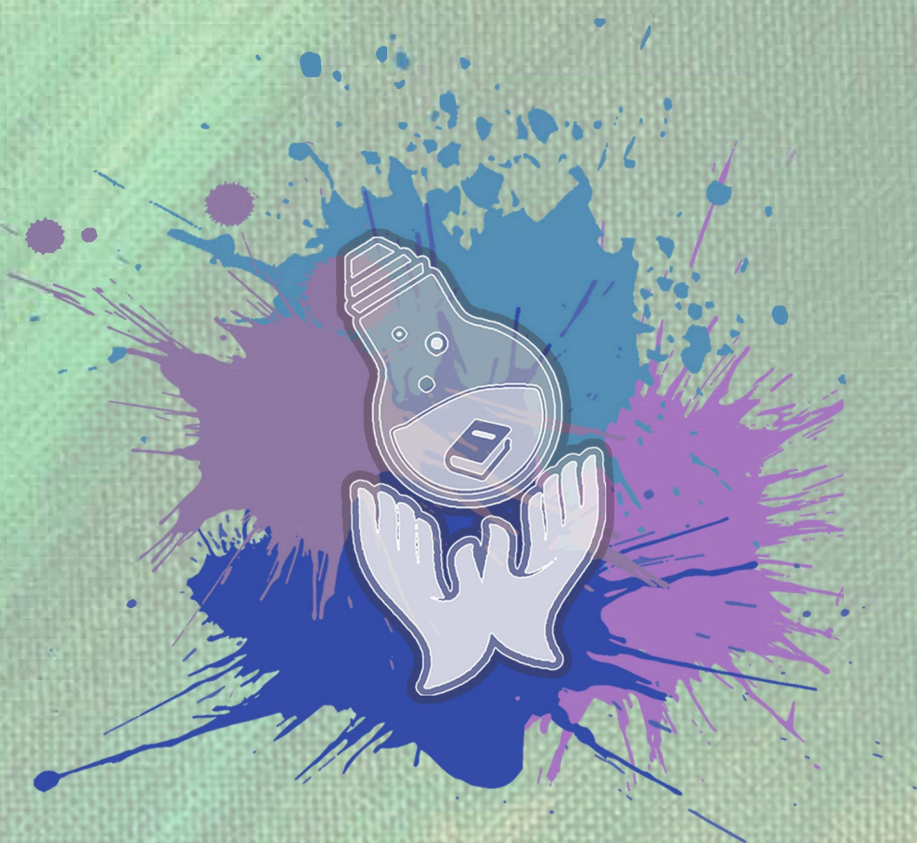




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# CHALLENGES FACED BY G1 CONTRACTORS

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## **Abstract:**

Nowadays, the number of contractors involved in construction industry is increasingly. The data obtained from Construction Industry Development Board Malaysia (CIDB) of contractor registered especially G1 contractor more than fifty thousand. However, the domination and performance of Bumiputra small firms involved in the construction sector still lagging compared to non-Bumiputra firms. The aim of this paper is to identify the challenges faced by G1 contractor in construction industry. The objective of this study is to identify the challenges faced by G1 contractor in construction industry. By using questionnaire, this paper offer and recommend the solution and idea to identify the challenges faced by G1 contractor in construction industry. The results founds that there are different solution to overcome the challenges. Future research should include a larger sample size such as across peninsular Malaysia.

## **Keywords:**

G1 Contractor; Construction Industry; Contractor

## **1.0 INTRODUCTION**

Contractor plays important roles to make the project to be a successful or not. It is depend on the contractor's efficiency in order to complete the job. Time, cost and quality are the three main control objects in construction project. According to Shafie and Fakhrol, (2011) Class F currently known as Grade 1 (G1) contractors plays important role in the Malaysian economy by providing their services in the civil works and building works such as the construction of buildings, roads, drainages, fences and others as their main expertise.

### **1.1 Problem statement**

It is not easy for a huge number of G1 contractors to fight with small numbers of project and Mustafa Kamal *et al.* (2012) said that with the large number of contractors working in small domestic market construction competition in industry is very strong and resulting in long chain of sub-contracting culture.

Since all the offered price of the project is higher than limitation issues faced by G1 contractor are limitation of acquisition work value by the government Zainol (2016). The government is not giving enough chances for the G1 contractor to handle any project which is more than RM 200,000.00. According, to Kianosh (2013) delayed in payments for so many months and at times years sometimes forces some of them to fold up.

### **1.2 Research Questions**

Based on the issues and problem statement, the research questions are as follows:

- i) What is the type of challenges faced by the G1 contractor in construction industry?
- ii) What is the factor of challenges faced by G1 contractor in construction industry?
- iii) How to provide the solution to against the challenges faced by the G1 contractor in construction industry?

### **1.3 Research Aim and Objectives**

To identify the challenges faced by the G1 contractors in construction industry. State the research objectives of the study.

- i) To identify the challenges faced by the G1 contractor in construction industry



- ii) To determine the factors related to the challenges faced by the G1 contractor in construction industry
- iii) To provide the solution against the problem faced by the G1 contractor in construction industry

## 2.0 LITERATURE REVIEW

### 2.1 Challenges Faced by G1 Contractors in Construction Industry

According to Shukri (2016), the reason why the contractors fail to accomplish the project because financial constraint and limited capital for the whole of the project and result they been blacklisted by government. According to Zamani (2017). The slowdown of economy have slow down the development causing the dropping number of project to develop. Based on Economic Development in (2016), the year 2016 recorded the lowest world GDP growth since the Global Financial Crisis.

### 2.2 Solution to overcome the challenges faced by the G1 contractor in Construction Industry

According to Bowen et al. (2009), managers with relevant training run successful businesses compared to their counterparts. Its mean that small contractor need to get an intention and also get trained with relevant to the business that they are carried out. According to Barrett et al. (2008) and Gray (2006) propose that based on new knowledge that small contractor get through technology transfer, it can improve the performance and bring up their skill of small contractors. Spithoven et al. (2011) for help small contractors to build their knowledge, they require assistance from previous or collective research centres such as universities and public research centre.

## 3.0 METHODOLOGY

This study is a quantitative and the aim of this study to identify the challenges of G1 contractors in construction industry Petaling, Selangor. Questionnaire has been distributed to achieve objectives of this research. Questionnaire's questions are divided into four section. First section is demographic, followed to challenges faced by G1 contractor, factor related to the challenges faced by G1 contractor and solution to against challenges faced by G1 contractor. The respondent is G1 contractor's firm. Total numbers of questionnaire that have been distributed are 165 and return questionnaire are 122. So, the percentage return is 73.94%. The collected data is analyse by using Statistical Package for Social Science (SPSS) then the information is examined by utilizing Average Index Method (AIM) to get the mean of the discoveries. All the questions are tested by using reliability analysis where the Cronbach's Alpha is functionally used to determine the realibility of the questions.

## 4.0 ANALYSIS AND FINDINGS

The purpose is to analyse the result obtained from the questionnaire survey which are distributed among the G1 contractors in construction industry.

### 4.1 Challenges Faced by G1 Contractors in Construction Industry

Table 1: Challenges faced by G1 contractor in construction industry

ITEM	CHALLENGES	MEAN	RANKS
1	Difficulty in securing bank loan	4.14	4
2	Insufficient cash flow	4.45	1
3	Low profit margin	4.42	2
4	Lack of financial management	4.19	3
5	Lack of knowledge in project management	3.98	5

From the questionnaire includes 17 challenges have been identified and there are top five of mean ranking are highlighted as stated in table 1. From the result obtained, the highest problems of G1 contractors in construction industry is insufficient cash flow with a mean score of 4.42. Most of G1 contractor strongly agreed that insufficient cashflow was one of the major problems facing their businesses. The least challenges rated as lack of knowledge in project management. These results indicate that the contractor low knowledge in managing the project.

## 4.2 Solution against challenges faced by G1 contractor in construction industry

Table 2: solution against challenges faced by G1 contractor

ITEM	SOLUTIONS	MEAN	RANKS
1	Partnering with other contractors	4.16	2
2	Training	4.31	1
3	Upgrade knowledge and skills on new construction technology approach	3.91	3
4	Increase teamwork concept in organization	3.60	5
5	Improve communication skills	3.89	4

These solutions are on the top five ranking of all listed solutions to overcome the managerial problems faced by G1 contractors in Malaysian construction industry. It clearly shows that training has the highest score mean with 4.31 scores since majority of the respondents agree that training as the most effective way. Increase teamwork concept in organization is ranked at fifth ranking with the mean score of 3.50.

## 5.0 CONCLUSION

As a conclusion, the challenges faced by G1 contractor indicate that there are a lot of barrier and constraint in order to get the project. From among the challenges, it is supported by Eyiah (2001) that finds insufficient cashflow is a major problem for small contractors like G1 contractors. It clearly shown that insufficient cashflow is the most challenges factor faced by G1 contractor in Malaysian construction industry since it is ranked on top from all the challenges. From this study, the challenges can be overcome by the solutions. From this research, I hope it may help the future researcher in his or her future studies.

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