

Prioritisation of Risk Factors Impacting on Construction Contractors' Cash out Forecasts in Nigeria.

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Abstract

Consideration for risk factors impacting on cash flow forecasts has been identified as a key issue affecting contractors' cash flow management. This research was conducted in order to prioritise risk factors influencing cash out prediction by contractors in Nigeria. The research data was collected through an industry-wide questionnaire survey of contractors operating in the Nigerian construction industry. A list of 31 risk factors influencing cash out was generated from literature review. Responses obtained from 157 contractors were used (via the analysis of a Likert-scale reduced to means and ranks), to arrive at sixteen major risk factors that are responsible for the variation between contractors' cash out forecasts and the actual expenditure during project execution. Sixteen risk factors were found to significantly influence cash out forecasts for projects executed in Nigeria. These include- "Increased Duration of the Project", "charging of „land dues" by locals (illegally)", "Variations", among others. Contractors need to consider the cash-out risk factors identified before embarking on projects. The risk factors influencing cash out forecasts is affected by individual culture, regulations, and nature of the construction industry under consideration. The research provides stakeholders with information on factors, which, if properly understood, will make planning for cash out for building construction projects easier.

Keywords: Nigeria, Construction Industry, Risk factors, Cash Flow, cash out, Forecasts.

Email: musteezee2005@yahoo.co.uk.

Received: 2016/07/15

Accepted: 2017/01/05

DOI: <https://dx.doi.org/10.4314/njtr.v12i2.11>