APPRASIAL OF QUALITATIVE FACTORS AFFECTING CONTRACTORS' TENDER PRICE IN A DEVELOPING COUNTRY

Presented by
Prof Clinton Aigbavboa
Ayodeji OKE & Oriabure IJIE

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Appraisal of Qualitative Factors Affecting Contractors Tender Price in a Developing Country
Order of Presentation

• Introduction

• Review of literature

• Methodology

• Results

• Implications

• Recommendations

• Value and areas for further research
INTRODUCTION

• Tendering is an important aspect of procurement process

• Tendering involves but not limited to:
  • Invitation to submit tender;
  • Submission of required documents by contractors;
  • Acceptance and selection; and
  • Benefits and consideration as part of contract.

• Tendering ensure due process, accountability and transparency

• Designing and implementing effective tender is a huge challenge for most public contractors in Nigeria (Ogunsami, 2013).
INTRODUCTION

- Tendering factors are quantitative and qualitative in nature
- Major factors affecting construction tender are qualitative and difficult to analyse (Dalrymple, 2006).
- These factors are often ignored in cost estimation process
- Understanding of the qualitative factors can aid better pricing and tender documents of contractors
- There is a need for effective pricing method to translate potential business to reality.
- This study examines basic group of qualitative factors influencing tender price of construction projects in Nigeria.
Aim of the Research

This study examines:

• important constituents of tender price submitted by a contractor and

• factors affecting tender prices in Nigeria

with a view to improving their competitiveness and success rate locally and internationally.
REVIEW OF PREVIOUS STUDIES

• Tendering in the construction industry
• Tender price influencing factors
• Quantitative and qualitative factors

• 35 qualitative factors identified from literature in 6 groups
  • Cost estimation; tendering situation, consultant and design characteristics
  • Project characteristics; Clients characteristics;
  • Contractor characteristics; External factors;
METHODOLOGY

- Survey of consultants and contractors.
- Lists obtained from professional bodies and ministry of works
- Questionnaire as data collection instrument.
- Ethical consideration
  - Covering letter with relevant information
  - Questions revealing personal details avoided
  - No motivation for respondents nor forced to respond
FINDINGS

Top 2 Factors from each group

- Project characteristics
  - Project buildability
  - Construction technique
- Client characteristics
  - Type of client
  - Client requirement on quality
- Contractor characteristics
  - Experience on similar project
  - Management team members
FINDINGS

Top 2 Factors from each group

• Tendering situation, consultant and design characteristics
  • Incomplete/incorrect design
  • Procurement method

• External factors and market condition
  • Material cost
  • Labour cost

• Cost estimation related factors
  • Poor tender document
  • Insufficient analysis of tender documents
CONCLUSION/IMPLICATIONS AND VALUE

• Qualitative factors are integral part of tendering decision factors
• These are essential for the survival of contracting firms
• There is a need for:
  • Top management staff of contracting firms to keep themselves abreast with latest techniques and principles require for effective and efficient tendering
  • Training and development of staff involved in tendering
AREAS FOR FURTHER RESEARCH

• Focus on consultants and contractors
  • Holistic study of all (or major) stakeholders
• Focus on qualitative factors
  • Correlation of qualitative and quantitative factors
• Adoption of questionnaire
  • Observation and other methods
• Use of descriptive statistics for data analysis
  • Inferential and workable model
Thank you for listening!