

Coping with resource shortages in the construction industry

KPMG INTERNATIONAL

Two new major pieces of research into global construction highlight the chronic lack of talent that is slowing growth, pushing up costs and compromising both quality and timeliness.

"84 percent of contractors believe the industry is not doing enough to tackle skills shortages."

Source: *Embracing Change? Global Construction Survey 2008*, KPMG International.

KPMG International's 2008 surveys sought the views of construction contractors and major project owners respectively, with both groups confirming that far more needs to be done to attract the best people into the sector.

Risk management also comes under the spotlight, with respondents admitting to worrying inconsistencies in approach at different stages of the construction life cycle, which in turn raises the chance for delays and cost overruns. Those responsible for projects are suffering from a lack of independent assurance and oversight as they struggle to cope with increasing complexity.

Everyone involved in construction has to cope with rampant cost escalation, with contract risk increasingly being passed to those paying for the projects. The balance of power has shifted firmly in favor of contractors, who are shunning fixed price contracts and entering into partnerships with buyers, suppliers and sub-contractors.

Sustainable construction is very high on the agenda of senior management across the industry. Contractors feel that by 'going green' they can improve both their reputation and the bottom line. Project owners on the other hand view the pressure to be sustainable as more of a burden.

Some of the notable findings are:

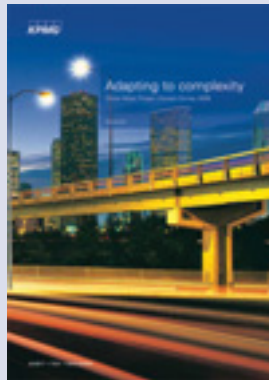
- Eighty four percent of contractors believe the industry is not doing enough to tackle resource shortages
- Over two thirds of project owners believe they effectively identify and assess risk
- Seventy percent of contractors claim to have successfully kept control over rising costs
- Less than a third of those buying projects get independent assurance to support key decisions
- Half (49 percent) of contractors believe that a lack of talent will restrict their growth.



Embracing change?
Global Construction
Survey 2008



Adapting to complexity:
Global Major Project
Owners Survey 2008



For further information
please contact:

Richard Whittington
Global Head Building and
Construction, KPMG in the UK.
Tel: +44 20 7311 4195
E-mail: richard.whittington@kpmg.co.uk

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