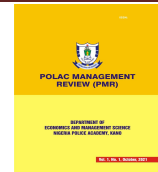




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ECONOMIC IMPACT OF ELIGIBILITY DOCUMENTS COSTS ON BIDDING PUBLIC SECTOR PROJECTS IN NIGERIA

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Abstract

This study aimed at forecasting the economic value of those eligibility document (ED) toward government revenues for a proceeding year. ED is the mandatory requirements need to be presented by any contractors or supplier to show his eligibility and capability for the project. A quantitative survey research methodology was adopted, with structured questionnaires administered to contractors in North-West Nigeria. Times series and regression analysis were employed in the analysis of the data collected. The contribution of the construction sector towards the growth of the country's economy over the years has been affecting government revenue generation. These could be as a result of poor performance of the construction industry in the implementation of infrastructural projects among others. Thus, results show a significant contribution of approximately ₦5.2billion by the sector through those ED. The study concluded that the sector contributes towards the economic growth of the Nigerian GDP, but more is required by addressing the associated challenges that surrounded the sector as well as the business environment, such as conducive business environment, taxes holiday and more development projects initiated from the government in it budget appropriation. The study recommends easy access of actors in the Building and Construction sector to credit facility with less interest rate.

Keywords: Construction Industry, Economy, Eligibility Documents, Forecasting, Index, Revenue,

Introduction

The global economic and financial challenges today have posed a huge impact in the building industry. This has contributed towards high costs of investment in the industry for both new and existing investors (Yahaya, Ibrahim and Sani, 2020). Factors such as criteria documents for bidders, bid preparation, estimation, monitoring and enforcement has being deliberated among stakeholders as the catalyst that influence high cost of construction business and less participation of indigenous firms in Nigeria. As such leading the delisting of those firms from the corporate affairs commission register due to non-performance (Premium times 10th October, 2019). This present a serious economic impact, that resulted into high number of abandon public projects and high costs of construction in most public organizations because of the costs invested by companies, yielding minimal or non profit at the end (Yahaya, Hamid-

Mosaku & Onukwube, 2019c; Onyema, 2011; Muhammad, Adamu & Ladi, 2015; Omagbon, 2016; Zadawa, Hussin & Osmadi, 2017). Therefore, what contribution does the construction firms give in terms of the expenses incurred by bidders when meeting bidding criteria for government projects in Nigeria? This will be the main focus of the paper.

Public sector bidding is the first phase of the procurement process under the public procurement Act 2007 is usually crucial in the selection of competent company to actualize the government objectives (Oyeyipo, Odusami, Ojelabi, & Afolabi, 2016; Onyema, 2011; Jibrin, Ejura & Augustine, 2014). It creates an avenue for new firms to show their competencies as well as capability in delivering such projects. Public sector bidding provides an open

competitive or knee competition among various firms, including foreign firms in many instances. In some instances it provides the best way in selecting the competent construction firm to execute the project, encourage due process and accountability (Ogunsanmi, 2013).

The open competitive bidding in Nigeria is the main default used in any public sector organizations, with only few adopting other method upon request for such from the Bureau of Public Procurement (BPP). The default method have been encourage due to it transparency, accountability, economy, efficiency and effectiveness (PPA, 2007; Ogunsanmi, 2013). However, it has been characterized with high costs of bidding, conflict of interest and possibility of abandon projects due to lower tender price submitted by contractors (Chinyio, 2011).

The practices of open competitive bidding/tendering procedures is endangered with, high costs of bidding, high rate of abandon projects and conflict of interest among various stakeholders. This are some of the problems associated with the current PPA 2007 used in bidding public sectors projects. In addition, there were deficiencies of tender documentation submitted, high costs of eligibility documents, high overhead costs and uncertainty in the business environment resulting into slowdown of business that is characterized by declining of indigenous firms and unsustainable cash-flow in the construction industry (Adenira, 2016). These created a drop in the Gross Domestic Products (GDP), increase unemployment and a decline in construction activities. Other problems which affected bidding of public sector projects were ambiguity in most clauses of the Act, collusion, incompetent procurement officers in public organization, high costs of tender documents, costs and time overrun in the award process that needed to be addressed (Yahaya, Oyediran & Onukwube, 2019b; Ogunsanmi, 2013).

Therefore, examining the economic impacts of such costs (Eligibility documents costs) on the revenue generated by government as a result of bidding by the various construction firms in Nigeria becomes imperative. Therefore, the aim of this study is to forecast the economic value of those eligibility documents toward government revenues for a proceeding year. It is hoped that this study would contribute value in knowing revenue generated by government in bidding public projects by construction industries, thereby motivating indigenous firms and individuals engaged on public projects bidding and proffer innovative solutions that will aid the costs of doing business and reduce costs of construction. It is believed that this

study will contributes to the general knowledge of procurement field and professional practitioners in the construction industry. By identifying key indicators of costs in bidding public project in Nigeria and their economic impact in GDP growth. It will fill the vacuum created on how the construction firms have impacted on the GDP in bidding public projects and the seasonal index trend of the sector.

The research question that guided the study is: what is the seasonal index trend for those eligibility documents? How can a chain equation be developing for forecasting government revenue on those documents used in bidding public projects?

2. Literature Review

2.1 Conceptual Definition

2.1.1 Contracting Business

In Nigeria, organized construction began in the early 1940's with a few foreign companies. The 'oil boom' that followed about 10 years after Independence led to an upsurge in construction and demand for construction services, as the country at that period opened up to foreign and local investments and the obvious needs for infrastructure to drive economic growth (Yahaya et al., 2019b). Foreign companies have dominated the industry since the 60's and 70's generating revenue for government and jobs for the citizenry (NBS 2015). However, there has been a drop in the sector owing to the facts that these foreign companies have been known to import resources and even skilled labour as opposed to using locally manufactured resources and promoting local content.

Despite the above challenges the construction sector has slightly grown over the years, as a result of demands for real estate, housing and the provision of infrastructure to support an increasing population size, the need to open up communities to foster inter-state and inter-regional trade and movement (Yahaya et al., 2019b). As a consequence, the industry has recorded an average growth rate of 18.08% between 2010 and 2012 (Ibrahim, 2008). Also, because of the labour intensiveness of construction and construction services, jobs have been created and there is still potential to expand, in order to accommodate the rising need for services in that sector (National Bureau of Statistic NBS, 2015). According to the (NBS, 2015) report construction industry contributed 2.88% in 2010, 2.13% in 2011 and 3.05% in 2012

2.1.2 Eligibility Documents/Mandatory Requirements

The important of mandatory documents in contracting business and bid evaluation process is to provide a complete technical and financial capability of a contractor during tendering process (Hughes, 2016). Also to reduce the problem of opportunism behavior, bounded rationality and asymmetric information the procurement system (Williamson, 2010). Mandatory documents have become the basis for selecting the least evaluate responsive tender among the various contracting firms bids for a public projects. However, in Nigeria, most construction projects are awarded to local contractors or small medium enterprises companies due to the need for increasing local companies technology and job creation (Izam, 2006; Kwolawale, 1984). Zielenzinski (2008) defined requirement to be "a condition or capability to which a project, product, service or system must conform". So, that cost, time and energy will be saving throughout the construction period. However, it is well established that such requirement costs increase the transaction costs of contractors under the PPA 2007 as observed by (Yahaya et al. 2019b; Li, Arditi & Wang, 2015). Various researchers have proven the existence of such cost in the construction industry and other areas of studies due to requirement of procedures mandated. These includes construction-related topics, project organization and governance (Piertoforte, 1997; Turner & Keegan, 2001; Winch, 2001; Muller & Turner, 2005; Jobin, 2008), Agriculture (Huo, 2015; Ferris 2005) and marketing and sub-contracting (Eccles, 1981; Gunarson & Levitt 1982; Reve & Levitt, 1984; Winch, 1989; Constantino, 2001).

The Nigerian construction industry is being faced with various requirements or procedures by different organization in the form of bidding processes. These requirements or guidelines offer various transaction costs which affect the tender prices and economy (Lingard, Hughes & Chinyio, 1998; Enshassi, Mohamed & El-Kariri, 2010; Yahaya *et al.*, 2019b).

The public procurement Act 2007 stated about six (6) to ten (10) key components in construction project bidding as mandatory requirement: tax clearance, pension certificate, industrial training certificate, national social insurance, financial capability, equipment ownership, court affidavit, bank guarantee performance bond, advance payment guarantee and interim registration report by BPP. However, different studies have indicates the used of different criteria or requirement used in the selection of contractors for public projects (Idrus, Sodangi & Amran,

2011). Holt *et al.* (1995) revealed that the choice of contractor should be made on a value for money basis rather than automatically accepting the lowest bid because the main objective is to identify best tender not lowest bidder. Chinyio *et al.* (1998) defined a checklist of clients' needs which can be used for determining clients' project requirements without increasing the costs of bidding to the contractors.

2.1.3 Bidding Processes

Bidding is the administrative processes of sending out contract documents to contractors by the clients with the intention to submit a price for the construction of the public project. Besides the price for this project other consideration such as contractor's eligibility, financial capability, experience in similar projects and other factors are used in selecting a contractor for executing a construction project or supply of goods. Different bidding methods have been used in construction projects for inviting tenders (Agboyi, 2019; Olusola, Oluwatosin & Agboola, 2016; Ogunsanmi, 2013; Lingard, Hughes, & Chinyio 1998). According to Ramus (1981), Manthosi and Thawala (2012) and Ganderton (2012) there are various methods such as open selective, negotiation, competitive, open selective, design and build tendering approaches that have been used in construction projects. In addition, serial and two-stage tendering methods have been significantly used also in construction projects (Ogunsanmi, 2013). According to Mathonsi and Thawala (2012) the use of open tendering method involves placing an advertisement in a widely read newspaper to invite prospective contractors to tender and it is strongly criticized for its increased cost of processing (Ogunsanmi, 2013; Oyeyipo, et al., 2016).

2.3 Theory on the Approaches to the study of bidding

2.3.1 Neoclassical Theory (NCT)

The interactive of various apparatus and individual members of organisation based on a common objectives and goals are simply being called the Neoclassical theory (Yahaya, Onukwube & Hamid-Mosaku, 2019d). The theory believes that financial decision-making body are matter of inputs and result making based on the interaction of those objectives and goals within the economies cycle. The assumption is based on the "Perfect universe" in which the price cataylst evolve and the exchange value is determined exclusively on the basis of the supply and demand factors. In this "optimal universe," the seller and the buyer meet in an open market and reach an agreement without any negotiations because the price is already determined by the free market. In this "ideal world," the exchange cost is just

the cost of the item itself. Therefore, linking the current research with these theory, we may assume that the interactive apparatus are those eligibility documents which are the main targets (objectives) of the client (government) within the procurement cycle as a governance law superintending the bidding process. However, the use of open competitive bidding by government organization as a default method to obtain the basic needs (objectives) based

on the various criteria stated (apparatus) will requires the price exchanges by the contractor or supplier as the cost of the items (eligibility documents). In summary the NCT theoretical framework for determining the costs of eligibility documents (ED) in bidding public sector projects adopted in this study is presented in figure 1.1 in the form of a linear model.

Key Element 1: Common objectives and Goals: The public sector organization needs to construct buildings and other office equipments based on their yearly appropriation by the government in order to enhance good working environment and efficiency at work place for staff. Therefore, to achieve these targets the organization has to adopt the procurement law using the open competitive bidding method as rule of thumb.



Key Element 2: Interactive apparatus for achieving the common goals: The public sector organization after identifying its need and requirements as stated above. An invitation to pre-qualification or tender must be sought for in order to have the competent contractors and suppliers for the Job, based on stated criteria/requirement for each vendor to qualify for the job. These have to involve various parameters and other attached conditions for a vendor to scale through for the job.



Key Element 3: Financial implication for attaining the apparatus (Costs attached): In order for the vendors (contractors and suppliers) to won the job based on the criteria stated by the organization, they have to pay all levies to obtain evidence certificates as a proof for qualifying for the job in the form of (Tax Clearance, Pension Contribution, Industrial fund, Social Insurance, Court Affidavit, Bank Reference, equipments, financial capability in the for of company audit report, previous performance etc certificates as well as preparation of the bids documents by the vendor. Costs has to be provided in exchange to this certificates of proof as a means to qualify for the job and at the same time serves as revenue to the government paid by those vendors.

Source: adopted from Yates and Hardcastle (2003)

3. Methodology

3.1 Method of Data Analysis

The analysis of time series or trend analyses were employed to forecast the economic costs/values for those eligibility documents for a proceeding year. To understand the determining factors and structure behind the previous data collected on how they impact the economy in terms of revenue generation. Therefore, to develop a model that can be used to forecast the moving trends of cost that accrue into government account, thereby leading to better decision making. The method was selected because it is an appropriate tool in forecasting a sequence of values of variables at equally spaced time intervals. A useful technique in economic statistical analysis which enables the linear-chain equation to be develop for predicting the seasonal trend for a particular aspect in the economy.

3.2 Sources of Data and Data Collection Instrument

The study adopted quantitative method in collecting data from the target respondent. This quantitative research viewed the world as made-up of observable and measurable facts, emphasizing positivist paradigm. Survey research approach was adopted in the study because research questions consisted of 'what' question where raised (Yin, 2013). The population for the study comprises construction firms that executed federal government projects in the study area (North-west geopolitical zone). The population frame consists of 143 construction firms that carried out different category of works and goods from North-West State respectively and having paying all eligibility documents for the past three years (2015, 2016 and 2017).

Construction firms were considered as sample unit, while the sample elements are Directors/CEOs and project managers in the organisations. The sample frame consists of

all registered contractors on the national database of Bureau of Public Procurement (BPP) that are classified and categorized in the first batch exercise by BPP of 143. Stratified simple random sampling technique was adopted in drawing the sample size. This is achieved by dividing the population of 143 by the number of stratum (states in the North-West geopolitical zones). The sample size of 143 was used based on census methods.

3.3 Model Specification

The study uses single linear equations were used in forecasting the trend based on econometric approach (Omotosho, 2011) as shown in equation (1)

$$y = a + bx + e \quad (1)$$

Where: y= the dependent variable
X= the independent variable

e= error or disturbance term

a and b are parameters

4. Results and Discussion

4.1 Results

The field survey questionnaire was administered after restructuring the questions in the pre construct and demography as required by pilot survey results. The questionnaire was administered and retrieved in three month time as in Chacón (2009). The 143 sets of questionnaires were administered to 7 states in the North-West (Table 1). A total number of one hundred and five (105) questionnaires with 73.43% response rate were retrieved.

A total number of 105 were used in the analyses after removing incomplete ones and data screening for outliers. The overall response rate after data screening was 73.43%.

Table 1: Questionnaire Administration

Questionnaire	Number	Response Rate
Administered	143	-
Collected	105	73.43%
Screened	105	73.43%

Source: Field Survey, 2019

4.1.2 Demographic Data of Respondents

The demographic information of the respondents was collected. The analysis covers basic information about the respondents comprising the Resident office, Year of

incorporation and Type of construction projects engage. The frequency and percentage analysis was carried out and the results presented to explore the respondents' profile.

Table 2: Demography Results

Variable	Options	Frequency	Percentages
Resident office State located	Kaduna	48	33.57
	Kano	41	28.67
	Katsina	12	8.39
	Jigawa	8	5.59
	Sokoto	15	10.49
	Kebbi	9	6.29
	Zamfara	10	6.99

Source: Field Survey, 2019

From the Table 2 it shows the resident offices of the construction firms across the study area. The analysis reveals that the majority of the construction firms' offices were located at Kaduna state 33.57%, while only 6.29%

have office in Kebbi state. The implication of this result is that construction firms in Kaduna state are much concentrated than the other states in the zone.

Table 3: Demography Results

Types of Construction Project Engage	Housing	24	16.78
	Infrastructure	15	10.49
	Commercial	11	7.69
	Repairs & Maintenance	16	11.19
	Non-Residential	29	20.28
	All of the Above	48	33.57

Source: Field Survey, 2019

Table 3 shows the various type of construction projects engaged by the respondents, 33.57% of the respondents have being engaged in the various type of the projects in the construction industry. Only below 20% were engaged in the various types of the

construction. This implies that majority of the respondents were conversant with the bidding process for the different types of projects in the public sector. Therefore they are capable of given valuable responses to the research instrument.

4.1.3 Seasonal Index trend of eligibility documents obtained by contractors

Moving average trend for the eligibility documents obtained and used in bidding were analyses from the costs spend in acquiring them. Each document has

different costs that were incurred by contracting firms as part of investment costs in construction business. Respondents were asked to state the costs they spend in obtaining those documents in the last three years as mandated in the procurement Act 2007.

Table 4: Moving Average Ratio for Eligibility Documents

Time Period	Documents Type	X code	₦Y	3YrlyMA	Centered Ave	% of Average
2015	TCC15	1	106,724,947			
2016	TCC16	2	73,336,875			
2017	TCC17	3	96,474,594			
				92,178,805		
2015	PENCOM15	4	34,720,032		80,177,986.17	43.30
				68,177,167		
2016	PENCOM16	5	33,542,144		61,544,712	54.50
				54,912,257	-	
2017	PENCOM17	6	34,132,320		44,521,878	76.66
				34,131,499	-	
2015	ITF15	7	7,374,409		29,573,895	24.94
				25,016,291	-	
2016	ITF16	8	8,228,212		20,797,302	39.56
				16,578,314	-	
2017	ITF17	9	7,564,278		12,150,307	62.26
				7,722,300	-	
2015	NISTF15	10	6,830,015		7,631,567	89.50
				7,540,835	-	
2016	NISTF16	11	7,182,311		7,366,518	97.50
				7,192,201	-	
2017	NISTF17	12	7,097,574		7,114,417	99.76

				7,036,633	-		
2015	IRR15	13	2,000	-	5,898,631	0.03	
				4,760,628	-		
2016	IRR16	14	1,500	-	3,563,827	0.04	
				2,367,025	-		
2017	IRR17	15	500	-	1,184,179	0.04	
				1,333	-		
2015	AUDACC15	16	3,838,000	-	640,667	599.06	
				1,280,000	-		
2016	AUDACC16	17	3,951,500	-	1,938,333	203.86	
				2,596,667	-		
2017	AUDACC17	18	4,127,000	-	3,284,417	125.65	
				3,972,167	-		
2015	CACRTN15	19	1,523,250	-	3,586,375	42.47	
				3,200,583	-		
2016	CACRTN16	20	1,638,900	-	2,815,150	58.22	
2017	CACRTN17	21	1,631,950	2,429,717	-		

Table 4 represents the results of moving average trend. One of the fundamental principles of the Procurement Act 2007 is possession of the necessary documents by any contractor, to prevent any bounded rationality and opportunism in the transaction environment (Li et al., 2013; Frajian, 2010; Williamson, 2008). These documents are in addition to requirements contained in any solicitation documents by public organizations (Reimarova, 2011; Yahaya, Oyediran & Onukwube, 2019).

The results reveal that such documents over the three year have a moving average percentage that has an impact in the economy. The result in Table 4 revealed that moving average (MA) ranges from #92, 178, 805 to #1, 333:00 for the various documents analysed. From the Table 4 costs of tax clearance (TCC) for the three years was considered very high, which signifies major sources of revenue to the government in the construction sector. The interim registration report (IRR) is being the least among those documents obtained by contractors, owing to the fact that such document attracts no costs (free) from the Bureau of public procurement.

Table 5: Seasonal Index Adjusted Trend of Eligibility Documents

YEAR	TCC (%)	PENCOM (%)	ITF (%)	NISTF (%)	IRR (%)	AUDACC (%)	CACRTN (%)	Total
2015		43.30	24.94	89.50	0.03	599.06	42.47	
2016		54.50	39.56	97.50	0.04	203.86	58.22	
2017		76.66	62.26	99.76	0.04	125.65		
MEAN X	0	58.16	42.25	95.59	0.04	309.53	33.56	539.12
ADJFACTOR	0.56	0.56	0.56	0.56	0.56	0.56	0.56	
SEASONAL INDEX	0	32.36	23.51	53.19	0.02	172.24	18.68	300.00

Note: TCC=Tax Clearance Certificate; PENCOM= Pension commission Certificate; ITF= Industrial Training Fund Certificate; NSITF= National Social Insurance Trust Fund Certificate; IRR= Interim Registration Report; AUDACC= Auditors Account; CACARTN= Co-operate affair commission Annual Return

Source: Field Survey, 2019

Table 5 shows the result of the seasonal index trends based on Table 4 assessment. The yearly (seasonal) index for the various document were displayed. The seasonal index for TCC was 0%, PENCOM, 32.36%, ITF, 23.51, NSITF 53.19% IRR 0.02% AUDACC 172.25% and 18.68% for CACRTN. The seasonal index shows that the auditor account costs have the highest index among all the documents, followed by industrial training fund which has 53.19%, interim report was the least among due to non-costs attached to it possession. The linear equation based on trend analysis is show in equation (2)

Table 6: Economic Impact value of eligibility document forecast for 2017

Documents Types	₦Y	X	₦a	₦b
TCC	-	23	64,777,566.53	(3,984,444.10)
PENCOM	501,822,148.68	24	64,777,566.53	(3,984,444.10)
ITF	379,815,445.91	25	64,777,566.53	(3,984,444.10)
NSITF	893,715,124.39	26	64,777,566.53	(3,984,444.10)
IRR	382,646.27	27	64,777,566.53	(3,984,444.10)
AUDACC	3,117,151,719.24	28	64,777,566.53	(3,984,444.10)
CACRTN	350,106,733.94	29	64,777,566.53	(3,984,444.10)
Total Costs	5,242,993,818.43			

Eligibility documents forecasts are informed by 7 independent models managed by contractors/firms in the Nigerian public procurement processes. Table 6 shows the 2017 forecast for the eligibility documents impact. The table summarizes the averages, for the forecasted amount to be generated as revenue by the federal government due to construction business in the public sector. It shows the forecast estimate for each document as (Y), which is the dependent variable from equation (1). From Table 6 it shows that forecasted revenue generated on TCC was Nil PENCOM was ₦501, 8822, 148.68, ITF is ₦379, 815, 445.91; NSITF ₦893, 715, 124.39; IRR ₦382, 646.27; AUDACC ₦3, 117, 151, 719.24 and CACRTN ₦350, 106, 733.94. The total expected of forecasted value from those variable analyze was ₦5, 242, 993, 818.43.

Understandably, since it is difficult to predict accurately the payments made by all registered contractors/firm in the study area and similar businesses to the last detail, economic forecasts are often wrong. Furthermore, forecasts are limited, since they rely on assumptions about policies that may need to change owing to sudden events or revised statistics (Myers, 2013).

below, to be used to forecast the 2017 costs generated as revenue by the federal government.

$$y = \#64,777,566.53 - \#3,984,444.10x \quad (2)$$

Where: y= the forecasting costs of all eligibility documents for a given year

x= The coefficients of the explanatory variables (1,2,3.....100), j=0

a and b are constant parameters determined from the analysis result.

There are also problems relating to time lags, since it often takes years for a specific monetary or fiscal instrument to fully work through an economic system. The important point, however, is the message conveyed by the forecast; the trend does not have to be 100 per cent accurate. Forecasting models are no different from any other economic model in that they attempt to simplify reality. In the case of the economy, this is a complex reality and a forecasting model only identifies measures and monitors the key variables. Understanding half of the picture, however, is better than not seeing any of it at all.

4.2 Discussion

The study reveals that the eligibility documents payments has made a significant impact on the nations (Nigeria) economy. All the documents analyze has showed a significant increase or revenue to be generated, with only IRR having low revenue from it. This impact has significance in the overall Gross Domestic Product (GDP). This finding concurs with the findings of Adeagbo (2014) on the contribution of building and construction sector in the Nigerian economy. According to Adeagbo (2014) the industry as a whole contributed 1.56% to 1.8% of the GDP

between 2010 and 2013. Similarly, construction sector has been key indicator in the development of Nigerian economy (Adeagbo, 2014).

Mayers (2013) opined that any developed nation of a country, its construction activities were found to be very slow, due to less infrastructures carried out.

This finding also aligns with Kissick *et al* (2006), "housing is a key input in economic, social, and civic development; many housing-related activities contribute directly to achieving broader socio-economic development goals; it is a major driver of economic growth; worldwide and especially in low-income countries, housing construction creates job opportunities". The study indicated that the construction sector impact to the economy based on those eligibility documents costs for 2017 amounting to ₦5.2Billion Naira just from a particular region. According to Australia's authority the Housing and Renovation industry contributed approximately \$64billion to the economy, accounting for 5.3% of the country's GDP (Adeagbo, 2014).

Consequently, studies have shown the share of total annual economic activity attributed to construction by the official statistics in the fully industrialized countries is now usually in the 7–10 per cent range (Mayers, 2013). In the 27 countries of the European Union, the construction sector accounted for 9.6 per cent of economic activity on average in 2011. In Nigeria the sector accounted for 3.41 per cent of the GDP based on the National Bureau of Statistics (NBS, 2015).

The construction industry is a sector of the economy which brings good standard of living and provision of social infrastructure and facilities. It is the sector that is responsible for implementing all construction policy objectives of the local governments. A substantial percentage of the economic resources laid out by the

government in form of budget proposals in most developing countries will be devoted to the provision of infrastructural facilities and bases for other developmental objectives and these resources will have to be expended in and by the construction industry. The importance of the construction industry is not confined to the direct contribution it makes to the different measures of economic development and wellbeing but also its influence in generating non-construction expenditure which suggests a high multiplier effect (AFRINVEST, 2008 cited by Adeagbo, 2014).

Conclusion and Recommendations

The payments of those eligibility documents by contracting firms has not been a complete waste of resources in the economy as it contributes towards the growth of the Nigerian GDP. It has greatly co-ordinated the construction business by making sure that government has benefited with you as a citizen which performs a particular business and all your taxes are being paid for developmental projects. It also helps the revenue agencies to be able to forecast the probable value to generate for a particular sector due to documented and formalized registered companies doing construction business.

However, a lot more is required in improving the sector based on the projected contributions of the sector to the country's GDP. This could be achieved by addressing the associated challenges that surrounded the sector as well as the business environment, such as conducive business environment, tax holiday, ease of acquiring documents in such business and more development projects from the government in its yearly budget appropriation. This will encourage more young professionals and foreign investors to patronize the sector as well as invest, in which the government will generate more revenue by doing so. Access of actors in the Building and Construction sector to credit facilities should be enhanced.

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