

# Facilitating Growth of Small and Medium-Size Construction Firms through Educational Training

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**Abstract**—Educational training among small and medium-sized construction enterprise (SMEs) is essential if managerial skills are to improve within the firm thereby encouraging the growth of the organization. SMEs that operate in the construction industry are however vulnerable to operational risk due to the universally characterized nature of the construction sector being highly fragmented, high risk, low entry to barriers amongst others. The issue of SME growth has however developed crucial concerns among policy makers. This is because SMEs play a very significant role in the construction industry by creating jobs and provision of socio-economic infrastructure development. Therefore, the role of SMEs in an economy must be valued if the dearth of employment creation is to be addressed. However, to facilitate the growth of these SMEs, educational training is essential within an organization as it brings about improved performance. It is against this backdrop that this study explores how growth is achieved through educational training. The methodology used was a single phase by the used of literature review which considered existing information and similar models on firm's growth. The study established that educational training improves skills of the entire workforce within the firm and enable targets and growth of firm to be achieved. The study concludes that in order to facilitate growth via educational training among SME construction firms, managerial policy on training within the firms would have to be initiated. Firms must embark on the following training as part of facilitating growth that will assist the set goals to be achieved. SMEs must engage in periodic training of its employees on new technology available to the firm, precise ethics and policies of the firm, general management procedures, basic health & safety as well as problem-solving techniques which must be backed by effective communication skills.

**Keywords**— Education, facilitation, growth, small and medium, training

## I. INTRODUCTION

Training is considered one of the most valuable and reliable human resource techniques to enhance organizationally and employee productivity [1]. There is also enough evidence that suggests that educational training is as essential for every job and as such SME firms also utilize training to vary success [2]. Educational training however among small and medium-sized

construction enterprise (SMEs) is vital if managerial skills are to be improved within the firm to encourage growth within the organization. SMEs that operate in the construction industry are however vulnerable to operational risk due to the universally characterized nature of the construction sector being highly fragmented, high risk, low barriers entry and inadequate training for firm's growth amongst others. The issue of SME growth has however developed crucial concerns among policy makers. This is because SMEs play a very significant role in the construction industry by creating jobs and provision of socio-economic infrastructure development [3]. Training is, therefore, a valuable management tool to develop the most important asset of an organization. Further, training is also crucial to productivity as it influences the quality, depth and flexibility of members' skills and generates positive attitudes such as job satisfaction in a firm. It is consequently imperative to for a firm to growth without embarking on training for its employees. Small and medium-sized construction firms in Ghana have low skills profile which hinders productivity and growth, investment prospects and the sustainability of businesses. Also, despite numerous merits of educational training options captured in most literature on small and medium-sized construction firms, there is still a dearth of growth among SMEs in Ghana. This, maybe as a result of constraints on the implementation of the process and other established related factors in this study. This study, therefore, seeks to discover how firm growth would be attained via training programs in the company.

## II. PURPOSE OF STUDY

The purpose of the study is to determine how the growth of small and medium-sized construction firms would be achieved through the facilitation of training for the employees.

## III. METHODOLOGY

The methodology of every research is as important as the background of the study. This is because whiles the background provides the overview of the study the method, on the other hand, establishes the technique and tools to be used in order to arrive at the set purpose of the study. To achieve the purpose of this study, a single-phase technique by the used of qualitative technique which considered existing literature information and similar models all as secondary literature on firm's growth. The used of an extensive review of literature for the study was justified based on the valuable existing information for similar small and medium-sized construction firms.

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#### IV. LITERATURE REVIEW

According to [4], Training is defined as a learning experience creating a relatively permanent change in an individual that improves their ability to perform on the job. Similarly, [5] emphasized that traditionally, training focuses on technical knowledge, skills and abilities to complete current tasks. Better-trained members of the firm will perform more effectively and efficiently, be more motivated and valuable, take greater responsibility and make more significant contribution to performance [6]. Training is basically a learning experience, focused on specific skills and abilities needed to perform a job or is a planned, systematic and organized process of providing employees with the specific knowledge and skills required in their day-to-day work activities [7]. Nieman et al. [8], demonstrated that educational training and development is essential for the organizational operation and advancement. Commencing from the employee's perspective, these same factors are both crucial for skills development and for career advancement. [9]. on the other hand argued that firms invest significant sums of money in human resource training and development, and it is imperative for such firms facing global competition continuously to improve employees' knowledge, skills, abilities, and attitudes. Training is, therefore, a valuable management tool to develop the most important asset of an organization. Training is, however, crucial to productivity as it influences the quality, depth and flexibility of members' skills and generates positive attitudes such as job satisfaction [10]. According to [11], it is widely acknowledged within the construction industry that human resources within an organization are a primary source of competitive advantage. However, planning for training and development in firms is not always approached in a structured or strategic manner rather it is undertaken in response to specific problems. This can be particularly valid in small to medium-sized enterprises (SMEs) where often the lack of a training function and the scarcity of resources results in the firm taking an adhoc approach to the provision of training [11]. Healy et al. [12], however, discovered that lack of adequate training and skills development as one of the key contributors to the lack of sufficient growth in the SMEs sector. [13], supported that majority of SMEs firms in South Africa required skills training. As a result, training is viewed as a crucial for SMEs growth. [14], observed that the most innovative and successful SMEs firms are those who have high levels of education, technical, managerial skills and training. Similarly, [15] stressed that it is necessary to improve the quality and the appropriateness of entrepreneur education and training to assist SMEs both in terms of cost and administration. This implies that firms with untrained members are a cost in terms of operational capability. On the other hand, continuous training for both workers and managerial staff are regarded as crucial elements of competitiveness against the backdrop of a firm. As construction firms and its operatives are always on the move, there is the need for them to be thoroughly trained.

#### A. Theories of training

##### a) Resource-based view theory (RBV)

In order to ascertain a clear understanding of the training required to drive firm's growth grounded theories underlying training have been reviewed. The theory according to the literature refers to set of assumption, propositions or accepted facts that attempt to provide a plausible or among a group of the observed phenomenon. Several studies including that of [9] and [16] have stressed on how training models impact on organizational outcomes. Further, these existing models also highlight the influence of training on human resources and their behavior. A combination of the resource-based view theory (RBV) and the human capital theory was considered in this gap. Resource based view theory had its foundation from the Penrose theory which was propounded in as early as 1959. Resources and capacities are central constructs in RBV. Therefore, it is important to understand how these constructs impact on a firm. This implies that firms must be aware of their strengths and weakness to help develop strategies to outperform competitors [17]. According to [2] resources refers to something a firm can draw on to accomplish its set goals. [18]. stressed that four categories of resources are available to a firm namely physical, financial, human and organizational. The RBV theory further postulates that the growth of firms depends on the managerial resources available over time to plan and manage growth [19]. Additionally, the theory established that organization engaged the same type of activities using the same equipment, and human resources will have varying outputs levels depending on the unique teamwork, knowledge and experiences available to each firm. These characterized varying features are facilitated by continuous educational training infused by the company. Penrose in as early as 1959 stressed that, that the resources with which a particular organization is accustomed to working will shape the valuable services its management is capable of rendering. This shows that the performance and firm's growth depends on the available productive managerial and technical skills within the firm at a particular period of time.

##### b) Human Capital theory

Another theory which was considered in this study in addressing educational training as a gap in the growth of construction SMEs is the human capital theory. This theory emerged from the field of macroeconomic development theory in as early as 1993 [20]. The human capital theory has undergone a rapid development which is directly linked with training related aspect. This training is related to improvement and quality of the worker. In addition, [20] maintained that training is linked to the performance and longevity of the firms. The theory further stressed on capital such as education, training, honesty among others which improves health and adds value to a person over a lifetime. This implies that embarking on educational training in the firm would enlighten the skills and knowledge and the entire human capital effectiveness. This leads to greater performance and growth which are classified either as financial growth such as productivity market share, profitability, and the non-financial

growth including customer satisfaction, skills development and workflow improvement as depicted in figure (1) below.

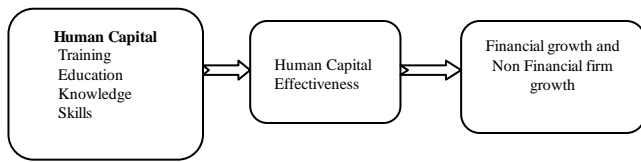


Fig.1 Source: Adapted from Marimuthu *et al.*, (2009)

*Types of training*

Educational training could either be received through a formal or informal pattern. Training in the past was very classroom and instructor oriented. This has recently proven ineffective compared with more modern developments. Training, however, can take forms in addressing the strategic intent and goals of a firm. The types of training available to a firm include the following captured in figure (2).

Types of training program beneficial to the construction industry

Item	Type of Training
1	On the job training
2	Refresher training
3	Skill upgrading
4	Practical demonstration
5	Further education (In-service training)

Fig. 2 Source: Adapted from Olatunji, *et al.*, (2000)

V. ACCOMPLISHING EDUCATIONAL TRAINING FOR CONSTRUCTION SMES TO ACHIEVE GROWTH

The nature of the construction industry as captured in existing literature highlights on its dynamics and complexities. Further, there are as well constraints faced by firms operating in the sector in accomplishing effective training and development practices of its employees [21]. Thassanabanjong, et. al, [4], acknowledged that the budget involved in training within firms is a significant substance of challenged for SMEs. How much is spent on training usually depends on firm’s operational characteristics and size. [22], also maintained that a critical aspect of successful training is that financial support from the firm. According to [23] SMEs are at a disadvantage when accessing resources and capabilities because of their financial limitations and attitudes towards perceived risk. [24], argued that training is more complicated for a family run SMEs than for other SMEs. This is because less emphasis is placed on family SMEs to comply with training compared to SMEs with other ownership structures. As a result, it becomes intricate for such family SME firms to embark on training due to its associated cost. More so, the SME family businesses focused mostly on the company’s profit rather than the upgrading of its staff that will bring about firms growth. According to [25], training is often viewed as a cost core to be controlled or downsized during lean times further, training programs are

implemented for reasons other than improving performance such as legal compliance, rewarding and retaining employees, or because of training trend. Accordingly for the study to ascertain a sustainable accomplishment of an educational training for the growth of SME construction firms, various considerations must ensue. These considerations must include organizational tasks which must seek to improve employee performance with designed training programs in such a way that will create a win-win situation for both organizations and employees. Montesino [26], asserted that in the implementation of training within a firm which is targeted at prudent results, should be tied to the needs of the firm as a lack of an adequate training needs assessment may constrain the effectiveness of training implementation.[7], also remarked that implementation of SME training results in better company performance, even under difficult cultural setting. Therefore, when SME managers acknowledge the strategic needs associated with the training they commit more resources to implement the training program [26]. To facilitate growth via educational training among SME construction firms, managerial policy on training within the firms would have to be initiated. Firms must embark on the following training as part of facilitating growth that will assist the set goals to be achieved. SMEs must engage in periodic training of its employees on new technology available to the firm, precise ethics and policies of firm, general management procedures, basic health & safety as well as problem-solving techniques which must be backed by effective communication skills.

VI. DISCUSSION

The findings from the study suggest that educational training facilitates the growth of the firm. The study has highlighted on the value of educational training among small and medium-sized enterprise. Lots of studies have stressed on educational training impacts on firm’s growth. Further, these existing models also highlighted the influence of training on human resources and their behavior. Two theories of training were considered in order to enhance the purpose of the study. These are resource-based view theory (RBV) and the human capital theory. RBV devised by Penrose in as early as 1959 and stressed on the managerial capacity and human resources being the pivot that firms revolves on. As a result, when there is effective training provided to these human resources impacts on performance. This theory, on the other hand, emerged from the field of macroeconomic development theory in as early as 1993 [20]. Further, the theory propagates on the significances of human resources and the merits accrued when they are provided with the need training.

Despite the vital role of SMEs play within the construction sector backed by its significant contribution significantly to employment creation, innovation, and economic development in general, SMEs are faced with more challenges which hamper them from enhancing their growth. Also, capture in this study is the types of training which facilitate growth among SMEs construction firms.

## VII. CONCLUSION

This paper aimed to explore how the growth of small and medium-sized construction will be facilitated by education training amongst the employees. The study concludes that training is an important exercise, and it is considered one of the most valuable and reliable human resource techniques to enhance organizationally and employee productivity. Educational training however among small and medium-sized construction enterprise (SMEs) is vital if managerial skills are to be improved within the firm to encourage growth within the organization as well as averting their early liquidation. Construction SMEs are however vulnerable to risk due to the universally characterized nature of the construction sector being highly fragmented, high risk, low barriers entry and inadequate training for firm's growth amongst others. Small and medium-sized construction firms in Ghana have low skills profile which hinders productivity and growth, investment prospects and the sustainability of businesses. Further enshrined in the study are the theories of training. In order to ascertain a clear understanding of the training needed to drive firm's growth grounded theories underlying training have been reviewed including base resource view (RBV) and human capital theories. The RBV theory stressed that the growth of firms depends on the managerial resources available over time to plan and manage growth whiles the human capital theory focused on capital such as education, training, honesty among others which improves health and adds value to a person over a lifetime to affect performance. The study concludes that in order to facilitate growth via educational training among SME construction firms, managerial policy on training within the firms would have to be initiated. Firms must embark on the following training as part of facilitating growth that will assist the set goals to be achieved. SMEs must engage in periodic training of its employees on new technology available to the firm, precise ethics and policies of the firm, general management procedures, basic health & safety as well as problem-solving techniques which must be backed by effective communication skills.

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