ABSTRACT

The construction sector is a very important pillar of any economy, be it that of a developing or developed nation. In Singapore, infrastructure development and construction has been a testimony of the status of the nation’s progress since independence. There are a number of these facilities which claim the reputation of being “World-Class”. These include Changi Airport, PSA Ports, the MRT system, Suntec City, the “Esplanade” and the “International Expo Convention Centre”. These famous buildings, symbols of Singapore, were built mainly by foreign contractors, with the local contractors playing a less important role as sub-contractors or sometimes, as joint-venture partners. These foreign companies have apparently compelled the local contractors, especially the bigger contractors in the G7/G8 financial grades, to work hard in order to ensure their survival on their home ground. However, it is an uphill task and local contractors would require much more than their existing capabilities in order to catch up with the foreign contractors.

The aim of the study was to investigate whether the local G7/G8 contractors could survive under such competition from the foreign contractors, who are superior in the areas of competitiveness and financial capability. Previous related studies were first reviewed to form the basis of the study. A questionnaire survey was carried out on both the local and foreign contractors of G7/G8 categories to collect information on their viewpoints and suggestions regarding the issue.

Foreign contractors have increased their local construction market share from 15% to 40% in terms of contract value over a twenty-year period. However, the local large contractors have also done well in clinching new contracts, winning awards and undertaking overseas projects. An
increasing number of G7/G8 contractors have been registered each year. They have survived quite well up to this stage. For them to survive and prosper further, they must improve vastly their areas of financial strength and competitiveness. They should also focus more on the overseas market. More direct assistance should be provided by the government to uplift them, given the prospect of much stiffer competition in the tendering for their future projects.

The local G7/G8 contractors should invest extensively in R&D, form consortia for overseas projects, raise their present level of overall competitiveness and lobby for some forms of compulsory active joint-ventures between the foreign and local contractors. They should urge the Government to do more to enhance their role in the local industry.