



ASSESSING CRITICAL SUCCESS FACTORS FOR PROJECT ALLIANCE AMONG CONTRACTORS IN NIGERIAN CONSTRUCTION INDUSTRY

Ebunoluwa Bimbola Akinrata¹

¹Department of Quantity Surveying, Ahmadu Bello University, Zaria-Nigeria.

*Corresponding Author: Ebunoluwa Bimbola Akinrata

Corresponding Author Email: akinrataebun@gmail.com

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ABSTRACT

Contracting firms in Nigerian Construction industry require different techniques, knowledge, assets and capabilities with the end goal to rival each other effectively. Vision, resources, assets, abilities should be created inside, or got by means of a progressive association with another contracting firm using project alliance. The utilization of project alliances in construction industry has expanded pointedly throughout the most recent years and they are especially viable in helping contracting firms to keep up an unrivaled aggressive position in unique situations. Be that as it may, many contractors think that it's hard to alliance with other individual contractors in accomplishing certain objectives. By so doing, this paper has drawn a survey study on the critical success factors for project alliance among contractors in Nigerian Construction industry which will reflect more on how useful project alliance is in the real practices among contractors in the construction industry. It was uncovered in the findings that if mutual-trust can be realized, the project alliance is likely to be successful among construction contractors in Nigeria. It was additionally uncovered in the findings that best contracting approach for Nigerian contractors in the construction industry is for them to share and transfer much of the risk among themselves in order to achieve successful project alliance. Moreover, Government support and contract binding will enhance the project alliances among contractors. The study recommends that contractors should try to devote considerable time to plan thoroughly to achieve successful project alliance; quality understanding, communication between contractors will help to dissolve mistrust and doubt; federal government should encourage project alliance between contractors with solid contract bindings

Keywords: Project Alliance, Contractor, Firms, Construction Industry, Professional.

INTRODUCTION

Alliances can be characterized as the plan willing done among firms and companies including trade, sharing or co-improvement of items, innovations or administrations in order to achieve one or more certain goals (Ngowi, 2007). In Nigerian development industry, alliance associations are utilized when parties that are engaged with comparative task, for example, contractors uniting to use their complimentary capacities to do work. This happens in circumstances where dangers are too high to be feasible. The agreeable perspective emerges from the way that each contracting firms needs access to the next company's know-how and that the organizations can on the whole utilize their insight to deliver something that is useful to them all.

The project alliance idea was first presented in the mid-1990s, in the North Sea offshore oil and gas industry. Collaboration between professionals that time was the favored procurement approach for upgrading coordinated effort, enhancing correspondence, and empowering advancement between project colleagues, for example, proprietors, development temporary workers, and structure advisors without depending on a legally binding system (Ernzen *et al.*, 2000). In any case, as key components of project alliance is legitimately non-authoritative, cooperating with each other did not offer the securities of a lawfully enforceable contract (Chen *et al.*, 2012). As per (Love *et al.*, 2010) the vast majority of the prior uses of alliances in Australia especially in the oil and gas segment utilized an unadulterated alliance as according to Walker and Hampson (2003), where the non-owner participants (NOPs) were chosen based on involvement, ability, and state of mind however without respect to cost. Two eminently fruitful Western Australia projects that utilized this type of acquisition approach were the East spar and the Wandoo developments (Davis and Cowan 2008).

Contracting firms in Nigerian construction industry require different assets and abilities with the end goal to rival each other adequately. As indicated by Akiner and Yitmen (2011), assets and abilities should be procured, grown inside, or acquired by means of a progressing gainful association with another firm using a project alliance. The maximum utilization of project alliances in construction industry has expanded strongly in the course of the most recent years and they are especially powerful in helping contracting firm keep up a prevalent focused position in unique situations. Alliances apparently enhance an aggressive competition between contacting firm in the construction industry by giving access to external forces, by giving cooperative energies and by cultivating fast learning and change among themselves. So along these lines, this study stands to identify and assess the critical success factors for project alliance among contractors in Nigerian Construction industry which will reflect more on how useful project alliance is in the real practices among contractors in the construction industry.

Project Alliances in Nigerian Construction Industry

Alliances is a type of agreeable partnerships, which must not be misjudged as mergers or acquisitions (Almuti and Kathawala, 2001). A project alliance is a collaboration with a length longer than a project, which has the expectation to change the item advertise skill blends of the partaking accomplices (Walker and Hampson, 2003). These accomplices in alliance share the prizes, gain, knowledge and dangers. As noticed, there has been developing utilization of relationship-constructed procurement approaches in light of construction projects around the world, with methodologies like Public Private Partnership (PPP), Joint Ventures (JV),

Enterprise Networks and Alliancing all used (Harmon, 2003; Walker and Hampson, 2003). As expressed by Ross (2003), that Project Alliance is "where an owner and one or more service providers (designer, constructor, supplier etc.) work as an incorporated group to convey a particular project under an authoritative structure where their business advantages are lined up with genuine project results." Project Alliances are portrayed as an understanding between at least two elements which embrace to work helpfully, based on a sharing of project hazard and reward, to achieve concurred results dependent on principals of good confidence and trust and an open-book approach towards costs (Harmon, 2003).

As indicated by Rowlinson and Cheung (2004), alliancing is thought to be a long haul business methodology connecting together professionals, contractors, temporary workers, clients and create a valuable production network. Contractors or partners involve in alliance must be united in order to achieve a particular result or project, in which dangers and gain are together shared and there is goal alignment between parties. Alliance between firms that are occupied with comparable exercises has both agreeable and aggressive perspectives. They faithfully make a dimension of common reliance and restrictiveness, without losing their independency. Verifiable tenets of trust and balance apply to the shared communication and disposition (Snijders and Geraedts, 2007). While the previous empowers the firms to use their integral capacities for basic advantages, the last will in general drive the unified firms to take part in focused hustling in taking in the ability of the partner(s) for private advantages (Ngowi, 2007).

Project alliances can be supported with an extensive variety of intentions and objectives, take an assortment of structures, and may happen crosswise over vertical and level limits. Alliance depends on willful game plans between firms which include trade, sharing, or co-improvement of services, innovations, and administrations (Cheng *et al.*, 2000). Various study has recorded various advantages that vital alliances among small firms and organizations, which include the capacity to take advantage of new markets, get to scale economies, get correlative assets in immature esteem chain exercises, react to natural vulnerabilities, and get supports from legitimate partners, among others (Arino *et al.*, 2008).

Critical Success Factors for Project Alliance in the Construction Industry

An intensive studies and surveys which were directed to the discovery of some of the key critical success factors for project alliance in construction industry were done by several notable researchers all over the world. Nguyen *et al.*, (2004) essentially characterize accomplishment inside the setting of the construction industry as when a project is finished at appointed time, or underneath spending plan, constructed to required determinations and fulfils the objectives and desires of the owner. The Sloan School of Management built up an idea for distinguishing Critical Success Factors (CSF's) which they characterized as "those few key areas of activity in which favourable results are absolutely necessary for a particular manager to reach his or her own goals... those limited number of areas where things much go right."

Numerous eminent researchers like Haque, Green and Keogh (2004); Dark *et al.*, 2000; Cheng *et al.*, 2000; Fisher, 2004; Nook *et al.*, 2002; Shenkar and Reuer (2006) and others have examined more on different type of alliance, particularly on what would it be able to

take project alliances to be fruitful and successful. A few factors that were recognized as basic success factors for project alliances were; Senior Administration Duty, ability to share knowledge, Similitude Of Administration Methods of insight, Powerful And Solid Administration Group, Mutual trust between parties, perfect alliance structure, Shared Objectives And Targets, Intensive Arranging, Plainly Comprehended Jobs, Universal Vision, ability to Share risk and risk transfer, Correspondence Between Accomplices: Looking after Connections. The accompanying (Table 1) condenses some key authentic writing to build up a win factor structure for project alliancing.

Table 1

Summary of key Success factors for Project Alliance among Contractors

Critical success Factor	Authors
Mutual trust between parties	Haque, Green and Keogh (2004); Black <i>et al.</i> , 2000; Cheng <i>et al.</i> , 2000; Fisher, 2004.
Government support and contract binding	Black <i>et al.</i> , 2000; Cheng <i>et al.</i> , 2000; Fisher, 2004; Tyler and Blader, 2000.
Strong commitment by client & senior management with appropriate scope	Jefferies, Gameson, Chen and Elliot (2000); Haque, Green and Keogh (2004);
Share control	Bresnen and Marshall, 2000.
Team problem solving	
Equity	Haque, Green and Keogh (2004).
Shared knowledge	Jefferies, Gameson, Chen and Elliot (2000).
Commercial incentives Open	Cheng & Li, 2002; Cheng <i>et al.</i> , 2004.
Cultural compatibility	Bower, 2002; Male, 2002;
Measurable goals	Barley, 2002; Walker & Lloyd-Walker, (2013).
Share risk and risk transfer	Cheng and Li (2002); Walker & Lloyd-Walker, (2013).
Mutual need	Bower <i>et al.</i> , 2002; Shenkar and Reuer (2006)
Share decision making	Rigby <i>et al.</i> , 2009;
Partner accountability	Bower, 2002; Male, 2002
Alliance structure	Walker & Lloyd-Walker, (2013).

METHODOLOGY

Survey

In achieving the aim of this study, which is to highlight and to evaluate the critical success factors for Project Alliance among contractors in Nigerian Construction Industry. Vital information relating to the topic were accumulated by means of a questionnaire survey. A number of contracting firms in the construction sector operating within southwestern part Nigeria was consulted and the responds was impressive. The professionals represented include Architects, Quantity Surveyors, Civic / structural engineers, Builders and contractors.

Data Collection

In this study, quantitative research approach was adopted. The empirical data was collected through a questionnaire survey, which was administered to the registered construction firms. Seventy-two questionnaires were distributed to construction professionals, while ensuring that they are registered with their respective professional bodies. A total number of 59 completed questionnaires were retrieved back from the respondent out of 78, giving a high response rate of 76 per cent indicating that the sampling procedure was effective and that the respondents perceived the research to be relevant and worthwhile. The respondents were asked to rate the

extent to of agreement with each statement based on a five point Likert scale of 1 to 5. Therefore, their level of knowledge expected to provide responses was acceptable for the purpose of validity of the survey results. The questionnaire covers general information about the key success factors for project alliance among construction contractors.

Data Analysis and Results

The participating contracting firms provided numerical scoring expressing their opinions on the significance of each factors. In analyzing the data collected, Statistical Package for the Social Sciences (SPSS) 22 was used in achieving the desire result. Reliability test analysis was the analysis carried out on the data retrieved from the respondent to determine dependability of the review instrument using Cronbach's α model. As indicated from the result of the examination, the general Cronbach's α unwavering quality for the 17 success factors was 0.943, this shows that there is satisfactory interior dependability and consistency of informational index.

Furthermore, Mean Time Score (MIS) and Standard Deviation (SD) were also used to rank the results as per how the critical success will influence the contractors in construction industry to involve more in project alliance. Since Likert of 5-point scale was utilized for the accumulation of information. A cut-off point mean score > 2.50 on a 5-point Likert-type scale have been pronounced to be sensible to decide imperative or huge elements. MIS was utilized to rank all the critical factors while SD was likewise used for situations where two variables have similar MIS esteem.

RESULTS

Analysis of the Success Factors for Project Alliance among Contractors in Nigerian Construction Industry

This section presents the results and discussion of the findings from the returned questionnaires that were distributed to the construction professionals acting as a contractor in selected firms in Nigeria. Not far from the fact that project alliance among contractors is much of voluntary, formal arrangement between two or more contractors/sub-contractors to pool resources to achieve a common set of objectives that meet critical needs while remaining independent entities. So therefore, after thorough review of existing literature on success factors for project alliance among contractors in the construction industry, seventeen (17) critical success factors for project alliance in construction industry were revealed and analyzed in the investigation territory. The mean analysis of the respondent's perceptions were presented in Table 2. In examining the success factors for project alliance among contractors in Nigerian Construction industry.

Table 2
Success factors for Project Alliance among Contractors

Success factors for project alliance	Mean	Std. Deviation	Ranking
Mutual trust between contractors	4.28	0.810	1
Share risk and risk transfer	3.88	0.852	2
government support and contract binding	3.86	0.936	3
Share control	3.79	0.760	4

Strong commitment by client & senior management with appropriate scope	3.79	0.804	5
Team problem solving	3.69	0.564	6
Share decision making	3.64	0.688	7
Measurable goals	3.62	0.785	8
Mutual need	3.59	0.722	9
Alliance fitness	3.55	0.856	10
Alliance structure	3.55	1.118	11
Cultural compatibility	3.50	0.751	12
clear and common vision	3.47	0.816	13
Partner accountability	3.37	0.763	14
Shared knowledge	3.33	0.709	15
Equity	3.28	0.670	16
Commercial incentives Open	3.22	0.831	17

According to Table 2, Mutual-trust between contractors was ranked 1st with mean 4.28 and SD 0.810. When forming project alliance between two or more contractors, the collaborated contractors have right but no obligation to trust each other. If mutual-trust can be realized, the project alliance is likely to be successful. This agreed with Kadefors (2004), Haque, Green and Keogh (2004); Black *et al.*, 2000; Cheng *et al.*, 2000; Fisher, 2004; that Mutual-trust is central for any project alliances among parties. It is then followed share risk and risk transfer with the mean of 3.88, SD of 0.852 and was ranked second (2nd), it implies that best contracting approach is for the contractors to share and transfer much of the risk among themselves, this include insurance companies, designers and constructors (Cheng and Li 2002). This means that if proper risk share and transfer is established among contractors, project alliance will be successful. Government support and Contract binding ranked third (3rd), according to response from selective contractors. Government support will enhance the project alliances. According to the definition of project alliances, it's more important for legal binding by the parties involved in project alliance arrangements especially at the corporate level. So therefore, Government support and legal contract binding is one of the top critical success factors for project alliance among contractors in Nigerian construction industry.

CONCLUSION AND RECOMMENDATIONS

Project alliance has been on increase recently among building construction industry professionals in Nigeria, in order to minimize conflicts and competitiveness in building construction by removing traditional barriers among contractors. However, some contractors find it difficult to alliance with fellow contractors in achieving certain goals. By so doing, this paper has drawn a survey study on the critical success factors for project alliance among contractors in Nigerian Construction industry. It was found in the study that when forming project alliance between two or more contractors, the collaborated contractors have right but no obligation to trust each other. If mutual-trust can be realized, the project alliance is likely to be successful. It was additionally uncovered in the findings that best contracting approach is for the contractors to share and transfer much of the risk among themselves. Moreover, Government support and contract binding will enhance the project alliances among contractors. These were the top critical success factors for project alliance. Following the

details study on critical success factors for project alliance among contractors in Nigerian Construction industry, the following recommendations will be useful if totally adhere to; contractors should try to devote considerable time to plan thoroughly to achieve successful project alliance; quality understanding, communication between contractors will help to dissolve mistrust and doubt; federal government should encourage project alliance between contractors with solid contract bindings.

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