Causes of Payment Defaults in the Construction Industry of Kenya: Small and Medium Sized Contractor's Perspective

Mark Obegi Kenyatta

Abstract: ***The concept of cash flow as a result of payments for work done in construction projects is not only an old age aspect of the construction industry but also an issue of major concern to project participants and industry at large. This paper investigates the causes of payment difficulties from the small and medium sized contractors in Kenya. Upon the review of literature on the subject matter, data was collected by a way of focus group discussion. The qualitative data is subsequently analyzed thematically while being linked to the wider literature. The study establishes that payment defaults in Kenya are as a result of variations, corruption from client agents, inadequate budgetary allocations, delay in certification and political interference. It is hoped that a greater level of awareness of these causes to industry players would probably help in mitigating the payment problems.***

Keywords: Payments, construction projects, construction contracts.

I. INTRODUCTION

It is generally agreed that the construction industry is not only one of the most important contributors to economic growth in many countries but has also been around for many years now. In particular, Chitkara, (2011) affirms that construction activities have been in existence from the time the caveman initiated the first buildings - where he could reside. Since then construction activities have evolved to world landmarks that create capital formation as well economic investments. The industry's multiplier effect is equally enormous. For instance the industry provides work for an array of built environment professionals, technicians, craftsmen and unskilled labour force as well (Whitfield, 1994). Besides providing work, construction process requires other resources input in the form of materials, plant as well as finance (Chitkara, 2011).Undoubtedly, for all these inputs to generate a successful output in the form of a constructed facility that meets the predefined defined scope, budget and time frame – correct and regular payment of money is not only necessary but also important.

In the construction industry the promptness and regularity of cash flow through interim payments or any other form of payment is considered important due to three main reasons; firstly, the construction operations usually involves huge sums of money; secondly, project tasks and activities tend to take a somewhat long time and thirdly, payment due is mostly considered for work properly done and majority of contractors and those below the supply chain may not be.

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Capable of diligently progressing until full performance (Ameer, 2006 ; AngSuSin, 2007 and Ramachandra, 2013). It is however not uncommon to find that a majority of contractors and those lower in the pyramid complaining of either not being paid on time, not being paid in full or sometimes nonpayment .

The subject around the causes of payment default in their various manifestations has attracted the attention of both academia and industry. In Malaysia for example, Suhaimi and Danuri, (2006), found out that late and non payments may be attributed to: employer's poor financial management practices, delays in certification, underpayment of the certified amounts, disagreements on the value of work done, local culture/attitude, conflict among parties involved, corruption from the consultants or the accounts department, contractor's invalid claims and delays in releasing retention monies. While from the Chinese construction industry perspective, Wu, et al., (2008) suggested that deficiencies in the credit and legal system, imbalance of the construction market, unfair market conditions, looseness in implementing regulations and initiating projects without sufficeint funding arrangements were the main couses of payment default.On a similar vein, Ansah, (2011), found out that late paymnets were contractor related, client related as well as contractually induced. Mbachu, (2011), has also suggested that paymenet defaults could emanate from diagreements over payment claims, rejecting a claim for not following procedures and disagreements over what constitutes variations. From the Kenyan perspective, Wahome, (2014) suggested that payment problems were as a result of inadequate budgetary allocations, delay in certification and additional works as the main reasons behind payment default in the construction industry. The factors that cause payment defaults in the construction therefore differ from country to country.

II. PAYMENT DYNAMICS IN THE CONSTRUCTION INDUSTRY

Payment of money is considered as a fundamental aspect that supports agreements between parties in construction projects. From a construction law perspective, without this consideration a contract may therefore not stand. Siti and Rosli, (2010) and Uff, (2009), for instance state that payments in the construction industry is "*…a monetary consideration for the contractor's performance or work done*" in accordance with the contract documents. Based on the concept of offer and acceptance, the contractor will normally undertake to carry out the works while the employer's part of the bargain is to make payments as per the contract price (Cooke & Williams, 2009). In case of lump sum contracts, the obligation of complete performance

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on the part of the contractor is a prerequisite for payments of any sums of money. Uff, (2009) further notes that lump sum contracts require that only entire performance can give rise to a payment obligation. Therefore, partial performance will not entitle a contractor to payment claim unless stated in the contract. Other than lump sum, a contract may be cartegorised as measure and value contracts (Harris & McCaffer, 2006). This type of contracts generally provide for interim or stage payments as the work progresses. Further, part performance may sometimes necessitate payment on '*quantum meruit*' basis (Ashworth, 2012). In practice, a majority of contractual payments will be administered using a combination of these three approaches. From a contractual perspective, payments may further be classified as either interim or final. In Kenyan construction industry, the JBC form classifies payment types as either interim or final. Similarly, Murdoch and Hughes, (2008) and Chitkara, (2011) describe interim payments as temporary, provisional or short term payments. These payments are therefore made progressively to the contractor in most cases on a monthly basis or as may be provided.

III. FACTORS CAUSING PAYMENT DEFAULT

The factors that cause late, incomplete or sometimes nonpayment in the construction have not only preoccupied many researchers but also differ from one country to the other. For instance, Ansah, (2011) conducted a survey in Ghana and found that these factors could be contractor related,owner related or may be attributed to the contract. While far a filed in Newsland, cash flow difficulties, variations, client's financial preparedness, disputes and industry culture were reported among the cases of payment problems (Ramachandra, 2013). Based on the foregoing cases, a review of literature related to causes of payment problems is therefore reviewed inorder to help to explain what could be happening in Kenya.

3.1 Causes of payment default in Ghana

In Ghana, Ansah, (2011) conducted a survey on contractors, sub contractors as well as clients in respect to the causes of payment delays. As a result the author ranked the factors that were causing payment delays under three cartegories as shown in table 1. These cartegories are; contractor related, client related and factors related to the contarct. In the contractor related cartegory, contractor's failure to resubmit revised claim, contractor submitts claims with errors and failure to understand the contract were ranked highest, while in the client related cartegory, employer's wrongful withholding of payment, delay in certification and disagreements of valuation of work done factors ranked highest .

Table 1 Causes of payment default in Ghana

Category	Factor	Rank
Contractor related	Contractor's failure in submitting a new (corrected) claim	1
	Contractor submits claims with errors	2
	Contractors' failure to understand the contract agreement	3
	Contractor submits claims without adequate supporting documents	4
	Contractor's delay in submitting claims	5
	Contractors' failure to agree to the valuation of work	6
	Contractors' failure to follow the certain procedure / guidelines in claims	7
Client-related factors	Clients' failure to cultivate a good payment attitude among its employees by wrongfully withholding the payment	1
	Clients' delay in certification.	2
	Clients' disagreeing on the valuation of work	3
	Clients' poor financial sources/condition	4
	Clients' poor financial management.	5
Factors related to contractual matters	The use of 'pay-when-paid' clauses	1
	Contracts used are not comprehensive enough in terms of payment aspects	2
	Contracts used are too complicated to be understood by both parties	

Source: compiled from (Ansah, 2011)

The Ghananian study established that the client related factors ranked highest among the cartegories surveyed. The study by Ansah, (2011), therefore recommended that the existing contractual mechanisms be a amended to provide protection and fair allocation of financial related risks to contracting parties.

3.2 Causes of payment default in New Zealand

In New Zeaand, a survey on on factors causing payment delays and losses in the construction industry was conducted (Ramachandra, 2013) . In particular, the study identified 28 factors from a literature survey,and subsequently the most important factors were ranked and reported as follows;

a) Cash flow difficulties due to delays and nonpayment on other projects
b) Administration of variation claims
c) Client's financial position
d) Disputes over claims and responses
e) Cash flow difficulties due to lack of initial capital
f) Easy exit of players
g) Payment culture of the industry
h) Attitude of payers
i) Improper supervision and control
j) Cost overruns and contract failure

As regards cash flow difficulties due to delays and nonpayment on other projects and lack of initial capital, Ramachandra, (2013), notes that cash flow constraints on the upstream parties causes a cascading effect on the lower tie parties. This is because the upper tiers will want to maintain their balance sheets afloat more often than not by delaying payments to the lower tier parties as a strategy of improving their balance sheets during project execution.
Administration of variations claims was also reported yet as another factor that escalates payment default. This is primarily because delayed decisions on variation claims will usually lead to delayed payments. The timeliness of

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reporting variations is important because clients will need time to arrange for additional funding occasioned by variations. This problem was found to be prevalent with both public as well as the private sector clients.

Insufficient finance on the part of the client was also reported to be a major cause of late payments to contractors. Ramachandra, (2013), opines that the majority of clients frequently rely on borrowed capital from banks and other lending institutions. Therefore, delay in securing adequate project funds in a timely manner was reported to be a major source of payment default to contractors.

Similarly Mbachu, (2011), While exploring the financial risks to contracting parties in New Zealand, identified and classified the contractor's source of payment risks to the employer's payment risks arising from his contractual role, with high chances of occurrence in the following descending degree of occurrence;

a) Disagreement over payment claims; using payment schedule to dispute and reduce claimed amount for various reasons such as poor quality, over-bloated quantity or value of completed
b) work; rejecting payment claim for not being made in accordance with the contract or for lacking supporting details/documentation; disallowing payment for uninsured offsite materials; disallowing claims for work not yet done, etc.
c) Disagreement over what constitutes variation; reluctance to pay for works not supported with proof of approval and for which prior agreement on cost was lacking; insisting that some extra works relating to change orders or provisional sums are reasonably foreseeable rather than real variation and for which the contractor ought to have allowed some contingencies at the tendering stage.
d) Late, partial or non-payment for works duly completed, timing of payments, the contractor having to wait for approximately two months from commencement without income from the time the first payment claim is served to the time the deposited cheque clears in the bank, thereby causing extended overdraft regime that makes cash flow planning unpredictable; problem exacerbated by the disappearance of the 'mezzanine' funding and the increasing difficulty in getting bank loan; high bank charges associated with exceeding overdraft facilities.
e) Engaging in acts or omissions that leave the contractor with no other option than to resort to costly and time-consuming disputes resolution/litigation processes as the only means to recover part or whole of disputed payment claims.
f) Issuing change orders that reduce the scope of work thereby causing the contractor to incur loss of income.
g) Specifying short timeframe in the special conditions of contract for valuing and claiming variations, giving the contractor insufficient timeframe for accurate and detailed payment and variation claims.

IV. RESEARCH METHODOLOGY

The work is first based on a critical and comparative review of literature so as to ascertain among other things what others have found out in respect to the subject matter. This was followed by seeking views of purposively sampled contractors. Participants were recruited based on their experience on payment problems, availability and willingness to participate in a focus group discussion. Through what Silverman, (2010) terms as 'gate keepers' – in this case, the leadership of the contractor association was first visited in order to help in the selection of focus group participants. The gatekeeper was firstly advantageous in endorsing the researcher's activities within the association members. Secondly, this approach helped the researcher to psychologically gain entry into the contractor's settings and norms - thus facilitating a smooth data collection process (Mugenda & Mugenda, 2012).

Bryman, (2012) suggests that focus group discussions should have between six to ten participants per session. In this case; ten number participants participated in this focus group discussion. According to Silverman, (2010), a focus group session should last between 45 to 90 minutes. This particular session lasted for 135 minutes. This data collection technique was appropriate because the focus group provided a sense of consensus in some aspects of the inquiry, thereby helping in explaining themes and constructing meanings.

V. RESULTS AND DISCUSSION

5.1 *Participant's Profiles & Experience*

Following a similar documentary exploratory studies on the causes of various forms of payment defaults in Kenya; a confirmatory contractor's focus group discussion was conducted. This focus group discussion was held on the 24th February 2015 at the United Kenya club, State House road - Nairobi. The profile of the participants is shown in table 1.

As regards the participant's general background information, Table 1 shows that Nine (9) of the participants were directors of building construction companies, while one (1) participant was a construction material supplier. This implies therefore that the views from this group will largely be inclined towards building works.

Table 1 Participants' background

Participant reference	Participants background
KFMB-PART 1	A director of a construction company with 15 years experience in construction works
KFMB-PART 2	A director of a construction company with 3 years experience in building construction works
KFMB-PART 3	A material supplier in the construction industry
KFMB-PART 4	A director of a Building construction company with 15 years experience
KFMB-PART 5	A director of a Building construction company with 5 years experience. He is a civil engineer by profession
KFMB-PART 6	A director of a Building construction company with 5 years experience
KFMB-PART 7	A director of a construction company with 30 years experience in building construction works. He also a national official with KFMB
KFMB-PART 8	A civil engineer by profession and a director of a 6 year old building and civil

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	construction company .He also has over 30 years experience supervising public projects
KFMB-PART 9	A director of a Building construction company with 5 years experience
KFMB-PART 10	A director of a Building construction company with 4 years experience

Source: Field data

Tabulations from table 2 shows that Five (5) participants, representing 50% in this focus group had less than 5 years experience in the construction industry while One(1) out of 10 representing 10% had between 6 to 10 years of experience. The table further shows that Two (2) out 10 participants representing 20% had between 26 to 30 years of experience in the construction industry. Overall, this means that over 50% of the participants had over 6 years experience in the construction industry and therefore the findings are likely to be valid.

Table 2 Participants years of Experience in years

Experience (Years)	Frequency	Percent	Cumulative Percent
0-5	5	50%	50%
6-10	1	10%	60%
11-15	2	20%	80%
16-20	0	0%	80%
21-25	0	0%	80%
26-30	2	20%	100%
Total	10	100%	

Source: Field data

5.2 Views on the factors causing payment default

The findings reported in thematic table 3 provide support for the topic on factors causing payment defaults from the contractor's perspective. The following five main themes relating to the topic emerged.

a) Variations/change orders
b) Corruption from client personnel and consultants
c) Inadequate budgetary allocations
d) Delay in certification
e) Political interference

The foregoing themes are therefore further discussed here after;

5.2.1 Variations and change orders

Payment defaults in the form delay in one or several certificates, incomplete and nonpayment could be attributed to among other things changes to the original project scope. Participant 1 for example argued that these changes often led to variations, which were not previously accounted for in the measured bills of quantities. The participant thus stated that;

> *"…and by the time the orders or instructions are issued down the chain to the professional on the ground time has elapsed, the contractor basically takes the lead consultants directions and starts to work immediately only to be told that no… the engineer says thing should change this way ….this way for obvious factors that this will not tie with site instructions and you find that you have done double work but when it comes to raising payments they will insist that they will only pay you for BQ work only and you have lost funds in that process…"*

Related to the above is that if variations are not certified as and when they are executed, the value of work done will therefore end up being undervalued leading to under certification. The under certified sums may therefore mean that the contractor's net cash flow will be negative. Further, the quantum of the uncertified work relating to variations will consequently lead to delayed payment for that portion of work. The proposition of this participant appears to be in concurrence with Thomas and Wright, (2011) assertions that;

> "… it is often the case that interim certificates do not reflect the true value of the original contract work including variations…" *Thomas & Wright, 2011.pp146)*

The problem with variations is that consultants are more often reluctant to certify variations on time thereby pushing the contractor to continue financing that portion of the work without timely reimbursement through interim payments. Participant 4's testimony in particular amplifies the foregoing point;

> *"…We had two projects, where a lot of changes and variations that were not in the bills of quantities were introduced and that end up escalating the project cost…" In both cases the project consultants were not willing to approve and communicate to the client since the changes were not budgeted for…"*

Apart from under certification of variations and other extra works, the BQ measured works may also sometimes be undervalued intentionally by the client QS. In addition, thereby again leading to delayed payment situation for that under certified portion. It is often the case that if the contractor is viewed as not cooperating in passing kickbacks to consultants. Participant 1 for instance alluded to this view when he explained that;

> *"…And you find that by time they time they quantify the amount to pay to you, because you also have your QS who quantifies the work through measurements, they will reduce the amount .If you have done work of about 10Million shillings they will pay you 7Million or 8Million…"*

It could appear that the foregoing practice had troubled Sir Michael Latham prompting him to express his dissatisfaction in his forwarding letter dated 17th September 2004 that accompanied his report to the then UK Construction Minister. The report was in respect of the inquiry on the performance of the original Housing Grants, Construction and Regeneration Act 1996 (BERR, 2007). Sir Latham therefore stated that;

> *"… So one must be looking all the time to ensuring that the correct amount of money is paid on time. The correct amount may not be what is offered or what is demanded. It must reflect the satisfactory work which has actually been done in accordance with the contract…"*

Elsewhere in the Southern Africa construction indicator survey for projects completed in 2013, management of variation orders (VO's) was a major challenge. Marx,

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(2014), in particular reported that contractors expressed their frustration in respect to management of VO's; with 30% indicating that VO's were not well managed in both national as well as provincial departments. Late approvals and assessment were pointed out among the manifestations of poor management practices in respect to VO's. From which it therefore follows that payment is defaulted because of the poorly managed VO's this consequently affects the cash flow timing.

5.2.2 Corruption from client personnel and consultants

Corruption in the construction industry has been defined as the *'offering, giving, receiving or soliciting of anything of value to influence the action of an official in the procurement or selection process or in contract execution'* (Adnan, et al., 2011). It therefore emerged from this focus group discussion that this unethical conduct on the latter may consequently have in one way or another led to payment default situations particularly during the certification process.

Generally, the client consultant while performing the role of certification is under common law obligation to carry out this function independently, fairly and impartially (Robertson & Wiltshire, 2014). On the contrary participant for example 1 pointed out that;

> *"…Another factor is the consultants who are only interested in what they can get from the project, what the contractor can pass back to them. They don't tell you but will be seeing the situation, you will receive massages that they want charismas, they want the weekend… and you don't know how much to give, even if you give something they will come back and tell you,… it's not enough …it's not enough…"*

Project consultants to some extent may delay the certification process intentionally that the contractor is unable to meet his performance obligations on site. This practice therefore leads to inadequate financial resources occasioned by negative cash flow related to the irregular interim payments. The implication of this malpractice is that it may eventually lead to the contractor's termination on non-performance grounds. Participant 2 in particular, explained that;

> *"… they come up with very flimsy excuses of even saying you are not financially capable, even if you go one extra mile … you have supply like all material, you are paying your workers before they give you one certificate … they still delay… so that the next certificate doesn't come … so that the workers gets you, the supplier gets you…"*

Majority of the public sector client personnel like accountants and procurement officers were the worst in extorting bribes from contractors. Participant 6 particularly revealed this when in the statement that;

> *"…So these government officers can real frustrate a contractor. In fact when they see a certificate of 2, 5, 10 or 20Milion shillings in your certificate they think all that money is your profit. And when they come to your site for a site meeting or inspection they write a lot of things some that are just meant to intimidate you to give them something…"*

This same participant further demonstrate the gravity of these unethical practices by stating that the personnel in one of the public sector clients paid themselves using the contractor's invoices.

> *"…I have a case where i was awarded a project of 30,000,000 shillings the money came…I had submitted invoices .After a few days I was informed to check my account, but after I checked there was no money. I later realized that the procurement officer and the accountant had paid themselves using my invoices; it's now a court case…"*

Participants further stated that the procurement and accounts people in a majority of the public sector organizations have developed a notion that the technical consultants on site are benefiting while they are not. Moreover, as result therefore in case a certificate is submitted to their office for processing, they will either sit on it or look for some grounds of not acting on it until the contractor gives some bribe. Participant 7 for example demonstrated this view in the statement that;

> *"…The other factor is that it is generally understood that at the tendering stage, the procurement and accounting guys … they still have a feeling that the consultants on site are benefiting from the certificates. How come as the big guys… where a we in all these? Since it's my signature that has authority… they put your certificate aside…"*

The foregoing views therefore lead to a conclusion that corruption in the construction industry in its various manifestations is a factor that contributes to payment defaults in various countries, Kenya included.

5.2.3 Inadequate budgetary allocations

The client's inability to dedicate adequate financial allocations before rolling out projects will often lead to payment defaults. Participant 7 for example attributed pointed out that the public sector organizations will usually commission projects without securing financial resources for that particular project. This situation therefore forces the contractor to work without being reimbursed through interim certificates. The participant stated in the statement that;

> *"…Now, on factors causing payment delays sometimes the government is very ambitious, they award you a project when they don't have money. So when a certificate is done and goes to the accounts office… they is no money at that the paying end.…"*

Further, the participant above stated that it is now a deep-rooted culture in the public sector to commission projects even when funding has not been secured. The assurances that contractors often get from government officers is that government will never be insolvent or cease to exist. Implying therefore that contractors will eventually be paid irrespective of how long it takes. The participants stated thus that;

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> *"… And the consultants want you to progress on site… they will tell you 'the government will never run away with your money… so number one is that they don't have money but they don't want to say…"*

Another aspect related to inadequate funding arrangements is that often the nature of the public sector's source of funding is pegged on future revenues. Participant 8 in particular opined that either often targets on revenue collection are missed and therefore the government is unable to meet its current payment obligations, or some donor funding commitments are rescinded.

> *"…some of the money that was used to finance some of the roads was then from the Kenya roads board. The board collects its revenue from the fuel consumed by the motorists. So the allocation is projected without being sure whether the targeted is going to be achieved. So if it's not achieved delay in payments to contractors will come in…"*
>
> *"…And again some of the money for these projects is a pledge from the donors. Now if we reach a point where the donor comes up with some conditions to the government that you must submit project audited reports before we can release any more money…and if they is a delay in fulfilling that condition then projects will have problems…"*

Another aspect often associated with the public sector client is that sometimes it is often the case that that the officers will issue a payment cheque when they do not have sufficient funds to meet the payment obligations. Participant 5 for instance claimed that it is often the practice to be issued with cheques that will bounce due to lack of funds. The participant thus commented that;

> *"…During construction I was paid with a bouncing cheque… after I complained they issued another cheque which also bounced…it bounced twice…"*

The above albeit unethical practice will usually force the contactor to borrowed funds from financial institutions so as to progress works on site. Therefore, failure to reimbursement the contractor in a timely and regular manner may therefore lead other devastating financial problems.

5.2.4 Delay in certification

The certification process in public projects is often long and cumbersome. Participant 1 in particular suggested that this consequently leads to payment delays. This participant exemplified this theme in the comment that;

> *" …by the time it reaches the PM time has gone, then it goes through a rigorous process before signing off and then to the client who takes it through his accounting process before payment can be paid through a cheque form or other e-payment, in all this process you are supposed to be financially capable of sustaining work site…"*

In supporting the view above, participant 7 for example claimed that the valuation process leading to issuance of a payment certificate might be delayed without any grounds. It is not uncommon therefore for the contractor to be met with the most common reply that the approval process has not been completed and therefore payment has not delayed. Earlier The Sri Lankan construction industry had reported similar findings. The unnecessarily long certification process in Sri Lanka was somehow purposely designed to get contractors to follow up with the government officials so as to provide an opportunity for rent seeking. The report amplified this view in the statement that;

> *"…In most government and provincial council institutions this cumbersome processes have been purposely designed to get the contractors to their table which will help the officer concerned to get some sort of benefit from the contractors…"(NCASL, 2008 pp4)*

The view above is further amplified by participant 8 comment, pointing out that government officials have thrown the common law duty of care to the window as they no longer care whether the certification process is carried out in a timely fashion or not. This is in the comment that;

> *"…Another problem is the government officials in the works and roads departments, who are maybe project managers and engineers who cannot understand the problems of contractors. Because they don't care if payment to contractors is delayed because they have never been contractors themselves…"*

It appears therefore that the certification process, especially in public sector client maybe delayed unnecessarily without justifiable grounds. This is often in total disregard of the stipulated timelines in the contract forms.

5.2.5 Political interference

It is often the case that politicians particularly in county governments will sometimes interfere with the tender process. Participant 6 in particular observed that politicians often want to ensure that the contractor being awarded the contract is the one who will pass something to them. If things do not go their way then they may influence that particular budgetary allocation to be is diverted. This therefore means that by the time the contractor submits his payment claim, funds will not be available. This is amplified in the statement that;

> *"…But the County assembly members have messed the whole process especially when it comes to awarding projects and paying contractors. If you will not give these people their cut then you can't even finish the project…"*

In support of the above view, participant 8 also observed that projects maybe commissioned based on some political decrees, before any project funding in place. Therefore, once the contractor submits his payment application, it becomes one of those pending bills until such a time when funding will be available. This is supported in the comment that;

> *"…I worked for the ministry of public works for many years, for instance there was a time when politicians would come to the department of roads and request for some project to be rolled out in their constituency and some of these politicians were very powerful. So the ministry officials had no choice but give in to their demands even when there were not enough budgetary allocations…"*

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The foregoing thematic analysis strongly suggests that the aspect of political interference is significant in understanding the relationship between payment default issues and political decisions specifically in the public sector projects. The findings provide clear evidence that the normal contractual and legal machinery is deficient as its open to manipulation and abuse.

VI. CONCLUSION

Causes of late, incomplete and sometimes nonpayment in the construction industry differ from country to country. Although standard contract forms stipulate and procedures and manner of making payments, the study establishes that payment defaults are occasioned inter alia by Variations/change orders corruption from client personnel and consultants, inadequate budgetary allocations, Delay in certification and Political interference.

In view of the foregoing findings, the study makes two main recommends. Firstly, that construction Industry stakeholder should consider replacing the current valuation and certification process with a simple payment system like milestone or stage payments. Secondly a variation management policy framework should be formulated so that variations can only be implemented after timely approval by consultants and client. Future research should be undertaken to incorporate consultants as well as client's views on the subject matter.

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