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Canary in the coal mine: What Carillion's collapse reveals about construction's productivity conundrum

Rod Sweet

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Abstract

Research commissioned by construction company Mace suggests that the UK could realise enormous financial gains if construction boosted its productivity the way manufacturing has done, and Mace calls on the government to make that happen. However, this article proposes that real construction productivity improvement is impossible under the current contracting business model because the twinned tensions of functional fragmentation and cost-competitive tendering prevent the necessary investment in capacity growth. Using what is known about troubled Carillion projects, such as the Royal Liverpool University Hospital, it argues that not only did Carillion fail because of these tensions, but that government colludes in perpetuating them. Only government can disrupt the downward productivity cycle in which industry is trapped. In the face of the gathering skills crisis, not doing so will lead both to more corporate

casualties and the domestic industry's decreasing ability to build the housing and infrastructure the country needs.

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Notes

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