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

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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.

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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.

CHAPTER ONE

INTRODUCTION

The building industry consists of many segments or groups, builders, sub-contractors and suppliers to name a few. Most builders and sub-contractors operate as small companies. (Royal Commission, 1992).

In October 1998 in Sydney, Raymond Hutt, Chief executive officer of the National Centre for Vocational Education Research (NCVER), held his first industry training outlook conference. During his speech he made reference to the building industry being the second most fragmented industry after agricultural in Australia. He stated that small businesses employing less than 20 employees account for almost 98% of all establishments. He went on to state that only 2% of the industry had more than 20 employees, and that the small business nature of the building industry is further illustrated by the fact that nearly 85% of all enterprises employ less than four employees. He also stated that the numbers of small businesses are increasing. (Chartered Building Professional. The national magazine of the *Australian Institute of Building* November (1998)

"Total Quality Control for Project Builders' 1991, by Salvatore Pagano is an undergraduate research thesis by the writer. One of the findings of this thesis was poor management and lack of contract administration skills in small building companies. It was also noted that the major contributing factor to poor quality and defective work was the lack of management skills reflected in poor communication skills and the quality of information exchanged during the construction process.

Communication problems contribute to management inefficiencies because the inability to communicate promptly, concisely and professionally often leads to disputes, which is clearly a reoccurring problem in the housing industry.

Lack of information and poor documentation skills is a recipe for poor outcomes. The inability to assess information during tendering and construction stages and the inability to accurately or successfully convey this information to staff will ultimately result in substandard workmanship and eventual financial difficulty.

That undergraduate thesis' findings influenced the need for further research into this topic.

As this further research into the management of small builders began to unfold it soon become evident that an underlying problem existed. Although the study identified severe problems with management efficiencies within the small builders, the study also revealed a group of people in need of special assistance. This group is the proprietors and managers of small builders

This thesis is concerned with the proprietors and managers of small builders in the housing sector of the building and construction industry. These enterprises probably represent about 85% of the housing sector of the building and construction industry. The thesis sets out to identify the areas where the proprietors and managers of small builders are experiencing problems and attempts to unearth the reasons why problems are not being solved.

While no fixed or hard line has been drawn, in the context of this study 'small builders' are building entities (including sub contractors) employing less than about four direct employees, including the proprietor, in the housing sector of the building and construction industry.

Statement of the Problem

The housing sector of the building industry is an area where, for a long time, poor management has often resulted in disputes leading to financial hardship

for many. Sims *(1977)* highlighted this more than two decades ago in his publication, '*Resolving Disputes,*' *Building,* when he reported that;

> "The incident of disputes under building contracts is increasing, and the resulting sums of money outstanding seriously affects cash flow in the industry." (p.82)

Furthermore, financial institutions viewed building contractors as high risk and were reluctant to commit funds to such firms on a long-term basis.[1] Consequently many small contractors had liquidity problems.

The seriousness of the problem has been long recognised by many. Langford and Wong claimed that one of the main reasons for the high rate of bankruptcy is the contractors poor evaluation of risks.'[2]

Further, the advantages of introducing management training has also long been recognised, for instance Hutton (1970) wrote;

> "There has been a strong and growing awareness of the need for a higher level of education, for those entering building and construction in technical and managerial positions." (p. 223)

The literature review (chapter two) for this thesis confirms that the problem has not yet been adequately addressed, particularly with regard to small builders. Over the years there has been a number of attempts to address the lack of management skills. In late 1990 and early 1991, the then Building Service Corporation (BSC) adopted some initiatives and introduced new requirements into the licensing process. This involved all candidates applying for the new gold licence to complete a course in business management. This action reflected an increasing recognition for the need for better management skills.

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1 Woolett, J. 'Why Are There So Many Failures in Construction?' Building Technology and Management. November 1979, pp. 39-40
2 Langford, D.S. & Wong, C.W. ' Towards Assessing Risks.' Building Technology and Management. April 1979, pp. 21-23.

In the1990 Annual Report, the BSC stated;

> "The corporation has introduced the requirement [business
> management course] with the support of the industry because of
> concern over the number of building companies and tradesmen going
> into liquidation and bankruptcy at a great cost to the consumer,
> suppliers and the industry in general." (p. 27)

In a quest to make the Home Building Industry a more professional industry for all, society is faced with the commercial reality of implementing professional development for both existing builders and those entering the industry. Greig (1992), in *Structure, Organisation and Skill Formation in the Australian Housing Industry* wrote:

> "While prospective business licence holders will obtain many of these
> basic skills through the Builders' Business Management Course, these
> other courses will continue to perform a valuable role for current licence
> holders wishing to update their skills, or as refresher courses on new
> management techniques." (p. 119)

Greig acknowledges that the problem with management training has been known for a number of decades and only since the early 1990's have practical steps been taken to remedy the situation.

While acknowledging that there are now steps to address the managerial needs of the housing sector, there is the question, and hence the problem addressed by this thesis, as to whether or not these steps address the managerial difficulties faced by proprietors and managers of small builders.

Aim

The aim of this thesis is to contribute to the development of management skills of proprietors / managers of small builders in the housing sector of the building and construction industry.

Objectives

The objectives of this study are:

- To conduct a review of current management skills of proprietors / managers of small builders in Sydney, New South Wales, Australia.

- To gauge the disposition of proprietors / managers of small builders in Sydney, New South Wales, Australia towards management training.

- To examine whether there is a need for a particular educational strategy for small builders.

Thesis Outline

The thesis is structured into the following nine chapters:

Chapter One – Introduction

Chapter Two - Literature Review
Chapter Summary

Considerable emphasis is placed on a review of building industry literature in management skills and skill formation. The literature review is directed towards establishing whether or not there is a view on management efficiencies of small builders and about their attitudes to education.

Chapter Three – Research Strategy and Methodology
Chapter Summary
The views identified in the literature review lead to the concept of developing a strategy to collect better quality data.

Chapter Four - Interview and Data Analysis
Chapter Summary
Data collected from the interview structure is assembled and analysed to demonstrate the extent of management efficiencies/inefficiencies of the small builders. The willingness of the proprietors / managers of small builders to undertake retraining is also identified.

Chapter Five – Employing Professional Staff
Chapter Summary
Communication gaps between the small enterprise manager and the professional, participant qualifications and education strategies are identified assembled and analysed in this chapter.

Chapter Six – On Going Problem
Chapter Summary
This chapter deals with the education requirements stipulated by some institutions for obtaining a builders licence. The chapter also highlights the circumventing of the system.

Chapter Seven– Education Strategy
Chapter Summary
This chapter highlights the need for an oral education strategy and the need for further study.

Chapter Eight – Conclusion and Recommendation

Chapter Summary

The chapter concludes with a summary of the results, a series of recommendations to address some of the problems identified and suggestions for future research to compliment this report.

The expected benefit from the study relates to two main issues.

- Firstly to establish the level of management skill among small builders. And
- Secondly, to be a contribution to the development of an education strategy to accommodate the long term needs of small builders.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter focuses on recent publications and reports on the housing industry dealing with the management of small business, evaluation of management skills and training. The material was gathered from a wide range of sources. Literature searches were carried out using databases mostly concentrating on Australian literature. Other sources included Government departments, housing research organisations and housing consultants. The review concentrates on post 1970 published literature and covers over 65 studies on management and training related issues.

Notwithstanding the large volume of literature on building industry subjects, little has been documented on the management efficiencies or training of the small builder in the housing industry. While it cannot be said that all relevant sources of materials have been detected, much of the information unveiled had limited direct applicability to small builders. The material researched has been beneficial to the progress of this study in that it showed up this gap in the literature in relation to the small builder.

Management skills of small builders

Poor management in the housing industry has been identified for a number of decades. The need for and the advantages of introducing management training, was also recognised by Hutton in' *Building and construction in Australia.*'
In the later 1960's Hutton (1970) noticed a strong awareness and a growing need for the introduction of a higher level of education for candidates entering a managerial, or technical position in the house building sector. Hutton went on to say that:

> " This need has been particularly apparent in the smaller and technically based companies. Awareness of the value of education has also been stimulated by the increasing complexity of the building processes, the need to improve productivity and to make greater use of new techniques and materials." (p. 223)

The lack of management in small enterprises was also later noted by Rodriguez, (1991). In his MA Thesis research study titled,' *Financial management issues and the failure of small house-building companies'*, Rodriguez identifies that many small builders usually enter the industry through a trade background, without any formal management training. He went on to say that:

> " They come into the contracting business armed only with their trade skills and an intuitive knowledge of the workings of the housing market. While this grounding helps most small builders survive, the industry continues to suffer from a high annual rate of bankruptcies."
> (p. 58)

The findings of these studies in relation to management inefficiencies of small building companies were consistent. It is clear that management inefficiencies

of small building companies exist, as this problem has also been a major concern of Government departments for many years.

Thus the literature is pointing to a lack of managerial skill in small builders in the housing industry and that this situation has persevered for a long time.

A substantial amount of the information researched was out-dated which is expected in such a dynamic industry. Several reports however provided information on the profiles of reasonably current building practices with three relatively recent reports offering views on management skills in the housing industry.

These reports are:

1. Wallace L, Hayton G, Guthrie H, Brown A. 1989, *Articulated Training-models for the building industry Volume One – Report.* (Commissioned by the Department of Industry, Technology and Commerce, through the Australian Building Research Grants Scheme, and the Australian Committee on TAFE Curriculum).

2. Hayton G, Garrick J, Schaafsma H, Fishman R, Stone J. 1995, *Management Skills in the Housing Industry,* Australian Government Publishing Service, Canberra. (Commissioned by The Commonwealth Department of Housing and Regional Development through UTS)

3. Greig A. W. 1992 *Structure, Organisation and Skill Formation in the Australian Housing Industry.*

These reports again identified several management inefficiencies within small enterprises but go further in identifying attitudes to development of managerial skills.

In their report, Hayton et al, (1995) have attempted to intimately analyse small, medium and large sized Building Companies in an effort to assess the level of management skills, identify current and future required management skills and evaluate current management skill formation strategies. In their investigation, the authors identified several management inefficiencies, in particular with small-scale homebuilders that had progressed to their management position with only a trade background.

In their summary, Hayton et al, conclude that the majority of small builders viewed the current level of management skills in their sector of the housing industry as inadequate particularly in the areas of financial management and people skills. However they also said that the majority of small builders and contractors had little time to retrain and upgrade their management skills.

"Nevertheless the commitment by many participants to self-education, (Computer skills) learning from peers on the job, (Project Management) or other form of informal learning, suggested that formal training was not yet a high priority." (p. 28)

These reports reiterated the view that most small builders and sub-contractors in the housing industry have progressed to a supervisory or management position with little more than a trade background and without undertaking further vocational training in personnel or business management:

Greig (1992) wrote:

"... poor management has been identified as an important issue within the housing industry. Since the early 1960s a small number of large firms have "professionalised" their managerial structure... Accountancy, marketing and process coordination become more complex as firms grow, and the managerial structure of growing firms has become more fragmented and specialised. Rarely is it possible for one individual to retain direct control of all the day-to-day problems

associated with a growing company. However the majority of firms remain small family based or sole proprietor firm. Most builders achieve contractor status through their trade experience within the industry and possess only rudimentary management skills. Small building firms have continued to experience high rates of failure." (p. 55)

This literature also portrayed small enterprises as business groups with a strong negative attitude towards retraining as Wallace et al., (1989) went on to say that:

"Convincing self-employed trades-persons of the need for some form of training in management skills may well prove a difficult task, particularly when it is remembered that many of the individuals interviewed in the case studies have achieved their career goals and see no need for further study or training. On the other hand it must be remembered that an estimated 50% of small business ventures eventually fail, and the needs of these people need to be considered." (p. 55)

Another view of the industry Training Plan [3](1996-1998), said that the building and construction industry is predominantly made up of small businesses and that it employs a high proportion of migrant labour, particularly from non-English speaking backgrounds with over one in twenty having little or no ability to communicate in English.

The businesses highlighted by the *Industry Training Plan* featured contractor trade persons and their partners who in most cases were the spouse of the trades-person. The study mainly included trades such as; Electrical, Painting and Decorating, Wall and Floor Tiling, Civil Operators, Protecting Coatings, Corrosion Control, Structure etc.

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[3] *Industry Training Plan 1996-1998*; Victorian Building and Construction Industry Training Board

The Industry Training Plan also accepted a lack of management efficiencies within these small Businesses, and noted that;

> "Small businesses are typically owned and operated by the manager who has contributed most (or all) of the capital. Few of these managers have been provided with significant levels of training themselves and do not necessarily recognise the benefits of maintaining high skill levels... [Small businesses] have a higher proportion of overseas born people working as "labourers and related workers." While there is an obvious need for training to be provided to employees of small business, accessibility issues will need to be addressed"

Not only is there a common view on the lack of skill, there is also a view that this is unhealthy for the industry participants. This is believed to be directly linked to the demise of many small builders and sub-contractors: Wallace et al. (1989) wrote;

> "[that] the small builder and the sub-contractor can be identified as being one and the same. The small builder is often the principal contractor but on another site is acting as a sub-contractor. The manager of these small teams, consisting of two to ten employees, often lack either education or training in management skills, particularly business management. It is an established fact that in Australia approximately 50% of small business do not survive within the first three years of their development. This is usually due to lack of management skills." (, p.25)

This literature portrays a consistent view that small builders lack managerial skill, that they come from trade backgrounds with little formal training in management, and more importantly are not committed to learning the needed managerial skills. While this thesis will set out to confirm or deny the views on levels of skill and on the background of the proprietors/managers, the key

concern in this thesis is with the view that proprietors / managers of small builders are not motivated to learn managerial skills. These issues will be taken up in the discussion of the literature below.

Education strategies

Since providing education in management is a background issue to in this thesis some literature in the area of Adult Education was examined as was a review of the success of some existing educational strategies. None of these focussed on the core needs of manager/proprietors of small builders.

Adult education

Given that many of the participants in the small builder sector are mature aged an attempt was made to identify possible relevant literature. While general literature was found, none was found that directly focussed on the small builder. The following is a flavour of that literature and it helps to contextualise some of the discussion.

There have been some enormous achievements in the education system in the past 20 years. Tertiary education institutions have in many ways kept up with the industry and consumer demands, catering for the secondary school graduate to the mature aged individual in need of retraining.

Providing adult education has always been a difficult task and in a multi-cultural society such as ours, it becomes a constant challenge. Education providers must take into account the many complexities that make up the various adult groups such as:

- Age
- Language difficulties
- Ethnic origin or cultural back ground
- Education level
- Social and economic environment
- New-comers to the industry

The above issues alone make the creation of educational course structures difficult, consequently making some of the available courses suitable for some, but beyond comprehension for others.

The problem of basic education and English language difficulties, which is prevalent amongst our multi-cultural society, presents a dilemma for education programs. This is particularly relevant to small builders

Adult education is a world wide issue and a well documented topic with an expansive and complex literature base covering an almost boundless number of issues from adult teaching techniques to the over supply of graduates. However the literature reviewed did not address the education needs of the small enterprises highlighted in this study.

Some of the local literature reviewed addressed training and skill formation, mostly involving apprenticeship schemes and the problem associated with the shortage of skilled labour, but again failed to address the educational needs of the small enterprise related to this study.

Education providers are constantly attempting to arrange courses to cater for the needs of the industry and the needs of our ever-changing society. In doing so it is necessary to obtain accurate information about the needs of the participants in the adult education system. Therefore the need for further research and creation of new methodologies become more apparent.

Although the need for further research in adult education was frequently expressed by many of the authors in the literature reviewed, there was no

mention of any research directed to the building industries small enterprises that would benefit the group highlighted in this study.

The need for further research in adult education was not only identified in local literature, the issue was also strongly emphasized in American and English literature.

The Learning Enterprise,[4] by Lewis, (1984) published in America, constantly emphasised the necessity to develop better information about the special learning needs of adults. He also spoke of a clear bias in most education institutions in America against adults and in favour of youth. Lewis went on to say:

> "In addition to misleading stereotypes and misconceptions about adult learning and the wide gaps in existing public policies, a major barrier to creating the kind of learning enterprise needed by the new economy is an appalling lack of timely and accurate information about the entire system of adult learning in the United States." (p. 49)

One of the issues Lewis referred to was the need for the educator to know more about the individual and the employer in order to identify their special needs. Perelman also spoke of the existence of a total lack of integration of the existing information. His recommendation included engaging in further research.

The recommendation for further research in adult education was not only highlighted in resent publications but has been one of the main issues surrounding adult education for decades further emphasising the complexities of this area. In a report commissioned by the British Secretary of State for Education and Science[5], Sir Lionel Russell (1973) wrote;

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[4] Lewis J. Perelman, 1984, *The Learning Enterprise; Adult Learning Human Capital and Economic Development.*
[5] Sir Lionel Russell C.B.E. "*Adult Education: A Plan for Development*" commissioned by the British Secretary of State for Education and Science, Margaret Thatcher in 1973.

"In addition to the gaps in statistical information there are many aspects of adult education needing systematic research and we have already invited the universities attention to it. Much of this will be fundamental research, in the sense of establishing methodologies and conceptual framework."(p. 143)

Sir Lionel went on to say that research is the foundation upon which the training and qualification of professional adult educators should be built.

This is particularly the case when confronted with a multi cultural group of varying social and economic backgrounds such as the participants encountered during the study.

Delivery of Education

Many attempts have been made to provide appropriate educational strategies to deal with the perceived lack of managerial skill in small enterprise. However the availability of relevant educational literature relating to management of small builders within the housing sector was generally found to be limited. Several reports were identified on specific matters such as training, and skill formation in the housing industry, most of which related to apprenticeships and trade training.

For example one such report is *Skill formation and the enterprise*[6]. Despite being a very detailed study in skill formation at an apprenticeship level, the report did not include research on current management skills and management skill training of proprietors / managers of small builders and therefore offered little assistance.

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[6] Curtain, R. (1997). Skill formation and the Enterprise. Labour and Industry. Volume 1

A considerable amount of the literature addressed or attempted to address industry management and skill requirements or the probable impact of the continuing technological advancement of the industry. It was found that the literature was mostly directed to the larger enterprise and the non-residential sector of the building industry, perhaps this is due to the fact that most resources were directed at medium to large enterprises.

For example, *Two Steps Forward, One Step Back*[7] analysed the management practices of more than 100 enterprises currently working in the construction industry which included sub-contractors and contractors and consultant practices such as Architects, Engineers, Surveyors etc. The participants were mostly medium to large size enterprises, with more than a third having a gross annual revenue greater than fifty million dollars. The enterprises in this report do not represent the small-scale enterprises highlighted in this study. Small enterprises were largely ignored and received only brief acknowledgement.

The *Industry Training Plan,* referred to above, provides various recommendations for several trial programs to be conducted by TAFE colleges and also suggests several recommendations for implementation of initiatives to increase participation in training across the industry.

The need for monitoring technological changes to assess skill changes and future skill requirements for both the industry and TAFE teachers was the focus of a study by Brinkworth and Eckersal[8] (1995). The study argued that significant higher technological skills would be required across Australia in the future. Monitoring the technological changes of the various trades, industry and commerce would provide TAFE central authorities, TAFE colleges and TAFE teachers with vital information for assisting staff development, curriculum development, program planning and program delivery.

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[7] *Two Steps Forward, One step Back, Management Practices in the Australian Construction Industry*: a report conducted under the direction of the Construction Industry Development Agency (CIDA) 1994
[8] Brinkworth B.J. and Eckersal K.E.(1985) *Monitoring Technological Changes*; TAFE National Centre for Research and Development.

The Brinkworth and Eckersall report recognises the importance of technological advances and the impact these changes may have on the structure of future educational programs.

Another study, *Developing Learning Guides*[9] proposes a four-part package designed for trainers working in the industry. The package can be used as a self-paced program with or without mentor support, by groups guided by a mentor or in a workshop type environment. The package's flexible approach to training aims to draw people that would like to move away from the traditional institution or classroom based program.

Once again this report, although not directly linked with the scope of this study, offers views on how education providers and researchers attempt to address the severe problem with training in today's working environment.

A number of studies have been undertaken examining several aspects of the industry and many sources investigated were found to be inappropriate in regards to small building enterprises and the scope of this study.

For example several reports published by the Department of Employment Education and Training such as ' *Skills for Australia' (1987),' Training for Australian Industry (1988) , ' Industry Training in Australia' (1988), ' Meeting Australian's skill needs' (1988) and ' Improving Australian's Training Systems' (1989);* publications by Fuller et al, (1988) *' Training for Australian Industry,' Housing Industry Training (1992) 'Reform and innovation in Skills formation for housing industry,'* Building and Construction Industry Training Council-Western Australia' (1993),Hall et al, (1988) Industry Restructuring and TAFE, and Building Best Practice (CIDA) (1993), provide information on apprenticeship training, and researches technique for assessing industry training, and offer no training for the small enterprise manager.

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[9] Bruhn. P, Guthrie. H and Tooth.T, *Developing Learning Guides*: Australian Committee for Training Curriculum

Other reports and publications such as Brockett, (1988) *Ethical issues in Adult education,* Burton et al, (1981) *Examining Controversies in Adult Education,* Chisholm (1998) *Developing Network Organisations,* Briner et al, (1996) *Project Leadership,* GT. Brit (1993) Adult Education: *A plan for Development,* did not offer any assistance in the education strategies for the small enterprise highlighted in this study.

Other Publications such as *Transferable Skills in Technical and Future Education*[10] proposes a pilot program with curriculum material designed to assist in the teaching of transferable skills in the field of hospitality.

Although the report is not directed at the building industry it provides an insight to another industry of the need for training and changes in training in order to produce a more skilled, flexible and adaptable work force to cope with the radical changes in the industry.

Communication within the small enterprise was one of the many topics investigated. For example *Communicating in The Small Group*[11] offered training in the skills necessary to perform as a contributing member of a group. The book emphasises the essential link between communication and group behaviour. The basic principles of the book are that people can learn the dynamics of group participation by using problem solving decision making, leadership skills, and conflict management techniques to improve group functioning and to gain the individual skills that are necessary to perform as a contributing member of a group. An interesting topic but did not offer any links to the communication skills required by the small enterprise.

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[10] Thomson, P. and Storey,G. *Transferable Skills in Technical and Future Education (1988),* a report funded by the TAFE Board of Victoria

[11] Schultz, B.G. (1980) *Communicating in The Small Group- Theory and Practice Second edition*

Networking

A Network can be described as " ... a set of people tied together by work, friendship, influence, or communication relation" , (Knoke & Kulinski, 1982). Networking is a global issue in a commercial world and a well-documented subject with a vast, complex and varying body of literature. Networking is vital for the success and progress of small to large enterprises and is particularly the case in the building industry.

Research on networking has been quite extensive. Areas of research into networking include its effects on: Power and social influence (Ibarra, 1993a), innovation (Ibarra 1993b), performance (Pearce & David, 1983), leadership and attribution process (McElroy & Shrader, 1986), social networks of managers (Carrol & Teo, 1996) and the effects of social networks on discrimination in salary negotiation (David & Seidel, 2000).

One such publication *Dimensionality and performance effect of social networking in small business*[12] was conducted in the smaller community banking industry, rather than the larger banks. The purpose of the study was to demonstrate that an active social networking strategy followed by smaller business would have performance implications. The report also recommended further studies addressing quality of social networks among small business board members.

Organisations in the Network Age[13] demonstrates how the introduction of computer networks raises new challenges concerning how the process of change is managed. The work explores the experience of six organisations that have introduced computer network technology.

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[12] *Dimensionality and performance effect of social networking in small business;* D.R. Wood, G.W Rimlere & P.R. Sturn, (1997) www.sbaer.uca.edu Research 1997 ICSB.

[13] *Organisations in the Network Age;* Boddy & Gunson, 1996.

As with the above study, the builders and managers referred to in this thesis are reliant on social networking. Many of the builders and managers interviewed attained work through social networking with other trade members in and around the club environment. However this research did not focus or examine networking, social networking in the club environment was simply used as a vehicle to meet the participants of this study, a vehicle to create a friendly relationship and to establish a degree of trust. This will be further discussed in Chapter Three.

TAFE Response to Industry Demands

TAFE responded to the industry demand offering several courses, for example Certificate 2 and 3 in communication skills. The aim of these courses are to broaden the knowledge and communication skills of employees in order to effectively participate in the Australian work force at a level requiring minimum supervision.

TAFE has recognised a deficiency within the workplace not unbeknown to the industry but nevertheless very important. The issue of broadening knowledge and communication skills is however equally as important for many principals of small building enterprises as it is for employees.

Comment on Education Strategies

The above samples show that considerable thought and effort has gone into the form and delivery of education. If it is true that the level of managerial skill still remains at a low level among small builders in the industry then there appears to be an ongoing problem. Given this wide availability of educational opportunity why has it failed? Is because people do not recognise the need as suggested by, Hayton et al (1995) when they observe the required future level of management skills with the following comments;

"At the small home builders level, while there is a growing recognition that management skills are a requirement for effective business practice (usually viewed as business success and survival), such recognition appears to be at its earliest stages. The need to adopt a long term, strategic focus with regards to management skills training is not recognised. Training through the school of hard knocks was seen as an adequate way of gaining management know- how. The need to train small home builders – to recognise the value of management skills training - appears to be a prerequisite to the skill training itself." (pp. 42-43)

Or is it that something is wrong with the mode of delivery? Or is it a combination of both recognition of need and mode of delivery? This thesis will examine these questions.

Discussion

Are small Builders actually considered?

It appears that the traditional methodology used for data collection from small enterprises is inappropriate and is one of the main reasons why the results of the literature reviewed were inconclusive.

For example, Hayton et al.(1995) offers an archetype of one of the interviewed small builders which is representational of the cross-section of the participating interviewees. This example seems to be of a successful builder of medium size who appears to have encountered a shortage of work, not of a small builder experiencing managerial problems:

" The staffing and structure of the company have changed in the last two years. The enterprise is now down to a skeleton staff with the manager and Clerical staff taking on a greater range of duties. The manager/owner is involved more in day to day supervision and also

the marketing of the product. ... The current staffing of 2 plus a part-timer is considerably down on the staffing level of 7 during the peak years." (,p. 22)

The above profile is not truly representational of a small building practice, which is the focus of this study.

As stated in chapter one, 98% of the construction industry is made up of companies employing less than 20 employees. Of this number 85% represent small businesses employing less than four employees. It is quite clear that the industry is predominantly composed of small enterprises and it is noted that this sector is continually growing.

It appears that the authors of the report, *Management Skills in the Housing Industry,*(Hayton et al.) have not made a successful effort to investigate a broad spectrum of small builders. In effect they have only focused on 15% of the industry. The number of so called " small' enterprises interviewed were inadequate for the purpose of achieving a true representation of this large fragmented industry. A total of 12 interviewees, consisting of " small' builders and sub contractors holding membership of industry organisations, were selected by their respective representatives. The fact that these builders and sub contractors were part of industry organisations implies that the management has some level of competency by virtue of the support and networking available by the various organisations.

Hayton et al.,(1995) made use of focus groups in their investigations comprising of about ten participants from medium to large size building companies and members of industry representative organisations. The aims of the focus groups were to identify current and future management skill needs and to evaluate existing management training arrangements. This was achieved by means of a focused interview and a structured questionnaire. The executive summary on the current level of management skills stated that:

" Small home builders reflect a lower awareness [of the need and importance of management skill]. Here business success is seen as by necessity incorporating some level of management skills, however the natures of such skills are rarely articulated. As a consequence an understanding of the management skill levels in their own organisations is often limited and the need for further training or skill development is unrecognised. Management skills are seen as predominantly learning on the job and through experience and therefore there is skepticism of the need for formal management training."(p. 42)

In summary the sample of builders and sub contractors portrayed are not numerically extensive considering the large number of small enterprises. Furthermore the sample portrayed is more suited to a medium size enterprise and is not appropriate for an investigation into small enterprises.

While the method adopted by Hayton et al, to collect data by way of a structured interview was well founded and will be the basis of the questionnaire[12] used in the research for this thesis, there is the possibility that the method of execution of the questionnaire was flawed. This will be taken up in the research for this thesis.

The authors of the literature identified have analysed the broader spectrum of the housing industry and have concentrated on medium to large enterprises and failed to reach the grass roots level of small enterprises. It appears that the conclusions drawn from their investigations are a reflection of how large enterprises and industry organisations perceive small enterprises and not how small enterprises view themselves.

An example of this can be seen in Hayton et al. (1995) report, *Management Skills in the Housing Industry,* whereby the needs, direction and skills of medium to large enterprises are readily identified however remain unclear for small enterprises.

" The finding on the need for further (formal) training were less clear, partly because many small builders recognize themselves that 'a lack of time' prevented them undertaking additional training in developing their management skills." (p. 28)

The need to improve communication in the building industry was identified in the case studies conducted in *Articulated training models for the building industry*[14].
The case studies involved two large commercial projects, two large residential projects and one manufacturing industry for internal joinery.

For each case study Twelve people were interviewed, which included the manager and a range of trade persons. Wallace et al. (1989) reported that:

"A number of respondents identified a need for improved communications between themselves, employer organisation, union, training authorities. Followed discussions with both employers and employees it was obvious many were not aware of current trends of training. Very few were aware of group schemes, block release training and the many short courses being offered by various providers. Another problem identified was the inability of some line managers to communicate with their workers. It was generally felt that little attempt has been made to address the communication problem." (p. 56)

The Wallace et al., case studies were conducted in several locations involving three states, New South Wales, Victoria, and Western Australia. The participating companies were mostly large enterprises and included the likes of the Baulderstone-Hornibrook group. The communication problem identified by

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[14] Wallace L, Hayton G, Guthrie H, and Brown A. (1989). Articulated training models for the building industry. Adelaide: National centre for vocational Education Research.

Wallace et al, is one of concern when it is found amongst large and well-known enterprises.

Are small builders actually answering the questionnaires?

It is a common occurrence for mail-out type questionnaires to be answered by anyone' but' the builder or manager (if answered at all).

This negative attitude towards mail-out type questioners was also highlighted in the report; *Two Steps Forward One Step Back,* by (CIDA), whereby a questionnaire mailed to 517 companies only received 108 responses, achieving a response rate of only 21%. Also it was noted that not all of the 108 respondents provided information on all questions making it difficult for the authors to assess the information.

CIDA also stated that the questionnaire was sent directly to chief executives and managing directors. Approximately half of the returned questionnaires were completed by people in chief executive and managing directors positions, with the remainder holding senior management positions in their respective organisations. Also respondents were asked to answer the questions in collaboration with other senior managers to avoid bias. CIDA (1993) went on to say that:

> ...Several factors suggest the sample is biased towards the more
> progressive firm working in the industry. (p, 2)

According to CIDA the factors suggesting bias were that 75% of respondents perceived their firms to be innovative and early adopters of new ideas and " The best practice theme' and content of the survey would tend to attract those firms with some awareness and appreciation of best practice issues. CIDA also acknowledged that:

...[A] more comprehensive study would be required to link management practices and outcomes. In this regards the results are indicative, rather than conclusive. (p. 3)

By their own admission, CIDA is responsible for the biased result. Their questionnaire into best building practices (with regard to small practices) is not only inconclusive (as acknowledged by the authors) but does not offer an insight into small enterprises. Although their questionnaire was directed to small, medium and large enterprises, the content was not suitable for gathering information from small enterprises as it appears the structure of the small enterprise was not understood or acknowledged. Once more it appears the conclusions drawn from the investigation are more a reflection of how large enterprises perceive small enterprises.

The research method adopted for this thesis attempts to overcome these problems of low response rate and participation from small builders.

Conclusion

It is fair to say that the amount of informative and conclusive literature available on management skills and training of small builders is very limited. It appears that most resources are directed at medium to large enterprises and the conclusions drawn are a reflection of how large enterprises and industry organisations perceive small enterprises and not how small enterprises view themselves.

The general view of the authors of the literature is that the majority of small builders viewed the current level of management skills as inadequate in particular regarding areas of financial management and people skills. However they also claimed that the majority of small builders and contractors had little

time to retrain and upgrade their management skills or did not see the value in retraining.

The traditional method used for data collection from small builders appeared to be inappropriate and needs to be tested.

Also where profiles of builders were presented, they appeared to not be truly representational of small building practices and therefore evaluations are not well grounded. It appears as though the authors did not focus on small builders.

Management skills are seen as being gained predominantly by *on-the-job training* and through experience. The authors tended to believe that small builders are skeptical of the need for formal management training.

The literature reviewed did not recognise the very nature of small builders, that is, a large number of small builders have a low level of education and or of ethnic background with English language difficulties.

This thesis sets out to overcome some of these deficiencies in the literature.

CHAPTER THREE

Methodology

This chapter focuses on the research and investigation methodology adopted for the study to best achieve the objectives outlined in Chapter One and to overcome perceived problems in the literature.

There are three main issues to be managed:

1. Measuring managerial skill levels
2. Gaining effective access to the target group
3. Obtaining valid data – Pilot study

Measuring managerial skill levels will be addressed by a structured interview consisting of a questionnaire followed by a personal interview. Gaining effective access to the target group means obtaining truthful and in depth answers to the questions from proprietors/managers of small builders. Obtaining valid data means ensuring that the sample is large enough and that it can be used as a basis for analysis.

The reasoning for the structured interview format stems from the need to obtain more precise data. To achieve this objective our multi culture society and its linguistic diversity must be taken into consideration.

Our building and construction industry possess one of the largest ethnic work forces in the country, many of which are the proprietor/managers of small builders, with many of them lacking confidence with their English language skills at both oral and written. As the study required specific responses, the structured format of the questionnaire with the interviewer present provided explanation

and clarification to new terms and concepts. The structure interview also provided a 100% return rate.

In setting out the structured interview, consideration was given to the implication of the Hawthorn effect which is described by Snowden D. (2000) as a way that paying attention to something creates awareness and produces a positive outcome, or a way a person or a group could bias the outcome of a decision or course of action merely by their presence.

Although it cannot be said that the face to face interviews, or the presence of the interviewer in compiling the questionnaire would not create a degree of bias, the researcher believes that by having singled out the interviewees, by allowing a friendly relationship and by creating that degree of trust, the interviewees felt happier; it raised their self-esteem, it made them feel part of the team.
The researcher believes that the outcome from the structure interview would not be bias, and that by making the interviewees socially comfortable, would only help to achieve truthful answers.

1. Measuring managerial skill levels

Measuring managerial skill levels was addressed by a structured interview consisting of a questionnaire followed by a personal interview.
This necessitated the collection of data on the four main strands of management: operational, financial, information and people management. Data was also collected on commitment to training and retraining programs as viewed by small builders.

The total interview period lasted approximately 60 minutes for each participant and was divided in two parts:

Part A - Consisted of a structured questionnaire lasting approximately 20 minutes. The aim of this questionnaire was to obtain a profile of the enterprise and to identify areas of management inefficiencies. This part also aimed to measure the level of interest amongst the participants to partake in a retraining program.

The questionnaire used in the structured interview was derived from the report titled, "Management Skills in the Housing Industry" by Hayton et al, (1995). The questionnaire contained all necessary areas of management, therefore it was ideally structured to assist this research, and its altered version was of great benefit to the study[15]. The areas covered in the questionnaire are:

- **Operational management** focuses on the use of contracts,
- **Financial Management** focuses on budgeting, cash flow & forecasting,
- **Information management** centres mainly in areas of office administration and,
- **People management** looks at communication skills.

Part B – Consisted of a personal interview containing several key questions and lasting approximately 40 minutes. The aim of this part was to allow for elaboration of answers to questions from Part A and to portray their perceptions of management issues.

The personal interviews generally focused on one aspect of each of the management strands identified in Part A (questionnaire).

2. Gaining effective access to the target group

Gaining effective access to the target group means obtaining truthful and in depth answers to the questions from proprietors/managers of small builders

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[15] See appendix for sample of questionnaire

Data was collected from the Proprietor/ Manager of the small builder or his representative mostly involved in the Housing sector of the building industry.

A pilot study was initially conducted followed by the main study.
The pilot study revealed that the methodology used in researching medium to large enterprises is not adequate to successfully investigate small enterprises. For this to work, it was found that the individual behaviour, feelings, and most of all trust must be included in the methodology recipe.

 Understanding the way and how, this sector of the building industry survives, operates and communicates proved to be a difficult task. It is largely made up of skeptical and reserved individuals who need to place their trust in the researcher if any quantities of accurate information are to be given. Trust is the key that shifts the boundary separating the researcher and truth. The researcher or academic is seen as an outsider, a person only interested in his own success and circumstance[16].

In the building industry there is a general consensus that small enterprises tend to mistrust professionals and larger companies. This view is not taken seriously by the industry and the tendency is to brush the problem away. The mistrust and skepticism in the industry should make academics and researchers realise how difficult it must be for a person outside the building industry to reach them. This is where researchers or the academics must analyse the physical social and economic behaviour of the small enterprise and also become the informer. Trust must first be established and this takes honesty, patience and understanding.

The Pilot Study is described below. It highlighted the need for trust.

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[16] This view was shared by many of the participants interviewed.

3. Obtaining valid data – Pilot study

Preliminary interviews were conducted; however this proved to be a troublesome task.

The interviewees were divided into two groups. The first group consisted of contractors that were well known to me and the second group consisted of contractors either recommended or randomly approached.

A common behavioural tendency began to emerge amongst the latter group, that is, one of harbouring information. The interviewees seemed to be reserved at best. It was noticed they appeared to be uncomfortable with the line of questioning which was clearly reflected in their responses. Conversely the interviews also revealed that the quality of information from the group of contractors known to me was more informative. Their behaviour was also quiet the opposite, relaxed and willing to openly participate.

The negative group appeared at first to be skeptical of this study and what it represented, however it soon became evident that this group was generally questionable towards outsiders / non-members (people outside their working environment). It was then apparent that it would be necessary to devise an interviewing and data collection strategy that would enable collection of quality data.

In order to establish a plan, the direction of the research shifted towards questioning the contractors earlier interviewed and some industry related colleagues. They comprised of semi-retired builders conversant with the housing industry. The question was posed firstly as to why the responses were negative and attitude generally apathetic and secondly as to what steps should be taken to assure co-operation and quality feedback.

The responses were unanimously linked to "trust". Trust or lack thereof, seemed to be the single most prevalent reason for the negative feedback. Without trust

in an interview there is an absence of confidence resulting in lack of co-operation, apathy and ultimately responses lacking conviction.

Generally the interviews revealed that the type of trust required was one that could be attainable. It is possible to make people not feel threatened about the interview process and the specific questions. It was clear in the responses that the second group did not appreciate the line of questioning and felt somewhat interrogated, however this was mainly associated with questions relating to academic achievement, how licences were attained and whether or not they had attended any management courses.

It was noted that this negative feedback by the small enterprise manager emitted an outward impression of insecurity. The questioning also revealed a feeling of strong resentment and mistrust towards professionals both within the industry and associated with the industry. It was now apparent that in order to achieve the objectives of the study, it would be necessary to accurately understand this industry and the people behind it.

The pilot study emphasised the need for trust in the data collection. It was therefore necessary to develop another way of collecting data.

Networking - A Strategy for getting the data.

It is fair to say that we live in a network society, where individuals, organisations, and at a global level, countries all join together by complex webs of relationships. Rapid advances in science, technology and culture have largely compressed time and social distance creating a large range of networks, some formal and some informal, some involving direct relationships and some indirect. Networks provide the medium for information exchange, resources, and job creation, and therefore they have significant consequences on the success of the building or any other industry.

How does one become familiar with the building industry and its representatives? The solution is to be actively involved in the industry. That involves being a part of the industry network or at very least, understand the

structure of networks within. As a long-standing member of the building industry, I concluded that I had a head start, although my networking skills left a lot to be desired. I began by accepting a friend's invitation to a local club where several contractors socially meet every week, this proved to be an experience for me.

The atmosphere was quite unique. Although not a new phenomenon, the club experience was new to me. I had never experienced such an active environment of social and work related discourse in my time as a builder. Amongst the introductions, questions, socialising and between the handing-out of business cards, some contractors were given working instructions, some were discussing business affairs, but in particular what attracted my attention was a concrete-pumping contractor who managed to take three bookings during the time I conversed with him.

It was quite apparent that this was an important networking centre. Amongst the socialising this group of people were conducting business, the club gathering was a centre of cultural and work exchange, an extension of their office affairs. What was also apparent about this particular group was the high number of trade persons from ethnic background. Being an Italian club, it attracted many Italian contractors. This is a common occurrence in the industry and I am aware of many other clubs, pubs and social venues that attract particular ethnic and local community groups.

Networking by social means is very alive and thriving amongst many groups. Networking has traditionally been the method of introduction to the industry and the main source of supply of work for many contractors. Networks enable us to surpass individual limitations by joining with others to solve common problems and to develop useful innovations. They offer an important platform from which new contacts are established. Many of the contractors interviewed attained work through social networking with other trade members in and around the club environment. Conversely, networks make us more vulnerable to intended and unintended actions of others. They can amplify, distance and accelerate the consequences of our interaction, thus making the world far more uncertain and

dangerous. In my club experience, I was able to observe several social "work" groups within the club with some interaction between them taking place. It was obvious that some tradesmen had experienced problems with others and some tension was evident.

I was able to meet several contractors via my associates who then introduced me to other contractors. This social event provided me with the first ingredient for my methodology recipe. It allowed me to get a step closer to many of the people that would later participate in my interviews.

Networking can be described as a gathering of individuals having a common agenda to reach similar goals, share information and resources and mutually benefit from each other's capabilities. Networking in the club environment is a modern venue for what has traditionally been conducted in pubs and café bars around the world. The participants exchange resources, ideas and create work for themselves, and in an unorthodox way they feed off each other, from each other's knowledge.

In order to further the interview list and get to know the contractors better, multiple club visits were necessary on several occasions making many acquaintances. The new contacts established informed the basis of the methodology. The contacts were invited to the interview sessions. The approach this time was more structured, not by telephone but in person. Ten of the contractors were individually approached, and after a brief explanation, a letter of introduction was forwarded briefly explaining the scope and purpose of the thesis. A sample of the questionnaire and interview structure was also included together with contact details should any questions arise. It was anticipated that many participants would prefer anonymity and therefore a choice to remain anonymous was offered.

Of the initial 10 participants, two declined to participate due to work commitments. The remainder agreed to the interview and times were arranged to suite each individual. Six of the eight participants chose to remain anonymous.

The interviews that followed were very productive. The fact that I had made an effort to establish a communication link with each contractor beforehand certainly made the interviews run all the more smoothly. Each contractor felt reasonably relaxed and generally open to most questions.

It was apparent that establishing a degree of trust, however vague, was an important tool for productive two-way communication that formed the basis of my interview methodology that followed. In the months that followed many other contractors were interviewed the results of which are recorded in this thesis.

Although many of the participants of this group may lack scholastic education or management skills, they possess abundant pride, character and integrity and are devoted to the survival of their business in a difficult working climate.

It should be noted that one needs to go to deeper level of trust to get to more protected levels of feelings and data. In Chapter 5 it will be seen that a third round of interviewing (pilot study, first round of networking, and second round of networking) was required to get to data on attitudes to acceptance of professional assistance.

Obtaining valid data

Obtaining valid data means ensuring that the sample is large enough to be used as a basis for analysis.

A total of 74 interviews were conducted with small builders and sub contractors who were primarily involved in the housing sector of the building industry and practicing in the Sydney region. The methodology used to interview participants in the study (n=74) was by a structured interview containing 52 small builders and 22 sub-contractors

The decision to stop at 74 participants was a combination of the network "running out of steam" and similarity of results from participants. After

consideration of the data collected from each interview and logging the data onto summary sheets, it soon became evident that much of the responses contained similar content.

The results of the questionnaires and interviews conducted revealed that 52 participants had between 90 and 95% similar responses, 14 participants had between 70 and 80% similar responses and the remaining 8 participants had between 10 and 20% similar responses.

Given the above results it was concluded that adding to the number of participants further would not have significantly altered or affected the results or conclusion.

Also given the time constraints and enormous logistical task, the number interviewed was considered adequate for drawing useful conclusions.

A detailed analysis of the data collected from the Questionnaires and Personal Interviews is presented in the following chapters.

INTERVIEWS AND DATA ANALYSIS.

Introduction

As indicated in chapter one this chapter deals with the results of the structured interview. In this chapter the data from ' Part A Questionnaire' is collected, analysed and results demonstrated with the aid of charts. The results of ' Part B personal interviews' will be further analysed in Chapter Five. An overview of the ethnic workforce is also offered in this chapter.

The Ethnic Work Force

The Australian culture and its linguistic diversity must be taken into consideration in any research study, in particular when it involves the building industry, as it possess one of the largest ethnic work forces in the country. In a Government publication, "Making Skills Count" (1994) Recognition of learning for non-English Speaking Background Applicants stated that:

> ...Approximately 25 per cent of Australians were born overseas and one in four are from non-English speaking backgrounds. About 17 per cent of Australians speak a language other than English at home. (p. 23)

Australia is a ' Multi Cultural Nation' and undoubtedly has a strong ethnic work force. In the building industry the ethnic work force swelled in numbers during the post war shortage of skilled labour. In the 1960's, a booming economy continued the influx of skilled labour in order to overcome the shortage. Building companies sponsored entire teams of migrant skilled labour. Between 1966, and 1971, 28,383 skilled building trades-persons migrated to Australia.

Arnaudon (1974), bringing with them not only their skills but also many innovating construction techniques. Technological changes and industry volatility discouraged 50% of these skilled migrants to remain within their trades.

In the late 70's many of the remaining skilled migrants, took advantages of their trade skills, and the early licensing law, and obtained contractor status, with a large number of them still practicing building today.

Although not intentional, and not representative of the building industry, the study consisted of a large proportion of contractors with ethnic background. 58 of the 74 people interviewed were of ethnic origin (see chart below).
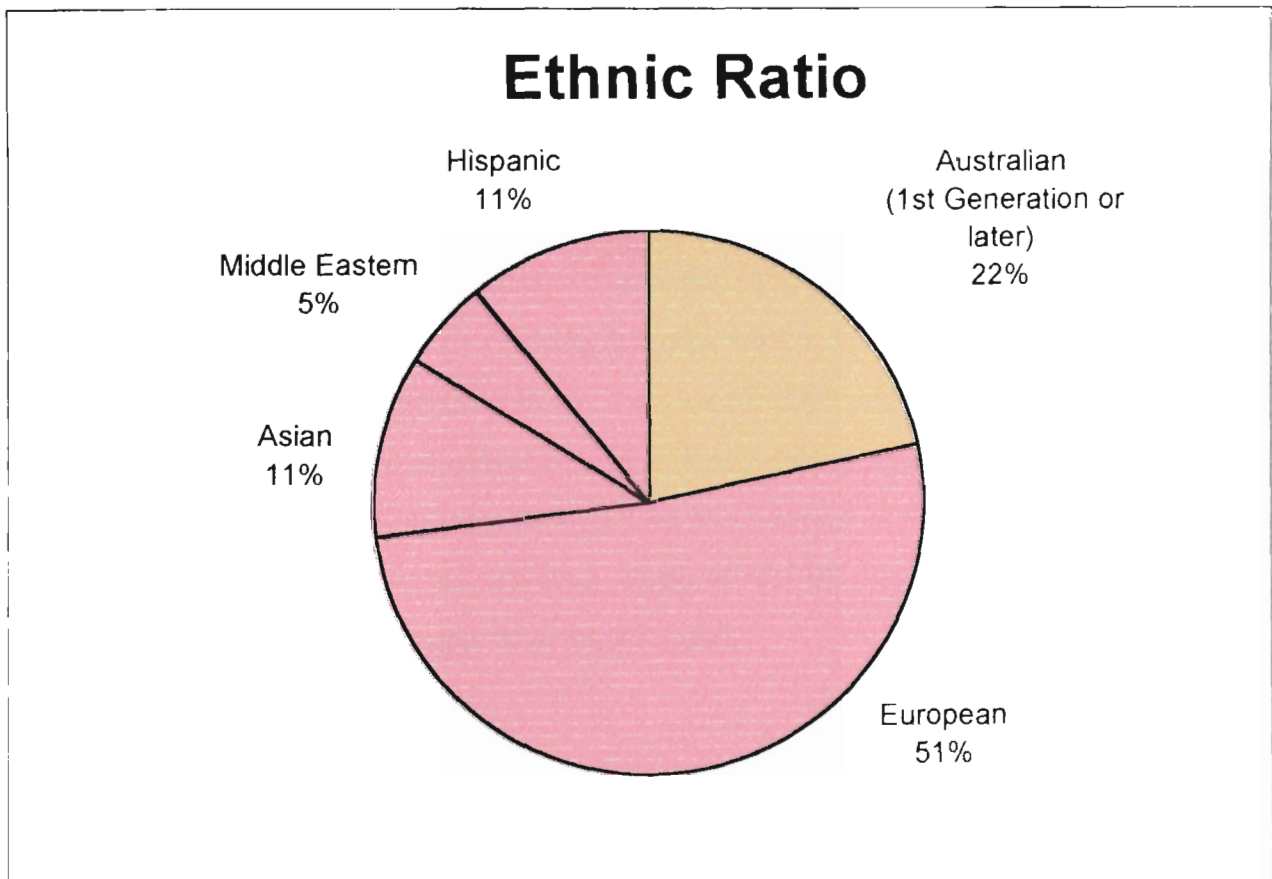
Figure 01

Figure 01 Ethnic Ratio of interview subjects

Of the ethnic group interviewed, the study revealed that approximately 80% were not confident with their language skills at both oral and written

communication levels. However their trade skills have enabled them to continue to conduct business. This group was very keen to improve on their language skills and also displayed an enthusiastic approach towards improvement of their management skills.

Summary of Interviews and Questionnaire Results.

The results of the study indicated that small enterprises were suffering from a lack of management skills, their skills are rudimentary, learned on the job and inadequate to compete with today's technological changes or with a well-informed and increasingly demanding consumer. Their businesses continue through their "instinctive" knowledge of the industry and their past experiences. While their building experience helps most of their businesses stay afloat, the inadequate management skills it is proving to be a huge problem for the industry with high rates of bankruptcies.

The results of both the questionnaire and the interviews revealed that 95% of the participants were able to identify a weakness in one or more areas of management which potentially is, or may be effecting, the performance of their enterprise. It was also revealed that all of the participants that acknowledged the deficiency demonstrated a willingness to improve in those areas. The following figures indicate the various areas of management where the participants felt most in need of improvement.

- Operational management

    65% of participants felt there was a need to improve their operational management skills. This was mainly in areas of strategic planning, and quality management. Many participants indicated confidence in their project management skills in fact only 30% of the participants in the questionnaire suggested that improvement in this area would benefit their enterprise. The personal interviews however highlighted that this figure was purely a self -

assessment of project management skill. It revealed that many contractors and sub-contractors, for example, did not understand the fundamental importance of contracts.

- Financial management

  82% of participants agreed that their enterprise could benefit with better knowledge of financial management matters, such as preparing cash flows, forecasting, expenditure and risk analysis, financial planning and budgeting.

- Information Management

  70% of participants indicated that improvement could be directed towards their administrative practices, marketing and occupational health and safety. One common complaint was keeping up with legislative changes. Many were also concerned about falling further behind in technology.

- People Management

  88% of participants believed that their enterprise could benefit from improved communication and people management skills in one form or another. This area includes, dealing with clients, staff and associates, communication systems, customer relations and language skills generally (both oral and written). The high percentage is representative of the high number of people of ethnic origin in the interview group.

The following chart indicates the interview results in terms of the percentage of participants who are willing to improve on the various aspects of management.
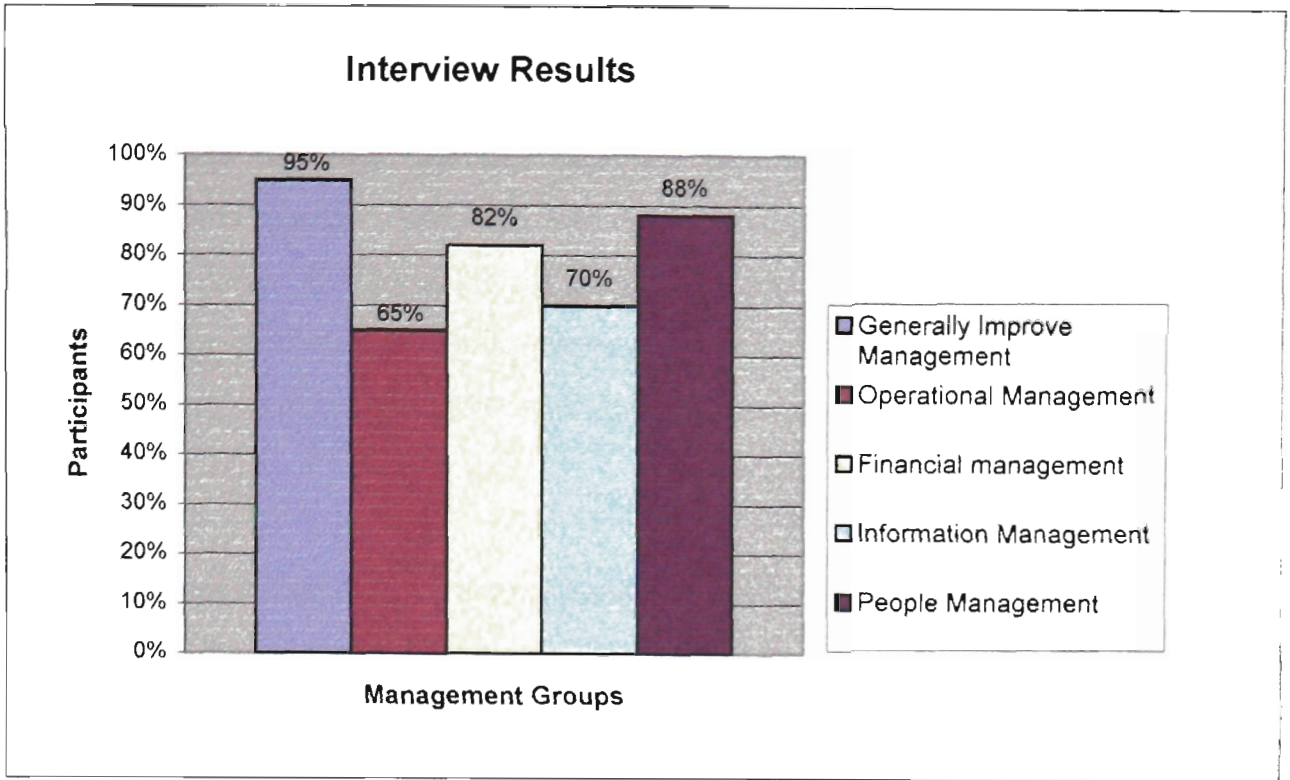
Figure 02

Figure 02 Interview Results – Wanting to improve management skills

The findings on the willingness of builders and sub-contractors to update their management skills were promising and given the opportunity most participants expressed the desire and need to retrain.

The majority of interviewees recognise that the industry is in a constant state of change, organisational changes in particular are seen as a way of life, as a crucial factor in a modern business environment. They recognise that these changes are the key for the future.

Most of the builders and sub-contractors interviewed are aware of the challenges that face them, they are aware that if they are not armed with essential management skills, they will not be able to approach their challenges in a productive and positive way. The implications of not retraining in such a vibrant building market is the reality of becoming redundant within the next five years.

Personal Interviews

The personal interviews generally focused on one aspect of each of the management strands identified. Operational management focuses on the use of contracts, Financial Management focuses on budgeting, cash flow & forecasting, Information management centres mainly in areas of office administration and people management looks at communication skills.

Operational management - Use of contracts

My questions in the area of operational management were focused on contracts, their usage, understanding and acceptance. For many of the participants interviewed a "handshake deal" was an acceptable form of contractual agreement. My investigation revealed that a written and sometimes verbal quotation followed by a handshake was a typical method of awarding jobs and still widely practiced. Although this type of dealing was mainly to confirm agreements between builder and sub contractor and generally involved individuals familiar to both parties, some sub-contractors appeared to be defensive when confronted with a contract. Some saw this as a violation of their rights and therefore signing a contract would be submitting to the builder. Builders on the other hand tended to be more receptive towards the written form of contractual arrangement.

Some abstracts from the interviews indicating the participant's feelings towards contracts.

- "I don't like contracts, you need to be a solicitor to understand them." (sub-contractor)
- "I give my clients a detail quotation if they like it they sign ... this is the best contract." (small builder)
- "Once you sign a contract they own you, you're stuck." (sub-contractor)

- "If my word is no good for them, they better look for somebody else." (sub-contractor)
- "I've signed a couple of contracts and every time they screw me up ... lost a lot of money ...f***** penalty rates." (small builder)
- "A contract is to protect them not us ...without contracts we can talk business ...if they try to stuff me up I can pack up and leave." (sub-contractor)
- "Contracts must've been invented by solicitors to create work for themselves ... I don't like solicitors. " (small builder)
- "I've been pretty lucky ...I don't need contracts, I've been working for the same builders for fifteen years and they're pretty good blokes ...they always pay me." (sub-contractor)
- "There's no way I'll start work without a contract ...I'm fairly fussy when it comes to contracts ...some can be a lot of work, like when architects are involved." (small builder)
- "Every time I ask subbies to sign a contract they think I'm out to screw them." (small builder)
- "I can't understand how anyone could possibly work without a contract." (small builder)

The negative attitude also indicated that the participants had little knowledge of contract performance, they viewed contracts as a one sided document, only benefiting the consumer and not as an impartial document protecting both the consumer's and contractor's rights.

Of the contractors interviewed, 44% did not work with contracts and viewed contracts as an' unnecessary evil'. It was generally considered sufficient to provide a quotation followed by a handshake deal. This was the only form of contract they felt confident to work with. (This figure has been highly influenced by the predominant negative attitude to contracts by sub-contractors).

41% of participants indicated that they did not always work with contracts. The common trend with this group was to use contracts only when pressured by the other party ie, when a financial institution was involved or if the value of work was high.

15% of participants (who appeared to be the more astute contractors) viewed contracts as a necessary component of the service they provide and would not consider working without them.
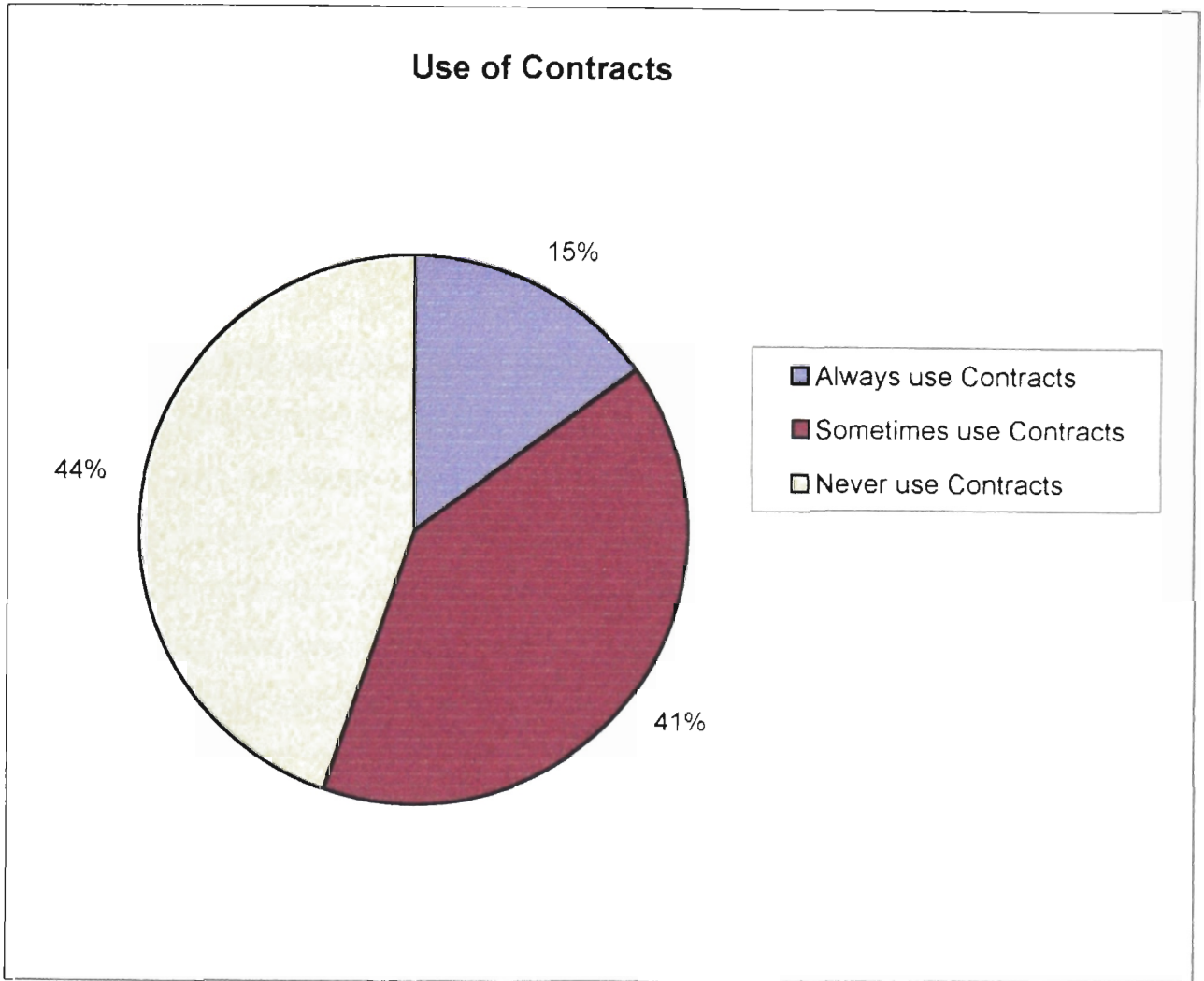
Figure 03

Figure 03 Use of Contracts

Financial Management – Budgeting, Cash flow & Forecasting

Participant's skills in budgeting, identifying profit margins, cash flows, and forecasting, was also found to be inadequate. Many of the participants had a 'subconscious' level of financial management skills, predominantly learned from past experiences and admit needing improvement to remain competitive and in

business. Some of the participants were oblivious to the fact that these skills would influence the running and survival of their business, they believed these skills were only associated with the management of large enterprises.

Some abstracts from the interviews indicating the participant's feelings towards financial management:

- "I run a small business so I don't need to budget ...there are only four of us so I don't think it's really necessary ...I know exactly how much money I've got all the time." (sub-contractor)

- "It's good to know about it [cash flow and forecasting], but my business is too small so I don't have much use for it, I do a bit of forecasting, it's good to know were you're going." (small builder)

- "Cash flow and budgeting are very important, you must know how to spend, and when to spend ...but I'm not very good at it, I spend too much money ... I do a lot of forecasting, I like to know I've got plenty of work in front of me." (sub-contractor)

- "I meet my accountant once a month ...he helps me with my budget, cash flow and forecasting because I can't get it right ...to be honest with you, I'd like to learn myself because he costs me a lot of money." (small builder)

- "My wife looks after the books and budgeting ... she's very good at it ...I do the forecasting, it's good to plan ahead." (small builder)

- "What budget? People never pay on time so you can't budget properly, we don't need forecasting ...you see it is just me, my partner and the young bloke, we know where we're going and what we doing all the time."
  (Sub-contractor)

- "Budgeting, cash flow and forecasting are essential in any business ... it's often difficult to make time for it ...I can't imagine being in business without financial planning ...it helps me be on top of my business finance. (small builder)

The results of the interviews regarding financial management revealed responses that can be categorised into three groups.

Group one: Contained those individuals who either had little financial management skills or considered financial planning, forecasting and budgeting to be a waste of valuable time. This group also contained individuals who did not actively partake in the day to day financial matters of the enterprise, relying on a partner (generally spouse) to deal with this area. This group represented 60% of the participants.

Group two: Contained those individuals that were actively involved with the financial management however relied heavily on external assistance, ie, accountants and financial planners. This group represented 35% of the participants.

Group three: Demonstrated the highest level of financial management input. This group generally consisted of individuals that had completed some form of tertiary education and or commonly frequented financial management workshop seminars held by industry associations. This group represented 5% of the participants.

Financial Management Involvement Results
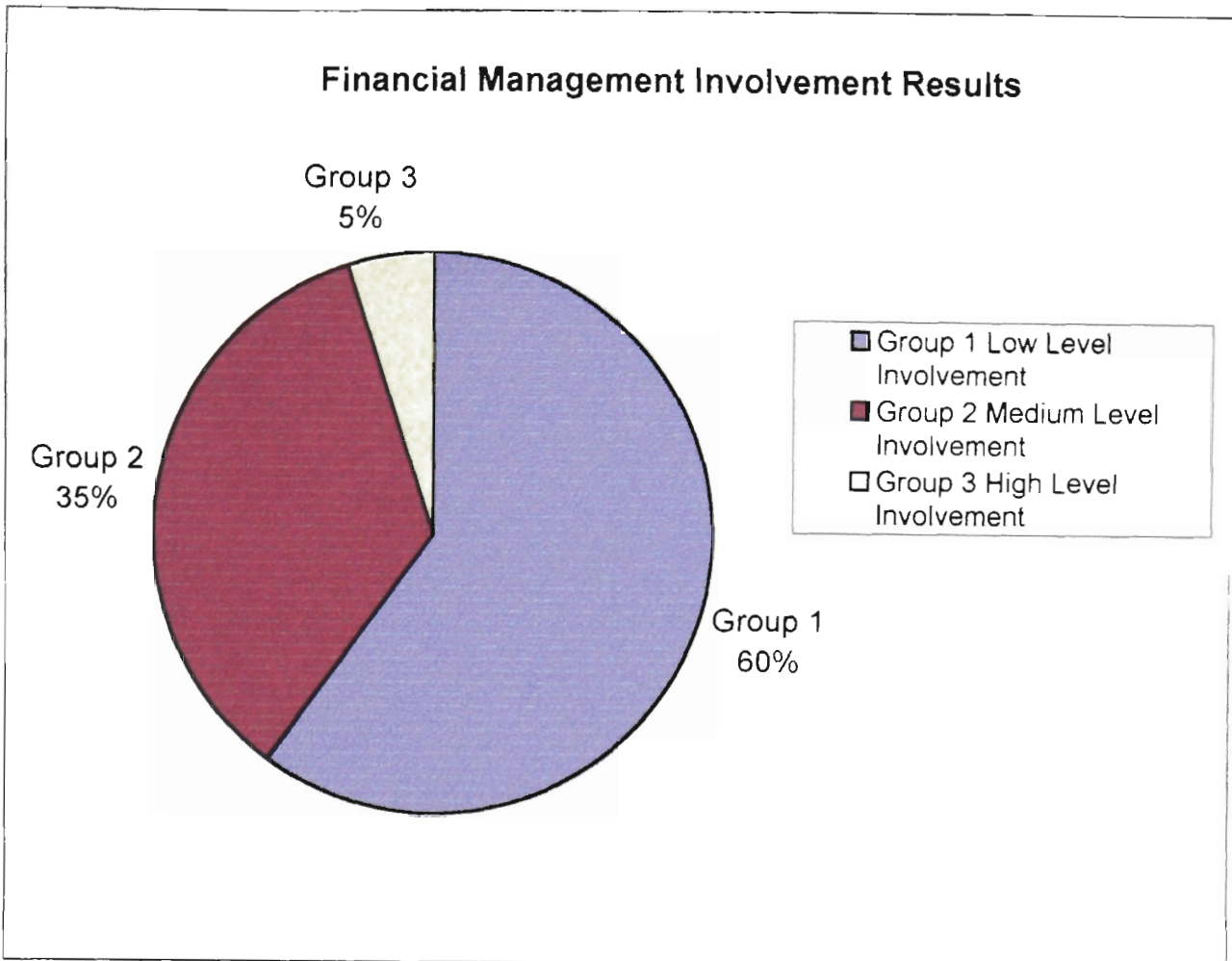
Figure 04

Figure 04 Financial Management Involvement Results

Information management – Office Administration

This topic provoked much discussion mainly involving my explanation of the various responsibilities of office administration. Many participants were clearly not in control of their office administration. It was obvious that many were struggling to manage the amount of 'paperwork' necessitated by the management of an enterprise. Occupational health and safety was an area where skills and knowledge were found wanting. Another area which was greatly lacking attention, was the large number of participants who did not own or were not familiar with the various essential Australian Standards, and in particular, the large number of builders not familiar with the Building Code of Australia.

Some abstracts from the interviews indicating the interviewee's feelings towards information management.

- "I reckon I'm a reasonably competent builder, but sometimes the office admin. gets a bit out of control …I find it hard to keep up with all the changes in legislation …I've still got to catch up on the last amendments to the BCA" . (small builder)
- "So far I've been able to manage my business, but I'm having trouble in keeping up with technology … I'd love to learn, but can I? [referring to his low scholastic education knowledge] (small builder)
- "I believe I keep myself well informed …in my business you don't really need much administration (sub-contractor)
- "Years ago it was easy, today you need to know too many things …I can't afford to pay people to help me with the paperwork …what you think? Can I learn these things? (Sub-contractor)
- "I don't need much paper skills, my business is only me now and that's the way I like it, I don't have to worry about anyone … I've already gone broke once you see, now I take it easy …don't work for big builders any more" . (sub-contractor)
- "I like to learn more about occupational health and safety more than any thing else. This year I've paid more than $ 5,000.00 in fines … The bastards keep on changing the rules … Every time the inspector comes on the job and they don't like something it's minimum $500.00 fine" . (sub-contractor)
- "I've been meaning to get a copy of the BCA for the last two years" . (small builder)

The interview revealed that the majority of participants were lacking skills or knowledge in general office administration. However it also revealed that many participants wanted to improve their situation, improving on these areas would benefit their enterprise.

Office Administration
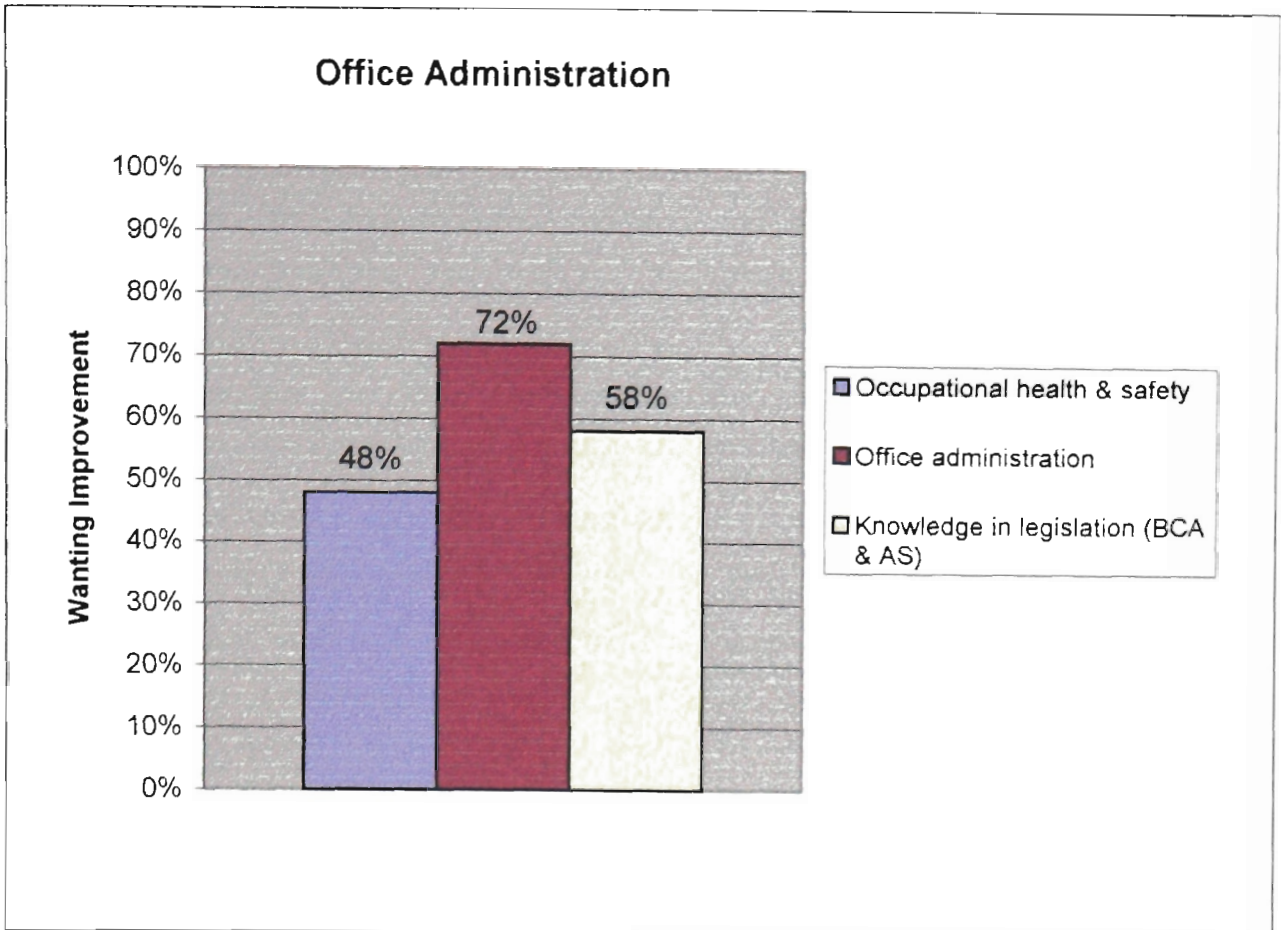
Figure 05

Figure 05 Subjects Wanting Improvement in Office Administration

People Management – Communication Skills

The majority of builders and sub contractors interviewed considered communication skills as one of the most important management tools to successfully run a business. The interview revealed that most of the participants were lacking in one or several areas of communication skills, such as the ability to confidently communicate with clients and industry associates. A general lack of professionalism was also apparent such as report writing and conducting or participating in meetings. As almost 80% of the group interviewed was predominantly of ethnic background, many of whom only possessed an elemental level of education, there was an emergence of a need to improve communication skills both spoken and written. Knowledge in communication systems such as computer skills was also lacking in many enterprises.

Some abstracts from the interviews indicating the interviewee's feelings towards communication.

- "I don't have much problem communicating with clients, but I would like to learn some computer skills to improve the presentation of my business." (small builder)

- "Running a business today has become a nightmare for us builders … first the mobile phone, everybody had to have one if you wanted to stay in business …now it's damn computers." (small builder)

- "It is getting harder to run a business, years ago you only had to be a 'builder', today you've got to be an accountant, a lawyer and a computer expert … I guess if I want to stay in business I have to learn." (small builder)

- "Communication is very important …I can deal with subbies OK but sometimes is hard to deal with customers …they're getting too cocky … sometimes they think they know more than we do …as far as computers go, I don't get involved, my son looks after that." (small builder)

- "I know my job, I can build anything, but English is my problem, specially when I have to talk with proprietors or Council …I want to learn computers but don't know if I can …f***** English." (small builder)

- "I know little bit of all of this, [communication skills] but to learn better I need to learn better English." (sub-contractor)

- "I don't have a communication problem but some of the builders I deal with have a big problem, I reckon they need to go back to school, you can't communicate with them for peanuts." (sub-contractor)

The results from the interviews revealed that the majority of participants viewed communication skills as an essential tool to run their business. The investigation also revealed a higher number of participants wanting to improve their language skills both in verbal and written form.

(Chapter five discusses communication and education within small enterprises)

Communication Skills
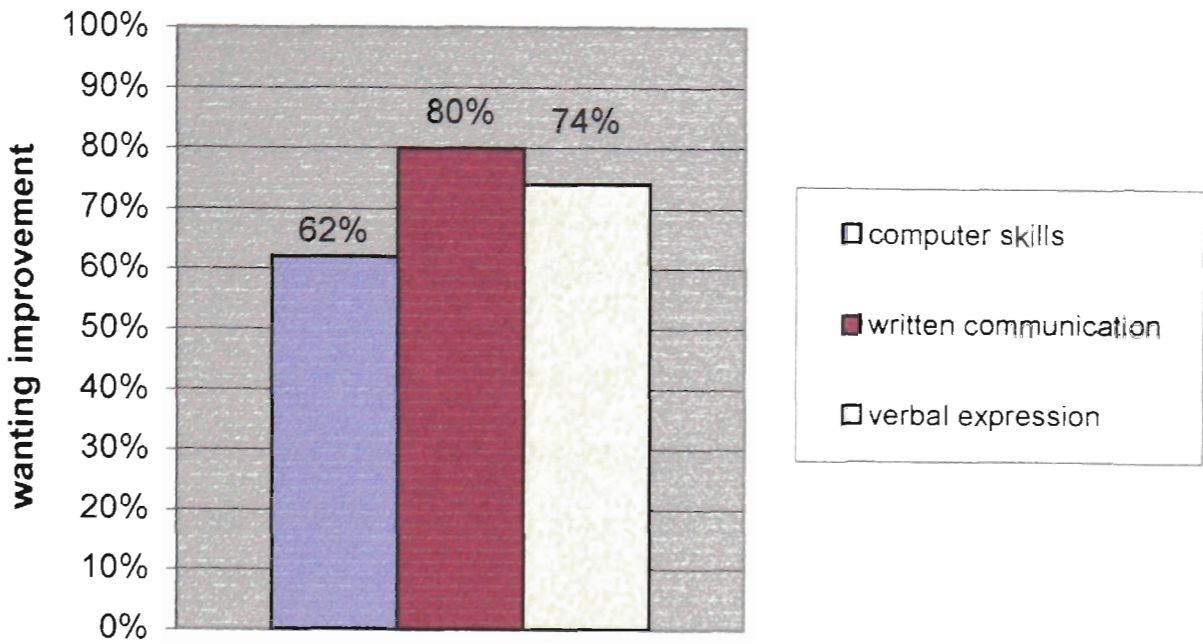
Figure 06

Figure 06 Subjects Wanting Improvement in Communication Skills

Commitment to training

The last question of the personal interview focused on training. This question was structured for the purpose of testing the responses from the questionnaire and the personal interviews. The aim of the question was to measure the number of participants that were willing to support a retraining program tailored for their special needs.

Taking into consideration the literature reviewed, the results of the earlier interviews, my club-network experiences and all the anxieties of the early interviewees, this question was structured to suit the group of participants. The question was phrased as follows:

"Given the opportunity, with an appropriately structured course which takes into consideration your experiences and your education background, would you consider additional training to improve your management skills and keep-up with the ever-changing technologies of the industry?"

The response to this question was positive, direct, and relaxed in fact some of the participants wanted to know firstly if such a course existed. Then they presented me with a barrage of questions regarding the prospects for such a course.

The response to further training was affirmative. The overall acceptance of willingness to learn was convincing and positive.

The following are some abstracts from the interviews indicating the participant's view towards additional or retraining.

- I would like to learn little bit of everything to keep up with this crazy race, yes if there is such a course I will do it, I know I can do it." (Small builder).
- You make up such a course and I give you my word I will be your first student." (sub contractor)
- Tell me where to go and I will start tomorrow, " (small builder)
- Me and my friend have tried several courses but we couldn't cope with them. it's about time that some one has a good look at what we really need …yes I would like to do this course very much." (small Builder)
- I left school when I was 10 years old, I come to Australia 32 years ago and still speak very little English. But I'm not stupid I can learn, but every course I have looked, you must learn maths and write English well, If there is a course as you say sure I will do it." (small builder)
- I have not much of a problem because my business is small, but I would very much like to improve it, if the opportunity to improve my management skills would be there I would take it." (sub-contractor)
- I have gone broke once, I f**** lost everything including my house, now I'm struggling again, too much f**** paper work, computers, I'm going

mad… if the course you are talking about is real count me in. "(small builder)

- To better my self in two weeks I spent more than $2,000.00 at the HIA, and I learned that in two weeks you can spent a lot, and learn nothing. I'm telling you this because I like to learn, so the answer is yes I would be part of such a course."(small builder)

- Of course I would do it, but there is no such course… you know I've been wanting to do a Tech course for some time, I may give it a try."(small builder)

The result of the interview revealed that the majority of participants demonstrated a strong willingness and positive attitude towards retraining.

Commitment To Training

5%
10%
85%

☐ All aspects of management

■ Key management topics only

☐ Not required
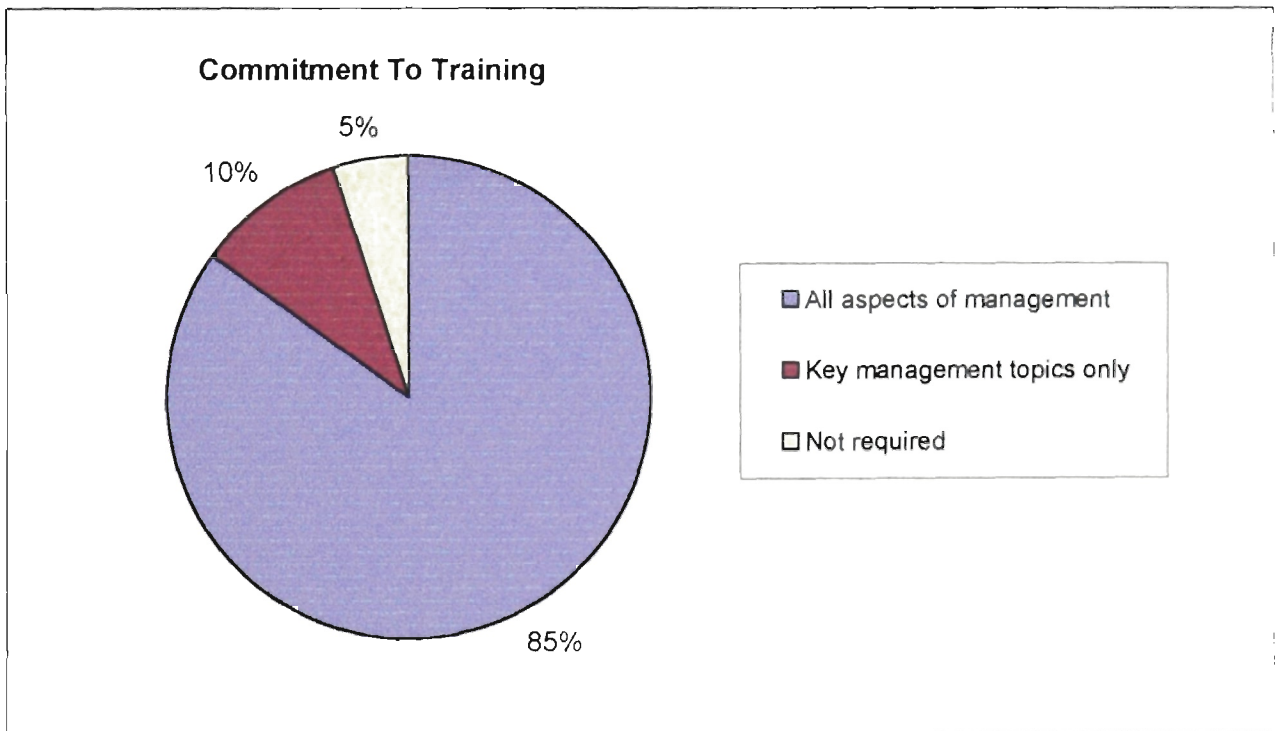
Figure 07

Figure 07   Commitment to Training - Results of Subject's attitude towards retraining.

The reality of the lack of management in small enterprises is one of concern. Many of the participants interviewed were struggling for survival retraining, or employing the management skills required is the only solution to remain in business, and avoid financial calamity.

The investigation also revealed that the majority of participants are aware of their management inefficiencies, and recognised the need for retraining but saw no solution in the educational strategies currently in place, as the course structure would be beyond their learning capability.

Many of the participants demonstrated a strong resentment towards the education system. They believed the system let them down by failing to provide appropriate courses, which failed to give them the opportunity of retraining.

Given the opportunity with an appropriate structured course, 95% of participant expressed support towards retraining.

CHAPTER FIVE

EMPLOYING PROFESSIONAL STAFF

Introduction

This Chapter will report on the analysis of the personal interviews outlined in Chapter Four. The Chapter deals with the participant attitude towards management qualification and their attitude towards professional assistance. The chapter also highlights the need for a third round of interviews and further networking.

Communication

As our society becomes more complex and continues to make major technological advances, we distance ourselves from the art of oral communication. Computers, faxes, e-mail and the Internet, a blessing for many, despair for others. The "others" referred to are those individuals in the building industry who are struggling to keep up with technology and have progressed in the "fast lane of life" , driven by a need to provide for their family and themselves. They have a commonality that is the trade skill they posses and in particular (for some) their ethnic background and or lack of education.

In the past it has been viable for this group to progress and manage their own small practice, some of which have progressed far beyond their expectations, advancing their practices to very successful enterprises. However, unfortunately many struggle to keep up with the pace, which is greatly impacting on their business.

In a healthy building economic climate where an abundance of work exists it is possible for even the worst business manager to survive; for example, the late 1980's building boom saw the rise of many companies. However following the boom, the early 1990's witnessed the greatest number of bankruptcies since the great depression. Although difficult to establish, it is recognised that many bankruptcies are attributed to inadequate management skills.

Managers of small builders have suffered from the continuing changes in an actively transforming industry. As the construction process has become more standardised and specialised towards new production-line strategies, the role of the manager has become more reliant on written communication rather than the more traditional,' hands -on' oral communication. For example, pre-fabrication of timber frames and trusses necessitate the builder to co-ordinate off-site activity with the on-site process, relying on plans, specifications and written instructions to effectively communicate the required product. Traditionally this process was conducted entirely on-site with no emphasis on written instructions.

It would be difficult to find a manager in today's environment that does not on occasion sit back and yearn for the' good old days'. Running an enterprise seemed to be much simpler then. Today the situation is quite different and the process is more complex. Not only do enterprises have to keep up with technological changes, but also they are finding themselves dependent, and responsible for environmental protection, consumer protection, social justice, energy policies, and economical monetary affairs.

Managers of today are increasingly pressed to adhere to society's ethical standards and social responsibilities. Successful managers are characterised not so much by any single set of skills or knowledge, but rather by their ability to respond to consumer demands and adapt to the technological changes in a way that is profitable to their business. This requires the ability to learn and communicate effectively.

Management of large enterprises generally have adaptable communication strategies which play an integral role in the structure and success of the business as well as maintaining an active education program/strategy to remain competitive in the market place.

Large enterprises have the ability to attract personnel through reputation, job security, opportunity for advancement, continued professional development, accruement of vocational skills and attractive remuneration packages. This group is generally well educated and offers the skills, knowledge and the ability to learn and contribute to the growth of the enterprise. Conversely small enterprises cannot offer the same opportunities or attract the same group, in particular small enterprises with managers lacking in educational background and experience or with English as a second language.

By observation, I was able to conclude that many small enterprises fail to attract professional staff. It was also apparent that many small enterprises resisted the involvement of professionals in their practice. Some of the reasons observed which imply that the two are incompatible include the following:

- lack of professionalism within the enterprise
- lack of prestige
- limited scope of vocational duties
- affordability
- insecurity
- perceived communication problems

It was particularly noted that many interviewees felt a sense of insecurity when confronted with the option of employing professional staff.

Attitude

Of all the participants interviewed it was noted that none had management qualifications, nor did they feel it necessary to have ' management qualifications'. Most participants indicated that management played a small role in their business and most of the knowledge gained for day-to-day administration was acquired from on-the-job exposure or training and in most instances self taught. Although most admitted their system of management could be improved they also maintained that it was satisfactory. It was not until further probing into several small enterprises that a common trend of denial was evident. This was clearly an attempt to " cover-up' personal insecurities.

What soon became obvious was that these individuals were competent at their trade which until now, had been good enough to get them by in their business. Although in our modern economic and cultural climate, trade skills alone are not adequate enough for a successful business.

The investigation revealed that many small enterprises were struggling to maintain control of their business. This was partially due to a lack of financial management skills, communication skills, project and strategic management skills, and being unable to keep-up with technology and computer skills.

The building industry has generally become increasingly specialised and professionalism represents the binding element for the success of any enterprise. It is commonly accepted that lack of professionalism attracts criticism and as such, our society is not tolerant of unprofessional conduct when dealing with builders, especially when in most instances it involves the largest investment of one's life. Unprofessional behaviour is alleged to be one of the major issues that aggravated communication between the builder and the consumer. The builder's inability to successfully communicate with sub-contractors and suppliers also led to a decline in quality and failure to abide by contractual commitments.

Professional assistance

The findings of the second part of the personal interview dealing with education and management skills revealed that although most of the builders interviewed agreed that they needed to become more professional and competitive, surprisingly 85% displayed a negative attitude towards professionals.

When confronted with the question; *" Would you consider employing a professional manager to help you with the running of your business?'* , the following selection of sentiments were shared by many of the participants:

- We speak a different language we could not possible go along. (Small builder)
- They think they know everything. (Small builder)
- They think we're stupid because they're educated ... When a professional like engineer, project manager, or architect come on the job they look down at you, always complaining about the job, just to show off their authority." (Small builder)
- I don't think they know any more about my business than I do." (Sub-contractor)
- With all respect to you Sal: They are only good on paper, you put them on the job and they are lost." (Small builder)
- I know I need some help with the running of my business, especially because I want to get some bigger jobs, but at this moment I can't afford to employ anyone, but would like to give one a try." (small builder)

The above responses reflect an attitude of rejection towards professional input yet implied a level of complacency and security within the respective organisations. This however was false, as the underlying reason for disconnection was the difference of the education level and inability to communicate to each other.

This common trend of denial towards professionals was an attempt to disguise personal insecurities.

Profile of participant's Qualifications

The study revealed that of the 74 participants, five possessed tertiary qualification such as Clerk of Works and building certificate. Seventeen held a trade certificate, of which fourteen were carpenters, two plumbers and one electrician. The remainder had gained either a builder or trade status in bricklaying or carpentry through on the job training. One tiler was also in the group.

Profile of Subject's Qualifications

7%

23%

70%

□ tertiary building training

■ Trade Certificate

□ on-the-job trade training
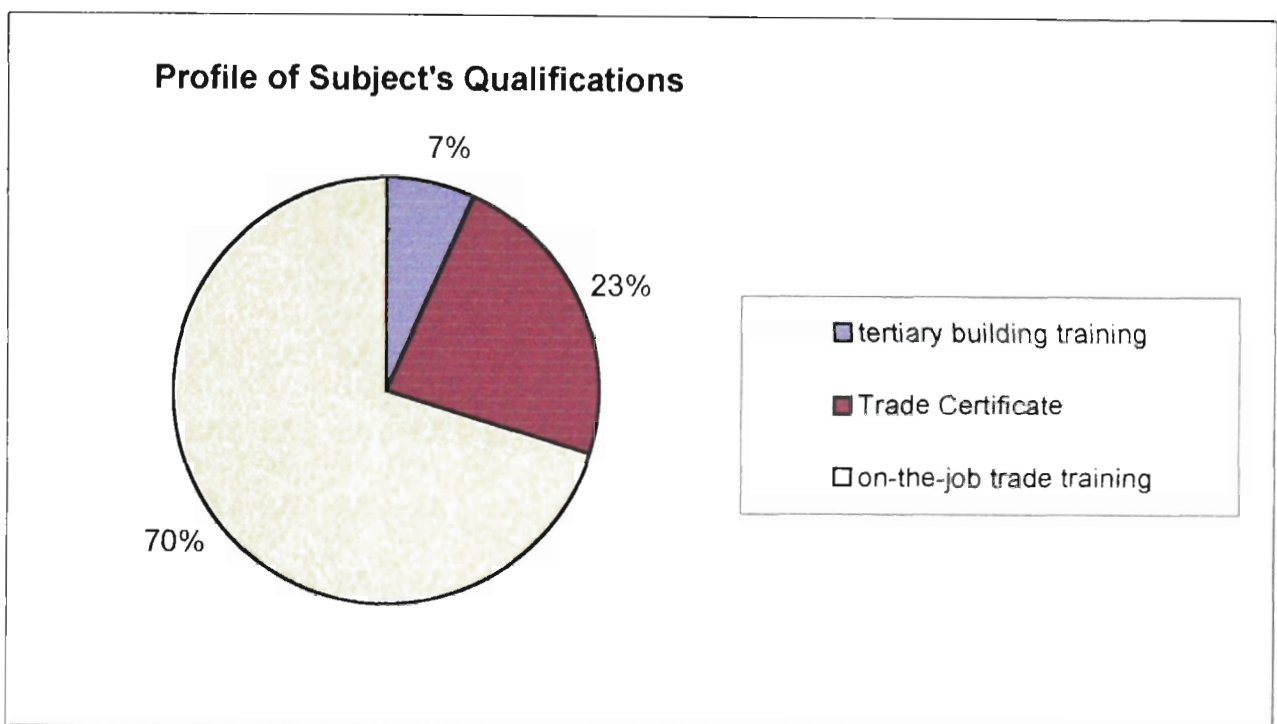
Figure 08

Figure 08 Profile of Subject's Qualifications

The group largely consisted of Builders and tradesmen who received licenses via on-the-job training and through the process of proving experience. Only 30% of the participants interviewed received formal training via TAFE or other sources. Upon analysing the data it become apparent that participants with tertiary qualifications had responded positively towards professional assistance. Participants with a trade certificate recorded a variety of responses and the

majority of negative responses were recorded from participant with a trade learned on-the-job.

The following chart is a summary of the findings regarding acceptance of professional assistance in the enterprises of the participants.
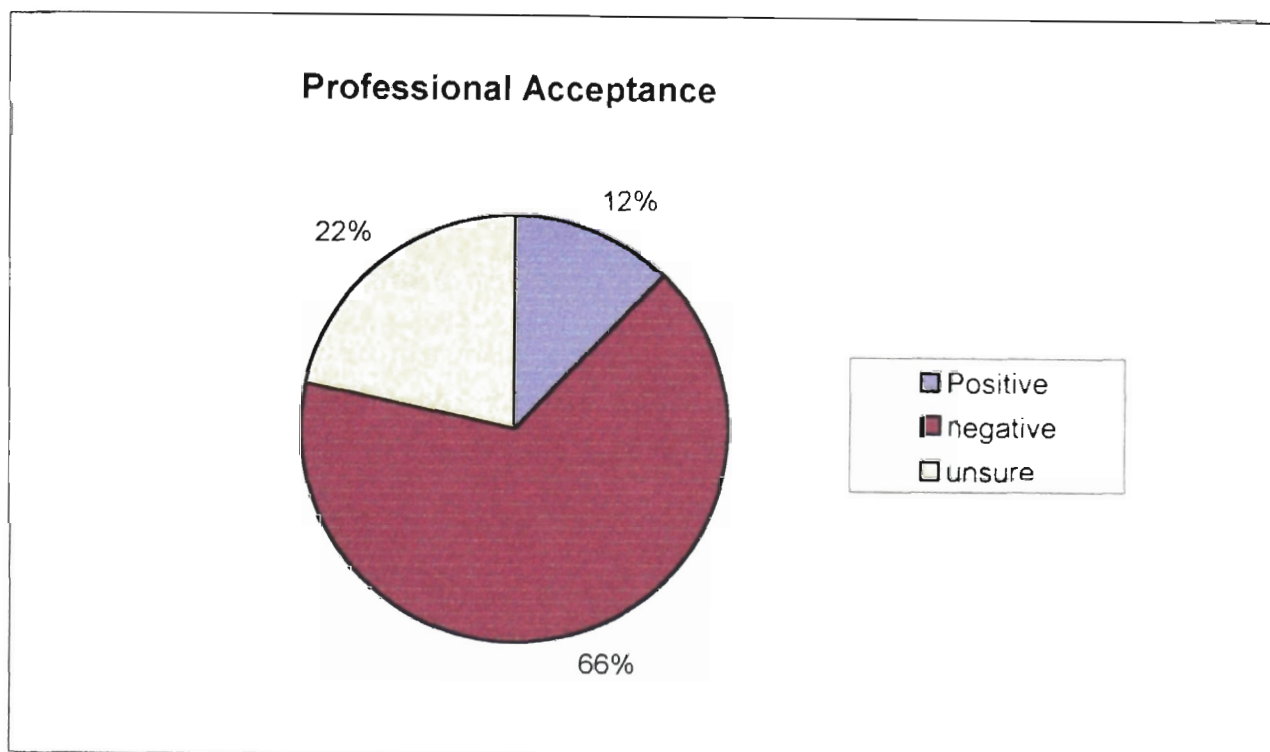
Figure 09

Figure 09 Subject's view on professional assistance

The above results indicate the two extreme positions in the qualification groups identified. The more efficient and educated contractor being very receptive of professional input. The participants with no formal trade education, and generally portraying a level of management inefficiency, were less receptive towards the suggestion of professional assistance.

Although the data indicated a negative majority view, the behaviour of many of the participants during the interviews indicated a sense of insecurity. This is possibly due to the "education gap" that exists between this group and the professionals, or due to the inability to properly communicate with professionals.

The problem was more so evident within the group of participants having poor English literacy.

As the research continued to unfold it also became apparent that the research needed to be upgraded. The results of the interview indicated that my assumption appeared to be incorrect, that is, the participants with no formal trade education would openly welcome professional assistance in their practice. I expected the results to indicate acceptance as several of my acquaintances over the past few years suit the description of the above group. They have indicated on several occasions that they are finding it increasingly difficult to maintain survival of their company and would welcome the opportunity to retrain or at least employ professional assistance.

It was necessary to find out why my assumptions were so different to the results. In particular why there was a strong negative attitude towards professionals amongst the professionally disadvantaged participants. The questions that came to mind where: Why would a person, mostly in need of help, be so obstinate? And, was it perhaps about affordability? (As many participants suggested that they could not afford professional assistance)

Networking-Quest for further information

Fuelled by the insecurities of some of the participants and the comments of my acquaintances, the inquiry once again was initiated with the aim to test my objectives. I recommenced my social visits to the clubs where many of the participants networked and visited their building sites.

Pilot study-Third round of interviews

Once again the interviews began with the builders better known to me. These first interviews were used to test the methodology, and the effectiveness of the questions. Within the next four months 52 of the original 74 participants were "socially" interviewed. The approach this time was different than the first interview. The questions were more like a general discussion on business management, rather than a direct questioning approach. I discussed contract administration and the need to be proficient. Most of the participants expressed the desire to be more competent and more proficient, especially when dealing with contract management involving variations and latent conditions.

The responses to why there was such a negative attitude (in the first interview) towards professional assistance revealed contrary results than those first recorded.

A selection of responses from the informal interviews indicating the participants feelings towards professional assistance:

-       I don't think that a professional manager would work for me, they like to work with big companies and with other professionals like themselves. But if I could find someone to help me, someone I can trust, I think I would give it a go.   (small builder)
-       Until now I've been doing all right but laws are always changing and I'm finding it hard to keep up. I would feel embarrassed with someone in my business ... I have very little education ... I don't know what's going to happen. (small builder)
-       I would employ one if I knew who he was, this way we could work together
        (sub-contractor)
-       I don't speak very good English my fifteen year old son helps me writing invoices, I don't think it would work but if I could find someone good who speaks Italian, it wouldn't be a bad idea. (small builder)

- I know many people like me that like to employ a manager ...if one starts the other ones will do it to ...It is time I do some thing about it.' (small Builder)
- I really need someone to help me with my business, especially since my partner left, he looked after all the books ... I can't afford someone to help full time but I would employ someone part time.
- I've never had problems on my jobs before, but at the moment I've got problems on 2 of the 3 jobs I'm doing ... I've never asked for advice before but the next contract I sign, I'm going to get someone to look at it ...I think maybe it's time to look around for someone full time.

The results of the third round of interviews were contrary to the previous one. The negative attitude first recorded was now turned into an acceptance of professional assistance. It now had become clear that their denial and the reason for disconnection was their way of covering up personal insecurities, the inability or fear to effectively communicate with the professional person.

Although the uncertainty about the negative attitude towards professionals could be detected in the first interviews, it was important to prove my assumption and not to draw a conclusion from it. This proved to be an important exercise once again providing the opportunity to confirm my methodology that trust is the essential element in achieving positive results.

My involvement with this group of individuals has established a relationship of trust. For some of the participants it has been an educational exercise, giving them a little more confidence in the approach and management of their business. (As many of them have said that our discussions have been an eye opener for them). Many of them have remained in touch with me, some contacting me on a regular basis for help and guidance, usually about contract administration, with a few of the builders previously known to me, becoming almost dependent on my help.

It is difficult not to get involved with some of the individuals of this group, particularly when they begin to show signs of wanting and needing help.

However I almost reached a stage where my involvement with several individuals would have required a substantial amount of time and effort, on certain occasions I was asked to make representation on the behalf of several contractors. At this point I decided to distance myself and recommend that they either involve themselves in a training program or employ professional assistance.

This again proved to me that once a level of trust was established, many of the participants would comfortably work with someone to guide their business.

A number of these individuals have employed professionals, and para-professionals on a full time and part time basis. One builder in particular, which is known to me for the past 20 years, was the most obstinate towards employing professional assistance, but he also was most in need of one. He finally decided to introduce the assistance of a contract and management consultant on a part time, trail basis. I introduced him to a colleague a professional project manager and educator. Over the past twelve months my colleague has helped this small enterprise survive in the worst time of his building career.

Many small enterprises however do not require additional staff, as the scale of their business is small enough for a 'working' manager to handle. In many instances the principals have a spouse or partner assisting with tenders and book keeping. What is required is a more comprehensive understanding of management both for construction and financial purposes and although the size of the enterprise may prohibit direct employment, there is no justification for omitting consultation with other professionals.

Not regularly consulting with business related professionals, such as an accountant, financial planner or solicitor, has often contributed to the failure of many small businesses. Failure to consult with professionals at appropriate stages may cause problems that are unable to be remedied. For example, failure to consult with an experienced contract law solicitor before signing a contract could result in a poorly executed contract and may leave the builder in

an unfortunate position. Or for example, in a situation of applying for an overdraft to finance a project, if there is no consultation with a financial planner or accountant, this may jeopardise an otherwise positive result.

The above examples represent two of the most common situations detected in my studies and could have been avoided if the warning signs were noticed, and through appropriate consultation.   For example nine of the participants form Group One and two of the participants from Group Two (identified in Chapter four, Financial Management, figure 04) had previously experienced bankruptcy.

There is clearly a need for professional assistance and there is evidence and acceptance that this is the case however there is no public acknowledgment that this is the case.

CHAPTER SIX

ON-GOING PROBLEM

Introduction

During the process of this research I had the opportunity to meet a number of people who displayed an attitude of scepticism towards small enterprises. This was a group of well-educated people, representing industry organisations and educational institutions, they all shared a common belief about the survival, and struggles of small enterprises.

This group suggested that the struggling management-inefficient small enterprises were a dying breed, the last of the unprofessional builders, these individuals will be replaced with a new generation of builders, more educated, possessing the required managerial skills, in touch with current technology and ready to embrace the future.

They also endorse the Department of Fair Trading's (D.F.T) new rules and requirements for obtaining licences, advocating that from now on it would be impossible for candidates without management skills to obtain a Builder's Contractor Licence. Some suggesting the problem with this group of enterprises was beyond repair and should be left alone eventually eliminating itself. One professional builder's view was that by the year 2005, consumer expectations and technology alone would eliminate the struggling enterprises.

It was even suggested that I was wasting my time as this group was only concerned about surviving on a day to day basis and would not waste any time with me.

It was discouraging to encounter such negative and judgmental attitude towards this group of people. Although not in a position to comment on whether this attitude is representative of the industry's feelings towards small enterprises, the study revealed very few people displaying support for small enterprises.

There is a belief that management inefficient enterprises will soon be extinct and will be replaced with the new generation management-efficient builder. This encouraged me to research amongst several other issues, the theory of the "dying breed".

Builders Licence

I began investigating the education requirements for obtaining builders licences. I started with the requirements stipulated by the Department of Fair Trading and the Housing Industry Association (HIA). I also looked into TAFE education strategies in particular Certificate Four, which prepares tradesmen for the building certificate course.

The findings of this investigation revealed that the "theory of the dying breed" was incorrect, our current system still allows the issuing of builders licences to tradesmen candidates with very little or no management skills. Although this is not the objective of the D.F.T., many builders are becoming licensed without the necessary management skills. To put it bluntly, "they are slipping through the system".

The Department of Fair Trading recognises appropriate Tertiary education as satisfying the requirement for candidature for obtaining a builders contractor licence. The Department also allows the awarding of builders licences to candidates that satisfy certain criteria. This process involves a two-stage application. In the first stage the candidates must prove that they are competent tradesmen with a minimum of fifteen years experience in the house building industry. This process involves the candidate lodging an application supported by three character/personal references from building industry professionals.

The second stage involves the candidate sitting for an examination. On successful completion of this exam the candidate is awarded the builders contractor licence.

In order to pass the Department of Fair Trading test candidates need to possess a degree of skill in a number of management fields, trade skills alone would not be adequate to pass the examination. The examination is designed to test the candidates on several management and construction issues.

This is where the private providers become involved in the process (or come to the rescue) by providing a service to the candidates in need of building management knowledge. For a substantial fee they will teach short management courses preparing the candidate for the Department of Fair Trading exam.

Unfortunately as I discovered from several candidates, this is where the system breaks-down. The topics taught are a summary of questions that are expected in the examination tests. Although the short course is successful in its short-term objectives (to provide candidates with the best possible chance of getting through the exam), it fails to embed the required skills for continuing success. Although it could be argued that the skills taught are providing the basics and that experience will correct any shortcomings, many applicants are not capable with current skill levels, to elaborate on this basic knowledge.

During the course of my research I become aware of a Tiler sub-contractor that wanted to become a builder. I questioned whether he intended to pursue a TAFE course or apply directly to the Department of Fair Trading for a license. He responded that he was vaguely aware of the " easier" option and that he believed he had the prerequisite for obtaining a license so he did not see the need to attend a TAFE course.

I explained the Department of Fair Trading requirements to him and made him aware that he may not qualify with his current trade qualification of tiler. This would not be considered a suitable building trade for the appropriate experiences required for admission as a builders licence candidate.

I explained the procedure and also informed him of the private providers courses that are available in preparation for the Department of Fair Trading test. I offered him some of their brochures and suggested that if he was serious and he wanted to succeed, he should enroll in some of their short courses. He also agreed to allow me to follow up on his progress, as the findings would be beneficial to my research.

For several months that followed I closely monitored his progress, and the progress of two other candidates introduced to me by this contractor. The outcome revealed the following:

To be certain of a positive outcome the three candidates had to substantially distort the truth. In the first stage of the application they had to prove their competency in the industry, and so they did.

The tiler (who didn't know the difference between a floor joist and a bearer), suddenly become a "carpenter" . His resume` included an impressive work history all of which was supported by three well-structured references from building professionals. His career began as a tiler and progressed to a Carpenter followed by leading-hand involved in all facets of domestic construction. His documented experience indicated that he then progressed to a competent builder's foremen position with 10 years experience in single and multi residential construction. His resume` also included reference to some tiling projects.

The other two candidates, one a steel fixer and the other a formwork carpenter, had similar applications, again supported by impeccable references.

They easily progressed through the first stage and went on to enroll in some of the private provider short courses. They displayed no hesitation or regret in their actions, in fact they were proud of being able to "beat the system".

Although surprised at this practice, I have heard of similar applications with comparable circumstances. Some of the questions raised by this practice are; how common was this practice and was it a trend? ; How many applicants actually succeed by falsifying statements? And perhaps the most important questions relate to the credibility of statements and references and the importance they have in the approval process. The answers of these issues are difficult to verify and beyond the scope of this thesis.

In conclusion the candidates made it through the D.F.T. examination and are practicing builders today. They reported that this would have not been possible if their training at the private provider did not prepare them for the D.F.T. test. They also reported that the training received consisted of a recital of a number of questions expected from the D.F.T. test and that the program appeared to have not been designed to teach them but rather prepare them for the test.

It is commonly accepted that reciting questions and answers is a form of learning and therefore the objectives of the private provider courses are to both teach and prepare an applicant for the examination. The impression I received from the candidates was that the learning was superficial but all three of them considered the money well invested because they had achieved their goal.

It was concluded that I was not in a position to determine if there was any wrong doing by the private provider in the preparation of candidates for the D.F.T. test. However as a result of the time I spent with the candidates I was convinced that the contractors had progressed to become builders only with basic trade skills. They did not demonstrate any management skills nor had they gained any through this process.

It was clear to me that the system in place allows the issuing of builder's licences to management-inefficient and construction-incompetent individuals.

The belief by many that the management-inefficient enterprises will soon be extinct, is far from its realisation.

The Department of Fair Trading recently launched a campaign for compliance in building industry licensing. A survey carried out by the Department Customer Services found that approximately 90% of building contractors surveyed were licensed, 7% were licensed but conducted activity beyond their licensing and approximately 3% were major offenders conducting activity in the industry without any licensing. This new campaign has been designed to send a clear message to the industry, to act within licensing constraints. If a contractor is in breach, the D.F.T. will prosecute with fine up to $11,000.00. The Department's underlying aim is to have a fairer home building industry for both consumer and contractor.

The new campaign also includes the development of the " Home Building Industries Education Program" , the aim of this program is to identify, in consultation with industry representatives, areas in which it can better meet consumer and contractors needs.

This campaign is designed to protect the consumer, by assuring that building construction works in the house industry are undertaken by licensed contractors. This may only improve present conditions in discouraging unlicensed builders to undertake contract works, but falls short of identifying the real issues such as poor management, and the need to improve the level of education standard within small building practices. Licensing contractors without the necessary management skills and competency can only lead to poor outcomes.

Technology changes and industry expectations of today require more than just trade skills to successfully run a small enterprise therefore the issuing of licences to unqualified persons and allowing the licensed individual to manage a business must be questioned.

The investigation also directed me to one of TAFE's new Courses, "Certificate IV" in Building Studies, Residential. Accredited on 16 October 1996. The certificate on its own does not constitute the minimum academic qualification for candidates applying for a builder license.

The certificate was designed to attract candidates who have already attained a trade certificate, and once completed certificate IV, they are considered to satisfy the minimum requirement for the purpose of applying for the builder license in N.S.W.

Candidates that enter certificate IV as their first form of qualification, (including plumbers) need to complete the Diploma in building studies (a further two years) in order to be consider as having the minimum academic qualifications required for the purpose of obtaining a builder contractor licence.

In order to obtain a fair assessment on the students, the program suitability and student performance, teaching staff were approached (involved in teaching several topics in certificate IV) of two of the TAFE institutions that offer this program.

The course was designed for TAFE trained trade persons, and it attracts several building trades, carpenters, joiners, bricklayers, form-work carpenters, licensed plumbers, and mature on the job trained trades persons with many years of experience.

The first comment was that trade alone is not enough for successfully completing the course. Although students from a carpenter trade background are the most suited to the course structure, they still generally struggle in several topics, such as management subjects, estimating and structures. Whilst many students with other trade background, (with comments mostly directed at bricklayers, form-workers, and to some of the mature student entries) perform so poorly that to avoid mass failure, teachers have, according to my source who prefers to remain anonymous, lowered their marking standards.

The teachers displayed feelings of frustration, not towards the students, but towards the system. They believe that the course in it self is a good course, but would best serve its purpose if its structure had taken into consideration some of the students trade background and ability to cope. They believe that the current course structure demands better candidates and should include an essential prerequisite element including English and mathematics.

As with my experience with the private provider candidates, my study of the TAFE course revealed several instances of students manipulating the system in order to achieve their goals.

One such example includes a student possessing a plumbing certificate who under normal circumstances would require to first complete Certificate IV and then a Diploma in Building Studies in order to be eligible for a builders license. The plumber manipulates the system by firstly enrolling in the Certificate IV course and on completion rather than proceeding with the Diploma course, he enrolls in a carpenter trade certificate course. The combined Certificate IV and Plumbing Trade Certificate enables him to achieve many exemptions completing the course with very little involvement and in a shorter period of time. The combined Certificate IV and Carpenter Trade Certificate qualifies him for a builders license. By taking this option the plumber misses out in the essential components of the course which aid in the making of a good building candidate.

In conclusion there are loopholes in the licensing system and the education process. It is absurd to believe that the industry is leading towards better-educated builders when clearly there are so many taking advantage of the system.

EDUCATION STRATEGY - The necessity to consider an oral strategy

Lack of education and re-education appears to be one of the major hurdles for small enterprises. The investigation identified a category of people that need special education. Although these individuals posses building or trade licenses they lack managerial skills required for a modern practice. Nevertheless 85% of enterprises interviewed express the desire to learn and retrain but it appears that the strategies in place are not designed to accommodate these peoples needs. Different learning strategies need to be put in place and properly managed to accommodate the specific needs of this group.

Communication plays a vital role in achieving a quality built product. This is in the form of oral, written expression and drawings. There seems to be a deficiency in small building companies to successfully communicate and it appears not to be entirely their fault. Many times, they are confronted with sub-standard drawings and documents and are confronted with sub-contractors that are reluctant to work with contracts.

It was noted in the interviews that many building contractors relied heavily on oral communication for the building process, which can work adequately until disputes arise. It was also noted that for many of the interviewees, especially those of ethnic background, " giving their word was as good as a contract" and was considered an honourable way to conduct business. Many of the interviewees referring to " the way business was done back home" and " my word is worth more than a written contract" .

Some builders referred to their projects being relatively dispute free with minor disputes resolved amicably by the project completion. Most builders cited

several examples where oral communication was not followed by written correspondence resulting in a dispute and ultimate financial loss. Regardless of some problems that builders had in the past, many builders continued to conduct their business in the same manner, dismissing each situation as a bad experience and taking a ' punt' that it will not happen again. Unfortunately for some, the problem is recurring which leads to a stressful work environment and even larger financial losses.

Why do so many builders rely on oral communication? Perhaps too much trust is placed in their clients and sub - contractors and vice versa. This is mostly evident from builders and contractors of small practices who rely on work via word of mouth. This often leads to a false sense of security as a previous client, usually family member or friend recommends the new client, and formalities are often skipped, such as written quotes, formal works orders, contracts and most importantly variations.

In many cases English is a second language resulting in a lack of confidence in written expression. This often is the main reason for omission of correspondence and in some cases, contracts and contract administrative paperwork.

Some builders claim that written communication takes too much time and would require an additional full-time staff member to " keep the paper-work flowing' . This is a typical situation of denial, rather than admitting to not being able to cope with expectations of the industry. It is essential for documented communication to be present throughout any project in particular with regard to variations.

Some feel threatened by technological advancement and the changes in trade practices. For example many of the builders interviewed regarded the Building Code Of Australia (B.C.A) as confusing and difficult to understand. It was alarming to learn that only a few of them actually had used or purchased a copy of the B.C.A. The general consensus view from the interviewees regarding the role of the B.C.A., was that it is a document only needed by Architects and

designers to prepare building plans, and used by Councils to assess building applications. Most of the interviewees were unaware of their responsibility towards the B.C.A. A Similar lack of knowledge was demonstrated towards Australian Standards, described by many as " documents used by manufacturers not builders' .

Although recent amendments in legislation by the Department of Fair Trading now require all trades to enter into contracts for work over the value of $200, many builders and contractors ignore contracts for small scale projects which leaves them wide open for litigation.

The reality is that many of the builders and subcontractors having difficulty running their businesses lack the required vocational management skills. Courses that have been structured by our tertiary institutions require candidates to have relatively high levels of communication skills. Although most institutions offer remedial English classes it is not sufficient to rely on these as thorough preparation for further studies.

There was willingness amongst the contractors interviewed to embrace further education, however there appears to be no commitment in this regard. This is due to the following factors.

The investigation revealed that 10% of builders interviewed had attempted to enhance managerial skills through TAFE but found the course structure too difficult. Of the eight interviewees who attempted the course, all expressed disappointment with the course structure as they believe the course was designed for young school leavers with a firm grasp of English and mathematics.

Given the many years of building experience, the participants believed they had the ability to learn however they felt the system denied them that opportunity. They were also frustrated by some TAFE teachers who allegedly displayed little interest nor did they try to understand their predicament. It was clear that this

experience had distanced this group from any future attempt to retrain and left the candidates with the belief that they were no longer capable of retraining. It appears that current education strategies are not designed to accommodate this group of people. New strategies need to be put in place and the different learning styles need to be properly managed by educators with a tangible knowledge of the deficiencies and needs of the industry.

Unfortunately oral communication is not emphasised as much as written expression and drawing interpretation. Most interviewees expressed that oral communication was the most vital to the operation of their businesses and the one they felt most confident with.

Therefore perhaps the education or re-education would be less daunting if an oral communication program was introduced as a bridging strategy addressing the needs of those requiring further training. This program would be appealing to those members of the industry who would otherwise reject further training, as it would be designed to increase the candidate's confidence.

CHAPTER EIGHT

CONCLUSION

The conclusions drawn from this study relate to the three research processes adopted by this thesis.

- Firstly, the literature review process and analysis presented in Chapter Two of the report provided a valuable perspective of the management inefficiencies in small enterprises.

- Secondly, the analysis of the questionnaire as presented in Chapter Four of the report provided a concise account of management inefficiencies and the needs of small enterprises.

- Finally, the analysis of the personal interviews as presented in Chapter Five of the report provided more factual data and a strong indicator revealing the following:

    The willingness of the small enterprise to improve their management.

    The probable need for an oral based educational strategy, to assist the small enterprises in the quest for better management practice.

Whilst the literature surveyed presented some aspect of the small enterprise's management inefficiencies, and in part agrees with my findings, all of the data obtained and presented in the study, was gathered from the questionnaire and the personal interviews.

The sample although not numerically extensive has provided a concise account of quality data. The main findings are as follow:

- The study identified a group of people in need of assistance. The study revealed that 95% of the participants had progressed to a managerial position simply with trade skills, without any formal management training. Many of the participants having very little academic educational background or with an English language problem.

  Management skills possessed by many of the participants were elemental, usually learned on the job through trial and error. Few of the participants had attempted TAFE courses, but found the course structure to difficult to comprehend and abandoned their studies.

- The study also revealed that contrary to the literature conclusion, as discussed in Chapter Two, and the negative view of some of the building industry representatives, small enterprises are eager to retrain in an effort to improve their management skills and efficiencies.

- Extracting quality information from the participants was a troublesome task. The study revealed that participants were uncooperative, skeptical, and at best very reserved towards "outsiders". There was also a definite negative attitude and mistrust towards professionals. The general view was one of resentment and suspicion towards researchers. It appeared that the inclination was to suspect the researcher only has self-interest and that nothing will eventuate from the findings.

  Lack of trust seemed to be the single most prevailing reason for the negative feedback. It soon became evident that to be able to collect quality data a degree of trust between the researcher and the participants had first to be established.

The procedure for obtaining trust was one of the most challenging aspects of this research. The process involved several pilot studies, feedback from retired colleagues and social gatherings in local club environments, an important network centre for the survival of the small enterprise, an environment where the day to day events, ideas and resources are shared. An environment of equality which allows the small builder to gain strength and confidence.

Via my associates I was able to meet several contractors who then introduced me, through this network centre, to several other contractors, which allowed me to get a step closer to many of the people that later participated in the interviews. Establishing that communication link with each of the contractors, however vague, established a degree of trust. It became and important tool that formed the basis of the interview methodology that followed.

Obtaining trust became a pleasant journey to discovery, a recipe for a better methodology that was put in place which allowed me to collect more accurate data.

Among small enterprises there was a definite negative attitude towards mail out questionnaires. They viewed the process of filling-out questionnaires as a waste of time.

- Progression to a managerial position with only trade skills is an on going problem. Obtaining a builder's licence without any formal management training is comparatively easy today as it was in the early nineteen seventies.

- Education or re-education is the dream of 95% of the interviewee's. Most of the participant expressed a strong desire to retrain. Unfortunately the study revealed that current education strategies are not structured to accommodate this group.

There is a lack of awareness by the industry associations, and education providers, of the behaviour and needs of small enterprises.

There is an unquestionable need to develop new education strategies to accommodate the needs of the small enterprise, which is struggling to survive in a constantly changing industry. There is a need to raise awareness about this small industry; education providers such as Colleges, TAFE, Universities, must take an active role in identifying the needs of this industry. It appears that most efforts have been directed to the medium and large enterprises, and towards the more educated individuals. This was well represented in the literature reviewed, where the small enterprise's educational needs were either interpreted, assumed, the perception of industry representatives or simply neglected.

In spite of the effort from industry associations providing information about management training, they appear to have misunderstood the negative response from small enterprises. The perception from industry is that small enterprises are failing to identify the value and benefits of management training. It appears that small enterprises have been let down by the very associations that should understand their predicament and needs.

The reality is that the very nature of the practice of small enterprises has been misinterpreted. The strong Ethnic workforce with the custom and tradition, the poor scholastic education, the lack of management training and the poor communication endemic in the small enterprise structure, has been at very best, ignored or simply misconstrued. No wonder the participants felt as though they had been alienated.

Recommendations

The findings revealed multi-deficiencies from data collection through to education. Based on this information the following broad recommendations have been formulated with the aim of providing a catalyst for further discussions or study:

- Methodology Approach - A new methodology approach to collect data from small enterprises.

- Management Training at apprenticeship level - The inclusion of management training at trade apprenticeship level and for certificate courses.

- New Education Strategy - The introduction of a new oral based education strategy and the continual access to it.

Methodology Approach

The size of enterprises in the construction industry is divided into three broad categories, small, medium and large enterprises. The methodology approach to research medium and large enterprises is not appropriate to successfully investigate small enterprises.

Recommendation

As the scope of this study is restricted to small enterprises in the Sydney region, a logical extension for further research would be the investigation of small enterprises in other regions of Australia.

Researchers undertaking future industry studies into the practice of small enterprises must first acquire a tangible knowledge of this industry. They must acquire familiarity with the individuals that run the enterprise and must adopt an individual approach to establish a communication link. It is imperative to develop a degree of trust with the interviewee.

Management training at apprenticeship level.

In such a technologically advancing and constantly changing industry, it is difficult to comprehend why most small builders and sub-contractors have no formal management training.

In the last decade we have witnessed many changes to industry regulations demanding good management, communication and marketing skills more so recently with the introduction of the new tax reforms. Yet many builders and sub-contractors are taking-up practice without any formal management training.

It is widely accepted that the introduction of new building regulations, or tax reforms, such as the GST, will place enormous administrative pressure on small enterprises that are already facing significant administrative problems.

The lack of management skills is usually the cause for financial failure. There are many examples demonstrating small enterprise management inefficiencies yet the system in place allows this to re-occur.

Recommendations

The study revealed that the majority of small builders and sub-contractors have progressed to a managerial position only with a trade skill. Subsequently the study contends that improvements can be made and proposes to introduce management skills training at trade courses levels.

The compulsory inclusions of appropriately structured subjects in project management and other management skills such as Financial, Communication, and Administration should be included for certificate courses such as Certificate Four. This also would assist the many graduates that quickly take-up businesses in the house building industry.

New Education Strategy

The authors of the literature reviewed have identified management deficiencies in small construction enterprises. They conclude that management retraining is essential however they fall short of identify the special needs of this group.

The principal finding of this study was the identification of the need that small enterprises require access to an orally based management course structure. It was also revealed that amongst the participants, there was a strong will to retrain and acquire much needed skills. Small enterprises represent in excess of 85% of the building construction industry, involving thousand of people that in many ways are connected by similar predicaments.

Recommendations

The need for further study to develop a program on an Oral Based Education Strategy covering the management inefficiencies identified in the study be explored. It is recommended that the program be inclusive of audio visual aids for home use.

It is also recommended that the course should include the development of a "Project and Administration Manual" based on a pro-forma model that allows further development to the individual company needs. This is designed be used as a main reference tool at the work place.

In summary the above recommendations are a response to the needs of a large group that forms part of an industry riddled with many management inefficiencies. Despite the problem stemming from lack of education, ethnic background (with its English language problem) or from the technological advancement experienced in the last decade, one thing is certain, given the opportunity this group of people is willing to retrain.

This study has attempted to address some of the management problems associated with small enterprises. There may be other problems of which this study is not aware however the questions addressed by it are considered to be important for the survival of the small enterprise.

APPENDIX

QUESTIONNAIRE

Study of management skills in small enterprises.

Self Assessment

Thank you for taking time out to participate in my research, your contribution is vital to the success of this study. The information that you are about to provide will play a major role in assessing the present level of management skills and future skills required in small enterprises as perceived by small enterprise.

This questionnaire requires you to rate your level of management skills.

The study will attempt to evaluate three key issues within small enterprises.

a) **What are the current management skill levels possessed by the Builder/manager of small enterprises?**

b) **What future skills are required by small enterprises?**

c) **Willingness of the Builder/manager to retrain.**

Date ..../ ..../ ....

---

1. State whether Builder or Sub-Contractor   ....

   (1a) If Sub – Contractor. What Trade?   ....

2. Business Structure –   (tick one)   ☐ Sole trader
                                          ☐ Partner
                                          ☐ Propriety Limited Company

3. Years of trade experience   ....

4. Years in Business   ....

5. Educational Background   ☐ Australian
                               ☐ Other

Questionnaire instructions

Please answer the following questions by writing a value of 1,2,3,4 or 5 in the brackets provided (1 being the lowest value and 5 the highest) which you believe best represents your situation.

	Eg:	Currently Possess (3)	Needed in future (2)	Need to retrain (3)

---

1   Managing operations

		Currently Possess	Needed in future	Need to retrain
1.1	Project management: this may include eg:			
.	dealing with suppliers	( )	( )	( )
.	sub-contractor relationships			
.	budgeting			
.	controlling of costs			
.	time management			
.	insurance			
1.2	Strategic planning: this may include eg	( )	( )	( )
.	strategic thinking (eg next job)			
.	dealing with innovations (eg modular)			
.	strategic planning (eg next 3 years)			
.	establishing business plan			
1.3	Quality management: this may include eg	( )	( )	( )
.	quality assurance methods used			
.	monitoring quality improvements			
.	total quality management tools			
	(eg flow charts, graphs etc)			
.	best practice			

From the above list, which management skills are most important in the running of your business?

....

. ...

. ...

. ...

2 Managing finance

		Currently Possess	Needed in future	Need to retrain
2.1	financial management; this may include eg	( )	( )	( )
.	contracting and legal aspects			
.	tendering			
.	budgeting			
.	financial planning & techniques			
.	tax management			
.	borrowing-interest rate management			
2.2	Keeping up to date with statutory requirements eg:	( )	( )	( )
.	BCA			
2.3	Expenditure analysis, this may include eg	( )	( )	( )
.	cost benefit analysis			
.	risk analysis			
.	financial performance targets			
2.4	Dealing with people in finance eg	( )	( )	( )
.	with accountants, bankers, solicitors			

From the above list, which management skills are most important in the running of your business?

....

....

....

3   Managing People

		Currently Possess	Needed in future	Need to retrain
3.1	Leadership: this may include eg:	( )	( )	( )
.	setting goals			
.	making an effective working environment			
.	mentoring and counseling people			
.	appraisals and coaching			
.	motivation & staff development			
.	delegating			
.	liaising/consulting			
3.2	Human resource management: this includes eg:	( )	( )	( )
.	engaging subcontractors			
.	job planning			
.	recruiting staff			
.	induction and team development			
.	training and development			
.	managing and resolving conflict			
.	understanding enterprise agreements			
3.3	Communication skills: this may include eg:	( )	( )	( )
.	dealing with clients			
.	dealing with staff			
.	negotiation eg with			
.	preparing reports			
.	conducting meetings			
.	knowledge of communication systems			
.	developing business image			
.	developing customer services			

From the above list, which management skills are most important in the running of your business?

....

....

....

4   Managing information

		Currently Possess	Needed in future	Need to retrain
4.1	Administrative management:			
	this may include eg:	( )	( )	( )
.	having an organised system of information including 'paperwork'			
.	searching for information using technology			
.	change management eg in legislation			
4.2	Marketing management: this may include eg:	( )	( )	( )
.	establishing a display home			
.	advertising (eg with the display village) brochures			
4.3	Occupational health and safety management eg:	( )	( )	( )
.	explaining the OHS policy to staff			
.	monitoring OHS practices on the job			
4.4	Dealing with people who manage information eg:	( )	( )	( )
.	marketing and advertising people			
.	others			

From the above list, which management skills are most important in the running of your business?

....

....

....

Are there any other management skills that you may consider important in the running of your business? Please list below.

....

....

....

Thank you for your valuable contribution.

Salvatore Pagano

June 11, 1998

INTERVIEW No1- SMALL BUILDING COMPANY

Company Profile

The company is a small proprietary limited building company located in the South - Western suburbs of Sydney. The company recently relocated from a home office to a renovated house in an industrial area.

The company has operated since 1974.

The company is mainly preoccupied with residential construction and occasionally is involved with some industrial and small commercial projects.

The company's full time staff consists of one manager / proprietor involved with the day-to-day management of the business and construction sites, a secretary with an active role in clerical duties and company accounts and a young cadet, the son of the director. They also employ casual builder's labourers. The company is heavily reliant on sub - contract labour for construction work.

The company turnover for 1997 was 1.5 million dollars, which was $300,000 more than the previous year, but without any profit, the director commenting that it is getting harder and harder to make money in the building industry.

Manager back ground and skills

The manager does not possess any tertiary training or qualification, is of ethnic background and has a primary school base education equivalent to year 6. Following many years of on-the-job training he became a bricklayer in the late 1960s. He worked as a contract bricklayer for four years (1970 - 1974) employing 3 to 6 tradesmen and specialised in custom built houses and small-scale town-house development. During this period he obtained a Builders licence (at a time when no formal qualification was required). He continued providing both building and bricklaying services until 1980 when he stopped bricklaying altogether.

Training

Although a member of the HIA and MBA, the company is not actively involved in continued professional development.

INTERVIEW No 8 - SMALL BUILDING COMPANY

Company profile

The company is a small proprietary limited building company located in the Northwest suburbs of Sydney. The business operates from a home based office.

The company has been active since 1985, and since has been involved in all form of domestic construction and maintenance.

In the past 3 years the building company has scaled down their activity, and the staff has been reduced to 3 personnel the Manager/proprietor involved on day to day running of the business, a part time clerical/secretary, and a leading hand carpenter.

The staffing level of 3 is down considerably from the previous staff level of 5.

In the past 3 years the company has experience aggressive competition from other local builders, and from some volume homebuilders now tendering for private work.

The company turnover for the year ending 1998 was estimated to be approximately $850,000 with a forecast exceeding $1.5 million for the 1999 year ending.

The company uses sub-contractors for all of their work, only undertaking the general management, supervising estimating and clerical functions.

Manager background and skills.

The manager does not possess any tertiary training or qualifications, he is of ethnic background and has a high school base education equivalent to year 8.

Training

Although a member of the HIA, the company is not actively involved in continued professional development.

INTERVIEW No 42 - SMALL SUB- CONTRACTOR COMPANY

Company profile

The company is a small building sub-contracting company located in the Northwest suburbs of Sydney, operating from a home based office.

The company has been in operation since 1990, and since has been mostly involved in the erection of prefabricated wall frames and roof trusses for a volume home builder in Sydney.

The company's full time staff consists of one manager / proprietor involved with the day-to-day management of the business whilst working on site, one carpenter, and 3 apprentices. The manager's spouse contributes several hours per day involving secretarial duties and administrative assistance.

The company turnover for the year ending 1998 was approximately $280,000, which was said to have been barley enough to cover costs.

Manager back ground and skills.

The manager does not possess any tertiary training or qualifications and has a high school base education equivalent to year 9.

Training

The manager became a carpenter from his experience of on-the-job training. He is not a member of any building association, and is not involved in any professional development or training.

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