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2012-07-06
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AN ANALYSIS OF THE ENTREPRENEURIAL COMPETENCIES OF THE OWNERS/MANAGERS OF EMERGING SMALL CONTRACTOR COMPANIES IN THE CONSTRUCTION NDUSTRY

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A research report submitted to the Faculty of Engineering and the Built Environment, University of the Witwatersrand, in partial fulfillment of the degree of Master of Science in Building

Johannesburg 2011

ABSTRACT

This research investigated the entrepreneurial competencies of the owners/managers of 26 emerging small contractors in the construction industry during the period November/December 2010. The study was motivated by the perception that there is a high failure rate of emerging contractor companies. The objective was to analyse, discover gaps and compare and contrast entrepreneurial competencies of owners/managers of emerging contractor companies with similar studies. A self-rating questionnaire was administered to the participants. The participants in the research were drawn from two (2) of the nine (9) provinces of the Republic of South Africa, namely Gauteng and Limpopo Province.

The study has demonstrated that owners/managers of the emerging small contractors have both strengths and weaknesses. On the downside the study has shown that the owners/managers of emerging small contractors need support to build opportunity scanning, initiative, persuasion, assertiveness, self-confidence, systematic planning and problem-solving competencies.

On the upside the study showed that the owners/managers of emerging small contractors possess persistence, information-seeking, concern for high quality of work, commitment to work contract, use of influence strategies and efficiency orientation competencies.

The results of the current study concur with those of Man & Lau (2000) on the centrality of opportunity scanning, commitment and strategic competencies. The differences were found in terms of relationship, organizing and conceptual competencies. The current study differed with Spencer and Spencer (1993) in relation to persistence, information gathering and use of influence strategies. The main lesson is that there is a need to focus on entrepreneurial competencies. This should be in addition to the development of managerial and technical competencies.

DECLARATION

I declare that this research report is my own, unaided work. It has been for the Degree of Master of Science in Building in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other University.

_____

Selaelo Michael Makhura

15th day of **March 2011**

ACKNOWLEDGEMENTS

This research report is the result of continuous encouragement from my family. The emerging contractors that took the time fill the questionnaire, without their generous participation, the research would not have happened. I acknowledge my supervisor Associate Prof Talukhaba and Jeannette Menasce for proofreading and advising on how to structure the report.

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ABBREVIATIONS, ACRONYMS AND GLOSSARY

ECDP	Emerging Contractor Development Programme
EDI	Entrepreneurship Development Institute of India
ILO	International Labour Organisation

CHAPTER 1:

INTRODUCTION

1.1 PROBLEM STATEMENT

As an integral part of the Republic of South Africa's broad-based black economic empowerment policy, the South African government has made a concerted effort to assist owners/managers of emerging small contractor companies to enter the construction industry. These endeavours are provided through measures including affirmative procurement, incubation programmes and training and development. The high failure rate of these emerging contractors is what led to the present investigation of the entrepreneurial competencies of owners/managers of emerging small contractors in the construction industry (ECDP,2005). The persisting question is "What are the behaviours or characteristics of entrepreneurs that lead to success?"

Emerging contractors are confronted with many challenges. The government emerging contractor development programme (ECDP) is intended to address these challenges, which include:

- Access for finance
- Late payments
- Poor marketing
- Ease of entry and exit in the industry
- Irregular work opportunities (ECDP,2005).

A recent study by the Department of Human Settlements has underlined constraints such education and training gaps, access to finance, delay in

payments, lack of financial management skills, restricted movement of labour, and industry and skills mismatch (Department of Human Settlement Concept Paper 2010, p7-p10). The skills gap that most authors refer to, relates to managerial and technical areas. Not enough attention is paid to entrepreneurial skills.

The broad rationale for the development of small and medium enterprises is that they contribute significantly to job creation, poverty alleviation, decreasing the welfare burden and absorbing low-skilled workers.

Global Entrepreneurship Monitor (2000) showed that the educational level of the owner was the key factor determining the survival of a business beyond the start-up phase.

This research seeks to analyse the entrepreneurial competencies of the owners/managers of emerging small contractor companies in the construction industry and contrast them with similar studies done by Man & Lau (2000); Spencer & Spencer (1993), Jaafar, Ramayah & Osman (2004) and Nkado (1998). The assessment was based on the entrepreneurial competency model of Man & Lau (2000) and Spencer & Spencer (1993).

1.2 RESEARCH OBJECTIVES

The research seeks to:

- Analyse the **competencies** of the owners/managers of emerging small contractor companies in the construction industry .
- Discover the **competency gaps** of the owners/managers of emerging small contractor companies in the construction industry .
- Determine how the **competencies identified compare and contrast** with those of Man & Lau (2000) and Spencer & Spencer (1993) and Jaafar *et al* (2004).

1.3 DELIMITATIONS OF THE RESEARCH

The study focuses on the entrepreneurial competencies of the owners /managers of emerging small contractor companies in the construction industry. Participants in the study were drawn from the provinces of Gauteng and Limpopo.

This study does not review the Emerging Contractor Development Programme. This study does not probe the selection criteria for inclusion in incubation programmes (Department of Public Works (DPW)) (DPW, 2005a) and their relationship with overall performance; neither does it investigate the manner in which training and support are provided to overcome the skills gap.

1.4 ASSUMPTIONS

The following assumptions were made when undertaking this research:

Firstly, there are significant numbers of owners/managers of emerging small contractor companies that have gone through incubation programmes or that have graduated from one level of construction complexity to another.

Secondly, the public works and housing sector uses emerging small contractor companies in the construction industry to deliver infrastructure. This assumption is supported by the Emerging Contractor Development Programme (ECDP, 2005; DPW, 2005b, 2005c). Projects completed by emerging contractors are largely labour only contracts. The developers provide the capital and building materials. The contractors are mainly skilled in bricklaying (33%), flooring and plastering (18%), plumbing (23%) roofing and carpentry (26%) (Department of Human Settlement 2010).

Thirdly, the Emerging Contractor Development Programme has a reliable register and documentation on the performance of the participants (ECDP, 2005; DPW, 2005c).

Fourthly, competencies can be demonstrated by the observable behaviours of a person (Man & Lau, 2000).

Lastly, the owners/managers of emerging small contractor companies in the construction industry possess some form of technical or specialist knowledge in construction.

1.5 THE IMPORTANCE OF THE STUDY

As this is one of the few studies on entrepreneurial competencies of the owners/managers of emerging small contractor companies in the construction industry in South Africa, it could be used to inform training interventions.

The study has significance at three levels, namely, policy, theory and practice.

At **policy** level, the South African government has identified small- and medium-size businesses as critical in the strategy to reduce poverty and unemployment. Consequent to this policy choice, huge financial investments have been invested into the public works programme to support small contractor development.

In terms of **theory**, little has been done in South Africa to determine why some entrepreneurs perform better than others. The persisting question is "What are the behaviours or characteristics of entrepreneurs that lead to success?"

In **practice**, evidence indicates a high failure rate of emerging small contractors in the construction industry in South Africa. This suggests that an enabling environment on its own is not sufficient to create a thriving

small business sector. This research focuses on the entrepreneurial competencies of owners/managers of emerging small contractor companies in the construction industry and how they contribute towards the success of business ventures. The study adds value towards streamlining the selection criteria used to assess owners/managers of emerging small contractor companies with entrepreneurship potential to enter the emerging small contractor market.

The South African macro-economic environment demands black empowerment in all economic sectors. Nurturing small contractors will assist in deracialising the economy.

A skills revolution is unfolding and it is important that the interventions designed are targeted accurately in order to achieve the desired results. The small contractors' incubation programme and other related training interventions require continual improvement to cater for the ever-changing environment in which they operate.

1.6 GENERALISABILITY OF THE RESULTS

As the sample size is small, and the 26 participants in the study come from only two (2) of the nine (9) provinces of the Republic of South Africa, the results are not necessarily generalisable to the whole of the country but rather to a developed province (Gauteng) and a developing province (Limpopo). The short duration of the study might also have influenced the generalisability of the results.

1.7 STRUCTURE OF THE REPORT

Chapter 1 is a description of the research problem and contains the introduction and background to the research. A literature review is presented in Chapter 2. Chapter 3 contains the research methodology and discusses the research setting and the data collection process. The results

are presented in Chapter 4 and a comparative analysis and discussion is given in Chapter 5. Chapter 6 contains a summary, the conclusion, recommendations, and recommendations for further research. Thereafter the references used for this research are provided, followed by the Self-Rating Questionnaire in Appendix A.

CHAPTER 2:

LITERATURE REVIEW

The literature review focuses on the definition of the concepts "entrepreneurship" and "competency"; entrepreneurial characteristics; outcomes of research on entrepreneurial competencies in Malaysia and Hong Kong; the small contractor development context in South Africa, the definition of "emerging contractors", and a summary of the review.

2.1 DEFINITION OF "ENTREPRENEURSHIP"

Timmons (1994:7) defines "entrepreneurship" as "the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled". Van Aardt *et al* (2000:5) characterise "entrepreneurship" as the act of initiating, building and expanding an enterprise or organisation, building an entrepreneurial team and gathering other resources to exploit an opportunity in the marketplace for long-term gain. Both authors emphasise exploitation of an opportunity with limited resources. Given this framework, the question to be posed is: "Is building a company in the construction industry an act of entrepreneurship?"

Lowe & Marriott (2006) perceive entrepreneurship as being both business ownership and a learnable skill. The argument presented is that entrepreneurship – like any other skill or competency – is something that people can learn and develop. According to the International Labour Organisation (ILO, 1996:17) "entrepreneurship" is

> The process of uncovering or developing an opportunity to create value through innovation and seizing that opportunity without regard to either resources or the location of the entrepreneur in a new or existing company.

The Harvard Business School (ILO, 1996:16) defines “entrepreneurship” as “the pursuit of opportunity beyond resources one controls”.

Timmons (1994:7), Van Aardt *et al* (2000:5), the International Labour Organisation (ILO, 1996:16) and Harvard Business School (ILO, 1996:16) lay emphasis on opportunity scanning, processes, team composition and limited resources. This differs from Lowe & Marriott (2006) who reduce entrepreneurship to ownership and a learnable skill.

2.2 DEFINITION OF “COMPETENCY”

Man & Lau (2000:237) observe that Bird (1995) opines

> A ‘competency’ can be considered as a kind of higher level characteristic, encompassing different personality traits, skills and knowledge which are, in turn, influenced by the entrepreneur’s experience, training, education, family background and other demographical variables.

In the United Kingdom occupational “competence” is the ability to perform activities in the job within an occupation to the standards expected in employment Spencer & Spencer (1993:9). According to these authors, “Competency” is defined in terms of the attributes of an individual which are causally related to effective performance. They define “competency” as

> An underlying characteristic of an individual that is causally related to criterion-referenced effective and/or superior performance in a job or situation.

All the abovementioned authors outline five characteristics of competency, namely, motives, traits, self-concept, knowledge and skill.

According to Cheetham & Chivers (1996), a model of professional competency distinguishes “cognitive” and “functional” competencies and “meta-competencies”. These authors note that “cognitive competence” includes the theory and concepts relevant to an area and knowledge gained experientially. These attributes relate to the possession of work-related knowledge and the ability to put it to effective use. “Functional competence” is defined by them as something which a person who works in a given occupational area should be able to do and be able to demonstrate. They believe “personal competence” implies a relatively enduring characteristic of a person causally related to effective performance in a job. For example, behaving ethically and showing personal traits of flexibility, integrity and trustworthiness are critical skills for managers in a small- medium- enterprise. Furthermore, the same authors opine that “meta-competence” is the highest order abilities which have to do with being able to learn, adapt, anticipate and create. Communication, self-development, creativity, analysis and problem solving are also included in the definition of meta-competence for developing entrepreneurship.

The literature review has revealed there are various dimensions to what constitutes entrepreneurial competencies. What is clear is that different authors emphasise different aspects along a spectrum of competencies.

2.3 ENTREPRENEURIAL CHARACTERISTICS

Entrepreneurship has been studied from the perspectives of different disciplines. The tendency has been to emphasise one quality at the expense of another. Many authors, Lowe & Marriott (2006) included, highlight traits such as: initiative, persuasive powers, ability to connect with other people, moderate risk-taking ability, flexibility, creativity, independence, problem-solving skills, foresight, a need for achievement, imagination, positive response to changes, self-confidence, leadership, perseverance, energy, resourcefulness and profit orientation. Jaafar *et al*

(2004) studied entrepreneurship in Malaysia, focusing on the need for achievement and locus of control.

The ILO (1996) cited Burch's (1986) work in: *Policies and Measures for Small-Contractor Development in the Construction Industry*: p15) and highlights traits that include a desire to achieve, nurturing quality, accepting responsibility, optimism and being a good organiser. The ILO notes that as early as 1986, Burch had observed that some scholars attribute the success of entrepreneurs to skills such as conflict resolution; interpersonal skills of supporting and nurturing; understanding inter-dependence and having learnt to incorporate mutual respect, trust, openness and mutual benefit into their roles. Burch posited that entrepre-neurial managers need strong people management, conceptual and creative problem-solving skills and marketing.

Zeelie *et al* (2004:3) identify three (3) clusters of competencies related to entrepreneurial skills. These are proactiveness, achievement orientation and commitment to others. "Proactiveness" includes elements such as initiative and assertiveness. "Achievement orientation" includes seeing and acting on opportunities, efficiency orientation, concern for high quality of work and systematic planning. "Commitment to others" covers issues such as commitment to work contract and recognition of the importance of business relationships. Burch (1986), Zeelie *et al* (2004) and Lowe & Marriott (2006) highlight traits that are covered in Jaafar *et al*'s (2004) method of focusing on need for achievement and locus of control. The majority of the traits cited by the abovementioned authors would form part of the *internal* locus of control.

Jaafar *et al* (2004) cite that entrepreneurs have a unique personality, an ability to raise capital and are willing to take risks in contrast to the argu-ment that entrepreneurs have a premium on traits such as, for example, ambition, achievement, reliability, competence and honesty. Jaafar *et al* (2004) measure entrepreneurship using two theories or concepts: "locus of control" and "need for achievement".

According to McClelland (1961) an entrepreneur is a person with a high internal locus of control. A high "*internal* locus of control" means that the person is responsible for his/her own actions and is self-motivated. An "*external* locus of control" means that one is dependent on others, chance or luck. "Locus of control" is measured on internal attributing, chance attributing and powerful others.

Jaafar *et al* (2004) note that "need for achievement" is measured on work ethic, pursuit of excellence, mastery and dominance. "Performance" of the emerging small contracting companies was measured in terms of growth in contract awarded and profitability.

According to Jaafar *et al* (2004) entrepreneurial characteristics relate directly to a company's performance. Educational level is also meaningfully related to performance. In their Malaysian study, only educational level shows a meaningful correlation with business performance. Industry experience and age do not have a direct relationship with performance. The locus of control factors also does not explain business success.

In South Africa the owners/managers of emerging small contractor companies lack technical and managerial skills. Since interestingly, Malaysian businesses turn to contracting even though they lack technical and managerial skills (Jaafar *et al,* 2004). Entrepreneurial characteristics of owners/managers are closely related to the success of the business. Most contracting companies in Malaysia are *project management* companies. These companies prefer to subcontract project implementation. Malaysian contractors have a high *external* locus of control, suggesting a tendency to rely on government assistance.

In their research Huck & McEwen (1992, p91) present the argument that programmes and strategies that worked in one country may not work in

another because of cultural and government differences and as such may require a different approach. These authors' study in Jamaica was based on 12 competence areas. These are, starting a business, planning and budgeting, management, marketing/selling, advertising, sales promotion, merchandising, finance and accounting, personal relations, purchasing, production, facilities and equipment and controlling risks. The apparent rationale for rating management high on their list was because these entrepreneurs did not have previous management experience.

Chandler & Jansen (1992, p233) looked at the three roles that founders need in order to be successful. These roles are entrepreneurial, managerial and technical competence. "Entrepreneurial" relates to the ability to recognise business opportunities. These researchers note that managerial competence needs conceptual, interpersonal and political skills. Technical competence demands the founder to be skilled in the use of the tools or procedures required in their specialised field (1992, p223).

Chandler & Jansen (1992) measured competence in the entrepreneurial, managerial and technical areas. The current study focused on the survey of entrepreneurial competencies. Nkado (1998) focused on managerial competencies. In contrast, Chandler & Jansen (1992) intimate that it is apparent that a business education and experience in general management constitute the foundation for future success. This point was corroborated by Nkado (1998) when he concluded that individuals with a management background fared better than those without it.

Chandler & Jansen (1992) look at the entrepreneurial role as the ability to scan the environment to select promising opportunities and formulate strategies. The competence required is the ability to recognise and exploit opportunities and the drive to see the business succeed.

Chandler & Jansen's (1992) study resulted in five (5) factors: managerial competence; the ability to recognise opportunity; drive to see firm creation through to fruition; technical-functional competence, and political competence.

In this study the business owners rated themselves highly on drive and the ability to recognise opportunity (Chandler & Jansen, 1992, p232).

It is evident that the different authors emphasise different competence areas. The revelation is that competencies need to be looked at holistically.

2.4 ENTREPRENEURIAL COMPETENCIES IN MALAYSIA

In a study of Malaysian contractors by Jaafar *et al* (2004) find that these contractors are more educated and have a high need for achievement. These authors opine that researchers studying entrepreneurship in the construction industry usually focused on *project management* rather than *company management*. Jaafar *et al* (2004) argue that as a service company the work management involves more human aspects that reflect the characteristics of the owner/manager. The characteristics include, for example, hard work, motivation, goal orientation and leadership. The assumption is that small- and medium- contracting companies are managed by one (1) or two (2) owners/managers. These owners/managers carry out all the management functions. It was against this background that the owners'/managers' experience and knowledge would most likely influence performance.

Jaafar *et al* (2004) expected that there would be mixed results on company performance as a result of the owner's/manager's age, educational level and industry experience. For instance, it was proven that age and industry experience are positively related to successful company

performance in the manufacturing sector. Education level and its relationship to performance show mixed results in different sectors.

According to Jaafar *et al* (2005, 2004), Malaysian contracting companies are engaged by the client through a formal contract. The contractor has to complete the project in terms of the design specifications, on time and within budget. The contractor puts together the human and material resources to manage the project. In Malaysia, contractors are grouped into two that is, *management contractors* and *work contractors* [that is, "labour contractors" in the South African context]. *Main contractors* consider themselves as the project management company to manage subcontractors or nominated subcontractors. The *subcontractors* focus on project implementation. This was done to reduce overheads because this implies less administration, fewer workers, and less machinery and equipment.

In Malaysia, industry constraints are low (Jaafar *et al*, 2004) – entry is easy:

- Minimal capital is needed to start the business
- Subcontractors are used extensively and
- There is a high demand for small jobs.

In the Malaysian situation, government intervenes to award projects to the *Bumiputra*[1] companies. Access to loans is easy and advances are readily made to emerging contractors. These constitute advantages for the *Bumiputra* companies.

In Malaysia there is a perception that the contractors have an *external* locus of control and a low need for achievement motivation. This, Jaafar, Ramayah & Nasurdin (2005) and Jaafar *et al* (2004) argue, is because of

[1] *Bumiputra* is an affirmative programme for indigenous Malaysians.

the contractors' heavy dependence on government projects and other incentives offered to them. According to the same source, the Malaysian contractors have four (4) different backgrounds:

- High-qualification people with education and experience related to the construction industry
- High-qualification people with education and experience related to other industries
- People who inherit a family business, and
- People with craft-based experience in doing projects.

Jaafar *et al* (2005, 2004) note that all the above mentioned groups enter the construction industry; however, there is great advantage for people who possess higher qualifications and industry experience. This advantage enhances the size and value of the project the incumbent can undertake.

Previously in Malaysia (Jaafar *et al,* 2005, 2004) – an environment where there was no competition – owners without industry backgrounds used to succeed. The constraints were due to modernisation – the need for contractors to market themselves; competition for limited projects – dependence on government work, and customer expectations for high-quality workmanship.

The researcher's observation is that the Malaysian situation is similar to the South African situation: emerging contractors operate in their areas of residence, compete for few projects and do not market their services. This reality impacts on the sustainability of the businesses.

2.5 ENTREPRENEURIAL COMPETENCIES IN HONG KONG

In their research into entrepreneurial competencies in Hong Kong, Man & Lau (2000) identify six (6) competency areas with 35 clusters of behavioural focus and three (3) entrepreneurial tasks and seven (7)

supporting competencies (Table 2.1). The six (6) areas identified are opportunity, relationship, conceptual, organising, and strategic and commitment competency. Man & Lau view the competency approach as a way of studying individual characteristics leading to the accomplishment of a job role or organisation success. The Hong Kong study, unlike the Malaysian study, uses the *behavioural event interview* and the *critical incident technique*. This is different to the study undertaken by Jaafar *et al* (2004) who use the *locus of control* and *need for achievement* approach.

Table 2.1: Competency areas and their behavioural focus

Competency area	Behavioural focus
Opportunity competencies	Competencies related to recognising market opportunities through various means
Relationship competencies	Competencies related to person-to-person or individual-to-group-based interactions
Conceptual competencies	Competencies related to different conceptual abilities which are reflected in the behaviours of the entrepreneur
Organising competencies	Competencies related to the organisation of different internal and external human, physical, financial and technological resources
Strategic competencies	Competencies related to setting, evaluating and implementing the strategies of the firm
Commitment competencies	Competencies that drive the entrepreneur to move ahead with the business
Source: Man & Lau (2000: 237-238)	

2.6 LOCAL RESEARCH ON MANAGERIAL INPUTS OF EMERGING CONTRACTORS

According to Nkado (1998, p77) the emerging contractors face challenges imposed by the external environment, market, clients and internal

constraints emanating from the weaknesses of the contractor himself. Nkado (1998, p78) sees deficiencies in planning and management skills as the single greatest stumbling block to business efficiency among emerging contractor firms.

Nkado (1998, p78) opines that management inputs are the formal processes of planning, monitoring and control, and feedback activities undertaken by owners of emerging contractor firms to meet the objectives of construction projects.

Nkado (1998, p78) argues that the poor technical and managerial skills of contractors in developing countries is one of the most important challenges facing the construction industries in these countries. Nkado (1998, p79) further makes the point that lack of managerial skills is related to lack of appropriate education, exposure to the market and experience. Nkado (1998, p79) makes the point that there is convergence that internal managerial inputs are a constraint to emerging contractor firms. The reason for this is that the construction sector has few or no constraints to entry for people with limited skills. Nkado (1998, p88) identified the following top 10 managerial inputs used by emerging contractor firms: identifying sources of finance, monitoring of quality, monitoring of productivity, identifying activities, skills, materials required, time considerations, cost considerations, keeping of file and financial records, and the correction of quality defects. Nkado (1998, p88) opines the entrance route of owner/manager with a managerial background makes the best use of the inputs described above.

2.6.1 FACTORS IMPACTING ON ENTREPRENEURSHIP

Historically, the slow pace of development of private sector organisations was attributed to absence of key factors and attributes necessary for developing entrepreneurship and pursuing business activities (ILO, 1996). These factors include cultural and social norms, religious principles,

absence of capital and paucity of business information. Naturally, counter-arguments were presented which show that religion and lack of education were not constraints to entrepreneurship (ILO, 1996). People in remote communities display entrepreneurial potential as small producers and, with the necessary support, they grow their businesses. Many commentators, including ILO (1996), rely on cultural explanations to respond to the question of success or failure of entrepreneurship in different contexts. For instance, government policy can either promote or hinder entrepreneurship. Other contributing factors to the success or failure of entrepreneurship include the person, the environment, access to resources and timing.

What is absent in the theory behind the successful construction company is: factors leading to corporate success in construction; how contractors can cope with conditions in their operating environments, and how to manage innovation in small construction companies (ILO, 1996).

2.7 DEVELOPING ENTREPRENEURSHIP

An important question raised is whether it is possible to impart entrepreneurial skills. Entrepreneurship can be acquired through experience and training. Lowe & Marriott (2006), for example, present a position that demonstrates that the entrepreneurial skills are learnable and depend on the context. They present a view that indicates the personality, socialisation, life experiences and motivation constitute a set of variables that impact on entrepreneurial success or lack thereof.

Lowe & Marriott (2006) opine entrepreneurial education should seek to educate on concepts of entrepreneurship, business knowledge across disciplines, encourage talent and skill, change attitudes, and promote and support entrepreneurial skills.

Managing a construction business is a routine activity which cannot be termed “entrepreneurship”. However, the nature of the operating environ-

ment poses challenges that make entrepreneurial skills necessary for successful entrepreneurship.

There is a need to develop management skills for small- medium- enterprises. The range of skills and competencies required to run a small- medium- enterprise is qualitatively different from those needed in a big organisation. Developing entrepreneurial skills among small- medium- enterprise managers contributes to profitability and growth. The nature of the small- medium- enterprise environment makes it difficult to improve performance through training. Conventional approaches to training are often unsuitable for the small- medium- enterprise, where collaborative and networked forms of organisational learning are thought to be more appropriate (Lowe & Marriott, 2006).

2.8 SMALL CONTRACTOR DEVELOPMENT CONTEXT IN SOUTH AFRICA

A detailed library and internet search of the available literature revealed important studies such as Nkado (1998) that dealt with managerial inputs of the owners/managers of contracting firms.

2.8.1 DEFINITION OF "EMERGING CONTRACTOR" AND THEIR CHALLENGES

In the South African context, an "emerging contractor" is a person or company operating as a contractor but with constraints in the way of development or those operating in the informal sector as contractors, with a desire to enter the mainstream of the economy (ECDP, 2005; DPW, 2005c). In the DHS (2010) concept paper, it is noted that the Department of Public Works defines an emerging contractor "as an enterprise owned, managed and controlled by previously disadvantaged" (DHS, 2010, p5).

Worldwide a “small construction enterprise” relates to a company specialising in small construction work and/or with limited resources to operate in large construction work [synonymous with a “small-scale contractor”] (ILO, 1996).

A number of factors are attributed to the high failure rate in the development of small contractor companies in the South African construction industry.

The management of a construction organisation requires the combination of a diverse range of skills: technical, managerial, political and social (ILO, 1996:15). Some of the skills required to run a small construction company can be acquired through experiential learning.

With all other factors remaining constant, the weak link in the development of small contractors is the absence of entrepreneurial talent. The (ILO, 1996:01) observes that:

> Without an adequate supply of competent entrepreneurs, the industry cannot be efficient, will not be regarded with confidence by clients, will fail to generate either the level or security of employment of which it was capable and will be weak a link in development at the national level.

Success of a small construction company depends on a number of factors but entrepreneurship is of vital importance (McCutcheon, 1993).

Small- and medium- businesses have been championed as vehicles to create employment. The development of small contractors was followed because of their potential to generate work through the use of labour-intensive methods in construction – in particular, low-cost, low-volume rural roads (McCutcheon, 1993, 1992, 1991).

The South African government believes that emerging construction-related small- medium- enterprises can contribute significantly to the realisation of key economic and redistributive objectives for a number of reasons:

- They can be powerful generators of income and employment opportunities since they generally use less capital investment per unit of output than larger enterprises (McCutcheon, 2001).
- Small- medium- enterprises can be more competitive than larger companies on certain types of small, disparate and geographically dispersed projects because they generally have relatively low overheads (McCutcheon, 2001).
- The relatively low entry constraints in terms of skills (technical and managerial) and capital requirements make small- medium- enterprise contracting an important entry point for historically disadvantaged persons into the construction industry (McCutcheon, 2001).

Given the above, small- medium- enterprises can lay the foundation to de-racialise the construction industry if they provide a platform for future medium-size and large-scale companies owned and controlled by historically disadvantaged persons (DPW, 1999).

According to McCutcheon (2001, 1991) a variety of factors necessitate the effort to build profitable, sustainable and competitive small contractors. In the late 1970s, two main concerns spurred small contractor development, namely:

- The lack of local, indigenous contractors and
- The dominant presence of large expatriate contractors.

In addition to the above reasons, Croswell & McCutcheon (2003) note that small contractors are faced with many challenges and these include:

- Inability to provide sureties, insurance and professional indemnities
- Lack of resources for either large or complex work
- Bias towards established contractors, especially contract packaging

- Insufficient understanding of the contract documentation and the preparation and submission of tenders
- Inadequate technical, administrative and managerial skills required for the implementation of a project
- Lack of continuity in relation to type, scale and location of work.

A number of remedies were conceived to address these challenges. According to Croswell & McCutcheon (2003) these remedies include a focus on the management and operation of the contracting company. This strict focus was at the expense of the entrepreneurial dimensions of the contracting company, since the focus is on policies and regulations which would simultaneously address growth of small contractors and remove the obstacles in their path.

Croswell & McCutcheon (2003) note that, in the South African context, small contractors benefit from the approach of empowerment through affirmative procurement and contract unbundling which facilitate small contractor participation.

According to Croswell & McCutcheon (2003), the recurrence of the same challenges warrants an investigation of industry-specific issues such as:

- Has the complexity of civil engineering contracting been appreciated and fully taken into account?
- Has the existence of a strong educational base from which small civil engineering contractors can explore and expand entrepreneurial capabilities been investigated?
- Has the importance of prior experience gained from the established contractors been interrogated? In other words, from where are the small contractors originating?

Small contractors lack the capacity to invest in large plant and equipment; hence they are amenable to the use of labour-intensive methods of construction (Croswell & McCutcheon, 2003). There is a perception that they are efficient because of the competition inherent in the market. They

use local resources. They are flexible and effective on small dispersed projects and maintenance work.

2.9 CONSTRAINTS TO ENTRY OF SMALL CONTRACTORS

The constraints to entry for small-scale contractors include inability to procure work on a steady basis; lack of access to working capital, shortages of skilled labour and delays in supplies of materials (Jaafar *et al*, 2004; ILO, 1996). All these elements adversely affect the cash flow of emerging small contractor companies in the construction industry.

The internal environment also increases the constraints (McCutcheon, 2001): this is so with respect to lack of understanding of technical drawings and specifications; lack of familiarity with tendering and estimating techniques, and inadequate knowledge of contract law and claim procedures. This is in addition to the lack of financial, site management and entrepreneurial skills.

2.10 SUMMARY

From the literature review conducted for this research, it is apparent that, for any small-scale enterprise development programme to succeed, it is desirable to identify people who possess entrepreneurship qualities.

Training should match the capacity of the market to absorb the trained contractors and provide them with opportunities to grow. Empowerment should be coupled with entrepreneurial skills.

Inadequate training and lack of management expertise are viewed as the main obstacles facing small contractors in developing countries. The other reasons ascribed to their poor performance include inefficient site management, poor planning and use of inappropriate resources or methods.

Continuity of work requires the following conditions to be in place:

- funding arrangements
- an institutional setting
- procurement systems and
- availability of work.

The description of the small contractor development context was necessary to underline the fact that success in this sector depends on a combination of many factors. Entrepreneurial competencies represent one of the critical success factors for owners/managers of successful emerging small contractor companies in the construction industry. The entrepreneurial competencies, together with the managerial and technical competencies, are essential in developing sustainable contractor firms. This study compares and contrasts the competencies revealed with those found in other industries and countries.

CHAPTER 3:

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The methods used to collect data were the self-rating questionnaire complemented by a semi-structured interview. According to Leedy & Ormrod (2001, p221) this method is time consuming to administer and collate. In this research, participants were provided with a questionnaire with 70 descriptive statements (Appendix A). The respondents were expected to rank the statements on a Likert scale of 1 to 5. One (1) represents a statement that does not describe the respondent well, whereas 5 describes the respondent very well, as noted by Sethi & Saxena (nd). The interviews were done using the competency framework developed by Man and Lau (2000).The process involved probing the participant on the situation, task, action and results. This was done in order to complement and corroborate the data extracted from the self-rating questionnaire

3.2 JUSTIFYING QUALITATIVE RESEARCH

This research sought to explore the phenomenon of entrepreneurial competencies of 40 owners/managers of emerging small contractor companies in the construction industry from two (2) provinces in South Africa (namely, the Gauteng and Limpopo Provinces). The target of forty was influenced by the fact that similar studies looked at more or less the same number of participants. The study by Nkado (1998) had a target of 42. A self-rating questionnaire was selected as it would assist in

establishing the competencies needed. Previous qualitative research on entrepreneurial competencies used the “behavioural event interview” (Man & Lau, 2000) and the “critical incident technique” (Spencer & Spencer, 1993). Other researchers, like Jaafar *et al* (2004), used the “locus of control” and “need for achievement” approach to establish entrepreneurial competencies.

A self-rating questionnaire strategy was deemed appropriate because the study focused on the experiences and observations of small contractors and was, therefore, used for gathering data in this research (Appendix A). Exploratory or descriptive research requires an emphasis on context, setting and participants’ experience (Chandler & Jansen, 1992, p227). These authors opine that a self-rating questionnaire should meet the following conditions: it should be a structured rating instrument; be used as a self-development tool, and work in isolation from others.

3.3 THE SETTING

The study focused on the owners/managers of 40 emerging small contractor companies working on public sector infrastructure projects (roads and transport). The questionnaires (Appendix A) were completed between November and December 2010. Twenty-six (26) completed and usable questionnaires were returned, 13 per province.

The study was limited to the (2) provinces of Gauteng and Limpopo because it was possible to access to the Department of Roads and Transport which has a database on owners/managers of emerging small contractor companies. Time constraints were also a consideration.

The selection of the sample was informed by the ease of access to the contractors who are captured on the database of the provincial Departments of Roads and Transport. According to Bailey (1982, p99) the researcher uses his or her own judgement about which respondents to select. Bailey (1982, p100) argues that the correct sample size is

dependent upon the nature of the population and the purpose of the study. In some cases a sample of less than 30 participants is acceptable. These departments provided the list of the prospective respondents and became a strategic link to distribute the questionnaires to the respondents. The researcher used the database provided by the department to select the respondents. The researcher used the number three (3) to select the participants randomly from the database. According to Blaxter, Hughes & Tight (2006, p178) the disadvantage of a postal and email survey is that they have lower response rates and are time consuming and the respondents do not have any close interaction with the interviewer to clarify queries.

3.3.1 COMPETENCY PROFILE SHEET FOR SELF-RATING QUESTIONNAIRE

The researcher transferred the corrected competency score to the profile sheet by marking “X” at the appropriate point on the dotted horizontal line for each competency in accordance with Sethi & Saxena’s (nd) recommendations. A heavy line was drawn over the dotted horizontal line for each competency from the left vertical line to the point marked with an “X”. The heavy lines drawn graphically represent the strength of each competency.

The reliability of data was ensured by sending the questionnaires to the individual and the recipient completed it in privacy. The possibility for any person to influence how the respondents completed the questionnaire was thus minimised. The questionnaire had clear instructions for a fairly literate person to understand. The survey required the respondents to place a number next to a statement and rank it on a 5-point Likert scale (Section 3.1).

3.4 DATA COLLECTION PROCESS

The questionnaire developed in this research was distributed to the respondents in Gauteng (a wealthy and developed province) and Limpopo (a poor and developing province) via the Department of Roads and Transport research assistants. Thus, there was one research assistant in Gauteng and one in Limpopo Province who each received 20 questionnaires for onward distribution. These research assistants, in turn, distributed the questionnaires to 20 respondents apiece. The target population for the study was 40 owners/managers of a contracting company. The aim was to receive 20 completed questionnaires from each province. The return rate across each province researched was 13 completed questionnaires, yielding a total of 26 returned questionnaires (a 65 % return rate). The follow ups were made through the strategic contacts within the department.

The researcher took into account the practicalities of a survey. A non-random, purposive sample procedure was used.

A self-rating questionnaire was used because it was the most appropriate method of obtaining information from the target population. The self-rating questionnaire was adapted from the one used by the Entrepreneurship Development Institute of India (Sethi & Saxena, nd) that provides training in entrepreneurship. The questionnaire covered the following: profile information-age, gender, experience, occupation and education. The questionnaire has seventy (70) statements which describe the individual (Appendix A). The questionnaire had a section that outlines the instructions, the individual had to select the statement and make a determination of how accurate or inaccurate the statement describes him. The individual will then rank the statement on a Likert scale of 1 to 5, with 5 representing an accurate description.

3.3.1 SCORING SHEET FOR THE SELF RATING QUESTIONNAIRE

Sethi & Saxena's (nd) instructions included: enter the ratings from the completed questionnaire on the lines above the item's number in brackets. The researcher should ensure that the item numbers in each column are consecutive: that is, 4 follows 3. The researcher computes the addition and subtraction indicated in each row to compute each competency score. All the competency scores are added to compute the total score.

The researcher then corrected the scoring sheet to mitigate the risk that the participants have an inflated sense of self. The researcher moderated the score by subtracting three points from each total. The following numbers were recommended when figuring the corrected score: if the corrections subtract the following correction number, as recommended by Sethi & Saxena's (nd), from the total score of each competency: 24 to 25 = 7; 22 to 23 = 5; 20 to 21 = 3, <19 = 0.

The total score and the frequency through which a particular theme appeared were aggregated into percentages. The percentages were split in terms of the areas where there is lack of competencies and where the owners/managers are strong. The focus was more on the areas of weaknesses.

CHAPTER 4:

RESULTS

4.1 PROFILE OF THE PARTICIPANTS

The provinces of Gauteng and Limpopo were selected. The former represents the economic hub of the country and is a developed province. In contrast, Limpopo Province is a developing province. In each province we targeted 20 participants. Twenty-six (26) respondents returned questionnaires, giving a response rate of 65 % with both provinces enjoying an equitable share in participation. The following graphs (Figures 4.1 to 4.9) represent the spread of participation in terms of gender, age and educational level. In Gauteng the majority of the participants were men (69 %). In contrast, the majority of the participants in Limpopo were women (76 %). The Gauteng participants were largely middle-aged. The majority age group was 40 to 49 years (46 %). In Limpopo the participants are mainly young. The dominant age group was between the ages of 20 to 39 (57 %). Gauteng had the most participants with post-secondary education. Of the participants, 61 % had a post-secondary qualification. In Limpopo the majority had secondary education (92 %).

4.2 GAUTENG PROVINCE PARTICIPANT PROFILE

The gender spread represented by figure 4.1 shows that the majority (69%) of the participants are men in the province of Gauteng. This is consistent with the perception that construction is a male dominated industry.

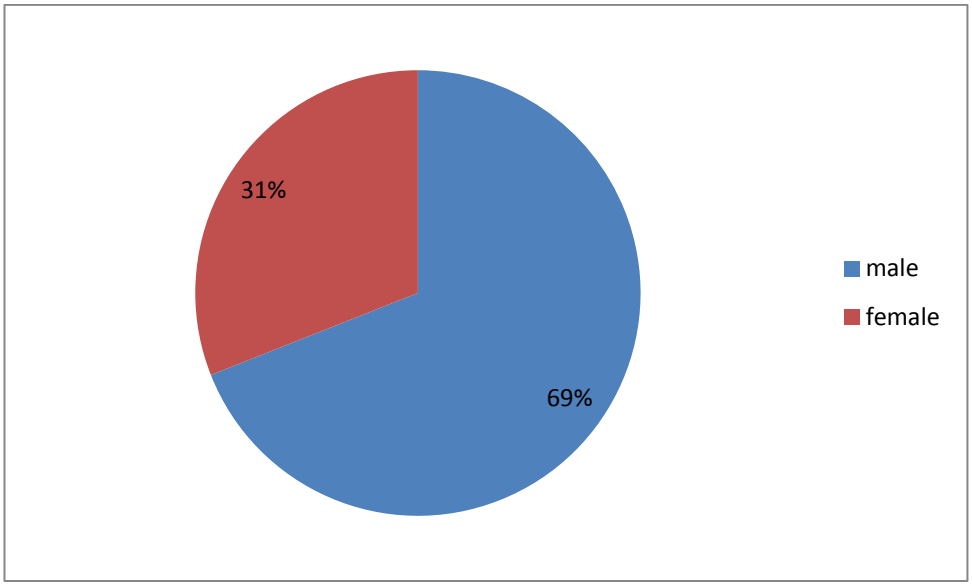


Figure 4.1: Gauteng: breakdown of respondents by gender

Figure 4.2 depicts the age distribution in the province of Gauteng. Forty six (46%) of the participants are drawn from the age group of 40-49 years. The implication of this could be that the group has more trade/industry experience.

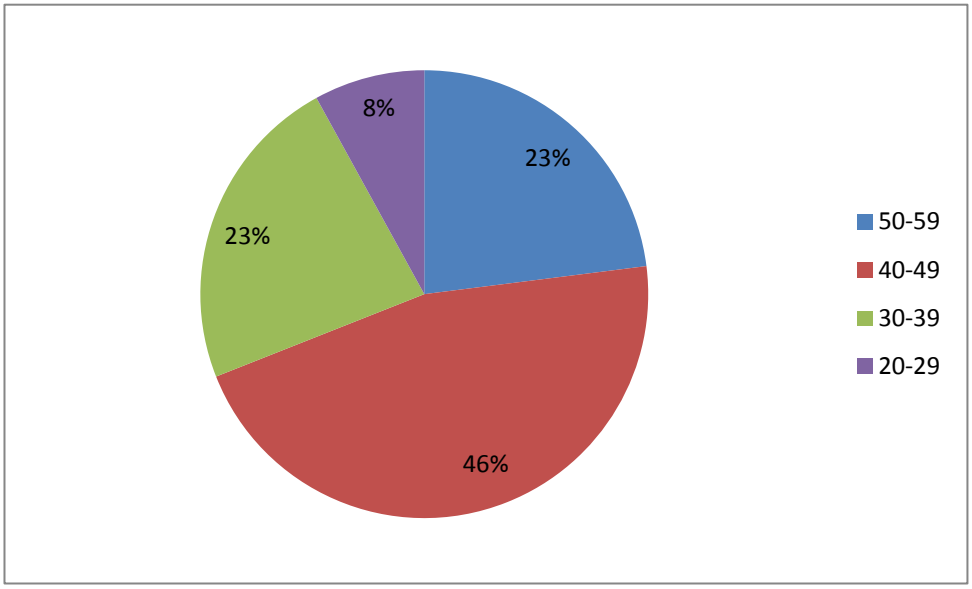


Figure 4.2: Gauteng: breakdown of respondents by age

Figure 4.3 shows that 54% of the participants were in possession of post-secondary education. 31% had a grade 12 qualification. However, the post-secondary qualifications were drawn from different disciplines.

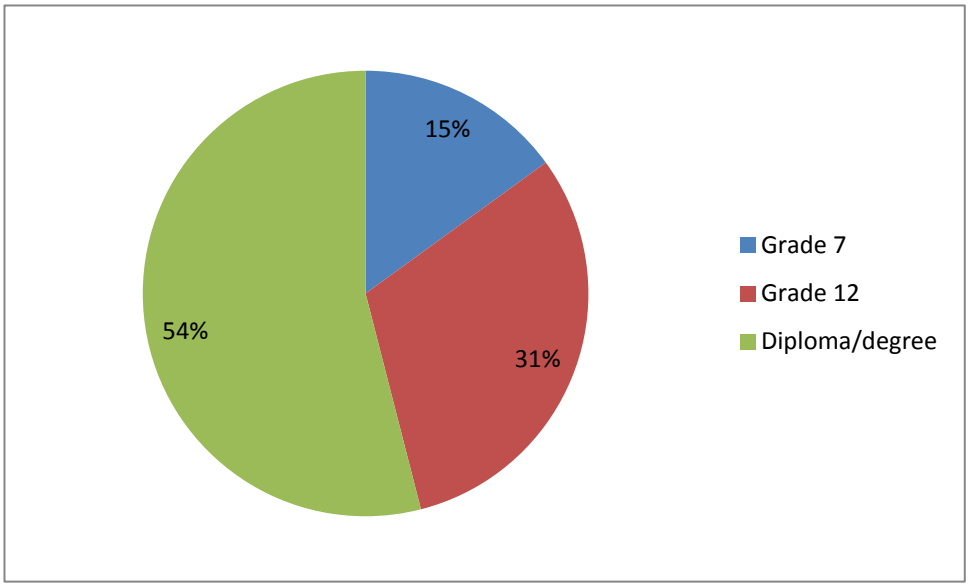


Figure 4.3: Gauteng: breakdown of respondents by level of education

4.3 LIMPOPO PROVINCE PARTICIPANT PROFILE

In Limpopo the women are in the majority at 62%. This is in contrast with the Gauteng province that has 61% men in the majority. This contradicts the conventional logic of men dominating the construction industry.

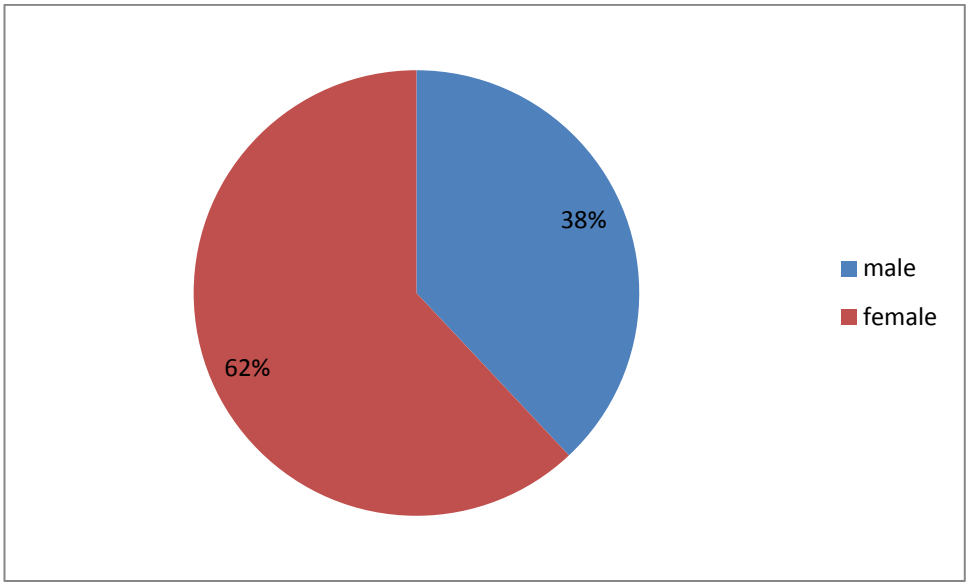


FIGURE 4.4: LIMPOPO: BREAKDOWN OF RESPONDENTS BY GENDER

The majority of the participants (54%) are found in 20-29 age groups. This is followed by the 30-39 age groups at 31%. The implication is that the young people are drawn into the sector.

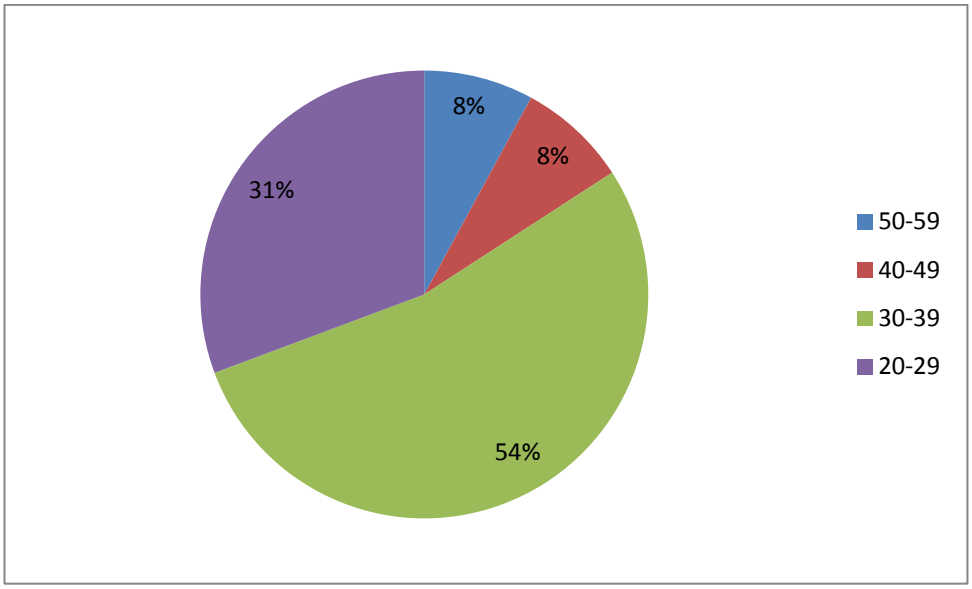


FIGURE 4.5: LIMPOPO: BREAKDOWN OF RESPONDENTS BY AGE

In Limpopo there is an equal spread between participants with matric and those with post-secondary education at 46% in each category. In minority of 8% had below matric qualification.

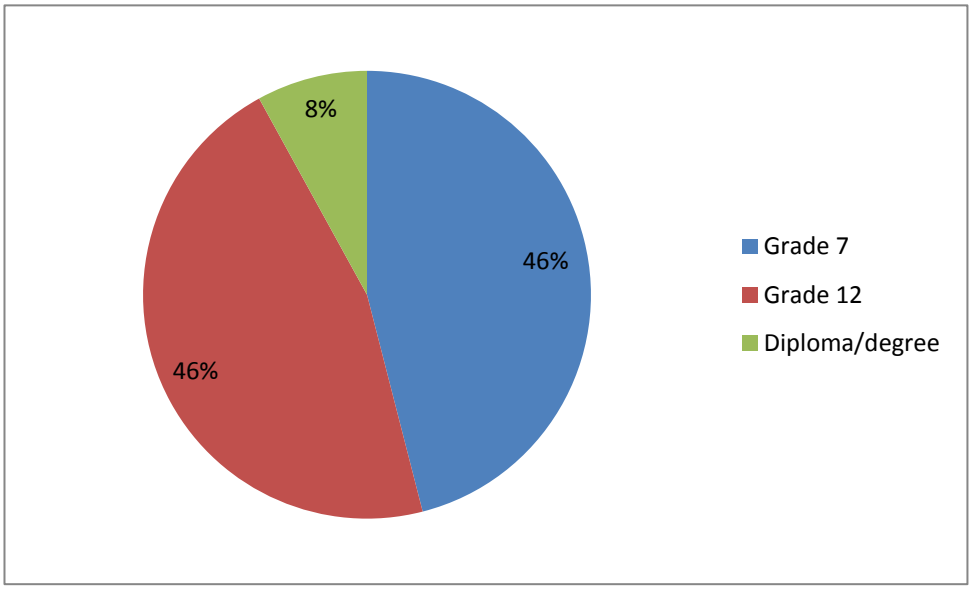


Figure 4.6: Limpopo: breakdown of respondents by level of education

4.4 CONSOLIDATED PARTICIPANT PROFILE

The response rate was 65 % in the two provinces combined. An interesting observation is that the majority of the participants were women (56 %). Fifty four percent (54 %) of the participants had a post-secondary qualification. The 30 to 39 age group is more dominant among the participants.

As an aggregate, there were 46% women participants in the study. Figure 4.7 show that men constituted only 54%.

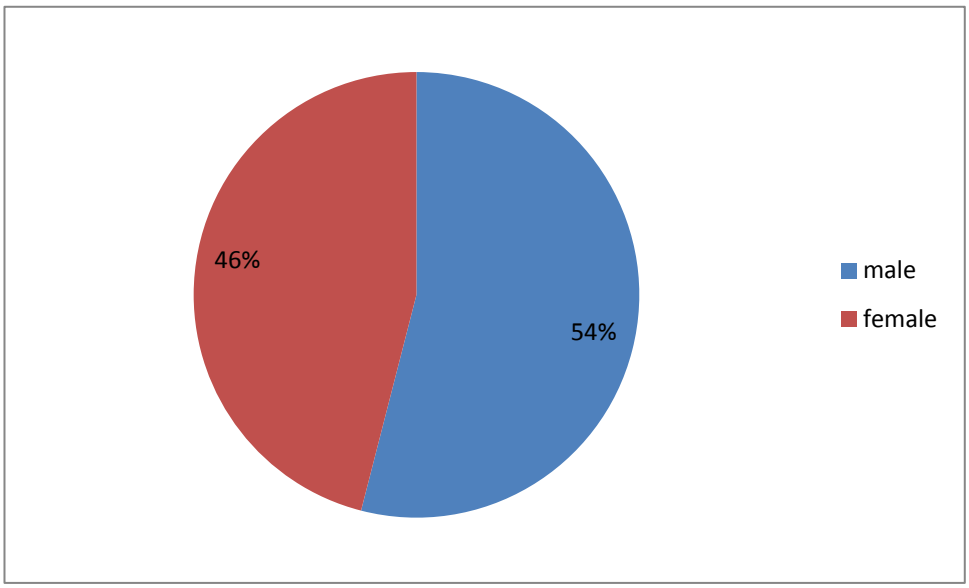


Figure 4.7: Consolidated breakdown of respondents by gender

Figure 4.8 show that 54% of the participant had a post-secondary education. 31% had matric qualification.

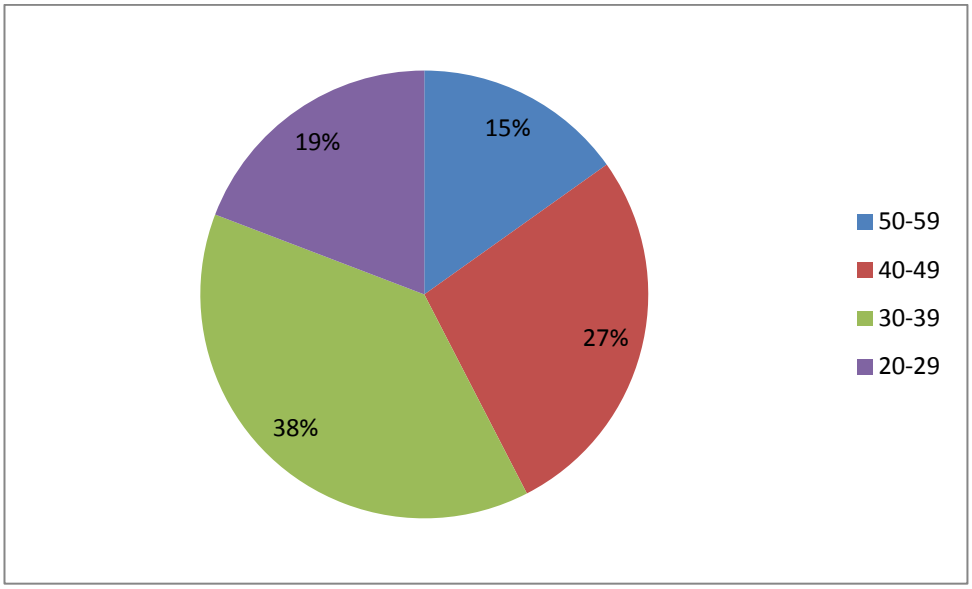


Figure 4.8: Consolidated breakdown of respondents by age

Figure 4.9 depicts that the 30-39 age group is in the majority at 38%. The youth constituted 19%.

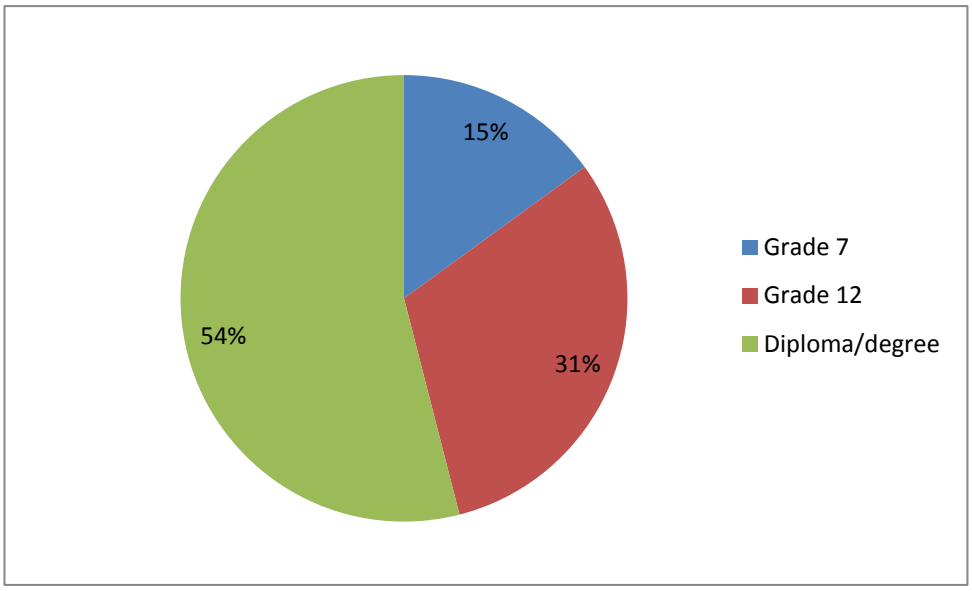


Figure 4.9: Consolidated breakdown of respondents by level of education

The majority of the participants fell within the age group of 30 to 39 years old.

4.5 RELATIONSHIP BETWEEN PROFILE IN TERMS OF AREA AND AGE WITH COMPETENCE

Area	Age group	Competence
Limpopo	20-39	**Participants were weak in the following competencies:** Initiative (13) Assertiveness(9) Opportunity scanning(10) Persuasion(7) Systematic planning(7) Problem solving(7) Concern for high quality work (7) **Participants were strong in the following competencies:** Information seeking (13) Efficiency (11) Persistence(11) Commitment to work(9) Self-confidence (7) Use of influence strategies(8)
Gauteng	20-39	**Participants were weak in the following competencies:** Initiative (12) Systematic planning(10) Problem-solving(7) Self- confidence (10) Persuasion (10) **Participants were strong in the following competencies:** Sees and acts on opportunities(9) Persistence(10) Information seeking(10) Concern for high quality work(9) Commitment to work contract(10) Efficiency(9) Use of influence strategies(8)

4.6 CATEGORIES OF PARTICIPANTS IN THE EMERGING CONTRACTOR IN THE CONSTRUCTION INDUSTRY

The researcher conducted interviews with owners/managers of emerging contractor firms. The purpose was to familiarize the researcher with the environment and demographics of the participants. As a result of the interviews the researcher found the following clusters of participants:

- Individuals with post-secondary education and construction industry experience
- Individuals with secondary education and construction industry experience
- Individuals with tertiary education but no construction industry experience
- Individuals with secondary education, no construction industry experience and from the pool of the unemployed.

4.7 REASONS FOR PARTICIPANTS' INVOLVEMENT IN THE CONTRACTING BUSINESS

Many factors were given as reasons for starting the participants' businesses. These included

- The participants had identified empowerment opportunities.
- One participant ran a taxi service and a restaurant. He had found these businesses were vulnerable to theft as they were cash businesses. The restaurant, especially, was prone to shrinkage of stock.)
- One (1) respondent who worked for Spoornet had been overlooked for promotion as she was expected to train her superior which she deemed unreasonable in a merit-based promotion system. Consequently, she decided to find her own employment.

- Three (3) participants were searching for financial independence. They felt the best way to achieve this was to run one's own business.

- Two (2) participants inherited the business from their family. A female participant took over the business from her elderly father who had a successful construction company for many years. This participant was passionate about her involvement in the construction industry, saying "you've got to love the business in order to succeed".

  A male participant said he had learnt the ropes from his uncle, who was a qualified construction manager. His view was that "you need to understand the technical side of the business in order to win".

- One (1) participant who had prior experience in construction observed that "you need to build a referral network in order to get business". This participant (a Zimbabwean) had also marketed his business in the local newspapers. He displayed professionalism and above-average business acumen.

The above was a description of the participants who were operating as owners/managers of emerging small contractor companies in the construction industry.

4.8 THE MAIN TASKS AND RESPONSIBILITIES OF THE OWNERS/MANAGERS OF EMERGING SMALL CONTRACTING COMPANIES

The researcher conducted interviews with owners/managers of emerging contractor firms. The purpose was to familiarize the researcher with the environment and demographics of the participants. Using the critical

incident technique the researcher clustered the main tasks and responsibilities of the owners/managers interviewed.

The **main tasks and responsibilities** include:

- Search for business opportunities
- Develop reliable back-office support
- Undertake site inspections
- Procure, estimate costs, and complete tender documents
- Negotiate loans and terms of credit with financial institutions and suppliers
- Comply with tender specifications
- Establish the site, organise and prepare the construction team
- Procure materials
- Manage the contract
- Manage the labour on the project and
- Market the business to potential clients.

This differentiation in the **description of the job** was linked to the level and depth of understanding of the participants. Those participants having a nuanced understanding provided a detailed description of the job. The way tasks were defined was influenced by the business model pursued. The dominant model was that the emerging contractor delivers labour to the project. The project management is handled by an experienced technical person employed by the municipality. In many ways, the owner/manager of an emerging small contractor company handles only the labour aspect of contracts, especially on public works projects. This is somewhat different on housing projects.

The above tasks and responsibilities constitute the core of what the owner/manager performs. These tasks are largely operational and to a degree require individuals with technical knowledge and experience. The definition of the above tasks and responsibilities was essential to conduct

the assessment of the competency of the owners/managers of emerging small contractor companies.

The tasks and responsibilities demonstrate the need for technical and management competencies. However, the participants included **entrepreneurial characteristics** such as: *initiative*, *commitment*, *passion*, *patience* and *resilience* as being essential for success.

4.9 IDENTIFIED ENTREPRENEURIAL COMPETENCIES OF THE OWNERS/MANAGERS OF EMERGING SMALL CONTRACTOR COMPANIES

The assessment of competencies was done using the self-rating questionnaire and the entrepreneurial competency framework in the service industry in accordance with Sethi & Saxena's (nd) research. The result of this assessment was a description of the strengths and weaknesses of the participants in areas of the entrepreneurial competencies. On the strength of recurrence of the themes, a computation was done to work out the percentage.

Table 4.9: Findings of the current study on entrepreneurial competencies.

Competence	Weak	Strong	%
Initiative	25		96
Sees and acts on opportunities	16		62
Persistence		21	81
Information seeking		23	88
Concern for high quality work		15	58
Commitment to work contract		19	73
Efficiency orientation		20	77
Systematic planning	19		73
Problem solving	14		54
Self-confidence	17		65
Assertiveness	14		54
Persuasion	17		65
Use of influence strategies		16	62

The above table demonstrates the scores per profile area. For instance, 25 participants scored below 15 on the initiative competence. It therefore means that most of them lack the initiative competence. For those who scored above fifteen it means they possess the competence. For example, 20 participants scored more than fifteen on the efficiency competence. The participants were found to be weak in the following areas and they need developmental interventions. The areas are:

- **Initiative** – acting out of choice rather than compulsion, taking the lead rather than waiting for others to start
- **Opportunity scanning** – a mindset where one is trained to look for business opportunities from everyday experience,
- **Self-confidence** – not being afraid of the risks associated with business and relying on one's capabilities to successfully manage,
- **Systematic planning** – breaking up the complex whole into parts, close examination of the parts and inferring about the whole.
  For example, simultaneously attending to production, marketing and financial aspects of the overall business strategy, and
- **Problem solving** – observing the symptoms, diagnosing and curing.
- **Assertiveness**- confronts problems and issues with others directly
- **Persuasion** –successfully persuades others

However, participants showed strength in the following categories: efficiency, use of influence strategies, persistence, commitment to work contract, concern for high quality of work, and information.

4.10 ADDITIONAL COMPETENCIES IDENTIFIED BY THE PARTICIPANTS

In the emerging small contractor company in the construction sector in South Africa, it was found that the following competencies are important although the competency might not necessarily be an *entrepreneurial competency*. The following competencies were identified during the interview sessions with the individual owner/manager of the contractor firms. The critical incident technique was used to analyse and thematise. These are largely the competencies covered by Nkado (1998). This can be partially explained by the fact that prior to 1994 the majority of the black population did not participate in the management of companies.

Project management competency is vital in that the mode of work is centred on projects. It is important that the owners/managers of emerging small contractors in the construction industry possess the ability to manage the project on time, within budget, within scope and in relation to the quality required. This competency would need to be accompanied by working knowledge and skills in human resource management, communication, and risk management.

Another desirable competency relates to **financial management**. The owner/manager should be able to cost the project, negotiate a price for the project, and manage the cash flow. Many of the owners/managers of emerging small contractors in the construction industry interviewed struggle with management of the company's finances.

Owners/managers of emerging small contractors in the construction industry should be able to **scan opportunities**. This is an important aspect of entrepreneurship according to Timmons (1994:7). Owners/managers of emerging small contractor companies should ensure that their company is on the database of potential clients. These owners/managers should be able to network with the decision makers and sponsors of potential clients. The participants who demonstrated a well-

developed *external* locus of control were unable to grow their business beyond their areas of residence as they relied on the local council to invite them to participate in projects.

Relationship competency is important because the nature of the work requires building networks. Participants with a well-developed *internal* locus of control were more forward-thinking in relation to new opportunities and did not confine their energies to their present project.

The participants indicated that **human relationship competency** was critical. This is because the majority of these companies use labour-intensive methods of construction. The owner/manager of an emerging small contractor company should be able to manage and motivate the workers. He/she needs to have a working knowledge of labour relations. The owner/manager needs to be able to work with the professional teams that work on projects. This knowledge should include the ability to understand what the various professional teams do on the project.

In the case of emerging small contractors in the construction industry, the owner/manager should be able to **negotiate** contracts. This is because the bulk of the work is done on a subcontracting basis. Knowledge and skill in contracting are essential. This is the area where the service and construction sector are different. For example, quantity surveying is an important aspect of any construction contract.

There is a need for **social and political competency**. Owners/managers of emerging small contractor companies have to build a rapport with the key stakeholders and understand local politics.

Organising competencies are important to ensure that solid administrative support is in place. Organising skills also assist to track and monitor business opportunities.

Commitment competency revolves around a good work ethic and coping with the highs and lows of the business environment. Fairness and equitable reward also fit into this competency.

Another essential competency identified by the participants was **risk management**. This is the ability to identify, assess and mitigate risks.

The importance of **patience is underlined** when operating in the construction industry. This is because contracts take a long time to come to fruition and completion from the time the project is first conceived and put out to tender.

4.11 SUMMARY

In conclusion, **entrepreneurial competencies** are an essential component of the owner/manager of an emerging small contractor in the construction industry. The entrepreneur needs to be internally driven and have a high need for achievement. The fact that the emerging contractor relies on affirmative procurement from the government weakens the *internal* locus of control of the owners/managers. There tends to be an over-reliance on government work. Many of the owners/managers lack the ability to procure work outside the areas where they live. The consequence of this is that the majority of the companies are unsustainable. The survey and interview shows that entrepreneurial competencies should not be viewed in isolation of the managerial and technical competencies. They are interdependent and reinforce each other. The next chapter focuses on the comparative analysis of the current study and other studies.

CHAPTER 5:

ANALYSIS AND DISCUSSION OF THE RESULTS

The results of this study are presented as a comparative analysis (Table 5.1) of the entrepreneurial competencies of owners/managers of emerging small contractor companies in the construction industry (as established in Chapter 4) with those developed by Man & Lau (2000) ,Spencer & Spencer (1993) and Nkado (1998). Section 5.3 contains a comparison of the current study and the study by Jaafar *et al* (2004) in Malaysia and section 5.4 looks at the current study and Nkado(1998).

Table 5.1: Comparison of findings between the current study and Man & Lau (2000) and Spencer & Spencer (1993)

	Current Study	Man & Lau (2000)	Spencer & Spencer (1993)
Entrepreneurial Competencies	• Initiative • Sees and acts on opportunities • Persuasion • Assertiveness • Self-confidence • Systematic planning • Problem solving	• Opportunity • Relationship • Commitment • Organising • Conceptual • Strategic	• Sees and acts on opportunities • Self-confidence • Persistence • Information gathering • Systematic planning • Concern for high quality of work • Commitment to work contract • Use of influence strategies

5.1 COMPARATIVE ANALYSIS OF THE CURRENT STUDY WITH MAN & LAU'S (2000) RESEARCH

According to Man & Lau (2000) the service industry owner/manager needs the following competencies: opportunity, relationship, commitment, organising, conceptual and strategic competencies.

The current study revealed that the owners/managers of emerging small contractor companies in the construction industry require the following competencies:

- **Opportunity scanning** – a mindset where one is trained to look for business opportunities from everyday experience,
- **Initiative** – acting out of choice rather than compulsion, taking the lead rather than waiting for others to start,
- **Persuasion** – successfully persuades others
- **Self-confidence** – not being afraid of the risks associated with business and relying on one's capabilities to successfully manage,
- **Systematic planning** – breaking up the complex whole into parts, close examination of the parts and inferring about the whole.
  For example, simultaneously attending to production, marketing and financial aspects of the overall business strategy, and
- **Problem solving** – observing the symptoms, diagnosing and curing.

The areas of commonalities between the service sector framework and the emerging small contractors were found in the areas of opportunity, and strategic competencies.

The main differences were found in relationship, organising, and conceptual competencies which are important in terms of Man & Lau (2000). Interestingly, the participants interviewed did not demonstrate a

need for **conceptual** and **strategic competencies** as outlined in Man & Lau's (2000) framework.

Project and risk management competencies are critical for the owner/manager of an emerging small contractor company in the construction industry. The main method of operation is project management. Emerging small contractor companies have to manage each assignment as a project with a scope, specifications, time-frame and cost. This has to be coupled with advanced management practices. The need for risk mitigation has to do with the subcontracting nature of the business. Project implementation is done through sub-contracting.

Political and social competencies have more to do with the political landscape. The empowerment of the historically disadvantaged is a politically driven programme. The State is driving the process. Therefore, the emergence and development of the emerging small contractor is supported by government initiatives such as the extended public works programme and affirmative procurement. The government believes that this empowerment will broaden participation in the construction sector and lead to job creation. The owner/manager in this environment has to invest in political connectivity and building relations with many stakeholders.

The **relationship competency** overlaps with the **political and social competencies**. The owner/manager of an emerging small contractor in the construction industry has to manage stakeholders within the built environment, and professionals and the broad stakeholders in the political and civic environment.

The owner/manager of an emerging small contractor in the construction industry needs to perform his/her work adhering to *best project management practices*. These contractors need to manage finances, communicate with stakeholders, procure materials and services, mitigate risks and manage human resources.

Sixteen of the participants did not show any breadth or depth of knowledge of the need to *develop or exploit opportunities*. The one glaring revelation was that these contractors do not invest in marketing and searching for new work. They rely on the government to invite them to participate in projects. This has created a situation where these companies collapse after the single project they received was completed. These contractors operate within a small local market with low constraints to entry. The absence of the **opportunity competency** limits the possibility of the owner/manager to grow his/her company. The opportunity competency is vital in entrepreneurship since it is all about scanning and exploiting opportunities.

5.2 COMPARATIVE ANALYSIS OF THE CURRENT STUDY AND SPENCER & SPENCER'S (1993) COMPETENCY FRAMEWORK FOR ENTREPRENEURS

Spencer & Spencer (1993) developed a generic competency model for entrepreneurs. It had the following competencies:

- Sees and acts on opportunities
- Self-confidence
- Persistence
- Information gathering
- Systematic planning
- Concern for high quality of work
- Commitment to work contract and
- Use of influence strategies.

Spencer & Spencer's (1993) framework has similarities to, and differences from, the issues of entrepreneurial competencies of the owners/managers of emerging small contractor companies from the present study.

- The entrepreneurial competency issues uncovered in the present study for owners/managers of emerging small contractor companies in the construction industry concurred with Spencer & Spencer (1993) with respect to **opportunity competencies** (seeing and acting on opportunities),self-confidence, persistence and systematic planning.

It would seem the ability to build relationships in entrepreneurial ventures is a non-negotiable. The emerging contractor has to build viable networks with all the critical stakeholders in the built environment and government sector.

Man & Lau's (2000) and Spencer & Spencer's (1993) frameworks differ with respect to the issues developed in this study with regard to this model's unique requirement for **political and social competencies** and the need for **project and risk management competencies**. Spencer & Spencer (1993) highlight competencies such as systematic planning, commitment to work quality, persistence and self-confidence, which were not demonstrated in the current study.

The entrepreneurship competencies for owners/managers of emerging small contractors in the construction industry revealed in this research converged with Man & Lau (2000) and Spencer & Spencer (1993) on the issue of **opportunity competency**. The main issue highlighted was that superior performer's emphasised opportunity scanning as being an essential element of this competency. The ability to seek and exploit opportunities is paramount in entrepreneurship.

Man & Lau (2000) converged with both Spencer & Spencer (1993) and the developed model of the entrepreneurial competencies of emerging small contractor companies in regard to **opportunity, organising, commitment** and **relationship competencies**.

Man & Lau's (2000) model is similar to Spencer & Spencer's (1993) findings on **strategic competencies**. The framework of the developed

model of the entrepreneurial competencies of the owner/manager of emerging small contractor companies revealed a gap with respect to **strategic** and **conceptual competencies**. This weakness could be attributed to the majority of the participants having low levels of education.

All three (3) studies converged on **opportunity scanning competencies**. In the framework of the developed model of the entrepreneurial competencies of the owners/managers of emerging small contractor companies, entrepreneurs need to build solid networks with professional, political and social actors. The business of the emerging contractor takes place within a highly politicised social context.

Man & Lau's (2000) framework differs from Spencer & Spencer's (1993) model with respect to the former's focus on **organising** and **conceptual competencies**. Spencer & Spencer (1993) place emphasis on **persistence**, **information gathering** and **concern for high quality of work competencies**. The above elements are highlighted by the current study.

The entrepreneurial competency framework of the developed model of entrepreneurial competencies of the owners/managers of emerging small contractor companies differed from both Man & Lau (2000) and Spencer & Spencer (1993) with respect to **initiative and problem solving competencies**. The emerging model emphasises the above competencies.

5.3 COMPARATIVE ANALYSIS OF THE CURRENT STUDY WITH JAAFAR *ET AL'S* (2004) RESEARCH

The situation in Malaysia and South Africa were similar with respect to the application of affirmative action (Jaafar *et al*, 2004). The *Bumiputra* and the black emerging small contractors were supported by government intervention in terms of policy and legislation.

The main difference between the *Bumiputra* and emerging small contractor companies in South Africa was found in the *level of education* of the owner/manager. It seems probable that most of the owners/managers in South Africa had secondary level education.

The similarity between Malaysia (Jaafar *et al*, 2004) and South Africa was that both the *Bumiputra* owners/managers and the emerging small contractors were heavily dependent on government work. There was scant evidence that the emerging small contractor companies would grow without government support. As a result of government support these owners/managers have an *external* locus of control. The present study found there is no evidence to support the position that an *external* locus of control leads to superior or inferior performance as an entrepreneur.

In Jaafar *et al's* (2005, 2004) studies, there was a positive relationship between the *age* of owners/managers of emerging small contractor companies, their *industry experience* and *educational level*. In the case of the present study it was not possible to determine the relationship between age and performance. This because the majority of the participants were young and the tool to collect data was not amenable to probe this element.

The constraints faced by Malaysia and South Africa in terms of *growing the contractors* were similar. Issues such as lack of technical and managerial skills, access to capital and lack of regular work supply and bias towards awarding contracts to big companies present difficulties to the South African cohort. Both Malaysia and South Africa are constrained by the imperatives of modernisation. For instance, the participants in Malaysia – just like their counterparts in South Africa – did not place a high premium on *marketing their businesses*.

Both the Malaysian and South African owners/managers of emerging small contractor companies in the construction industry have similar backgrounds: individuals with tertiary education and industry experience or

experience from other industries and inherited businesses. The difference was that in South Africa there are many owners/managers with secondary education.

The comparison between Malaysian study and the current one was seen from the concrete and demographical perspective.

5.4 COMPARATIVE ANALYSIS OF THE CURRENT STUDY WITH NKADO'S (1996) COMPETENCY FRAMEWORK FOR ENTREPRENEURS

The current study focused on entrepreneurial competencies whereas Nkado's (1998) study focused on managerial competencies.

The current study emphasised initiative, opportunity scanning, persistence, self-confidence, assertiveness, systematic planning and problem-solving. In contrast, Nkado (1998) found the following managerial inputs are critical: identifying sources of finance, monitoring of quality and productivity, identifying activities, skills and materials required, time and cost considerations, keeping of files and financial records and correction of quality defects.

The current research and Nkado's (1998) study have looked at two sides of the same coin: Entrepreneurial competence without managerial competence will be inadequate for success. The studies both looked at the inputs in the building of a construction business.

5.5 LEVEL OF EDUCATION AND PERFORMANCE OF THE BUSINESS

An observation was made which demonstrated a useful connection between the *level of education* and the *prospect of success* of the emerging business. Those emerging small contractor owners/managers in

the construction industry with a higher level of education can have a better chance to progress faster in mastering the necessary business acumen and the issues and trends in the industry. These participants would be conscious of the imperative to *manage finances prudently*, *negotiate decent deals*, *focus on results* and continually *search for new opportunities*. They were *pro-active* and *goal-orientated*. Participants with lower education levels tended to leave administrative and organisational matters in the hands of the consulting engineers. The main conclusion is that in South Africa, sustainability of the business is linked to the extent to which the emerging contractor has the ability to learn fast. The higher the level of education, the better they are able to learn and acquire entrepreneurial skills.

5.6 PRIOR BUSINESS EXPOSURE AND PERFORMANCE OF THE BUSINESS

Another interesting factor that emerged in this study was the relationship between the past business or work experience of the owners/managers of emerging small contractor companies and performance of the company. Emerging small contractors drawn from the built environment with either *experience* or *tertiary education* are most likely to perform better on the technical aspects of the business. Nkado (1998) found that individuals with prior managerial exposure have a better chance of success. They have a solid foundation to progress or build sustainable business. Some of the participants have experience developed outside the construction industry but still performed well. The participants who are battling were previously unemployed with an underdeveloped/undeveloped *work ethic*; hence they lacked the ability to cope with pressure.

5.7 MOST FREQUENT CHALLENGES EXPERIENCED BY PARTICIPANTS IN THE STUDY

Contract management – most owners/managers of emerging small contractor companies in the construction industry are not familiar with the intricacies of the contract and its deliverables.

Cash-flow management – this is a theme that resonates with almost all participants interviewed. Their businesses are crippled by cash-flow management crises. The causes for this are varied, but include financial illiteracy, late payment by the client, inability to raise credit and general misuse of funds.

Time management – the construction business requires that projects are completed within time, cost, scope and specifications. Failure to comply results in severe penalties. The participants underlined the importance of improving their project management skills.

Tendering and procurement – the majority of the projects are sourced from the public sector which has a set of rules, standards and conditions for tendering and procurement. Knowledge of the tendering process, issues and requirements is a non-negotiable.

People management – many of the performance-related challenges encountered are a result of inadequate knowledge of human resource management. There are concerns that employees or subcontractors should be treated well and with dignity and respect. These challenges indicate the critical point that managerial, technical and entrepreneurial competencies should be approached as a system and not as isolated parts.

5.8 CONCLUSION

The current study was compared and contrasted with the studies of Man & Lau (2000), Spencer & Spencer (1993), Jaafar *et al* (2004) and Nkado (1998).

The present research showed that it is critical that the support of emerging small contractors should include skills development in entrepreneurial, managerial and technical competencies.

CHAPTER 6:

SUMMARY, CONCLUSION, RECOMMENDATIONS, AND RECOMMENDATIONS FOR FURTHER RESEARCH

6.1 SUMMARY

The current study relied on the frameworks developed by Man & Lau (2000), Spencer & Spencer (1993), Jaafar *et al* (2004) and Nkado (1998). Based on these theoretical foundations, the study shows that the owners/managers of emerging small contractor companies in the construction industry in South Africa need to develop the following competencies: **opportunity scanning, initiative, persistence, self-confidence, systematic planning and problem-solving**. The intention of the study was to investigate the competence gaps and compare them with other studies.

The study shares similarities with, and differences to, Man & Lau's (2000) and Spencer & Spencer's (1993) studies. The main *similarity* relates to the need for **opportunity** and **systematic planning competencies**. The *difference* is associated with **relationship** and **organising competencies**. The current study reveals elements that are not present in the studies of Man & Lau (2000) and Spencer & Spencer (1993): in addition to the entrepreneurial competencies, the current study presents a compelling case for the owners/managers of emerging small contractor companies in the construction industry to develop **initiative, self-confidence, assertiveness and problem-solving competencies**. This latter distinction shows that entrepreneurship is influenced by the socio-cultural environment and is an area that needs exploration.

The current study compares favourably with the studies by Jaafar *et al* (2005, 2004) in Malaysia. Nkado (1998) and the current study looked at different competence areas. The former focused on managerial competencies whilst the latter looked at entrepreneurial competencies. Apart from the striking similarities with respect to *socio-political* conditions the Malaysian and current study show participants confront similar challenges. The owners/managers of emerging small contractor companies benefit from deliberate empowerment interventions [affirmative action]. As a consequence of this there is a danger of over-dependence on government. The present study also shows that there was a favourable relationship between *tertiary education* and *specific industry experience*.

The current study implies that all the technical, managerial and entrepreneurial competencies are essential for the sustainability of small and medium enterprises.

6.2 CONCLUSION

The main conclusion is that the owners/managers of small contracting companies in the construction industry need **entrepreneurial, managerial and technical competencies**. The selection of participants into government incubation and training programmes should be biased towards those individuals that have the potential to build sustainable companies. It also shows that entrepreneurial competencies can be learnt like any other skill, they are not characteristics people inherit from birth.

This study on entrepreneurial competencies of the owners/managers of emerging small contractor companies in the construction industry in South Africa, like Nkado (1998), calls for investment in training of emerging contractors.

6.3 RECOMMENDATIONS

Based on the above analysis, it is recommended that

Owners/managers of emerging small contractor companies in the construction industry need at a minimum to develop opportunity scanning, initiative taking, persistence, assertiveness, self-confidence, systematic planning and problem-solving competencies.

Selection of candidates into incubation programmes should be biased towards owners/managers of emerging small contractor companies in the construction industry that have education and experience from within or without the construction industry.

Owners/managers of emerging small contractor companies in the construction industry need to be developed to understand the need for opportunity scanning, initiative and commitment to high quality of work.

Owners/managers of emerging small contractor companies in the construction industry need to understand the basics of project and risk management, financial management, contract law, costing and tendering.

Part of the training of the owners/managers of emerging small contractor companies in the construction industry should include development of skills such as assertiveness, negotiating, time management, conflict resolution and problem solving.

The study also revealed that those owners/managers of emerging small contractor companies in the construction industry with industry experience do not necessarily have entrepreneurial competencies. They do well working as subcontractors but are unable to act independently of a main contractor who performs their project management.

Owners/managers of emerging small contractor companies in the construction industry confront challenges regarding the lack of access to

capital. Most of the owners/managers surveyed do not have the capital to buy materials, equipment and vehicles.

The owners/managers of emerging small contractor companies in the construction industry that supply labour operate like a foremen or supervisors on a project. They largely look after the management of their labour force.

Owners/managers of emerging small contractor companies in the construction industry need to have knowledge of financial and tax-related matters as they are hindered by not having their tax issues in order.

6.4 RECOMMENDATIONS FOR FURTHER RESEARCH

This study revealed several opportunities for future research:

- Look at the managerial, entrepreneurial and technical competencies at the same time.
- Interrogate the relationship between social and cultural influences on the development of small- and medium-enterprises.
- Assess the success of an entrepreneurial venture looking into the financial position of the company.
- The differences in success between male and female owners/managers of emerging small contractors in the construction industry.
- Whether the rural/urban divide has any bearing on the success of the entrepreneur.

This study highlights the entrepreneurial competencies of the owners/managers of emerging small contractor companies in the construction industry was undertaken using a cohort of 26 emerging small contractors in the construction industry across two (2) provinces in South Africa during December to January 2011.

It would be interesting to see whether a broader [across all nine (9) provinces] or a longitudinal study [across several years] would yield similar insights.

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APPENDIX A:

SELF-RATING QUESTIONNAIRE

Your Name (Mr/Mrs/Ms) ……

Company ……

Area ……

Age ……..

Grade Level ……

Education Level ……..

Trade/Work ……

Instructions

1. This questionnaire consists of 70 brief statements. Read each statement and decide how well it describes you. Please be honest about yourself.
2. Select one of the numbers below to indicate how well the statement describes you:

   5 = very well

   4 = well

   3 = somewhat

   2 = very little

   1 = not at all
3. Write the number you select on the line to the right of each statement. Here is an example:

   I remain calm in stressful situations

The person who responded to the item above wrote a “2” indicating that the statement described him or her very little.

4. Some statements may be similar, but no two are exactly alike
5. Please answer all questions

Write the number on the line to the right of each statement.

Question number	Statement	Score
1	I look for things that need to be done	
2	I like challenges and new opportunities	
3	When faced with difficult problems, I spend a lot of time trying to find a solution	
4	When starting a new task or project, I gather a great deal of information	
5	It bothers me when things are not done very well	
6	I give much effort to my work.	
7	I find ways to do things faster	
8	I plan a large project by breaking it down into smaller tasks	
9	I think of unusual solutions to problems	
10	I feel confident that will succeed at whatever I try to do	
11	I tell others when they have not performed as expected	
12	I get others to support my recommendations	
13	I develop strategies to influence others	
14	No matter whom I’m talking to, I’m good listener	
15	I do things that need to be done before being asked to by others	
16	I prefer activities that I know well and with which I am comfortable	
17	I try several times to get people to do what I would like	

Question number	Statement	Score
	them to do	
18	I seek the advice of people who know a lot about the problems or tasks I am working on	
19	It is important to me to do high quality job	
20	I work long hours and make personal sacrifices to complete jobs on time	
21	I am not good at using my time well	
22	I think about the advantages and disadvantages of different ways of accomplishing things	
23	I think of many new ideas	
24	I change my mind if others disagree strongly with me	
25	If I am angry or upset with someone, I tell that person	
26	I convince others of my ideas	
27	I do not spend much time thinking about how to influence others	
28	I feel resentful when I don't get my way	
29	I do things before it is clear that they must be done	
30	I notice opportunities to do new things	
31	When something gets in the way of what I am trying to do, I keep on trying to accomplish what I want	
32	I take action without seeking information	
33	My own work is better than that of other people I work with	
34	I do whatever it takes to complete a job	
35	It bothers me when my time is wasted	
36	I try to think alone of problems I may encounter and plan what to do if each problem occurs	
37	Once I have selected an approach to solving a problem, I do not change that approach	

Question number	Statement	Score
38	When trying something difficult or challenging. I feel confident that I will succeed	
39	It is difficult for me to order people to do things	
40	I get others to see how I will be able to accomplish what I set out to do	
41	I get important people to help me accomplish my goals	
42	In the past, I have had failures	
43	I take action before it is clear that I must	
44	I try things that are very new and different from what I have done before	
45	When faced with a major difficulty, I quickly go to other things	
46	When working on a project for someone, I ask many questions to be sure I understand what that person wants	
47	When something I have been working on is satisfactory I do not spend extra time trying to make it better	
48	When I am doing a job for someone, I make a special effort to make sure that person is satisfied with my work	
49	I find ways to do things for less cost	
50	I deal with problems as they arise, rather than spend time trying to anticipate them	
51	I think of many ways to solve problems	
52	I do things that are risky	
53	When I disagree with others, I let them know	
54	I am very persuasive with others	
55	In order to reach my goals, I think of solutions that benefit everyone involved in the problem	
56	There has been occasions when I took advantage of someone	

Question number	Statement	Score
57	I wait for directions from others before taking action	
58	I take advantage of opportunities that arise	
59	I try several ways to overcome things that get in the way of reaching my goals	
60	I go to several different sources to get information to help with tasks or projects	
61	I want the company I own to be the best of its type	
62	I do not let my work interfere with my family or personal life	
63	I get the most I can out of the money I have to accomplish a project or task	
64	I take logical and systematic approach to activities	
65	If one approach to a problem does not work, I think of another approach	
66	I stick with my decisions even if others disagree strongly with me	
67	I tell people what they have to do, even if they do not want to do it	
68	I cannot get people who have strong opinions or ideas to change their minds	
69	I get to know people who may be able to help me reach my goals	
70	When I do not know something, I do not mind admitting it	

ANNEXURE B:

Scoring Sheet

Rating of statements	Score	Competency
_+ _+ _+ _ - _ +6 = (1) (15) (29) (43) (57)		Initiative
_- _+ _+ _ + _ +6 = (2) (16) (30) (44) (58)		Sees and acts on opportunities
_+ _+ _- _ + _ +6 = (3) (17) (31) (45) (59)		Persistence
_+ _- _+ _ -+ _ +6 = (4) (18) (32) (46) (60)		Information seeking
_+ _+ _- _ + _ +6 = (5) (19) (33) (47) (61)		Concern for high quality of work
_+ _+ _+ _ - _ +6 = (6) (20) (34) (48) (62)		Commitment to work contract
_- _+ _+ _ + _ +6 = (7) (21) (35) (49) (63)		Efficiency orientation
_+ _+ _- _ + _ +6 = (8) (22) (36) (50) (64)		Systematic planning
_+ _- _+ _ + _ +6 = (9) (23) (37) (51) (65)		Problem solving
_- _+ _+ _ + _ +6 = (10) (24) (38) (52) (66)		Self confidence
_+ _- _+ _ + _ +6 = (11) (25) (39) (53) (67)		Assertiveness
_+ _+ _+ _ - _ +6 = (12) (26) (40) (54) (68)		Persuasion
_- _+ _+ _ + _ +6 = (13) (27) (41) (55) (69)		Use of influence strategies
TOTAL SCORE		
_- _- - _ - _ +18 = (14) (28) (41) (55) (70)		Correction factor

ANNEXURE C:

ENTREPRENEURIAL COMPETENCIES FOR SUCCESSFUL EMERGING CONTRACTORS IN THE CONSTRUCTION INDUSTRY

Table B.1: Entrepreneurial competencies for successful emerging contractors in the construction industry

Competency Areas and Clusters		Examples of Component Behaviours
Opportunity Competencies	Identify	Identify opportunities on the basis of the existence of an unfulfilled market need. Networks are essential when scanning opportunities
	Acquire	Acquire critical skills that are in short supply in the construction market
	Seek	Seek opportunities through networking, promotion and marketing Focus on tender bulletins to exploit government opportunities Market the business to guarantee continual workflow Market the company to prospective clients to ensure a pipeline of projects Advertise in the local media
	Build	Build a referral network to enhance credibility
Organising Competencies	Develop	Develop a solid administrative support
	Introduce	Introduce a system to track and monitor opportunities
	Study	Study and learn basic administration and bookkeeping. Know how to develop and present a quotation
	Commit	Commit to do excellent work in order to recoup retention fee and secure completion certificate
	Manage prudently	Manage the cash flow prudently
Commitment competencies	Commit	Commit to preserve the dynamic lows and ups of the business environment Put long hours into the work Pay employees on time and fairly
Risk management	Identify	Identify possible risk areas

Competency Areas and Clusters		Examples of Component Behaviours
competencies	Manage	Manage risks associated with subcontracting
	Mitigate	Mitigate risk of late delivery of materials
	Minimise	Minimise the risk of late payment by clients
	Put	Put in place measures to comply with the Occupational Health and Safety Act
Relationship competencies	Build	Build networks and partnerships with councils, professional teams, community structures and employees and subcontractors
	Build	Build a brand profile in the relevant media and circles
	Leverage	Leverage resources through partnering with others or subcontracting
	Develop	Develop refined interpersonal relations
Project management competencies	Develop	Develop a project management approach to help with management of cost, time, scope and quality
	Negotiate	Negotiate with clients, suppliers, employees and communities Negotiate for the best discounts with suppliers and favourable credit terms with banks
Social and political competencies	Know	Know how to deal with gender politics
	Learn	Learn how to navigate the political environment and manage the stakeholders (for example, councillors, officials, civics and traditional leaders)
	Identify and negotiate	Identify and negotiate with the main stakeholders in the community
	Understand	Understand the social and cultural practices
	Effect	Effect security measures to prevent crime