

INFLUENCES CONTRACTORS TENDERING ON BUILDING PROJECT IN NIGERIA

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ABSTRACT

The study critically analyses the valuation of factors affecting contractors tendering for construction project. Scheming and executing an operative tender is a vast encounter for most contractors who are seeking for both government and private contracts in Nigeria. Some contractors do not have good assembly and flow on their tenders in a suitable method; hence their accidental of being selected is slim. The objectives of this study remain: to classify the encounters faced by independents when smearing for agreements in Nigeria and to evaluate the issues that disturb contractors tender for building project. Methodology of study are carried out with data collection. A survey research design attached with a multi-stage sampling technique was used with a sample size of 50 contractors were selected in Lagos Nigeria. Information was investigated using chi-square statistical instrument. The results of the study presented that majority of the respondents faced Bidding team, Bribery and corruption. attend briefing session. Recommendations shows that Policy should be instigated by the government to guide tendering technique and should be compulsory.

Keywords: Construction, Contractor, Industry, Project and Tendering

1.0 INTRODUCTION

Tender is a behest to bid aimed at a development or receive prescribed suggestion such as an appropriation offer, it denotes to the technique whereby administrations and monetary organizations request offers for large developments that must be succumbed inside a limited goal (Will, 2021). The independents essential to acquiesce an appraised charge to implement the project at hand, if they propose to tender. The client would choice the contractor who acquiesced the greatest price for performing the project. Then, the conclusion to tender is the first step that contractors need to deliberate Fu and Drew (2002). Egemen & Mohamed, (2007) mentioned that about remain numerous factors that essential to be measured by the contractor's instruction to make the choice to tender or not. The decision is extremely associated to the exact project and instruction atmosphere. It is tough to make a choice in an imperfect time by the organization team. The Independent or the Fonder upon assembly due inquiries before submitting his tender, fully comprehends the obligation or nature of the projected work and Employer's condition. The time that Contractor devotes in groundwork of a Kind, springs sustenance to the Contractor to distinguish the wildlife of development, which will advantage to the achievement of project on dated and issues to be considered (Brook 2008). The tenderer will also be ingenious to understand the numerous hazards intricate in that project till achievement before style a choice on their offer value (Al Tamimi, 2009). Teo (2009) confirmed that with his understanding, nearby stand numerous instances trendy the building marketplace anywhere gatherings' concession scheduled the lawful subjects throughout or after tendering procedure aimed at anxiety that they will not be able to complete the project on dated.

2.0 LITERATURE REVIEW

1. Procurement Approach

Effective project earnings that projects are delivered on dated, takes a normal superiority then inside a suitable price. Brian and Graham (2011) explained that out-of-date technique is “single stage lump sum competitive tendering the features of out-of-date technique are: Development are carried stage by stage; the construction design is accomplished before building can twitch the project tasks stay separated and approved by deuce clusters: customer and servicer, the servicer is remunerated either lump-sum or expenditures origin. Beneath this out-of-date technique, the customer occupancies an advisor to broad the construction design and make tender papers. Initial, over competitive bidding client select a suitable contractor to carry out the project regularly are lump-sum contract (Hughes 2006). Deprived message among design squad and construction squad, build ability might be less measured fluctuations are rigid to make at building phase because all is valued and decided at initial phase (Brian and Graham 2011).

2. Price and Performance

Numerous authors decided that clients usually additional desire to practice the lowermost proposal price as the standard to choose the contractor, Waara & Bröchner (2006) itemized that contractor variety requirements to deliberate extra than just charge; the contractor’s volumes distress the project charge, extent and scheme presentation. Clients used several standards to hand-picked a contractor and how the non-price standards remained useful trendy the classical.

The numerous standards contain: superiority; bid value; purpose; Technical strategy; conservational management system; operation charges; maintenance charges; life-cycle budgets; Service; Project scope; Contractors' competences; skills; training; orientations; past knowledge and performance; construction approaches; financial bulk; health and safety and conventionality with bidding papers.

3.The tendering process in Nigeria

Offering is an Obtaining Process whereby possible Traders remain requested to style a secure and unmistakable proposal on the value and footings in which they will source counted things, facilities before works which scheduled receipt intend to be the source of a succeeding agreement. Offering is based on the opinion's capabilities, impartiality and convenience, shot, honesty and rectitude. Globally, completely municipal objects are imperiled to not built-up tendering by regulation so as to avoid deception, excess, unprincipled follows or foreign isolationism. International trade cooperation (2006). Offering verbal in Nigeria is actual comparable to that active by the World Bank. The Nigerian Ministry of Finance and Ministry for works are the ministries accountable for government obtaining of checking effort. While in the historical the rules regarding procurement were identical difficult and exposed to contradictory clarifications, in 2007 these guidelines remained abridged and combined under one law: the Public Procurement Act 2007. Under this rule, the Central Tender Board was retitled the Public Procurement. The focal purpose of the Nigerian procurement strategy is to safeguard that the scheme is not unethical.

However, a system of yielding of favorites is acceptable in the Nigeria tendering scheme.

As competition is moderated as a subject in Nigeria culture, such favorites do not be contingent on contest, incapacity or gender. In Nigeria, the scheme of penchant is built on whether the consultancy or contracting company is owned by Nigeria citizens. Only in the case of adversities or disasters are certain other favorites acceptable: Section 66 of the Act makes facility for partialities to be made to "exact, underprivileged females' societies, districts and zones theme to infrequent disasters."

4. Stages in Tendering Procedure in the Public segment

Here are numerous key stages that remain typically rummage-sale in the kind procedure.

- Tender procedure is resolute: the group demanding the tender will regulate the kind of tender that determination be used, as well as what will be complex in the tender procedure.
- Demand for tender is equipped: the appeal for tender summaries what is obligatory, the prescribed necessities and how you would retort.
- Tenders are requested: the worth, difficulty and business class control how tenders are asked.
- Contractors reply: you should first get all applicable papers. At this phase it's significant to appear any pre tender briefing meetings being showed, elucidate any doubts, plan your response, prepare your response and submit your retort in the right arrangement, on time and at the right place.
- Assessment then assortment: apiece tender will be checked for compliance, and if compliant, then assessed contrary to the measures definite in the affectionate

certification. The tender that proposals greatest value for money will success the business.

- Notice and interrogation: when an agreement has remained granted, the effective tenderer will be counseled in inscription (of the result. Ineffective tenderer is also recommended and offered a meeting interview.
- Agreements recognized and achieved: normally, a recognized arrangement will be obligatory and the related activity. This study intended at examining influences that makes this procedure unsuccessful, Cheng & Li (2004)

5 Factors that affect contractors tender in construction projects

The dissimilar classes of contractors may have dissimilar features research is completed which created on comparable study complete by (Egemen and Mohamed 2007). Therefore, here are 50 possible issues would disturb contractors tender which are removed after Egemen and Mohamed (2007). Individual's factors are assembled below 6 types as subsequent: essential for exertion, strength of fixed, project situations conducive to productivity, hazards of the project, rivalries, approach deliberations

5.1 Need for Work

The essential for work is a subsequent of the contractor's existing capacity, the accessibility of other projects inside the market, monetary condition of the firm and position capitals by means of plants and equipment (Egemen & Mohamed, 2007). Regular authors decide that existing work load is the important inspirations essential to replicate. They also supposed that

accessibility of other projects which is a leading effect necessity to thoughtful (Bageis & Fortune, 2009).

5.2 Forte of Firm

The specialty of firm replicates the development presentation and the minor sized independents due progressive standing slash to the structures than regular. (Egemen & Mohamed, 2007).

The capacity of the independent to attain the agreement condition is the most momentous matter aimed at result to offer. Contractor's preceding knowledge remained writhed by insufficient authors. (Bageis and Fortune 2009) agree that the involvement in comparable project is significant.

5.3 Project Conditions Contributing to Profitability

The scheme circumstances executive of the capacity of independent understands the effort besides attain the turnover panel. The scheme circumstances encompass such as project scope, type, site, duration, income made in comparable projects in the past and the relations of imbursement. (Egemen& Mohamed, 2007),

Egemen and Mohamed (2007) believed that the project scope and footings of imbursement were the most significant issues under this class and originate the consequence of contract magnitude is more vital than contract kinds. The project category is more vital than the project scope. (Bageis and Fortune (2009) decided the tenure of expense is significant and also the site of project is significant as well.

3.0 METHODOLOGY

Data collection

Sample is the arithmetical technique for selecting a subsection (sample) from inhabitants of attention for determinations of explanations and arithmetical implications about that populace. This study implemented Random sampling. Random sampling technique was used in choosing 50 contractors from the complete populace. This was spread across 5 local government areas in Lagos state. Both sex (male and female) was similarly signified in the sample. These remain the tackles or approaches used in receiving information from defendants. In this study, questionnaires and meeting are research tools used. Questionnaire is the core research tool used for the study to wrinkle necessary information from the sample defendants.

4.0 DEMONSTRATION AND EXPLANATION OF THE OUTCOME

4.1 Presentation of Result

Tendering in Nigeria Construction Industry was drafted and examined. Sample of Fifty respondents were target for the research study, while forty-eight (48) research instruments were returned and two were (2) not returned. Statistical analysis of the returned instrument was done using mean ranking with reliefs of Statistical Package for Social Sciences (SPSS) Version 20 (IBM Inc.).

Table 1: Challenges faced by contractors when submitting tenders for contracts in Nigeria.

SN	Factors	N	Mean	Std. Deviation	RL
1.	Favoritism	48	3.5833	1.12672	14 th
2.	Taking part in decision making	48	3.6250	.93683	13 th
3.	Transparency	48	3.7708	.85650	11 th
4.	Inadequate capital to compete	48	3.7708	.92804	11 th
5.	Inadequate publicity	48	3.8333	.72445	10 th
6.	Competing with larger firms	48	3.8542	.71428	9 th
7.	Favoritism	48	3.9167	.61310	7 th
8.	Bid management team	48	3.9167	.61310	7 th
9.	Procurement plan	48	3.9375	.78296	6 th
10.	Bid process	48	3.9583	.58194	5 th
11.	Complexities tender	48	3.9792	.60105	4 th
12.	Project requirements	48	4.0000	.79894	3 rd
13.	Job Security	48	4.0625	.47964	2 nd
14.	Integrity of the bidding team	48	4.1875	.64102	1 st
<i>Valid N (listwise)</i>		48			

Source: Field Survey 2021.

RL= Rank Level

Table 1 above reveals the response of the respondent on contests confronted by contractors when submitting tenders for contracts in Nigeria. The analysis above showed that, The first rank on tasks confronted by contractors after submitting tenders for contracts in Nigeria is

Integrity of the bidding team, followed by job security which ranked second in the analysis result, followed by Project requirements which is the third ranking level, followed by Complexities tender, followed by bid process that took fifth position in the ranking level, followed by Procurement plan, followed by favoritism and Bid management team that ranked seventh in the ranking level, the eighth ranking is Competing with larger firms, followed by Inadequate publicity, followed by transparency and Inadequate capital to compete that ranked tenth in the ranking level, the eleventh ranking is Taking part in decision making.

Table 2: Factors that affect contractors tendering for construction projects.

SN	Factors	N	Mean	Std. Deviation	RL
1.	Reference and availability	48	3.7292	.79197	11 th
2.	Quality of the job	48	3.7500	.97849	10 th
3.	Bidding price	48	3.8125	.70428	9 th
4.	Timeliness	48	3.8542	.74347	8 th
5.	Tender specifications	48	3.8750	.78889	7 th
6.	Project complexity	48	3.8958	.77842	6 th
7.	Registration	48	3.9167	.61310	5 th
8.	Competitiveness	48	4.0208	.56454	4 th
9.	Contractors experience in the industry	48	4.0833	.53924	3 rd
10.	Mistake made by employees	48	4.1042	.51528	2 nd
11.	Bribery and corruption	48	4.1667	.59549	1 st
Valid N (listwise)		48			

Source: Field Survey 2021.

RL= Rank Level

Table 2 above presents the response of the respondent on factors that affect contractors tendering for construction projects. The analysis above showed that, The first rank on factors that affect contractors tendering for construction projects is Bribery and corruption, followed by Mistake made by employees which ranked second in the analysis result, followed by Contractors experience in the industry which is the third ranking level, followed by Competitiveness, followed by Registration that took fifth position in the ranking level, followed by Project complexity, followed by Tender specifications that ranked seventh in the ranking level, the eighth ranking is Timeliness, followed by Bidding price, followed by Quality of the job that ranked tenth in the ranking level, while the last on motivation factors enhance workers productivity in the indigenous construction firm in Nigeria Reference and availability.

Table 3: Information needed to create a competitive bidding strategy.

SN	Factors	N	Mean	Std. Deviation	RL
1.	Years of existence of organization	48	3.2917	1.35204	19 th
2.	Understand payment terms	48	3.5833	1.19988	18 th
3.	Working experience	48	3.6875	.82916	16 th
4.	Specifications	48	3.6875	1.24039	16 th
5.	Identifying the most qualified contractor	48	3.8333	.75324	14 th
6.	Time factor	48	3.8333	.95279	14 th
7.	Develop bid response strategy	48	3.8542	.77156	13 th
8.	Availability of materials	48	3.8750	.78889	12 th
9.	Good communication	48	3.8958	1.03635	11 th
10.	Need for work	48	3.9167	.53924	10 th

11.	Past experience in similar projects	48	3.9792	.63546	9 th
12.	High technical skill	48	4.0000	.65233	8 th
13.	Competitor analysis	48	4.0208	.66811	7 th
14.	Evaluating the bids	48	4.0417	.61742	6 th
15.	Bid plan	48	4.0625	.63267	5 th
16.	Client financial stability	48	4.1250	.60582	4 th
17.	Availability of capital	48	4.1875	.67339	3 rd
18.	Size of the project	48	4.2083	.41041	2 nd
19.	Attend briefing session	48	4.2500	.56493	1 st
Valid N (listwise)		48			

Source: Field Survey 2021.

RL= Rank Level

Table 3 above shows the response of the respondent on information needed to create a competitive bidding strategy. The analysis above showed that, The first rank on information needed to create a competitive bidding strategy is Attend briefing session, followed by Size of the project which ranked second in the analysis result, followed by Availability of capital which is the third ranking level, followed by Complexities tender, followed bid process that took fifth position in the ranking level, followed by Evaluating the bids which is sixth rank position, followed by Competitor analysis that ranked seventh in the ranking level, the eighth ranking is High technical skill, followed by Past experience in similar projects ninth position in ranking level, followed by Needs for work that ranked tenth in the ranking level, the eleventh ranking is Good communication, the twelfth position is Availability of materials, followed by Develop bid response strategy, followed by Time factor and Identifying the most qualified contractor that ranked fourteenth, followed by Specification and Working experience, followed by

Understand payment terms while the last on Information needed to create a competitive bidding strategy is Years of existence of organization.

5.0 DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATION

Conclusion

This investigate is centered on the valuation of elements distressing contractors tendering. Most fewer excellence contracts were fingered by concerned with bungling contractors. It is consequently satisfactory to attraction a conclusion that there are influences justifying excellence and efficacious contract transaction which need to be put into deliberation extremely.

Recommendation

In order to lessen the tasks confronted by the contractor in tendering procedures, the following recommendation were framed:

- A policy should be implemented by the government to guide tendering procedure and the usage should be compulsory.
- Adequate loan should be made accessible to our aboriginal contractors and greater percentage of the loan arranged should go to construction segment and these advances when decided should be correctly checked.
- A training ability should be made obtainable for indigenou contractor and his squad.

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