

CONSTRUCTION AS A DRIVER FOR ECONOMIC GROWTH

CONSTRUCTION AS A PILLAR

OF THE GROWTH AGENDA



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Horace Chang

This premier platform—conceptualised and facilitated by the Mona School of Business and Management for decision makers, business leaders and academia to engage in meaningful and solution oriented discourse around topics that are critical to all spheres of national development—is a timely reminder of the vital role of tertiary institutions in society. Sometime, these institutions are criticised for what is perceived to be their lack of relevance, whether through obsolescence in their content or an inability to establish the link between content and the change that is required to move us forward. I am therefore quite happy that the Mona School of Business and Management has taken a solution-oriented approach to education as outlined in their mission statement. Indeed, as agents of change, they have gone a step further by hosting events such as these.

By now there should be no doubt in anyone's mind that this Administration is committed to the economic growth and development of the country. As we seek to advance the growth agenda it is evident that the construction industry has a major role to play in driving the process.

This position is supported by the extensive study that has been conducted on the correlation between construction and the economy, which has established that the construction industry contributes to the collective economy of a country. In fact, the construction industry generates one of the highest multiplier effects through its extensive backward and forward linkages with other sectors of the economy and, therefore, given its importance in employment creation and capital formation the industry is clearly one of the pillars on which to construct (no pun intended) our growth agenda.

Of equal significance is that the activities of the sector are also vital to the achievement of our national socio-economic development goals such as the provision of adequate and affordable shelter; access to infrastructure and employment generation.

ROLE OF CONTRACTORS AND CONTRACTING FIRMS

As Minister with direct responsibility for the water, works, housing, and port

development portfolios, I am reminded daily of the impact that the construction industry has on the quality of life of our citizens. In this presentation, I wish to focus on the role of contractors and contracting firms in the sector especially as it relates to improving the productivity of the sector.

The construction sector is a complex one and involves a wide range of participants all of whom must work towards the same goal if the potential of the sector is to be fully realised.

Contractors are the implementers, they transform plans to physical outcome and therefore to a large extent they influence productivity in the sector. Traditionally, contractors have entered construction projects at the back end and have not been seen as having a role to play at the conception and planning phases. They would simply look at the economics of a project and if numbers make sense, it is considered to be worth the risk. I believe that the time has come for the strategic role of contractors to change. Today we need contractors who not only crunch the numbers, but who are willing and able to look beyond the profit margin and to see that they have a role to play in advancing the growth agenda, by contributing to increased productivity and influencing the implementation of sustainable projects, where consideration is given to the social, economic and environmental

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impacts on the country. What are some of the strategies that can lead to greater productivity in the construction industry and what role can contractors play in this regard?

Improvement in the predictability of delivery is one such strategy. Contractors need to ensure that as far as possible, projects are completed on time and within budget. While contractors have no control over what are termed 'Acts of God', some things are within their control such as loss of productive hours due to poor implementation planning and site management. These need to be things of the past.

Another strategy is fostering greater integration and collaboration in the sector. Contractors and contracting firms that can integrate or forge linkages at strategic points on the supply chain are better able to manage certain risks to productivity and reduce potential negative impact time and cost.

Also, we can agree that the wide range of available technology tools is providing new opportunities to address the challenges of poor productivity and project performance and contractors must take steps now to join the technological revolution or risk being left behind. Building information modelling, robotics, materials management, project management and procurement software and systems, GPS and mobile technologies, all have the potential to revolutionize the sector and to narrow the gap between large and small contractors.

The industry should also lead in the creation of high performance workplaces characterized by effective communication and good employee relations where our workers are treated fairly and with dignity. The construction industry employs the largest percentage of unskilled labour and we have to guard against victimization. Our labour unions are very active and are quick to address this issue; however, the resultant disruptions can have major cost and time ►►

implications and should be avoided where possible.

OVERSEAS COMPANIES IN THE SECTOR

Ladies and gentlemen I could not conclude my presentation without addressing what has become a topical issue in recent times and that is the increasing engagement of overseas companies. The reality is that globalization has led to construction companies crossing international borders and this will continue as technology shrinks the world.

Government has a responsibility to ensure that all major contracts are competitively tendered so that at the end of the day our investment is maximized. What this means is that those contractors that have become totally dependent on government contracts will have to diversify their approach, become more competitive and think outside the box.

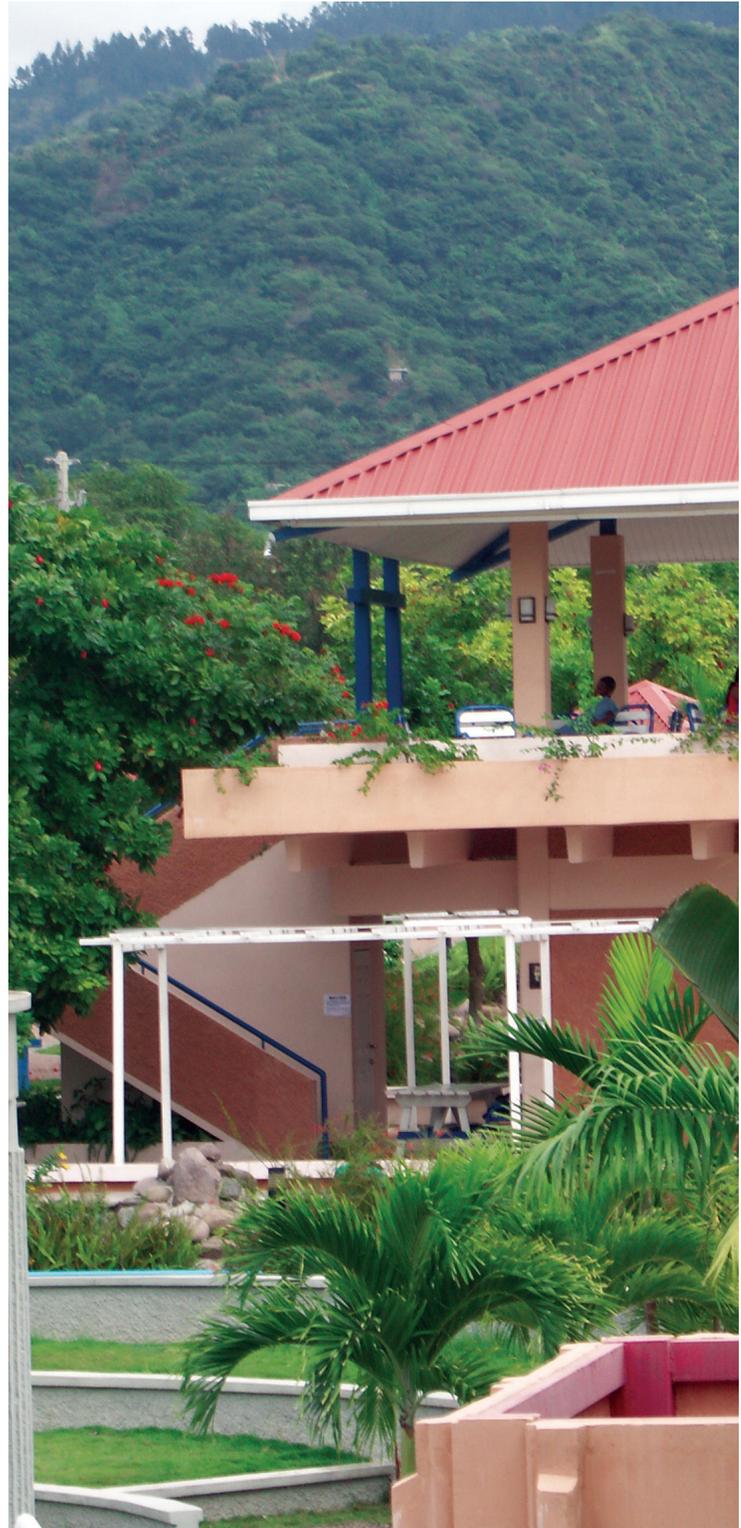
I have always maintained that the only way for the government to achieve its goals, certainly as it relates to the construction sector, is through collaboration with the private sector. For a partnership to be successful, however, both parties have to play their part and this Administration is committed to facilitating and engendering productivity in the construction sector.

We have taken several steps to increase transparency and reduce uncertainty around the award of government contracts; ensure that there is greater political consensus around planned projects and priorities to improve market confidence and guarantee continuity; increase consultation with the industry players to improve project outcomes; streamline the tendering process; ensure realistic project planning and feasibility studies are done; reduce bureaucracy

In closing let me reiterate that the construction sector and construction activities affect nearly every aspect of our economy and the industry is vital to sustaining the growth path that we have charted. I believe that within this room we have the knowledge, the expertise and the entrepreneurial acumen required, to develop appropriate and realistic strategies to revolutionise our construction industry and drive the Growth Agenda. Sustainable economic growth for Jamaica is not a dream, it will become a reality. ■

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