Examination of the Challenges Faced by Indigenous Contractors in Public Building Projects in Imo State, Nigeria

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Abstract: **This paper examined the challenges faced by Indigenous contractors in public building projects in Imo State, Nigeria. The study adopted a survey research design, Data used in this research were gotten from primary source of data through the use of questionnaires sampled across 266 respondents. One hypothesis was formulated and tested using the Z-test method. With a Z score of 2.656 and P-value is 0.0078, the result shows that the Indigenous contractors do face significant challenges in public building projects in Imo State, it also found out that discrimination and bias are the top of the challenges faced by the Indigenous contractors in public building projects in Imo State. The study recommended that government should Implement policies prioritizing inclusion and establishing clear communication channels between government agencies, regulatory bodies, encouraging partnerships for promoting the active involvement of indigenous contractors in public building projects.**

Keywords: **Indigenous contractors, Public building projects, Construction challenges, Imo State, Nigeria, Project management and Contractor participation.**

I. INTRODUCTION

The construction industry is still largely a source of employment for the country teaming workable population. In Nigeria, the construction industry was the dominant contributor to the nation's GDP in the 1980s, accounting for about 70% of the GDP (Planning Committee on the National Construction Policy, 1989). As of 2023, the Nigerian construction industry continues to play a significant role in the nation's economy. According to the National Bureau of Statistics (NBS), the construction sector's contribution to Nigeria's Gross Domestic Product (GDP) was approximately 4.6% in the first quarter of 2023 (NBS, 2023). This reflects a substantial decrease compared to its historical dominance in the 1980s when it accounted for around 70% of the GDP (Planning Committee on the National Construction Policy, 1989).

The structure of Nigerian construction industry is very complex in that it has a wide range of clients and contractors. This consist of public and private clients, main contractors and sub-contractors, one-man firms and international companies, low technology firms and sophisticated specialists, builders and civil engineers and a whole range of construction professionals connected within the industry. Unfortunately, the level of indigenous contractor's participation and performance in the industry is nothing to write home about when compared to other industries (Idrus and Sodangi, 2020; Hassan *et al.*, 2018; Tripath *et al.,* 2019). Aside cost, schedule, time, quality, safety, another important indicator of the industry performance is quality and this mainly related to construction organization performance (Wamberg, 2013). For a construction company to be at par with rivalry companies in this current unfavourable business environment, quality need to be giving adequate thought (Altayeb and Alhasanat, 2014). Nigerian Indigenous contractors have not had a fair share of

major construction activities in the country, major contracts are often awarded to their foreign counterparts whom are considered more technically and managerially more superior and efficient in funds acquisition and project execution (Okorie, 2018).

Despite all the government initiatives and policies aimed at promoting indigenous contractor participation. Indigenous contractors in Nigeria, they have continually been excluded from participating in public construction projects, leading to a significant lack of representation and access to the benefits of these projects. This exclusion has had a detrimental effect on the national economy as it limits the growth of local businesses and denies the potential for the creation of jobs and increased revenue. It is therefore to this end that the examination of the challenges faced by Indigenous contractors in public building projects in Imo State, Nigeria was necessitated.

II. LITERATURE REVIEW

A. Concept of Indigenous Contractor Participation in Public Building Projects

The concept of indigenous contractors came to limelight with the introduction of the Nigeria Enterprises Promotion decree of February 1972, and since then indigenous contractors have been playing an important role in the construction industry. An indigenous contractor in Nigeria is regarded as a person or private organization established under the Nigeria Enterprises Promotion Decree of February 1972, and has no other base than Nigeria and its capital base and ownership is entirely Nigerian (Owoh,1993). These firms range in size from the self-employed craftsmen known as jobbers who engage mainly in repairs and maintenance of buildings to the very large multi-national or foreign-based construction company.

Contractors operating in Nigeria are classified as either indigenous or expatriate. Indigenous contractors are explained by Idoro (2017) as those contractors that are solely owned and administered by Nigerians, while expatriate contractors are conglomerates, usually private companies that are both owned by Nigerians and foreigners, but only run by expatriates. Obviously, the factors that distinguish the two categories of contractors are the ownership of the company and its administration which are either partially or completely run by the expatriate staff.

In Nigeria, construction contractors are categorized by several criteria: scope of operation (local, regional, national and multinational); specialization (building and engineering); size and category of contracts (small, medium and large); and the company's owners' nationality (foreign and indigenous) (Idoro, 2011; Idoro and Akande-Subar, 2018; Muazu and Bustani, 2014). The debate on project performance in the Nigerian construction industry (NCI) centres mainly on the performances of foreign and indigenous contractors (Idoro and Akande-Subar, 2018). Indigenous contractors are contracting firms that are fully-owned and managed by Nigerians; the nationality of the firms' ownership and management is exclusively Nigerian.

B. Concept of Public Building Project

Public building means any building or portion thereof, other than a privately owned residential structure, public housing structure, police, fire or correction structure, constructed wholly or partially with state or municipal funds, whether tax funds, funds obtained through bond issues or grants or loans under any state law, which is likely to be used by physically handicapped persons, including, but not limited to theaters, concert halls, auditoriums, museums, schools, libraries, recreation facilities, transportation terminals and stations, factories, office buildings and business establishments(Max, 2002).Public building means a building, whether for single or multitenant occupancy, and its grounds, approaches, and appurtenances, which is generally suitable for use as office or storage space or both by one or more federal agencies or mixed-ownership Government corporations (Bru, 2013). Public building may include: federal office buildings, post offices, custom houses, courthouses, appraisers stores, border inspection facilities, warehouses, record centers, relocation facilities, telecommuting centers, similar federal facilities, and any other buildings or construction projects the inclusion of which the President considers to be justified in the public interest (Moban, 2014).

Building is an essential part of human life and culture, and it has been adapted throughout history for a variety of reasons, from the materials available to weather conditions, land prices, ground conditions, specific uses and aesthetic reasons. Buildings are used for shelter from the elements, security, living space, privacy, to store belongings, and to comfortably live and work. They also serve as a source of artistic expression, and in recent years, sustainable planning and building practices have become an intentional part of the design process of many new buildings (Paul and Alan, 2009).

ISSN 2394-9716

International Journal of Novel Research in Interdisciplinary Studies
Vol. 11, Issue 5, pp: (1-6), Month: September – October 2024, Available at: www.noveltyjournals.com

III. METHODOLOGY

The study was conducted in Imo State using a survey design method. The survey focused on analysing questionnaire responses of respondents on Indigenous contractor participation in public building projects in Imo State, Nigeria, by examining challenges faced by Indigenous contractors in public building projects. Using a survey research design, data were collected from a population of 881 registered building professionals in Imo State who are currently working with indigenous construction and handling building project in Imo State. A simple random sampling technique was employed to select a sample size of 276 respondents. However, out of the 276 respondents, only 266 questionnaires were retuned and correctly filled and were used for the study. The primary data collection tool was a structured questionnaire, which was distributed and collected through self and hand delivery to ensure a high response rate and clarity in responses.

The collected data were analyzed using descriptive statistics to summarize the data characteristics and inferential statistics, specifically, Z test was used to test the research hypothesis. The results were presented in tables for easy communication and interpretation

IV. RESULTS

Table 1 The challenges faced by Indigenous contractors in public building projects in the study area.

In your opinion, what are the main challenges you face as an indigenous contractor in participating in public building projects? using a scale of 1 to 5, where 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree and 5 = Strongly Agree

S/N	Options	SA	A	UND	D	SD	$\sum f$	$\sum fx$	RAI	Rank
a.	Indigenous contractors in public building projects in Imo State face challenges navigating through procurement processes.	96	135	28	5	2	266	1116	0.8391	3rd
b.	Regulatory barriers are encountered by Indigenous contractors participating in public building projects in Imo State..	87	102	77	0	0	266	1074	0.8075	4th
c.	Access to financial resources is a challenge for Indigenous contractors involved in public building projects in Imo State.	97	90	56	23	0	266	1059	0.7962	7th
d.	Indigenous contractors in public building projects in Imo State experience limitations in capacity.	76	66	124	0	0	266	1016	0.7639	8th
e	Discrimination and bias are observed in the role of Indigenous contractors in public building projects in Imo State.	134	96	30	6	0	266	1156	0.8692	1st
f	Limited access to information is a challenge faced by Indigenous contractors working on public building projects in Imo State.	100	94	50	16	6	266	1064	0.8000	6th
g	Competition from non-Indigenous firms poses challenges for Indigenous contractors in public building projects in Imo State.	100	123	43	0	0	266	1121	0.8429	2nd
h	Inadequate infrastructure affects the work of Indigenous contractors in public building projects in Imo State.	112	31	34	89	0	266	964	0.7248	9th
i	Indigenous contractors in public building projects in Imo State receive varying degrees of institutional support.	99	87	65	15	0	266	1068	0.8030	5th
`j	Managing community relations is a challenge for Indigenous contractors involved in public building projects in Imo State.	56	56	55	33	66	266	801	0.6023	10th

The result in Table 1 revealed that with an RII of 0.8692, discrimination and bias ranked as the highest challenge, highlighting the prevalence of discrimination and bias against indigenous contractors in public building projects. Competition from non-indigenous firms ranked second, with an RII of 0.8429, competition from non-indigenous firms poses significant challenges for indigenous contractors. Efforts to level the playing field and enhance indigenous contractors' competitiveness are essential for promoting their participation in public projects while Challenges in navigating procurement processes ranked third, with an RII of 0.8391, navigating procurement processes presents hurdles for indigenous contractors. Simplifying and streamlining procurement procedures can facilitate greater participation and reduce barriers for indigenous contractors.

These implications suggest the need for comprehensive strategies and interventions to address the identified challenges effectively. By tackling discrimination and bias, leveling the competitive landscape, and simplifying procurement processes, policymakers, regulatory bodies, and industry stakeholders can create a more conducive environment for indigenous contractors to thrive and actively contribute to public building projects in Imo State. Moreover, prioritizing inclusivity and equity in project procurement and implementation can not only enhance indigenous contractors' participation but also foster sustainable development and economic growth within the construction sector and the broader community.

C. Hypothesis

H_{02}: The Indigenous contractors do not face any significant challenges in public building projects in Imo State.

To test this hypothesis, Z-test was used to compare the observed mean RII against the hypothesized mean.

Decision Rule: Reject H0 if p-value < 0.05 otherwise do not reject

Step-by-Step Calculation

1. Observed Mean RII ($\bar{x}$): Calculate the average RII from the data provided.

2. Hypothesized Mean RII (μ_0): 0.70 was used as the threshold to test if challenges are significant. Using 0.70 ensures that only challenges perceived by at least 70% of the respondents as significant are considered for further analysis or intervention, which enhances the reliability and validity of the results

3. Standard Deviation (σ): Calculate the standard deviation of the RII values.

4. Sample Size (n): Number of RII values.

5. Apply the Z-test Formula $\quad Z = \dfrac{\bar{x} - \mu_0}{\frac{\sigma}{\sqrt{n}}}$

Therefore:

The observed mean RII $(\bar{x}) = \dfrac{\textbf{Sum of RIIs}}{\textbf{Number of challenges}}$

$$\bar{x} = (0.8391 + 0.8075 + 0.7962 + 0.7639 + 0.8692 + 0.8000 + 0.8429 + 0.7248 + 0.8030 + 0.6023)/10$$

$$\bar{x} = \frac{7.8489}{10} = 0.8451$$

The standard deviation of RII Values $(\sigma) = \sqrt{\dfrac{\sum (RII - \bar{x})^2}{n}}$

$\sigma = \sqrt{(((0.83 - 0.8451)^2 + (0.80 - 0.8451)^2 + (0.79 - 0.8451)^2 + (0.76 - 0.8451)^2 + (0.86 - 0.8451)^2 + (0.80 - 0.8451)^2 + (0.84 - 0.8451)^2 + (0.72 - 0.8451)^2 + (0.80 - 0.8451)^2 + (0.60 - 0.8451)^2)/10)}$

$\sigma = \sqrt{\dfrac{0.7959}{10}} = \sqrt{0.079} = 0.890$

To determine the Z-score using $\quad Z = \dfrac{\bar{x} - \mu_0}{\frac{\sigma}{\sqrt{n}}} = \dfrac{0.8451 - 0.70}{\frac{0.890}{\sqrt{266}}} = \dfrac{0.145}{0.0546} = 2.656$

Using a Z-table, a Z score of 2.656, the cumulative probability p-value for a Z-score of 2.658 is approximately 0.0078.

Decision: Reject the null hypothesis

The z-calculated value (z-stat.) for the analysis carried out for hypothesis two which states that The Indigenous contractors do not face any significant challenges in public building projects in Imo State. From the calculation, the Z score is 2.656 and P-value is 0.0078. Going by the decision rule which states if the p-value is less than the level of significance of 0.05, the alternate hypothesis should be accepted, otherwise, it should be rejected. The null hypothesis is therefore rejected because the p-value as gotten from the result is lesser than 0.05. Hence, it is stated that The Indigenous contractors do face significant challenges in public building projects in Imo State.

Decision: Reject the null hypothesis (Accept the alternative hypothesis)

V. CONCLUSION

The examination of challenges faced by indigenous contractors in public building projects in Imo State, Nigeria, reveals a complex interplay of factors including discrimination and bias, competition from non-Indigenous firms, limited access to finance, inadequate technical capacity, bureaucratic hurdles, and lack of transparent procurement processes. Addressing these challenges requires a multifaceted approach that involves strengthening policy frameworks, providing capacity-building initiatives, improving access to resources, and fostering collaboration between government agencies and indigenous contractors. The study therefore recommends that government should Implement policies prioritizing inclusion and establishing clear communication channels between government agencies, regulatory bodies, encouraging partnerships for promoting the active involvement of indigenous contractors in public building projects. By creating an enabling environment, indigenous contractors can better contribute to the successful delivery of public building projects, enhancing local economic growth and development

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