

Purpose

The current construction industry has experienced substantial difficulties of late due to the economic downturn. Large construction companies have developed a strong position in the market as a result of using modern management practices. Their strengths also include innovation, cash reserves and targeting potential markets prior to SMEs. The ability to acquire knowledge and continuously develop the internal framework of a company assures large companies a work load. The ability of SMEs to acquire knowledge and continue self development is weak as this research will show.

Methodology

The literature review will develop an understanding of the subject so that the primary research can be undertaken. The questions will be generated from the literature review and a focus group along with numerous structural interviews will be part taken.

Findings

- This research found that there was a significant reduction in the level of construction work and now large contractors are interested in small to medium size projects that were not of interest to them before.
- Prequalification is a new problem as SMEs cannot meet the turnover requirements.
- SMEs lack the ability to acquire knowledge and adapt to the changing environment.
- The findings show that changes in contracts, criteria and the competitive environment have discouraged SMEs and to cope have resorted to specialist contracting, subcontracting, downsizing, diversifying and shutting down.
- Implementing modern management practices will not assure an immediate recovery. This stage warrants a change of attitude to prequalification and slowly implement and develop modern management practices.
- Registered Employment Agreement needs to be addressed, specifically in relation to general operatives' hourly rate as the rate is too high, so as to reduce the losses made in opportunistic bid behaviour.
- The findings stipulate that the private sector market favours good customer relationship which is a common trait with SMEs. The public sector market warrants technical merit which is a common trait of large companies. Therefore SMEs may prosper in the private sector where large companies may falter.

Keywords: Current Construction Industry, Modern Management Practices, Procurement, SME, Tender Prequalification