

THE DEVELOPMENT OF SMALL AND MEDIUM SIZED CONSTRUCTION
FIRMS IN NIGERIA USING ABSORPTIVE CAPACITY

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THE DEVELOPMENT OF SMALL AND MEDIUM SIZED CONSTRUCTION
FIRMS IN NIGERIA USING ABSORPTIVE CAPACITY

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A project report submitted in partial fulfilment of the
requirement for the award of the degree of
Master of Science (Construction Management)

Faculty of Civil Engineering
Universiti Teknologi Malaysia

July, 2011.

I declare that this project report entitled “*The Development of Small and Medium sized Construction Firms in Nigeria Using Absorptive Capacity*” is the result of my own research except as cited in the references. The report has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

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This research work is dedicated to Allah (SWT), my beloved Father and to the
benefit of Mankind!

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Abdulquadri

ABSTRACT

Small and Medium Sized Construction Firms (SMCFs) has been of major concern to governments considering their contributions to the development of every nation's economy. Despite their prominent role, they are still constrained by numerous factors and for them to sustain in the industry, they need equip themselves through capacities and capabilities improvement by recognising new valuable external knowledge, acquire, assimilate and integrate it into their system for competitive advantage - Absorptive Capacity (ACAP). This study aimed to develop small and medium sized construction firms in Nigeria through absorptive capacity with the following objectives: to identify the awareness level on Absorptive capacity concept by SMCFs in Nigeria; to identify the factors affecting ACAP implementation by the firms; and to recommend a framework to implement Absorptive Capacity concept in Nigeria SMCFs. Questionnaires were sent out to Management personnel of 80 randomly chosen SMCFs and research institutions located in Lagos and Abuja, Nigeria. The responses were analysed to obtain the mean ACAP awareness index and ranking of factors affecting ACAP. The results showed that SMCFs in Nigeria are highly or very effectively aware of the prospects in the implementation of Absorptive capacity concept for their development with a mean awareness index of **4.38** out of a scale of **5.0**. Eleven (11) factors affecting the implementation of Absorptive capacity concept by SMCFs were identified and ranked in descending order of importance with Low access to funds from finance institutions at high interest rate ranked as most important factor as cultural barrier and attitude problem towards research and development ranked as least important. A framework for the implementation of ACAP concept by SMCFs in Nigeria was therefore proposed. It was recommended that further study should be made on overcoming the barriers to ACAP implementation by SMCFs in Nigeria.

ABSTRAK

Firma-firma Pembinaan Kecil dan Sederhana (FPKS) telah diberikan perhatian khas oleh kerajaan atas sumbangan mereka terhadap pembangunan ekonomi setiap negara. Walaupun peranan mereka dilihat penting, masih terdapat banyak halangan bagi mereka untuk terus bertahan di dalam industri pembinaan. Mereka perlu melengkapkan diri dengan meningkatkan kapasiti dan kemampuan melalui memperkenalkan, mendapatkan, mengasimilasi serta mengintegrasikan pengetahuan-pengetahuan baru ke dalam sistem pengurusan untuk kelebihan dalam bersaing – Absorptive Capacity (ACAP). *Bagi tujuan ini* kajian telah menjurus kepada syarikat pembinaan bersaiz kecil dan sederhana di Nigeria dengan objektif-objektif berikut : mengenalpasti tahap kesedaran tentang konsep Absorptive Capacity oleh FPKS di Nigeria; mengenalpasti faktor-faktor penggunaan ACAP oleh syarikat-syarikat tersebut dan mencadangkan rangka kerja untuk pelaksanaan konsep Absorptive Capacity oleh FPKS di Nigeria. Soal selidik telah dijalankan ke atas 80 pihak pengurusan FPKS terpilih dan institusi penyelidikan yang terletak di Lagos dan Abuja, Nigeria. Jawapan dari soal selidik dianalisis bagi mendapatkan indeks kesedaran ACAP dan faktor-faktor penggunaan ACAP. Keputusan analisis menunjukkan bahawa FPKS di Nigeria mempunyai tahap kesedaran yang tinggi atau sangat efektif di kalangan prospek soal selidik dalam melaksanakan konsep Absorptive Capacity bagi perkembangan pembangunan dengan skala indeks kesedaran 4.38 daripada 5.0. Sebelas (11) faktor-faktor penggunaan konsep Absorptive Capacity oleh FPKS dikenalpasti dan disenaraikan mengikut keutamaan dengan akses rendah kepada pembiayaan daripada institusi kewangan dengan kadar faedah tertinggi. Manakal halangan budaya dan masalah sikap terhadap penyelidikan dan pembangunan didapati pada tahap yang rendah. Satu cadangan rangka kerja untuk implimentasi konsep ACAP oleh FPKS di Nigeria telah dibangunkan. Kajian lanjut juga turut dicadangkan untuk mengkaji halangan-halangan yang perlu diatasi dalam pelaksanaan ACAP oleh FPKS Nigeria.

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LIST OF ABBREVIATIONS

SMCFS	Small and Medium sized Construction Firms
ACAP	Absorptive Capacity
KM	Knowledge Management
CPD	Continuous Professional Development
₦	Nigerian Naira

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