The impact of market and supply configurations on the costs of tendering in the construction industry


Abstract

The cost of tendering in the construction industry is widely suspected to be excessive, but there is little robust empirical evidence to demonstrate this. It also seems that innovative working practices may reduce the costs of undertaking construction projects and the consequent improvement in relationships should increase overall value for money. The aim of this proposed research project is to develop mechanisms for measuring the true costs of tendering based upon extensive in-house data collection undertaken in a range of different construction firms. The output from this research will enable all participants in the construction process to make better decisions about how to select members of the team and identify the price and scope of their obligations.

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Therefore, this research investigated the state of e-tendering in the South African construction industry using data derived from an online questionnaire survey involving 593 respondents, and oral interviews with selected construction clients, professional consultants, contractors and supply chain managers conducted in 2014 in South Africa. The data were analysed using descriptive statistics and content analyses. It was found that 26% of the respondents were involved in e-tendering, and that 72.4% of them used e-mail, while 21% used web-based systems to support the execution of e-tendering.

In the past decade, the construction industry has seen many changes, from the construction materials used, type of builders, to methods used to design and build new facilities—all because of advancements in technology. Technology and Materials. Green materials mean that buildings have less impact on the environment around them and are also a more cost-effective solution long term saving around 50% on monthly utility bills. These include recycled materials, high efficiency pumps and motors, LED lighting, and water conserving plumbing fixtures, to name a few.

Although traditional materials such as bricks, mortar and steel are still important components of most buildings, technology is also changing how materials are created and used. The cost of tendering in the construction industry is widely suspected to be excessive, but there is little robust empirical evidence to demonstrate this. It also seems that innovative working practices may reduce the costs of undertaking construction projects and the consequent improvement in relationships should increase overall value for money. The aim of this proposed research project is to develop mechanisms for measuring the true costs of tendering based upon extensive in-house data collection undertaken in a range of different construction firms. The output from this research will enable...