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# **Problems And Challenges That Faced By Contractors In Developing Countries And Solutions**

The construction industry everywhere faces problems and challenges. However, in developing countries, these problems and challenges are present alongside a general situation of socio-economic stress, chronic resource shortages, institutional weaknesses and a general inability to deal with the key issues. There is also evidence that the problems have become greater in extent and severity in recent years. This paper considers some of the challenges facing the construction industries in developing countries. The main issues addressed are shortages of worker; increase of material cost; safety issues; and the environment. In each case, the issue is analysed from the perspective of the developing countries, and the main implications and present challenges highlighted. Lessons are then drawn mainly from the recent experience of other countries all levels of development, especially Singapore, to highlight possible ways by which progress can be made in the developing countries. Many topical issues which have implications for the construction industry have, so far only been discussed to a significant extent in the context of the industrialised countries. It is often considered that these matters do not (or not yet) concern the developing countries. This paper addresses some of these issues and analyses them from the perspective of developing countries. It starts with construction industry development which, ironically, is often seen as a need for only developing countries, although it is also relevant to industrialised countries. It then proceeds to discuss globalisation, culture and the environment. In each case, the relevance of the topic is highlighted; and examples of good initiatives and practices in other countries are discussed. In the penultimate section, the further discussion of each of the issues ends with a consideration of issues to be studied further by researchers.

## **Rising Cost of Raw Material**

Rising cost of raw materials in construction field has become a hot yet challenging topic in this area. The rapidly rising cost of raw material in the construction industries has proven that this issue will be a challenging combination for the contractor, suppliers, and consumers. Contractors suffer the risk of cost changes due to fixed-price contracts and speculative home construction. The cost of land and raw materials can change rapidly. With rapid change in prices, small construction companies have less average, and are greater effect which is affected by cost variations between the times the project commences when it ends.

The rising cost of raw material occur due by supplied tightness and high demand, like most items, the law of demand and supply governs and controls the prices of raw material. When the supply and demand for a specific raw material gets tight, the costs of raw material significantly increase. Things become expensive when the materials are rare. In addition, demand and supply are the key top drivers when discussing the cost of raw materials. It is a fundamental economic principle as the more the materials is on demanded in any market, the costlier is the material. Hence, the price get higher when everyone are looking for the material and the material will cost you a dime.

Besides, the transportation fee of transporting material from a place to another place is another

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major large amount of expenses as they need to move the materials to different destinations, country or around the world. This is so true especially when come to importing or exporting the goods to another country as the levies and taxes take place on goods that are brought in from other countries. Hence, the price of raw materials will increase and become expensive. Also, if transporting the raw materials through truck or train, it will also cause an increase in cost due by usage of fuel.

Next, between the transportation, sourcing the material, carrying for the material before it is ready to gain or any other labor position along the way. If there is any shift in the workforce mean there can be a shift into raw material pricing too. Hence, it will definitely affect the pricing as less if it can be transported or sourced from the earth. However, if the labor union reaches a deal and this includes an increase in pay, benefits and so on in their work, it will then turn into increase the price of raw material. The increasing cost in labor will then shift to increasing of labor.

Besides than transportation and labor cost, act of God might be one of the reason of rising of raw material price too. This is because, sudden devastating event that will affect not only part of raw material sourcing and distribution but an entire region, city or nation. The action of God may shift to the material cost, however it also depends on insurance purposes. Since raw materials are needed every day in the daily activities for the factory or industry to push production any disasters such as tornadoes, flooding, hurricanes, earthquakes, violent winds, volcanic eruption, or any other natural disaster might cause delay and extension of time on production and transportation. Not only this, this situation will also give huge impact on the availability of raw materials. Climate change will not only affect the quality of raw materials but also affect transportation as the raw materials need to transport to other places.

Lastly, the unpredictable market is also one of the reasons which causing rising cost in raw materials. This is because the world is a complicated place where things can change at anytime. Economic or political instability will cause speculations that widely affects currency evaluation or other countries failure to contribute or invest in that particular country. In that case, such situation will influence the pricing of raw materials, labor, and taxes.