

EFFECTS OF METHOD OF WINNING CONTRACTS ON PROJECT COMPLETION TIME (A CASE STUDY OF UNIVERSAL BASIC EDUCATION CLASSROOM BUILDING PROJECTS IN OGUN STATE, NIGERIA)

Ezekiel Mofoluwaso Awe

Abstract

This study is a case study of 90 units of Universal Basic Education (UBE) Classroom Building Project in Ogun State. The paper takes a look at the methods by which the contractors won the projects and determines the effect of the method of award on the overall outcome of the project. For the purpose of this research, 35 projects spread over 16 of the 20 Local Government Areas were randomly selected for investigation. The Research tool includes structured questionnaire, observation of the book of records and interaction with the contractors on the job. The paper made the following findings: The normal open tendering method of award, though attempted was jettisoned and 90% of the contracts were awarded on party affiliation basis. The research reveals that none of the contractors met the original completion date. Only two contractors completed their project 4 weeks behind schedule, all others had excessive time overrun. The paper therefore recommends that due process should be followed in the award of Government contracts; selection of contractors should be based on ability to perform and not just as gratification for 'emergency contractors' who are party faithfuls. Supervising consultants should also be brought in at the design stage and they should be given free hand to operate in order to ensure that competent contractors win and execute government projects.

Introduction

The primary purpose of a client commissioning a building project is to obtain a structure or a building that satisfies his need in terms of form and quality, and to ensure that the client can take possession at the agreed time and for which he will pay the optimum economic price. The achievement of the optimum price is though often difficult to achieve when comparative tenders are received from independent contractors. Contractual arrangement could however take any of the available forms. Whatever form of contractual arrangement is adopted, it should define the agreement of the parties in respect of design, time and cost; there is also the need to provide a sound, definitive legal administrative basis for the construction.

The case study and project under review is the Federal Government (UBE) Classroom building project in Ogun State. The original intention of the project was to provide classrooms for the teeming population of school pupils within a short period of time. Four (4) of such classroom blocks were ear-marked to be constructed in each of the 774 local governments' areas of the country. The initial contract period was 12 weeks (84 days). At inception, the client nominated consultants to prepare the working drawings and tenders were invited through publication in the national daily newspapers. The Client's Quantity Surveyor's contract sum was however applied 'across board' to award the contract, with little variations due to locations of project. Lagos, Abuja and Rivers States had a slightly higher contract sum perhaps because of the peculiarities of these States. The client brought in supervising consultants to monitor the project after the contracts have been awarded. The method of selection of contractors or method of awarding the contracts and its effects on the project outcome with regard to completion time is actually an issue for consideration in this study. This paper examines the performance of the UBE classroom building project in Ogun State with respect to completion time. The paper presents the perceived effects of contract award method on the overall outcome of projects, with a focus on the project completion time. To achieve this, the paper focused on the method of winning the contracts, it evaluates the influence of the method of winning the contracts on the project completion time and it also examines the performance of the project in terms of completion to time.

Contractor Selection Methods

Selection of contractor is an important matter that needs a careful consideration. Selection of an unsuitable or wrong contractor for a particular job may lead to adversarial client/contractor

relationship and poor project outcome; thus denying client the benefit of having value for money within time frame and to acceptable quality. The professional advisers to the client should aim at choosing a contractor that satisfies some conditions such as:

- ◆ Financial suitability and ability.
- ◆ Commendable business track records.
- ◆ Experience to handle magnitude of project.
- ◆ Good reputation for quality workmanship and efficient organisation.
- ◆ Good record of industrial relations.

McCanlis (1985) opined that there are three principal methods of choosing a contractor. These are open tendering, selective tendering (single stage or no stage), and nomination or single tendering. Other methods include negotiated tendering and two envelop tendering.

Aqua group (1990) identifies two stage tender in which three or four contractors with adequate experience are separately involved in detailed discussion with the client regarding all aspects of the project for which only conceptual designs and specification have been prepared. The contractors will be required to raise an approximate or notional bill of quantities or schedule of rates prepared on the basis of the notional design. Further selection criteria are then used to determine which contractor will be awarded the contract. Once selected, the contractor becomes part of the full project team and is involved in the preparation of the detailed designs for which a complete bill of quantities may be produced. Bentley (1987) also described serial tendering, where a number of similar projects are awarded to a contractor usually following a competitive tender on a master bill of quantities. The master bill then forms a standing offer upon which other similar contracts or awards are made. Best et al (1999) recommended value assessment of tendering which is meant to optimise the value for the client. This is achieved through the establishment of weighted criteria that are used by the client to assess 'value' offered by each of the bills received. Typical criteria used for such value assessment approach include price; technical, managerial, physical and financial resources of contractor; current commitments; past performance/track records; claims or disputes record; industrial relations; quality management; environmental protection awareness; occupational health and safety record. The criteria adopted for a particular project by a particular client will vary depending on the nature and magnitude of the project. Turner (1990) listed procurement methods as including - design and build, traditional, and design /manage. Ayeni (1997) classed tenders as - open, selected, negotiated, two-tier, cost-plus, package deal and turnkey.

Analysis of Tendering Methods

The principal methods of tendering are briefly discussed in the following paragraphs:

Open Tendering

In this method of tendering, advertisements are usually placed in daily newspapers, radio and television. This is for the purpose of inviting all interested contractors to come forward and collect tender documents. The advertisement will usually carry information on: title of the project, location of the project, where tender documents can be collected, the closing date for the submission of tender including place and time of submission, the amount to be paid for collection of tender documents.

The contractors that collect the tender documents before the closing date will then submit their quotation (tender price) for the project as prescribed. The tender committee or board opens tenders and the award made to the winner after all necessary factors have been considered.

Advantages and Disadvantages of Open Tendering.

It gives opportunity to all interested contractors to take part in the tendering exercise. It eliminates the possibility of ring formation or collusion. It makes public accountability possible. It gives widest range of selection. The demerits include excessive paper work, since so many contractors will tender. It wastes a lot of estimators' time, since only one tender will be chosen at the end of the day. It takes longer time to conclude award procedure, since so many tenders, have got to be scrutinized. There is possibility of many mushroom contractors tendering, which eventually constitutes a sort of delay in the process due to longer time of scrutinizing tenders.

Selective Tendering

When a project is too important to a Client, he is most likely to prefer this type of tender. This is because it will assure him of good results, which this method often offers.

Usually, there is a guide as to the number of Contractors to be invited for tendering. At times, most Client keeps register of Contractors, it is from such record that the require number of contractors are chosen. Where such record does not exist, the Architect compiles list of capable and reputable Contractors for the exercise. The Contractors are invited to collect the tender documents and the few tenders are considered and award made to the successful tenderer. Alternatively, an advertisement can be placed to request interested contractors to submit pre-tender qualification information, and required number of contractors to be invited for the exercise are selected or picked from the respondents.

Advantages and Disadvantages

There is certainty that the contractor will perform and good quality is assured since only known Contractors with reputable performance records are invited to tender.

The period of tendering to award of contract will be shortened in comparison with open tender, because limited numbers of Contractors are invited.

Cost of tender documents preparation is greatly reduced since few contractors are invited to tender. Contractors are more likely to have adequate profit at the end of the day. Disadvantages are that there is a possibility of 'ring' formation. The tender sum is most likely to be higher than for open tender since competition is low. It is like a closed shop since it is not open to all and only the privileged few are invited to tender. Some Contractors who are not really keen may submit tender just to keep their names on the list.

Negotiated Tender

In this tender type, Client appoints the Architect and other Consultants to prepare the working drawings based on his brief. After the preparation of the working drawings and detailings, client appoints a quantity surveyor to negotiate the cost of project with a Contractor of his choice without a Bill of Quantities. When a reasonable cost is agreed together with completion time, formal agreements signed by both parties and contract awarded to the contractor. Where the Client is in a hurry and cannot wait for the time it takes to prepare the working drawings, he may give his brief to Architect and other Consultants including the Quantity Surveyor nominated, the client then directs the team to negotiate with a particular Contractor of his choice.

Advantages

Work can commence on site as early as possible. Disadvantages includes the fact that this type of tender will produce high tender sum. There is possibility of lesser public accountability, as there may be little or no justifiable evidence to support the agreed sum.

Study Methodology

The data for the study were derived from examination of the regular progress reports prepared by the team of supervising consultants. Personal involvement in the monitoring of the project and observation of progress of work throughout the construction stage of the projects also provided first hand information.

The study population includes the 80 projects Federal awards and 10 Federal Government financed state awards distributed all over the 20 Local Government Areas of Ogun State. Minimum of two (2) projects per local government area were proposed for the study. In addition to the data collected through observations, 45-structured questionnaires were administered among randomly selected contractors spread over 16 of the 20 Local government areas of the State. 35 responses were recorded, which represents 77.8%.

Distribution and Siting of the Projects

The summary of the location distribution of projects is shown on Table 1.

Table 1: Distribution of the UBE Primary School Building Projects in Ogun State

S/N	Local Government Area	No of UBE Classroom Building Project		Total
		Block Unit	Block Unit	
		FG/UBE Award	FG Financed State Govt. Award	
1.	Abeokuta North	4	1	5
2	Abeokuta South	4	1	5
3	Ado odo/Ota	4	1	5
4	Ewekoro	4	-	4
5	Ifo	4	-	4
6	Ijebu East	4	1	5
7	Ijebu North East	4	-	4
8	Ijebu North	4	1	5
9	Ijebu Ode	5	-	5
10	Ikenne	4	-	4
11	Imeko Afon	4	-	4
12	Ipokia	3	1	4
13	Obafemi/owode	4	2	6
14	Odeda	4	-	4
15	Odogbolu	4	-	4
16	Ogualerside	4	-	4
17	Remo North	4	-	4
18	Sagamu	4	1	5
19	Ye wa North	4	1	5
20	Yewa South	4	-	4
	Total	80	10	90

Source: Field Survey, 2002.

Results and Analysis

The General Performance of the Project as at the Time of Study

The study discovered how the project fared at 21 months duration. From the data available, the project was originally scheduled to be completed within 12 weeks.

But as at the end of 12weeks none of the projects was completed.

Table 2: Project Performance in Terms of Completion 21 Months After the Contracts was Awarded

S/N	LGA	Fg Award				State Govt. Award		
		No. of Project Completed	No. Abandoned	Yet to Start	In Progress	Completed	Abandoned	In Progress
1.	Abeokuta North	1	3	-	-	1	-	-
2.	Abeokuta South	3	1	-	-	-	-	1
3.	Ado-odo/ota	1	1	2	-	1	-	-
4.	Ewekoro	3	-	-	1	-	-	-
5.	Ifo	3	1	-	1	-	-	1
6.	Ijebu East	2	1	-	1	-	-	1
7.	Ijebu North East	3	1	-	-	-	1	-
8.	Ijebu North	1	2	i	-	-	-	-
9.	Ijebu ode	1	4	-	-	-	-	-
10.	Ikenne	2	2	-	-	-	-	-
11.	Imeko/Afon	-	4	-	-	-	-	-
12.	Ipokia	1	-	-	2	-	-	1
13.	Obafemi/owode	3	1	-	-	1	1	-
14.	Odeda	-	3	-	1	-	-	-
15.	Odogbolu	-	2	-	1	-	-	-
16.	Ogun water side	1	2	-	1	-	-	-
17.	Remo North	-	-	i	3	-	-	-
18.	Sagamu	1	2	i	-	1	-	-
19.	Yewa North	1	2	-	1	-	-	1
20.	Yevva South	2	1	i	-	-	-	-
Total		31	32	6	11	4	2	4
	Grand total		80 units			10 units		

Source: Field Survey, 2002.

Percentage Completion Table of the FG and State Award as at 21 Months After Award of Project

Table 3: Project Outcome in Terms of Completion as at 21 Months After Award

State of Project	FG Award		State Government Award		
	No	%	State of Project	No	%
Completed	31	38.75	Completed	4	40.00
Abandoned	32	40.00	Abandoned	2	20.00
Yet to Start	6	7.50	Yet to Start	0	0
In Progress	11	13.75	In Progress	4	40.00
Total	80	100%	Total	10	100 %

Source: Field Survey 2002.

Method of winning the Contract by the Contractors.

The responses to the question, how did you win this Contract is represented below.

Table 4: Method of Winning Contract

Options on Methods of Winning Contract	No	% Response
Through normal tendering procedure	0	0
Through Connection	5	14.29
Bought the award or Contract Sublet to the Company	5	14.29
Through party affiliation	25	71.42
	35	100%

Source: Field Survey 2002.

Discussion of Findings

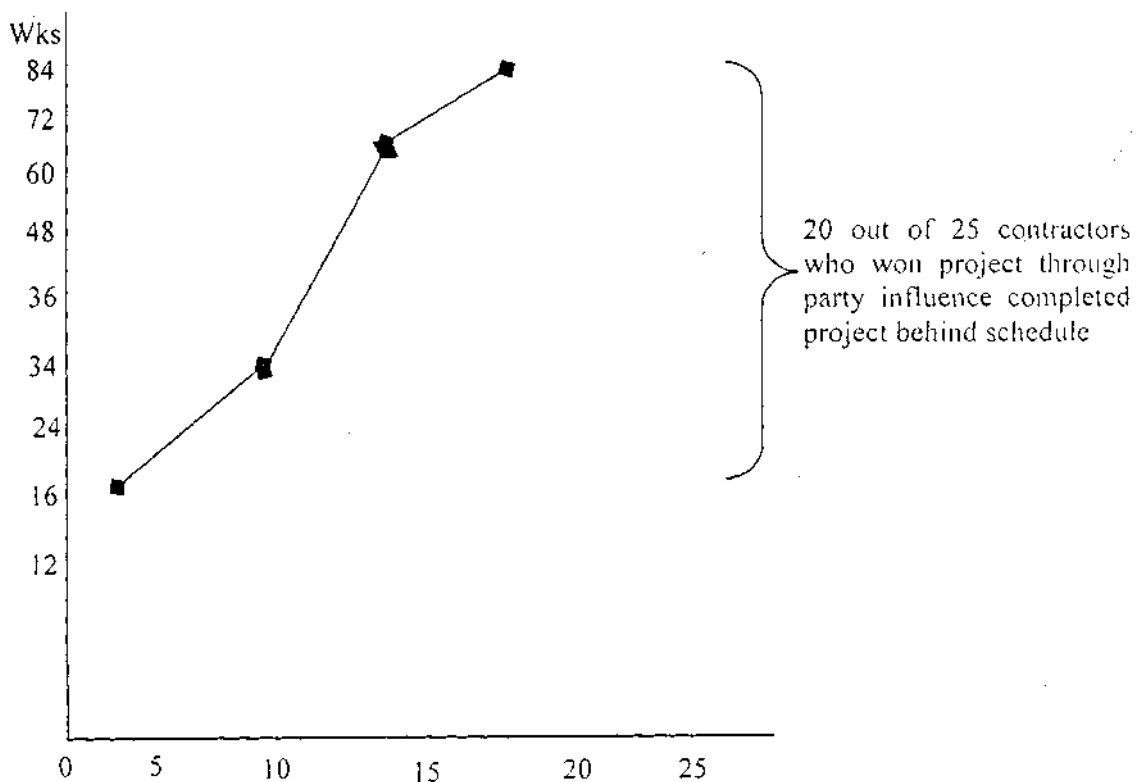
From Table 1 and Table 2 it is revealed that the project spread throughout the State. For the Federal Government Award, each LGA has 4, except Ijebu Ode and Ipokia LGAs, which have 5 and 3 projects respectively.

The Federal financed State Government Awards were distributed over 9 LGAs with Obafemi/Owode, which has the largest population of School pupils having 2 projects.

From Table 4 analysis of data collected for the study reveals that 25 out the 35 (i.e. 71.42%) contractors respondents won the contract through party influence, 5 (i.e. 14.2%) had the project sublet to their companies and the remaining 5, (14.2%) got the contract through other influences and connections.

Number of Contractors that Completed Project within Schedule

From the records available, out of the 25 contractors who won the contract through party affiliation, only two (2) managed to complete the project four (4) weeks behind schedule. All others had excessive time over-run. Figure 1 shows a graphical model of the scenario.



Number of Contractors that completed project. (Those who won Contract through Party affiliation). Figure 1: Graph showing project completion period for the 25 contractors who won project through political party influence.

Discussion

From Figure I, it is shown that: none of the contractors completed the project within schedule. 2 completed 4 weeks behind schedule, 8 completed at week 34, which is 22 weeks behind schedule, 5 completed at week 60, which is 48 weeks behind schedule, 5 completed at week 72. i.e. 60 weeks behind schedule. 5 of the 25 Contractors either have project in progress or abandoned.

All 25 Contractors completed projects behind Schedule.

From Table 3, as at 21 months (84 weeks) after the contract award and take off of the project: only 3 I of the 80 'FG Award' projects were completed. 32 projects were abandoned, 6 projects never commenced while I I were 'epileptically' in progress; even though 30% upfront payment had been paid by the client to facilitate construction processes and effective take off of project.

Recommendations

Based on the findings of this study, the paper recommends that for the purpose of achieving encouraging results on government projects,

- Building contracts should be awarded to qualified professionals who are competent to handle such projects.
- Contracts should not be 'doled-out' for the purpose of gratifying party faithfuls in order to avoid a waste of government revenue and project failure.
- Supervising consultants should be brought in early enough and be allowed to participate in tender and contractor selection process.
- Contractors who participated in the Contract under review and who collected the 30% upfront payment and never commenced work or abandoned the project along the line should be 'brought to book' and made to pay back that which they had 'unjustly' acquired or made to complete the project.

Conclusion

From the above research findings and discussions, the following conclusions could be deduced. The open tendering method of contract award was attempted, in that adverts were placed in the daily newspapers and interested contractors responded by submitting tenders. The awards however were not based on the outcome of the tender but on other extraneous criteria such as political party affiliation and connections. A good number of contract awardees were inexperienced, incompetent and ill equipped in terms of availability of competent personnel to supervise site operations. None of the contractors handling the project completed the project within the originally scheduled 12-weeks project duration, hence it could be concluded that the method of award (or method of winning the contract) had negative effects on the project completion time.

References

- Aqua, (1990). *Contracts far Building*. Second edition. London: The Aqua Group.
- Ayeni, O.J. (1997). Principles of Tendering and Estimating. *Builder's Magazine* Limited Lagos.
- Bentley, J.W. (1987). *Construction Tendering and Estimating*. London: Arnold Publishers.
- Best, A. and Gerand, V. (1999). *Building Value. Pre-design Issues*. New York: John Wiley and Sons Inc.
- Black, K. (1996). Causes of Project Failure. A Survey of Professional Engineers. *Project Management Networking*. Vol. 12 No. 2, 21-24.
- Cook, A.E. (1991). *Construction Tendering - Theory and Practice. Construction Technology and Practice*. London: B.T, Bastford Publishers Ltd.
- James, P. (1996). *Total Quality Management: An Introductory Text*. London: Prentice Hall.
- Mccanlis, E.W. (1985). *Tendering Procedures and Contractual Arrangement*. RICS. London.
- Neil, J.M. (1982). *Construction Cost Estimating for Project Control*. London: Prentice Hall.
- Pilcher, R. (1992). *Principles of Construction Management*. New York: 3rd Edition, McGraw-Hill.
- Ramus, J.W. (1981). *Contract Practice for Quantity Surveyors*. London: William Heinemann Ltd. Seeley,

- I.H. (1984). *Quantity Surveying Practice*. London: Macmillan Publishers Ltd.
- Seeley, I.H. (1979). *Building Economics*. 2nd Edition. London: Macmillan Press.
- Turner, A.E. (1990). *Building Procurement*. London: Macmillan Education Ltd.
- Walker, A. (1996). *Project Management in Construction*. Oxford: Blackwell.
- Willis, A.J. and George, W.B. (1981). *The Architect in Practice*. London: Granada.