

THE ROLE THE CONSTRUCTION INDUSTRY PLAYS IN ECONOMIC GROWTH.

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ABSTRACT

The construction industry is an engine that provide economic growth in all nations. As compared to other sectors in economic development, such as manufacturing services and agriculture, the construction industry stands above in provision of direct contribution to the economic growth. All other sectors depends on the physical infrastructure constructed by the construction industry required for production and distribution of goods and services. Transportation includes the road net-work and the medium that moves goods and services from one location to the other. Every other sector depends on effective and reliable transportation infrastructure provided by the construction industry to function. The construction industry is an engine of employment creation which facilitates economic growth. The construction industry also generates employment in other sectors because they can only function very well, and create employment in their sector based on the construction of effective and reliable road transportation systems by the construction industry. Because of the connection with other industries such as financial services, transportation sector, manufacturing sector and commerce generates economic activities and employment based on effective and reliable road transportation network provide by the construction industry. Therefore, this paper will focus on the construction industry as it provides economic growth.

Keywords: Construction, Industry, Economic Growth, Road-Network, Transportation, Goods, Services, Infrastructure, Employment, Business, Organization, Environment, Work Performance, Work Productivity.

INTRODUCTION

The construction industry plays a pivot role on the economy of any nation. During the economic recession, it was the construction industry that plays significant role worldwide on the economic recovery because of its link with businesses. No nation or community can prosper economically without the construction industry. Any transportation road or any infrastructure, from parking lots, or real estate development worldwide is undertaken by companies under the transportation industry. Any infrastructure that is properly constructed provides good working environment that increases work performance and productivity. No vehicle can drive optimally on a bad road that has pot holes, bad roads slows down driving, creates bad driving conditions, it increases the time required for goods and services to be delivered, therefore, infrastructures should be properly constructed so that it can provide good economic growth.

One of the fundamental human requirements is a working environment that allows people to perform their work optimally under comfortable conditions. **Paul Roelofson. (2017).** The construction industry is therefore the back bone of the economic growth of any nation. The magnificent high rise buildings, that lights up our cities sky line, the road networks that provides easy movement of goods and services from one location to another, the bridges that connect roads, the air terminals, the runways that air planes land and take-off at the air ports are provided by the construction industry. The provision of infrastructural development that encourage economic growth and well-being of the population as it permeates effective delivery of goods and services are accomplished by the construction industry, the construction industry should be recognized as the backbone of national economic growth. There must be continued infrastructural development, especially in Africa in order to achieve industrialization, urbanization, and export promotion. Infrastructural development is the way out to achieve equitable income distribution, and including sustainable economic growth. Construction industry being the main player in infrastructural development has to be accredited, recognized for promoting national development agenda of nations world-wide.

Construction sector and construction activities are considered to be one of the major sources of economic growth. The construction industry plays an important role in the economic uplift and development of the country. It can be regarded as a mechanism of generating the employment and offering job opportunities in millions of unskilled, semi-skilled and skilled work force. It also plays key role in generating income in both formal and informal sector. It supplements the foreign exchange earnings derived from trade in construction material and engineering services. **Olanrewaju Rauf. (2014).**

In the United States of America, for example, the government spends heavily on transportation programs because it creates jobs and it stimulates the economy. Elected politicians from both the Senate and the House of Representatives, in the United States, they always request funding for road construction in their urban centers and rural communities for the reason that road construction investment creates jobs and stimulates the economy of their constituencies. The fact is that the United States of America has invested on effective and reliable massive road infrastructure system that amplifies growth of the American economy which other nations should emulate.

In 2014, public construction spending in the United States came to around 274 billion U.S. dollars. With just under 270 billion U.S. dollars, the bulk of this money went to non –residential construction projects, predominantly to the transportation industry, where some 84 billion U.S. dollars were spent on highway and street projects. Based on 2012 revenue, Kiewit Corporation was ranked among the leading U.S. contractors in the highway and street construction market. The Nebraska – based Fortune 500 contractor generated about 1.1 billion U.S. dollars in revenue from projects in the highway and street construction sector, and around 571 million U.S. dollars from bridge construction projects. The construction company is one of North America largest transportation contractors and has worked on projects in several fields, including the upgrading of the Sea – to – Sky Highway in British Columbia. **John Laporte. (2014)**

We work with our agencies and partners to support the transport network that helps UK's businesses and gets people and goods travelling around the country. We plan to invest in transport infrastructure to keep the UK on the move. **Bernadette Kelly. (2017). Gov.UK. Transport.**

With its contribution to the economic development and economic activities, construction sector has a significant affect in the development of any nation. Because the construction sector is large and responsive, as well as it has a strong linkages with other industries, it is a key sector can affect economic development and, hence, it is important to know what is the role of the construction sector is in the economy. **Serdar Durdyev, (2012).**

The construction industry, its outputs as a significant component of investment as well, a component of fixed capital. They are important factors in continuous process of economic growth. Construction infrastructure requires long time of gestation and it is expected to provide services for a long period. It is important to note that for any expansion to occur in any economy, infrastructural investment is required as precondition for any economic growth. Government use the construction industry as a tool to manage its economy. During the economic recession with very high unemployment, most governments worldwide increase their public expenditure by increasing the construction industry funding to fuel the economy.

The construction industry involves in the provision of essential infrastructure such as road transportation, housing, airports, irrigation systems, water supply systems, schools, railway system, hospitals, sewage disposal systems, etc. The construction industry is huge, it cuts across different sectors and that is why no community, no nation can progress economically without investing on infrastructural development. If any nation wants to increase employment and income for workers, infrastructural investment is a prerequisite to achieving that goal. Construction industry is one of the most dynamic income and economic growth generating sector, including its significant sustainable economic growth of nations. The foundation for further or higher

economic growth of a nation rests on an efficient, reliable, and effective infrastructure system already in place.

Since then, housing experts have expressed strong views about the economic significance of housing. They maintained that residential construction is of profound importance to the national economy because of its strong linkages with other economic sectors (see Hirschman, 1958; World Bank, 1984; Bon and Pietoforte, 1990; Ewing and Wang 2004). An increase in residential construction is often associated with increased employment and income for workers in the housing sector and in related sectors that provide goods and services associated with housing. Back by empirical evidence, these academics were able to shatter the stereotypic image of housing. Indeed, several institutions, such as the World Bank and the UN, which initially opposed housing investment, have since become strong advocates of housing as an economic development tool. **Mahalia Jackman.(2010).**

The construction industry is broad and diversified, its linkage includes large and small contractors, real estate developers, property developers, and including construction material suppliers. The construction industry is one of the most effective industries that provides economic growth for any nation. Any infrastructure in any community around us is a product of the construction industry, be it, road transportation system, civil engineering works, real estate or dam construction are provided by the construction industry. Government uses the construction industry to effect development projects which in turn boost economic growth. In national socio-economic development, the link between the construction industry and national economic growth, the part construction plays in the economic development process is consequential. Governments provides direct public investment in construction on public infrastructural developments, and use it to effect or influence the desire direction of the national economy.

Construction is a major industry throughout the world accounting for sizeable proportion of most countries Gross Domestic Product (GDP) and Gross National Product (GNP). The

importance of the construction sector is not only related to its size but also to its role in the economic growth. Any industry sector this big could not but have an impact on the economy. In relation to the importance of the construction sector in both national and world economies, current knowledge of it is poor. As a result, policy – makers may be misguided or even destructive. Economic growth is currently an issue of global concern as most economies are finding it difficult to create the necessary employment opportunities and achieve meaningful growth. **Sitsabo Dlamini. (2012).**

CONCLUSION

The construction industry plays a pivot role on the economy of any nation. The construction industry is huge, it is large, and is linked with other sectors such as real estate developers, property developers and construction material suppliers. Any infrastructure around us in in any community or city are provided by the construction industry. Road transportation systems, bridge, municipal sewage systems, civil engineering works, dam construction, office complex, housing and more, are products of the construction industry. The construction industry is big and it links with other sectors and no nation throughout the world, developing and developed nations can survive economically without the construction industry. The construction industry accelerates the wheel of economic growth. It is important to note that during the economic recession, governments used the construction industry to boost their economic growth, they invest directly in infrastructural development to create employment and engineer the growth of the economy. The developed economies, like the United States of America, Japan, Germany, United Kingdom, for example, they already have effective and reliable infrastructure in place, yet, they use their existing infrastructure as a spring board to further expansion of their infrastructural development and economic growth. Therefore, the developing countries should emulate the approach of the developed nations, and invest in effective and reliable infrastructure systems, especially, road transportation and housing in order to provide employment and accelerate the nation economic growth. No nation can prosper economically without investing in the construction industry.

The Role the Construction Industry Plays in Economic Growth.

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