

EVALUATION OF CONTRACTOR PERFORMANCE ON PROJECT EXECUTION AMONG SELECTED INDIGENOUS CONSTRUCTION FIRMS (ICFs) IN NIGERIA.

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Abstract

This study examines contractor performance in project execution among Indigenous Construction Firms (ICFs) operating within the Victoria Island–Ibeju-Lekki corridor of Lagos State, Nigeria. Although contractor performance has received increasing attention in construction management research, there is limited empirical evidence on the factors influencing project execution among indigenous firms in this region. The study therefore investigates the key success factors and constraints affecting contractor performance during project delivery. A quantitative survey design was adopted, and fifty-five (55) structured questionnaires were randomly administered to construction professionals involved in project execution within the study area. Data were analysed using descriptive statistical techniques, including mean score ranking and percentile grading, to determine the relative importance of the identified factors. The findings indicate that the contractor–client relationship is the most significant factor influencing successful project execution, with a mean score of 4.56. This is followed by site management ability (4.22) and project management techniques (4.09). Working within budget recorded the lowest mean score (3.56). The study further identifies inadequate funding, inflation, delayed payments, poor relationships among consultants, changes in government administration, and contractor registration category as the major factors affecting contractor performance during project execution. The study is limited to indigenous construction firms operating in Lagos State and does not compare their performance with that of expatriate firms or firms in other regions. The findings provide practical insights for government agencies, clients, and policymakers seeking to improve project delivery outcomes. Strengthening contractor–client relationships, enhancing site management and project management capabilities, and addressing funding and payment challenges can improve contractor performance and enhance the competitiveness of indigenous construction firms in Nigeria.

Keywords: Construction Firms, Factors, Indigenous Nigeria, Performance, Project

1. Introduction

The construction industry brings a constant and exponential increase to the universe's gross domestic product (GDP), since its finished products are foundational enterprises of the economy, cutting across nearly all aspects of human activity and providing a physical framework necessary for social and economic life (Ackon et al., 2025, Adaji et al., 2023, Horsfall and Akoh, 2025, Ijigah and Olubiyi, 2025). As of 2020, the industry accounted for \$10 trillion in global output, nearly 13% of the global economy (Ackon et al., 2025). Bukar and Ibrahim (2021) report that the industry contributed approximately 6%–10% globally. The scale of this contribution varies considerably by level of economic development. Typically, in highly developed economies such as Australia and the United Kingdom (UK), construction values are up to 25% of GDP (Abang, 2025). Iddrisu (2024) asserted that the

construction industry contributes an average of 8.5% to Ghana's GDP. Nigeria Bureaucratic report cited in Adaji et al. (2023) corroborates Buba (2023), revealed that the industry contributed 4.45% and 6.83% to Nigeria's GDP between the second quarter of 2019 and 2020, respectively, accounts for up to 50% of domestic fixed capital formation (Buba, 2023, Ijigah and Olubiyi, 2025), and employs approximately 25% of the national workforce across all geopolitical zones (Ijigah and Olubiyi, 2025). Taken together, these figures confirm the sector's centrality to Nigeria's economic infrastructure, despite fluctuations in its precise GDP contribution across reporting periods. Within this sector lie indigenous contracting firms (ICFs). Although various definitions abound for ICFs, they can be simply defined as construction organizations that are wholly owned and managed by Nigerians (Yusuf et al., 2022). In other words, ICFs are registered enterprises operating without most of the foreign equity (Yusuf et

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al., 2022). This ownership and administrative structure is the primary differentiator from expatriate or multinational firms, which remain under the total direction of expatriate staff (Yusuf et al., 2022). Aliyu et al. (2025) state that ICF constitutes approximately 78%-80% of all small and medium-sized construction firms in the country, (Yusuf et al., 2022) opined that they complete a very small percentage of the nation's total project value. Expatriate firms, though fewer, complete "over 90% of the value of all construction projects" in Nigeria (Yusuf et al., 2022)

Lagos State, as Nigeria's foremost commercial and construction hub, presents a particularly important context for examining ICF performance. The Victoria Island and Ibeju-Lekki corridor, encompassing the Lekki Free Trade Zone and a major infrastructure development initiative, represents one of the most active construction activities in this area. Up till now, little importance has been given to assessing ICF performance specifically within this corridor using practitioner-grounded data. Most studies have focused only on project-level analysis in other Nigerian geopolitical zones and have adopted a national perspective, with little or no attention to the specific operational realities facing Lagos-based ICFs (Arijeloye and Oriyomi, 2023). This constitutes a significant empirical gap, as the Lagos construction market presents institutional, financial, and relational conditions distinct from those in other Nigerian regions and that directly shape ICF project outcomes. This study aims to examine contractor performance in project execution among selected indigenous construction firms operating within the Victoria Island–Ibeju-Lekki corridor of Lagos State, with a focus on identifying the key variables contributing to successful project execution and the major factors inhibiting ICFs' performance.

2. Literature Review

2.1. Indigenous Construction Firms (ICFs) in Nigeria

The exact time when Nigeria entered construction contracting is not known. However, scholars have historically categorised Nigerian contracting firms (NCFs) using various frameworks as presented in Figure 1. According to Yusuf et al. (2022), Nigeria's construction firms include both expatriate and indigenous contracting firms (ICFs). The Ministry of Industry grades all Nigerian companies into four (4) main categories based on key financial and workforce size criteria: from micro-scale (capital up to ₦10 million; less than 30 workers) through to large-scale (above ₦300 million; more than 200 workers), with expatriates dominating the large-scale tier (Aliyu et al., 2025). While ICFs constitute the numerical majority of registered contractors, this dominance is largely illusory in terms of market power: large-scale contracts are awarded predominantly to expatriate firms, and Nigeria loses an estimated ₦9 billion annually to foreign capital outflows (Yusuf et al., 2022).

Critically, this exclusion is not simply a function of capability; it reflects institutionally embedded asymmetries in procurement design. Adaji et al. (2023) demonstrate that contractor selection criteria weight financial bonding capacity above demonstrated technical competence, systematically disadvantaging resource-constrained ICFs regardless of competence. This pattern is not unique to Nigeria, for instance: Iddrisu (2024) and Ackon et al. (2025) documented strikingly similar challenges in Ghana: inadequate project management skills, constrained material access, and planning failures, suggesting that post-colonial institutional legacies produce comparable structural constraints across sub-Saharan Africa. Iroha et al.

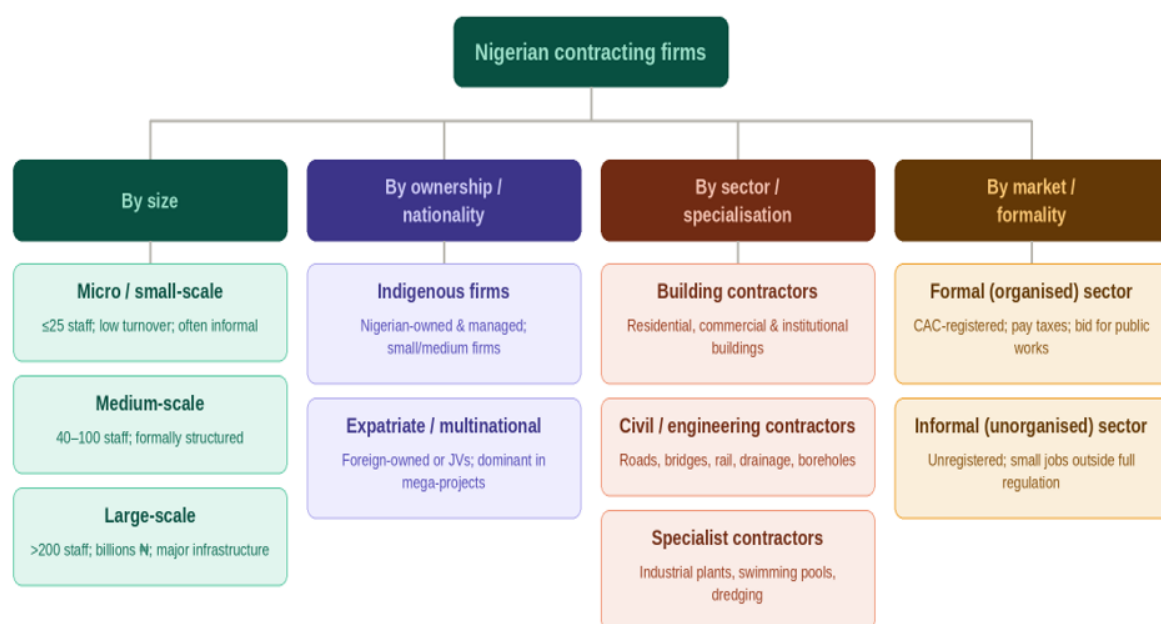


Figure 1: Classification Framework of Nigerian Contracting Firms: Source (Author's compilation, 2026)

(2024) further argue that the underutilisation of trained project managers in Nigeria is a structural failure of organisational design, not merely individual incapacity, reinforcing this continent-wide interpretation.

2.2. Contractor Performance Measurement

Conventionally, a contractor's performance is evaluated using the Iron Triangle framework: cost, time, and quality (Ackon et al., 2025). Accordingly, cost includes all monetary obligations required to complete the project baseline. Time refers to the start and finish schedules of project tasks estimated from resource estimates. Quality is measured as the degree to which a project meets technical specifications and conforms to established requirements. The Iron Triangle remains a valuable tool for quick assessments; however, scholars indicate that these constraints are no longer viewed in isolation. Nuhu et al. (2025) and Olatinwo et al. (2025) argue that it neglects relational, managerial, institutional, and social parameters. A contractor may meet all three output parameters yet still fail on stakeholder management or site security. Its persistent use in Nigerian performance studies reflects a tendency to apply convenient rather than contextually appropriate measurement tools.

Modern evaluation frameworks have consequently expanded to include a broader array of multidimensional indicators: the contractor's relationship with the client is heavily built on openness, trust, and responsive communication. It is identified as a critical performance dimension, particularly where weak contractual enforcement amplifies the role of informal arrangements. Ijigah and Olubiyi (2025) and Ackon et al. (2025) argue that maintaining a responsive working relationship is fundamental to meeting client expectations. However, the literature largely overlooks how asymmetric client power, including unilateral scope changes and delayed public-sector payments, distorts this relationship at ICFs' expense. Site management ability is defined as the proper organisation and management of materials, labour, and other resources on a construction site to reduce waste and improve profitability (Adaji et al., 2023). Security risks encompass physical site enclosure and material protection against theft (Opawole and Kajimo-Shakantu, 2021; Ackon et al., 2025), which represent further performance domains inadequately captured by project-level output metrics. Inadequate material storage compounds these risks, delaying availability, damaging inventory, and increasing operating cost (Aiyetan and Das, 2022, Arijeloye and Oriyomi, 2023).

Quality delivery presents a particular paradox for ICFs. Yusuf et al. (2022) identify high-quality construction as the primary competitive differentiator ICFs can leverage against expatriate firms, making quality a strategic positioning tool. Yet quality failure is most commonly attributed to untrained labour, substandard materials, and inadequate supervision (Idrisu, 2024).

Project Management Techniques, including PERT, Earned Value Management, and a digital tracking tool (Ackon et al., 2025), are theoretically designed to address these gaps. Still, Iroha, Watanabe and Satoshi (2024) show that even qualified project managers are rendered ineffective when organisational structures withhold authority and resources, challenging the assumption that human-capital investment alone resolves performance deficits. Working within budgets is similarly constrained by factors beyond the contractor's control. Ijigah et al. (2023) ranked cost predictability as the most influential factor in Tertiary Educational Trust Fund (TETFund), while Horsfall and Akoh (2025) emphasised the need for lifecycle cost management systems, including variance analysis. Yet Buba (2023) and Akoh et al. (2024) identify inflation, currency instability, and fixed-sum contract designs as the primary budget threats, as well as structural and macroeconomic conditions that transfer financial risk entirely to the contractor. This institutional arrangement disproportionately affects ICFs, whose thin capitalisation leaves them with no buffer against input cost escalation.

2.3. Factors Inhibiting Contractor Performance in Project Execution

The inhibiting factors facing ICFs form an interconnected system rather than discrete variables. At the financial level, funding shortfalls are the single most impactful cause of project delays (Egwim et al., 2021), compounded by inflation, currency instability, and fixed-sum contracts that offer no microeconomic protection (Akoh et al., 2024). Delayed client payments further erode site productivity (Muhammad et al., 2023). At the institutional level, flawed regulatory structures undermine project manager effectiveness (Iroha et al., 2024), while registration processes that ignore technical performance (Adaji et al., 2023) and political contract cancellations following government changes add further layers of risk that well-capitalised expatriate firms can absorb but ICFs typically cannot. Weak stakeholder management practices compound these structural disadvantages by inhibiting goal attainment and consultant coordination (Ola-awo et al., 2021). Viewed through an Institutional Theory lens, these are not random impediments but institutionalised constraints that systematically reproduce ICF disadvantage across project cycles.

Prior studies have examined contractor performance broadly across Nigeria (Akoh et al., 2024, Aliyu et al., 2025, Egwim et al., 2021). However, limited studies have focused specifically on the performance variables and inhibiting factors of ICFs operating within the Lagos South-West commercial corridor. Most performance studies rely on project-level outcome data from northern or south-south states rather than on practitioners' perceptions in Nigeria's highest-value construction market. This study addresses these gaps by assessing ICF performance across eleven execution

parameters through a structured questionnaire administered exclusively to professionals operating in Victoria Island and Ibeju-Lekki LGA, Lagos State.

3. Research Methodology

3.1. Research Design and Study Area

This study uses a survey design to measure construction professionals' opinions and perceptions regarding defined performance variables (Creswell and Creswell, 2017). The study was conducted in Victoria Island and the Ibeju-Lekki Local Government Area (LGA) of Lagos State, Nigeria. The high concentration of active ICFs informed the selection of this study area, the diversity of project types, and the accessibility of qualified construction professionals.

3.2. Population, Sample, and Data Collection

The target population comprised construction professionals, including architects, civil engineers, quantity surveyors, project managers, and contractors, who were actively engaged in ongoing construction projects within the study area. The sampling frame consisted of professionals identified from active construction sites and registered professional offices across Victoria Island and Ibeju-Lekki LGA. Simple random sampling was adopted to ensure equal probability of selection, thereby minimising selection bias (Saunders *et al.*, 2023). Fifty-five (55) structured questionnaires employing a five-point Likert scale (1 = strongly disagree; 5 = strongly agree) were administered by the lead researcher during working hours at construction sites and professional offices. Respondents completed the instrument in the researcher's presence, eliminating postal or electronic non-response. Respondents who were unavailable at the initial visit were revisited at a subsequent occasion. Sample size is consistent with comparable Nigerian construction studies (Adaji *et al.*, 2023; Aliyu *et al.*, 2025) and is appropriate for mean score ranking, where the objective is variable prioritisation rather than population generalisation (Fellows and Liu, 2015). Before analysis, the researcher screened all returned questionnaires for completeness and consistency; any item with missing or inconsistent responses was excluded, yielding a 100% usable response rate.

3.3. Validity, Reliability, and Ethics

Content validity was established through a pilot review with three experienced construction professionals and one academic expert, whose feedback refined item wording and clarity. Internal consistency reliability was assessed using Cronbach's alpha; $\alpha = 0.70$ was accepted as indicative of adequate reliability (Tavakol and Dennick, 2011). Participation was entirely voluntary; anonymity and confidentiality of responses were assured; and informed consent was obtained from all respondents prior to questionnaire administration.

3.4. Data Analysis Technique

The data collected were analysed using percentile grading and mean score ranking. The mean score for each performance variable was calculated as:

$$\text{Mean Score } (\bar{x}) = \Sigma(fi \times xi) / N$$

Where, f_i is the frequency of response, x_i is the scale value, and N is the total number of respondents (55).

4. Findings and Discussion

4.1. Profile of Respondents

Out of 55 respondents, (72%) were male, reflecting the gender composition typical of the Nigerian construction industry workforce. In terms of professional background, project managers and civil engineers constituted the largest groups at 33% and 22% respectively, followed by quantity surveyors (15%), architects (18%), and contractors (9%). Over 54% of respondents reported more than 10 years of professional experience, lending credibility to the performance assessments. This multidisciplinary composition guards against single-profession bias and strengthens the credibility of performance assessments.

4.2. Assessment of Contractor Performance Indicators on Project Execution

Table 1 presents the mean scores and ranks of the 11 project execution performance variables assessed in this study. All eleven variables recorded mean scores above the significance threshold of 3.50, indicating that respondents considered all variables to be relevant performance criteria for ICFs.

Table 1: Contractor Performance Indicators for Project Execution among ICFs

Variables	Response %					Mean Score	Rank
	1	2	3	4	5		
Contractor's Relationship with Client	0	0	2	19	34	4.56	1
Site Management Ability	0	1	5	22	27	4.22	2
Project Management Techniques	0	1	7	23	24	4.09	3
Quality of Work	0	1	6	25	23	4.09	3
Communication	0	2	7	23	23	4.03	5
Level of Security	0	2	8	22	23	4.00	6
Storage Facilities	0	2	8	23	22	4.00	6
Workers Welfare	0	2	8	23	22	4.00	6
Working on Schedule	1	3	9	22	20	3.88	9
Relationship with Site Neighbours	1	4	11	20	19	3.78	10
Working within the Budget	2	5	14	18	16	3.56	11

The Contractor's relationship with the client ranked first, with a mean score of 4.56; 34 of 55 respondents assigned the maximum score, and none assigned the minimum, indicating near-consensus rather than a mere arithmetic outcome. This finding extends Ackon et al. (2025) by showing that, in Lagos, where informal referral networks drive contract awards, the client relationship serves as both a project execution variable and a strategic business asset. This dual role is theoretically absent from Iron Triangle frameworks and represents a significant contextual finding. Site management, project management techniques, and quality of work occupy the second tier (means 4.22–4.09), consistent with Arijeloye and Oriyomi (2023) and (Ijigah and Olubiyi, 2025), who link implementation gaps in these areas to resource constraints rather than awareness deficits, a distinction critical for designing targeted intervention.

A methodological limitation warrants acknowledgement: four variables cluster at a mean of 4.00, making mean ranking alone insufficient to differentiate them. Examination of response distributions reveals greater dispersion for security and storage variables than for workers' welfare, suggesting greater practitioner disagreement, a distinction that inferential testing could clarify in future studies. Working within budget recorded the lowest mean (3.56) and the widest dispersion, with 7 respondents scoring it 1 or 2. Critically, this is not evidence of poor contractor competence. Still, regarding structural financial exposure, ICFs operating on fixed-sum contracts in a high-inflation environment have limited capacity to control input costs, regardless of managerial effort (Akoh et al., 2024). This has direct policy implications, specifically, the need to introduce inflation-adjustment mechanisms in public procurement contracts awarded to ICFs.

4.3. Factors Inhibiting Contractor Performance in Project Execution

Table 2 presents the eight principal factors identified by respondents as negatively influencing contractor performance during project execution.

Lack of proper funding, delayed payments, and inflation are the top three factors that form a compounding financial cycle rather than independent variables. Inflation erodes fixed contract values (Akoh et al., 2024), while delayed payments prevent contractors from managing that erosion through early procurement, and the resulting liquidity gap produces the funding shortfall that Egwim et al. (2021) identify as the primary delay driver. Policy interventions targeting one factor in isolation will deliver only partial relief. At the institutional level, the CORBON registration system ranked 4th, restricting ICF access to higher-value contracts by privileging financial capitalisation over demonstrated competence (Adaji et al., 2023), a regulatory design failure that reproduces the very performance gap it ostensibly seeks to measure. Poor consultant relationships ranked 5th reflect a failure in professional coordination that imposes additional performance costs on contractors (Olatinwo et al., 2025). Governance instability and the absence of enabling legislation rank lowest, yet their impact is likely underreported: practitioners may deprioritise factors they perceive as beyond their control, suggesting that low index scores here reflect adaptive fatalism rather than minor impact.

5. Conclusion and Further Research

This study assessed the performance of selected indigenous construction firms in the South-West Region of Nigeria. The study identifies eight principal factors negatively influencing ICF performance and concludes that indigenous construction firms should reflect on their performance and change their present attitudes, which most clients regarded as nonchalant and lacking integrity. Therefore, government policy should be improved based on the performance of indigenous construction firms. Finally, Indigenous construction firms should also investigate appropriate capacity-building for their employees, including skilled, unskilled, and semi-skilled workers. This would improve the quality of their work delivery and improve their time management skills. Further research should investigate the performance of firms in other parts of Nigeria.

Table 2: Factors Inhabiting Contractor Performance

CAUSES	Index	Rank
Lack of proper funding	2.63	1
Delay in payment	2.40	2
Inflation	2.40	2
Category of registration	2.31	4
Change of government	1.69	5
Good relationship among consultants	1.69	5
Poor design and supervision	1.63	7
Lack of enabling law to regulate construction practice	1.44	8

Source: Field Survey (Author's Compilation, 2026)

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