

CLIENTS' PERCEPTION OF INDIGENOUS AND EXPATRIATE CONTRACTORS' PERFORMANCE IN THE NIGERIAN CONSTRUCTION INDUSTRY

Oludare M. Balogun

Abstract

Clients in the construction industry have measures for assessing contractors' performance. The perception of poor performance of contractors in Nigeria, especially the indigenous contractors necessitated this research. The performance measures that clients' perceive as being most important when dealing with expatriate and indigenous contractors were critically examined.

In all 45 copies of questionnaires were sent to respondents randomly selected that regularly procure buildings and facilities. The study revealed that clients perceived the performance of both indigenous and expatriate contractors to be very high. Also no significant differences in the assessment and rating of the identified performance measures between the two contractors. The study recommended that contractors, especially the indigenous, should carry out periodic studies to ascertain the current needs of clients, so as to satisfy them. In conclusion, client ranked technical competence as the most important out of the performance measures, while materials waste ranked least.

Introduction

Construction is a process consisting of many phases, which are conception, design, tendering, construction and commissioning. The ultimate goal of any construction project is to be delivered in the shortest possible time, at the lowest possible cost, with the highest quality, for many projects this goal seems unachievable. The success of any project ultimately depends on the performance of the contractor.

The Nigerian construction industry is faced with many problems which create challenges for contractors when delivering projects. As a result, poor contractors' performance as characterized by poor work, poor quality, rework, low productivity, late completion, cost over-runs, high accident rate, poor work practices and conflicts are presently very common.

Given the aforementioned the objectives of this research are:

- To find out what the client perceives as contractors' performance.
- To find out if relationship exists between the factors client perceives as measures of contractors' performance.
- To compare clients' perception of the performance of indigenous and expatriate contractors
- To find out in general whether expatriate contractors perform better than indigenous contractors.

Dada (2003) referred to perception as a way an object, issue or personality appears in the eyes of the beholder. The way man gives interpretations of his sensory stimuli is perception. Hodget (1984), Wilson and Hanna (1990) and Robbins (1998) opined that perception of an object depends on the object, the beholder and the environment.

No two perceptions can be the same and perceptions can be subjective and individualistic; some authors opined that that perception influence making decisions (Awakul and Ogunlana, 2002).

According to Cardis, Boyce and Demarten (2003) perception is linked with customer/client's satisfaction, because satisfaction at any given point in the project cycle is the sum of client's perception minus their expectations. Aligning expectations and perceptions is likely to achieve high customer satisfaction. The relationship between what customers/clients perceive and what they expect is as follows:

$$\text{Perceptions} - \text{Expectations} = \text{Customer satisfaction.}$$

Procurement Systems

Procurement systems are important as they affect among other contractual relationships,

the development of mutual goals, the allocation of risk and ultimately, provide the framework within which projects are executed (Ogimsanmi and Iyagba, 2003). Although the traditional construction procurements system is used most frequently in Nigeria, other types available are:

- Design and build procurement system.
- Project management procurement system.
- Management contracting procurement system.
- Construction management procurement system.
- Labour only procurement system.
- Direct labour procurement system.

Clients' Satisfaction

According to Ahmed and Kangari (1995) functional definitions for client satisfaction and perception are prerequisites for measuring clients satisfaction. Client is defined as the one who pays the bills. The term satisfaction is defined as (the result of some comparison process in which expectations are compared with what is actually received (Czpeiel, 1985). Satisfaction is the clients' cumulative memory of many positive experience, but those positive experiences, can be tarnished by just one bad experience(Austin and Peters, 1985).

Ashley, Lurie and Jaselsics (1987),in their study on determinants of construction project success discovered six criteria to measure success are: budget, schedule , client satisfaction, functionality, contractors' satisfaction, project manager/team satisfaction.

Performance Measurement in the Construction Industry

Kagioglou and Copper (2001) opined that the construction industry's core business is undertaking projects in generating new buildings or refurbishing existing ones for a variety of clients. The method used to measure performance in construction projects fall into three main categories of:

- (a) Financial perspectives, how do the projects' financial stakeholders view the project? For example, through the use of cash flows forecasting and cost benefit analysis.
- (b) The internal business projects perspectives, how are projects going on in the performance of the process activities, for instance through the use of the critical path analysis?
- (c) The customer perspective, how does the existing and potential customers see things?

Causes of Contractors' Poor Performance

The Civil Engineering and Building Contractor (1998), expressed that poor contractor performance can be in the form of cost over-runs, rework, late completion, high accident rate, poor work practices, insensitivity to environment considerations, poor work practices and adversarial relationships resulting in a poor image for contractors and the industry.

The Department of the Environment, Transport and the Regions (1998), in the UK says that various studies suggest that there are significant inefficiencies in the construction process and that there is potential for a much more systematized and integrated project process in which waste in all its forms is significantly reduced and both quality and efficiency improved. The enhancement of contractor performance will be difficult as long as the division between design and construction persists, (Smallwood. 2000).

Improving Contractors Performance

Presently efficiency of project delivery is constrained by largely separated processes through, which they are generally planned, designed and constructed, integration is a pre-requisite for efficiency. On the issue of design, there is need for integration and co-ordination (Latham, 1994).

In terms of a contractor's perspective, the Associated General Contractors of America (1992) advocates Total Quality Management (TQM) as a strategy to improve overall contractor performance. The TQM mission in construction is to construct a quality product ,an error free-one,, for the customer by preventing errors in the construction process. TQM is the linkage of the processes, which deal with health and safety, productivity, quality and synergy between them (Levitt and Samelson. 1993).

Research Methodology

This research was conducted by the survey of relevant literature. In addition 45 questionnaires were administered randomly on respondents from both the private and public sectors of the Nigerian economy. The respondents are clients which include, educational institutions, government establishments, property developers etc. In addition to the researcher's efforts field assistants helped in administration and collections of the questionnaires. After some reminders and follow-up calls a return rate of above 80% was achieved.

Descriptive and inferential statistics were used for analysis of data collected for the study statistical tools such as; mean item scores (MIS), t-tests were used for the data analysis

Results and Discussions

Fifteen private clients representing (40.5%) and twenty-two public clients representing (59.5%) were used for the study. Nature of clients' business of the respondents reveals that (35.1%) in government establishment, (29.7%) in construction and engineering and (2.7%) self employed completed the questionnaires. The results obtained indicated that 62.2% of the respondents have profit as their goal while 37.8% of the respondents are non-profit oriented clients. The experience in building procurement of the respondents varies with above 20 years constituting 29.7% which is the highest.

Majority of the respondents are highly experienced in building procurement.

Participating respondents provided numerical scores of their perception of contractor's performance. Twenty-one (21) measures of contractors' performance and three levels of performance namely low, moderate and high were identified. The performance levels were rated 1, 2 and 3 respectively.

The numerical scores were then transformed to mean item scores (MIS) to determine the ranking of measure of performance. The mean items score ranges from 0 to 1. The measure of contractor's performance, level of performance, mean item score (MIS) and overall ranking are shown in Table 1 below;

Table 1: Clients' Measures of Contractors' Performance

Measures of Performance	Level of Performance			Mean Score	Item Ranking
	Low	Moderate	High		
Technical Competence	0	21	16	0.81	1
Quality of work	0	22	15	0.80	2
Project management ability	1	20	15	0.80	2
Technical capacity	2	19	16	0.79	3
Contractors' relationship with client	1	22	14	0.78	4
Site management ability	1	22	14	0.77	5
Level of security on site	1	19	14	0.77	5
Relationship with site neighbours	2	21	14	0.77	5
Managerial capacity	0	27	10	0.76	6
Working within budget	4	25	8	0.70	7
Safety	9	14	13	0.70	7
Level of costs over run	5	23	7	0.69	8
Level of time over run	7	19	10	0.69	8
Effectiveness of project		24	8	0.69	8
Communication	5	26	6	0.68	9
Industrial relations	5	27	4	0.65	10
Working on schedule	6	20	7	0.64	11
Storage facilities	10	15	8	0.61	12
Level of additional claims	14	9	9	0.58	13
Health facilities on site	19	17	5	0.58	13
Workers' welfare	15	16	1	0.50	14
Materials waste	19				

] = Low, 2 = Moderate, 3 = High, N = 37

From Table 1 above, the study reveals that all the factors scored 0.50 or more on the mean item score scale. The implication is that all the respondents considered all the measures of

performance to be very important when assessing the performance of contractors handling their projects.

Table I indicates that overall technical competence was ranked by the respondents as the most important of their measure of contracting performance.

This was followed by quality of work, then project management ability. The last was material waste. It is notable that quality of work (quality), working within budget (cost) and working on schedule (time) performance achieved ranking of 2, 7 and 10 respectively. This finding is a good tool in hand of contractors to anticipate client's expectations.

Rating of Clients' Perception of Indigenous Contractors' Performance

All the respondents rated the perceptions of indigenous contractors performance which is shown in Table 2 below:

Table 2: Rating Clients' Perception of Indigenous Contractors' Performance

Measures of performance	Rating					MIS	Ranking
	Excellent	Good	Average	Poor	Very poor		
Project management	8	1	7	1	0	0.79	1
Ability Contractors' relationship with client	7	17	10	1	0	0.77	2
Technical competence	5	21	10	1	0	0.76	3
Effectiveness of project							
Communication	8	12	15	1	1	0.74	4
Quality of work	5	15	16	1	0	0.73	5
Safety	10	12	7	8	0	0.73	5
Managerial capacity	6	12	19	0	0	0.73	5
Site management	5	13	16	1	0	0.73	5
Relationship with site neighbours	2	18	15	1	0	0.72	6
Working within budget	6	15	8	5	1	0.71	7
Technical capacity	4	14	17	2	0	0.71	7
Level of security on site	2	17	15	2	0	0.71	7
Industrial relations	4	15	13	4	0	0.71	7
Level of additional claims	3	11	19	2	0	0.69	8
Working on schedule	5	13	11	4	3	0.64	9
Level of cost over run	ⁿ	10	17	2	2	0.67	9
Level of time over run	ⁿ	10	16	14	2	0.66	10
Storage facilities		12	14	8	0	0.65	II
Workers welfare	1	13	14	8	0	0.64	
Material waste	3	6	24	4	0	0.64	12
Health facilities	1	11	14	10	0	0.62	13

5 = Excellent, 4 = Good 3 = Average. 2 = poor, I = Very Poor, N = 37 MIS = Mean Item Score

From Table 2 above, all the factors score above 0.50 on the mean item score scale. It was observed that the respondents of this study were organizations that were known to use a very effective process of prequalification, tendering and award in selecting contractors. These ratings show that indigenous contractors are good contrary to belief in the country that indigenous contractors perform poorly.

Rating of Clients' Perception of Expatriate Contractors' Performance

The respondents rating of clients' perception of expatriate contractors' performance is as shown in Table 3 below:

Table 3: Rating Clients' Perception of Expatriate Contractors' Performance

Measure of Performance	Excellent	Good	Average	Poor	Very poor	MIS Ranking	
Technical competence	15	20	2	0	0	0.87	1
Technical Capacity	14	22	1	0	0	0.87	1
Managerial Capacity	11	23	2	0	0	0.85	3
Quality of work	10	25	2	0	0	0.84	5
Site management ability	10	25	2	0	0	0.84	5
Project management ability	16	13	8	0	0	0.84	3
Storage facilities	11	20	6	0	0	0.83	4
Safety	14	16	6	1	0	0.83	4
Level of security on site	8	26	3	0	0	0.83	4
Working within budget	9	18	9	1	0	0.79	5
Effectiveness of project communication	9	17	11	0	0	0.79	5
Contractors' relationship with client	6	24	7	0	0	0.79	5
Working on schedule	7	21	7	2	0	0.78	6
Health facilities on site	5	20	11	1	0	0.76	6
Industrial relations	4	20	11	2	0	0.74	7
Relationship with site neighbours	4	16	14	3	0	0.71	8
Material waste	3	13	20	1	0	0.70	9
Level of cost overrun	2	17	14	4	0	0.69	10
Level additional claims	5	11	16	5	0	0.68	11
Workers' welfare	1	15	13	7	1	0.64	12

5 = Excellent, 4 = Good, 3 = Average, 2 = poor, 1 = Very poor N = 37, MIS = Mean Item Score

Table 3, above indicates perception of clients' perception of expatriate contractors. All the measures of performance score above 0.50 on the mean item score scale which implies that contractors perform well. The perceptions of clients are good and contractors meet and satisfy their needs and expectations.

Recommendations

The following recommendations are made so that the performance of contractors can be enhanced.

- Technical competence ranked first among the variables of clients' measures of performance, therefore contractors should focus on it and other measures, to do well in them.
- General performance in the variables used to measure contractors' performances are the same therefore clients should patronize the indigenous contractors.
- Contractors should endeavor to gather information on how their performance is

perceived by clients through market intelligence.

Conclusion

This study ranked technical competence as the most important out of the project performance variables, followed by quality of work, project management ability and technical capacity. These factors are very important in clients' perception of contractors' performance. Contractors should improve on these variables.

Clients considered all measures of performances to be very important and perceive contractors' performance to be high. Furthermore there is no significant differences in clients' perception of both indigenous and expatriate contractors. The study therefore concludes that the performance of both indigenous and expatriate contractors are the same.

Contrary to the general public negative perception of indigenous contractors, respondents rated them high on all the performance measures.

References

- Ahmed S.M. and Kangari, R. (1995). Analysis of Client-Satisfaction Factor in Construction Industry. *Journal of Management in Engineering*. 11 (2), 572 - 928.
- Ashley, D.B.; Lurie, C.S. and Jaselsics, S. (1987). Determinants of Construction Project Success. *Project Management Journal* 18 (2). 67-69.
- Austin, N. and Peters, T.J. (1985). *A Passion for Excellence*. New York: Warner Books.
- Awakul, A. and Ogunlana, S.O. (2002). The Effect of Attitudinal Differences on Interface Conflicts in Large Scale Construction Projects: A Case Study. *Construction Management and Economic*. 20, (10) 365-377.
- Cardis, P.; Boyce, S. and Demaraten, (2003)... *Study Surveys Home Buyers' Satisfaction with Buyers*. Available at <http://www.nrscorp.com/bhs%20builder%20result> htm. Viewed 11/7/2003.
- Czepiel, J.A. (1995). *Service Encounters: An Overview*. The Service Encounter. Lexington Mass: Lexington Books.
- Dada, M.O. (2003). Perception on Measures of Contracting/Contractor's Performance: A Lagos Survey of Nigerian Indigenous Contractors. Paper Presented at Global Construction 2003 Conference, University of Lagos. Nigeria 52-65.
- Flodgets, R.M. (1984). *Modern Human Relations At Work* (2nd Edition) New York: C.B.S College Publishing.
- Kagioglou, M. and Copper, R. (2001). Performance Management in Construction. A Conceptual Framework. *Construction Management and Economic Journal* 21(2) 201-206.
- Latham, M. (1994). *Constructing the Team*. London: HMSO.
- Levitt, R.E. and Samelson, N.M. (1993). *Construction Safety Management*. 2nd Edition. New York: John Wiley & Sons Inc.
- Ogunsanmi, O.E. and Iyagba, R. (2003). A Comparative Study of the Performance. Traditional and Labour-Only Procurements in Nigeria. *The Professional Builder's Journal, NIOB*. ISSN 0795- 8854,12-57.
- Robbins, S.P. (1998). *Organization Behaviour Concepts. Controversies and Application* (8th Edition). New Delhi: Prentice Hall of India Private Limited.
- Smallwood, J. (2000). Contractor Performance: Clients' Perceptions. In Ngozi, A.B. and Segawa. J. (eds), Countries. *Proceedings of the 2nd International Conference of the CIB Task Group 29 (T629) on Construction in Developing Countries*. 128-138.
- The Associated General Contractors of America (AGC) (1992). *An Introduction to Total Quality Management* Washington, D.C.
- The Business Roundtable (1994). *CICE The Next Five Years and Beyond*. New York: The

Business Roundtable.

The Civil Engineering and Building Contractor (1998). Constructing a Better Image. *The Civil Engineering and Building Contractor* 18.

The Department of the Environment, Transport and the Regions (DETR) (1998). *Rethinking Construction*. London.