

Appraisal of the Effect of Globalization on Construction Industry in Nigeria

Olalusi O.C, Fagbohun J.O, Awosemo R.S

Department of Building Technology, Federal Polytechnic, Ado Ekiti

Department of Building Technology, Federal Polytechnic, Ado Ekiti

Department of Building Technology, Federal Polytechnic, Ado Ekiti

Corresponding Author: Olalusi O.C

Date of Submission: 15-09-2020

Date of Acceptance: 25-09-2020

ABSTRACT: The world has been recently exposed to phenomenal global changes in different fields including economy, technology and communications. The term 'globalization' has been used in connection with these changes and their consequences. The aim of this paper is to understand the term 'globalization' and to study its effects on the construction industry in Nigeria. Its objectives include : to trace the changes and the impacts globalization have had on construction activities as well as the construction industry as a whole; to determine the share of Nigeria construction industry on global stage.. Data were collected using well-structured questionnaires administered to professionals. The data collected from the questionnaires was analyzed using the statistical package for social sciences (SPSS Version 16) statistical tools .It was gathered that construction activities in Nigeria benefitted mostly on Safety, Information technology due to globalization while the construction industry itself recorded high impact on technological advances and industry liberalization whereas The paper concludes by advocating for a bridge of globalization to benefit of the disadvantaged nation's construction industry. With the results obtained on this research, globalization has really play a vital role in the development of Nigeria construction industry by improving its safety practices, construction researches, projects delivery, and has not significantly encourages oversea investment.

Keyword: Globalization; Construction Industry

I. INTRODUCTION

The concept of globalization does not strictly apply to the construction industry, as construction is not a commodity that can be traded across international markets. Nor does it extend itself to internationally integrated production, as

production in the construction industry takes place on site, within any number of countries (Strassman and Wells, 1988). However, there is no doubt that construction has changed in response to globalization

The aim of this study is to discuss the impact of globalization on construction companies and their products, services and projects in Nigeria and the objectives are: to trace the changes and the implications globalization have had and will have on the future of construction; to assess the industry on a global stage; to determine how Nigeria construction industry can achieve higher development in today's rapidly globalizing world.

Globalization involves a relationship between developed and developing nations, in which the former is a stronger partner and the latter being weaker and viewed as a phenomenon which has a positive influence on developing countries. Moreover, the ideologies of economic growth and the constant pursuit of productivity that come along with globalization, also make it difficult to design a sustainable economy based on resilience whereas on the other hand, globalization is also needed for the transitioning to a more sustainable world, since only a global synergy would really be able to allow a real ecological transition. (youmatter, 2020)

But most developing nations are still far from reaping the benefits of globalization to a quantifiable extent in the area of construction. Therefore, the question of whether globalization brings development is getting more controversial. Therefore, this paper focuses on how globalization has impacted on Construction industry in Nigeria and how its impact can be felt better.

Although, issues on globalization are of major concern among intellectuals and some public domains. It could mean different things to different people hence the multiple definitions are given to it by different researchers, (Mahgoub, 2004), (Intriligator, 2004). (Lewis, 2007) are among

many notable authors on this subject as their statements only correlates to their angle of view. Finally, (Hufbauer and Warren, 1999) asserted that “Globalization allows construction and engineering firms to achieve economies of scale as they are increasingly liberated from the size constraints of their home markets. In technical terms, the demand elasticity coefficients facing individual firms increase with globalization but Unlike goods, there are also strict limits on foreign direct investment and rights of establishment. These barriers prevent efficient service firms from locating in many countries”.

The term globalization has been part of Nigeria history and the construction industry is no exemption (Idoro, 2003) because of the involvement of expatriate and multinational companies from colonial era to date. According to Ogunpola (1984), expatriates and multinationals dominates substantially the margin of large construction companies in Nigeria but the reverse is the case on the proportion of indigenous Nigerian construction firms located or may wish to locate abroad. It then can be argued that globalization tends to favour and promote foreign construction firms in Nigeria but not vice-versa.

Table 1: The effect of globalization on construction activities in the Nigeria construction industry.

| | mean | Standard deviation | Ranks |
|------------------------|------|--------------------|-------|
| Safety | 4.12 | 1.043 | 1 |
| Information technology | 3.78 | 0.825 | 2 |
| Project delivery | 3.68 | 0.911 | 3 |
| Construction equipment | 3.65 | 1.055 | 4 |
| Labour Utilization | 3.43 | 0.963 | 5 |
| Quality control | 3.33 | 1.020 | 6 |

Table 1. shows the effect of globalization on construction activities rendered by Nigeria construction industry, safety has 4.12 ranked 1st, followed by Information technology which has 3.78, project delivery has 3.68, construction equipment has 3.65, labour utilization has 3.43 ranked 5th and quality control with mean of 3.33 ranked 6th.

Table 2: The effect of globalization in Nigeria Construction Industry

| FACTORS | mean | Standard deviation | Ranks |
|---|------|--------------------|-------|
| Technology advances | 3.72 | 1.209 | 1 |
| Industry liberalization | 3.60 | 0.942 | 2 |
| Institutional, legal and economic reforms | 3.57 | 0.909 | 3 |
| Promotes plant and equipment sourced across the world | 3.53 | 0.929 | 4 |
| Operations and research development | 3.40 | 1.061 | 5 |
| More opportunities for contractors to enter international construction market | 3.40 | 1.012 | 5 |

From table 2, above, it shows that globalization significantly encourage Technology advances ranking as number one (1) with mean of 3.72. this response shows that Technological advances has lowered significantly the cost of everything from transportation, communication, data processing, information storage and retrieval

and human resources development due to globalization. It also presents that it promotes Industry liberalization, ranked as 2nd with mean of 3.60. The respondent also agreed that globalization had contributed to Institutional, legal and economic reforms, this was ranked 3rd with mean of 3.57.

Table 3: Nigeria construction firms's share of globalization

| Factors | Mean | Standard deviation | Rank |
|---|------|--------------------|------|
| Better construction material and equipment | 4.07 | 1.006 | 1 |
| The design and consultancy services is knowledge-based and high value-added | 3.90 | 0.933 | 2 |
| More construction firms are shifting their strategies towards achieving global market shares through joint ventures | 3.88 | 0.958 | 3 |
| High synergy between professional bodies with foreign counterparts | 3.72 | 1.106 | 4 |
| Cheaper and easier access to information technology and low global communication costs. | 3.65 | 0.755 | 5 |
| Industrial manufacture of building components off-site | 3.53 | 0.956 | 6 |

Table 3 above, shows Nigeria construction firms share of benefits from a globalized world by the influx of materials, Plants and equipment from abroad which ranked 1st with mean of 4.07, followed by advancement in design and consultancy management has 3.90 mean and ranked 2nd, High synergy between professional bodies with foreign counterparts has a mean of 3.88 ranked 3rd, synergized relationship with foreign professional bodies ranked 4th with mean of 3.72, low communication costs has 3.65, and modular construction researches has 3.53. with this results, it is valid to say Nigeria construction industry need to strive to achieve more in the area of industrialized building systems, modular and dry construction.

II. CONCLUSION

The Nigerian construction industry should push more towards greater partnership with foreign construction business through collaboration between local and foreign construction industries. Such partnership will generate the required financial and technical capacity so as to be relevant in global construction.

In addition, the industry should strive hard to advance the need for an effective project liability insurance that will promote quality assurance for sustainable construction infrastructure as obtained in developed economies. Such a structure should be jointly formulated and implemented by government, relevant professional bodies and the organized private sector in Nigeria. This will put the construction industry of Nigeria in a good position for global economic leverage and integration.

REFERENCES

[1]. Hufbauer, G C & Warren, T (1999). "The Globalization of Services: What Has

Happened? What are the Implications?," Working Paper Series WP99-12, Peterson Institute for International Economics.

- [2]. Idoro, G. I. (2003). Effect of Globalization on Capital Inflow into the Construction Sector of Nigeria. A Paper Presented at an International Conference on Globalization and Capacity Building in the Construction Sector. Organized by the Department of Building, University of Lagos, Lagos, Nigeria. 1-5 December.
- [3]. Intriligator, M D., (2004). "Globalization of the world economy: potential benefits and costs and a net assessment," Journal of Policy Modeling, Elsevier, vol. 26(4), pages 485-498, June.
- [4]. Lewis, T. M. (2007). Impact of globalization on the construction sector in developing countries. Construction Management and Economics, 25:1, 7 — 23.
- [5]. Mahgoub, Y.(2004) "Globalization and the Built Environment in Kuwait." Habitat International 28, no. 4 (2004): 505–19. doi:10.1016/J.HABITATINT.2003.10.005.
- [6]. Ogunpola, Akin (1984) The Structure of Building Costs and Implication for Economic Development. Proceedings of the Annual Conference of Nigerian Economic Society. Nigerian Economic Society, University of Ibadan, Ibadan, Nigeria. Pg. 28.
- [7]. Strassman, P and Wells, J (eds) (1988). Global Construction Industry, Croom Helm, London. <https://youmatter.world/transitions/en/> retrieved on 22nd September, 2020