

SATISFACTION OF PUBLIC CLIENTS' PATRONAGE OF CONSTRUCTION CONTRACTORS IN NIGERIA

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ABSTRACT

The choice of a proper contractor increases the chance of successful completion of the construction project which fulfills the client's goals of keeping the schedule of the cost, time and quality thereby enhancing satisfaction. This research seeks to determine the areas of satisfaction expected by public clients from local and foreign contractors in Nigeria. Primary data were collected through the administration of questionnaire to the government parastatals and ministries in Lagos state. The data collected from the questionnaire were analyzed using frequency tables, Mean Item Score and Mann-Whitney (U-test) test. The study revealed that public clients derive more satisfaction from foreign contractors than their local counterpart in the areas of quality performance and standard of workmanship while more satisfaction is derived from local contractors than their foreign counterparts in the areas of time and cost performance. The study also concluded that the considerations by public client in choosing the contractors determine the satisfaction derived from the project. The research suggests that local contractors should embark on measures that will improve their quality performance and standard of workmanship in order to stop the preference given to foreign contractors.

Keywords: Satisfaction, client, construction, contractors, Nigeria.

INTRODUCTION

In recent times, the preference given to foreign contractors in the award of contracts in Nigeria has been hinged on their quality performance which has become a subject of concern and controversy to the public as a whole (Idoro, 2007a). The choice of a proper contractor increases the chance of successful completion of the construction project which fulfills the client's goal of keeping the schedule of the cost, time and quality thereby enhancing the satisfaction derived from the project (Plebankiewicz, 2009).

A contractor is expected to complete projects on time within budget cost and meet the client's requirements. Unfortunately, this is not always the case in Nigeria construction industry where local contractors dominate the industry. However, foreign contractors who have a percentage numerical strength of about 7% in Nigeria carry out over 90% of the total value of construction contracts in Nigeria despite the fact that their charges are considerably higher than those of their indigenous counterparts while indigenous contractors get involved with only about 7% of contracts awarded by the Federal government between 1974 and 1984 (Reports of Ministerial Committee on causes of high government contracts 1982). In addition, Idoro (2004) maintains that the construction industry in Nigeria is indeed dominated by expatriate contractors and that the problem in Nigeria is not that of attracting foreign participation but rather that of promoting indigenous participation. These findings are indications that in the construction industry in Nigeria, clients patronize expatriate contractors more than their indigenous counterparts.

A number of earlier research and case studies have highlighted total satisfaction (comprising cost, time and quality performance measure) is always difficult to achieve from contractors (Wong & Holt 2003). The delay in construction work, cost overrun and poor quality of work tender by contractors is because of their inconsistent pricing when formulating and compiling tender price.

The justification for the preference given to foreign contractors in the award of contracts in both public and private sectors is based on stakeholders' and even public perception of the quality of work done by the two categories of contractors. The negative report that all the road contracts awarded to local contractors between 1999 and 2003 by the Federal Government were abandoned (Federal Ministry of Works and Housing 2003) and the frequent incidences of collapsed buildings (The Guardian 2007a and b; Lagos State Physical Planning Authority 2008) have caused serious doubts on the ability and integrity of local contractors. The prevailing construction practice in Nigeria now is that major contracts are being awarded to expatriate contractors. This paper therefore seeks to assess the factors affecting the patronage of contractors (indigenous and foreign) by public

clients and also the factors influencing the satisfaction of contractors (indigenous and foreign) by public clients.

LITERATURE REVIEW

Aibinu and Jagboro (2002) opines that the contribution of the construction industry to national economic growth necessitates improved efficiency in the industry by means of cost-effectiveness and timelines and would certainly contribute to cost savings for the country as a whole. Similarly, Singh and Robert (2005) posits that the construction industry is one of the most dynamic, challenging, rewarding, full of uncertainty and associated risks, and these arise from the nature of the industry itself.

Olatunji (2006) claims that like many part of the world, the Nigerian construction industry is yet to recover from the sudden large amount of its wicked unending failure to reclaim the economic resources often wasted in overruns of time and cost, substandard work and shoddy workmanship, client-contractor-practitioner's acrimonious relationships and non-performance of projects as envisaged by clients or end-users in term of health and safety to juxtapose or commensurate huge resources, expectation, interest and respects invested in the industry by the public.

Construction contractors are usually categorized by several criteria. In Nigeria, the scope of operation can be regarded as the most common criterion. Idoro (2007a) describes indigenous contractors as those contractors that are fully owned and managed by Nigerians. Idoro further describes multinational contractors as expatriate contractors who are mainly private firms that are jointly owned by Nigerians and foreigners but solely managed by expatriates. From this description, the major differences between indigenous and non-indigenous contractors are concerned with company ownership and management which are either mostly or fully controlled by expatriate staff. If at all there are differences in other features such as labour, materials and equipment, these have not been used as criteria for distinguishing between the two categories of contractors.

Mayaki (2003) and Idoro (2004) trace the participation of expatriate contractors in construction in Nigeria to the colonial days when Cappa and D'Alberto, the pioneer foreign construction company was established in 1932 in Nigeria. Idoro (2004) opines

that construction practice and technology in Nigeria has witnessed significant foreign participation from the colonial days to the present day. Idoro (2007b) maintains that the arrival of foreign contractors in Nigeria witnessed the emergence of contract system which was initially embraced by the colonial government for public works. He opines that the foreign contractors got tremendous patronage from the colonial government which brought about increased number of such companies being established in Nigeria before independence.

The technical capability of a contractor is an important criterion in prequalification because the contractor's technical experience and ability will influence his technical performance (Aje & Famakin, 2012). The low managerial and technical capability of indigenous contractors according to Idoro (2009) may have been responsible for the preference to foreign contractors in the construction industry in Nigeria. Similarly, Chen et al (2007) cited in Mante, Ndekugri & Ankra (2011) observes that infrastructure development in developing countries are often dominated by foreign contractors which was attributable to the source of funding and the huge capital outlay of the infrastructure developments.

RESEARCH METHODOLOGY

The target population for this study were the public clients (government ministries and parastatals) who have employed the services of contractors in the execution of construction works for their organization/ministry. In order to have a defined sample size, the list of government ministries and parastatals that are based in the study area was obtained. In all, a total sampling frame of 105 respondents were identified from the Lagos state government website which represents government ministries and parastatals. Based on this, the sample size was calculated from the following formula as used by Yamane (1967):

$$n = \frac{N}{1 + N(e)^2}$$

where n = sample size, N = total population and e = level of precision taken as 10%

The data for the study were collected through the administration of questionnaire to identified respondents. The sample size using the above formula was found to be 51. Having defined the study population, the research adopted the non-probability sampling technique in the administration of the questionnaire due to the time bound nature of the research work. A total of 29 questionnaires were returned and were found suitable for analysis. The designed questionnaire was a multiple-choice type on a 5-point likert scale. The preliminary section of the questionnaire dwelt on background information while the other part was structured in sections relating to the objectives of the study.

The data collected for the study was analyzed using descriptive statistics for the background information of respondents. Mean Item Score (MIS) was employed for ranking of identified factors. Wilcoxon-Mann-Whitney test was used to determine the difference in the sample means of different groups of respondents in ranking the identified factors.

RESULTS AND DISCUSSION

Background information of respondents

Table 1 shows the summary of the background information about the respondents. From the table it can be observed that 31.1% of respondents were quantity surveyors, 24.1% were architects and engineers, 20.7% were builders, while no project manager was recorded. In addition, over 50% of respondents possess the B.Sc./B.Tech degree while no doctorate degree holder responded to the survey. Moreover, the respondents have an average of 12 years' working experience in the construction industry with their organization participating in an average of about 13 projects. Based on the above analysis therefore, it can be concluded that the information provided by the respondents can be relied upon for the purpose of analysis.

Table 1: Background information of respondents

Categories	Frequency	Percentage
<i>Designation of respondent</i>		
Project Manager	0	0.0
Architect	7	24.1
Quantity Surveyor	9	31.1
Builder	6	20.7
Engineer	7	24.1
Total	29	100.0
<i>Academic qualification of respondents</i>		
Ordinary/Higher National Diploma	2	6.9
Post Graduate Diploma	9	31.1
B.Sc./B.Tech.	15	51.7
M.Sc./M.Tech.	3	10.3
PhD	0	0.0
Total	29	100.0
<i>Year of experience of respondents</i>		
1 – 5	4	13.8
6 – 10	11	37.9
11 – 15	6	20.7
16 – 20	5	17.2
Above 20	3	10.3
Mean	12	
<i>Number of projects handled by organization</i>		
1 – 5	3	17.7
6 – 10	6	17.7
11 – 15	6	16.1
Above 16	14	48.4
Mean	13	

Factors affecting the patronage of contractors by public clients

Table 2 indicates the factors affecting the patronage of contractors (indigenous and foreign) by public clients in Lagos state, Nigeria. It can be seen from the table that the three major factors that affect the patronage of indigenous contractors by public clients includes the financial standing of the contractor, tender price and the years of experience of the contractor. For foreign contractors,

the most important factors affecting their patronage from public contractors include the contractor's capacity in terms of plants and machinery, contract type and the contractor's company reputation. While on the overall, the financial standing of the contractor, company's reputation and the contractor's tender price are the most important factors that affect the patronage of contractors by public clients.

The financial standing of the contractor was rated as very important for patronage of indigenous contractors so as to ensure that the contractors have the financial base to meet the cash flow demands of construction projects. For foreign contractors, the contract type and capacity in terms of plants and machinery are the most important factor. This may be due to the fact that most foreign contractors have clear areas of specialization with specific plants required for each project type. The tender price of indigenous contractor is preceded by the financial standing which is indicative that the patronage of indigenous contractors is based on the ability of the public client to guarantee the strength of the contractor in relation to the cost of the project. In contrast, foreign contractors are patronage based on the ability of the public client to guarantee the quality of the project.

Table 2: Factors affecting the patronage of contractors by public clients

Factors	Local		Foreign		Overall		ANOVA	
	Mean	Rank	Mean	Rank	Mean	Rank	F-stat	Sig.
Financial standing	4.31	1	4.07	7	4.20	1	1.052	0.310
Company's reputation	4.11	4	4.29	3	4.20	1	0.512	0.478
Tender price	4.25	2	4.11	6	4.18	3	0.293	0.590
Years of experience	4.17	3	4.07	7	4.13	4	0.166	0.685
Past performance	3.82	5	4.19	4	4.00	5	1.923	0.171
Technical skill	3.66	8	4.19	4	3.91	6	3.578	0.064
Capacity in terms of plant & machinery	3.50	9	4.33	1	3.91	6	10.764	0.002
Contract type	3.48	10	4.33	1	3.89	8	12.633	0.001
Current commitment	3.69	7	3.96	9	3.82	9	1.061	0.308
Knowledge of local working condition	3.79	6	3.11	11	3.46	10	7.731	0.007
Management/personnel	3.10	11	3.58	10	3.33	11	3.192	0.080

In order to test if there is any significant difference in the responses of respondents on indigenous and foreign contractors, Wilcoxon-Mann-Whitney test (U-test) was carried out (Table 3).

From the U-test carried out on the factors affecting the public clients' patronage of contractors, the result shows that the p-value is 0.148; therefore since the p-value is greater than 0.05, then it shows that there is no significant difference between the responses on indigenous and non-indigenous contractors.

Table 3: Mann-Whitney test for factors affecting patronage of contractors

Factors affecting patronage of contractors	
Mann-Whitney U	38.500
Wilcoxon W	104.500
Z	-1.446
Asymp. Sig. (2-tailed)	0.148
Exact Sig. [2*(1-tailed Sig.)]	0.151

Factors influencing public clients' satisfaction of contractors

Table 4 shows the factors influencing public clients' satisfaction with construction contractors (indigenous and foreign) in Lagos state, Nigeria. It can be seen from the table that the three major project parameters are the most important factors that influence public clients' satisfaction of indigenous contractors in the order of time, cost and quality performance of construction projects. For foreign contractors, quality performance, standard of workmanship and time performance are factors that influence public clients. While on the average, the three major project parameters influence public clients' satisfaction of construction contractors in the order of time, quality and cost performance of construction projects.

Furthermore, considering the perception of public clients' satisfaction between indigenous and foreign contractors with respect to quality performance, it is observed that public clients consider the quality performance of foreign contractors to be higher than that of indigenous contractors. This is in agreement with the findings of Idoro and Akande-Subar (2008) and Idoro (2010). On the contrary, there is no significant difference between the foreign and indigenous contractors in relation to quality performance.

Similarly, the perception of public clients' satisfaction between foreign and indigenous contractors with respect to quality of materials, standard of workmanship, level of defective

work and maintenance work are all higher with foreign contractors than indigenous contractors which are greatly revealing why public clients prefer to engage foreign contractors than indigenous contractors and they are all in consonance with the findings of Idoro and Akande-Subar (2008) and Idoro (2010).

Table 4: Factors influencing public clients' satisfaction with construction contractors

Factors	Local		Foreign		Overall		ANOVA	
	Mean	Rank	Mean	Rank	Mean	Rank	F-stat	Sig.
Cost performance	4.34	2	4.04	6	4.20	3	1.445	0.235
Time performance	4.46	1	4.35	3	4.41	1	0.298	0.588
Quality performance	4.31	3	4.48	1	4.39	2	0.568	0.454
Quality of material used	4.07	4	4.19	4	4.13	4	0.255	0.615
Health & safety performance	3.31	11	4.04	6	3.66	9	9.685	0.003
Level of defective work	3.62	8	3.67	11	3.64	10	0.033	0.857
Standard of workmanship	3.86	6	4.41	2	4.13	4	5.350	0.025
Management/personnel	3.69	7	3.93	8	3.80	7	1.052	0.310
Maintenance work	3.41	10	3.73	10	3.59	11	1.676	0.201
Tender cost	3.97	5	3.93	8	3.95	6	0.021	0.886
Financial standing	3.52	9	4.07	5	3.79	8	3.388	0.071

In order to test if there is any significant difference in the responses of respondents on indigenous and foreign contractors, Wilcoxon-Mann-Whitney test (U-test) was carried out (Table 5). From the U-test carried out on the factors influencing public clients' satisfaction of contractors, the result shows that the p-value is 0.168; therefore since the p-value is greater than 0.05, then it shows that there is no significant difference between the responses on indigenous and non-indigenous contractors.

Table 5: Mann-Whitney test for factors influencing public clients' satisfaction

Factors influencing public clients' satisfaction	
Mann-Whitney U	39.500
Wilcoxon W	105.500
Z	-1.380
Asymp. Sig. (2-tailed)	0.168
Exact Sig. [2*(1-tailed Sig.)]	0.171

CONCLUSION

The study on the factors affecting public clients' patronage of construction contractors revealed that different factors are responsible for public clients patronizing either of indigenous and foreign contractors. For indigenous contractors, the study revealed that the financial standing of the contractor, the tender price of the project and the number of years of experience of the contractors are responsible for public clients' patronage. The most important of the factors are cost related which reveals that the ability of the client to patronize indigenous is based on being able to guarantee his cost performance. On the other hand, foreign contractors are believed to be financially buoyant to handle major works which make quality to be the most important factor that guarantees their patronage. For majority of the factors, there is no significant difference between the public clients' responses on the factors affecting the patronage of contractors which shows that the factors responsible for patronage of indigenous contractors are relatively the same as that of foreign contractors.

The study on the factors influencing public clients' satisfaction of construction contractors revealed that different factors influence the satisfaction derived from the patronage of indigenous and foreign contractors. For indigenous contractors, the study revealed that public clients' satisfaction of indigenous contractors is based on the traditional project parameters of time, cost and quality performance of the construction project. On the other hand, public clients' satisfaction of foreign contractors is based on quality performance, standard of workmanship and the time performance of the construction project. This shows that the traditional project parameters are still very paramount in the mind of clients when construction projects are initiated. Similarly, only few of the factors are significantly different between public clients' responses on the factors influencing satisfaction of contractors indicating that the expectations of client from foreign contractors are relatively the same with indigenous contractors.

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