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Attitudes of Owners which Impedes Firm's Growth: A Case of Small and Medium-Sized Construction Firms in Ghana

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Abstract

Owners of small and medium-sized construction firms are mainly classified as individual, group of people or institution ownership. Attitudes of owners who operate these firms do impact positively or negatively towards the growth of their businesses. This study sought to identify the specific attitudes of owners of construction small and medium size (SMEs) firms that impede growth. Interview with selected construction SMEs owners via snowball sampling was adopted in order to achieve the purpose of the study. Data was analyzed using descriptive analysis. The results suggested that majority of construction SME owners have an attitude of being profit oriented and do not concentrate on the growth of their firms. Also, negatively characterized owner attitudes such as anger, hatred, cynicism, inferiority, distrust, antagonism, resentment expressed towards personnel hinder growth of a firm. Further, the low level of educational qualification of owners has established attitudes that compel them to exhibit non-standardised managerial practices which result in poor human relations among employees thereby affecting firm's growth. An additional conclusion from the study indicates that attitudes of construction firm owners composed of three components namely cognitive component, affective/emotional component, and behavioral component.

Keywords: Attitudes; construction; growth; small and medium-size; firms.'

1. Introduction

The literature on small and medium-sized firms (SMEs) has acknowledged that SMEs are widely recognized as the critical engine of economic development [1]. This characteristic feature has given rise to the dominating SMEs policy debates around the world on how to stimulate economic growth through the development of SMEs [2]. Small and medium-size firm represent about 92 percent of Ghanaian businesses and contribute about 70 percent to the nation's GDP and more than 80 percent to employment [3]. Small and medium-sized firms contribute significantly to the growth of economies. According to Mensah (2004) in Ghana, SMEs have been identified as the catalyst for the country's economic growth as they are a primary source of income and employment. Owners of small and medium construction firms are mainly classified in terms of individual, group of people or institution ownership. The growth of a business can be measured by several attributes, such as sales, employment, assets, profit, market share and productivity [5]. Further, among these indicators, the most frequently used includes sales, employment and assets growth measures. According to [6], reviewed studies of firm's growth found sales to be the most prevalent indicator, followed by employment. Sales growth was considered important because entrepreneurs themselves frequently use this indicator when making business decisions [6].

Similarly, employment growth is deemed relevant because entrepreneurs are often willing to disclose this type of information, and it is easier for them to recall. However, for growth to be attained in a firm, the role of the owner's attitude is imperative. This is because the owner's attitude must stimulate growth via their managers of the firm. The role of the owner varies from one firm to the other depending on the sector type and businesses amongst others. Owners of firms regardless of the industry it operates have some common features and similarities including desire to make profit, ambition to impact in their niche market with its products. These indicators will inevitably impact on the firms despite ownership type however some common features such as attitude seems to be evident among these firms. Attitudes of owners firms make an impact either negatively or positively towards

the growth of the business. It is against this backdrop that this study sought to explore into attitudes of owners of small and medium size construction firms (SMEs) that impede growth.

2. Purpose of the study

The purpose of this study is to establish a deeper understanding on how attitudes of firm owners' hinder on firm's growth and other related attributes of the company.

3. Methodology

In order to achieve the purpose of the study, the used of interviews supported by a review of the literature was adopted. Because of the sensitivity of the and nature of the studies on owner's attitudes of firms, selected stakeholders of the company were involved in the interview process which was held among sampled construction SMEs owners that operate within the capital city of Accra, Ghana. The selection of stakeholders facilitated the non-probability snowball sampling technique. Stakeholders of the selected construction SME firms such as suppliers, employees, client's representation, civil society group among others were used as a medium to establish vital information regarding the attitudes of owners toward growth. The interview which was informal in nature was however recorded and transcribed. The technique proved affirmative since it was quite difficult using other techniques to retrieve information on owner's attitudes. The methodology was supported by a review of existing literature on owner's attitudes towards growth. This was desk-top in nature with the particular use of journal publications, books, Government gazettes and the used of the internet for electronic information.

4. Literature Review

According to [7], various studies have emphasized on characteristic attitudes of owners of small to medium-sized business such as risk-taking and openness to change. Further, owner's attitudes towards personal, finance and risk have as well been acknowledged in the literature. The term 'attitude' refers to an individual's mental state which is on beliefs or value system, emotions, and the tendency to act in a way [8]. Owner attitudes characterized as negative towards personnel that hinder growth of a firm includes anger, hatred, cynicism, inferiority, distrust, antagonism, resentment. Employee performance is skewed anytime when such adverse owner attitude is exhibited towards them. This usually brings down moral and also goes further to affect the entire employee's output within the firm. In addition, the sense of belongingness is reduced and with individual employees ego diminished thereby attributing to desire to grow. Other aggregated owner attitudes that hinder firm's growth include complacency. This is an important aspect of the firm's culture which gives a reflection of the owners need, desires and personality. This is experienced when a firm owner is satisfied with the current status-quo of the firm and does not require any further growth [6]. Lack of risk-taking attitude of firm's owner would result in a dearth of investment. In addition, when firm owner requires leadership attitudes such as vision, courage, fortitude and the zeal to inspire staff it will have a detrimental effect on the productivity of the entire firm thereby impacting on growth.

Literature further acknowledged that owner's attitudes can be assigned to one of the three broad categories including stagnant satisfiers, thwarted expanders and capricious owners [8]. Similarly, attitude could also be composed of three components including cognitive component, affective/emotional component, and behavioral component. The cognitive component is based on the information or knowledge, whereas affective component is based on the feelings. Whiles lastly the behavioral component reflects how the attitude affects the way owners act or behave act [9].

4.1. *Stagnant owners*

These categories of dominate among firm owners. They are those whose businesses have been built to a level they regard as suiting their economic and social needs. Further, this category of owner's priorities to maintain their current level of growth rather than pursuing further growth of their firms.

4.2. *Thwarted firm owners*

Thwarted firm owners are characterized by trying to grow their business but unable to grow. This maybe as a result of labour skills shortage, low wages, salaries amongst others.

4.3. *Capricious owners*

These are a category of owners who move regularly and repeatedly into and out of an industry so as to maximize short-term gain avoid long-term liability.

5. Findings and Discussion

In order to be guided by the primary purpose of the research, informal interviews via snowball were conducted in order to establish the negative attitudes of true owners that hinder growth. It was found that various human attitudes are exhibited by firm owners that operate within the construction industry. This is because the construction industry is characterized as a labour intensive sector with accumulated different attitudes and backgrounds such as educational, political, religious amongst others of employees which must be managed by the owner. Some firm owner's remarked that the uniqueness of the construction industry in terms of its high risk has cultivated a form of attitude that deters them from embarking on growth projects for their firm. Also retrieved from the interview include inconsiderate inter-personal attitudes exhibited by owners of construction firms on employees. These consist of low human relation, lack of motivators and fundamental physiological needs of employees. Further, few interviewees retreated that labour force plays a vital role in the construction process therefore good performance and improvement in construction productivity are achieved through prudent resource management, human efficiency, and human relations. Consequently, if firm owners do not endeavor to establish right attitude on employee relations, then productivity will undoubtedly be hindered affecting the growth of the organization. Interviewees also added that owner's attitude of fear of change as a result of uncertain turbulent political atmosphere prevents the firm from embarking on innovation to improve on products due to the volatility of the market environment. Similarly, interviewees also remarked that the fear change as a result of the unstable price quotations from suppliers due to uncertain economic stability that impedes firms growth. Respondents also asserted that most owners of the construction have a low level of education and are also profit oriented naturally rather than seeking the growth of their firms.

6. Conclusion

The purpose of the study was to explore an in-depth understanding on how attitudes of firm owners' and other related attributes of the company hinder on firm's growth.

In order to achieve the purpose of the study, the used of interviews supported by a review of existing literature was adopted. The sensitivity of the study warranted the use snowball sampling technique to be adopted for the study. Selected stakeholder's of several of construction firms were considered in the interview process which was held among owners that operate within the capital city of Accra, Ghana. The selection of stakeholders of the firms such as suppliers amongst others facilitated the non-probability snowball process. Review of this study has shown that the various studies have emphasized on characteristic attitudes of owners of small to medium-sized business such as risk-taking [7]. Further, literature also stressed that the term 'attitude' refers to an individual's mental state which is on beliefs or value system, emotions, and the tendency to act in a way [8].

The study also concludes that owner attitudes characterized as negative towards personnel that hinder growth of a firm includes anger, hatred, cynicism, inferiority, distrust, antagonism, resentment. Employee performance is skewed anytime when such adverse owner attitude is exhibited towards them. Further wrapping-up of the study indicates that owner attitude is composed of three components including cognitive component, affective/emotional component, and behavioral component. The cognitive component is based on the information or knowledge, whereas affective component is based on the feelings of the individual. An additional conclusion from the study shows that construction SME firm's owners develop an attitude that hinders growth and these emanate from the uncertain political atmosphere that results in fear for them to embark on any growth project in the firm and also supported by the fear of the unstable economic stability.

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