



CLIENT VALUE IN PROCURED CONSTRUCTION SERVICES: NEW ZEALAND PARTICIPANTS' PERSPECTIVE

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SYNOPSIS

Motivation: *Due to the lack of a practical evaluation method to assist clients with measuring value in construction services when hiring service providers, there is greater emphasis on price rather than clients' values. Hence, this study was undertaken as a response to the above need. The research expects to deliver information needed to drive favourable outcomes through better understanding of clients' values about contractor and consultant services in the New Zealand construction industry.*

Knowledge gap: *Understanding of clients' values is identified in New Zealand as one of the important knowledge gaps and key research questions that empirical research projects should focus on. The current research addresses the lack of non-price criteria and their measurement criteria based on clients' values in the New Zealand construction industry.*

Aim and objectives: *The research aims to provide an overview of opinions of New Zealand construction industry participants regarding clients' values on procured services. The first objective is to evaluate the current level of understanding of clients' values in New Zealand construction industry. The second objective is to determine limitations of considering clients' values in procured services evaluation.*

Research method: *Open ended interview questions were used to conduct semi-structured interviews with key construction project decision makers such as clients, consultants, and contractor organizations in New Zealand. The questions were sent to the interviewees via e-mail, before the interview. The qualitative collected data received was analyzed by means of content analysis.*

Preliminary or anticipated finding: *The research provided an overview of opinions of individual practitioners regarding clients' values on purchased services.*

Research significance: *The investigation identified several areas where practice could be improved for service provider assessments. The research contributes to knowledge in the area of organisational decision making and consequently the psychology of making judgements.*

KEYWORDS: Client value, Construction, Service Provider



INTRODUCTION

Sirkin and Stalk (1990) highlighted the benefits of taking an approach to understanding clients' values. They argued that by understanding clients' values, providers are able to devise systems that expose the root causes of their service problems, and implement changes to reduce these problems. In the construction industry, clients' values forms the basis of construction services and the final constructed facility (Dulaimi, 2005). For example, services providers' abilities and resources such as communication and people skills, are identified as major influencing factors on clients' values. It has been argued that the competence, commitment, and attitudes of service providers strongly influence clients' values (Sporrong, 2011). Consequently, choosing the appropriate supplier and monitoring their overall service delivery performance during project implementation is a crucial task for clients. Many clients evaluate suppliers before determining which company should be awarded the assignment. However, evaluation of the service providers is seldom conducted in a systematic manner, as every assessor has their own value judgment to distinguish 'good' from 'bad' value (Ahmad, 1990).

In construction, there is a growing awareness of the need to change the service assessment process to one based on value and quality (Wong et al. 2000; Park, 2009). And it is a high priority in the New Zealand construction industry agenda (BRANZ, 2012). What seems lacking in previous approaches to service provider selection and assessment is a valuation process (e.g. of contactors and consultants) that is based on clients' values rather than price alone. This paper is part of a doctoral study that aims to develop an evaluation process that can assess the service provider based on clients' values. The paper aims to define non-price criteria and their measurement criteria based on clients' values in the New Zealand construction industry.

AIM AND OBJECTIVES

The research aims to provide an overview of opinions of New Zealand construction industry participants regarding clients' values on procured services. The first objective is to evaluate the current level of understanding of clients' values in New Zealand construction industry. Consequently the limitations of considering clients' values in procured services evaluation are better understood.

RESEARCH METHODS

The data gathering process involved semi-structured interviews conducted with decision makers within client, consultant, and contactor organizations. Initially, the questions were sent to the interviewees via e-mail. Then, data collection was obtained through a mix of face



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to face and telephone interviews, typically lasting 60 minutes for face to face meetings and 20 to 30 minutes for telephone interviews. The qualitative collected data was analyzed by means of content analysis using NViVO to facilitate the analysis. The study presents personal views of individuals from within the New Zealand construction industry on: what clients value when they hiring their service providers; and how clients measure the value that they receive from the service that was provided.

ANTICIPATED FINDING

Preliminary analysis of the results obtained from the interviews with consultants and contractor services in New Zealand are summarised in the following bullet points. The investigation identified several areas where practice could be improved for better service provider assessment. The key conclusions are:

- The survey results show that although participants had a clear understanding about clients' values, these clients do not have 'defined criteria' for the measurement of the value that they receive from service providers.
- The interview results found that there is greater emphasis on price rather than clients' values, such as service quality. Difficulty in systematically evaluating non-price criteria may be the main cause of this inadequacy.

RESEARCH SIGNIFICANCE

Understanding clients' value has been identified as one of the important knowledge gaps and key research questions that need to be developed into research projects (BBSCP, 2012; BRANZ, 2012). This study was undertaken in response to this need. There is lack of non-price criteria and their measurement criteria that are based on clients' values within the New Zealand construction industry. This is an important knowledge gap addressed by the study.

The research expects to deliver information needed to drive favourable outcomes in relation to achieving better understanding of the clients' values from contractor and consultant services in the New Zealand construction industry. There are several areas where practice could be improved by service providers through proper assessments. Finally, the research will contribute to knowledge in the areas of organisational decision making and consequently psychology of making judgements.



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