

CONTRACTOR PRE-QUALIFICATION PRACTICES AND PERFORMANCE OF HOUSING CONSTRUCTION PROJECTS IN NATIONAL CONSTRUCTION AUTHORITY, KENYA

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Abstract: The quality of housing projects in Kenya has been deteriorating without sufficient informing reasons especially from empirical literature. This is manifested in numerous cases of buildings collapsing across Kenya. This study will investigate the effects of contract management practices on the performance of housing construction projects in Nairobi county Kenya. The study sought to determine the influence of contractor pre-qualification practices on the performance of housing construction projects in National Construction Authority in Kenya. The target population of the study was 66 respondents comprising of 6 project managers and 60 project team members. A census of 66 respondents was done to form the sample size. The study relied on primary data collected using a questionnaire. Descriptive statistics was used to analyze quantitative data. Qualitative data was analyzed using content analysis based on the thematic areas. The study concludes that scrutinizing the competence of the contract owner who prequalifies makes them to adhere to the project specifications thus better project performance. The study recommends that prequalification practices ensures that projects are carried out successively by selecting the best contractors who are highly qualified to carrying out the project.

Keywords: Contractor Pre-qualification Practices, Housing Construction Projects, Project Performance.

1. INTRODUCTION

Construction is a critical industry for all societies across the world. When the construction industry is examined from a global context, its socio-economic significance becomes obvious. Construction industry performs a prime function in improvement and success the objectives of society. The construction industry in Kenya is amongst other big organizations that contributes to approximately ten percent of the Gross Domestic Product (GDP). Generally, the industry contributes to eleven percent of GDP in the majority of developing nations (Giang & Pheng, 2010).

Many developing countries are experiencing rapid growth in population and urbanization. As a result, provision of adequate housing remains a major challenge facing governments in those countries (Bredenoord & Lindert, 2010). Under the Vision 2030, the Kenyan government has dedicated to offer sufficient, lower priced and high-quality housing for all residents, mainly to the low income earners. The situation of the shortage of houses was aptly captured by Bredenoord and Lindert (2010) who reported that there was a huge backlog in terms of service and housing provision especially, low cost housing. The housing challenges include, housing shortage, mushrooming of informal settlements, overcrowding in the townships and flats.

Apart from the shortage of housing units, other challenges facing housing construction projects include failure of started housing projects, poor quality of housing projects and non-completion of houses which is rampant. Non-completion and underperformance in contracted construction projects is a global phenomenon that has attracted the attention of

researchers, scholars and industry players. A study Aberdeen Group (2013) - a research and consultancy firm in the energy sector in the United Kingdom- suggest that there is huge loss of money due to poor supervision of contractors.

There are many causes of the failures of housing projects. A study done by Fapohunda and Stephenson (2010) in UK found that there exists conflict in the construction industry on the objectives set for the project and its cost, time and value. In Ghana, Ofori (2012) diagnosed 5 elements as the critical reasons of delays to initiatives. They embody month-to-month rate problems to contractors, terrible contract management, material procurement issues, and horrific technical performance and fabric rate escalations. Terrible professional management, fluctuation of costs, developing price of substances and negative web page manage have moreover been diagnosed as factors contributing to undertaking not being complete on time.

There is evidence that the performance of contracted construction in Kenya is poor. One study established that over 70% of the projects initiated are likely to escalate with time and costs (Nyangilo, 2012). This has been justified through research in the Kenya's construction enterprise that have made findings to the impact that value overrun, not on time of completion duration, conflicts in the complex vendor relationship, poor agreement control practices, extortion and corruption, awful risk mitigation and awful best work are the norm instead of exception in the task of contracted creation tasks (Kibuchi & Muchungu, 2012; Lepartobiko, 2012; Chuah et al., 2010). That is the motivation of undertaking this study.

In Kenya, the construction practice is implemented by a range of professionals of varied education and expertise, namely: Land Surveyors, Project Managers, Architects and designers, Quantity Surveyors, Engineers, Contractors, Builders, Estate and marketing agents and Facility Managers (Buildafrigue Consulting Limited, 2011). The National Construction Authority Act was assented to on 2nd December 2011. It was formed with the aim of overseeing the construction industry and coordinating its development. The authority was established whilst the industry was beneath amazing stress to counter numerous challenges, especially the ones relating best warranty. There is an urgent need to streamline the construction industry as a way to develop Kenya's economic system.

2. STATEMENT OF THE PROBLEM

Cases of building collapsing in Kenya and in Nairobi have become commonplace in the recent past. Public condemnation and outcry has followed mostly directed at owners of the building and the government in case of public building and the involved professionals. This is despite the fact that the construction industry is guided by strict policy and standards guiding the operations of the involved construction authorities. It is the gaps in honouring these contractual obligations by the involved professionals and the subsequent effect on the quality of housing construction projects that have motivated this study. Various causes have been attributed to this failure of construction projects. According to Voice of America (2014), most of the cases are in low income neighborhoods where there is little or no inspection. According to Transparency International (2014), contractors and owners of the buildings bribe the inspection unit of the Nairobi City County Government to bypass the inspection process. Endemic corruption and poor reporting structures have also been faulted (DFID, 2013).

Ministry of Transport and Infrastructure Development (MTID) reports on collapsed structures apportion the blame to lack of proper supervision and poor construction procedures (MTID, 2016). Other challenges cited ranging from loopholes in contractors registration, irregularities in contracts award, unprecedented project failures, lack of capital and corruption in the building sector among others (National Construction Authority, 2011). The unexplained pattern of massive failure of housing construction projects has resulted to a number of questions. Contract management practices have been investigated and confirmed as one of the causes of failure in construction projects. There is hardly any study investigating contract management practices in the housing construction industry. This is the research gap that this study sought to fill and generate knowledge on the gaps in contractor pre-qualification practices that has resulted in noticeable failure in performance of housing projects in Nairobi County.

3. LITERATURE REVIEW

Cases of incompetent contractors in practice have been cited as an indictment on the pre-qualification process. Cases of collapse of buildings which lead to subsequent loss of lives and property are prevalent in Kenya. This can be attributed to a variety of reasons which include poor designs and non-compliance, greedy property owners, cost cutting and use of sub-standard materials, lack of quality control, and use of incompetent contractors (Lidonga, 2014). Registration is a key determinant on the quality of any profession. The contractors in the construction industry are registered by NCA but not without challenges as captured by empirical literature.

The role of authorities in pre-qualification has been assessed. Gacheru and Diang'a (2015) study focused on the challenges facing National Construction Authority in the regulation of building contractors in Kenya and challenges of enforcing the mandate. Data was obtained from building contractors by means of questionnaires. Results showed that the major challenges to the effectiveness of the NCA in registering and regulating the practices of building contractors were corruption, poor sensitization, lack of proper organization of the NCA contractor training programs and centralization of the NCA services.

Pre-qualification of contractors has been assessed in housing construction projects and other quarters but not in Nairobi County. John, Omboto and Tubey (2017) found out that contractor selection criteria affected implementation of housing projects in Kisumu County. Activities involved in initiating contract involves various processes. Rendon (2010) defined that at pre-qualification phase, there must be education of body of workers, clear strategies of engagement, relationships constructing, resource allocation to initiatives, leadership and regulations all of that have direct effect on ensuing contractors' overall performance consequences. The agreement introduction action installation the performance expectations for the challenge.

Inadequate pre-qualification and engagement of contractors often leads to incompetent contractors undertaking contracts they lack capacity to execute. Kuta and Nyaanga (2014) investigated on how competence of contractors affects the construction of substandard buildings in Kenya. The study targeted contractors operating in Nairobi metropolitan. Results showed that competence and qualifications of contractors influenced construction of standard buildings. It was also revealed that there was bidding for works by contractors which many lack capacity to execute.

4. RESEARCH METHODOLOGY

The study adopted a descriptive survey research design. The target population was 66 respondents comprising of 6 project managers and 60 Project Team members. Census method was used to select project managers and the project team members. Therefore, the sample size was 66 respondents comprising of 6 project managers and 60 project team members. The study used questionnaires to collect data. Quantitative data was analyzed by descriptive analysis using SPSS (V. 17.0).

5. FINDINGS

The study sought to investigate the effects of contractor pre-qualification practices on the performance of housing construction projects in National Construction Authority. The findings are shown in Table 1.

Table 1: Contractor Pre-qualification Practices

Statement	M	Sd.Dev
Contractor experience influence the performance of housing construction projects	3.93	1.42
Contractor financial ability influence the performance of housing construction projects	4.03	1.43
Contractor management ability influence the performance of housing construction projects	3.90	1.26
Contractor reputation influence the performance of housing construction projects	4.19	1.19
Combination of pooled knowledge and technical capacities that allow an organization to be competitive in the marketplace is considered before contracting	3.79	1.47
Measurement of the quality of an organization's policies, products, programs, strategies is carried out before contracting	3.61	1.66
Aggregate	3.91	1.41

Key: M – Mean; Sd.Dev – Standard Deviation

Source: Research Data (2018)

The findings in Table 4.3 the respondents agreed that contractor prequalification practices influences the performance of housing construction projects in National Construction Authority as indicated by the aggregate score of 3.91 which varied significantly as shown by standard deviation of 1.41. The respondents also agreed on the statements that contractor reputation influence the performance of housing construction projects as shown by the mean of 4.19 and a significant variance of 1.19 and that contractor financial ability influence the performance of housing construction projects as indicated by the mean of 4.03 which varied significantly as indicated by standard deviation of 1.43. These were followed by the statements that contractor experience influences the performance of housing construction projects (M=3.93, Sd.Dev=1.42), contractor management ability influence the performance of housing construction projects (M=3.90, Sd.Dev=1.26), combination of pooled knowledge and technical capacities that allow an organization to be competitive in the marketplace is considered before contracting (M=3.79, Sd.Dev=1.47) and measurement of the quality of an organization's policies, products, programs, strategies is carried out before contracting (M=3.61, Sd.Dev=1.66). These findings concur with the findings of Kuta and Nyaanga (2014) who investigated competence of contractors effects on the construction of substandard buildings in Kenya. The study targeted contractors operating in Nairobi metropolitan. Results showed that competence and qualifications of contractors influenced construction of standard buildings. It was also revealed that there was bidding for works by contractors which many lack capacity to execute. The respondents further indicated that inadequate pre-qualification and engagement of contractors often leads to incompetent contractors undertaking contracts they lack capacity to execute. The organizations employ a myriad of approaches to performing the screening or prequalification of contractors and their sub-tier contractors.

6. CONCLUSIONS AND RECOMMENDATIONS

This study concludes that contractor pre-qualification practices have big influences upon projects and their successes. The information gathered and assessed to determine a contractor's capability, capacity, resources, management processes, and performance based on their work that they have carried out during their previous years highly affects the performance of housing construction projects. This emanates due to the fact that the respondents strongly agreed that contractor experience, reputation and their management capabilities to a very great extent affects the performance housing construction projects. The study recommends that contractor pre-qualification practices should be based on contractors work experience, reputation, strong management team and financial ability of their company. These should be taken to ensure project success through selecting only those contractors who are highly qualified.

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