. According to Armstrong, human resource management can be described as the strategic and sustainable management and administration of the most valuable assets of the company.

5.5 Strategic management of contracts

Contract is a written agreement between two parties, the client and the contractor, that bind the contractor to achieve the agreed objectives within a specified time period using a specified budget to be provided by the client.

Construction projects often involve three primary elements, client, designer and executor, plus optional elements such as project or construction management units that may work independently or as a part of above parties. Different arrangements of these elements or removal or combination of some units result in contracts of different formats.

Contracts define the procedures, relationships, powers and obligations of the parties of the construction projects, i.e. the client and the contractor. Construction contracts specify not only the objectives but also penalties and bonuses associated with key elements of a construction project including time, cost and quality. The reference of arbitration for predictable conflicts must be specified in the contract to prevent baseless claims on the part of either party.

A contract written with a win-win attitude includes some terms and conditions for proportional division of risks between the parties. In Iran, general conditions of construction contracts are typically tilted in favor of the client. Furthermore, a client may introduce some dubious contract conditions that are impossible to fulfill with the specified budget in order to maintain a leverage against the contractor. Creating a win-win contract therefore requires due attention to precontract negotiations, legal language, contract price and

method of payment, terms regarding suspension and termination, tax and insurance, obligations and powers of the parties, early completion bonus and delay penalty.

5.5.1 Contract types based on separation of design and execution

In-House Contract, Design-Bid-Build Contract, Construction Management Contract, Design-Build Contract

5.5.2 Contract types based on method of payment

Unit Price Contract, Management Contracting, Lump-Sum Contract, Costs per square meter, Turn-Key Contract, Cost plus Percentage of Cost Contract [41]

6. CONCLUSION

- 1) In the rapidly changing business environment and intense market competition, survival and success of every business rests on its ability to utilize strategic planning, so in an economic crisis, due attention to the following preparatory steps is essential: a) Determination of the mission and objectives of the company, b) internal and external analysis c) Determination of business strategy and valuation of senior management with respect to specific requirements of small businesses to push the management toward the use of this type of planning.
- 2) To overcome the competition in line with the business strategy, first the issues and the people with the ability to resolve the issues and contribute to construction of a strong system need to be identified. In this regard, The Pareto principle need to be kept in mind: 80% of results are due to 20% of activities so 20% effective change in function can change the result by up to 80%. Such change needs the strengths of the business to be identified and redundant functions to be removed, and also requires further focus on company's expertise with further use of creativity and taking advantage of business environment. Successful companies during recessions are those that make use of intelligent techniques to adapt to the new behavior of their clients.

- 3) After investigating the statistics on the ongoing (2011-2017) recession in Iran's building sector, decline in investment in financial markets, and increase in the size of liquidity in Iran's economy, we recommend construction and contractor companies to convert a part of their capital to land, real estate or other related assets that can maintain their value during such economic fluctuations.
- 4) Considering the continuation of recession in the building sector, managers are recommended to remain vigilant of the external environment, such as inflation, interest rate, mood of the investors and clients, competitors, price of materials, technological changes and other external factors affecting the company's performance to be prepared for the eventual recovery and can quickly restore the financial structure, human capital, equipment, etc. to not miss the profit of the subsequent boom in this sector.
- 5) During recession, managers should not hesitate to consider the strategy of diversification in company's activities and adding new sections or removing inefficient sections when needed.
- 6) During recession, managers should not allow desperation for profit to lead to signing particularly risky contracts or acting in conflict with business objectives or ethics, e.g. bidding an unrealistically low price hoping that a profit may be earned by leveraging the legal aspects of the contract or by doing a job of substandard quality, as such underhanded strategies may ruin the reputation of company and managers among clients.
- 7) The use of different risk management strategies may be both costly and beneficial. But the minimum earning should be at least equal to the cost of the project. Each business must use a strategy best suited to its condition and advantages. Not every strategy can be applied to any company at any time, so each company must choose a strategy according to its position in business environment, its capabilities, and its advantages over competitors.
- 8) During recession and crisis, contractor companies must shift their activities to other building industry activities that do not require much training and expertise and can be accomplished with the current skilled labor to keep themselves afloat without significant loss of human capital. For example, during recession, a company that specializes in construction of prestressed structures can also bid for normal structures to offset part of its costs.
- 9) Statistics in regard to government-funded construction projects shows that the progress of these projects is directly related to the revenue from oil sales, and with the recent oil prices (about 50 dollars per barrel) these projects are likely to encounter funding issues; so small construction companies need to consider a higher risk when bidding for subcontracting jobs in these projects.
- 10) The most ideal type of construction contract during recession is the Unit Price contract, as it involves more regular payments and allows the contractor to exit the contract more easily and without much financial loss in the event of lack of funding.
- 11) One way of surviving in recessive building sector is to attract external investment and establish partnerships with investors and banks to mitigate the risk, because a construction company with adequate capital and liquidity can take on the project at a lower risk. This however requires an ability to find reasonably profitable projects and to convince the investors and banks that the project is guaranteed to yield a profit. The latter process is best to be outsourced to experienced consultants with expertise on how to pitch the projects to the investors and potential partners.
- 12) Another way to survive or even grow in a recession is merger or partnership with investment or contractor companies of the same field in the form of a consortium. During recession, larger companies are more flexible in bidding for contracts and can attract better investments and financial facilities, which gives them a better ability to cope with the situation.
- 13) one way to increase productivity is to engage

in specialized methods and operations. During recession, the number of companies that bid for each project is usually high, so having an expertise can be a competitive advantage over many competitors that bid for the same project and thus increases the chance of winning the contract. For example, during recession, a company that specializes in the design and construction of prestressed structures may be able to land better and safer contracts than its non-specialized competitors.

- 14) Assuming the building industry as an industry in need of strategic management of human resources, finances, projects implementation, technologies and contracts, deciding beforehand that whether a project is profitable enough and should be engaged requires a strategy developed for this purpose. In times of economic crisis and recession, survival, mobility and growth of a business operating in the building industry originates from and depends heavily on the strategic performance of its management.
- 15) The first solution that come in mind during a recession is downsizing, which allows cost-saving in salaries, benefits, insurance, etc.; but this solution must be implemented not as the first strategy, but only after management has exhausted all other options to balance costs and revenues. Also, business must avoid shedding staff in at once, and should try to reform the costly processes by first changing the roles of staff and using more experienced employees in sensitive or problematic positions. The problem of critical yet very costly employees can be approached by renegotiation of contracts and time-specified postponement of benefits. Also, adoption of motivational measures to encourage higher efficiency in the current staff is highly recommended.

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