Emerging Trends in Organizational Practices and Procedures in Construction

THE USE OF SOCIAL MEDIA IN REAL ESTATE TRANSACTIONS IN LAGOS, NIGERIA

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Abstract

Real estate business is an information- driven business where valuable information is shared and evaluated between buyer and seller, and/or tenant and landlord before concluding a transaction through an agent who serves as an intermediary between them in the localized property market. Where information is inadequate, successful transactions in the market may be impeded. With the introduction of ICT, social media in particular, it appears that this problem has reduced. This study therefore evaluated the level of use and the challenges faced in the use of social media for sharing information by real estate practitioners in Lagos, Nigeria. Data were collected with the use of questionnaire administered on 220 Estate surveying firms in Lagos, Nigeria with a response rate of 84%. The data collected were analyzed using frequency distribution, percentage and mean ranking. The results showed that virtually all estate practitioners made use of social media in real estate business transactions. E-mail was the most preferred medium, followed by used phone calls and Facebook. Property websites and bulk SMS were also been used. The least used social media include YouTube; blog, and LinkedIn. The highest ranked challenge in the use of ICT was service failure, followed by power failure and service cost respectively. The study concluded that while vast majority of the real estate practitioners in Lagos were using ICT social media in business transactions, there were limitations in the usage due to some challenges.

Keywords: Information, Information Technology, Property market, Real Estate Transactions, Social media

1 Introduction and Background to the Study

Technological advancement, no doubt, has greatly influenced the survival of man in all ramifications. The impact appears so enormous on some areas of life such as construction, manufacturing, finance and communication, amongst others. Communication on the other hand seems to have affected the way and manner people share information and interact on daily basis in the society as well as business transactions/relationships such as real estate agency. Real estate business is seen to be an information based business where the prospect of an agent appears to be hinged on how well and accessible the information are made available.

The emergence of ICT had greatly influenced business activities of real estate agents (Raouri 2011). According to the author real estate is an information intensive business which is inherently amenable to application of information and communication technology tools and services such as the internet, World Wide Web (www) and global system mobile phone which have provided impetus to the real estate industry.

In Nigeria, the real estate industry can be said to be an attraction to investors. With the global financial meltdown as well as the collapse of the capital market, local and foreign investors can be said to have resorted to investing in real estate which is said to have better hedge against inflation. Also, the recent liberalization policies of the government and emphasis on foreign direct investment both local and foreign investors could be willing to secure their fund in an asset that constantly appreciate in value.

However, the erstwhile real estate attribute of fixity and localised can be said to have been eroded by recent explosion of ICT. The property market anywhere, is open to participation from any part of the world, because the social media has the tendency to connect buyers and sellers together for real estate transactions. Therefore, the question of, to what extent the social media has been used to ease real estate transactions in a developing country like Nigeria will interest foreign investors who is contemplating investing in the Nigerian property market.

Previous studies such as Buxmann and Gebauer (1998); Muhanna (2000); Rowley (2005); McDonagh (2006) and Razali, Manf and Yassin (2010) have concentrated on the use of ICT, web, and internet facilities in the real estate industry with little or no emphasis on social media (which among others include Facebook, email, Blogs LinkedIn Twitter and WhatsApp) provided on the platform of internet. The evolution of internet and web facilities provided a platform for social media technology which provided opportunities to develop new relationships, create awareness and enhance competitive advantage.

Consequently, there appears to be easy flow of information on the social media which may be optimised by using the platform for real estate business. It is in view of this that this study seeks to determine the extent to which social media (such as Facebook, LinkedIn, Twitter, Blogs etc.) are being used in real estate transactions (agency) and the challenges being faced in the course of using the social media in practice.

2   Literature Review

The emergence and development of ICT and most especially internet facility, have captivated scholars to carry out a number of studies on its impact on real estate agency. Studies conducted in the past which are relevant to this paper exist in the developed world as well as developing nations. These studies however have either addressed the impact of ICT and internet facilities on real estate agency without linking it to Social Media such as Facebook, LinkedIn, Twitter, etc. which are platforms (interface) provided by internet facility.

For instance, Roulac (1996) studied strategic implications of information technology for the real estate sector in the United State of America. The study showed that the role of information technology in real estate started with the computer which is being used for various purposes ranging from data storage, iterative process of calculating internal rate of return, exploration of sensitivity analysis and probabilistic simulation, portfolio monitoring and management, property analysis and valuation, automation of residential appraisal process through integrated GIS data systems and lastly, in the screening and selection of properties in the housing realm by expanding access to information on the market generally. The study concluded that information technology introduced complexity and simplicity to real estate sector by streamlining transactions via securitization, and enabled more sophisticated and readily accessible property analysis and loan processing.

In a similar manner, Buxmann and Gebauer (1998) carried out a study on internet-based intermediaries of real estate market, where the role of intermediaries in the age of emerging technologies like the internet and the World Wide Web (www) using econometric model were examined. They found that the basic function of internet-based intermediaries did not differ significantly from their traditional counterparts and subsequently reducing transaction costs and improving the matching between supply and demand. They concluded that the ubiquity of

internet and the ease of market entry allowed the spread and integration of so far geographically separated market places and that lower transaction costs and the availability of high quality information would encourage potential sellers and buyers to actually join the market.

In the United State of America, Crowston, Sawyer, Wigand and Allbritton (2000) explored how the use of ICT affects the work lives of real estate agents, the process of selling /buying houses and the overall structure of the residential real estate industry. In the study, three major ICT factors identified include, those for basic technologies (telephone and multiple listing service, and fax and cell phone), communications technology (beeper and voice mail) and advanced technologies (email, Web, PC, Personal Digital Assistant PDA). The study found that some of the basic technologies (telephone and MLS) are used almost universally, while others (e.g. PDA and Web) are used and valued by only a few agents.

Muhanna (2000) examined how real estate firms adapted to the internet and assessed their perceptions regarding its potential. About 150 estate firms in Ohio Columbus were surveyed and analysed using t-Tests and ANOVA techniques. The analysis showed that the size of the firm was a key determinant as to whether the firm is on the internet, which is consistent with various studies showing that small real estate firms like small businesses in general tend to be slower in embracing new information technologies (Mac Gregor and Bunker, 2000). The result also suggested that real driver behind the push to adopt the new technology stemmed not from a fear of losing business, but largely from a desire to leverage the new medium to attract new buyers and reduce marketing and customers' acquisition costs.

Dixon, Marston, Thompson and Elder (2003) examined how eBusiness could change locational and office space requirement in the future. The study which was carried out on London office market showed that there was a digital divide at the company level in terms of broadband access in the city and that variations in density occurred between firms of different sizes and by different sector and these densities may expect to change over time through technology led change and other factors. They concluded that in addition to ICT, other factors such as transport problems, sustainable development and human resources (demands and needs of employees and homeworking) were centrifugal factors/forces dispersing business and markets away from the city.

Similarly, Rowley (2005) studied the evolution of internet business strategy in the UK estate agency, where he examined the estate agency sector as a case study of an industrial sector in which the internet business model has evolved from experimental dot.com towards the integrated use of internet to enhance service delivery. The study found that portals or website provided content in the form of information, advice and news, link to other businesses including individual estate agency chains, search facilities, and opportunities for registration which support personalisation of communication with customers.

Li and Wang (2006) conducted a study on real estate agency in China in the information age. The analysis revealed that internet allowed agencies to broaden their business opportunities and also served as a connection between the agencies and a fragmented customer base. It did not pose threat to the agents in Beijing in various circles, but worked to increase the competitive advantages including more collaboration and market innovations. The impacts and changes felt on the Beijing real estate agency industry resulting from changes in information Technology were highly correlated with the parallel changes in the socio-economic system in China.

McDonagh (2006) studied the trends in the use of the internet for marketing residential real estate in New Zealand over a period of twelve years. A wide range of real estate issues including listing, marketing and selling practices, advertising and commission costs, pricing trends, market share of real estate agencies, spatial movement and other demographic characteristics of buyers and sellers were discussed. It found that the use of the internet for marketing of residential real estate has grown rapidly, doubling approximately every two years

and that change in technology have made the features, such as multiple photographs, movies, maps, visual walk-throughs and multi criteria searching earlier predicted by Thrall in 1998 a reality. Also that, the web has lowered barriers to entry to the real estate industry with some evident growth in private sale and that buyers and sellers have preference for a small number of easy navigable websites with comprehensive listing rather than a plethora of individual broker sites.

Mazumder and Chatterjee, (2007) studied a business process view of the impact of ICT in real estate sector. They are of the view that the availability of ICT to the masses enabled medium and small size business houses to adopt the business enablers. Also the development in the following areas viz: user friendly GUI (Graphical User Interface) based operating system; scalable database; internet and related network technologies, and communication technology are seen as the primary drivers for ICT revolution. The main functions in a real estate organisation such as purchase and inventory, project, sales and marketing, and facility Management and services have been influenced by the use of ICT.

Bello and Ashaolu (2010) conducted a study on Teleworking and the demand for office space in Lagos Island, Nigeria, where the effects of teleworking on the demand for office space and retailed shops were examined. The study found that teleworking is favourably perceived as a welcome alternative to the usual long time and high cost office commuting on the Island. They also found that face-to-face contact at work is not a significant factor in office space demand, and that there is a growing tendency of ICT to replace some traditional clerical office personnel.

Bello (2010) looked at the impact of information technology on estate management profession in Nigeria. The focus was on the challenges posed to the practitioners, how it has affected the procedure and the services rendered by estate surveyors. He reviewed specific areas in which ICT has impacted on the profession which include office automation; real estate agency; land administration and information management system (LIS); globalisation and international property investment; the effect of GSM base station on property value, and lastly the demand for commercial space. In the area of real estate agency, he was of the view that the use of internet for marketing real estate is at the lowest webb compared to what operates in the developed nations.

Razali, Manf and Yassin (2010) studied "Internet business strategies by property companies in Asia focusing on 30 top listed property companies and examined their relationship with the internet business strategy index. A scatter plot analysis was used to generate a ranking and score mean among the companies, while rank correlation analysis was also used to identify connection between top 30 property companies in Asia and internet business strategy. The overall result of the relationship between internet business strategies and scatter plot analysis between two indexes for all countries showed that top companies in Asia have good internet business strategies according to listed attributes. The study also showed that there were correlations on the relationship between the 30 top Asian companies and the internet business strategy index, and that though the traditional way of marketing was still in use, the modern and more advanced way was rapidly taking over.

In the work of Oni (2011) "Digital Divide: A challenge to Building the 21st Century Real Estate Professionals in Nigeria? He defined digital divide as lack of access to and effective use of information and communication technology (ICT) which represents the difference between people with access to ICT and who use it effectively and those who do not have. In examining this digital divide, Estate Surveyors and Valuers were randomly sampled and analyzed using descriptive statistical techniques. He found that there was a digital divide amongst the Estate Surveyors and Valuers in Nigeria which he attributed to lack of adequate training and exposure right from the higher institutions of learning.

Alias and Pui Jeffery (2012) investigated the effectiveness of the application of internet in the marketing of residential properties. The research was conducted to survey both the buyers and the sellers whose perspectives and opinions were pooled together and analysed using descriptive statistical techniques. It found that Websites are using links- a search engine like Google and Yahoo and other search engine to attract more buyers and sellers. And also that web has lowered barrier to enter into property industry with some growth in private sales. Some buyers and sellers prefer a small number of easily navigable websites with comprehensive listing rather than too many individual broker sites which conforms with McDonagh (2006) earlier mentioned. Both buyers and sellers agreed on the ease of use, convenience, usefulness, effectiveness as well as being more informative and with an acceptable level of their view on the reliability of internet marketing.

In summary, the literature showed that most of the previous studies were based on internet facilities, and ranged from the adoption of ICT to real estate business; trend in its use; digital divide; to the impact of internet real estate agent and the property market in general. Apart from limiting their studies to internet facilities, none of the studies focused on the use of social media in real estate agency. While some of the mentioned studies limited their attention to either residential, or commercial properties at a time, this study look at agency in its generic form which include both the sales and letting of properties, be it residential or commercial. Similarly, this study included phone calls (GSM) and bulk SMS among the ICT/social media.

3 Research Approach

Stratified random sampling technique was used to sample 220 Estate surveying and valuation firms out of 440 firms practicing within Lagos Metropolis, Nigeria. In each of the selected firms, an Estate Surveyor was sampled. The study area was divided into three geographical zones which are; Lagos Island, Lagos Mainland and Ikeja, where 96, 58 and 67 respondents were randomly selected respectively to make a total of 220 respondents.

Primary data were collected with the aid of structured questionnaire on the respondents. The questionnaire was accompanied by a covering letter to introduce the research focus and instructions to be followed by the respondents. Section A of the questionnaire covers the socio-economic characteristics of the respondents, while section B addressed the specific objectives of the study. Frequency table, cross tabulation and mean ranking were used in the analysis and presentation of the data. The field survey was conducted by the researcher with the support of three field assistants in 2014 and the response rate is as shown in Table 1.

Table 1. Summary of response across the geographical zones

Geographical Zones	Distribution	Retrieval	Percentage
Ikeja	67	59	88
Mainland	95	76	79
Island	58	50	86
Total	**220**	**185**	**84**

(Source: Author's field survey, 2015)

Ikeja had the highest response rate of 88 %, followed by Island with 86% response rate, while Mainland had 79% which is the least response rate across the geographical zones. In all, 185 questionnaire, representing 84% of the total sample size of 220 administered were retrieved.

4 Data Presentation and Findings

Questions were asked to know the correlation between the gender of the respondents and their level of computer certification. The result is contained in Table 2.

Table 2. Chi-Square test of gender and computer certification

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi- Square	2.095	1	0.148		
Continuity Correction	1.482	1	0.223		
Likelihood Ratio	2.255	1	0.133		
Fisher's Exact Test				.174	.109
Linear-by-Linear Association	2.083	1	0.149		

(Source: Author's field survey and analysis, 2015)

The result of the chi-square test as contained in Table 2, with significant level of 0.109 showed that the proportion of males practitioners who have had computer certification was not significantly different from the proportion of female who have had computer certification.

4.1   Social Media in Use in Real Estate Agency

The respondents were asked to indicate the various ICT media their firms employed in the course of undertaking real estate agency transactions. The multiple structured questions were analysed and the result presented as shown in Table 3.

Table 3. Frequency table of ICT media used in agency transactions

S/ N	ICT use in Agency transactions	Responses	
		Frequency	**Percentage**
1	Blog	10	0.9
2	Email	183	16.4
3	Facebook	156	13.9
4	YouTube	6	0.5
5	LinkedIn	30	2.7
6	Search Engine	75	6.7
7	Phone call	182	16.3
8	Property Website	144	12.9
9	SMS	144	12.9
10	Twitter	60	5.4
11	WhatsApp	129	11.5
	Total	**1119**	**100.0**

(Source: Author's field survey, 2015)

The result in Table 3 showed the overall use of ICT media in real estate transactions. It revealed that E-mail had the highest frequency of 183 which represented 16.4%. This was followed by phone call with a frequency of 182 which represented 16.3%, while Facebook had a frequency of 156 which represented 13.9%. Both Website and Bulk SMS had a frequency of 144 each which represented 12.9%. YouTube was the least used ICT medium with a frequency of 6

which represented 0.5% followed by Blog and LinkedIn with frequencies of 10 and 30 each which represented 0.9% and 2.7% respectively.

Table 4 showed the result of the ICT media cross tabulated against the geographical locations. It showed that in Ikeja, E-mail and Phone call both had a frequency of 59 each which represented 32.2% and 32.4% within the ICT group. These were followed by Website with a frequency of 53 which represented 36.8% within the group.

Table 4. ICT media and location cross tabulation

ICT VARIABLES		Geographical Zones			TOTAL
		Ikeja	**Mainland**	**Island**	
Blog	**Count**	3	2	5	10
	% within Blog use in Transactions	30%	20.%	50%	100%
Email	**Count**	59	76	48	183
	% within Email use in Transactions	32.2%	41.5%	26.2%	100%
Facebook	**Count**	51	62	43	156
	% within Facebook use in Transactions	32.7%	39.7%	27.6%	100%
YouTube	**Count**	2	2	2	6
	% within YouTube use in transactions	33.3%	33.3%	33.3%	100%
LinkedIn	**Count**	14	0	16	30
	% within LinkedIn use in Transactions	46.7%	0%	53.3%	100%
Search Engine	**Count**	30	27	18	75
	% within Search Engine use in Transactions	40.0%	36.0%	24.0%	100%
Phone Call	**Count**	59	75	48	182
	% within Phone call use in Transactions	32.4%	41.2%	26.4%	100%
Website	**Count**	53	53	38	144
	% within Website use in Transactions	36.8%	36.8%	26.4%	100%
Bulk SMS	**Count**	35	69	40	144
	% within Bulk SMS use in Transactions	24.3%	47.9%	27.8	100%
Twitter	**Count**	11	37	12	60
	% within Twitter use in Transactions	18.3%	61.7%	20.0%	100%
WhatsApp	**Count**	41	54	34	129
	% within WhatsApp use in Transactions	31.8%	41.9	26.4%	100%

(Source: Author's field survey, 2015)

In Mainland, email had the highest frequency of 72 which represented 41.5%, this was followed by Phone call with a frequency of 75 which represented 41.2% within the group and Bulk SMS with a frequency of 69 which represented 47.9% within the group.

Island showed similar result to that of Ikeja because email and Phone call also had the highest frequencies of 48 each, which represented 26.2% and 26.4% respectively within each ICT group. These were followed by Facebook with a frequency of 43, which represented 27.6% within the group. It was observed however that across all the groups, YouTube was the least ICT media used in real estate agency transactions.

4.2   The Level of Usage of ICT in Real Estate Practice
The level of usage of ICT was also measured along with other conventional property listing media in real estate transactions agency with particular reference to sale and letting transactions. The responses were analysed to evaluate the level of usage of ICT in real estate practice.

Table 5. Frequency of ICT use in transactions

Use of ICT	Frequency	Percentage
Seldom	16	8.6
Sometimes	54	29.2
Always	115	62.2
Total	**185**	**100**

(Source: Author's field survey, 2015)

Table 5 showed the responses in respect of the frequency of ICT used by estate surveyors and valuers in agency transactions. The result revealed that 115(62.2%) of the respondents, always made use of ICT. While 54 (29.2%) of the respondents used ICT sometimes, the remaining 16 (8.6%) claimed to seldomly used ICT for real estate agency transactions.

A comparison of the level of use of the social media with other conventional media was done. The mean ranking is as shown in Table 6.

Table 6. Mean Table of Property Listing Media for Agency Transactions

S/N	Variables	Sales		Letting		Total	
		Mean	Ranking	Mean	Ranking	Mean	Ranking
1	**Banner**	**4.13**	**2**	**4.37**	**2**	4.25	**2**
2	Bulletin	3.91	4	4.35	3	4.13	4
3	Newspaper	2.64	10	2.69	10	2.67	10
4	Magazine	2.97	9	2.87	9	2.92	9
5	**Phone call**	**4.43**	**1**	**4.51**	**1**	**4.47**	**1**
6	Bulk SMS	3.45	6	3.49	5	3.47	6
7	Digital Billboard	1.37	15	1.34	15	1.36	15
8	**E-mail**	4.11	3	4.16	4	4.14	3
9	Website	3.72	5	3.41	6	3.57	5
10	Blog	1.41	14	1.46	14	1.44	14
11	Facebook	3.14	8	3.14	7	3.14	8
12	YouTube	1.24	16	1.27	16	1.26	16
13	Search Engine	2.25	11	1.99	12	2.12	12
14	Twitter	2.01	13	2.27	11	2.14	11
15	LinkedIn	2.06	12	1.82	13	1.94	13
16	WhatsApp	3.26	7	3.11	8	3.19	7

(Source: Author's field survey and analysis, 2014)

Table 6 shows the mean ranking of the level of use of conventional and the social media in real estate transactions. GSM Phone ranked first with a mean value of 4.47 followed by Banner with a mean value of 4.25, and email with a mean value of 4.14. The least ranked media include YouTube with a mean value of 1.26. While digital billboard has a mean value of 1.36, Blog has a mean value of 1.44.

Table 7. Mean table of factors influencing the use of ICT/social media

VARIABLE	MEAN	RANKING
Service Failure	3.89	1
Power Failure	3.79	2
Service Cost	3.52	3
Awareness	3.24	4
Maintenance	3.11	5
Literacy	2.98	6
Specialised Skill Required	2.97	7
Staff training Cost	2.59	8
Regulation	2.58	9
Government Policy	2.42	10
Space Availability	2.36	11

(Source: Author's field survey and analysis, 2014)

Table 7 showed the result of mean ranking of the identified factors influencing the use of ICT in real estate agency. From the table, service failure ranked first with a mean of 3.89, followed by power failure with a mean of 3.79, while service cost ranked third with 3.52 mean. The three highest ranked factors are internet/ power related issues.

In contrast, space availability ranked least with a mean of 2.36 followed by government policy and regulation with 2.42 and 2.58 means respectively.

5 Discussions

The study revealed that there was no association between computer certification and gender. This an indication of the level importance attached to computer literacy among the practitioners for real estate practice. In order word computer skill was embraced by all regardless of gender. Furthermore, email was the mostly used social media by estate surveyors in real estate agency transactions, closely followed by phone call. The prevalent use of email could be because it provided a platform for privacy and documentation in agency transactions which may also be used as an evidence in the case of dispute over fee or mandate. On the other hand, Youtube was the least used social media in agency transactions. This could be as a result of the complexity involved in its use which involve video recording and some technicalities in uploading the recorded video which apparently will be more costly. This is in line with the earlier finding by Crowton, et al (2000) and suggest that basic technologies are used almost universally, while others are used by only a few agents.

Besides, the study found that the three geographical locations, Ikeja Mainland and Island have similarity in the order of use of ICT media in agency transactions, in which e-mail was the mostly used ICT, followed by Phone call. They however exhibited differences in what was ranked third which included Website, Bulk SMS and Facebook respectively. This indicated that location has no effect on the use of ICT/ social media in real estate transactions as long as there is internet connection (network).

The use of ICT in the agency transactions, by 62.2% indicated that the Nigerian estate surveyors have embraced the global trend of internet-related marketing which has the tendency of giving marketing of property (either for sale or letting) a wider publicity. This could enhance market competition and allows for the realisation of best price in a real property transaction.

The study also showed that conventional mean of listing of property in real estate agency transactions was still very much in use and relevant despite the level of technological development and adoption of social media. This was evidenced by the use of banner which ranked second to the use of Phone call. This could be attributed to the localised nature of property market.

Lastly, the study found that service failure was the most prominent factor that influenced the uses of ICT/social media in real estate transactions followed by power failure and cost of the services. Service failure as a major challenge people experienced in the course of using ICT at one time or the other may affect the timing of real estate agency transaction and thereby create unnecessary anxiety. Similarly, the effect of Power failure is that it could also cause service interruption and at the same time increase the overhead cost of some business activities if not totally paralysed. Similarly, the cost of obtaining data for internet connection appeared to be on the high side. This may limit the number hours to which an agent get connected to the internet thereby reduce the efficiency of the social media in real estate transactions.

To a large extent, space availability does not in any way influence the use of ICT and also the fact that government does not regulate the use of the social media and hence would not be a threat to its use.

6 Conclusion

The result revealed that the use of ICT has no correlation with the gender of the Nigerian real estate practitioners who had embraced the use of social media for real estate transactions in order to enjoy wider marketing coverage. Also that the use of social media had no relationship with the geographical location of the agent.

This study had attempted to enquire into the adoption of Information and Communication Technology in real estate agency transactions. The analysis of relevant data in line with the aim and objectives of the study showed that Email, Phone call and Facebook were the the mostly used ICT media of all the identified social media used in real estate agency transactions by practitioners, while YouTube, Blog and LinkedIn were the least ICT in use.

The study further showed that the use of ICT/ social media was mostly influenced by service failure (in terms of connectivity), power failure (energy to power the system) and cost (of obtaining data). While service failure, power and cost still influence and determine the effctive use of the social media for real estate transactions, it can be said that Nigerian government does not in any way regulate the use of the social media and as such does not portend any threat to its use or non-use.

The policy implication is the need for government intervention by investing more on broadband and to also ensure regular supply of power/electricity so as to enhance effective use of ICT/social media in real estate agency transactions by the practitioners in Nigeria.

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ASSESSMENT OF GROWTH CHALLENGES AMONG SMALL AND MEDIUM-SIZED CONSTRUCTION FIRMS IN GHANA

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Abstract
The purpose of this paper is to present findings on the challenges that small and medium-sized firms in the Ghanaian construction industry encounter in relation to growth in their operations. The study made use of in-depth literature review on the growth of small and medium-sized firms. This was secondly supported by the use of semi-structured interviews that were conducted among construction professionals. This exploratory study used a relatively small number of professionals as interviewees since it is an ongoing Ph.D. study and was embarked on a pilot study with the expectation that a large targeted population size will be considered at the later stage of the studies. This assessment will enable construction SME's to have an in-depth understanding regarding realistic growth challenges with possible mitigation control measures. The results demonstrated that though both internal and external factors of firm's growth pose a problem, it is the external challenges such as access to funds, influence from foreign markets and institutional regulations that act as strenuous challenges. Additionally, the respondent expressed that lack of ideas, new products and insufficient knowledge were also captured as growth challenges for SMEs. The study demonstrates that small and medium-sized construction firms do encounter growth challenges, and these are attributed to both internal and external forces of the companies operations.

Keywords: Assessment, Growth, Challenges, SMEs, Construction

1 Introduction

The contemporary global competitiveness of firms operating both within and outside an industry have compelled these firms to adopt strategies to grow in order to meet their goals. This growth cannot ensue without a thorough assessment of the significant barriers that impede growth. Therefore, appraisal of growth challenges within small and medium-size firms is crucial. This paper examines the challenges encountered by small and medium-sized construction firms in Ghana. A number of literature on SME's have emphasized on their successes factors particularly with the study done by Yasuda (2005) and Yang and Huang (2005) which captured major determinants of firm's growth. However, before the growth success limit of a company would be attained and sustained, it is fundamental to envisage and explore the challenges of growth and as such put in place mitigation and control measures. The growth of SME's must not also be underestimated due to the significant roles that SME's play in the socio-economic development of the nation. As a result, of their roles they play, the importance of small and medium-sized firms is widely recognized in both developed and developing economy (Agyakwa-Baah 2010). Mahemba (2011) stressed that largely in most economies small and medium-size firms have historically played a vital role in the creation of

jobs, stimulating innovations and thus contributing growth (Storey 1994). This study, therefore, seeks to highlight the realistic growth challenges within the construction industry in Ghana and further provide possible mitigation control measures for the SME's thereby contributing to knowledge.

2 Growth among SME's

Growth ensues in order for firms to achieve their core objectives and strategic intent including increasing sales, maximising profits or increasing market share. Firms grow in two distinct ways namely internal expansion (organic) and through integration (inorganic). Growing organically, a company needs to retain sufficient profits to enable it to purchase new assets, including new technology. Over time, the total value of a firm's assets will rise, which provides collateral to allow it to borrow to fund further expansion. The second route to achieving growth is to integrate with other firms. Firms combine through mergers, where there is a mutual agreement, or through acquisitions, where one firm purchases shares in another corporation, with or without agreement. There are several types of integration, including vertical integration and horizontal. Vertical integration occurs when firms merge at different stages of production. There are two other types of vertical integration namely backwards and forwards. Horizontal integration, on the other hand, occurs when firms merge at the same stage of production Horizontal integration is also referred to as *lateral integration*. Beck *et al.* (2006): Triki *et al.* (2011) suggest that one of the key drivers of sustainable growth in developing countries is firm growth and productivity. As a result, comprehending firm's growth has now become a great concern for researchers and policy makers. Various definition of firm size has been advanced without reaching a consensus on a uniformly acceptable definition. However, the definition commonly adopted in Ghana in the context of the study is summarized in Table 1.

Table 1. Summary of definitions of SMEs commonly adopted in Ghana

Item	Source of definition SME	Definition
1	Ghana Statistical Service (GSS)	Firms with less than ten employees are considered small, and those with more than ten employees are medium or large.
2	National Board for Small Scale Industries (NBSSI) (1996)	Micro enterprises are defined as enterprises employing 1-5 workers with fixed assets (excluding reality) of value not exceeding $10,000 and Small Scale Enterprises as those that operate 6-29 persons or have fixed assets (excluding reality) of value $100,000.
3	Bank of Ghana under the Funds for Small and Medium Enterprises Development (FUSED) (Boch-Ocansey, 1996)	Defined micro and small enterprises as businesses with assets of million cedis and 25 million cedis in constant 1988 prices (US $20,000 and US $100,000 equivalent) respectively.
4	Ayeetey et al. (1994)	Defined micro businesses as companies employing 1-9 persons; small as those employing 10-29 persons; and medium as those which employ 30-40 persons.
5	Mensah (2004)	Defined micro businesses as businesses employing up to 5 persons with fixed assets (excluding reality) not exceeding $10,000 in value; Small businesses as those which use 6-29 with fixed assets (excluding reality) up to $100,000 in value; and Medium businesses as those, which employ 30-99 persons with, fixed assets of up to $1 million in value.
6	Eyiah and Cook (2003), Eyiah (2004)	Defined construction SMEs as contractors registered in financial classes 2, 3, and 4.

(Source: Adapted from Kheni, 2008)

Therefore identifying the channel that promotes small and medium-sized company's growth in Ghana will provide the basis to influence policy direction to create the environment and required initiatives to help other informal sectors. Further, this will help to create the right platform for financing SME's firms to grow given the right Government and institutional support. The Government of Ghana through the Senchi report (2014) stressed the need for the state to encourage and promote indigenous entrepreneurship as well as providing further steps to support small and medium scale enterprises. There is dearth accessible data on SME's in Ghana, but the working available statistics from the Registrar General's Department recommend that 92 percent of companies registered are micro, small and medium enterprise. In Ghana SME's are now exposed to greater opportunities than ever for expansion and diversification of the sectors. While developed global markets may be shrinking on account of the financial and economic crises prevailing, Ghana's market size is growing, and opportunities within Africa are also beginning to look attractive for SMEs.

3   Challenges to SME's Growth

Louis and Macamo (2011) maintained that there are significant barriers to SME's growth in most market economies except the most flexible and deregulated economies. Small and Medium-sized firms, as captured in literature, is the engine of growth of most economies and are expected to drive these economies to enhance growth thereby minimizing significant barriers. As a result, there is the need to give attention to the set of the barriers which hinder the growth of potential fast growth firms that have the greatest capacity to provide employment and bring in novelty in technologies. Although, growth to a considerable extent is a matter of willingness and skill, the fundamental facilitators and barriers in the environment cannot be disregarded (Davidsson *et al.*, 2005). Davidsson (1989) cited in Zhou and Wit (2009) affirmed that there are generally some determinates that facilitate firm's growth as well as other factors too that hinder potential growth, such factors that hinder are the growth barriers. These barriers may be classified as either internal or external. According to Amarijit and Nahum (2012), the literature on growth barriers to firm shown that there are different barriers to small business growth in various countries of the world. This may be because of the different economic situations, rules and regulations, political system, market competition, and legal system of different countries.

3.1   *Financial Barriers*

Zhou and Wit (2009) indicated that the common barriers encountered by SME's include institutional barriers, barriers emanating firm's internal operations and financial barriers. Studies by (Becchetti and Trovato, 2010; Pissarides, 1998; Riding and Haines, 1998) have established the main obstacle to the growth of SME's like the financial barriers which includes credit constraints, lack of external debt, and equity capital. Evidence shows that banks and other financial institutes are conservative to make loans and credit facility available to SME's. This is because the majority of these SMEs do not have collateral, and also, they are new entrants in the business with limited capital. Bartlett and Bukvic (2001) stressed that the financial barriers to SME's growth include high collateral, high bank charges and fees, lack of outside equity and venture capital and the high cost of credit. Levey *et al.* (1999) cited in Abor and Quartey (2010) supported that there is limited access to financial resources available to SME's compared to large organization and consequences for their growth and development. Financial assistance is, therefore, paramount for the development of small and medium-size firms (Cook and Nixton 2000). Green *et al.* (2002) affirmed that lack of funds is considered the fundamental reason why the business is failing to start or to progress. Therefore, finance is a binder that holds together all various aspects involved in the SME business start-up and development. Other inhibitors include inefficient functioning of financial markets, inadequate

security and enforcement of property rights, poor provision of infrastructure, ineffective regulation and taxation, and broader governance features such as corruption (Ayyagari *et al.*, 2008). SME's face difficulties in gaining access to the market because of inexperience, lack of managerial marketing ability and lack of access to capacity that contributes to growth.

3.2   Institutional Barriers

According to Bartlett and Bukvic (2001), the institutional framework within which SME's operate and interact with customers and government can act as a barrier and influence the firm's economic performance and growth. What SME's often face in their growth is the institutional constraints. Complex regulation and laws pose as huge barriers to the growth of SME's particularly to new entrants firms and expansion of existing SME's. Bartlett and Bukvic (2001) stressed that institutional constraints may be in terms of the unsuitable tax system, strenuous legal policies and other discriminate rules that grow towards SME's tends to hinder their growth. Smorfitt (2008) cited in Louis and Macamo (2011) asserted that a weak legislation that does not support the growth and development of SME's and it may also hinder their growth strategy. Further, the huge start-up cost for firms including licensing and registration requirements may also impose burdens on SME's (Abor and Quartey 2010). Davidsson & Henreksson (2002) cited in Zhou and Wit (2009) established that consistent results from both empirical and theoretical data show that individual institution internationally discriminates against the growth of SME's which in turn act as a barrier. Economies of nations where political activities have polarized SME's operations. As a result, any political instability will cause a major constraint having an adverse impact on the productivity of manufacturing sector featuring poor business environment. Gyimah-Brempong (2004) observed that high level of the risk factor is attached to the presence of weak institutions that leads to political instability with a considerable negative impact on overall economic growth thereby providing an additional stronger adverse effect on the performance of individual firms. Institutional barriers for SME firms may also be in the form of stringent procurement laws regarding award of contracts, the supply of materials and payment issues on works done by firms' issues.o

3.3   Social Barriers

According to Bartlett and Bukvic (2010), economic sociology has stressed on how vital the connection between entrepreneurs and social capital, trust and networking, is for facilitating the growth of SME's sector. This is because without a certain level of trust between businesses partners; there will be the absence of reliance on individuals or firms that may prevent the transaction being carried out. Bartlett and Buckvic (2010) further pointed that without trust among business partners, transaction cost will be exposed and with the possibility of the opportunistic, taking advantage. Also, the reliance or personal connections replace the unsigned market operation as a fundamental for doing business thereby increasing corruption among others in the process. SME's may overcome such barriers by having an institutional, regulatory support network service. The ideal services in the form of advice, provision of information and training may aid in controlling such barriers (Bartlett and Bukvic, 2010). Although there is dearth of literature on this category of growth barrier within the firm, however, this social barriers may emanate when SME firms or any of its partners is engaged in social vices such as theft or pilfering of items, corruption drug trafficking will tend to reduce the prestige of the firm thereby affecting its entire growth in the long run.

3.4   Barriers Internal to the Firm

Internal walls that are classified organizational barriers also hinder SME's growth. These include skills and knowledge, managerial capacity, mission statement and vision of company among others. Further, SME's owners need to be aware of the business life-cycle and be able

to determine the stage their business has gotten to and the need to expand. However, if owners are unable to identify this stage, their business will stagnate without any growth or expansion. The internal barrier may also arise from the entrepreneur's reluctance to let go of control to the professional manager (Storey, 1994) as cited in Louis and Macamo (2011). The lack of managerial know-how places significant constraints on SME's development. Further, the dearth of management talent and skills prevalent in most countries has a magnified impact on SME's (Abor and Quartey 2010). Kaynula and Quartey (2000) assert that despite the numerous institutions providing training and advisory services, there is still the skills gap in the SME sector as a whole. This is because of the associated massive charge that comes with these training services and as such owners of these SME's do not recognize the need to upgrade the skills of their employees (Abor and Quartey, 2000). Similarly, Aryeetey *et al.* (1994) emphasised that small and medium size firms challenge in terms of technology in gaining access to appropriate technologies. Capacity limitations of the company, shortage in resources (human and capital) and its management may constitute barriers internal to the firm (Bartlett and Bukvic, 2001). Shakantu *et al.* (2007), Uriyo, *et al.* (2004) and Kapulula (2008) cited in Tsheliso (2012) on the other hand categorised the barriers to the development of SME's growth as: (i) Environment regulations, (ii) Inadequate infrastructure, (iii) business regulations, (iv) Tax and labour laws, (v) Skills shortage, (vi) Corruption, (vii) Political interference and (vii) choice of technology.

4 Research Methodology

In order to achieve the purpose of this study, an integration of in-depth literature review supported by semi-structured interviews was adopted. The research design commenced with the structured interview with prior arrangement with the interviewees via both telephone and e-mails. A relatively small number of construction professionals were engaged as a pilot study since this study is an ongoing Ph.D. study which is expected to consider a larger population size at the later stage of the study. Nine professionals in all were interviewed via purposive sampling with each interviewee having eight minutes duration and was recorded and transcribed. The interview was guided by a schedule and was one-on-one in nature due to the constraint involved in assembling together all the targeted population. Among the population interviewed were Project Managers, Construction Managers, and Quantity Surveyors and General Managers in charge of small and medium-sized construction firms. Interviewees also had enough time to enquire further about the study and also expressed their candid views through their answers. Descriptive analysis was adopted using the main and sub-themes from the interview schedule. Further, the ongoing Ph.D. study intends to use a mixed method, however, to enable the interviewer to elaborate further the questions to interviewees; the study made use of the qualitative strategy specifically the use of interviews.

5 Findings and Discussions

These exploratory findings are consistent with the literature regarding the fundamental features of employee relations. The way in which organisations maintain employee relations is often informal nature. All companies could articulate the principal theme, possess objectives and techniques for the management of employee relations within their organisations (Dainty *et al.*, 2002).

The initial interview that engaged three project managers ensued at the project office during their lunch break. Two of the Project Managers coincidentally had six years of experience with the one having years experience working with small and medium-size firms. All the Project Managers unanimously agreed and remarked that small and medium-size firms encounter challenges especially in the sourcing of fund from financial institutions. Further, the respondent indicated that the prerequisite and requirement needed by such financial institutions are so

difficult to be fulfilled and as such it renders the job creation and perhaps envisages novelty that will emanate from the project to be facilitated by such funds nullified. The Project Managers (PM) stated that growth is also hindered internally as a result of poor human relation among project teams which hampers targets and goals are thereby hindering entire growth within the firm. The respondents further noted that these poor human relations among project team ensue when there is prejudice by management as well as the lack of harmony within the organization. The second session of the interview engaged Construction Managers (CM) and Quantity Surveyors (QS). The Construction Managers on the front-line of the project execution phase affirmed that though assessing capital pose a challenge for Small and Medium-size firms, its impact is really only felt by new entrant firms into the business. Quantity Surveyors, on the other hand, remarked that assessing of financial capital by SME's is a critical challenge for both new entrant and existing firms. Both Construction Managers and Quantity Surveyors indicated that stringent legal policy and legislation impose an additional challenge for small and medium-size firms to growth thereby creating flexibility for large companies to expand. The respondents further stated that unbearable taxation system among drives most SME's into liquidation. The CM and QS added that there are internal attributes within SME firms that pose challenges to growth and as such those characteristics are unique to each firm.

The final session of the interview engaged General Managers of Small and medium-size firms. This session of the interview brought to light general administrative challenges that avert growth such as the lack of requisite skills need to embark on a particular task, lack of experience and knowledge, lack of dynamic management structure in place to drive growth rather than focusing on profits after project and finally lack of periodic employee development training programmes. The General Managers also remarked that majority of SME's are owned by either a family or run by individuals. As a result, there is no proper structure of control. This is because the owners mostly interfere with the decision taken once that is not in their interest as such this hinders growth. Further, the respondent added that assessing of credit facility from the banks for their operations has always been a challenge.

6 Conclusions

The purpose of this paper is to examine the challenges encountered by small and medium-sized construction firms in Ghana. In order to achieve this purpose semi-structured interviews were conducted among construction professionals on various sites, and this was supported by a desk-top study on the theme. Evidence from the data gathered on the populations shown that small and medium-size firms do encounter challenges to growth were as a result of both internal and external factors. The study further revealed that internal challenges to the growth of SME's included lack of good management procedures such establishing good human relations policy among teams to stimulate goals and targets to be met to enhance the growth of firms. Also, lack of available managerial skills among SME's posed as a challenge as well as owners of SME's inability sponsor for training programmes to upgrade their staff due to the associated huge charges involved in such programmes.This study further identified another significant challenge as the assessing to financial credit loans and bonds from banks and other financial institutions facing construction SME's in Ghana. This is because most of the requirements demanded by the bank and other financial institution were not so easy to be met by the firms. Also, because the majority of these SME's were new entrants into the business, they do not have any collateral in order to help them assess any credit facility. In addition, this study also concludes that the stringent institutional, legal policy imposes additional challenges to small and medium-size firms' on growth. This includes high taxation system, the huge start-up cost for firms including licensing and registration requirements that also hinder the growth of construction SME's in Ghana.

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