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APPRAISAL 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!

