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# SOLUTION TO AVOID MISTAKES DONE BY THE CONTRACTOR IN TENDER SUBMISSION

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## **Abstract**

The contractor's common mistakes in tender submission for government project is inevitable. Therefore, this research is conducted to analyse the common mistakes done by contractors in their tender submission, the effect of mistake done by contractors in PWD Tender submission process and to suggest the solution to avoid the mistake done by the contractor. In order to achieve the objectives of the research, the data and information are collected using primary and secondary data. The secondary data are written and published sources collected through books, articles, newspaper, websites and journals. The objectives of this research are (i) to identify the common mistake done by the contractor in tender submission, (ii) the effect of mistakes done by the contractor in tender submission and lastly, the solution to avoid mistakes done by the contractor in tender submission. This research has potential benefit to the employers or individuals who are involved in construction because it can help them to identify the mistakes done by the contractor and know how to deal with the problem after that.

**Keywords:** *Tender evaluation, Tender submission, Public Works Department*

## **1.0 INTRODUCTION**

In the JKR Standard Form of Agreement (2010), it is stated that "Contractor" means any person or persons, firm or company who has signed the contract with the Government to perform works or to supply goods in connection with the works or both under the said contract. The contractors are one of the important parties who are responsible to perform specific tasks. Without a proper and accurate method for select the most appropriate contractor, the performance of the project will be affected (Bt, Halil, & Science, 2006). Hence, according to Department of Treasury and Finance (2010), the Government's tendering processes aim to ensure that the most suitable contractor is selected for each project. The processes are based on three principles that are probity, fairness and value for money. Tender evaluation process using weighted criteria should be adopted to determine the tender that offers the best value (Procurement Practices Manual, n.d.).

The tenderer with the highest price and preference is excluded for unresponsiveness, is on a strict interpretation of the definition of an "acceptable tender". It shows that fixed capital cost can improve the chances to be selected as tenderer. For example, when there is a selected contractor offering a higher price but affordable, it will be necessary for the contractor to show additional quality or level of service as it worth the price. Nevertheless, the tender price is not only factor that contribute to the tenderer failure. According to Arslan (2012), "Tenders should comply with all aspects of the invitation to tender and meet any other requirements laid down by the procuring entity in its tender documents".

## **1.1 Problem Statement**

Tender estimation is very important area for a contractor in order to secure a contract. Their estimation must be very competitive enough to ensure that they will win in their bidding (Bolton, 2014). However, not only the tender price was taken into account in the selection of contractor, but there are the numbers of criteria set by the Public Works Department in the selection of contractors that are capable to carry out the project (Guideline of Tender Evaluation by Cawangan Kontrak dan Ukur Bahan, 2010). Among the criteria set by the Public Works Department in the selection of a contractor other than the tender price, only tenders completed and free from all defects in terms of laws and contracts that may affect eligibility in accordance with current practice, be considered.

On the issue of the tender submission, there have been studies about the common mistakes made by contractors. However, studies have been made are more focused on the technical errors made by the contractor. Based on thesis made by Rahimah (2010), several common mistakes made by the tenderer are arithmetical error, technical error, communication problem, poor time management, material price escalation and others.

## **1.2 Aim of Research**

To find the solution to avoid mistakes done by contractors in the tender submission.

### **1.3 Research Question**

- i. What is the common mistake done by contractors in PWD tender submission process?
- ii. What is the effect of mistake done by the contractor in tender submission?
- iii. What is the solution to avoid the mistake done by contractors in tender submission?

### **1.4 Research Objective**

- i. To determined most common mistake done by contractors in PWD Tender submission Process.
- ii. To identify the effect of contractor mistake done in tender submission.
- iii. To suggest the solution to avoid the mistake done by the contractor.

### **1.5 Scope of Research**

The scope of study is mainly focused on tender submission process for project categorized under large project done by Public Works Department in Perak. The location of this research was in Perak because there are many construction developments in this state. The respondents targeted are government officer (JKR) and to the Grade G7 Contractors registered with Construction Industry Development Board (CIDB). Other than that, the questionnaire will also be carrying out with Public Works Department's Officer quantity surveyor for JKR which directly involves in the tendering submission process and contractor that involved in tender evaluation.

## **2.0 LITERATURE RIVIEW**

### **2.1 Contractor common mistakes**

The common mistake done by the contractor is not compliances with conditions of tendering. The effect from this wrong doing can automatically rejected from the evaluation. Tendering is one of the stages in construction procurement that requires extensive information and documents exchange. However, tender documents are not always clear in practice.

#### *2.1.1 There is contractor did not follow the terms of the tender document.*

The contractor fails to provide the information form on registration of pretender as a government contractor and contractor organization. Poor quality tender documents are a source of inaccurate estimates, claims and disputes on contracts (Laryea, 2011).

#### *2.1.2 Technical error.*

On the issue of the tender submission, there have been studies about the common mistakes made by contractors. However, studies have been made are more focused on the technical errors made by the contractor. Based on thesis made by several common mistakes made by the tenderer are arithmetical error, technical error, communication problem, poor time management, material price escalation and others.

#### *2.1.3 Pricing method.*

Other common mistakes done by the contractor is pricing method. The contractor may price the certain early works at higher prices without balancing these with low prices in the finishing sections. The tender that has been submitted by the tenderer will be rejected due to the unreasonable price cause from the pricing error.

#### *2.1.4 Late Submission*

In some circumstance, a few contractors may not alert with the due date for to be submit. This matter will cost the tender being rejected. Submitting the offer tender late based from the tender instruction would not be considered. Any tenderer has to ensure that its tender is submitted before the tender close time (Du et al., 2006).

A Tender Evaluation Committee comprising three members, two of whom should be the Project Manager and the intended Superintendent or Superintendent's Representative, will assess the tender bids in accordance with the procedures noted below. The tenders are scored according to the information provided. Only that information submitted at the time of close of tender and lodged with the tender bid shall be used in the evaluation.

## **2.2 Effect of contractor mistakes in tender submission**

### *2.2.1 Late submission can lead to negative image for their representative company.*

In the past research, it has found that the tenderer always missed the due date of the tender is being submitted. Besides, in open tender, the tenderer needs to compete to own the project so which means, there is more tenderer who are competed in the tender competition. So, only the best tender would be pick by the client. If the tenderer late for submitting the tender, it will cost the tender will be rejected and it will cause bad image for their representative company for their late submission.

### *2.2.2 That uncompleted can be rejected.*

This way required an improvement in contractor management itself, especially their working team to provide the best tender to win the project.

### *2.2.3 Not providing good estimation for the tender can lead to rejection of the tender*

This problem will indirectly affect the tender process in building construction.

## **2.3 Solution to avoid the mistake done by the contractor.**

### *2.3.1 Always focus on the closing date for the tender submission.*

The tenderer needs to focus on the closing date for the tender submission to avoid the tender to be rejected. The late submission gives a bad reputation to some company if the simple condition not be fulfilled by the tenderer.

### *2.3.2 Always update the current rate of price*

Due to the changes of the economy market, the price of the certain material may be changes. So, the tenderer needs to update the price suits to the current market price to avoid tender being rejected due to the unreasonable price.

### *2.3.3. Follow all the tender needed follow the rules and instruction given.*

Next, the tenderer needs to follow the rules, term and the condition given during preparing the tender to avoid the tender been rejected. The tenderer needs to double check the form that needed to be submitted with the tender either there is uncompleted document when submitted.

## **3.0 METHODOLOGY**

Research is an assiduous systematic enquiry into the society and nature in order to validate and clarify existing knowledge and to prompt new knowledge (Naidoo, 2011). According to (Rajasekar, Philominathan, & Chinnathambi, 2013) research is a logical and systematic search for new and useful information on a particular topic. It is an investigation that was done to find the solutions to the scientific and social problems through a systematic analysis. Besides, from Oxford Dictionary, research can be distinguished as the systematic analysis into and study of material and sources in order to found facts and achieve new conclusion.

On the other hand, research methodology is a structured way to untangle the answers to the problem. It can be defined as how the research will be carried out. Basically, the procedures by which researchers go about their work of describing, explaining and predicting phenomena are called research methodology (Rajasekar et al., 2013). It is an investigation that was done to find the solutions to the scientific and social problems through a systematic analysis.

This research paper is conducted in accordance to the research methodology outline. This research outline consists of problem identification which the main topic that need to be research, problem statement, set up a research aim, research objectives, develop research question, data collection guided by primary and secondary data, make a data analysis and lastly conclusion and recommendation.

## **4.0 ANALYSIS AND FINDING**

### **4.1 To Determine the Mistakes Done by The Contractor in Tender Submission.**

The first objective of this research is to identify the common mistake done by the contractor in tender submission in Perak. For this research, there were a few characteristics of respondent that have been selected, which are Quantity surveyor and contractor in Perak, involved in building construction and contractor grade 7 only. Based on the data collected from the questionnaires on the 110 Quantity Surveyor and Contractors in Perak, it was found that the respondents agreed that by not updating the current market price that can lead to an unacceptable price occur is of the mistakes done by the contractor in tender submission. From the survey, they believed that contractor who not updated the current market price for materials, plants and machineries rate, labour rates and others would affect the final estimation of their tender and can risk the tender to being rejected in the reason of unreasonable price. This is because some of the contractor seems the price and rate for the construction material and others is not change but, in our country, economy play a bigger role to determine the price and rate of this construction material. If there is improves of our economy then the material and rate price will decrease and if otherwise, the price and rate of the material and others will increase. Besides, contractors need to aware and give more attention to market price in order to avoid any problem during their tender process.

### **4.2 The Effect of Contractor Mistakes Done By The Contractor in Tender Submission.**

The second (2) objective of this research is the effect of mistakes done by the contractor in tender submission. Based on the analysis in chapter 4, it was found that most of the respondents agreed that late submission can lead to negative image for their representative company. Most of the respondents agreed with this because they found that the tenderer always miss the due date of the tender is being submitted. Besides, in open tender, the tenderer needs to compete to own the project so which means, there is more tenderer who are competed in the tender competition. So, only the best tender would be pick by the client. If the tenderer late for submitting the tender, it will cost the tender will be rejected and it will cause bad image for their representative company for their late submission. The second effect that was also agreed by the respondents is the tender that uncompleted can be rejected. This way required an improvement in contractor management itself, especially their working team to provide the best tender to win the project. Besides, apart from the uncompleted tender can be rejected, other effect likes by not providing good estimation for the tender can lead to rejection of the tender is one of the respondent favourites. This problem will indirectly affect the tender process in building construction. Lastly, the effect of the contractor mistakes in tender submission is their company will be risk to dissolve. Some of the respondent think that this effect is not valid for this research. Maybe some of the respondent think that the company will not be dissolve at all.

### **4.3 To Identify the Solution to Avoid Mistakes Done By The Contractor**

The third (3) objective of this research is the solution to avoid mistakes done by the contractor in tender submission. Based on the analysis in chapter 4, it was found that most of the respondents agreed that need to update the current rate of price to avoid miscalculation during tendering process. Most of the respondents agreed with this because they found that by this solution it can help tenderer always use the current market price of construction material or others. It also can give the reasonable price for the tender because of the updated price and rate of the material, labour and others to use in their estimation. Besides, by following all tender terms and condition can help to avoid the uncomplete important document that client needs. To win the project, the tender provide needs to be in completed with all document and good condition. To avoid the missing document in the tender, tenderer need to double check the tender to avoid the tender to be rejected. The other solution that was also agreed by the respondents is need to estimate the duration perfectly so that it will not exceed the completion period. This completed date for the project, cannot to early and cannot too late, it must be within the client estimation, so to make sure the tender was not being rejected, the tenderer must estimate the duration precisely in order to won the project. Lastly, the last solution to avoid mistakes done by the contractor in tender submission is Client needs to clarify the instruction to the tenderer clearly to avoid misunderstanding. Some of the respondent think that this solution is not valid for this research. Maybe some of the respondent thinks that the tenderer needs to understand clearly what the instruction given by the client.

**5.0 RECOMMENDATION**

This chapter explains the conclusion of the research and recommendation based on the analysis done. It can be summarized that contractors common mistake in tender submission are caused by the contractor themselves not updating the current market price that can lead to an unacceptable price occur was agreed by respondents as the most common mistake done by the contractor done in the tender submission. Besides, this research found that late submission can lead to negative image for their representative company can be the best effect of contractor mistake in tender submission. Other than that, this research found that by need to update the current rate of price to avoid miscalculation during tendering process is the best solution to avoid tender being rejected in the tender process. As a result, this research can be a guideline to the construction industry as a way to identify the common contractor mistakes in tender submission.

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