

Quantity Surveyors Entrepreneurial Inclination as Determinant For the Growth of Small and Medium Quantity Surveying Firms in Nigeria

¹Ikupolati, A.O. ²Gakure, R. W. PhD & ³Odhiambo, R. PhD

¹*Department Of Quantity Surveying,*

Kaduna Polytechnic, Kaduna, Nigeria

^{2&3}*School of Human Resources Development, Jomo Kenyetta University Of Agriculture and Technology, CBD Campus-Nairobi, Kenya*

Abstract

The contribution of construction projects to sustainable economic growth and development of a nation is very significant. Apart from the fact that they are major contributors to the Gross Domestic Product and employment, they constitute the basic infrastructure needed to accommodate the inputs of all other sectors of the economy. The execution of these developmental projects and infrastructures require the services of construction professionals, the Quantity Surveyors, the Architects and the Engineers/Builders. This study seeks to investigate the effect of Quantity surveyors on the growth of small and medium quantity surveying firms in Nigeria. The all-encompassing involvement of quantity surveying firms in project development in Nigeria as diminished over time. Thus, Quantity Surveyors will need to package and evolve strategies that will enhance quantity service delivery to face the challenges of the construction industry. This study was conducted in Abuja and Kaduna towns of Nigeria. The towns are cosmopolitan and have 56% of registered Quantity Surveyors residence as documented by the Nigerian Institute of Quantity Surveyors in the directory of 2012, and this forms the sampling frame for the study. A total number of 152 questionnaires was sent out and administered to the respondents. 102 of the questionnaires were returned and useable, giving 67% of response rate. Data was then analysed by using regression analysis to establish findings. The findings have shown that both the entrepreneurial and managerial skills of Quantity Surveyors contribute to the growth of small and medium quantity surveying firms in Nigeria. The study recommends that the entrepreneurial inclinations of Quantity Surveyors should be properly harnessed so as to bring about growth in the construction industry with specific reference to the quantity surveying firms in Nigeria.

Keywords: Construction entrepreneur, Entrepreneurship, Professional services and Quantity Surveyors

Background to the Study

The contribution of construction projects to sustainable economic growth and development of a nation is very significant. Apart from the fact that they are major contributors to the Gross Domestic Product (GDP) and employment, they constitute the basic infrastructure needed to accommodate the inputs of all other sectors of the economy (Ogunsemi, 2004). The execution of these developmental projects and infrastructures require the services of construction

professionals, the Quantity Surveyors, the Architects and the Engineer Builders. Ogwueleka (2011), opines that these are professionals traditionally responsible for production and management of project information and documentation.

According to McCorwick (1998), the Quantity Surveying firms face threats as a result of changing client's needs in the construction industry and the particular needs of the developing economy. The Quantity Surveying firms need to contribute to the development of the economy through increase in the number of employees and annual turnover of the economy.

The Irish construction industry has undergone monumental change over the last decade from the peak in 2006, when construction accounted for almost 25% of Gross Domestic Product (GDP) and 13% of total employment, to current levels of 7% and 6% respectively in 2012. This shows a decline in the growth of the industry and therefore a need to resurrect it.

In Malaysia, the construction sector represents nearly 3.5% of the country's Gross Domestic product (GDP) and provides employment for about 10% of the total labour force. An increase in the growth of the construction sector implies that the total labour force through this would increase and thus boost the GDP of the country.

In Nigeria, the management of Quantity Surveying firms have been involved in Mergers, service diversification and forming consortium with allied and non- allied professions with the aim of sustaining competitiveness and improving performance. Despite these performance strives, there are persistent calls by experts and researchers (Aliyu, 2011; Babalola, ojo, Bello, Adafin and Musa, 2011; Kawu, 2011 and Oyediran, 2011) for improved performance of the Quantity Surveying firms signalling that their performance is unsatisfactory.

The performance of Quantity Surveying firms in Nigeria has been less impressive as few of them were involved in all the project developments of the Federal and state governments (Mogbo, 2002). The all-encompassing involvement of Quantity Surveying firms in project development in Nigeria has diminished over time. The growth of firms is an important indicator of a thriving economy.

From the foregoing discussions, it is clear that there is a need for the growth of Quantity Surveying firms in Nigeria so as to contribute to the Gross Domestic Product (GDP) of the country's economy, increase in annual turn-over of the construction industry, increase in performance of the Quantity Surveying firms and this forms an asset base for the construction industry. Thus, this study seeks to explore those factors that will influence the growth of Small and Medium Quantity Surveying firms in Nigeria.

Main Objective

To investigate the impact of Quantity Surveyors entrepreneurial inclination as determinant for the growth of small and medium Quantity Surveying firms in Nigeria.

Specific Objectives

1. To establish the influence of entrepreneurial skills of Quantity Surveyors on the growth of small and medium Quantity Surveying firms in Nigeria.
2. To determine the effect of managerial skills of Quantity Surveyors on the growth of small and medium Quantity Surveying firms in Nigeria.

Research Hypotheses

H1: There is no relationship between the entrepreneurial skills of Quantity surveyors and growth of small and medium quantity surveying firms in Nigeria.

H2: There is no relationship between the managerial skills of Quantity surveyors and growth of small and medium quantity surveying firms in Nigeria.

Growth as a Process

Growth, as such is a change process and it could be that explanatory variable change that is quite substantial during this process. Until we do know, it must remain an unwise oversimplification to assume that nothing else but size changes. While existing studies manage to give an answer to the question of how different determinants affect growth, they largely fail to explain the underlying processes of why these determinants might affect growth.

When growth is conceived of as a process there is little doubt that having several indicators of growth is preferable, and that these need to be assessed at several different points in time. Especially if the study is of a close up nature a very rich image can be captured, including for example direct assessment of organizational complexity along several dimensions as the growth process unfolds. This is not to say processes cannot be studied quantitatively. However, it requires considerable resources and staying power on the part of the research team to study a substantial number of development processes in an intense manner (Roccas, Sagiv, Schwartz & Knafo, 2002). While retrospective reconstructions of growth processes do not lack value they are subject to potential biases due to hindsight and rationalization after the fact on the part of informants. To some extent, this can be remedied with use of multiple informants and documents produced at the time, but whether qualitative or quantitative in nature a more ideal study would follow the growth process as they evolve.

Factors Influencing Growth

Entrepreneurial Skills of Quantity Surveyors

There are some literature and also a body of practice in both development and fields such as venture capital that claims to identify which personal skills of individual entrepreneurs might lead to firm growth and success. This discussion focuses on skills that can be objectively determined and for which there is empirical evidence. The skills are individual characteristics, education, work experience and gender.

Human capital theory explains the entrepreneurial outcomes of an individual's knowledge to the outcome value to a firm (Beek, 2004). Education provides a source of human capital because it

enables individuals to gain explicit knowledge necessary for task performance. Functional knowledge of day to day business operations that is obtained through executive development seminars, workshops and conferences that are organised by Universities, vendors, etc provide the basis for building occupational and industry specific human capital, which enhances the job performance (Tyboat 2000)

Quantity surveyors need to acquire education to at least Higher National Diploma level for them to sit for professional examinations that qualify them to become Quantity Surveyors. Thus these translate to entrepreneurial skills that can be harnessed for the growth of quantity surveying firms.

Managerial Skills of Quantity Surveyors

Smit and Crenje (2002) define management as the attainment of enterprise goals in an effective and efficient manner achieved through planning, organising, leading and controlling the enterprise resources. Management is a form of work that involves coordinating an organisation's resources land, labour, and capital toward accomplishing organisational objectives (Rue and Byars, 1992). Management skills shall be looked under conceptual skills, human resource management and technical skills.

Resource based theory emphasises the importance of the internal resources of the firm as the major determinant of success factor (Barney, 1991, Grant, 1991, Wernerfelt, 1984). The resource based theory provides appropriate means to define the concept of key employee. The key employees are seen as a strategic resource base, which has to be developed in order to create and maintain sustained competitive advantage (Grant, 1991, Vesalainen and Rontamaa 1991).

Research Framework

The primary variable of interest of the study is the dependant variable of growth which is measured by the annual turnover and the number of employees. The independent variables that may influence the dependant variable are entrepreneurial and managerial skills of quantity surveyors. The relationships between the dependant and independents variables are shown in figure 1.

Independent Variables Entrepreneurial Skills of Quantity Surveyors

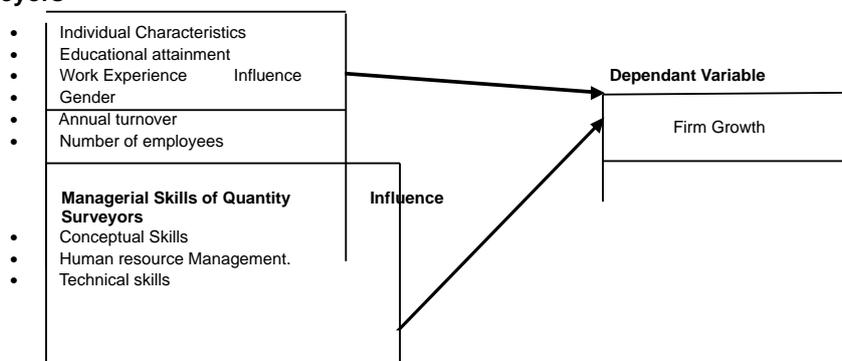


Figure 1. Conceptual Framework

Research Method

For the purpose of data collection, a survey questionnaire was conducted among registered Quantity Surveyors and registered Quantity Surveying firms as documented by the Nigerian Institute of Quantity Surveyors directory of 2012. The research questionnaire was divided into three main sections, which evaluated the respondents' background, background of the firms and the growth factors of the firms. The questionnaire was designed mainly based on a Likert's scale of five ordinal measures from one (1) to five (5) according to the level of importance. To test the content validity, the questionnaire was initially distributed to expert panels of 3, comprising of a Quantity Surveyor, statistician and academia knowledgeable in the areas of firm growth. This was followed by a pilot survey to get an initial feedback on the content of the questionnaire. During the pilot survey, 15 respondents of registered Quantity Surveyors with registered Quantity Surveying firms were collected and the questionnaire was then amended according to their comments before the actual feedback began. In the main survey, a total number of 152 questionnaires were sent out to registered Quantity Surveyors in Abuja and Kaduna towns. After two months period, 102 (67%) response rate of the questionnaires were returned and deemed useable. The data was analysed by using standard regression analysis to establish the findings.

However, in the context of this study, firm growth is defined in terms of increase in firm turnover and number of employees' overtime. In construction, these two indicators are highly used by researchers to measure growth of firms due to their clarity in definition in term of the size of firms and to the accessibility by researcher.

Data Analysis

Regression Model

$$y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \epsilon$$

Where y = firm growth

α = constant

β_1 = corresponding coefficient for entrepreneurial skills of quantity surveyors

X_1 = entrepreneurial skills of quantity surveyors

β_2 = corresponding coefficient for managerial skills of quantity surveyors

X_2 = managerial skills of quantity surveyors

ϵ = error term

$\alpha = 0.05$

Assumptions

1. Coefficients must be linear in nature
2. Response error should follow a normal distribution
3. Errors should have a common distribution

The above statistical test was conducted through the use of Statistical Package for Social Science (SPSS) Version 20.

Regression Analysis

Table 1. Contribution of the factors influencing growth of small and medium quantity surveying firms in Nigeria.

Model	Unstandardized coefficient		standardized coefficient	t	Sig
	β	Standard error	Beta		
1. Costant	55.316	25.495		2.170	0.067
Entrepreneurial skills of Quantity Surveyors	0.016	0.579	0.008	0.027	0.0979
Managerial skills of Quantity Surveyors	- 0.642	0.264	- 0.692	- 2.429	0.045

Table 2: Regression Analysis of the independent variables on dependant variable.

Model summary

Model	R	R ²	Adjusted R ²	Standard error of the estimate
1	0.690 ^a	0.476	0.326	9.18183

a. predictors: (constant), Entrepreneurial skills of Quantity Surveyors, Managerial Skills of Quantity Surveyors

Table 2 shows that the two factors investigated made a total contribution of 69% to the growth of small and medium Quantity Surveying firms in Nigeria.

Table 3: ANOVA table of the independent variables (factors) on growth of small and medium quantity surveying firms in Nigeria.

ANOVA^a

Model	Sum of squares	df	Mean square	F	Sig ^b
1 Regression	535.959	2	267.979	3.179	0.104 ^b
Residual	590.141	7	84.306		
Total	1126.100	9			

a. Dependant variables : Growth of Quantity Surveying firms

b. Predictors (constant), Entrepreneurial skills of Quantity Surveyors
 Managerial skills of Quantity Surveyors

Table 3 shows that the two independent variables are significant on the dependant variable. The tables above summarize the multiple regression results of the dependent variable (growth) and progresses with firm's growth factors. The enter method was used to sum this analysis where all variables are entered into the equation as a group. As seen in the results, the two variables significantly explained 48% of the variance in growth ($F = 3.179$, $P < 0.05$, $R^2 = 0.476$), while the remaining 52% could not be explained. The two variables had significant positive regression weights.

The results revealed that managerial skills of Quantity Surveyors ($\beta = -0.64, P < 0.05$) is the less significant factor influencing the growth of Quantity Surveying firms. This indicates that firms which focus more on Entrepreneurial skills of Quantity Surveyors ($\beta = 0.16, P > 0.05$) demonstrate higher growth when compared with firms that do not.

Discussion

From the analysis, entrepreneurial and managerial skills of Quantity surveyors were found to contribute to the growth of Quantity Surveying firms in Nigeria. These two factors should be given more attention by Quantity Surveyors that aim to achieve growth in their firms. From the analysis, the managerial skills and entrepreneurial skills of Quantity Surveyors have a substantial relation with growth of Quantity Surveying firm. These findings have shown that the factors of entrepreneurial and managerial skills of Quantity Surveyors have a positive relationship with growth of small and medium quantity surveying firms in Nigeria.

Conclusion and Recommendations

This study was conducted to investigate the impact of entrepreneurial and managerial skills in determining the growth of small and medium quantity surveying firms in Nigeria. Both entrepreneurial and managerial skills of Quantity Surveyors contributed to the growth of quantity surveying firms in Nigeria. The study has successfully revealed the impact of the variables positively on growth of quantity surveying firms in Nigeria. These two factors should be used as a basic guideline for Quantity Surveyors in Nigeria with the aim to further development and growth of quantity surveying firms. Quantity surveying firms that achieve growth will subsequently contribute more towards development and economy. High growth firms are seen as important contributors to Gross Domestic Product, employment, and investment.

Recommendations

1. The entrepreneurial skills of Quantity Surveyors should be properly harnessed so as to bring about growth in the construction industry with specific reference to the quantity surveying firms in Nigeria.
2. There should be harmonization between the training received by registered Quantity Surveyors and the managerial skills acquired to bring about growth in the quantity surveying firms in Nigeria.
3. This study has added a new knowledge on growth of quantity surveying firms to the existing body of knowledge to be accessed by researchers and academicians.
4. There is a need for Practitioners in the construction industry to come together to form consortium with allied professions so as to bring about the required growth thus creating more employment opportunities for the citizenry.

References

- Beek, T. (2004) "Small and Medium Enterprises Overcoming the growth constraints" The World Bank.
- Borg, W., Gall, M. & Gall, J (2003). Educational research, an introduction, 6th Edition. New York. Longman Inc.
- Cronbach, L. (1951). "Coefficient of alpha and the internal structure of tests, Psychinafrica 16.
- Grant, R.M. (2013). "The Resource Based theory of competitive advantage: Implications for strategy formulation". Retrieved 21/09/13, www.skynet.ie/~Karen/artiches.
- McCormick, D. (1998) "Enterprise charters in Africa; on the way to industrialization" discussion papers, 366, Institute of Development Studies, University of Sussex.
- Mogbo, T. C. (2002) "Globalization, Sustainability and Democratization Imperatives for Integrated Construction Education and Contract Practise in Nigeria", Workshop Paper, Nigeria Institute of Quantity Surveyors (Kaduna Chapter).
- Ogunsemi, D. R. (2006). "Time Cost Model for building projects in Nigeria Construction Management and Economics".
- Ogwueleka, A. (2011). "The critical success factors influencing project performance in Nigeria". UK International Journal of Management Science and Engineering Management.
- Rae, D. (2007). "Entrepreneurship: From opportunity to Action". New York; Palgrave, Macmillan.
- Ruccas, S; Sagiv, L., Schwarts, S. H. & Knafo, A. (2002). "The big five personality factors and personal values, personality and social Psychology Bulletin".
- Smith, N. (2004). "The Entrepreneur and His Firm. The relationship between type of man and type of company". Bureau of business research. East Lancing, Michigan.
- Tybont, J. (2000), "Manufacturing Firms in Developing Countries; how well do they do and why". Journal of Economics Literature. Vol. 35, No.1.