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Abstract

This paper presents a detailed analysis of examination of the macro performance of the Tanzania construction industry based on the hypothesis that performance has generally been deteriorating. Analysis has been based on construction output, contribution to the economic growth, productivity, and creation of employment has been made over a considerable period of 25 years from 1969 to 1993. The analysis was based on data collected from Tanzania and data extracted from various international statistical publications. Further, comparisons were made with performance trends of selected economies in the region as well as international trends.

A comparison with the Kenyan construction industry over the 25 years showed that the Tanzanian construction industry has lagged behind that of Kenya when the following performance indicators were examined:
- output as quantified by value added by the industry;
- contribution to the GDP; and
- actual productivity as quantified by value added per person engaged (VAPE); and contribution to employment.

Kenyan construction industry's productivity in 1992 was found to have dropped to nearly one third of the 1969 level although in absolute terms it was still higher than that of Tanzania. On this basis, the Tanzanian construction industry has little to learn from its Kenyan counterpart on the aspect of productivity improvement.

It has been established that there is a strong relationship between productivity as measured by VAPE and the GDP per capita based on international level comparison of 87 world economies. The Tanzanian construction industry was observed to be less productive than 19 other countries within its income group. This is a good enough reason to want to improve the industry's productivity. Further, the Tanzanian construction industry's contribution to the GDP per capita was found to be the lowest of all the 87 countries investigated. A wider international comparison indicated that while both Tanzanian and Kenyan productivity decreased productivity of five other industrialised countries increased. It is also noted that Kenyan and Tanzanian GDP per capita continued to decrease.

The paper further quantifies the Tanzanian construction industry potential by benchmarking with other countries with similar economies. The analysis indicates that the potential for macro-economic performance more than 100 per cent for its size of the economy.

Keywords: Construction industry; construction statistics; productivity; macro-economic performance.