

# CONSULTANTS' NEEDS AND EXPECTATIONS FROM CONTRACTING ORGANIZATIONS IN NORTHERN CYPRUS BUILDING CONSTRUCTION INDUSTRY

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**ABSTRACT :** Intense competition existing in construction market creates an industry that is dominated by the client groups. Numerous studies dealing with private clients' needs and expectations from contractor firms exist in the literature. However in the unique construction industry, in addition to clients, consultants as representatives of clients will almost always have very important roles to play as well. By presenting survey findings of 50 consultant firms, this study provides insights into consultants' general needs and expectations from contracting organizations on behalf of their clients by using the data from Northern Cyprus private building construction market.

*Key words :* Building Construction, Contractors, Consultants' Expectations, Consultants' Needs, Repetitive Works.

## 1. INTRODUCTION

Although many contracting organizations perceive that high quality of work, supported by an impressive track record, wide field of historic, recent and current performance is enough, actually, it is not anymore. Nowadays, the construction industry is obviously dominated by the client groups. This is due to increased number of players competing for the same markets, which allows the clients to have 'choice'. The clients want the best possible 'value' from contractors and they started to commission work because expertise is supported by a continued high level of attention to all of their specific needs. The clients in the market started to expect that everyone involved on the contractor's side is there to respond their every single need. It is possible to have dissatisfied or at least not satisfied customers even though explicit time, cost and performance criteria have been met [1]. The study by Maloney [2] reached a conclusion that a contractor must always have a detailed understanding of the clients' expectations and be able, through his or her personnel, to satisfy those expectations.

In addition to creating short-term transactions, contractors in the construction industry almost always need to build long-term relationships with valued customers. It is a known fact that the cheapest sale is usually from a repeat customer. Relationship marketing is a concept for developing long term and sustained contact with clients and customers so that their needs can be targeted and satisfied in return for client loyalty [3]. An inability to bring about customer satisfaction will result in the contractor's exclusion from future work opportunities with that customer. Doing repetitive works is actually about understanding current clients' needs and expectations, developing close relationships with them, satisfying them and looking for repeat business in the long run. 'Repetitive works' concept

is very suitable to be applied in the construction industry by its nature.

Construction has always been known as a 'unique' sector. Actually, it is obvious to everyone that there exist fundamental and major differences between consumer markets and construction market. Probably the most important difference lies in the client himself. In general consumer sectors, the customer who will actually buy the product with his money is usually the only one, whose needs, wants and demands need to be considered. However in the unique construction industry, in addition to clients, consultants as representatives of clients should almost always have very important roles to play as well. The consultants will have significant effect on clients' final decisions during bidding stages of construction projects. Therefore, their expectations on behalf of their clients deserve to be given high significance while the contracting organizations formulate strategies. Considering the fact that consultants are experts of the issue, their perspective will probably be rather different than ordinary clients' with possibly no background about construction process at all. A strategy based on input, which does not take consultant's perspective into consideration will not be complete and hence may not serve the purpose effectively.

The main aim of this research was to elicit responses from consultant firms (on behalf of their clients) on their perceptions of a set of criteria related to their general needs and expectations from the contractor firms in the specified market. Additionally, the responding consultants' approaches in advising their future clients to do repetitive works with the same contractor firms and their perception of a specific set of criteria regarding this issue was to be determined. The contracting organizations in the related sectors will be able to use the framework provided within this study to recognize the demand in a more complete

manner and hence formulate or modify strategies accordingly.

## 2. LITERATURE REVIEW

Numerous researchers have highlighted clients' expectations from contractors, at least indirectly, while they are dealing with 'client's contractor selection criteria' or 'client's prequalification criteria' for different types of clients under varying circumstances. However, the consultant firms' perspective regarding this issue was dealt with only in very few studies and there was a definite need for a more detailed investigation.

Holt et al. [4] identified prequalification criteria to be included in the quantitative model for selecting contractors. Hatush and Skitmore [5] found that the most common criteria considered by procurers during prequalification are those pertaining to financial soundness, technical ability, management capability and health and safety performance of contractors. Hatush and Skitmore [6] presents a methodology for assessing and evaluating contractor data for the purpose of prequalification and bid evaluation. Hatush and Skitmore [7] described a systematic multi-criteria decision analysis technique for contractor selection and bid evaluation based on utility theory and which permits different types of contractor capabilities to be evaluated. Jennings and Holt [8] solicits not clients' but contractors' viewpoints on prequalification. Ng and Skitmore [9] investigates the decision criteria used by client and consultant organizations in contractor prequalification in U.K. Ng et al. [10] reports on an investigation of the nature of divergencies of the perceived importance of individual prequalification criteria by different groups of prequalifiers via an empirical survey conducted in UK. Wong et al. [11] identified factors which are used by the clients in contractor selection process. Palaneeswaran and Kumaraswamy [12] proposed another model for construction contractor prequalification.

The findings of these studies definitely provide valuable information for the contracting organizations, in the related sectors. However, consultants' perspective regarding this issue was not assigned the emphasis it deserves in these studies. Therefore, a specific study presenting a comprehensive approach of the consultants to this issue would be of great value.

## 3. RESEARCH METHODOLOGY

The research sample has been drawn from the consultants (architects or engineers), who have been working in the market, as representatives of various private building construction clients, for at least 3 years. A total of 50 consultant firms were targeted and the data has been collected from this sample via face-to-face interviews in order to avoid any misinterpretation of the questions.

The basis of the questionnaires was formed by the literature review and preliminary consultation with experts in the specified market. A pilot study was done, in which participants were asked to consider the relevance, complexity, layout, order and length of the questionnaires.

The final version of the questionnaire was reached after incorporating some modifications and shortenings, which were made according to the inputs obtained in the pilot study.

A structured questionnaire, copy of which can be obtained from the first writer, was employed to survey the consultants in the interviews. The questionnaires consisted of two main sections. The first section of the questionnaire, was related to the consultants' general needs and expectations from the potential contracting organizations. The second section was specifically related to the consultants' approach to the concept of doing possible repetitive works with the same contracting organization in the future. The respondents were asked for their perception of importance attached to the criteria listed and responses were analyzed with respect to the two specified main sections.

Survey data were analyzed using relative index (RI) technique. The RI technique has been used extensively in construction research for measuring attitude, which is the perceived level of importance in this context, with respect to surveyed variables [13, 14, 8, 11]. An ordinal scale was used for the measurement of variables and the respondents were asked to assign level of importance from 1 to 5 for each criterion, 1 being 'the least importance', 3 being 'some importance' and 5 being 'the most importance'. Data from the questionnaires were extracted to derive weightings of the factors included. The magnitude of RI was calculated for all the listed criteria and the variables were rank ordered based on RI, for each of the two main sections in both of the questionnaires. Moreover, in an effort to distinguish among different types of consultant groups available, different subgroups in samples were identified, analyzed separately and the variables were rank ordered for each one of these subgroups as well.

## 4. RESEARCH FINDINGS AND DISCUSSIONS

### 4.1 Characteristics of the Respondents

Before interpreting the research findings, one should consider the general characteristics of the respondents. The respondents were all consultants within building construction sector in Northern Cyprus construction market. Descriptive statistics about respondents are summarized in Table 1.

**Table 1.** Statistics about the characteristics of consultant respondents

Variable	Category 1	Category 2	Category 3
Experience of consultant in building construction market (years)	3-5 (32%)	6-10 (38%)	>10 (30%)
Type of Consultant	Engineer (52%)	Architect (48%)	-

### 4.2 Consultants' General Needs and Expectations

The first section of the questionnaire was aiming to identify importance perception of respondents regarding their general needs, wants and expectations from contracting

organizations. A summary of ‘Relative Indices’ and Ranks derived from the responses of overall 50 consultant firms,

engineer consultant firms only and architect consultant firms only are presented in Table 2.

**Table 2.** Consultants’ Needs and Expectations from Contracting Organizations <sup>a</sup>

Consultant Type		Overall Consultants		Engineers		Architects	
N	Factor Description	RI	Rank	RI	Rank	RI	Rank
1	Price that the contractor firm offers	0.952	1	0.992	1	0.908	1
2	No of years the contractor firm has been doing work in the market	0.900	2	0.908	3	0.892	2
3	The image and identity of the contractor firm in the market	0.676	10	0.531	13	0.833	5
4	Availability of previous experience with similar projects	0.752	7	0.831	6	0.667	9
5	The product’s place (if chosen by the contractor)	0.528	14	0.423	16	0.642	10
6	Availability of highly qualified technical staff in the contractor firm	0.880	3	0.885	4	0.875	3
7	References about the contractor	0.640	12	0.646	11	0.633	11
8	Previous records of claims and disputes	0.688	9	0.700	10	0.675	8
9	The contractor firm being a sectoral brand in the market	0.464	17	0.369	17.5	0.567	14.5
10	Maximum financial capacity	0.876	4	0.923	2	0.825	6
11	Warranty conditions the contractor firm offers	0.468	15.5	0.446	15	0.492	16
12	Type of plant and equipment available and suitability of the equipment	0.756	6	0.762	7	0.717	7
13	Availability of highly qualified managerial staff in the contractor firm	0.792	5	0.731	8	0.858	4
14	Contractor’s familiarity with local suppliers, labor, subcontractors etc.	0.388	18	0.369	17.5	0.408	18
15	Type of project control, monitoring process and cost control	0.672	11	0.715	9	0.625	12
16	Proposed construction method	0.712	8	0.838	5	0.575	13
17	Current workload of the contractor	0.600	13	0.631	12	0.567	14.5
18	The contractor’s approach to health and safety on the site	0.468	15.5	0.454	14	0.483	17
Average RI:		0.678		0.675		0.680	

<sup>a</sup> Spearman Rank Correlation Coefficient ( $r_s$ ) between engineers and architects = 0.75; the correlation is significant at 1% level.

**Table 3.** Perceived level of importance by the experience of consultant <sup>a</sup>

Experience of Consultant in Building Construction Market		3-5 Years (Group 1)		6-10 Years (Group 2)		>10 years (Group 3)	
N	Factor Description	RI	Rank	RI	Rank	RI	Rank
1	Price that the contractor firm offers	0.938	1.5	0.968	1	0.947	1
2	No of years the contractor firm has been doing work in the market	0.938	1.5	0.937	2	0.813	4
3	The image and identity of the contractor firm in the market	0.800	7.5	0.653	11	0.573	12
4	Availability of previous experience with similar projects	0.800	7.5	0.747	6.5	0.707	9
5	The product’s place (if chosen by the contractor)	0.563	3	0.526	14	0.493	13
6	Availability of highly qualified technical staff in the contractor firm	0.825	5	0.905	3.5	0.907	2
7	References about the contractor	0.813	6	0.642	12	0.453	14
8	Previous records of claims and disputes	0.600	12	0.747	6.5	0.707	9
9	The contractor firm being a sectoral brand in the market	0.575	13	0.463	16	0.347	18
10	Maximum financial capacity	0.850	3	0.905	3.5	0.867	3
11	Warranty conditions the contractor firm offers	0.538	15	0.432	17	0.440	15
12	Type of plant and equipment available and suitability of the equipment	0.713	9	0.716	8.5	0.800	5
13	Availability of highly qualified managerial staff in the contractor firm	0.838	4	0.874	5	0.720	8
14	Contractor’s familiarity with local suppliers, labor, subcontractors etc.	0.363	18	0.411	18	0.387	17
15	Type of project control, monitoring process and cost control	0.675	10.5	0.674	10	0.667	11
16	Proposed construction method	0.675	10.5	0.716	8.5	0.747	6
17	Current workload of the contractor	0.463	17	0.611	13	0.733	7
18	The contractor’s approach to health and safety on the site	0.488	16	0.474	15	0.440	15
Average RI:		0.692		0.689		0.653	

<sup>a</sup> Spearman Rank Correlation Coefficient ( $r_s$ ) between groups 1 and 2 = 0.75 1 and 3=0.60; 2 and 3= 0.90; correlation is significant at 1% level for all.

When the overall scores and rankings in Table 2 are investigated in detail, it is obvious that the consultants place extremely high emphasis on price offered by the contractor firms. Although it has been claimed that more clients are

trying to achieve best value instead of the lowest price in the recent years, price still emerged as the definitely leading factor among the consultants in Northern Cyprus private building construction market. Hence, determining 'correct' tender prices in order to win tenders and make profit, seems to preserve its importance for the contractors in the specified market. Both overall experience of the contractor firm and specific experience in similar projects also emerged as factors with high importance. 'Maximum financial capacity', 'Availability of highly qualified technical staff', 'Availability of highly qualified managerial staff' and 'Type of plant and equipment available' were the other factors assigned very high scores and ranks by the respondents. Additionally, it is unfortunately apparent that 'health and safety on the site' is not a major concern from consultant's perspective at all.

The results in Table 2 can also be used to observe the existing behavior differences and reveal the approaches of different categories of consultants regarding their needs and expectations on behalf of their clients. Average RI values presented in Table 2 are very close to each other, which is an indication that 'engineers' and 'architects' assign similar overall significance on the specified factors. Although obvious differences exist among factor rankings, the S.R.C.C. test showed that a fairly significant correlation existed between two types of consultant groups ( $r_s=0.75$  at 1% significance level). When the factors are investigated separately in detail, it can easily be seen that both the scores and ranks for various factors change quite significantly according to the type of consultant. Firstly, engineers seem to place a lot less emphasis on 'the image and identity of the firm', 'the contractor firm being a sectoral brand' and 'place of the project'. On the other hand, they assigned quite higher rankings to 'previous experience with similar projects', 'maximum financial capacity' and 'proposed construction methods'. Architects lend more significance on 'availability of managerial staff' while engineers place more emphasis on 'availability of plant and equipment'. Actually, these findings reveal that architects and engineers in building construction market have significantly different perspectives and approaches regarding their needs and expectations on behalf of their clients from the contracting organizations.

Table 3 presents the perceived level of importance values assigned to the listed factors by consultants categorized according to their durations of experiences in the market. Average RI values presented in Table 3 show a moderate decrease in importance assigned to the listed factors by the consultants with more than 10 years of experience in the market. This may be an indication that consultants with less experience lend more overall emphasis on their needs on behalf of their clients. S.R.C.C. test done among the three groups showed the existence of varying degrees of correlation. There was a definite increase in correlation among groups having smaller differences in durations of experience. A strong correlation existed especially between groups 2 and 3 ( $r_s=0.90$  at 1% significance level). These findings actually reveal the

existing difference in approach of consultants with varying durations of experience.

When the factors and their scores in Table 3 are investigated separately, it is interesting to observe that consultants with highest experience (>10yrs experience) is placing less importance on 'experience of contractor firms'. Although 'price offered' was definitely the leading factor in the other two groups, group 1 respondents assigned 'price offered' and 'overall experience' the same importance score and hence the same ranking. Additionally, 'the image and identity of the firm' and 'the contractor firm being a sectoral brand' were assigned significantly decreasing scores with increasing experience in consultants. It is indicated that new and probably younger consultants have different perspectives regarding the role of image and identity of contracting firms in construction industry. 'References about the contractors' had significant decrease in importance with increasing experience level of consultants as well. 'Availability of managerial staff' seems to be less important for group 3 respondents. On the other hand, 'proposed construction method' 'availability of plant and equipment' were assigned higher scores and hence rankings by more experienced consultants.

#### 4.3 Consultants' Approaches to Repetitive Works

Doing repetitive works through effective relationship marketing strategies is another approach, which may produce very promising results, if it is used effectively by contracting firms in the construction industry. Therefore, finding out consultants' approaches to doing possible repetitive works with the same contractors in the market was the next step. First of all, the amount of consultants' desire or willingness for continuing to work with the same contractors repetitively in possible future works, was to be determined before getting into details of what should be done by the contracting organizations to achieve this potential. The respondents were asked to define how they would react in possible future projects, if they were fully satisfied with the existing or past work of a contractor. More than 80% of the consultants indicated that they would advise their future clients to give priority to the contractor that satisfied them in past projects. Although client is the main party who will make the last decision about the contractor selection, it should be kept in mind that consultants usually have significantly high roles regarding this selection process.

Once the decision that there is a high potential awaiting the contractors in repeat business market is made, the next question for a contracting organization should definitely be how to fully satisfy the consultants to convince them to do repetitive works with your organization in the future. The consultant respondents were asked to define the importance and hence the contribution of different factors for their full satisfaction. The listed factors were all related to the performance or attitude of the contracting organization in the existing or past project(s). The results are presented in Table 4.

**Table 4.** Perceived level of importance for consultants' approach to repetitive works <sup>a</sup>

Consultant Type		Overall Consultants		Engineers		Architects	
N	Factor Description	RI	Rank	RI	Rank	RI	Rank
1	The final product's quality and durability	0.892	2	0.838	3.5	0.950	1
2	The contractor firm finishing the project within the budget scheduled	0.912	1	0.969	1	0.850	2
3	The contractor firm finishing the project on time	0.876	3	0.938	2	0.808	3
4	The contractor firm's attitude & commitment to the client's needs during project execution	0.596	8	0.569	7	0.625	8
5	The contractor firm's personnel providing guidance to the client	0.384	9	0.369	9	0.400	9
6	The contractor's success in understanding the client's value system and acting accordingly	0.644	7	0.554	8	0.742	5
7	Responsiveness of the contractor firm (willingness to help the client and provide prompt service)	0.692	6	0.723	6	0.658	7
8	The contractor firm's ability to deal with unanticipated problems during project execution	0.712	5	0.746	5	0.675	6
9	The contractor firm working in harmony with the consultant firm	0.816	4	0.838	3.5	0.792	4
	Average RI	0.725		0.727		0.722	

<sup>a</sup> Spearman Rank Correlation Coefficient ( $r_s$ ) between engineers and architects = 0.83; the correlation is significant at 1% level.

The average RI value found for overall consultants is very high, which reveals the high emphasis assigned to the specified factors by the respondents. When the results of overall consultants are investigated in Table 4, it can be observed that consultants selected 'finishing within budget' as the most important factor. Additionally, 'the product's quality and durability' and 'finishing on time' were found to be very major and important factors for full satisfaction of the consultants. In addition to these three factors, there were also others with significantly high scores, which seem to have important contributions to achieve complete satisfaction well. 'The contractor's harmony with consultant firm' was given very high importance by the consultants, as expected. However, 'Contractor providing guidance to client' was assigned a low score and ranked 9<sup>th</sup>.

Table 4 also summarizes the results for the two different types of consultants. S.R.C.C. test showed high correlation that existed between architects and engineers ( $r_s=0.83$  at 1% significance level). There were some differences in rankings and hence in the approaches of the two groups. While the most important factor for architect respondents was 'final product's quality and durability', engineer respondents identified 'finishing within budget' and 'finishing on time' as more important factors than quality and durability. Another interesting finding was the high difference in scores for the factor 'success in understanding client's value system and acting accordingly'. Architects assigned a much higher score to this specific factor than engineer respondents. On the other hand, engineers placed more emphasis on 'responsiveness of the contractor firm' and 'ability to deal with unanticipated problems' than architects did. As a result, these findings reveal that engineers' and architects' expectations from contracting firms they worked with in past projects vary significantly as well.

## 5. CONCLUSIONS

A strategy of a contracting organization based on input, which does not take consultants' perspective into consideration will not be complete and hence may not serve

the purpose effectively. The framework presented within this paper will help the contracting organizations of the related sector to recognize what is perceived as important by private building construction clients' representatives in particular situations and hence present the capabilities of the contracting or potential contracting organizations in ways that meet this to best advantage.

Additionally, the perspectives of two different types of consultants (architects and engineers) were investigated and found to be rather different regarding the expectations from contracting organizations on behalf of their clients. Experience of consultants was another control variable tested and interesting results were found revealing the different approaches of consultants with varying durations of experience in the building construction market.

A striking finding of this research was the responding consultants' willingness to continue doing possible repetitive works with the same contractor in the future if they are completely satisfied with the existing work. If this potential is used properly by the contractor firms, it will lead to the easy path to increase their market share through repetitive jobs. It is also obvious from the findings that the relevant elements of complete satisfaction extend beyond the traditional criteria of finishing within budget, on time and with the specified quality. Therefore, contractor firms should place high emphasis on all the different expectations of their existing clients and their representatives for full satisfaction and look for ways to create future jobs through effective relationship marketing strategies.

In summary, the contractor firms in private building construction market will benefit from the framework given within this paper by recognizing what is important and essential to consultants in particular situations so that they will be able to present the capabilities of the contracting or potential contracting organizations in ways that meet this to best advantage. In spite of the fact that this study was based on input from Northern Cyprus building construction market only, we believe that the approach, findings and the final

framework provided within this study will be of good value to the companies contracting in building construction sectors in other countries as well.

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