

SMALL BUILDING ENTERPRISES

An Evaluation of Management Skills of Small Building Practices

A Thesis Submitted to the University of Technology, Sydney in candidacy for
the degree of Master of Applied Science (Building)

By

Salvatore Pagano. B.App.Sci.(Building), MAIB, BDA

Sydney, Australia

September 2002

ACKNOWLEDGEMENTS

Many individuals and industry organisations, in addition to my research supervisors, have assisted in the long-term research on which this thesis is based. I am grateful to all of them for their help and support, their collaboration has been greatly appreciated. Specific mention is made for only a few of those who have assisted, however all assistance is recognised.

This project would not have been completed without the support and strength of my wife Carmela and daughter Samantha who have demonstrated their support through their patience and understanding.

To my academic research supervisors, Patrick Healy and Neville Shooter, I offer my sincere gratitude for their support, guidance and perseverance during the course of this study.

A very big thank-you to all those that have participated in the interviews. Without their co-operation this thesis would not have been possible.

I would also like to acknowledge the assistance of the questionnaire from the report 'Management Skills in the Housing Industry' by Geoff Hayton, John Garrick, Hank Schaafsma, Rosalie Fishman and Jacqueline Stone. This report questionnaire was ideally structured to assist with my research; its altered version was of great benefit to my study.

TABLE OF CONTENTS

CONTENTS	PAGE NUMBER
ACKNOWLEDGEMENTS	1
TABLE OF CONTENTS	2
LIST OF ILLUSTRATIONS	5
CHAPTER ONE	8
INTRODUCTION	8
Statement of the Problem	9
Aim	12
Objectives	12
Thesis Outline	12
CHAPTER TWO	15
LITERATURE REVIEW	15
Introduction	15
Management skills of small builders	16
Education strategies	21
Adult education	21
Delivery of Education	24
Networking	28
TAFE Response to Industry Demands	29
Comment on Education Strategies	29
Discussion	30
CHAPTER THREE	37
METHODOLOGY	37
1. Measuring managerial skill levels	38
2. Gaining effective access to the target group	39
3. Obtaining valid data – Pilot study	41

Networking - A Strategy for getting the data.	42
Obtaining valid data	45
CHAPTER FOUR	47
INTERVIEWS AND DATA ANALYSIS.	47
Introduction	47
The Ethnic Work Force	47
Summary of Interviews and Questionnaire Results.	49
Personal Interviews	52
Operational management - Use of contracts	52
Financial Management – Budgeting, Cash flow & Forecasting	54
Information management – Office Administration	57
People Management – Communication Skills	59
Commitment to training	61
CHAPTER FIVE	65
EMPLOYING PROFESSIONAL STAFF	65
Introduction	65
Communication	65
Attitude	68
Professional assistance	69
Profile of participant's Qualifications	70
Networking-Quest for further information	72
Pilot study-Third round of interviews	73
CHAPTER SIX	77
ON-GOING PROBLEM	77
Introduction	77
Builders Licence	78
CHAPTER SEVEN	85
EDUCATION STRATEGY - THE NECESSITY TO CONSIDER AN ORAL STRATEGY	85
CHAPTER EIGHT	89

CONCLUSION	89
Recommendations	93
Methodology Approach	93
Recommendation	93
Management training at apprenticeship level.	94
Recommendations	95
New Education Strategy	95
Recommendations	96
APPENDIX	97
QUESTIONNAIRE	97
QUESTIONNAIRE INSTRUCTIONS	98
1 Managing operations	98
2 Managing finance	99
3 Managing People	100
4 Managing information	101
INTERVIEW NO1- SMALL BUILDING COMPANY	102
Company Profile	102
Manager back ground and skills	103
Training	103
INTERVIEW NO 8 - SMALL BUILDING COMPANY	104
Company profile	104
Manager background and skills.	105
Training	105
INTERVIEW NO 42 - SMALL SUB- CONTRACTOR COMPANY	106
Company profile	106
Manager back ground and skills.	106
Training	106
BIBLIOGRAPHY	107

LIST OF ILLUSTRATIONS

FIGURE NUMBER	TITLE	PAGE NUMBER
Figure 01	Ethnic Ratio of interview subjects	48
Figure 02	Interview Results – Wanting to improve management skills	51
Figure 03	Use of Contracts	54
Figure 04	Financial Management Involvement Results	57
Figure 05	Subjects Wanting Improvement in Office Administration	59
Figure 06	Subjects Wanting Improvement in Communication Skills	61
Figure 07	Commitment to Training - Results of subject's attitude towards retraining.	63
Figure 08	Profile of subjects Qualifications	70
Figure 09	subject's view on professional assistance	71

ABSTRACT

The building and construction industry in Australia is a fragmented industry consisting of many segments or groups, for example builders, sub-contractors and suppliers to name a few. Most builders and sub-contractors operate as small companies. Management skills in small companies, has long been a major concern to the building industry, especially within the house sector of the building industry.

Old and recent studies have revealed that many proprietors/ managers of small builders have progressed to managerial positions with only trade skills, and many of them are lacking in the various levels of managerial skills needed to successfully run their businesses.

The purpose of this thesis is to investigate the needs for changes to the current education strategies aimed at the proprietors/ managers of small builders with the aim of improving the management efficiency of small building enterprises.

The focus of the thesis is a review of current managerial skills possessed by individuals managing small companies and an examination of their attitudes towards learning managerial skills

A review of the literature provided valuable information regarding management inefficiencies in the building and construction industry. However little of it was expressly concerned with the management skills of proprietors / managers of small builders. In some cases the literature is misleading in relation to the attitudes of proprietors/ managers of small builders towards learning managerial skills.

The research methodology involved a series of structured interviews, which included a guided questionnaire, and a personal interview.

The development of trust in administering the questionnaire and interviews was found to be a crucial part of the methodology.

The findings of the investigation confirmed that lack of management skills is a problem within small builders. The study also revealed that proprietors / management of small builders are willing to retrain in the quest for better management skills.

The thesis concluded that lack of education and re-education is one of the major hurdles for small builders. The study identified proprietors/managers of small builders as a category of people that need special education. The study also revealed that the education strategies in place fail to accommodate these people's needs.

Consequently the study concluded by hypothesising that there is potential for developing oral based, learning education strategies to accommodate the specific needs of the proprietors / managers of small builders.