


# The Impact of COVID-19 on the GCC Construction Industry

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## ABSTRACT

The Coronavirus pandemic has badly affected everyone on the earth. Apart from losing thousands of lives, businesses and individuals are going to be affected by the long-lasting financial effects due to an expected global recession. The impact of the financial crises can, however, be reduced if proper measures are put in place. This article aims to investigate the impact of Coronavirus on the construction industry in the Gulf Cooperation Council (GCC) member countries and provide recommendations to help the industry to sustain during this period of crisis. A qualitative research method involving face-to-face online interviews held with the construction industry professionals was adopted to achieve the aims and objectives of the research. Four main aspects of the impact on the construction industry are derived from analysis of interviews: 1) delays, 2) workforce management, 3) health and safety, and 4) legal issues. Recommendations are provided so that construction organizations in the GCC region can reduce the impact of Coronavirus on its businesses.

## KEYWORDS

Construction Management, Construction Organizations, Construction Workers, Delay in Construction Projects, Health and Safety, Management, Project Management, Workforce Management

## 1. INTRODUCTION

The construction industry is not only contributing to the social and economic development of countries but is also a major industry around the world which provides jobs to the millions of peoples and contributes to countries and world economy. This fact has been confirmed in different studies, including Bevan and the study conducted by Umar and Egbu (Bevan, 2010; Umar & Egbu, 2018, p. 262). There is a direct role of the construction industry in delivering some of the United Nations Sustainable Development Goals including Goal 8: Decent Work and Economic Development, Goal 9: Industry Innovation and Infrastructures, and Goal 11: Sustainable Cities and Communities (Umar et al., 2020, p. 341). Similarly, the construction industry is further reported for a major portion of gross domestic product (GDP) in different countries, for instance, 6.10% in the United Kingdom, 5.50% in Japan, and 9.0% in Oman (ONS, 2017; SHJ, 2017; NCSI, 2017). In the European Union (EU) member countries, the construction sector provides jobs to approximately 18 million peoples

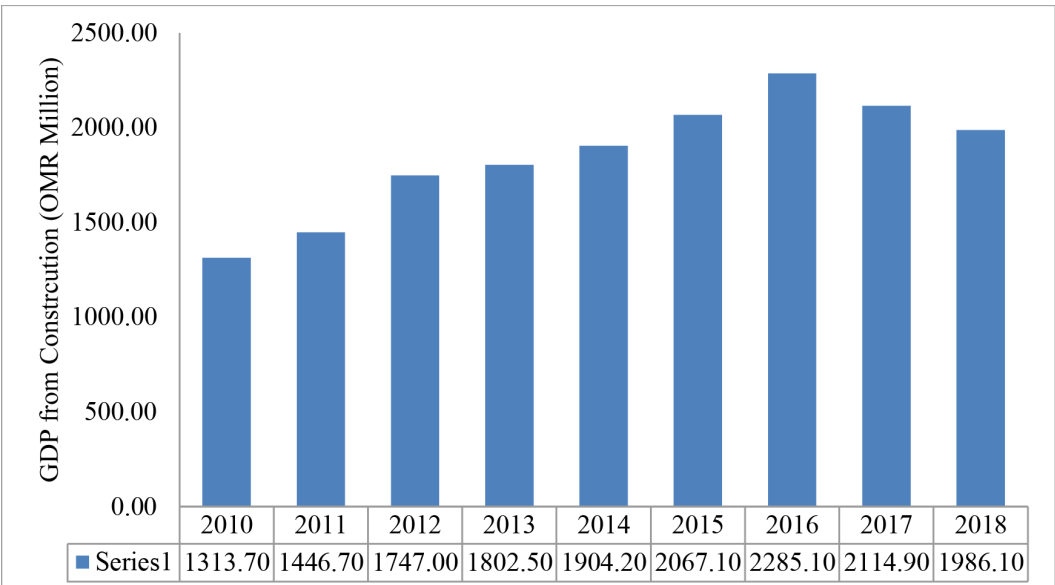
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and contributes up to 9% of the total EU's GDP (EUCS, 2016). Overall, the construction industry employing 7% of the total world's workforce and accumulate 13% of the global GDP (Deloitte, 2017). As far as the GCC region is concerned, the industry appears to be growing. For instance, in Oman, it is expected that the value of the construction industry will grow to 6.88 Billion Omani Rial, which was 2.26 Billion Omani Rial in 2016 (Umar et al., 2018, p. 93). Moreover, the construction GDP in Oman is forecast to grow to 15.4% of the total GDP by 2026. Overall, several researchers have reported that the construction growth rate is forecasted to be at peak in 2020. According to Oman's budget report, the spending on development projects was estimated at US\$ 3.12 billion, representing the amount paid during the year 2017, as the actual work progresses (TOM, 2017). Similarly, in 2016, the construction workforce in Oman was approximately 725,000, of which 92% were foreign workers (Umar, 2016, p. 68). The construction workforce thus, therefore, constitutes 16% of the total population of Oman. Similarly, the official statistics of Bahrain indicate that the total number of workforce in the construction industry is 174,912 representing 12% of the total population of Bahrain (LMRA, 2018). Statistics from the United Arab Emirates indicate that there are 65,000 construction organizations that employed more than 1,700,000 workers. These figures are based on the official data, which represents the workers who have a work permit/visa related to the construction profession. It is possible that the actual number of the workforce may be higher than this as there are workers in other sectors including materials, production, and supply chains that totally rely on the construction industry. Since, in most of the GCC countries, the economy is highly dependent on the oil and gas export, the GDP from the construction sector is therefore observed to be dropping as shown in Figure 1. Although there is an impact of the oil and gas prices on the construction industry, the overall construction projects in the GCC region that include buildings, infrastructures, and energy projects as shown in Figure 2, are growing.

The construction industry GCC countries, however, will not be able to avoid the adverse impacts of widespread COVID 19 although there are shutdowns and lockdowns in place to slow the spread of the coronavirus. The latest situation report issued on 27 March 2020 by the World Health Organization indicates that the number of infections and deaths from the Coronavirus is rapidly increasing (WHO, 2020). The situation is getting worse day by day (Our World in Data, 2020). Scientists and economic

Figure 1. Oman GDP from Construction (Trading Economic, 2020)



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